# Coscan Development Corporation

ANNUAL REPORT

1991

COSCAN

## *Corporate Profile*

*Coscan is a public real estate development company which operates in major market areas in North America. Founded in 1953, the company acquires, develops and manages commercial properties, develops land for sale and builds and markets single family, multiple and condominium units*

## *Contents*

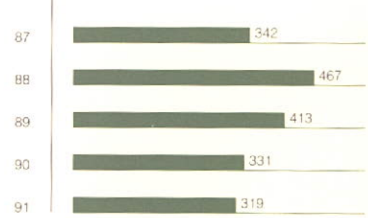
# Financial Highlights

| | 1991 | 1990 |
|---|---|---|
| TOTAL REVENUES | $ 319,097,000 | $ 331,017,000 |
| NET EARNINGS | $ 15,038,000 | $ 22,813,000 |
| CASH FLOW FROM OPERATIONS | $ 16,601,000 | $ 30,682,000 |
| SHAREHOLDERS' EQUITY | $ 311,164,000 | $ 257,799,000 |
| TOTAL ASSETS | $1,277,599,000 | $1,270,787,000 |
| PER COMMON SHARE | | |
| EARNINGS | $ .61 | $ 1.13 |
| FULLY DILUTED EARNINGS | $ .60 | $ 1.13 |
| CASH FLOW | $ .70 | $ 1.66 |
| DIVIDENDS | $ .30 | $ .30 |
| COMMON SHARES OUTSTANDING | 20,449,330 | 14,772,118 |

TOTAL ASSETS
*($ millions)*


SHAREHOLDERS' EQUITY
*($ millions)*

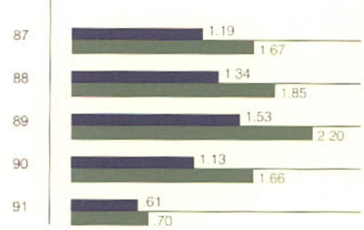

TOTAL REVENUES
*($ millions)*




NET EARNINGS
*($ millions)*


CASH FLOW
*($ millions)*


● EARNINGS PER SHARE
● CASH FLOW PER SHARE
*($)*



# *Report to Shareholders*

The Company's net earnings for 1991 were $15.0 million, reduced from $22.8 million in 1990. Cash flow from operations was $16.6 million, compared with $30.7 million for the previous year.

After providing for preferred dividends, earnings per common share were 61 cents, compared with $1.13 for the year-earlier period. Cash flow per share was 70 cents, down from $1.66 in 1990.

During the past year, Coscan strengthened its financial position by issuing 5,677,212 common shares, raising $49.8 million of new equity. Per share earnings and cash flow for the latest period are based on a weighted average of 17,215,606 common shares outstanding, compared with 14,772,118 for 1990.

The annual common share dividend was maintained at 30 cents per share for 1991.

***During 1991, Coscan:***

- ***earned $15.0 million***
- ***raised $49.8 million of common share equity***
- ***closed 1,402 houses, an increase of 16%***

### Housing and Land

While Coscan's land and housing operations were profitable during 1991, conditions in every major market in which the Company operates were far from ideal, reflecting the recessionary conditions that affected the North American economy. High interest rates for most of the year, extensive job losses and numerous examples of negative and high-profile economic news, reduced consumer confidence which caused many potential buyers to postpone making substantial financial commitments.

During the past three years, the Company anticipated that a cyclical downturn would occur and planned for a period of reduced activity throughout its extensive North American operations by lowering its inventories of unserviced land, tightly controlling overhead costs and curtailing investments to maintain profitable operations. Coscan's performance during the past year compares positively with many of its competitors in Canada and the United States. However, profitability was significantly below the potential during expansionary business conditions.

In the United States, housing starts fell during 1991 by 15% to 1,015,000 units – well below the level needed to sustain normal demand. U.S. housing starts during 1991 were at their lowest level in 26 years. In Canada, housing activity continued the weakness that became obvious during the second half of 1990, with starts falling 14% to 156,197 units.

Despite the poor business conditions that existed throughout most of 1991, Coscan and its partners delivered 1,402 houses, up 16% from 1,204 units in the year-earlier period. Strong sales activity at the Company's Waterways project in Florida, its Washington D.C. area branch, and in the California partnerships generally accounted for the increase in the number of closings. Consolidated revenue from Coscan's housing operations (excluding the California partnerships) totalled $228.1 million during 1991, up from $192.6 million in the year-earlier period.

As part of the normal course of its business, Coscan frequently sells partially developed land or serviced lots to other builders. During the past year, declining credit availability created significant difficulties for many of these North American builders. As they were unable to access credit from their traditional sources of financing, Coscan land sales, which have made an important contribution to revenue and earnings in prior years, declined from $51.5 million to $8.3 million.

In the near term, credit availability for North American real estate development will continue to be negatively affected by the demise of the savings and loan

LEFT TO RIGHT: DAVID D. ARTHUR, KIM G. PHILIP, JOHN DE GROOT, DAVID FERGUSON, L. ROSS CULLINGWORTH, JOHN P. BARRATT, MEIER MILLER, GRANT E. SARDACHUK

industry in the United States and the reluctance of other financial institutions in both Canada and the United States to fill the void. This will have a significant impact on the house building sector in future periods. The reduction of credit availability will decrease the future supply of houses, resulting in increased prices for new housing. Although last year's weak demand has delayed this impact, well financed companies with appealing housing product like Coscan, will benefit from these market factors, which portend a period of robust activity in the coming years.

When looking back to 1991 from a future vantage point, the performance of the North American housing sector will probably be viewed as having declined to its lowest point in this business cycle. The short-term fluctuations in demand caused by the recession during the past year have not impaired the fundamental value of Coscan's housing and land assets. The value of these assets is protected by development constraints of one type or another. In each location where Coscan has operations, markets are generally characterized by strong long-term economic trends, which support the land development and house building sectors.

In the area surrounding Metropolitan Toronto during the past year, Coscan maintained a posture of reduced activity in its operations, retaining a small core of skilled development and construction professionals. Despite positive long-term fundamentals for the Toronto-area market, the affordability of new housing remains a problem, one that should correct itself with the resumption of normal economic activity.

Operations in the Ottawa area have consistently provided good margins; however, they have been affected during the past year by some unusual short-term market factors. Despite these factors, the Ottawa operations are supported by strategic land positions, efficient operations and a strong market presence. Washington's effective housing operations and large local presence have benefitted from the traditional stability of the regional economy, as well as its ability to offer housing in many price ranges, including affordable units for first-time buyers. In both the Ottawa and Washington markets, housing costs tend to be much less than in Toronto: this means that Coscan can maintain a significant scale of operations in land and housing using less capital.

In Florida, Coscan's Waterways development draws purchasers from northern states, Canada and other foreign locales. Coscan's California housing and land activities will benefit from the expected significant growth in population during the next decade. Coscan partnerships in California control attractive land assets in prized infill sites located largely in the highly populated coastal areas. Coscan's partners have been carefully selected for their demonstrated expertise in dealing with the unique conditions of this major growth market and its difficult development and building processes.

### Commercial

In recent years, Coscan has been building a portfolio of commercial properties to offset the cyclicality of its land and housing business, and to provide an appreciation in values as individual properties are redeveloped, remerchandised and released. This well-defined strategy concentrates on medium-sized buildings, most of which range in size from approximately 50,000 to 250,000 square feet of net rentable area. At the end of 1991, Coscan controlled 36 commercial properties directly and through partnerships representing a $241.6 million investment at current book values which comprises 19% of its total assets.

The significant growth in the commercial property portfolio which occurred through to early 1990 and the general decline in the commercial real estate sector thereafter, led to the commercial division redirecting its efforts in 1991 to rationalize holdings and build value for individual properties operating below their potential. At year end, total rentable space stood at 4.2 million square feet, down from 4.4 million square feet at the end of 1990. During the past year, five properties were sold, four in Canada and one in the United States. The bulk of Coscan's commercial properties in Canada are well located in Toronto and Calgary, and in Vancouver where the Company has an interest in a commercial property partnership.

*The recent measures proposed by the governments of both Canada and the United States to stimulate economic activity will have a decidedly positive impact on new housing starts.*

A large portion of the United States properties were acquired during 1990 through a 50:50 partnership arrangement for which Coscan also receives a management fee for rationalizing the portfolio and improving returns. As part of this program, in 1990 and 1991 six properties in the U.S. were sold in order to concentrate holdings in Denver and the San Antonio area of Texas. The refurbishing, remerchandising and releasing programs undertaken by the partnership have enhanced the value of the properties in the portfolio. The prices realized for the properties sold from this portfolio during the past two years have therefore exceeded their book cost, resulting in gains for the partnership. Fifteen of the original 21 properties acquired in 1990 remain in the portfolio.

Despite the well-publicized problems in the commercial real estate sector throughout North America, the long-term prospects for Coscan's portfolio are positive. While recessionary conditions have caused some setbacks, the portfolio's book cost remains well below its replacement value. Little new commercial construction will take place in the industry for some time, which should allow excess space to be absorbed. As this happens, yields on existing buildings will increase, thereby enhancing the economic value of Coscan's properties. The strategy of acquiring small and medium-sized commercial properties, whereby value can be enhanced through measured steps that do not require extensive capital, will produce good returns over time for Coscan and its partners.

### Outlook

The North American economy is showing signs of improvement, assisted by the sudden and dramatic fall in interest rates.

In Coscan's residential sector, activity should increase during 1992 in Ottawa, Washington and California. The Toronto market will begin its recovery during 1992, but at a somewhat slower rate than elsewhere. At The Waterways, new development and building programs commenced, which will not be completed until 1993; thus, this development is expected to make a modest contribution to Coscan's results during the year. In the commercial operations, the steps to rationalize a diverse portfolio will continue, while value-enhancement programs will maintain their steady progress.

As noted, Coscan took action during the past year to improve its equity base and financial strength through two successful financings. In adapting to the current environment, the Company expects to strengthen further its financial structure over time by increasing its equity as a percentage of total assets. This will be accomplished by the sale of assets, further equity issues at opportune times and managing land development projects for others which will generate fees and profit participations. Coscan's gradual moves in this direction will be assisted by its existing banking relationships with both international and domestic banks.

Coscan has demonstrated that it can operate profitably in the worst of economic conditions. Numerous opportunities will be presented during the next few years to housing and land companies like Coscan, which are well-financed and control assets positioned to meet expected demand. The shortage of financing will restrict the supply of new homes in future periods below expected demand, resulting in improved margins.

*Coscan's profitable performance during 1991 compares positively with many of its competitors.*

*Coscan expects marginally improved earnings in 1992 with the full benefit of the economic recovery being felt in 1993 and 1994.*

The measures proposed by the governments of both Canada and the United States to stimulate economic activity will have a decidedly positive impact on new housing starts during 1992. Consumer confidence in Canada, particularly in Southern Ontario, will recover during 1992 but the impact from renewed economic activity and the expected creation of new jobs will not have its inevitable positive impact on the housing sector until 1993. It is anticipated that a recovery in Ottawa will occur earlier primarily due to lower interest rates which results in enhanced affordability and increased demand. To take advantage of this increased demand, Coscan has reoriented its operations towards providing more affordable housing product.

In Washington, two-thirds of Coscan's projects are directed to the first-time buyer, who will be the beneficiary of the proposed government grants, low down payments and other forms of financial assistance. Florida and California will also benefit from actions to stimulate the housing sector, as well as the resumed vigour of their economies.

Coscan continues to concentrate on maximizing the potential of its current real estate assets. The Company is prepared for the economic recovery having reduced costs, rationalized its operations and positioned its assets to take advantage of the expected recovery in the land and housing business. Although it is expected that housing activity will be more vigorous in 1992 and have a positive impact on Coscan's earnings, its full force will not be felt until 1993.

L. R. Cullingworth

L. Ross Cullingworth
President and Chief Executive Officer
February 25, 1992

# *Commercial*

***Coscan's policy is to acquire existing commercial properties at costs that are well below replacement, rather than assuming the financial risks of new developments.***

COMMERCIAL PROPERTIES
*($ millions)*


Under a well-defined strategy executed during the past five years, Coscan has assembled a portfolio of commercial properties ranging in size from 50,000 to 250,000 square feet of net rentable area. Every property in the portfolio has been acquired at below its replacement cost due to high vacancy rates, deferred maintenance or operating difficulties. Despite these evident problems, each property purchased by the Company and held in its portfolio is fundamentally sound with a potential for enhancing value over the medium-term.

Coscan has developed a highly competent commercial real estate team who works to improve returns from these underperforming properties through various initiatives over the short and medium-term. These initiatives typically involve redefining a particular building's position in its market, applying quality day-to-day management, completing economically justifiable upgrades and engaging in aggressive leasing programs.

As these programs are successfully completed, value is often realized through the sale of individual properties. In other cases, properties may be retained in the portfolio as part of Coscan's strategy to achieve balance in its portfolio of assets between the more cyclical housing and land business and the more stable returns provided from commercial properties.

During 1991, five buildings were sold, leaving the Company with 36 commercial properties having 4.2 million square feet of net rentable area. Even in today's troubled environment for commercial real estate, the division's successful track record in adding value allowed Coscan to obtain prices for these five properties that exceeded their book costs. The commercial property portfolio had a book value of $241.6 million at year end, down marginally from a year earlier, and accounting for 19% of total assets and 34% of real estate assets.

In addition to managing its direct and partnership investments, Coscan also provides assistance to investors in commercial real estate by helping re-establish or enhance values. In return, Coscan

St. Andrews Village,

Coscan Commercial Properties,

Aurora, Ontario

---

The Shoppes at The Waterways,

Coscan Waterways, Inc.,

North Miami Beach, Florida


## *Commercial continued*

earns fees as well as obtains ownership interests. This approach involves limited, if any, capital resources.

Coscan's general policy is to acquire existing properties rather than assume the extensive financial risks that come from assembling developable land, obtaining permission to build, construction and leasing. Because the Company operates its own leasing and property management activities, it seeks to concentrate ownership of its properties within a few geographic areas. In 1990, it added a significant number of commercial properties in the United States by entering into a partnership. During the past year, it has rationalized parts of this portfolio so that the bulk of its properties are located in Denver, Colorado; San Antonio and Dallas in Texas; and Santa Ana in California. Properties in Cincinnati and Ft. Meyers were sold at prices above book costs during 1991. During the early part of 1992, sales were negotiated for the Hillside Shopping Centre in Chicago which closed in January and the Waltham Centre, an undeveloped commercial property in Boston.

In Canada, two small Edmonton shopping centres and the Central Ontario branch's north Toronto office building were sold. As well, Dominion Place, a 91,650 square foot office building in downtown Calgary was acquired, bringing to five the number of office buildings owned by Coscan in the Calgary market. While Dominion Place was less than half leased when purchased, the Company is developing plans to increase occupancy. It has an excellent track record in completing successful lease-up programs in the Calgary market. For example, the Atrium I building in Calgary was less than 40% leased when it was purchased by Coscan; today, this property is more than 94% leased. Another building, the Petrofina Tower, was less than 20% leased when purchased, and now is 95% occupied.

Adams Coscan Partners operates in the greater Vancouver area. In 1991, it received development approval for a 30,000 square foot office building at Three West Centre in Richmond to house a regional banking centre for the Canadian Imperial Bank of Commerce. The Three West Centre project has the capacity for a total of 240,000 square feet of commercial space, which will be added as market conditions warrant.

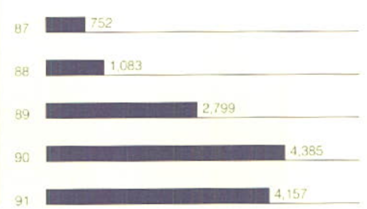
In addition, the partnership received development approval for a 57,000 square foot strip shopping centre at a site in Surrey. Construction has commenced on this shopping centre which is 50% preleased.

Also in 1991, the partnership sold its 104,000 square foot Westview shopping centre while retaining the management contract.

As well as development activities, the partnership manages, on behalf of itself, its partners and others, a total of 858,000 square feet of gross leasable area and 1,317 parking spaces in various locations.

***Coscan's highly competent commercial real estate team works to build value over the medium-term through refurbishing, remerchandizing and releasing.***

COMMERCIAL PROPERTIES – NET RENTABLE AREA
('000s sq. ft.)



Petroleum Building,
Coscan Commercial Limited Partnership,
Denver, Colorado

# *Housing and Land*

***Coscan and its partners closed 1,402 houses during 1991, up 16%.***

***Total housing revenue for the Company and its partnerships increased by 36%.***

Coscan has residential land development and house building operations in a number of major urban centres throughout North America. The Company's performance in all of its markets fell below expectations because of the recessionary environment which dominated in 1991. Poor economic news, ranging from private sector bankruptcies, downsizings and layoffs and high interest rates on average, eroded consumer confidence throughout the year.

In the United States, housing starts declined 15% from the very modest levels of 1990, reflecting the persistence of poor market conditions in most urban areas. In Canada, starts were down 14%, with a large decline in activity continuing for the second year in a row in the Toronto area, traditionally a major Coscan area of activity. As well, Ottawa experienced an unusual downturn in the number of new housing starts from the combined effects of the recession and unusual local factors.


During 1991, Coscan closed 1,402 houses, up 16% from 1,204 units achieved in 1990, reflecting a higher number of closings in Toronto, the Washington D.C. area, The Waterways development in Florida, and in California. This increase in closings was offset in part by reduced activity in the Company's Ottawa operation. Revenue from house-building operations (excluding partnerships) increased 19% to $228.1 million during the past year. However, sales of land totalled $8.3 million, a large reduction from the $51.5 million a year earlier. The reduced land activity was largely attributable to the difficulty builders and land developers experienced in accessing bank and other forms of financing.

Coscan maintains wholly owned branch operations in Ottawa, Toronto, the Washington D.C. area and Florida, and operates through partnerships in California and in the Washington D.C. area. The Company's residential real estate assets were acquired and developed after undertaking extensive analysis of market conditions, within the context of the dynamics of the local and regional econ-

Maracay Eastlake,
Davidson Coscan Partners,
Southeast San Diego, California

## *Housing and Land continued*

omies. The regional expertise garnered through the Company's local market presence, combined with its ability to assess these individual markets within a North American framework, provides it with an important competitive and strategic advantage.

### Toronto

The lingering economic recession, characterized by a relatively high Canadian dollar and extensive job losses in many traditional sectors of the Ontario economy, affected consumer confidence in Coscan's Toronto area land and housing operations during the past year. Despite a year of greatly diminished activity in the new house building sector, positive signs of a market recovery had emerged by the end of 1991. Interest rates had declined to levels not reached in 20 years, and residential resale volumes – a leading indicator of renewed activity in the new house market – were showing steady monthly increases.

Despite a difficult year, Coscan's Toronto operations achieved profitability from revenues of $24.0 million on house closings of 166 units (1990: 68 units). Nearly 85% of total closings took place in Aurora, north of Metropolitan Toronto.

Coscan anticipated the severe downturn in the housing sector around Metropolitan Toronto, and took steps beginning in 1988 to reduce its land holdings and

***The long-term outlook for housing in Metropolitan Toronto is positive due to the prospect for increased immigration into the area and the resumption of economic growth.***

activities in this area. In 1991, the Company did not acquire any development land; as a result, total land holdings of the Central Ontario branch were 375 acres at year end, and accounted for less than 5% of Coscan's consolidated assets. In 1986, Coscan's land holdings in its Central Ontario branch exceeded 1,000 acres. The Company maintains a conservative approach in this market by building only on the basis of firm sales contracts.

Within the context of its conservative operating approach, Coscan is actively involved in the development of several parcels which will be available for sale or for its house building operations over the short-to-medium term. The 73-lot Rosemere development in Barrie will become available for building during 1992. Other projects awaiting development approvals include East Point Village, a 75-acre project in Scarborough, and Harbour Isle, a waterfront residential complex in Whitby. Projects in Acton and Oshawa are in the preliminary stages, and are expected to be available for development in late 1993. Because recovery is expected to be slow during 1992, the Company plans no significant increase in building activity or additions to its land inventory.

Despite lower interest rates and some price declines, there remains an affordability problem in the market around Metropolitan Toronto, particularly for first-time buyers. While builders can produce more moderately priced housing product, they face reluctance on the part of some municipal authorities, supported by nearby property owners, to ease zoning requirements, increase allowable densities and reduce approval lead times. The most price-conscious market is for housing within the reach of first-time buyers; this segment is vital in generating demand for more expensive "move-up" housing. Some relaxation in attitudes by municipal governments would assist in meeting the pent-up demand for housing by first-time buyers.

Coscan expects recovery from the current recession to be slow. However, Sunridge,

Ottawa Branch,

Suburban Ottawa, Ontario

Aurora County,

Central Ontario Branch,

Suburban Toronto, Ontario

# *Housing and Land continued*

the long-term outlook for the housing market in the region around Metropolitan Toronto is positive. Increased immigration levels and a sustained recovery in industrial activity over the next few years will result in increased economic activity and the creation of jobs, leading to a healthy outlook for the housing sector in the Central Ontario area.

### Ottawa

During the past year, the new housing industry in the Ottawa area experienced a further reduction in activity from the peak level reached in 1988. The presence of the federal government has traditionally provided stability to the regional economy and the house building sector. However, restraints on government spending, a bitter public service strike, high interest rates, the introduction of the goods and services tax, and increased unemployment resulted in a period of waning consumer confidence.

New home sales declined in the Ottawa market last year, although resale activity was modestly ahead of 1990. An unusual and substantial disruption in the housing market occurred from the conversion and sale of a large number of rental units to condominiums for price-sensitive first-time buyers. This reduced the number of active buyers of new homes in a market already affected by other serious economic factors and resulted in a decline in the number of housing starts during the first half of the year.

***Coscan's Washington operations responded to weak market conditions during 1991 by lowering overheads, reducing inventories, and instituting more efficient construction practices.***

Anticipating a temporary lower demand for its new homes, Coscan reduced its scale of operations and marketing expenditures early in the year. The Company took quick and successful steps to amend development plans to be in a position by mid-year to offer new homes that appealed to price-conscious buyers. As housing starts dropped dramatically, municipal authorities became very receptive to the industry's problems and reacted quickly to permit higher densities for land in two of Coscan's subdivisions in the Ottawa area.

The Ottawa branch's 1991 results reflected the slowdown in the market, with house closings falling to 86 units from 222 units in 1990. For 1992, the Company is anticipating a much improved level of activity, aided by its increased emphasis on affordable new homes, reduced interest rates that improve affordability and better market conditions. Coscan is introducing a new group of moderately priced homes at its Fallingbrook, Sunridge, Bridlewood and Briarbrook projects, as well as maintaining a range of larger family homes.

An overriding concern in the Canadian capital is the continuing uncertainty created by the constitutional debate, as well as spending restraints imposed by the government on its activities. Despite this, Coscan remains well positioned as one of the area's largest house builders with a sufficient and diverse land inventory which will permit it to offer product for all segments of the market, including first-time buyers.

### Washington

The downturn in the Washington D.C. housing market that was evident during the last half of 1990 continued during the first part of 1991. Like other urban centres, consumer confidence was affected by job losses and the difficult circumstances faced by many large employers, particularly those in the defence and aerospace sectors facing cutbacks in government spending. An excess supply

Manorgate Townhomes,

Coscan Washington, Inc.,

Fairfax, Virginia

## *Housing and Land continued*

of unsold new homes early in the year led to severe competitive pressures, including widespread price discounting, mortgage markdowns and other buyer incentives, all of which affected the margins obtained by house builders.

Coscan's Washington D.C. branch operations, which oversee activity in Maryland and Virginia, were affected by these industry-wide circumstances during 1991. Although the number of house closings increased to 435 units during 1991 (1990: 395 units), the Company's margins were negatively affected by the necessity to lower prices in response to an oversupply of product. It responded to market conditions early in the year by lowering overheads, reducing inventories, trimming its workforce and instituting more efficient construction practices. The success of these cost-cutting measures became evident during the last quarter of 1991, coinciding with a general improvement in market conditions.

Lower interest rates brought many first-time buyers back into the market. Coscan had repositioned several of its developments in the Washington D.C. market to entry-level buyers. As one of the area's largest house builders with 22 active projects, Coscan is well positioned with a wide range of offerings for the market. The traditional stability of the economy in the Washington D.C. area, with its large government-based infrastructure, provides Coscan with assurance that its house building operations will stabilize during the 1992 period, and make a solid contribution in future periods.

*The value of Coscan's land is protected by various development constraints and the strong long-term economic trends in the Company's chosen markets.*

Also in the Washington D.C. area, Coscan participates in a partnership that acquires land under option and completes its processing for development. Once this process is completed, the Coscan Adler Partnership sells serviced lots to other builders. A significant achievement during 1991 was the opening of the marketing pavilion at Russett Center, a 930-acre project located midway along the Baltimore/Washington Parkway Corridor which has been approved for the construction of 3,456 homes and a 50 acre regional commercial site. Russett Center is owned jointly by Coscan Adler and another major land developer. Eight major home builders are currently active building and marketing homes in the development. By the end of 1991, 273 lots had been sold and a further 622 lots were under contract with these builders on an option basis. To December 31, 1991, 146 housing units had closed.

### Florida

Coscan's active housing operations in Florida are now concentrated at The Waterways, a 170-acre residential project on the Intracoastal Waterway between Ft. Lauderdale and Miami. During 1991, Coscan closed 326 units at The Waterways, compared with 29 units in 1990. This dramatic increase reflects the fact that three towers – twin towers at One Island Place and one at Harborside – were completed and units occupied by their purchasers. Revenue during 1991 totalled $98.3 million, a substantial increase from $10.4 million achieved in 1990.

Construction started during 1991 on Harbor Towers, a 144-unit highrise building scheduled for completion in 1993. To December 31, 1991, 94 units representing 65% of the project had been sold.

Harborside,

Coscan Waterways, Inc.,

North Miami Beach, Florida

## *Housing and Land continued*

Work continues on Spinnaker Bay, a development consisting of town-homes which is experiencing high buyer interest despite soft conditions in the Florida housing market. Planning for the remaining phases of The Waterways has started with construction activity expected to get underway in early 1993. Sales during the current year are expected to decline from 1991 levels because of the completion of several developments and the time lag required to complete Harbor Towers and to finalize development plans for the remaining parcels at The Waterways.

### California

Coscan has extensive land development and house building operations in the San Francisco, Los Angeles and San Diego areas of California. Its activities are generally conducted through a number of partnerships with proven developers and builders having extensive knowledge of local and regional market conditions.

Like most other markets throughout North America, activity in the house building sector was negatively affected by the economic downturn. A temporary slump in California's normally vibrant economy led to many corporate downsizings and consolidations, resulting in job losses and diminished consumer confidence. From a high of 315,000 housing starts in 1986, activity in California fell during the past year to 105,200 units.

> ***Despite the recent slowdown in California's normally prosperous economy, the population is expected to grow 30% by the year 2005, adding an average of 226,000 households per annum.***

Despite these conditions, the outlook for the remainder of the decade for economic growth, and Coscan's land and house building operations remains positive. The California State Department of Finance projects nine million new residents by the year 2005, a population growth of 30%. The state is projected to add an average of 226,000 households per year, more than double the past year's starts.

California, with a population comparable to all of Canada, has experienced rapid growth during recent years. It is the fastest growing state, with migrants moving from other parts of the United States and elsewhere because of the expected growth of its employment base, as well as its attractive climate and vibrant communities.

Delays in the development approval process are a result of the comprehensive regulatory environment in which the various California partnerships operate. When combined with the pent-up demand for housing, California will experience a tight supply of residential serviced land that will result in increasing lot and housing values in the coming years.

### Davidson Coscan Partners

Coscan's partnership with Davidson Communities concentrates its house building activities in the San Diego area. The partnership is managed by William A. Davidson, who was named California Builder of the Year for 1991 by *California Builder* magazine.

During 1991, the partnership closed 143 houses, compared with 39 units in 1990, a considerable feat in light of reduced buyer activity in its major market. Three new projects were opened by the partnership, including Aviara and Mount Woodson. These two developments feature unique locations and stunning views. The Mount Woodson project was chosen the "Master Planned Community Project of the Year" by the National Association of Home Builders from hundreds of entrants throughout North America. Despite the lack of buyers at many other

Pavona at Aviara,

Davidson Coscan Partners,

La Costa, California

## *Housing and Land continued*

developments last year, sales at these two projects were strong because of their general desirability among purchasers of new homes. Last year, the partnership broadened its scope of activities by successfully bidding for and being awarded the job of completing two housing projects for two financial institutions in return for a fee and profit participation. This activity has generated additional revenue and profits while adding no incremental risk or assets to the partnership.

Coscan remains committed to the San Diego market because of its favorable economy, desirable community amenities and its potential to benefit from a free-trade agreement with Mexico. The partnership has reacted to market conditions by balancing its offerings across several price ranges. It is expected that Davidson Coscan Partners will show improved results in 1992, benefitting from recovering market conditions.

***Coscan's California operations are geographically diversified in the San Diego, Los Angeles and San Francisco areas.***

***Its partners are builders and developers who have strong track records and extensive knowledge of market conditions.***

### Coscan Stewart Partnership

The Coscan Stewart Partnership develops land in and around Riverside and San Bernardino Counties, suburbs of Los Angeles otherwise known as the "Inland Empire". Although no development permits were granted during the past year, significant progress was made in obtaining approvals for Noble Creek, a 100-acre parcel in Beaumont, and Winchester, a 410-acre development in Riverside County. During the past year, the partnership regained title through a foreclosure, to the Three Ring Ranch residential development site located in Riverside County. This site is expected to be developed for affordably priced housing.

### Southwest Diversified Coscan Partners

Coscan is active in land development and house building operations in the San Francisco Bay area, Southern California and Arizona through its Southwest Diversified Partnership. The partnership is managed by William D. Foote, who is highly regarded for his innovative and high quality housing developments.

During 1991, the partnership closed 175 homes, an increase of 67% from the previous year. A large part of the increase was the result of strong sales activity in Tucson, where the partnership is offering a range of housing product, particularly oriented to the moderately priced market. However, excessive industry inventories of new homes in major California markets led to aggressive pricing actions by competitors, reducing the partnership's operating margins.

An important accomplishment during the past year was the progress in achieving significant development approvals for North East Ridge, an infill housing project just 15 minutes drive from the downtown commercial district of San Francisco. The partnership expects final approvals to occur during 1992, with development of the property to begin later in the year.

The partnership maintains a unique market position through its involvement in major urban centre infill development sites. Southwest Diversified Coscan Partners currently has eight active construction projects and six projects under development. In keeping with its reputation for innovation, each of the partnership's developments is located in prime markets which have promising potential during a period of economic recovery.

The Ridge at La Reserve,

Southwest Diversified Coscan Partners,

Tucson, Arizona

Huntington Shores,

Southwest Diversified Coscan Partners,

Huntington Beach, California

## OVERVIEW OF 1991 FINANCIAL PERFORMANCE

Net earnings totalled $15.0 million for the year ended December 31, 1991, compared with $22.8 million during 1990. Earnings per common share (after payment of preferred share dividends) were 61 cents, down from $1.13 in 1990. The latest period's results are based on an average of 17,215,606 shares outstanding during 1991, compared with 14,772,118 shares in 1990. The 17% increase in the average number of shares outstanding was the result of two financings completed during the year which raised $49.8 million in additional equity for Coscan.

The Company operates in three distinct business segments:

- It processes undeveloped land by obtaining all necessary regulatory approvals and installing service infrastructure. This land is then sold to third parties or used by the Company to build new homes for sale;
- It builds and sells new homes on land that it has purchased from others; and
- It acquires, develops and manages commercial properties.

The Company conducts its operations through wholly owned divisions or branches as well as through partnerships, structured investments, and joint ventures with others.

## HOUSING

The Company maintains house-building operations in selected North American markets. Generally, Coscan builds houses on the basis of firm contracts for sale. In California, the purchaser has the right of recision almost to the date of closing; therefore, although construction is based on pre-sales, this may result in some inventory creation. On high-rise condominium projects, the Company generally does not start construction until a minimum of 50% of the units have been sold with firm contracts including a minimum 10% non-refundable deposit. These policies reduce the risk of financing excess inventory. Land on which the Company builds comes either from developed parcels or is purchased with infrastructure in place from other developers.

During the past year, Coscan and its partners closed sales on 1,402 houses (average sales price: $225,000), up from 1,204 houses (average sales price: $182,000). The number of closings increased in the Company's branch operations in Toronto, Washington, D.C. and The Waterways in Florida, and at partnership operations in California. Average selling prices are significantly higher than those experienced in 1990 due to Waterways sales. A significant number of units in The Waterways have average selling prices in the U.S. $275,000 range, which thus distorts the average. Margins in Washington, D.C. and California were negatively affected during the past year by a market oversupply of product at a time of reduced demand. The volume of sales declined at the Company's Ottawa-area operations and at The Waterways. The decline in sales activity at The Waterways was directly attributed to the lack of product availability. During the year, three highrise towers comprising 421 units were completed and in addition to the 29 units closed in 1990, 281 additional units closed in these projects. There are 40 units sold which will close in 1992. Because a majority of the product at The Waterways is highrise condominiums there is a time gap between the point of sale and the closing of each unit. Currently, sales are taking place on a 144 unit tower, (94 units sold at December 31, 1991) which will commence closing in 1993.

Housing operations produced margins of 4% which was similar to the margin results of the previous year. In general, conditions in the house building industry were affected by the lack of consumer confidence which affected the willingness of many consumers to undertake significant financial commitments. Consumer confidence was affected by high interest rates early in the year, as well as recessionary conditions throughout North America that increased unemployment and resulted in other economic losses.

### ANALYSIS OF HOUSE SALES AND CLOSINGS[1]

| | 1991 | | 1990 | | 1989 | |
|---|---|---|---|---|---|---|
| | **Sales** | **Closings** | Sales | Closings | Sales | Closings |
| Central Ontario | **170** | **166** | 49 | 68 | 260 | 351 |
| Ottawa | **102** | **86** | 169 | 222 | 285 | 333 |
| Florida | **82** | **397** | 441 | 371 | 515 | 260 |
| Washington, D.C. | **415** | **435** | 378 | 395 | 487 | 424 |
| California | **328** | **318** | 201 | 144 | 180 | 143 |
| Other | — | — | 3 | 4 | 141 | 198 |
| Total | **1,097** | **1,402** | 1,241 | 1,204 | 1,868 | 1,709 |
| Sales carried forward | **358** | | 663 | | 626 | |

(1) Includes activity of partnerships.

### LAND DEVELOPMENT

The growth in employment, population, immigration and the size of new family units are all significant determinants in the demand for new housing. Taking these factors into account, the Company analyzes in detail economic trends within each market in which it operates to determine the likely demand for housing over the medium and long-term. In markets where the Company believes significant growth will take place, land with development potential is optioned or purchased two or more years ahead of the market. When the development process is completed, the land is transferred to the Company's house-building operations (a portion of the land may be sold to third parties).

During 1991, the Company had revenue from sales of land and options of $8.3 million, compared with $51.5 million during 1990. Land sale activity has traditionally been attributed to the expected demand for housing. The builder or developer acquiring land has relied upon financing which is provided by banks and other traditional financial institutions to fund a significant portion of the purchase price. Credit availability for North American real estate development was negatively affected by the demise of the savings and loan industry in the United States and the reluctance of financial institutions in both Canada and the United States to fill the void. This had a significant impact on many builders, reducing the demand for serviced lots. This accounts for the significant reduction in Coscan's land sales during 1991.

During the year total land holdings increased by 2,023 acres. This increase was primarily the result of the reacquisition due to foreclosure of two parcels of land, one in Prince William County, Maryland and one in Riverside County, California totalling 1,200 acres and the purchase of a 493 acre parcel of land in southern California which had been committed to in 1989.

### ANALYSIS OF LAND INVENTORY[1]

| | **1991** | 1990 | 1989 |
|---|---|---|---|
| Land holdings in acres (at beginning of period) | **2,815** | 2,682 | 3,080 |
| Purchases | **494** | 440 | 980 |
| Transfers | **1,579** | (19) | (74) |
| Sales | **50** | 288 | 1,304 |
| Land holdings in acres (at end of period) | **4,838** | 2,815 | 2,682 |

(1) Includes Land Under Development and Land For Future Development.

## COMMERCIAL

For several years, the Company has been adding to its portfolio of income-producing commercial properties in order to diversify its sources of cash flow, provide a stable income stream, offset the cyclical nature of its land development and housing operations, and benefit from the appreciation of property values over time. At the end of 1991, Coscan held commercial properties with a book value of $241.6 million, down slightly from $247.4 million held at the end of 1990.

At year end, the Company's commercial portfolio totalled 34% of its real estate assets, up from 33% a year ago. The commercial portfolio consisted of 36 properties totalling 3.6 million square feet of net rentable area, down from 3.8 million at the end of 1990, which reflected sales made during the past year. The Company holds equity interests in partnerships with commercial properties that have 554,000 square feet of rentable area (1990: 567,000 square feet). Revenue from commercial properties while from a reduced portfolio increased to $32.0 million from $31.0 million during 1990.

During the year the Company sold its 50% interest in 100 Sheppard Avenue East for an amount in excess of its book cost. Although the Company's long term strategy is to increase its commercial property portfolio, a sale of its interest in 100 Sheppard was opportune given the benefits it conferred. The sale was completed in the second quarter of the year.

An opportunity was presented in Calgary where the Company owns four office buildings, to purchase Dominion Place a 91,650 square foot office building. When acquired the property was 45% leased and required a renovation, remerchandising and releasing program to stimulate additional leasing. The Company's commercial division is adept at such programs and these are now well underway. It is expected that significant leasing will take place over the next 12 to 16 months.

During 1991, as part of the program to rationalize the commercial division's assets, two small shopping centres located in Edmonton, the Company's Toronto branch office located in north Toronto and a shopping centre in British Columbia were sold. These sales reduced assets and debt and produced earnings and cash, as did the sale of 100 Sheppard.

## PARTNERSHIPS AND STRUCTURED INVESTMENTS

The Company has expanded into new markets, particularly in California, by structuring transactions with local entrepreneurs with existing operations in the form of partnerships or structured investments. In general, these partnerships are considered to be an effective way of utilizing Coscan's financial and human resources to expand operations geographically with knowledgeable and proven entrepreneurs while minimizing business risks.

There are two types of partnerships in which Coscan enters. Managed partnerships are recorded using the proportionate consolidation method since Coscan's role is principally that of an operator making the majority of the management decisions. Financial partnerships are accounted for by the equity method since Coscan's role is principally that of a lender and the investments are of a long-term nature.

Partnerships involving land development and house building which are located in the Washington, D.C. area and in California were affected by the economic environment in a similar manner to the Company's other operations. Although sales and closings of housing units increased over 1990 and 1989, margins were reduced due to an oversupply of product and the cost of aggressive marketing.

In Maryland where the Coscan Adler Partnership is itself a partner in the Russett Center Partnership, there was evidence of a resurgence in the marketplace. The Russett Center Partnership is developing a 930 acre planned unit development which has received all of its required approvals. The project is designed for 3,456 housing units and a 50 acre regional commercial site. During 1990 and 1991 building lots were marketed to well known national and local builders and by year-end 1991, 273 lots had closed and a further 622 lots were under option. A total of 146 houses have been sold by builders at Russett Center. Russett Center demonstrates that well located, well planned developments can attract buyer interest, even in a recessionary environment.

Included in partnership and other revenue is income of $21.6 million (1990: $28.0 million) from partnership activities. These investments are included on the balance sheet in loans and other receivables and investment in partnerships. Loans and other receivables increased by $58.7 million during the year. A major portion of the increase, is due to additional loans advanced to partnerships in California to fund their development, servicing and house building activities.

## ASSETS

At the end of 1991, Coscan's total assets were $1.28 billion, up marginally from $1.27 billion at the end of 1990. The Company maintained its cautious approach to new investments during the past year because of recessionary conditions.

Housing and land assets decreased $39.8 million to $463.2 million, reflecting an orderly drawdown of serviced land for house construction without replacement purchases. Loans and other receivables increased by $58.7 million during the latest period as a result of increased financial requirements of partnerships as noted previously.

## LIABILITIES

The Company's debt to equity ratio improved during the year to 2.5:1 from 3.1:1 as a result of the equity issues completed during the year and the reduced level of borrowings.

Total liabilities decreased during the year by $44.1 million. Operating loans increased by $16.3 million due to funding requirements of ongoing operations. Mortgages and secured payables decreased by $39.0 million. The main reasons for the reduction were an $18.0 million paydown of the mortgage on the Waterways project in Florida from proceeds of closings and a discharge of the $21.4 million mortgage on 100 Sheppard Avenue East when the Company's share of that office building was sold. Notes and debentures payable and accounts payable and accruals decreased marginally by $12.4 million and $9.1 million respectively.

## OVERVIEW OF 1990 FINANCIAL PERFORMANCE

Net earnings totalled $22.8 million for the year ended December 31, 1990, a decrease of 17% from 1989. Earnings per common share (after payment of preferred share dividends) decreased 26% to $1.13 (based on a 4% increase in the weighted average number of common shares outstanding).

## HOUSING

During 1990, Coscan closed sales on 1,204 houses (average price: $182,000), down from 1,709 units in 1989 (average price: $180,000). Housing revenue for 1990 totalled $192.6 million, down 31% from 1989.

Sales volume during 1990 declined in all markets in which Coscan has housebuilding operations. Consumer confidence, which started to decline during the last half of 1989, reached low levels during the second half of 1990, and was reflected in an industry-wide reduction in the number of house sales. Interest rates, which directly impact consumer confidence, remained high during 1990 in both Canada and the United States.

## LAND DEVELOPMENT

During 1990, the Company had revenue from land sales of $51.5 million, compared with $79.2 million during 1989. Land sales are normally associated with the expected demand for housing. During 1990, the house-building industry throughout North America experienced declining demand, thus reducing Coscan's land sales. As well, the Company's higher land sales during 1988 and 1989 reflected a strategic decision to reduce its inventory in the Toronto area because speculation had inflated prices. During 1989, the Company withdrew from the Alberta market by selling its entire house building and land operations, adding to the increased level of sales during that period.

## COMMERCIAL

At the end of 1990, the Company held commercial properties with a book value of $247.5 million, up from $208.3 million a year earlier. At year end, the commercial portfolio of the Company totalled 33% of its real estate assets, up from 31% at the end of 1989. The commercial portfolio consisted of 3.8 million square feet of net rentable area, up from 2.2 million at the end of 1989. In addition, the Company held equity interests in partnerships with commercial properties that have 567,000 square feet of net rentable area. During 1990, revenue from operating commercial properties increased to $31.0 million from $11.7 million during 1989. The significant increase in commercial assets and operating revenues resulted from a partnership formed during that year.

## PARTNERSHIPS AND STRUCTURED INVESTMENTS

During 1990, Coscan's commercial group entered into a partnership to manage 21 commercial properties with 2.0 million square feet of net rentable space and five parcels of land totalling 305 acres in 15 cities in the United States. Coscan contributed $47.6 million and has a 50% interest in the partnership and is responsible for covering any future cash deficiencies. During 1990, five properties were sold at prices greater than their book costs.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's financial plan is structured to provide maximum flexibility for its operations while reducing risks associated with changes in interest and exchange rates. Specific types of financings are used to support defined activities by matching the term of the financing with the assets which are being financed. The financial plan includes the following elements:

- revolving-term credit facilities that finance the current operations of the Company in land development and house building;
- project specific financing for the development and construction of certain of the Company's residential projects;
- long-term mortgages that fund land purchases with longer development horizons and the portfolio of commercial properties;
- short-term debt that is given by vendors of land and building lots purchased by the Company for immediate construction of new homes;
- debentures that finance other aspects of the Company's operations, including its long-term land holdings, marketable securities and receivables; and
- shareholders' equity that finances the balance of corporate needs.

## ANALYSIS OF 1991 LIQUIDITY AND CAPITAL RESOURCES

The Company has operating lines of credit totalling $340.0 million. A total of $300.0 million of these facilities is represented by secured operating loans with a group of Canadian chartered banks which is currently on a demand basis. The balance consists of three unsecured facilities. Approximately $40.6 million of the operating lines were unused and available at the end of 1991. As well, at the end of 1991, 89% of these facilities were denominated in U.S.

dollars which carry a lower average interest rate than Canadian dollar denominated loans and thus reduce the Company's overall cost of borrowing.

The Company expects that during the course of 1992 the secured operating credit facility will be revised to an amortizing revolving-term credit facility. The revised facility may provide project specific security in addition to floating charges. This facility, together with the other committed credit lines, should be adequate to meet the Company's anticipated capital requirements in 1992.

The amount of notes and debentures payable outstanding at the end of 1991 totalled $463.1 million, consisting principally of $100 million of floating rate reset debentures, $200 million (U.S.) of Euronotes issued by the Company's U.S. subsidiary, and notes payable of $105.4 million. Both the debentures and the Euronote issue are unsecured and specifically subordinated to the Company's secured operating credit facility. As well, there exists an unsecured standby line of credit from the Company's principal shareholder for $86.7 million or its U.S. currency equivalent. At year end, $84.1 million was available under this facility. By using U.S. dollar denominated facilities in the secured operating credit facility and the Euronote issue to fund its U.S. based operations, the Company has been able to lower its borrowing costs. The Company uses foreign exchange hedge contracts to negate any currency fluctuations which may impact its operations in United States jurisdictions. At December 31, 1991, U.S. $140 million of such contracts were in force.

Interest expense decreased by 15% or $8.7 million during the past year. The Company's average cost of borrowing was lower in 1991 compared to the previous year. The decrease in interest expense is mainly attributable to the declining interest rates experienced in both Canada and the United States. Included in interest expense is $4.7 million (1990: $13.3 million) which was expensed during the year on real estate assets that had reached their estimated net realizable value by year end.

The Company uses interest rate SWAP and CAP contracts to reduce the risk associated with its interest rate exposure. At December 31, 1991 no contracts were in place as interest rates had been declining throughout the year.

During 1992, $46.7 million of mortgages payable mature. Of this amount $7.2 million is debt on The Waterways project which will be retired from the proceeds of sales which are now under contract. Another $20.5 million is represented by debt on commercial properties, which is currently being renegotiated.

The balance of mortgages payable is represented by $14.7 million due on previous land purchases in the normal course, and $4.3 million of mortgage draws which were used to construct homes. The former will be renegotiated or repaid from the Company's operating capital and the latter will be repaid from proceeds received from purchasers upon closing of house sales.

It is expected that in 1992 with the projected level of operations and the curtailment of additional land and property investments the Company will have sufficient capital resources to fund its ongoing operations.

Funding of partnership activities is generally provided by Coscan or obtained from third parties; the Company is obligated to fund only cash short falls occurring in the Coscan Commercial Limited Partnership. In 1991 the partnership required a cash infusion of U.S. $1.4 million but it is expected that in 1992 no cash infusions will be required for this partnership since the partnership properties are currently producing sufficient cash to fund day to day operations.

Interest rates, which are a key determinant of consumer confidence and thus the vibrancy of the housing market, have fallen to levels that have not been experienced in 20 years. However, it may take some months for the improvement in the economy to rebuild consumer confidence and positively impact housing activity.

Historically, house purchases have lagged a significant improvement in consumer confidence. In most Coscan markets, the decision by a consumer to buy and the actual closing may be six months apart because of the time it takes to complete construction of the housing unit. This would mean that the full impact of the recovery may not be felt by Coscan until 1993 and beyond when closings actually occur. Consumer confidence also has a direct impact on the volume of lot and land sales to other builders and developers. As buyers return to the market the Company should be able to option or sell building lots to third party builders. Currently, the Company is cautiously optimistic that the level of land and lot sales will show an improvement over 1991's results.

Any setbacks in the economic recovery could change this outlook. If the recovery does not take hold resulting in continuing low levels of economic activity and job losses, the anticipated strengthening of the house building industry could be further delayed. At year end, there were 264 sales on hand for closing during 1992 which compares with 608 units on hand at the end of 1990.

The housing industry is experiencing a serious shortage of capital to finance its activities because of the policies of many traditional financial institutions to reduce their lending exposure in real estate.

As the housing sector improves during 1992 and beyond, Coscan believes that it has a distinct advantage over many of its competitors. The Company's strong equity base will allow it to continue operating at desired levels in spite of the liquidity problems being encountered by the industry. The availability of financial resources will therefore allow the Company to move product into the marketplace as appropriate. In Ottawa, with the cooperation of municipal authorities, much of Coscan's housing will be designed with the first-time buyer in mind. The Company is well positioned in the Washington, D.C. market with a variety of moderately priced product lines and the ability to adapt quickly to changes in the market profile. The Company's California based assets are primarily located in the highly populated coastal region with much of the near-term residential development property being infill in nature.

There may be a shortage of housing product available at a time when consumer demand recovers to more normal levels. With strong demand and restricted supply, Coscan expects that its profit margins will improve during future periods. Also, profit margins will be impacted positively by having its product lines repositioned in most locales to meet entry level buyer demand, by maintaining existing tight cost controls and by carefully monitoring market conditions to effect price changes as supplies constrict.

Commercial operations are longer-term investments, and are not expected to make any significant contributions to earnings in the short-term. However, when such opportunities arise property sales will provide earnings to Coscan as physical improvements, remerchandising activities and releasing efforts add value to commercial assets. Where opportunities arise to realize an increase in value on commercial properties, the Company may sell such properties, although the Company's goal over the long-term is to increase its commercial portfolio to 50% of total assets.

Coscan's projections for 1992 are based on the assumption of a moderate recovery. This is supported by current traffic statistics at its projects and increased housing starts relative to the levels recorded 12 months ago. In this context, it is expected that the Company's earnings will improve marginally in 1992 and will benefit more fully from the economic recovery in 1993 and 1994.

# *Summary of Real Estate Assets – Commercial Property Portfolio*

As at December 31, 1991

| Property | Location | Year Acquired/ Completed | Ownership Interest % | Net Rentable Area (sq. ft.) | Percentage Leased |
|---|---|---|---|---|---|
| OFFICE | | | | | |
| 204 Richmond St. W. | Toronto, Ontario | 1984 | 100 | 38,215 | 45 |
| 160 Eglinton Ave. E. | Toronto, Ontario | 1986 | 100 | 53,948 | 93 |
| Corporate Plaza | Scarborough, Ontario | 1990 | 20 | 209,560 | 70 |
| North Canadian Oils | Regina, Saskatchewan | 1989 | 100 | 80,391 | 83 |
| Southbroad Plaza | Regina, Saskatchewan | 1989 | 100 | 134,643 | 79 |
| Petrofina Tower | Calgary, Alberta | 1986 | 100 | 148,241 | 95 |
| Atrium I | Calgary, Alberta | 1988 | 100 | 102,750 | 94 |
| Atrium II | Calgary, Alberta | 1988 | 100 | 103,026 | 88 |
| Dominion Building | Calgary, Alberta | 1991 | 100 | 91,650 | 47 [1] |
| Roslyn Building | Calgary, Alberta | 1988 | 100 | 130,373 | 89 |
| Waltham | Boston, Massachusetts | 1990 | 50 | 41,200 | 7 [1] |
| Academy Place | Denver, Colorado | 1983 | 100 | 82,407 | 94 |
| Highland Place II | Denver, Colorado | 1989 | 100 | 140,687 | 55 |
| Colorado State Bank | Denver, Colorado | 1990 | 25 | 207,500 | 53 |
| Century Bank | Denver, Colorado | 1990 | 50 | 93,611 | 87 |
| 101 University | Denver, Colorado | 1990 | 50 | 58,440 | 84 |
| Petroleum Club | Denver, Colorado | 1990 | 50 | 163,000 | 99 |
| Wells Fargo | Santa Ana, California | 1990 | 50 | 52,996 | 93 |
| Santa Ana Financial Center | Santa Ana, California | 1990 | 50 | 52,108 | 89 |
| 351 Phelps | Dallas, Texas | 1990 | 100 | 93,376 | 0 |
| 150 West Carpenter | Dallas, Texas | 1990 | 100 | 48,290 | 90 |
| | | | | 2,126,412 | |
| RETAIL | | | | | |
| St. Andrews Village I & II | Aurora, Ontario | 1986/91 | 100 | 145,578 | 88 [2] |
| Parkland Mall | Yorkton, Saskatchewan | 1989 | 100 | 219,280 | 97 |
| Ranchlands Centre | Calgary, Alberta | 1989 | 100 | 65,780 | 91 [1] |
| College Mall | Lethbridge, Alberta | 1989 | 100 | 275,127 | 68 [1] |
| West Oaks Mall | Clearbrook, B.C. | 1989 | 50 | 225,000 | 95 [1] |
| Three West Centre | Richmond, B.C. | 1989 | 50 | 62,000 | 81 [3] |
| Newton Village | Surrey, B.C. | 1992 | 50 | 57,000 | 50 [1] |
| Hillside Mall | Chicago, Illinois | 1990 | 50 | 465,646 | 65 |
| Las Palmas | San Antonio, Texas | 1990 | 50 | 225,070 | 80 |
| North Star Square | San Antonio, Texas | 1990 | 50 | 51,693 | 86 |
| Corners At Jackson | San Antonio, Texas | 1990 | 50 | 42,954 | 74 |
| Castle Junction | San Antonio, Texas | 1990 | 50 | 33,279 | 77 |
| One Bandera Plaza | San Antonio, Texas | 1990 | 50 | 39,730 | 71 |
| The Elms | San Antonio, Texas | 1990 | 50 | 41,057 | 77 |
| Shoppes At The Waterways | North Miami Beach, Fl. | 1989 | 100 | 81,744 | 85 |
| | | | | 2,030,938 | |
| | | | | 4,157,350 | |

[1] Under development.

[2] Phase II is under development.

[3] Mixed use centre partially under development.

# *Land for Future Development*

ACRES

| | January 1, 1991 | Acquisitions | Transfers in classification [1] | Sales | December 31, 1991 |
|---|---|---|---|---|---|
| CANADA | | | | | |
| Central Ontario | 288 | — | — | — | 288 |
| Ottawa | 351 | — | (12) | — | 339 |
| | 639 | — | (12) | — | 627 |
| UNITED STATES | | | | | |
| Washington, D.C. | 113 | — | 898 | — | 1,011 |
| Adler [2] | 166 | — | (41) | — | 125 |
| California | | | | | |
| Southwest [3] | 57 | 1 | (58) | — | — |
| Other [4] | 305 | — | (38) | 21 | 246 |
| | 641 | 1 | 761 | 21 | 1,382 |
| Total | 1,280 | 1 | 749 | 21 | 2,009 |

[1] Represents transfers to/from Land Under Development and Housing.
[2] Coscan has an 80% equity interest.
[3] Coscan has a 70% equity interest.
[4] Coscan/Unicorp Partnership land in which Coscan has a 50% interest.

# *Land Under Development*

ACRES

| | January 1, 1991 | Acquisitions | Transfers in classification [1] | Sales [2] | December 31, 1991 Acres [3] | December 31, 1991 Units [4] |
|---|---|---|---|---|---|---|
| CANADA | | | | | | |
| Central Ontario | 82 | — | (23) | 9 | 50 | 885 |
| Ottawa | 83 | — | (10) | — | 73 | 713 |
| | 165 | — | (33) | 9 | 123 | 1,598 |
| UNITED STATES | | | | | | |
| Florida | 195 | — | (3) | — | 192 | 1,742 |
| Washington, D.C. | 273 | — | 78 | — | 351 | 1,589 |
| Adler [5] | 217 | — | 156 | 7 | 366 | 1,801 |
| California | | | | | | |
| Stewart [6] | 510 | — | 177 | — | 687 | 1,860 |
| Southwest [7] | — | 493 | 282 | 5 | 770 | 1,801 |
| Davidson [8] | — | — | 173 | — | 173 | 36 |
| Other | 175 | — | — | 8 | 167 | 437 |
| | 1,370 | 493 | 863 | 20 | 2,706 | 9,266 |
| Total | 1,535 | 493 | 830 | 29 | 2,829 | 10,864 |

[1] Represents transfers to/from Land for Future Development and transfers to/from Housing.
[2] Total sales consist of 117 lots and five acres.
[3] Includes blocks to be sold to municipal authorities and for commercial use.
[4] Represents the number of housing units approved to be built on residential acreage, but excludes units designated for Coscan housing which have been included in the Housing chart.
[5] Coscan has an 80% equity interest.
[6] Coscan has an 85% equity interest.
[7] Coscan has a 70% equity interest in Southwest Diversified Coscan Partners and a 35% interest in First Southwest Diversified Partners.
[8] Coscan has a 60% equity interest.

# Housing

UNITS

| | January 1, 1991 | Acquisitions | Transfers in classification [1] | Closings | December 31, 1991 Total inventory [2] | Under construction | Sold |
|---|---|---|---|---|---|---|---|
| **CANADA** | | | | | | | |
| Central Ontario | 253 | 30 | 98 | 166 | 215 | 10 | 13 |
| Ottawa | 388 | 18 | 207 | 86 | 527 | 53 | 21 |
| | 641 | 48 | 305 | 252 | 742 | 63 | 34 |
| **UNITED STATES** | | | | | | | |
| Florida | 833 | — | (87) | 397 | 349 | 145 | 157 |
| Washington, D.C. | 1,492 | — | 148 | 435 | 1,205 | 83 | 63 |
| Arizona | 16 | — | — | — | 16 | 16 | — |
| California | | | | | | | |
| Southwest [3] | 1,827 | — | (1,187) | 175 | 465 | 120 | 63 |
| Davidson [4] | 854 | 137 | 15 | 143 | 863 | 124 | 41 |
| | 5,022 | 137 | (1,111) | 1,150 | 2,898 | 488 | 324 |
| Total | 5,663 | 185 | (806) | 1,402 | 3,640 | 551 | 358 |

1 Represents transfers to/from Land Under Development and Land For Future Development.
2 Lots which have been designated for Coscan housing.
3 Coscan has a 70% equity interest in Southwest Diversified Coscan Partners and a 35% interest in First Southwest Diversified Partners.
4 Coscan has a 60% equity interest.

## *Distribution of Revenues*

| ($ millions) | 1991 | | 1990 | | 1989 | | 1988 | | 1987 | |
|---|---|---|---|---|---|---|---|---|---|---|
| CANADA | | | | | | | | | | |
| Central Ontario | **34** | **11%** | 41 | 12% | 105 | 25% | 145 | 31% | 131 | 38% |
| Ottawa | **14** | **4** | 43 | 13 | 61 | 15 | 57 | 12 | 54 | 16 |
| Other Regions | **15** | **5** | 19 | 6 | 58 | 14 | 9 | 2 | 14 | 4 |
| | **63** | **20** | 103 | 31 | 224 | 54 | 211 | 45 | 199 | 58 |
| UNITED STATES | | | | | | | | | | |
| Florida | **113** | **35** | 75 | 23 | 43 | 10 | 88 | 19 | 42 | 12 |
| Washington, D.C. | **77** | **24** | 76 | 23 | 77 | 19 | 124 | 27 | 59 | 18 |
| Other Regions | **25** | **8** | 41 | 12 | 57 | 14 | 39 | 8 | 38 | 11 |
| | **215** | **67** | 192 | 58 | 177 | 43 | 251 | 54 | 139 | 41 |
| COMMERCIAL PROPERTIES | **41** | **13** | 36 | 11 | 12 | 3 | 5 | 1 | 4 | 1 |
| Total | **319** | **100** | 331 | 100 | 413 | 100 | 467 | 100 | 342 | 100 |

## *Distribution of Real Estate Assets*

| ($ millions) | 1991 | | 1990 | | 1989 | | 1988 | | 1987 | |
|---|---|---|---|---|---|---|---|---|---|---|
| CANADA | | | | | | | | | | |
| Central Ontario | **66** | **9%** | 69 | 9% | 50 | 7% | 54 | 10% | 66 | 12% |
| Ottawa | **54** | **8** | 45 | 6 | 35 | 5 | 51 | 9 | 34 | 6 |
| Other Regions | **—** | **—** | — | — | — | — | 48 | 9 | 45 | 8 |
| | **120** | **17** | 114 | 15 | 85 | 12 | 153 | 28 | 145 | 26 |
| UNITED STATES | | | | | | | | | | |
| Florida | **158** | **22** | 213 | 28 | 217 | 32 | 155 | 29 | 174 | 31 |
| Washington, D.C. | **153** | **22** | 150 | 20 | 132 | 20 | 109 | 20 | 98 | 17 |
| Other Regions | **32** | **5** | 27 | 4 | 35 | 5 | 34 | 6 | 76 | 14 |
| | **343** | **49** | 390 | 52 | 384 | 57 | 298 | 55 | 348 | 62 |
| COMMERCIAL PROPERTIES | **242** | **34** | 247 | 33 | 208 | 31 | 91 | 17 | 68 | 12 |
| Total | **705** | **100** | 751 | 100 | 677 | 100 | 542 | 100 | 561 | 100 |

# *Management's Responsibility for the Financial Statements*

The accompanying consolidated financial statements have been prepared in accordance with the recommendations of the Canadian Institute of Chartered Accountants and the Canadian Institute of Public Real Estate Companies. The Management of the Company is responsible for their integrity and objectivity. To fulfill this responsibility, the corporation maintains appropriate systems of internal control, policies and procedures to ensure that its reporting practices and accounting and administrative procedures are of high quality. The financial information presented elsewhere in this Annual Report is consistent with that in the financial statements.

Deloitte & Touche, the auditors appointed by the shareholders, have examined the consolidated financial statements in accordance with generally accepted auditing standards to enable them to express to the shareholders their opinion on the consolidated financial statements. Their report as auditors is set forth below.

The statements have been further reviewed and approved by the Board of Directors and its Audit Committee. The auditors have direct and full access to the Audit Committee.

John P. Barratt
Executive Vice-President and
Chief Operating Officer

Toronto, Ontario
February 25, 1992

# *Auditors' Report to Shareholders*

We have audited the consolidated balance sheets of Coscan Development Corporation as at December 31, 1991 and 1990 and the consolidated statements of earnings, retained earnings, cash flow from operations and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1991 and 1990 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Deloitte & Touche
Chartered Accountants

Toronto, Ontario
February 25, 1992

# Consolidated Statements of Earnings

| *For the years ended December 31 ($000s)* | Note | **1991** | 1990 |
|---|---|---|---|
| REVENUES: | | | |
| Housing | | **228,128** | 192,555 |
| Land | | **8,345** | 51,526 |
| Commercial properties | | **31,971** | 30,961 |
| Partnership and other | 11 | **50,653** | 55,975 |
| TOTAL REVENUES | | **319,097** | 331,017 |
| EXPENSES: | | | |
| Housing | | **219,121** | 183,749 |
| Land | | **5,232** | 28,729 |
| Commercial properties | | **18,791** | 15,143 |
| Interest | 4 | **48,897** | 57,607 |
| General and administrative | | **14,707** | 15,533 |
| Income and other taxes | 12 | **(2,689)** | 7,443 |
| TOTAL EXPENSES | | **304,059** | 308,204 |
| NET EARNINGS | | **15,038** | 22,813 |
| EARNINGS PER SHARE: | | | |
| Basic | 10 | **0.61** | 1.13 |
| Fully diluted | | **0.60** | 1.13 |

# *Consolidated Balance Sheets*

| *As at December 31 ($000s)* | Note | **1991** | 1990 |
|---|---|---|---|
| ASSETS | | | |
| Housing and land | 2 | **463,223** | 503,068 |
| Commercial properties | 3 | **241,641** | 247,450 |
| Marketable securities | | **60,000** | 60,000 |
| Loans and other receivables | 5 | **432,818** | 374,073 |
| Investment in partnerships | | **21,895** | 29,212 |
| Other assets | | **58,022** | 56,984 |
| | | **1,277,599** | 1,270,787 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Accounts payable and accruals | | **51,873** | 60,939 |
| Operating loans | 6 | **272,357** | 256,041 |
| Mortgages and other secured payables | 7 | **128,680** | 167,700 |
| Notes and debentures payable | 8 | **463,097** | 475,448 |
| | | **916,007** | 960,128 |
| Deferred income taxes | | **50,428** | 52,860 |
| Shareholders' equity | 10 | **311,164** | 257,799 |
| | | **1,277,599** | 1,270,787 |

*On behalf of the Board:*

**L. Ross Cullingworth**
*Director*

**H. Keith Morley**
*Director*

# Consolidated Statements of Retained Earnings

| *For the years ended December 31 ($000s)* | **1991** | 1990 |
|---|---|---|
| RETAINED EARNINGS, BEGINNING OF YEAR | **102,955** | 90,713 |
| Net earnings | **15,038** | 22,813 |
| | **117,993** | 113,526 |
| Less dividends: | | |
| Common shares | **6,135** | 4,432 |
| Senior preferred shares | **4,557** | 6,139 |
| RETAINED EARNINGS, END OF YEAR | **107,301** | 102,955 |

## *Consolidated Statements of Cash Flow from Operations*

| *For the years ended December 31 ($000s)* | Note | 1991 | 1990 |
|---|---|---|---|
| NET EARNINGS | | **15,038** | 22,813 |
| Add non-cash items: | | | |
| Depreciation and amortization | | **4,517** | 3,526 |
| Deferred income taxes | | **(2,954)** | 4,343 |
| CASH FLOW FROM OPERATIONS | | **16,601** | 30,682 |
| CASH FLOW PER COMMON SHARE | 10 | **0.70** | 1.66 |

## *Consolidated Statements of Changes in Financial Position*

| *For the years ended December 31 ($000s)* | 1991 | 1990 |
|---|---|---|
| OPERATIONS AND FINANCING Inflows (Outflows) | | |
| Operations: | | |
| Cash flow from operations | **16,601** | 30,682 |
| Recovery of costs through real estate sales | **224,353** | 212,478 |
| Total Operations | **240,954** | 243,160 |
| Financing: | | |
| Capital stock | **49,790** | — |
| Notes and debentures payable | **(13,205)** | 63,661 |
| Operating loans | **16,316** | 5,041 |
| Mortgages and other secured payables | **(39,020)** | (4,704) |
| Accounts payable and accruals | **(9,066)** | (12,807) |
| Total Financing | **4,815** | 51,191 |
| TOTAL OPERATIONS AND FINANCING | **245,769** | 294,351 |
| INVESTMENTS AND DIVIDENDS (Inflows) Outflows | | |
| Investments: | | |
| Acquisition, development and construction of real estate | **184,508** | 246,998 |
| Loans and other receivables | **58,745** | (1,518) |
| Investment in partnerships | **(7,317)** | (8,379) |
| Commercial properties | **(3,152)** | 40,233 |
| Funds utilized in other assets and liabilities | **2,934** | 6,419 |
| Total Investments | **235,718** | 283,753 |
| Dividends | **10,692** | 10,571 |
| TOTAL INVESTMENTS AND DIVIDENDS | **246,410** | 294,324 |
| NET CHANGE IN CASH DURING THE PERIOD | **(641)** | 27 |

Net cash is included in other assets.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL:

The financial statements are prepared in accordance with accounting principles generally accepted in Canada and the recommendations of the Canadian Institute of Public Real Estate Companies of which the Company is a member.

CONSOLIDATION:

The consolidated financial statements include the accounts of the Company and its subsidiaries. Investments in partnerships where the Company is the principal manager are accounted for on a proportionate consolidation basis. Investments in partnerships of a long-term multi-project nature, where the Company is primarily a financial partner, are accounted for on an equity basis.

REVENUE RECOGNITION:

Sales are recorded on the following bases:

House sales – when title to the completed house passes to the purchaser;

Condominium sales – when the amount due on closing has been received and the purchaser has become entitled to occupancy;

Land sales – when all material conditions have been fulfilled and cash or appropriate security equal to at least 15 percent of the sale price has been received.

COMMERCIAL PROPERTIES:

Revenue from individual commercial properties is included in the Consolidated Statements of Earnings when breakeven cash flow after debt service is achieved, subject to a reasonable maximum lease-up period. Prior to such time, net operating results are capitalized as part of the normal development cost of a commercial property.

Depreciation on commercial properties is recorded on a sinking fund basis. Under this method, depreciation is charged to income in an amount which increases annually, consisting of a fixed annual sum, together with interest compounded at an appropriate rate so as to fully depreciate the commercial properties over their estimated useful lives. Commercial properties are carried at the lower of cost and net recoverable amount.

The net recoverable amount represents the estimated future cash flow expected to be received from the ongoing use and residual worth of the property, based on the specific business plan and most probable set of economic conditions anticipated to prevail in the market area.

CAPITALIZATION OF COSTS:

Capitalized costs include: development costs net of miscellaneous revenue, interest on specific debt, realty taxes, interest on general borrowings, and the salaries and expenses of personnel directly involved in development.

HOUSING AND LAND:

Housing and land under development and land for future development are recorded at the lower of cost and estimated net realizable value. Land and capitalized costs are allocated in each subdivision to saleable lots and acreage in proportion to anticipated revenues.

The estimated net realizable value has been determined on the basis of management's assumptions and projections about economic conditions and events.

TRANSLATION OF FOREIGN CURRENCIES:

The accounts of self-sustaining foreign operations are translated into Canadian dollars using the current rate method whereby all assets and liabilities denominated in foreign currencies have been translated at the exchange rate prevailing at the end of the year and revenues and expenses at the weighted average rates of exchange during the year. Gains or losses on translation are included in a separate component of shareholders' equity, described as "Currency Translation Adjustment". Gains or losses on foreign currency transactions that are designated as hedges of the Company's net investment in foreign operations are accounted for in the same manner as translation adjustments.

All other assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the exchange rate prevailing at the end of the year and revenues and expenses at the weighted average during the year. Gains or losses resulting therefrom are included in the Consolidated Statements of Earnings.

MARKETABLE SECURITIES:

Marketable securities are stated at cost which approximates fair market value.

## NOTE 2 HOUSING AND LAND

| ($000s) | Housing | Land Under Development | Land For Future Development | Total |
|---|---|---|---|---|
| BALANCE, DECEMBER 31, 1990 | 292,552 | 152,806 | 57,710 | 503,068 |
| CHANGES DURING THE YEAR CONSISTED OF: | | | | |
| Acquisitions | 18,159 | — | — | 18,159 |
| Development and construction costs and transfers in classifications, net | 116,503 | 5,670 | 9,938 | 132,111 |
| Interest capitalized (Note 4) | 14,072 | 10,781 | 4,954 | 29,807 |
| General and administrative | 2,098 | 2,149 | 184 | 4,431 |
| Expensed in current year | (219,121) | (3,783) | (1,449) | (224,353) |
| BALANCE, DECEMBER 31, 1991 | 224,263 | 167,623 | 71,337 | 463,223 |

## NOTE 3 COMMERCIAL PROPERTIES

| ($000s) | Operating | Under Development | Total |
|---|---|---|---|
| BALANCE, DECEMBER 31, 1990 | 206,696 | 40,754 | 247,450 |
| CHANGES DURING THE YEAR CONSISTED OF: | | | |
| Acquisitions | 662 | 6,838 | 7,500 |
| Development and construction costs and transfers in classifications, net | 13,531 | 5,300 | 18,831 |
| Interest capitalized (Note 4) | — | 619 | 619 |
| General and administrative | — | 272 | 272 |
| Dispositions | (6,980) | (26,051) | (33,031) |
| BALANCE, DECEMBER 31, 1991 | 213,909 | 27,732 | 241,641 |

## NOTE 4 INTEREST EXPENSE

| ($000s) | **1991** | 1990 |
|---|---|---|
| INTEREST INCURRED: | | |
| Mortgages | **14,963** | 19,243 |
| Debentures | **34,732** | 41,761 |
| Operating loans | **19,270** | 25,182 |
| Notes payable (Note 8) | **11,974** | 13,842 |
| | **80,939** | 100,028 |
| INTEREST CAPITALIZED: | | |
| Housing | **(14,072)** | (18,639) |
| Land under development | **(10,781)** | (13,408) |
| Land for future development | **(4,954)** | (5,349) |
| Commercial properties | **(619)** | (2,062) |
| Other | **(1,616)** | (2,963) |
| | **(32,042)** | (42,421) |
| INTEREST EXPENSED | **48,897** | 57,607 |
| INTEREST CHARGED TO EARNINGS: | | |
| Included in housing and land expenses | **26,155** | 18,018 |
| Interest expense* | **48,897** | 57,607 |
| | **75,052** | 75,625 |

*Includes interest of $4,715,000 (1990 – $13,281,000) capitalized in the year, then charged to expenses to adjust real estate assets to estimated net realizable values.

## NOTE 5 LOANS AND OTHER RECEIVABLES

| ($000s) | 1991 | 1990 |
|---|---|---|
| LOANS: | | |
| Partnerships | **291,432** | 179,461 |
| Others | **65,155** | 94,401 |
| OTHER RECEIVABLES: | | |
| Accounts receivable | **14,635** | 19,244 |
| Mortgages receivable | **61,596** | 80,967 |
| | **432,818** | 374,073 |

| Mortgages receivable mature as follows: | |
|---|---|
| 1992 | **14,892** |
| 1993 | **19,102** |
| 1994 | **5,916** |
| 1995 | **13,833** |
| 1996 | **135** |
| Subsequent to 1996 | **7,718** |
| | **61,596** |

The majority of loans are payable on a demand basis and bear interest, generally, at the Canadian or U.S. prime rate plus one percent.

Loans to partnerships, although payable on demand, are long-term funds utilized in real estate activities and are repaid as real estate assets are sold. In each case, all of the assets of each partnership are available for the purpose of satisfying its obligations.

Mortgages bear interest from 7.12% to 12.50% (1990 – 8.00% to 13.75%) with a weighted average of 9.56% (1990 – 11.01%).

## NOTE 6 CREDIT FACILITIES

| | | Drawn | | |
|---|---|---|---|---|
| ($000s) | Authorized | Cash | Letters of Credit | Total |
| Secured | 300,000 | 286,667 | 2,807 | 289,474 |
| Unsecured | 40,023 | (14,310) | 24,272 | 9,962 |
| Total Operating Loans | 340,023 | 272,357 | 27,079 | 299,436 |
| Standby | 86,670 | 2,524 | — | 2,524 |
| Total Credit Facilities | 426,693 | 274,881 | 27,079 | 301,960 |

Secured operating loans are due on demand and are secured by a demand debenture, a floating charge on the Canadian assets of the Company and by specific assignments of certain assets. This security ranks ahead of the security for the sinking fund debentures referred to in Note 8.

It is expected that the credit facility will be revised during the course of 1992 to an amortizing revolving term credit facility.

Unsecured revolving term operating loans are utilized primarily for letters of credit issued to municipal authorities to guarantee servicing agreements.

The letters of credit of $27,079,000 secure development costs yet to be incurred totalling $16,686,000.

The unsecured standby credit facility established with the Company's principal shareholder is more fully described in Note 8.

## NOTE 7 MORTGAGES AND OTHER SECURED PAYABLES

Amounts payable under mortgages, agreements of purchase and sale and other secured payables bear interest at a weighted average rate of 9.92% (1990 – 10.58%) and relate to the following assets:

| *($000s)* | **1991** | 1990 |
|---|---|---|
| Housing | **11,801** | 22,436 |
| Land under development | **8,877** | 29,851 |
| Land for future development | **15,965** | 11,777 |
| Commercial properties under development | **4,853** | 26,859 |
| Commercial properties operating | **87,184** | 76,777 |
| | **128,680** | 167,700 |

Mortgages and other secured payables mature as follows:

| | |
|---|---|
| 1992 | **46,697** |
| 1993 | **5,472** |
| 1994 | **1,851** |
| 1995 | **13,989** |
| 1996 | **18,689** |
| Subsequent to 1996 | **41,982** |
| | **128,680** |

## NOTE 8 NOTES AND DEBENTURES PAYABLE

| *($000s)* | **1991** | 1990 |
|---|---|---|
| SECURED DEBENTURES: | | |
| 9 3/4% Series A matured May 15, 1991 | **—** | 827 |
| 11 1/4% Series D maturing June 15, 1997 | **6,332** | 6,510 |
| 11 3/8% Series E maturing November 1, 1998 | **8,512** | 8,512 |
| 12% Series F maturing October 15, 1999 | **11,742** | 11,742 |
| | **26,586** | 27,591 |
| UNSECURED DEBENTURES AND NOTES: | | |
| Floating Rate Reset Debentures | **100,000** | 100,000 |
| Euro Issue Floating Rate Notes | **231,120** | 232,060 |
| Notes Payable (Note 4) | **105,391** | 115,797 |
| | **463,097** | 475,448 |

### SECURED DEBENTURES

The secured debentures are secured by a floating charge on the assets of the Company (subject to the security referred to in Note 6).

The Company is required to establish sinking funds sufficient to retire the following principal amounts:

Series D, $521,880 annually on June 15, in the years 1992 through 1996;

Series E, $474,960 annually on November 1, in the years 1992 through 1997;

Series F, $606,560 annually on October 15, in the years 1992 through 1998;

The sinking fund obligation for Series E has been satisfied through 1995.

The sinking fund obligation for Series F has been satisfied through 1994.

### UNSECURED DEBENTURES

The Floating Rate Reset Debentures are due on December 31, 1999 and bear interest at a rate equal to the 90 day bankers' acceptance rate plus one percent calculated quarterly and payable semi-annually on June 30 and December 31. The Company has the right after December 31, 1991 to fix the rate of interest payable at a rate which would cause the debentures to trade in a public market at par.

The Euro Issue Floating Rate Notes bear interest at the London Interbank Offering Rate plus 1.5%, payable semi-annually and are due December 20, 1994.

### NOTES PAYABLE

An unsecured standby credit facility has been established with the Company's principal shareholder in the amount of $86,670,000. The line of credit is on a demand basis and if demanded is due within 18 months. Interest is payable on the basis of either the Canadian prime or U.S. base rate. As at December 31, 1991, $2,524,000 (1990 – $42,213,000) had been drawn under this facility.

An unsecured loan in the amount of $45,881,742 has been established to finance the Company's interest in a partnership formed to operate a commercial property portfolio in the United States. The loan matures on July 31, 1995.

Notes payable include an amount of $32,000,000 to a related party discounted to provide an effective interest rate of 10% on the discounted amount. The present value of the note is $26,793,272 (1990 – $25,939,636). $12,000,000 of the note is due in 1995 and $20,000,000 is due in 1999.

The balance of notes payable of $30,192,341 (1990 – nil) is on a demand basis to a related party and interest is payable on the basis of the Canadian prime rate.

## NOTE 9 COMMITMENTS

a. The Company has entered into various occupancy lease commitments with lease periods up to 1995. The aggregate minimum rentals payable under such leases amount to approximately $2,312,000 (1990 – $2,303,000) payable within the next four years.

b. In 1986, the Company entered into a land lease commitment for a commercial property which expires in the year 2051. The minimum rent payable under such lease is approximately $200,000 annually. The property is currently 93% leased. The Company has the option to purchase the land in 1997 and every five years thereafter for the greater of $2,000,000 or the fair market value.

c. The Company has provided letters of credit and performance bonds in the normal course of its business. The majority of these have been issued to municipal authorities as part of the obligations of the Company and of certain partnerships in connection with the servicing requirements of their developments. The cost remaining to be incurred in the ordinary course of development activities is approximately $98,015,300 (1990 – $59,675,000), including $16,686,000 (1990 – $15,622,000) under letters of credit as set out in Note 6.

d. In return for profit participations in certain real estate partnerships, the Company has agreed to purchase, if so requested, up to $129,800,000 (1990 – $76,200,000) of assets from an affiliated company, representing its interests in such partnerships. In connection with one of these transactions, the Company has guaranteed loans amounting to approximately $2,000,000 (1990 – $7,300,000). The underlying asset values and anticipated profits of the partnerships exceed all of the Company's obligations under these arrangements.

e. The Company has agreed to reimburse to December, 1992, a lease payment to a maximum of $428,000, in the event of default by a certain tenant in one of its office buildings which was sold during the year.

## NOTE 10 SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized – unlimited number of (a) Senior Preferred Shares issuable in series, 4,000,000 of which have been designated as Senior Preferred Shares, Series A; (b) Preferred Shares issuable in series; and (c) Common Shares.

Issued

| *($000s)* | **1991** | 1990 |
|---|---|---|
| 2,067,639 Senior Preferred Shares, Series A (1990 – 2,067,639) | **55,574** | 55,574 |
| 20,449,330 Common Shares (1990 – 14,772,118) | **156,072** | 106,282 |
| Retained earnings | **107,301** | 102,955 |
| Currency translation adjustment | **(7,783)** | (7,012) |
| | **311,164** | 257,799 |

a. Senior Preferred Shares, Series A:

Dividends on these shares are preferential, cumulative and payable quarterly at an annual rate of 70% of the prime lending rate of a Canadian bank applied to $30.00. The shares are redeemable at a price of $31.60 to July 1, 1992 and declining by $0.40 each 12-month period ending on July 1 annually, to $30.00 on and from July 1, 1995, plus accrued and unpaid preferential dividends.

b. Warrants:

As at December 31, 1991 2,838,601 Warrants were issued and outstanding pursuant to an indenture dated May 31, 1991. One Warrant entitles the holder thereof to purchase one Common Share at an exercise price of $9.875 per Common Share on or before May 31, 1993. These Warrants have been reflected in the calculation of fully diluted earnings per share in the Consolidated Statements of Earnings.

c. 1985 Executive Share Purchase Plan:

During 1991 and 1990, no Common Shares were issued pursuant to the Executive Share Purchase Plan. Shares which have been issued are held by a trustee on behalf of employees as security for loans made by the Company to the employees to fund the share purchases. Pursuant to the Executive Share Purchase Plan $7,212,335 (1990 – $7,649,519) of employee loans were outstanding.

d. Stock Option Plan:

Effective June 7, 1988 the Company established the 1988 Stock Option Plan. The number of shares reserved for issuance under the 1988 Stock Option Plan together with the number of Common Shares under the 1985 Executive Share Purchase Plan will not exceed 10% of the issued and outstanding Common Shares of the Company from time to time. Options have been granted to acquire 45,000 shares at an exercise price of $11.375 which expire on June 7, 1993; 347,500 shares at an exercise price of $5.50 which expire on February 12, 1996; and 60,000 shares at an exercise price of $8.7625 which expire on December 3, 1996.

e. Issued Capital:

Senior Preferred Shares, Series A

At December 31, 1991 there were 2,067,639 (1990 – 2,067,639) Senior Preferred Shares, Series A outstanding with a total stated capital of $55,574,000 (1990 – $55,574,000).

| | 1991 | | 1990 | |
|---|---|---|---|---|
| Common Shares | Number | ($000s) | Number | ($000s) |
| BALANCE, BEGINNING OF YEAR | **14,772,118** | **106,282** | 14,772,118 | 106,282 |
| Special Warrants exercised | **4,200,000** | **34,219** | — | — |
| Rights Offering exercised | **1,477,212** | **12,732** | — | — |
| Common Share Purchase Warrants issued | — | **2,839** | — | — |
| BALANCE, END OF YEAR | **20,449,330** | **156,072** | 14,772,118 | 106,282 |

f. Weighted average number of shares outstanding:

For purposes of calculating basic earnings per share and cash flow per share, the weighted average number of Common Shares outstanding during the year was 17,215,606 (1990 – 14,772,118).

## NOTE 11 PARTNERSHIP AND OTHER

The revenue from partnership and other is comprised of the following:

| *($000s)* | 1991 | 1990 |
|---|---|---|
| Partnership income | **21,638** | 27,950 |
| Investment income | **8,516** | 9,749 |
| Interest income from mortgages receivable | **7,850** | 7,874 |
| Other | **12,649** | 10,402 |
| | **50,653** | 55,975 |

## NOTE 12 INCOME AND OTHER TAXES

The Company is subject to varying rates of taxation on income as a result of maintaining operations in several different tax jurisdictions and receiving income which is subject to reduced tax rates. The Company's income tax provision is made up as follows:

| *($000s)* | 1991 | 1990 |
|---|---|---|
| PROVISION FOR INCOME TAXES BASED ON COMBINED BASIC CANADIAN FEDERAL AND PROVINCIAL TAX RATES | **5,371** | 13,161 |
| INCREASE (DECREASE) IN INCOME TAX ARISING FROM: | | |
| Lower effective tax rate on earnings of foreign subsidiaries | **(2,047)** | (1,759) |
| Non-taxable investment income | **(3,704)** | (4,241) |
| Large corporations tax | **560** | 407 |
| Capital gains | **(1,705)** | (294) |
| Other | **(1,164)** | 169 |
| | **(2,689)** | 7,443 |
| CURRENT | **265** | 3,100 |
| DEFERRED | **(2,954)** | 4,343 |
| | **(2,689)** | 7,443 |

## NOTE 13 PARTNERSHIP OPERATIONS

Partnerships where the Company is the principal manager are accounted for on the proportionate consolidation basis. These partnerships include:

| | Location | Principal Activities |
|---|---|---|
| Landford/Coscan Joint Venture | Aurora, Ontario | Development of a subdivision |
| Coscan Commercial Limited Partnership | Various, United States | Commercial property development and management |

Partnerships of a long-term multi-project nature where the Company is primarily the financial partner are accounted for on an equity basis. These partnerships include:

| | Location | Principal Activities |
|---|---|---|
| Adams/Coscan Partners | Vancouver, British Columbia | Commercial property development and management |
| Coscan/Adler Limited Partnership | Virginia & Maryland | Development |
| Southwest Diversified/Coscan Partners | San Francisco, Southern California | Development and housing |
| Davidson/Coscan Partners | San Diego, California | Development and housing |
| Coscan/Stewart Limited Partnership | Southern California | Development |

The Company's share of partnership operations, excluding interest paid to the Company, is summarized as follows:

| *($000s)* | | | **1991** | | | 1990 |
|---|---|---|---|---|---|---|
| | Accounted for by | | | Accounted for by | | |
| | Proportionate Consolidation Basis | Equity Basis | Total | Proportionate Consolidation Basis | Equity Basis | Total |
| ASSETS: | | | | | | |
| Real estate | **20,686** | **256,428** | **277,114** | 59,398 | 231,167 | 290,565 |
| Other | **9,056** | **41,062** | **50,118** | 18,664 | 42,473 | 61,137 |
| Total assets | **29,742** | **297,490** | **327,232** | 78,062 | 273,640 | 351,702 |
| LIABILITIES: | | | | | | |
| Mortgages payable | **3,186** | **72,431** | **75,617** | 30,287 | 84,657 | 114,944 |
| Other | **3,621** | **45,630** | **49,251** | 6,662 | 68,167 | 74,829 |
| Total liabilities | **6,807** | **118,061** | **124,868** | 36,949 | 152,824 | 189,773 |
| INVESTMENT IN PARTNERSHIPS | **22,935** | **179,429** | **202,364** | 41,113 | 120,816 | 161,929 |
| Total liabilities and investment | **29,742** | **297,490** | **327,232** | 78,062 | 273,640 | 351,702 |
| REVENUES | **14,367** | **60,136** | **74,503** | 15,300 | 18,562 | 33,862 |
| EXPENSES | **9,492** | **55,581** | **65,073** | 9,418 | 5,820 | 15,238 |
| SHARE OF PARTNERSHIPS' EARNINGS | **4,875** | **4,555** | **9,430** | 5,882 | 12,742 | 18,624 |

The Company is in certain cases contingently liable for obligations of its associates in partnership operations. In each case, all of the assets of the partnership are available for the purpose of satisfying such obligations.

## NOTE 14 SEGMENTED INFORMATION

The Company develops commercial properties for long-term investment, develops land for sale and builds and markets single family, multiple and condominium units in Canada and the United States.

| *($000s)* | Canada | | United States | | Total | |
|---|---|---|---|---|---|---|
| | **1991** | 1990 | **1991** | 1990 | **1991** | 1990 |
| OPERATIONS: | | | | | | |
| TOTAL REVENUES | **86,230** | 128,086 | **232,867** | 202,931 | **319,097** | 331,017 |
| TRADING PROFIT | **41,954** | 64,015 | **33,999** | 39,381 | **75,953** | 103,396 |
| Interest expense | | | | | **48,897** | 57,607 |
| General and administrative | | | | | **14,707** | 15,533 |
| Income and other taxes | | | | | **(2,689)** | 7,443 |
| | | | | | **60,915** | 80,583 |
| NET EARNINGS | | | | | **15,038** | 22,813 |
| REAL ESTATE ASSETS: | | | | | | |
| Housing and land under development | **77,319** | 76,126 | **314,567** | 369,232 | **391,886** | 445,358 |
| Land for future development | **42,743** | 38,670 | **28,594** | 19,040 | **71,337** | 57,710 |
| Commercial properties under development | **25,657** | 40,754 | **2,075** | — | **27,732** | 40,754 |
| Commercial properties operating | **121,233** | 118,737 | **92,676** | 87,959 | **213,909** | 206,696 |
| | **266,952** | 274,287 | **437,912** | 476,231 | **704,864** | 750,518 |
| Other assets | **185,466** | 205,662 | **387,269** | 314,607 | **572,735** | 520,269 |
| TOTAL ASSETS | **452,418** | 479,949 | **825,181** | 790,838 | **1,277,599** | 1,270,787 |

## NOTE 15 RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company enters into certain transactions with its affiliates on normal commercial terms.

## NOTE 16 COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform to the current year presentation.

# *Record of Progress*

## CONSOLIDATED STATEMENTS OF INCOME

| *($000s except per share amounts)* | 1991 | | 1990 | | 1989 | | 1988 [3] | |
|---|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | | |
| Housing | **228,128** | **71.5** | 192,555 | 58.2 | 280,113 | 67.8 | 352,329 | 75.5 |
| Land | **8,345** | **2.6** | 51,526 | 15.6 | 79,248 | 19.2 | 93,034 | 19.9 |
| Commercial properties | **31,971** | **10.0** | 30,961 | 9.3 | 11,736 | 2.8 | 5,107 | 1.1 |
| Partnership and other | **50,653** | **15.9** | 55,975 | 16.9 | 41,905 | 10.2 | 16,320 | 3.5 |
| TOTAL REVENUES | **319,097** | **100.0** | 331,017 | 100.0 | 413,002 | 100.0 | 466,790 | 100.0 |
| **EXPENSES** | | | | | | | | |
| Housing and land | **224,353** | **70.3** | 212,478 [1] | 64.2 | 295,069 | 71.4 | 384,249 | 82.3 |
| Commercial properties | **18,791** | **5.9** | 15,143 | 4.6 | 5,498 | 1.3 | 2,838 | 0.6 |
| Interest | **48,897** | **15.3** | 57,607 [1] | 17.4 | 52,661 | 12.8 | 39,627 | 8.5 |
| General and administrative | **14,707** | **4.6** | 15,533 | 4.7 | 16,989 [2] | 4.1 | 15,534 | 3.3 |
| Income and other taxes | **(2,689)** | **(0.8)** | 7,443 | 2.2 | 15,280 | 3.7 | 5,517 | 1.2 |
| TOTAL EXPENSES | **304,059** | **95.3** | 308,204 | 93.1 | 385,497 | 93.3 | 447,765 | 95.9 |
| NET EARNINGS (LOSS) | **15,038** | **4.7** | 22,813 | 6.9 | 27,505 | 6.7 | 19,025 | 4.1 |
| CASH FLOW FROM OPERATIONS | **16,601** | | 30,682 | | 36,995 | | 24,496 | |

## CONSOLIDATED BALANCE SHEETS

| | 1991 | 1990 | 1989 | 1988 [3] |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Housing and land under development | **391,886** | 445,358 | 418,166 | 380,556 |
| Land for future development | **71,337** | 57,710 | 50,382 | 70,358 |
| Commercial properties | **241,641** | 247,450 | 208,270 | 91,002 |
| Marketable securities | **60,000** | 60,000 | 60,000 | 59,000 |
| Loans and other receivables | **432,818** | 374,073 | 375,591 | 157,607 |
| Investment in partnerships | **21,895** | 29,212 | 37,591 | 15,244 |
| Other assets | **58,022** | 56,984 | 52,247 | 27,359 |
| | **1,277,599** | 1,270,787 | 1,202,247 | 801,126 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | |
| Accounts payable and accruals | **51,873** | 60,939 | 73,746 | 70,891 |
| Operating loans | **272,357** | 256,041 | 251,000 | 132,646 |
| Mortgages and other secured payables | **128,680** | 167,700 | 172,404 | 152,500 |
| Notes and debentures payable | **463,097** | 475,448 | 410,933 | 187,980 |
| | **916,007** | 960,128 | 908,083 | 544,017 |
| Deferred income taxes | **50,428** | 52,860 | 48,751 | 41,325 |
| Shareholders' equity | **311,164** | 257,799 | 245,413 | 215,784 |
| | **1,277,599** | 1,270,787 | 1,202,247 | 801,126 |
| **PER COMMON SHARE** | | | | |
| Earnings (loss) | **0.61** | 1.13 | 1.53 | 1.34 |
| Fully diluted earnings (loss) | **0.60** | 1.13 | 1.50 | 1.18 |
| Cash flow | **0.70** | 1.66 | 2.20 | 1.85 |
| Dividends – common | **0.30** | 0.30 | 0.30 | 0.25 |
| Shareholders' equity | **12.36** | 13.69 | 12.85 | 11.67 |
| Average number of common shares outstanding | **17,215,606** | 14,772,118 | 14,210,429 | 10,791,478 |
| Commercial property portfolio (sq. ft.) | **4,157,350** | 4,385,360 | 2,799,333 | 1,082,538 |
| **SALES** | | | | |
| Houses closed (units) | **1,402** | 1,204 | 1,709 | 2,224 |
| Lots (units) | **117** | 583 | 594 | 450 |
| Land (acres) | **26** | 249 | 1,167 | 1,618 |
| **AFTER TAX RETURN ON** | | | | |
| Average common shareholders' equity | **4.6%** | 8.5 | 12.4 | 11.0 |
| Revenues | **4.7%** | 6.9 | 6.7 | 4.1 |
| Debt to equity ratio [6] | **2.53:1** | 3.09:1 | 3.09:1 | 2.12:1 |

[1] Housing and land component of interest expense has been reclassified to housing and land expense.
[2] Large corporations tax has been reclassified to current income tax expense.
[3] Restated to reflect investments in partnerships of a long-term multi-project nature on an equity basis.
[4] Stock dividend.
[5] Average number of shares is restated to reflect 1984 stock dividend.
[6] Deferred income taxes are included as part of equity.

| 1987 | | 1986 | | 1985 | | 1984 | | 1983 | | 1982 | | 1981 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 251,088 | 73.5 | 229,634 | 68.4 | 159,241 | 71.0 | 89,323 | 49.3 | 74,465 | 43.2 | 85,461 | 72.4 | 93,872 | 55.3 |
| 72,262 | 21.1 | 93,974 | 28.0 | 53,486 | 23.9 | 82,527 | 45.5 | 89,252 | 51.8 | 24,257 | 20.6 | 64,878 | 38.2 |
| 4,393 | 1.3 | 422 | 0.1 | — | — | — | — | — | — | — | — | — | — |
| 13,938 | 4.1 | 11,537 | 3.5 | 11,528 | 5.1 | 9,509 | 5.2 | 8,558 | 5.0 | 8,298 | 7.0 | 10,939 | 6.5 |
| 341,681 | 100.0 | 335,567 | 100.0 | 224,255 | 100.0 | 181,359 | 100.0 | 172,275 | 100.0 | 118,016 | 100.0 | 169,689 | 100.0 |
| 274,977 | 80.5 | 279,067 | 83.2 | 186,333 | 83.1 | 141,345 | 77.9 | 139,035 | 80.7 | 103,092 | 87.4 | 124,591 | 73.4 |
| 2,540 | 0.7 | 278 | 0.1 | — | — | — | — | — | — | — | — | — | — |
| 28,867 | 8.4 | 25,409 | 7.5 | 18,442 | 8.2 | 22,630 | 12.5 | 17,885 | 10.4 | 17,637 | 14.9 | 15,531 | 9.2 |
| 15,573 | 4.6 | 12,394 | 3.7 | 10,499 | 4.7 | 8,660 | 4.8 | 8,137 | 4.7 | 8,962 | 7.6 | 9,668 | 5.7 |
| 4,699 | 1.4 | 5,521 | 1.7 | 2,090 | 0.9 | 2,198 | 1.2 | 1,341 | 0.8 | (8,238) | (7.0) | 8,872 | 5.2 |
| 326,656 | 95.6 | 322,669 | 96.2 | 217,364 | 96.9 | 174,833 | 96.4 | 166,398 | 96.6 | 121,453 | 102.9 | 158,662 | 93.5 |
| 15,025 | 4.4 | 12,898 | 3.8 | 6,891 | 3.1 | 6,526 | 3.6 | 5,877 | 3.4 | (3,437) | (2.9) | 11,027 | 6.5 |
| 19,362 | | 19,245 | | 9,393 | | 8,909 | | 8,122 | | (9,642) | | 16,646 | |
| 402,207 | | 329,480 | | 296,511 | | 234,834 | | 200,459 | | 165,232 | | 94,038 | |
| 90,934 | | 78,225 | | 65,132 | | 79,177 | | 97,492 | | 161,635 | | 209,160 | |
| 67,914 | | 61,124 | | 8,279 | | 4,592 | | — | | 18,539 | | 13,853 | |
| 60,000 | | 60,000 | | 60,000 | | — | | — | | — | | — | |
| 130,591 | | 143,580 | | 110,320 | | 83,931 | | 82,512 | | 53,179 | | 75,446 | |
| 5,606 | | — | | — | | — | | — | | — | | — | |
| 15,208 | | 14,277 | | 9,627 | | 16,194 | | 16,078 | | 16,997 | | 16,472 | |
| 772,460 | | 686,686 | | 549,869 | | 418,728 | | 396,541 | | 415,582 | | 408,969 | |
| 67,595 | | 58,343 | | 48,556 | | 30,504 | | 25,581 | | 16,483 | | 24,097 | |
| 133,657 | | 117,460 | | 123,513 | | 54,019 | | 85,649 | | 116,035 | | 77,389 | |
| 158,191 | | 159,734 | | 111,971 | | 167,940 | | 143,628 | | 155,823 | | 167,561 | |
| 209,542 | | 154,200 | | 82,368 | | 59,803 | | 60,996 | | 63,578 | | 64,854 | |
| 568,985 | | 489,737 | | 366,408 | | 312,266 | | 315,854 | | 351,919 | | 333,901 | |
| 39,665 | | 36,404 | | 30,501 | | 28,773 | | 22,373 | | 21,188 | | 28,151 | |
| 163,810 | | 160,545 | | 152,960 | | 77,689 | | 58,314 | | 42,475 | | 46,917 | |
| 772,460 | | 686,686 | | 549,869 | | 418,728 | | 396,541 | | 415,582 | | 408,969 | |
| 1.19 | | 0.93 | | 0.63 | | 0.88 | | 1.08 | | (0.74) | | 2.42 | |
| 1.03 | | 0.87 | | 0.63 | | 0.85 | | 0.90 | | (0.74) | | 2.37 | |
| 1.67 | | 1.64 | | 0.91 | | 1.20 | | 1.49 | | (2.08) | | 3.65 | |
| 0.22 | | 0.20 | | 0.18 | | 0.18 [4] | | 0.10 [4] | | 0.25 | | 0.41 | |
| 10.98 | | 10.85 | | 10.26 | | 9.43 | | 9.92 | | 9.14 | | 10.17 | |
| 9,100,912 | | 8,935,551 | | 8,675,918 | | 7,415,072 | | 5,454,184 [5] | | 4,642,552 | | 4,559,689 | |
| 752,200 | | 750,000 | | 165,937 | | 38,215 | | — | | — | | — | |
| 1,538 | | 1,554 | | 1,093 | | 764 | | 694 | | 714 | | 868 | |
| 1,293 | | 1,707 | | 880 | | 1,647 | | 1,412 | | 422 | | 601 | |
| 59 | | 256 | | 215 | | 259 | | 767 | | 128 | | 290 | |
| 10.8 | | 8.8 | | 6.4 | | 9.6 | | 11.7 | | (7.7) | | 26.8 | |
| 4.4 | | 3.8 | | 3.1 | | 3.6 | | 3.4 | | (2.9) | | 6.5 | |
| 2.80:1 | | 2.49:1 | | 2.00:1 | | 2.93:1 | | 3.91:1 | | 5.53:1 | | 4.45:1 | |

# Corporate Directory

## DIRECTORS

R. THOMAS M. ALLAN
Executive Vice-President, Investments
London Insurance Group Inc.
London, Ontario

GORDON E. ARNELL
Director, President and Chief Executive Officer
Carena Developments Limited
Toronto, Ontario

JACK L. COCKWELL
President
Brascan Limited
Toronto, Ontario

L. ROSS CULLINGWORTH
President and Chief Executive Officer
Coscan Development Corporation
Toronto, Ontario

ROBERT A. FERCHAT
Chairman
Atomic Energy of Canada Limited
Ottawa, Ontario

MURRAY L. FOX
President and Chief Executive Officer
Consolidated Carma Corporation
Calgary, Alberta

DAVID A. LEWIS
Chairman
Ontario Training Corporation
Toronto, Ontario

WILLARD J. L'HEUREUX, Q.C.
Managing Partner and President
Hees International Bancorp Inc.
Toronto, Ontario

HAROLD P. MILAVSKY
Chairman of the Board
Trizec Corporation Ltd.
Calgary, Alberta

H. KEITH MORLEY
Chairman of the Board
Coscan Development Corporation
Toronto, Ontario

ARNE R. NIELSEN
Chairman, President and Chief Executive Officer
Poco Petroleums Ltd.
Calgary, Alberta

## HONOURARY DIRECTOR

J. ALLAN BOYLE
Toronto, Ontario

## OFFICERS

H. KEITH MORLEY
Chairman of the Board

L. ROSS CULLINGWORTH
President and Chief Executive Officer

JOHN P. BARRATT
Executive Vice-President and Chief Operating Officer

DAVID D. ARTHUR
Senior Vice-President
Commercial Properties

JOHN DE GROOT
Senior Vice-President
United States Operations

DAVID FERGUSON
Senior Vice-President
Strategic Planning

LAWRENCE H. HERBER
Senior Vice-President
Corporate Development

MEIER MILLER
Senior Vice-President
Corporate Accounting and Administration

KIM G. PHILIP
Senior Vice-President

GRANT E. SARDACHUK
Senior Vice-President and Treasurer

ADARSH KHOSLA
Vice-President and Controller
Commercial Properties

MARCEL LALANDE
Vice-President
Ottawa

SAMUEL WILSON
Vice-President
Central Ontario

PEGGY WOO
Vice-President and Corporate Controller

C. JEAN LOCKE
Assistant Treasurer

LINDA D. MOYSEUIK
Corporate Secretary

## CORPORATE OFFICE

Coscan Development Corporation
2 First Canadian Place
Suite 2200, P.O. Box 428
Toronto, Ontario M5X 1H9
(416) 369-8200
(416) 369-0973 (Fax)

## COMMERCIAL PROPERTIES

Coscan Development Corporation
2 First Canadian Place
Suite 2110, P.O. Box 428
Toronto, Ontario M5X 1H9
(416) 369-8270
David D. Arthur
Senior Vice-President

WESTERN REGION
Coscan Development Corporation
839-5th Avenue S.W.
Suite 400
Calgary, Alberta T2P 3C8
(403) 233-7722
Richard J. Thompson
Regional Manager – Operations

EASTERN REGION
Coscan Development Corporation
100 Sheppard Avenue East
Suite 920
North York, Ontario M2N 6N5
(416) 733-2100
Valerie Petta
Regional Manager – Operations

COSCAN COMMERCIAL PROPERTIES, INC.
150 West Carpenter Freeway
Suite 150
Irving, Texas 75039
(214) 541-0908

COSCAN COMMERCIAL LIMITED PARTNERSHIP
*Colorado*
3300 East First Avenue
Suite 390
Denver, Colorado 80206
Mr. Gary Reyner
Vice President
*Texas*
2553 Jackson Keller Road
San Antonio, Texas 78230
(512) 340-8900
Mr. Ray Barger
Vice President

ADAMS COSCAN PARTNERS
1075 West Georgia Street
Suite 1300
Vancouver, British Columbia
V6E 3C9
(604) 669-1569
Lorne K. Mattson
Managing Partner

## RESIDENTIAL OPERATIONS CANADA

CENTRAL ONTARIO
Coscan Development Corporation
3111 Dufferin Street
Toronto, Ontario M6A 2S7
(416) 785-2700
Samuel Wilson
Vice-President

OTTAWA
Coscan Development Corporation
1811 St. Joseph Boulevard
Box 558, R.R. #2
Gloucester, Ontario K1C 1T1
(613) 824-5000
Marcel Lalande
Vice-President

*The cover and pages of this report are printed on environmentally friendly alkaline-based fine art paper. The text pages are printed on recycled paper.*

## RESIDENTIAL OPERATIONS UNITED STATES

COSCAN WASHINGTON, INC.
Suite 200
8521 Leesburg Pike
Vienna, Virginia 22180
(703) 356-9090
Gerard M. Armstrong
President

COSCAN LAND, INC.
Suite 200
8521 Leesburg Pike
Vienna, Virginia 22180
(703) 356-9090
Richard S. Coffman
President

COSCAN ADLER LIMITED PARTNERSHIP
The Parkview Building
10480 Little Patuxent Parkway
Suite 400
Columbia, Maryland
21044-3502
(301) 740-8780
David B. Adler
Managing Partner

COSCAN WATERWAYS, INC.
21169 Yacht Club Drive
Aventura, Florida 33180
(305) 935-0255

COSCAN STEWART LIMITED PARTNERSHIP
Suite 560
1920 Main Street
Irvine, California 92714
(714) 476-8915
John M. Stewart
Managing Partner

SOUTHWEST DIVERSIFIED COSCAN PARTNERS
Suite 400
19200 Von Karman Avenue
Irvine, California 92715
(714) 476-8762
William D. Foote
Managing Partner

DAVIDSON COSCAN PARTNERS
12520 High Bluff Drive
Suite 300
San Diego, California 92130
(619) 481-8500
William A. Davidson
Managing Partner

*Project Management and Production:*
*Doherty Corporate Communications Ltd.*
*Typography:*
*Corporate Typesetting Services*
*Design Concept:*
*Lockwood Design Associates Inc.*
*Executive Photography:*
*Didier Dorval*
*Printing:*
*MacKinnon-Moncur Ltd.*

# Shareholder Information

The Company's shares and warrants are listed on The Toronto Stock Exchange and traded through the Computer Assisted Trading System (CATS) under the ticker symbols COT (Common), COT.PR.A (Preferred Series A), COT.WT (Warrants).

During the last two fiscal years the common shares traded in these price ranges.

| | Common | |
|---|---|---|
| | High | Low |
| **1991** | | |
| **First Quarter** | **$ 8 1/2** | **$ 4 3/4** |
| **Second Quarter** | **9 3/8** | **8 1/8** |
| **Third Quarter** | **9 1/8** | **7 1/4** |
| **Fourth Quarter** | **9 1/8** | **7 1/4** |
| 1990 | | |
| First Quarter | 12 1/4 | 11 |
| Second Quarter | 11 1/4 | 8 3/4 |
| Third Quarter | 10 1/8 | 5 3/4 |
| Fourth Quarter | 6 | 5 |

## Annual Meeting

The annual meeting of common shareholders will be held on Wednesday, April 22, 1992 at 10:00 a.m. at the Metro Toronto Convention Centre, 101 Press Room (lower level), 255 Front Street West, Toronto, Canada.

## Transfer Agent

The Royal Trust Company* Answer Line
1-800-387-0825 (Toll Free in Canada)
416-981-8997 (Direct)

## Trustee for Debentures

Secured Debentures
National Trust Company*

Floating Rate Reset Debentures
The Royal Trust Company*

## For Shareholder Information

Please Contact:
Linda D. Moyseuik
(416) 369-8200

* These services are being performed by The R-M Trust Company, as sub-agent

PRINTED IN CANADA