Cadillac
Fairview

Annual Report 1975

Contents

Edition française du rapport annuel

On peut se procurer l'edition française de ce rapport en écrivant au Secrétaire.

Photographs

The Cadillac Fairview Corporation Limited
Toronto, Ontario, Canada

Financial Highlights

Year ended February 28, 1975

Gross Revenue		Rental Operations	$104,824,000
		Housing Operations	33,516,000
		Land Operations	18,640,000
		Other Income	4,093,000
Cash Flow			$ 34,442,000
	Per Share	Basic*	$ 1.41
		Fully Diluted*	$ 1.36
Net Income			$ 13,044,000
	Per Share	Basic*	$ 0.53
		Fully Diluted*	$ 0.52
Total Assets			$921,175,000
Shareholders' Equity			$118,774,000

*Based on weighted average number of shares outstanding during the year. (Note 15, page 17)

Summary of Income Property Portfolio

Income properties completed		Gross leasable area**
42 Residential locations		16,128 suites
33 Shopping centres		11,250,000 sq. ft.
15 Urban developments	(buildings/complexes)	7,314,000 sq. ft.

**Includes joint ventures and gross leasable area under other ownership

Chairman's Report

To our Shareholders

I am pleased to present the first Annual Report of The Cadillac Fairview Corporation Limited, for the fiscal year ended February 28, 1975.

More than a year has passed since the merger took place on May 31, 1974, and a great deal has been accomplished in terms of the successful blending of programs and properties, and, above all, that most important asset – our people. By the end of August, 1974, all head office personnel were integrated into our headquarters at Sheppard Avenue and Leslie Street in Metropolitan Toronto. We are particularly pleased that the melding of our operating staff went so smoothly, that there was no loss of productivity, and our development programs were not delayed.

The integration of financial administration, because of different year-ends of the predecessor companies, certain differences in accounting treatment and the need to attain uniform application of accounting policies, has taken somewhat longer. The implementation of information and budgeting systems is now well under way and these systems will contribute to the efficiency of planning and operations.

The organizational process, in a company of growing assets such as ours, must be an evolutionary one with flexibility and pragmatism an important aspect of this evolution. Cadillac Fairview is structured with clearly defined Group responsibilities and a decentralized approach to implementation of projects which allows for a continuing degree of decision making at the Group level. This enables the Groups to capitalize on opportunities in all fields of real estate in our present markets while, at the same time, starting to expand into other geographic areas.

The merger was intended to take place in two steps. Federal legislation, permitting the merger of this company with The Fairview Corporation of Canada, should be promulgated shortly, after which the final step will be completed within a reasonable time.

The changes that resulted from the merger would have been substantially easier had it been carried out under reasonably normal and stable economic conditions. However 1974 was an unusually difficult year with record high interest rates and galloping inflation in construction and other industry costs outpacing the rate of inflation in other sectors of the economy. A severe downturn in housing and land markets coincided with sluggishness in the rental of retail and office space.

Despite these negative factors, common throughout our industry, there were many positive aspects of our company's activity during the year. Rental properties produced significantly improved results over previous years, and retail sales continued strong, resulting in additional contribution to our rental cash flow. Cadillac Fairview's large asset base of completed income properties affords protection against the ongoing onslaught of inflation and land bought at favourable prices in previous years has insulated the company from erosion in land values.

The market for residential rental accommodation appears to be strengthening, and, subject to the Government of Ontario maintaining its present attitude that rent controls are not in the best interest of the renting public, we are hoping that returns will reach the point where new apartment development will once again become economically viable.

Financial Performance
Although the merger did not take place until May 31, under the pooling of interest approach the financial results for the year are presented as if it had taken place as at March 1, 1974. Because of the different year-ends of the predecessor companies it is not feasible to provide exact comparisons. However pro forma figures indicate that we had an improvement in cash flow over the combined results of the predecessor companies in the previous year.

The results are particularly important because of the very substantial improvement in cash flow from income property. They are important not only because the company's long range objective is to derive a major portion of its cash flow from rental revenues but because this portion of cash flow provides a stable base to which rental income from new properties will be added.

A detailed analysis of our financial performance can be found on page 8 of this annual report.

Outlook
One of the greatest difficulties facing the management of any company is to avoid having the opportunities of the future obscured by the problems of the present. In looking at the future we must consider both the short- and long-term outlook.

In the short-term, the economic climate is still relatively uncertain. Although we have not as yet suffered as much as other countries in terms of unemployment, our rate of inflation has not decreased to the same degree as those countries which had in fact experienced deeper recession. Despite high inflation, for the coming year we see significant growth potential in the company's activities. We expect that our rental properties will continue to provide a very substantial base, with improvement in cash flow from older properties and from new properties coming on stream. For our Residential Group sales program and

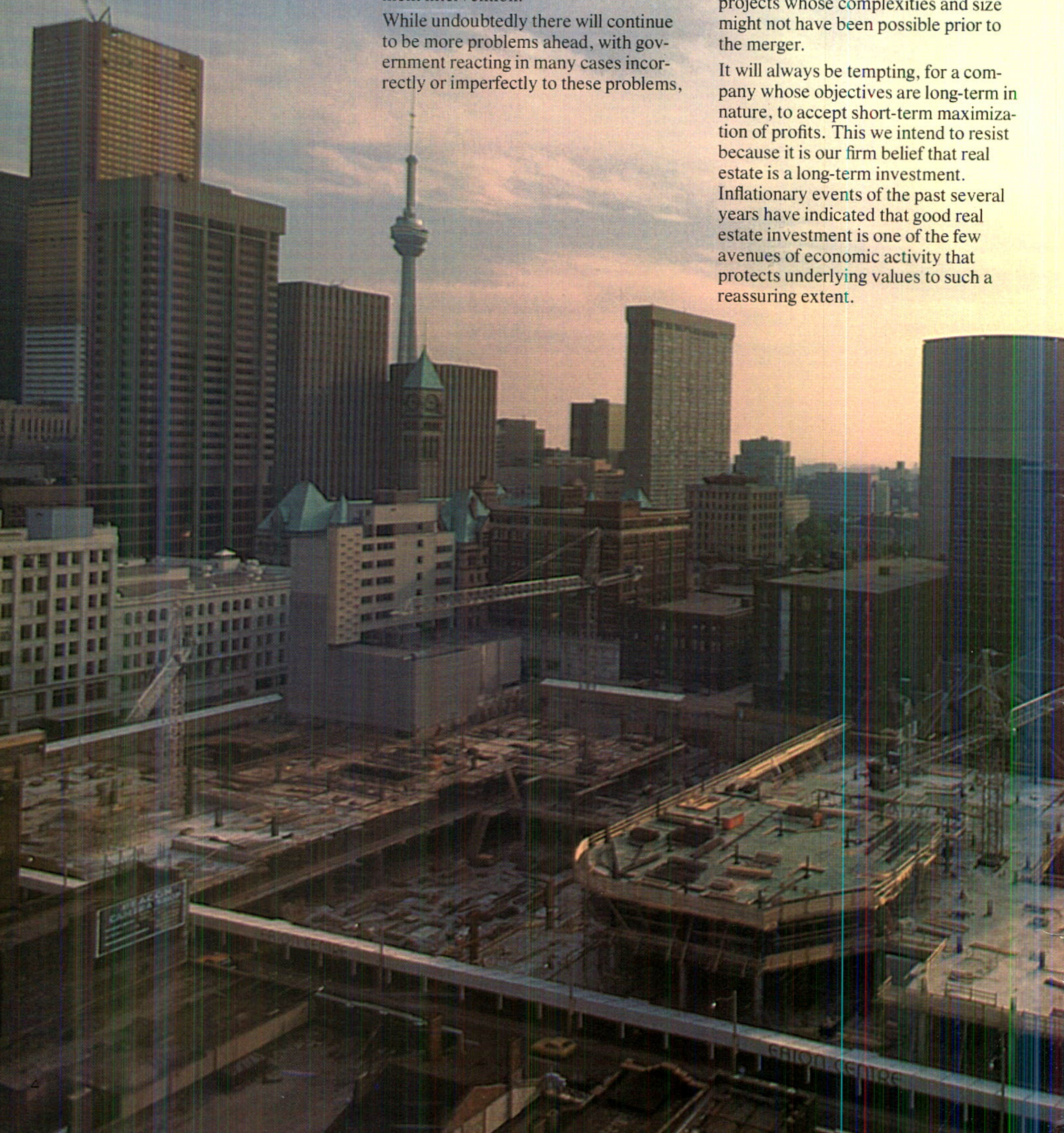
New Communities Group's activities there is less certainty of immediate improvement, but there has been a substantial upturn in housing demand and land sales and we likely will experience some increase in cash flow contribution from these two sectors during the coming year.

Government must recognize that the extent to which innovation and improvement in productivity in real estate will occur is the extent to which the government permits the private sector to function. By hampering the industry with unreasonable and unreasoning legislation, often enacted to appease vociferous and ill-informed consumer groups, government prevents the private sector from performing efficiently. Opportunities for improvement in both the supply of accommodation for commercial and residential purposes and the cost of this accommodation will be adversely affected by undue government intervention.

While undoubtedly there will continue to be more problems ahead, with government reacting in many cases incorrectly or imperfectly to these problems, we believe the long-term future is bright. There is in fact substantial potential for growth in our economy which will result in increased demand for accommodation of all kinds. We are carrying out programs throughout our Groups so that we may be positioned to capitalize on these opportunities.

The combination of assets and complementary professional and entrepreneurial skills inherent in Cadillac Fairview will enable us to undertake projects whose complexities and size might not have been possible prior to the merger.

It will always be tempting, for a company whose objectives are long-term in nature, to accept short-term maximization of profits. This we intend to resist because it is our firm belief that real estate is a long-term investment. Inflationary events of the past several years have indicated that good real estate investment is one of the few avenues of economic activity that protects underlying values to such a reassuring extent.



While these underlying values may be slower in realization through an income statement, they are, nevertheless, present in the assets themselves. We expect, therefore, that the growth of our assets will be substantially in income property in excellent locations and of high quality to add to the strength of our existing portfolio of rental properties. In addition, the significant contribution in terms of cash flow from the sales activities of our New Communities and Residential Groups will provide funds to further increase our total company growth.

Appreciation

The major changes brought about by the merger presented our people with both opportunities and a challenge. I am deeply appreciative of the positive and constructive manner in which they responded.

It is with a deep sense of gratitude that I pay special tribute to Mr. Ross M. Willmott on his retirement from your Board of Directors. Mr. Willmott became a good friend and valued business associate through the years since he joined the Board of Cadillac Development Corporation in 1964, and we also thank him for his important contribution to the founding Board of Directors of Cadillac Fairview.

Mr. Martin Seaton, C.A., who joined Cadillac in 1963, and is presently Senior Vice-President of our Corporate Development Group will be placed in nomination as a Director of Cadillac Fairview at the Annual Meeting in August.

Perhaps it is fitting as I close this, my first message to Shareholders of our new company, that I quote from a letter which I received from one of our Directors – "I join with you in your high expectations for the future of Cadillac Fairview and grant that, while you have given birth to a giant, it has its feet on the ground and its face towards the sun".

A. E. Diamond
Chairman of the Board
and Chief Executive Officer

Toronto
July 2, 1975

President's Comments

Urban Growth – The Other Perspective

There is a line of thought in vogue today to the effect that growth, and especially growth in larger Canadian cities, should be severely discouraged or restricted by means of down zoning; that is to say by changing zoning by-laws to reduce drastically the amount of new building permitted. There are many variations on this theme: the quality of life in Canadian cities is being threatened by further growth and by density of population: in particular the continued growth of employment in the central business district downtown will damage the quality of life; and that transportation facilities into our downtowns are becoming inadequate: a direct restriction should be placed by government on the quantity of new building and employment which would otherwise occur at a natural market rate of growth; and that government should exercise direct and subjective control of the aesthetic aspects of new building.

These views are held by many in elected office, and have been advocated to the public widely and vigorously. No doubt these views or some of them are also held by a significant number of the general population. They have been heard in many of our Canadian cities to a greater or lesser degree. The comments I make here are therefore not directed at any particular government or legislation, and cannot possibly cover every facet of the issue. I don't intend to suggest either that the issue has a single set of clear correct answers. My comments are intended to offer a glimpse of the other side of this serious issue.

I believe the mistake is often unthinkingly made that new buildings are themselves the primary source and cause of growth in a city, and accordingly if new building is curtailed, the cause of growth will be eliminated. Obviously this is not true. The growth of a city results fundamentally because people, and businesses employing people, and governments and institutions, move in or expand there.

New buildings are a necessary response to this growth of population, of employment, of institutions and cultural and recreational facilities. If building is curtailed, while the fundamental causes of growth continue to exist, shortages of accommodation of all kinds will result, with hardship to many being the outcome.

Growth of the city downtown is caused by the need, or at least the very strong economic compulsion, for some businesses and other institutions to locate there in particular. The cost of land and building downtown is almost always greater than it would be elsewhere, but for many businesses the benefits of a downtown location far outweigh the costs. Many businesses depend heavily on close personal contact with each other on a daily basis, and only the close proximity in a high density, closely congregated, downtown business core makes this possible. Many of these business activities, which can only be most effective when gathered closely together, are by their essential nature key elements in the functioning of our entire economy.

Quality of life is important to all of us, and must be measured in terms of more than just material standard of living; but a satisfactory standard of living is a prerequisite to an attractive quality of life. Our standard of living in Canada is inseparable from the efficient and profitable functioning of the business community as a whole. To whatever extent we interfere with that efficient and productive functioning of the business community, we jeopardize the standard of living of all Canadians. I think some of us have lost sight of that reality.

I don't suggest that efficiency is sacrosanct and should be an exclusive goal of our society. But our national productivity has not reached a level which permits all Canadians to live at a satisfactory level of material well being. As long as this condition persists, interference with business effectiveness must be held to an absolute minimum. Artificial restriction of the new building needed to accommodate the growth and effectiveness of our economy, restriction to the extent often proposed in recent months, is for the most part unwarranted and dangerous.

It is argued by some that if growth of new building space, and therefore employment growth, is curtailed in the existing cities and especially downtown, the businesses and the employment growth will merely "decentralize", that is to say will occur in other locations remote from downtown or even remote from the existing large cities. There is no evidence this will happen on any substantial scale, and I ask whether we can afford to take this risk, bearing in mind the potential consequences. The result may be a serious real loss of employment growth, business productivity, and general standard of living. Opportunities have always been available for business to locate away from the downtowns of our large cities, at lower cost of land and building. Some businesses which do not need to be downtown take advantage of these opportunities. But still many businesses continue to find it essential to congregate as closely as possible together in our central business districts, even at the significantly greater cost normally involved. Is government really able to judge which businesses, and what aggregate quantity of business employment, should locate downtown for sound economic reasons? Or, should business itself be allowed to decide its own locational requirements?

Quality of environment is an issue continually raised by those who wish to curb growth. They feel that present permitted densities in our downtowns are too great, and that government ought to have more subjective control over building design. But where full density has been developed in our Canadian cities it has not resulted in deterioration of environment. In fact, recent major developments in several cities at full density (usually buildings with floor area equal to ten to twelve times the area of the site) have made economically possible the provision by private enterprise of open space and other amenities within the downtowns that would not otherwise be affordable. It is not an exaggeration to say that the quality of development in our Canadian cities, taken as a whole, is widely admired by knowledgeable observers all over the world. Under these circumstances, is there justification for the drastic curtailment of building quantity, and the subjective design controls currently being proposed by some people? And can we now afford, as a total economy, to make quality of environment the dominant and overriding goal in our cities and especially in our business districts, or must there continue to be a balance between affordable progress with environmental improvements on the one hand, and economics on the other? Can we afford to obstruct the effective housing and accommodation of our population and employment in the locations where natural demand calls for it?

Do we really want our elected municipal councils to become the final arbiters of architectural merit for buildings in our downtowns or anywhere in our cities?

We already have zoning controls in most jurisdictions, and properly so, which prevent for the most part the intermixing of incompatible land uses, as for example the intermixing or juxtaposition of residential uses with industrial activity or busy commercial buildings. Within parameters of that general type, I suggest we should not, on a major scale, reduce and interfere with the free choice in the market of location for living and employment. We should instead concentrate on the provision of the amenities and other necessary service facilities which are needed in densely populated areas, whether residential or business areas, and on the provision of more good transportation where it is, or is going to be, needed. Concentrations of employment do improve the feasibility of public transit. Tax revenues from high density downtown development are substantial and provide funds to the cities for these purposes. Some municipalities, and provincial governments, have already taken and are continuing to take this course of action and are providing the open spaces, parks, greenbelts, other amenities, and transportation facilities, which make it possible for our cities to continue to grow without deterioration of the quality of life.

Much more could be said, but I will finish with the viewpoint that Canadian cities for the most part have been developing and are continuing to develop in an attractive and functional manner. While adjustments in government land use regulations are obviously needed from time to time, it is urgent that all sides of such serious questions be examined carefully by those in authority, and that changes when needed will be evolutionary and gradual, rather than sudden and revolutionary in scope, in order to avoid major dislocations in our economy which would undoubtedly affect the lives of a large number of Canadians.

Neil R. Wood

Neil R. Wood
President

Financial Review

Net income for the fiscal year ended February 28, 1975 amounted to $13,044,000 or 53.1 cents per common and special share. Cash flow, the sum of net income, depreciation and deferred income taxes amounted to $34,442,000, or $1.41 per common and special share. Total assets increased approximately 18 percent or approximately $138 million to $921 million.

The cash flow figure indicates the funds available to meet company obligations, including mortgage principal repayment, and the amount of revenue generated for growth. In the real estate development industry cash flow is considered as important a measure of financial performance as net income.

Both earnings and cash flow per share have been calculated after provision for preferred share dividends.

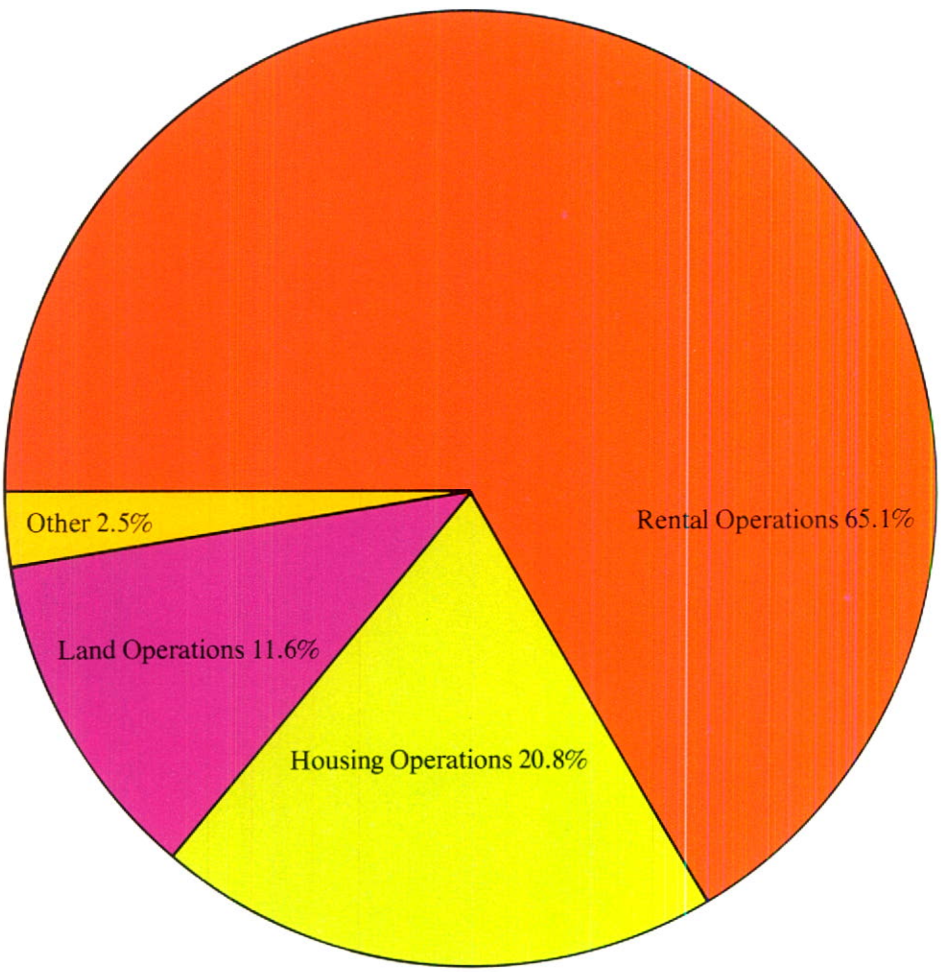
Because of different year-ends and differences in accounting policies of the predecessor companies, it is not feasible to provide accurate comparisons on a pro forma basis for the previous twelve month period. However, an estimate based on the financial records of the three companies would indicate that net income for a similar period would have been approximately $12,300,000 and cash flow approximately $30,500,000. Net income and cash flow figures for fiscal 1975 reflect the change in accounting policy referred to in Note 2f to the financial statements.

Long-term borrowing rates fluctuated throughout the year. At year-end, the interest rate on $426,632,000 of mortgages and mortgage bonds on completed income producing properties averaged approximately 7.9 percent.

Income from rental operations for the year was $60,672,000 compared with approximately $48,400,000 in the previous similar period. This increase arose from both the new properties coming on stream and improvement in rental income from existing developments.

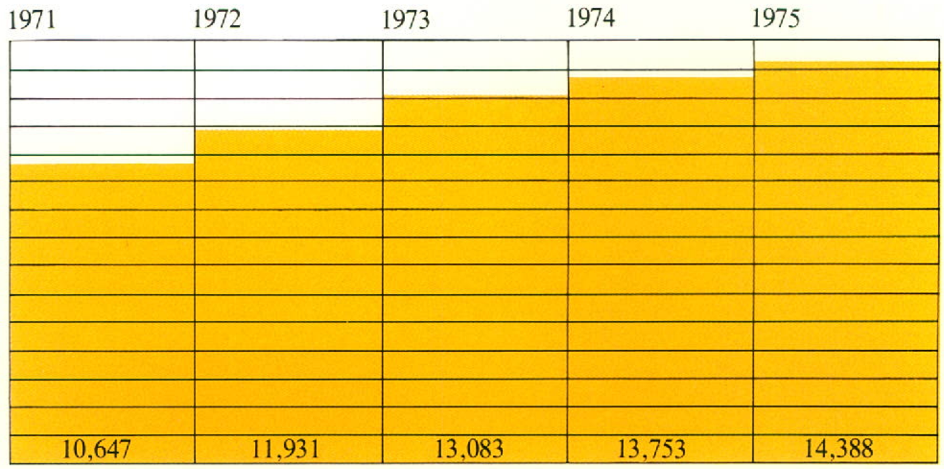
Profit from sales of houses decreased to $4,605,000 from approximately $7,800,000. This decrease resulted mainly from fewer closings because of the poor market conditions experienced during the last eight months of our fiscal year. Profit from land sales, however, increased to $6,569,000 from $3,400,000 with the result that total income from sales operations was approximately equal in both years.

Sources of Gross Income

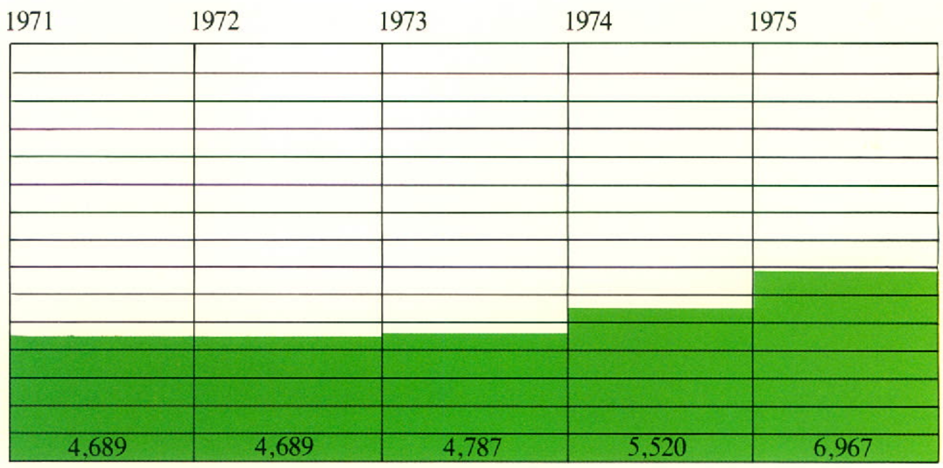


Completed Income Producing Properties*

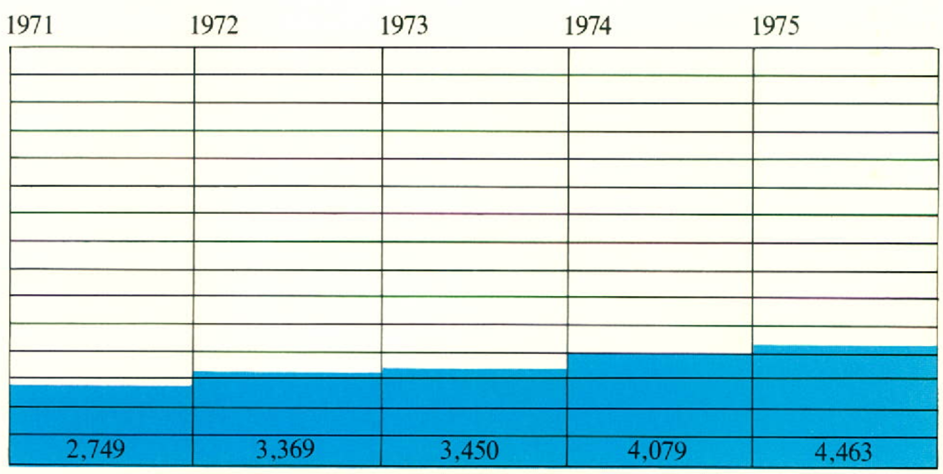
Residential – units



Shopping Centres – (000 sq. ft.)



Urban Development – (000 sq. ft.)



(*Company's interest only)

Consolidated Statement of Income

For the year ended February 28, 1975

		(in thousands of dollars)
Rental Operations	Rental income	$104,824
	Property operating expenses	44,152
		60,672
Housing Operations	Sales	33,516
	Cost of sales	28,911
		4,605
Land Operations	Sales	18,640
	Cost of sales	12,071
		6,569
Other Income	Equity in net income of non real estate companies	876
	Fees, interest and miscellaneous	3,217
		4,093
		75,939
Expenses	Interest	34,464
	Depreciation	6,588
	General and administrative	6,593
		47,645
Income Before Income Taxes		28,294
Income Taxes	Current	440
	Deferred	14,810
		15,250
Net Income		$ 13,044
Net Income per Common and Special Share (Note 15)	Basic	53.1¢
	Fully diluted	52.1¢

Consolidated Balance Sheet

February 28, 1975
(with pro forma comparative figures for 1974)

		1975	1974
		(in thousands of dollars)	(Note 1)
Assets	Income-producing properties (Note 3)	$553,719	$466,831
	Income-producing properties under construction (Note 4)	73,131	81,175
	Land held for and under development (Note 5)	165,320	138,486
	Housing projects under construction and for sale (Note 6)	59,653	36,653
	Amounts receivable (Note 7)	49,288	33,691
	Other assets (Note 8)	20,064	26,050
		$921,175	$782,886
Liabilities	Long-term debt (Note 9)	$539,590	$493,280
	Mortgages and other debt on housing projects under construction and for sale (Note 10)	35,687	20,093
	Bank indebtedness (Note 11)	129,176	79,876
	Accounts payable and accrued liabilities	40,636	40,435
	Other liabilities (Note 12)	11,076	7,506
	Deferred income taxes	46,236	32,146
		802,401	673,336
	Non-interest bearing convertible subordinated note payable to The Fairview Corporation of Canada Limited (Note 13)	–	53,869
		802,401	727,205
Shareholders' Equity	Capital stock (Note 13)	81,146	27,442
	Retained earnings	37,628	28,239
		118,774	55,681
		$921,175	$782,886

On behalf of the Board: A. E. Diamond, Director
B. I. Ghert, Director

Consolidated Statement of Retained Earnings

For the year ended February 28, 1975

	(in thousands of dollars)
Balance, beginning of year	$28,239
Net income	13,044
	41,283
Merger costs, less income tax recovery of $425,000	1,059
Dividends paid – preference shares	174
– common shares	2,409
– special shares	125
Dividends received from The Fairview Corporation of Canada Limited (Note 13c)	(112)
	3,655
Balance, end of year	$37,628

Auditors' Report

To the Shareholders of
The Cadillac Fairview Corporation Limited:

We have examined the consolidated balance sheet of The Cadillac Fairview Corporation Limited as at February 28, 1975 and the consolidated statements of income, retained earnings and source and use of cash for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at February 28, 1975 and the results of their operations and the source and use of their cash for the year then ended, in accordance with generally accepted accounting principles.

Toronto, Ontario
June 24, 1975

Price Waterhouse & Co.
Chartered Accountants

Consolidated Statement of Source and Use of Cash

For the year ended February 28, 1975

		(in thousands of dollars)
Source of Cash	Net income	$ 13,044
	Charges not requiring current cash outlay –	
	Depreciation	6,588
	Deferred income taxes	14,810
	Cash flow from operations	34,442
	Mortgages secured on income-producing properties, completed and under construction	51,538
	Mortgages and other debt on land held for and under development	13,197
	Issue of notes payable	9,666
	Net increase in bank indebtedness	49,300
	Increase in mortgages and other debt on housing projects for sale	15,594
	Net change in other assets and liabilities	6,321
	Decrease in cash	5,700
		$185,758
Use of Cash	Investment in income-producing properties, completed and under construction	$ 83,658
	Investment in land held for and under development	32,291
	Increase in housing projects for sale	23,000
	Long-term debt repayments	29,669
	Increase in balances due re sales of land	7,983
	Increase in amounts advanced to or on behalf of other co-owners	5,077
	Merger costs	1,484
	Net dividends paid	2,596
	Conversion of $53,869,000 note payable to Fairview Canada, less issue of common and special shares	–
		$185,758
Cash Flow per Common and Special Share	Basic	$1.41
	Fully diluted	$1.36

Notes to Consolidated Financial Statements

February 28, 1975

1 Amalgamation

The Cadillac Fairview Corporation Limited is the continuing corporation resulting from a statutory amalgamation on May 31, 1974 of Cadillac Development Corporation Limited (Cadillac), four of its wholly-owned subsidiaries, Canadian Equity & Development Company Limited (CEDC), its wholly-owned subsidiary and The Fairview Corporation Limited (Fairview Ontario). The amalgamation has been accounted for as a pooling of interests. As the fiscal year end of the Company is the last day of February, a pro forma consolidated balance sheet as at February 28, 1974 has been prepared for comparative purposes and the consolidated statement of income is for the year ended February 28, 1975. No comparative statement of income has been presented because of the varying year ends of the amalgamating companies.

The shareholders have approved the eventual merging of the Company with The Fairview Corporation of Canada Limited (Fairview Canada) as soon as practical after the enactment of legislation permitting such a merger. It is anticipated that the merger will have no effect on the assets or liabilities of the Company.

2 Accounting Policies

(a) The Company is a member of the Canadian Institute of Public Real Estate Companies. The Company's accounting policies and its standards of financial disclosure are in accordance with the recommendations of that Institute in all material respects.

(b) Principles of consolidation
The consolidated financial statements include:
(i) the accounts of the Company and its controlled subsidiaries;
(ii) the Company's proportionate ownership share of the individual assets and liabilities and the related income and expenses of properties held under tenancies in common;
(iii) the Company's proportionate ownership share of the individual assets, liabilities, income and expenses of incorporated joint ventures.

At February 28, 1974 the Company's pro forma balance sheets were presented on the consolidated and combined bases and the interim quarterly statements were also presented on two bases (a) to comply with then generally accepted accounting principles and (b) to present more fully the financial position and results of operations of the Company and its real estate investments. The Company now consolidates its proportionate share of the accounts of incorporated joint ventures and accordingly, the consolidated financial statements now reflect what previously was described as combined financial statements. The net income is the same under both bases.

(c) Income-producing properties
Income-producing properties, completed and under construction, are recorded at cost. Depreciation on buildings and improvements is provided under the sinking fund method. Under this method depreciation is charged to income in amounts which increase annually consisting of fixed annual sums together with interest compounded at the rate of 5% per annum so as to fully depreciate the buildings and improvements over their estimated useful lives which range from:

(a) Apartment buildings – 50 years
(b) Office buildings – 40-60 years
(c) Shopping centres – 30-45 years

Depreciation on equipment is provided on a straight line basis over periods up to ten years.

Initial leasing charges for office buildings and shopping centres are amortized over the term of the related leases and other deferred charges are amortized over terms appropriate to the expenditure. Initial leasing and other deferred charges for apartment buildings are capitalized and depreciated with the buildings.

(d) Land held for and under development
Land intended for income producing properties is carried at cost and land to be developed for sale is recorded at the lower of cost and net realizable value.

(e) Housing projects under construction and for sale
Housing projects under construction and for sale and land intended therefore are valued at the lower of cost and net realizable value at the expected time of sale.

(f) Capitalization of costs
The Company follows the policy of capitalizing land servicing costs, direct carrying costs such as interest, realty taxes, leasehold rentals and other related costs and that portion of administrative expenses considered applicable, as part of the cost of income-producing properties under construction and land held for and under development and housing projects under construction and for sale.

During the year ended February 28, 1975, differences in the application of accounting policies of the predecessor companies relating to the capitalization of interest were eliminated, resulting in approximately $2,799,000 of interest expense being capitalized in excess of the amount that would have been capitalized under the policies of the predecessors.

(g) Income recognition
(i) Income-producing properties
Carrying costs and operating costs with respect to office buildings and shopping centres during the initial period of operations are allocated to construction and to operations on the basis of occupancy, until a satisfactory level of occupancy is achieved. Revenues are taken into income during the period. In the case of apartment buildings, all operating and carrying costs, less revenues received, are capitalized until a satisfactory level of occupancy is achieved. Capitalization in respect of all projects is subject to a reasonable maximum period of time.

(ii) Housing and land operations
Income from these transactions is recognized as follows:

House sales	– at the date when title passes
Condominium sales	– when the amount due on closing is received and the purchaser is entitled to occupancy and undertakes to assume a mortgage for the balance of the purchase price.

Land sales – when all material conditions have been fulfilled, at least 15% of the purchase price has been received, and interest commenced to accrue at a reasonable rate on the balance due under the sale agreement.

(h) Cost of sales – land operations

Land operations sales are costed on the net yield basis for each registered plan. Accordingly, cost of sales includes an annual adjustment relating to prior years' sales.

(i) Income taxes

The Company claims for income tax purposes certain costs that are capitalized or deferred in the accounts and may also claim varying amounts of capital cost that are greater than depreciation provided in the accounts. Accordingly, income taxes otherwise currently payable are deferred to future years.

Commencing in 1968, the tax allocation method of accounting for income taxes was adopted. Deferred income taxes not recorded for the year 1967 and prior for certain of the amalgamating companies amount to approximately $3,992,000.

3 Income-Producing Properties

	1975	1974
	(in thousands of dollars)	
Land	$ 81,178	$ 66,035
Buildings and improvements	489,089	413,476
Equipment	12,477	10,682
Initial leasing and other deferred charges	11,135	9,691
	593,879	499,884
Accumulated depreciation and amortization	40,160	33,053
	$553,719	$466,831

4 Income-Producing Properties Under Construction

	1975	1974
	(in thousands of dollars)	
Land	$ 22,563	$ 24,029
Buildings and improvements	49,751	55,587
Deferred charges	817	1,559
	$ 73,131	$ 81,175

5 Land Held For and Under Development

	1975	1974
	(in thousands of dollars)	
Land	$121,029	$105,392
Carrying costs	26,202	17,786
Development and servicing costs	18,089	15,308
	$165,320	$138,486

6 Housing Projects Under Construction and For Sale

	1975	1974
	(in thousands of dollars)	
Land	$ 16,111	$ 10,114
Construction in progress	43,542	26,539
	$ 59,653	$ 36,653

7 Amounts Receivable

	1975	1974
	(in thousands of dollars)	
Accounts receivable	$ 21,937	$ 19,100
Notes and mortgages receivable	5,047	1,581
Balances due re sales of land	13,341	5,358
Mortgages receivable on sales of housing	3,790	2,025
Amounts due from employees pursuant to share purchase plans (including $3,126,000 from officers, none of whom are directors)	5,173	5,627
	$ 49,288	$ 33,691

Although some portion of the amounts receivable are frequently paid in advance, their due dates and the amounts advanced to or on behalf of partners in incorporated joint ventures and co-owners of properties held under tenancies in common are as follows:

	(in thousands of dollars)
Years ending February 28, 1976	$ 17,863
1977	6,503
1978	3,528
1979	2,888
1980	2,442
Subsequent to 1980	6,210
	39,434
Advanced to or on behalf of incorporated joint venture partners and other co-owners	9,854
	$ 49,288

8 Other Assets

	1975	1974
	(in thousands of dollars)	
Prepaid and sundry assets	$ 8,499	$ 10,325
Head office property and equipment, less accumulated depreciation of $1,434,000 ($962,000 in 1974)	8,410	6,870
Marketable securities, at cost which approximates market	1,625	1,625
Cash and short-term deposits	1,530	7,230
	$ 20,064	$ 26,050

9 Long-Term Debt

	1975	1974
	(in thousands of dollars)	
Mortgages secured on the undernoted assets at the respective weighted average rates of interest:		
Income-producing properties – 7.9% (7.6% in 1974)	$426,632	$369,866
Income-producing properties under construction – 8.8% (8.8% in 1974)	17,874	34,481
Land held for and under development – 8.4% (8.5% in 1974)	50,582	51,597
Debentures (ii)	15,695	16,558
Notes payable (including $9,167,000 to a shareholder)	28,807	20,778
	$539,590	$493,280

(i) Long-term debt above includes $45,735,000 repayable in U.S. dollars.

(ii) The debentures bear interest at the weighted average rate of 8.4% per annum (8.1% in 1974) and rank pari passu and are secured equally by a first fixed and specific charge (subject to permitted encumbrances) on approximately 5,000 acres of land in Mississauga, Ontario. The Company is entitled to obtain release of any part or parts of the lands upon principal repayments (including sinking fund payments) at the rate of $5,000 per acre.

A debenture holder was granted in 1967 an option expiring on August 31, 1987 to subscribe for up to 1,552,903 common shares of the Company. The exercise price of this option is adjusted annually based on a pro rata share of earnings and, at February 28, 1975 was $7.10 per share. If and when this option is exercised, the rate of interest on certain series of the debentures ($7,699,500 at February 28, 1975) will reduce from 8½% per annum to 7% per annum proportionately to the extent to which the option is exercised (see Note 18).

Long-term debt principal repayments are approximately as follows:

	Instalment payments	Balances due on maturity	Total
	(in thousands of dollars)		
Years ending February 28, 1976	$10,373	$18,733	$ 29,106
1977	11,939	6,200	18,139
1978	9,379	14,911	24,290
1979	11,911	15,885	27,796
1980	9,752	23,528	33,280
Subsequent to 1980			406,979
			$539,590

10 Mortgages and Other Debt on Housing Projects Under Construction and For Sale

These amounts include first mortgages received with respect to individual housing units which will be assumed by the purchasers of such units and other debt which will be discharged out of the proceeds of first mortgages.

11 Bank Indebtedness

	1975	1974
	(in thousands of dollars)	
Specific development loans	$ 68,083	$ 50,505
General bank indebtedness	61,093	29,371
	$129,176	$ 79,876

Certain specific development loans aggregating $59,365,000 are secured by mortgages.

Subsequent to the year end the Company completed discussions with its bankers increasing and restructuring its term and demand credits which will be secured in part by a charge of up to $60 million on certain of the Company's land.

12 Other Liabilities

	1975	1974
	(in thousands of dollars)	
Deposits on rentals and sales	$ 3,686	$ 3,205
Deferred income	7,390	4,301
	$11,076	$ 7,506

13 Capital Stock

Authorized:

Cumulative redeemable preference shares with a par value of $25 each, issuable in series	385,870 shares
Special shares without par value, non-voting, convertible on a one for one basis into common shares, in all other respects ranking equally with the common shares	3,000,000 shares
Common shares without par value	49,976,720 shares

	1975 Number of shares	1975 Amount (in thousands of dollars)	1974 Number of shares	1974 Amount (in thousands of dollars)
Issued and fully paid:				
6½% cumulative redeemable preference shares, first series	105,870	$ 2,647	108,090	$ 2,702
Special shares	1,246,000	30,509	–	–
Common shares	24,144,394	53,299	22,032,857	24,740
		86,455		27,442
Less: Value attributed to 1,174,587 common shares of Fairview Canada acquired pursuant to an exchange offer (see (c) below)		5,309		–
		$81,146		$27,442

(a) The articles of amalgamation issued on May 31, 1974 provided for:

(i) an authorized capital stock as follows:

50,000,000 common shares without par value

3,000,000 special shares without par value

388,090 cumulative preference shares with a par value of $25 each, issuable in series.

(ii) the conversion of:

9,550,305 common shares of Cadillac into a like number of common shares without par value;

1,422,060 common shares of CEDC held by shareholders other than Cadillac and Fairview Ontario into 1,706,472 common shares without par value. Upon amalgamation 3,459,545 common shares of CEDC previously held by Cadillac and Fairview Ontario were cancelled;

10,776,080 common shares of Fairview Ontario into a like number of common shares without par value;

108,090 6½% Cumulative Redeemable Class B Preference Shares First Series of Cadillac into a like number of 6½% Cumulative Redeemable Preference Shares, First Series.

(b) Under terms of an offer dated July 24, 1974 the Company is obligated to purchase all outstanding common shares of Fairview Canada by exchanging one common share of the Company for each common share of Fairview Canada. The offer is open until December 31, 1976 and may be extended from time to time until 2004. During the period the Company issued 1,174,587 common shares under the terms of such exchange offer.

(c) The only asset of Fairview Canada consists of an investment in common and special shares of the Company and accordingly the value attributed to the common shares of Fairview Canada acquired under the terms of the exchange offer has been deducted from capital stock in the consolidated balance sheet and the dividend received from Fairview Canada has been deducted from dividends paid by the Company in the consolidated statement of retained earnings.

(d) In January, 1975, the convertible note payable to Fairview Canada in the amount of $53,869,000 was converted into 953,988 common shares and 1,246,000 special shares. Under the terms of that note Fairview Canada is restricted as to the conversion of its special shares in that it may not hold more than 49% of the total number of common shares issued.

(e) During the period 6,242 common shares were issued for a total consideration of $58,927 on account of employee share purchase plans. In addition 23,280 common shares and 2,220 preference shares were purchased for cancellation for consideration of $169,410 and $40,646 respectively.

(f) Common shares are reserved for issue pursuant to the following:

(i) 1,552,903 shares in connection with an option to a debenture holder (Note 18).

(ii) 1,323,000 shares in connection with senior employees under an executive share option plan, at $12.37 per share up to 1984 and 46,392 shares in connection with employee share purchase plans.

(iii) 11,819,681 shares in connection with (b) above.

14 Commitments and Contingencies

(a) At February 28, 1975 the Company's share of the estimated completed cost of income-producing properties under construction and for projects, which, although there may not be a legal commitment in all cases, it is the intention of management to develop in the near future, aggregates $325,415,000. Long-term financing of $75,880,000 has been arranged and a Canadian bank has agreed to provide guarantees in respect of an additional amount of $39,000,000. The total of such guarantees, being subject to adjustment to reflect inflation of development costs, is limited to the following cumulative amounts: $49,200,000 prior to October 31, 1975; $65,100,000 prior to October 31, 1976 and $81,000,000 thereafter. At February 28, 1975 $73,131,000 had been expended against draw-downs under such financing of $15,777,000.

In addition, for certain projects, the Company has agreed to provide interim financing for the incorporated joint venture partner or other co-owner's share of such projects. At February 28, 1975 the financing commitment aggregated $31,943,000, with $14,260,000 specific interim financing arranged.

(b) Annual rentals payable under long-term leases amount to $2,791,000 with varying lease periods up to the year 2084. Certain leases are to be re-negotiated but none prior to 1986.

(c) The Company is contingently liable for the obligations of co-owners in tenancies in common and partnerships amounting in the aggregate to approximately $73,989,000. However, in each case the co-tenants' or partners' share of the assets, amounting in the aggregate at net book value to approximately $109,165,000 is available for the purpose of satisfying such obligations.

15 Net Income per Share

Net income per common and special share amounts are based on the weighted average number of shares outstanding during the year, excluding the shares issued in connection with the Company's offer to purchase all outstanding common shares of Fairview Canada, and as if the convertible note payable to Fairview Canada had been converted into special and common shares at the beginning of the year.

16 Capitalized Expenses

During the year ended February 28, 1975 the following amounts (before related income tax savings) were capitalized to income-producing properties under construction, land held for and under development and housing projects under construction and for sale:

Interest	$16,975,000
Property taxes, ground rent etc. less sundry revenue	1,970,000
Administrative overhead	2,025,000
	$20,970,000

17 Remuneration of Directors and Officers

The aggregate direct remuneration of directors and officers paid by the Company during the year ended February 28, 1975 is as follows:

Directors in their capacity as directors $91,000
Officers in their capacity as officers $2,108,000

18 Subsequent Event

On May 14, 1975 a debenture holder referred to in Note 9 exercised an option granted to it to purchase 388,226 common shares of the Company for a consideration of $2,756,404 ($7.10 per share) and with a reduction of interest.

The Group Concept

In order to participate most effectively in each of the major fields of real estate endeavor, while maintaining its entrepreneurial skills, Cadillac Fairview is structured into five operating groups:

The Corporate Development Group
The New Communities Group
The Residential Group
The Shopping Centres Group
The Urban Development Group

The Groups function on a decentralized basis and have their own multi-discipline staffs with special skills in land-use planning and assembly, design, project development, management and marketing. In addition to the expertise to be found within each Group they have available to them a strong central core of corporate support services such as finance and administration.

The Groups' common purpose is to respond to the community's ever changing needs for all forms of business and residential accommodation. The company's success in meeting these needs will be reflected by increased profitability, asset appreciation and stability of cash flow growth.

While growth is the company's objective, its corporate philosophy includes a desire to imbue each of its projects with a degree of quality which will properly serve, not only their occupants and users, but the rest of the community in which they are located.

Intrinsic to the success of each development are four key ingredients – location, design, construction and management.

The real estate industry in Canada is developing office structures and residential buildings which are among the best being built in the world today, and shopping centres which become a vital part of the social fabric of the community. These high industry standards are not merely altruistic. At Cadillac Fairview, we believe by developing a superior product, in an efficient manner, we will also fulfill that most important function of a business enterprise – to produce a reasonable return for our shareholders.

The Corporate Development Group

In recognition that a great deal of the success of Cadillac Fairview as a large diverse real estate company is its ability to respond to opportunities, The Corporate Development Group was formed.

The Corporate Development Group seeks to broaden and diversify the company's operations, both geographically and into new areas of real estate endeavor. The responsibility for adding to the growth of Cadillac Fairview through the acquisition of other real estate companies and income producing properties also rests with the Group.

One of the first priorities of The Corporate Development Group was the formation of an industrial division to enable Cadillac Fairview to expand in this important sphere of activity.

The Industrial Division is presently planning a program of several projects in the Metropolitan Toronto area and will initially build multiple occupancy buildings, with land also available for buildings tailored to clients' specifications. A major focus of the division's activities will be in Erin Mills where the company has substantial industrial land holdings. The division, which intends to expand its activities to other areas of Ontario, into Quebec and ultimately to other parts of Canada, offers a total development capability from site acquisition through planning, design, construction and leasing.

The Corporate Development Group also has the responsibility for overseeing the company's interest in Continuous Colour Coat Limited, a metal processing company in which Cadillac Fairview holds a 50 percent interest.

During the year under review Continuous Colour Coat operated at a high level of capacity with improved sales and profits over the previous year. The major constraint on operations was the shortage of steel resulting from the unusually high demand on the capacity of the Canadian steel industry. Steel is now more readily available and while the demand for coated steel products has softened to some degree it is expected that Continuous Colour Coat's performance will be satisfactory during the current year. Continuous Colour Coat recently purchased the building custom-built to its requirements in the Rexdale area of Toronto which it previously leased.

The Corporate Development Group is presently exploring several major proposals which could add to the growth of the company.

Portfolio of the Industrial Division

Completed		Year Opened	Site Acreage	Net Rentable Building Area (000 sq. ft.)	Extent of Company's Interest (%)
Erin Mills, Mississauga, Ont.					
Chrysler Canada Ltd.	national parts depot	1972	58	804,000	100
The Dunwin	industrial mall	1972	2	19,000	100
Millrace Court	industrial mall	1974	8	128,000	100

The New Communities Group

Among the many challenges faced by Cadillac Fairview is the opportunity to create from raw land total new communities of sufficient scale to provide a vibrant urban environment for people who will live and work in them.

The New Communities Group is presently engaged in the development of one such community and is exploring two others.

Seven years ago, management addressed itself to the immense and exciting task of creating Erin Mills, one of Canada's largest fully integrated new communities, on 8,000 acres of pleasantly rolling land in the City of Mississauga on the western threshold of Metropolitan Toronto.

Although Erin Mills is steadily growing, it will not be complete for many years during which time the Group will be faced with the task of forecasting land uses and establishing policies relating to all the important elements of the master plan. The specific plans and policies will continue to be established in detail over a period of time but will be subject to periodic review. The overall plan must remain flexible so as to respond to all the changes which will undoubtedly take place in terms of peoples needs and attitudes over the years.

As the community grows both its character and the needs of its residents may change and it will be the responsibility of the Group to respond. Indeed it is in the best interests of the managers of Erin Mills that the growing new community is given every opportunity to forge its final form so as to achieve a truly satisfying lifestyle for all its residents.

The excitement inherent in developing Erin Mills is the opportunity to create a community with important amenities such as:

- Housing to suit the needs of a broad range of income groups with a wide variety of choice of design, size and tenure.
- Recreational, educational, religious and cultural facilities and institutions.
- Hospitals and medical/dental centres.
- Places for people to shop and work.
- Open spaces for families to enjoy.

Construction of the first homes in Erin Mills began in mid-1971 and to date three neighborhoods have been completed. There are now approximately 8,000 people living in the community.

Over the years the Group has made a special effort to work with the emerging community and to maintain close ties with its leadership. The relationships that have developed between the various residents' organizations and the company are proving to be mutually rewarding.

In these formative years of this integrated community, the first two of four Erin Mills business and industrial parks are under development. Since development of the industrial lands began in 1971, there are now 19 buildings totalling 1,800,000 square feet on 140 acres providing job opportunities for more than 1,300 people. The New Communities Group and the company's Industrial Division are co-ordinating the continuing development of these business and industrial parks.

Another facet of commercial activity in Erin Mills is the grouping of automobile dealerships in one location creating an 'automobile shopping centre'. The Auto Centre will offer automobile retailers a well designed unified environment and will provide them with the marketing advantage of attracting customers to one pleasant location. The first occupant of the Auto Centre, a Ford dealership, is already open for business and the company has commitments for Chrysler,

General Motors and Volvo dealerships.

In 1974 land sales and house building activity started much later than had originally been anticipated as a result of the severe downturn in the housing market. Construction of homes is now under way in the neighborhoods of Windwood and Wabukayne. Cadillac Fairview's Residential Group is building and marketing 165 of the 608 single family and semi-detached houses planned in these neighborhoods and land for the balance of 443 units has been sold to seven other home building companies.

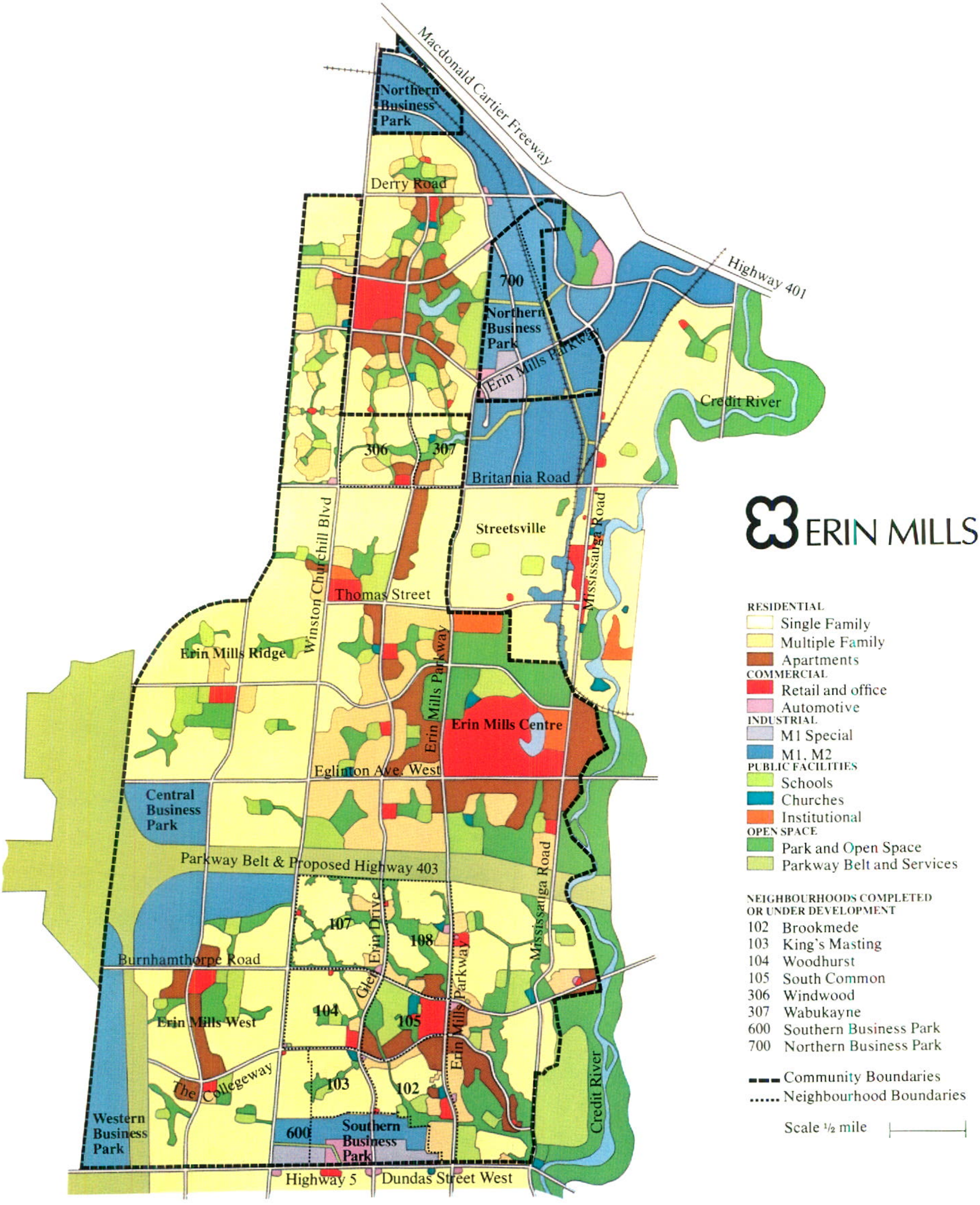
The Group is co-operating with the Province of Ontario to provide shelter within the reach of families with low or moderate incomes and is participating in the Ontario Housing Action Program under which it has signed an agreement covering townhouse and apartment lands in Windwood and Wabukayne.

The current program of land development will take place in two additional neighborhoods (Pheasant Run and Arbour Green) on 375 acres in Erin Mills South which have recently received Provincial draft plan approval. Servicing is under way and these neighborhoods when completed will contain 2,297 housing units of which 1,261 will be single and semi-detached, 660 townhouses and 376 multiple family homes.

In the neighborhoods of Sir John's Homestead and Ivor Woodlands, comprising 305 acres, zoning in principle has been approved by Mississauga City Council. The New Communities Group was commended by the municipal authorities for the "outstanding and striking example of excellent planning which showed a high degree of environmental sensitivity". Plans call for approximately 3,500 housing units which include a large proportion of the multiple family housing to be developed in the community of Erin Mills South.

The Group has also received draft plan approval for South Common, a community complex covering 125 acres which will eventually serve the 50,000 people who will live in Erin Mills South. South Common is unique in the way that it will integrate housing, shopping, schools, churches, social, recreational and other community facilities.

In addition to its major responsibility for the continued planning and development of Erin Mills, the Group is seeking other opportunities for new community development. While firm commitments have not been made, the Group is examining two new community projects in Florida and has negotiated the right to acquire a 50 percent interest in each of these projects. One, a 1,000 acre recreational/residential development in Palm Beach County, is still in the conceptual planning stage. The second is Saga Bay, a 2,800 acre residential/commercial project located just south of Miami. Saga Bay is proceeding in terms of physical development with 350 single family homes already occupied. During 1974 the Group assumed management responsibility for the latter development.


Macdonald Cartier Freeway
Highway 401
Northern Business Park
Derry Road
700
Northern Business Park
Erin Mills Parkway
Credit River
306
307
Britannia Road
Streetsville
Mississauga Road
Winston Churchill Blvd
Thomas Street
Erin Mills Ridge
Erin Mills Parkway
Erin Mills Centre
Eglinton Ave. West
Central Business Park
Parkway Belt & Proposed Highway 403
107
108
Glen Erin Drive
Mississauga Road
Burnhamthorpe Road
Erin Mills West
104
105
Erin Mills Parkway
The Collegeway
103
102
Western Business Park
600
Southern Business Park
Highway 5
Dundas Street West
Credit River
ERIN MILLS
RESIDENTIAL
Single Family
Multiple Family
Apartments
COMMERCIAL
Retail and office
Automotive
INDUSTRIAL
M1 Special
M1, M2
PUBLIC FACILITIES
Schools
Churches
Institutional
OPEN SPACE
Park and Open Space
Parkway Belt and Services
NEIGHBOURHOODS COMPLETED OR UNDER DEVELOPMENT
102 Brookmede
103 King's Masting
104 Woodhurst
105 South Common
306 Windwood
307 Wabukayne
600 Southern Business Park
700 Northern Business Park
Community Boundaries
Neighbourhood Boundaries
Scale ½ mile

Erin Mills Summaries

Land (acres)

	Balance Feb. 28/74	Changes During The Year: Purchases	Registration	Sales/ Leases/ Transfers*	Balance Feb. 28/75
Undeveloped Land	6,669	21	194**		6,496
Land Under Development					
Residential					
Single Family	5		74	79	–
Townhouse	25		20	21	24
Apartment	31		10	16	25
Total Residential	61		104	116	49
Industrial and Commercial	266		5	7	264
Institutional	12		15	7	20
Total Land Under Development	339		124**	130	333

Business Parks (to February 28, 1975)

Acreage Summary	Total Net Acres Registered	Sold/Leased/ Transferred*	Balance
Northern Business Park	287.9	104.7	183.2
Southern Business Park	88.2	40.3	47.9
Auto Centre	40.8	17.0	23.8
Total	416.9	162.0	254.9

Building Summary	Land Sold/Leased/ Transferred* (Acres)	Building Area (square feet): Completed	Planned	Total
Northern Business Park	104.7	1,388,000	–	1,388,000
Southern Business Park	40.3	396,500	86,500	483,000
Auto Centre	17.0	28,000	83,500	111,500
Total	162.0	1,812,500	170,000	1,982,500

Residential Development (to February 28, 1975)

Neighbourhood	Number of Builders	Land Sold/ Transferred* (Housing units)	Builders' Sales	Occupied
Brookmede	3	1,100	707	681
King's Masting	5	549	549	549
Woodhurst	8	738	615	573
Windwood	7	556	–	–
Wabukayne	4	216	–	–
Total		3,159	1,871	1,803
Housing Type				
Single Family		2,254	1,582	1,540
Townhouses		575	263	263
Apartments		330	26	–
Total		3,159	1,871	1,803

*Includes land transferred to other Cadillac Fairview groups.

**The 70 acre difference represents dedications to government authorities.

The Residential Group

The provision of housing of all types and tenure, to meet the growing need for shelter, is the responsibility of The Residential Group. In response to this demand for both quantity and quality of housing, the Group's programs are directed to producing, for sale and rental, a wide range of accommodation from homes in low density subdivisions to large, fully integrated, mixed density communities.

Large scale developments such as Parkway Forest, Park Place, Rosebury Square and University City in Toronto have enabled the Group not only to fulfill the basic need for shelter but to offer social and recreational amenities so necessary to provide a

satisfying environment rather than just a place to live. These complexes include recreation centres equipped with such facilities as swimming pools, gymnasia, day care units, hobby rooms, squash courts and meeting rooms, and they are also enhanced by the visual appeal of open spaces and well landscaped gardens.

These integrated complexes were developed in prime locations in existing communities, close to public transportation and highways with nearby shopping, schools, hospitals and religious and cultural facilities.

In Metropolitan Toronto the Group's development division is completing construction of a 370-suite apartment building at University City, an integrated rental and condominium project of 2,600 units. It is presently building Lambton Square which on completion will have 1,028 condominium suites in four buildings overlooking the Lambton Golf Course and a jointly owned 52 unit luxury condominium at Avenue Road and Heath Street in midtown Toronto. The Group is in a joint venture to develop a number of condominium apartments in the High Park area of west Toronto and construction has started on 193 units.

The Residential Management Division is responsible for the Group's large portfolio of income producing property and has more than 20 years experience in this field. The division's philosophy of management has been resident-oriented from its early days. Its policies are directed towards long-term investment results and its properties are maintained in a manner which will ensure their continued appeal to people seeking residential accommodation. The division presently manages more than 16,000 rental units in 103 buildings located in the Metropolitan Toronto area, Hamilton, Ottawa, Montreal, Quebec City and Palm Beach, Florida. It is also managing approximately 1,200 condominium units to which will be added the more than 1,000 units now under development.

Early in 1974 the industry experienced a severe downturn in the residential sales market. The Group was faced with consumer reluctance to buy homes because of high interest rates and a general lack of confidence in the economy. Sales and marketing people adjusted their programs in response to the declining demand and efforts were directed toward producing product to meet the need for lower priced homes. Since the start of 1975 the housing market has improved considerably and the Group is presently experiencing stronger sales.

In Ontario house building programs are under way in Erin Mills (Mississauga), Richmond Hill, Windsor and Bowmanville. Branch offices in Ottawa, Montreal and Fort Lauderdale, Florida, supervise housing programs in those areas.

The Group plans on a five-year projection basis. While carrying out today's programs senior group management focuses on the future and attempts to anticipate the challenges with which it will be faced. Forecasts on land requirements are revised yearly and the company maintains a land bank to meet its future development programs.

The housing market is constantly changing; costs of land, money, construction and materials continue to rise at a rate far exceeding the consumer price index. More than ever there is need for long-term planning to attempt to produce new forms of housing that will be affordable by lower and moderate income groups. To achieve greater densities these homes could be built on smaller lots, they could have narrower road allowances, fewer frills and use less expensive materials. Homes could be built in communities near Toronto with common sewage facilities rather than linked by main trunks to the Metro Toronto sewage system.

The Residential Group has been successful in such innovative design programs as the Zero Lot Line concept which is being carried out with other members of a consortium of builders in the Brampton, Ontario, area and in a company development in Windsor. This concept maximizes use of land while retaining a reasonable degree of privacy for home-owners. This ability to innovate will continue to be a key objective of the Group's management.

The Group's senior management considers it vital that serious attempts are made through research and development studies to provide long range solutions to the housing industry's problems even though research results are often unpredictable. The following programs, some of which hold promise, are under way:

- Examination of new and improved techniques to conserve energy because conservation of energy will become more and more vital to the economical operation of the company's buildings.
- Studies regarding the cost of upgrading the degree of insulation in existing buildings and improved design criteria for the ratio of glass to floor area.
- A process of extracting the heat out of garbage when it is incinerated and recycling the reclaimed heat into the building system.
- The polishing and recycling of sewage water so that it can be returned in cleansed form to neighboring streams or watershed.

The Group's overall plan in coming years includes geographic and product line diversification to maximize growth potential and minimize risk.

Portfolio of the Residential Group

Income Producing Properties

Completed	Year Opened	Number of Suites	Extent of Company's Interest Expressed in %	Extent of Company's Interest Expressed in Number of Suites
Hamilton				
One Hundred Bay South	1966	175	50	88
Mississauga				
Morningstar Place	1971/72	246	100	246
Montreal				
Les Habitations Malicorne	1973	312	50	156
Ottawa				
The Seigniory	1965	199	100	199
Watergate	1972	289	100	289
Quebec City				
Les Jardins de Coulonge	1974	218	50	109
Toronto				
Ainsley Court	1958	56	100	56
Bayview Mews	1966	304	70	213
Bayview Mills	1970/72	345	80	276
Bayview Square	1969	310	100	310
Bretton Place[1]	1967	629	100	629
Carolyn Court	1960	132	50	66
Castellana	1964	72	100	72
Charlton Court	1959	120	100	120
Chequers Place	1968	481	100	481
Clintwood Court	1961	64	100	64
Craigton Court	1958	125	100	125
Del Prado	1965	156	75	117
Don Ridge Towers	1963	65	100	65
Forest Grove	1964	114	100	114
The Four Thousand[1]	1963	307	50	154
Grenadier Square	1969	664	100	664
Hampton House	1969	438	100	438
Horizon House	1964	226	100	226
Horizon Village	1965	160	100	160
Humber Ridge	1962	190	100	190
Ivordale Maisonettes	1958	60	100	60
Keelegate Towers	1963	187	50	93
Maisonette Apartments	1957	84	100	84
Park Place	1968/69	1,736	100	1,736
Park Willow	1966	496	$66^2/_3$	331
Park Towers[1]	1966	540	75	405
Parkway Forest	1966/73	1,854	100	1,854
Plaza 100	1971	413	100	413
Rosebury Square	1968/72	1,056	100	1,056
Rosedale East	1967	550	100	550
Summit Place	1966	250	100	250
The Towne[1]	1967	185	100	185
University City	1971/74	1,110	100	1,110
Village Green	1966	687	50	343
West Park Village	1965	464	50	232
Woodview Court	1958	59	100	59
		16,128		14,388
Under Construction				
Toronto				
Park Place III		233	100	233
University City – McMaster		370	100	370
		16,731		14,991

[1] On Leased Land

Residential Sale Projects

	Total Units in Project	Built or Under Construction	Units Remaining* Feb. 28/75	Extent of Company's Interest in Total Project %
Low Density				
Toronto Region				
Bowmanville	265	125	53	100
Bayview Place	151	60	60	100
Millway Gate	130	130	87	100
Yonge North – Neighborhood I	761	716	149	50
Yonge North – Neighborhood II	588	0	588	50
Chimney Hill	90	90	3	75
Lifestyle	50	50	5	75
Erin Mills	165	165	165	100
Windsor Region				
Little River Acres	307	307	200	67
Ottawa Region				
Kanata	127	127	102	100
Gatineau	86	86	53	100
Lucerne	200	15	200	100
Barrhaven	73	0	73	100
Pointe Gatineau	77	0	77	100
Montreal Region				
Brossard	54	54	51	100
Kirkwood	97	18	97	100
Kirkland	137	13	137	100
Turtle Pond	164	0	164	100
Florida Region				
Islandia	340	49	336	85
Total Low Density	3,862	2,005	2,600	
High Density				
Toronto Region				
Lambton Square	1,028	514	1,028	100
Avenue Road – Heath St.	52	52	52	70
Yonge North	260	0	260	50
Quebec Gothic	193	0	193	50
Total High Density	1,533	566	1,533	
Total Units	**5,395**	**2,571**	**4,133**	

*Agreements for the sale of some of these units have been executed but actual sales have not been completed.

The Shopping Centres Group

A shopping centre is a total concept – a marketplace with a carefully-selected mix of goods and services, a focal point for neighborhood activities, a social experience.

Planning, developing and marketing a new centre calls for the special blending of skills found within The Shopping Centres Group. It is not enough to select a prime location and erect functional well-designed buildings. Good local merchants and national chains must be brought together to create a marketplace offering the community a wide range of goods and services.

A successful shopping centre requires a total understanding of merchandising which enables the leasing and management people to work well with retailers. These relationships are important in attracting key tenants which are so vital to the success of new centres. Once the anchor tenants are in place other retailers both national and local are attracted to lease the rest of the shopping centre.

The Shopping Centres Group presently manages a portfolio of 33 completed centres, some of which are joint ventures, with 11.2 million square feet of gross leasable area in 17 cities across Canada.

In the Province of Quebec major centres include Les Galeries Chagnon (Levis), Les Galeries d'Anjou, Fairview Pointe Claire and Le Carrefour Laval (Montreal area). In Ontario the major centres are Fairview Mall, Hillcrest Mall, Don Mills and Cedarbrae Mall (Toronto area), The Centre Mall, Eastgate Square (Hamilton), and Fairview Park (Kitchener). Major centres in Western Canada are Polo Park (Winnipeg), North Hill (Calgary) and Bonnie Doon (Edmonton).

Three regional shopping centres were opened in 1974 adding more than 1.9 million square feet of new retail space to our income portfolio. A new centre, Southland Mall, was opened in March 1975 in Regina, Saskatchewan.

The Shopping Centres Group also maintains an active program of expansion and modernization of existing shopping centres.

Within the past few years Cedarbrae, Domaine (Montreal), The Centre Mall, North Hill, Polo Park and Bonnie Doon were enclosed and remodelled.

A combination of inflationary factors such as high interest rates and increased operating costs have put pressure on the retailing community causing it to curtail expansion plans. This in turn has resulted in a somewhat reduced development program for the Group. These factors are, of course, affecting the entire industry.

However, the Group has a number of projects either in the planning stage or about to start. Plans are being completed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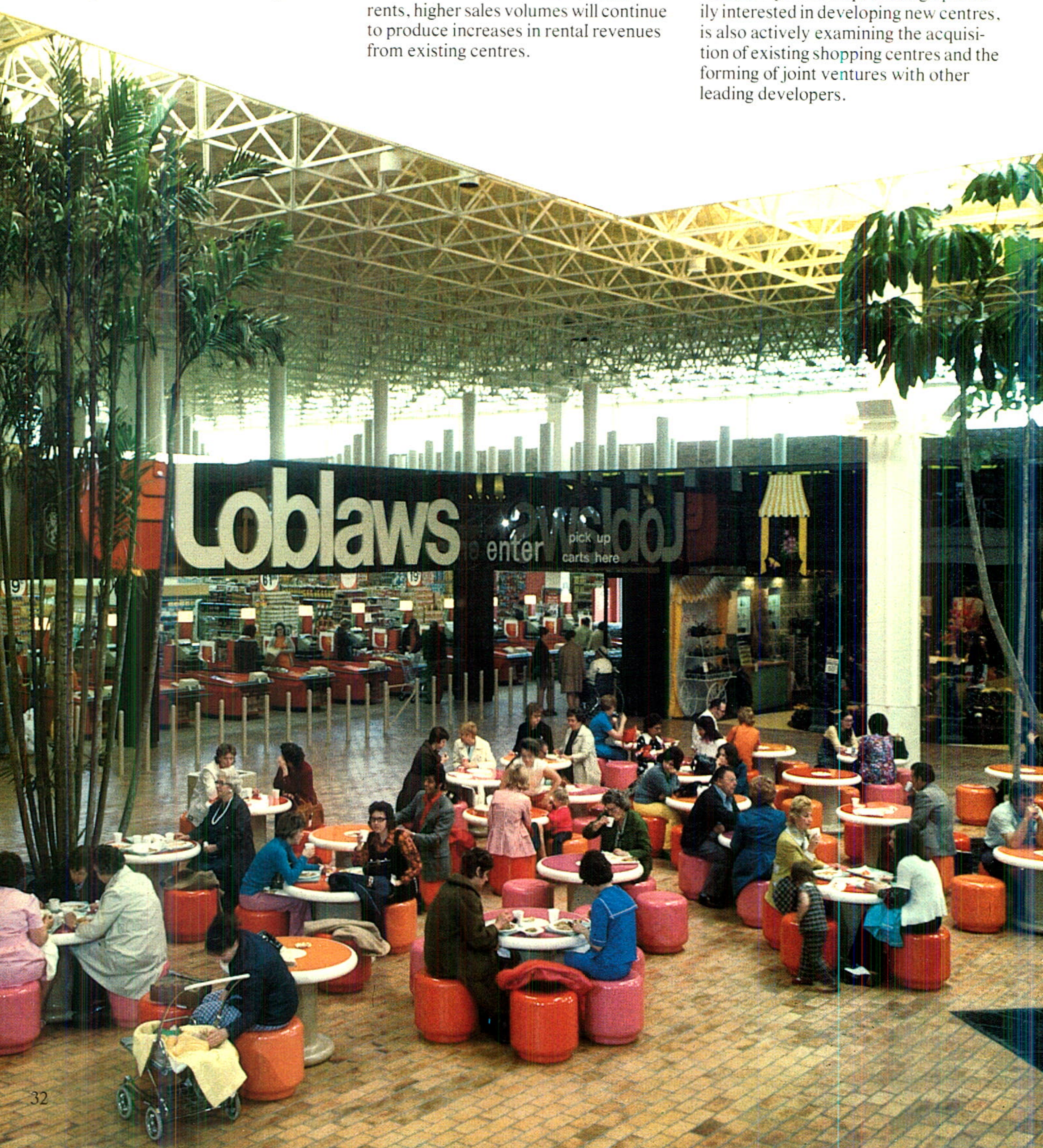
to develop one of the largest shopping centres in Canada in St. Bruno, Quebec, to serve Montreal's South Shore market and construction is under way for major expansions of Fairview Park Mall in Kitchener, Ontario, and Les Galeries d'Anjou in Montreal. At Fairview Pointe Claire, Simpsons has started construction of an additional floor.

The Group is also actively engaged in working with the Urban Development Group on the Toronto Eaton Centre retail leasing program.

The operations people who provide efficient management and maintenance also create special promotion and advertising programs to assist retailers in generating increased sales in the company's shopping centres. Because most of the shopping centre leases contain clauses in which rental revenue is geared to sales volume, in addition to basic rents, higher sales volumes will continue to produce increases in rental revenues from existing centres.

In accordance with the company's plan to achieve geographic expansion in the shopping centres field, towards the end of last year a joint venture 75 percent owned by Cadillac Fairview and 25 percent by Peter D. Leibowits of New York, a well-known United States real estate developer, was formed to develop and own shopping centres in the United States.

This new partnership, although primarily interested in developing new centres, is also actively examining the acquisition of existing shopping centres and the forming of joint ventures with other leading developers.



Portfolio of The Shopping Centres Group

	Year Opened	Extent of Company's Interest (%)	Size of Site (acres)	Total Leasable Area*** (000 sq. ft.)	Area of Non-Owned Buildings (000 sq. ft.)	Number of Stores and Services	Parking Spaces (approximate)
Barrie, Ontario							
Georgian Mall	1973	100	22**	201	93	42	1,100
Calgary							
North Hill Shopping Centre	1958*	100	32**	510	208	95	2,400
Edmonton							
Bonnie Doon Shopping Centre	1959*	100	31	415	–	90	2,500
Giffard, Quebec							
Les Galeries Ste. Anne	1973	70	18	228	–	25	1,150
Hamilton							
The Centre Mall	1955*	100	66**	678	335	74	3,800
Eastgate Square	1973	70	41	525	–	107	3,000
Gage Square	1974	70	7	67	–	4	500
Kitchener, Ontario							
Fairview Park Mall	1966*	100	40**	451	314	55	2,800
Levis, Quebec							
Les Galeries Chagnon	1974	70	42**	536	126	63	2,400
Mississauga, Ontario							
Rockwood Mall	1974	42	24	291	–	42	1,400
Montreal							
Domaine Shopping Centre	1959*	100	13**	225	25	25	700
Maisonneuve Shopping Centre	1959	100	9	139	–	30	550
Greenfield Park Shopping Centre	1961*	50	26	375	17	45	2,100
Fairview Pointe Claire Shopping Centre	1965	50	74	573	–	79	3,900
Les Galeries d'Anjou	1968*	50	67	832	–	85	4,200
Le Carrefour Laval	1974	51	74	870	123	128	4,500
Ottawa							
Montreal Square	1973	70	5	58	–	12	300
Vista Centre	1973	100	5	56	–	20	450
Regina, Saskatchewan							
Southland Mall	1975	50	28	255	–	35	1,400
Richmond Hill, Ontario							
Hillcrest Mall	1974	100	46	566	–	85	3,000
St. Catharines, Ontario							
Fairview Mall	1961	100	24**	261	67	30	1,600
Saint John, N.B.							
Fairview Plaza	1960	100	15**	192	99	18	500
Thunder Bay, Ontario							
Thunder Bay Mall	1972	70	16	140	–	22	900
Toronto							
York Mills Shopping Centre	1953	100	6	51	–	17	250
Don Mills Shopping Centre	1955*	100	33	411	52	86	2,400
Parkway Plaza	1958	100	19	280	–	65	1,200
Cedarbrae Plaza	1960*	100	30	403	114	77	2,300
Parkwoods Village Shopping Centre	1960	100	6	78	39	20	250
The Towne Mall	1967	100	1	71	–	14	150
Don Valley Plaza	1970	50	5	50	–	30	350
Fairview Mall	1970	50	47	570	–	113	3,300
University City	1974	100	4	44	–	13	200
Winnipeg							
Polo Park Shopping Centre	1959*	100	60**	848	263	83	4,600
			936	11,250	1,875		

*Expanded since opening.
**Includes non-owned lands forming part of the overall shopping centre.
***Includes area of non-owned buildings.

The Urban Development Group

A major thrust of The Urban Development Group is in large scale multi-use redevelopments which offer the rewarding and dramatic opportunity of changing the downtown face of Canadian cities.

These integrated projects which often include office, retail, hotel, parking and other related uses are planned to enhance the communities in which they are built as well as produce new income properties for the company's portfolio.

The Group currently manages a portfolio of income producing properties comprising approximately 7.3 million rentable square feet in Montreal, Ottawa, Toronto and Vancouver. Included in its holdings are a 50 percent ownership in the 3.3 million square foot Toronto-Dominion Centre in Toronto and a one-third interest in the 2.5 million square foot Pacific Centre in Vancouver.

During the past year the Commercial Union Tower, the third building in the Toronto-Dominion Centre complex, was completed and is more than 85 percent leased.

The completed Phase I of Pacific Centre has the Toronto Dominion Bank Tower, a 540,000 square foot building linked to a 475,000 square foot Eaton store and a large, attractive, tiled forecourt with fountains in a reflecting pool. Phase II which includes a 430 room Four Seasons Hotel, the 261,000 square foot IBM office tower and a 220,000 square foot shopping concourse including a major Holt Renfrew store, is nearing completion. The IBM tower and the retail concourse will open this year and the hotel is scheduled to open at the beginning of 1976. Pacific Centre has land available to add another office building of approximately 500,000 square feet.

The company owns a 60 percent interest in and is developing the Toronto Eaton Centre, on a 15 acre site in the heart of downtown Toronto bounded by Yonge, Queen, Bay and Dundas Streets. The Centre is already being acclaimed as one of the most important redevelopment projects in North America with a unique and exciting approach to multi-use retail and office development. Co-owners in Eaton Centre are The T. Eaton Company Limited and The Toronto Dominion Bank.

Highlights of Eaton Centre are the new Eaton store which, with 1,100,000 square feet will be one of the world's largest department stores; Number One Dundas, a striking example of architectural innovation in office building design; the retail mall, an 860 foot long indoor street of shops covered by a high translucent vaulted dome with approximately 550,000 square feet of rentable retail space together with 160,000 square feet of office space. More than 65 percent of 530,000 square feet of space in Number One Dundas has been leased by The T. Eaton Company.

Construction on Phase I, a $200 million program, is well advanced on the first office tower, the new Eaton store and the three-level retail mall south of Eaton's.

A second office building of about 600,000 square feet will be constructed on Queen Street at the southern end of the Centre.

Phase II of Eaton Centre, which is expected to commence prior to completion of Phase I, will be built on approximately 4.5 acres with frontage on Bay Street.

In addition to these major projects the Group started construction on several free standing office buildings in Metro Toronto in the past year. A 250,000 square foot building is under way at Bay and Inkerman Streets, to be completed in 1976, and at 1210 Sheppard Avenue East adjacent to the company's head office a 200,000 square foot, eight-storey building is nearing completion. A seven-storey office building of 100,000 square feet will soon be completed next to Fairview Mall at Sheppard Avenue and the Don Valley Parkway.

The Group has a major development program in the Ottawa/Hull area:

- Work is proceeding at Kent Square, a project planned to include three office towers with street level retail space. The first building of 200,000 square feet was started in 1974 and will be completed in the latter part of 1975.
- Carling Square, at Rochester and Carling, has one building of 70,000 square feet completed and leased and a second building of 110,000 square feet is nearing completion and partially leased.
- Meriline Court, a suburban office park development will ultimately comprise four buildings of about 120,000 square feet each. The first two buildings are nearing completion. The company has a 50 percent interest in Meriline Court and the Rochester/Carling development.

The Group is a co-owner with Hudson's Bay Company and Lakeview Properties in the development of a $15,000,000, 17-story commercial/retail complex in downtown Winnipeg. The project, to be called Rupertsland Square, will be linked by a weather-proof skywalk system to other major developments in the city's core.

In order to ensure an ongoing program of urban development in major cities across Canada, land has been assembled in Montreal, Ottawa, Toronto, Winnipeg, Calgary, Edmonton and Vancouver, and the Group will continue to add to this land bank.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Portfolio of The Urban Development Group

Completed	Year Opened	Approximate Net Rentable Area (000 sq. ft.) Office	Retail	Parking	Total	Extent of Company's Interest %	(000 sq. ft.)
Montreal							
Dominion Square Building	1929[1]	228	52	120	400	100	400
2100 Papineau	1957	40	–	5	45	100	45
1440 St. Catherine St. West	1968[2]	204	7	84	295	75	221
Ottawa							
400 Cumberland Street	1973	168	9	24	201	88.8	179
Carling Square I	1974	60	–	–	60	40	24
Toronto							
500 University Avenue	1960	115	–	45[3]	160	100	160
130 Bloor Street West[4]	1961	151	18	140[3]	309	100	309
Toronto-Dominion Centre[5]	1967/69/74	2,827	164	344	3,335	50	1,668
101 Bloor Street West	1970	134	10	–	144	80	115
77 Bloor Street West[6]	1971	346	24	50	420	90	378
5 Fairview Mall Drive[7]	1972	81	–	–	81	100	81
60 Bloor Street West	1973	224	29	–	253	80[8]	202
1200 Sheppard Avenue East (Head Office)	1973	130	–	20	150	100	150
111 Avenue Road	1974	117	9	20	146	64	93
Vancouver							
Pacific Centre[6]	1971/73	471	510	334	1,315	33⅓	438
		5,296	832	1,186	7,314		4,463
Under Construction							
Ottawa							
Kent Square (Phase I)		203	5	27	235	80	188
Carling Square II		92	–	40	132	40	53
Meriline Court (Phase I – 2 buildings)		235	–	–	235	50	118
Toronto							
1210 Sheppard Avenue East		187	–	150	337	80	270
245 Fairview Mall Drive[7]		99	–	–	99	100	99
1075 Bay Street		210	11	107	328	80	262
Toronto Eaton Centre (Phase 1A)		500	1,193	487	2,180	60	1,308
Vancouver							
Pacific Centre[6]		220	190	360	1,130[9]	33⅓	377
		1,746	1,399	1,171	4,676		2,675
Land Held for Development							
Montreal							
Laval Office Building		98	–	–	98	51	50
Ottawa							
Kent Square (Phases II & III)		471	15	146	632	80	506
Meriline Court (Phase II – 2 buildings)		235	–	–	235	50	117
Slater & Metcalfe Streets		153	–	30	183	50	91
Toronto							
Bay & Charles Streets		565	–	229	794	88.8	706
1220 Sheppard Avenue East		175	–	97	272	80	218
Toronto Eaton Centre (Phase 1B)		611	289	125	1,025	60	615
Vancouver							
Pacific Centre[6]		500	–	–	500	33⅓	167

Notes:
[1] Acquired in 1967
[2] Acquired in 1972
[3] Includes a free standing parking building
[4] Leasehold interest
[5] A portion on leased land
[6] On leased land
[7] A third party may acquire a 50% leasehold interest in the building at cost.
[8] A third party has an option to purchase 25% of the company's interest in this building.
[9] Includes 430 room hotel.

Corporate Directory

Directors

*Joseph Berman, Toronto
Executive Vice-President
The Cadillac Fairview Corporation Limited

*Kenneth G. Bream, Toronto
Executive Vice-President
The Cadillac Fairview Corporation Limited

Charles R. Bronfman, Montreal
President
The Seagram Company Limited

*John H. Daniels, Toronto
Executive Vice-President
The Cadillac Fairview Corporation Limited

*A. E. Diamond, Toronto
Chairman of the Board and Chief Executive Officer
The Cadillac Fairview Corporation Limited

Nathan Gesser, Montreal
Vice-President, Finance
Cemp Investments Ltd.

*Bernard I. Ghert, Toronto
Executive Vice-President and Chief Financial Officer
The Cadillac Fairview Corporation Limited

*E. A. Goodman, Q.C., Toronto
Partner
Goodman & Goodman

A. Jean de Grandpré, Q.C., Montreal
President
Bell Canada

Thomas H. Inglis, Toronto
Vice-President, Finance
North American Life Assurance Company

*E. Leo Kolber, Montreal
Vice-Chairman of the Board
The Cadillac Fairview Corporation Limited
President
Cemp Investments Ltd.

John H. Moore, Lambeth, Ontario
Chairman
John Labatt Limited
President
Brascan Limited

G. J. Shear, Toronto
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The Cadillac Fairview Corporation Limited

Norman R. Stone, Toronto
Executive Vice-President
The Cadillac Fairview Corporation Limited

*Richard M. Thomson, Toronto
President
The Toronto Dominion Bank

Philip F. Vineberg, Q.C., Montreal
Partner
Phillips & Vineberg

Ross M. Willmott, Toronto
Company Director

*Neil R. Wood, Toronto
President
The Cadillac Fairview Corporation Limited

*Members of the Executive Committee

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Chairman and Chief Executive Officer
E. Leo Kolber
Vice-Chairman
Neil R. Wood
President
Bernard I. Ghert
Executive Vice-President and Chief Financial Officer
Peter McNichol
Vice-President, Finance and Senior Controller
Wayne R. Smith
Secretary
Rene Baby
Vice-President, Finance and Treasurer
Raymond W. Quirk
Vice-President, Administration
Albert J. Ellman
Vice-President, Information Systems
Donald E. Fox
Vice-President, Financial Planning

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Martin Seaton
Senior Vice-President

The New Communities Group

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Gerald Sheff
Vice-President
J. D. Ellison
Vice-President
Kenneth E. Taylor
Vice-President
Michael Warren
Vice-President and Group Controller

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Norman R. Stone
Executive Vice-President
Kenneth Brocklehurst
Vice-President
William G. Hilton
Vice-President
Geoffrey Jacobs
Vice-President
Steven Shaffer
Vice-President
George Sharp
Vice-President and Group Controller
M. A. Shear
Vice-President
Robert L. Strom
Vice-President
Sebastien Valente
Vice-President
Joseph Wolf
Vice-President

The Shopping Centres Group

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Vice-President
Thomas N. Hammond
Vice-President
George A. Lawtey
Vice-President and Group Controller

Reginald G. Stapley
Vice-President

The Urban Development Group

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Commercial Design and Construction Divisions

Allen C. Morgan
Vice-President
Harold Fealdman
Vice-President
Frank E. Barrie
Vice-President

Head Office

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Share Transfer Agents

Preference Shares

Guaranty Trust Company of Canada at its principal transfer offices in Toronto, Montreal and Vancouver.

Common Shares

The Royal Trust Company at its principal transfer offices in Toronto, Calgary, Halifax, Montreal, Regina, Vancouver and Winnipeg.

Share Listings

Toronto, Montreal and Vancouver Stock Exchanges

Auditors

Price Waterhouse & Co., Toronto