



THD

Third Canadian General
Investment Trust Limited

Tradition and value



Corporate Profile

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED (Third Canadian), founded in 1928, is one of the oldest publicly listed closed-end funds in North America and certainly one of the most unusual.

Third Canadian's objective is to provide its investors with above-average returns comprised of a blend of current income and long-term capital appreciation through its investment in Canadian and international equities, funds, income trusts and related products. The fund qualifies as Canadian property for registered plans.

Third Canadian has been managed since 1956 by investment manager Morgan Meighen & Associates Limited (website: mmainvestments.com).

Net asset value per share (NAV) is calculated daily, and distributed via various news services in Canada, the U.S. and the U.K. NAV and market price information are published in the financial press in Canada on a daily basis and at the weekend in the United States.

Third Canadian is a founding member of the Closed-End Fund Association (CEFA) in North America (website: www.cefa.com).

Top Ten Investments *(Excluding cash)*

<i>(Portfolio details on page 10)</i>	%
Canadian General Investments, Limited	69.0
Canadian World Fund Limited	2.9
Rothmans Inc.	1.7
Asset Management Investment Company PLC	1.4
Connors Bros. Income Fund	1.0
Atlas Cold Storage Income Trust	1.0
Associated Brands Income Fund	1.0
Viceroy Homes Limited A	0.9
Enerplus Resources Fund	0.9
Pembina Pipeline Income Fund	0.9
Total	80.7



Michael A. Smedley, *President*
and Vanessa L. Morgan, *Chairman*

Top Quartile Performance

Third Canadian General Investment Trust Limited's (Third Canadian) 2002 return would place the Corporation (a closed-end fund) in the top quartile of Canadian equity mutual funds as reported in The Globe and Mail.

The actively managed assets, representing almost 30% of Third Canadian's investment portfolio at year-end and well invested in Canadian income trusts, were an important stabilizing factor for Third Canadian General Investment Trust Limited (TSX symbol – THD) in 2002.

We believe that these assets helped Third Canadian to a market value appreciation of 10.5% with distributions reinvested. Third Canadian's net asset value return with distributions reinvested for 2002 of -7.0% would place it in the top quartile of Canadian equity mutual funds as reported in The Globe and Mail. Priced at their net asset value, Canadian equity mutual funds, on average, closed the year down 12.0%.

Third Canadian's shares closed 2002 at \$14.79, up from \$13.65 at the end of the previous year, despite a 6.2% market decline with distributions reinvested for its dominant principal asset, Canadian General Investments, Limited (CGI).

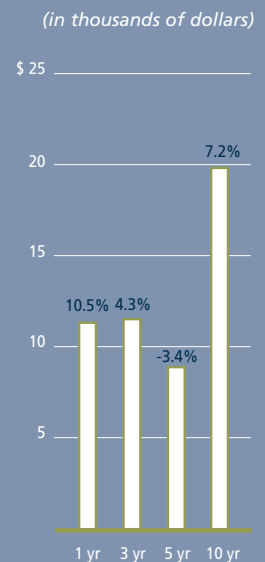
The shares of CGI represented 63.6% of Third Canadian's portfolio at year-end. Principal assets, which also includes warrants

of CGI as well as shares of Canadian World Fund Limited, fell by 8.7% in market value. Performance of income trusts and other actively managed holdings cut the overall portfolio decline to 7.0%, exactly half the 14.0% setback in the S&P/TSX Composite Index.

Importance of Income

Increasing talk – and action – on cash distributions and the U.S. President's proposed dividend tax cutting program at year-end should stimulate investors' already strong appetite for payouts in the coming year. We believe this reinforces Third Canadian's strong positioning in Canadian income trusts. This sector has grown to more than \$45 billion in market capitalization (graph on page 16). Diverse operations underlying the trusts include food processing and outlets, storage, real estate rentals, hotels and other products and services as well as resources trusts that have taken on significant roles in oil and gas and in coal, iron ore, and forest products, as well as energy generation and transportation.

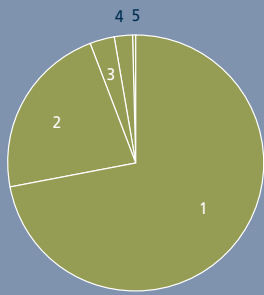
Growth of a \$10,000 investment*
For 1, 3, 5 and 10 years to
December 31, 2002



* Compound average annual returns assuming reinvestment of distributions at month-end closing prices

Weighting of portfolio investments at market

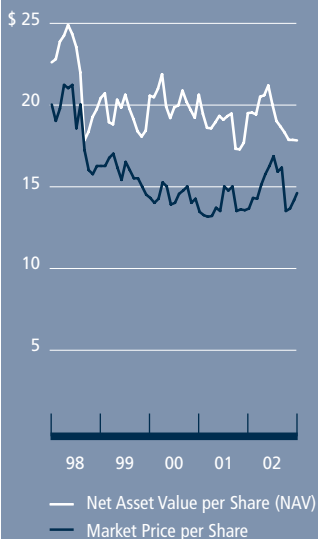
December 31, 2002



	%
1 Principal Assets	72.0
2 Canadian-Listed	22.2
3 U.K.-Listed	3.1
4 U.S.-Listed	2.3
5 Other	0.4

Comparison of market price to NAV

Years 1998 to 2002



Income trusts dominated initial public offering (IPO) activity on the Toronto Stock Exchange in 2002. Valued at roughly \$4.9 billion, the new trusts represented over 86% of total IPO value for the year. Recognition of the growing importance of trusts with investors has resulted in the creation of three new S&P/TSX benchmarks, all of which positively outperformed the 14% decline of the S&P/TSX Composite Index. The new benchmarks are the S&P/TSX Canadian Income Trust Index, the S&P/TSX Canadian Energy Trust Index, and the S&P/TSX Canadian REIT Index. For 2002, the total returns of these indices were up 13.1%, 19.1% and 7.4%, respectively (graph on page 16). To date, the S&P/TSX indexing committee has decided to exclude trusts from the main S&P/TSX benchmark. There is pressure in the marketplace for inclusion, which would create more potential buyers among the many funds that are confined to securities in the Composite Index.

Cash yields across the income trust sector presently average about 10%, slightly higher than in 2001. At year-end, Third Canadian held 20 trusts totalling almost \$15 million in market value. Portfolio turnover in these trusts is customarily low, as business stability is generally requisite for trust structures and implied portfolio risk appears to be well contained.

“Double Discount”

Support for Third Canadian’s share price may be indicated in a considerable narrowing in discounts. Third Canadian’s discount narrowed sharply through the year from 30.0% to 17.1% at December 31, 2002. Some investors are attracted to the “double discount” concept, which would combine the discounts of Third Canadian

and its principal assets. The double discount stood at 38.1% at year-end, still indicating big undervaluation, though less than the 47.5% at the end of the prior year. CGI’s discount, a large factor in the “double discount” calculation, was still at the 31.5% level at year-end vs. 30.7% for 2001.

For a second consecutive year, a fourth quarter surge unfolded in North American markets. Third Canadian’s share price appeared to reflect this gain but this time it failed to trigger a significant strengthening of CGI’s share price despite its less negative 2002 net asset performance relative to comparative benchmarks and funds.

Outlook

Third Canadian expects the income trust holdings to serve shareholders well in the aggregate through 2003 and hopes for at least stable performance again from the dominant principal asset, the shares of CGI.

Board of Directors

Carl S. Hutman, a director of the Corporation since 1993, will not be seeking re-election to the Board at the next Annual Meeting of Shareholders. Fellow members record their appreciation of Mr. Hutman’s long commitment to shareholders and his hard work and creativity in Board deliberations. Mr. Robert S. Hart is expected to be nominated for Board membership at the April 2003 meeting of Shareholders.

Vanessa L. Morgan
Chairman

Michael A. Smedley
President

February 6, 2003

Management's Discussion and Analysis

Despite bear market conditions in the global marketplace, the share price of Third Canadian General Investment Trust Limited (Third Canadian) appreciated by 8.4% year-over-year. With distributions reinvested, Third Canadian's market return was a respectable 10.5%, in a broadly declining market. The discount from net asset value per share (NAV) at which Third Canadian's shares trade narrowed to 17.1% at the end of 2002 from 30.0% at year-end 2001, moving in a range of 10.4% to 29.4% through the year.

Third Canadian is a closed-end fund that seeks long-term growth and income, and measures its relative return on the basis of growth of its net assets. Third Canadian's NAV return, with distributions reinvested, for 2002 was -7.0%, outperforming the -12.4% for the S&P/TSX Composite Total Return Index.

Financial performance

Third Canadian's net assets and NAV decreased by 8.5% to \$85,768,000 and \$17.85, respectively, in 2002. The fall was primarily a result of a decline in the market values of the Corporation's principal assets, Canadian General Investments, Limited (CGI) and Canadian World Fund Limited (CWF).

Third Canadian had net investment income of \$2,558,000, compared to \$2,630,000 in 2001.

Total investment income for 2002, comprised of dividends, interest and other income, decreased by 2.6% to \$4,003,000 from \$4,108,000 in 2001. Dividends earned from CGI, representing 59.7% and 58.2% of total dividend income for 2002 and 2001, respectively, continued to play a

major role for Third Canadian. Income is greatly enhanced by interest and other income received from income trusts, which have been a large component of the Canadian-listed segment of Third Canadian's portfolio for several years. These trusts, representing more than half of its actively managed portfolio at year-end, are diversified across many sectors of the Canadian economy.

Expenses decreased by 7.3% to \$1,469,000, largely attributable to lower interest costs.

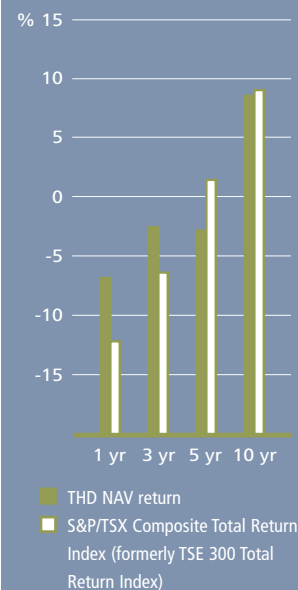
Interest on bank borrowings used for leverage benefited from a generally declining interest rate trend, with the average rate for 2002 at 4.3% versus 5.7% for the prior year. Borrowings were constant at \$15 million throughout both years.

Management fees, relatively unchanged from the prior year, are calculated quarterly in arrears at the annual rate of 1% of consolidated net asset value, excluding tax liabilities, bank indebtedness and the holdings of the principal assets that are subject to an administration fee of 0.2% of their market value. The management fee average rate was 0.5%, including GST, for both 2002 and the previous year.

The management expense ratio (MER) was 0.9% compared to 0.8% for 2001. The MER calculation is based on all expenses, excluding brokerage commissions, interest and all income taxes. Portfolio turnover decreased to 5.9% in 2002 from 13.6% for 2001.

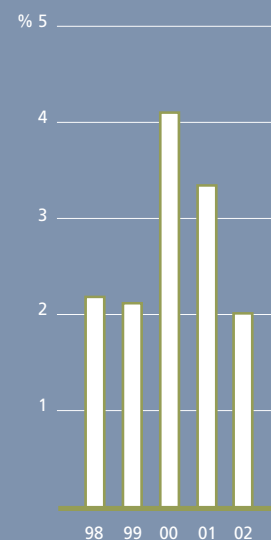
The net loss on investments for 2002 was \$8,491,000, compared to \$5,825,000 in 2001. The 2001 amounts reflects the (net of tax) inclusion of \$1,511,000 generated from capital gains cash dividends received from CGI in December of that year.

NAV Returns* vs S&P/TSX Composite Total Return Index
For 1, 3, 5 and 10 years to December 31, 2002

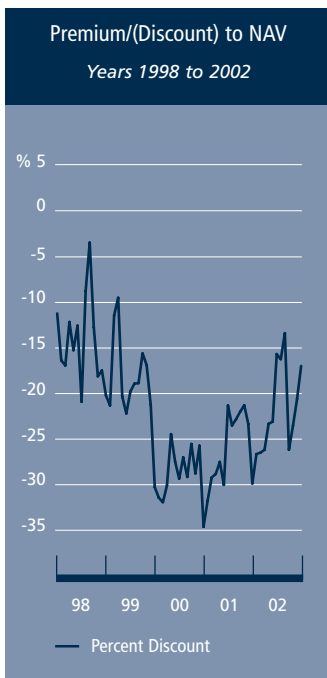


* Assuming reinvestment of distributions at month-end closing net asset values

Market yield
Years 1998 to 2002



* Represents total per share distributions for the year as a percentage of the year-end closing market price



A \$7,365,000 decline in the unrealized appreciation of investments in 2002 resulted in an unrealized gain on investments of \$42,619,000 at year-end.

Dividends

Dividend payments to shareholders aggregated \$0.30 per share or \$1,442,000 in 2002, compared to \$0.45 per share or \$2,163,000 in 2001. Included in the 2001 figure was an extra year-end dividend payment of \$0.15, which related to the capital gains dividends received from CGI.

Discounts

Third Canadian trades at a “double discount” – reflecting its own discount to NAV and the discounted market prices of its principal assets. At year-end 2002,

CGI and CWF were trading at discounts of 31.5% and 31.2%, respectively, which resulted in Third Canadian’s “double discount” of 38.1% at year-end 2002, down from 47.5% at year-end 2001.

CWF, established in 1994, is a global equity fund that constitutes roughly 3% of Third Canadian’s portfolio at year-end. CGI is an actively managed Canadian equity fund with well-diversified holdings. For 2002, CGI’s diluted NAV return with distributions reinvested of -5.8%, outperformed its benchmark, the S&P/TSX Composite Total Return Index, which posted -12.4%.

CGI’s top five S&P/TSX sectors and top five holdings as of December 31, 2002 were as follows:

Canadian General Investments, Limited			
Top 5 Sectors	% at market	Top 5 Investments	% at market
Financials	21.7	Inco Limited	3.9
Materials	18.5	Corby Distilleries Limited	2.6
Consumer Discretionary	12.6	Bank of Montreal	2.5
Energy	11.4	Astral Media Inc.	2.2
Consumer Staples	11.1	TELUS Corporation	2.1
	75.3		13.3

CGI’s annual report is available upon request via email (cgifund@mmainvestments.com) or toll-free at 1-866-443-6097.

Prospects

We expect that financial markets will continue to reflect unsettled conditions in 2003. Nevertheless, Third Canadian, by nature of its distinct portfolio components, has in recent years managed to outperform

in adverse markets. An overall weary investment scene is still threatened by corporate financial difficulties, Middle East war issues, uncertainties about the U.S. economy and over-valuation left over from almost forgotten bullish years.

Financial Reports

Management's Report

The accompanying consolidated financial statements have been prepared by Management and approved by the Board of Directors of the Company. Management is responsible for the information and representations contained in these financial statements and other sections of the Annual Report.

The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. The significant accounting policies which Management believes are appropriate for the Company are described in note 1 to the consolidated financial statements. Financial information used elsewhere in the Annual Report is consistent with that in the financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and overseeing Management's performance of its financial reporting responsibilities. An Audit Committee comprised of non-Management Directors is appointed by the Board. The Audit Committee reviews the consolidated financial statements, adequacy of internal controls, the audit process and financial reporting with Management and the external Auditors. The Audit Committee reports to the Directors prior to the approval of the audited consolidated financial statements for publication.

PricewaterhouseCoopers LLP, the Company's external Auditors, who are appointed by the shareholders, audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the financial statements. Their report is set out on this page.



Vanessa L. Morgan
Chairman

Michael A. Smedley
President

February 6, 2003

Auditors' Report

*To the Shareholders of
Third Canadian General Investment Trust Limited*

We have audited the accompanying consolidated statements of net assets of **Third Canadian General Investment Trust Limited** as at December 31, 2002 and 2001, and the consolidated statement of investments as at December 31, 2002, the consolidated statements of operations, retained earnings, unrealized gain on investments and changes in net assets for the years then ended, and the consolidated statements of financial highlights for each of the years in the five-year period ended December 31, 2002. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2002 and 2001, and the results of its operations and the changes in its net assets for the years then ended and its financial highlights for each of the years in the five-year period ended December 31, 2002 in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Toronto, Ontario
January 17, 2003

Consolidated Statements of Net Assets

As at December 31, 2002 and 2001	2002	2001
<i>(in thousands of dollars, except per share amounts)</i>	\$	\$
Assets		
Investments <i>(note 1)</i>	101,445	109,074
Cash	1,686	1,703
Receivable on securities sold	420	–
Accrued interest and dividends	247	329
Income taxes recoverable	–	1,513
	103,798	112,619
Liabilities		
Bank indebtedness <i>(note 3)</i>	15,009	14,994
Accounts payable and accrued liabilities	93	61
Income taxes payable	440	–
	15,542	15,055
Future income taxes on unrealized net capital gains <i>(note 2)</i>	2,488	3,866
	18,030	18,921
Net Assets	85,768	93,698
Shareholders' Equity		
Capital stock <i>(note 4)</i>	6,504	6,504
Contributed surplus	2,681	2,681
Unrealized gain on investments	42,619	49,984
Retained earnings	33,964	34,529
	85,768	93,698
Number of shares outstanding <i>(note 4)</i>	4,805,910	4,805,910
Net asset value per share	17.85	19.50

Approved by the Board of Directors



Director



Director

Consolidated Statements of Operations

For the years ended December 31, 2002 and 2001	2002	2001
<i>(in thousands of dollars)</i>	\$	\$
Investment income		
Dividends	3,068	3,147
Interest and other	935	961
	4,003	4,108
Expenses		
Management fees <i>(note 6)</i>	519	502
Interest <i>(note 3)</i>	670	902
Directors' fees	48	38
Investor relations	37	32
Other	195	111
	1,469	1,585
Investment income before income taxes	2,534	2,523
Income tax recovery <i>(note 2)</i>	24	107
Net investment income for the year	2,558	2,630
Realized and unrealized gain (loss) on investments		
Net realized loss on investments <i>(note 5)</i>	(1,126)	(464)
Change in unrealized appreciation of investments	(7,365)	(6,872)
Capital gains cash dividends received – net of income taxes of \$nil (2001 – \$397)	–	1,511
Net loss on investments	(8,491)	(5,825)
Decrease in net assets resulting from operations	(5,933)	(3,195)

Consolidated Statements of Retained Earnings

For the years ended December 31, 2002 and 2001	2002	2001
<i>(in thousands of dollars, except per share amounts)</i>	\$	\$
Retained earnings – Beginning of year	34,529	33,015
Net investment income for the year	2,558	2,630
Net realized loss on investments	(1,126)	(464)
Capital gains cash dividends received – net of income taxes	–	1,511
Provision for refundable dividend tax on hand	(555)	–
	35,406	36,692
Deduct: Dividends	1,442	2,163
Retained earnings – End of year	33,964	34,529
Dividends per share	0.30	0.45

Consolidated Statements of Unrealized Gain on Investments

For the years ended December 31, 2002 and 2001	2002	2001
<i>(in thousands of dollars)</i>	\$	\$
Unrealized gain on investments – Beginning of year	49,984	56,856
Decrease during the year	(8,743)	(9,339)
Decrease in provision for future income taxes	1,378	2,467
Unrealized gain on investments – End of year	42,619	49,984

Consolidated Statements of Changes in Net Assets

For the years ended December 31, 2002 and 2001	2002	2001
<i>(in thousands of dollars)</i>	\$	\$
Decrease in net assets resulting from operations	(5,933)	(3,195)
Distributions to shareholders from net investment income	(1,442)	(2,163)
Net increase in refundable dividend tax on hand	(555)	–
Decrease in net assets	(7,930)	(5,358)
Net assets – Beginning of year	93,698	99,056
Net assets – End of year	85,768	93,698

Consolidated Statements of Financial Highlights

For the five-year period ended December 31, 2002	2002	2001	2000	1999	1998
	\$	\$	\$	\$	\$
Data per share (note 7)					
Net asset value – Beginning of year	19.50	20.61	20.55	20.41	22.57
Income (loss) from investment operations					
Net investment income for the year	0.53	0.55	0.36	0.38	0.49
Net realized gain (loss) and unrealized gain (loss) on investments	(1.76)	(1.21)	0.25	0.06	(1.77)
	(1.23)	(0.66)	0.61	0.44	(1.28)
Distributions to investors					
From net investment income	(0.30)	(0.45)	(0.55)	(0.30)	(0.35)
Net increase in refundable dividend tax on hand	(0.12)	–	–	–	–
	(0.42)	(0.45)	(0.55)	(0.30)	(0.35)
Other					
Payment pursuant to issuer bid litigation	–	–	–	–	(0.53)
Net asset value – End of year	17.85	19.50	20.61	20.55	20.41
Ratios / supplemental data					
Total net assets – End of year <i>(in thousands of dollars)</i>	85,768	93,698	99,056	98,782	98,096
Weighted average monthly net assets <i>(in thousands of dollars)</i>	92,451	89,963	97,220	93,550	104,507
Management expense ratio (note 7(b))	0.9%	0.8%	0.7%	0.8%	0.8%
Portfolio turnover rate (note 7(c))	5.9%	13.6%	18.8%	8.6%	10.9%
Annual net asset value growth, with distributions reinvested (note 7(d))	-7.0%	-3.1%	3.0%	2.2%	-8.1%

Consolidated Statement of Investments

December 31, 2002

<i>Number of Shares or Par Value</i>	<i>Investment – % of Total Market Value</i>	<i>Market</i>	
		<i>Cost</i>	<i>Value</i>
<i>(in thousands of dollars)</i>			
Principal Assets – 72.0%			
7,629,811	Canadian General Investments, Limited	\$ 20,969	\$ 64,472
1,526,578	Canadian General Investments, Limited wts.	–	5,572
1,120,211	Canadian World Fund Limited	5,601	2,946
	TOTAL PRINCIPAL ASSETS	26,570	72,990
Canadian-Listed – 22.2%			
45,000	Advanced Fiber Technologies Income Fund	429	466
50,000	AltaGas Services Inc.	469	480
70,000	ARC Energy Trust	606	833
90,000	Associated Brands Income Fund*	895	972
90,000	Atlas Cold Storage Income Trust	849	1,012
30,000	BCE Inc. pfd. series Z	728	765
30,000	Boston Pizza Royalties Income Fund	297	304
500,000	Canadian Western Bank conv. deb. 5.5% due March 31, 2008	501	516
50,000	Chemtrade Logistics Income Fund	542	700
75,000	Connors Bros. Income Fund	738	1,027
100,000	Contrans Income Fund	1,035	870
14,400	Corby Distilleries Ltd. B	484	812
40,000	Davis + Henderson Income Fund	421	514
10,000	EnCana Corporation	461	488
33,950	Enerplus Resources Fund	749	952
33,600	First Capital Realty Inc.	519	408
26,880	First Capital Realty Inc. wts. 8/31/08	–	32
60,000	The Keg Royalties Income Fund	591	555
30,000	North West Company Fund	454	624
40,000	Northern Property Real Estate Investment Trust†	482	476
237,800	Novicourt Inc.	562	369
85,000	Pembina Pipeline Income Fund	836	927
52,500	Prime Restaurants Royalty Income Fund	525	455
72,000	Retirement Residences Real Estate Investment Trust	761	847
70,000	RioCan Real Estate Investment Trust	832	873
60,000	Rothmans Inc.	1,310	1,736
100,000	Sceptre Investment Counsel Limited A	1,860	600

<i>Number of Shares or Par Value</i>	<i>Investment – % of Total Market Value</i>	<i>Market</i>	
		<i>Cost</i>	<i>Value</i>
<i>(in thousands of dollars)</i>			
600,000	Sherritt International Corporation conv. deb. 6% due December 15, 2006	\$ 463	\$ 492
35,200	Shiningbank Energy Income Fund	110	533
70,000	TimberWest Forest Corp.	831	840
25,000	TransAlta Corporation	635	428
164,700	Viceroy Homes Limited A	889	955
95,000	Viking Energy Royalty Trust	353	672
	TOTAL CANADIAN-LISTED	21,217	22,533

U.K.-Listed – 3.1%			
800,000	Asset Management Investment Company PLC	3,262	1,454
1,875	The Lindsell Train Investment Trust plc	440	453
75,765	London Stock Exchange plc	439	608
92,500	Singer & Friedlander Group PLC	680	310
235,000	UK COAL PLC	461	305
	TOTAL U.K.-LISTED	5,282	3,130

U.S.-Listed – 2.3%			
10,000	General American Investors Company, Inc.	508	377
500,000	Magna Entertainment Corp. conv. deb. 7.25% due December 15, 2009*	792	768
42,100	Morgan Stanley Dean Witter Emerging Markets Debt Fund, Inc.	467	502
40,000	Templeton Emerging Markets Income Fund, Inc.	673	731
	TOTAL U.S.-LISTED	2,440	2,378

Other – 0.4%			
20,000	The India I.T. Fund Limited	829	414
	TOTAL OTHER	829	414

Total Investments			
	– December 31, 2002	\$56,338	\$101,445
	– December 31, 2001	\$55,224	\$109,074

Changes from September 30, 2002: * New Holdings; + Increased Holdings

Notes to Consolidated Financial Statements

December 31, 2002 and 2001

1 Summary of significant accounting policies

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its three wholly owned subsidiaries, 1013229 Ontario Limited, 1013230 Ontario Limited and 1013231 Ontario Limited.

Valuation of investments

Market values of securities are based on closing market quotations.

Investment transactions

Investment transactions are recorded on the trade date. Realized gains and losses from investment transactions are calculated on an average cost basis.

Dividend and interest income

Dividend income is recorded on the ex-dividend date and interest income is recognized as earned.

Foreign exchange

Assets and liabilities denoted in foreign currencies are translated into Canadian dollars at year-end rates. Investment income, expenses and purchases and sales of investments are calculated at the exchange rates prevailing on the dates of the transactions.

Future income taxes

The Company follows the asset and liability method of accounting for income taxes. Future income tax liabilities are measured using rates expected to apply to the taxable income in the years in which the temporary differences are expected to be settled on the Company's unrealized appreciation of investments.

2 Taxation

The Company is subject to income taxes as a public corporation and, accordingly, taxable dividends receivable from taxable Canadian corporations, as defined by the Income Tax Act (Canada), are excluded from taxable income. The Company's provision for income taxes is made up as follows:

Consolidated statements of operations

	Years ended December 31,	
	2002	2001
<i>(in thousands of dollars)</i>	\$	\$
Provision for income taxes based on combined		
Canadian federal and provincial income tax rate	979	1,050
Decrease in taxes resulting from		
Dividends from taxable Canadian companies	(1,015)	(962)
Other items	12	(195)
Actual recovery of income taxes	(24)	(107)

Notes to Consolidated Financial Statements *(continued)*

Consolidated net realized loss on investments

	Years ended December 31,	
	2002	2001
<i>(in thousands of dollars)</i>	\$	\$
Recovery of income taxes based on combined Canadian federal and provincial income tax rate	(620)	(258)
Decrease (increase) in taxes resulting from Non-taxable portion of allowable capital losses	310	129
Other	(169)	(27)
Actual recovery of income taxes <i>(note 5)</i>	(479)	(156)

The Company and its wholly owned subsidiaries are also subject to a special tax of up to 33 1/3% on taxable dividends received from corporations resident in Canada. This special tax is refundable on payment of taxable dividends to shareholders at the rate of \$1 for each \$3 of such dividends paid. The Company has refundable dividend tax on hand of approximately \$555,000 as at December 31, 2002 (2001 – \$nil).

The effective tax rate for the Company's future income taxes on its unrealized net capital gains is approximately 15% (2001 – 15%).

3 Bank indebtedness

The Company has a credit facility of CAN\$17.0 million, with interest either at a quoted one-year rate or based on the prime bankers' acceptance rate. The Company must comply with specified covenants during the term of the loan. The bank indebtedness has a combined weighted average interest rate of 4.08% p.a. (2001 – 4.37% p.a.), and includes CAN\$5.9 million for a term to February 2003 and CAN\$4.1 million for a term to June 2003.

4 Capital stock

The Company is authorized to issue 60,000 First, Preferred Shares, Series A and an unlimited number of common shares. As at December 31, 2002 and 2001, there are 4,805,910 common shares issued and outstanding.

5 Consolidated net realized loss on investments

The consolidated net realized loss on investments was as follows:

	Years ended December 31,	
	2002	2001
<i>(in thousands of dollars)</i>	\$	\$
Proceeds from disposition of investments	6,514	14,700
Investments at cost – Beginning of year	55,224	50,376
Investments purchased during the year	9,233	20,168
Investments at cost – End of year	(56,338)	(55,224)
Cost of investments disposed of during the year	8,119	15,320
Realized loss on disposition of investments before income taxes	(1,605)	(620)
Income tax recovery on allowable capital losses <i>(note 2)</i>	479	156
Net realized loss on investments	(1,126)	(464)

6 Related party information

Management fees are paid monthly to Morgan Meighen & Associates Limited (MMA) for services received in connection with the management of the Company's financial accounts and investment portfolio. Management fees are calculated on a quarterly basis at the annual rate of 1.0% of consolidated net asset value, excluding tax liabilities, bank indebtedness and the holdings of the principal assets and at the rate of 0.2% of the market value of the principal assets.

Included in dividend income is \$1,831,000 (2001 – \$1,831,000) and included in net loss on investments are capital gains cash dividends of \$nil (2001 – \$1,908,000) from Canadian General Investments, Limited (CGI) in which the Company has an approximate 37% ownership interest.

The Company has an approximate 27% ownership interest in Canadian World Fund Limited (CWF).

MMA, CGI and CWF are corporations under common control with the Company.

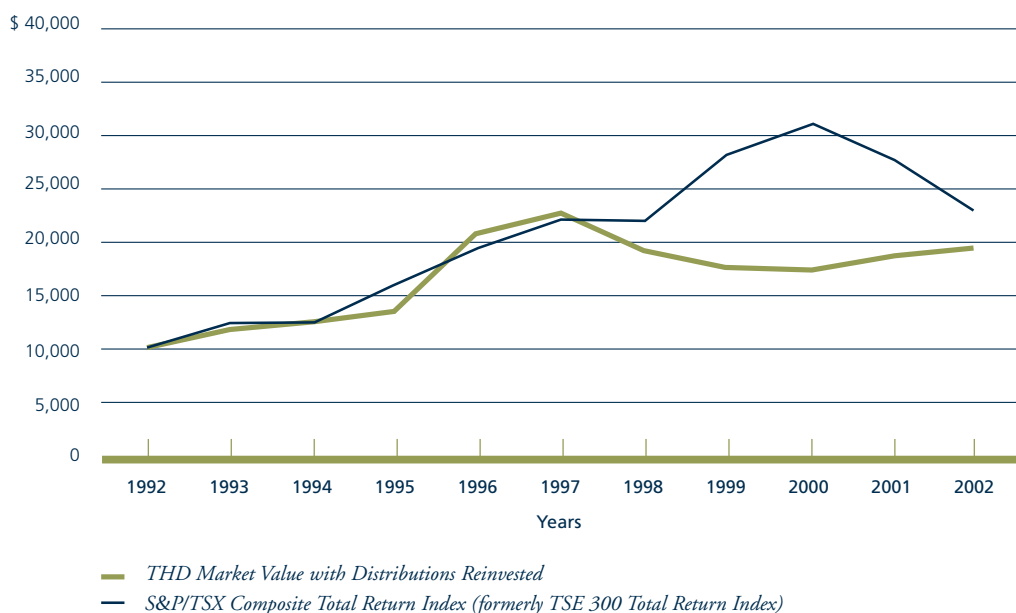
7 Financial highlights

Explanatory notes

- a) All data per share, except opening and closing net asset values, are based on the average number of shares outstanding during the year.
- b) The management expense ratio is calculated based on all expenses of the Company (other than brokerage commissions, interest including interest on issuer bid litigation and income taxes) expressed as a percentage of the average monthly net assets of the Company.
- c) The portfolio turnover rate is calculated by dividing the lesser of purchases or sales of securities, excluding securities having maturity dates at acquisition of one year or less, by the weighted average monthly value of the portfolio securities held during the year.
- d) Annual net asset value growth is calculated based on the change in net asset value per share with reinvestment of distributions at month-end closing net asset values.

Illustration of a Ten Year Investment of \$10,000

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED (THD) VS S&P/TSX COMPOSITE TOTAL RETURN INDEX



Years Ending December 31	Market Value of Original Shares	Cumulative Market Value of Distributions Reinvested	Total Market Value
1992	\$ 10,000	\$ 0	\$ 10,000
1993	11,790	362	12,152
1994	11,659	696	12,355
1995	12,838	1,099	13,937
1996	18,445	1,986	20,431
1997	20,961	2,751	23,712
1998	17,031	2,623	19,654
1999	14,987	2,642	17,629
2000	14,096	3,147	17,243
2001	14,306	3,772	18,078
2002	15,500	4,483	19,983

The indicated market rates of return in the chart and table above reflect the change in market price, assuming reinvestment of distributions at month-end closing prices. They do not take into account commissions or any income taxes that may be payable by a shareholder that would have reduced returns. Market prices change frequently and past performance may not be repeated.

Ten Year Performance Summary

	<i>Net Assets</i>	<i>Net Assets Per Share</i>	<i>Net Investment Income</i>	<i>Net Investment Income Per Share</i>	<i>Dividends Per Share</i>	<i>Market Value Per Share</i>		
						<i>High</i>	<i>Low</i>	<i>Close</i>
	<i>(000's)</i>		<i>(000's)</i>					
1993	\$ 102,472	\$ 12.05	\$ 2,896	\$ 0.34	\$ 0.342	\$ 11.83	\$ 9.83	\$ 11.25
1994	60,573	12.60	1,397	0.26	0.300	13.38	10.25	10.88
1995	64,920	13.51	1,520	0.32	0.300	14.00	11.00	12.25
1996	88,700	18.46	2,021	0.42	0.300	18.50	12.50	17.60
1997	108,483	22.57	3,661	0.76	0.400	20.50	15.00	20.00
1998	98,096	20.41	2,350	0.49	0.350	22.00	15.00	16.25
1999	98,782	20.55	1,852	0.38	0.300	17.00	13.80	14.30
2000	99,056	20.61	1,729	0.36	0.550	17.50	13.00	13.45
2001	93,698	19.50	2,630	0.55	0.450	15.50	13.00	13.65
2002	85,768	17.85	2,558	0.53	0.300	17.50	13.12	14.79

Per share figures for years prior to 1994 have been restated to reflect the 1994 6 for 1 stock split.

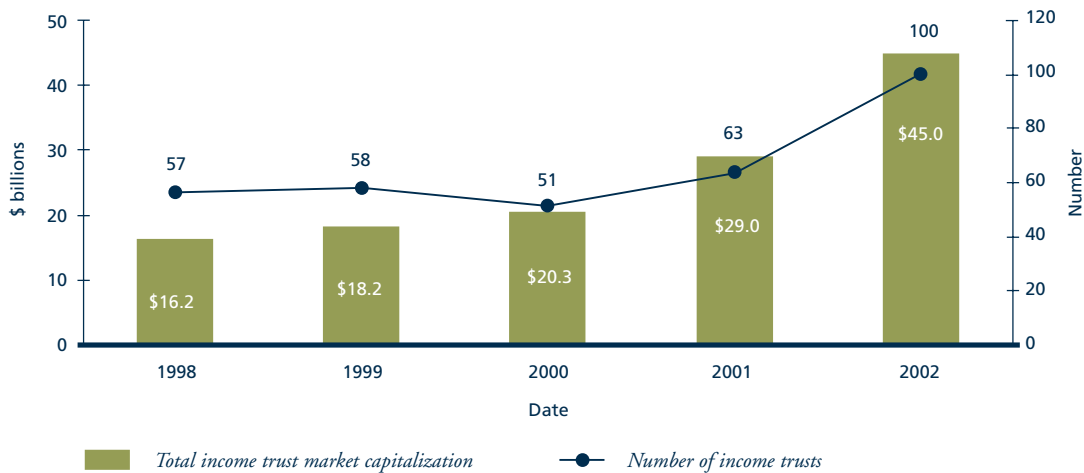
Closed-End Funds Simply Understood

- Fixed number of shares
- Usually listed and traded on a stock exchange
- Bought and sold through investment dealers and brokers
- Commission charges only when stock is purchased or sold
- Trade usually below real value
- May pay cash and/or stock dividends
- Often have dividends and dividend reinvestment plans (company may absorb all administrative costs, including commissions)
- May employ leverage

The Canadian Income Trust Sector – Growth and Performance

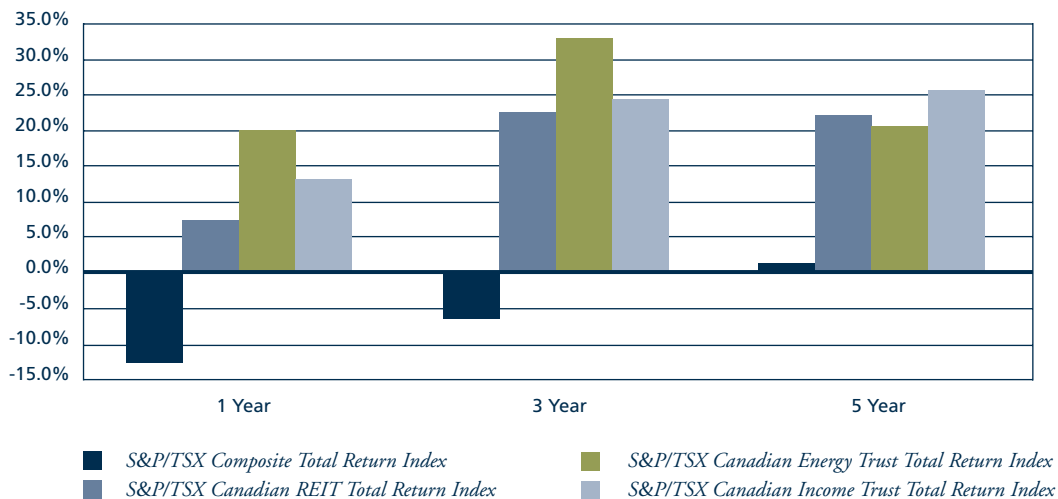
Income trusts have taken an expanded role in Third Canadian's portfolio. In total, trusts now approximate 50% of the market value of the non-principal assets compared to 14% at the end of 1999. Overall market growth and an increase in business diversity within the sector has required a more actively managed selection process for investors to enhance returns. Third Canadian has taken advantage of these opportunities and has increased the number of holdings to reduce potential concentration risk in this segment of its portfolio.

GROWTH OF THE INCOME TRUST SECTOR



Source: Data supplied courtesy of CIBC World Markets Inc.

COMPARATIVE PERFORMANCE OF S&P/TSX COMPOSITE AND INCOME TRUST INDICES*



* The graph above illustrates the relative underperformance of the S&P/TSX Composite Total Return Index (formerly TSE 300 Total Return Index) compared to 3 benchmark income trust indices developed by Standard & Poors for the 1, 3 and 5 years ended December 31, 2002. Returns shown are compound average rates of return with reinvestment of distributions.

Source: Data supplied courtesy of The Toronto Stock Exchange.

Corporate Information

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

BOARD OF DIRECTORS

Ronald D. Barnes

(President, Barmac Capital Management Inc. [Investment Management])

Albert E. Bates

(Corporate Director)

Carl S. Hutman *

(Private Investor)

Jonathan A. Morgan

(Senior Vice-President and Director, Morgan Meighen & Associates Limited [Investment Management])

Vanessa L. Morgan

(Chairman, Canadian General Investments, Limited [Closed-end Investment Company])

Michael A. Smedley

(President, Canadian General Investments, Limited [Closed-end Investment Company])

AUDIT COMMITTEE

Ronald D. Barnes

Albert E. Bates

Carl S. Hutman *

CORPORATE GOVERNANCE COMMITTEE

Ronald D. Barnes

Albert E. Bates

Jonathan A. Morgan

OFFICERS

Vanessa L. Morgan

Chairman

Michael A. Smedley

President

Colin Smith

Secretary-Treasurer

Frank Fuernkranz, MBA, CA, CFA

Assistant-Treasurer

* Mr. Hutman will not be standing for re-election at the April 3, 2003 meeting of shareholders.

OFFICE OF THE COMPANY

110 Yonge Street, Suite 1601

Toronto, Ontario, Canada M5C 1T4

Telephone: (416) 366-2931

Toll Free: 1-866-443-6097

Fax: (416) 366-2729

e-mail: thdfund@mmainvestments.com

website: www.mmainvestments.com

AUDITORS

PricewaterhouseCoopers LLP

Toronto

BANKERS

Royal Bank of Canada

Toronto

SOLICITORS

Blake, Cassels & Graydon LLP

Toronto

CANADIAN REGISTRAR AND TRANSFER AGENT

Computershare Trust

Company of Canada

100 University Avenue, 9th Floor

Toronto, Ontario, Canada M5J 2Y1

Telephone: (416) 981-9633

Toll Free: 1-800-564-6253

Fax: (416) 263-9524

Toll Free: 1-866-249-7775

e-mail: mmamail@computershare.com

To change your address, eliminate multiple mailings or for other shareholder account inquiries, please contact Computershare at the above address.

STOCK EXCHANGE LISTING

The Toronto Stock Exchange

Trading Symbol: THD

The Corporation is a founding member of the Closed-End Fund Association ('CEFA') in North America.

PUBLICATION

Net asset value per share (NAV) and/or market price, market return, and discount information are published daily/weekly in various media in Canada and the United States. These include: Globe and Mail, National Post, New York Times, Wall Street Journal, and Barron's.

The Corporation posts ongoing top 10 portfolio investments (priced at market), together with current discount and market return information on its website. Similar information is available directly from the Corporation upon request.

ANNUAL MEETING OF SHAREHOLDERS

The Annual and Special Meeting of the shareholders of Third Canadian General Investment Trust Limited will be held at 12:00 noon (Toronto time) Thursday, April 3, 2003 in Room A, 4th Floor, The Toronto Board of Trade, 77 Adelaide Street West, First Canadian Place, Street Level (Adelaide Street entrance), Toronto, Ontario, M5X 1C1 (Telephone (416) 366-6811).

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

110 Yonge Street, Suite 1601
Toronto, Ontario, Canada M5C 1T4
Telephone: (416) 366-2931
Toll Free: 1-866-443-6097
Fax: (416) 366-2729
e-mail: thdfund@mmainvestments.com
website: www.mmainvestments.com

Third Canadian is managed by:

