Canada Lands Company
Société immobilière du Canada

Q3 2024/25 (October 1 to December 31, 2024)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

FOR THE PERIOD ENDED DECEMBER 31, 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 December 31, 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 February 18, 2025, 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 THIRD QUARTER OF FISCAL YEAR 2024/25 AND YEAR-TO-DATE

Financial

- The Company was able to generate $44.5 and $180.6 in revenue for the third quarter and year-to-date respectively. The year-to-date revenue is 5.6% lower than the comparable prior year period.
- The Company generated an operating profit of $8.1 and $55.0 for the third quarter and year-to-date, respectively.
- The Company's Attraction Division generated more than $138.0 in revenues year-to-date, which is an increase of close to 4.0% from the comparable prior year period.
- The Company invested $30.1 and $64.9 for the third quarter and year-to-date, respectively, 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 with $9.0 to be reinvested to support Federal Budget 2024 (Budget 2024) housing initiatives, made promissory note repayments of $22.9 to former property custodians, and made income tax payments of $9.5 year-to-date.

Operational and Other Significant Developments

- During the Period, the Company acquired Embassy Bosa Inc.'s (Bosa) 50% interest in a portion of the Currie, Calgary, project which represented 7.9 hectares (19.6 acres).
- The Company has moved forward on a number of housing initiatives in Budget 2024, including establishing a housing innovation team to support the expansion of the Company's activities to build more homes on public lands and moving forward expeditiously on the leasing land for long-term and temporary housing uses.
- The Federal Government launched the Canada Public Land Bank (CPLB) during the Period, which includes an interactive geospatial tool allowing for the exploration of federal properties available for housing development. The Company contributed a number of its properties to the CPLB for offers, feedback and/or proposals for evaluation.

- The Company's attractions welcomed more than 2.2 million paid guests during the Period, which was approximately 4.4% higher than the comparable prior year period.

BUSINESS UPDATE

The Attractions Division of the Company performed well financially this Period and was ahead of its Q3 2023/24 financial performance, its strongest financial year on record. Real estate sales activity, typically minimal in the three quarters of the year, did see some sales mainly 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, including long-term leasing, disposal time reductions, increased transactions velocity, enabling housing on actively used federal properties, and working with federal Crown corporations. The impact of Budget 2024 continues to be determined and assessed as the parties work through operationalizing it, 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 seem to have dissipated with the inflation rate returning to its more traditional rates. Lower inflation, and slowing economic growth in Canada, have allowed the Bank of Canada to significantly reduces its Policy interest rate in recent months, which is expected, over time, to help the residential real estate market. With the Budget and its priorities around building more homes faster, along with a positive shift in the interest-rate headwinds in the near term, the real estate market, particularly the residential market, should start to see more activity.

That said, the macroeconomic uncertainty has heightened due to geopolitical risk. The new United States (US) Administration, and the impact of its policies, particularly those on trade, could significantly impact Canada's economy, creating inflationary pressures, unemployment and/or economic contraction.

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 $0.4 (December 31, 2023 – $0.3). 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 December 31, 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 close to 97,000 compared to December 31, 2023.

Traditionally, most real estate land sales happen in the last quarter of the fiscal year. There were a few transactions in the Company's Alberta projects and one in St. John's project that closed during the Period. 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 homes sales activity across the country and in many major markets that the Company has projects in, remains below historical averages. The Bank of Canada reduced its Policy interest rate by 200 basis points between June 2024 and January 2025, 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.

The Company's interest and other income is comparable to the prior year period, despite lower average cash and cash equivalent balances and a lower interest rate environment.

The financial results for the period ended December 31, 2024:

	FOR THREE MONTHS ENDED		FOR NINE MONTHS ENDED	
DECEMBER 31	2024	2023	2024	2023
Real estate sales	$ 2.5	$ 17.1	$ 17.2	$ 31.4
Attractions, food, beverage and other hospitality	27.7	25.4	111.8	109.3
Rental operations	10.2	9.6	37.4	35.8
Interest and other	4.1	5.0	14.2	14.9
Total Revenues	$ 44.5	$ 57.1	$ 180.6	$ 191.4
General and administrative expenses	10.0	9.2	30.0	26.5
Income before taxes	(4.0)	1.3	27.5	36.9
Net income and comprehensive income (after taxes)	(5.2)	(0.5)	16.3	24.1

By entity:

DECEMBER 31, 2024	FOR THREE MONTHS ENDED Old Port	Downsview Park	Canada Lands	Total	FOR NINE MONTHS ENDED Old Port	Downsview Park	Canada Lands	Total
Real estate sales	$ -	$ -	$ 2.5	$ 2.5	$ -	$ -	$ 17.2	$ 17.2
Attractions, food, beverage and other hospitality	2.8	0.2	24.7	27.7	8.9	1.2	101.7	111.8
Rental operations	2.4	3.1	4.7	10.2	11.2	10.0	16.2	37.4
Interest and other	0.7	0.0	3.4	4.1	2.2	0.2	11.8	14.2
Total Revenues	**$ 5.9**	**$ 3.3**	**$ 35.3**	**$ 44.5**	**$ 22.3**	**$ 11.4**	**$ 146.9**	**$ 180.6**
General and administrative expenses	1.3	0.3	8.4	10.0	4.2	0.9	24.9	30.0
Income (loss) before taxes	(8.4)	(0.5)	4.9	(4.0)	(14.7)	(2.8)	45.0	27.5
Comprehensive income (loss) after taxes	(8.4)	(0.4)	3.6	(5.2)	(14.7)	(2.1)	33.1	16.3

DECEMBER 31, 2023	FOR THREE MONTHS ENDED Old Port	Downsview Park	Canada Lands	Total	FOR NINE MONTHS ENDED Old Port	Downsview Park	Canada Lands	Total
Real estate sales	$ -	$ -	$ 17.1	$ 17.1	$ -	$ -	$ 31.4	$ 31.4
Attractions, food, beverage and other hospitality	2.4	0.2	22.8	25.4	8.4	1.0	99.9	109.3
Rental operations	1.6	2.8	5.2	9.6	10.2	9.1	16.5	35.8
Interest and other	0.9	0.4	3.7	5.0	2.2	0.5	12.2	14.9
Total Revenues	**$ 4.9**	**$ 3.4**	**$ 48.8**	**$ 57.1**	**$ 20.8**	**$ 10.6**	**$ 160.0**	**$ 191.4**
General and administrative expenses	1.5	0.3	7.3	9.1	3.1	0.8	22.5	26.4
Income (loss) before taxes	(4.7)	(2.0)	8.0	1.3	(9.2)	(2.6)	48.7	36.9
Comprehensive income (loss) after taxes	(4.7)	(1.5)	5.7	(0.5)	(9.2)	(2.0)	35.3	24.1

OPERATIONS BY REVENUE TYPE

Total revenue generated was $44.5 and $180.6 for the third quarter and year-to-date, respectively, comprised of four principal sources:

1) Real Estate Sales

Real estate sales were $2.5 and $17.2 for the third quarter and year-to-date, respectively, 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:

	FOR THREE MONTHS ENDED		FOR NINE MONTHS ENDED	
DECEMBER 31	2024	2023	2024	2023
West	$ 2.5	$ 4.1	$ 15.9	$ 5.8
Central	-	-	-	-
Quebec-Atlantic	-	-	1.3	-
National Capital Region	-	13.0	-	25.6
Total	$ 2.5	$ 17.1	$ 17.2	$ 31.4

The Company generated gross profit of $0.5 and $0.7 (or 4.0%) on real estate sales for the third quarter and year-to-date, respectively. During the Period, the Company provided for additional costs to complete (CTC) on two projects that were sold in prior years as a result of new information, which increased the remaining cost of its obligations by $2.6. Adjusting for the CTC, the Company generated a gross profit of $3.3 (or 19.2%) for the Period. The gross profit generated in the comparable prior quarter was $2.8 (or 16.4%) and a gross profit of $6.6 (or 21.0%) for the comparable prior year period. The Company's real estate sales activity is typically relatively low in the first three quarters of the fiscal year, with sales generally occurring in the last quarter of the Company's fiscal year.

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, including its other income, of $25.4 for the third quarter and $103.9 year-to-date, respectively. The year-to-date revenue was $1.9 higher than the comparable prior year period. The CN Tower's earnings before interest, taxes, depreciation and amortization (EBITDA) were $9.1 for the third quarter and $52.5 year-to-date, respectively, which were higher than the comparable prior year quarter and prior year-to-date by $1.0 and $0.2, respectively. Year-to-date, the CN Tower welcomed more than 1.5 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 increased attendance.

OPMC revenues, which include the MSC, generated revenue of $2.8 for the third quarter and $8.9 for year-to-date, respectively, which were higher than the comparable prior year period. The main driver for the increase was from parking revenues, as well as ticket sales. The MSC generated $1.4 in revenues from its ticket sales in the third quarter and $5.9 year-to-date ($1.3 and $5.0 in the comparable prior year period, respectively).

Downsview Park generated revenue of $0.2 for the third quarter and $1.2 for year-to-date, respectively, from its programs and events, which were 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, which can be utilized during the interim period.

Rental revenues were $10.2 for the third quarter and $37.4 year-to-date, respectively, from properties in inventory at various stages of development, and other properties across CLC, OPMC, and PDP. Rental revenues were higher by $0.5 and $1.6 for the prior year quarter and year-to-date, respectively.

Rental revenues by region were as follows:

	FOR THREE MONTHS ENDED		FOR NINE MONTHS ENDED	
DECEMBER 31	2024	2023	2024	2023
West	$ 2.7	$ 3.2	$ 8.4	$ 9.5
Central	4.8	4.7	16.8	15.8
Quebec-Atlantic	2.6	1.8	11.7	10.4
National Capital Region	0.1	-	0.5	0.1
Total	$ 10.2	$ 9.7	$ 37.4	$ 35.8

The Company generated $0.4 (or 3.9%) for the third quarter and $7.7 (20.6%) for the Period from its rental operations. The rental profit was $1.4 higher with the comparable prior year quarter and $3.7 higher with the comparable prior year to date, due to higher revenues coupled with lower operating costs, such as utilities and property taxes, on some of the rental properties.

4) Interest and Other Revenues

Interest and other revenue of $14.2 for the Period was lower by $0.7 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) were $10.0 for the third quarter and $30.0 for the Period, respectively. G&A expenses were higher to the comparable prior quarter and prior year period by $0.8 and $3.5, respectively. The higher G&A is primarily attributed to increases in salaries to support corporate initiatives, along with supporting Budget 2024 housing initiatives.

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

During the Period, the Company had $6.0 in expenses for the quarter and $10.9 year-to-date, respectively, which was higher than the comparable prior year quarter by $4.9 and $6.1 year-to-date, respectively. 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. The expense was $0.2 for the quarter which was $0.7 million lower than the comparable prior year period. The expense was $0.9 for year-to-date which was $2.0 million lower than the comparable prior year period. The lower interest and other expenses were driven by higher proportions of interest being capitalized to real estate projects, from both third-party financing as well as promissory notes.

4) Taxes

The Company had a net income tax expense of $1.2 during the third quarter and $11.2 year-to-date, 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, $3.9 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 26.5% 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:

	DECEMBER 31, 2024	March 31, 2024
Cash and cash equivalents	$ 178.0	$ 223.2
Inventories	506.8	447.8
Property, plant and equipment	155.0	160.1
Deferred tax asset recoverable	71.0	70.8
Long-term receivables	65.5	64.9
Investment properties	28.5	29.3
Trade and other assets	46.6	57.6
Total	$ 1,051.4	$ 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 December 31, 2024, cash and cash equivalents balances held in major Canadian chartered banks and financial institutions were $178.0.

During the Period, the Company also invested $64.9 in capital assets in both real estate and attractions, made acquisitions of $25.3, repaid promissory notes to former property custodians of $22.9, and funded working capital.

The Company's investment strategy is to optimize, not maximize, financial returns on its cash and cash equivalents in support of its strategic initiatives. 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 $502.0 (March 31, 2024 – $351.0).

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 (Loss).

The Company incurred expenditures on real estate inventories of $23.5 during the third quarter and $51.1 for the Period as compared to $12.6 in the comparable prior year third quarter and $31.5 in the comparative prior year period. The Company also acquired $25.3 in inventory. 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 investments budgets and forecasts to determine the appropriate allocations of resources and timing of expenditures.

There were capital additions of $6.1 for the third quarter and $12.7 for the Period, respectively, compared with $3.9 during the comparable prior year quarter and $10.9 in the comparative prior year to date. During the summer, the Company substantially completed the CN Tower modernize project to its observation level, which started in FY2021/22. 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 third quarter and $9.5 for the Period compared to $3.0 in the comparable prior period quarter and $9.1 during the comparable prior year to date. These expenditures exclude repairs and maintenance costs.

DEFERRED TAX ASSET RECOVERABLE

The net DTA amount of $71.0 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 December 31, 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 more than $204.0, or approximately $54.1 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 $65.5 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. The Company expects to receive close to $11.0 within the next 12 months.

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 rent and other receivables, prepaid assets, investments and CN Tower inventory. The decrease from March 31, 2024 is primarily attributed to rent repayments and property tax prepayments.

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:

	DECEMBER 31, 2024	March 31, 2024
Credit facilities	$ 66.9	$ 56.6
Notes payable	284.0	304.7
Trade and other payables	25.4	36.2
Dividend payable	11.0	-
Provisions	13.8	11.1
Prepaid rents, deposits and others	8.0	8.9
Deferred revenue	6.0	9.6
Tax liabilities and other	4.3	-
Total liabilities	$ 419.4	$ 427.1
Contributed surplus	181.2	181.2
Retained earnings	450.8	445.4
	632.0	626.6
Total liabilities and shareholder's equity	$ 1,051.4	$ 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 $74.3 at December 31, 2024 (March 31, 2024 – $63.7), of which $7.4 (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 $10.6 primarily as a result of expenditures on real estate properties at the Downsview Lands.

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 $19.6 at December 31, 2024 (March 31, 2024 – $19.4) as collateral for outstanding LCs.

The credit facilities contain certain financial covenants. As at December 31, 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 2025 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 made repayments of $22.9 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	$ -
	2026	54.3
	2027	9.1
	2028	17.3
	2029	43.1
	Subsequent years	165.9
Subtotal		289.7
Less: amounts representing imputed interest		5.7
		$ 284.0

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 $5.9 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. During the Period, the Company increased its provision for CTC by $6.2 for three properties, as result of additional obligations and cost

escalations. The Company continues to contest OPMC's PILT with the City of Montréal but has determined no provision is required currently.

DIVIDEND PAYABLE

During the Period, the Company recognized in its Consolidated Statement of Financial Position, an $11.0 dividend payable to its shareholder, which the Company expects to pay 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 December 31, 2024 and March 31, 2024 are as follows:

	DECEMBER 31, 2024	MARCH 31, 2024
Cash and cash equivalents	$ 178.0	$ 223.2
Investments	4.5	4.5
Remaining credit facilities (a)	25.7	36.3

(a) Remaining credit facilities available for cash borrowings.

The Company's cash and cash equivalents decreased by $45.2 during the Period primarily as a result of:

- Acquisitions of $25.3;
- Investments in real estate inventory, property, plant and equipment and investment properties of $64.9;
- Note repayments of $22.9;
- $3.3 of payments against environmental and costs-to-complete provisions for certain real estate projects and;
- Income taxes paid of $9.5.

The decrease was partially offset because of:

- Cash inflows from operating activities, excluding expenditures on real estate properties, acquisitions, tax payments and payments on provisions total $62.7 for the Period;
- Interest received of $8.2; and
- Net cash advanced from credit facilities of $10.3.

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

	December 31, 2024	March 31, 2024
Cash and cash equivalents	$ 178.0	$ 223.2
Other current assets (excluding inventories)	41.9	50.4
Total current assets	$ 219.9	$ 273.6
Current portion of notes payable	7.4	19.3
Other current liabilities	123.2	109.5
Total current liabilities	$ 130.6	$ 128.8
Net working capital surplus	$ 89.3	$ 144.8

The total current assets (excluding inventories) at December 31, 2024, have decreased since March 31, 2024, by $53.7 primarily by the use of cash for operating activities such as capital investments ($64.9), acquisitions ($25.3) and note repayments of ($22.9) during the Period, reducing the cash and cash equivalents. The total current liabilities have increased from March 31, 2024, by $1.8 primarily as a result of an $11.0 dividend payable to its shareholder, increase of credit facility ($10.3) and provisions ($2.3) offset by reduction of net notes payable ($11.9) and accounts payable ($10.3).

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, and 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 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), who are responsible for operationalizing and managing the Enterprise Risk Management (ERM) program. The RMF ensures the Company compliances 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 Company's 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, geopolitical uncertainty, market conditions, 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 Attraction Divisions, are affected by general economic conditions, including economic activity and economic uncertainty, along with employment rates and foreign exchange rates.

Economic Growth

The Canadian economy expanded by 1.3% in 2024 as per the latest Monetary Policy Report (MPR) in January 2025 issued by the Bank of Canada (BoC). In October 2024, the BoC predicted that the Canadian economy would grow 2.1% in 2025 and 2.3% in 2026, however in January 2025 MPR, it has lowered its growth predictions for 2025 and 2026, by 0.3% and 0.5%, respectively. The BoC stated that the main drivers for the downward revisions stemmed from new federal immigration policies and lower business investment growth due to United States (US) trade policy uncertainty and a weaker Canadian dollar. These projections do not include the wide-ranging US tariffs being discussed, nor a potential response from Canada, both of which could impact economic growth, amongst other things.

In the same report, the BoC forecasted that the global economy is expected to grow by around 3.0% in 2025, and 2026, respectively, however it noted that the heightened uncertainty around political and trade tensions has not be incorporated into its outlook. Economic growth (or decline) can directly impact the performance of real estate and tourism.

Inflation

The inflation rate in Canada was within the BoC's control range of 1% – 3% for all of 2024.
In January 2025, Statistics Canada reported that the inflation rate was 1.8%, with inflation slowly month over month on food, partially due to the goods and services tax and harmonized sales tax reduction(GST/HST holiday), and shelter costs, due to the impact of interest rate cuts.

The BoC in its MPR is forecasting an annual rate of inflation of 2.3% and 2.1% for 2025 and 2026, respectively. The GST/HST holiday contributed to slowing inflation in December and is expected to contribute in January and part of February, until it ends. Once it is over, it is expected that inflation will rise. Shelter price inflation has eased, and is expected to continue to ease as a result of lower interest rates, but is still higher than historical levels. Conversely, the BoC is noted that non-shelter costs may rise as excess supply dissipates.

Of course, all of these forecasts may be significantly impacted by the US tariffs, which could be inflationary.

Unemployment

The current (January 2025) Canadian unemployment rate reported by Statistics Canada was 6.6%, a decrease from December 2024, and the lowest rate since July 2024. In its Labour Force Survey January 2025 (LFS), Statistics Canada reported employment gains in educational services, transportation/warehousing, and finance, insurance, real estate, rental and leasing. Of interest, the LFS reported that year-over-year (YoY), average hourly wages were up 3.8%, a YoY decrease from the previous month by 0.3%. Many are predicting that the unemployment rate will remain relatively consistent with its current rate, however the impact of US tariffs could impact the Canadian job market significantly. Amongst other things, the unemployment rate, and the amount of people employed, can impact wage growth and inflation.

Interest Rates

In January 2025, the BoC dropped its overnight lending rate (Policy Rate) to 3.00% through a 25 basis point cut. Overall, the BoC has decreased its Policy Rate by 200 basis points since June 2024. More cuts are predicted in 2025, with many predicting a rate of 2.00% to 3.00% at the end of 2025. The current rate of 3.00%, although high compared to recent historical rates, is the lowest Policy Rate since September 2022. Elevated interest rates can significantly impact real estate markets and the tourism industry. Interest rates may also be impacted by the US trade policy and political uncertainty.

Geopolitical Uncertainty

Geopolitical conditions, including global supply chain disruptions, the new US Administration, impacts from the continuing Ukraine-Russia military conflict, military engagements throughout the Middle East region, and other evolving geopolitical conditions, may affect the activities of the Company.

The new US Administration poses a significant risk to Canada and its economy. The US Administration announced that it was imposing tariffs on Canada goods, which Canada responded by imposing counter-tariffs. Canada and the US agreed to delay the imposition of tariffs until early March 2025. On February 9, the US announced it will impose tariffs on all steel and aluminum imports, which will apply to Canada. The potential impact of tariffs, and counter-tariffs, could impact the US and Canadian economies significantly, including economic growth, employment, foreign exchange, and fiscal policy.

Although the Company does not operate outside of Canada, the impacts of geopolitical uncertainty can have a significant, indirect impact on its operations and its financial performance. International policy decisions can also have impacts on the Canadian and local economies. Geopolitical uncertainty risk may create significant uncertainty and volatility, which may include commodity price fluctuations, restrictions on foreign investment in Canada, and/or travel restrictions.

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 2024

On April 16, 2024, the Federal Government introduced Budget 2024. Budget 2024 had a significant focus on housing with the objective to support building more homes faster. It proposed a variety of new or enhanced tools and programs to support its intention that have been and will continue to 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 making it more affordable. 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, which could impact the Company.

Housing

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

Housing supply has not kept up with demand. Although lower interest rates may help facilitate an increase in housing supply, the BoC notes that the amount of available land for new homes, zoning restrictions and a lack of skilled labour continue to be constraints on the supply side.

In its February 2025 Housing Market Outlook (HMO), the Canada Mortgage and Housing Corporation (CMHC) noted the uncertain economic outlook due to geopolitical and immigration changes. The overall impact on the Canadian housing market, as a result of these uncertainties, is mixed. CMHC says that despite headwinds from economic uncertainty, pent-up demand, more stable inflation and lower interest rates should help housing market activity in Canada improve in 2025. In the HMO, CMHC does predict that housing starts will slow over the next couple of years, but remain above their 10-year-average. In its Monthly Housing Starts and Other Construction Data Tables for December 2024, CMHC reported that housing starts 6-month moving average trend was flat.

The Canadian Real Estate Association (CREA) stated in its January 2025 press release that the average national inventory on hand was 3.9 months, still below the 10-year average of approximately 5.1. The sales-to-new-listings (SNL) ratio in December 2024 was 57%, close to the long-term average of 55% which typically indicates a balanced market. CREA stated that national home sales fell 5.8% from November, but are 19.2% above the December 2023 monthly activity. CREA also updated its Fall 2024 outlook in January 2025, saying that little has changed since October. CREA expects an increase of close to 9.0% more residential activity in 2025 and the national average home price to climb 4.7%, followed by 4.5% more residential activity in 2026, and another 3.3% national average home price rise.

On the rental market front, CMHC published its Fall 2024 Rental Market Report (RMR) in the fall, which noted that the rental market conditions across Canada in large urban centres remain tight despite some centres having record level growth in supply outpacing strong demand. The RMR noted that the national average vacancy rate for purpose-built rental apartments was up to 2.2% in 2024, up from 1.5% in 2023, but below the 10-year national average of 2.7%. The RMR also reported that the average annual rent rose 5.4% over the year, down from 8.0% in 2023, but well above the 2.8% annual average increase over the past 30-year period. In its February 2025 update rent report (Rent Report), Rentals.ca and Urbanation reported that the average asking national rent was down in January 2025 by 4.4% compared to a year ago. In fact, the Rent Report noted that the average asking rent in January 2025 was an 18-month low, however it is still 5.2% higher than two years ago, and 16.4% higher than three years ago.

CMHC's latest HMO, and similar to the RMR, note that since 2024, rental supply has grown faster than new demand, but that affordability continues to be a challenge. CMHC expects that lower immigration and more first-time homebuyers to continue to reduce rental demand throughout 2025-2027. Many projects are underway which will bring more supply as they are completed, leading to higher vacancies and slower rental increases.

All levels of government are attempting to take action to help increase the supply of housing and the affordability of housing. Municipalities are under pressure to increase the speed in their approval processes which can add significant costs to new homes. Those municipalities able to amend their regulatory and planning processes are seeing faster permitting, more housing starts and increased

affordability overall. Those that do not, are at risk of further erosion to affordability and reduction in supply. The same can be said for provinces. Those provinces that are removing or reducing obstacles to build, investing effectively in infrastructure, lowering taxes and supporting innovation in construction will aid in the delivery of homes faster and more affordably. Those that do not will continue to see challenges in increasing the supply of housing quickly and affordably.

As mentioned above, the Federal Government focused much of Budget 2024 on housing. Budget 2024 supports the Canada Housing Plan which intends to help solve the housing crisis in Canada through a myriad of different tools to unlock 3.9 million homes by 2031.

Municipalities, provinces and the Federal Government working together, and contributing where they are able, will drive more optimal speed and efficiency in building homes faster and more affordably. These include making more vacant homes available for housing, which some municipalities are doing through imposing a tax on vacant homes, removing sales taxes on new homes, and exploring innovation in housing. That innovation can come through supporting modular construction that can accelerate development and improve affordability and supply, or amending building codes, including allowing for advanced wood construction, which can be less costly supporting affordability and have a more positive environmental impact.

Overall, the outlook for the Canadian housing sector is one of variability across the country and there are significant 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 struggled over the past number of years, but Q4 2024 saw some more positive signs that perhaps vacancy is close to peaking. Both Colliers in its National Market Snapshot at Q4 2024 (NMS), and CBRE in its Canada Office Figures at Q4 2024 (COF), noted either stability or a modest decline in the overall national vacancy rate quarter over quarter.

The COF noted that 2024 was the first year of positive net absorption in the Canada office market since 2019. The COF also continued to emphasize the difference in product, particularly in downtown markets between Trophy and Classes B/C, which shows a clear market bifurcation. This bifurcation, illustrated by the vacancy rate growth delta between Trophy and Classes B/C, now sits at an all-time high of two and a half times. With higher vacancies, it's a lessee's market. That said, active office construction has fallen to a 20-year low, and with the pipeline of new inventory muted, it may help to start a rebalancing. The NMS noted that downtown vacancy now exceeds suburban vacancy in almost all of the markets tracked by Colliers, which is historically atypical. Colliers notes that national challenges around traffic, parking, major infrastructure projects, and public transit are impacting the downtown leasing market and potentially the return to the office.

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. In 2024, oil prices fluctuated significantly, partially as a reaction to potential supply disruptions due to the continuing conflicts in the Middle East and eastern Europe, and possible trade policy changes in the US. At the time of writing, benchmark oil prices were trading at US$72/barrel. Many are predicting a decrease in global benchmark oil prices in 2025 as a result of strong global production growth amidst slower demand. The Canadian oil price[1] relative to the benchmark oil price has remained relatively stable over the past few months, however potential US tariffs on Canadian energy products, including oil, could impact its price and

[1] Western Canadian Select

demand.

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 visitors, particularly United States (US) visitors. Destination Canada's (DC) latest Overnight Arrivals at a Glance report for November 2024 reported that for the month of November 2024, overnight arrivals to Canada were about 11% higher than November 2023, and almost all of the major countries were favourable YoY. Year-to-date, DC reported a 9% increase compared to 2023.

DC's latest Snapshot in Q3 2024 (DC Snapshot), DC reported that total tourism expenditures for Q3 2024 were 2% and 8% higher than Q3 2023 and Q3 2019 (pre-COVID), respectively. Domestic tourism spending continues to be strong and higher than in Q3 2023 and Q3 2019, while international spending increased in Q3 2023, but continues to be about 96% of Q3 2019 levels. The Asian markets have been slow to return, but are trending well compared to the prior year. The US overnight arrivals represent approximately 70% of the total overnight arrivals year-to-date. The current political situation between Canada and the US, as well as the foreign exchange rate, may impact the number of US overnight arrivals in 2025.

Tourism Employment

Tourism HR Canada, in its latest labour market snapshot for December 2024, reported that the total labour force in tourism was up 4.5% and tourism employment was up 3.8% from December 2023 levels, respectively, with both increases being driven partially by growth in food and beverage services and recreation and entertainment. Both labour force in tourism and tourism employment were up from November 2024 levels. The DC Snapshot reported that the estimated unemployment rate for tourism was 5.6% in December 2024, which is 0.7% higher than December 2023, and lower than the national Canadian unemployment rate.

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 February 10, 2025, was US$1.00 = $1.43 which is consistent with a month ago, but approximately 6% higher than a year ago. There seems to be a consensus from analysts that the Canadian dollar exchange rate with the US dollar will average between $1.38 and $1.35 for 2025, and then decrease in 2025 to between $1.35 and $1.42, however the impact of the new US Administration could bring more volatility to exchange rates, particularly the US/Canada rate.

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 2025 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 continuously monitors its tenant and trade receivables to identify any arrears amounts and, where applicable, will take appropriate actions to collect past due amounts.

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.

ENVIRONMENTAL LIABILITY 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 develop or 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 value is key to achieving a number of the Company's strategic objectives and targets in the short, medium and long-term. Along with acquiring properties, being engaged early with property custodians can be critical in efficiently and effectively developing and repurposing properties.

The Company mitigates the risk through its relationships with various custodians and other 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.

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.

Inflation, particularly higher input costs in the Company's real estate and attractions, could have a significant impact on project proformas 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 December 31, 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:

	FOR THREE MONTHS ENDED		FOR NINE MONTHS ENDED	
DECEMBER 31	2024	2023	2024	2023
Rental, leasing and other revenues	$ 0.2	$ 0.4	$ 0.8	$ 1.0
Dividend declared	-	-	20.0	-
Dividend reinvested	-	-	(9.0)	-
Dividend paid to shareholder	-	-	-	10.0

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

AS AT	DECEMBER 31, 2024	MARCH 31, 2024
Net trade receivable and other from federal agencies and departments	$ -	$ 0.2
Notes payable	0.1	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 decarbonatization 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.

As part of the Company's efforts to deliver progress on its ESG roadmap, the Company organized the Climate Working Group in 204. This group comprises professionals from different business units of the Company who meet frequently to share updates related to climate and stay informed of the Company's projects related to its climate ambitions.

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.

In addition, in 2024, the Company started to conduct a climate risk assessment to better understand the physical climate risks that our attractions and real estate sites are exposed to.

Metrics and Targets:

The Company has completed its inaugural company-wide GHG emissions inventory for 2022/23, prioritizing scope 1 and scope 2 emissions based on the GHG Protocol Corporate Standard. The goal of this assessment was to understand the Company's GHG emission footprint across Attractions, Real Estate, and Corporate/Shared Services Divisions, and to identify key sources of emissions across the Company. Findings have been used to support the Company's exploration of options to reduce GHG emissions and to evaluate potential GHG emission reduction targets.

Following the completion of the GHG emission inventory, and in compliance with the Greening Government Strategy, the Company has adopted ambitious GHG emissions reduction targets. The decarbonization targets include a 40% reduction in scope 1 and 2 emissions by March 31, 2030, and 70% reduction by March 31, 2040, below the 2022/23 base year. The Company also aims to achieve net zero emissions by 2050.

The Company has also adopted scope 3 emissions targets:

- 90% diversion of waste generated in operations during construction and demolition by March 31, 2030, 95% by March 31, 2040, and net zero by 2050.
- Increase the proportion of properties sold designated for net zero carbon buildings to at least 30% by March 31, 2030, 65% by March 31, 2040, and 100% by 2050.
- All procurement over $1.0 includes a request for suppliers to identify their scope 1 + 2 GHG emission reduction targets and tracking approach, with evaluation points for that disclosure, by June 30, 2024.

To increase the Company's climate resilience, another adopted target is to have all Attractions and Real Estate sites adopt and implement site-specific climate adaptation plans by March 31, 2030.

Additionally, the Company has joined the Net Zero Challenge Canada, a federal government initiative that encourages businesses to develop and implement plans to achieve net-zero emissions by 2050. This commitment further underscores the Company's dedication to sustainability and climate action.

In July 2024, the Company published its first standalone ESG report, which included a dedicated section on TCFD. This comprehensive report covered all six of the Company's ESG priorities and marked a significant milestone in its commitment to transparency and accountability in its ESG efforts.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

A) Changes in Accounting Policies and Disclosures

I. 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 were effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

II. 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 were effective for annual reporting periods beginning on or after January 1, 2024.

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

B) Future Accounting Pronouncements

I. Amendments to IFRS 9 and IFRS 7

On May 30, 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 *Financial Instruments*. The amendments are effective for reporting periods beginning on or after January 1, 2026.

II. IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 *Presentation and Disclosures in Financial Statements* was issued by the IASB on April 9, 2024. IFRS 18 replaces IAS *1 Presentation of Financial Statements*.

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

This standard is effective for periods beginning on or after January 1, 2027.

The Company is evaluating the impact of these amendments 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 434 hectares (1,072 acres) at December 31, 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 December 31, 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
Montréal, Canada
February 26, 2025

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 December 31, 2024 and March 31, 2024 and its financial performance and cash flows for the periods ended December 31, 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.

Original signed by:

Stéphan Déry
President and Chief Executive Officer
Montréal, Canada
February 26, 2025

Original signed by:

Matthew Tapscott
Executive Vice President, Finance and
Chief Financial Officer

CANADA LANDS COMPANY LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

For the period ended		Three months ended December 31		Nine months ended December 31	
EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS	NOTE	2024	2023	2024	2023
REVENUES					
Real estate sales		$ 2,501	$ 17,062	$ 17,220	$ 31,367
Attractions, food, beverage and other hospitality		27,725	25,356	111,744	109,328
Rental operations		10,234	9,640	37,442	35,767
Interest and other		4,084	5,011	14,187	14,905
		44,544	57,069	180,593	191,367
EXPENSES					
Real estate development costs		2,009	14,241	16,532	24,755
Attractions, food, beverage and other hospitality costs		20,515	19,813	65,084	63,694
Rental operating costs		9,799	10,559	29,759	31,832
General and administrative		10,033	9,169	29,968	26,485
Impairment, pre-acquisition costs and write-offs	4,6	5,978	1,111	10,841	4,790
Interest and other		228	862	863	2,918
	15	48,562	55,755	153,047	154,474
INCOME (LOSS) BEFORE INCOME TAXES		$ (4,018)	$ 1,314	$ 27,546	$ 36,893
Deferred income tax recovery	18	(30)	-	(103)	(71)
Current income tax expense	18	1,217	1,820	11,317	12,869
		1,187	1,820	11,214	12,798
NET INCOME (LOSS) AND COMPREHENSIVE INCOME		$ (5,205)	$ (506)	$ 16,332	$ 24,095

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	December 31, 2024	March 31, 2024
ASSETS			
Non-Current			
Investment properties	5	$ 28,468	$ 29,312
Inventories	6	409,305	380,223
Property, plant & equipment	4	154,987	160,117
Investments	9	-	4,500
Trade receivables and other	10	15,567	13,503
Long-term receivables	7	54,633	54,056
Deferred taxes	18	70,950	70,847
		733,910	712,558
Current			
Inventories	6	97,488	67,573
Cash and cash equivalents	8	178,025	223,225
Investments	9	4,500	-
Trade receivables and other	10	26,591	38,687
Current portion of long-term receivables	7	10,846	10,846
Current income tax recoverable and other tax assets		-	831
		317,450	341,162
		$ 1,051,360	$ 1,053,720

CANADA LANDS COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at

EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS	NOTE	December 31, 2024	March 31, 2024
LIABILITIES AND SHAREHOLDER'S EQUITY			
LIABILITIES			
Non-Current			
Notes payable	12	$ 276,572	$ 285,376
Deferred revenue		5,988	6,457
Trade and other payables	13	385	866
Provisions	14	3,483	3,172
Prepaid rent, deposits and others		2,330	2,356
		288,758	298,227
Current			
Credit facilities	11	66,900	56,600
Current portion of notes payable	12	7,400	19,306
Trade and other payables	13	24,967	35,305
Dividend payable		11,000	-
Provisions	14	10,314	7,956
Deferred revenue		3,380	3,112
Income taxes payable		1,004	-
Prepaid rent, deposits and others		5,659	6,568
		130,624	128,847
Shareholder's Equity			
Contributed surplus	16	181,170	181,170
Retained earnings	16	450,808	445,476
		631,978	626,646
		$ 1,051,360	$ 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

Original signed by:
Kaye Melliship
Chair of the Board of Directors

Original signed by:
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 December 31

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				(20,000)		(20,000)
Dividend reinvested				9,000		9,000
Net income for the period		-		16,332		16,332
Ending balance, December 31, 2024	$	181,170	$	450,808	$	631,978

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

Canada Lands Company
Société immobilière du Canada

CANADA LANDS COMPANY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended		Three months ended December 31		Nine months ended December 31	
EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS	NOTE	2024	2023	2024	2023
OPERATING ACTIVITIES					
Net income (loss)		$ (5,205)	$ (506)	$ 16,332	$ 24,095
Loss on disposal of investment property		3	-	181	-
Loss on disposal of property, plant & equipment		-	-	3	181
Interest expense		229	1,174	863	2,803
Interest paid		(809)	(798)	(2,517)	(2,524)
Interest income		(2,874)	(3,637)	(10,054)	(11,101)
Income tax paid		(2,551)	(2,609)	(9,482)	(19,922)
Recovery of costs on sales of real estate		2,009	14,241	16,532	24,755
Expenditures on real estate properties		(23,521)	(12,609)	(51,114)	(31,542)
Acquisitions		-	-	(25,333)	-
Impairment, pre-acquisition costs and write-offs		5,983	1,111	10,846	4,790
Provisions		(756)	(783)	(3,249)	(29,045)
Income tax expense		1,187	1,820	11,214	12,798
Depreciation		3,215	3,028	9,478	9,095
		(23,090)	432	(36,300)	(15,617)
Net change in non-cash working capital and other	19	9,096	9,649	9,790	12,049
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		$ (13,994)	$ 10,081	$ (26,510)	$ (3,568)
FINANCING ACTIVITIES					
Dividend paid		-	-	-	(10,000)
Repayment of notes payable		(22,946)	-	(22,946)	-
Proceeds from credit facilities		7,900	500	11,600	5,500
Repayment of credit facilities		-	-	(1,300)	(1,500)
Repayment of lease liabilities		(162)	(177)	(489)	(515)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		$ (15,208)	$ 323	$ (13,135)	$ (6,515)
INVESTING ACTIVITIES					
Interest received		2,191	3,419	8,241	9,560
Expenditures on investment properties		(531)	(110)	(1,106)	(923)
Expenditures on property, plant & equipment		(6,077)	(3,909)	(12,690)	(10,926)
Investments		-	-	-	(4,500)
CASH USED IN INVESTING ACTIVITIES		$ (4,417)	$ (600)	$ (5,555)	$ (6,789)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(33,619)	9,804	(45,200)	(16,872)
Cash and cash equivalents, beginning of period		211,644	218,842	223,225	245,518
CASH AND CASH EQUIVALENTS, END OF PERIOD		$ 178,025	$ 228,646	$ 178,025	$ 228,646
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 DECEMBER 31, 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 February 26, 2025.

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

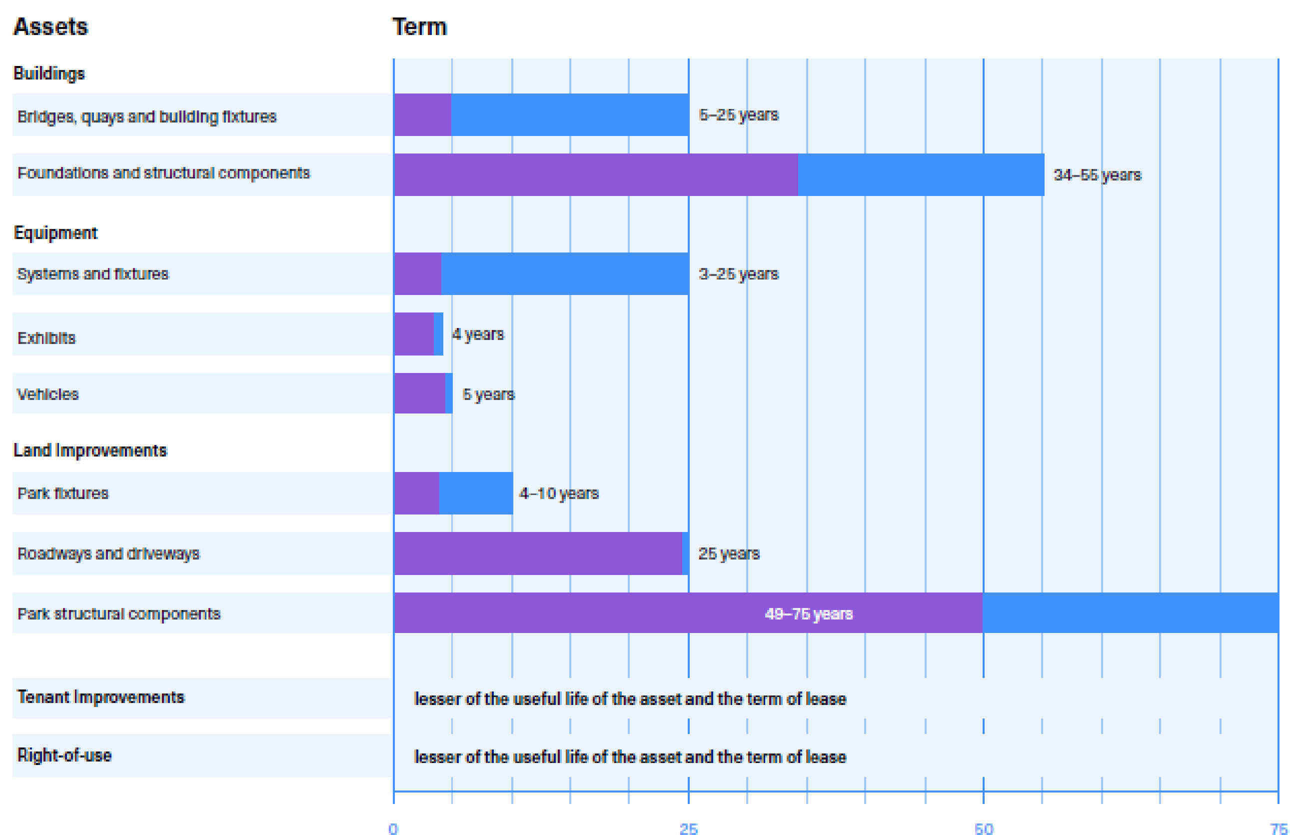
Property, plant and equipment (“PPE”) includes properties held for use in the supply of goods and services or for administrative purposes. All PPE is stated at historical cost less depreciation and any impairment. Historical cost includes expenditures that are directly attributable to the acquisition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

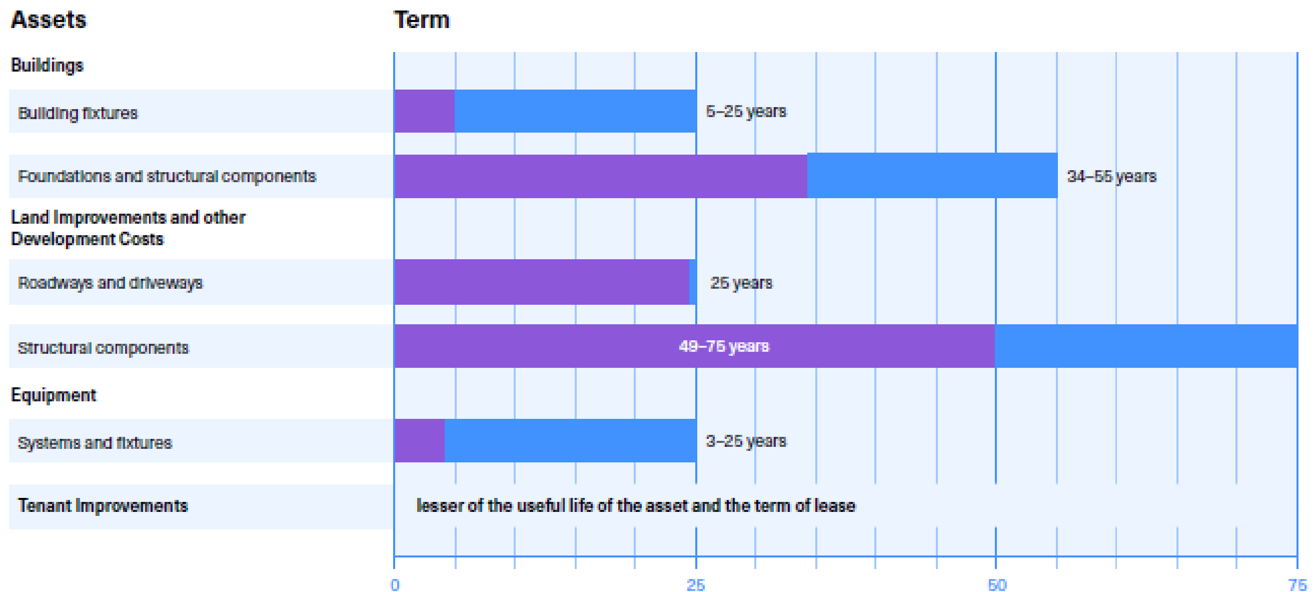
The Company holds some buildings for dual purposes, where a portion is leased to tenants and the remainder is used by the Company for administrative purposes. When a significant portion is owner-occupied, the Company classifies the property as PPE.

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) I)), 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.

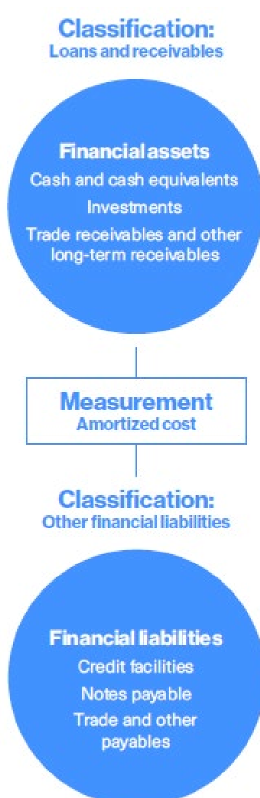
J) INCOME TAXES

Income taxes comprises current and deferred taxes. Income taxes is 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

A) Changes in Accounting Policies and Disclosures

I. 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 were effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

II. 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 were effective for annual reporting periods beginning on or after January 1, 2024.

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

B) Future Accounting Pronouncements

I. Amendments to IFRS 9 and IFRS 7

On 30 May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 *Financial Instruments*. The amendments are effective for reporting periods beginning on or after January 1, 2026.

II. IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 *Presentation and Disclosures in Financial Statements* was issued by the IASB on April 9, 2024. IFRS 18 replaces IAS *1 Presentation of Financial Statements*.

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

This standard is effective for periods beginning on or after January 1, 2027.

The Company is evaluating the impact of these amendments 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 $27.9 million (March 31, 2024 – $38.1 million) of fully depreciated PPE still in use.

The gross carrying amount of PPE assets at December 31, 2024, includes $23.5 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		50		8,609		2,819		1,106		37		-		69		12,690
Disposals		-		(10,416)		(489)		-		-		-		-		(10,905)
Re-classification		-		30,558		(29,811)		-		-		-		(747)		-
Balance, December 31, 2024	**$**	**28,783**	**$**	**219,293**	**$**	**21,137**	**$**	**32,618**	**$**	**2,441**	**$**	**4,694**	**$**	**21**	**$**	**308,987**

Depreciation and impairment

		Land		Building		Equipment		Land Improvements		Leasehold Improvements		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		-		4,674		1,524		988		262		439		3		7,890
Disposals		-		(10,416)		(486)		-		-		-		-		(10,902)
Impairment		-		6,863		2,984		-		-		-		80		9,927
Re-classification		-		28,250		(27,555)		-		-		-		(695)		-
Balance, December 31, 2024	**$**	**-**	**$**	**121,557**	**$**	**17,138**	**$**	**9,557**	**$**	**1,952**	**$**	**3,785**	**$**	**11**	**$**	**154,000**
Carrying amounts																
At March 31, 2024	$	28,733	$	98,356	$	7,947	$	22,943	$	714	$	1,348	$	76	$	160,117
At December 31, 2024	**$**	**28,783**		**97,736**	**$**	**3,999**	**$**	**23,061**	**$**	**489**	**$**	**909**	**$**	**10**	**$**	**154,987**

The Company assessed the carrying amount of its PPE at December 31, 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 $9.9 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 is considered a corporate asset as it operates as the corporate headquarters for the OPMC and does not have independent cash flows. There were no indications of impairment to the Allan Building.

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 (Loss) are the following:

	FOR THREE MONTHS ENDED DECEMBER 31		FOR NINE MONTHS ENDED DECEMBER 31	
	2024	2023	**2024**	2023
Rental income	$ **3,203**	$ 2,966	$ **10,688**	$ 9,619
Direct operating expenses from investment property that generated rental income during the period	**2,165**	2,044	**6,553**	5,913
Direct operating expenses from investment property that did not generate rental income during the period	-	28	-	80

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	-	468	(129)	292	58	689
Disposals	-	-	(206)	-	-	(206)
Balance, December 31, 2024	**$ 5,413**	**$ 19,623**	**$ 10,907**	**$ 18,806**	**$ 3,038**	**$ 57,845**

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	-	676	195	383	98	1,352
Disposals	-	-	(25)	-	-	(25)
Balance, December 31, 2024	**$ -**	**$ 13,234**	**$ 7,716**	**$ 6,322**	**$ 2,105**	**$ 29,377**
Carrying amounts						
At March 31, 2024	$ 5,413	$ 6,597	$ 3,696	$ 12,575	$ 1,031	$ 29,312
At December 31, 2024	**$ 5,413**	**$ 6,389**	**$ 3,191**	**$ 12,484**	**$ 933**	**$ 28,468**

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	
December 31, 2024	**$ 28,468**	**$ -**	**$ -**	**$ 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 valuators. The external consultants are accredited independent valuators 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:

	December 31, 2024		March 31, 2024	
Property held for future development	$	4,772	$	96,842
Property under development		502,021		350,954
Properties held for sale		-		-
Total Property Inventories	$	506,793	$	447,796
Current	$	97,488	$	67,573
Non-current		409,305		380,223
Total Property Inventories	$	506,793	$	447,796

7. LONG-TERM RECEIVABLES

Long-term receivables consist of the following:

	December 31, 2024		March 31, 2024	
Receivables from partners (a)	$	64,458	$	63,917
Other long-term receivables (b)		1,021		985
	$	65,479	$	64,902

(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.

	December 31, 2024		March 31, 2024	
Current	$	10,846	$	10,846
Non-current		54,633		54,056
	$	65,479	$	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		-
	2027		4,881
	2028		16,871
	2029		-
Subsequent years			33,741
Subtotal			66,339
Less: amounts representing imputed interest			860
		$	65,479

8. CASH AND CASH EQUIVALENTS

The Company has $2.6 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 December 31, 2024 (March 31, 2024 – $4.5 million) maturing on May 31, 2025, 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:

	December 31, 2024		March 31, 2024	
Prepaids and others	$	6,173	$	9,692
Rents and other receivables		35,985		42,498
Total	$	42,158	$	52,190
Current	$	26,591	$	38,687
Non-current		15,567		13,503
	$	42,158	$	52,190

11. CREDIT FACILITIES

	December 31, 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)	$	66,900	$	56,600
$100 million, senior, unsecured revolving credit facility, bearing interest at 45 basis points (b)		-		-
Total	$	66,900	$	56,600
Current	$	66,900	$	56,600
Non-current		-		-
	$	66,900	$	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 $7.4 million (March 31, 2024 – $7.1 million). The remaining unused credit facility is $25.7 million at December 31, 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 $19.6 million (March 31, 2024 – $19.4 million). The remaining unused credit facility is $80.4 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 (2025 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 $1.5 million (December 31, 2023 – $1.1 million) and the interest expensed was $0.7 million (December 31, 2023 – $1.6 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	$ -
	2026	54,263
	2027	9,100
	2028	17,331
	2029	43,085
Subsequent years		165,883
Subtotal		289,662
Less: amounts representing imputed interest		5,690
		$ 283,972
Current		$ 7,400
Non-current		276,572
		$ 283,972

Included in the $284.0 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		
	Repayment	Additions	Accretion	Total
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	-	-	1,501	1,501
Interest expensed	-	-	735	735
Repayments (Cash flows - financing activities)	(22,946)	-	-	(22,946)
Notes payable balance, December 31, 2024				**$ 283,972**

13. TRADE AND OTHER PAYABLES

The components of trade and other payables are as follows:

	December 31, 2024	March 31, 2024
Trade Payables	$ 24,318	$ 34,546
Leases payable (note 2F)I))	1,034	1,625
Total	$ 25,352	$ 36,171
Current	$ 24,967	$ 35,305
Non-current	385	866
	$ 25,352	$ 36,171

CAPITAL AND OPERATING COMMITMENTS

I. Commitments related to properties for land servicing requirements and other development costs at December 31, 2024 totalled $78.4 million (March 31, 2024 – $57.9 million).

II. Capital commitments for PPE at December 31, 2024 totalled $10.1 million (March 31, 2024 – $9.1 million).

III. Significant commitments related to maintaining capital assets and ongoing business operations at December 31, 2024 total $43.6 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	6,181	-	6,181
Provisions applied during the period	(306)	(2,943)	(3,249)
Provisions reversed during the period	-	(263)	(263)
Balance, December 31, 2024	**$ 11,950**	**$ 1,847**	**$ 13,797**
Current			$ 10,314
Non–current			3,483
			$ 13,797

(a) Land servicing cost obligations related to sold properties are in the amount of $12.0 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 $1.8 million (March 31, 2024 – $5.1 million) related to real estate projects.

CONTINGENCIES

As at December 31, 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 THREE MONTHS ENDED DECEMBER 31		FOR NINE MONTHS ENDED DECEMBER 31	
	2024	2023	**2024**	2023
Cost of inventory, raw material and consumables used	**$ 1,476**	$ 11,714	**$ 12,846**	$ 20,242
Payroll and benefits	**16,782**	15,329	**52,684**	47,567
Food and beverage costs	**3,654**	4,096	**14,104**	14,992
Leasing expenses	**3,776**	3,812	**10,756**	10,184
Impairment	**5,473**	269	**9,923**	2,894
Depreciation	**3,215**	3,029	**9,478**	9,095
Property taxes including PILT	**2,436**	3,009	**8,819**	10,267
Utilities	**2,088**	2,082	**6,239**	5,955
Building costs	**2,425**	2,227	**6,149**	5,834
Professional fees	**1,467**	3,990	**4,778**	7,812
Attraction costs	**1,163**	1,037	**4,383**	4,915
Marketing and public relations	**1,404**	1,944	**4,329**	4,510
IT costs	**877**	807	**2,461**	2,309
Office	**475**	609	**1,424**	1,772
Interest	**263**	902	**1,022**	3,090
Commissions	**63**	38	**303**	196
Other	**1,525**	861	**3,349**	2,840
	$ 48,562	$ 55,755	**$ 153,047**	$ 154,474

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:

	December 31, 2024		March 31, 2024	
Less than 1 year	$	914	$	821
Between 1 and 5 years		1,597		948
More than 5 years		1,043		-
Total	$	3,554	$	1,769

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

	December 31, 2024		March 31, 2024	
Less than 1 year	$	19,286	$	17,822
Between 1 and 5 years		33,079		32,945
More than 5 years		34,384		52,993
Total	$	86,749	$	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 $0.6 million of rental revenue during the period (December 31, 2023 – $0.7 million). The individual leases are renewed monthly.

During the period, there has been $0.8 million recognized (December 31, 2023 – $1.0 million) in the Consolidated Statement of Comprehensive Income (Loss) in rental operating revenue with respect to variable lease payments.

18. INCOME TAXES

	FOR THREE MONTHS ENDED DECEMBER 31		FOR NINE MONTHS ENDED DECEMBER 31	
	2024	2023	**2024**	2023
Income Tax Expense (Recovery)				
Deferred tax recovery	**$ (30)**	$ -	**$ (103)**	$ (71)
Current income tax expense	**1,217**	1,820	**11,317**	12,869
Total Tax Expense	**1,187**	1,820	**11,214**	12,798
Reconciliation of effective tax rate				
Profit excluding tax	**(4,018)**	1,314	**27,546**	36,893
Domestic tax rate	**27.0%**	25.0%	**25.9%**	26.2%
Tax expense using the domestic tax rate	**$ (1,085)**	$ 328	**$ 7,126**	$ 9,654
Non-deductible expenses	**6**	13	**11**	38
Temporary differences	**(30)**	-	**(103)**	(49)
Benefit not recognized	**2,223**	1,260	**3,899**	2,455
Other adjustments	**73**	219	**281**	700
Total Tax Expense	**$ 1,187**	$ 1,820	**$ 11,214**	$ 12,798

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 is 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 $204.1 million (March 31, 2024 – $182.2). Included in this amount is $140.3 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 THREE MONTHS ENDED DECEMBER 31		FOR NINE MONTHS ENDED DECEMBER 31	
INCREASE (DECREASE) IN	**2024**	2023	**2024**	2023
Trade receivables and other	**$ 7,323**	$ 10,249	**$ 11,845**	$ 27,904
Long-term receivables	**(180)**	(233)	**(577)**	(735)
Trade and other payables	**(10,376)**	(1,347)	**3,368**	(16,395)
Dividend payable	**9,000**	-	**(11,000)**	-
Provisions	**3,554**	1,245	**5,918**	1,247
Notes payable	**516**	133	**1,372**	1,121
Deferred revenue	**95**	347	**(201)**	609
Prepaid rent, deposits and others	**(836)**	(745)	**(935)**	(1,702)
Total	**$ 9,096**	$ 9,649	**$ 9,790**	$ 12,049

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 (December 31, 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 made payments of $22.9 on its notes payable to related parties during the period (March 31, 2024 – $nil).

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 $0.1 million receivables to federal departments and agencies (March 31, 2024 – $0.2 million).

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 $8.3 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 net dividend of $11.0 million (December 31, 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 (December 31, 2023 – $nil).

III. During the period, the Company received various rental and other revenues from federal departments and agencies in the amount of $0.9 million (December 31, 2023 – $1.0 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 December 31	2024	2023
Short-term benefits (1)	$ 4,325	$ 4,178
Post-employment benefits (2)	146	151
	$ 4,471	$ 4,329

(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, dividend payable, 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:

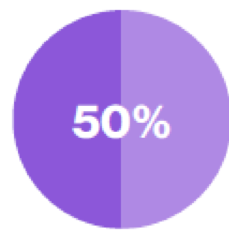
As at December 31, 2024		LEVEL 1	LEVEL 2	LEVEL 3
Classification	Carrying Amount		Fair Value	
Financial Assets				
Long-term receivables	$ 65,479		$ 58,282	$ -
Financial Liabilities				
Notes payable	283,972		239,531	-
Credit facilities	66,900		66,900	-

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.

Ownership Interest
CLC Bosa
Calgary, AB | Land Development

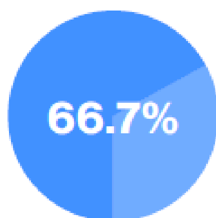
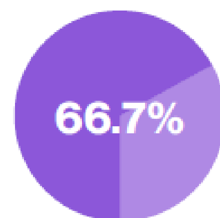
2024 December 31	**2024 March 31**
	

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

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 (Bosa). 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.

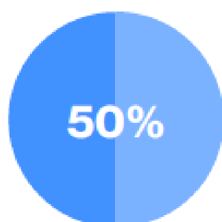
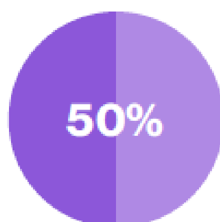
In September 2024, the Company acquired from Bosa their 50% ownership interest, in CLC Bosa joint arrangement, resulting in the wind-up of the joint arrangement.

Ownership Interest
299 Carling Avenue
Ottawa, ON | Land Development

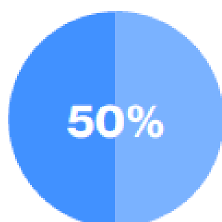
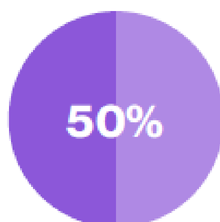
2024 December 31	**2024 March 31**
	

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 December 31	**2024 March 31**
	

Heather Street Lands
Vancouver, BC | Land Development

2024 December 31	**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.

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 December 31, 2024, and the results of operations and cash flows from April 1, 2024 to December 31, 2024:

As at	Jericho December 31, 2024	Jericho March 31, 2024	Heather Street December 31, 2024	Heather Street March 31, 2024	Bosa December 31, 2024	Bosa March 31, 2024	299 Carling Avenue December 31, 2024	299 Carling Avenue March 31, 2024	Total December 31, 2024	Total March 31, 2024
Assets	$ 92,444	$ 92,353	$ 27,034	$ 25,811	$ -	$ 18,687	$ 8,218	$ 7,978	$ 127,696	$ 144,829
Liabilities*	113,845	114,429	29,530	29,198	-	-	2,134	2,089	145,509	145,716

For three months ended December 31	Jericho 2024	Jericho 2023	Heather Street 2024	Heather Street 2023	Bosa 2024	Bosa 2023	299 Carling Avenue 2024	299 Carling Avenue 2023	Total 2024	Total 2023
Revenues	299	275	218	277	-	-	61	26	578	578
Expenses	331	834	(451)	568	-	-	18	19	(102)	1,421
Net income (loss)	(32)	(559)	669	(291)	-	-	43	7	680	(843)
Cash flow provided by (used in) operating activities	(115)	672	899	1,020	-	484	12	(51)	796	2,125
Cash flow used in financing activities	-	-	-	-	-	-	(2,867)	-	(2,867)	-

For nine months ended December 31	Jericho 2024	Jericho 2023	Heather Street 2024	Heather Street 2023	Bosa 2024	Bosa 2023	299 Carling Avenue 2024	299 Carling Avenue 2023	Total 2024	Total 2023
Revenues	1,067	835	775	893	-	-	157	67	1,999	1,795
Expenses	905	1,780	66	1,614	-	-	54	54	1,025	3,448
Net income (loss)	162	(945)	709	(721)	-	-	103	13	974	(1,653)
Cash flow provided by (used in) operating activities	310	493	(172)	28	116	-	(91)	(222)	163	299
Cash flow used in financing activities	-	-	-	-	-	-	(2,867)	-	(2,867)	-

* 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 December 31, 2024 totalled $1.4 million (March 31, 2024 – $1.2 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 DECEMBER 31, 2024	Within 12 months	Thereafter	Total
Credit facilities (note 11)	$ 66,900	-	$ 66,900
Notes payable (note 12)	7,400	282,262	289,662
Trade and other payables (note 13)	35,967	385	36,352
	$ 110,267	$ 282,647	$ 392,914

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 or through alternative processes, as required. The Company has $200 million of credit facilities available, of which $106.1 million was unused at December 31, 2024 (March 31, 2024 – $116.9 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 (Loss).

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 December 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 $36.0 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 $65.5 million (March 31, 2024 – $64.9 million) are comprised of $64.5 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 $182.5 million (March 31, 2024 – $227.7 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.

	December 31, 2024		March 31, 2024	
Shareholder's equity	$	631,978	$	626,646
Credit facilities		66,900		56,600
Notes payable		283,972		304,682
Cash and cash equivalents		178,025		223,225
Investments		4,500		4,500
Total	$	1,165,375	$	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 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 $1.6 million for the period ended December 31, 2024 (December 31, 2023 – $1.4 million).