Canada Lands Company Limited
Société immobilière du Canada limitée

Canada Lands Company Limited

Corporate Plan Summary

2019/20 to 2023/24

1. Executive Summary

1.1. Overall Condition of the Corporation

Canada Lands Company Limited ("**CLCL**" or "the **Company"**) is a self-financing agent Crown corporation with three subsidiaries:

- Canada Lands Company CLC Limited ("**CLC**"), a non-agent Crown corporation, which manages the majority of Company's real estate interests as well as Canada's National Tower in Toronto, Ontario ("**CN Tower**");
- Parc Downsview Park Inc., an agent Crown corporation ("**PDP**"), which manages the operations at Downsview Park and the associated development lands in Toronto, Ontario;
    - o The Downsview Lands comprises 572 acres (231 hectares) encompassing several existing and proposed neighbourhoods, including Downsview Park; and
- Old Port of Montreal Corporation Inc. ("**OPMC**"), an agent Crown corporation, which owns and operates the Old Port of Montreal ("**OPM**") and includes the Montreal Science Centre ("**MSC**").

As an agent, self-financing Crown corporation, CLCL continues to serve as an effective resource to the Government of Canada. Within a fluid real estate market with significant local variances, the Company's investments across seven provinces have become economic engines for the regions in which they are situated, creating jobs and a projected $633 million impact on local economies in 2019/20 alone, as determined by an independent third-party economist.

Acting as the federal government's expert in real estate development, the Company enables surplus, underutilized properties to be reintegrated in productive ways into communities, helping to build stronger communities and effectively manage attractions. The Company brings innovative solutions and enables projects to move forward taking into account interests of community, environment, Indigenous peoples, municipal and provincial governments, private sector interests, as well as local market conditions. Its projects become economic engines for the regions in which they are situated, employing a broad range of professionals and trades alike.

CLCL's overall operations, risk management framework, and sound financial management practices benefit and support the Company to realize its mandate and provide value to Canadians. [1],[2]

[1] Note from the Chief Financial Officer of CLCL: all dollar figures in this corporate plan exclusive of Appendix 5 are rounded to the nearest million for ease of reading, except where specifically stated.
[2]Note from the Chief Financial Officer of CLCL: the time period of CLCL's 2019/20 to 2023/24 corporate plan is referred to as the "five-year period" or "plan period" within this document.

1.2. Overarching Objectives

CLCL's overarching objectives over the plan period are as follows:

- assist the Government of Canada to deliver on its key policy objectives and its mandate;
- continue to deliver quality of life and economic development opportunities and benefits to Canadians and Canadian municipalities, and
- Invest in some of Canada's most important tourism attractions through continued sound management and stewardship.

1.3. Major Decisions

Over the five-year period the Company will be addressing the following key decisions:

- Determining along with its private sector joint venture partner the appropriate timing and phasing to commence the mixed-use – high rise residential and retail – neighbourhood in its Calgary, Alberta development project commonly known as "Currie".
- Establish the phasing plan and investment schedule for the appropriate implementation of OPM's master plan.
- Establish the rehabilitation and investment plan for several buildings within the Downsview Lands.
- Adjusting investment and sale programs to respond to the realities of macro-economic factors and prevailing local market conditions.
- Consider the infrastructure plan and the planning entitlements of certain development neighbourhoods at PDP in light of the announcement by Bombardier to relocate its airplane assembly plant from lands that neighbour PDP; such considerations will be undertaken with the City of Toronto and Public Sector Pension Investment Board, who acquired the Bombardier lands.

1.4. Strategic Issues

Over the five-year period the Company foresees the following strategic issues.

Short-term (within one year)

- Collective agreement expiration in 2019/20 for unionized employees at the CN Tower;
- Manage investment in real estate with projected sales and cash flows given market realities as they inevitably adjust from time to time and ensure that real estate product offerings and marketing strategies meet demands; and
- Continuing to work with First Nations with respect to projects in Vancouver area, Ottawa and Halifax.

Medium-term (between one and five years)

- OPM master plan implementation;
- The review of planning entitlements under the Downsview Area Secondary Plan as a result of the sale of the adjacent Bombardier lands to the Public Sector Pension Investment Board ("PSPIB") and the departure of Bombardier and their airfield;
- Manage investment in real estate with projected sales and cash flows given market realities as they inevitably adjust from time to time, and ensure that real estate product offerings and marketing strategies meet demands;
- Investing in physical and cyber-security across the Company;
- Allen Road office building project with Public Services and Procurement Canada at PDP;
- Collective agreement expiration in 2020/21 for unionized employees at OPMC;
- Continue to work with First Nations with respect to projects in Vancouver area, Ottawa and Halifax;
- Continue to fund the operating deficit and capital expenditure requirements for OPMC from the Company's profitable operating segments, and
- Continue to effectively manage the Company's balance sheet and cash flow.

The Company's actual performance regarding its strategic issues has been successful over the past few years. The Company has been able to meet or exceed its financial performance targets, while overall successfully managing issues engagement with Indigenous peoples, union negotiations, hazard and physical security, cyber-security, attractions management, OPM master plan public consultations, and real estate investment.

2. Overview

2.1. About Canada Lands Company Limited

Mandate

The mandate of CLCL, an agent federal Crown corporation is to ensure the commercially oriented, orderly disposition of surplus strategic real properties, optimizing financial and community value, and the holding of certain properties. It accomplishes this by purchasing strategic surplus properties from federal departments and agencies at fair market value, then improving, managing or selling them in order to produce the optimal benefit for the CLCL's shareholder, the Government of Canada, and local communities.

Mission

Our mission is to ensure the innovative and commercially sound reintegration of former Government of Canada properties into communities, as well as holding and managing certain real estate-based attractions while providing best value to Canadians.

Vision

Our vision is to be the Government of Canada's principal real estate disposal and development corporation dedicated to the development of great Canadian communities and a premier manager of select attractions through a commitment to engagement, sustainability, superior advisory services, integrity, diversity and the highest standard of ethical behaviour.

Guiding Principles

INNOVATION
We respect the past and embrace the future by promoting innovative approaches in our real estate, attraction sectors, and in all our stakeholder relationships. We commit to meet or exceed expectations by integrating innovation in our projects, products and service offerings.

VALUE
We bring value to Canadians through our efforts to optimize both the financial and non-financial benefits of our business sectors. Canada Lands defines value as working to achieve the best possible outcomes for taxpayers, communities, municipalities, partners and our shareholder.

LEGACY
We honour the legacy of every asset with which we work, and we highlight historical traditions in our projects.

CORPORATE SOCIAL RESPONSIBILITY
We encourage a culture that embraces inclusion, diversity, and respect while striving to be representative of, and aligned with, the communities that we engage. We set the highest standards of ethical behaviour in what we do and how we do it, while considering the financial and non-financial benefits of our responsibilities.

2.2. Financial Condition

CLCL is a self-financing Crown Corporation. CLCL's financial management focuses on the activities around planning, procuring, controlling the Company's financial resources with the objective of making optimal financial decisions for CLCL. CLCL's financial strategy is to operate with strong fiscal responsibility through its various business segments across the country to optimize, not maximize, cash flow and profit for re-investment and return to the Company's stakeholders, in both the short-term and long-term. CLCL generates an annual profit and requires no parliamentary appropriations, while funding the operating deficit and capital requirements of OPMC. CLCL manages its external debt levels as part of its financial strategy, using credit facilities where appropriate and prudent, while continuing to work to repay the external debt that was inherited in November 2012 as part of the amalgamation with PDP. CLCL's retained earning policy and rationale for dividend level are included in Section 9.3.

Major year-over-year variances

Below is a summary of information contained within Appendix 5:

	FY2019/20	FY2020/21	FY2021/22	FY2022/23	FY2023/24	Total
Revenues	$290	$295	$405	$301	$632	$1,923
Expenses	$247	$246	$263	$246	$382	$1,383
Cash and cash equivalents level[1]	$215	$211	$264	$260	$378	$378

The primary drivers of revenue variances year-over-year during the five-year period are real estate sales. Real estate land development by its very nature is cyclical. CLCL's real estate is diverse and spans across the country. The timing of real estate sales is dependent on a variety of factors, which include local market factors such as employment, competition, economic growth, as well as municipal planning processes and approvals. CLCL's financial strategy is to, as best as possible, align expenditures on inventory, with real estate land sales.

CLCL's CN Tower, PDP and OPMC attractions operations are materially consistent year-over-year in terms of operating revenues and expenses.

Cash and cash equivalent levels at the end of each fiscal year vary depending on the operating results for that period. They may also vary depending on the timing and assumptions related to promissory note repayments to former property custodians (which are based on project cash flows and can be deferred by the former custodian), profit sharing payments to former property custodians (which may also be deferred by the former custodian), expenditures on inventories and other capital assets (as mentioned above and for which the details are included in Appendix 5, schedule 9.3.5), and dividend payments to the shareholder. Throughout the five-year period, CLCL's financial management strategy works to achieve an optimal balance between reinvestment, return and cash holdings on hand.

Major Assumptions and Risks

Macroeconomics

CLCL has assumed for the five-year period that the current macro-economic conditions will prevail. CLCL understands that there may be changes, particularly over the five-year period, to key economic performance indicators such as employment, economic growth, commodity prices, interest rates, and foreign exchanges rates with key countries, but that they are expected to remain relatively stable over the next twelve months and beyond.

[1] Cash and cash equivalents level represents the year-end cash and cash equivalent balance. See Appendix 5, schedule 9.3.3. The amount of $378 million in the Total column represents the cash and cash equivalents balance at March 31, 2024.

Real estate
For the purpose of the five-year period, CLCL has generally assumed that the real estate markets that it currently operates, or expects to operate within, will remain stable and consistent with their current conditions. As with any forecast, particularly one that projects real estate values five years in to the future, there is a significant amount of risk and uncertainty, and in real estate the impact of those assumptions can be multiplied. Through CLCL's internal processes, risks attributed to each of the projects are monitored closely by the local teams frequently and escalated to senior management semi-annually or more frequently if required.

Attractions
Similar to macro-economic assumptions, CLCL has assumed that the current economic conditions will remain stable and consistent throughout the five-year period. CLCL's attractions operations are consistently reviewing these performance indicators and adjusting its operations to react to market dynamics.

The key assumptions, related risks and possible financial impacts to CLCL, CLC, PDP and OPMC are included within each of their respectively financial results and discussion sections contained in Appendix 5.

3. Operating Environment

3.1. Analysis of External Environment

General Macroeconomic Climate
The Company's business segments, real estate and attractions, are affected by general economic conditions, including economic activity and economic uncertainty, along with employment rates and foreign exchange rates. According to the Bank of Canada's ("BoC") July 2018 Monetary Policy Report, Canada's real gross domestic product ("GDP") growth was very strong at three percent in 2017. The BoC expects more moderate growth in the GDP in 2018 and 2019 at two percent and two-point two percent respectively. In the same report, the BoC expects the Consumer Price Index ("CPI") to fluctuate narrowly around 2 percent over the short-term, specifically forecasting an increase of two-point four percent in 2018 and two-point two percent in 2019.

According to a number of forecasts, Canada's unemployment rate is expected to remain consistently low with its current rate of five-point eight percent, with estimates of it inching up over the remainder of 2018 between five-point nine percent and six-point two percent, and to remain relatively consistent in 2019. At the time of writing it is difficult to predict the impact of the recent US tariff announcements or the Canadian countermeasure response, but they could have a significant impact on employment in Canada.

Interest rates in Canada have been on the rise over the past twelve months, moving away from their historically low levels. The BoC has raised its benchmark interest rate from zero-point five percent at July 1, 2017 up to one-point five percent at October 10, 2018. Predictions are the BoC will continue to increase its interest rate over the next year, with analysts expecting the rate to be between two percent and two-point two five percent at the end of 2019. As interest rates rise, the cost of mortgages rises as well. With several real estate markets already stretched in terms of affordability, an increase in borrowing costs could impact the real estate market. Higher interest rates also impact the amount of disposable income households have for discretionary spending on items such as entertainment, meals, and attractions.

Real Estate Sector Related Climate

Real estate is generally subject to risk given its nature, with each property being subject to risks depending on its specific nature and location. Certain significant expenditures, including property taxes, maintenance costs, insurance costs, and related charges, must be made regardless of the economic conditions surrounding the property, but the timing of other significant expenditures is discretionary and can be deferred. In the latest published version of the annual housing market outlook ("HMO") by Canadian Mortgage and Housing Company ("CMHC") in the fall of 2017, CMHC expressed the view that economic conditions are expected to slow by 2019. Mortgage rates are expected to remain relatively low for the foreseeable future but continue to gradually rise in 2018 and 2019. Housing starts in the CMHC HMO are forecast to range from 192,200 to 203,300 in 2018 and from 192,300 to 203,800 in 2019.

In addition to the interest rate rise prediction, the implementation of the new mortgage stress test rules in January of 2018 by the Office of the Superintendent of Financial Institutions ("OFSI") is also impacting the housing sector. The rules now require the minimum qualifying rate for uninsured mortgages to be the greater of the five-year benchmark rate published by the BoC or 200 basis points above the mortgage holder's contractual mortgage rate which may reduce the amount of home buyers that are able to qualify for a mortgage.

The outlook for the Canadian housing sector is one of variability across the country, and there are significant risks and uncertainties, particularly in certain local markets.

In its Q3 2018 Housing Market Assessment ("HMA"), CMHC continued to issue its 'red' warning indicating strong evidence of problematic conditions in the Canada market driven by elevated price growth in major cities. CMHC continues to cite price acceleration and overvaluation as indicators that there is a moderate degree of overall vulnerability in the overall Canada market. CMHC continues to raise concerns that housing prices are still elevated relative to prices supported by fundamental factors such as income and population. CMHC also cited that housing prices have continued to increase several quarters in a row, which may lead the market to expect future house price growth. The Toronto and Vancouver housing markets continue to be identified as having strong evidence of problematic conditions by CMHC.

In Toronto, the assessment continues to be driven by strong evidence of overvaluation and moderate evidence of price acceleration and overheating. The housing measures announced by the Province of Ontario in April 2017 to cool the housing market and to make the process of finding a place to live easier, aforementioned higher interest rates and new mortgage stress test rules, have impacted the pricing. As a result of these new factors, demand appears to be shifting away from single-detached housing options to more affordable housing options like condominiums. The average price declined in the first quarter of 2018 compared to the prior quarter indicating a potential cooling in the market, particularly related to single-detached homes. The results of the provincial election in June may have a tangible impact on housing prices, but it is too early to say.

In Vancouver, the assessment is driven by the combination of moderate evidence of over price acceleration and overheating, and strong evidence of overvaluation. Despite falling prices at the high end of the resale market, there has been a year-over-year double digit price increases for lower-priced properties in Vancouver. Home affordability may already be stretched, however the forecast for interest rate increases, coupled with pricing pressures on the lower-priced properties, will only further stretch home affordability.

In its Q3 2018 HMA, CMHC continues to maintain that the problematic conditions in Calgary are moderate, citing overbuilding concerns. The number of completed and unsold units are at near historical highs and the vacancy rates in rental apartments, while declining, is still high, with both factors contributing to the overbuilding concerns. Edmonton continues to be identified as having moderate evidence of problematic conditions due to overbuilding, as vacancy rates and unsold units remain at relatively high levels. In both Edmonton and Calgary, the oil prices have a significant impact on the economy, including its housing demand through effects on employment and household income. Benchmark oil prices have continued their rise increasing 42 percent over the past twelve months. The prices obtained by many Albertan producers has not increased as rapidly 26 percent year over year) increasing the differential between the global benchmark and Canadian oil prices.

For the Ottawa market, the Q3 2018 HMA indicated that evidence of problematic conditions remains characterized as weak as unsold inventory levels continue to reduce.

Attractions Sector Related Climate

The CN Tower's and OPMC's operations have been directly linked to the performance of the tourism sector in Toronto and Montreal, respectively. The number of visitors to the CN Tower is also related to both the seasons and daily weather conditions.

Visitors from outside of the local market comprise a major portion of CN Tower visitors. A significant number of visitors to OPMC and the CN Tower travel from the United States ("US"). In its July 2018 Snapshot, Destination Canada ("DC") reported that year-to-date overnight arrivals of visitors to Canada from Destination Canada's ten international markets increased one percent from the prior year (which was Canada's best year ever). In the same report, DC reported that year-over-year overnight arrivals to Quebec had increased two-point one percent, primarily driven by US non-automobile volume and residents from other countries.

Foreign exchange rates may impact the amount of international tourists that Canada, local markets and the Company's attractions can draw. The largest international market for the CN Tower and OPMC continues to be the United States. The rate continues to hover around US$1.00 = $1.30. With the agreement on a new trade deal between the United States, Mexico and Canada ("USMCA"), assuming final approval by Parliament and Congress, the uncertainty around the "new NAFTA" has disappeared. Analysts predict that the foreign exchange rate will remain largely consistent with the current rate over the next twelve months.

Overall, a devalued Canadian dollar against other currencies, particularly the US dollar, does impact CN Tower and OPMC revenues favourably due to stronger consumer buying power. A devalued Canadian dollar may deter local visitors from travelling abroad, opting for “staycations” instead. Conversely, a strong Canadian dollar has the opposite impact on the CN Tower and OPMC results.

At OPMC the number of visitors is a significant factor in its results. To continue to draw visitors, the OPMC, including the MSC, needs to continue to invest in its current attractions and exhibits, and partner with various organizations, while developing new exhibits and attractions, to refresh its offerings to visitors. OPMC mitigates these risks by actively managing and adjusting its advertising spend, and by hosting new attractions and events, while also focusing on existing major events, to increase the total number of visitors.

3.2. Key Strategic Issues for CLCL

As identified in the Executive Summary, below are the key strategic issues that the Company is facing or expects to be challenged with in the short and medium term.

Short-term (within one year):

1. **Completion of the OPM’s master plan consultation process**
   In June 2015, the Government of Canada announced the launch of public consultations leading to a master plan for the revitalization of OPM. OPMC management led the public consultations and completed two phases of public consultations in 2016 and 2017 and refined its master plan based on the input received. The intent of the plan is to guide future development and improvements at the Old Port over a twenty-year timeframe.

   Although the original intent was to unveil the final master plan before the end of 2017 to coincide with Canada 150/Montreal 375 celebrations, the timeline was adjusted to allow OPMC to consult with the newly-elected Mayor and her officials.

2. **Continuing to work with First Nations with respect to projects in Vancouver area, Ottawa and Halifax**

   Since September 2014, CLC and its joint venture partners, the Musqueam, Squamish, and Tsleil-Waututh Nations (“MST”) have come together to develop three co-owned properties in Vancouver (the West Vancouver property, the Jericho property, and the Heather Street property, collectively the “Vancouver properties”). The nature of the development plans for the Vancouver properties continues to evolve. CLC will continue to work with its partners to arrive at an optimal arrangement.

   In Ottawa, CLC continues its joint venture with the Algonquins of Ontario (“AOO”) on the development of a three-acre (1.21 hectare) parcel on Carling Avenue. Over the next twelve months, CLC and the AOO will work together to submit and receive development approvals for the site and will work to obtain approvals to invest in servicing and marketing activities over the plan period.

At Shannon Park in Halifax, CLC will continue to work with its adjacent land owner, the Millbrook First Nation on various matters as they arise.

Medium-term (between one and five years)

1. Review of the City of Toronto's Downsview Area Secondary Plan
   With the sale of the former Bombardier-owned lands to the Public Sector Pension Investment Board ("PSPIB"), it is expected that a review of the City of Toronto's Downsview Area Secondary Plan will occur.

2. Manage investments, sales activities and cash flows given market uncertainties, and ensuring that real estate product offerings meet market demands.
   Over the five-year period, CLCL will invest $418 in real estate projects across the country. The Company will need to continually assess these planned investments, their timing and nature, to ensure optimal financial and non-financial returns during the five-year period and beyond. Internal and third-party assessment of market dynamics and external factors are key parts of this assessment process.

   The Company will also continue to actively monitor and manage project cash flows and investment timing through informal and formal monitoring processes.

3. Allen Road project with PSPC at PDP
   The Allen Road project with PSPC is the first of four innovative, collaboration projects with PSPC. These projects expect to leverage CLC's existing mandate and real estate experience to deliver new office space to meet PSPC's program requirements on time and on budget. The success of the first project, Allen Road, is critical to respond to the Government's request that CLC work with PSPC to take on innovative projects to address under-utilized or obsolete assets.

4. Invest in physical and cyber-security across the Company
   Cyber-security has ceased to be an emerging risk and is now a strategic risk that needs to be actively managed by businesses in Canada and around the world. It is critical that businesses protect against financial fraud, the loss of sensitive data, and/or the disruption of business operations. Successful attacks could compromise the Company's confidential information as well as the trust that stakeholders have in the Company's ability to hold and secure sensitive data and information. The Company invests in technologies, as well as the education and training of its staff, to safeguard its information and continually reviews its mitigation strategies to align with industry best practices. As cyber risk and cybercrime continue to evolve, this may require shifts in strategies and investment. The Company will continue to invest in new technologies, reinvest in its education and training of staff, and review, with the assistance of third-party industry experts, its prevention and detection techniques.

Office of the Auditor General special examinations
The most recent Office of the Auditor General special examination occurred in 2014. All recommendations have been implemented.

3.3. Overview of Risks

The Company faces both financial and non-financial strategic risks that, if not managed effectively, could significantly and materially impact the Company. In Appendix 7, the specific strategic risks faced by the Company, and the actions that the Company has engaged in to mitigate those strategic risks.

The Company's financial results are affected by the performance of its operations and various external factors influencing the specific sectors and geographic locations in which it operates, as well as macroeconomic factors such as economic growth, inflation, interest rates, foreign exchange, regulatory requirements and initiatives, and litigation and claims that arise in the normal course of business. The financial risks include:

- **Market Dynamics – Real Estate/Attractions** includes the risk of impacts due to factors relating to macroeconomic conditions that affect the ability to maintain or increase revenue and profitability in a specific business environment. This is mitigated through monitoring economic and business conditions and responding rapidly to changing conditions.
- **Real Estate Acquisitions** is defined as the risk of directly influence the flow or speed of property acquired from the federal government failure to secure additional surplus properties from custodians in a timely manner. Mitigation requires constant communication with custodial departments and agencies, demonstration of value creation for the government and proactive engagement with stakeholders.
- **Product Offerings (Attractions)** includes the risk of failing to meet customer expectations related to environment, service, support, and experience to enable long term customer loyalty and failure to bring on new products and services to respond to opportunities in the marketplace. These risks are mitigated through continued investment and innovation, third party reviews and active responses to guest feedback.
- **Product offerings (Real Estate)** includes the risk of failing to bring on new products and services to respond to opportunities in the marketplace and failing to execute specific real estate transactions which would capitalize on growth opportunities or that would expand or initiate a change in strategic or operational direction. This is mitigated through continued engagement with market consultants to identify needs of local communities and the real estate market as a whole, continued stakeholder and community consultations and the inclusion of flexible zoning permissions to respond to shifts in market demands, when required.

The Company also faces non-financial risks that, if not managed effectively, could significantly impact the Company's ability to operate. These challenges include hazard and physical security, cyber-security, talent management, communication and reputation. These risks include:

- **Hazard and Security** includes threat of business disruption due to natural events and disasters or major diseases as well as due to activists' actions, terrorist activities or other malicious acts. These risks are mitigated through business continuity and crisis management plans, formal third-party security and safety reviews and sound security protocols at the Old Port of Montreal and CN Tower.

- Governance includes the inability to realize a clear vision and direction for the Corporation. This risk is mitigated through active communication with the shareholder on key strategic issues, the strategic plan refresh performed in 2017 and the strategic initiatives retreat that took place in 2017 which focused on how CLCL could assist the government in delivering on its priorities.
- Talent Management includes the risk that employees or management will not adopt corporate changes that are implemented through acquisition, re-alignment of business objectives, restructuring, etc. This is mitigated through collective agreements, third party compensation reviews and succession plans for key leadership roles.

The efficient and effective management of the non-financial and financial risks equally are critical to the success of the Company in the short-term and longer term.

Risk Management

The Company uses a practical approach to the management of risk. The objective of the corporation's risk management approach is not to eliminate risk but rather to identify, quantify, monitor and mitigate risk to optimize the balance between risk and the best possible benefit to the Company, its shareholder and its local communities.

The Board of Directors has overall responsibility for risk governance and oversees management in identifying the key risks the corporation faces, and in implementing appropriate risk assessment processes to manage these risks. Senior management is accountable for identifying and assessing key risks, defining controls and actions to mitigate risks, while continuing to focus on the operational objectives of the corporation.

The Company updates its enterprise risk assessment regularly to review, prioritize and mitigate against the key risks identified. The assessment includes reviewing risk reports, Internal Audit reports, and industry information, and interviewing senior management across the corporation.

The Company's internal audit function assists in evaluating the design and operating effectiveness of internal controls and risk management. Through the annual Internal Audit plan, the risks and controls identified are considered and incorporated for review.

4. Priorities

4.1. Main Objectives and Activities (for the Five-Year Planning Period)

Objectives

The Government of Canada has asked that CLCL focus on certain key areas including the following:

- ensure alignment with the Government's broader priorities of openness, transparency and environmental sustainability*;*
- continue partnerships with Indigenous peoples, such as the joint venture with three First Nations to develop lands in the Vancouver area;
- work with the Department to find ways to contribute more to the Government's priorities of community development, including affordable housing and sustainable development, through some development projects; and
- continue to work with PSPC regarding enhancements to the mandate of CLCL to further leverage business operations and take on innovative projects to deal with underutilized or obsolete assets.

Canada Lands Company CLC Limited

During the plan period, CLC will invest approximately $418 million in development expenditures, of which $96 million will be in the first year of the plan. Examples of key development projects requiring significant capital expenditures during the planning period are as follows:

Wateridge Village, Ottawa, Ontario:

- focus on implementing planned green spaces and parks into the neighbourhood, as well as affordable housing opportunities, new school sites, and legacy initiatives;
- work in collaboration with the City of Ottawa on Low Impact Development features which minimize the environmental impact of groundwater by recharging this water and minimizing the need for large infrastructure elements; and

Booth Street, Ottawa, Ontario:

- CLC anticipates the start of servicing activities, green space development, and remediation, demolition and commemoration activities.

Currie, Calgary, Alberta:

- focus on incorporating green spaces, streetscapes, cycling and public transit networks into the community;
- replace aging utility systems as well as improved street lighting and sidewalks;
- explore opportunities for the provision of affordable housing; and
  repurpose the former Stables building.

Village at Griesbach, Edmonton, Alberta:

- Site development progression in the western portion;
- invest in preparatory work to receive a new Light Rail Transit station adjacent to the site;
- continue implementing storm water management facilities in an environmentally-focused manner, acting as an important amenity, while ensuring these are beautifully integrated into the community.

Shannon Park, Halifax, Nova Scotia:

- begin its detailed urban design, marketing program and servicing work following the receipt of municipal approvals (anticipated in 2020/21);
- continue to work collaboratively with the Millbrook First Nation, an adjoining land owner, on master planning and servicing efforts; and
- explore innovative sustainability features such as storm water management, built form, and public infrastructure.

CN Tower, Toronto, Ontario

During the plan period, the CN Tower is projecting growth in revenue and profit while maintaining attendance above 1.9 million visitors.

For 2019/20, activities will focus on three primary objectives:

- Increase revenue by 1.2% (to $105 million) and maintain attendance over 1.9 million;
- Maintain a gross margin of 68.6 percent; and
- Operation and Stewardship through a continued focus: on great guest experience, building a barrier-free environment; sustainability and safety and security.

Parc Downsview Park Inc.

PDP's holdings are comprised of lands that are managed as parkland and for development. CLCL's overarching priorities for PDP are to hold, manage and enhance the parkland and continue the build out the five mixed-use, employment and residential neighbourhoods surrounding the Park, in keeping with the City of Toronto's Downsview Area Secondary Plan. Over the plan period, the Company:

- anticipates the development of the second neighbourhood, William Baker, as well as significant infrastructure and heritage work.
- will explore collaboration opportunities with the Public Sector Pension Investment Board ("PSPIB"), which is the new owner of the former Bombardier-owned lands directly adjacent to PDP's property within the Downsview Area Secondary Plan Area;
- will advance a building project within its Allen Neighbourhood to deliver PSPC a new office building for several security-focused departments;
- continues to deliver community and school programs centered on Downsview Park;
- will develop a holistic approach to address the wider heritage retention and preservation opportunities of the site and collaborate with the City of Toronto; and
- will relocate the urban farm to a 4-hectare permanent location at the south end of the Park.

Allen Neighbourhood - PSPC Collaboration Project

Through an established Memorandum of Understanding PSPC and PDP are collaborating on a land transaction and design-build process to deliver a 230,000 square foot (21,370 square metres) office building. PSPC has the option to purchase up to 12 acres (5 hectares) of land in the Allen Neighbourhood in fiscal year 2020/21. Upon further project approvals as required from Treasury Board, PDP will act as project developer on behalf of the Government to deliver the project through a design-build-finance process that will result in a high security, multi-tenant federal building for occupancy in 2023. Treasury Board approvals will be required by both PDP and PSPC for the land transaction and authority to enter into a building lease with the design/build/finance proponent. The City of Toronto has indicated it will assist with an accelerated site plan and building approvals process, incorporating community consultation.

Leasing Strategy for PDP

PDP engages in leasing activities as part of its normal course of business, leasing existing buildings on an interim basis pending the redevelopment of the site or reuse of any particular building. The complexity and length of leases vary, as do the tenants, who can be very small, seasonal in nature or longer term, larger businesses. PDP requires flexibility to ensure that it can conclude transactions in a reasonable timeframe. PDP will continue to align the management strategy for the existing buildings with the land development timelines. There are approximately 40 tenants leasing space in the buildings and on the lands or approximately 1.5 million square feet (0.14 million square metres).

Old Port of Montreal Corporation Inc.

As a premier event venue, OPM welcomes many types of cultural and entertainment activities, such as culinary, music and outdoor festivals. The OPM will welcome a variety of activities during the 2019/20 fiscal year including several food festivals, the immensely popular electronic music festival Igloofest, as well as trade shows and cultural events. Over the plan period, OPMC will:

- invest in infrastructure improvements to rental spaces, the ice rink and the Clock Tower pier;
- complete the implementation of a five-year strategic plan, developed in 2017, focused on a renewal plan for many of its permanent exhibits;
  submit the final Master Plan for the revitalization of the Old Port of Montreal to the City of Montreal for further municipally-led public consultations and regulatory approval processes.

Leasing Strategy for OPMC

OPMC engages in leasing activities as part of its normal course of business; leasing land and all or part of the site's existing buildings. Tenants can be very small, seasonal in nature or be a longer-term larger business. CLCL requires flexibility to ensure that it can conclude transactions in a reasonable timeframe. OPMC's offering is oriented toward goods and services to meet the specific needs of visitors and tourists. The existing commercial offering can be divided into five main categories: food and beverage, entertainment, boat cruises and tours, retail kiosks and services. OPMC currently manages approximately 80 commercial leases totaling in excess of 0.8 million square feet (73,000 square metres) of leased space including leased premises in the MSC. Most of the lease terms vary between one and five years, with a few that are longer term.

5. Appendix 1: Corporate governance structure

CLCL is comprised of a Governor-in-Council appointed Chair, Board of Directors and one employee who is the President and Chief Executive Officer (CEO). The President and CEO of CLCL is also the President and CEO and board member of CLC, PDP and OPMC.

CLCL was incorporated under the *Canada Business Corporations Act* and is listed in Schedule III, Part 1 of the *Financial Administration Act*.

CLCL carries out its core real estate development mandate through its subsidiary, CLC. Its mandate was approved by the Government of Canada upon CLCL's reactivation in 1995 "to ensure the commercially oriented, orderly disposition of selected surplus real properties with best value to the Canadian taxpayer and the holding of certain properties". A 2001 Treasury Board review re-confirmed this mandate.

The mandate also stipulates that other strategic considerations of the Government of Canada be taken into account as required, including "the views of affected communities and other levels of government, and heritage and environmental issues".

CLCL's subsidiaries provide innovative solutions to complex real estate challenges, tourism leadership in its management of the CN Tower, the MSC and OPM, and create value and legacy for all of its stakeholders. In doing so, it makes significant contributions to the federal government and communities across Canada.

The strategies within this corporate plan have been developed and will continually be evaluated by the subsidiary corporations. They are borne of a singular focus to incrementally and continually advance the Company's mandate, utilizing innovative tools and strategic direction in its multiple lines of business to provide both community and financial benefits to its shareholder and Canadians.

CLCL operates in the competitive and sometimes volatile real estate and tourism markets. As such, it is directly impacted by the unpredictability of those industries and various macro-economic trends. Despite uncertainty regarding the global economy and Canadian real estate market, the Company has returned almost $632 in dividends and property acquisition payments to the fiscal framework since its inception in 1995.

CLCL Corporate Structure

- CLCL has three subsidiaries:
    - CLC (operates across Canada);
    - PDP (operates in Toronto, Ontario); and
    - OPMC (operates in Montreal, Quebec).

- CLC has two operating divisions for which financial results are tracked separately:
    - Real Estate (operates across Canada); and
    - CN Tower (operates in Toronto, Ontario).

- The Real Estate division is comprised of four regions:
    - British Columbia ("**BC**")/Ontario
    - West;
    - National Capital Region ("**NCR**")/Atlantic; and
    - Quebec.

- OPMC has two divisions:
    - Operation of the quays and the park land; and
    - Montreal Science Centre ("**MSC**").

PDP does not have any divisions. It reports through to CLC's BC/Ontario real estate group and in turn to CLCL. CLCL's head office and the CN Tower are located in Toronto. CLC's West region's offices are located in Calgary and Edmonton. The BC/Ontario region's offices are located in Vancouver and Toronto (at head office and PDP). The NCR/Atlantic region's offices are located in Ottawa and Halifax. The Quebec real estate group and OPM's office is located in Montreal.

CLCL Boards of Directors

CLCL, CLC, OPMC and PDP each has its own Board of Directors that holds regularly scheduled meetings. The membership for each Board is the same with the exception of the President and CEO of CLCL and the subsidiaries, who sits on the Board of CLC, PDP and OPMC but not of CLCL. The Directors of the parent company and subsidiary Boards (with the exception of the President and CEO) are independent of the business.

CLCL's Directors, the Chair, and the President and CEO are appointed by the Governor-in-Council upon the recommendation of the Minister of PSPC. CLCL's Board is committed to continually reviewing its policies and practices to ensure that these are consistent with current best practices and reflect the needs of the Company as a whole.

The Boards of Directors for CLC, OPMC and PDP are appointed by CLCL's Board and oversee the operations as carried out by the subsidiaries. The Boards of CLC, OPMC and PDP each have Governance, Human Resources, Audit and Risk, Real Estate and Attractions Committees. Throughout the course of Board deliberations, CLC's senior management team provides briefings on operational issues and reports for the Board's analysis and discussion. This enables effective oversight by the Boards of its operations and allows risks to be managed appropriately.

Canada Lands Company Limited – Board of Directors

Name	Role	OIC Date	Term	Expiry Date	Home Province
Victoria E. Bradbury	Director	22/06/2018	2 yrs	21/06/2020	Alberta
John W. Campbell	Director	06/06/2018	2 yrs	05/06/2020	Ontario
Jocelyne Houle	Interim Chair	10/04/2014 Renewed: 06/06/2018	2 yrs	05/06/2020	Quebec
Kaye Melliship	Director	06/06/2018	4 yrs	05/06/2022	British Columbia
Daniel Shindleman	Director	06/06/2018	4 yrs	05/06/2022	Manitoba
Toni Varone	Director	06/06/2018	4 yrs	05/06/2022	Ontario
Vacant	Director				

Board attendance as of March 31, 2018

Board Member	Board & Committee Meetings	Board & Committee Conference Calls
Grant Walsh	6/6	5/5
Barbara Sutherland	6/6	5/5
Toby Jenkins	6/6	5/5
Clint Hames	6/6	4/5
Nicholas Macos	6/6	5/5
Jocelyne Houle	6/6	5/5
Vacant	N/A	N/A

Board of Directors Biographies

Jocelyne Houle

Jocelyne Houle has had a long career in the public sector. She was the Mayor of the City of Buckingham, Quebec, from 1999 to 2001, and then became municipal councillor for the Buckingham District of the City of Gatineau, a post she held for eight years while also being Vice President of the Executive Committee. In addition to her activities in the public sector, she has been owner of House Jewelers in Buckingham since 1981. She is very active in her community and is involved with several associations and community organization, including President of the surplus allocation committee for the former City of Buckingham and President of the ad hoc committee for the construction of an indoor pool in Buckingham.

Daniel Shindleman

Daniel Shindleman has been involved in public-private partnerships since 1991. He is Managing Director, at Bridgemar, an alternative asset manager and advisor, focused on real estate, infrastructure and agriculture. Mr. Shindleman practices tax law at the Toronto office of an international firm and was a partner at ABB Financial Services with a globally-active portfolio. He is Chair and member on Boards as well as on Investment, Risk and other committees. Mr. Shindleman has an MBA from the University of Chicago with a specialization in finance and has qualified as a lawyer in England and Wales, New York, Ontario and is registered at the Zurich law society. He is a member of the Institute of Corporate Directors.

Toni Varone

Mr. Varone is the president of Varone Group Inc., a family run group of companies involved in the hospitality, home building, development and property management sectors. Mr. Varone has served the community in numerous capacities and continues to serve as an active member of the Villa charities Foundation Board. He is past President of Villa Charities Inc. and Columbus Centre, as well as past director of the Northwestern General Hospital, and Mount Sinai Hospital Foundation. Currently, Mr. Varone serves as President of the Italian Earthquake Relief Fund as well as on the Peach Through Valour committee. He has received many awards and honours for his considerable philanthropy, and his incessant efforts and devotion to the progress of social and cultural life of all communities in Toronto.

John W. Campbell

John Campbell (P.Eng, MBA, ICD.D) is the principal of Renovo Advisory Services Ltd., a consulting firm focused on the revitalization of urban areas. Until the fall of 2015 he was the Chief Executive Officer of Waterfront Toronto, responsible for leading the estimated $35 billion revitalization of Toronto’s waterfront. Before joining Waterfront Toronto in 2003, he was a senior executive at Brookfield Properties and played a leadership role in the development of its flagship property, Brookfield Place. He is Vice Chair of Artscape and on the Board of Directors of the Canadian Urban Institute. In 2012 he was awarded the Queen Elizabeth II Diamond Jubilee Medal in recognition of his contribution to Canada.

Victoria E. Bradbury

Victoria Bradbury is a Fellow Chartered Accountant of England and Wales, a Chartered Professional Accountant in Canada, a Certified Management Consultant and a member of the institute of Corporate Directors with over 25 years combined international and Canadian experience with PwC and in industry. Fluently bilingual, Victoria has worked and lived in Europe as well as in several cities across Canada giving her a unique perspective and experience in innovative financial and management strategies. Over her career as CFO, DFO and Controller, Victoria has managed the financial reporting, accounting, external and internal audit functions and the annual risk assessment process of wide variety of corporations.

Kaye Melliship

Kaye has been involved in housing policy, governance and operations and land use planning for over 30 years. She is currently Executive Director of Greater Victoria Housing Society and President of Ready to Rent BC. Kaye recently completed a term as the BC representative of the Canadian Housing and Renewal Association and is active on a number of community initiatives in Victoria.

Canada Lands Company Limited – President and CEO

Name	Role	OIC Date	Term	Expiry Date	Home Province
John McBain	President & CEO	30/01/2014 *effective 03/03/2014*	5 yrs	02/03/2019 *extended until 02/08/2020	Ontario

Board Committees and their Roles

All of the Board's committees are comprised of no fewer than three directors, none of whom are either officers or employees of CLCL or any of its affiliates (with the exception of the President and CEO, where applicable). Although the Board may delegate various duties to its committees, each committee remains under the direction of the Board and each committee's ultimate responsibility is to report to the Board and, where necessary, to seek its approval.

Governance Committee

The main objective of the Governance Committee is to optimize the effectiveness of the Board in directing and managing the business and affairs of the Company. The committee is also responsible for the orientation of new directors, as well as for their ongoing training and education.

Human Resources Committee

The Human Resources Committee is mandated to review, report and, when appropriate, provide recommendations to the Board regarding human resources concerns of the Company.

Audit and Risk Committee

The Audit and Risk Committee advises the Board on the soundness of the financial management of the Company, and assists the Board in overseeing internal control systems, financial reporting, risk management and the internal and external audit processes.

Real Estate Committee

The Real Estate Committee receives reports, reviews, planned expenditures and requests for authorities from management pertinent to CLC's real estate acquisition, development and sales activities.

Attractions Committee

The Attractions Committee provides advisory, oversight and strategic services with respect to the Company's attractions businesses.

Management Agreements

To ensure the appropriate management structure for its subsidiaries, and on the advice of its legal counsel, CLC has two management agreements in place, one with PDP and one with OPMC. They provide CLC full authority and control to manage the day-to-day operations of these organizations.

Annual Public Meetings

As a Crown corporation, and in line with best practices and the *Financial Administration Act*, CLCL provides an annual forum through which the public can offer feedback and engage in a dialogue with CLCL's Board of Directors and management on matters directly relating to its business. The next public meeting will be held in the fall of 2019.

Figure 1: CLCL corporate structure and subsidiaries

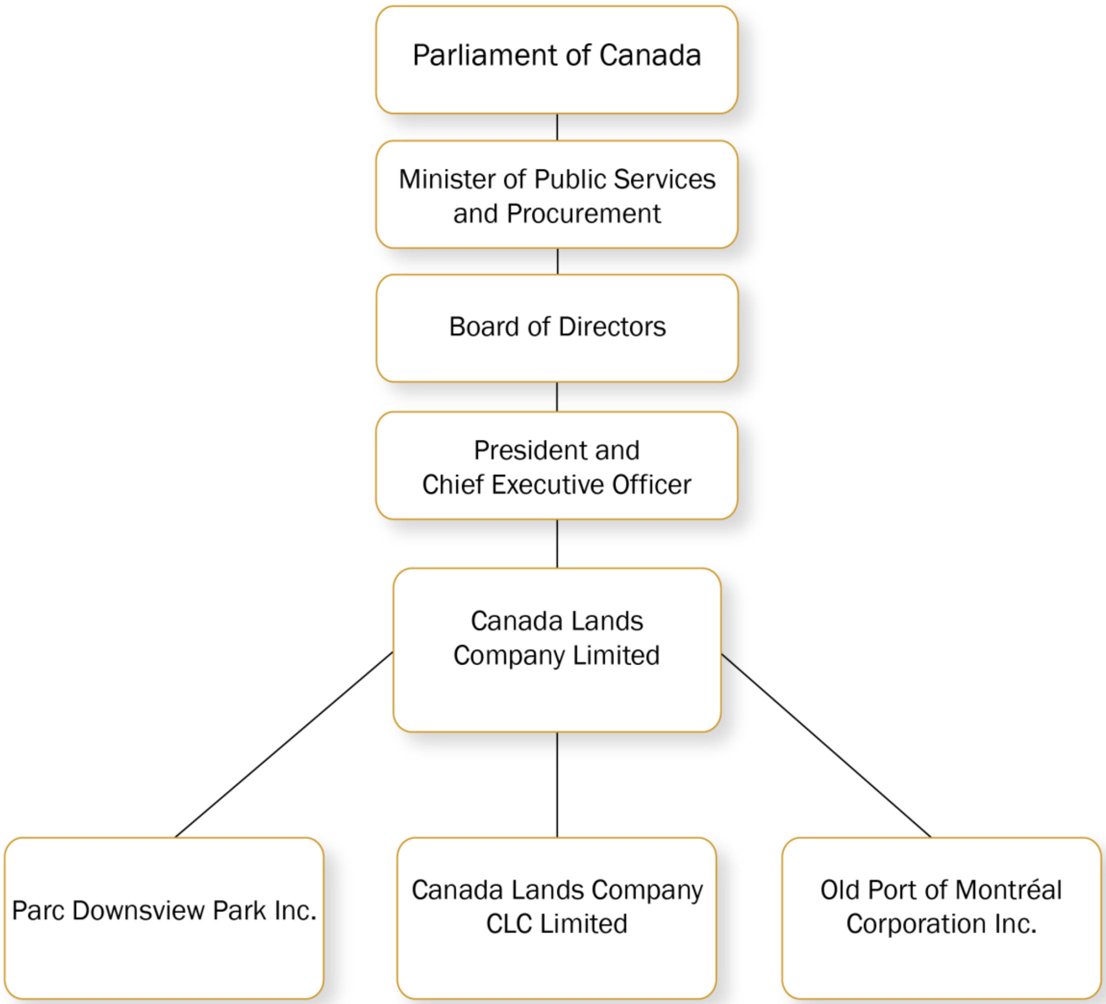
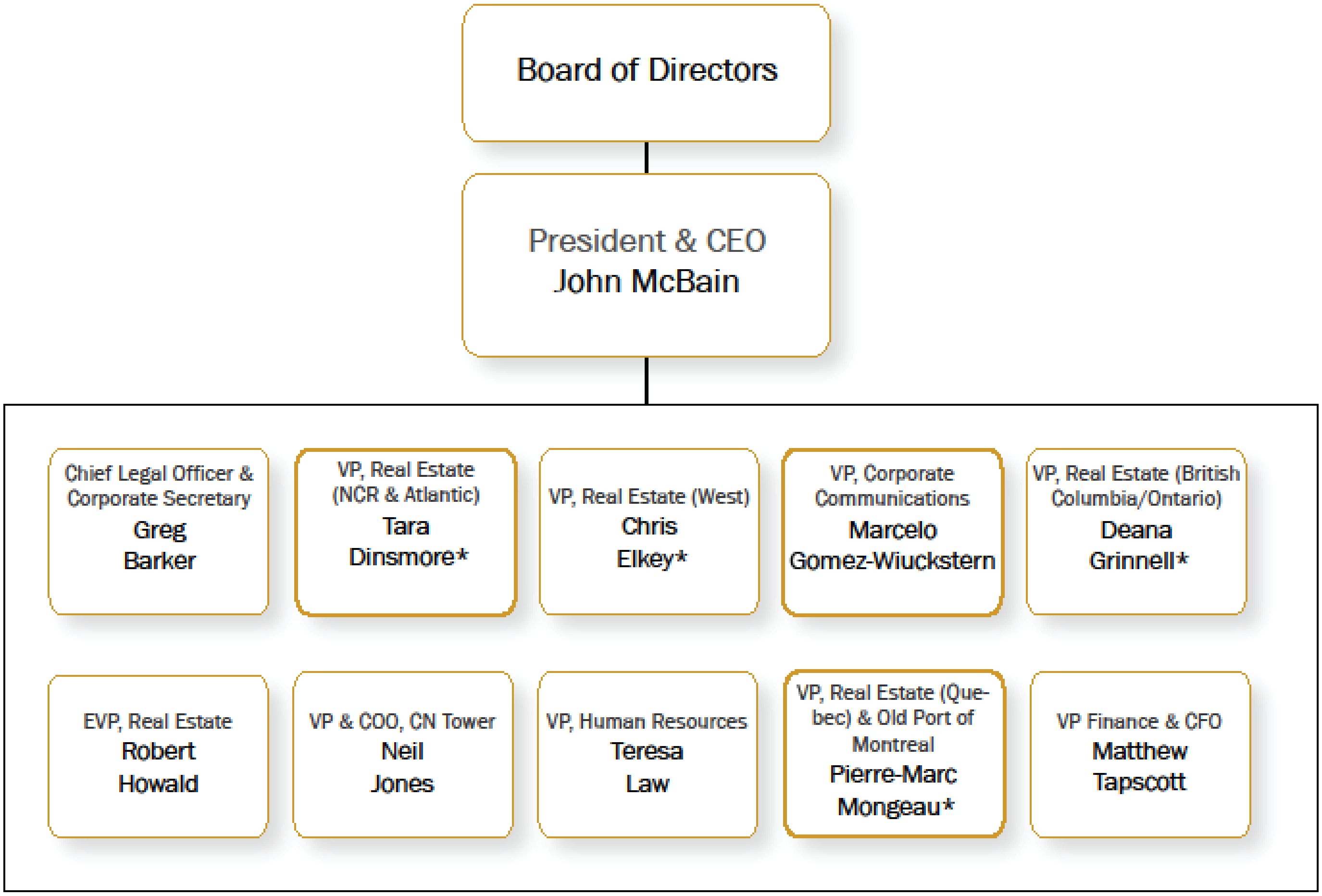


Figure 2: CLCL senior management reporting structure



*Reports to EVP, Real Estate

6. Appendix 2: Chief Financial Officer Attestation

In my capacity as Chief Financial Officer of CLCL, accountable to the Board of Directors of CLCL through the President and Chief Executive Officer, I have reviewed the Corporate Plan and budgets and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the financial and related information is reasonably described, and assumptions having a significant bearing on the associated financial requirements have been identified and are supported.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed. In addition to the key assumptions, significant risks have been included in section 2.2, 3.4.
3. Financial resource requirements have been disclosed and are consistent with the stated assumptions, and options to contain costs have been considered.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the Corporate Plan.
5. The Corporate Plan and budgets are compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place.
6. Key financial controls are in place to support the implementation of proposed activities and ongoing operation of CLCL and its wholly owned subsidiaries.

In my opinion, the financial information contained in this Corporate Plan and budgets are sufficient overall to support decision making.

Matthew Tapscott
Vice President, Finance & Chief Financial Officer
Canada Lands Company Limited
Date: November 29, 2018

7. Appendix 3: Financial Results Including Operating and Capital Budgets

7.1. Canada Lands Company Limited

As mentioned in the Executive Summary (Section 1), CLCL is a self-financing agent Crown corporation with three subsidiaries: CLC, OPMC and PDP.

The following financial results and discussion are the forecasted, consolidated results of CLCL over the five-year period.

Key Financial Information

(in millions of dollars, except profit margin)	For the year ended March 31, 2019 Forecast	2019 Budget[1]	For the five-year period Budget[2]
Total revenue	$273.9	$242.1	$1,923.0
Total operating profit[3]	$110.0	$64.2	$761.5
Total operating profit margin[3]	40.2%	26.5%	39.6%
Total net income before tax	$68.5	$25.6	$540.1
Acquisitions	-	$23.0	$86.5
Investment	$85.5	$111.0	$488.5
Cash provided by operating activities	$89.0	($96.2)	$675.1
Total credit availability	$129.2	$81.5	$81.6
Dividends to the Government of Canada	$10.0	$10.0	$300.0
Upfront payments[4]	-	$9.5	$54.7
Total assets	$1,240.9	$1,029.6	$1,034.9

Revenue

The Company expects to generate consolidated revenue in the five-year period of $1,923 million, or an average of $384 million per year. Annual consolidated revenue ranges from a low of $290 million in 2019/20 to a high of $631 million in 2023/24. The primary driver for the large fluctuations in annual consolidated revenue during the five-year period is the timing of real estate development and sales at CLC and PDP. The Company's attraction businesses are not projected to have significant annual variances in revenue over the five-year period. For additional details on the variances in

[1] Budget figures represent amounts included in the CLCL Corporate Plan 2018/19 to 2022/23.

[2] Total credit availability and Total assets amounts shown are the budgeted March 31, 2024 balances.

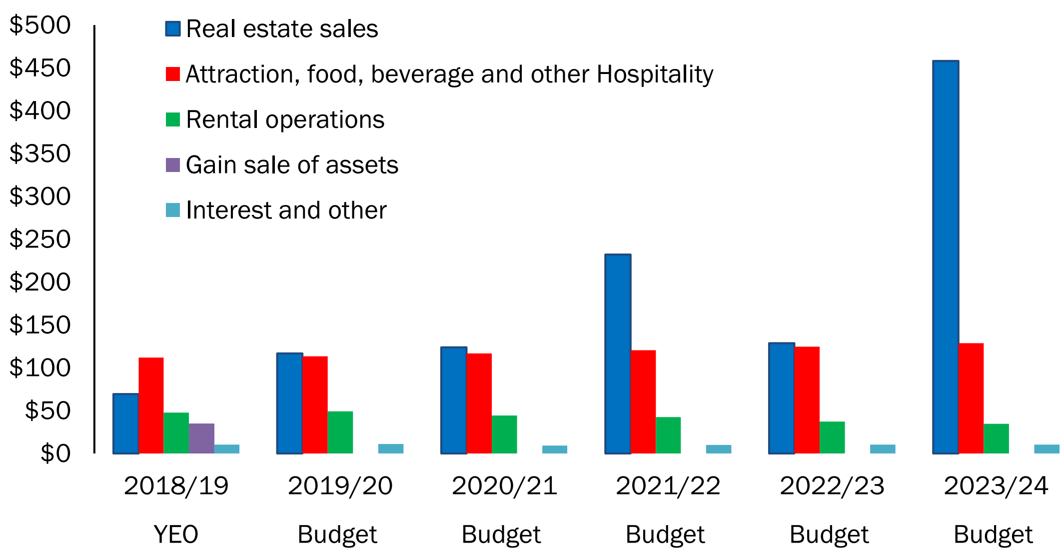
[3] Operating profit = total net income before taxes, interest and other expenses, impairment, pre-acquisition costs and write-offs and general and administration costs.

[4] Upfront payments are the payments that the Company makes to the property custodians at the time of acquisition.

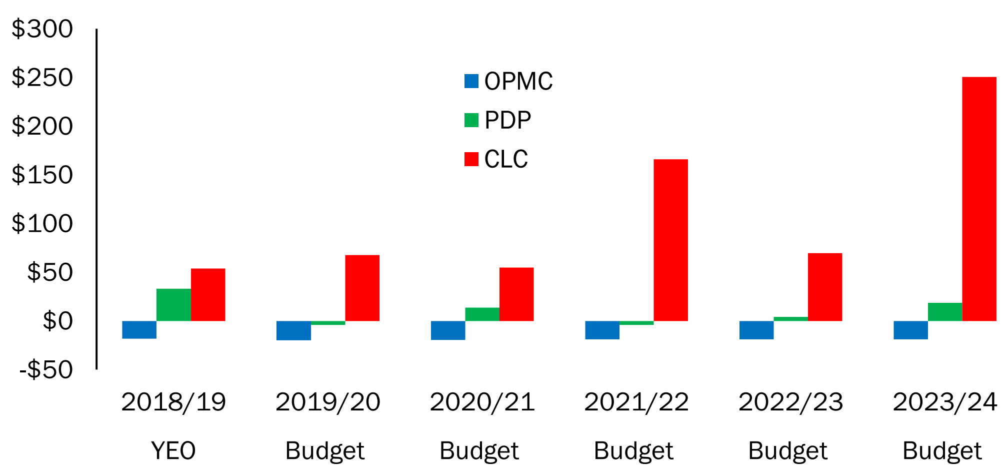
annual revenues, particularly those from real estate sales, see section 9.4.1 CLC Financial Results and Discussion and 9.5.1 PDP Financial Results and Discussion.

Below are graphs illustrating the Company's annual revenue by type and revenue by subsidiary over the five-year period:

Revenue by Type



Revenue by Subsidiary



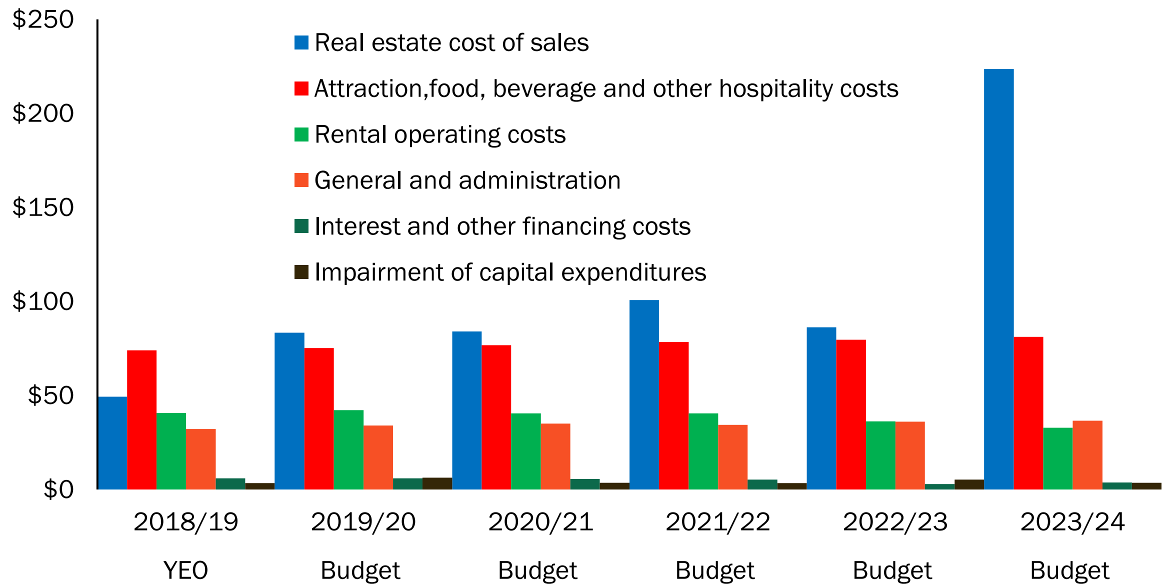
Expenses

The Company will incur costs to generate the aforementioned consolidated revenues.

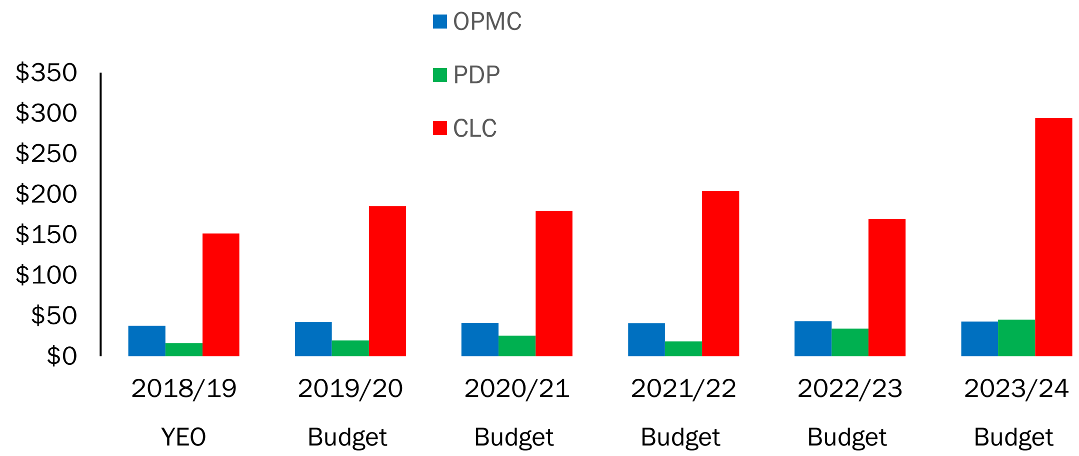
The Company expects to incur consolidated expenses (before income taxes) in the five-year period of $1.4 billion, or an average of $276 million per year. Annual consolidated expenses range from a low of $246 million in 2019/20 to a high of $382 million in 2023/24. The primary driver for the large fluctuations in annual consolidated revenue during the five-year period is the timing of real estate sales and corresponding cost of sales at CLC and PDP. The Company's attraction businesses are not projected to have significant annual variances in expenses over the five-year period. For additional details on the variances in annual expenses, particularly those from real estate sales, see section 9.4.1 CLC Financial Results and Discussion and 9.5.1 PDP Financial Results and Discussion.

Below are graphs illustrating the Company's annual expense by type and expense by subsidiary over the five-year period:

Expense by Type



Expense by Subsidiary

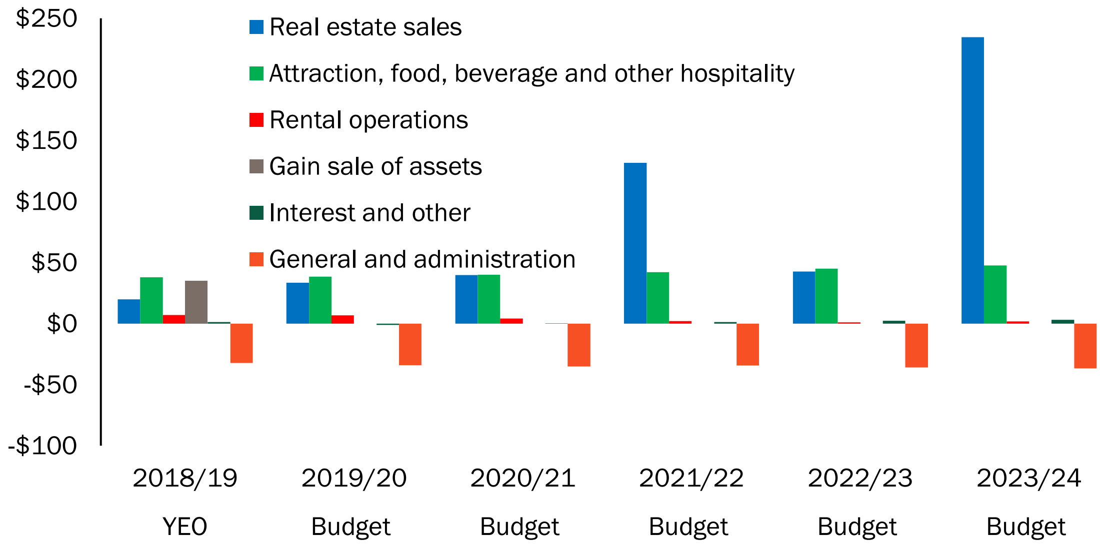


Net Income before Tax

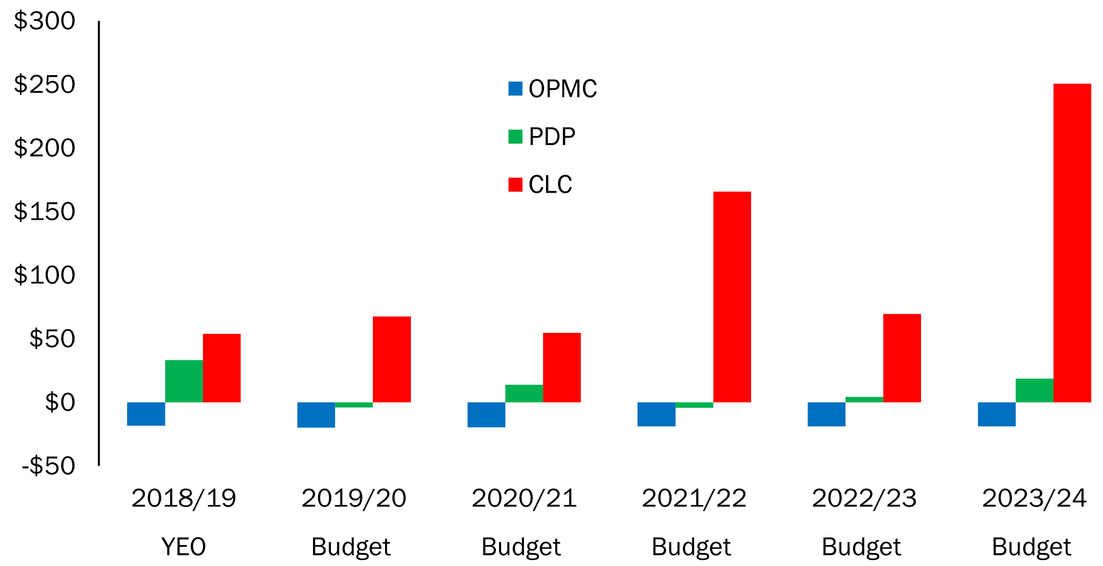
Consolidated net income before tax (NIBT) for the five-year plan period is $540 million, an average of $108 million per year, and ranges from $43 million in 2018/19 to a high of $250 million in 2023/24, driven principally by real estate sales activity.

Below are graphs illustrating the Company's sources of NIBT by type and by subsidiary over the five-year period:

NIBT by Type



NIBT by Subsidiary



Liquidity
CLCL will continue to be self-sustaining and provide a net benefit to the government. During the five-year period, the Company is projecting payments to the federal government for upfront property acquisitions of $55 million, promissory note repayments of $413 million, dividends of $300 million, income taxes of $136 million, profit sharing payments of $78 million, and operating subsidies and capital funding to OPMC of $96 million, respectively, for a total of $1,078 billion. See section 9.2 "Summary *of* Net Benefits to the Government of Canada 2019/20 to 2023/24".

Assumptions
I) Macro-economic

Macroeconomic conditions in Canada will remain consistent with the current climate and borrowing rates will not significantly increase (see section 3.1 "Analysis of External Environment").

II) Real Estate

a) Market assumptions
The Corporate Plan and budgets assume demand within its real estate markets to remain relatively stable and consistent with their current market conditions through the five-year period. The Corporate Plan does not attempt to predict significant gains or losses in market conditions in any of the areas that the Company owns property.

b) Real estate acquisition assumptions
During the five-year period, it is forecasted that sales of $61 million and NIBT of $13 million be made for properties not yet owned by the Company but expected to be acquired.

III) Attractions
Tourism levels, specifically in Montreal and Toronto, will remain consistent with the current levels and that the foreign exchange rates will remain stable, particularly between Canada and the US.

IV) Promissory note and profit-sharing payment timing
The Company has approximately $490 million due to former property custodians in the form of promissory note repayments and profit-sharing liabilities for sold properties. Approximately $250[1] million of those cash obligations are current and due on demand. The former custodians have the right to defer the settlement of these obligations. Given the magnitude of the liabilities, deferrals by custodians could have a significant impact on the Company's cash flow projections, ending cash balances and ending liabilities position.

Real Estate Sensitivities and Uncertainties

- Calgary, Alberta - Currie real estate sales are challenging to predict given the current Calgary economy. CLC has considered all relevant information in determining our forecast over the five-year period based on:
    - residential detached sales prices in Calgary, which remained stable, although slightly lower than the prior year;
    - sales volumes year–to-date is also down, showing a drop of approximately 20 percent against the 10-year average; and
    - attached real estate (row, semi-detached and town houses) projects are also seeing double digit there have also been declines in volume of sales of attached real estate (row, semi-detached and town houses) projects against both the prior year and the long-term average; however, the sales prices have increased slightly.

- Edmonton, Alberta –CLC has considered the slight increase in the average residential housing price and the decrease by 10% in sales velocity in determining its sales forecast. CLC and have over the plan period.

- Toronto, Ontario –The Company forecasts real estate sales in $210 million of Toronto during the five-year period. More than 50 percent of the sales are in year 5 of the plan, and with that there are inherent uncertainties regarding planning approvals and the future market dynamics closer to the time of sales; and

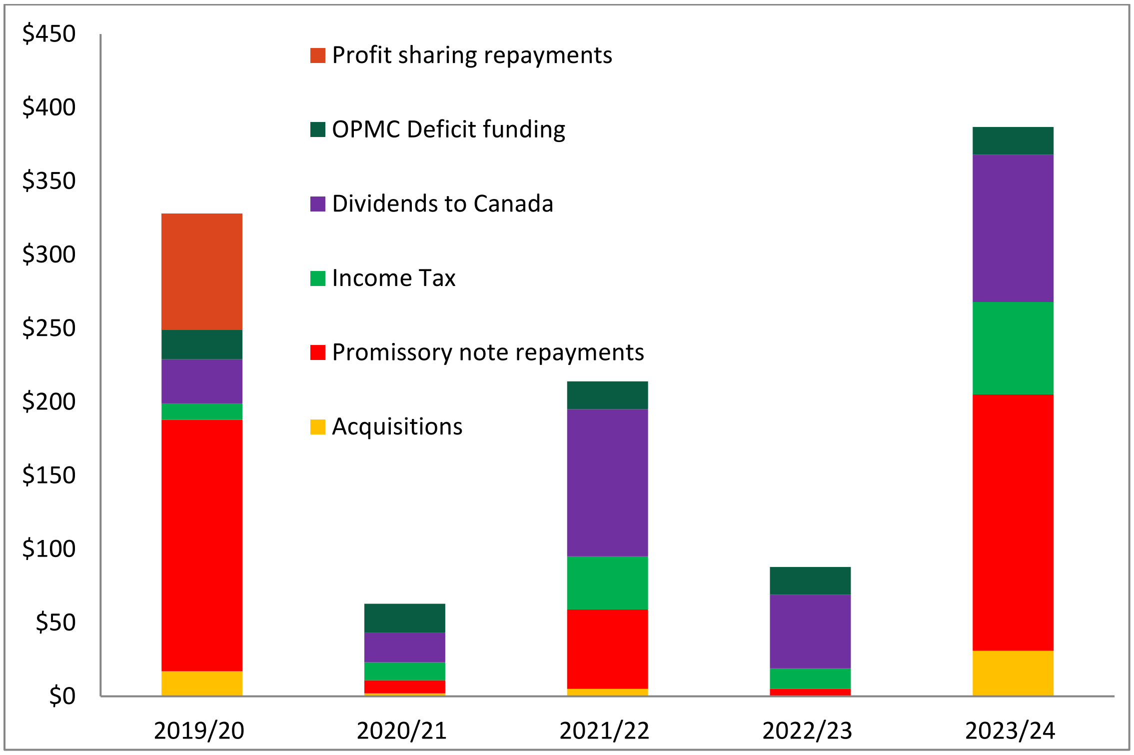
- Ottawa, Ontario – during the five-year period, the Company projects approximately $175 million in real estate lands sales in Ottawa, primarily resulting from its sales in its existing developments.

[1] As represented on the CLCL consolidated statement of financial position, there are $170 million of current notes payable and included in Accounts payable and other accrued liabilities are approximately $78 million in profit sharing liabilities to former property custodians for sold properties. These liabilities are projected to be repaid in 2019/20.

7.2. Summary of Net Benefits to the Government of Canada 2019/20 to 2023/24

The Company provides financial benefits to the Government of Canada in various ways. As illustrated in the graph and table below, the Company will contribute over $1.1 billion or an average of $216 million per year, over the five-year period.

Net Benefits to the Government of Canada

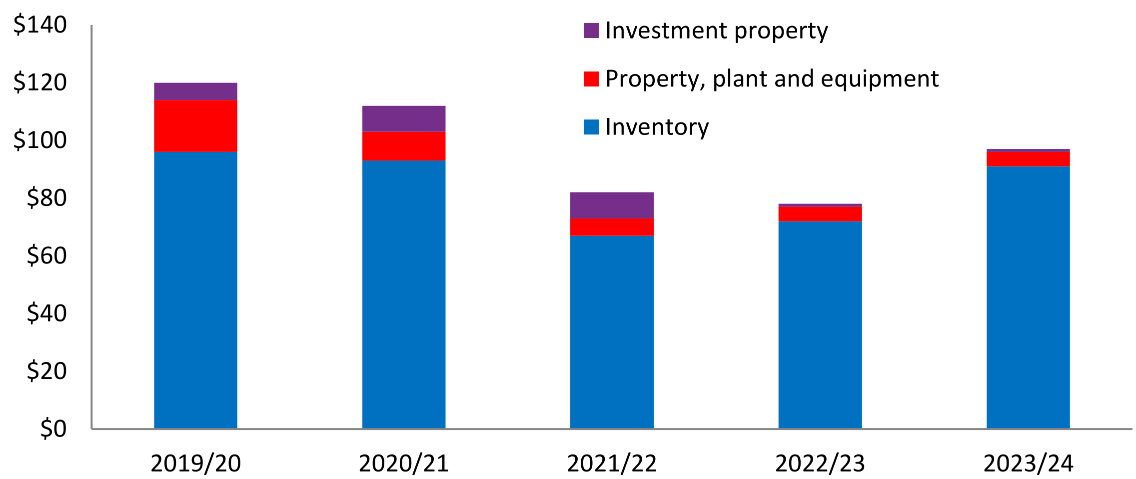


$millions	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Acquisitions[1]	17	2	5	0	31	**55**
Promissory note repayments	171	9	54	5	174	**413**
Income Tax	11	12	36	14	63	**136**
Dividends to Canada[2]	30	20	100	50	100	**300**
Recurring financial support to OPMC	20	20	19	19	18	**96**
Profit sharing repayments[3]	78	-	-	-	-	**78**
Total	**327**	**63**	**214**	**88**	**386**	**1,078**

[1] Represents the upfront payment to the disposing department or agency, normally up to $5 million per property or portfolio.
[2] Indicates cash dividends forecast to be paid to the Consolidated Revenue Fund.
[3] Represents profit sharing payments to former property custodians included in the agreement of purchase and sale. These properties have been sold and proceeds collected by the Company.

At the same time as CLCL provides the financial benefits to Canada, it will, through its CLC, PDP and OPMC subsidiaries, invest in its existing inventory and assets. These investments include tax or Payment in Lieu of Taxes payments to municipalities, spending on infrastructure (e.g. construction contracts for roads, water, sewer lines), hiring consultants and technical services firms, investment to maintain and enhance attraction assets, and value creation activities at long-term rental properties. Total investments by year, by type and for the duration of this plan are shown in the table below:

Summary of CLCL Investments 2019/20 to 2023/24



$millions	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Inventory[1]	96	93	67	71	91	**418**
Property, plant and equipment[2]	18	10	6	5	5	**44**
Investment properties[3]	6	9	9	1	1	**26**
Total	**120**	**112**	**82**	**77**	**97**	**488**

7.3. CLCL Dividend Policy and Retained Earnings Explained

In non-governmental accounting standards, including International Financial Reporting Standards (IFRS), to which CLCL is required to conform, retained earnings do not represent surplus cash or cash left over after the payment of dividends. Rather, retained earnings demonstrate what a company did with its profits; they are the amount of profit the company has reinvested in the business since its inception. These reinvestments are either asset purchases or liability reductions.

[1] Investment in real estate development, which includes construction and consultant contracts, municipal taxes and PILT payments
[2] Investments in property, plant and equipment assets such as the CN Tower, the Park at Downsview, the Montreal Science Centre, and the Old Port quays maintain and enhance the assets.
[3] Investment properties such as certain properties at Downsview Park and the area around the CN Tower do not have probable development opportunities, but rather are held to generate rental profits.

Ultimately, most analysis of retained earnings focuses on evaluating which action would generate the highest return for the shareholder(s). In CLCL's case, the highest return is created by generating profits that enable the purchase of land from the government, capacity to increase its value and maximize profit on its sale, while achieving other less tangible goals of re-integrating the property into the community. It is also important to note in this regard that CLC, for the most part, does not control the timing of when federal custodians clear their holdings for sale, and therefore CLC's need for closing costs payments.

At CLCL, in addition to paying dividends, retained earnings have been used principally to fund the purchase of property and its subsequent development for sale. The accounting treatment in this example would be a reduction in cash and an increase in inventory. The cash retained within the business has been used to invest in inventory with the expectation of higher profit in the future and is reflected in the inventory asset on the balance sheet.

CLCL continues to fund the annual OPMC operating deficit and capital requirements of approximately $20 million per annum. Prior to operational amalgamation in November 2012, these funding shortfalls, which at the time were approximately $24 million annually, were fully subsidized by the federal government.

Dividends paid by CLCL are funded by free cash flow that is not otherwise required to purchase land from the federal government, repay promissory notes, repay profit sharing obligations, support OPMC's operating deficit and capital requirements, or invest in land to be developed for future sales and optimize financial and community benefit. The amount of free cash flow available for dividends is determined annually during preparation of the Corporate Plan and budgets and can change significantly in years three, four and five as note repayments, acquisitions and development plans become more specific.

7.3.1. CLCL Consolidated Statement of Comprehensive Income

Canada Lands Company Limited
Consolidated Statement of Comprehensive Income
For the year ended March 31

$millions	2018 Actual	2019 Budget	2019 YEO		2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	5 Year TOTAL
REVENUES										
Real estate sales	115.0	77.7	69.2		116.8	123.8	232.3	128.7	458.1	1,059.7
Attraction, food, beverage and other hospitality	111.0	111.2	111.8		113.6	116.9	120.7	124.6	128.7	604.5
Rental operations	45.9	45.3	47.6		49.0	44.5	42.4	37.3	34.6	207.8
Gain sale of assets	-	-	34.8		-	-	-	-	-	-
Interest and other	12.7	7.9	10.5		11.0	9.2	9.9	10.4	10.5	51.0
	284.6	242.1	273.9		290.4	294.4	405.3	301.0	631.9	1,923.0
EXPENSES										
Real estate cost of sales	74.1	59.3	49.3		83.3	84.1	100.8	86.2	223.5	577.9
Attraction, food, beverage and other hospitality costs	72.6	77.9	74.0		75.2	76.8	78.5	79.7	81.2	391.4
Rental operating costs	46.3	40.7	40.6		42.2	40.5	40.4	36.2	32.9	192.2
General and administration	29.4	31.1	32.2		34.0	35.1	34.3	36.0	36.6	176.0
Interest and other financing costs	5.9	6.3	5.9		6.0	5.6	5.3	2.9	3.7	23.5
Impairment of capital expenditures	6.2	1.2	3.4		6.2	3.5	3.4	5.2	3.6	21.9
	234.5	216.5	205.4		246.9	245.6	262.7	246.2	381.5	1,382.9
Income before taxes	**50.1**	**25.6**	**68.5**		**43.5**	**48.8**	**142.6**	**54.8**	**250.4**	**540.1**
Income taxes	12.4	11.0	17.2		10.9	12.2	35.6	13.8	62.6	135.1
NET INCOME	**37.7**	**14.6**	**51.4**		**32.6**	**36.6**	**107.0**	**41.1**	**187.8**	**405.1**

7.3.2. CLCL Consolidated Statement of Financial Position

Canada Lands Company Limited
Consolidated Statement of Financial Position
As at March 31

$millions	2018 Actual	2019 Budget	2019 YEO		2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget
ASSETS									
Non-Current									
Investment properties	29.7	34.3	32.0		37.5	46.4	55.7	56.5	57.0
Inventories	339.3	157.2	311.8		360.2	345.3	333.5	180.0	226.6
Property, plant & equipment	135.9	139.0	144.5		150.5	147.3	139.5	130.0	121.1
Trade receivables and other	12.7	18.1	12.1		23.5	33.2	30.9	37.4	27.3
Long term receivables	56.5	58.1	56.5		58.2	59.9	50.4	51.2	2.3
Deferred taxes	103.4	104.6	99.7		105.6	107.2	113.0	116.7	116.8
	677.5	511.2	656.7		735.5	739.3	723.0	571.8	551.1
Current									
Inventories	53.8	306.4	83.3		84.1	100.8	86.2	223.5	75.0
Cash	453.5	184.4	464.5		215.2	210.9	263.7	259.8	378.4
Trade receivables and other	29.0	27.6	34.4		28.5	41.0	30.8	45.3	28.4
Current portion of long-term receivables	1.9	0.0	2.0		1.9	2.1	2.0	1.9	1.9
Current Income Tax recoverable and other Assets	14.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
	552.2	518.3	584.2		329.7	354.8	382.7	530.5	483.8
	1,229.7	1,029.5	1,240.9		1,065.2	1,094.1	1,105.7	1,102.3	1,034.9
LIABILITIES									
Non-Current									
Notes payable	258.1	251.8	237.1		260.1	212.2	221.7	51.6	48.8
Provisions	1.4	0.8	1.4		0.8	0.8	0.8	0.8	0.8
Deferred taxes	11.9	13.7	11.9		11.9	11.9	11.9	11.9	11.9
Deposits and Other	2.0	2.1	2.4		2.4	2.4	2.3	2.3	2.3
	273.4	268.4	252.7		275.2	227.3	236.7	66.6	63.8
Current									
Credit facilities	41.5	86.1	27.9		50.1	45.8	71.5	59.5	52.4
Notes payable	169.9	29.9	170.5		9.3	54.3	5.0	174.1	10.0
Prepaid rent and deposits	6.3	4.4	4.6		4.3	4.4	4.7	5.1	5.0
Deferred Revenue	4.9	3.5	4.7		4.6	4.6	4.7	4.3	4.4
Accounts payable	111.9	35.5	112.1		33.7	33.2	32.4	32.5	32.5
Provision for PILT being contested	14.0	17.3	17.3		20.6	24.0	27.4	30.8	34.2
Provisions	14.5	2.9	5.7		2.8	2.8	2.8	2.3	2.2
	362.9	179.6	342.8		125.3	169.1	148.5	308.6	140.7
EQUITY									
Contributed surplus	185.1	185.1	185.1		185.1	185.1	185.1	185.1	185.1
Accumulated earnings	552.1	550.1	614.0		663.3	716.3	839.1	895.8	1,099.0
Accumulated dividends	(143.7)	(153.7)	(153.7)		(183.7)	(203.7)	(303.7)	(353.7)	(453.7)
Net Equity	593.5	581.5	645.4		664.7	697.7	720.5	727.1	830.4
	1,229.7	1,029.5	1,240.9		1,065.2	1,094.1	1,105.7	1,102.3	1,034.9

7.3.3. CLCL Consolidated Statement of Cash Flows

Canada Lands Company Limited
Statement of Operations and Cash flow
For the year ended March 31

$millions	2018 Actual	2019 Budget	2019 YEO	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget
Operating activities								
Net Income	37.7	14.6	51.4	32.6	36.6	107.0	41.1	187.8
Income taxes paid	(58.8)	(11.6)	(8.7)	(16.9)	(13.7)	(41.5)	(17.4)	(62.7)
Profit Sharing paid	-	(78.6)	-	(78.2)	-	-	-	-
Depreciation	14.0	17.6	12.4	13.7	15.4	16.3	17.5	17.4
Cost of Property Sales	74.1	59.3	49.3	83.3	84.1	100.8	86.2	223.5
Expenditures on properties	(52.1)	(88.1)	(60.7)	(95.9)	(92.7)	(66.8)	(71.5)	(90.7)
Acquisitions	(12.0)	(23.0)	-	(42.3)	(2.0)	(11.3)	0.0	(30.9)
Write downs and impairments	6.1	1.2	3.4	6.2	3.5	3.4	5.2	3.6
Recovery of expenditures on properties	1.5	-	1.4	2.9	9.2	6.1	1.9	0.1
Recovery of expenditures on properties from joint ventures	-	-	0.3	-	-	10.6	-	16.9
Long-term receivables	(3.5)	(4.2)	(2.9)	(8.2)	(6.6)	15.8	(4.0)	62.3
Provision for PILT	2.8	3.2	3.3	3.3	3.4	3.4	3.4	3.5
Notes payable - notional interest	6.9	6.6	6.6	6.8	6.4	8.2	4.0	7.2
Income tax expense	12.4	11.0	17.2	10.9	12.2	35.6	13.8	62.7
Change in current assets / liabilities	(9.6)	(4.2)	16.0	17.0	(1.8)	8.6	(3.1)	11.8
Cash Provided by (Used in) Operating Activities	**19.6**	**(96.2)**	**89.0**	**(64.8)**	**53.9**	**196.2**	**77.1**	**412.5**
Financing activities								
Change in Credit Facilities	8.5	22.2	(13.6)	22.2	(4.3)	25.7	(12.0)	(7.1)
Promissory Notes acquired	12.0	13.5	-	25.5	-	6.3	-	0.0
Promissory Note Repayments	0.0	(157.0)	(27.0)	(170.5)	(9.3)	(54.3)	(5.0)	(174.1)
Dividends	0.0	(10.0)	(10.0)	(30.0)	(20.0)	(100.0)	(50.0)	(100.0)
Cash Provided by (Used in) Financing Activities	**20.5**	**(131.3)**	**(50.6)**	**(152.8)**	**(33.6)**	**(122.3)**	**(67.0)**	**(281.2)**
Investing Activities								
Expenditures on investment properties	(1.2)	(1.9)	(2.9)	(5.9)	(8.9)	(9.3)	(0.8)	(0.5)
Expenditures on property, plant and equipment	(24.7)	(25.8)	(24.4)	(25.9)	(15.7)	(11.9)	(13.1)	(12.1)
Cash Provided by (Used in) Investing Activities	**(25.9)**	**(27.7)**	**(27.3)**	**(31.8)**	**(24.6)**	**(21.2)**	**(13.9)**	**(12.6)**
NET INCREASE (DECREASE) IN CASH	**14.2**	**(255.2)**	**11.1**	**(249.4)**	**(4.3)**	**52.7**	**(3.8)**	**118.7**
Cash, beginning of year	439.3	444.9	453.5	464.5	215.2	210.9	263.7	259.8
CASH, END OF YEAR	**453.5**	**189.7**	**464.6**	**215.1**	**210.9**	**263.6**	**259.9**	**378.5**
Loan balance, beginning of year	33.0	63.9	41.5	27.9	50.1	45.8	71.5	59.5
Change in loan balance	8.5	22.2	(13.6)	22.2	(4.3)	25.7	(12.0)	(7.1)
Loan balance, end of year	**41.5**	**86.1**	**27.9**	**50.1**	**45.8**	**71.5**	**59.5**	**52.4**
Letters of credit required	43.8	32.4	42.9	33.3	26.3	37.8	55.2	66.0
Total borrowings against credit facility	85.3	118.5	70.8	83.4	72.1	109.3	114.7	118.4
Total available	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
Available credit	**114.7**	**81.5**	**129.2**	**116.6**	**127.9**	**90.7**	**85.3**	**81.6**

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