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CANADIAN EQUITY & DEVELOPMENT COMPANY LIMITED

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ANNUAL REPORT 1966

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# CANADIAN EQUITY & DEVELOPMENT COMPANY LIMITED

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## DIRECTORS

J. G. CAMPBELL  
ANGUS McCLASKEY  
W. C. PITFIELD  
J. N. SWINDEN  
E. P. TAYLOR

## OFFICERS

Chairman of the Board, E. P. TAYLOR  
President, ANGUS McCLASKEY  
Secretary, A. E. THOMPSON  
Treasurer, R. C. THORNTON, C.A.

## TRANSFER AGENTS AND REGISTRARS

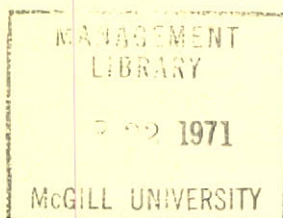
National Trust Company, Limited  
Toronto, Montreal,  
Winnipeg and Vancouver  
Montreal Trust Company  
Halifax

## AUDITORS

Touche, Ross, Bailey & Smart

## HEAD OFFICE

491 Lawrence Avenue West,  
Toronto, Ontario



# Report to the Shareholders

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As this is the first Annual Report of Canadian Equity & Development Company Limited since the Company's securities were publicly offered, a word appears to be in order about the aims and objects of the Company and its past activities.

The Company was incorporated under the laws of Ontario in 1953 and since that time has been engaged through subsidiaries in the acquisition, development and sale of land, and the construction, ownership and management of Shopping Centres and residential rental properties.

As of October 31, 1966, the Company had two wholly-owned subsidiaries, i.e. Don Mills Developments Limited and Wrentham Estates Limited. On November 1, 1966, these two subsidiaries were amalgamated into one company under the name, Don Mills Developments Limited, which is now the only wholly-owned subsidiary.

The Company, through its subsidiary, Don Mills Developments Limited, developed an integrated community of residential, industrial and commercial properties known as Don Mills, which is located in Metropolitan Toronto. The population of Don Mills is about 27,500 people. The residential portion consists of single family dwellings in a wide price range, semi-detached houses, and rental accommodation of various types. There are some 70 odd industries located in Don Mills and two Shopping Centres. In addition, there are churches, elementary and high schools, office buildings, an arena, a curling rink and other community facilities. Don Mills has received international recognition as a planned community.

Wrentham Estates Limited also engaged in the acquisition, development and sale of residential and industrial property and the ownership and management of a Shopping Centre.

Included in the report are the consolidated financial statements of the Company. The consolidated profit after tax of the Company and its wholly-owned subsidiaries, for the year ended October 31, 1966 was \$520,116. Retained earnings as of that date amounted to \$3,913,406. Cash on hand and in banks at the year end was \$467,051.

The current operations of the two subsidiaries recently amalgamated may be summarized as follows:

**Revenue Producing Properties.** Rentals from Don Mills Shopping Centre, Parkwoods Shopping Centre and York Mills Shopping Centre and ground leases increased during the year ended October 31, 1966 by \$195,089 or 14.6% over the previous year. This increased revenue resulted from additional percentage rents, as sales volume in the three centres increased 12.2% over the previous year; increased minimum rents as a result of renegotiated leases, and further construction in the amount of \$119,500 in the Don Mills Shopping Centre was financed out of earnings. There are no vacant properties in any of these Shopping Centres.

“The Towne” project, now under construction, on St. Clair Avenue just east of Yonge Street in Toronto, is unique in Canada as it is a complex of retail, commercial and residential components, with two levels of underground parking. A shopping mall on the ground floor consists of 16 shops and services, the second floor is office space, and there are 185 residential units consisting of one, two and three bedroom apartments, two-storey town house suites, studio apartments and six penthouses. Ninety-seven per cent of the retail space is under agreements to lease and all of the office space has been leased. Occupancies of the residential units commenced November 15, 1966 and leasing is proceeding satisfactorily at asking rents. It is expected that the project will be fully completed by May of 1967.

**Erin Mills Lands.** A major project of the future will be the development of the property known as the Erin Mills lands. These lands consisting of some 6,011 acres (about 9½ square miles) lie on the west side of Metropolitan Toronto partly in Toronto Township and partly in the Town of Oakville.

It is intended that this acreage, which is three times as large as Don Mills, will be developed over a period of years as a fully planned community of residential, industrial, commercial and recreational components and should eventually reach a population of about 85,000 people.

The Ontario Water Resources Commission has announced that it has reached agreement with Toronto Township and other municipalities in Peel County for the installation of major trunk sewage services, with the necessary plant expansion, to be staged over a period of years.

Negotiations with Toronto Township will now be continued by your Company with a view to reaching a satisfactory development agreement.

In view of the great urbanization which is forecast for the area, it is possible that some municipal reorganization will take place as a result of the report dated September, 1966 of T. J. Plunkett who was commissioned by the Ontario Government to do a study on the municipal structure of Peel and Halton counties, in which the Erin Mills lands are situated.

**Industrial Lands.** During the year, 23.6 acres of industrial land in what is known as Wrentham Industrial Park, located on the East side of Leslie Street in North York, were sold at prices ranging from \$40,000 to \$50,000 per acre. It is expected that the balance of this industrial land consisting of some 43 acres will be sold during the next two years. All services have been installed.

**Residential Lands — North York.** Ontario Municipal Board approval has been secured for the rezoning of about 43 acres of land on the west side of Leslie Street, north and south of York Mills Road, in North York, to provide 74 single family lots, 72 row houses and 780 apartment suites. Draft plan approval has also been given by the Minister of Municipal Affairs. The registration of a plan covering the north 27 acres will be proceeded with and negotiations are under way for the sale of the single family lots, the row housing sites, and the site for 408 of the apartment units. The registration of a plan covering the balance of about 16 acres on the south side of York Mills Road will probably take place in 1968 depending on certain municipal improvements. Located as it is, this 43 acres is a very valuable piece of property.

Preliminary plans have been prepared for a prestige town house rental project of some 210 units on 26 acres of land at the north-east corner of Bayview Avenue and

York Mills Road, in North York. The project will be owned and managed by Don Mills Developments Limited, with construction staged over a period of two to three years. It is intended to commence construction of the project in 1967 provided that construction costs are acceptable and suitable mortgage financing can be arranged.

#### **Investments in other Companies**

**Greater Hamilton Shopping Centre Limited.** The Company owns a 50% interest in this company. The Centre contains 63 tenants, including a Morgan's Department Store. There is also a Simpson Sears Department Store which is owned by that company.

Percentage rents received by Greater Hamilton Shopping Centre Limited, for the year ended October 31, 1966, were 30% higher than in the previous year. There are no vacant premises.

During the year, a renovation programme was completed at a cost of \$303,512, which was financed out of earnings.

**Aldon Developments Limited.** The Company also has a 50% interest in this company, the other 50% being owned by Dominion Stores Limited. This company owns a small Shopping Centre at Brampton, Ontario, a neighbourhood Shopping Centre in Scarborough and is the lessor under four ground leases on 10.5 acres of land at Dufferin Street and Lawrence Avenue, North York.

**Personnel.** The principal staff of the Company and its subsidiary consists of a small number of executives experienced in every phase of real estate development and the planning and management of revenue producing properties of all types. The success of the Company has been, and will continue to be, the result of their efforts.

*On behalf of the Board*

January 24, 1967

ANGUS McCLASKEY, *President.*

# CANADIAN EQUITY & DEVELOPMENT

Consolidated  
AS AT OCTOBER 31, 2011

## ASSETS

CASH . . . . .		\$ 467,051
ACCOUNTS RECEIVABLE . . . . .		738,770
PREPAID CHARGES AND SUNDRY ASSETS . . . . .		58,569
PROPERTY UNDER DEVELOPMENT		
Land — at cost . . . . .	\$ 828,828	
Development costs . . . . .	333,761	
		<u>1,162,589</u>
DEFERRED RECEIVABLES		
Land sale agreements . . . . .	803,650	
Mortgages . . . . .	483,896	
		<u>1,287,546</u>
PROPERTY HELD FOR DEVELOPMENT		
Land — at cost . . . . .	8,690,325	
Development costs . . . . .	82,264	
		<u>8,772,589</u>
INVESTMENTS IN OTHER COMPANIES — at cost (Note 2)		880,500
REVENUE PRODUCING PROPERTIES (Note 3)		
Land . . . . .	4,794,457	
Buildings, equipment and services . . . . .	7,798,068	
		<u>12,592,525</u>
Less accumulated depreciation . . . . .	999,679	
		<u>11,592,846</u>
Construction in progress — at cost		
The Towne project . . . . .	4,051,432	
Other . . . . .	73,490	
		<u>15,717,768</u>
Debenture Discount and Financing Expense		
less amounts amortized . . . . .		<u>1,223,969</u>
		<u><b>\$30,309,351</b></u>

On behalf of the Board: E. P. TAYLOR, *Director*; ANGUS McCLASKEY, *Director*.



# COMPANY LIMITED AND SUBSIDIARY COMPANIES

## Balance Sheet

PER 31, 1966

LIABILITIES AND SHAREHOLDERS' EQUITY	
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES . . . . .	\$ 624,831
HOLDBACKS PAYABLE . . . . .	536,259
INCOME TAXES PAYABLE (Note 5) . . . . .	212,690
PROVISION FOR DEVELOPMENT COSTS . . . . .	56,856
PREPAID RENTAL INCOME . . . . .	175,184
	<hr/>
	1,605,820
DEFERRED CREDIT	
Profit on properties sold under sale agreements and mortgages (Note 4)	609,212
LONG TERM DEBT	
(of which \$445,162 is due within one year) (Note 6) . . . . .	11,653,487
SHAREHOLDERS' EQUITY	
Capital stock (Note 7)	
Common shares	
<i>Authorized —</i>	
6,500,000 common shares without par value	
<i>Issued and fully paid —</i>	
4,716,850 shares . . . . .	\$6,630,275
Excess of book value of net assets of a subsidiary over the stated value of shares issued therefor . . . . .	1,336,129
Excess of appraised value of revenue producing properties over depreciated cost (Note 3) . . . . .	4,561,022
Retained earnings . . . . .	3,913,406
	<hr/>
	16,440,832
Commitments and contingencies (Note 8)	
	<hr/>
	<b>\$30,309,351</b>
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The accompanying explanatory notes are an integral part of these financial statements.

# CANADIAN EQUITY & DEVELOPMENT COMPANY LIMITED

AND SUBSIDIARY COMPANIES

## Consolidated Statement of Earnings

FOR THE YEAR ENDED OCTOBER 31, 1966

Rentals from revenue producing properties . . . . .	\$1,530,854
Direct operating expenses of revenue producing properties except depreciation and interest . . . . .	256,349
Earnings from revenue producing properties before depreciation and interest	1,274,505
Gross profit on property sales and interest thereon . . . . .	551,118
	<u>1,825,623</u>
General and administrative expenses less sundry income . . . . .	185,148
Earnings before the undernoted items . . . . .	1,640,475
Depreciation . . . . .	\$249,668
Interest . . . . .	656,101
Amortization of debenture discount and financing expenses	35,690
Provision for income taxes (Note 5) . . . . .	178,900
	<u>1,120,359</u>
<b>NET EARNINGS FOR THE YEAR</b>	<b><u>\$ 520,116</u></b>

## Consolidated Statement of Retained Earnings

FOR THE YEAR ENDED OCTOBER 31, 1966

Balance, November 1, 1965 . . . . .	\$3,344,997
Add: Net earnings for the year . . . . .	\$520,116
Realization of appraisal . . . . .	48,293
	<u>568,409</u>
<b>BALANCE, OCTOBER 31, 1966</b>	<b><u>\$3,913,406</u></b>

### Auditors' Report THE SHAREHOLDERS, CANADIAN EQUITY & DEVELOPMENT COMPANY LIMITED

We have examined the accompanying consolidated balance sheet of Canadian Equity & Development Company Limited and subsidiary companies as at October 31, 1966 and the consolidated statements of earnings and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the aforementioned financial statements present fairly the financial position of the company and subsidiary companies as at October 31, 1966 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario  
November 30, 1966.

TOUCHE, ROSS, BAILEY & SMART  
Chartered Accountants

# Explanatory Notes to Consolidated Financial Statements

AS AT OCTOBER 31, 1966

## 1. BASIS OF CONSOLIDATION

All wholly-owned subsidiaries of the Company have been consolidated in the accompanying consolidated balance sheet.

## 2. INVESTMENTS IN OTHER COMPANIES

Investments in other companies are made up as follows:

Greater Hamilton Shopping Centre Limited		
Class B shares representing 50% of the total issued capital	\$555,000	
4½ % Series B debentures . . . . .	250,000	
	<u>          </u>	\$805,000
Aldon Developments Limited		
Common shares representing 50% of the total issued capital of that class . . . . .	500	
Notes receivable . . . . .	75,000	
	<u>          </u>	75,500
		<u>          </u>
		<b>\$880,500</b>

The Company's share of the earnings of Greater Hamilton Shopping Centre Limited and Aldon Developments Limited for the year ended October 31, 1966 amounted to \$66,580 and \$20,745 respectively. At October 31, 1966 the Company's share of the retained earnings of Aldon Developments Limited amounted to \$49,290 and its share of the accumulated deficit of Greater Hamilton Shopping Centre Limited amounted to \$47,513. These amounts have not been reflected in the accompanying financial statements.

## 3. APPRAISALS

The revenue producing properties of Don Mills Developments Limited and Wrentham Estates Limited are valued on the basis of appraisals by Eastern & Chartered Trust Company dated as of October 31, 1962 and September 1, 1963, respectively, with subsequent acquisitions at cost less disposals.

# CANADIAN EQUITY & DEVELOPMENT COMPANY LIMITED

## AND SUBSIDIARY COMPANIES

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The following changes occurred in the excess of appraised values of net assets over depreciated cost.

Balance November 1, 1965 . . . . .		\$4,609,315
Deduct: Realization of appraisals		
Annual depreciation provisions . . . . .	\$14,638	
Land sales . . . . .	33,655	
		48,293
<b>BALANCE, OCTOBER 31, 1966</b>		<b>\$4,561,022</b>

#### 4. ACCOUNTING FOR PROPERTY SALES

It is the Company's policy to take into income profits from sales of properties as cash is received under the agreements for sale and mortgages. The same basis is used for income tax purposes. The amount of profits deferred to future years under this method appears as a deferred credit on the balance sheet.

#### 5. INCOME TAXES

For the year ended October 31, 1966, the company intends to claim for income tax purposes, capital cost allowances of \$245,000 in excess of the depreciation recorded in the accounts. The company also intends to claim for income tax purposes, expenses of \$140,000 in connection with the Towne project, which have been capitalized. As a result of this, the provision for income taxes for the year has been reduced by approximately \$200,400. The accumulation of such reductions in income taxes amounts to approximately \$642,400.

## 6. LONG TERM DEBT

Canadian Equity & Development Company Limited	
6½ % secured sinking fund debentures Series A (Principal due within one year amounts to \$100,000) (Note 9) . . .	\$ 6,000,000
Don Mills Developments Limited	
Montreal Trust Company	
6½ % first mortgage due September 1, 1977 . . . . .	1,539,647
Massachusetts Mutual Life Insurance Company	
6¼ % first mortgage due December 1, 1979 . . . . .	1,380,165
Eastern & Chartered Trust Company	
6¾ % first mortgage due January 1, 1980 . . . . .	384,038
Montreal Trust Company	
6½ % first mortgage due November 1, 1983 . . . . .	247,982
Montreal Trust Company	
7 % first mortgage due December 1, 1980 . . . . .	145,288
National Life Assurance Company of Canada	
7¼ % first mortgage due November 1, 1980 . . . . .	137,596
Sun Life Assurance Company	
6¾ % first mortgage due March 1, 1997 — advance to date on commitment of \$3,500,000 . . . . .	1,700,000
(The principal of the above mortgages due within one year amounts to \$329,377)	
Wrentham Estates Limited	
Investors Syndicate Limited	
5¼ % first mortgage due May 1, 1973 (Principal due within one year amounts to \$15,785) . . . . .	118,771
	<u>\$11,653,487</u>

## 7. CAPITAL STOCK

On February 15, 1966 the company issued 240,000 common shares which were sold with the issue of \$6,000,000 6½ % secured sinking fund series A debentures. The directors placed a value of \$720,000 on these shares.

# CANADIAN EQUITY & DEVELOPMENT COMPANY LIMITED

## AND SUBSIDIARY COMPANIES

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The Company has granted options to purchase an aggregate of 55,000 common shares of the Company at \$3 per share to certain directors, officers and employees of the Company and its subsidiaries. Such options were granted for a period of ten years expiring October 21, 1975. The board of directors has set aside an additional 75,000 common shares of the Company which may from time to time be optioned to officers and employees of the Company and its subsidiaries and affiliated companies but details of such stock options have not been determined.

### 8. COMMITMENTS AND CONTINGENCIES

Don Mills Developments Limited is the lessee under a ground lease from Sun Life Assurance Company of Canada having an unexpired term of 118 years with annual net ground rent of \$63,375 until 1999.

Don Mills Developments Limited has contracted to erect on the above property a building, now under construction, which will require expenditures of approximately \$1,280,000 to complete.

Letters of credit relating to the performance of subdivision agreements with a municipality are outstanding in an amount of \$269,069.

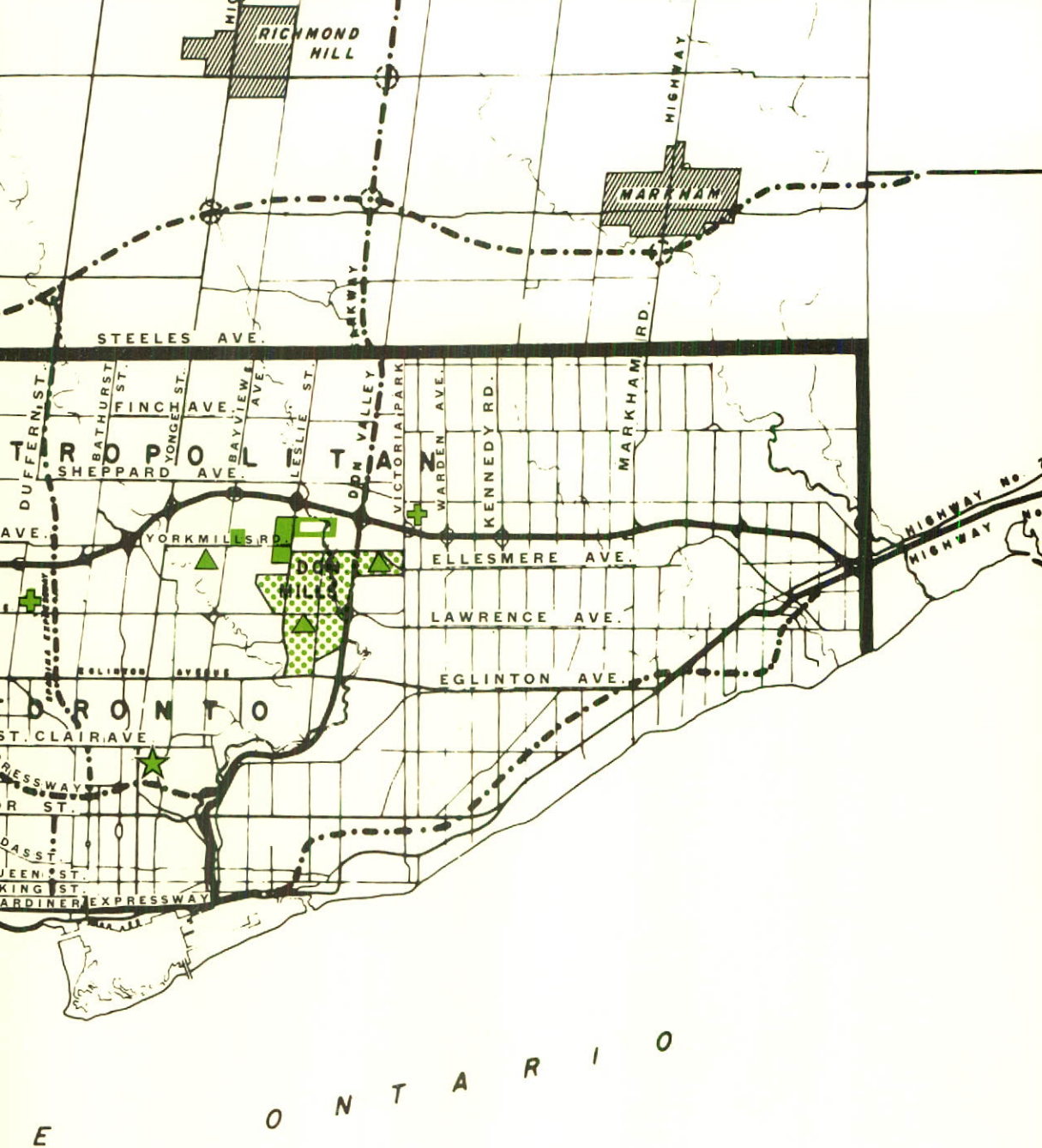
### 9. 6½% SECURED SINKING FUND DEBENTURES DUE FEBRUARY 15, 1991

The trust deed securing the series A sinking fund debentures provides for payment of sinking fund instalments of \$100,000 on February 15 in each of the years 1967 to 1970 inclusive and \$130,000 on February 15 in each of the years 1971 to 1990 inclusive. The balance of principal becomes due February 15, 1991.









Provisions of the trust deed require that the Company will not make any payment or distribution by way of dividends, redemption of shares, reduction of capital or otherwise except out of the consolidated net earnings earned subsequent to October 31, 1965. The debentures are redeemable at the option of the Company at varying premiums to maturity.

### 10. Effective November 1, 1966 the Company's two wholly-owned subsidiaries Don Mills Developments Limited and Wrentham Estates Limited were amalgamated.

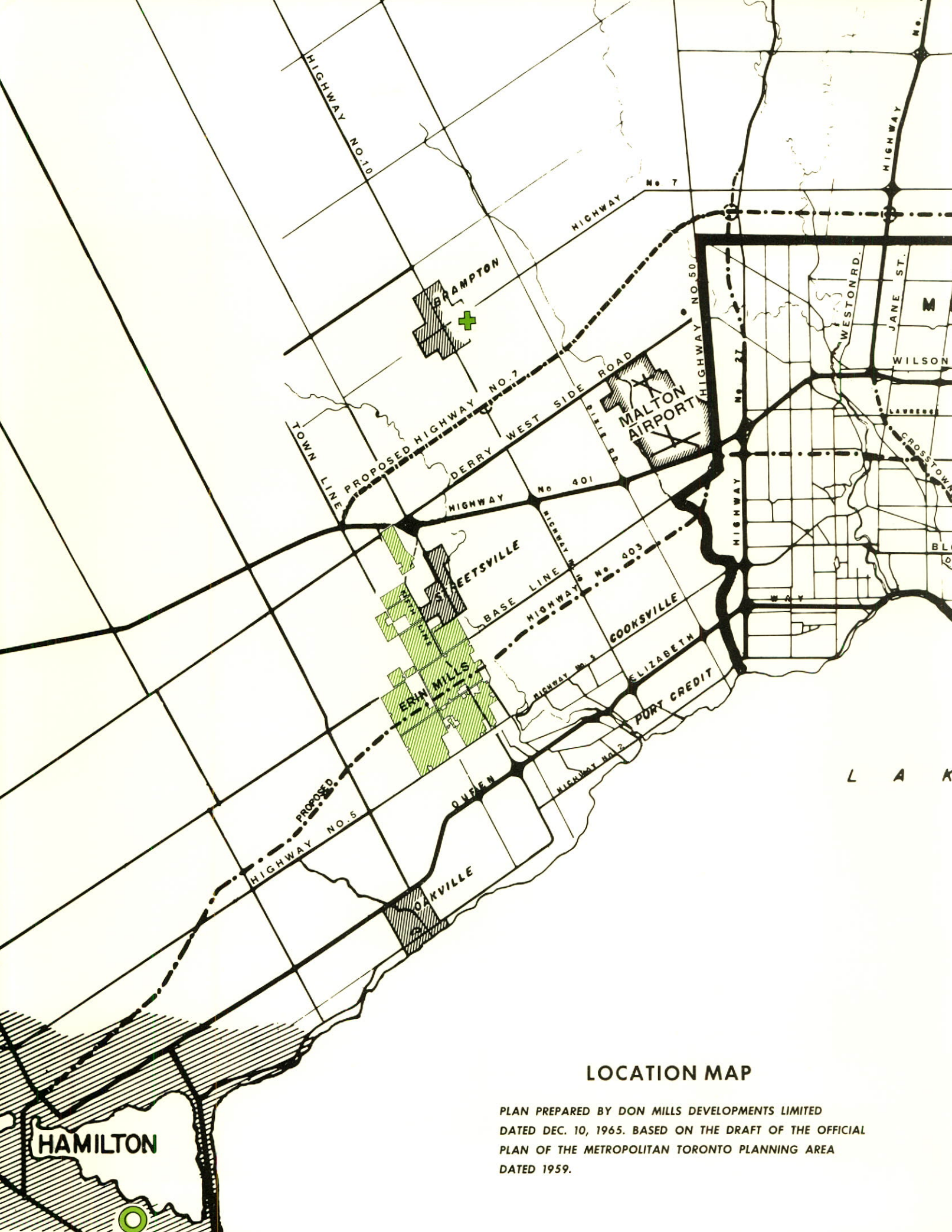
◀ Location Map



## LEGEND

-  DON MILLS
-  SHOPPING CENTRES OWNED BY DON MILLS DEVELOPMENTS LIMITED
-  THE TOWNE
-  GREATER HAMILTON SHOPPING CENTRE
-  ALDON DEVELOPMENTS LIMITED
-  WRENTHAM INDUSTRIAL PARK
-  LANDS HELD FOR RESIDENTIAL DEVELOPMENT
-  ERIN MILLS LANDS





### LOCATION MAP

PLAN PREPARED BY DON MILLS DEVELOPMENTS LIMITED  
 DATED DEC. 10, 1965. BASED ON THE DRAFT OF THE OFFICIAL  
 PLAN OF THE METROPOLITAN TORONTO PLANNING AREA  
 DATED 1959.

HAMILTON



