

QUINCY MARKET REAL ESTATE TRUST

(over)

BOSTON, Oct. 6, 1913.

At the request of certain stockholders the Trustees make the following brief report as to the present condition of the Quincy Market Real Estate Trust, for consideration by the stockholders in connection with a proposition recently placed before them for a purchase or exchange of their shares.

A condensed estimate of the Balance Sheet at the close of the next fiscal year, May 2, 1914, is as follows:

Cost of Land	\$1,839,368.70	Capital Stock	\$2,000,000.00
Cost of Buildings	1,364,835.09	Mortgage debt	350,000.00
Cost of Machinery	250,000.00	Surplus	124,211.08
Investments	6,990.00		
Cash	13,017.29		
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	\$2,474,211.08		\$2,474,211.08

During the past 10 years the Lessee has expended considerable sums in additional buildings and machinery, the former of which will become the property of the trust at the expiration of the leases in 1933 and the latter will, by the terms of the leases, aid in ensuring full value to the Lessors of their interest of \$250,000 in the machinery.

An estimate of these expenditures has recently been made as follows:—

Buildings	\$200,000
Machinery	400,000

The estimated income for the current year indicates that there will be a surplus of about \$11,351.08.

This surplus will continue annually, gradually increasing through investment of each previous year's surplus, until 1923, when an increase of rental is provided for in the lease amounting to \$5000 per annum. After that date it was the original intention to increase the dividend to 5 per cent. per annum. The prosperous present condition of the trust, however, would seem to justify an increase before 1923, say within 5 years, unless the shareholders should decide otherwise.

In estimating the value of their shares, stockholders should consider that the trust is earning 5 per cent. though paying only 4 1-2 per cent.

They should also consider the increase in the value of the land in the past 10 years, equal in the opinion of the trustees to between 15 and 20 per cent., and the further increase in value of the property as a whole because it is a fixed site for a well established and very successful business, which it would be difficult, if not impossible, to duplicate today.

On the other hand it can not, in the opinion of the trustees, fairly be said that the buildings and machinery have increased in value. Increased cost of construction has, however, undoubtedly offset the depreciation.

The trustees believe that the proposition placed before the stockholders by Burroughs and DeBlois has great merit in the fact that it brings lessor interest and lessee interest together in the development of a business which ought properly to be a single interest, and thereby the difficulties in making improvements toward the expiration of the leases are avoided, but its terms do not appear to the trustees to have given sufficient consideration to the increased value of the property, the present earning power and the accumulated surplus of 5 per cent.]

EDMUND D. CODMAN } Trustees
JOSEPH B. RUSSELL }

SINCLAIR KENNEDY,
263 WARREN ST.,
ROXBURY, - MASS.

10/11/13. Dear Father, - It seems to me that if this was written after the callable proviso in the preferred stock was annulled, the trustees are too optimistic about their res. For this preferred stock may now amount to any height the trust shares could have with the bracketed clause above stated considered and do it more quickly, owing to present 6% in preferred vs 5% earnings in trust, even tho the preferred can never go higher or bring more than \$6 a year. I consider \$6 a year with no limit on selling price better than \$4.50 or \$5. a year with chance for greater dividend. This circles strikes me as tardy and anyway it would look better if a shareholder wrote the letter. Yours S. K.



Quincy's Market (Boston, Mass.). 1913. "Q.M.R.E.Tr. 6 Oct 1913 [fwd by S. Kennedy]." *George Golding Kennedy correspondence*

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