

THE GREAT WEST SADDLERY LIMITED

A company to result from the amalgamation of The Great West Saddlery Company Limited and Hashman Properties Limited.

DESCRIPTIVE BOOKLET



January 10, 1969

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Proposed Amalgamation

The Great West Saddlery Limited ("GWS") is the company to continue from the amalgamation under the Canada Corporations Act of The Great West Saddlery Company Limited (the "Great West Saddlery Company") and Hashman Properties Limited ("Hashman Properties") proposed to be effected by letters patent of amalgamation confirming an amalgamation agreement entered into the 10th day of January, 1969 between such companies.

This descriptive booklet is being furnished to the shareholders of Great West Saddlery Company with the information circular forwarded to them in respect of the special general meeting of shareholders called for the purpose, amongst others, of considering and if thought fit, approving and adopting the amalgamation agreement. The directors and shareholders of Hashman Properties have approved and adopted the amalgamation agreement and the directors of Great West Saddlery Company have approved the amalgamation agreement. Accordingly, if the amalgamation agreement is approved and adopted by a three-quarters vote of the shareholders of Great West Saddlery Company at the special general meeting of shareholders to be held on January 29, 1969, Great West Saddlery Company and Hashman Properties (collectively the "amalgamating companies") will apply to the Minister of Consumer and Corporate Affairs for Canada for letters patent confirming and effecting the amalgamation agreement. The legal effect of the amalgamation will be to bring together the amalgamating companies into one continuing company under the name "The Great West Saddlery Limited". The amalgamation agreement is included as Exhibit "A" to the accompanying information circular, and reference is made thereto for the full terms and conditions of the proposed amalgamation.

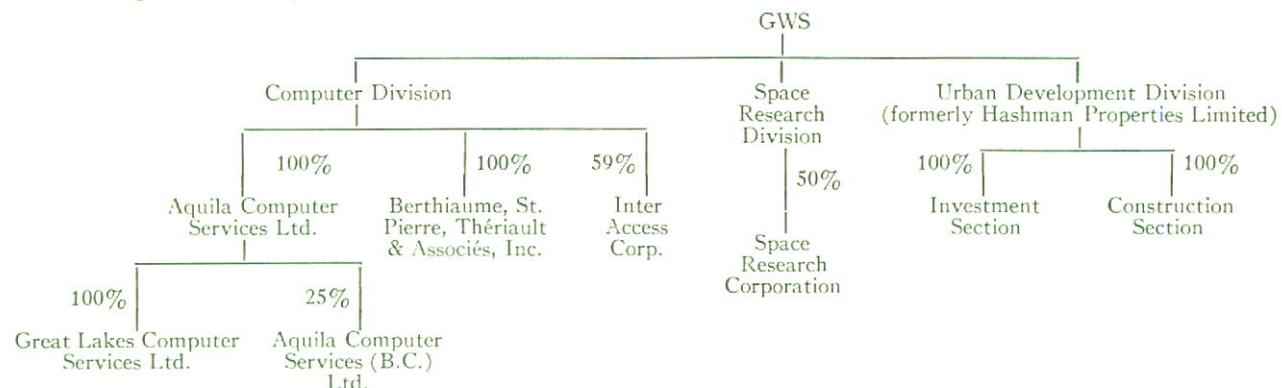
Corporate Objective

The corporate objective of GWS will be to augment the asset base and cash flow resulting from the proposed amalgamation by making further investments in major urban real estate and in established companies with proven earnings, thereby providing a sound foundation for GWS to continue the investment and acquisition programme initiated by Great West Saddlery Company in May, 1968 when control was acquired by Edper Investments Ltd. ("Edper").

The investment and acquisition programme initiated by Great West Saddlery Company consists of acquiring interests in technological industries possessing ultimate potential for high growth and earnings, normally accompanied by an element of risk and low earnings in the early years. Pursuant to this programme, Great West Saddlery Company has made investments resulting in the creation of the Computer Division and the Space Research Division which are fully described below. The amalgamation will result in the creation of a further division to be known as the Urban Development Division, which, with the other Divisions, will provide GWS with a net worth exceeding \$25 million and an annual cash flow from consolidated operations in excess of \$1.5 million. GWS will continue to seek investment opportunities in Canada, but it is expected that there will be a growing emphasis on foreign investment, particularly in the vast technological markets of the United States.

Corporate Structure

A diagram showing the organization of GWS and its Divisions after the amalgamation is as follows:



Further details in respect of the individual companies associated with each of the foregoing Divisions are set out on page 34. Each of the three Divisions will operate autonomously, subject to an annual financial and business plan formulated by the management committee and approved by the board of directors of GWS. The members of the management committee and the board of directors are set out commencing on page 15.

GWS will continue to make use of independent consultants, and these, with the key personnel of the various Divisions, will enable the management committee and the board of directors to make effective management and investment decisions.

Business and Properties

Computer Division

General

The Computer Division was established with the acquisition of Aquila Computer Services Ltd. ("Aquila"), a Montreal-based data processing company. Utilizing Aquila as a base, management intends to create a marketing-oriented integrated computer service organization with the ability to satisfy national and international demands. To this end, management will concentrate on finding solutions to users' needs rather than exploiting technological advantages.

Activities of the Computer Division will be judiciously broadened both geographically and with respect to the number of services rendered. The marketing of data processing time will be intensified by expanding, at a high level of sophistication, systems analysis, consulting, facility management and programming services available to commercial customers. A network of data centres will be established across Canada to offer these services which will ultimately tie in with a time-sharing system.

As initial steps in achieving this objective, Aquila has expanded its activities into the Ontario and British Columbia markets and has established an aggressive recruiting and training programme in order to expand its qualified staff for its own requirements and those of its customers. In addition, Great West Saddlery Company has made a substantial investment in Inter Access, Corp., a California company which will offer large scale computer time-sharing services commencing in 1969, and plans to acquire Berthiaume, St. Pierre, Thériault & Associés, Inc., a Quebec-based company offering consulting, analysis and programming services.

Aquila Computer Services Ltd.

Operations

Aquila carries on the business of data processing and systems development across Canada, principally from its head office and chief place of business located at 635 Dorchester Boulevard West, Montreal. The company commenced operations early in 1964 with a single card computer and since that time has expanded and upgraded its computer equipment and capacity until it now leases two large core capacity computers at its head office in Montreal and a medium-sized computer at its recently acquired data processing centre in Niagara Falls, Ontario. In addition, Aquila has an interest in a data processing centre with a leased medium-sized computer located in Vancouver, and plans to establish an office in Toronto in 1969 with a large core capacity computer.

At the present time Aquila has approximately 65 clients using custom designed applications and approximately 525 additional clients whose work is processed through use of proprietary packages. In view of the need for flexibility as to services and price in meeting individual clients' varying requirements, contractual arrangements generally take the form of oral agreements, supplemented in some instances by letters of intention from new clients specifying an initial contractual term which is normally two years. Due to the substantial initial effort and cost involved in establishing computer services and Aquila's ability to continue to provide reliable service, loss of accounts by Aquila has been minimal.

Sales revenues of Aquila are running at an annual rate in excess of \$1,300,000 per year. This figure indicates that Aquila is one of the largest companies of its kind in Canada, exclusive of operations maintained by computer manufacturers.

Personnel

Aquila has employment contracts with key personnel running until March 31, 1971. The total number of personnel employed by Aquila has grown from 15 to 100 who are working in the areas of data creation, operations, methods, sales, management and clerical. Of these personnel, 30 have technological skills and training, and of this group many have senior status and considerable experience in their fields relative to the computer industry generally. The key personnel and the positions they hold with Aquila are set out on page 17.

Investment Terms

The acquisition of Aquila by Great West Saddlery Company was orally agreed to in May, 1968 but was not completed until early September, 1968. The purchase price was \$3,250,000 which was satisfied by (a) \$1,000,000 cash, (b) shares representing the control position of Great West Saddlery Company in National Hees Industries Limited, Toronto, (c) 250,000 treasury shares (for \$625,000) of Great West Saddlery Company (d) an additional 150,000 treasury shares (for \$375,000) of Great West Saddlery Company subject to escrow and only to be released to the vendors of Aquila (the "Aquila vendors") upon meeting certain earnings tests, and (e) a non-interest bearing note for \$500,000 maturing July 10, 1970.

The \$1,000,000 cash payment was made available to Great West Saddlery Company through a two year non-interest bearing loan from Edper. After the purchase, the Aquila vendors exchanged with Edper the shares representing the control position in National Hees Industries Limited for a further 300,000 shares of Great West Saddlery Company held by Edper.

The earnings tests applicable to the additional 150,000 treasury shares subject to escrow are as follows: (i) if the operations of the Computer Division (exclusive of Inter Access, Corp.) in the year ended March 31, 1971 result in after tax net earnings per share (calculated on the basis of 2,200,000 outstanding shares plus the number of shares issued after the Aquila acquisition for computer businesses included in the Computer Division) of 11.3¢ per share or more and less than 13.5¢ per share, then 50,000 of the 150,000 treasury shares, shall be released to the Aquila vendors; (ii) if such operations in such year result in after tax net earnings per share of 13.5¢ per share or more and less than 15.9¢ per share, then 100,000 of the 150,000 treasury shares shall be released to the Aquila vendors; and (iii) if such operations in such year result in after tax net earnings per share of 15.9¢ per share or more, then all of the 150,000 treasury shares shall be released to the Aquila vendors.

Further information in respect of the acquisition of Aquila was set out in the information circular and other material forwarded to shareholders of Great West Saddlery Company in connection with the special general meeting of shareholders held on September 3, 1968. At this meeting the shareholders of Great West Saddlery Company unanimously approved the acquisition of Aquila.

Berthiaume, St. Pierre, Thériault & Associés, Inc.

Operations

Berthiaume, St. Pierre, Thériault & Associés, Inc. ("BST") is a Quebec corporation which commenced business in June, 1966. Its head office and chief business office is located in Place Ville Marie, Montreal. BST also maintains an office in Ste-Foy, Quebec.

BST offers the services of a team of consultants and analysts specialized in analysis and development of information systems through electronic data processing. At the present time BST employs more than 20 specialists working in different phases of software services. These specialists have extensive experience in second and third generation computers now in use and in all phases of information processing.

Services of BST include (a) consultation, consisting of feasibility and productivity studies and systems, equipment and personnel evaluation, (b) development of electronic data processing systems, and (c) programming with chosen computer languages, operating systems and hardware.

In the year ended September 30, 1968 BST had gross revenues of more than \$350,000 and after tax net income of more than \$40,000.

Personnel

BST has employment contracts with its key personnel until September 30, 1972. These personnel and the positions they will hold with BST are set out on page 18.

Investment Terms

By letter of intent dated September 12, 1968 Great West Saddlery Company agreed to purchase all the issued and outstanding common shares of BST. The purchase price is to be satisfied by 125,000 treasury shares (for \$1,812,500) of Great West Saddlery Company plus an additional 75,000 treasury shares (for \$1,087,500) of Great West Saddlery Company subject to escrow and only to be released to the vendors of BST (the "BST vendors") upon meeting certain earnings tests.

The terms of the acquisition are fully detailed in an agreement (the "BST agreement") dated November 11, 1968, which provides, in addition to the usual covenants contained in share purchase agreements, that the earnings tests applicable to the additional 75,000 treasury shares subject to escrow are as follows: if the operations of BST and its subsidiaries in the fiscal year ended September 30, 1972 result in after tax net earnings (i) of \$250,000 or more and less than \$270,000, then 12,500 of the 75,000 treasury shares shall be released to the BST vendors; (ii) of \$270,000 or more and less than \$290,000, then 25,000 of the 75,000 treasury shares shall be released to the BST vendors; (iii) of \$290,000 or more and less than \$310,000, then 37,500 of the 75,000 treasury shares shall be released to the BST vendors; (iv) of \$310,000 or more and less than \$330,000, then 50,000 of the 75,000 treasury shares shall be released to the BST vendors; (v) of \$330,000 or more and less than \$350,000, then 62,500 of the 75,000 treasury shares shall be released to the BST vendors; and (vi) of \$350,000 or more then all of the 75,000 treasury shares shall be released to the BST vendors.

Inter Access, Corp.

Operations

Inter Access, Corp. ("Inter Access") has agreed to lease (with an option to purchase) from Control Data Corporation a model 1700 and a model 3800 Control Data computer system, together with standard software. Delivery of the model 1700 system is expected before January 30, 1969 and of the model 3800 system before February 28, 1969. These systems will be installed in leased premises of Inter Access at Palo Alto, California, but it is expected that after a short period of operation Inter Access will undertake a marketing programme throughout the United States.

Once these operations are completed, Inter Access will apply large scale computer economies to the field of computer time-sharing. The time-sharing services to be offered by Inter Access commencing in 1969 will be more powerful than those available under present technology. Time-sharing is a technique whereby many customers use a centralized computer simultaneously via teletype terminals located in their own offices and laboratories. A sufficiently large and fast computer can "talk back" to each user, giving him almost instantaneous answers to his problems by rapidly switching the computer from one problem to another.

Personnel

Inter Access has employment contracts with most of its key personnel, which in the case of Tod Morcott and Arthur W. Dana, Jr. cover a period of seven years ending October 19, 1975 and in the case of other key personnel cover a period of two years ending October 19, 1970. The key personnel and the positions they hold in Inter Access are set out commencing on page 18.

Investment Terms

On October 18, 1968 Great West Saddlery Company purchased 196,000 common shares of Inter Access, formerly known as Accessible Computers, Inc., for a subscription price of \$2,000,000 (U.S.) which was satisfied by a cash payment of \$1,000,000 (U.S.) and a non-interest bearing demand promissory note in the amount of \$1,000,000 (U.S.).

Inter Access is a newly formed California corporation whose head office and chief place of business is at Palo Alto, California. The agreement (the "Inter Access agreement") covering the investment in Inter Access includes, in addition to the usual warranties contained in share purchase agreements, provisions conferring upon Great West Saddlery Company a right of first refusal in respect of future issues of corporate securities (over and above shares now subject to employee stock options) and ensuring that the equity of Great West Saddlery Company in Inter Access shall not be subject to reduction below 49% due to the exercise of employee stock options in addition to those presently outstanding or provided for.

The Inter Access agreement provides that the board of directors of Inter Access shall consist of five directors, of whom two shall be Messrs. Morcott and Dana, Jr. or their nominees, two shall be nominees of Great West Saddlery Company and one shall be a nominee of Carter, Berlind and Weill, Inc., investment bankers. In accordance with this provision, the board of directors of Inter Access presently consists of Messrs. Morcott and Dana, Jr. (representing themselves), Neil Baker and Paul J. Lowenstein (representing Great West Saddlery Company) and John Bloomberg (representing Carter, Berlind & Weill, Inc.)

At the present time 332,000 shares of Inter Access are issued and outstanding, 40,760 shares are subject to outstanding employee stock options and 27,240 are reserved and set aside for future employee stock options. The issued and outstanding shares of Inter Access are held as follows:

<u>Shareholder</u>	<u>Number of Shares</u>
Great West Saddlery Company.....	196,000
Tod Morcott..... (President)	64,000
Arthur W. Dana, Jr..... (Executive Vice-President)	32,000
Don G. Sully,..... Palo Alto, California (computer consultant)	2,000
Robert E. Lanctot..... San Francisco, California (attorney)	2,000
Carter, Berlind & Weill, Inc..... New York City (investment bankers)	36,000

Space Research Division

Operations

In June, 1968 Great West Saddlery Company requested Arthur D. Little, Inc., ("ADL") of Cambridge, Massachusetts, a leading management and engineering firm, to assess the commercial potential of Space Research Institute, a non-profit organization engaged in space research, ballistics, orbital technology and other areas of research described below. The conclusion was that significant commercial potential exists in these areas of research and that Space Research Institute was uniquely qualified to participate in this potential given proper management and financing. In consequence, Great West Saddlery Company and ADL have formed Space Research Corporation ("SRC") for the purpose of taking over the properties, business and staff of Space Research Institute.

The properties of Space Research Institute have a replacement value of more than \$15 million and consist of a proving ground straddling the Quebec-Vermont border at Highwater, Quebec and North Troy, Vermont, and a launch site in the Barbados, B.W.I.

The proving ground comprises 3,700 acres of freehold land and 3,200 acres of leasehold land containing more than 20 buildings which represent the main laboratory complex. These buildings include an electronics laboratory housing missile tracking radar and facilities for the design and fabrication of elec-

tronic systems, a communications centre with radio circuits to the West Indies and tracking telemetry receiving missile broadcasts and satellite transmissions and a large precision machine shop capable of prototype manufacture. Also located at the proving ground are a variety of large gun installations which are used for vertical firing and for horizontal test and development programmes. The major gun facility is a 16 inch smooth bore cannon 119 feet in length which is capable of launching re-entry cones at velocities up to 10,000 feet per second. In addition, there are six smaller guns (from 5 to 8 inch bores) and two light gas guns capable of firing pellets to simulate meteors in free space at velocities up to 35,000 feet per second. In addition to these facilities, the proving ground is heavily instrumented with photographic and other tracking and recording instrumentation controlled from an operations launch control centre with electronic time sequences, closed circuit T.V. and other forms of communication and data receiving. One of the more sophisticated pieces of instrumentation is a Beckman-Whitley model 300 framing camera which can photograph at the rate of 4.5 million frames per second.

The launch site in the Barbados consists of 8 acres near the International Airport containing a launch control centre, a machine shop, an electronics shop, tracking and surveillance radars and facilities for telemetry receiving and photographic tracking.

Management expects that SRC will carry out approximately \$2.5 million of contractual research work in 1969, largely for government agencies. At the present time SRC is conducting an ionospheric research programme for the United States Air Force to relate the motion of the top of the earth's atmosphere (up to 100 miles) with climatic behaviour and communication patterns. In addition, SRC is engaged in the development of advance gun weapon systems, advanced low cost space probes and orbital systems which require the fabrication of launch hardware and a variety of instruments and packaging techniques permitting gun launched missiles to perform most of the complex space measuring, broadcasting and navigation functions of satellites. Other current projects include a 60 inch bore gun study for the United States Navy, atmospheric releases of chemical mixtures for the United States Air Force and spacecraft meteor protection systems for N.A.S.A.

The longer range outlook for SRC appears promising as the new United States administration has stated that it will accelerate spending for basic research as part of an expanded effort in space exploration and rocket research. In this regard management anticipates that it will become increasingly involved in proving the orbital capabilities of gun launched fin-stabilized missiles with subsequent rocket stages.

SRC will continue to perform contractual research work for government agencies and private industry. In addition, management plans to exploit the unique knowledge and capability of SRC in other ways, including licensing and manufacturing where this seems desirable.

Personnel

The senior key personnel of SRC are set out commencing on page 19. In addition to these personnel, SRC employs approximately 95 scientists and technicians and 18 administrative and clerical personnel at the Highwater proving ground and 65 scientists and technicians and 10 administrative and clerical personnel at the Barbados launch site.

Investment Terms

Under a letter agreement (the "June agreement") dated June 14, 1968 between Great West Saddlery Company, Dr. Paul Gilbert, Dr. Gerald V. Bull, Mr. Lambert Doray and Giltaur Corporation Ltd. ("Giltaur"), a Quebec corporation, Great West Saddlery Company agreed to loan Giltaur \$650,000, of which \$524,000 was actually advanced.

The land and buildings (the "Giltaur properties") at the Highwater proving ground and the Barbados launch site are owned by Giltaur, which leases them to Space Research Institute, an organization actually comprised of Space Research Institute, Limited, a Quebec company ("Space Research Institute (Quebec)") and Space Research Institute, Inc., a Vermont corporation ("Space Research Institute (Vermont)"). The June agreement contemplated that Space Research Institute would acquire the Giltaur properties and

become a profit-oriented company owned 100% by Giltaur. At the same time, as part of the consideration, Great West Saddlery Company was granted 25% of the outstanding shares of Giltaur and an option, exercisable during the longer of two years or while the loan was not fully repaid, to purchase the remaining 75% of the outstanding shares of Giltaur for 200,000 treasury shares of Great West Saddlery Company. After the June agreement, it became apparent that the transaction referred to above did not represent the most desirable manner for Great West Saddlery Company to become associated with Space Research Institute. Accordingly on December 6, 1968 a further letter agreement (the "December agreement") was entered into between Great West Saddlery Company, Dr. Paul Gilbert, Dr. Gerald V. Bull, Mr. Lambert Doray and Giltaur which replaced the previous arrangements.

The December agreement provides that Giltaur shall sell the Giltaur properties for 210,000 treasury shares (valued at \$15 per share) of Great West Saddlery Company plus the assumption of liabilities of Giltaur on November 22, 1968 amounting to \$329,425. The 210,000 treasury shares of Great West Saddlery Company to be issued for the Giltaur properties shall be delivered subject to escrow for release to Giltaur in the manner set out on page 23.

The December agreement also provides that Dr. Paul Gilbert shall sell Great West Saddlery Company approximately 60 acres of freehold land (the "Gilbert lands") at Highwater, Quebec containing the residences occupied by him and by Dr. Gerald V. Bull. The Gilbert lands and residences have a replacement cost of \$250,000. The purchase price for the Gilbert lands is \$50,000 payable \$5,000 at closing and \$45,000 by annual instalments of \$5,000 each over nine years. At closing, the Gilbert lands shall be leased to Dr. Paul Gilbert and Dr. Gerald V. Bull for 10 years at a nominal rental but on a net basis so that they will be responsible for municipal and school taxes and maintenance costs.

The formation of SRC and the arrangements between it, Great West Saddlery Company and ADL are contained in a subscription agreement (the "subscription agreement"), a stockholders' agreement (the stockholders' agreement") and a management contract (the "management contract"), all dated December 6, 1968.

The subscription agreement provides for subscriptions by Great West Saddlery Company and ADL as follows:

<u>Subscriber</u>		<u>Number and Class of shares</u>	<u>Subscription Price (in U.S. dollars)</u>
Great West Saddlery Company	54,075	Class C preferred shares (without par value, non-voting, non-cumulative 7% dividend, redeemable at \$10)	\$540,750
	90,000	Class B preferred shares (without par value, non-voting, no dividends, redeemable at \$10 after Class C preferred shares)	359,250
	5,000	Class A preferred shares (without par value, one vote each, no dividends, redeemable at \$1 after the Class C and Class B preferred shares)	5,000
	40,000	Common shares (without par value, one vote each, dividends as and when declared)	400,000

ADL	5,010	Class A preferred shares	\$ 5,010
	40,000	Common shares	400,000

Great West Saddlery Company has not yet been asked to subscribe for 24,075 of the Class C preferred shares and the subscription price for those shares has not been paid. The remaining subscription prices have been paid in cash, except for \$55,010 (U.S.) payable by ADL which was satisfied by services rendered and disbursements made prior to August 15, 1968.

The subscription agreement provides for the loan by SRC of \$686,874 to Space Research Institute (Vermont) to enable it to repay \$328,752 of indebtedness to Great West Saddlery Company and \$358,122 of indebtedness to Giltaur which in turn will be used to repay indebtedness to Great West Saddlery Company. The subscription agreement also provides that Great West Saddlery Company shall lease the Giltaur properties to SRC for 20 years from August 15, 1968 at a yearly rental of \$120,000, with a waiver of the first year's rent. Under the lease, SRC will have the option to purchase the leased properties for \$500,000 at the end of the 20 year term.

In summary, Great West Saddlery Company will have a net cash investment in SRC and associated companies of \$1,102,951 made up of \$1,409,400 for the share subscriptions, \$51,000 for the purchase by GWS of property at the Barbados launch site to be leased to SRC and \$329,425 for the assumption of the Giltaur liabilities, less \$686,874 representing repayments of indebtedness.

The stockholders' agreement provides that SRC shall have not less than five nor more than eleven directors on its board, of whom a majority shall be nominees of ADL, two shall be nominees of Great West Saddlery Company, and the balance shall be nominees mutually agreeable to Great West Saddlery Company and ADL. Pursuant to this provision, the board of directors of SRC consists of four nominees of ADL, namely Messrs. Gustave A. Bleyle, Jr., P. D. Littlefield, Donald V. Bowersock, Jr., and Theodore P. Heuchling, two nominees of Great West Saddlery Company, namely Neil W. Baker, Peter F. Bronfman, and one nominee mutually agreed upon, namely Dr. Gerald V. Bull. The stockholders' agreement also requires the mutual assent of ADL and Great West Saddlery Company to any proposed changes in the certificate of incorporation or by-laws of SRC or in its authorized or issued capital and to other important steps that may be proposed.

The stockholders' agreement provides that both ADL and Great West Saddlery Company shall have the right to offer all of their shares in SRC to the other for a price equal to their book value, whereupon that other has 120 days to accept the offer or, if it does not, the party making the offer has the right to sell all or any part of its shares to a third party at any time upon any terms. The stockholders' agreement also provides that future subscriptions for shares of SRC (after those provided for by the subscription agreement) and for other corporate securities of SRC shall be taken up equally by ADL and Great West Saddlery Company, or if either party does not, the other party shall have the right to invest an amount equal to all the required funds in common shares of SRC at the higher of \$10 (U.S.) per share or book value. Furthermore, on any occasion when either party has taken up subscriptions for shares and other corporate securities in an aggregate amount \$250,000 (U.S.) greater than that taken up by the other, then the party taking up the greater aggregate amount shall have the option for one year to purchase all the shares of the other for the greater of their cost or book value.

Under the management contract, ADL has agreed to provide SRC with experienced personnel to effectively manage all aspects of the operation of SRC. Their function will be to introduce proven management systems and control procedures to enable SRC to expand its operations on a profitable basis. To this end, Mr. Gustave A. Bleyle, Jr., a vice-president of ADL, has been appointed President and Chief Executive Officer of SRC on a full time basis. In addition, ADL has agreed to provide the services of Dr. Reed H. Johnston to assist in the technical activities of SRC, and to provide other experienced personnel to assist Mr. Bleyle in administering the financial, proposal, contracting, personnel, purchasing and security activities of SRC. Finally, ADL has agreed to make staff available to SRC for the purpose of assisting on defined technical problems relating to contractual work of SRC.

The management contract runs until August 15, 1970 and provides that SRC shall reimburse ADL for personnel provided on the basis of their employment costs (including fringe benefits, travelling and other out of pocket expenses of ADL), except for its professional staff assisting on defined technical problems for which SRC shall reimburse ADL on a normal commercial basis or on the same basis it is made available to government agencies. The management contract provides that the remuneration payable to ADL for the period August 15, 1968 to March 31, 1969 shall not be less than \$150,000 (U.S.). Payments to ADL under the management contract are to be made monthly.

Urban Development Division

Operations

The Urban Development Division will continue to originate, construct and invest in large scale revenue producing real estate in major urban centres. Its management has an extensive background in assembling land, providing architectural, engineering and construction services, arranging interim and permanent financing for real estate projects and in leasing and managing completed projects. The Urban Development Division will split its operations into two distinct sections, one being the "Investment Section" operating under the direction of Mr. Bruneau, Vice-President—Investments (Urban Development) and the other being the "Construction Section" operating under the direction of Mr. Sardachuk, Vice-President—Construction (Urban Development). Mr. Hashman, as Vice-President (Urban Development), will direct the Urban Development Division.

INVESTMENT SECTION

The Investment Section will operate the real estate properties held by GWS after the amalgamation, and will seek out major developments of real estate properties where GWS can participate as an investor for its own account or on a joint-venture basis. Opportunities in this regard will be increased because GWS can undertake construction work through the Construction Section.

Some of the real estate properties which will be held by GWS after the amalgamation are as follows:

<u>Property</u>	<u>Completion date</u>	<u>Company interest (as %)</u>	<u>Description (all references to sq. ft. refer to net rentable sq. ft.)</u>
Spring Garden Terrace Apartments, Halifax, Nova Scotia	Aug., 1963	50%	10 storey apartment building (201 suites with 636 rooms)
Le Montmorency Apartments, Quebec, Quebec	May, 1964	50%	14 storey apartment building (176 suites with 626 rooms)
Normandie Shopping Centre, Montreal, Quebec	Sept., 1961	50%	Shopping centre including Dominion Stores supermarket (25,000 sq. ft.), Pascal's hardware store (42,000 sq. ft.), Steinberg's supermarket (27,000 sq. ft.), Woolworth's store (17,000 sq. ft.), and other retail space (75,000 sq. ft.) and office space (6,000 sq. ft.)
Peel Centre Building, Montreal, Quebec	Jan., 1957	100%	12 storey office building (115,000 sq. ft.)
Elmwood Building, Westmount, Quebec	March, 1966	40%	6 storey office building (40,000 sq. ft.)

<u>Property</u>	<u>Completion date</u>	<u>Company interest (as %)</u>	<u>Description (all references to sq. ft. refer to net rentable sq. ft.)</u>
The Parkview Apartments, Westmount, Quebec	May, 1964	100%	7 storey luxury apartment building (43 suites with 217 rooms)
Holiday Inn, Kingston, Ontario	Sept., 1967	33%	132 room motor hotel with related facilities, including a coffee shop, dining room and cocktail lounge
Regina Inn and Centre, Regina, Sask.	Oct., 1967	50%	Complex including a 240 room hotel and related facilities, Safeway supermarket, (21,000 sq. ft.), retail space (18,000 sq. ft.) and Odeon theatre located on an enclosed mall, office space (6,000 sq. ft.) and a car park structure for 500 cars
College Shopping Mall, Lethbridge, Alberta	Aug., 1968	40%	Regional shopping centre with enclosed mall, including Woolco department store (121,000 sq. ft.) Loblaws supermarket (24,000 sq. ft.), retail space (56,000 sq. ft.) and Famous Players theatre (11,000 sq. ft.)
Calgary Place Buildings, Calgary, Alberta			
Stage 1—	Sept., 1969	45%	Complex including 31 storey Mobil office tower, Toronto Dominion Bank building (12,000 sq. ft.), Famous Players twin auditorium theatre (27,000 sq. ft.), restaurant on two levels (11,000 sq. ft.) and underground parking for 300 cars
Stage 2—	April, 1972	45%	Additional 26 storey office tower
Calgary Financial Tower, (The Royal Bank Building) Calgary, Alberta	March, 1970	25%	22 storey office tower including lower level plaza with retail space (28,000 sq. ft.) and eight level car park structure
Centennial Building, Calgary, Alberta	June, 1965	20%	7 storey office building (24,000 sq. ft.)
The Caravan Motor Hotel, Calgary, Alberta	July, 1959	48.59%	89-unit motor hotel with related facilities, including a coffee shop, restaurant and cocktail lounge
MacLeod Mall Shopping Centre, Calgary, Alberta	Nov., 1966	100%	Regional shopping centre with enclosed mall, including Woolco department store (144,000 sq. ft.) Safeway supermarket (33,000 sq. ft.) and retail space (52,000 sq. ft.)
I.B.M. Building, Edmonton, Alberta	Nov., 1968	100%	10 storey office building (110,000 sq. ft.)
The Centennial Building, Edmonton, Alberta	July, 1967	57.9%	19 storey office tower (287,000 sq. ft.)
Lougheed Mall Shopping Centre, Burnaby, British Columbia	Aug., 1969	100%	Regional shopping centre including Woolco department store (150,000 sq. ft.), The Bay department store (125,000 sq. ft.), Safeway supermarket (30,000 sq. ft.) and other retail space (196,000 sq. ft.)

GWS will also hold undeveloped land in Montreal, Kingston, Winnipeg, Calgary and San Jose, California. In addition, the Hashman companies have acquired an option on land in downtown Vancouver and have entered into an agreement to buy land in downtown Toronto. The aggregate purchase price for these two parcels is \$6,350,000.

CONSTRUCTION SECTION

The Construction Section will carry on business as general contractors. Mr. Sam Hashman, Vice-President (Urban Development), Mr. Sardachuk, Vice-President—Construction (Urban Development) and Mr. Gray, General Superintendent—Construction (Urban Development) have worked together for many years in the construction industry, and have developed an experienced and efficient work force which, amongst other projects, has completed the following:

<u>Project</u>	<u>Approximate Contract Price</u>	<u>Year completed</u>
Texaco Building—Calgary	\$2,400,000	1964
Westbrook Shopping Centre—Calgary	3,000,000	1964
Brentwood Village Shopping Plaza—Calgary	1,700,000	1965
Avon Shopping Centre—Regina	1,000,000	1965
Northgate Shopping Centre—Regina	2,500,000	1965
CN Towers—Edmonton	7,250,000	1966
Macleod Mall Shopping Centre—Calgary	2,200,000	1967
Centennial Village Shopping Centre—Edmonton	3,200,000	1967
Centennial Building—Edmonton	4,700,000	1967
Calgary Centennial Planetarium	1,200,000	1967
Regina Centre—Regina	4,750,000	1967

In addition, after the amalgamation the Construction Section will work on the following projects currently in progress:

<u>Project</u>	<u>Approximate Contract Price</u>	<u>% complete at Oct. 31, 1968</u>	<u>Expected Completion Date</u>
Calgary Place Buildings—Stage 1 Calgary, Alberta	\$9,000,000	50%	Sept., 1969
The Royal Bank Building, Calgary, Alberta	7,000,000	5%	March, 1970
Pacific 66 Plaza, Calgary, Alberta	4,500,000	40%	Aug., 1969
Lougheed Mall Shopping Centre, Burnaby, British Columbia.	6,200,000	20%	Aug., 1969
Penthouse Towers Apartments, Calgary, Alberta	3,000,000	5%	May, 1970
MacLeod Mall Apartments, Calgary, Alberta	1,400,000	30%	Feb., 1969
Brentwood Village Shopping Plaza (addition), Calgary, Alberta	700,000	60%	Jan., 1969

In view of the strong demand for urban construction work, the prospects for the Construction Section are encouraging.

Personnel

The key personnel of the Urban Development Division are set out on page 20.

Investment Terms

Subject to the shareholders of Great West Saddlery Company approving and adopting the amalgamation agreement, the Urban Development Division will be created by the amalgamation of Great West Saddlery Company with Hashman Properties. The amalgamation was originally proposed in June, 1968 by Great West Saddlery Company, Mr. Sam Hashman ("Hashman") and Edper, and its principal terms were set out in a letter of intent (the "letter of intent") dated August 6, 1968. Under the letter of intent Hashman caused Hashman Properties to be incorporated as a Canadian corporation and to enter into an agreement (the "Hashman investments agreement") with himself and other persons providing for the exchange of 1,475,785 shares of Hashman Properties for certain investments (collectively the "Hashman investments") consisting of shares of and loans to Sam Hashman & Co. Ltd., Sam Hashman Management Ltd., Hashman Construction Co. Ltd. and MacLeod Mall Shopping Centre Ltd. (collectively the "Hashman companies").

The persons receiving shares of Hashman Properties for the Hashman investments and the number of shares they are to receive are set out below:

<u>Shareholder</u>	<u>Number of shares of Hashman Properties</u>
Sam Hashman.....	1,227,661
Dina Hashman.....	78,638
Ross P. Alger and Paul A. Ferner, trustees for the infant children of Sam and Dina Hashman.....	116,812
Edmund Sardachuk.....	17,558
T. Allan Gray.....	17,558
Edward C. Elford.....	8,779
George E. Duska.....	8,779

In addition, and also under the letter of intent, Hashman Properties has entered into a further agreement (the "Edper investments agreement") with Edper and other persons providing for the exchange of a further 1,991,840 shares of Hashman Properties for certain investments (collectively the "Edper investments") consisting of shares of and loans to A-W. 3 Inc., S-J Acres, Inc., Progress Parking Corp., Normandie Shopping Centre Ltd., Mount Stephen Sherbrooke Holdings Corp., Kingston Terminal Properties Limited, Fremor Investments Ltd., Empress Holdings Ltd., Elmwood Realties Inc., Edper (Edmonton) Ltd., Edper (B.C.) Ltd., Edper (Alberta) Ltd., Eagle Parking Ltd., Dunleary Investments Limited and Spring Garden Realties Limited (collectively the "Edper companies").

The persons receiving shares of Hashman Properties for the Edper investments, and the number of shares they are to receive are set out below:

<u>Shareholder</u>	<u>Number of shares of Hashman Properties</u>
Edper.....	1,504,016
Everest Investments Ltd.....	49,459
Edward M. Bronfman.....	114,355
Peter F. Bronfman.....	114,355
Andre R. Bruneau.....	24,115
Mrs. Allan Bronfman.....	102,898
Range Investments Ltd.....	82,642

Both the Hashman investments agreement and the Edper investments agreement are subject to the shareholders of Great West Saddlery Company approving and adopting the amalgamation agreement, and are not to be completed until immediately before the amalgamation of the amalgamating companies.

The letter of intent valued the Hashman investments at \$9,000,000 (exclusive of \$500,000 of shareholders' loans to be retained by Hashman) or approximately \$6.10 per Hashman Properties share and the Edper investments at \$14,000,000 or approximately \$7.03 per Hashman Properties share, but stipulated that these values were subject to confirmation by independent auditors who, in making their examinations, were to accept appraisals of the underlying real estate properties by independent real estate appraisers. Accordingly, Great West Saddlery Company, Hashman and Edper appointed Touche, Ross, Bailey & Smart ("Touche Ross") as independent auditors and North and Leonard Inc., Montreal, Quebec and Howard P. Hamilton Appraisal Co. Ltd., Calgary, Alberta as independent real estate appraisers. These parties have completed their examinations and reports, and as a result Great West Saddlery Company, Hashman and Edper have in hand an appraisal (the "Hamilton appraisal") dated September 16, 1968 covering the real estate properties included in the Hashman investments, an appraisal (the "North appraisal") dated September 17, 1968 covering the real estate properties included in the Edper investments, and the financial statements included in this descriptive booklet. These appraisals and financial statements, including particularly the pro forma consolidated balance sheet of Hashman Properties on page 29 and note 11 to the financial statements on page 33, establish that as at October 31, 1968 the value of the Hashman investments was \$9,561,534 and of the Edper investments was \$14,880,400. Using these figures, shares of Hashman Properties are to be issued for the Hashman investments at \$6.48 per share and for the Edper investments at \$7.47 per share.

The purchase values to Hashman Properties of the real estate properties held by the Hashman companies and the Edper companies are set out in note 11 to the financial statements on page 33. The original or finished cost of the real estate properties held by the Hashman companies is \$13,305,529 and by the Edper companies is \$20,558,556.

Both the Hashman investments agreement and the Edper investments agreement contain covenants which are designed to support the purchase values of the real estate properties held by the Hashman companies and the Edper companies. In particular, because the appraisals valued certain uncompleted real estate projects as though they were completed, both Hashman and Edper have warranted that such projects will be completed by stipulated dates. Furthermore, Hashman has covenanted that the uncompleted real estate projects held by the Hashman companies will be completed for stipulated construction costs or less and Edper has covenanted that it will pay the cost of completing the uncompleted real estate project held by the Edper companies over and above the first mortgage financing of \$7,850,000. Hashman has also warranted in the Hashman investments agreement that aggregate on-site construction profits to be derived from construction activities of the Hashman companies on certain named projects from October 31, 1968 to the time such projects are completed will be not less than \$800,000. For this purpose, on-site construction profits means profits before general and administrative expenses and provisions for income taxes and depreciation. Finally, the Hashman investments agreement and the Edper investments agreement contain the warranties usual to share purchase agreements and other provisions designed to ensure that the values of the Hashman investments and the Edper investments on the dates of their exchange will be at least equal to the values reflected in the financial statements included in this descriptive booklet. All of the warranties and provisions contained in the Hashman investments agreement and the Edper investments agreement will enure to the benefit of GWS.

Head Office and Chief Executive Office

The head office of GWS will be located at Suite 1600, 11 King Street West, Toronto, and the chief executive offices of GWS will be located at 2055 Peel Street, Montreal.

Directors and Officers of GWS

The directors and officers of GWS, and the members of its management committee, will be the following persons:

NEIL W. BAKER—Director, Chairman of the Board, President and member of the Management Committee

Mr. Baker, 31, was born and educated in Montreal, Quebec where he graduated from McGill University in 1957 with a B.A. degree. Mr. Baker then attended the University of Chicago where he received an M.B.A. degree in 1958. Mr. Baker was employed by The Investors Group as an investment officer from

1958 to 1963, when he joined Morgan, Ostiguy & Hudon, Ltd. and served as a director until December, 1967. Mr. Baker was appointed to his present position as Executive Vice-President of Edper in January, 1968. Mr. Baker resides at 452 Hudson Street, Montreal West.

PAUL J. LOWENSTEIN—Director, Treasurer and member of the Management Committee

Mr. Lowenstein, 31, was born in Montreal, Quebec, where he attended McGill University, graduating in 1958 with a B.A. degree. He received an M.B.A. degree from the University of Michigan in 1959, following which he joined a public accounting firm where he obtained his C.A. degree in 1962 and practiced as a chartered accountant until 1964. Mr. Lowenstein was then appointed Managing Director—Federal Acceptance Corporation, Montreal, a position he held until 1966 when he joined Edper. Mr. Lowenstein was appointed Vice-President and Treasurer of Edper in 1968. Mr. Lowenstein resides at 4862 Jean Brillant Avenue, Montreal.

J. TREVOR EYTON—Director and Secretary

Mr. Eyton, 34, was born in Quebec City and educated there and in Toronto, receiving his B.A. degree in 1957 and his LL.B. degree in 1960 from the University of Toronto. Mr. Eyton was admitted to the Ontario Bar in 1962, following which he joined the law firm of Tory, Tory, DesLauriers & Binnington, Toronto as an associate until 1967 when he was made a partner. Mr. Eyton resides at 30 Ridge Drive, Toronto.

EDWARD M. BRONFMAN—Director and member of the Management Committee

Mr. Edward Bronfman, 41, was born in Montreal, Quebec and educated in Montreal and Bishops College School, Lennoxville, Quebec. Mr. Bronfman also attended Babson Institute, Wellesley Hills, Massachusetts where he obtained a B.Sc. (Bus. Ad.) degree in 1950. Since his graduation, Mr. Edward Bronfman has served Edper in an executive capacity, including his present position as a Director and Chairman of the Board. Mr. Bronfman resides at 67 Forden Crescent, Westmount.

PETER F. BRONFMAN—Director and member of the Management Committee

Mr. Peter Bronfman, 39, was born in Montreal, Quebec, and educated in that City, Bishops College School, Lennoxville, Quebec and Lawrenceville Preparatory School, New Jersey. Mr. Bronfman attended Yale University from 1948 to 1952, receiving an A.B. degree. Since his graduation, Mr. Bronfman has served Edper in an executive capacity, including his present position as a Director and President. Mr. Bronfman resides at 5 Lansdowne Ridge, Westmount.

LEONARD B. SPILFOGEL—Director and member of the Management Committee

Mr. Spilfogel, 27, was born and educated in Miami, Florida, where he graduated from the University of Miami in 1964 with a B.A. degree. Following his graduation Mr. Spilfogel was employed by Morgan, Ostiguy & Hudon, Ltd. from 1964 to 1967 and Nesbitt, Thomson & Co., from January to March, 1968, when he was appointed Investment Manager of Edper. Mr. Spilfogel resides at 5765 Cote St. Luc Road, Hampstead.

EDWARD S. MACLAINE—Director

A brief biographical sketch of Mr. MacLaine is included on page 17. Mr. MacLaine resides at 123 Highgate Ave., Point Claire, Quebec.

ANDRÉ R. BRUNEAU—Director and Vice-President—Investments (Urban Development)

A brief biographical sketch of Mr. Bruneau is included on page 20. Mr. Bruneau resides at 2409 Carleton St., S.W., Calgary.

EDMUND SARDACHUK—Director and Vice-President—Construction (Urban Development) and member of the Management Committee.

A brief biographical sketch of Mr. Sardachuk is included on page 20. Mr. Sardachuk resides at 2928 University Place, Calgary.

GEORGE E. DUSKA—Director and Comptroller (Urban Development)

A brief biographical sketch of Mr. Duska is included on page 20. Mr. Duska resides at 32 Constable Road, N.W., Calgary.

R. GERALD NICHOLL—Director

Mr. Nicholl, 43, was born and educated in Winnipeg, later moving to Vancouver where he obtained his C.A. degree in 1953. He then joined the Taxation Division, Department of National Revenue from 1953 to 1959, following which he practiced as a chartered accountant in Calgary. In 1967 Mr. Nicholl was made a partner of a national public accounting firm. Mr. Nicholl resides at 32 Waterloo Dr., S.W., Calgary.

SAM HASHMAN—Vice-President (Urban Development)

A brief biographical sketch of Mr. Hashman is included on page 20. Mr. Hashman resides at 1100 Baldwin Crescent, Calgary.

The aggregate remuneration paid to the proposed directors and senior officers of GWS by the Hashman companies and the Edper companies during the year ended October 31, 1968 was \$92,400 and during the period November 1, 1968 to December 31, 1968 was \$15,600. These amounts were paid to four persons. It is estimated that the aggregate remuneration payable by GWS and its subsidiaries to the proposed directors and senior officers of GWS during the year ending October 31, 1969 will be \$195,000 paid to eight persons.

Key Personnel of the Divisions

The key personnel of the Divisions of GWS after the amalgamation will be the following persons:

Computer Division

Aquila

EDWARD S. MACLAINE—President

Mr. MacLaine, 37, was born and educated in Montreal where he studied Economics and Accounting at Sir George Williams University and McGill University. Mr. MacLaine also attended various executive courses at International Business Machines in Endicott, New York. In 1949 he joined a national public accounting firm and set up a computer division which was later expanded to found Aquila. Mr. MacLaine served as Vice-President of Aquila until 1968 when he was appointed President.

Mr. MacLaine has acquired valuable experience with first, second and third generation computers, as well as becoming an acknowledged expert in insurance data processing systems and applications.

JOHN L. H. O'BRIEN—Vice-President

Mr. O'Brien, 30, was born and educated in Montreal where received his B.A. from Sir George Williams University in 1961, majoring in economics and mathematics. In 1961 he joined International Business Machines where he took an intensive course in computer training and systems analysis and became a systems engineer.

Mr. O'Brien joined a national public accounting firm in 1963 and became Vice-President of Aquila in 1964. Mr. O'Brien is responsible for the software division of Aquila.

BARRY SCHWARTZ—Secretary-Treasurer

Mr. Schwartz, 29, was born and educated in Montreal where he studied business administration, accounting, economics and mathematics at McGill University while working with a firm of chartered accountants from 1957 to 1961. In 1961 Mr. Schwartz was self-employed in the data processing field, performing such services as management consulting and service bureau systems design and implementation. In 1964 he joined Aquila and has been active in sales, systems design and administration.

As Secretary-Treasurer of Aquila, Mr. Schwartz is responsible for administrative and sales management duties.

BST.

SIMON ST. PIERRE—President

Mr. St. Pierre, 34, attended Laval University where he received his B.A. in 1955 and his M.A. in business management in 1960. He then joined International Business Machines where he took an intensive course in computer training before taking part in the establishment of a centre for courses in French at that company's education centre in Montreal.

In 1962 he became Quebec sales representative for International Business Machines with the special task of promoting the use of electronic data processing in small and medium-sized businesses. Here Mr. St. Pierre gained wide experience in such varied fields as mining, manufacturing, distribution and public services. As president of BST, Mr. St. Pierre will be responsible for financial management and promotion of services.

ROBERT THÉRIAULT—Vice-President

Mr. Thériault, 32, was born at Verdun and studied at the University of Montreal where he obtained his B.A. in 1957 and his B. Comm. in 1960, majoring in business management. On completion of his studies, Mr. Theriault joined the accounting department of a large international corporation, and later International Business Machines where he took an intensive course in systems analysis and became a sales representative in June, 1964.

As Vice-President of BST, Mr. Thériault is responsible for personnel, in addition to taking an active part in promoting the firm's services.

PAUL BERTHIAUME—Secretary-Treasurer

Mr. Berthiaume received his B.A. from the University of Montreal in 1959. He then attended McGill University where he studied advanced mathematics for several years, following which he joined International Business Machines for four years as a systems engineer.

His career at IBM enabled him to become familiar with scientific applications, and to do feasibility studies and implementation work in such varied fields as banking, retail sales and life insurance. Furthermore, his years with computers enabled him to acquire valuable experience with second and third generation computers and an understanding of different systems at the levels of equipment and application.

Before leaving IBM, Mr. Berthiaume represented that company in the area of public utilities in Quebec and Ontario.

Inter Access

TOD MORCOTT—President

Mr. Morcott graduated from the University of California in 1950 with a degree in Physics and Mathematics. In 1954 he became a design engineer for Sierra Electronics in Menlo Park, specializing in commercial telemetry and control systems. In 1959 he joined Precision Instruments in San Carlos where he became Group Supervisor for Customer Products, developing high-performance telemetry systems, multi-channel tape recorders and satellite tape recorders. In 1962 he became Chief Engineer for Moore Associates in San Carlos, a company specializing in the field of digital control and telemetry systems. From 1964 until joining Inter Access, he acted as an independent consultant in the fields of large-scale software system designs for scientific calculations, computer-aided design, design optimization, computer operating systems, and management information systems.

ARTHUR W. DANA, JR.—Executive Vice-President Administration and Operations.

Mr. Dana obtained his B.E.E. degree in Electrical Engineering from Cornell in 1958 and his M.B.A. from the Harvard Graduate School of Business Administration in 1962. From that time until joining Inter Access, he has been with Stanford Research Institute as a senior systems analyst specializing in techno-economic analysis of complex computer-based information/communication systems for business-government, and

military organizations. Typical research assignments he has carried out are a feasibility study of the chequeless society for the Federal Reserve Bank, automation of communication and backoffice functions for a U.S. brokerage company, development, projection and analysis of trends in computer systems and technology for the next five to eight years.

K. E. STERNE—Market Planning Manager

Mr. Sterne received his B.S. degree in Physics from the University of Michigan in 1948 and his M.S.E.E. degree from the Massachusetts Institute of Technology in 1954. Following this he spent two years as a development engineer with the University of California's Lawrence Radiation Laboratory. In 1956 he became Computer Sales Manager for Beckman Instruments in Richmond where he was responsible for sales, service, and applications of analog and hybrid computers in the U.S. and Canada. From 1962 until joining Inter Access he has been marketing manager for Kaiser Aerospace and Electronics Corporation in Palo Alto where he established the marketing department, instigated a corporate planning function, steered the company into the consumer market and created a long-range marketing programme which increased annual sales volume from \$4 million to \$14 million.

D. W. DUPEN—Customer Relations Manager

Mr. Dupen holds an A.B. degree in speech from Humboldt State College, an A.B. degree in Physics from the University of California, and an M.S. degree in Physical Sciences from Stanford University. After three years as an electronics design engineer, he became an engineering writer, working directly for several West Coast firms, for collateral service houses, and freelance. During this time he originated and wrote a 12 volume operating and service manual for a complex analog computer system. From 1962 until joining Inter Access he acted as Head of the Technical and Public Information Department of the Stanford Linear Accelerator Centre.

OTHERS

In addition to the foregoing, five of the highest level personnel who participated with Tod Morcott in the development at Control Data Corporation of the Summit Operating System (time-sharing software programme) for the CDC3800 computer being acquired by Inter Access have joined Inter Access.

Space Research Division

SRC

GUSTAVE A. BLEYLE, JR.—President and Chief Executive Officer

Mr. Bleyle, Jr. was born in Massachusetts and attended Tufts University where he obtained his B.S. in Mechanical Engineering in 1936. After graduation, Mr. Bleyle, Jr. was employed by two internationally known corporations until 1946 when he joined ADL. During his employment with ADL Mr. Bleyle, Jr. has held the position of Section Head responsible for the development of specialized equipment, including missile systems for Atlas, Titan and Thor Missiles and for the past nine years, of Vice President responsible for major development programmes.

DR. GERALD V. BULL—Vice President and Technical Director

Dr. Bull was born and educated in Toronto where he attended the University of Toronto obtaining his B.Sc. in 1948, his M.Sc. in 1949 and his Ph.D. in 1951. On completion of his education Dr. Bull joined the Canadian Armament Research and Development Establishment (a division of the Canada Defence Research Board) where for six years he was head of the Aerodynamics Section and for four years was Superintendent of the Aerophysics Wing. In 1961 Dr. Bull joined McGill University where he assumed the chair of Professor of Engineering Science. In 1964 Dr. Bull was instrumental in establishing Space Research Institute under the auspices of McGill University, and was appointed its first director.

PAUL D. LITTLEFIELD—Treasurer

Mr. Littlefield attended Harvard University where he obtained his A.B. in 1942 and his M.B.A. in business administration in 1948. After completion of his education Mr. Littlefield held executive positions with several important corporations before being appointed in 1962 to his present position of Vice President and Treasurer of ADL responsible for financial administration and planning.

JERY L. LUNDHOLM—Contracting Officer and Assistant Secretary

Mr. Lundholm was born in New Hampshire where he attended the University of New Hampshire, graduating with a B.S. degree in mechanical engineering in 1953. Mr. Lundholm subsequently attended Massachusetts Institute of Technology where he obtained his M.S. degree in 1954. Upon completion of his education Mr. Lundholm held the rank of Captain in the United States Air Force stationed at the Rome (New York) Air Development Centre where he acted as Project Officer monitoring Air Force contracts. In 1957 Mr. Lundholm joined ADL where for nine years he was a project leader responsible for study programmes and equipment development projects in the space and missile fields and for two years was the contract administrator responsible for contract matters on several important contracts with government agencies.

RICHARD T. MURPHY—Secretary

Mr. Murphy holds the degrees of A.B. from Canisius College, B.S. from Georgetown University and L.L.B. from the Harvard Law School. On completing his education Mr. Murphy joined ADL where he worked in the Management Services Division until September, 1966 when he was appointed to his present position of General Counsel of ADL. Mr. Murphy is a lecturer in the law of industrial management at Massachusetts Institute of Technology.

Urban Development Division

MR. SAM HASHMAN—Vice-President (Urban Development)

Mr. Hashman, 39, was born and educated in Calgary, Alberta. He commenced operations as a general contractor in 1951 and in November, 1953 he incorporated his construction operations under the name of Sam Hashman & Co. Ltd. At the outset, Mr. Hashman's operations were confined to constructing dwellings and small apartment buildings. In 1956, Mr. Hashman began to broaden and diversify his scope of operations to include the development and construction for his own organization and others of office buildings, shopping centres and other larger commercial projects.

MR. ANDRÉ R. BRUNEAU—Vice-President—Investments (Urban Development)

Mr. Bruneau, 36, was born and educated in Montreal, where he attended the University of Montreal. On completion of his education, Mr. Bruneau became involved in real estate management and development, most recently, as Real Estate Manager for Administration Trust Company, Montreal from 1961 to 1963 and as Vice-President—Real Estate for Edper from 1963 to the present.

MR. EDMUND SARDACHUK—Vice-President—Construction (Urban Development)

Mr. Sardachuk, 37, was born in Poland and educated there, in Germany and in Canada. After completing his education, including formal courses in estimating and drafting, Mr. Sardachuk held a number of positions of increasing responsibility in the construction industry until he was appointed superintendent of several important projects in Winnipeg and Calgary. Mr. Sardachuk joined the Hashman companies in 1957 and was appointed to his present position as Vice-President—Construction in 1962.

MR. EDWARD C. ELFORD—Secretary-Treasurer (Urban Development)

Mr. Elford, 34, was born and educated in Calgary. He obtained his Bachelor of Commerce Degree from the University of Alberta in 1956 and his CA degree in 1959 after completion of articles with a national public accounting firm. Mr. Elford relinquished his partnership in a Calgary firm of chartered accountants to become Comptroller and later Secretary-Treasurer of the Hashman companies.

MR. GEORGE E. DUSKA—Comptroller (Urban Development)

Mr. Duska, 29, was born in Hungary and educated in France, Martinique in the Caribbean Islands, and Alberta. Mr. Duska obtained his C.A. degree in 1963 and practised as a chartered accountant with a Calgary firm until July 1, 1966, when he joined the Hashman companies as Comptroller.

MR. T. ALLAN GRAY—General Superintendent—Construction (Urban Development)

Mr. Gray was born and educated in Calgary. On completion of his education in 1934, Mr. Gray became employed in the construction industry where he held a variety of positions, including the position of field superintendent for two of Calgary's larger construction firms. In 1942 Mr. Gray enlisted in the Navy where he was given special training in construction and architectural drafting. In 1946 Mr. Gray joined the Alberta Provincial Government, Department of Public Works, as a construction superintendent and remained there until 1954 when he joined the Hashman companies as General Superintendent.

Capitalization

The capitalization of GWS and its consolidated subsidiaries as at October 31, 1968, before giving effect to the proposed acquisition of BST and the Giltaur properties but after giving effect to the amalgamation and the other transactions more fully described in this descriptive booklet and in the accompanying information circular, will be as follows:

DEBT:

First Mortgages of varying rates and maturities (1)			
On revenue producing real estate.....	\$15,026,346		
On real estate under development.....	3,335,974		
On real estate held for development.....	207,457		
			\$18,569,777
Current Secured Bank Debt (2).....			380,000
Shareholders Notes (2).....			2,338,065

CAPITAL STOCK:

Authorized—20,000,000 shares without nominal or par value.....		
Issued — 6,016,076 shares without nominal or par value.....		25,655,412

(1) Reference is made to note 6 to the financial statements on page 31.

(2) Reference is made to note 5 to the financial statements on page 31.

The holders of shares of GWS will be entitled to dividends as and when declared by the board of directors, to one vote per share and, upon liquidation, to receive pro rata such assets of GWS as are distributable to shareholders, and will have no pre-emptive or conversion rights. The shares of GWS to be outstanding after the amalgamation will be issued as fully paid and non-assessable. No dividends have been paid on outstanding shares of the amalgamating companies during the last five completed years.

Principal Holders of Shares

After the amalgamation, the number of shares of GWS owned of record or beneficially, directly or indirectly, by each person who will own of record or beneficially, directly or indirectly, more than 10% of the 6,016,076 outstanding shares of GWS will be as follows:

<u>Name and address</u>	<u>Type of Ownership</u>	<u>Number of shares owned</u>	<u>Percentage of class</u>
Edper Investments Ltd. Suite 400 2055 Peel Street Montreal, Quebec	beneficial and of record	2,328,682	38.7%
Everest Investments Ltd. Suite 400 2055 Peel Street, Montreal, Quebec	beneficial and of record	49,459	.8%
Range Investments Ltd. Suite 400 2055 Peel Street, Montreal, Quebec	beneficial and of record	82,642	1.4%
Edward M. Bronfman, 67 Forden Crescent, Westmount, Quebec	beneficial and of record	189,355	3.1%
Peter F. Bronfman 5 Lansdowne Ridge Westmount, Quebec	beneficial and of record	189,355	3.1%
Sam Hashman 1100 Baldwin Crescent Calgary, Alberta	beneficial and of record	1,227,661	20.4%

Edper is wholly owned by trusts established by Allan Bronfman, Montreal, for his children and grandchildren, including Edward and Peter Bronfman and their children. Everest Investments Ltd. and Range Investments Ltd. are owned by Edward and Peter Bronfman personally.

After the amalgamation, the directors and senior officers of GWS will own beneficially, directly or indirectly, 72.1% of the 6,016,076 outstanding shares of GWS.

Stock Option Plan

On December 23, 1968, Great West Saddlery Company established a Stock Option Plan under which it reserved 100,000 shares for issue upon the exercise of stock options to be granted to certain officers and employees (collectively "qualified persons") of Great West Saddlery Company and its subsidiaries.

The Plan will continue as the Stock Option Plan of GWS. Under the Plan, stock options are granted by the board of directors to qualified persons upon the recommendation of a committee of at least three of the directors who are not themselves qualified persons. Holders of stock options may purchase shares of Great West Saddlery Company (and of GWS after the amalgamation) at a price not less than 90% of their fair market value on the date the stock option was granted. For this purpose, fair market value is the average of the high and low prices of the shares on The Toronto Stock Exchange on the last preceding trading day. Stock options under the Plan run for not less than one nor more than ten years, and are exercisable in annual instalments over the whole of such term. Furthermore, stock options are automatically terminated, to the extent not exercised, if the grantee ceases to be an officer or employee.

Escrow and Voting Agreements

Aquila

Pursuant to the provisions of the Aquila agreement, the Aquila vendors and Edper have entered into an escrow agreement (the "Aquila escrow agreement") dated September 11, 1968 under which they have each deposited 700,000 shares of Great West Saddlery Company with The Crown Trust Company, Montreal. Of the 700,000 shares deposited by the Aquila vendors, 150,000 are set aside to be released to the Aquila vendors or returned to GWS in accordance with the amount of after tax net earnings per share of Aquila and other computer businesses included in the Computer Division (exclusive of Inter Access) in the year ended March 31, 1971 as more particularly referred to on page 5. Subject to this provision, the shares subject to the Aquila escrow agreement are to be released to the Aquila vendors and Edper as follows:

	<u>Aquila vendors</u>	<u>Edper</u>
April 1, 1969.....	100,000	100,000
April 1, 1970.....	100,000	100,000
April 1, 1971.....	500,000	500,000

The Aquila escrow agreement also provides that a nominee of the Aquila vendors shall be elected to the board of directors of GWS. Mr. Edward S. MacLaine, one of the Aquila vendors, will be a director of GWS pursuant to this provision. The consideration received by Mr. MacLaine as an Aquila vendor consisted of 120,000 shares of Great West Saddlery Company which are subject to the escrow and \$225,000, of which \$150,000 was paid at the time of the acquisition. Finally, the Aquila escrow agreement provides for a mutual right of first refusal in the event the Aquila vendors or Edper desire to sell any of their shares in GWS.

Hashman

Pursuant to the provisions of the Edper investments agreement, Hashman, Mrs. Dina Hashman, Edmund Sardachuk, T. Allan Gray, Edward C. Elford and George E. Duska (collectively the "Hashmans") and Edper, Everest Investments Ltd., Range Investments Ltd., Edward Bronfman, Peter Bronfman and Andre R. Bruneau (collectively the "Bronfmans") will enter into an escrow agreement (the "Hashman escrow agreement") dated the amalgamation date under which they will deposit 4,222,581 shares of GWS held by them (including 3,247,915 shares of GWS held by them formerly represented by Hashman Properties shares and 700,000 shares of GWS held by Edper which are subject to the prior escrow under the Aquila escrow agreement) with The Crown Trust Company, Calgary. The Hashman escrow agreement

will provide that approximately 15% of the shares escrowed by each party shall be released to him on each of the first, second and third anniversaries of the amalgamation date with the balance released on the fourth anniversary date, with the exception that shares shall be released to Edmund Sardachuk, T. Allan Gray, Edward C. Elford and George E. Duska in seven monthly instalments starting six months after the amalgamation date in lieu of the 15% delivery on the first anniversary date and that 7,000 shares of GWS are released to André A. Bruneau three months after the amalgamation date. The Hashman escrow agreement will also provide that notwithstanding any other provision, 159,000 of the shares deposited by Hashman shall not be released to him until GWS has commenced the complete construction of the project referred to in this descriptive booklet as Calgary Place Buildings—Stage 2, with the stipulation that if this does not occur within five years after the amalgamation date, the 159,000 shares in question shall be returned to GWS. The Hashman escrow agreement will provide that all rights and obligations thereunder are subject to the Aquila escrow agreement. Pursuant to the Hashman escrow agreement, Edper will grant a "put" to Hashman under which, for a period of 2 years after the amalgamation date, he may require Edper to purchase from him up to 300,000 shares of GWS for a price of \$5 per share, subject to the proviso that the "put" shall be cancelled to the extent that Hashman shall have received \$3,500,000 or more from the sale of shares of GWS.

In addition, the Hashman escrow agreement provides that Hashman and Edper will vote their shares in GWS to elect three nominees of Hashman to the board of directors of GWS and sufficient nominees of Edper to constitute at least one-half of the board of directors of GWS. Pursuant to this provision, Messrs. Edmund Sardachuk, R. Gerald Nicholl and George E. Duska have been nominated to serve as the Hashman nominees and Messrs. Neil W. Baker, Paul J. Lowenstein, Edward Bronfman, Peter Bronfman and Leonard B. Spilfogel have been nominated to serve as the Edper nominees. Finally, the Hashman escrow agreement will provide for a right of first refusal in the event Hashman or Edper desires to sell any of their shares in GWS.

BST

Pursuant to the provisions of the BST agreement, on the date (the "completion date") Great West Saddlery Company acquires BST, the BST vendors and Great West Saddlery Company will enter into an escrow agreement (the "BST escrow agreement") under which the BST vendors shall deposit 195,000 shares of Great West Saddlery Company with The Crown Trust Company, Montreal. From these 195,000 shares, 75,000 shall be set aside to be released to the BST vendors or returned to the Company in accordance with the amount of after tax net earnings of BST and its subsidiaries in the fiscal year ending September 30, 1972 as more particularly referred to on page 6. The remaining shares subject to the BST escrow agreement will be delivered to the BST vendors as follows: 5,000 one month after the completion date; 2,000 monthly from the second to the eleventh month, inclusive, after the completion date; 15,000 thirteen months after the completion date; 15,000 twenty-five months after the completion date; 15,000 thirty-seven months after the completion date; and the remaining 50,000 on September 30, 1972.

Giltaur

Under the December agreement with Giltaur, the 210,000 treasury shares of Great West Saddlery Company to be issued for the Giltaur properties shall be delivered subject to escrow for release to Giltaur as follows: on April 1, 1969 the number of shares having a market value of \$323,404; on July 1 in each of the years 1969, 1970 and 1971, 21,000 shares; and on July 1, 1972 the remaining shares.

Transfer Agent and Registrar

Canada Permanent Trust Company, at 253 Bay Street, Toronto, is the transfer agent and registrar for the shares of Great West Saddlery Company, and will be the transfer agent and registrar for the shares of GWS.

Material Contracts

The only material contracts entered into by the amalgamating companies within the two years preceding the date hereof, otherwise than in the ordinary course of business, are referred to in this descriptive booklet. Copies of such contracts may be inspected during ordinary business hours at the head office of Great West Saddlery Company located at Suite 1600, 11 King Street West, Toronto, until January 29, 1969, the date of the special meeting of shareholders of Great West Saddlery Company called to consider, amongst other things, the amalgamation agreement.

Financial Statements

Auditors' Report

The Directors,

THE GREAT WEST SADDLERY COMPANY LIMITED

We have examined the financial statements, identified as Statements A to F, together with the notes thereto, set out on pages 25 to 33 inclusive of this descriptive booklet. 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. For those companies whose financial statements we did not audit, we have made such enquiries and examinations as we considered necessary in order to accept, for consolidation purposes, the reports of the other auditors.

In our opinion:

- (a) Statements A, C and E present fairly the financial position of the respective companies as at October 31, 1968;
- (b) Statement B presents fairly the combined results of operations of The Great West Saddlery Limited including Hashman Properties Limited and Aquila Computer Services Ltd. for the period from November 1, 1963 to October 31, 1968, and The Great West Saddlery Company Limited for the nine months ended October 31, 1968;
- (c) Statement D presents fairly the consolidated results of operations of The Great West Saddlery Company Limited for the nine months ended October 31, 1968 and the results of operations of Aquila Computer Services Ltd. for the period from November 1, 1963 to October 31, 1968;
- (d) Statement F presents fairly the results of operations of Hashman Properties Limited for the period from November 1, 1963 to October 31, 1968;

all after giving effect, where appropriate, to the transactions set forth in Note 1, and all in accordance with generally accepted accounting principles applied on a consistent basis.

Montreal, Que.
January 10, 1969.

(sgd.) Touche, Ross, Bailey & Smart
Chartered Accountants.

Financial Statement References

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STATEMENT A

THE GREAT WEST SADDLERY LIMITED
PRO FORMA CONSOLIDATED BALANCE SHEET
(After giving effect to the amalgamation)
OCTOBER 31, 1968

ASSETS

CURRENT:

Cash and bank deposit certificates.....	\$ 1,827,662
Accounts receivable.....	3,511,710
Other current assets.....	417,089
	<u>5,756,461</u>

INVESTMENTS:

Inter Access Corp.....	2,146,250
Space Research Projects.....	591,141
Notes receivable.....	1,275,312
Other investments.....	248,920
	<u>4,261,623</u>

FIXED:

Revenue producing real estate.....	26,895,983
Real estate under development for own account.....	14,356,041
Land held for development.....	2,322,986
Construction and other equipment.....	439,480
	<u>44,014,490</u>
	<u>\$54,032,574</u>

LIABILITIES

CURRENT:

Bank indebtedness.....	\$ 991,343
Accounts payable and current portion of long term debt.....	5,257,716
Income taxes.....	442,142
Notes payable to shareholders.....	555,860
	<u>7,247,061</u>

LONG TERM:

Mortgages and loans payable.....	18,076,241
Notes payable to shareholders.....	1,782,205
Note payable to Inter Access Corp.....	573,125
	<u>20,431,571</u>

OTHER:

Advance billings.....	488,699
Deferred income taxes.....	209,831
	<u>698,530</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK:

Common shares of no par value.....	<u>25,655,412</u>
	<u>\$54,032,574</u>

THE GREAT WEST SADDLERY LIMITED
PRO FORMA COMBINED STATEMENT OF EARNINGS
For the five years ended October 31

	1968	1967	1966	1965	1964
INCOME:					
Operating revenue.....	\$20,228,345	\$14,035,102	\$12,181,845	\$9,642,745	\$6,277,755
Interest.....	163,154	193,177	154,669	47,934	38,177
Other revenue.....	108,240	104,922	85,725	141,269	175,251
	<u>20,499,739</u>	<u>14,333,201</u>	<u>12,422,239</u>	<u>9,831,948</u>	<u>6,491,183</u>
EXPENSE:					
Operating.....	16,523,745	11,662,627	10,261,989	8,077,710	5,069,912
Interest.....	872,118	620,038	394,485	394,612	379,963
General and administrative.....	1,071,312	790,622	786,511	702,904	593,460
Depreciation.....	269,902	177,957	109,850	112,516	94,244
	<u>18,737,077</u>	<u>13,251,244</u>	<u>11,552,835</u>	<u>9,287,742</u>	<u>6,137,579</u>
EARNINGS—					
before tax.....	1,762,662	1,081,957	869,404	544,206	353,604
INCOME TAXES—					
current and deferred.....	<u>881,331</u>	<u>540,978</u>	<u>434,702</u>	<u>272,103</u>	<u>176,802</u>
EARNINGS—					
after tax.....	<u>\$ 881,331</u>	<u>\$ 540,979</u>	<u>\$ 434,702</u>	<u>\$ 272,103</u>	<u>\$ 176,802</u>

NOTE: The five year earnings figures presented are for Hashman Properties Limited and Aquila Computer Services Ltd. and include those for The Great West Saddlery Company Limited for the nine months ended October 31, 1968.

STATEMENT C

THE GREAT WEST SADDLERY COMPANY LIMITED

CONSOLIDATED BALANCE SHEET

(Prior to amalgamation with Hashman Properties Limited)

OCTOBER 31, 1968

ASSETS

CURRENT:

Cash and bank deposit certificates.....	\$1,273,823
Accounts receivable.....	276,918
Other current assets.....	90,767
	<u>1,641,508</u>

INVESTMENTS:

Inter Access Corp.....	2,146,250
Space Research Projects.....	591,141
Notes receivable.....	12,500
Other investments.....	29,244
	<u>2,779,135</u>

OTHER:

Cost of shares of Aquila Computer Services Ltd. in excess of underlying net assets...	2,928,076
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FIXED:

Furniture and equipment.....	22,256
	<u>\$7,370,975</u>

LIABILITIES

CURRENT:

Bank indebtedness.....	\$ 75,342
Accounts payable and current portion of long term debt.....	612,112
Income taxes.....	55,426
Notes payable to shareholders.....	173,265
	<u>916,145</u>

LONG TERM:

Notes payable to shareholders.....	1,532,205
Note payable to Inter Access Corp.....	573,125
	<u>2,105,330</u>

OTHER:

Advance billings.....	7,946
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SHAREHOLDERS' EQUITY

CAPITAL STOCK:

Common shares of no par value.....	5,980,926
Deficit.....	1,639,372
	<u>4,341,554</u>
	<u>\$7,370,975</u>

THE GREAT WEST SADDLERY COMPANY LIMITED
CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS

	Consolidated for the nine months ended October 31, 1968	1968	1967	1966	1965	1964	Aquila Computer Services Ltd. for the five years ended October 31
INCOME:							
Operating revenue.....	\$ 416,125	\$1,082,028	\$806,371	\$537,873	\$341,025	\$14,243	
Interest.....	24,407	—	—	—	—	—	
	<u>440,532</u>	<u>1,082,028</u>	<u>806,371</u>	<u>537,873</u>	<u>341,025</u>	<u>14,243</u>	
EXPENSE:							
Operating.....	288,937	742,111	602,668	456,403	292,744	17,919	
Interest.....	10,885	—	—	—	—	—	
General and administrative....	83,619	138,548	100,273	79,145	52,252	6,311	
Depreciation.....	2,910	3,374	3,108	2,501	863	—	
	<u>386,351</u>	<u>884,033</u>	<u>706,049</u>	<u>538,049</u>	<u>345,859</u>	<u>24,230</u>	
EARNINGS—							
before tax.....	54,181	197,995	100,322	(176)	(4,834)	(9,987)	
INCOME TAX—							
current and deferred.....	<u>52,872</u>	<u>105,723</u>	<u>42,126</u>	<u>(86)</u>	<u>(6)</u>	<u>—</u>	
EARNINGS—							
after tax.....	1,309	92,272	58,196	(90)	(4,828)	(9,987)	
RETAINED EARNINGS (DEFICIT)							
at beginning of period.....	(1,512,960)	57,203	(993)	(903)	3,925	13,912	
Loss on disposal of investments (net).....	(14,961)	—	—	—	—	—	
Reorganization expense.....	<u>(112,760)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	
RETAINED EARNINGS (DEFICIT)							
at end of period.....	<u><u>\$(1,639,372)</u></u>	<u><u>\$ 149,475</u></u>	<u><u>\$ 57,203</u></u>	<u><u>\$ (993)</u></u>	<u><u>\$ (903)</u></u>	<u><u>\$ 3,925</u></u>	

NOTE: The five year earnings figures presented are for Aquila Computer Services Ltd. The consolidated earnings for The Great West Saddlery Company Limited include the earnings of Aquila since July 1, 1968, the effective date of acquisition. Historical earnings figures for The Great West Saddlery Company Limited have not been presented as they bear no relation to the Company's operations as now constituted.

HASHMAN PROPERTIES LIMITED

PRO FORMA CONSOLIDATED BALANCE SHEET

(Prior to amalgamation with The Great West Saddlery Company Limited)

OCTOBER 31, 1968

ASSETS

CURRENT:

Cash and bank deposit certificates.....	\$ 553,839
Accounts receivable.....	3,234,792
Other current assets.....	326,322
	<u>4,114,953</u>

INVESTMENTS:

Notes receivable.....	1,262,812
Other investments.....	219,676
	<u>1,482,488</u>

FIXED:

Revenue producing real estate.....	26,895,983
Real estate under development for own account.....	14,356,041
Land held for development.....	2,322,986
Construction equipment.....	417,225
	<u>43,992,235</u>
	<u>\$49,589,676</u>

LIABILITIES

CURRENT:

Bank indebtedness.....	\$ 916,000
Accounts payable and current portion of long term debt.....	4,445,606
Income taxes.....	386,716
Notes payable to shareholders.....	382,595
	<u>6,130,917</u>

LONG TERM:

Mortgages and loans payable.....	18,076,241
Notes payable to shareholders.....	250,000
	<u>18,326,241</u>

OTHER:

Advance billings.....	480,753
Deferred income taxes.....	209,831
	<u>690,584</u>

SHAREHOLDERS' EQUITY

SHARE CAPITAL:

Common shares of no par value.....	24,441,934
	<u>\$49,589,676</u>

HASHMAN PROPERTIES LIMITED

PRO FORMA COMBINED STATEMENT OF EARNINGS AND RETAINED EARNINGS
For the five years ended October 31

	1968	1967	1966	1965	1964
INCOME:					
Operating revenue.....	\$19,146,317	\$13,228,731	\$11,643,972	9,301,720	\$6,263,512
Interest.....	138,747	193,177	154,669	47,934	38,177
Other revenue.....	108,240	104,922	85,725	141,269	175,251
	<u>19,393,304</u>	<u>13,526,830</u>	<u>11,884,366</u>	<u>9,490,923</u>	<u>6,476,940</u>
EXPENSE:					
Operating.....	15,781,634	11,059,959	9,805,586	7,784,966	5,051,993
Interest.....	861,233	620,038	394,485	394,612	379,963
General and administrative.....	888,106	690,349	707,366	650,652	587,149
Depreciation.....	266,528	174,849	107,349	111,653	94,244
	<u>17,797,501</u>	<u>12,545,195</u>	<u>11,014,786</u>	<u>8,941,883</u>	<u>6,113,349</u>
EARNINGS—					
Before tax.....	1,595,803	981,635	869,580	549,040	363,591
INCOME TAX—					
Current and deferred....	<u>797,901</u>	<u>490,817</u>	<u>434,790</u>	<u>274,520</u>	<u>181,795</u>
EARNINGS—after tax.....	<u>797,902</u>	<u>490,818</u>	<u>434,790</u>	<u>274,520</u>	<u>181,796</u>
RETAINED EARNINGS—					
at beginning of period ...	4,632,981	4,173,377	1,924,545	1,622,315	981,882
Dividends.....	(62,966)	(20,234)	(90,000)	—	—
Gain on sale of investments and fixed assets.....	15,420	(10,980)	1,904,042	27,710	458,637
RETAINED EARNINGS—					
at end of period	<u>\$ 5,383,337</u>	<u>\$ 4,632,981</u>	<u>\$ 4,173,377</u>	<u>\$ 1,924,545</u>	<u>\$ 1,622,315</u>

NOTE: The five year earnings figures presented are based on statements of earnings of the Hashman companies and the Edper companies and are prepared in accordance with the proposed accounting policies of G.W.S. The sinking fund method has been used to provide for depreciation based on the cost of the assets to G.W.S.; the percentage-of-completion method has been used to record construction earnings; and provision has been made for income taxes at the rate of 50 per cent.

THE GREAT WEST SADDLERY LIMITED AND THE AMALGAMATING COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

OCTOBER 31, 1968

1. PRO FORMA TRANSACTIONS

The pro forma consolidated financial statements give effect to the following:

- (a) Formation of Hashman Properties Limited.
- (b) Issuance of 1,475,785 shares of Hashman Properties Limited to the Hashman Group and 1,991,840 shares to the Edper Group in exchange for their interests in the shares in and loans to the Hashman and Edper companies. (refer note 11 and page 14 of this circular).
- (c) Issuance of supplementary letters patent, prior to the amalgamation, to The Great West Saddlery Company Limited (referred to as the "Company" in these notes) for the cancellation of the paid up capital of the Company to the extent of \$4,767,448 to eliminate the excess cost over the value of the net assets of Aquila Computer Services Ltd. and to eliminate the accumulated deficit, after providing \$200,000 for the estimated expenses of the amalgamation.
- (d) Amalgamation of Hashman Properties Limited and the Company to form The Great West Saddlery Limited (referred to as "GWS" in these notes).
- (e) Issuance of letters patent to the emerging company (GWS) establishing the authorized capital at 20,000,000 common shares of no par value.
- (f) Issuance of 2,548,451 shares of GWS to the shareholders of the Company and 3,467,625 shares to the shareholders of Hashman Properties Limited in exchange for their shares in those companies.

2. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of all subsidiaries. The consolidated statements also include the proportionate share of the assets, liabilities, and earnings pertaining to the companies' interests in jointly held undertakings.

3. INVESTMENTS

- (a) The investment in shares of Inter Access Corp. was made on October 20, 1968 and has been included at cost. The cost of the shares acquired exceeds by \$878,000 the value of the Company's share of the net assets of Inter Access Corp. Although the Company held 59 per cent of the issued shares on October 31, 1968, this company has not been consolidated because of an agreement limiting the Company to 49 per cent of the votes which may be cast.
- (b) At October 31, 1968, the space research investments were in the form of advances to Space Research Institute Inc., a non profit organization, and to Giltair Corporation Ltd., a property owning company which leased certain assets to the Space Research Institute. Further amounts totalling \$260,000 were advanced from November 1 to December 6, 1968. On this date the nature of the investment in the space research projects changed, as described in Note 9(d).
- (c) Other investments represent shares in other companies and are stated at equity value.
- (d) The Company acquired all the issued common shares of Aquila Computer Services Ltd. on September 3, 1968 for an aggregate consideration of \$3,250,000. The excess cost over the equity value of the shares of Aquila was eliminated prior to giving effect to the amalgamation (refer note 1 (c)).

4. FIXED ASSETS

- (a) Fixed assets are shown at cost to GWS and Hashman Properties Limited, which is based on market values at October 31, 1968.
- (b) It is estimated that GWS's share of further expenditures required to complete the real estate under development will amount to \$14,600,000. The Company has to date obtained commitments for financing \$12,100,000 of these expenditures.
- (c) One of the properties under development is situated on land held under a 63 year lease. The cost of GWS's eventual investment in this property is estimated to be \$3,075,000. Further development expenditures and the necessary financing are included in the figures referred to in note 4 (b).
- (d) GWS intends to depreciate buildings using the sinking fund method whereby an increasing amount consisting of such fixed annual sums which together with interest thereon compounded at the rate of 5 per cent per annum, will be charged to income so as to fully depreciate the buildings over an average life of forty years. Fixed assets other than real estate will be depreciated using other generally acceptable methods over their estimated useful lives.

5. NOTES PAYABLE AND BANK INDEBTEDNESS

- (a) The short and the long term notes payable to shareholders and to Inter Access Corp. are interest free. The long term notes to shareholders are repayable in September, 1970.
- (b) \$380,000 of the bank indebtedness is secured by a general assignment of book debts.

6. MORTGAGES AND LOANS PAYABLE

The mortgages and loans payable include secured interim financing. The effective average rate of interest is 7.74 per cent and the approximate aggregate repayments of principal less amounts to be replaced by committed permanent financing are as follows for each of the five years ending October 31:

1969	\$493,500
1970	564,800
1971	543,000
1972	573,000
1973	605,800

7. INCOME TAXES

- (a) In calculating taxable income for 1968 advantage has been taken of certain provisions of the Income Tax Act to reduce taxes currently payable, and as a result \$209,831 has been provided for deferred income taxes.
- (b) Deferred income taxes amounting to \$290,000 arising from the use of the percentage-of-completion method of reporting construction profits for financial statement purposes and the completed contract method for income tax purposes have been included in current liabilities.
- (c) The aggregate cost of depreciable assets exceeds by approximately \$10,020,000 the amount which will be recognized as capital costs for income tax purposes.

8. CAPITAL STOCK

- (a) During the nine months ended October 31, 1968 the authorized capital of the Company was increased from 1,000,000 shares to 4,000,000 shares without nominal or par value. During this same period the following shares were issued increasing the total number of shares issued from 515,785 at January 31, 1968 to 2,548,451 at October 31, 1968:

	Shares
To Everest Investments Ltd. as agent for Edper Investments Ltd. at 60 cents per share.....	166,000
To Candeco Limited in full satisfaction of indebtedness of \$195,000.....	316,666
To Everest Investments Ltd., as agent for Edper Investments Ltd. at 60 cents per share.....	830,000
To various interested parties at \$2.50 per share as partial consideration for the acquisition of all the shares in Aquila Computer Services Ltd.....	400,000
To two financial institutions at \$4.00 per share.....	150,000
To three financial institutions at \$11.82 per share.....	170,000
	<u>2,032,666</u>

- (b) The authorized share capital of GWS will be 20,000,000 common shares of no par value. After giving effect to the proposed amalgamation, 6,016,076 shares will be issued and outstanding. Under agreements concluded since October 31, 1968 a further 410,000 shares will be issued to acquire Berthiaume, St. Pierre, Thériault et Associés, Inc. and to acquire certain assets used in the space research activities (refer notes 9 (a) and 9 (d)).
- (c) 159,000 of the GWS shares to be issued in exchange for Hashman Properties Limited shares are to be held in escrow by The Crown Trust Company, Calgary, until December 31, 1973 or until construction commences on specified real estate under development, whichever is earlier, at which time the shares will be released from escrow. The following additional shares deposited with The Crown Trust Company will be delivered to shareholders in:

1969	807,810 shares
1970	769,810 shares
1971	1,169,810 shares
1972	2,421,151 shares
	<u>5,168,581</u>

- (d) The shares issued to the vendors of Aquila Computer Services Ltd. are subject to diminution of up to 150,000 shares depending upon the net earnings of Aquila and its associated companies for the year ending March 31, 1971.
- (e) 100,000 GWS shares will be set aside under the terms of a share option plan for the benefit of officers and employees of the company.

9. POST BALANCE SHEET EVENTS

The following contracts of importance have been entered into since October 31, 1968, apart from contracts in the ordinary course of business:

- (a) On November 11, 1968, the Company entered into an agreement with the shareholders of Berthiaume, St. Pierre, Thériault et Associés, Inc. to acquire the issued common shares in exchange for 200,000 shares of the Company. The purchase price is subject to a diminution of up to 75,000 shares of the Company depending upon the net earnings for the year ending September 30, 1972.
- (b) The Company acquired an option on land in downtown Vancouver and entered into an agreement to buy land in downtown Toronto. The aggregate purchase price of these parcels of land is \$6,350,000. This land, when acquired, will be used to further the Company's urban development and building programme.
- (c) On November 19, 1968, the Company negotiated a line of credit of \$5 million from a Canadian Chartered Bank for general corporate purposes. The principal shareholders of the Edper companies, who were a party to this agreement, pledged their shares in the Edper companies as security pending the amalgamation and in the event that drawings are made.
- (d) On December 6, 1968, the Company entered into an agreement to acquire the fixed assets of Giltair Corporation Ltd., and other related assets for \$3,580,000 of which \$3,150,000 represents the value of 210,000 shares of the Company issued at \$15 each as partial consideration for the purchase price. In a further agreement, the Company and A. D. Little Inc. undertook to subscribe to the capital stock of a newly formed Space Research Corporation which will be managed by A.D. Little Inc. In terms of this agreement the Company and A.D. Little Inc. have subscribed \$1,150,000 and \$437,500 respectively to the capital stock of Space Research Corporation which in turn advanced \$1,250,000 to Space Research Institute to enable it to pay off its indebtedness to the Company and Giltair amounting to \$690,000. At December 13, 1968, the aggregate investment of the Company in space research activities amounted to \$3,580,000 in fixed assets and \$1,150,000 in shares of Space Research Corporation.

10. CORPORATE REORGANIZATION

Because of the changed activities of the Company, comparative figures for prior periods have not been presented. Major transactions occurring since the end of the last financial year (January 31, 1968), and not mentioned elsewhere in the notes to the October 31, 1968 statements, are:

- (a) Purchase by the Company from its then wholly-owned subsidiaries of their only assets for \$42,000 and the sale of three non-operating subsidiaries to Alfred T. Holland, a director of the Company, for a nominal consideration.
- (b) Purchase by the Company from St. Adele Valley Enterprises Limited, a wholly-owned subsidiary of Edper Investments Ltd., of 20,000 common shares of National Hees Industries Limited for a price of \$90,000.

(c) Transfer of 150,000 second preferred shares and 62,186 common shares of National Hees Industries Limited to various interested parties as partial consideration for the acquisition of the shares of Aquila Computer Services Ltd.

Further details on these transactions were disclosed in information circulars to shareholders dated May 29, 1968 and August 10, 1968, copies of which are available at the Company's head office.

11. NET ASSETS OF THE HASHMAN AND THE EDPER GROUPS

The Hashman Group's and the Edper Group's aggregate investment in the shares in and advances to the Hashman companies and the Edper companies to be contributed to Hashman Properties Limited in exchange for 1,475,785 and 1,991,840 shares respectively in Hashman Properties Limited, is represented by the following assets and liabilities:

	Total	Hashman Companies	Edper Companies
Fixed Assets:			
Purchase values as substantiated by North and Leonard Inc. and Howard P. Hamilton, recognized appraisers.....	\$44,132,910	\$18,396,198	\$25,736,712
Investments:			
At equity value.....	1,482,488	1,245,823	236,665
Working Capital (net).....	(2,015,964)	(479,508)	(1,536,456)
Mortgages and Loans Payable.....	(18,326,241)	(8,809,551)	(9,516,690)
Advance Billings & Deferred Income Taxes.....	(831,259)	(791,428)	(39,831)
	<u>24,441,934</u>	<u>9,561,534</u>	<u>14,880,400</u>
Contribution:			
Amount agreed to be contributed in exchange for 3,467,625 shares in Hashman Properties Limited.....	<u>23,000,000</u>	<u>9,000,000</u>	<u>14,000,000</u>
Excess Contribution:			
Attributed to the paid up share capital of Hashman Properties Limited.....	<u><u>\$ 1,441,934</u></u>	<u><u>\$ 561,534</u></u>	<u><u>\$ 880,400</u></u>

TABLE OF OPERATING COMPANIES
THE GREAT WEST SADDLERY COMPANY

Ownership		Business		Investment Year		Location	
Ownership	Business	Business	Business	Commencement of Operations	Fixed Property	Effective Interest in Fixed Property	Location
100%	Computer services	1968	Montreal, Quebec				
100%	Computer services	1968	Niagara Falls, Ontario				
25%	Computer services	1968	Vancouver, British Columbia				
59%	Computer time sharing	1968	Palo Alto, California				
Space Research Division		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Urban Development Division		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Hashman Construction (Edmonton) Ltd.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Sam Hashman & Co. Ltd.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Sam Hashman & Co. (Regina) Ltd.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Hashman Holdings Ltd.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Broad Street Park Development Corp. Ltd.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
MacLeod Mall Shopping Centre Ltd.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
San Hashman Management Ltd.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Hashman Construction Co. Ltd.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Brentex Properties Ltd.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Caravan Motor Hotel Ltd.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Norsam Holdings Ltd.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Tower Realty & Investment Ltd.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Fremor Investments Ltd.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Edper (Alberta) Ltd.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Edper (Edmonton) Ltd.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Elmwood Realities Inc.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Empress Holdings Ltd.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Kingston Terminal Properties Limited		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
AW3 Inc.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
SJ Acres Inc.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Dunleary Investments Limited		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Eagle Parking Ltd.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Progress Parking Corp.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Mount Stephen-Sherbrooke Holdings Corp.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Normandie Shopping Centre Ltd.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Spring Garden Realties Limited		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.
Edper (B.C.) Ltd.		Space Research Corporation		1968	Highwater, Quebec	Troy, Vermont	Barbados, B.W.I.

