



Canada Lands Company
Société immobilière du Canada



Canada Lands Company Limited

Q1 2024-25 (April 1 to June 30, 2024)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

FOR THE PERIOD ENDED JUNE 30, 2024

This Management's Discussion and Analysis (MD&A) provides important information about the business of Canada Lands Company Limited (CLCL) and its subsidiaries (collectively, the Company), its financial performance for the period ended June 30, 2024 (Period), and its assessment of factors that may affect future results. The MD&A should be read in conjunction with CLCL's unaudited consolidated financial statements and notes (collectively the consolidated financial statements). The MD&A and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The following MD&A is the responsibility of management and is current as at August 14, 2024, unless otherwise noted.

The Board of Directors ("Board") of CLCL has approved this disclosure.

All dollar amounts, unless otherwise stated, are in millions of Canadian dollars.

The Company's financial reporting publications are available on the Company's website, www.clc-sic.ca.

HIGHLIGHTS FOR THE FIRST QUARTER OF FISCAL YEAR 2024/25

Financial

- The Company was able to generate \$52.8 in revenue, with attractions revenue, rental operations revenues and interest and other revenues all exceeding the comparable prior year period revenues.
- The Company generated an operating profit of \$20.6 during the Period, which was consistent with the comparable prior year period, despite the lower revenues driven from the timing of real estate land sales.
- The Company invested \$13.0 primarily in its real estate development in communities across the country and in its attractions.
- The Company declared a \$20.0 dividend to its shareholder, as well as made income tax payments of \$3.5.

Operational and Other Significant Developments

- The Federal Government presented Budget 2024 (Budget 2024) in April 2024. Budget 2024 focuses significantly on building more homes faster through a variety of new and existing programs, tools, and measures, some of which the Company may directly or indirectly be involved in. Within Budget 2024, the Company was referenced a number of times, including a total of \$9.0 in funding over the next three years towards modular housing projects and expansion of activities to build more homes.
- The Company issued its inaugural Environmental, Social and Governance (ESG) report in June 2024. The ESG report highlights the Company's progress on its six priorities: affordable housing, climate, diverse procurement, equity, diversity and inclusion, Indigenous Peoples collaboration and psychological health and safety).
- The Company's attractions welcomed close to 0.7 million paid guests during the Period, which was close to 0.1 million (9%) higher than the comparable prior year period.

- The Board of Directors currently has a vacancy as a result of the resignation of one of the Company's Directors to join the Senate of Canada in late FY2023/24.

BUSINESS UPDATE

The Attractions Division of the Company performed well financially during this Period and was slightly ahead of its Q1 2023/24 financial performance, its strongest financial year on record. Real estate sales activity, typically minimal in the first quarter of the year, did see sales in the Company's Alberta projects. The Company's rental revenues were higher than the comparable prior year period as the Company continues to explore the ability to expand its interim leasing of future development lands. Interest and other revenues were strong as a result of the interest rate environment and helped to offset higher general and administrative costs, tied to a variety of corporate initiatives.

Budget 2024 was presented on April 16th, 2024. A significant portion of the Budget is dedicated to providing more housing faster for Canadians. The proposed Budget mentions potential funding for the Company and working with the Department of National Defence (DND) to divest of surplus properties that have the potential for housing. Budget 2024 also has a number of other housing initiatives where the Company may be involved. The impact of Budget 2024 is continuing to be determined and assessed as approvals are received by the parties involved, including the Company.

Real estate markets across the country are continuing to be challenging for land developers, given the current economic environment, while the need for additional housing, particularly affordable housing, continues to be discussed by and a priority for many. Broad inflationary pressures are easing, which is bringing down the rate of inflation and supporting a reduction in the Bank of Canada's overnight rate. With the Budget and its priorities around building more homes faster, along with a shift in the interest-rate headwinds in the near term, the real estate market, particularly the residential market, should start to see more activity.

ABOUT CLCL

CLCL is the parent of Canada Lands Company CLC Limited (CLC), Parc Downsview Park Inc. (PDP) and Old Port of Montreal Corporation Inc. (OPMC), collectively referred to as the CLCL Subsidiaries.

CLCL has three divisions:

- Real Estate;
- Attractions; and
- Corporate/Shared Services.

The Real Estate Division primarily includes development lands held in CLC and PDP's development lands (Downsview Lands) and is comprised of four regions: West, Central, National Capital Region (NCR), and Quebec/Atlantic.

The Attractions Division is comprised of Old Port of Montréal (OPM), Montréal Science Centre (MSC), Downsview Park and the CN Tower.

CLCL carries out its policy mandate "to ensure the commercially oriented, orderly disposition of selected surplus federal real properties with optimal value to the Canadian taxpayer and the holding of certain properties." This mandate was provided to the Company by the Government of Canada (the "Government") on reactivation of the Company in 1995.

CLCL's mission is to "ensure the innovative and commercially sound redevelopment and reintegration of surplus Government of Canada properties into local communities while developing, retaining, and managing certain real estate assets and uniquely Canadian attractions".

CLC holds real estate across the country in various provinces and in various stages of development, with significant holdings in Vancouver, British Columbia; Calgary and Edmonton, Alberta; Winnipeg, Manitoba; Ottawa and Toronto, Ontario; Montréal, Québec; Dartmouth, Nova Scotia; and St. John's, Newfoundland and Labrador.

PDP was originally comprised of 231 hectares (572 acres) of land at the former Canadian Forces Base in Toronto. The holdings at PDP are composed of active recreation, parkland, commercial operations, and real estate development assets.

The CN Tower is an iconic national landmark and tourist attraction located in downtown Toronto. The core business is managing the country's highest observation tower, restaurant operations and EdgeWalk.

OPMC is located in the heart of historic Montréal along the St. Lawrence River. Its core business covers two main areas: OPM, which manages and hosts activities on the 2.5-kilometre-long (1.6 mile) urban recreational, tourist and cultural site along the St. Lawrence River; and the MSC, which operates the MSC and IMAX theatre.

GOVERNANCE

CLCL's Board is composed of the Chair and six Directors. For more details on CLCL's governance, see the Corporate Governance section of the CLCL's 2023/24 Annual Report.

The Board's expenses for the year, including meetings, travel expenses, conferences and seminars, liability insurance, and annual retainers and per diems, totalled \$0.1 (June 30, 2023 – \$0.1). The Board and senior management expenses are posted on CLC's website at www.clc-sic.ca/reports-and-expenses.

RESULTS OF OPERATIONS

A summary of the various components of the Company's Consolidated Statement of Comprehensive Income follows. Discussion of the significant changes in each of these components for the period ended June 30, 2024, compared to the comparable prior year period are provided on the following pages.

During the Period, the Attractions Division improved on its strong performance from the comparable prior year period, increasing paid guest attendance by 60,000 and increasing revenues by close to \$1.2 compared to June 30, 2023.

Traditionally, the first quarter of any fiscal year is quiet in terms of real estate land sales. There were a few transactions in the Company's Alberta projects that closed in the first quarter. The Real Estate Division continues to face challenging headwinds, particularly on land sales, as the overall demand for development lands, as shown by lower housing starts and new home sales activity across the country and in many major markets that the Company has projects in, remains below historical averages. There are signs of a modest shift with the Bank of Canada reducing its overnight rate by 50 basis points since early June, following almost a full year of no changes. In addition, there continues to be a strong push from many, including federal, provincial, territorial, and municipal levels of government, to build more homes in Canada, particularly affordable homes, and to do it quickly.

The Company's rental operations for the Period continued to show strong performance in both the Real Estate Division and the Attractions Division, while the Company was able to leverage its cash and cash equivalents balance, and the elevated interest rates, to drive higher interest income.

The financial results for the period ended June 30, 2024:

PERIOD ENDED JUNE 30	2024	2023
Real estate sales	\$ 1.8	\$ 12.7
Attractions, food, beverage and other hospitality	33.5	32.7
Rental operations	12.8	12.0
Interest and other	4.7	4.6
Total Revenues	\$ 52.8	\$ 62.0
General and administrative expenses	9.3	7.6
Income before taxes	7.7	9.5
Net income and comprehensive income after taxes	4.4	5.6

By entity:

	PERIOD ENDED JUNE 30, 2024				PERIOD ENDED JUNE 30, 2023			
	OPMC	PDP	CLC	Total	OPMC	PDP	CLC	Total
Real estate sales	\$ -	\$ -	1.8	\$ 1.8	\$ -	\$ -	12.7	\$ 12.7
Attractions, food, beverage and other hospitality	2.7	0.3	30.5	33.5	2.7	0.3	29.7	32.7
Rental operations	3.5	3.6	5.7	12.8	3.3	3.2	5.5	12.0
Interest and other	0.6	0.1	4.0	4.7	0.6	0.1	3.9	4.6
Total Revenues	\$ 6.8	\$ 4.0	\$ 42.0	\$ 52.8	\$ 6.6	\$ 3.6	\$ 51.8	\$ 62.0
General and administrative expenses	1.3	0.3	7.7	9.3	0.1	0.2	7.3	7.6
Income (loss) before taxes	(4.8)	0.0	12.5	7.7	(4.7)	(0.4)	14.6	9.5
Comprehensive income (loss) after taxes	(4.8)	0.0	9.2	4.4	(4.7)	(0.3)	10.6	5.6

OPERATIONS BY REVENUE TYPE

Total revenue generated was \$52.8 for the Period, comprised of four principal sources:

1) Real Estate Sales

Real estate sales were \$1.8 for the Period, comprising sales of property developed as building parcels or individual lots and sold to builders. Revenue comprises sales in specific projects across Canada as the individual marketplaces dictate.

Real estate sales by region were as follows:

PERIOD ENDED JUNE 30	2024		2023	
West	\$	1.8	\$	-
Central		-		-
Quebec-Atlantic		-		-
National Capital Region		-		12.7
Total	\$	1.8	\$	12.7

The Company generated a gross profit of \$0.4 (or 18.0%) on real estate sales for the Period. The gross profit generated in the comparable prior year period was \$3.3 (or 26.0%). The comparable prior year period land revenues were comprised of a single land sale in a National Capital Region project.

Real estate land sales and gross profit depend on the nature and mix of the properties sold in any given year. Consequently, the Company's business does not necessarily allow for a consistent period-over-period volume of sales or geographical distribution.

Margins vary widely from project to project and are influenced by many factors, including market demand in the project's location, the proximity of competing developments, the mix of products within the project, the cost of land, and the length of time for a project to be sold.

2) Attractions, Food, Beverage and Other Hospitality

Attractions, food, beverage, and other hospitality represent revenue from the CN Tower operations (including admissions, restaurants and related attractions), and OPM, MSC, and Downsview Park operations (including parking, concessions, programming, events, corporate rentals, and other hospitality revenues).

The CN Tower generated revenue of \$31.2 for the Period, which was \$0.8 higher than the comparable prior year period. The CN Tower's earnings before interest, taxes, depreciation and amortization (EBITDA) were \$15.1 for the Period, which was favourable to the comparable prior year period by \$0.3. For the Period, the CN Tower welcomed close to 0.5 million guests, which was slightly higher than the comparable prior year period.

The increase in revenue and EBITDA, when compared to the comparable prior year period, is attributable primarily to the CN Tower's slightly higher attendance.

OPMC revenues, which include the MSC, generated revenue of \$2.7 for the Period, which was consistent with the comparable prior year period. The MSC generated \$1.7 in revenues from its ticket sales, hosting more than 0.15 million visitors at its IMAX theatre and exhibits during the Period.

Downsview Park generated revenue of \$0.3 in the Period from its programs and events, which was consistent with the comparable prior year period.

3) Rental Operations

Rental operations comprise revenue from commercial, industrial, and residential properties held as investments, as well as from properties located on lands under development and held for future development across the country.

Rental revenues were \$12.8 for the Period from properties in inventory at various stages of development, and other properties across CLC, OPMC, and PDP. Rental revenues for the Period were \$0.8 higher than the comparable prior year period with all three entities (CLC, OPMC and PDP) generating higher revenues than the comparable prior year period, respectively.

Rental revenues by region were as follows:

PERIOD ENDED JUNE 30	2024		2023	
West	\$	2.8	\$	3.1
Central		6.0		5.5
Quebec-Atlantic		3.7		3.4
National Capital Region		0.3		-
Total	\$	12.8	\$	12.0

The Company generated \$2.6 (20.2%) profit for the Period from its rental operations. The rental profit for the Period was \$2.2 higher than the comparable prior year period.

4) Interest and Other Revenues

Interest and other revenue of \$4.7 for the Period was higher by \$0.1 than the comparable prior year period. Interest and other revenue are comprised principally of interest on short-term investments, cash and cash equivalents, long-term receivables, and donation and sponsorship revenues at OPMC.

OTHER ITEMS

1) General and Administrative expenses

General and administrative expenses (G&A) of \$9.3 for the Period were higher than the comparable prior year period by \$1.7. The higher G&A is primarily attributed to OPMC and the reclassification of certain expenses in the current Period from rental operations into G&A.

2) Impairment, pre-acquisition costs and write-offs

During the Period, the Company had \$3.1 in expenses which was higher than the comparable prior year period by \$0.3. These expenses are largely non-recurring by their nature and can fluctuate period-over-period based on a variety of factors.

3) Interest and Other

Interest and other is typically comprised of non-capitalized interest on either the Company's credit facilities or the notional interest on its promissory notes. During the Period, the expense was \$0.5 which was \$0.6 million lower than the comparable prior year period. The primary drivers are lower interest rates and a higher proportion of interest being capitalized to real estate projects, from both third-party financing as well as non-cash interest from promissory notes.

4) Taxes

The Company had a net income tax expense of \$3.4 during the Period, which is largely only current income tax expense. The current income tax expense decreased from the comparable prior year period because of lower taxable income in CLC. The Company's current position on the deferred tax assets (DTA) at OPMC is consistent with its position at March 31, 2024, which is to not recognize the benefits from the DTA at OPMC, which are primarily non-capital losses and temporary differences, as it is not probable that they would be utilized in the future. The result is that for the Period, \$1.3 in OPMC DTA benefits are not being recognized. Once adjusted for the OPMC DTA not recognized, the current tax expense effective tax rate (ETR) of 27.3% for the Period is similar to the statutory rates. Both the current Period and comparable prior year period ETRs are higher than the statutory rates due primarily to the tax losses from OPMC not being recognized for tax purposes.

FINANCIAL POSITION

ASSETS

The following is a summary of the Company's assets:

	June 30, 2024	March 31, 2024
Cash and cash equivalents	\$ 217.2	\$ 223.2
Inventories	456.0	447.8
Property, plant and equipment	157.3	160.1
Deferred tax asset recoverable	70.9	70.8
Long-term receivables	65.1	64.9
Investment properties	28.9	29.3
Trade and other assets	61.7	57.6
Total	\$ 1,057.1	\$ 1,053.7

CASH AND CASH EQUIVALENTS

The Company continues to maintain high levels of liquidity, which will allow it to respond to future potential opportunities and risks that may require significant amounts of cash immediately. At June 30, 2024, cash and cash equivalents balances held in major Canadian chartered banks and financial institutions were \$217.2.

During the Period, the Company also invested \$13.0 in capital assets in both real estate and attractions and funded working capital.

The Company's investment strategy is to optimize, not maximize, financial returns on its cash and cash equivalents. Given the nature of the Company's liabilities, particularly its current liabilities, it is important that the investments of the Company provide a high degree of liquidity and protect against principal erosion.

INVENTORIES

The Company's inventories comprise properties held for future development (PHFD) of \$4.8 (March 31, 2024 - \$96.8), properties under development (PUD) of \$451.2 (March 31, 2024 - \$351.0) and properties held for sale of \$nil (March 31, 2024 - \$nil).

During the Period, one of the Company's significant properties shifted from PHFD to PUD as a result of achieving various planning approvals.

Inventory is recorded at the lower of cost and net realizable value. During the Period, there were no write-downs or reversal of write-downs included in the Consolidated Statement of Comprehensive Income.

The Company incurred expenditures on real estate inventories of \$9.8 during the Period as compared to \$8.1 in the comparable prior year period. Spending on inventories varies period-over-period based on required and planned expenditures on those properties to prepare them for sale.

The Company's investments in its real estate properties continue to be supported by profitable forecast returns and driven by the Company's objective to create value for the local communities in which its developments are located.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist principally of the CN Tower, Downsview Park, the MSC and OPM. Capital expenditures are made to property, plant and equipment to maintain and enhance the high quality of the infrastructure, maintain life safety systems and enhance asset life cycles.

The Company actively reviews its property, plant and equipment investment budgets and forecasts to determine the appropriate allocations of resources and timing of expenditures.

There were capital additions of \$3.0 for the Period, compared with \$2.6 during the comparable prior year period. Currently, the Company is undertaking a \$21.0 project at the CN Tower to modernize its outdoor terrace level. This project, which started in FY2021/22, is reaching substantial completion during the summer. Capital expenditures vary period-over-period based on required and planned expenditures on property, plant and equipment.

There were non-cash depreciation charges of \$3.2 during the Period compared to \$3.1 in the comparable prior year period. These expenditures exclude repairs and maintenance costs.

DEFERRED TAX ASSET RECOVERABLE

The net DTA amount of \$70.9 principally relates to the temporary differences between the carrying values of assets and liabilities for financial reporting purposes, which are lower than the amounts used for taxation purposes for the Downsview Lands. The balance at June 30, 2024, is consistent with that at March 31, 2024.

Consistent with the Company's position at March 31, 2024, the Company is not recognizing the OPMC DTA's as it is not probable that they would be utilized in the future. The result is that gross temporary differences of close to \$190.0, or approximately \$50.0 of DTA, are not being recognized.

The majority of the DTAs are expected to be realized upon the sale of development lands in future years.

LONG-TERM RECEIVABLES

Long-term receivables of \$65.1 include amounts receivable from third-party joint venture partners. The long-term receivables primarily represent the third-party partners' proportionate share of the promissory note obligations for certain properties.

INVESTMENT PROPERTIES

Investment properties are principally comprised of land located in Toronto on which the Rogers Centre and Ripley's Aquarium of Canada are built, along with certain properties at PDP.

TRADE AND OTHER ASSETS

Trade and other assets include current income taxes recoverable, rent and other receivables, prepaid assets, short-term investments and CN Tower inventory. In June, the Trade and Other Assets historically increase compared to March 31 as a result of prepayment of property taxes and insurance premiums, along with increased inventory at the CN Tower for the summer season.

LIABILITIES AND SHAREHOLDER'S EQUITY

The Company's assets are financed with a combination of debt and equity.

The components of liabilities and shareholders' equity are as follows:

	JUNE 30, 2024	March 31, 2024
Credit facilities	\$ 57.9	\$ 56.6
Notes payable	305.4	304.7
Trade and other payables	34.3	36.2
Dividend payable	20.0	-
Provisions	9.5	11.1
Prepaid rents, deposits and others	8.6	8.9
Deferred revenue	10.4	9.6
Total liabilities	\$ 446.1	\$ 427.1
Contributed surplus	181.2	181.2
Retained earnings	429.8	445.5
	611.0	626.7
Total liabilities and shareholder's equity	\$ 1,057.1	\$ 1,053.7

CREDIT FACILITIES

The Company has two credit facilities.

PDP has an unsecured demand revolving credit facility for \$100.0. The credit facility can be used by way of loans, bankers' acceptances and letters of credit (LCs). PDP has utilized \$65.0 at June 30, 2024 (March 31, 2024 - \$63.7), of which \$7.1 (March 31, 2024 - \$7.1) has been used as collateral for outstanding LCs. The borrowings from the credit facility have been primarily used to finance the construction and development of the Downsview Lands but are also used to support investment in Downsview Park. During the Period, the Company decreased available credit by \$1.3 primarily as a result of cash advanced from the facility to fund those investments.

CLC has a senior, unsecured revolving credit facility in the amount of \$100.0. The credit facility can be used to secure outstanding LCs. CLC has utilized \$20.0 at June 30, 2024 (March 31, 2024 - \$19.4) as collateral for outstanding LCs.

The credit facilities contain certain financial covenants. As at June 30, 2024, the Company complied with all its financial covenants for the credit facilities.

NOTES PAYABLE

Notes payable are issued in consideration for the acquisition of real estate properties and are due to the Government of Canada. These notes are repayable in most instances on the earlier of their due dates from 2024 to 2050 and the dates on which net proceeds become available from the sale by the Company of the properties in respect of which the notes were issued. Exceptions to the above approach are where, in a limited number of instances, the terms of the note state when the issuer can demand payment and are not dependent on property cash flows. For all notes, the government can elect to defer the Company's payment of amounts when due and repayable. All notes are non-interest bearing. For accounting purposes, the notes are required to be fair valued at acquisition, and as a result may be discounted, depending on the specific characteristics of the notes payable (see "Critical Accounting Estimates" section), which could result in non-cash interest charges.

During the Period, the Company did not make any repayments to former property custodians.

Based on the anticipated timing of the sale of the real estate properties and the specific repayment requirements within the notes, principal repayments are estimated to be as follows:

YEARS ENDING MARCH 31 (REMAINDER OF YEAR)	2025	\$	19.3
	2026		52.8
	2027		58.5
	2028		15.9
	2029		17.3
	Subsequent years		148.8
Subtotal			312.6
Less: amounts representing imputed interest			7.2
		\$	305.4

TRADE AND OTHER PAYABLES

Trade and other payables are lower than the balance at March 31, 2024, primarily as a result of timing. All trade and other payables are trade payables and accrued liabilities incurred in the normal course of operations. The Company continues to pay its suppliers in accordance with the payment terms.

PROVISIONS

Provisions represent obligations of the Company where the amount or timing of payment is uncertain and are comprised largely of costs to complete sold real estate projects. The Company spent \$1.3 against its environmental provisions and costs to complete for real estate projects during the Period, along with reversing \$0.3 of previously recognized environmental provisions. The Company continues to contest OPMC's PILT with the City of Montréal but has determined no provisions is required currently.

DIVIDEND PAYABLE

During the Period, the Company declared a \$20.0 dividend payable to its shareholder, which the Company expects to pay within the next quarter. In the comparable prior year period, the Company declared and paid a \$10.0 dividend to its shareholder.

PREPAID RENTS, DEPOSITS AND OTHERS

Prepaid rents, deposits and others are largely comprised of real estate sales deposits by purchasers and builder deposits, which are part of the normal course of operations.

DEFERRED REVENUE

Deferred revenue represents revenue from rental/leasing, programs and events, and development and other income that has not yet been earned by the Company.

RESOURCES, RISKS AND RELATIONSHIPS

CAPITAL RESOURCES AND LIQUIDITY

In addition to the items noted below, please see the “Risks and Uncertainties” section in this MD&A.

The capital resources available to the Company as at June 30, 2024 and March 31, 2024 are as follows:

	June 30, 2024	March 31, 2024
Cash and cash equivalents	\$ 217.2	\$ 223.2
Investments	4.5	4.5
Remaining credit facilities (a)	35.0	36.3

(a) Remaining credit facilities available for cash borrowings.

The Company’s cash and cash equivalents decreased by \$6.0 during the Period primarily as a result of:

- \$1.3 of payments against environmental and costs-to-complete provisions for certain real estate projects;
- Investments in real estate inventory, property, plant and equipment and investment properties of \$13.0 and;
- Income tax payments/instalments of \$3.5.

The decrease was partially offset because of:

- Cash inflows from operating activities, excluding expenditures on real estate properties, tax payments and payments on provisions total \$6.9 for the Period;
- Interest received of \$3.1; and
- Net cash advanced from credit facilities of \$1.3.

The net working capital surplus of the Company as at June 30, 2024 and March 31, 2024, is as follows:

	JUNE 30, 2024	March 31, 2024
Cash and cash equivalents	\$ 217.2	\$ 223.2
Other current assets (excluding inventories)	58.7	50.4
Total current assets	\$ 275.9	\$ 273.6
Current portion of notes payable	19.3	19.3
Other current liabilities	128.8	109.5
Total current liabilities	\$ 148.1	\$ 128.8
Net working capital surplus	\$ 127.8	\$ 144.8

The total current assets (excluding inventories) at June 30, 2024, have increased since March 31, 2024, by \$2.3 primarily as a shift of the investments of \$4.5 from non-current to current due to its maturity timing and the increase in trade receivables and other due to timing, partially offset by the use of cash for operating activities reducing the cash and cash equivalents. The total current liabilities have increased from March 31, 2024, by \$19.3 primarily as a result of a \$20.0 dividend payable to its shareholder.

The Company believes that its capital resources and its net working capital surplus, along with cash flows to be generated from operating and financing activities, have positioned it to meet the following liquidity needs in the short term and the long term.

The Company’s principal liquidity needs over the next 12 months are to:

- fund the operating deficits of some of the Company's attractions and G&A overhead expenses;
- fund recurring expenses;
- support Federal Budget 2024;
- manage current credit facilities;
- fund the continuing development of its inventory and investment properties;
- fund capital requirements to maintain and enhance its property, plant and equipment;
- provide funding for provision amounts;
- fund investing activities, which may include:
 - property acquisitions;
 - note repayments; and
 - discretionary capital expenditures; and
- make distributions to its shareholder.

Beyond 12 months, the Company's principal liquidity needs are:

- credit facility repayments;
- note repayments;
- recurring and non-recurring capital expenditures;
- fund the operating deficit of OPMC, and possibly other attraction operating deficits;
- development costs; and
- potential property acquisitions.

RISK MANAGEMENT

The Company uses a practical approach to the management of risk. The objective of the Company's risk management approach is not to completely eliminate risk but rather to optimize the balance between risk and return for the Company.

Risk Governance

The Board has overall responsibility for risk governance and oversees management's identification of the key risks facing the Company, and the implementation of appropriate risk assessment processes to manage these risks.

The Audit and Risk Committee (ARC) of the Board has the delegated responsibility for the Company's risk assessment process and oversees the Enterprise Risk Management program and its effectiveness, along with the Internal Audit function. The ARC reviews internal audit reports, the annual enterprise risk management key risk refresh process, information on key risks, key risk trends, key risk mitigations, and the status of action items related to enterprise key risks.

Other Board Committees oversee key risks inherently associated with their areas of responsibility.

Senior management is accountable for identifying and assessing key risks and defining controls and actions to mitigate risks while continuing to focus on the operational objectives of the Company.

Enterprise Risk Management

The Company's risk structure follows the three lines of defence (LOD) model assigning roles and responsibilities across the Company.

The first line of defence is the business, led by the Senior Management, who are charged with identifying and managing risks at the individual business unit level. The business is also responsible for, among other things, complying with risk management and Company policies, elevating and escalating risks, and implementing sufficient, appropriate controls to mitigate its risks.

The second line of defence is the Risk Management Function (RMF), which is responsible for operationalizing and managing the Enterprise Risk Management (ERM) program. The RMF ensures the Company complies with its ERM policies, manages risk reporting and updates, and provides an independent challenge function to the business.

The RMF facilitates risk reporting across the Company frequently, including to the ARC. The RMF provides training and education to the business on ERM policies and ensures that ERM is embedded into Company strategy and planning.

Annually, the Company performs an enterprise risk refresh, whereby the key risks are reviewed, assessed and updated, where applicable. The refresh starts with the identification of key risks at the business unit level and progresses through the regions, and divisions, to ultimately arrive at the enterprise's key risks. The results of the refresh are communicated to the ARC and Board.

The third line of defence is the Company's Internal Audit function, which provides independent and objective assurance to the ARC and Board by 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.

RISKS AND UNCERTAINTIES AFFECTING THE COMPANY

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 following section describes factors that in the Company's view are material and that could adversely affect the Company's business, financial condition, and result of operations. The risks below are not the only risks that may impact the Company. Additional risks not currently known or considered immaterial by the Company at this time may also have a material adverse effect on the Company's future business and operations.

GENERAL MACROECONOMIC RISKS

The Company's operations and performance, particularly in the Real Estate and Attractions Divisions, are affected by general economic conditions, including economic activity and economic uncertainty, along with employment rates and foreign exchange rates.

Economic Growth

After a stagnant second half of 2023, the Canadian economy expanded by 1.75% in the first quarter of 2024 as per the latest Monetary Policy Report (MPR) in July 2024 issued by the Bank of Canada (BoC). The BoC noted that residential investment was below expectations, largely due to slower growth in new construction, which drove lower than predicted economic growth during the quarter. The BoC predicts that economic growth will increase as a result of decreasing interest rates for the remainder of 2024, along with strong population growth.

In the MPR, the BoC also predicted 2.1% growth in 2025 and 2.4% in 2026, respectively, although did cite concerns that this growth is driven by population, and less so by productivity per capita.

In the same report, the BoC forecasted that the global economy is expected to grow by around 3.0% in 2024, 2025, and 2026, respectively. Economic growth (or decline) can directly impact the performance of real estate and tourism.

Inflation

The inflation rate in Canada has been within the BoC's control range of 1% – 3% for all months reported date in 2024, the first time that has occurred since before the COVID-19 pandemic. In June 2024, the rate was 2.7%. The BoC is forecasting an annual rate of inflation of 2.6%, 2.4% and 2.2% for 2024, 2025 and 2026, respectively. Excess demand, which was a key driver for inflation over the past few years, seems to have dissipated and has shifted to more of an excess supply situation as a result of the output gap. This should help continue to drive inflation lower over time. Lower inflation contributes to economic growth, stability, preservation of value, and confidence and predictability, which can contribute to business and personal investment and additional disposable income and savings.

Unemployment

The current (June 2024) Canadian unemployment rate was 6.4% and has risen 1.3% since April 2023. It still remains below the historical 10-year average of 6.8%. In its Labour Force Survey June 2024 (LFS), Statistics Canada reported that employment was virtually unchanged from May, suggesting that it is population growth, and the number of people looking for employment, that is partially driving the unemployment rate higher. Of interest, the LFS reported that year-over-year, average hourly wages were up 5.4%. Many are predicting a short-term rise in the unemployment rate, but that this might be close to its peak. Amongst other things, the unemployment rate, and the number of people employed, can impact wage growth and inflation.

Interest Rates

The BoC dropped its overnight lending rate (Policy Rate) to 4.5% through two 25 basis point cuts in June and July. Many are predicting future cuts during 2024 and 2025 as a result of inflation appearing to be controlled. The 50 basis point drop is the first reduction since a year ago. At 4.5%, the Policy Rate continues to be close to the highest it has been in more than 20 years. Elevated interest rates can significantly impact real estate markets and the tourism industry.

Geopolitical Uncertainty

Global conflicts, like those currently in Eastern Europe and the Middle East, significantly affect human lives. They also can have economic implications on economies and commodity prices which may create significant uncertainty and volatility.

REAL ESTATE DIVISION RELATED RISKS

Real estate is generally subject to risk, given its nature, with each property being subject to risks depending on its specific nature, location, and the development cycle timing. 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.

Federal Budget/Policy

On April 16, 2024, the Federal Government introduced Budget 2024. Budget 2024 had a significant focus on housing intending to build more homes faster. It proposed a variety of new or enhanced tools and programs to support its intention that, if approved, will be implemented over the coming months. Budget 2024 included proposing funding for the Company for two initiatives aimed at building temporary and permanent housing faster and more affordably. The Company was also mentioned as it works with the Department of National Defence to divest certain surplus properties that have the potential for housing. Within Budget 2024, there are several other areas that the Company may be impacted less directly. The effects of Budget 2024 will be felt as policies are adopted, and then operationalized, could impact the Company.

Housing

Housing availability, and specifically affordable available housing, are significant issues facing Canada currently. Housing demand has outpaced growth projections, resulting in insufficient supply, which is being driven by a variety of factors including recently strong population growth. The imbalance between supply and demand can lead to elevated prices while higher interest rates impact project economies and housing affordability.

In the MPR, the BoC said that housing supply has not kept up with demand, and construction activity has not adjusted, as it remains close to pre-pandemic levels. The BoC cited challenges to increasing the supply including municipal zoning restrictions, high development fees, time-consuming and expensive permitting processes, shortages of skilled construction workers, and higher funding (due to interest rates) and construction costs.

CMHC issued its Housing Market Outlook (HMO) in Spring 2024, prior to Budget 2024 being released. The HMO stated that the housing starts may lag in 2024 as a result of higher interest rates, but that they should regain momentum in 2025 as a result of forecasted decreases in interest rates.

CMHC issued its Monthly Housing Starts and Other Construction Data Tables for June 2024 which showed that housing starts in Canada fell by 9% over a month earlier to 241,672 units in June 2024, below market expectations of 260,000 units. CMHC noted that the high-interest environment is a key driver on both the buyer and the developer/builder side.

The Canadian Real Estate Association (CREA) stated in July 2024 that the average national inventory on hand was 4.2 months, still below the 10-year average of approximately 5 months but has been trending up steadily over 2024 is near the highest rate in more than four years. The sales-to-new-listings (SNL) ratio in June 2024 was 54%, close to the long-term average of 55% and typically indicates a more balanced market. CREA believes that, spurred on by interest cuts and a belief of more to come, this may be the start of a slow and gradual return to the market by buyers.

On the rental market front, CMHC published its 2023 Rental Market Report (RMR) in January 2024, which noted that demand was outpacing supply, tightening markets, and lowering affordability for renters. The RMR noted that the national average vacancy rate for purpose-built rental was down to 1.5% in October 2023, a new low, and well below the 30-year national average is 3.2%. The RMR also reported that the average annual rent rose 8.0% over the year, well above the 2.8% annual average over the past 30-year period. In its July 2024 update rent report (Rent Report), Rentals.ca and Urbanation reported that national rents were up an average of 7.0% year-over-year, which was the slowest annual rate of growth in 13 months. In fact, the Rent Report noted that average asking rents decreased 0.8% from May to June, the largest month-over-month decline since early 2021.

CMHC's April 2024 HMO noted that the supply of purpose-built rental products will increase as projects started in 2021 to 2023 are completed, however, the demand for rental products will exceed the supply. The heightened demand will be driven by a variety of factors, including the high cost of homeownership due to elevated interest rates and population growth, particularly from immigration. This supply/demand mix may lead to rises in rental rates and very low vacancy rates.

All levels of government are attempting to take action to help increase the supply of housing and the affordability of housing. Infrastructure Canada recently announced the Canada Housing Plan intended to help solve the housing crisis in Canada through a myriad of different tools to unlock 3.9 million homes by 2031. The Federal Government focused a significant amount of its Budget on housing, including \$8.5 billion in new spending for housing. Also to note, that as part of the Budget, the increase to the capital gains tax, which may impact housing activity.

Overall, the outlook for the Canadian housing sector is one of variability across the country and there are risks and uncertainties that are particular to each of the local markets of Vancouver, Edmonton, Calgary, Winnipeg, Toronto, Ottawa, Montréal, Halifax, and St. John's where the Company currently has real estate holdings.

Office

The office market in Canada has continued to struggle. Both Colliers in its National Market Snapshot at Q2 2024 (NMS), and CBRE in its Canada Office Figures at Q2 2024 (COF), both noted increases in the overall national vacancy rate. Both CBRE and Colliers did note that the increase since Q3 2023 was relatively modest, perhaps indicating stability in the office market vacancy rates, although time will tell. The COF noted that Q1 and Q2 2024 were the first two consecutive quarters with positive net absorption of national office product since Q4 2019 and Q1 2020. The COF also continued to emphasize the difference in product, particularly in the downtown market between Class A and Class B/C, which is showing a clear market bifurcation. This bifurcation, which is illustrated by the growth delta between vacancy rates between Class A and Class B/C, which now sits at 850 basis points, is expected to persist. Office conversion projects continue to gain momentum, with most of those office buildings changing to residential products, particularly in Alberta.

Other Risks

Oil prices can have a significant impact on the Canadian economy, including inflation. Oil prices, particularly the discount on Canadian oil prices, are a major part of the Newfoundland, Saskatchewan, and Alberta economies, affecting housing demand through effects on employment and household income. To date in 2024, oil prices have remained relatively stable, and are expected to remain consistent with their current levels, and potentially increase, as a result of supply risk, driven partially by conflicts, and continued demand strength.

ATTRACTIONS DIVISION RELATED RISKS

The operations of the CN Tower, OPM, and the MSC are directly linked to the performance of the tourism sector in Toronto and Montréal, respectively. The number of visitors to the CN Tower is also related to the seasons and daily weather conditions.

Travel

Local and domestic demand is a major driver for the strong performance at the CN Tower and MSC. In addition, the CN Tower relies on international visitors, particularly United States (US) visitors. Destination Canada's (DC) latest Overnight Arrivals at a Glance report for May 2024 reported that for the month of May 2024, international arrivals to Canada were about 12% higher than May 2023, and almost all of the major countries were favourable year over year. Year-to-date, DC reported a 14% increase compared to 2023.

In 2023, Canada saw 27.3 million international arrivals, which is 53% higher than in 2022, and approximately 85% of 2019.

DC's latest Snapshot in Q1 2024 (DC Snapshot), DC reported that total tourism expenditures for Q1 2024 were 5% and 15% higher than Q1 2023 and Q1 2019 (pre-COVID), respectively. The international tourism spending is relatively flat compared to Q1 2023 and Q1 2019, respectively, as international travel, particularly the Asian markets has been slow to return, but the increase has been driven by very strong domestic spending.

Tourism Employment

Tourism HR Canada, in its labour market snapshot for June 2024, reported that the total labour force in tourism was up 3.0% and tourism employment was up 1.9% from June 2023 levels, respectively, with both increases being driven partially by growth in food and beverage services. The DC Snapshot reported that the estimated unemployment rate for tourism was 7.1% in March 2024, and that the tourism industry has not quite yet returned to pre-pandemic labour force or employment.

Foreign Exchange

Foreign exchange rates may impact the number of international tourists that Canada, local markets, and

the Company's attractions can draw. The rate on August 1, 2024, was US\$1.00 = \$1.39, which is slightly higher than three months ago and about \$0.05 higher than August 2023. There seems to be a consensus from analysts that the Canadian dollar exchange rate with the US dollar will average between \$1.35 and \$1.42 in 2024, and then decrease in 2025 to between \$1.33 and \$1.37.

A devalued Canadian dollar against other currencies, particularly the US dollar, does impact CN Tower revenues favourably, due to stronger consumer buying power for US travellers. A devalued Canadian dollar may also discourage local visitors from travelling abroad, opting for "staycations" instead. Conversely, a strong Canadian dollar is likely to have the opposite impact on the CN Tower results.

OPM historically draws more than 80% of its customers from its local market. MSC draws significantly from schools. To continue to draw visitors, OPMC needs to continue to invest in its current attractions and exhibits at OPM and MSC, and to partner with various organizations while developing new exhibits and attractions to refresh its offerings to visitors.

CYBERSECURITY RISKS

Cybersecurity is a key risk that needs to be actively managed by businesses in Canada and around the world. Emerging technologies, such as artificial intelligence (AI), have the potential to create value, but are also technologies being deployed in more complex cybersecurity attacks, increasing cybersecurity risks. Cyberattacks, and the criminals who perpetrate them, are continually evolving the sophistication of how they target and who they target.

Businesses must protect against financial fraud, the loss of sensitive data, and the disruption of business operations, and ensure the protection, safety, and security of their guests. A significant, successful attack against the Company's critical network infrastructure and supporting system, or on that of the Company's key suppliers, could result in negative consequences, including loss of revenue, litigation, remediation costs, and reputational damage.

The Company has a cybersecurity strategy and a program designed to support that strategy. 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 requires shifts in strategies and investment. The Company continues to invest in new technologies, reinvest in its education and training of staff, and review, with the assistance of third-party experts, its cybersecurity maturity, risk assessment, disaster recovery, and prevention and detection techniques.

INTEREST RATE AND FINANCING RISKS

The Company believes it has effectively managed its interest rate risk. The Company's notes payable are non-interest bearing, and repayable on the earlier of their due dates between 2024 and 2050 or the dates on which net proceeds become available from the sale by the Company of the properties in respect of which the notes were issued, except in a limited number of instances where the terms of the note state when the issuer can demand payment that is not dependent on property cash flows.

The Company is exposed to interest rate risk on one of its two credit facilities and cash and cash equivalents. Cash and cash equivalents earn interest at the prevailing market interest rates and have limited exposure to interest rate risk due to their short-term nature. Credit facility borrowings bear interest at fixed and variable interest rates. Variable interest borrowings are exposed to interest rate risk. The impact of a change in the interest rate of +/-1.0% would not be significant to the Company's earnings or cash flow.

The Company's credit facilities borrowing authorities from the Minister of Finance expire on March 31, 2025. The Company expects to receive borrowing authorities for its two credit facilities before expiration but is actively mitigating the risk through discussions with the Government to obtain the requested authorities, extend authorities temporarily, and/or use of other Company resources instead of borrowings. similar facility before its expiration, while also maintaining sufficient cash and cash equivalent levels.

The Company believes that these financing instruments adequately mitigate its exposure to interest rate fluctuations. The Company believes that the repayment terms of its notes, in conjunction with management's estimated cash flows from projects, will adequately provide it with proceeds to discharge the notes on their due dates and repay outstanding credit facilities.

CREDIT RISK

Credit risk arises from the possibility that tenants and purchasers may experience financial difficulty and be unable to pay the amounts owing under their commitments.

The Company has attempted to reduce the risk of credit loss by limiting its exposure to any one tenant or industry and by performing credit assessments in respect of new leases and credit transactions. Also, this risk is further mitigated by signing long-term leases with varying lease expirations. Credit risk on land sale transactions is mitigated by strong minimum deposit requirements, cash land sales, and recourse to the underlying property until the purchaser has satisfied all financial conditions of the sale agreement.

The Company's trade receivables are comprised almost exclusively of current balances owing. The Company continues to monitor receivables frequently and, where necessary, establish an appropriate provision for doubtful accounts. At June 30, 2024, the balance of rent and other receivables was \$40.9 (March 31, 2024 - \$42.5), which have been substantially collected as they have become due.

The Company continuously monitors its tenant and trade receivables to identify any arrears amounts and, where applicable, will take appropriate actions to collect past due amounts.

The Company has long-term, non-interest bearing receivables of \$65.1 due from third-party joint venture partners. In February 2020, the Company and its partners signed agreements that would see the Company's beneficial interest in the properties sold to its partners at future dates. The amounts will be collected at the earliest of the sale of properties tied to each long-term receivable or the sunset dates in the agreements. If the amounts were not collected upon the sale of the properties, the Company would retain its ownership interest. However, the Company anticipates the collection of the long-term receivables as they become due.

CLIMATE CHANGE

The current and future impacts of climate change present both risks and opportunities. Climate change and the risks associated with it are complicated and often interconnected. Although assessing the economic impacts of climate change is a complex undertaking, with considerable uncertainties surrounding the magnitude of future events and the financial value of those impacts, it is critical to evaluate.

The failure of the Company to effectively assess and manage climate-related risks, in the short term or long term, could have a material impact on the Company.

A significant priority in the Company's ESG Roadmap is climate, and as a result, the Company is taking several actions to actively manage climate change within its attractions, in its real estate projects and corporately. The Company will continue to actively manage climate risk and take the appropriate steps to manage risks and take actions on opportunities, whether from a capital or operating perspective. See the "Task Force on Climate-related Financial Disclosures" section in this report for further information.

ENVIRONMENTAL LITIGATION AND REGULATORY RISKS

As the owner of real property, the Company is subject to various federal, provincial and municipal laws relating to environmental matters. Such laws provide that the Company could be liable for the costs of removing certain hazardous substances and remediating certain hazardous locations.

The failure to remove or remediate such substances or locations, if any, could adversely affect the Company's ability to sell such real estate.

The Company is not aware of any material noncompliance with environmental laws at any of its properties, nor is it aware of any investigations or actions pending or anticipated by environmental regulatory authorities in connection with any of its properties, or any pending or anticipated claims related to environmental conditions at its properties.

The Company will continue to make the capital and operating expenditures necessary to ensure that it is compliant with environmental laws and regulations.

ACQUISITIONS

The Company's ability to acquire properties on a timely basis at a fair amount is key to achieving some of the Company's strategic objectives and targets in the short, medium and long-term. Along with acquiring properties timely, being engaged early with the current property custodians can be critical in efficiently and effectively developing and potentially repurposing the property.

The Company mitigates the risk through its relationships with various stakeholders in the government and active policy discussions and involvement.

OTHER KEY RISKS

Sufficient staffing levels, particularly at the Company's attractions, are key to the Company's operations. Should the Company be unable to attract or retain adequate, skilled staff to meet market demand, this may impact financial results and pose financial and reputational risks. The Company mitigates these risks through a variety of recruitment and retention strategies.

Labour disruptions, particularly at the Company's key attractions, are a financial and reputational risk. The Company mitigates these risks through its labour relations strategies, which include active management and planning.

Physical security at the Company's properties, particularly its attraction sites, is extremely important, particularly given the current global climate and the visibility of the Company's sites.

The Company mitigates the risk of business disruption and reputational risk by continually investing in its security technology and deterrents, engaging with third-party experts to perform security and safety reviews, and reviewing, updating and performing tests of its security protocols.

Environmental, social and governance (ESG), and being a good corporate citizen, is an emerging and evolving risk. The failure to adopt an ESG program that is integrated into long-term plans, strategy and business operations and that is focused on material ESG factors management and performance monitoring, may result in the inability to meet the Company's stakeholders' expectations. To mitigate these risks, the Company completed its ESG Roadmap, is now operationalizing it, and issues its inaugural ESG report in June 2024.

Inflation, particularly higher input costs in the Company's real estate and attractions, could have a significant impact on project pro formas and product costing if these higher costs become entrenched. These risks are mitigated through procurement and purchasing strategies, proactive planning, and effective sourcing.

Major suppliers, particularly those that are key to supporting significant elements of the operations, are crucial to running the business. Without those suppliers, operations could be disrupted, posing a variety of significant risks. The Company manages this risk by continuously engaging with these suppliers, ensuring sufficient, appropriate contracting terms in agreements and enforcing those terms, diversifying its suppliers for key business needs, wherever possible, and proactive procurement planning to guarantee continuity of quality service.

The overall nature of real estate development projects and the Company's attractions is that they are highly visible to the public. The Company's strategy to mitigate the risk of adverse media is to proactively engage with its stakeholders, be responsive and follow established communications protocols.

GUARANTEES AND CONTINGENT LIABILITIES

The Company may be contingently liable with respect to litigation and claims that arise in the normal course of business. The Company's holdings and potential acquisition of properties from the Government may be impacted by land claims. The Company continues to work with various government agencies and organizations to assist in establishing a process whereby such surplus lands could be transferred to the Company. Disclosure of commitments and contingencies can be found in notes 13 and 14 of the consolidated financial statements for the period ended June 30, 2024.

RELATED PARTIES

CLCL is wholly owned by the Government of Canada and is under common control with other government agencies and departments, and Crown corporations. The Company enters into transactions with these entities in the normal course of business.

Significant transactions with related parties during the period were as follows:

PERIOD ENDED JUNE 30	2024	2023
Rental, leasing and other revenues	\$ 0.2	\$ 0.3
Dividend declared and payable to shareholder	20.0	-
Dividend paid to shareholder	-	10.0

CLCL's Consolidated Statement of Financial Position includes the following balances with related parties:

AS AT	JUNE 30, 2024	MARCH 31, 2024
Net trade receivable and other from federal agencies and departments	\$ (0.2)	\$ 0.2
Notes payable	305.4	304.7

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Company is a formal supporter of the Task Force on Climate-related Financial Disclosures (TCFD). In 2022, the Company began adopting the TCFD framework as part of its corporate reporting and planning processes, aligned with the Federal Budget 2021 requirement. In addition, the Company strives to support the Government of Canada's transition to net-zero carbon and climate-resilient operations by identifying areas of alignment with the Greening Government Strategy, a set of government-approved commitments that apply to all core government departments and agencies as part of the federal government's commitment to reducing absolute scope 1 and scope 2 greenhouse gas (GHG) emissions by 40% by 2025 and by at least 90% below 2005 levels by 2050.

As global GHG emissions continue to rise, the Company recognizes there will be increased physical risks posed to it, society and the communities in which the Company operates. The Company also understands that there are opportunities to mitigate the worst impacts of climate change by acting today. This includes taking action to reduce the Company's GHG emissions, planning and establishing targets, and enhancing the climate resiliency of its operations across divisions while contributing to the transition to a low-carbon economy.

In 2022, the Company began assessing and developing its ESG program, which includes adopting and implementing the TCFD recommendations. As part of its review of material ESG topics, decarbonization, energy management and climate resilience were identified as strategic priorities for the Company and are critical to formalizing its approach to responding to the TCFD recommendations. In 2023, as part of its ESG roadmap, the Company created a climate roadmap, which includes decarbonization and climate resilience.

Key developments of 2024 are described below:

Governance:

As part of the ESG and climate roadmap, a formal governance structure has been established identifying oversight, accountability, ownership, and responsibility within the Company.

Climate risk, including climate-related financial disclosures, has been integrated throughout the Company's enterprise risk management ("ERM") program and its activities.

Strategy:

The Company recognizes that its failure to effectively assess and manage climate-related risks, in the short and long term, could have a material impact on the Company. In addition, the Company recognizes the larger opportunity to act as a leader in embodying the federal government's commitments and actions to mitigate the impacts of climate change and accelerate communities towards a low-carbon economy.

Following up on the prior year's activities, which included completing a current state assessment to identify strengths, opportunities and gaps in its response to the TCFD recommendations and benchmark against leading peers, the Company undertook climate scenario analysis to assess climate-related risks and opportunities that could impact its operations and strategic priorities. The analysis was based on three climate scenarios which leveraged global and national models over the short- (1-2 years), medium- (3-5 years) and long-term (5-10+ years) as summarized below:

PARIS ALIGNED	This scenario assumes Canada achieves net-zero emissions by 2050 and its target to reduce GHG emissions 40% below 2005 levels by 2030. Global commitments to decarbonization and mitigation of climate impacts are accelerated, and global average temperature increase is limited to 1.5 °C by 2100.
INSUFFICIENT GLOBAL ACTION	This scenario assumes Canada achieves net-zero emissions by 2060 and reduces GHG emissions 30% below 2005 levels by 2030. Beginning in 2020, countries act according to their pledges under the Paris Agreement, but efforts are not enough to limit warming to 2 °C above pre-industrial levels by 2100. As a result, the global average temperature increase is between 2.5 °C and 2.9 °C by 2100.
CLIMATE CRISIS	This scenario assumes Canada does not achieve its GHG emission reduction commitments and there are limited or no additional constraints on countries globally, aside from policies already in place. As a result, the global average temperature increase is greater than 4 °C by 2100.

Through climate scenario analysis, the Company has identified physical and transitional risks and opportunities. The insights from the climate scenario analysis were used to further define climate-related risks and opportunities for the Company in the near and long term, integrated into its strategic planning processes and ERM program, and will continue to be refined as the Company's climate roadmap is operationalized and further integrated.

Risk Management:

Climate change management is identified as a key standalone risk for the Company. This recognizes the potential failure of the Company to effectively manage and mitigate the impacts brought by rising stakeholder and disclosure expectations and changes in global temperatures, precipitation, extreme weather and other impacts of climate change on the Company's operations. Given its potential impact and significant implications on the Company, both in the short and long term, the Company recognized it as a key risk. Climate risk considerations have been incorporated into the Company's risk universe as part of the ERM program annual review and update.

Metrics and Targets:

The Company is finalizing its inaugural company-wide GHG emissions inventory, prioritizing scope 1 and scope 2 emissions based on the GHG Protocol Corporate Standard. The goal of this assessment is to understand the Company's GHG emission footprint across Attractions, Real Estate and Corporate Shared Services, and to identify key sources of emissions across the organization. Findings will be used to support the Company's exploration of options to reduce GHG emissions and to evaluate potential GHG emission reduction target(s).

The Company extended its assessment of emissions across its value chain, completing a screening-level assessment of scope 3 emissions. Scope 3 emissions include emissions from procurement of goods and services, capital goods, business travel, employee commuting and other sources across the Company. The scope 3 screening-level assessment, helps the Company understand material sources of scope 3 emissions across the Company's value chain, and is a first step towards quantifying scope 3 emissions, considering guidance from the federal government's Greening Government Strategy. Findings from the screening-level assessment will also be used to prioritize emission reduction of scope 3 emissions in the future.

The Company plans to finalize its inaugural company-wide GHG emissions inventory, develop targets to address corporate scope 1 and scope 2 emissions and develop a decarbonization plan to achieve those targets. The Company will also explore and evaluate opportunities to reduce scope 3 emissions across its value chain.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* regarding classifications of liabilities as current or non-current, which provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier application is permitted.

Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS16 *Leases* regarding lease liability in a sale and leaseback scenario. These amendments require a seller-lessee to subsequently measure lease liabilities arising from a sale and leaseback transaction in a way that does not result in recognition of a gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application permitted.

These amendments did not have a material impact on the consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

The discussion and analysis of the financial condition and financial performance of the Company is based on the consolidated financial statements, which are prepared in accordance with IFRS. The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the periods of the consolidated financial statements.

Judgments, estimates and assumptions are evaluated on an ongoing basis. Estimates are based on independent third-party opinion, historical experience and other assumptions that management believes are reasonable and appropriate in the circumstances. The amounts recorded in the Company's consolidated financial statements are based on the best estimate at the reporting date. Actual results could differ materially from those assumptions and estimates.

Management believes the most critical accounting estimates are as follows:

I. INVENTORIES AND REAL ESTATE DEVELOPMENT COSTS

In determining estimates of net realizable values for its properties, the Company relies on assumptions regarding applicable industry performance and prospects, as well as general business and economic conditions that prevail and that are expected to prevail. Assumptions underlying asset valuations are limited by the availability of reliable comparable data and the uncertainty of predictions concerning future events. Due to the assumptions made in arriving at estimates of net realizable value, such estimates, by nature, are subjective and do not result in a precise determination of asset value.

In arriving at such estimates of net realizable value of the properties, management is required to make assumptions and estimates as to future costs that could be incurred in order to comply with statutory and other requirements. Also, estimates of future development costs are used to allocate current development costs across project phases. Such estimates are, however, subject to change based on agreements with regulatory authorities, changes in laws and regulations, the ultimate use of the property and as new information becomes available.

The Company produces a yearly corporate plan that includes a pro forma analysis of the projects, including expected revenues and projected costs. This analysis is used to determine the cost of sales recorded and net realizable value. This pro forma analysis is reviewed periodically, and when events or circumstances change, and is updated to reflect current information.

II. MEASUREMENT OF FAIR VALUES

Where the fair values of financial assets, investment properties and financial liabilities as disclosed in the notes to the consolidated financial statements cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required to establish fair values. The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value. The Company's assessments of fair values of investment properties are regularly reviewed by management with the use of independent property appraisals and internal management information.

The fair values of all financial instruments and investment properties must be classified in fair value hierarchy levels, which are as follows:

Level 1 – Financial instruments are considered Level 1 when valuation can be based on quoted prices in active markets for identical assets or liabilities.

Level 2 – Financial instruments are considered Level 2 when valued using quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or models using inputs that are observable.

Level 3 – Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques, and at least one significant model assumption or input is unobservable.

The critical estimates and assumptions underlying the valuation of financial assets, investment properties and financial liabilities are set out in notes 5 and 21.

III. USEFUL LIVES AND SIGNIFICANT COMPONENTS

The useful lives and residual values of the Company's property, plant and equipment and investment properties are determined by management at the time the asset is acquired and are reviewed annually for appropriateness. The useful lives are based on historical experience with similar assets, as well as anticipation of future events. Management also makes judgments in determining significant components. A component or part of an item of property, plant and equipment or an investment property is considered significant if its allocated cost is material in relation to the total cost of the item. Also, in determining the parts of an item, the Company identifies parts that have varying useful lives or consumption patterns.

IV. INTEREST RATE ON NOTES PAYABLE TO THE GOVERNMENT

Notes payable are issued in consideration of the acquisition of real estate properties and are due to the Government. These notes are payable on the earlier of their due dates or the dates on which net proceeds become available from the sale by the Company of the properties in respect of which the notes were issued, except in a limited number of instances where the terms of the note state when the issuer can demand payment and payment is not dependent on property cash flows. For those notes that do not state when the issuer can demand payment, the repayment schedule is based on the estimated time period and cash flows of the property. The notes are non-interest bearing. The non-interest bearing notes are discounted using an imputed fixed interest rate. The imputed interest is accrued and capitalized to properties or expensed, as appropriate.

V. IMPAIRMENTS AND WRITE-DOWNS

Management reviews assets annually, as part of the corporate planning process, and when events or circumstances change.

For inventories, a write-down is recorded when the net realizable value of anticipated net sales revenue is less than the sum of the carrying value of the property and its anticipated costs to complete. The net realizable value is based on projections of future cash flows, which take into account the specific development plans for each project and management's best estimate of the most probable set of economic conditions anticipated to prevail in the market.

For other assets, such as investment properties and property, plant and equipment, impairment estimates are made based on an analysis of cash generating units ("CGUs"), as described in note 2.H)ii), and are recorded if the recoverable amount of the property is less than the carrying amount. The recoverable amount is the higher of an asset's (or a "CGUs") fair value less costs of disposal and its value in use. The Company estimates the fair value less costs of disposal using the best information available to estimate the amount it could obtain from disposing of the assets in an arm's-length transaction less the estimated cost of disposal. The Company estimates value in use by discounting estimated future cash flows to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the asset. Determination of the present value cash flows requires significant estimates, such as future cash flows and the discount rate applied.

VI. INCOME TAXES

The Company relies on estimates and assumptions when determining the amount of current and deferred taxes and takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due.

The Company makes significant estimates to evaluate whether it can recover deferred tax assets based on its assessment of estimates of future probability and legal amalgamation of its subsidiaries. The Company's current corporate plan and future profit forecasts are expected to generate sufficient taxable

income to recover the deferred tax assets. Historically, the Company has been profitable and has consistently met its corporate plan profit objectives.

ACQUISITIONS AND PROSPECTS

The Company has a land bank of approximately 426 hectares (1,055 acres) at June 30, 2024.

The Company is pursuing with government departments and agencies further acquisitions of 1,827 hectares (4,515 acres). As many of the properties and portfolios potentially available for acquisition are substantial in size, the planning, development and reintegration of these properties into local communities will take place over a number of years. Although the Company is vulnerable to adverse changes in local real estate market conditions, which can affect demand, the Company's geographic diversity mitigates the risk of an adverse impact of a downturn in a single market.

The Company's major residential developments are in St. John's, Dartmouth, Montréal, Toronto, Ottawa, Winnipeg, Edmonton, Calgary and Vancouver. In most of these projects, the Company has interim rental operations that, between them, generate revenue in excess of any holding costs.

The Company's recent sales activities demonstrate that there is ongoing demand for its land holdings and that it can continue to create significant benefits and/or value from its property portfolio, which is diverse as to location, value, size, and current or potential uses.

The Company has estimated net income before tax of \$818.7 for the five years ending March 31, 2029, based on the latest approved and publicly available annual corporate plan. The Company expects to continue to be financially self-sufficient while providing both financial benefits in the form of a reliable dividend stream, and non-financial benefits to our stakeholders and to the Government of Canada.

DECLARATION

We, Stéphan Déry, President and Chief Executive Officer, and Matthew Tapscott, Executive Vice President, Finance and Chief Financial Officer, certify that:

We have reviewed the consolidated financial statements of Canada Lands Company Limited for the period ended June 30, 2024.

Based on our knowledge, the consolidated financial statements do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the fiscal period covered by this report; and

Based on our knowledge, the consolidated financial statements together with the other financial information included in this report fairly present in all material respects the financial position, financial performance and cash flows of Canada Lands Company Limited, as of the date and for the periods presented in this report.

Original signed by:

Stéphan Déry

President and Chief Executive Officer

Toronto, Canada

August 21, 2024

Original signed by:

Matthew Tapscott

Executive Vice President, Finance and

Chief Financial Officer

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Canada Lands Company Limited (the "Company") have been prepared by management of the Company in accordance with International Financial Reporting Standards.

Management maintains financial and management reporting systems that include appropriate controls to provide reasonable assurance that the Company's assets are safeguarded, to facilitate the preparation of relevant, reliable and timely financial information, and to ensure that transactions are in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act*, and the articles and by-laws of the Company.

Based on our knowledge, these consolidated financial statements present fairly, in all material respects, the Company's financial position as at June 30, 2024 and March 31, 2024 and its financial performance and cash flows for the periods ended June 30, 2024 and 2023.

Where necessary, management uses judgment to make estimates required to ensure fair and consistent presentation of this information.

The Board of Directors of Canada Lands Company Limited is composed of seven directors, none of whom are employees of the Company. The Board of Directors has the responsibility to review the financial statements, as well as oversee management's performance of its financial reporting responsibilities. An Audit and Risk Committee appointed by the Board of Directors of the Company has reviewed these consolidated financial statements with management and has reported to the Board of Directors. The Board of Directors has approved the consolidated financial statements.

All other financial and operating data included in the report are consistent, where appropriate, with information contained in the consolidated financial statements.

Stéphan Déry
President and Chief Executive Officer
Toronto, Canada
August 21, 2024

Matthew Tapscott
Executive Vice President, Finance and
Chief Financial Officer

CANADA LANDS COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended June 30

EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS	NOTE	2024	2023
REVENUES			
Real estate sales		\$ 1,760	\$ 12,655
Attractions, food, beverage and other hospitality		33,556	32,767
Rental operations		12,833	11,986
Interest and other		4,677	4,624
		52,826	62,032
EXPENSES			
Real estate development costs		1,443	9,298
Attractions, food, beverage and other hospitality costs		20,531	20,073
Rental operating costs		10,245	11,627
General and administrative		9,344	7,588
Impairment, pre-acquisition costs and write-offs	4,6	3,077	2,785
Interest and other		455	1,124
	15	45,095	52,495
INCOME BEFORE INCOME TAXES		\$ 7,731	\$ 9,537
Deferred income tax recovery	18	(36)	(35)
Current income tax expense	18	3,405	3,986
		3,369	3,951
NET INCOME AND COMPREHENSIVE INCOME		\$ 4,362	\$ 5,586

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

CANADA LANDS COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at

EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS	NOTE	June 30, 2024	March 31, 2024
ASSETS			
Non-Current			
Investment properties	5	\$ 28,864	\$ 29,312
Inventories	6	374,936	380,223
Property, plant & equipment	4	157,345	160,117
Investments	9	-	4,500
Trade receivables and other	10	13,776	13,503
Long-term receivables	7	54,273	54,056
Deferred taxes	18	70,882	70,847
		700,076	712,558
Current			
Inventories	6	81,043	67,573
Cash and cash equivalents	8	217,238	223,225
Investments	9	4,500	-
Trade receivables and other	10	42,440	38,687
Current portion of long-term receivables	7	10,846	10,846
Current income tax recoverable and other tax assets		908	831
		356,975	341,162
		\$ 1,057,051	\$ 1,053,720

CANADA LANDS COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at

EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS	NOTE	June 30, 2024	March 31, 2024
LIABILITIES AND SHAREHOLDER'S EQUITY			
LIABILITIES			
Non-Current			
Notes payable	12	\$ 286,121	\$ 285,376
Deferred revenue		6,221	6,457
Trade and other payables	13	703	866
Provisions	14	2,644	3,172
Prepaid rent, deposits and others		2,279	2,356
		297,968	298,227
Current			
Credit facilities	11	57,900	56,600
Current portion of notes payable	12	19,306	19,306
Trade and other payables	13	33,522	35,305
Dividend payable		20,000	-
Provisions	14	6,895	7,956
Deferred revenue		4,166	3,112
Prepaid rent, deposits and others		6,286	6,568
		148,075	128,847
Shareholder's Equity			
Contributed surplus	16	181,170	181,170
Retained earnings	16	429,838	445,476
		611,008	626,646
		\$ 1,057,051	\$ 1,053,720
Credit facilities	11		
Commitments and Contingencies	13, 14		
Leases	17		

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

On behalf of the Board

Kaye Melliship
Chair of the Board of Directors

Margaret MacDonald
Chair of the Audit and Risk Committee

CANADA LANDS COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

For the period ended June 30

EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS	CONTRIBUTED SURPLUS	RETAINED EARNINGS	TOTAL SHAREHOLDER'S EQUITY
Beginning balance, April 1, 2023	\$ 181,170	\$ 441,553	\$ 622,723
Change during the year			
Dividend paid		(10,000)	(10,000)
Net income for the year	-	13,923	13,923
Ending balance, March 31, 2024	\$ 181,170	\$ 445,476	\$ 626,646
Change during the period			
Dividend declared and payable		(20,000)	(20,000)
Net income for the period	-	4,362	4,362
Ending balance, June 30, 2024	\$ 181,170	\$ 429,838	\$ 611,008

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

CANADA LANDS COMPANY LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended June 30

EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS	NOTE	2024	2023
OPERATING ACTIVITIES			
Net income		\$ 4,362	\$ 5,586
Loss on disposal of property, plant & equipment		-	168
Interest expense		455	1,111
Interest paid		(864)	(923)
Interest income		(3,558)	(3,654)
Income tax paid		(3,482)	(3,733)
Recovery of costs on sales of real estate		1,443	9,298
Expenditures on real estate properties		(9,788)	(8,107)
Impairment, pre-acquisition costs and write-offs		3,077	2,785
Provisions		(1,337)	(1,024)
Income tax expense		3,369	3,951
Depreciation		3,163	3,083
		(3,160)	8,541
Net change in non-cash working capital and other	19	(3,774)	699
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		\$ (6,934)	\$ 9,240
FINANCING ACTIVITIES			
Dividend paid		-	(10,000)
Proceeds from credit facilities		2,600	3,700
Repayment of credit facilities		(1,300)	-
Repayment of lease liabilities		(162)	(160)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		\$ 1,138	\$ (6,460)
INVESTING ACTIVITIES			
Interest received		3,053	3,135
Expenditures on investment properties		(264)	(126)
Expenditures on property, plant & equipment		(2,980)	(2,581)
Investments		-	(4,500)
CASH USED IN INVESTING ACTIVITIES		\$ (191)	\$ (4,072)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(5,987)	(1,292)
Cash and cash equivalents, beginning of period		223,225	245,518
CASH AND CASH EQUIVALENTS, END OF PERIOD		\$ 217,238	\$ 244,226
Supplemental cash flows information	19		

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2024

Expressed in thousands of Canadian dollars

1. AUTHORITY AND ACTIVITIES OF CLCL

Canada Lands Company Limited (“CLCL”) is an agent Crown corporation and its sole shareholder is the Government of Canada. Originally named Public Works Lands Company Limited, CLCL was incorporated under the Companies Act in 1956 and was continued under the Canada Business Corporations Act. It is listed as a parent Crown corporation in Part I of Schedule III to the *Financial Administration Act* (“FAA”).

CLCL is the parent company of Canada Lands Company CLC Limited (“CLC”), Parc Downsview Park Inc. (“PDP”) and Old Port of Montreal Corporation Inc. (“OPMC”), collectively referred to as the CLCL subsidiaries.

CLCL conducts its real estate business operations through CLC and PDP’s development lands, two of its wholly owned subsidiaries. CLCL’s mission is to ensure innovative and commercially sound redevelopment and reintegration of surplus Government of Canada (“Government”) properties into local communities while developing, retaining and managing certain real estate assets and uniquely Canadian attractions. CLCL conducts its attractions business operations through Canada’s National Tower (“CN Tower”), the Montréal Science Centre (“MSC”), the park owned by PDP (“Downsview Park”) and the Old Port of Montréal (“OPM”).

In December 2014, CLCL was issued a directive (P.C. 2014-1379) pursuant to section 89 of the FAA entitled “Order directing Canada Lands Company Limited to implement pension plan reforms”. This directive was intended to ensure that pension plans of Crown corporations that provide a 50:50 current service cost-sharing ratio between employees and employer for pension contributions had been phased in for all members by December 31, 2017. As at December 31, 2017, the Company had fully implemented the requirements of the directive and has remained in compliance with the directive since that date.

In July 2015, CLCL was issued a directive (P.C. 2015-1113) pursuant to section 89 of the FAA.

This directive was to align CLCL’s travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that was consistent with CLCL’s legal obligations and to report on the implementation of this directive in CLCL’s next corporate plan. As at March 31, 2016, CLCL had fully implemented the requirements of the directive and has remained in compliance with the directive since that date.

The registered office of CLCL and the CLCL Subsidiaries (collectively, the “Company”) is 1 University Avenue, Suite 1700, Toronto, Ontario, Canada.

The consolidated financial statements were approved by the Board of Directors of CLCL on August 21, 2024.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

A) STATEMENT OF COMPLIANCE

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

B) BASIS OF PRESENTATION

CLCL’s consolidated financial statements have been prepared on a historical cost basis, except where otherwise indicated. The consolidated financial statements are prepared on a going concern basis and have been presented in Canadian dollars, the Company’s functional currency, rounded to the nearest thousand. The accounting policies set out below have been applied consistently in all material respects to all years presented in these consolidated financial statements, unless otherwise stated.

C) BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries, which are the entities over which the Company has control. Control exists if the investor possesses power over the investee, has exposure to the variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. The accounts of CLC, PDP and OPMC, wholly owned subsidiaries of CLCL, are consolidated with CLCL’s accounts.

The Montréal Science Centre Foundation (“MSCF”) is a structured entity that is consolidated, as the Company has concluded that it controls it. The MSCF is a not-for-profit organization founded in 2000. It manages the funds and fundraising activities for the sole benefit of the MSC. The MSCF must remit all funds to OPMC to be used for activities of the MSC.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it controls the investee.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements that constitute control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income (Loss) from the date the Company gains control until the date the Company ceases to control the investee.

When necessary, adjustments are made to investees to bring their accounting policies in line with the Company’s accounting policies.

All inter-company transactions, balances, unrealized losses and unrealized gains on transactions between CLCL, its subsidiaries and the foundation noted above have been eliminated.

D) REVENUE RECOGNITION

The Company recognizes revenue as follows:

I. Real estate sales

Real estate sales revenue is recognized at the point in time when control over the property has been transferred to the customer. Real estate sales typically only have a single performance obligation. Until this criterion is met, any proceeds received are accounted for as customer deposits. Revenue is measured based on the transaction price agreed to under the contract.

II. Rental

The Company has retained control of its investment properties and therefore accounts for leases with its tenants as operating leases. The Company also leases certain properties classified as property, plant and equipment (“PPE”) to tenants. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. Generally, this occurs on the lease inception date or, where the Company is required to make additions to the property in the form of tenant improvements that enhance the value of the property, upon substantial completion of those improvements. Tenant improvements provided in connection with a lease are recognized as an asset and expensed on a straight-line basis over the term of the lease. The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the non-cancellable portion of the leases and any further terms, at the lessee’s option, that are reasonably certain to be exercised, for leases in place. A rent receivable, which is included in trade receivables and other, is recorded for the difference between the rental revenue recorded and the contractual amount received.

Rental operating revenue also includes a percentage of participating rents and recoveries of operating expenses, including property taxes. Rental operating expense recoveries are recognized in the period that recoverable costs are chargeable to tenants.

III. Rental from interim activities

In addition to earning rental revenues from leases associated with investment properties, the Company also earns rental revenues from lease arrangements with tenants on certain commercial and residential development properties in inventory. These lease arrangements are generally short-term and renewable on an annual basis and considered interim to the related land development activities. As described in note 2.N)I), the Company has applied judgment in determining whether the commercial and residential development properties from which rental from interim activities is derived are classified and carried as inventory instead of investment property. The revenue recognition policy for the related lease arrangements is consistent with the policy applied in lease arrangements of investment properties, as described in note 2.D)II).

IV. Attractions, food, beverage and other hospitality

Revenues from programming and parking, ticket sales, food and beverage sales, event and concessions sales, hospitality revenues, sports facilities, retail store sales and other revenues are recognized at the point of sale or when services are provided, as appropriate.

E) PRE-ACQUISITION COSTS

Costs incurred related to properties that the Company has no title to or early use agreement for are expensed to the Consolidated Statement of Comprehensive Income (Loss) as incurred.

F) PROPERTIES

I. Property, plant and equipment



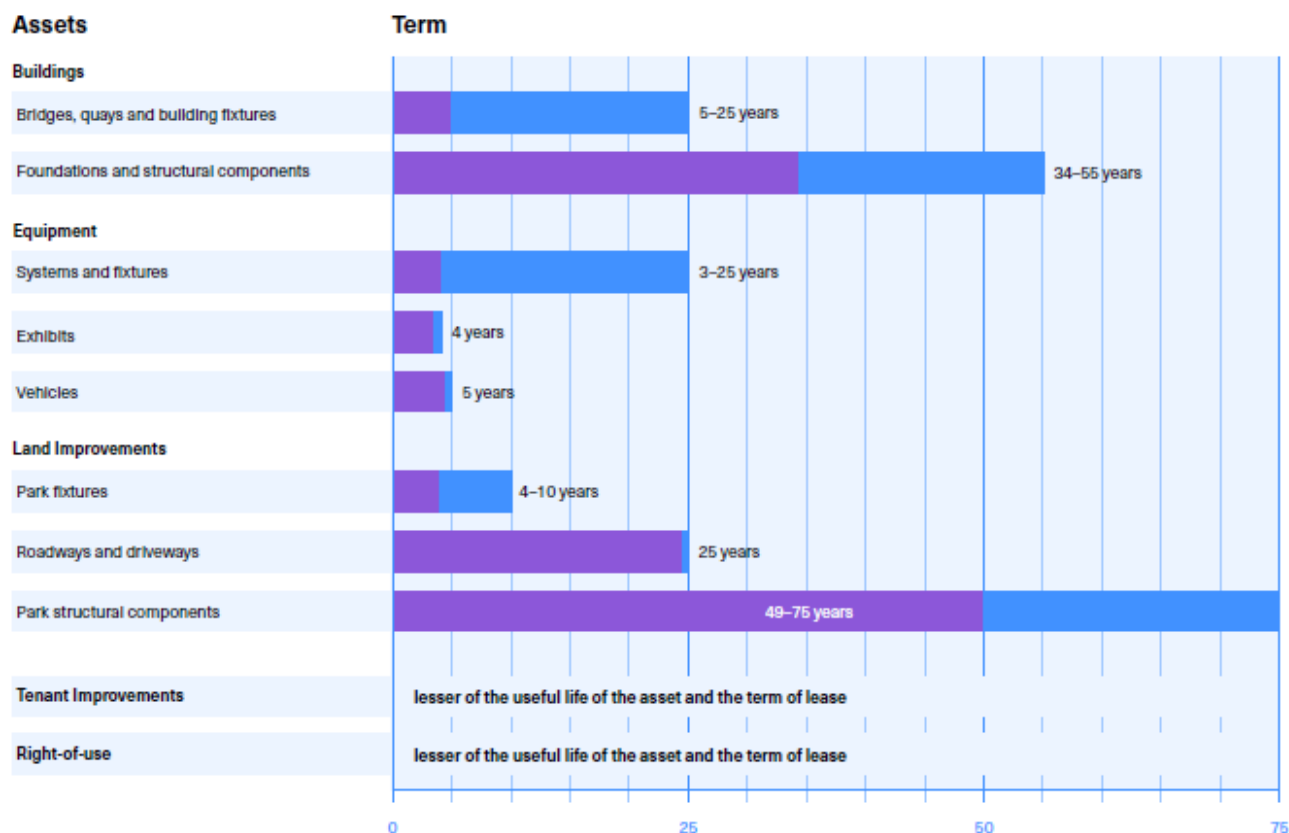
Property, plant and equipment (“PPE”) includes properties held for use in the supply of goods and services or for administrative purposes. All PPE is stated at historical cost less depreciation and any impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

The Company has lease obligations for various equipment and office space. The leases vary in length and range for periods of one year up to five years. The lease contracts contain a wide range of different terms and conditions. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date the leased asset is available for use by the Company. Each lease payment is allocated between the lease liability and finance costs. The right-of-use asset is depreciated over the lesser of the asset’s useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company’s incremental borrowing rate. The right-of-use assets are measured at cost, consisting of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognized. All other repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income (Loss) during the financial period in which they are incurred.

Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the assets’ estimated useful lives, or the lesser of the useful life of the asset and the term of the lease as follows:



The assets' residual values and useful lives are reviewed, and adjusted if appropriate, on an annual basis.

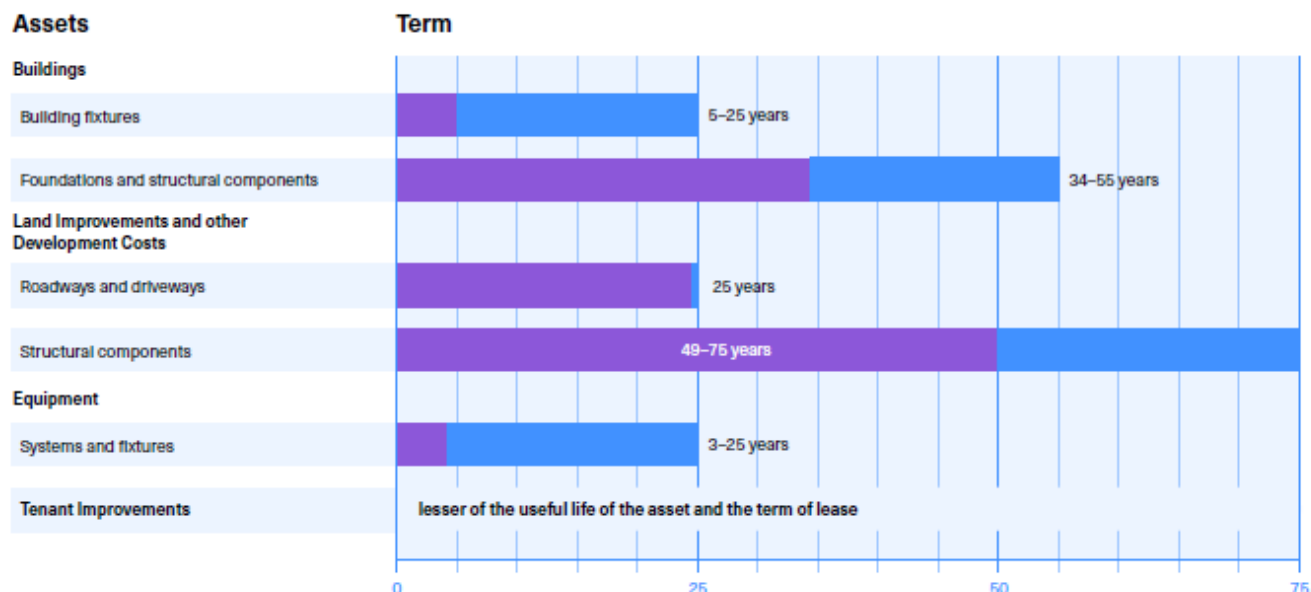
The Company holds some buildings for dual purposes, where a portion is leased to tenants and the remainder is used by the Company for administrative purposes. When a significant portion is owner-occupied, the Company classifies the property as PPE.

II. Investment properties

Investment properties are properties held by the Company for the primary purpose of obtaining rental income or capital appreciation, or both, but not for the ordinary course of business. Investment properties also include properties that are being constructed or developed for future use as investment properties.

The Company applies the cost model in which investment properties are valued under the same basis as PPE (note 2.F)), except where the asset meets the criteria to be classified as held for sale; then the asset is measured in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives, or the lesser of the useful life of the asset and the term of the lease as follows:



Other development costs include direct expenditures on investment properties. These could include amounts paid to contractors for construction, borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property taxes, construction overhead and other related costs.

From commencement of development until the date of completion, the Company capitalizes direct development costs, realty taxes and borrowing costs that are directly attributable to the project. Also, initial direct leasing costs incurred by the Company in negotiating and arranging tenant leases are added to the carrying amount of the investment property. In management's view, completion occurs upon completion of construction and receipt of all necessary occupancy and other material permits. Depreciation commences upon completion of development.

III. Inventories

Property acquired or being constructed for sale in the ordinary course of business, rather than held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value. Costs are allocated to the saleable acreage of each project or subdivision in proportion to the anticipated revenue or current average cost per acre. Inventories are written down to their net realizable value ("NRV") whenever events or changes in circumstances indicate that their carrying value exceeds their NRV. Write-downs are recognized in the Consolidated Statement of Comprehensive Income (Loss). NRV is based on projections of future cash flows, which take into account the specific development plans for each project and management's best estimate of the most probable set of economic conditions anticipated to prevail in the market.

The Company capitalizes all direct expenditures incurred in connection with the acquisition, development and construction of inventory. These include freehold and leasehold rights for land, amounts paid to contractors for construction, borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, property taxes, construction overhead and other related costs. Selling costs such as commissions and marketing programs are expensed when incurred.

The development period commences when expenditures are being incurred and activities necessary to prepare the asset for its intended use are in progress. Capitalization ceases when the asset is ready for its intended use. During the development phase, any rental revenues and associated expenses related to the project are recognized in the Consolidated Statement of Comprehensive Income (Loss) (note 2.D)III) during the year. Costs incurred on properties that the Company has no title to or an early use agreement for are expensed to the Consolidated Statement of Comprehensive Income (Loss).

The Company classifies its properties as properties under development, properties held for sale or properties held for future development. Properties undergoing active development are classified as “properties under development”, whereas properties that have been serviced and are ready for sale, or that the Company intends to sell in their current state without any further significant costs to be incurred, are classified as “properties held for sale”. Properties classified as “properties held for future development” are properties where active development has not yet commenced. Costs incurred on properties classified as “properties held for future development” and “properties held for sale” are expensed to the Consolidated Statement of Comprehensive Income (Loss) as incurred.

Inventories, regardless of the properties’ classification, are considered current when they are expected to be sold within the next 12 months and realized as real estate development costs. Inventories that are not expected to be sold in the next 12 months are categorized as non-current. Non-property (i.e., operating) inventories are entirely held by the CN Tower and OPMC, and are included in trade receivables and other in the Consolidated Statement of Financial Position.

G) INTEREST IN JOINT ARRANGEMENTS

Investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement, whereas a joint venture is a joint arrangement whereby the parties that have joint control only have rights to the net assets of the arrangement. When making this assessment, the Company considers the structure of the arrangement, the legal form of any separate vehicles, the contractual terms of the arrangement and other facts and circumstances. The Company evaluates its involvement in each of its joint arrangements individually to determine whether each should be accounted for using joint operation accounting or the equity method, depending on whether the investment is defined as a joint operation or a joint venture.

H) IMPAIRMENT OF FINANCIAL AND NON-FINANCIAL ASSETS

I. Impairment of financial assets

The Company applies an appropriate impairment model approach for financial assets depending on the category of the financial assets. The impairment models applicable to the Company under IFRS 9 Financial Instruments include the general approach and the simplified approach. The Company uses the simplified approach, which recognizes expected credit losses (“ECLs”) based on the lifetime ECLs, for trade receivables and the general approach for other financial assets. The results of the general approach ECL model are used to reduce the carrying amount of the financial asset through an allowance account, and the changes in the measurement of the allowance account are recognized in the Consolidated Statement of Comprehensive Income (Loss). If a significant increase in credit risk occurs, IFRS 9 requires the estimate of default to be considered over the entire remaining life of the asset under the general approach ECL model.

II. Impairment of non-financial assets

The Company assesses at each reporting date, whether there is an indication that a non-financial asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount (note 2.F)). An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. When the carrying amount of an asset (or a CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For non-financial assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the recoverable amount of the asset (or the CGU). A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor does it exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in impairment, pre-acquisition costs and write-offs in the Consolidated Statement of Comprehensive Income (Loss).

I) CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents and investments may include cash and, highly liquid investments such as money market funds and term deposits. Cash and cash equivalents have original maturities at the date of purchase of three months or less and are redeemable at any time. Short-term investments have original maturities at the date of purchase of greater than three months and are redeemable within the next 12 months.

Long-term investments have original maturities at the date of purchase of greater than twelve months.

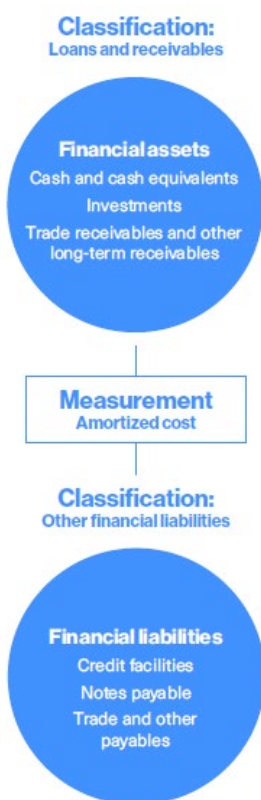
J) INCOME TAXES

Income taxes comprise current and deferred taxes. Income taxes are recognized in the Consolidated Statement of Comprehensive Income (Loss) except to the extent that it relates to items recognized directly in equity.

Current tax is the expected taxes payable or receivable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable or receivable in respect of previous years.

Deferred taxes are reported using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred taxes reported is based on the expected manner of realization or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

K) FINANCIAL INSTRUMENTS



The following summarizes the Company’s measurement of financial assets and liabilities:

I. Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit and loss (“FVTPL”), fair value through other comprehensive income (“FVOCI”), or amortized cost. The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in interest and other revenue using the effective interest rate (“EIR”) method. Any gain or loss arising on derecognition is recognized directly in the Consolidated Statement of Comprehensive Income (Loss). Impairment losses are recognized in impairment, pre-acquisition costs and write-offs in the Consolidated Statement of Comprehensive Income (Loss).

II. Financial liabilities

Financial liabilities are measured at amortized cost or at FVTPL, as appropriate. The financial liabilities measured at amortized cost are initially measured at fair value and, after initial recognition, are subsequently measured at amortized cost using the EIR method.

L) PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. If the effect of the time value of money is material, the provisions are measured at the present value. The provisions are determined by discounting the expenditures expected to be required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as financing costs.

I. Decommissioning costs

A provision for decommissioning obligations in respect of buildings and land containing hazardous materials is recognized to the extent that the Company is obligated to remediate damage previously caused; it is more likely than not that the Company will be required to settle the obligation; an obligation is owed to another party; and a reasonable estimate of the future costs and discount rates can be made. These obligations are recognized in the period they are incurred at the present value of the best estimate of the expenditures required to settle the present obligation, discounted at a risk-free interest rate. Subsequently, at each reporting date, the obligation is adjusted through an unwinding of discount expense, and any changes in the estimated amounts required to settle the

obligation and significant changes in the discount rate, inflation and risks. The associated costs are capitalized as part of the carrying value of the related assets.

The Company assesses all of its activities and all of its sites and facilities involving risks to determine potential environmental risks. Sites and facilities considered to represent an environmental risk are fully assessed and corrective measures have been or will be taken, as necessary, to eliminate or mitigate these risks. The ongoing risk management process currently in place enables the Company to examine its activities and properties under normal operating conditions and to follow up on accidents that may occur. Properties that may be contaminated, or any activities or property that may cause contamination, are assessed to determine the nature and extent of the possible contamination and an action plan is developed to comply with remediation requirements, where required.

II. Payment in lieu of taxes and legal claims

A provision for payment in lieu of taxes (“PILT”) and legal claims is recognized when management believes there is a present obligation as a result of a past event; it is more likely than not that the Company will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

M) CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

In the process of applying the Company’s accounting policies, management has made the following critical judgments that have the most significant effect on the amounts recognized in the consolidated financial statements:

I. Investment properties

The Company’s accounting policies are described in note 2.F)II). In applying these policies, judgments are made for investment properties under development in determining when the property development is completed.

II. Inventories

The Company’s policies related to property inventories are described in note 2.F)III). In applying these policies, the Company makes judgments with respect to the classification of certain inventory properties.

III. Leases

The Company’s accounting policy on revenue recognition is described in note 2.D)II). With regards to this policy, the Company must consider whether a tenant improvement provided in connection with a lease enhances the value of the leased property in order to determine whether such amounts are treated as additions to investment property. Tenant improvements provided in connection with a lease are recognized as an asset and expensed on a straight-line basis over the term of the lease.

The Company also makes judgments in determining whether certain leases, especially long-term leases in which the tenant occupies all or a majority of the property, are operating or finance leases.

IV. Provisions

The Company's accounting policies related to provisions are described in note 2.L). In applying these policies, the Company makes judgments with respect to the best estimates of probability, timing and measurement of expected value of the potential obligations.

V. Income taxes

The Company is subject to income taxes in numerous Canadian jurisdictions and significant judgment is required in determining the provision for income taxes. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be assessed. Where the final outcome of these tax matters is different from the amounts that were initially recorded, such differences will impact the Company's income tax expense and current and deferred income tax assets and liabilities in the period in which such determinations are made (note 18).

The Company makes significant judgments on the recoverability of deferred tax assets based on expectations of future profitability and tax planning strategies. Changes in the expectations or the inability to implement the tax planning strategies could result in derecognition of the deferred tax assets in future periods.

VI. Control over structured entities

The Company's accounting policy for consolidation is described in note 2.C). The Company assessed whether or not it controlled the MSCF based on whether the Company has the practical ability to direct the relevant activities of the MSCF. In making its judgment, the Company considered the composition of the MSCF Trustees, and the power held by the primary Directors of the MSCF Trustees over the MSCF's relevant activities. After assessment, the Company concluded that, based on the power held by the primary Directors, who are officers or Directors of CLCL, over the relevant activities of the MSCF, the Company does have control over the MSCF.

VII. Joint arrangements

The Company's accounting policy for joint arrangements is described in note 2.G). In applying this policy, the Company makes judgments with respect to whether it has joint control and whether the arrangements are joint operations or joint ventures. In making its judgments, the Company considered the legal structure and whether joint control for decisions over relevant activities exists based on the contractual arrangements. After assessment, the Company has determined that joint control exists, as all decisions over relevant activities require the unanimous consent of both parties. Further, considering the arrangements were not structured through a separate vehicle, the Company decided that all of its joint arrangements are joint operations.

N) SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ significantly from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates and assumptions that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

I. Inventories and real estate development costs

In determining estimates of net realizable values for its properties, the Company relies on assumptions regarding applicable industry performance and prospects, as well as general business and economic conditions that prevail and that are expected to prevail. Assumptions underlying asset valuations are limited by the availability of reliable comparable data and the uncertainty of predictions concerning future events. Due to the assumptions made in arriving at estimates of net realizable value, such estimates, by nature, are subjective and do not result in a precise determination of asset value.

In arriving at such estimates of net realizable value of the properties, management is required to make assumptions and estimates as to future costs that could be incurred in order to comply with statutory and other requirements. Also, estimates of future development costs are used to allocate current development costs across project phases. Such estimates are, however, subject to change based on agreements with regulatory authorities, changes in laws and regulations, the ultimate use of the property and as new information becomes available.

The Company produces a yearly corporate plan that includes a pro forma analysis for each of its real estate projects, including expected revenues and projected costs. These analyses are used to determine the cost of sales recorded and net realizable value at the project level. These pro forma analyses are reviewed periodically, and when events or circumstances change, and are updated to reflect current information.

II. Measurement of fair values

Where the fair values of financial assets, investment properties and financial liabilities as disclosed in the notes to the consolidated financial statements cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required to establish fair values. The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value. The Company's assessments of fair values of investment properties are regularly reviewed by management with the use of independent property appraisals and internal management information.

The fair values of all financial instruments and investment properties must be classified in fair value hierarchy levels, which are as follows:

Level 1 – Financial instruments are considered Level 1 when valuation can be based on quoted prices in active markets for identical assets or liabilities.

Level 2 – Financial instruments are considered Level 2 when valued using quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or models using inputs that are observable.

Level 3 – Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques, and at least one significant model assumption or input is unobservable.

The critical estimates and assumptions underlying the valuation of financial assets, investment properties and financial liabilities are set out in notes 5 and 21.

III. Useful lives and significant components

The useful lives and residual values of the Company's PPE and investment properties are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The useful lives are based on historical experience with similar assets, as well as anticipation of future events. Management also makes judgments in determining significant components. A component or part of an item of PPE or an investment property is considered significant if its allocated cost is material in relation to the total cost of the item. Also, in determining the parts of an item, the Company identifies parts that have varying useful lives or consumption patterns.

IV. Interest rate on notes payable to the Government

Notes payable are issued in consideration of the acquisition of real estate properties and are due to the Government. These notes are payable on the earlier of their due dates or the dates on which net proceeds become available from the sale by the Company of the properties in respect of which the notes were issued, except in a limited number of instances where the terms of the note state when the issuer can demand payment and payment is not dependent on property cash flows. For those notes that do not state when the issuer can demand payment, the repayment schedule is based on estimated time period and cash flows of the property. The notes are non-interest bearing. The non-interest bearing notes are discounted using an imputed fixed interest rate. The imputed interest is accrued and capitalized to properties or expensed, as appropriate.

V. Impairments and write-downs

Management reviews assets annually, as part of the corporate planning process, and when events or circumstances change.

For inventories, a write-down is recorded when the net realizable value of anticipated net sales revenue is less than the sum of the carrying value of the property and its anticipated cost to complete. The net realizable value is based on projections of future cash flows, which take into account the specific development plans for each project and management's best estimate of the most probable set of economic conditions anticipated to prevail in the market.

For other assets, such as investment properties and PPE, impairment estimates are made based on an analysis of CGUs, as described in note 2.H)II), and are recorded if the recoverable amount of the property is less than the carrying amount. The recoverable amount is the higher of an asset's (or a CGU's) fair value less costs of disposal and its value in use. The Company estimates the fair value less costs of disposal using the best information available to estimate the amount it could obtain from disposing of the assets in an arm's-length transaction less the estimated cost of disposal. The Company estimates value in use by discounting estimated future cash flows to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the asset. Determination of the present value cash flows requires significant estimates, such as future cash flows and the discount rate applied.

VI. Income taxes

The Company relies on estimates and assumptions when determining the amount of current and deferred taxes and takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due.

The Company makes significant estimates to evaluate whether it can recover deferred tax assets based on its assessment of estimates of future probability and legal amalgamation of its subsidiaries. The Company's current corporate plan and future profit forecasts are expected to generate sufficient taxable income to recover the deferred tax assets. Historically, the Company has been profitable and consistently met its corporate plan profit objectives.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* regarding classifications of liabilities as current or non-current, which provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier application is permitted.

Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS16 *Leases* regarding lease liability in a sale and leaseback scenario. These amendments require a seller-lessee to subsequently measure lease liabilities arising from a sale and leaseback transaction in a way that does not result in recognition of a gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

These amendments did not have a material impact on the consolidated financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

The Company's PPE consist mainly of the CN Tower, Downsview Park, the MSC and the OPMC quays.

The Company has \$36.0 million (March 31, 2024 – \$38.1 million) of fully depreciated PPE still in use.

The gross carrying amount of PPE assets at June 30, 2024 includes \$25.6 million (March 31, 2024 – \$27.9 million) of PPE under construction.

Cost or deemed cost

	Land	Building	Equipment	Land Improvements	Leasehold Improvements	Building (Right-of-use)	Equipment (Right-of-use)	Total
Balance, March 31, 2023	\$ 28,694	\$ 191,593	\$ 50,580	\$ 30,335	\$ 2,404	\$ 4,496	\$ 629	\$ 308,731
Additions	39	14,414	2,902	1,225	-	198	115	18,893
Disposals	-	(15,465)	(4,864)	(48)	-	-	(45)	(20,422)
Balance, March 31, 2024	\$ 28,733	\$ 190,542	\$ 48,618	\$ 31,512	\$ 2,404	\$ 4,694	\$ 699	\$ 307,202
Additions	46	2,183	385	62	-	-	69	2,745
Disposals	-	(2,307)	(30)	-	-	-	-	(2,337)
Balance, June 30, 2024	\$ 28,779	\$ 190,418	\$ 48,973	\$ 31,574	\$ 2,404	\$ 4,694	\$ 768	\$ 307,610

Depreciation and impairment

	Land	Building	Equipment	Land Improvement	Leasehold Improvement	Building (Right-of-use)	Equipment (Right-of-use)	Total
Balance, March 31, 2023	\$ -	\$ 92,787	\$ 42,242	\$ 7,674	\$ 1,341	\$ 2,761	\$ 587	\$ 147,392
Depreciation	-	6,005	1,881	895	349	585	8	9,723
Disposals	-	(15,220)	(4,820)	-	-	-	(45)	(20,085)
Impairment	-	8,614	1,368	-	-	-	73	10,055
Balance, March 31, 2024	\$ -	\$ 92,186	\$ 40,671	\$ 8,569	\$ 1,690	\$ 3,346	\$ 623	\$ 147,085
Depreciation	-	1,540	484	345	87	146	1	2,603
Disposals	-	(2,307)	(30)	-	-	-	-	(2,337)
Impairment	-	2,750	153	-	-	-	11	2,914
Balance, June 30, 2024	\$ -	\$ 94,169	\$ 41,278	\$ 8,914	\$ 1,777	\$ 3,492	\$ 635	\$ 150,265

Carrying amounts

At March 31, 2024	\$ 28,733	\$ 98,356	\$ 7,947	\$ 22,943	\$ 714	\$ 1,348	\$ 76	\$ 160,117
At June 30, 2024	\$ 28,779	\$ 96,249	\$ 7,695	\$ 22,660	\$ 627	\$ 1,202	\$ 133	\$ 157,345

The Company assessed the carrying amount of its PPE at June 30, 2024 to determine whether an impairment loss or a reversal should be recorded.

The impairment is assessed at the CGU level and the impairment loss is calculated as the amount equal to the excess of the carrying amount over the recoverable amount. During the period, OPMC recognized a \$2.9 million impairment loss (March 31, 2024 – \$10.0 million).

The OPMC CGU, where the impairment is being recognized, is considered by management to be all of the OPMC assets, except for the Allan Building, as the cash flows of the OPMC assets or groups of assets are dependent on the OPMC assets and other groups of assets and cannot be individually identified. The OPMC CGU includes public spaces, various piers, parking facilities and the MSC. The Allan Building has been excluded from the OPMC CGU as its cash flows are independent of the OPMC assets.

The recoverable amount of the OPMC CGU is considered to be nominal. The fair value hierarchy level is considered a Level 3. The Company has used the discounted cash flows from the OPMC CGU to determine that the fair value is nominal. The annual operating cash flows from the OPMC CGU assets are negative and are forecasted to be negative for the foreseeable future. In addition, capital

investment, which further negatively impacts the cash flows, is required to support the operations and maintain the existing OPMC assets.

The key management assumption in the determination of the fair value is that the foreseeable projected cash flows from the OPMC CGU will continue to be nominal. That assumption is supported by prior year actual results and management's current financial projections for the OPMC CGU into the future. These projected net cash flow assumptions are based on the current OPMC CGU asset uses which management does not expect to change in the foreseeable future.

5. INVESTMENT PROPERTIES

The Company's investment properties consist primarily of the land at the Rogers Centre and the CN Tower Base, and the rental properties at PDP.

Included in the Consolidated Statement of Comprehensive Income are the following:

For the period ended June 30	2024	2023
Rental income	\$ 4,348	\$ 3,174
Direct operating expenses from investment property that generated rental income during the period	2,069	1,886
Direct operating expenses from investment property that did not generate rental income during the period	26	-

Cost or deemed cost

	Land	Building	Tenant Improvements	Land Improvements and Other Development Costs	Equipment	Total
Balance, March 31, 2023	\$ 5,413	\$ 17,902	\$ 10,180	\$ 18,662	\$ 2,010	\$ 54,167
Additions	-	1,263	1,092	(148)	1,066	3,273
Disposals	-	(10)	(30)	-	(38)	(78)
Balance, March 31, 2024	\$ 5,413	\$ 19,155	\$ 11,242	\$ 18,514	\$ 3,038	\$ 57,362
Additions	-	152	(326)	23	28	(123)
Disposals	-	-	-	-	-	-
Balance, June 30, 2024	\$ 5,413	\$ 19,307	\$ 10,916	\$ 18,537	\$ 3,038	\$ 57,239

Depreciation and impairment

	Land	Building	Tenant Improvements	Land Improvements and Other Development Costs	Equipment	Total
Balance, March 31, 2023	\$ -	\$ 11,575	\$ 6,915	\$ 5,410	\$ 1,773	\$ 25,673
Depreciation	-	983	661	529	234	2,407
Disposals	-	-	(30)	-	-	(30)
Balance, March 31, 2024	\$ -	\$ 12,558	\$ 7,546	\$ 5,939	\$ 2,007	\$ 28,050
Depreciation	-	231	(67)	128	33	325
Disposals	-	-	-	-	-	-
Balance, June 30, 2024	\$ -	\$ 12,789	\$ 7,479	\$ 6,067	\$ 2,040	\$ 28,375

Carrying amounts

At March 31, 2024	\$ 5,413	\$ 6,597	\$ 3,696	\$ 12,575	\$ 1,031	\$ 29,312
At June 30, 2024	\$ 5,413	\$ 6,518	\$ 3,437	\$ 12,470	\$ 998	\$ 28,864

The fair values of investment properties are classified in fair value hierarchy levels (note 2.N)II) as follows:

	LEVEL 1		LEVEL 2		LEVEL 3	
INVESTMENT PROPERTIES	CARRYING AMOUNT		FAIR VALUE			
June 30, 2024	\$ 28,864	\$ -	\$ -	\$ -	\$ 142,610	
March 31, 2024	\$ 29,312	\$ -	\$ -	\$ -	\$ 142,610	

The fair value of the investment properties was estimated at March 31, 2024 using a combination of internal valuation techniques and external consultants. All material investment properties have been valued by independent valuers. The external consultants are accredited independent valuers with recognized and relevant professional qualifications and with recent experience in the location and category of the investment property being valued. On a quarterly basis, management reviews the assumptions to update the estimated fair value of the investment properties. In determining fair value, the income and direct comparison approaches were used. The income approach capitalizes net annual revenues or discounts forecasted net revenues to their present value after considering future rental income streams and anticipated operating costs, as well as appropriate capitalization

and discount rates. The direct comparison approach references market evidence derived from transactions involving similar properties.

Investment properties valued using the income approach are considered Level 3 given the significance of the unobservable inputs.

The key inputs in the valuation of investment properties using the income approach are:

- Capitalization rate, which is based on the market conditions where the property is located;
- Net operating income, which is normalized and assumes rental income and rental costs using current market conditions;
- Discount rate, reflecting the current market assessment of the uncertainty in the amount and timing of cash flows; and
- Discounted cash flows, which consider the location, type and quality of the property and the current market conditions for similar properties.

The direct comparison approach uses observable inputs, and investment properties valued using this approach are considered Level 2, unless there are significant unobservable inputs, in which case they are considered Level 3.

6. INVENTORIES

The Company carries its inventories at the lower of cost and net realizable value, and they are classified as follows:

	June 30, 2024	March 31, 2024
Property held for future development	\$ 4,772	\$ 96,842
Property under development	451,207	350,954
Properties held for sale	-	-
Total Property Inventories	\$ 455,979	\$ 447,796
Current	\$ 81,043	\$ 67,573
Non-current	374,936	380,223
Total Property Inventories	\$ 455,979	\$ 447,796

7. LONG-TERM RECEIVABLES

Long-term receivables consist of the following:

(a) The long-term receivables from partners represent the partners' proportionate share of the notes payable, which are payable to the Company. The Company is obligated for the full amounts of the notes payable for the Jericho Lands and Heather Street Lands properties (collectively, the Vancouver Lands) and the 299 Carling Avenue property in Ottawa, of which portions are receivable from its partners. The long-term receivables, similar to the notes payable they are related to, are non-interest bearing and have total principal amounts of \$65.3 million (March 31, 2024 – \$65.3 million), which have been discounted using a weighted average market interest rate of 2.88% (March 31, 2024 – 2.88%). The amounts will be repaid at the earlier of the sale of properties tied to each long-term receivable or the sunset dates in the joint arrangement agreements (see note 22).

(b) Other long-term receivables represent a non-interest bearing promissory note receivable for the remaining balance from a sale of a real estate property in a prior year.

	June 30, 2024		March 31, 2024	
Current	\$	10,846	\$	10,846
Non-current		54,273		54,056
	\$	65,119	\$	64,902

Based on the anticipated timing of sales of real estate properties or the terms of sale, principal repayments are estimated to be as follows:

YEARS ENDING MARCH 31 (REMAINDER OF THE YEAR)	2025	\$	10,846
	2026		16,871
	2027		1,072
	2028		3,809
	2029		16,871
Subsequent years			16,870
Subtotal			66,339
Less: amounts representing imputed interest			1,220
		\$	65,119

8. CASH AND CASH EQUIVALENTS

The Company has \$2.7 million (March 31, 2024 – \$2.6 million) in cash and cash equivalents that are restricted for use as part of the MSC's long-term plan.

9. INVESTMENTS

The Company has \$4.5 million of investments as at June 30, 2024 (March 31, 2024 – \$4.5 million), The investment is restricted for use as part of the MSC's long-term plan.

10. TRADE RECEIVABLES AND OTHER

Trade receivables and other consist of the following:

	June 30, 2024		March 31, 2024	
Prepays and others	\$	15,310	\$	9,692
Rents and other receivables (a)		40,906		42,498
Total	\$	56,216	\$	52,190
Current	\$	42,440	\$	38,687
Non-current		13,776		13,503
	\$	56,216	\$	52,190

11. CREDIT FACILITIES

	June 30, 2024	March 31, 2024
\$100 million, unsecured, demand revolving credit facility, bearing interest at rates between 50 basis points and term CORRA rates plus 1.22% per annum, maturing at March 31, 2032 (a)	\$ 57,900	\$ 56,600
\$100 million, senior, unsecured revolving credit facility, bearing interest at 45 basis points (b)	-	-
Total	\$ 57,900	\$ 56,600
Current	\$ 57,900	\$ 56,600
Non-current	-	-
	\$ 57,900	\$ 56,600

(a) The credit facility is available to finance the construction and development and secure letters of credit at PDP.

The Company has used the credit facility to secure outstanding letters of credit of \$7.1 million (March 31, 2024 – \$7.1 million). The remaining unused credit facility is \$35.0 million at June 30, 2024 (March 31, 2024 – \$36.3 million).

(b) The credit facility is available to secure letters of credit at CLC. The Company has used this credit facility to secure outstanding letters of credit of \$20.0 million (March 31, 2024 – \$19.4 million). The remaining unused credit facility is \$80.0 million (March 31, 2024 – \$80.6 million).

The borrowing authority is reviewed in conjunction with the corporate planning process and requires annual approval by the Minister of Finance (note 24).

12. NOTES PAYABLE

The notes payable were issued in consideration of the acquisition of real estate properties and are due to the Government. These notes are repayable on the earlier of their due dates (2024 to 2050) or six months after the fiscal year-end of the Company in which net proceeds become available from the sale by the Company of the properties in respect of which the notes were issued. In a limited number of instances, the terms of the note state when the issuer can demand payment and payment is not dependent on property cash flows. For all notes, the Government may elect to defer repayment. The notes are non-interest bearing. For accounting purposes, the face values of the notes payable are discounted and recorded at their fair value considering the estimated timing of note repayments, which are not fixed, as well as an imputed fixed interest rate determined when the notes are issued, with the exception of one note discussed below. The imputed interest is then accrued and capitalized to inventories or expensed as appropriate, on a constant yield basis at a weighted average rate of 2.8% (March 31, 2024 – 2.8%).

During the period, the interest capitalized was \$0.4 million (June 30, 2023 – \$0.5 million) and the interest expensed was \$0.4 million (June 30, 2023 – \$0.8 million). Based on the past and anticipated timing of property cash flows, principal repayments are estimated to be as follows:

YEARS ENDING MARCH 31 (REMAINDER OF THE YEAR)	2025	\$	19,306
	2026		52,778
	2027		58,541
	2028		15,885
	2029		17,300
Subsequent years			148,798
Subtotal			312,608
Less: amounts representing imputed interest			7,181
		\$	305,427
Current		\$	19,306
Non-current			286,121
		\$	305,427

Included in the \$305.4 million in the table above is a note payable of \$19.0 million, which has not been discounted, given the Company applied predecessor accounting values upon obtaining control of PDP in 2012. This note is due to the Government in 2050.

The following table presents the cash flows and non-cash changes for notes payable:

	Cash flow		Non-cash changes		Total	
	Repayment		Additions	Accretion		
Notes payable balance, April 1, 2023	\$	-	\$	-	\$	299,471
Interest capitalized	-	-	-	2,307	-	2,307
Interest expensed	-	-	-	2,904	-	2,904
Repayments (Cash flow - financing activities)	-	-	-	-	-	-
Notes payable balance, March 31, 2024	-	-	-	-	\$	304,682
Interest capitalized	-	-	-	371	-	371
Interest expensed	-	-	-	374	-	374
Additions (note 20)	-	-	-	-	-	-
Notes payable balance, June 30, 2024					\$	305,427

13. TRADE AND OTHER PAYABLES

The components of trade and other payables are as follows:

	June 30, 2024	March 31, 2024
Trade Payables	\$ 32,788	\$ 34,546
Leases payable (note 2F))	1,437	1,625
Total	\$ 34,225	\$ 36,171
Current	\$ 33,522	\$ 35,305
Non-current	703	866
	\$ 34,225	\$ 36,171

CAPITAL AND OPERATING COMMITMENTS

I. Commitments related to properties for land servicing requirements and other development costs at June 30, 2024 totalled \$65.0 million (March 31, 2024 – \$57.9 million).

II. Capital commitments for PPE at June 30, 2024 totalled \$7.2 million (March 31, 2024 – \$9.1 million).

14. PROVISIONS AND CONTINGENT LIABILITIES

	COST TO COMPLETE (a)		ENVIRONMENTAL (b)		TOTAL
Balance, March 31, 2024	\$	6,075	\$	5,053	\$ 11,128
Provisions added during the period		11			11
Provisions applied during the period		(84)		(1,253)	(1,337)
Provisions reversed during the period		-		(263)	(263)
Balance, June 30, 2024	\$	6,002	\$	3,537	\$ 9,539
Current				\$	6,895
Non-current					2,644
				\$	9,539

(a) Land servicing cost obligations related to sold properties are in the amount of \$6.0 million. The costs are estimated to be spent over five years with the majority to be incurred within the next 12 months. The amounts provided for are based on management's best estimate, taking into consideration the nature of the work to be performed, the time required to complete the work, past experience, and market development and construction risks.

(b) Environmental decommissioning obligations of \$3.5 million (March 31, 2024 – \$5.1 million) related to real estate projects.

CONTINGENCIES

As at June 30, 2024, the Company was involved in claims and proceedings that arise from time to time in the ordinary course of business, including actions with respect to contracts, construction liens, employment and environmental matters. The Company assesses the likelihood of any potential liabilities, to the extent not provided for through insurance, using current information available including legal assessments and other information available, to determine the impact on the consolidated financial statements. Based on the information currently available to the Company, management believes that it is unlikely that any liability arising from claims or proceedings will have a significant effect on these consolidated financial statements. However, these matters are subject to inherent uncertainties and their outcome is difficult to predict; therefore, management's view of these matters may change in the future.

The Company's activities are governed by many federal, provincial and municipal laws and by-laws to ensure sound environmental practices, in particular for the management of emissions, sewage, hazardous materials, waste and soil contamination. Decisions relating to the ownership of real estate assets and any other activity carried on by the Company have an inherent risk relating to environmental responsibility.

The Company assesses all its activities and all of its sites and facilities involving risks to determine potential environmental risks. For the properties that may be significantly contaminated, the Company has assessed the likelihood of settlement as remote. However, the Company has no guarantee that material liabilities and costs relating to environmental issues will not be incurred in the future or that such liabilities and costs will not have significant negative impacts on the Company's financial situation.

15. EXPENSES BY NATURE

The nature of expenses in real estate development costs, attractions, food, beverage and other hospitality expenses, rental operating costs, general and administrative, impairment, pre-acquisition costs and write-offs, and interest and other expenses consisted of the following:

For the Period Ended June 30	2024	2023
Cost of inventory, raw material and consumables used	\$ 1,090	\$ 7,645
Payroll and benefits	16,229	15,022
Food and beverage costs	4,647	4,468
Leasing expenses	3,463	3,272
Property taxes including PILT	3,347	3,391
Depreciation	3,163	3,083
Impairment	2,915	2,484
Utilities	2,350	2,126
Building costs	1,655	1,903
Attraction costs	1,387	1,651
Marketing and public relations	1,266	1,308
Professional fees	1,087	2,320
IT costs	686	732
Interest	519	1,184
Office	451	677
Commissions	-	158
Other	840	1,071
	\$ 45,095	\$ 52,495

16. SHAREHOLDER'S EQUITY

(A) CAPITAL STOCK

CLCL is authorized to issue three shares, which shall be transferred only to a person approved by the minister designated as the appropriate Minister for CLCL (the "Minister"). The current Minister is the Minister of Public Services and Procurement. The three authorized shares have been issued and are held in trust for His Majesty the King in Right of Canada by the Minister. Nominal value has been ascribed to the three issued shares of CLCL.

(B) CONTRIBUTED SURPLUS

Contributed surplus is comprised of the net assets of \$249.6 million acquired from the Minister of Transport on August 31, 1995, plus the net assets of OPMC and PDP acquired on November 29,

2012 of \$36.1 million, less \$104.5 million transferred to capital stock. Subsequently, CLC's capital stock was reduced by this amount through payments to its shareholder in accordance with the *Canada Business Corporations Act* during the period 1996 to 2000.

17. LEASES

LEASES AS LESSEE

Non-cancellable lease rentals are payable as follows:

	June 30, 2024	March 31, 2024
Less than 1 year	\$ 808	\$ 821
Between 1 and 5 years	783	948
More than 5 years	-	-
Total	\$ 1,591	\$ 1,769

The Company has lease obligations for various equipment and office space (note 4). The leases run for periods between one and four years.

LEASES AS LESSOR

The Company leases out its investment properties, certain inventories and PPE under operating leases with initial lease terms between less than one year and 25 years. Some leases have renewal options, with one lease having nine 10-year renewal options. The renewal options of these leases have not been included in the table below.

The future minimum lease payments under non-cancellable leases are as follows:

	June 30, 2024	March 31, 2024
Less than 1 year	\$ 18,031	\$ 17,822
Between 1 and 5 years	32,157	32,945
More than 5 years	52,220	52,993
Total	\$ 102,408	\$ 103,760

As part of purchase and sale agreements with a related party, the Company is required to lease housing units at a discount compared to market rates. The leased units generated \$0.2 million of rental revenue during the period (June 30, 2023 – \$0.2 million). The individual leases are renewed monthly.

During the period, there has been \$0.5 million recognized (June 30, 2023 – \$0.5 million) in the Consolidated Statement of Comprehensive Income in rental operating revenue with respect to variable lease payments.

18. INCOME TAXES

JUNE 30	2024	2023
Income Tax Expense (Recovery)		
Deferred tax recovery	\$ (36)	\$ (35)
Current income tax expense	3,405	3,986
Total Tax Expense	3,369	3,951
Reconciliation of effective tax rate		
Profit excluding tax	7,731	9,540
Domestic tax rate	25.9%	27.4%
Tax expense using the domestic tax rate	\$ 1,999	\$ 2,491
Non-deductible expenses	4	18
Temporary differences	(36)	(17)
Benefit not recognized	1,276	1,258
Other adjustments	126	201
Total Tax Expense	\$ 3,369	\$ 3,951

The net deferred tax asset recognized with respect to PDP is \$49.7 million (March 31, 2024 - \$49.6 million). The deferred tax asset has been recognized on the basis that there is sufficient projected taxable income.

Management has determined that it is no longer not probable that the deferred tax assets of OPMC will be utilized in the foreseeable future. Therefore, the deferred tax balance has been reduced by the benefit not recognized.

The gross temporary differences for which no deferred tax asset is reported is \$189.9 million (March 31, 2024 - \$182.2). Included in this amount is \$130.4 million (March 31, 2024 - \$125.6 million) related to unused tax losses that will start to expire in 2033.

19. CONSOLIDATED STATEMENT OF CASH FLOWS – SUPPLEMENTAL INFORMATION

The components of the changes to non-cash working capital and other under operating activities include:

FOR THE PERIOD ENDED JUNE 30		
INCREASE (DECREASE) IN	2024	2023
Trade receivables and other	\$ (3,135)	\$ 8,335
Long-term receivables	(217)	(269)
Trade and other payables	19,079	(7,319)
Dividend payable	(20,000)	-
Provisions	(252)	1
Notes payable	290	197
Deferred revenue	818	(103)
Prepaid rent, deposits and others	(357)	(143)
Total	\$ (3,774)	\$ 699

There were non-cash increases in notes payable (see note 12), which have been excluded from the financing and investing activities in the Consolidated Statement of Cash Flows.

20. RELATED PARTY TRANSACTIONS AND BALANCES

CLCL is wholly owned by the Government and is under common control with other government departments and agencies, and Crown corporations. The Company enters into transactions with these entities in the normal course of business.

Significant balances with related parties are as follows:

I. The Company enters in agreements of purchase and sale with related parties to acquire real estate properties in exchange for notes payable. During the period, the Company did not acquire any real estate property from related parties (June 30, 2023 – \$nil).

Notes payable to the Government are non-interest bearing (note 12) and are repayable on the earlier of their due dates or six months after the fiscal year-end of the Company in which net proceeds become available from the sale by the Company of the properties in respect of which the notes were issued, except in a limited number of instances where the terms of the notes state when the issuer can demand payment and payment is not dependent on property cash flows.

The Company has a profit-sharing obligation in the amount of \$0.4 million (March 31, 2024 – \$0.4 million) to a related party for a property sold in a previous year.

II. The Company has \$0.2 million payables to federal departments and agencies (March 31, 2024 – \$0.2 million receivables).

III. The Company has entered into various agreements with a federal department regarding the potential redevelopment of three properties in Ottawa (collectively the “Collaboration Properties”) that the federal department currently owns. As part of the agreements, the Company is funding certain costs for the Collaboration Properties that are recoverable from the federal department under certain circumstances. The Company has recorded these costs of \$8.5 million (March 31, 2024 – \$7.7 million) in Trade Receivables and Other assets on the Consolidated Statement of Financial Position.

Significant transactions with related parties are as follows:

I. During the period, the Company declared a dividend of \$20.0 million (June 30, 2023 – \$10.0 million) to its shareholder, the Government.

II. During the period, the Company did not make any real estate land sale to related parties (June 30, 2023 – \$nil).

III. During the period, the Company received various rental and other revenues from federal departments and agencies in the amount of \$0.2 million (June 30, 2023 – \$0.3 million), mainly from leases with the Department of National Defence and Public Services and Procurement Canada.

IV. Key management personnel compensation, which includes the Company's senior management team and the Board of Directors, is described in the following table:

For the Period Ended June 30	2024	2023
Short-term benefits (1)	\$ 1,153	\$ 1,161
Post-employment benefits (2)	59	63
	\$ 1,212	\$ 1,224

(1) Short-term benefits include salaries, incentive compensation, health benefits, and other benefits for current employees.

(2) Post-employment benefits include contributions to pension plans.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, short-term investments, current trade receivables and other, current trade and other payables, deposits and others approximate their fair value due to the short-term maturities.

The Company has valued its long-term receivables by discounting the cash flows using the current market rate of borrowing plus a credit risk factor for its customers and partners, except for the long-term receivable from its third-party partners which, due to the nature of the joint arrangement, has been discounted at current yields on government bonds plus project risk.

The Company has valued its non-current financial liabilities by discounting the cash flows at current yields on government bonds plus a discount factor for the Company's credit risk.

There has not been any change in the valuation technique for financial instruments during the period.

The carrying values and fair values of the Company's financial instruments are summarized using the fair value hierarchy (note 2) in the following table:

As at June 30, 2024		LEVEL 1	LEVEL 2	LEVEL 3
Classification	Carrying Amount	Fair Value		
Financial Assets				
Long-term receivables	\$ 65,119		\$ 57,302	\$ -
Financial Liabilities				
Notes payable	305,427		261,069	-
Credit facilities	57,900		57,900	-

As at March 31, 2024		LEVEL 1	LEVEL 2	LEVEL 3
Classification	Carrying Amount	Fair Value		
Financial Assets				
Long-term receivables	\$ 64,902	\$ -	\$ 56,667	\$ -
Financial Liabilities				
Notes payable	304,682	-	261,183	-
Credit facilities	56,600	-	56,600	-

22. JOINT ARRANGEMENTS

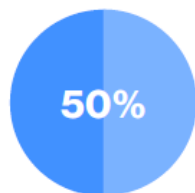
The Company has entered into a number of joint arrangements for the land development of properties. The Company has assessed each joint arrangement individually and concluded that, based on the terms and structure of the contractual arrangements, each joint arrangement is a joint operation. The Company recognizes its proportionate share of the assets, liabilities, revenues and expenses for these properties in the respective lines in the consolidated financial statements.

The following is a list of the Company's joint arrangements:

Ownership Interest

CLC Bosa
Calgary, AB | Land Development

2024
June 30



2024
March 31

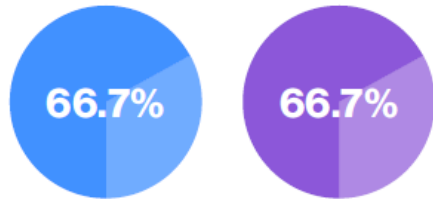


In May 2013, the Company entered into a land development agreement for a portion of CLC's Currie project in Calgary that is jointly controlled with a third party named Embassy Bosa Inc. The Company has determined that the joint arrangement is a joint operation based on the terms and structure of the contractual arrangement, which requires unanimous approval from the Company and the third party with regards to relevant activities of the property.



Ownership Interest
299 Carling Avenue
Ottawa, ON | Land Development

2024 June 30 2024 March 31

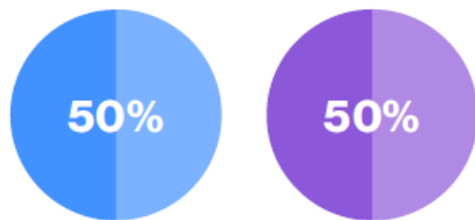


In February 2017, the Company entered into a land development agreement for a property in Ottawa, with a third-party partner named the Algonquins of Ontario Opportunities. The land development agreement is jointly controlled by the Company and the third-party partner. The Company has determined that the joint arrangement is a joint operation based on the terms and structure of the contractual agreement, which requires unanimous approval from the Company and the third-party partners regarding decisions over all relevant activities of the property. The purchase of the Ottawa land was financed through a non-interest bearing promissory note issued by the Company.

The Company is responsible for the full repayment of the promissory note on the earlier of its due date or six months after the fiscal year-end of the Company when net proceeds become available from the property. This promissory note will be partially funded by the third-party partner’s proportionate share of the notes payable, which is reflected as a long-term receivable (see note 7).

Ownership Interest
Jericho Lands
Vancouver, BC | Land Development

2024 June 30 2024 March 31

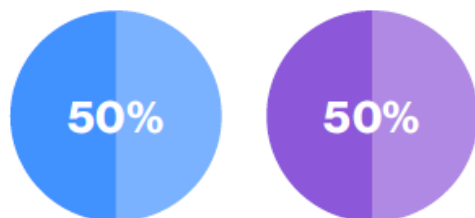


In September 2014, the Company entered into separate land development agreements (Jericho Lands and Heather Street Lands, collectively known as the Vancouver Lands) for properties in Vancouver, with the same third-party partners (the Musqueam Indian Band, the Squamish Nation and the Tsleil-Waututh Nation).

The land development agreements are jointly controlled by the Company and the third-party partners. The Company has determined that each of the joint arrangements is a joint operation based on the terms and structure of the contractual arrangements, which require unanimous approval from the Company and the third-party partners regarding decisions over all relevant activities of the properties.

Heather Street Lands
Vancouver, BC | Land Development

2024 June 30 2024 March 31



The purchase of the Vancouver Lands was financed through non-interest bearing promissory notes issued by the Company. The Company is responsible for the full repayment of the promissory notes on the earlier of their due dates or six months after the fiscal year-end of the Company when net proceeds become available from the respective property. These promissory notes will be partially funded by the third-party partners’ proportionate share of the notes payable, which is reflected as a long-term receivable (see note 7). Under the Vancouver Lands’ joint arrangement agreements, the third-party partners’ long-term receivable amounts will be repaid at the earlier

of the sale of properties tied to each long-term receivable or the sunset dates in the joint arrangement agreements, which are similar to the terms of the notes payable.

The following amounts included in these consolidated financial statements represent the Company’s proportionate share of the assets and liabilities of its joint arrangement interests as at June 30, 2024, and the results of operations and cash flows from April 1, 2024 to June 30, 2024:

	Jericho		Heather Street		Bosa		299 Carling Avenue		Total	
As at	June 30, 2024	March 31, 2024	June 30, 2024	March 31, 2024	June 30, 2024	March 31, 2024	June 30, 2024	March 31, 2024	June 30, 2024	March 31, 2024
Assets	\$ 93,475	\$ 92,353	\$ 26,424	\$ 25,811	\$ 19,233	\$ 18,687	\$ 8,082	\$ 7,978	\$ 147,214	\$ 144,829
Liabilities*	113,150	114,429	29,044	29,198	-	-	2,072	2,089	144,266	145,716

For the Period ended June 30										
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenues	353	270	285	339	-	-	35	18	673	627
Expenses	312	386	607	614	-	-	18	26	937	1,026
Net income (loss)	41	(116)	(322)	(275)	-	-	17	(8)	(264)	(399)
Cash flow provided by (used in) operating activities	30	(367)	(1,186)	(993)	(529)	(472)	(104)	(109)	(1,789)	(1,941)

* Liabilities include the Company's obligation for the notes payable to finance the acquisition of inventory, net of the long-term receivable from its partners for their proportionate share of the notes payable funded through future project cash flows (note 7).

The Company is currently providing funding as the project manager to all joint arrangements.

For the Jericho Lands and Heather Street Lands, the repayment of the partners' share of project costs incurred up to March 31, 2020 are at the earlier of the sale of each of the properties that the project costs relate to or the sunset dates in the joint arrangement agreements. For project costs incurred after March 31, 2020, repayment of the partners' share will occur monthly.

For 299 Carling Avenue, the repayment of the partner's share of project costs is from joint arrangement cash flows.

The Company's proportionate share for commitments related to properties for land servicing requirements and other development costs for the joint arrangements at June 30, 2024 totalled \$1.2 million (March 31, 2024 - \$1.5 million) and are included in the commitments related to properties in note 13.

23. FINANCIAL RISK MANAGEMENT

A) LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

AS AT JUNE 30, 2024	Within 12 months	Thereafter	Total
Credit facilities (note 11)	\$ 57,900	- \$	57,900
Notes payable (note 12)	19,306	293,302	312,608
Trade and other payables (note 13)	33,522	703	34,225
	\$ 110,728	\$ 294,005	\$ 404,733

AS AT MARCH 31, 2024	Due by March 31, 2025	Thereafter	Total
Credit facilities (note 11)	\$ 56,600	- \$	56,600
Notes payable (note 12)	19,306	293,302	312,608
Trade and other payables (note 13)	35,305	866	36,171
	\$ 111,211	\$ 294,168	\$ 405,379

The Company manages its liquidity risk by forecasting and managing cash flows from operations and anticipating capital expenditures and financing activities. The Company also manages its cash flow by maintaining sufficient cash balances to meet current obligations and investing surplus cash in low-risk bank investments.

The Company has notes payable that are owed to its shareholder and under the related agreements, the notes are not due until positive cash flows are achieved from the properties by which they are secured, except in a limited number of instances where the terms of the note state when the issuer can demand payment and payment is not dependent on property cash flows (note 12).

The Company has borrowing authorities from the Minister of Finance of \$200 million (March 31, 2024 – \$200 million). CLC's borrowing authority of \$100 million expires on March 31, 2025. PDP's borrowing authority of \$100 million expires on March 31, 2025. The Company's borrowing authorities are reviewed annually as part of the corporate planning process. The Company has \$200 million of credit facilities available, of which \$115.0 million was unused at June 30, 2024 (March 31, 2024 – \$116.8 million). CLC's credit facility does not have a maturity date, whereas the PDP credit facility matures on March 31, 2032.

Accounts payable are primarily due within 90 days. The repayment terms for credit facilities and notes payable are disclosed in notes 11 and 12, respectively.

B) MARKET RISK

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices and includes currency and interest rate risk.

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates. The Company has little exposure to currency risk.

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its credit facilities and cash and cash equivalents, which are based on variable rates of interest. The credit facilities are used to finance the development of lands and guarantee the Company's letters of

credit. A change in interest rates would not have had a significant impact on net earnings or comprehensive income in the current period. Cash and cash equivalents have limited exposure to interest rate risk due to their short-term nature. The impact of a change in interest rate of +/-1% would not be significant to the Consolidated Statement of Comprehensive Income.

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Company measures these at amortized cost; therefore, a change in interest rates at the reporting date would not affect net income with respect to these fixed rate instruments.

C) CREDIT RISK

The Company's credit risk arises from the possibility that tenants may experience financial difficulty and be unable to pay the amounts owing under their commitments. For long-term receivables from partners, payments are made from the cash flows of the joint arrangements. The fair values of the partners' project assets are significantly higher than the amount of the long-term receivables at March 31, 2024 owed to the Company.

The Company attempts to reduce the risk of credit loss by limiting its exposure to any one tenant or industry and performing credit assessments in respect of new leases or credit transactions. Also, this risk is further mitigated by signing long-term leases with varying lease expirations and obtaining security deposits from tenants.

The Company's maximum exposure to credit risk is limited to the carrying value of trade receivables and other, long-term receivables, short-term investments, and cash and cash equivalents.

The Company's receivables of \$40.9 million (March 31, 2024 – \$42.5 million) are comprised primarily of current balances owing. The Company performs monthly reviews of its receivables and establishes an appropriate provision using the expected credit loss model.

The Company's long-term receivables of \$65.1 million (March 31, 2024 – \$64.9 million) are comprised of \$64.1 million (March 31, 2024 – \$63.9 million) of receivables from partners and \$1.0 million (March 31, 2024 – \$1.0 million) of long-term receivables from a sale of real estate property in a prior year. The Company reviews the receivables from partners and other long-term receivables on a quarterly basis to determine if provisions are required.

The Company's cash and cash equivalents and short-term investments, including deposits of \$217.2 million (March 31, 2024 – \$223.2 million), are held with major financial institutions that are rated AA by a recognized credit agency. The Company does not expect any related counterparties to fail to meet their obligations.

24. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate levels of funding to support its activities.

	June 30, 2024	March 31, 2024
Shareholder's equity	\$ 611,008	\$ 626,646
Credit facilities	57,900	56,600
Notes payable	305,427	304,682
Cash and cash equivalents	217,238	223,225
Investments	4,500	4,500
Total	\$ 1,196,073	\$ 1,215,653

The Company has notes payable that are owed to the shareholder and under the related agreements, the notes are not due until positive cash flows are achieved from the properties, except for i) one promissory note for which the issuer can demand payment of \$5.0 million within the next 12 months and ii) a \$19.0 million note that is due in 2050.

All short-term and long-term borrowings are approved by the Minister of Finance with respect to the amount, interest rate and term, and are included in the Company's corporate plan, which must be approved by the Treasury Board.

In order to meet its objective, the Company invests the majority of its capital that is surplus to its immediate operational needs in highly liquid financial instruments with original maturities of up to one year, such as bank deposits, term deposits and money market funds. All these instruments are held with major financial institutions rated AA by a recognized credit agency.

The Company's strategy is to satisfy its liquidity needs using cash on hand, cash flows generated from operating activities and cash flows provided by financing activities, as well as proceeds from asset sales. The Company's principal sources of capital are rental revenues, recoveries from tenants, real estate land sales, attractions and hospitality revenues, interest and other incomes, available cash balances, draws on corporate credit facilities and refinancing of maturing indebtedness. These capital resources are used to pay operating expenses and dividends, and to service debt and recurring capital and leasing costs in its rental operating costs, attractions and hospitality, and real estate development businesses. The Company plans to meet its short-term liquidity needs with cash and cash equivalents on hand, along with proceeds from financing activities.

The principal liquidity needs for periods beyond the next 12 months are for scheduled debt maturities, recurring and non-recurring capital expenditures, development costs and potential property acquisitions. The Company's strategy is to meet these needs with one or more of the following:

- cash flows from operations;
- proceeds from sales of assets; and
- credit facilities and refinancing opportunities.

25. PENSION PLANS

The Company has two defined contribution pension plans covering eligible CLC full-time and certain part-time employees. In accordance with the terms of the plans, employees are eligible to join at the date of employment, after a year of employment, or upon working a certain number of hours in consecutive years. The amount of the current service cost charged to expense for these plans was \$0.5 million for the period ended June 30, 2024 (June 30, 2023 – \$0.4 million).