

Bramalea Limited

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HOWARD ROSS LIBRARY
OF MANAGEMENT
MAY 19 1977
MCGILL UNIVERSITY

Annual
Report 1976

Highlights

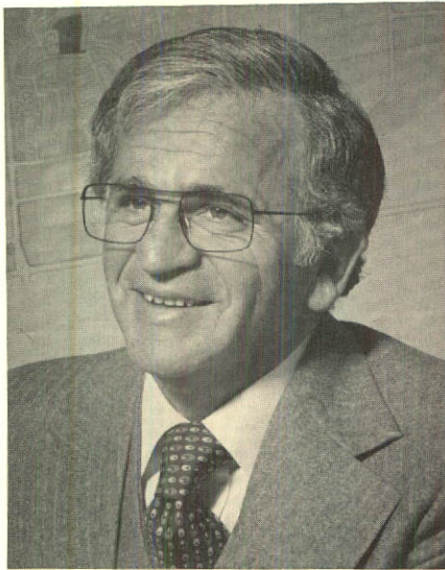
	Twelve months ended January 31, 1977	Fourteen months ended January 31, 1976
Total revenue	\$104,022,000	\$ 66,339,000
Earnings for the period	\$ 6,350,000	\$ 3,540,000
Total assets	\$343,415,000	\$297,143,000
Shareholders' equity	\$ 31,399,000	\$ 26,193,000
Number of shares issued	5,422,013	5,644,376
Number of shareholders	3,894	4,090
Earnings per share	\$ 1.15	\$ 0.57
Cash provided from operations per share	\$ 2.90	\$ 1.59

The corporate name of your company was changed to Bramalea Limited from Bramalea Consolidated Developments Limited by a vote of the shareholders at the 1976 Annual Meeting.

The approved style of the Bramalea Limited name appears for the first time on the cover of this Annual Report.

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J. Richard Shiff, Q.C.
President and Chief Executive Officer

President's Report

I am pleased to report that our Company has maintained a strong pattern of growth. Following the substantial expansion of 1975, we successfully embarked upon a program of consolidation and careful cost-management. This resulted in a reliable in-flow of revenues and much improved profitability.

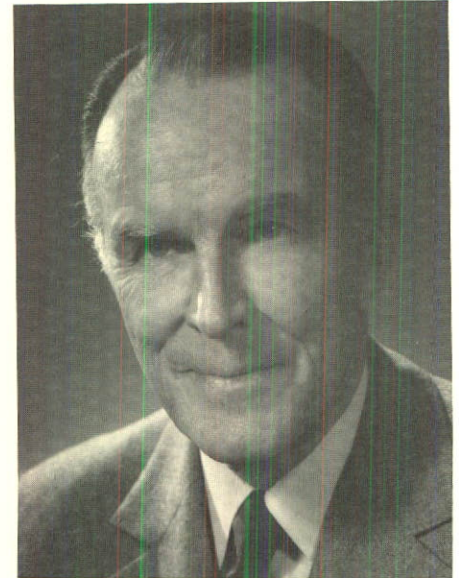
We believe that we now have the solid organizational and financial base upon which to build future growth through the judicious pursuit of enterprising investment opportunities. I am looking forward to a further period of expansion, which should affirm Bramalea Limited's position as a leading Canadian corporation. We have a broad spectrum of activities, making Bramalea Limited a fully integrated real estate organization.

Financial Results

The profits achieved in 1976 reflect, to a large extent, the delayed return on major investments made by the Company during its 20-year history. Critics of the profit motive often forget that the earnings within a



Kenneth E. Field
Executive Vice-President



John H. Taylor
Chairman of the Board

single year include the return on patient capital committed and risk undertaken a long time ago. This is true of the development industry generally and, as this year's figures confirm, of Bramalea Limited especially.

In 1976 (the fiscal year actually ending January 31, 1977) earnings amounted to \$6,350,000, or \$1.15 per share, compared with \$3,540,000, or 57 cents per share, in the previous 14-month fiscal period.

Cash provided from operations totalled \$16,006,000, or \$2.90 per share, compared with \$9,812,000 or \$1.59 per share, in the previous fiscal period.

Our assets rose to \$343,415,000 from \$297,143,000. Shares outstanding as of January 31, 1977, totalled 5,422,013 common shares, representing the investment of approximately 3,900 individual Canadians.

The higher level of cash flow from revenue-producing properties – totalling \$3,737,000, compared with \$1,433,000 a year earlier – enabled us to retire many debts ahead of schedule, while maintaining sufficient funds to finance expansion projects. As the financial statements show, the rate of return on capital invested

in revenue-producing properties increased. We have substantial long-term financial commitments in new properties, including The Hyatt Regency hotels in downtown Toronto and downtown Vancouver, which should fulfil their earnings potential in future years.

The Bramalea Community

The Bramalea community in the City of Brampton remains the single most dominant focal point of the Company's activities, though we have substantial interests as well in many other communities elsewhere in Ontario and in western Canada.

The Company, in close consultation and co-operation with the City of Brampton, is committed to the development of Bramalea as a balanced and integrated community. The population of the Bramalea community exceeds 45,000. During 1976, more than 2,500 people moved into new housing built by Bramalea Limited, with sales closing on 761 single and semi-detached family homes, townhouses and highrise condominium apartments.

During the year, construction started, and in many cases was completed, on 1,293 housing units, including



Morris Smith, Q.C.
Vice-President,
Land Development Division

single-family homes, semi-detached homes, townhouses, and highrise condominium apartments. This heavy construction activity expresses our belief that a wide variety of housing is necessary to meet the different tastes and income levels of Canadian families.

Bramalea Limited participates in several government programs designed to help families secure proper accommodation. Consequently, a good part of our 1976 construction involved townhouses as this type of affordable accommodation is within governments' funding programs. These homes carry eight percent mortgage rates for purchasers who qualify with a minimum \$12,000 annual income.

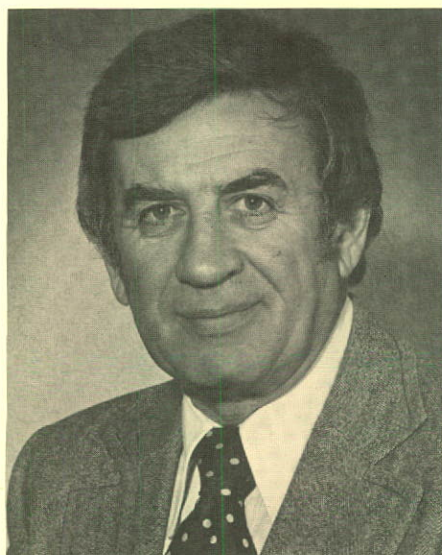
We also completed and leased two highrise rental apartment buildings under the federal government's limited dividend program, with a third rental building planned for completion in mid-1977. These three buildings will provide a total of 698 new rental units.

As there is a need for more single and semi-detached homes in Bramalea, we are continuing to process plans of subdivision to maintain the balance of housing choice. As well, it is essential that a community offer housing which

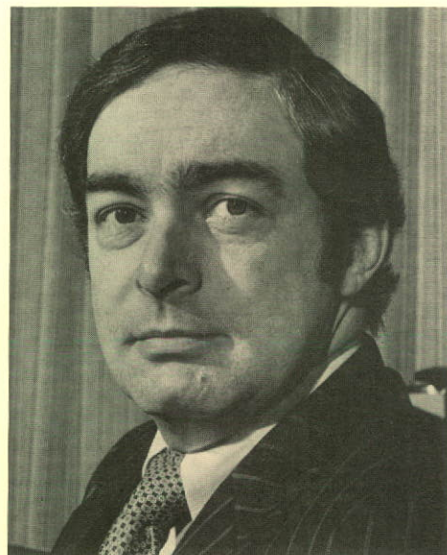
appeals to families wishing to trade-up to more spacious accommodation. Consequently, we are building and selling larger, elegant homes in Bramalea Estates and the new Kimber Park subdivision, which has the flavour of an old English village, dominated by Tudor and Georgian architecture.

The Company registered two new subdivisions, covering 90 acres in Bramalea. This acreage is now being serviced. Servicing was virtually completed on the 1,200 acres registered in 1975, with the building of new homes well underway on much of this land. The Company is in a position to meet its residential development responsibilities in the immediate future, though further land registrations are necessary to meet the longer term demand for residential construction.

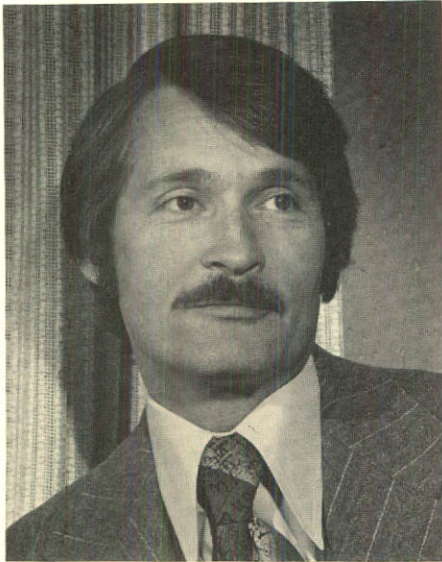
We are pleased with our progress in the Bramalea community as well as with the positive and constructive attitude of Brampton City Council and its public officials, enabling us to work together in making Bramalea a successful planned and integrated community. During 1977, we are optimistic that we will be able to start the final phases of Bramalea's "downtown heart", which will



Morey I. Spiegel
Senior Vice-President



E. Bruce Heyland
Vice-President,
Urban Development Division



Peter B. Perrin
Vice-President, Marketing Division

ultimately contain campus-styled offices, a hotel, and expanded shopping facilities.

The Amberlea Community

The Company proceeded steadily with the new community of Amberlea, in the Town of Pickering on the eastern edge of Metropolitan Toronto. Amberlea is a 1,000-acre development which, on completion, will contain residential, commercial and recreational facilities with parkland, schools and community services. We are building 600 single and semi-detached homes on the first 150 acres approved for development.

By fiscal year end, we closed our first sales of 142 homes in Amberlea, with construction started or completed on 145 single and semi-detached homes. A townhouse block is currently in an advanced stage of planning. In summary, 80 acres were under construction or occupied, 70 additional acres were being serviced, and 850 acres remain for future development.

Projects in Other Communities

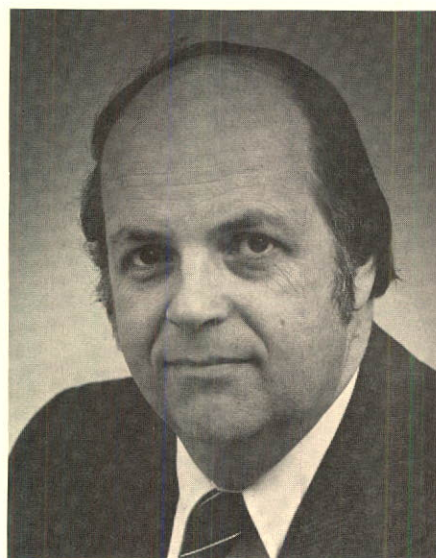
The Company has land development interests in many other Canadian

communities, though not all of them were active in the fiscal year under review.

During 1976, a further 45 acres were registered and being serviced in the 750-acre Village in the Valley development owned by the Company in Unionville, within the Town of **Markham**, to the northeast of Metropolitan Toronto. The construction of new homes is scheduled to begin in the spring of 1977. To date, 150 acres owned by the Company have been developed and we hope to secure registration of further subdivisions plans during 1977.

Bramalea Limited has a substantial interest in the 336-acre Hanlon Park community, located within a scenic area on the west side of **Guelph**. We sold 65 acres to the Grand River Conservation Authority. Of the remaining 226 acres, 45 acres were in various stages of development with 178 lots being serviced of which 25 were sold by year-end.

We are actively seeking, for residential purposes, registration of the 241 acres we own with a joint venture partner in the Cumberland area on the outskirts of **Ottawa**. In addition, we are planning the development of highrise apartment suites on 26 acres of land we own with a joint venture partner on Riverside Drive, Ottawa.



Bruce D. Pattison
Vice-President, Shopping Centre Division



J. Spencer Carroll
Vice-President,
Industrial Development Division

Development agreements have been entered into for the first phase, involving 65 acres, of the 188-acre Coach Hill project in **Calgary**. Servicing began in the fall and the first phase should be completed by the spring of 1977. Lots are being marketed to local builders.

Finally, during 1976, the Company completed the sale of 50 acres of land it owned in **Montreal**.

Shopping Centres

Our 1975 decision to expand considerably Bramalea Limited's investment in shopping centres produced far more impressive financial results than had been projected originally. All centres produced higher revenues, compared with the previous year's performance, solidifying the Shopping Centre Division as a high-profit earner for the Company.

The shopping centre portfolio was enlarged during the year with two small additions – the purchase of the Plaza 22 Mall in Saskatoon, Saskatchewan, and the construction of the Thorold Stone Mall in Niagara Falls, Ontario. By fiscal year-end, Bramalea Limited operated 18 shopping centres in 13 cities

from British Columbia to Ontario with more than 5.2 million square feet of gross rentable space serving in excess of 800 tenants.

In the Eastern Region, 1976 was envisaged as the period for the Company to generate improved revenues from its eight Ontario centres. The results exceeded expectations, particularly at our flagship mall, the Bramalea City Centre.

During 1977, Bramalea Limited intends to accelerate its efforts to expand its Ontario shopping centre portfolio. Negotiations continue with municipal officials on our proposals to establish, with local joint venture partners, regional centres in North Bay and Peterborough. We also hope to develop a 14,000 square-foot centre in the Northgate neighbourhood of Bramalea.

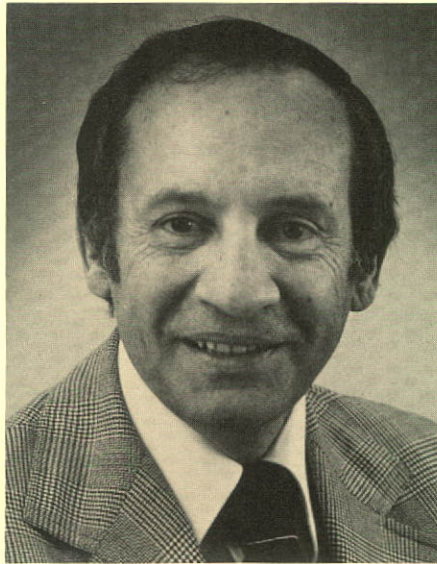
In the Western Region, our first year as a major shopping centre operator was expected to be a year of familiarization. In fact, we accomplished several tenant changes and produced revenues in excess of projections.

The Marlborough Mall in Calgary was tripled in size to become a 646,300 square-foot regional centre. The final phase of opening a new Sears department store is scheduled for March, 1977.

By year-end, the Shopping Centre Division had begun its planning for the eventual enlargement of three other western malls, all of which have land set aside for expansion.

Industrial Development

The Company had another busy year in the 2,000-acre Bramalea Industrial Park, which now has more than 150 resident companies, employing in excess of 15,000 people. Approximately 850 acres remain to be leased or sold, of which 500 acres have been zoned with major services installed.



Gordon L. Deson
Vice-President, Construction Division

During 1976, the Company leased more than 440,000 square feet of industrial space, sold two parcels of land, finalized agreements to sell a third parcel, facilitated several tenant changes, provided two tenants who had outgrown their premises with alternate space, and welcomed nine new firms to the park.

All available space is now leased and occupied on a long-term basis, with the exception of 55,000 square feet in a multi-tenant building. By year-end, we had more than 167,000 square feet of new industrial space under construction or about to start.



Stewart D. Davidson
Vice-President, Finance and Treasurer

We are pleased that in the last two years we succeeded in doubling our industrial leased space from 750,000 square feet to 1,500,000 square feet of space leased and occupied.

Business interest is growing in our alternative source of industrial development in Pickering.

The Outlook

Our Company has earned a well-deserved reputation as a leading developer and builder of residential, commercial and industrial properties, as a provider of housing to meet all needs and income levels, and as a major owner-operator of shopping centres in Canada.

With these underlying strengths in the Company, and the expansion of our revenue-producing properties portfolio, we remain confident of achieving satisfactory rates of return on our investments in the years ahead.

The Company's ability to improve significantly its revenues and earnings during a period of general economic uncertainty in Canada is due to the imagination, dedication, drive and commitment of our loyal staff. They, together with the members of the Board of Directors, who provided us with their expertise and guidance, contributed enormously to the growth and success of our Company.

Sincerely,

A handwritten signature in dark ink that reads "J. Richard Shiff". The signature is written in a cursive style with a large, sweeping initial "J".

J. Richard Shiff, Q.C.

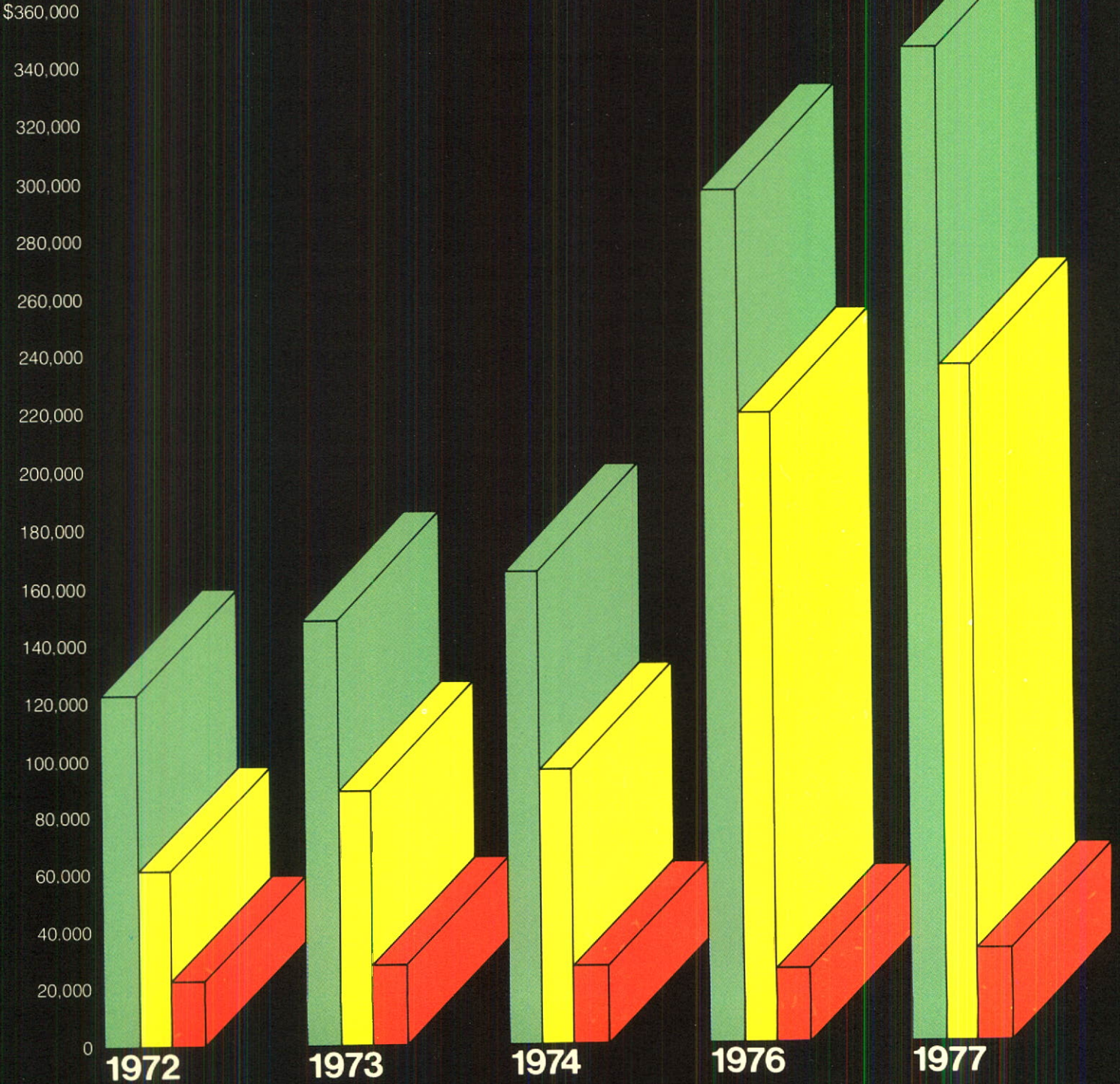
March, 1977

Financial Reviews

Assets, Debt and Shareholders' Equity

- Total Assets
- Long Term Debt
- Shareholders' Equity

(In thousands)



Revenues by Source

- Total
- Sale of Land and Houses
- Revenue-Producing Properties
- Commercial Construction Contracts
- Manufactured Goods
- Other

(In thousands)

\$105,000

100,000

95,000

90,000

85,000

80,000

75,000

70,000

65,000

60,000

55,000

50,000

45,000

40,000

35,000

30,000

25,000

20,000

15,000

10,000

5,000

1972

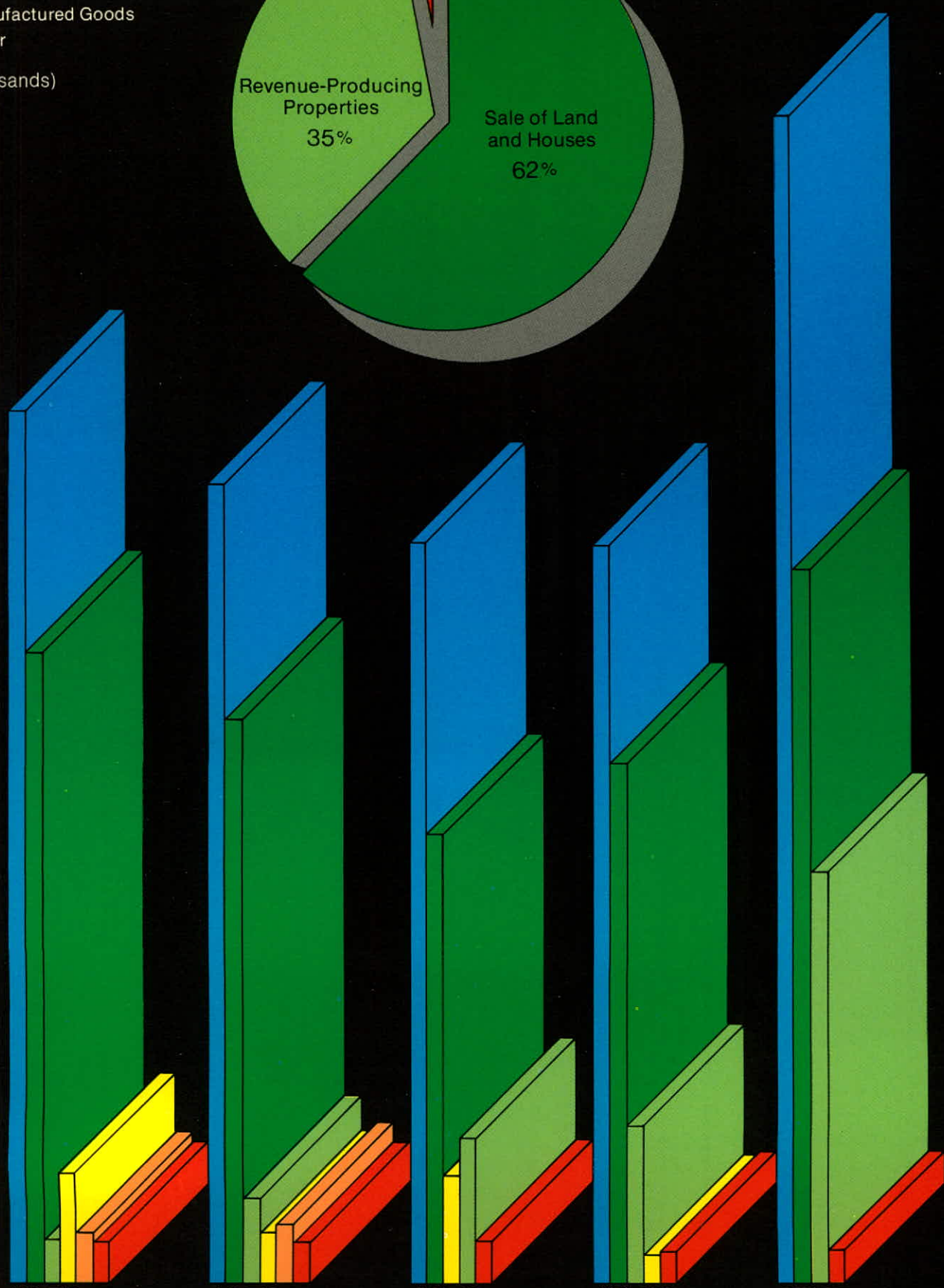
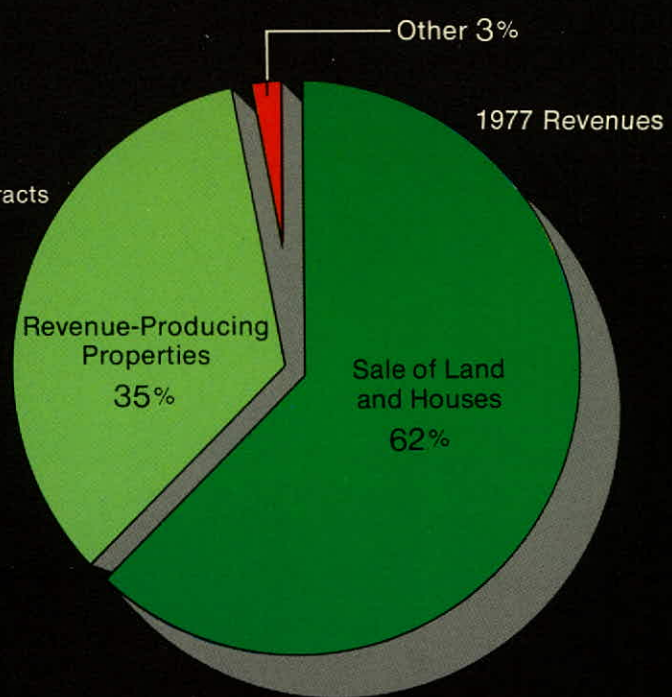
1973

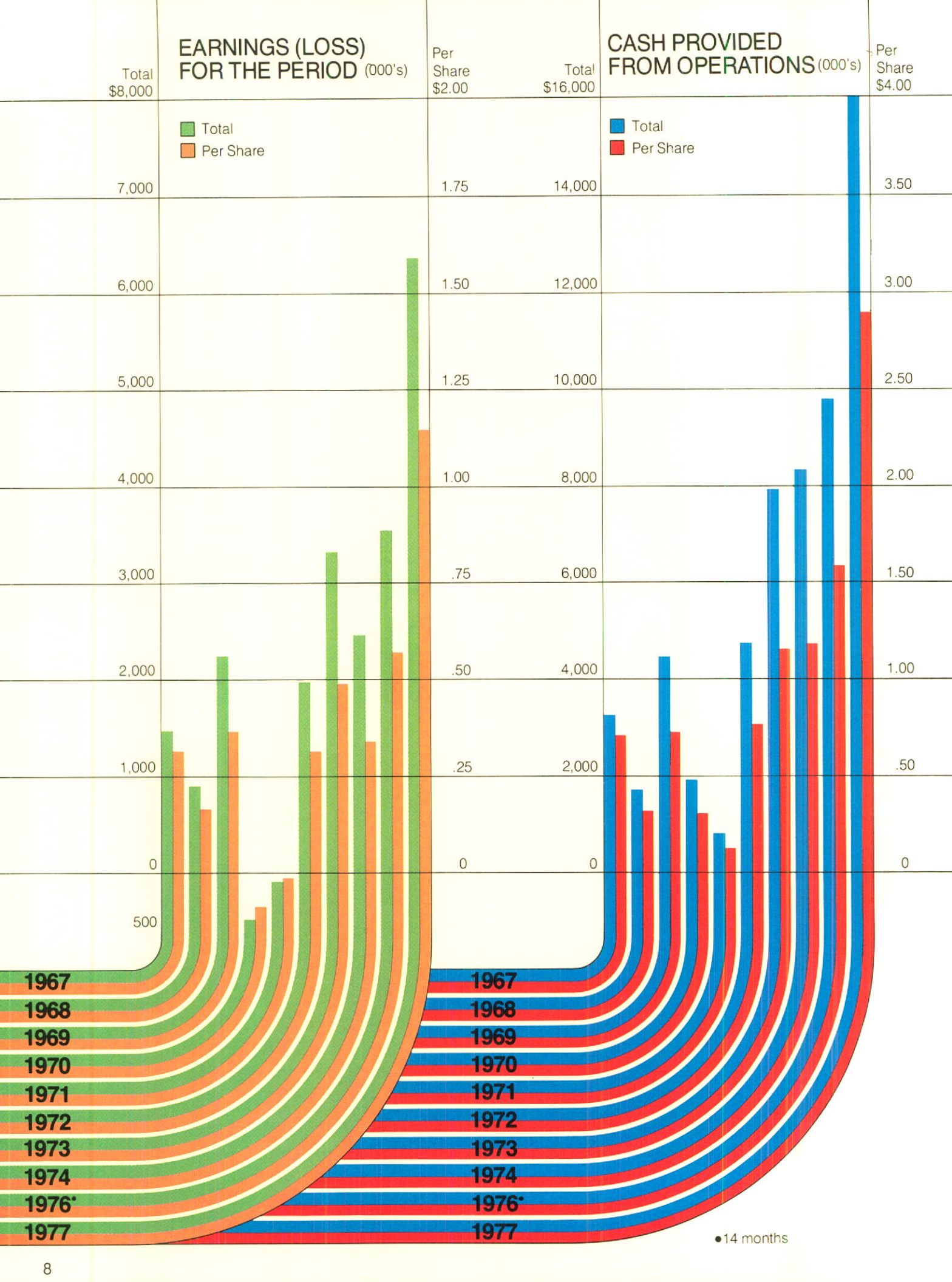
1974

1976*

1977

•14 months





•14 months

Property Portfolios

Land Holdings

	TOTAL ACREAGE	BRAMALEA'S INTEREST
Bramalea	2,671	100%
Bramalea	730	50%
Pickering	824	60%
Unionville	596	100%
Guelph	167	85%
Guelph	94	100%
Ottawa	26	75%
Ottawa	249	50%
Orangeville	200	50%
Calgary	188	50%
Edmonton	85	100%
Ancaster	46	100%
Stockton	29	100%
Atlanta	26	100%
Other	7	100%
TOTAL	5,938	

Shopping Centres

	LOCATION	OWNED – O LEASED – L	RENTABLE AREA IN SQ. FT.	NO. OF STORES & TENANTS
EASTERN REGION				
Bramalea City Centre	Bramalea, Ont.	O	850,000	160
Niagara Peninsula Shopping Centre (Pen Centre)	St. Catharines, Ont.	L	874,300	95
Harwood Place	Ajax, Ont.	L	207,100	36
Huronia Mall	Midland, Ont.	O	65,000	20
Queenston Mall	Hamilton, Ont.	L	150,200	30
Royal Orchard Shopping Centre	Thornhill, Ont.	O	42,800	10
Southgate Village Shopping Centre	Bramalea, Ont.	L	26,900	11
Thorold Stone Mall	Niagara Falls, Ont.	O	55,000	15
EASTERN REGION TOTAL			2,271,300	377
WESTERN REGION				
Brandon Mall	Brandon, Man.	O	218,000	29
Brandon Annex	Brandon, Man.	O	22,800	3
Brentwood Mall*	Burnaby, B.C.	O	436,300	75
Confederation Park Plaza	Saskatoon, Sask.	O	235,600	34
Lougheed Mall*	Burnaby, B.C.	O	491,100	81
Marlborough Mall	Calgary, Alta.	O	646,300	90
Macleod Trail Mall	Calgary, Alta.	O	244,100	40
Plaza 22	Saskatoon, Sask.	O	27,200	16
South Hill Shopping Centre	Prince Albert, Sask.	O	292,500	32
Town 'n' Country Mall	Moose Jaw, Sask.	O	210,400	30
Trans Canada Mall	Calgary, Alta.	O	154,900	22
WESTERN REGION TOTAL			2,979,200	452
TOTAL PORTFOLIO			5,250,500	829

* Bramalea has a 50% ownership in Brentwood Mall and Lougheed Mall.

Property Portfolios

Industrial Buildings

	RENTABLE AREA IN SQ. FT.
Aircraft Appliances and Equipment Limited	94,800
Brock Containers Limited	126,000
Canterbury Foods Limited*	18,900
Comshare Limited	12,000
Construction Equipment Company Limited	36,000
Ducon-Mikropul Canada Limited	18,500
G. Tamblyn Limited	68,000
Highway Trailers of Canada Limited	25,800
Imco Containers Limited	31,000
International Paints Limited	92,400
Inter Traffic Limited	91,000
Multi Tenancy	68,900
Multi Tenancy	90,600
Multi Tenancy	97,700
Multi Tenancy	102,800
North American Wallpapers Limited	35,800
Reed Paper Limited	128,100
Robert Hunt Company Limited	200,000
Root Wire Limited	24,200
Source Data Control Limited	111,000
Volvo Canada Limited*	15,200
Western Controls Incorporated	25,800
TOTAL	1,514,500

* Under construction

Office Buildings

	RENTABLE AREA IN SQ. FT.
1867 Yonge Street, Toronto	113,000
I.B.M. Building, Edmonton	80,000
TOTAL	193,000

Hotels

	NUMBER OF ROOMS
Hyatt Regency, Toronto*	516
Hyatt Regency, Vancouver*	656
TOTAL	1,172

* Bramalea has a 75% interest in each hotel.

Residential Properties

APARTMENT BUILDINGS		UNITS
37 Eastbourne Drive	Bramalea	170
15 Eastbourne Drive	Bramalea	170
Cameron Tower*	3 Knightsbridge Rd., Bramalea	308
Buchanan Tower	5 King's Cross Rd., Bramalea	212
Folkstone Terrace	Clark Blvd., Bramalea	183
Mackenzie Tower	Kensington Rd., Bramalea	148
Munro Tower	11 Knightsbridge Rd., Bramalea	178
TOTAL		1,369

* Under construction

TOWNHOUSES		UNITS
York Square North	Gosford Blvd., Downsview	91
Townhouses	76 Balmoral Dr., Bramalea	27
Townhouses	101 Balmoral Dr., Bramalea	74
TOTAL		192

Summary of Significant Accounting Policies

January 31, 1977

General

The Company is incorporated under The Business Corporations Act of the Province of Ontario and is engaged in the development and sale of real estate and the operation of revenue-producing properties throughout Canada.

The Company is a member of the Canadian Institute of Public Real Estate Companies and as such its accounting policies and its standards of financial disclosure are in accordance with the recommendations of that Institute and comply with accounting policies that are considered appropriate for the real estate industry in Canada.

Principles of consolidation

The consolidated financial statements include the accounts of all companies in which the Company holds a majority interest. Acquisitions of such companies are accounted for on the purchase basis and the results of their operations are included in the consolidated statement of earnings and retained earnings from the respective dates of acquisition.

The excess of cost over book value of such acquisitions is allocated where appropriate to land or property and equipment to reflect the fair market value of such assets at date of acquisition.

The consolidated financial statements also include:

- (i) the Company's proportionate share of the individual assets, liabilities, revenues and expenses of unincorporated joint ventures, and
- (ii) the Company's proportionate share of the individual revenues and expenses of incorporated joint ventures and the investment in these entities on an equity basis.

Foreign exchange

Land and housing units in foreign currencies have been translated into Canadian dollars at historic exchange rates. Mortgages payable in foreign currencies have been translated at the exchange rates realized on conversion of the loan proceeds to Canadian funds or, where applicable, at the rates established under foreign exchange currency commitments. Related interest expense has been translated at the average rate for the year.

Valuation of assets

Housing units

Housing units are recorded at the lower of their average cost or net realizable value.

Land

Land is recorded at the lower of its cost, which includes development costs and carrying charges, or net realizable value. Development costs, which include costs for water and sewage systems, roads, sidewalks, utilities and municipal lot levies, are allocated to the saleable acreage which benefits from the expenditure.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and amortization.

Depreciation on revenue-producing buildings is recorded on a sinking fund basis over a 50-year life for office buildings and shopping centres and a 40-year life for hotels, residential buildings and industrial buildings. The sinking fund method provides a depreciation charge consisting of a fixed annual sum together with interest thereon compounded at 5% per annum, which is sufficient to depreciate fully the buildings over their anticipated useful lives.

Depreciation and amortization on all other property and equipment are recorded at rates sufficient to write these assets off over their anticipated useful lives or over the terms of applicable leases.

Capitalization of costs

Carrying charges, principally applicable interest and real estate taxes, are capitalized to land until it is sold, and to housing units and revenue-producing properties during construction.

Recognition of earnings

Sale of land

Revenue from the sale of land is recorded on closing, and the cost of sale is recorded at the average cost per saleable acre. Conditional sales are not recorded.

Sale of houses

Revenue from, and the related cost of, the sale of a single or semi-detached house is recorded when the completed house is conveyed to the purchaser.

Revenue from, and the related cost of, the sale of a condominium house is recorded when the purchaser pays the amount due on closing, becomes entitled to occupancy and undertakes to assume a mortgage for the balance of the purchase price.

Revenue-producing properties

Revenue from, and the related expense of, revenue-producing properties is recorded in earnings from the time the projects are 70% occupied or six months after substantial completion, whichever occurs first. Net profits or losses prior to this time are capitalized as a cost of the property.

Operating results of hotels are included in revenues and expenses of revenue-producing properties. Basic and percentage rentals for other properties are recorded as revenue when earned, in accordance with individual lease terms.

Deferred revenue

Revenue on the following types of transactions is deferred and taken into earnings as noted:

- (i) Interest discount arising from sales for low-interest or interest-free consideration is charged to cost of land and houses, utilizing appropriate interest rates, and is included in earnings as the related mortgages are repaid;
 - (ii) Profit from the sale and leaseback of revenue-producing properties is included in earnings over the terms of the respective leases;
 - (iii) Profit from the sale of land is deferred until collection of the sale proceeds is reasonably assured.
-

Prepaid and deferred charges

Leasing costs associated with the operation of revenue-producing properties owned or leased by the Company are deferred and charged to earnings over the terms of the individual leases.

Other prepaid and deferred charges are charged to earnings in the periods to which they are applicable.

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Bramalea Limited as at January 31, 1977 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at January 31, 1977 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Toronto, Canada
March 14, 1977

Leat, Mannick, Mitchell & Co.

Chartered Accountants

Bramalea Limited and Subsidiaries

Consolidated Balance Sheet

January 31, 1977

		1977	1976
		(In thousands)	
Assets	Cash	\$ 2,202	1,611
	Receivables (notes 1 and 5)	36,435	37,746
	Housing units (note 2)	25,157	15,338
	Land (notes 3 and 6)		
	Under development	35,040	22,798
	Held for future development	44,084	44,504
	Property and equipment (notes 4 and 6)	196,374	171,397
	Prepaid and deferred charges	4,123	3,749
		\$343,415	297,143
Liabilities	Bank indebtedness (note 5)	\$ 8,141	11,053
	Accounts payable	20,944	14,981
	Income taxes payable	1,770	886
	Mortgages on housing units (note 2)	22,792	7,280
	Mortgages payable (note 6)	223,910	208,039
	Convertible debentures (note 7)	11,858	11,868
	Deferred revenue	1,578	1,681
		290,993	255,788
	Deferred income taxes	21,023	15,162
Shareholders' Equity	Capital stock and retained earnings (note 8)	31,399	26,193
		\$343,415	297,143

On behalf of the Board


Director


Director

See summary of significant accounting policies and accompanying notes to consolidated financial statements.

Bramalea Limited and Subsidiaries

Consolidated Statement of Earnings and Retained Earnings

Twelve months ended January 31, 1977

		Twelve months ended January 31, 1977	Fourteen months ended January 31, 1976
(In thousands)			
Revenues	Sale of land and houses	\$ 64,122	46,433
	Revenue-producing properties	36,851	14,479
	Commercial construction contracts	—	2,511
	Interest	1,418	1,505
	Other	1,631	1,411
		104,022	66,339
Expenses	Cost of land and houses	47,572	36,298
	Revenue-producing properties	34,359	13,640
	Commercial construction contracts	—	2,205
	Administrative and general	3,993	3,734
	Interest (note 11)	4,257	2,417
	Other	731	949
		90,912	59,243
Earnings before income taxes		13,110	7,096
Income taxes		6,760	3,556
Earnings for the period		6,350	3,540
Retained earnings at beginning of period		10,662	10,172
Cancellation of shares (note 8)		(552)	(3,050)
Retained earnings at end of period		\$ 16,460	10,662
Earnings per share (note 8)			
	Basic	\$ 1.15	0.57
	Fully diluted	\$ 0.97	0.51

See summary of significant accounting policies and accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Financial Position

Twelve months ended January 31, 1977

	Twelve months ended January 31, 1977	Fourteen months ended January 31, 1976
(In thousands)		
Source of cash		
Cash provided from operations		
Earnings for the period	\$ 6,350	3,540
Deferred income taxes	5,861	3,418
Depreciation and amortization	3,425	1,854
Amortization of deferred charges	370	1,000
	16,006	9,812
Additional mortgage financing	31,383	112,042
Sale of property and equipment	2,705	3,130
Issue of capital stock	42	1,121
Increase in accounts payable	5,963	6,379
Net change in other assets and liabilities	2,082	(5,008)
	58,181	127,476
Use of cash		
Purchase and construction of property and equipment	31,107	110,709
Additions to land	11,822	5,765
Additions to housing units	9,819	1,491
Purchase of capital stock	1,186	6,452
Deferred charges	744	1,052
Additional equity in subsidiaries	—	6,057
	54,678	131,526
Increase (decrease) in net bank indebtedness	(3,503)	4,050
Net bank indebtedness at beginning of period	9,442	5,392
Net bank indebtedness at end of period	\$ 5,939	9,442
Cash provided from operations per share (note 8)		
Basic	\$ 2.90	1.59
Fully diluted	\$ 2.34	1.32

See summary of significant accounting policies and accompanying notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

January 31, 1977

1. Receivables

	1977	1976
	(In thousands)	
Sale of land and houses	\$ 3,302	1,267
Due from tenants	4,645	4,411
Mortgages and notes receivable (i)	16,596	19,089
Advances on behalf of unincorporated joint venture participants (ii)	9,288	9,387
Advances to and investments in incorporated joint ventures	710	1,295
Employees' stock purchase plan (iii)	1,078	1,121
Other	816	1,176
	<u>\$36,435</u>	<u>37,746</u>

- (i) Mortgages and notes receivable bear interest at an average rate of 9% and mature at varying dates to 1998. Principal repayments in the year to January 31, 1978 approximate \$4,300,000.
- (ii) In accordance with joint venture agreements, the Company has advanced funds on behalf of certain joint venture participants. The advances bear interest at an average rate of 11%. The participants' share in the assets of the joint ventures are available to meet their obligations. The advances include \$8,209,000 (1976 - \$7,467,000) advanced on behalf of a joint venture participant which is controlled by persons who became directors and officers of the Company subsequent to the commencement of the joint venture. These persons have a significant voting interest in a substantial corporate shareholder of the Company.
- (iii) Advances under the employees' stock purchase plan are non-interest bearing and mature at varying dates to 1985. Shares issued to employees under the plan are held by trustees pending repayment of the related loans to the Company. At January 31, 1977, the trustees held 241,606 shares under this agreement.

2. Housing units

	1977		1976	
	Construction costs	Land costs	Total	Total
	(In thousands)			
Under contract of sale	\$ 5,330	1,097	6,427	4,889
Not under contract of sale	15,140	3,590	18,730	10,449
	<u>\$20,470</u>	<u>4,687</u>	<u>25,157</u>	<u>15,338</u>

At January 31, 1977 mortgages totalling \$22,792,000 and bearing an average interest rate of 10½% were outstanding on housing units. As units are sold, the related mortgage obligations are assumed by the purchasers.

3. Land

	Under development		Held for future development	
	1977	1976	1977	1976
	(In thousands)			
Land	\$12,783	8,408	32,542	31,658
Carrying charges	5,363	4,166	11,542	12,846
Development costs	16,894	10,224	—	—
	<u>\$35,040</u>	<u>22,798</u>	<u>44,084</u>	<u>44,504</u>
Transactions during the period consist of:				
Balance at beginning of period	\$22,798	12,623	44,504	34,696
Acquisitions	6,337	100	4,465	17,328
Development costs	14,126	5,919	—	—
Interest:				
Specific debt	1,158	231	2,249	3,323
General debt	364	405	631	247
Real estate taxes and other costs	421	129	465	390
Transfers between land accounts	8,230	11,480	(8,230)	(11,480)
Cost of land sold	(18,394)	(8,089)	—	—
Balance at end of period	<u>\$35,040</u>	<u>22,798</u>	<u>44,084</u>	<u>44,504</u>

4. Property and equipment

	1977		1976
	Cost	Accumulated depreciation and amortization	Net
		Net	Net
	(In thousands)		
Revenue-producing properties:			
Shopping centres	\$ 84,204	1,929	82,275
Hotels	39,628	1,444	38,184
Residential properties	26,079	1,881	24,198
Industrial buildings	15,881	335	15,546
Office buildings	10,248	734	9,514
	176,040	6,323	169,717
Under construction	25,747	—	25,747
	201,787	6,323	195,464
Other property and equipment	1,419	509	910
	\$203,206	6,832	196,374
			171,397

Costs to complete revenue-producing properties under construction are estimated at \$3,000,000 and related financing has been arranged.

The Company is committed to minimum annual rental payments of \$3,030,000 over the next five years in respect of long-term leases of land and revenue-producing properties expiring in years to 2068. The net book value of the Company's investment in such properties approximated \$23,730,000 at January 31, 1977.

5. Bank indebtedness

The bank indebtedness relates to operating loans made to the Company and certain subsidiaries and is secured by a general assignment of the Company's Receivables together with floating charge debentures on all of the property and assets of the Company. These charges rank ahead of the floating charge described in note 7.

6. Mortgages payable

	1977		1976
	Maturity dates	Average interest rates	
			(In thousands)
Mortgages on land	1978 to 1986	10%	\$ 32,879
Mortgages on revenue-producing properties	1978 to 2066	9%	157,253
Other mortgages, partially secured	1978 to 1983	10%	17,514
			207,646
Interim financing on certain revenue-producing properties under construction	1978	11%	16,264
			\$223,910
			208,039

The above obligations include \$63,100,000 (U.S.) at their Canadian equivalent of \$63,397,000.

Principal repayments due under the terms of the above obligations, apart from those relating to the interim financing on revenue-producing properties under construction, are as follows:

Year ending January 31,	(In thousands)
1978	\$ 21,701
1979	27,021
1980	16,373
1981	18,974
1982	10,636
After 1982	112,941
	\$207,646

Certain projects are currently planned for completion subsequent to the maturity dates of the related financing. The Company therefore intends to refinance upon maturity \$23,963,000 of the above obligations, comprising \$7,006,000 due in 1978 and \$16,957,000 due in 1979.

7. Convertible debentures

Convertible debentures outstanding are designated Series A, bear interest at 7½% and are due October 1, 1988. The debentures are secured by a Trust Indenture containing a first floating charge on the undertaking and all the property and assets of the Company, subject to the prior charge described in note 5. Under the Trust Indenture, a Sinking Fund for retirement of the debentures is to be established into which the Company must pay before October 1st in each of the years 1979 to 1987, inclusive, an amount equal to 6-2/3% of the aggregate principal amount of the debentures outstanding on September 30, 1978.

The debentures are redeemable in whole or in part subject to the following two restrictions:

- (i) The debentures may not be called for redemption in whole or in part prior to October 1, 1978, unless and until the principal amount of the debentures converted into shares of the capital of the Company and/or purchased for cancellation shall total \$11,400,000;

7. Convertible debentures (cont'd)

(ii) The debentures may not be called for redemption (otherwise than out of Sinking Fund monies) in whole or in part prior to October 1, 1983, as part of, or in anticipation of, any refunding operation involving the incurring of indebtedness at an interest rate of less than 7½% per annum.

Each of the debentures is convertible up to September 30, 1978, or the day preceding the date specified for redemption of such debenture, whichever is the earlier, into fully-paid and non-assessable common shares by applying the principal amount of such debenture to the purchase of such shares at a price of \$7.92 per share. The Trust Indenture provides for adjustment of the conversion price if additional common shares are issued for a consideration less than \$7.92.

8. Shareholders' equity

	Capital stock – Common Shares of no par value		Capital stock stated value	Retained earnings	Total
	Authorized shares	Issued and fully-paid shares			
	(In thousands)				
Balance at January 31, 1976	10,965,762	5,644,376	\$15,531	10,662	26,193
Purchase and cancellation of 230,300 common shares	(230,300)	(230,300)	(634)	(552)	(1,186)
Issue of 6,675 shares under stock option plan	—	6,675	32	—	32
Issue of 1,262 shares on conversion of convertible debentures	—	1,262	10	—	10
Earnings for the year	—	—	—	6,350	6,350
Balance at January 31, 1977	10,735,462	5,422,013	\$14,939	16,460	31,399

During the year the Company purchased for cancellation 230,300 of its common shares at a cost of \$1,186,045. The cost of the cancelled shares was allocated as follows:

- (i) To the stated value of capital stock, the average stated value of the cancelled shares at the date of repurchase;
- (ii) To retained earnings, the remainder of the purchase price.

At January 31, 1977 5,422,013 (1976 – 5,644,376) shares were issued and fully paid. In addition, 1,497,223 common shares were reserved for the purchase of the Convertible Debentures (note 7) and 42,625 shares were reserved for the exercise of stock options. The stock options are exercisable at \$5.60 per share (10,000 options expiring in 1978) and \$4.72 per share (32,625 options expiring in the years 1980 to 1985).

Earnings and cash provided from operations per share are based on the weighted monthly average number of shares outstanding during each period (1977 – 5,513,307 shares; 1976 – 6,180,979 shares) after giving effect to the purchase of shares for cancellation during each period.

Fully diluted earnings and cash provided from operations per share have been computed after adjustment of the average number of shares outstanding for the shares issuable on conversion of the debentures and exercise of the options. Earnings for the period have been adjusted to reflect imputed interest savings.

9. Contingencies

- (i) The Company has guaranteed bank and mortgage indebtedness of certain joint ventures amounting to \$9,065,000.
- (ii) The Company is contingently liable for the total liabilities of its unincorporated joint ventures. The total assets of these joint ventures are in excess of the liabilities.
- (iii) The Company is a defendant in an action commenced during 1973 in the Supreme Court of Ontario for damages in the amount of \$2,000,000 for an alleged breach of contract. Legal counsel is of the opinion that there is no reason to concede any liability nor to assume that the result of the action will adversely affect the financial position of the Company.

10. Joint ventures

The Company's interest in its joint ventures is summarized as follows:

	Unincorporated		Incorporated	
	1977	1976	1977	1976
	(In thousands)			
Assets	\$33,771	33,901	1,797	2,041
Liabilities	10,284	11,187	1,087	746
Equity and advances	23,487	22,714	710	1,295
	\$33,771	33,901	1,797	2,041
Earnings (loss) for the period	\$ 2,300	1,259	189	(142)

Total liabilities of unincorporated joint ventures for which the Company is contingently liable aggregated \$18,499,000 at January 31, 1977.

Earnings for the period exclude income taxes exigible on earnings of unincorporated joint ventures.

The 1976 figures have been restated to conform with current disclosure practice.

11. Statutory information

(i) Interest incurred during the period amounted to \$22,793,000 (1976 – \$14,078,000) and has been recorded as follows:

	1977	1976
	(In thousands)	
Capitalized:		
Housing units	\$ 1,871	1,271
Land	4,402	4,206
Revenue-producing properties under construction	1,264	275
Commercial construction	—	52
	7,537	5,804
Expensed:		
Revenue-producing properties	10,999	5,845
Interest	4,257	2,417
Other	—	12
	15,256	8,274
	\$22,793	14,078

Capitalized interest is subsequently charged to earnings as a cost of land and house sales and through depreciation of revenue-producing properties.

- (ii) The aggregate direct remuneration paid by the Company to directors and senior officers as defined in The Business Corporations Act for the year ended January 31, 1977 was \$651,228.
- (iii) In June, 1976, the Company's name was changed from Bramalea Consolidated Developments Limited to Bramalea Limited.
- (iv) The Company is subject to, and believes it has complied with, the Federal Government's Anti-Inflation Act and Regulations, and The Residential Premises Rent Review Act of the Province of Ontario.

Ten Year Financial Review

	1977	1976*	1974	1973	1972	1971	1970	1969	1968	1967
	(In thousands)									
Total revenue	\$ 104,022	66,339	66,828	71,316	78,407	44,577	27,626	36,248	20,815	16,689
Earnings (loss) for the period	\$ 6,350	3,540	2,452	3,312	1,984	(86)	(493)	2,239	895	1,468
Cash provided from operations	\$ 16,006	9,812	8,372	7,953	4,749	807	1,915	4,415	1,708	3,237
Total assets	\$ 343,415	297,143	164,292	149,316	122,489	93,255	80,182	66,057	47,478	42,038
Shareholders' equity	\$ 31,399	26,193	27,984	27,160	22,300	20,239	19,335	19,819	17,124	11,514
Number of shares issued**	5,422,013	5,644,376	7,178,614	7,123,114	6,256,779	6,214,350	6,034,130	6,029,488	5,931,675	4,782,720
Earnings per share**	\$ 1.15	.57	.34	.49	.32	(.01)	(.08)	.37	.17	.32
Cash provided from operations per share**	\$ 2.90	1.59	1.18	1.16	.77	.13	.31	.73	.32	.71

* Fourteen month period.

** After adjustment for the 5 for 1 stock split in August, 1968.

Corporate Directory

Parent Company

Bramalea Limited
Executive and General Offices:
1867 Yonge Street, Toronto,
Canada M4S 1Y5

Officers

John H. Taylor,
Chairman of the Board

J. Richard Shiff, Q.C., President and
Chief Executive Officer

Kenneth E. Field,
Executive Vice-President

Morey I. Speigel, P.Eng.,
Senior Vice-President

J. Spencer Carroll, Vice-President,
Industrial Development Division

Stewart D. Davidson, C.A.,
Vice-President, Finance and
Treasurer

Gordon L. Deson, P.Eng.,
Vice-President, Construction
Division

E. Bruce Heyland, Vice-President,
Urban Development Division

Bruce D. Pattison, Vice-President,
Shopping Centre Division

Peter B. Perrin, Vice-President,
Marketing Division

Morris Smith, Q.C., Vice-President,
Land Development Division

S. Peter Crawford, Secretary

Directors

Ross T. Clarkson, Q.C.
Montreal, Canada
Partner – Courtois, Clarkson,
Parsons & Tétrault

Sydney C. Cooper, P.Eng.
Toronto, Canada
President – Pitts Engineering
Construction Ltd.

Kenneth E. Field, B.A., LL.B.
Toronto, Canada
Executive Vice-President

David L. Goldberg
Toronto, Canada
President – D. L. Goldberg & Co. Ltd.

Enid G. Hildebrand, M.A., LL.B.
Toronto, Canada
Associate – Outerbridge,
Manning & Mueller

John O. Hinds
Toronto, Canada
President – Noranda Exploration
Company Limited

J. Richard Shiff, Q.C.
Toronto, Canada
President

Morey I. Speigel, P.Eng.
Toronto, Canada
Senior Vice-President

John H. Taylor, B.Eng. (Civil)
Toronto, Canada
Chairman – North American Life
Assurance Company

Trustee for Debentures

Canada Permanent Trust Company
Toronto, Canada

Registrars & Transfer Agents for Stock

Canada Permanent Trust Company
Toronto, Canada

Stock Exchange Listing

The Toronto Stock Exchange

Auditors

Peat, Marwick, Mitchell & Co.
Toronto, Canada

