

20th January, 1933.

The Investment Committee,
Royal Institution for the Advancement of Learning

Re: - \$100,000. Lake and Rail Warehouse and Elevator Corporation
First 6s due 1st December 1951
Cost 100.95 to yield 5.92%
Quoted at 105 in Canada, (or 93.50 in U.S. Funds to yield
6.59%)

Outstanding \$1,863,000. Secured by a First mortgage on an elevator at Buffalo with a capacity of 4,900,000 bushels and a flour mill at Buffalo with a daily capacity of 6,000 barrels and by a deposit of a lease of the International Milling Company of an amount to provide for interest and sinking fund. Sinking fund to retire issue by maturity.

International Milling Company has no funded debt of its own - only preferred and common.

Lake and Rail does not publish either balance sheet or income account.

International Milling for years ended 31st August, showed the following;-

	<u>1931</u>	<u>1932</u>
Current Assets		
Inventories	- \$ 6,209,000.	\$ 9,524,000.
Receivables	- 1,652,000.	
Current Liabilities		<u>3,613,000.</u>
Working Capital		\$ 5,911,000. =====
Available for Dividends	\$ 1,307,000.	\$ 1,126,000.
Surplus over Dividends	\$500,000.	\$329,000.

International Milling is said to be capably managed, but millers are facing keen competition.

The Lake and Rail first 6s represent a small issue and the only real market is the sinking fund. The recent British tariff ruling requiring Canadian grain to be shipped through Canadian ports, if on the way to Great Britain, may very well injure the grain trade at Buffalo, where this elevator is located.

In view of the foregoing and as the bonds can be sold at a profit over original cost, it would appear desirable to sell the first 6s at current levels, the proceeds to be used to meet a part of the deficit for the current year.

A. J. L. Haskell

H.A. Craig

B. Outerbridge

G.W. Spinney

E.D. Glassco