

ANNUAL REPORT 2022/23



Canada Lands Company  
Société immobilière du Canada



**WE STRIVE**  
**TO ENHANCE**  
**ECONOMIC,**  
**SOCIAL**  
**AND ENVIRONMENTAL**  
**VALUE FOR CANADIANS**

6

WHAT WE DO AND WHY

8

FINANCIAL HIGHLIGHTS

10

HOW WE DO IT

11

LETTER FROM THE CHAIR OF THE BOARD

12

LETTER FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

14

CORPORATE SOCIAL RESPONSIBILITY REPORTING

15

CORPORATE GOVERNANCE

18

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

42

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

48

DECLARATION

50

INDEPENDENT AUDITOR'S REPORT

54

CONSOLIDATED FINANCIAL STATEMENTS

60

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



Canada Lands Company Limited (CLCL) is a self-financing federal Crown corporation that reports to the Parliament of Canada through the Minister of Public Services and Procurement. CLCL is a *Canada Business Corporations Act* corporation listed in Schedule III, Part 1 of the *Financial Administration Act*, and an agent of His Majesty the King in Right of Canada. CLCL has the following three wholly owned subsidiaries, which, along with CLCL, are collectively referred to as “the Company”:

- Canada Lands Company CLC Limited (CLC, Canada Lands or Canada Lands Company) is a non-agent Crown corporation that carries out the Company’s core real estate business in all regions of Canada, and owns and operates Canada’s National Tower (CN Tower) in Toronto, Ontario.
- Old Port of Montreal Corporation Inc. (OPMC) is responsible for managing the Old Port of Montréal (OPM) and the Montréal Science Centre (MSC).
- Parc Downsview Park Inc. (PDP) owns and manages Downsview Park and develops the Downsview Lands.

# WHAT WE DO AND WHY

 Real Estate Properties\*

 Attractions\*

## BRITISH COLUMBIA

- 1 Heather Street Lands, Vancouver
- 2 Jericho Lands, Vancouver

## ALBERTA

- 3 Currie, Calgary
- 4 Village at Griesbach, Edmonton

## MANITOBA

- 5 Naawi-Oodena, Winnipeg

## ONTARIO

- 6 1 Port Street East, Mississauga
- 7 Arbo Downsview, Toronto
- 8 Allen District, Toronto
- 9 Downsview Park, Toronto
- 10 Downsview West District, Toronto
- 11 Downsview East District, Toronto
- 12 CN Tower, Toronto
- 13 CN Tower Precinct, Toronto
  - Navy Wharf Court Plaza
  - CN Tower Phase 2A Lands
  - Stadium Lands
  - Aquarium Lands
- 14 Booth Street, Ottawa
- 15 299 Carling Avenue, Ottawa
- 16 1495 Heron Road, Ottawa
- 17 Wateridge Village / Village des Riverains, Ottawa

## QUÉBEC

- 18 Montréal Science Centre, Montréal
- 19 Old Port of Montréal, Montréal
- 20 Pointe-du-Moulin, Montréal
- 21 3155 Côte-de-Liesse, Montréal
- 22 Bassin Wellington / Wellington Basin, Montréal
- 23 Pointe-de-Longueuil, Longueuil

## NOVA SCOTIA

- 24 Shannon Park, Dartmouth

## NEWFOUNDLAND AND LABRADOR

- 25 Pleasantville, St. John's

\* locations on map are approximations and not exact

We have a proven track-record, having the necessary expertise to deliver for Canadians. Through our subsidiaries, CLCL transforms former Government of Canada properties through community-led engagement and strategically reintegrates them into communities while ensuring both their sustainability and commercial viability. CLCL also holds, invests in and oversees some of the most renowned attractions in Toronto and Montréal.

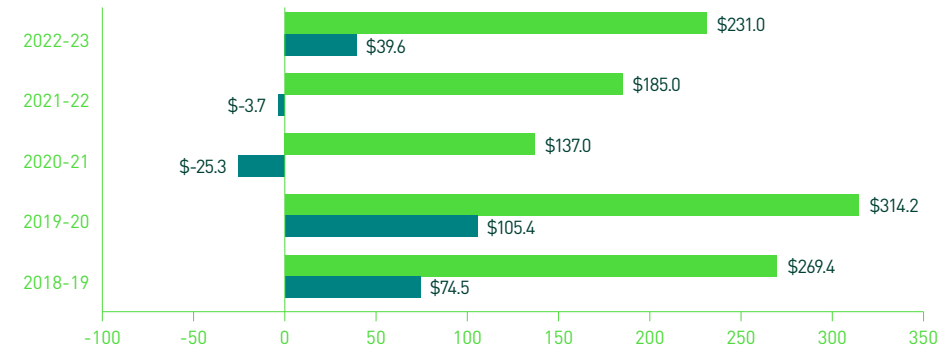
Since 1995, CLCL has contributed more than \$1.2 billion to the Government of Canada in the form of dividends declared, the payment of surplus lands purchased from the federal government and income taxes paid.

Our activities ensure that surplus government properties are acquired and redeveloped or managed to their optimal value, both financially and non-financially.

# FINANCIAL HIGHLIGHTS

\*all chart numbers are in millions of dollars

## REVENUE AND NET INCOME BEFORE TAXES

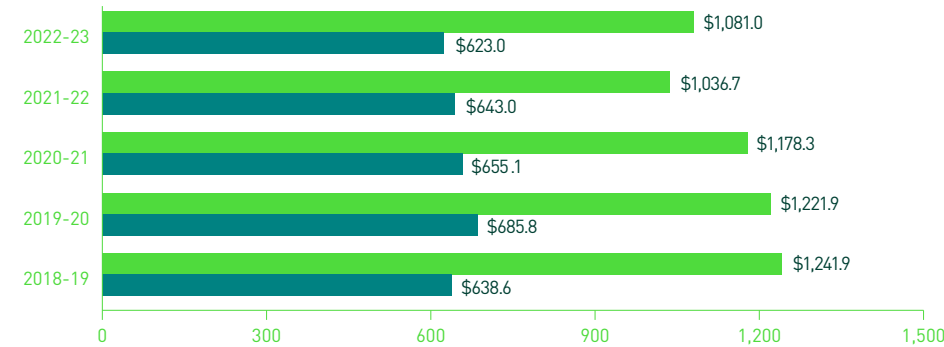


Revenue: \$1,136.6  
NIBT: \$190.5

Over the past five years, the Company has generated over \$1.1 billion in consolidated revenues, averaging approximately \$227 million/year.

The Company has consistently generated strong financial returns. Over the past three years, which includes the years of the pandemic, the Company has generated over \$150 million in profit at a yield of 21% of consolidated revenues.

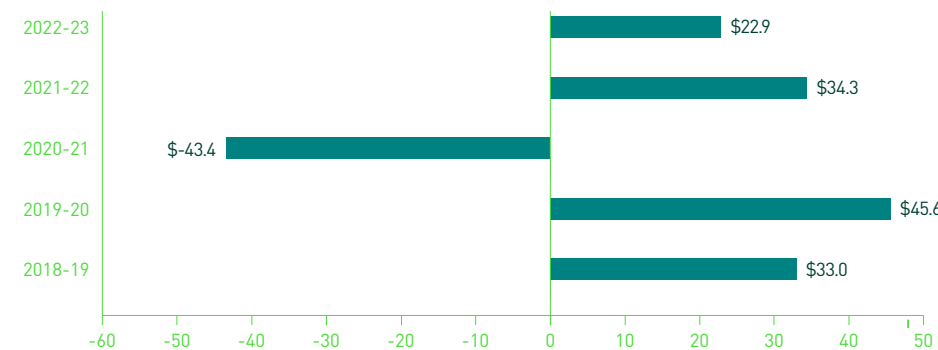
## ASSETS AND SHAREHOLDER'S EQUITY



Assets  
Shareholder's Equity

The Company's asset base has been steady over the past five years, while increasing its Shareholder's Equity by almost \$30 million.

## OPERATING CASH FLOW



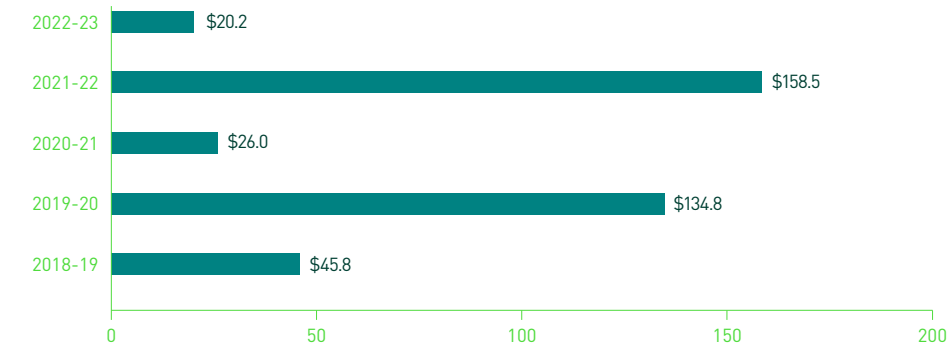
As a result of its strong financial performance over the past five years, the Company has been able to generate over \$92 million in cash from its operating activities.

## CREDIT FACILITIES AVAILABLE



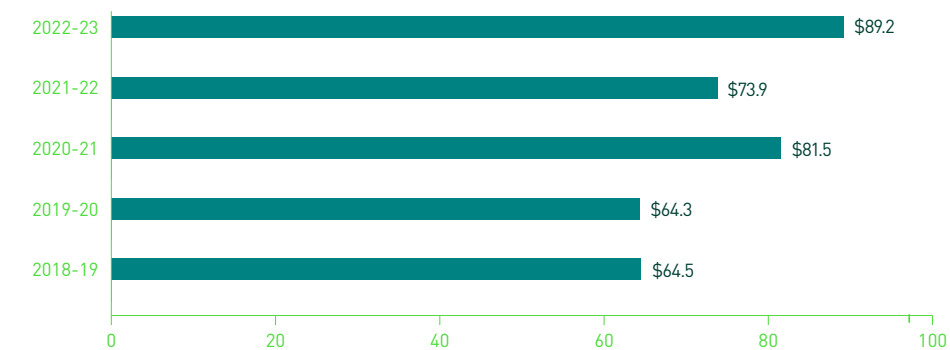
The Company has used its strong cash inflows to limit borrowings against its credit facilities. Overall, credit facility availability, which is used primarily to secure letters of credit with municipalities, has decreased over the past five years, mainly due to the increase in capital investments.

## RETURN TO SHAREHOLDER



The Company makes financial contributions to its shareholder via dividend, promissory notes, income tax payments and sales proceeds sharing payments. Over the past five years, the contributions of the Company exceeded \$385 million.

## CAPITAL INVESTMENT



The Company continues to invest in its real estate and attractions. Over the past five years, the Company has made more than \$373 million in investments, including more than \$89 million in FY2022/23. These investments are critical to advance real estate projects, and instrumental in maintaining and enhancing the Company's attractions at the Old Port of Montréal, CN Tower and Downsview Park.

# HOW WE DO IT

CLCL operates in two separate but related business sectors to produce the optimal return on its work to the benefit of all Canadians and its shareholder, the Government of Canada.

## REAL ESTATE

Following the purchase of a development property at fair market value from the Government of Canada, Canada Lands applies its expertise and will develop and sell a property. For properties being redeveloped, CLC fully engages the community and civic officials to collaborate towards a consensus-based plan for the property, with connection to the surrounding area. CLC then makes applications for planning approvals from the municipality. Typically, parks, roads and services are installed, and the land is sold to builders according to the approved plan; or held for long-term purposes.



## ATTRACTIONS

The Company has an established track record of consistent financial success managing and operating some of Canada's most iconic and historically significant landmarks: Canada's National Tower and Downsview Park in Toronto, and the Montréal Science Centre and the Old Port of Montréal. The Company has particularly excelled in developing innovative programs, enhancements and initiatives, which incorporate sustainability and accessibility enhancements, to attract millions of visitors and guests, both locally and internationally.



# LETTER FROM THE CHAIR OF THE BOARD



In this first term of my appointment as Chair, it's evident that the Company is continuously looking for ways to innovate, adapt and evolve while enriching the communities in which it does business and enhancing the experiences that its attractions offer, all of which have been recurring narratives the past few years. The 2022/23 fiscal year was no exception.

The Real Estate Division saw tremendous activity advancing its engagement with Canadians in reintegrating former Government of Canada properties into their local communities. Led by our Indigenous partners the Musqueam Indian Band, Squamish Nation and Tsleil-Waututh Nation, public engagement on the Jericho Lands in Vancouver continued. At Downsview West in Toronto, the World War II era large depot building will be reimaged for broader community uses. In Dartmouth, Shannon Park gained final municipal approval for its development plan. The vision for this site includes much-needed housing in the area, including affordable housing, and more green spaces to complement the already very popular Canada 150 Trail and Lookout.

Within the Attractions Division, attendance has seen outstanding success in a post-pandemic environment, far exceeding expectations. The Montréal Science Centre set a new attendance record in the month of December, attracting more than double the number of visitors set by its previous record. The CN Tower's enhancements – which included floor-to-ceiling window walls to remove barriers of access to the view, railing retrofitting, automatic doors, Braille restaurant menus and accessible washrooms – earned the highest level of accessibility certification from the Rick Hansen Foundation.

I am pleased to report that the Company's financial performance is recovering well from the pandemic. In fiscal 2022/23 we generated \$230.8 million in revenue and more than \$ 22.9 million in operating cash flow. Additionally, we contributed close to \$20.2 million to our shareholder, bringing our total repayment since inception to \$1.3 billion.

These results, which bring great pride, were realized in a period of change as the Company welcomed Stéphan Déry as its new President and CEO, and appointed three Directors to the Board. The accomplishments achieved in this context are an indicator that the organization is well poised to prosper and achieve new milestones in pursuit of its goals while supporting Government priorities.

Before I close, I would like to express my gratitude and best wishes to Canada Lands' former President and CEO, Robert Howald, on his retirement this year. His leadership and the values he embodied position the Company well for continued success. I am encouraged about the future of the Company and the team and leaders in place who will deliver on Canada Lands' ambitious goals to make a difference for Canadians.

**Kaye Melliship**  
Chair of the Board of Directors

# LETTER FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER



It's my privilege to lead, as President and CEO, an organization that has established itself as an important resource for the Government of Canada in enabling and delivering what Canadians expect.

Since my appointment in April 2023, I have had the honour of meeting many of our employees, partners and stakeholders, and learning more about what makes this Company so successful.

The Company's track record over the course of almost three decades of progressive investment in Canadian communities and attractions speaks for itself, and I am thrilled to be part of its future success. Throughout the years, Canada Lands has been at the forefront of environmental sustainability, innovative development practices and sound management of world-class attractions.

I am impressed by, and fully support, the ambitious path the Company has set for itself over the next few years. The journey will include a strong response to our climate crisis and the need for more housing and affordable housing, as well as investing in our attractions, all while continuing to be an employer of choice. Through an environmental, social and governance impact lens, we will refine and strengthen our reporting mechanisms, which will further demonstrate our commitment to accountability and transparency.

Key to realizing these goals will be the implementation of our recently created strategic plan. The plan sets out clear priorities that will govern our business while managing the delicate balance between financial and non-financial objectives. Our collective ambition is to further promote ourselves as the Government of Canada's principal real property agency, responsible for reintegrating surplus lands while remaining dedicated to developing great Canadian communities, and acting as the premier owner and manager of some of Canada's most celebrated attractions.

The senior management team continues to implement our new strategic plan priorities into daily operations and future engagements. We will continue to advance and align ourselves with the Government of Canada's priorities for a greener economy, Indigenous reconciliation and equity, diversity and inclusion.

The years ahead show great promise for Canada Lands Company. I am confident in the strength of our senior management team and an even stronger workforce's collective dedication and abilities to deliver on its plans. I look forward to reporting on the Company's many future successes.

**Stéphan Déry**  
President and CEO



# CORPORATE SOCIAL RESPONSIBILITY REPORTING

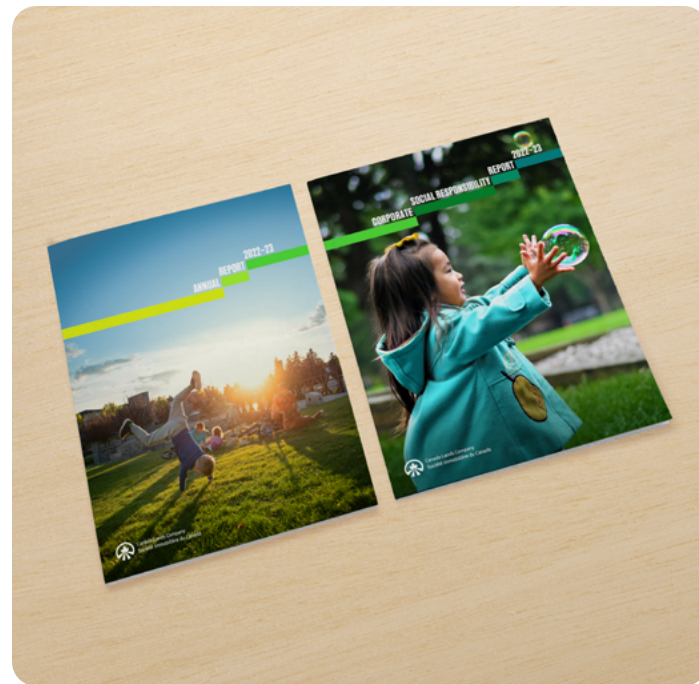
One of the key elements of the recently created strategic plan is an environmental, social and governance (ESG) framework that furthers our mission, vision and values. This framework, which was launched in April 2023, tracks important milestones and targets centred around six pillars.

Canada Lands understands that climate considerations must be integrated in all aspects of our operations, and recognizes the importance of a fostering an environment that promotes equity, diversity and inclusion. We believe that by applying an ESG framework to our businesses, objectives and processes, the Company can enhance its governance and identify ways to improve both financial and non-financial benefits to Canadians and the Government of Canada.

Our ESG pillars include:

- Climate resilience;
- Decarbonization and energy management;
- Diversity, equity and inclusion;
- Indigenous relationships;
- Affordable housing; and
- Psychological health and safety.

Although 2022/23 will be the last Corporate Social Responsibility report in its current form, the Company's desire to continue to be held accountable will not end. Canada Lands will publish yearly ESG reports so that Canadians can see first-hand how we fare against our stated commitments. Our inaugural ESG report will feature Canada Lands' 2023/24 fiscal year.



To learn more about our ESG framework, visit our corporate website at [www.clc-sic.ca](http://www.clc-sic.ca)

# CORPORATE GOVERNANCE

The Board of Directors of CLCL maintained a robust governance structure during the 2022/23 fiscal year that enabled the Company to continue to serve as the Government of Canada's real estate development and attractions management Crown corporation.

## CLCL BOARD AND THE BOARDS OF ITS SUBSIDIARIES

All CLCL Board members are also directors of the Company's three wholly owned subsidiaries: CLC, OPMC and PDP. Along with the Directors, CLCL's President and CEO is a member of the subsidiaries' boards.

## BOARD COMMITTEES AND THEIR ROLES

All Board committees are comprised of no fewer than three Directors, none of whom are officers or employees of CLCL or any of its subsidiaries (with the exception of the President and CEO, where applicable). The current convention is that all Directors are members of all committees (except that the President and CEO is not a member of the Audit and Risk Committee). Although the Board may delegate various duties to its committees, each committee remains under the direction of the Board and each committee's ultimate responsibility is to report to the Board and, where necessary, make recommendations to the Board for consideration.

## ATTRACTIONS COMMITTEE

The Attractions Committee provides advice, oversight and strategic direction to management and the Board with respect to the Company's Attractions division. The Company's Attractions division generally includes, but is not limited to, the CN Tower, Montréal Science Centre, Old Port of Montréal, and the parkland at Downsview Park.

## AUDIT & RISK COMMITTEE

The Audit and Risk Committee assists the Company's Board with the oversight of: (i) the financial reporting process and the quality, transparency and integrity of the Company's financial statements and other related public disclosures; (ii) the Company's internal financial controls; (iii) the Company's compliance with legal and regulatory requirements relevant to the financial statements and financial reporting; (iv) the work and independence of the Company's external auditors; and (v) the Company's financial performance against the corporate plan. The Audit and Risk Committee also has the mandate to ensure that the Company is taking appropriate action to measure, monitor, manage and mitigate risk associated with the business of the Company. It also has the authority to investigate any activity of the Company.



## GOVERNANCE COMMITTEE

The Governance Committee reviews and provides recommendations to the Company's Board with respect to corporate governance processes, structures, guidelines and practices to facilitate, evaluate and continually improve the Board's effectiveness in overseeing the business and affairs of the Company.

## HUMAN RESOURCES COMMITTEE

The Human Resources Committee is mandated to review, report and, when appropriate, provide recommendations to the Board with respect to all of the Company's human resources matters, including, but not limited to, employee compensation and benefits, pension plans, employee turnover and succession planning, and labour relations.

## REAL ESTATE COMMITTEE

The Real Estate Committee provides advice, oversight and strategic direction to the Company's management and the Board with respect to the Company's real estate projects.

## BOARD COMMUNITY OUTREACH

Although Board meetings are most often held in Toronto (the location of the Company's head office), Directors may on occasion meet in other cities across Canada to familiarize themselves more fully with the Company's various projects and the communities in which those projects are located. During the past fiscal year, in-person Board meetings were held in Edmonton, Montréal, Toronto and Vancouver.

## DIRECTOR CONTINUING EDUCATION

In line with corporate governance best practices, Directors attend continuous learning events and education sessions that enhance their skills, performance and contributions to the Board.

## DIRECTOR ATTENDANCE AND COMPENSATION

Ten Board meetings were held during the past fiscal year. Four of the meetings were held in person and six of the meetings were held by videoconference. The compensation for the Chair and Directors is set by the Governor in Council and consists of annual retainers of \$9,400 for the Chair and \$4,500 for Directors, as well as a per diem rate of \$375, both for the Chair and the Directors. The chart below shows Directors' attendance at CLCL meetings and conference calls during the fiscal year.

BOARD MEMBER	MEETINGS
Kaye Melliship	10/10
Dr. Tareq Al-Zabet (appointed on November 25, 2022)	3/4 <sup>1</sup>
Victoria Bradbury	10/10
Guy Harvey (appointed on January 27, 2023)	3/3
Brenda Knights (appointed on November 4, 2022)	4/4
Margaret MacDonald	10/10
Toni Varone	10/10
FORMER BOARD MEMBER	MEETINGS
Jocelyne Houle (term ended at the end of September 2022)	5/5
Daniel Shindleman (term ended at the end of September 2022)	5/5
John Campbell (term ended at the end of June 2022)	2/2

<sup>1</sup> Board Director Dr. Tareq Al-Zabet was unable to attend the November 29-30, 2022 Board meeting as a result of only having been appointed on November 25, 2022.

# TEAM OVERVIEW

## BOARD OF DIRECTORS

AS AT MARCH 31, 2023



Kaye Melliship  
Chair



Dr. Tareq Al-Zabet  
Director



Victoria Bradbury  
Director



Guy Harvey  
Director



Brenda Knights  
Director



Margaret MacDonald  
Director



Toni Varone  
Director

## SENIOR MANAGEMENT



Stéphan Déry<sup>2</sup>  
President and  
Chief Executive  
Officer



Greg Barker  
Chief Legal Officer  
and Corporate  
Secretary



Elisa Campbell<sup>3</sup>  
Vice President,  
Real Estate, West



James Cox  
Vice President,  
Real Estate,  
Central Region



Isabel Dansereau  
Chief Operating  
Officer, Attractions  
(Québec) and  
Executive Director,  
Old Port of Montréal



Tara Dinsmore  
Vice President, Real Estate  
National Capital Region & Atlantic  
and Vice President, Acquisitions &  
Business Development



Peter George  
Chief Operating  
Officer, CN Tower



Marcelo Gomez-  
Wiuckstern  
Vice President,  
Corporate  
Communications  
and Public Affairs



Deana Grinnell  
Executive Vice  
President,  
Real Estate



Neil Jones  
Executive Vice  
President,  
Attractions



Teresa Law  
Chief Human  
Resources Officer



Pierre-Marc  
Mongeau  
Vice President,  
Real Estate  
(Québec) and Old  
Port of Montréal



Matthew Tapscott  
Executive Vice  
President, Finance  
and Chief Financial  
Officer

<sup>2</sup> As at April, 2023.

<sup>3</sup> As at April, 2023.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

## FOR THE YEAR ENDED MARCH 31, 2023

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 year ended March 31, 2023, and its assessment of factors that may affect future results. The MD&A should be read in conjunction with CLCL's audited 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 June 7, 2023, 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](http://www.clc-sic.ca).

## PERFORMANCE HIGHLIGHTS

	Year ended March 31, 2023	Year ended March 31, 2022	Change %	Three years ended March 31, 2023
Total revenue	\$ 230.8	\$ 185.0	24.8%	\$ 552.8
Total operating profit*	84.3	32.8	156.8%	136.0
Total operating profit margin*	36.5%	17.7%	18.8%	24.6%
Total net income (loss) before tax	39.6	(3.7)	1170.3%	10.6
Acquisitions	27.1	–	n/a	34.7
Investment	89.2	73.9	20.7%	244.7
Cash provided by (used in) operating activities	23.0	34.3	(32.9%)	13.9
Total credit availability**	120.7	125.1	(3.5%)	377.4
Net income taxes paid (received)	10.2	(5.4)	288.9%	20.8
Dividends to the Government of Canada	10.0	10.0	–	30.0
Sales proceeds sharing, upfront and note payments to the Government of Canada	–	153.9	n/a	153.9
Total assets**	1,080.8	1,036.7	4.3%	1,080.8

\* Operating profit = total net income before income taxes, interest and other expenses, impairment, pre-acquisition costs and write-offs, and general and administrative costs.

\*\* Total credit availability and Total assets in both columns show the March 31, 2023 ending balance. The performance highlights are discussed in further detail in the "Resources, Risks and Relationships" section.

## HIGHLIGHTS FOR FISCAL YEAR 2022/2023

### FINANCIAL

- The Company was able to generate \$230.8 in revenue, which was an increase of 25% over the prior year.
- The Company generated an operating profit of \$84.3, an increase of more than \$51.0 from the prior year, as well as cash provided by operating activities of \$23.0.
- The Company invested \$89.2 primarily in its real estate development in communities across the country and in its attractions.
- The Company paid a \$10.0 dividend to its shareholder, as well as income tax payments in excess of \$10.0.

### OPERATIONS

- The Company's attractions, namely the CN Tower, Montréal Science Centre ("MSC") and Downsview Park, have operated uninterrupted for the entire fiscal year for the first time since 2019/20.
- The Company's attractions welcomed close to 2.4 million paid guests during this year, which was a significant increase from the prior year, when the Company's operations were significantly impacted by COVID-19, and was only slightly below pre-COVID-19 levels.
- During this year, the Company added 24 hectares (59 acres) to its real estate inventory land bank, with the acquisition of properties in Montréal, Québec and in Winnipeg, Manitoba.

### OTHER SIGNIFICANT DEVELOPMENTS

- Subsequent to year-end, the vacant position of President and Chief Executive Officer was filled. Stéphan Déry was appointed by Order in Council ("OIC") to be President and Chief Executive Officer of CLCL for a term of four years effective April 12, 2023.

- During the year, Kaye Melliship was appointed by OIC to be Chair of the Board of CLCL for a term of four years.
- During the year, three of the vacant Director positions on CLCL's Board were filled. Brenda Knights, Dr. Tareq Al-Zabet and Guy Harvey were all appointed by OIC to be Directors of CLCL for terms of four years.

## THREE-YEAR FINANCIAL RECAP

- During the period, the Company has invested close to \$245.0, primarily in its real estate development and attractions assets. The real estate investments have taken place across Canada, in projects in Vancouver, Edmonton, Calgary, Toronto, Ottawa, Winnipeg, Montréal, Dartmouth and St. John's. The attractions investments have occurred primarily at the CN Tower, OPMC and Downsview Park.
- During the period, the Company has returned to its shareholder more than \$185.0 through dividends, profit sharing payments, and upfront and note repayments, as well as an additional \$20.0 in income tax payments.
- Despite the impacts of the COVID-19 pandemic, particularly on the Company's attractions operations, over the past three years, CLCL has generated over \$550.0 in revenue, yielding an operating profit of \$136.0 and a 24.6% operating profit margin.

## BUSINESS UPDATE

The Company, particularly its Attractions, rebounded financially in 2022/23 after two years of major disruption as a result of COVID-19. During the final half of the fiscal year, the CN Tower, MSC and Downsview Park performed well compared to pre-COVID-19 levels on most of the financial key performance indicators.

The real estate markets across the country are in a challenging period for land developers, given the current economic environment.

Overall, the Canadian economic environment is currently seeing:

- The continued slowing of economic growth, with short-term forecasts showing further declines in growth for the remainder of 2023;
- National unemployment rates continue to be near record low levels, creating increased incomes, while putting pressure on income growth due to demand;
- Inflation has continued its steady decline since June 2022, but inflation remains at elevated levels, and well outside of recent historical trends, impacting buying power and disposable income;
- Interest rates continue to increase from the all-time lows experienced over the past two years to the highest rates since 2007, rapidly increasing the cost of borrowing, and adding to the affordability challenges in many real estate markets; and
- Travel and tourism spending has significantly improved in recent months, but remains below pre-pandemic levels as international travel, particularly Asian markets, continues to lag.

## 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 two operating divisions:

- Real Estate; and
- Attractions.

The Real Estate operating division primarily includes development lands held in CLC and PDP's development lands (the "Downsview Lands").

The Attractions operating 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 optimizes the financial and community value of strategic properties no longer required for program purposes by the Government. Through CLC, it purchases properties from the Government at fair market value, then holds and manages or improves and sells them, in order to produce the best possible benefit, both for local communities and CLCL's sole shareholder, the Government.

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 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 Science Centre 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 2022/23 Annual Report.

The Board's expenses for the year ended March 31, 2023, including meetings, travel expenses, conferences and seminars, liability insurance, and annual retainers and per diems, totalled \$0.4 (March 31, 2022 – \$0.4). The Board and senior management expenses are posted on CLC's website at [www.clc-sic.ca/reports-and-expenses](http://www.clc-sic.ca/reports-and-expenses).

## OBJECTIVES AND STRATEGIES

The Company's goal in all transactions is to produce the best possible benefit for its stakeholders, local communities, itself and, by extension, its sole shareholder.

The core values of financial resilience, environmental sustainability and social impact are the foundation of the Company and its work in communities.

## REAL ESTATE

The Company optimizes the financial and community value from strategic properties that are no longer required by the Government. It purchases these properties at fair market value, then holds and manages them or improves and sells them.

In its development properties, the Company follows a rigorous process to create strong, vibrant communities that add lasting value for future generations of Canadians.

## ATTRACTIONS

Through the CN Tower, MSC, Downsview Park and OPM, the Company provides world-class entertainment and a wide range of unique attractions, exhibits, and food and beverage offerings. The Company also manages and hosts activities and events on urban recreational, tourism and cultural assets, and maintains the lands, buildings, equipment and facilities on those assets.

## RESULTS OF OPERATIONS

A summary of the various components of the Company's Consolidated Statement of Comprehensive Income (Loss) follows. Discussion of the significant changes in each of these components for the year ended March 31, 2023 compared to the prior year are provided on the following pages.

COVID-19 and the pandemic have had a significant impact on the Company's results in the prior year, particularly in the Company's Attractions Division. However, during FY2022/23, the Company was not significantly impacted financially by COVID-19.

While the Attractions Division has rebounded financially in the current year, the Real Estate Division is facing more difficult headwinds, particularly on land sales, as a result of the interest rate environment and the overall economic outlook, which is impacting overall demand for development lands.

The Company's rental operations for the year continued to show strong performance in both the Real Estate Division and the Attractions Division.

<i>Year ended March 31</i>	<b>2023</b>	2022
Real estate sales	<b>\$ 56.8</b>	\$ 105.9
Attractions, food, beverage and other hospitality	<b>113.9</b>	35.7
Rental operations	<b>46.3</b>	38.3
Interest and other	<b>13.8</b>	5.1
<b>Total revenues</b>	<b>\$ 230.8</b>	\$ 185.0
General and administrative expenses	<b>32.4</b>	30.3
Income (loss) before taxes	<b>39.6</b>	(3.7)
Net loss and comprehensive loss after taxes	<b>(10.3)</b>	(2.0)

Year ended March 31, 2023

Year ended March 31, 2022

RESULTS BY ENTITY	Year ended March 31, 2023				Year ended March 31, 2022			
	OPMC	PDP	CLC	TOTAL	OPMC	PDP	CLC	TOTAL
Real estate sales	\$ -	\$ -	\$ 56.8	\$ 56.8	\$ -	\$ -	\$ 105.9	\$ 105.9
Attractions, food, beverage and other hospitality	12.1	1.0	100.8	113.9	4.3	0.1	31.3	35.7
Rental operations	11.8	13.6	20.9	46.3	6.0	13.0	19.3	38.3
Interest and other	1.9	0.9	11.0	13.8	1.2	0.3	3.6	5.1
<b>Total revenues</b>	<b>\$ 25.8</b>	<b>\$ 15.5</b>	<b>\$ 189.5</b>	<b>\$ 230.8</b>	<b>\$ 11.5</b>	<b>\$ 13.4</b>	<b>\$ 160.1</b>	<b>\$ 185.0</b>
General and administrative expenses	3.9	1.0	27.5	32.4	4.6	0.9	24.8	30.3
Income (loss) before taxes	(13.7)	(2.7)	56.0	39.6	(14.9)	(3.3)	14.5	(3.7)
Comprehensive income (loss) after taxes	(50.1)	(2.0)	41.8	(10.3)	(10.9)	(2.5)	11.4	(2.0)

## REVENUE

Total revenue generated was \$230.8 for the year, comprised of four principal sources:

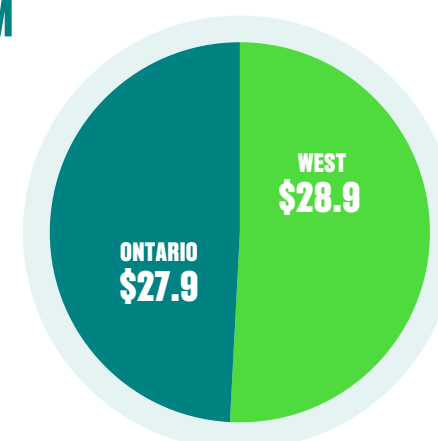
### 1) REAL ESTATE SALES

Real estate sales were \$56.8 for the year, comprising sales of property developed as building 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:

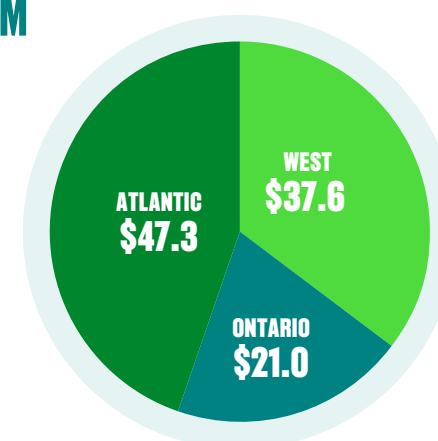
#### 2022/23 TOTAL

**\$56.8M**



#### 2021/22 TOTAL

**\$105.9M**



The Company generated a gross profit of \$26.2 (or 46.2%) on real estate sales for the year. The gross profit generated in the prior year was \$40.9 (or 38.6%).

Real estate land sales depend on the nature and mix of the properties sold in any given period. 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, the MSC and the Company's other attractions enjoyed a strong first nine months of the year when compared to the significantly COVID-19-impacted prior year. For context, in the comparable prior year period, the CN Tower's and MSC's operations were suspended until late July and late September, respectively.

The CN Tower generated revenue of \$102.3 for the year, which was \$70.7 higher than the prior year. The CN Tower's earnings before interest, taxes, depreciation and amortization ("EBITDA") was a profit of \$49.2 for the year, which was favourable to the prior year's EBITDA by \$51.3. For the year, the CN Tower has welcomed more than 1.5 million guests, which was close to 1.1 million more than the prior year.

The increase in revenue and EBITDA, when compared to the prior year, is attributable primarily to the CN Tower's attendance. When compared to the FY2019/20, the last

pre-pandemic year, the CN Tower continues to see guest attendance around 83% of pre-COVID-19 levels, revenues almost at par with pre-COVID-19 levels based on strong per-guest spending, and EBITDA around 95% of pre-COVID-19 levels, which is almost consistent with the attendance levels.

OPMC revenues, which include the MSC, generated revenue of \$25.8 for the year, which was an increase of \$14.2 from the prior year. The main driver for the increase was that the MSC, including the IMAX theatre, was open throughout FY2022/23, whereas it was closed for most of the prior year. The MSC generated \$8.4 in revenues from its ticket sales (\$1.5 in the prior year), which was driven by hosting close to 635,000 visitors at its IMAX theatre and exhibits. OPMC's attraction's revenue and attendance for the year trended positively. When compared to FY2019/20, OPMC's attractions generated \$2.0 more in revenue.

Downsview Park generated revenue of \$1.0 for the year from its programs and events. During the prior year, it was unable to generate any significant revenues due to its temporary closure for most of the period because of the COVID-19 pandemic.

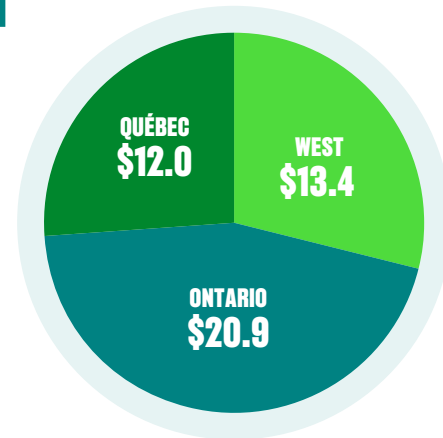
### 3) RENTAL OPERATIONS

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

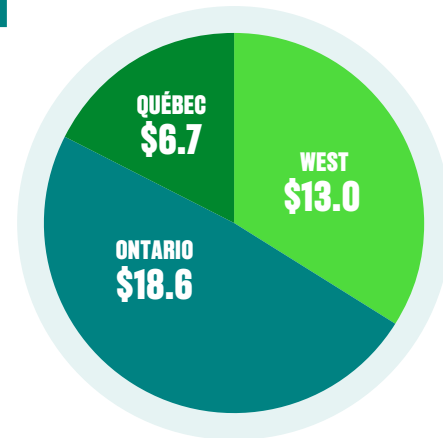
Rental revenue was \$46.3 for the year from properties in inventory at various stages of development, and other properties across CLC, OPMC and PDP. Rental revenues for the year were \$8.0 (21.0%) higher than the prior year. The higher rental revenues in the current year as compared to the prior year were driven primarily by strong results from OPMC due to increased leasing activity, including Cirque du Soleil, which also drove higher parking revenues. In addition, CLC showed year-over-year growth in rental revenue on the strength of its Toronto parking operations and increased variable rent from its Toronto land lease tenant. Overall, the Company's tenants generally have recovered from the impact of COVID-19.

Rental revenues by region were as follows:

**2022/23 TOTAL**  
**\$46.3 M**



**2021/22 TOTAL**  
**\$38.3 M**



The Company generated \$3.9 (8.5%) for the year from its rental operations. Rental profit for the year was \$3.3 higher than the prior year. The primary driver for the higher profit is the additional revenues from OPMC and various CLC rental operations as mentioned above. Many of the costs associated with these additional revenues are fixed, allowing much of the increased revenues to flow directly to profit.

### 4) INTEREST AND OTHER REVENUES

Interest and other revenue of \$13.8 for the year is higher by \$8.7 than the prior year. Interest and other revenue is comprised principally of interest on short-term investments, cash and cash equivalents, long-term receivables, and donation and sponsorship revenues at OPMC. The primary drivers of the increase in revenue in the year compared to the prior year were higher interest rates on the Company's cash balances.

### OTHER

#### GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses ("G&A") of \$32.4 for the year were higher than the prior year by \$2.1, primarily as a result of additional overhead expenses to support the additional revenue generated and major corporate initiatives.

### FINANCIAL POSITION

#### ASSETS

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

	March 31, 2023	March 31, 2022
Cash and cash equivalents	\$ 245.5	\$ 234.5
Inventories	445.0	394.0
Property, plant and equipment	161.3	151.9
Deferred tax asset recoverable	69.1	103.9
Long-term receivables	63.9	62.8
Investment properties	28.5	29.4
Trade and other assets	67.5	60.2
<b>Total</b>	<b>\$ 1,080.8</b>	<b>\$ 1,036.7</b>

### TAXES

The Company had net income tax expense of \$49.9 during the year, which includes a current income tax expense of \$15.1 and a deferred tax expense of \$34.8. The current income tax expense increased from the prior year because of higher taxable income in CLC, primarily generated by the CN Tower. The deferred income tax expense increased by more than \$41.0 from the prior year. The Company regularly assesses the probability of using the deferred taxes losses. At March 31, 2023, the Company concluded that the benefits from the deferred tax assets at OPMC, which are primarily non-capital losses and temporary differences, could not be recognized, as it was not probable that they would be utilized in the future. This resulted in \$42.6 of benefits not being recognized and a corresponding deferred income tax expense in the current year.

## 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 March 31, 2023, cash and cash equivalents balances held in major Canadian chartered banks and financial institutions were \$245.5.

During the year, the Company also invested \$89.2 in capital assets in both real estate and attractions, paid a dividend to its shareholder of \$10.0, paid its income taxes owing from the prior year, and funded working capital.

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

## INVENTORIES

The Company's inventories comprise properties held for future development of \$110.2 (March 31, 2022 – \$104.5), properties under development of \$334.8 (March 31, 2022 – \$289.5) and properties held for sale of \$nil (March 31, 2022 – \$nil).

Properties held for future development are at various stages of planning at March 31, 2023. The Company anticipates that more than \$90.0 of that inventory will shift to being classified as property under development within the next 12 months as various planning approvals are received.

Inventory is recorded at the lower of cost and net realizable value. During the year, 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 \$61.6 during the year as compared to \$48.3 in the prior year. Spending on inventories varies year over year 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 \$26.1 for the year, compared with \$23.7 during the prior year. Currently, the Company is undertaking a \$21.0 project at the CN Tower to modernize its outdoor terrace level. This project, which started last year, is expected to be substantially complete in early FY2023/24. Capital expenditures vary year over year based on required and planned expenditures on property, plant and equipment.

There were non-cash depreciation charges of \$13.6 during the year compared to \$13.4 in the prior year. These expenditures exclude repairs and maintenance costs.

## DEFERRED TAX ASSET RECOVERABLE

The net deferred tax asset recoverable ("DTA") amount of \$69.1 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.

During the year, the net DTA decreased by \$34.8. The Company only recognizes deferred tax assets to the extent that it is probable that these assets will be utilized in the future. During the current year, it was determined that it was not probable for the benefits of non-capital losses and temporary timing differences at OPMC to be utilized, and therefore were not

recognized. This resulted in \$42.6 of deferred tax assets not being recognized, which were partially offset by additional temporary differences in other taxable entities.

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 \$63.9 include amounts receivable from third-party joint venture partners. The long-term receivables primarily represent the third-party partners' proportionate share of the promissory note obligations for certain properties.

## INVESTMENT PROPERTIES

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

## TRADE AND OTHER ASSETS

Trade and other assets include current income taxes recoverable, rent and other receivables, prepaid assets, short-term investments and CN Tower inventory. The current year balance includes \$17.3 for a real estate property sold in previous years, where a receivable was triggered in March 2023 because of certain conditions being met. The receivable was collected early in April 2023. The prior year's receivable balance included land sale closing receivables, which were held in trust but collected immediately after year-end.

## LIABILITIES AND SHAREHOLDER'S EQUITY

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

The components of liabilities and shareholder's equity are as follows:

	March 31, 2023	March 31, 2022
Credit facilities	\$ 52.7	\$ 38.0
Notes payable	299.5	271.6
Trade and other payables	44.1	32.1
Provisions	35.6	32.1
Prepaid rents, deposits and others	8.5	7.4
Deferred revenue	8.0	7.4
Tax liabilities and other	9.7	5.1
<b>Total liabilities</b>	<b>\$ 458.1</b>	<b>\$ 393.7</b>
Contributed surplus	181.2	181.2
Retained earnings	441.5	461.8
	622.7	643.0
<b>Total liabilities and shareholder's equity</b>	<b>\$ 1,080.8</b>	<b>\$ 1,036.7</b>

## 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 \$59.8 at March 31, 2023 (March 31, 2022 – \$51.3), of which \$7.1 (March 31, 2022 – \$13.3) 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 \$4.5, primarily as a result of cash advanced from the facility to fund those investments.

CLC has a senior, unsecured revolving credit facility in the amount of \$100.0. The credit facility can be used to secure outstanding LCs. CLC has utilized \$19.5 at March 31, 2023 (March 31, 2022 – \$23.6) as collateral for outstanding LCs. The decrease in utilization, or increase in available credit, during the year is primarily the result of the return of LCs at one of the Company's projects due to the completion of the obligations.

The credit facilities contain certain financial covenants. As at March 31, 2023, the Company was in compliance 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 2023 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 year, the Company did not make any repayments to former property custodians.

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

<b>PRINCIPAL REPAYMENTS</b>	<i>Years ending March 31</i>
2024	20.8
2025	43.9
2026	24.0
2027	59.0
2028	11.0
Subsequent years	153.9
<b>Subtotal</b>	<b>\$ 312.6</b>
Less: amounts representing imputed interest	13.1
<b>Total</b>	<b>\$ 299.5</b>

## TRADE AND OTHER PAYABLES

Trade and other payables are higher than the balance at March 31, 2022, 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 and payment in lieu of taxes ("PILT") being contested by the Company. The Company spent \$0.6 against its cost-to-complete provisions for real estate projects during the year. During the year, a Company's real estate project met the criteria for recognizing an environmental provision. The Company estimated the provision at \$3.7, which also added to the Company's inventory balance. During the year, the Company made PILT payments consistent with those assessed, but continues to contest the PILT assessed at OPMC since FY2013/14.

## 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.

## TAX LIABILITIES AND OTHER

Tax liabilities represent the current income taxes payable or accrued by the Company. The increase compared to the prior year was due to higher taxable income in CLC. During the year, CLC paid its income taxes owing from FY2021/22. The current balance represents the estimated amount of income taxes payable based on the FY2022/23 financial results, net of any instalments made.



## 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 March 31, 2023 and March 31, 2022 are as follows:

	March 31, 2023	March 31, 2022
Cash and cash equivalents	\$ 245.5	\$ 234.5
Short-term investment	-	3.6
Remaining credit facilities <sup>(1)</sup>	\$ 40.2	\$ 48.7

<sup>(1)</sup> Remaining credit facilities available for cash borrowings.

The Company’s cash and cash equivalents increased by \$11.0 during the year primarily as a result of:

- Cash inflows from operating activities, excluding investments in real estate, of \$84.6;
- Decrease of short-term investments of \$3.6 and interest received of \$8.0; and
- Net cash advanced from credit facilities of \$14.7.

The increase was partially offset because of:

- Investments of \$61.6 in real estate inventory and \$27.6 in property, plant and equipment and investment properties; and
- A dividend payment of \$10.0 to CLCL’s shareholder.

The net working capital surplus of the Company as at March 31, 2023 and March 31, 2022 is as follows:

	March 31, 2023	March 31, 2022
Cash and cash equivalents	\$ 245.5	\$ 234.5
Other current assets (excluding inventories)	53.2	49.9
Total current assets	\$ 298.7	\$ 284.4
Current portion of notes payable	20.8	7.9
Other current liabilities	147.9	109.7
Total current liabilities	\$ 168.7	\$ 117.6
Net working capital surplus	\$ 130.0	\$ 166.8

The total current assets (excluding inventories) at March 31, 2023 have increased since March 31, 2022 by \$14.3, primarily as a result of the large land sales receivable of \$17.3, which was subsequently collected in April 2023. The total current liabilities have increased from March 31, 2022, by \$51.1 as a result of property acquisitions, the promissory note liabilities that accompanied those acquisitions, income taxes payable on taxable income from FY2022/23 for CLC, and additional cash borrowings on the credit facilities. The current portion of notes payable has increased as a result of the acquisition of property and the deferral of the upfront payment by the former property custodian, as well as the expectation that, within the next 12 months, there will be property sales that will trigger the repayment of portions of existing promissory notes.

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;
- 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;
- 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 the best possible benefit to the Company, its shareholder and its local communities.

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. 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.

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

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

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

In addition to the items noted above, please see the "Risks and Uncertainties" section in this MD&A.

## RISKS AND UNCERTAINTIES

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 business segments, real estate and attractions are affected by general economic conditions, including economic activity and economic uncertainty, along with employment rates and foreign exchange rates.

In its latest Monetary Policy Report ("MPR") in April 2023, the Bank of Canada ("BoC") noted that global inflation is coming down, but that core inflation is proving to be persistent. This persistent core inflation is driving central banks to continue to maintain tight, restrictive monetary policies to drive down inflation to their targets. These actions to reduce inflation are negatively impacting economic growth predictions in 2023 and the first half of 2024.

In the Canadian economy, the BoC continues to state that inflation is still too high. However, the BoC did note that inflation has declined quickly and expects it to continue its downward trend to around 3% by the middle of 2023. The BoC's target inflation rate of 2% might not appear until the end of 2024. Excess demand continues to put pressure on

prices. It is important to note that not all price inflation is declining equally. Goods inflation has rapidly declined, in large part due to lower gasoline prices and improvement in the global supply chain, whereas shelter price inflation has remained relatively high. The BoC has continued to raise its overnight lending rate ("Policy Rate"), to lower inflation. From March 2022 to January 2023, the BoC increased its Policy Rate by 425 basis points to 4.50%, its highest rate since 2007. The impact of these changes seems to have had the desired effect on inflation. Predictions for the average BoC Policy Rate for 2023 are generally in the range of 4.00% to 4.50%.

In the April 2023 MPR, the BoC reported economic growth in 2023 of 1.4%, which was higher than the BoC's January 2023 MPR forecast of 1.0% growth. The BoC is predicting growth in the Canadian economy in 2024 of 1.3%, which is lower than the 1.8% growth predicted in its previous report.

The BoC reported that inflation was 4.3% in March 2023, which continued a nine-month trend that has seen inflation drop 3.8% since its peak of 8.1% in June 2022. In its April 2023 MPR, the BoC forecast that the annual average rate of inflation in 2023 will be 3.5% and that, by the end of 2023, inflation will be below 3.0%. Predictions from economists for the average rate of inflation for 2023 are generally in the range of 3.1% to 3.7%, with most predicting that, by December 2023, inflation rates will be lower than the average rate for the year and in the range of 1.9% to 2.7%.

The Canadian unemployment rate in March of 2023 remained at 5.0%, where it has been since November 2022, and which is only slightly higher than the July 2022 rate of 4.9%, the lowest rate since comparable data became available in 1976. Destination Canada ("DC") reported in its latest Quarterly Tourism Snapshot for Q4 2022 ("DC Q4 Snapshot") that the tourism unemployment rate was 4.4% at December 2022, which was 0.7% lower than December 2021. In the same report, DC reported that, at the end of December 2022, the active labour force in the tourism sector remained 7.9% below pre-pandemic levels, which is a sharp contrast to the overall Canadian labour force, which has expanded by 2.7% over pre-pandemic levels. DC reported that there are still 138,000 jobs in tourism that remain unfilled, which is

approximately 6.6% of the total tourism workforce. The Canadian unemployment rate is expected to rise in 2023 as the economy slows, with many predictions suggesting an average unemployment rate of around 5.5% in 2023, and the unemployment rate increasing to between 5.5% and 6.4% in 2024.

The Company mitigates general macroeconomic risks through constant assessment and monitoring of the various risk drivers and the potential impact of those drivers on the Company's performance. The Company will then take actions to appropriately mitigate the impact of the risks.

### 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.

### HOUSING

Consumer spending decisions, which include real estate purchases or investments, are influenced by economic uncertainty.

The Canada Mortgage and Housing Corporation ("CMHC") published its Housing Market Outlook in late April 2023. In the report, CMHC stated that it expected national housing prices to continue to decline, as they have in recent months, but that overall affordability will continue to be a challenge as a result of higher interest costs and the still relatively higher housing prices. Weaker supply, including a significant decline in housing starts forecast for 2023 when compared with 2020 to 2022 levels, will continue to fuel the affordability challenge. The homeownership affordability challenge may push those looking to buy into the rental market, adding to the demand that higher immigration numbers may bring. This higher demand, as there continues to be limited supply, could push rents higher in already constrained rental markets.

After a period of two years of torrid activity, the Canadian residential real estate market has seen a significant slowdown in the past year, largely due to higher borrowing costs. The Canadian Real Estate Association ("CREA") stated in its April 2023 release that national home sales rose by 1% in March compared to February, but are down more than 34% compared to March 2022. The March 2023 sales were comparable to the activity in March 2018 and 2019. The decline in activity was primarily attributed to the increase in interest rates and the general uncertainty in the markets; however, there appear to be signs that this trend may be starting to turn. The BoC has not increased its Policy Rate since January 2023, and economic growth forecasts for 2023, although modest, are higher than previously forecast. That said, CREA stated that the actual average house price in Canada in March 2023 was down more than 15% from the same time one year ago, and that the supply side issues (i.e., lower listings) continue to be a significant concern.

In March 2023, the average national inventory on hand was 3.9 months, which was down from the 4.1 months just the month prior and is a full month below the 10-year average of approximately 5 months. The sales-to-new-listings ratio in March 2023 of 63% is continuing to trend up; it was 54% in December 2022. The long-term average of around 55% typically indicates a more balanced market.

On the rental market front, the Canada Mortgage and Housing Corporation published its 2022 Rental Market Report ("RMR") in January 2023, which noted that demand was outpacing supply, creating availability and affordability issues for renters. The RMR stated that the supply of purpose-built rental apartments increased 2.6% between October 2021 and October 2022, which resulted in an additional 55,000 units into inventory, the largest increase in a year since 2013. However, demand eclipsed the additional supply added to inventory as a result of significantly higher net migration, stable employment for young households, and higher interest rates (which typically drive a higher propensity to rent). The national average vacancy rate for purpose-built rental was down to 1.9% in October 2022, the lowest level since 2021, and down from 3.1% in October 2021. For

context, the 30-year national average is 3.2%. The RMR also reported that the average annual rent rose 5.6% over the year, compared to 3.0% in the prior year, and that the 2022 increase was a new annual high and well above the 2.8% annual average over the past 30-year period.

The availability of affordable housing continues to be a major concern for Canadians in many local markets. Provincial governments, such as Ontario, have unveiled measures aimed at tackling its housing supply shortage and affordability crisis. As levels of government continue to take steps, and perhaps start to take more aggressive steps to address affordability, particularly in the current economic environment, it will be interesting to see the effects of these steps.

Overall, the outlook for the Canadian housing sector is one of variability across the country, and there are significant risks and uncertainties, particularly in certain local markets such as Vancouver, Edmonton, Calgary, Toronto, St. John's and Ottawa, where the Company currently has real estate holdings.

## OFFICE

At the end of March 2023, Colliers reported in its Q1 2023 National Market Snapshot ("NMS") that Canada's office vacancy rate was approximately 13.3%, which was a slight increase from the vacancy rate three months prior. The NMS reported that year-over-year vacancy rates have increased around 0.5%, but that average asking net rent is up around \$1 per square foot at \$20.37 compared to a year earlier. However, in the NMS Colliers did indicate that for the first time in years the net rent decreased during the first quarter of 2023. Colliers suggested that 2023 might be a turning point for how office towers may be treated. Some markets are looking to convert office towers into residential spaces, which could also impact the future construction of offices, reducing the future supply pipeline.

CBRE noted in its Canada Office Figures ("COF") Q1 2023 report that they saw vacancy rates increase during the quarter to 17.7% nationally from the 17.1% reported just three months earlier. In their COF, CBRE noted that the net absorption during the quarter was down by another

2.7 million square feet, which followed the negative two million square feet from the previous quarter. Subleasing continues to rise, as lessees try to right-size their space needs. As a result, CBRE noted that the pipeline for future office space is lightening, with developers largely placing future projects on hold, given the current environment, resulting in the construction pipeline relative to the total office market being the lowest since 2017. CBRE also noted that the downtown and suburban class A and B markets are not all behaving consistently, with downtown class B's vacancy rate growing more rapidly than the other markets, and the suburban class B's vacancy rate performing well compared to others.

## INDUSTRIAL

Colliers reported in the NMS that the Canadian industrial vacancy rate continues to be very low at 1.0% in March 2023, which is 0.1% higher than December 2022. Colliers reported that prices continue to increase, with the average price per square foot for industrial space at \$13.81, which is more than \$3.0 higher than it was a year ago. The outlook for demand for industrial space continues to be very strong, and under-construction inventory levels remain historically high, but compared to the overall inventory, are not significant. CBRE reported in its Canadian Industrial Figures ("CIF") Q1 2023 that it saw vacancy tick up modestly during the quarter by 30 basis points compared to December 2022. Similar to Colliers' NMS, CBRE reported year-over-year square foot prices up nationally by about 30%. The CIF also reported the lowest net absorption in 11 quarters, despite the fact that some new supply was lower due to construction delays. With significant new supply under construction, a more balanced market may be on its way.

## OTHER

Oil prices can have a significant impact on the Canadian economy. 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. Benchmark oil prices, trading at around US\$70 per barrel on May 5, 2023, remain a risk, opportunity and uncertainty for the Company,

particularly in provinces and municipalities that are heavily dependent on the industry for employment. The spread between benchmark oil prices and Canadian oil prices has increased to around US\$23 per barrel over the past quarter, which is higher than the spread has been in recent years. The benchmark US and Canadian prices continue to show some pricing volatility as a result of a variety of factors, as indicated by US prices ranging from US\$65 per barrel to US\$84 per barrel over the past quarter, while Canadian prices have ranged from US\$45 per barrel to US\$62 per barrel within the quarter. Oil prices are down compared to the previous quarter and are significantly down from the prior year, where they were around US\$120 per barrel. Higher oil prices are generally seen as a positive for the Alberta, Saskatchewan and Newfoundland economies; however, higher oil prices have also been attributed to the high inflation rates currently being experienced.

In conclusion, the outlooks for the housing and office real estate markets are more bearish than they were a year ago. There continues to be uncertainty in the short term and long term, and outlooks vary across the country, particularly as a result of the macroeconomic factors described above.

It is difficult to predict demand for real estate. Changes in the real estate market, whether in building type and form, demand or other changes, may significantly impact the Company's Real Estate Division.

The Company mitigates its real estate sector risk through constant assessment and monitoring of local market conditions. The Company may adjust the amount and/or timing of expenditures on properties or sales as a response to the market conditions.

## 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 to daily weather conditions.

Local and domestic demand is a major driver for the strong performance at the CN Tower and MSC. In addition, the

CN Tower relies on international visitors, particularly United States ("US") visitors. In DC's latest Overnight Arrivals at a Glance report for February 2023, it reported that for the month of February, international arrivals to Canada were about 85% of February 2019 levels. In the same report, it showed many major international markets above 85% of February 2019 levels (US – 90%, Mexico – 103%, United Kingdom – 92% and France – 96%); however, the Asian markets continued to be well below February 2019 levels (China – 18%, Japan – 36%). In the fall, China changed its COVID-19 strategy, allowing most domestic and international travel in and out of the country, which should increase tourism spending across the globe, and add travellers to the global mix who have largely been non-existent since the start of the pandemic. DC reported that Asian travel to Canada has increased over the past few months, but it still remains significantly below 2019 levels. For context, DC reported approximately 1,000,000 international arrivals from China and Japan in 2019, whereas there were only approximately 125,000 in 2022.

The DC Q4 Snapshot reported that tourism spending in Q4 2022 was \$21.4 billion, which was approximately 96% of Q4 2019 levels. The quarterly tourism spending in 2022, as compared to 2019, has continued to trend positively from 92% in Q2, to 93% in Q3, to 96% in Q4. Domestic tourism spending in Q2–Q4 of 2022 was largely consistent with 2019. When compared to 2019, the growth has been in international tourism spending, reaching 88% of Q4 2019 in Q4 2022, which is up from 66% of Q2 2019 spend in Q2 2022.

One of the challenges that many companies in the tourism and hospitality industries are facing is the tightening labour market. DC highlighted in its 2022 Q4 Snapshot that there were 138,000 unfilled tourism jobs in the market. The shortage of labour is putting pressure on the ability of companies to meet the market demand for their products and services, while also putting upward pressure on wages and driving wage growth. It should be noted that, per DC, the number of unfilled jobs in tourism has reduced significantly during Q4 2022.

Visitors from outside of the local market have historically comprised a significant portion of CN Tower visitors.

Foreign exchange rates may impact the number of international tourists that Canada, local markets and the Company's attractions can draw. The rate on May 4, 2023, was US\$1.00 = \$1.35, which was consistent with the rate three months ago, but higher than the rate at same time last year (US\$1.00 = \$1.27). There seems to be a consensus from analysts that the Canadian dollar exchange rate with the US dollar will decrease slightly in 2023 and average between \$1.32 and \$1.35, and then decreased further in 2024.

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.

The Company continues to constantly review all aspects of its attractions operations, including its business plans and health and safety procedures and protocols. The Company continually updates its business resumption plans to adapt to new government and health authorities' measures, in many cases exceeding the minimum requirements, to ensure the safety of its employees, guests, suppliers and contractors.

## CYBERSECURITY RISKS

Cybersecurity is a key risk that needs to be actively managed by businesses in Canada and around the world. Cyberattacks, and the criminals who perpetrate them, are continually evolving the sophistication of how they target and who they target. The risk of cyberattacks, particularly state-sponsored attacks, have remained elevated as a result of conflict in Europe. It is critical that businesses 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 successful attack against the Company's critical network infrastructure and supporting

system, or on that of the Company's key suppliers, could compromise the Company's confidential information, as well as the trust that stakeholders have in the Company's ability to hold and secure sensitive data and information, along with creating physical safety risks. Those attacks may result in negative consequences, including remediation costs, loss of revenue, litigation and reputational damage.

The Company invests in technologies, as well as the education and training of its staff, to safeguard its information, and continually reviews its mitigation strategies to align with industry best practices. As cyber risk and cybercrime continue to evolve, this may require shifts in strategies and investment. The Company will continue to invest in new technologies, reinvest in its education and training of staff, and review, with the assistance of third-party experts, its cybersecurity maturity, risk assessment, disaster recovery, and prevention and detection techniques.

The shift to working remotely has increased cybersecurity risks facing businesses. In addition to the mitigation efforts mentioned above, the Company has increased its communications to employees and the frequency of its cybersecurity training to employees, and re-emphasized Company procedures and their importance. The Company has also taken the opportunity to accelerate some of its key cybersecurity projects contained in its multi-year road map, where possible.

## 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 2023 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 and are not dependent on property cash flows.

The Company is exposed to interest rate risk on 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.

One of the Company's credit facilities matures in March 2024. The inability of the Company to renew or replace the credit facility could pose significant liquidity risk to the Company. Management is actively mitigating this risk by actively sourcing sufficient credit facilities.

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

## CREDIT RISK

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

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

The Company's trade receivables are comprised almost exclusively of current balances owing. The Company continues to monitor receivables frequently and, where necessary, establish an appropriate provision for doubtful accounts. At March 31, 2023, the balance of rent and other receivables was \$57.2 (March 31, 2022 – \$46.6), which have been substantially collected as they have become due.

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

The Company has long-term, non-interest bearing receivables of \$63.0 due from third-party joint venture partners. In February 2020, the Company and its partners signed agreements that would see the Company's beneficial interest in the properties sold to its partners at future dates. The amounts will be collected at the earlier of the sale of properties tied to each long-term receivable or the sunset dates in the agreements. If the amounts were not collected upon the sale of the properties, the Company would retain its ownership interest. However, the Company anticipates the collection of the long-term receivables as they become due.

## CLIMATE CHANGE

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

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

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

## ENVIRONMENTAL LITIGATION AND REGULATORY RISKS

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

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

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

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

## OTHER KEY RISKS

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

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

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

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

Environmental, social and governance ("ESG"), and being a good corporate citizen, is an emerging risk and something many stakeholders are expecting enhanced and improved

reporting on. The failure to adopt an ESG program that is integrated into long-term plans and business operations and that is focused on material ESG factors management and performance monitoring, may result in the inability to meet the Company's stakeholders' expectations. To mitigate these risks, the Company is taking a number of actions, which includes engaging third-party consultants to assist the Company in improving its ESG strategy and program.

Real estate developments adjacent to the Company's projects may impact its financial results. The Company mitigates the financial risks through its product offerings and zoning approvals. The Company mitigates these risks through its purchasing and procurement strategies, regular project and product costing reviews, and strategic capital investment decisions.

Inflation, particularly the higher input costs in the Company's real estate and attractions, could have a significant impact on project pro formas and product costing if these higher costs become entrenched.

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, and proactive procurement planning to guarantee continuity of quality service.

Other key risks, including litigation, communications and public relations, are actively managed by the Company using a variety of mitigation strategies.

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 year ended March 31, 2023.

## 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:

<i>Year ended March 31</i>	<b>2023</b>		2022
Real estate land sales	\$ -		\$ 8.6
Rental, leasing and other revenues	1.1		1.2
Acquisition of property through non-interest bearing notes (principal amount)	27.1		-
Repayment of notes payable	-		153.9
Dividend paid to shareholder	10.0		10.0

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

<i>As at March 31</i>	<b>2023</b>		2022
Net trade receivable and other from federal agencies and departments	\$ 2.9		\$ 1.9
Notes payable	299.5		271.6

## 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 environmental, social and governance (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. Key developments of 2022 are described below:

## GOVERNANCE

As part of the ESG program development and implementation, CLCL is introducing an ESG governance structure in the coming months.

## 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.

As a foundational part of TCFD implementation in FY2022/23, the Company completed a current state assessment to identify strengths, opportunities and gaps in its response to the TCFD recommendations and benchmark against leading peers. The initial work identified that, not surprisingly, while the Company is in the early stages of responding to the TCFD recommendations, select business units within the Company had already been actively exploring and addressing climate-related risks and opportunities. These existing efforts will be leveraged as the Company develops its climate strategy.

An essential component of this journey is the climate risk scenario analysis, which the Company will be undertaking in early FY2023/24. This analysis will be used to help assess and evaluate climate-related risks and opportunities and potential impacts on the Company under multiple possible future states, including a 2°C or lower scenario. The exercise will focus on three scenarios:

### 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, 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, global average temperature increase is greater than 4°C by 2100.

Through climate scenario analysis, the Company will explore and evaluate potential physical risks and related climate hazards from climate change under each scenario across its divisions. In addition, the Company will be evaluating opportunities towards transitioning towards a low-carbon economy and potential roles for the Company in contributing towards the federal government's *2030 Emissions Reduction Plan* and long-term net-zero commitment. Going forward, the Company plans to use insights from the climate scenario analysis to further define climate-related risks and opportunities for the Company in the near and long term, integrating findings into its strategic planning processes and Enterprise Risk Management program.

## RISK MANAGEMENT

Climate change management was identified as a key stand-alone risk for the Company in 2022. 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. More granular risks from climate hazards will be further analyzed through the planned scenario analysis, and recommendations and priority actions over managing these risks will be identified as part of the TCFD road map in progress.

## METRICS AND TARGETS

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

In addition, in early 2023, the Company is extending its assessment of emissions across its value chain, completing a screening-level assessment of scope 3 emissions. Scope 3 emissions include emissions from procurement of goods and services, capital goods, business travel, employee commuting and other sources across the Company. The scope 3 screening-level assessment, which will help the Company understand material sources of scope 3 emissions across the Company's value chain, is a first step towards quantifying scope 3 emissions, considering guidance from the federal government's *Greening Government Strategy*. Findings from the screening-level assessment will also be used to prioritize emission reduction of scope 3 emissions in the future.

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

## CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES AND FUTURE ACCOUNTING PRONOUNCEMENTS

### A) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

#### I. PROPERTY, PLANT AND EQUIPMENT – PROCEEDS BEFORE INTENDED USE (AMENDMENTS TO IAS 16)

In May 2020, the IASB issued an amendment to IAS 16 *Property, Plant and Equipment* that prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendment is effective for annual periods beginning on or after January 1, 2022.

#### II. ANNUAL IMPROVEMENTS TO IFRS STANDARDS 2018–2020 CYCLE

In May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 cycle, which included amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases* and IAS 41 *Agriculture*.

The amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 are all effective for annual periods beginning on or after January 1, 2022.

#### III. ONEROUS CONTRACTS – COST OF FULFILLING A CONTRACT

In May 2020, the IASB issued amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that related directly to the contract’. Cost that related directly to the contract can either be

incremental cost of fulfilling that contract or an allocation that relates directly to fulfilling contracts.

The amendments are effective for annual periods beginning on or after January 1, 2022.

None of the amendments above have a material impact on the consolidated financial statements.

### B) FUTURE ACCOUNTING PRONOUNCEMENTS

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

#### II. DISCLOSURE OF ACCOUNTING POLICIES

In February 2021, the IASB issued Amendments to IAS 1 *Presentation of Financial Statements* and IFRS *Practice Statement 2*. The amendments to IAS 1 require that an entity discloses its material accounting policies, instead of its significant accounting policies. The amendments to IFRS *Practice Statement 2* provide guidance on how to apply the concept of materiality to an accounting policy disclosure.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early application is permitted.

#### III. DEFINITION OF ACCOUNTING ESTIMATES

In February 2021, the IASB issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The amendments

clarify that a change in an accounting estimate that results from new information or new developments is not the correction of an error.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early application is permitted.

### IV. DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION

In May 2021, the IASB issued amendments to IAS 12 *Income Taxes*. The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

The Company is currently evaluating the impact of all of the amendments above on its 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 440 hectares (1,087 acres) at March 31, 2023.

The Company is pursuing with government departments and agencies further acquisitions of 1,818 hectares (4,492 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 \$703.1 for the five years ending March 31, 2028 based on the latest approved 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 year ended March 31, 2023.

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  
Ottawa, Canada  
June 14, 2023

*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 March 31, 2023 and March 31, 2022 and its financial performance and cash flows for the years ended March 31, 2023 and 2022.

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 overseeing 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  
Ottawa, Canada  
June 14, 2023

*Original signed by:*

**MATTHEW TAPSCOTT**  
Executive Vice President, Finance  
and Chief Financial Officer



Office of the  
Auditor General  
of Canada

Bureau du  
vérificateur général  
du Canada

# INDEPENDENT AUDITOR'S REPORT

To the Minister of Public Services and Procurement

## Report on the Audit of the Consolidated Financial Statements

### *Opinion*

We have audited the consolidated financial statements of Canada Lands Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of comprehensive loss, consolidated statement of changes in shareholder's equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on Compliance with Specified Authorities

### Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of Canada Lands Company Limited and its wholly-owned subsidiaries coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act*, the articles and by-laws of Canada Lands Company Limited and its wholly-owned subsidiaries, and the directives issued pursuant to section 89 of the *Financial Administration Act*.

In our opinion, the transactions of Canada Lands Company Limited and its wholly-owned subsidiaries that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied on a basis consistent with that of the preceding year.

### Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for Canada Lands Company Limited and its wholly-owned subsidiaries' compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable Canada Lands Company Limited and its wholly-owned subsidiaries to comply with the specified authorities.

### Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.



Heather McManaman, CPA, CA  
Principal  
for the Auditor General of Canada

Ottawa, Canada  
14 June 2023

## CANADA LANDS COMPANY LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

FOR THE YEAR ENDED MARCH 31

<i>Expressed in thousands of Canadian dollars</i>	Note	2023	2022
<b>Revenues</b>			
Real estate sales		\$ 56,756	\$ 105,862
Attractions, food, beverage and other hospitality		113,893	35,726
Rental operations		46,348	38,315
Interest and other		13,839	5,100
		<b>230,836</b>	185,003
<b>Expenses</b>			
Real estate development costs		30,539	64,999
Attractions, food, beverage and other hospitality costs		73,597	49,546
Rental operating costs		42,406	37,676
General and administrative		32,372	30,259
Impairment, pre-acquisition costs and write-offs	4, 6	9,024	2,783
Interest and other		3,260	3,433
	15	191,198	188,696
<b>Income (loss) before income taxes</b>		<b>\$ 39,638</b>	\$ (3,693)
Deferred income tax expense (recovery)	18	34,802	(6,620)
Current income tax expense	18	15,141	4,961
		49,943	(1,659)
<b>Net loss and comprehensive loss</b>		<b>\$ (10,305)</b>	\$ (2,034)

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

## CANADA LANDS COMPANY LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

<i>Expressed in thousands of Canadian dollars</i>	Note	2023	2022
<b>Assets – non-current</b>			
Investment properties	5	\$ 28,494	\$ 29,432
Inventories	6	375,516	339,951
Property, plant and equipment	4	161,339	151,905
Trade receivables and other	10	17,445	13,443
Long-term receivables	7	60,776	59,686
Deferred taxes	18	69,073	103,875
		<b>712,643</b>	698,292
<b>Assets – current</b>			
Inventories	6	69,496	54,015
Cash and cash equivalents	8	245,518	234,522
Short-term investments	9	–	3,624
Trade receivables and other	10	49,398	42,211
Current portion of long-term receivables	7	3,158	3,158
Current income tax recoverable and other tax assets		630	901
		<b>368,200</b>	338,431
<b>Total</b>		<b>\$ 1,080,843</b>	\$ 1,036,723

## CANADA LANDS COMPANY LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

<i>Expressed in thousands of Canadian dollars</i>	Note	2023	2022
<b>Liabilities and shareholder's equity</b>			
<b>Liabilities – non-current</b>			
Notes payable	12	\$ 278,695	\$ 263,619
Deferred revenue		6,366	5,861
Trade and other payables	13	1,305	1,898
Provisions	14	1,294	3,428
Prepaid rent, deposits and others		1,727	1,280
		<b>289,387</b>	<b>276,086</b>
<b>Liabilities – current</b>			
Credit facilities	11	52,700	38,000
Current portion of notes payable	12	20,776	7,946
Trade and other payables	13	42,747	30,199
Provisions	14	34,328	28,649
Deferred revenue		1,603	1,536
Income taxes payable		9,803	5,116
Prepaid rent, deposits and others		6,776	6,163
		<b>168,733</b>	<b>117,609</b>
<b>Shareholder's equity</b>			
Contributed surplus	16	181,170	181,170
Retained earnings	16	441,553	461,858
		<b>622,723</b>	<b>643,028</b>
<b>Total</b>		<b>\$ 1,080,843</b>	<b>\$ 1,036,723</b>
Commitments and contingencies	13, 14		
Leases	17		

The accompanying notes are an integral part of the consolidated 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 YEAR ENDED MARCH 31

<i>Expressed in thousands of Canadian dollars</i>	CONTRIBUTED SURPLUS	RETAINED EARNINGS	TOTAL SHAREHOLDER'S EQUITY
Beginning balance, April 1, 2021	\$ 181,170	\$ 473,892	\$ 655,062
<b>Change during the year</b>			
Dividend paid	–	(10,000)	(10,000)
Net loss for the year	–	(2,034)	(2,034)
<b>Ending balance, March 31, 2022</b>	<b>\$ 181,170</b>	<b>\$ 461,858</b>	<b>\$ 643,028</b>
<b>Change during the year</b>			
Dividend paid	–	(10,000)	(10,000)
Net loss for the year	–	(10,305)	(10,305)
<b>Ending balance, March 31, 2023</b>	<b>\$ 181,170</b>	<b>\$ 441,553</b>	<b>\$ 622,723</b>

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

# CANADA LANDS COMPANY LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31

<i>Expressed in thousands of Canadian dollars</i>	Note	2023	2022
<b>Operating activities</b>			
Net loss		\$ (10,305)	\$ (2,034)
Loss on disposal of investment property		196	10
Loss on disposal of property, plant and equipment		-	15
Interest expense		3,256	3,428
Interest paid		(1,713)	(319)
Interest income		(9,817)	(3,100)
Income tax received (paid)		(10,183)	5,359
Recovery of costs on sales of real estate		30,539	64,999
Expenditures on real estate properties		(61,631)	(48,255)
Impairment, pre-acquisition costs and write-offs		9,024	2,783
Provisions		(572)	(2,021)
Income tax expense (recovery)		49,943	(1,659)
Depreciation		13,611	13,403
		12,348	32,609
Net change in non-cash working capital and other	19	10,603	1,712
<b>Cash provided by operating activities</b>		<b>\$ 22,951</b>	<b>\$ 34,321</b>
<b>Financing activities</b>			
Repayment of notes payable		-	(153,903)
Dividend paid		(10,000)	(10,000)
Proceeds from credit facilities		15,700	8,800
Repayment of credit facilities		(1,000)	-
Repayment of lease liabilities		(646)	(686)
<b>Cash provided by (used in) financing activities</b>		<b>4,054</b>	<b>(155,789)</b>
<b>Investing activities</b>			
Interest received		7,961	1,422
Expenditures on investment properties		(1,455)	(1,919)
Expenditures on property, plant and equipment		(26,139)	(23,696)
Short-term investments		3,624	(63)
<b>Cash used in investing activities</b>		<b>\$ (16,009)</b>	<b>\$ (24,256)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>10,996</b>	<b>(145,724)</b>
Cash and cash equivalents, beginning of year		234,522	380,246
<b>Cash and cash equivalents, end of year</b>		<b>\$ 245,518</b>	<b>\$ 234,522</b>
Supplemental cash flows information	19		

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

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 June 14, 2023.

## 2. SUMMARY OF SIGNIFICANT 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.

## V. DONATIONS AND SPONSORSHIPS

The Company, through its subsidiaries, has signed agreements with a number of sponsors that provide cash, products, advertising and other services in exchange for various benefits, including exclusive marketing rights and visibility. Donations and sponsorships are recognized in the period to which they relate in interest and other revenues in the Consolidated Statement of Comprehensive Income (Loss). Non-monetary transactions are recorded at fair value.

Donations and sponsorships restricted by the donor or sponsor for specific uses are initially recorded under deferred revenue and recognized as revenue at the point in time when the performance obligation is satisfied, or over time depending on the nature of the performance obligation.

## 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.

Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying PPE are capitalized. A qualifying PPE is an asset that necessarily takes a

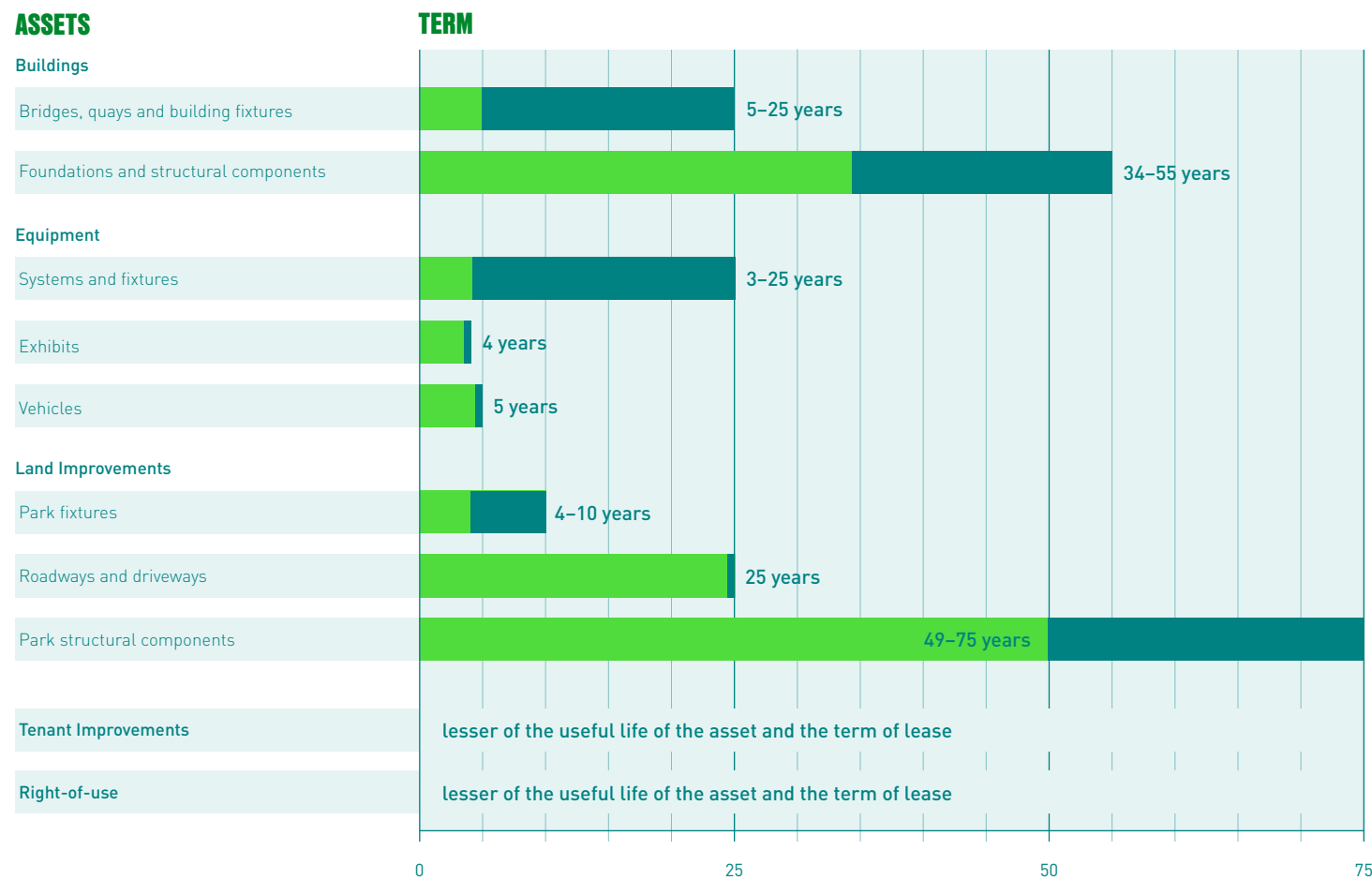


substantial period of time to become ready for its intended use. Borrowing costs are capitalized while acquisition, construction or production is actively underway.

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 year 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.

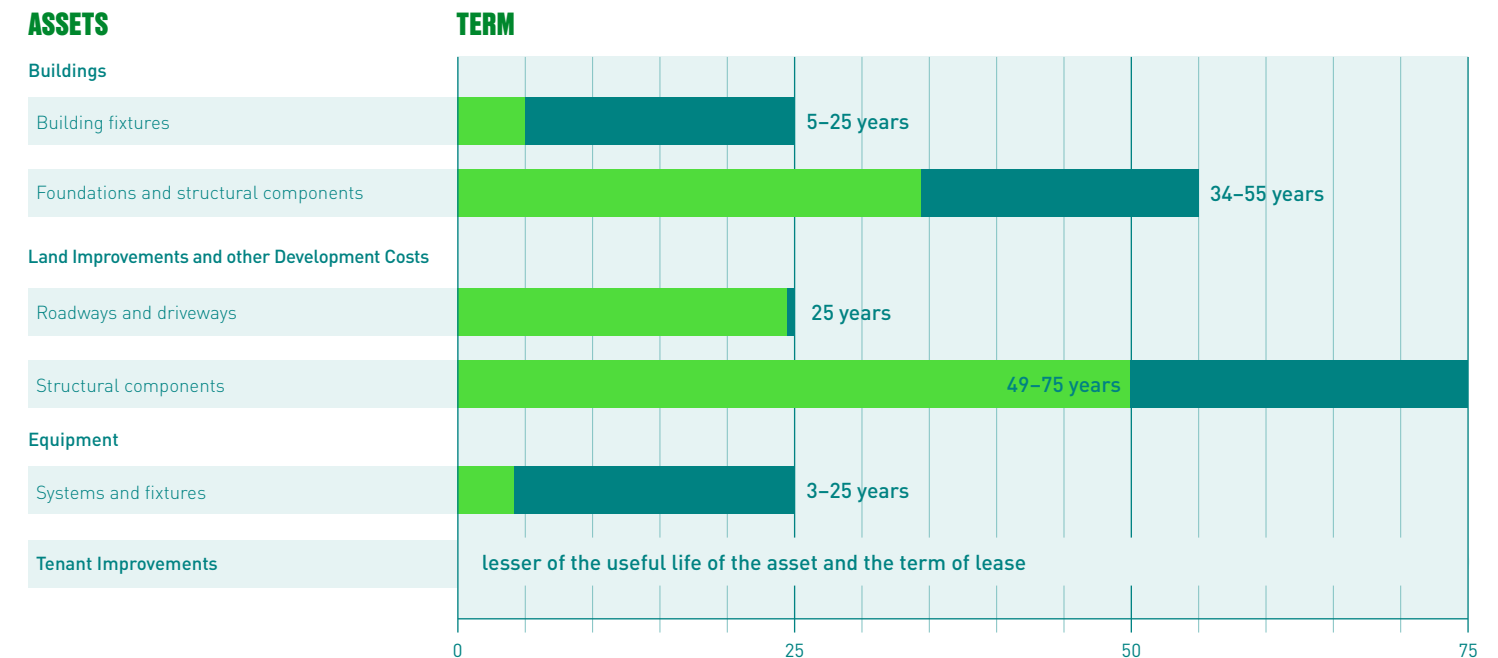
## II. INVESTMENT PROPERTIES

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.F1)), 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 SHORT-TERM INVESTMENTS

Cash and cash equivalents and short-term investments may include cash and short-term, 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.

## J) INCOME TAXES

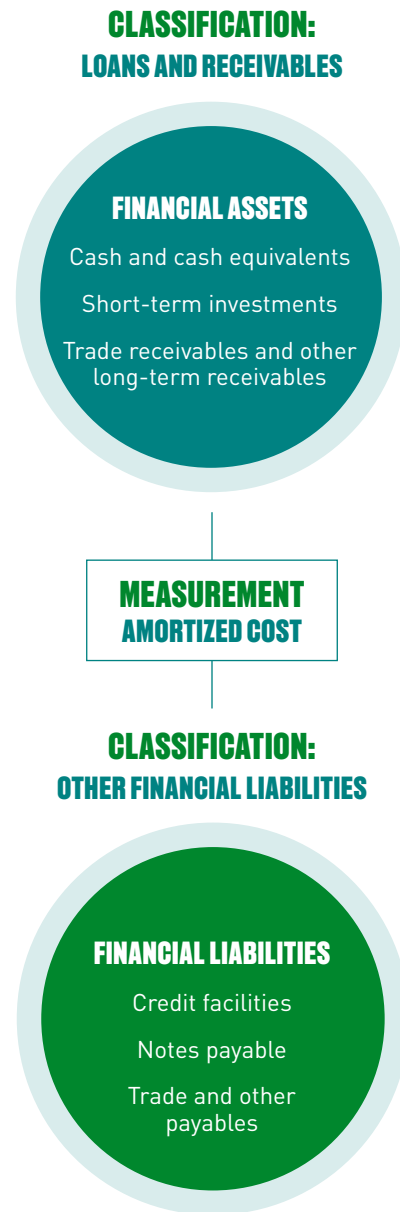
Income taxes comprises current and deferred taxes. Income taxes is recognized in the Consolidated Statement of Comprehensive Income (Loss) except to the extent that it relates to items recognized directly in equity.

Current tax is the expected taxes payable or receivable on taxable income for the year, 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 pre-tax 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 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 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 AND FUTURE ACCOUNTING PRONOUNCEMENTS

### A) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

#### I. PROPERTY, PLANT AND EQUIPMENT – PROCEEDS BEFORE INTENDED USE (AMENDMENTS TO IAS 16)

In May 2020, the IASB issued an amendment to IAS 16 *Property, Plant and Equipment* that prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendment is effective for annual periods beginning on or after January 1, 2022.

### II. ANNUAL IMPROVEMENTS TO IFRS STANDARDS 2018–2020 CYCLE

In May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 cycle, which included amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases* and IAS 41 *Agriculture*.

The amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 are all effective for annual periods beginning on or after January 1, 2022.

### III. ONEROUS CONTRACTS – COST OF FULFILLING A CONTRACT

In May 2020, the IASB issued amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that related directly to the contract'. Cost that related directly to the contract can either be incremental cost of fulfilling that contract or an allocation that relates directly to fulfilling contracts.

The amendments are effective for annual periods beginning on or after January 1, 2022.

All of the amendments above did not have a material impact on the consolidated financial statements.

### B) FUTURE ACCOUNTING PRONOUNCEMENTS

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

## II. DISCLOSURE OF ACCOUNTING POLICIES

In February 2021, the IASB issued Amendments to IAS 1 *Presentation of Financial Statements* and *IFRS Practice Statement 2*. The amendments to IAS 1 require that an entity discloses its material accounting policies, instead of its significant accounting policies. The amendments to *IFRS Practice Statement 2* provide guidance on how to apply the concept of materiality to an accounting policy disclosure.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early application is permitted.

## III. DEFINITION OF ACCOUNTING ESTIMATES

In February 2021, the IASB issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates

are “monetary amounts in financial statements that are subject to measurement uncertainty”. The amendments clarify that a change in an accounting estimate that results from new information or new developments is not the correction of an error.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early application is permitted.

## IV. DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION

In May 2021, the IASB issued amendments to IAS 12 *Income Taxes*. The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

The Company is evaluating the impact of all 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 \$47.8 million (March 31, 2022 – \$36.1 million) of fully depreciated PPE still in use.

The gross carrying amount of PPE assets at March 31, 2023 includes \$30.0 million (March 31, 2022 – \$22.8 million) of PPE under construction.

<b>COST OR DEEMED COST</b>	<b>LAND</b>	<b>BUILDING</b>	<b>EQUIPMENT</b>	<b>LAND IMPROVEMENTS</b>	<b>LEASEHOLD IMPROVEMENTS</b>	<b>BUILDING (RIGHT-OF-USE)</b>	<b>EQUIPMENT (RIGHT-OF-USE)</b>	<b>TOTAL</b>
March 31, 2021	\$ 28,242	\$ 157,647	\$ 41,400	\$ 25,410	\$ 2,283	\$ 4,496	\$ 424	\$ 259,902
Additions	–	13,320	5,857	4,398	121	–	–	23,696
Disposals	–	(234)	(360)	–	–	–	(9)	(603)
March 31, 2022	\$ 28,242	\$ 170,733	\$ 46,897	\$ 29,808	\$ 2,404	\$ 4,496	\$ 415	\$ 282,995
Additions	452	21,036	4,827	527	–	–	214	27,056
Disposals	–	(176)	(1,144)	–	–	–	–	(1,320)
<b>March 31, 2023</b>	<b>\$ 28,694</b>	<b>\$ 191,593</b>	<b>\$ 50,580</b>	<b>\$ 30,335</b>	<b>\$ 2,404</b>	<b>\$ 4,496</b>	<b>\$ 629</b>	<b>\$ 308,731</b>
<b>DEPRECIATION AND IMPAIRMENT</b>	<b>LAND</b>	<b>BUILDING</b>	<b>EQUIPMENT</b>	<b>LAND IMPROVEMENTS</b>	<b>LEASEHOLD IMPROVEMENTS</b>	<b>BUILDING (RIGHT-OF-USE)</b>	<b>EQUIPMENT (RIGHT-OF-USE)</b>	<b>TOTAL</b>
March 31, 2021	\$ –	\$ 77,416	\$ 34,291	\$ 5,634	\$ 789	\$ 1,591	\$ 367	\$ 120,088
Depreciation	–	7,337	2,084	771	279	585	10	11,066
Disposals	–	(234)	(345)	–	–	–	(9)	(588)
Impairment	–	37	487	–	–	–	–	524
March 31, 2022	\$ –	\$ 84,556	\$ 36,517	\$ 6,405	\$ 1,068	\$ 2,176	\$ 368	\$ 131,090
Depreciation	–	7,043	2,234	1,269	273	585	10	11,414
Disposals	–	(176)	(1,144)	–	–	–	–	(1,320)
Impairment	–	1,364	4,635	–	–	–	209	6,208
<b>March 31, 2023</b>	<b>\$ –</b>	<b>\$ 92,787</b>	<b>\$ 42,242</b>	<b>\$ 7,674</b>	<b>\$ 1,341</b>	<b>\$ 2,761</b>	<b>\$ 587</b>	<b>\$ 147,392</b>

### Carrying amounts

At March 31, 2022	\$ 28,242	\$ 86,177	\$ 10,380	\$ 23,403	\$ 1,336	\$ 2,320	\$ 47	\$ 151,905
<b>At March 31, 2023</b>	<b>\$ 28,694</b>	<b>\$ 98,806</b>	<b>\$ 8,338</b>	<b>\$ 22,661</b>	<b>\$ 1,063</b>	<b>\$ 1,735</b>	<b>\$ 42</b>	<b>\$ 161,339</b>

The Company assessed the carrying amount of its PPE at March 31, 2023 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 year, OPMC recognized a \$6.2 million impairment loss (March 31, 2022 – \$0.5 million).

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

The recoverable amount of the OPMC CGU is considered to be nominal. The fair value hierarchy level is considered a

Level 3. The Company has used the discounted cash flows from the OPMC CGU to determine that the fair value is nominal. The annual operating cash flows from the OPMC CGU assets are negative and are forecasted to be negative for the foreseeable future. In addition, capital investment, which further negatively impacts the cash flows, is required to support the operations and maintain the existing OPMC assets.

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

The amount of borrowing costs capitalized during the year was immaterial.

## 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:

<i>For the year ended March 31</i>	2023	2022
Rental income	\$ 12,481	\$ 10,683
Direct operating expenses from investment property that generated rental income during the year	8,160	8,455
Direct operating expenses from investment property that did not generate rental income during the year	13	25

<b>COST OR DEEMED COST</b>	<b>LAND</b>	<b>BUILDING</b>	<b>TENANT IMPROVEMENTS</b>	<b>LAND IMPROVEMENTS AND OTHER DEVELOPMENT COSTS</b>	<b>EQUIPMENT</b>	<b>TOTAL</b>
March 31, 2021	\$ 5,413	\$ 16,343	\$ 9,699	\$ 17,719	\$ 3,030	\$ 52,204
Additions	–	857	510	483	69	1,919
Disposals	–	–	(10)	–	(32)	(42)
March 31, 2022	\$ 5,413	\$ 17,200	\$ 10,199	\$ 18,202	\$ 3,067	\$ 54,081
Additions	–	702	252	460	41	1,455
Disposals	–	–	(271)	–	(1,098)	(1,369)
<b>March 31, 2023</b>	<b>\$ 5,413</b>	<b>\$ 17,902</b>	<b>\$ 10,180</b>	<b>\$ 18,662</b>	<b>\$ 2,010</b>	<b>\$ 54,167</b>

<b>DEPRECIATION AND IMPAIRMENT</b>	<b>LAND</b>	<b>BUILDING</b>	<b>TENANT IMPROVEMENTS</b>	<b>LAND IMPROVEMENTS AND OTHER DEVELOPMENT COSTS</b>	<b>EQUIPMENT</b>	<b>TOTAL</b>
March 31, 2021	\$ –	\$ 9,660	\$ 5,730	\$ 4,255	\$ 2,699	\$ 22,344
Depreciation	–	946	659	590	142	2,337
Disposals	–	–	–	–	(32)	(32)
March 31, 2022	\$ –	\$ 10,606	\$ 6,389	\$ 4,845	\$ 2,809	\$ 24,649
Depreciation	–	969	624	565	39	2,197
Disposals	–	–	(98)	–	(1,075)	(1,173)
<b>March 31, 2023</b>	<b>\$ –</b>	<b>\$ 11,575</b>	<b>\$ 6,915</b>	<b>\$ 5,410</b>	<b>\$ 1,773</b>	<b>\$ 25,673</b>

### Carrying amounts

At March 31, 2022	\$ 5,413	\$ 6,594	\$ 3,810	\$ 13,357	\$ 258	\$ 29,432
<b>At March 31, 2023</b>	<b>\$ 5,413</b>	<b>\$ 6,327</b>	<b>\$ 3,265</b>	<b>\$ 13,252</b>	<b>\$ 237</b>	<b>\$ 28,494</b>

During the year, there were no reversals of previously recognized impairment loss for investment properties (March 31, 2022 – \$nil).

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

INVESTMENT PROPERTIES		LEVEL 1	LEVEL 2	LEVEL 3
	Carrying amount	Fair value		
March 31, 2023	\$ 28,494	\$ -	\$ -	\$ 137,230
March 31, 2022	\$ 29,432	\$ -	\$ -	\$ 134,000

The fair value of the investment properties was estimated at March 31, 2023 using a combination of internal valuation techniques and external consultants. All material investment properties have been valued by independent valuers. The external consultants are accredited independent valuers with recognized and relevant professional qualifications and with recent experience in the location and category of the investment property being valued. On a quarterly basis, management reviews the assumptions to update the estimated fair value of the investment properties. In determining fair value, the income and direct comparison approaches were used. The income approach capitalizes net annual revenues or discounts forecasted net revenues to their present value after considering future rental income streams and anticipated operating costs, as well as appropriate capitalization and discount rates. The direct comparison approach references market evidence derived from transactions involving similar properties.

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

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

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

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

## 6. INVENTORIES

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

	March 31, 2023	March 31, 2022
Property held for future development	\$ 110,167	\$ 104,510
Property under development	334,845	289,456
Properties held for sale	-	-
<b>Total property inventories</b>	<b>\$ 445,012</b>	<b>\$ 393,966</b>
Current	69,496	54,015
Non-current	375,516	339,951
<b>Total property inventories</b>	<b>\$ 445,012</b>	<b>\$ 393,966</b>

During the year, there was no write-down recorded against inventories (March 31, 2022 – \$0.6 million). There were no reversals of write-downs during the year ended March 31, 2023 (March 31, 2022 – \$nil).

## 7. LONG-TERM RECEIVABLES

Long-term receivables consist of the following:

	March 31, 2023	March 31, 2022
Receivables from partners (a)	\$ 62,984	\$ 61,928
Other long-term receivable (b)	950	916
<b>Total</b>	<b>\$ 63,934</b>	<b>\$ 62,844</b>

(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, 2022 – \$65.3 million), which have been discounted using a weighted average market interest rate of 2.88% (March 31, 2022 – 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.

	March 31, 2023	March 31, 2022
Current	\$ 3,158	\$ 3,158
Non-current	60,776	59,686
<b>Total</b>	<b>\$ 63,934</b>	<b>\$ 62,844</b>

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

PRINCIPAL REPAYMENTS	Years ending March 31
2024	\$ 3,158
2025	7,687
2026	16,871
2027	1,072
2028	3,809
Subsequent years	33,742
<b>Subtotal</b>	<b>\$ 66,339</b>
Less: amounts representing imputed interest	2,405
<b>Total</b>	<b>\$ 63,934</b>

## 8. CASH AND CASH EQUIVALENTS

The Company has \$6.5 million (March 31, 2022 – \$2.5 million) in cash and cash equivalents that are restricted for use as part of the MSC's long-term plan.

The company has \$7.0 million term deposit (March 31, 2022 – \$nil), at an interest rate of 4.91% maturing on May 30, 2023.

## 9. SHORT-TERM INVESTMENTS

The Company has no short-term investments as at March 31, 2023 (March 31, 2022 – \$3.6 million).

## 10. TRADE RECEIVABLES AND OTHER

Trade receivables and other consist of the following:

	March 31, 2023	March 31, 2022
Prepays and others	\$ 9,659	\$ 9,065
Rents and other receivables (a)	57,184	46,589
<b>Total</b>	<b>\$ 66,843</b>	<b>\$ 55,654</b>
Current	49,398	42,211
Non-current	17,445	13,443
<b>Total</b>	<b>\$ 66,843</b>	<b>\$ 55,654</b>

(a) The current year includes a \$17.3 million land sales receivable related to a real estate property sold in previous years where a receivable was triggered in March 2023 due to certain conditions being met.

## 11. CREDIT FACILITIES

	March 31, 2023	March 31, 2022
\$100 million, unsecured, demand revolving credit facility, bearing interest at rates between 50 basis points and variable banker's acceptance rates plus 45 basis points, maturing at March 31, 2024 (a)	\$ 52,700	\$ 38,000
\$100 million, senior, unsecured revolving credit facility, bearing interest at 45 basis points (b)	-	-
<b>Total</b>	<b>\$ 52,700</b>	<b>\$ 38,000</b>
Current	52,700	38,000
Non-current	-	-
<b>Total</b>	<b>\$ 52,700</b>	<b>\$ 38,000</b>

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

The Company has used credit facilities to secure outstanding letters of credit of \$7.1 million (March 31, 2022 – \$13.3 million). The remaining unused credit facility is \$40.2 million at March 31, 2023 (March 31, 2022 – \$48.7 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 \$19.5 million (March 31, 2022 – \$23.6 million). The remaining unused credit facility is \$80.5 million (March 31, 2022 – \$76.4 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 (2023 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 2.77% (March 31, 2022 – 2.69%).

During the year, the interest capitalized was \$2.3 million (March 31, 2022 – \$2.1 million) and the interest expensed was \$2.8 million (March 31, 2022 – \$3.4 million). Based on the past and anticipated timing of property cash flows, principal repayments are estimated to be as follows:

<b>PRINCIPAL REPAYMENTS</b>	<i>Years ending March 31</i>
2024	\$ 20,776
2025	43,878
2026	24,000
2027	59,047
2028	11,024
Subsequent years	153,883
<b>Subtotal</b>	<b>\$ 312,608</b>
Less: amounts representing imputed interest	13,137
<b>Total</b>	<b>\$ 299,471</b>
Current	\$ 20,776
Non-current	278,695
<b>Total</b>	<b>\$ 299,471</b>

Included in the \$299.5 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 flows	Non-cash changes		TOTAL
	REPAYMENT	ADDITIONS	ACCRETION	
<b>Notes payable balance, April 1, 2021</b>	\$ -	\$ -	\$ -	<b>\$ 420,038</b>
Interest capitalized	-	-	2,072	2,072
Interest expensed	-	-	3,358	3,358
Repayments (cash flow – financing activities)	(153,903)	-	-	(153,903)
<b>Notes payable balance, March 31, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 271,565</b>
Interest capitalized	-	-	2,309	2,309
Interest expensed	-	-	2,827	2,827
Additions (note 20)	-	22,770	-	22,770
<b>Notes payable balance, March 31, 2023</b>				<b>\$ 299,471</b>

## 13. TRADE AND OTHER PAYABLES

The components of trade and other payables are as follows:

	March 31, 2023	March 31, 2022
Trade payables	\$ 42,020	\$ 29,587
Leases payable (note 2.F)]]	2,032	2,510
<b>Total</b>	<b>\$ 44,052</b>	<b>\$ 32,097</b>
Current	42,747	\$ 30,199
Non-current	1,305	1,898
<b>Total</b>	<b>\$ 44,052</b>	<b>\$ 32,097</b>

### CAPITAL AND OPERATING COMMITMENTS

I. Commitments related to properties for land servicing requirements and other development costs at March 31, 2023 totalled \$69.4 million (March 31, 2022 – \$57.8 million).

II. Capital commitments for PPE at March 31, 2023 totalled \$6.3 million (March 31, 2022 – \$12.3 million).

III. Operating commitments for maintaining capital assets at March 31, 2023 totalled \$ nil million (March 31, 2022 – \$0.5 million).

## 14. PROVISIONS AND CONTINGENT LIABILITIES

	COST TO COMPLETE (A)	PILT (B)	ENVIRONMENTAL (C)	OTHERS	TOTAL
Balance, March 31, 2022	\$ 6,103	\$ 25,383	\$ 427	\$ 164	\$ 32,077
Provisions added during the year	477	–	3,710	–	4,187
Provisions applied during the year	(572)	–	–	–	(572)
Provisions reversed during the year	(70)	–	–	–	(70)
<b>Balance, March 31, 2023</b>	<b>\$ 5,938</b>	<b>\$ 25,383</b>	<b>\$ 4,137</b>	<b>\$ 164</b>	<b>\$ 35,622</b>
Current					\$ 34,328
Non-current					1,294
<b>Total</b>					<b>\$ 35,622</b>

(a) Land servicing cost obligations related to sold properties are in the amount of \$5.9 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) PILT assessments since January 2014 of \$25.4 million (March 31, 2022 – \$25.4 million) are being contested by the Company. In July 2021, the Federal Court released its decision with respect to the City of Montréal's applications for judicial review. The Company appealed the Federal Court's decision. On June 5, 2023, the Company's appeal was dismissed. The Company is currently assessing the impact of the Federal Court Appeal's decision and considering next steps.

(c) Environmental decommissioning obligations of \$4.1 million (March 31, 2022 – \$0.4 million) related to real estate projects.

### CONTINGENCIES

As at March 31, 2023, 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. Based on the information currently available to the Company, management believes that the resolution of these matters and any liability arising therefrom will not have a significant adverse 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:

<i>For the year ended March 31</i>	2023	2022
Cost of inventory, raw material and consumables used	\$ 23,083	\$ 53,587
Payroll and benefits	54,611	44,315
Food and beverage costs	15,454	5,316
Depreciation	13,611	13,403
Leasing expenses	13,502	13,123
Property taxes including PILT	13,083	13,234
Professional fees	10,189	10,621
Building costs	8,342	7,348
Utilities	8,256	7,503
Impairment	6,208	1,158
Attraction costs	5,982	2,822
Marketing and public relations	5,578	4,411
Interest	3,455	3,543
IT costs	2,442	2,329
Office	1,775	1,670
Commissions	621	1,020
Other	5,006	3,293
<b>Total</b>	<b>\$ 191,198</b>	<b>\$ 188,696</b>

## 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:

	March 31, 2023	March 31, 2022
Less than 1 year	\$ 732	\$ 672
Between 1 and 5 years	1,513	1,957
More than 5 years	-	8
<b>Total</b>	<b>\$ 2,245</b>	<b>\$ 2,637</b>

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

	March 31, 2023	March 31, 2022
Less than 1 year	\$ 15,377	\$ 17,021
Between 1 and 5 years	29,762	26,231
More than 5 years	44,190	33,598
<b>Total</b>	<b>\$ 89,329</b>	<b>\$ 76,850</b>

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 \$1.0 million of rental revenue during the year (March 31, 2022 – \$1.1 million). The individual leases are renewed monthly.

During the year, there has been \$1.3 million recognized (March 31, 2022 – \$0.1 million) in the Consolidated Statement of Comprehensive Income (Loss) in rental operating revenue with respect to variable lease payments.

## 18. INCOME TAXES

As at March 31	2023	2022
<b>Income tax expense (recovery)</b>		
Deferred tax expense (recovery)	\$ 34,802	\$ (6,620)
Current income tax expense	15,141	4,961
<b>Total tax expense (recovery)</b>	<b>49,943</b>	<b>(1,659)</b>
<b>Reconciliation of effective tax rate</b>		
Profit (loss) excluding tax	39,638	(3,689)
Domestic tax rate	26.5%	26.5%
<b>Tax expense (recovery) using the domestic tax rate</b>	<b>\$ 10,504</b>	<b>\$ (978)</b>
Non-deductible expenses	31	21
Change in tax rate	(2,710)	(270)
Under/(over) provided in prior year	133	(28)
Impact of Alberta Tax Exemption	(701)	(316)
Provincial Rate Differential	(140)	(36)
Benefit not recognized	42,606	-
Other adjustments	220	(52)
<b>Total tax expense (recovery)</b>	<b>\$ 49,943</b>	<b>\$ (1,659)</b>

### CURRENT TAX EXPENSE (RECOVERY)

As at March 31	2023	2022
<b>Tax recognized in profit or loss</b>		
Current year	\$ 14,822	\$ 4,959
Adjustment in respect of prior years	319	2
<b>Total current tax expense</b>	<b>15,141</b>	<b>4,961</b>
<b>Deferred tax expense (recovery)</b>		
Origination and reversal of temporary difference	34,584	(5,906)
Adjustment in respect of prior years	40	(165)
Reduction in tax rate	178	(549)
<b>Total deferred tax expense (recovery)</b>	<b>34,802</b>	<b>(6,620)</b>
<b>Total tax expense (recovery)</b>	<b>\$ 49,943</b>	<b>\$ (1,659)</b>

### RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

	Assets		Liabilities		Net	
	2023	2022	2023	2022	2023	2022
Investment properties and inventories	\$ 63,705	\$ 63,360	\$ -	\$ -	\$ 63,705	\$ 63,360
Property, plant and equipment	20,440	17,377	-	-	20,440	17,377
Investment in Foundation	-	-	(505)	(353)	(505)	(353)
Rent receivable	-	-	(21)	(81)	(21)	(81)
Non-capital losses	23,411	19,945	-	-	23,411	19,945
Lease incentives	-	-	(498)	(749)	(498)	(749)
Notes payable	-	-	(3,253)	(3,490)	(3,253)	(3,490)
Provision	7,061	6,570	-	-	7,061	6,570
Capital lease	505	644	-	-	505	644
Other	834	652	-	-	834	652
<b>Subtotal</b>	<b>\$ 115,956</b>	<b>\$ 108,548</b>	<b>\$ (4,277)</b>	<b>\$ (4,673)</b>	<b>\$ 111,679</b>	<b>\$ 103,875</b>
Benefit not recognized	\$ (42,606)	\$ -	\$ -	\$ -	\$ (42,606)	\$ -
<b>Total</b>	<b>\$ 73,350</b>	<b>\$ 108,548</b>	<b>\$ (4,277)</b>	<b>\$ (4,673)</b>	<b>\$ 69,073</b>	<b>\$ 103,875</b>

	BALANCE APRIL 1, 2022	DEFERRED TAX ASSET ACQUIRED IN THE YEAR	RECOGNIZED IN PROFIT OR LOSS	BALANCE MARCH 31, 2023
Investment properties and inventories	\$ 63,360	\$ –	\$ 346	\$ 63,706
Property, plant and equipment	17,377	–	3,063	20,440
Investment in Foundation	(353)	–	(152)	(505)
Rent receivable	(81)	–	60	(21)
Non-capital losses	19,945	–	3,466	23,411
Lease incentives	(749)	–	251	(498)
Notes payable	(3,490)	–	237	(3,253)
Provision	6,570	–	491	7,061
Capital lease	644	–	(139)	505
Other	652	–	181	833
Subtotal	\$ 103,875	\$ –	\$ 7,804	\$ 111,679
Benefit not recognized	–	–	(42,606)	(42,606)
<b>Total</b>	<b>\$ 103,875</b>	<b>\$ –</b>	<b>\$ (34,802)</b>	<b>\$ 69,073</b>

Management has determined that it is no longer 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 \$160.8 million (March 31, 2022 – \$0). Included in this amount is \$88.3 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:

Increase (decrease) in	For the year ended March 31	2023	2022
Trade receivables and other		\$ (9,333)	\$ (7,541)
Long-term receivables		(1,090)	(1,276)
Trade and other payables		13,397	6,221
Provisions		4,117	4,368
Notes payable		1,880	2,002
Deferred revenue		572	(265)
Prepaid rent, deposits and others		1,060	(1,797)
<b>Total</b>		<b>\$ 10,603</b>	<b>\$ 1,712</b>

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 year, the Company acquired real estate properties from related parties in exchange for note payables of \$27.1 million (March 31, 2022 – \$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 did not make any payment on its notes payable to related parties during the year (March 31, 2022 – \$153.9 million).

### KEY MANAGEMENT PERSONNEL COMPENSATION

For the year ended March 31

	2023	2022
Short-term benefits <sup>(1)</sup>	\$ 4,781	\$ 4,157
Post-employment benefits <sup>(2)</sup>	200	166
<b>Total</b>	<b>\$ 4,981</b>	<b>\$ 4,323</b>

(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.

II. The Company has \$2.9 million in receivables from federal departments and agencies (March 31, 2022 – \$1.9 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 \$4.4 million (March 31, 2022 – \$1.8 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 year, the Company paid a dividend of \$10.0 million (March 31, 2022 – \$10.0 million) to its shareholder, the Government.

II. During the year, the Company did not make any real estate land sales to related parties (March 31, 2022 – \$8.6 million).

III. During the year, the Company received various rental and other revenues from federal departments and agencies in the amount of \$1.1 million (March 31, 2022 – \$1.2 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:

## 21. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

arrangement, has been discounted at current yields on government bonds plus project risk.

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

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

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 March 31, 2023		LEVEL 1	LEVEL 2	LEVEL 3
CLASSIFICATION	CARRYING AMOUNT	FAIR VALUE		
<b>Financial assets</b>				
Long-term receivables	\$ 63,934	\$ –	\$ 55,809	\$ –
<b>Financial liabilities</b>				
Notes payable	299,471	–	261,132	–
Credit facilities	52,700	–	52,700	–

As at March 31, 2022		LEVEL 1	LEVEL 2	LEVEL 3
CLASSIFICATION	CARRYING AMOUNT	FAIR VALUE		
<b>Financial assets</b>				
Long-term receivables	\$ 62,844	\$ –	\$ 56,254	\$ –
<b>Financial liabilities</b>				
Notes payable	271,565	–	238,358	–
Credit facilities	38,000	–	38,000	–

## 22. JOINT ARRANGEMENTS

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

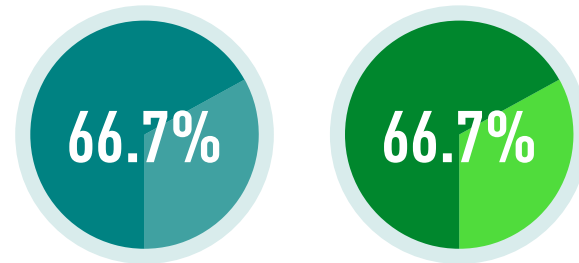
The following is a list of the Company's joint arrangements:

**OWNERSHIP INTEREST**  
**CLC BOSA**  
**CALGARY, AB | LAND DEVELOPMENT**  
**2023 MARCH 31**      **2022 MARCH 31**



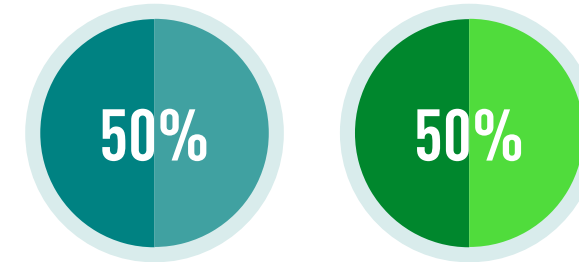
In May 2013, the Company entered into a land development agreement for a portion of CLC's Currie project in Calgary that is jointly controlled with a third party named Embassy Bosa Inc. The Company has determined that the joint arrangement is a joint operation based on the terms and structure of the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

**OWNERSHIP INTEREST**  
**299 CARLING AVENUE**  
**OTTAWA, ON | LAND DEVELOPMENT**  
**2023 MARCH 31**      **2022 MARCH 31**

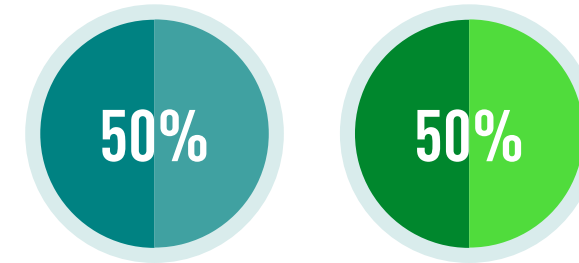


In February 2017, the Company entered into a land development agreement for a property in Ottawa, with a third-party partner named the Algonquins of Ontario Opportunities. The land development agreement is jointly controlled by the Company and the third-party partner. The Company has determined that 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**  
**2023 MARCH 31**      **2022 MARCH 31**



**HEATHER STREET LANDS**  
**2023 MARCH 31**      **2022 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 March 31, 2023, and the results of operations and cash flows from April 1, 2022 to March 31, 2023:

	JERICHO		HEATHER STREET		BOSA		299 CARLING AVENUE		TOTAL	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<i>As at March 31</i>										
Assets	\$ 92,423	\$ 95,168	\$ 25,668	\$ 25,458	\$ 18,167	\$ 17,666	\$ 7,521	\$ 7,174	\$ 143,779	\$ 145,466
Liabilities*	112,695	110,329	27,744	26,460	-	-	1,947	1,713	142,386	138,502
<i>For the year ended March 31</i>										
Revenues	1,202	973	1,907	1,067	-	-	47	20	3,156	2,060
Expenses	2,689	1,856	2,409	2,580	-	-	68	(66)	5,166	4,370
Net income (loss)	(1,487)	(883)	(502)	(1,513)	-	-	(21)	86	(2,010)	(2,310)
Cash flow provided by (used in) operating activities	(649)	692	60	2,504	15	(23)	(134)	(221)	(708)	2,952
Cash flow used in financing activities	-	-	-	-	-	-	-	(5,000)	-	(5,000)

\* 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 March 31, 2023 totalled \$2.7 million (March 31, 2022 – \$2.6 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:

<i>As at March 31, 2023</i>	Due By March 31, 2024	Thereafter	Total
Credit facilities (note 11)	\$ 52,700	\$ -	\$ 52,700
Notes payable (note 12)	20,776	291,832	312,608
Trade and other payables (note 13)	42,747	1,305	44,052
	<b>\$ 116,223</b>	<b>\$ 293,137</b>	<b>\$ 409,360</b>

<i>As at March 31, 2022</i>	Due By March 31, 2023	Thereafter	Total
Credit facilities (note 11)	\$ 38,000	\$ -	\$ 38,000
Notes payable (note 12)	7,946	277,584	285,530
Trade and other payables (note 13)	30,199	1,898	32,097
	<b>\$ 76,145</b>	<b>\$ 279,482</b>	<b>\$ 355,627</b>

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, 2022 – \$200 million). CLC's borrowing authority of \$100 million expires on March 31, 2024. PDP's borrowing authority of \$100 million expires on March 31, 2024. The Company's borrowing authorities are reviewed annually as part of the corporate planning process. The Company has \$200 million of credit facilities available, of which \$120.7 million was unused at March 31, 2023 (March 31, 2022 – \$125.1 million). CLC's credit facility does not have a maturity date, whereas the PDP credit facility matures on March 31, 2024.

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 year. 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 March 31, 2023 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 \$57.2 million (March 31, 2022 – \$46.6 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 \$63.9 million (March 31, 2022 – \$62.8 million) are comprised of \$63.0 million (March 31, 2022 – \$61.9 million) of receivables from partners and \$0.9 million (March 31, 2022 – \$0.9 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 \$245.5 million (March 31, 2022 – \$238.1 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.

	March 31, 2023	March 31, 2022
Shareholder's equity	\$ 622,723	\$ 643,028
Credit facilities	52,700	38,000
Notes payable	299,471	271,565
Cash and cash equivalents	245,518	234,522
Short-term investments	–	3,624
<b>Total</b>	<b>\$ 1,220,412</b>	<b>\$ 1,190,739</b>

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

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

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

The Company's strategy is to satisfy its liquidity needs using cash on hand, cash flows generated from operating activities and cash flows provided by financing activities, as well as proceeds from asset sales. The Company's principal sources of capital are rental revenues, recoveries from tenants, real estate land sales, attractions and hospitality revenues, interest and other incomes, available cash balances, draws on corporate credit facilities and refinancing of maturing indebtedness. These capital resources are used

to pay operating expenses and dividends, and to service debt and recurring capital and leasing costs in its rental operating costs, attractions and hospitality, and real estate development businesses. The Company plans to meet its short-term liquidity needs with cash and cash equivalents on hand, along with proceeds from financing activities.

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

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

## 25. PENSION PLANS

The Company has two defined contribution pension plans covering eligible CLC full-time and certain part-time employees. In accordance with the terms of the plans, employees are eligible to join at the date of employment, after a year of employment, or upon working a certain number of hours in consecutive years. The amount of the current service cost charged to expense for these plans was \$ 1.7 million for the year ended March 31, 2023 (March 31, 2022– \$1.6 million).

For more information:  
[www.clc-sic.ca](http://www.clc-sic.ca)  
[info@clc-sic.ca](mailto:info@clc-sic.ca)

Canada 