

Mr. STEWART: That was 6 per cent on approximately \$3,200,000 or \$3,300,000.

Major BELL: That was about \$3,200,000, yes.

Mr. STEWART: That was a gross return? There would be taxes and depreciation deducted?

Major BELL: No, that is the net after providing for taxes.

Mr. STEWART: But not depreciation?

Major BELL: They thought there would be a small amount for depreciation, and to wipe out the capital interest on the building, but advice to me was that we could earn 6 per cent based on present rentals in Paris.

Mr. STEWART: And knowing this building, would you be able to say what would be a fair allowance for depreciation?

The WITNESS: There would not be very much of a depreciation, because it is a stone building and extremely well built, and the repairs on it certainly could not be very much. I do not know what I could say as to depreciation. There would be a certain charge for depreciation, but in view of the character of the building, it could not be a very high figure.

The CHAIRMAN: Would you think the depreciation on the building would be offset by an increase in value of the land?

The WITNESS: Oh, yes; more than that.

Sir HENRY DRAYTON: I did not say anything to Sir Henry (Thornton) about that, because I thought Major Bell spoke about it.

Mr. STEWART: I did not take a note of who it was made the statement, but I had the statement here. You say the taxes have been provided for?

Major BELL: That was a rough estimate. That was in a conversation going over the matter with our builders, in our architect's office. They were familiar with rentals and buildings, and I was not, and I wanted to get a general idea.

Mr. STEWART: You are assuming the responsibility for making that statement?

Major BELL: I made it yesterday; that that was the information I had.

Mr. STEWART: Sir Henry (Thornton), I think perhaps you have answered Mr. Harris as fully as you can as to the percentage of floor space in this building which the railways will use.

The WITNESS: The answer I gave Mr. Harris is about as near as I can come to it.

By Mr. Stewart:

Q. Somewhere in the neighbourhood of 25 per cent. It would, of course, be the most valuable space?—A. It would be on the ground floor.

Major BELL: The ground floor and the first floor up were reserved. That was subject to change. Mr. Dalrymple, our Vice President in charge of traffic, was over there, and my instructions to Mr. Young, our General Manager, were to reserve the two lower floors, and possibly part of the basement.

Mr. STEWART: Would this concern, which Sir Henry has intimated has made a profit, be aware of the amount of space the Canadian National would require? That is a very material part of their offer.

The WITNESS: It all depends on what we want to do. If we had a sufficiently attractive offer for the property we would reduce our space to the space which was required by our officers dealing directly with the public, that is to say, the ticket offices, and we would put other officers and other offices some other place. It would all depend on how attractive the offer was.

[Sir Henry Thornton.]