



*John C. Walker, President and Chief Executive Officer (left), and Neal J. Jackman, Vice President, Finance and Chief Financial Officer, Fortis Properties Corporation (right)*

## Operations

### Fortis Properties

Fortis Properties is the leading owner and operator of commercial real estate and hotels in Atlantic Canada. The Company is a wholly owned subsidiary of Fortis and is the Corporation's vehicle for diversification and growth outside the electric utility business. Growing steadily since 1989, Fortis Properties today has assets in excess of \$229 million comprised of a commercial real estate portfolio of 2.3 million square feet and seven hotels including 1,250 rooms. The Company's assets and income are distributed between Newfoundland and Labrador, Nova Scotia and New Brunswick and are strategically diversified between the real estate and hotel operations, providing stability and opportunity for growth.

Landmark properties include, in Newfoundland and Labrador, the Fortis Building, the Fort William Building, and TD Place - all located downtown in the historic capital city of St. John's; in Nova Scotia, the Maritime Centre situated in downtown Halifax; and in New Brunswick, the Blue Cross Center in Moncton and Brunswick Square in Saint John. Hotel properties in Newfoundland and Labrador are the Holiday Inn St. John's, Mount Peyton and Holiday Inn Corner Brook; in Nova Scotia, the Delta Sydney, Days Inn Sydney and Four Points by Sheraton Halifax; and in New Brunswick, the Delta Brunswick.

The Company's real estate portfolio is comprised of market leading properties anchored by high quality tenants under long-term leases. These properties have maintained better-than-market occupancy levels with a year-end occupancy rate of 94.1 per cent. Over the next five years, exposure to lease renewals will remain low, averaging 6.5 per cent of leasable space.

Building on past performance, Fortis Properties achieved record earnings and revenue in 2001. With a disciplined approach to growth and a focus on improving operational performance, the Company performed solidly during a year of economic uncertainty. Despite the tragic global events of the past year and a general slowing of the economy, the hotel properties continued to perform well experiencing only a minimal disruption to occupancy.

Revenue per available room increased for the sixth consecutive year in 2001, growing 0.6 per cent to \$55.58. Occupancy levels in 2001 declined marginally to 60.0 per cent compared to 62.6 per cent in 2000. The slight decline in average occupancy can be partially attributable to the inaugural period associated with the September opening of the Four Points by Sheraton Halifax which coincided with a downturn in the North American hospitality industry and a prolonged softening in the North American economy. Though the Hospitality Division ended 2001 with a lower occupancy level than 2000, a 4.5 per cent increase in average room rate helped achieve



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