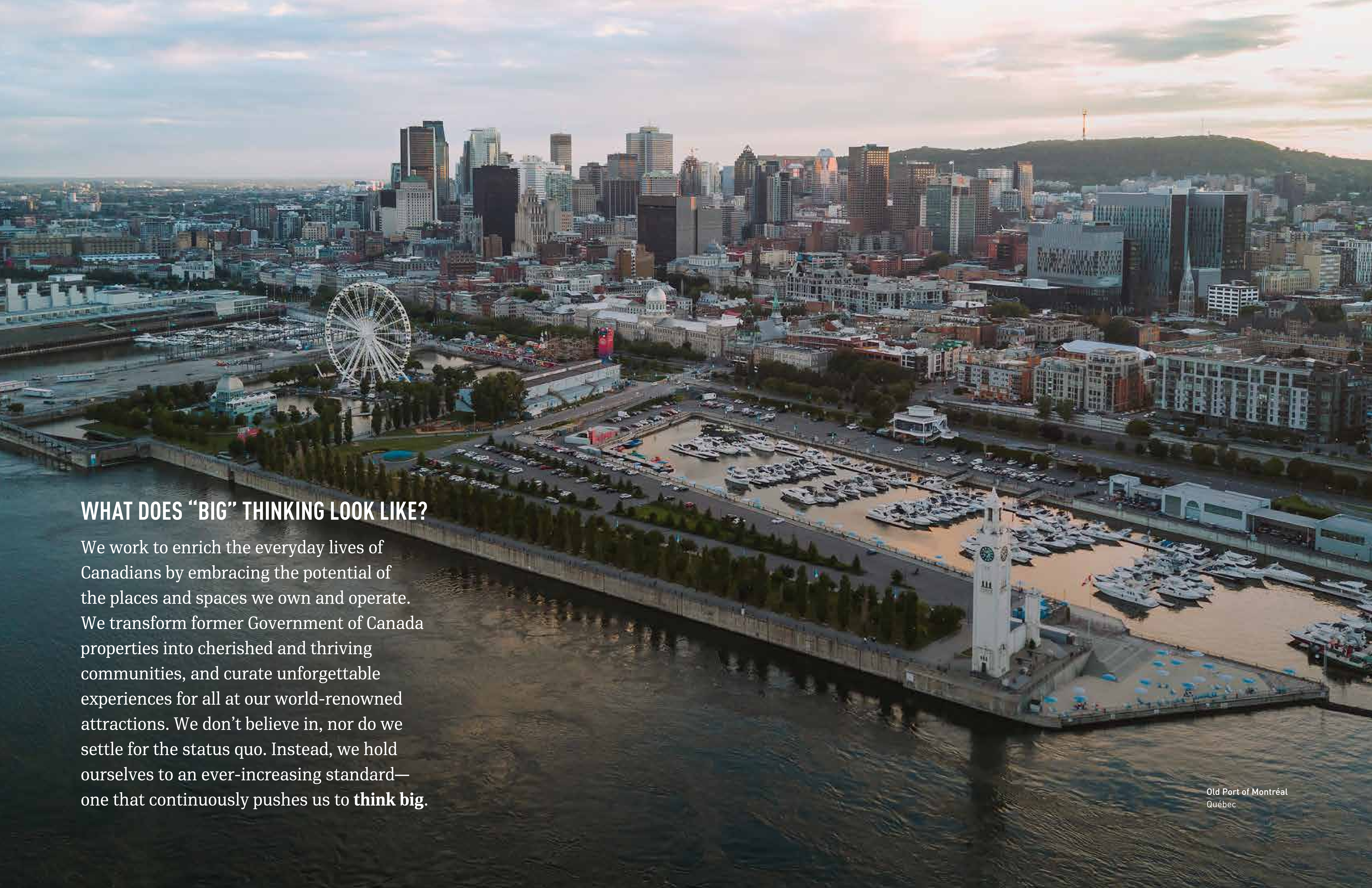
2019/20
ANNUAL REPORT

THINKING BIG

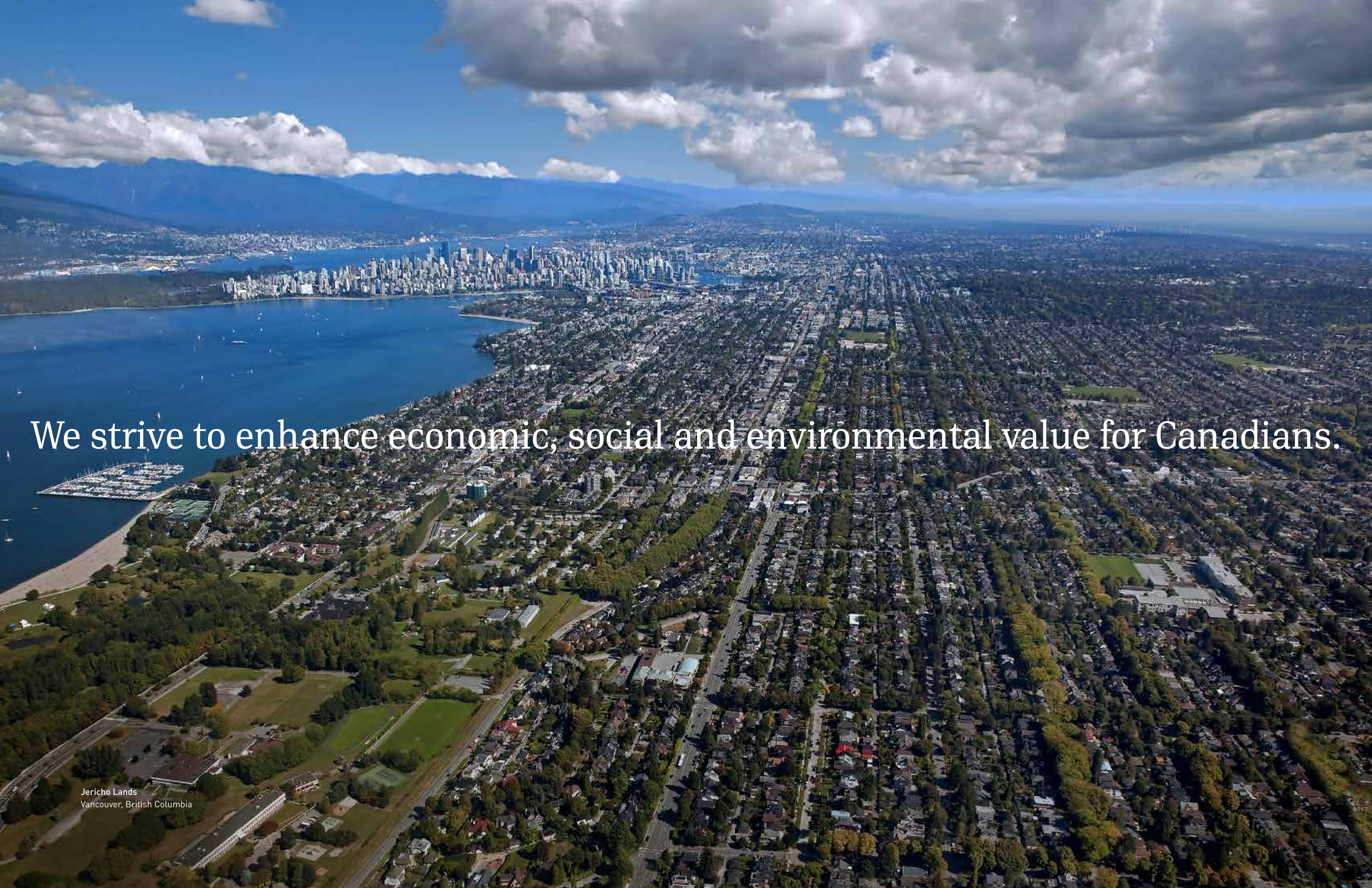
Canada Lands Company
Société immobilière du Canada



WHAT DOES “BIG” THINKING LOOK LIKE?

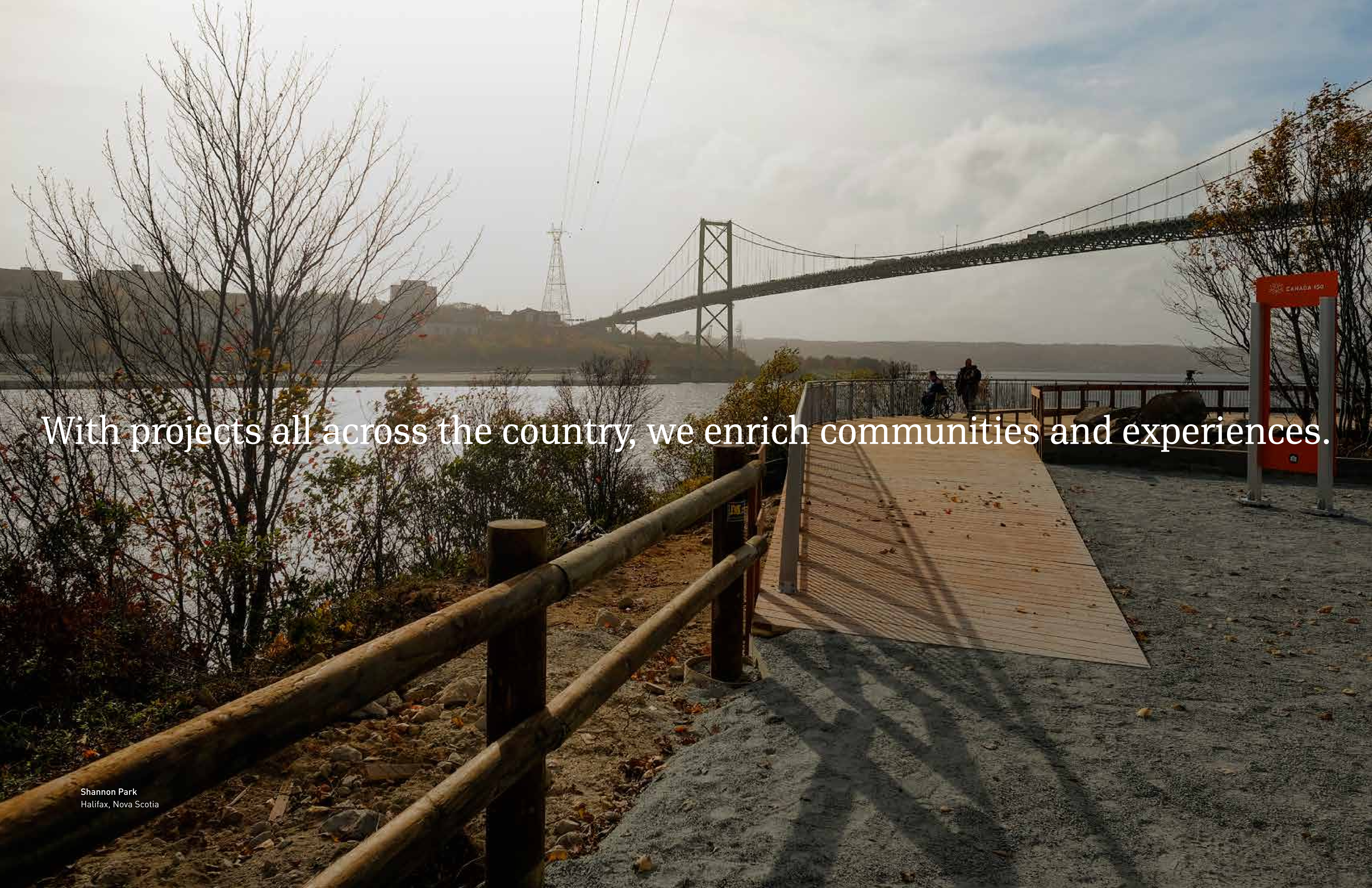
We work to enrich the everyday lives of Canadians by embracing the potential of the places and spaces we own and operate. We transform former Government of Canada properties into cherished and thriving communities, and curate unforgettable experiences for all at our world-renowned attractions. We don’t believe in, nor do we settle for the status quo. Instead, we hold ourselves to an ever-increasing standard—one that continuously pushes us to **think big**.

Old Port of Montréal
Québec



We strive to enhance economic, social and environmental value for Canadians.

Jericho Lands
Vancouver, British Columbia



With projects all across the country, we enrich communities and experiences.

Shannon Park
Halifax, Nova Scotia

WE ARE CANADA LANDS COMPANY

Real Estate Properties*

Attractions*

BRITISH COLUMBIA

1 Heather Street Lands, Vancouver
2 Jericho Lands, Vancouver

ALBERTA

3 Currie, Calgary
4 Village at Griesbach, Edmonton

ONTARIO

5 1 Port Street East, Mississauga
6 Downsview Park, Toronto
7 Downsview Lands, Toronto
8 CN Tower, Toronto
9 Booth Street Complex, Ottawa
10 291 Carling Avenue, Ottawa
11 Wateridge Village / Village des Riverains, Ottawa

QUÉBEC

12 Montréal Science Centre
13 Old Port of Montréal
14 Pointe-du-Moulin, Montréal
15 Wellington Basin, Montréal
16 Pointe-de-Longueuil, Longueuil

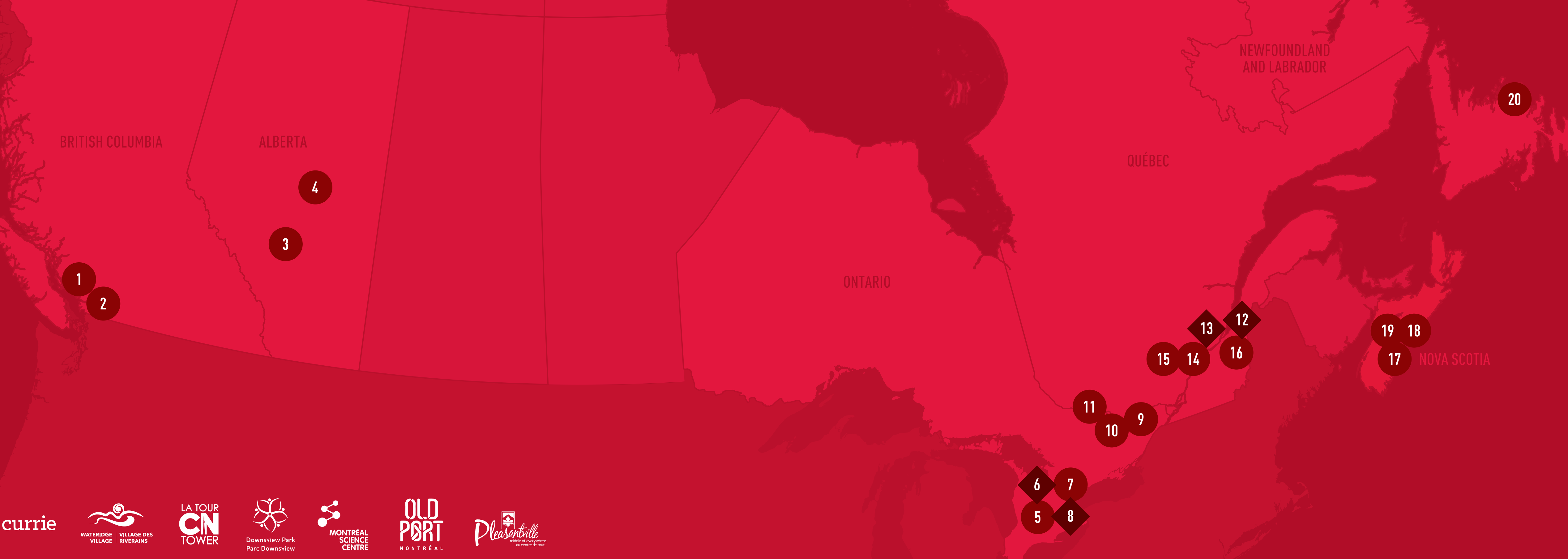
NOVA SCOTIA

17 Oxford Street, Halifax
18 1557 Hollis Street, Halifax
19 Shannon Park, Halifax

NEWFOUNDLAND AND LABRADOR

20 Pleasantville, St. John's

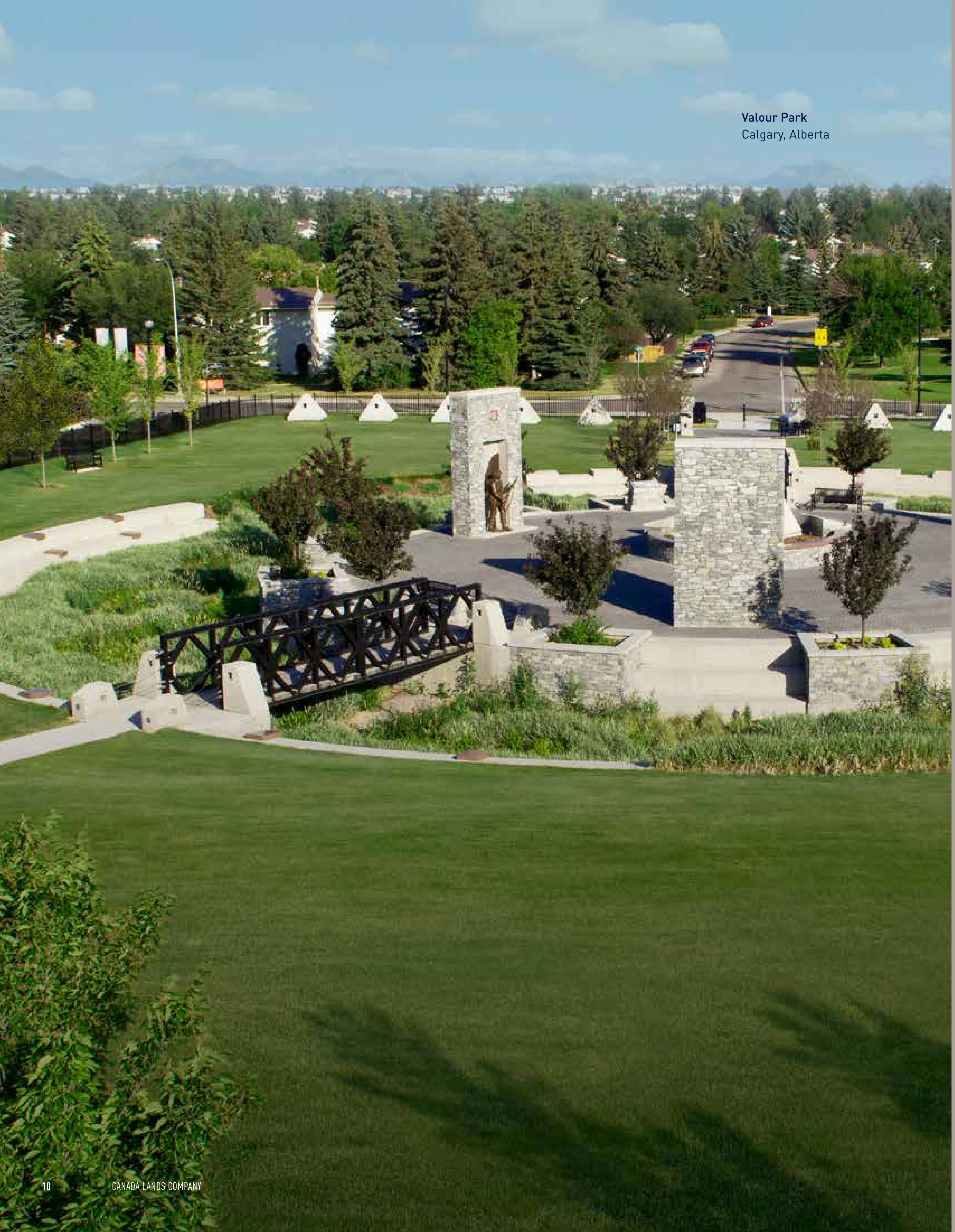
* locations on map are approximations and not exact



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 Her Majesty.

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 or Canada Lands) 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 the CN Tower (CNT) in Toronto, Ontario.
- Old Port of Montréal Corporation Inc. (OPMC) is responsible for managing the Old Port of Montréal (OPM or the Old Port) and the Montréal Science Centre (MSC).
- Parc Downsview Park Inc. (PDP) owns and manages Downsview Park and develops the Downsview Lands.



Valour Park
Calgary, Alberta

WHAT WE DO AND WHY

CLCL has the expertise, vision and passion to enhance how Canadians live, work and play.

Leveraging its subsidiaries, the Company transforms former Government of Canada properties and reintegrates them into local communities while ensuring their long-term sustainability and commercial viability. CLCL also holds, invests in and manages world-renowned Canadian attractions. Throughout its operations, the Company strives to deliver the best value and financial return to Canadians.

Since its reactivation in 1995, CLCL has contributed more than $1 billion to the Government of Canada in the form of dividends issued, note repayments and income taxes paid.

The Company's activities ensure that surplus government properties that are acquired are redeveloped or managed to their optimal value, both financial and non-financial.

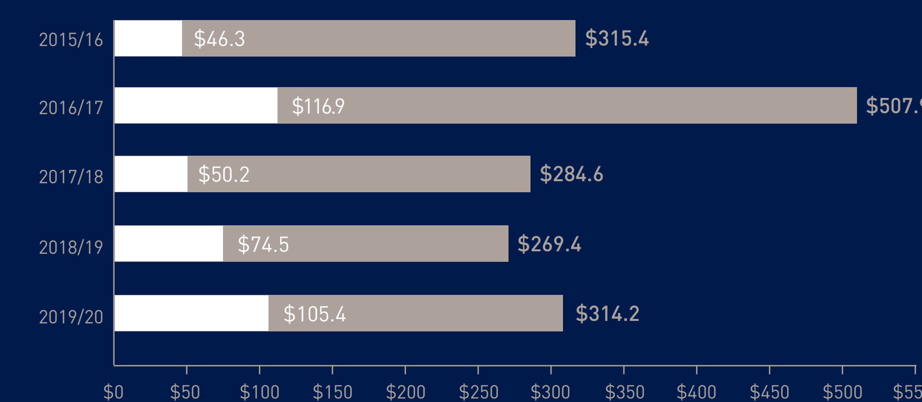
Wateridge Village / Village des Riverains
Ottawa, Ontario

Montréal Science Centre
Québec

FINANCIAL HIGHLIGHTS

*all chart numbers are in millions

REVENUE AND NET INCOME BEFORE TAXES



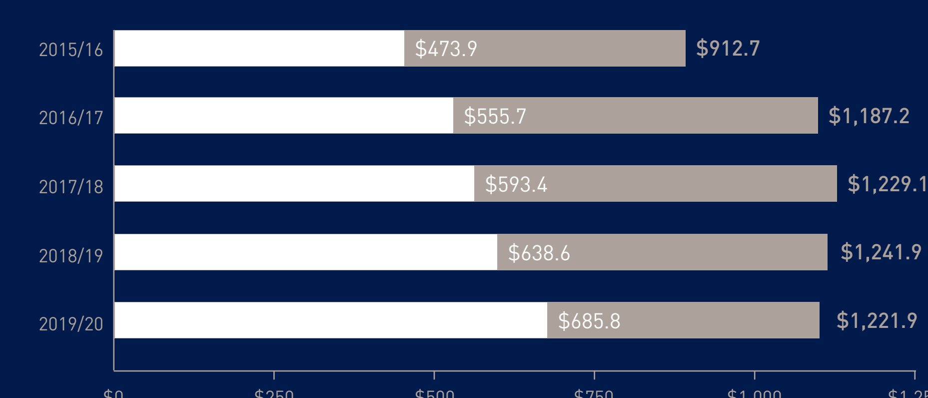
Revenue: $1,691.5

NIBT: $393.3

Over the past five years, the Company has generated close to $1.7 billion in consolidated revenues, averaging approximately $340 million a year.

The Company has consistently generated strong financial returns. Over the past two years, the Company's profits are close to $180 million at a yield of 31 per cent of consolidated revenues.

ASSETS AND SHAREHOLDER'S EQUITY



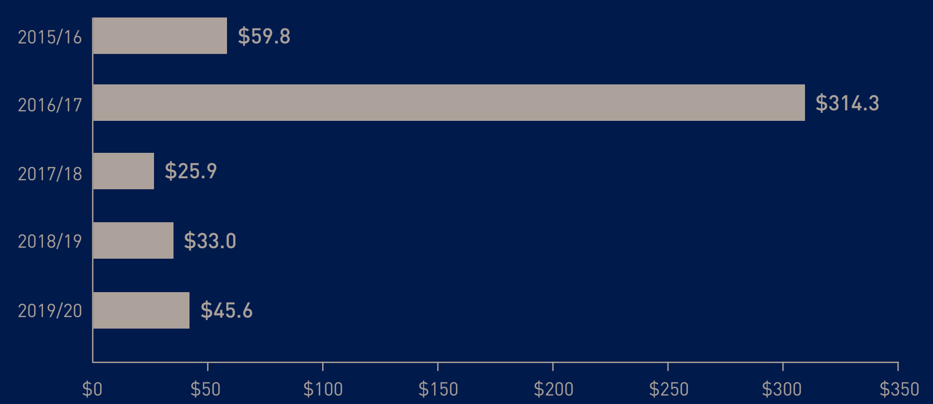
Assets

Shareholder's Equity

The Company continues to grow its asset base through acquisition and investment. Over the past five years, the Company has increased its total assets by more than $300 million (or 33 per cent) and increased its shareholder's equity by close to $210 million (or 44 per cent).

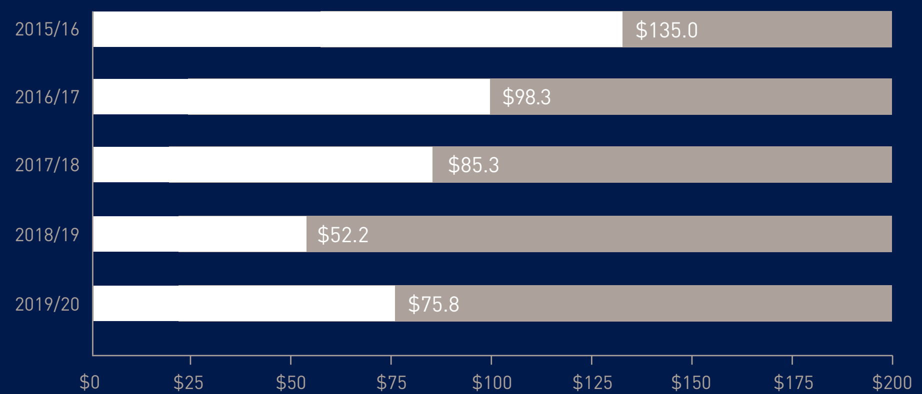
Village at Griesbach
Edmonton, Alberta

OPERATING CASH FLOW



As a result of its strong financial performance over the past five years, the Company has been able to generate close to $480 million in cash from its operating activities.

CREDIT FACILITIES USED

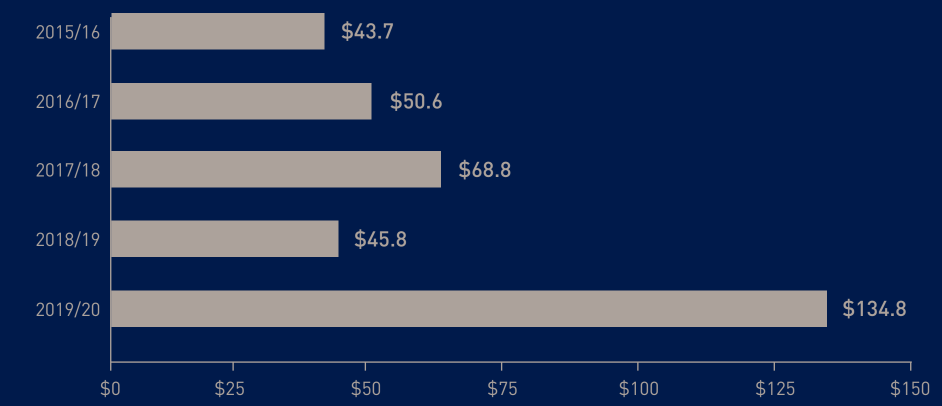


Total credit facilities available: $200.0

Total credit facilities used

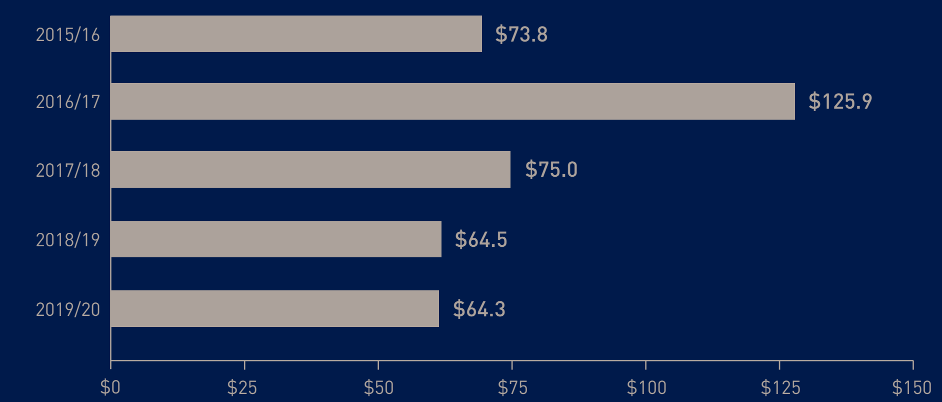
The Company has used its strong cash inflows to limit borrowings against its credit facilities. Overall, credit facility availability, which is used primarily to secure letters of credit with municipalities, has increased significantly over the past five years.

RETURN TO SHAREHOLDER



The Company makes financial contributions to its shareholder via dividends, promissory notes, income tax payments and sales proceeds sharing payments. Over the past five years, the Company's contributions have exceeded $340 million, with close to $135 million contributed in 2019/20 alone.

CAPITAL INVESTMENT



The Company continues to invest in its real estate properties and attractions. Over the past five years, the Company has made more than $400 million in investments. These investments are critical to advancing real estate projects, and are instrumental in maintaining and enhancing the Company's attractions at the Old Port of Montréal, CN Tower and Downsview Park.

Clock Tower Beach
Montréal, Québec

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.

*all chart numbers are in millions

REAL ESTATE + DEVELOPMENT

TOTAL REVENUE IN 2019/20 **$172.8**

RENTAL OPERATIONS IN 2019/20 **$35.0**

VILLAGE AT GRIESBACH **BEST COMMUNITY***

LAND SALES IN 2019/20 **$137.8**

*Canadian Home Builders' Association - Edmonton Region

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. At the outset of the development process, CLC fully engages the community and civic officials to collaborate in preparing a consensus-based plan for the property, with connection to the surrounding area. CLC then makes applications for planning approvals from the municipality. Typically, roads, parks and services are installed and the land is sold according to the approved plan.

ATTRACTIONS

TOTAL REVENUE IN 2019/20 **$133.1**

MONTRÉAL SCIENCE CENTRE **COUP DE CŒUR DU JURY***

$75 MILLION INVESTED IN THE OLD PORT OF MONTRÉAL, THE CN TOWER AND DOWNSVIEW PARK

4 MILLION IN ATTENDANCE ACROSS ALL ATTRACTIONS

*Société des musées du Québec

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 in Toronto, the Montréal Science Centre, the Old Port of Montréal and Downsview Park, also in Toronto. The Company has particularly excelled in developing innovative marketing programs, enhancements and initiatives, which incorporate sustainability and accessibility enhancements, to attract millions of visitors and guests to its attractions from all over the world.

LETTER TO THE HONOURABLE ANITA ANAND

On behalf of the Board of Directors, it is my pleasure to present the Annual Report of Canada Lands Company Limited for the fiscal year that ended March 31, 2020.

In that same capacity, allow me to congratulate you on your appointment as Minister of Public Services and Procurement. We look forward to the benefits and the strength your background and experience bring to this important portfolio.

Equally, we look forward to your engagement with the Company and its Directors now and for our future plans. Our Directors are each equipped with a coveted set of skills, expertise and industry knowledge, and I have the utmost confidence that, as we look to the year ahead and through a COVID-19 lens, they are well positioned to oversee the Company and guide its direction.

As testimony to this confidence, I am proud to share that, as of October 2019, the Company's cumulative benefits to Canada since inception exceed $1 billion in the form of dividends issued, note repayments and income taxes paid. In 2019/20 alone, the Company contributed more than $130 million to its shareholder, underscoring our ability to self-sustain and contribute to the government's fiscal framework.

These financial benefits are made possible by the Company's two business lines, which are robust and have been profitable in both non-financial and financial terms. This year, across our Attractions business line, we saw a continued rise in our attendance numbers. With the introduction of new exhibits and programming, Canada Lands Company is maintaining its position as one of the country's leading attractions operators.

Our Real Estate division performed equally well as it continued its large-scale projects in Ottawa, Calgary and Edmonton. Several public consultation processes helped inform our redevelopment planning for projects within these major Canadian cities.

While this fiscal year saw much growth and development, at its core, the Company remains unchanged. Our mission and values remain the same, along with our guiding principles of innovation, value, legacy and corporate social responsibility. Additionally, Canada Lands Company remains the go-to expert for real estate disposal and development, and attractions management for the federal government. In these capacities, we are committed to optimize both the non-financial and financial value of acquired federal assets for the benefit of Canadians and their communities. In fulfilling our mission and living our values, Canada Lands Company exceeded the targets set forth in its 2019/20 corporate plan.

Before I close, I would like to express my appreciation to Canada Lands' President and CEO John McBain and his senior management team; they are a driving force within the Company and always striving for excellence.

Thank you, Minister, for the opportunity to share the report that follows. It is my sincere hope that, as you read about our financial results and achievements, you will share our excitement for the future of Canada Lands Company.

Jocelyne Houle
Chair of the Board of Directors

MESSAGE FROM THE PRESIDENT AND CEO

Twenty-five.

That's the number of years Canada Lands Company has been in operation, enriching Canadian communities and experiences. It's the number of years we've worked to curate lasting experiences. It's the number of years we've spent creating spaces and places where Canadians can live, work and play.

Now, as we prepare to mark this 25th anniversary, it is my distinct pleasure to share the Company's 2019/20 annual report, highlighting another year of growth and capacity to meet or exceed expectations.

I am proud to report that Canada Lands generated close to $315 million in revenue during the year, which resulted in a profit of more than $105 million. At the same time, Canada Lands continued to make investments in its attractions and real estate developments. This year alone, the Company invested close to $75 million in the Old Port of Montréal, the CN Tower and Downsview Park in Toronto, and in its national real estate projects, which spur greater local economic activity. Equally important, we welcomed close to 4 million visitors to our attractions, realizing growth of 13 per cent over last year's results.

Complementing these achievements, the year saw strengthening within our senior management team and the Company's position as a key player in the attractions management industry. It was my pleasure to recognize this role within the Company through the formal creation of an Attractions business line and the appointment of Neil Jones, a 25-year veteran of the CN Tower and, most recently, its Chief Operating Officer, to the position of Executive Vice President, Attractions.

This business line provides both recognition and balance within Canada Lands and has served as an excellent complement to our Real Estate division, enabling a consolidated view of the CN Tower, Downsview Park and the Old Port of Montréal, which includes the Montréal Science Centre. Importantly, under Mr. Jones' leadership we have already begun to realize the benefit of synergies among the component parts of our attractions.

If this year's attendance records are any indication, under this new leadership, the Company's Attractions division is well positioned to continue offering memorable experiences that educate and entertain. The CN Tower welcomed 1.9 million visitors, setting the third-highest attendance mark in its 44-year history, while more than 82,000 people took to the Old Port of Montréal for New Year's Eve festivities, setting its own record.

At the Montréal Science Centre, the Company continues to educate and delight hundreds of thousands of visitors each year with a steady stream of new exhibits. Since unveiling a reimagined version of its former flagship exhibit "Science 26" in November, the Centre has launched several new expositions, including "Journey to Space," an interactive simulation of life onboard a spaceship.

Throughout its 25 years, Canada Lands has always prided itself on a public engagement approach to pursuing community-oriented goals, environmental stewardship and heritage commemoration. This year was no different as the Company undertook several robust public consultations for the development of various real estate projects.

In Toronto, the consultation process continued for development of the William Baker neighbourhood at Downsview, a 62-acre (25-hectare) property in the city's north end. In this second phase, preliminary design concepts were presented to the community for their input. Our team is preparing to present its final concept, which was informed by the valuable feedback received. The Company recognizes the increasing demand for housing in Toronto and remains particularly eager for this development and the opportunity to help meet this growing local need, including much-needed housing and amenities for seniors.

The Company also remained active in the country's capital. While the Wateridge Village/Village des Riverains community is already home to almost 800 residents, public consultation continues for the development of new areas of the community, including Veterans' Park, which will honour the legacy and contributions of Canada's veterans. Similarly, after two extensive consultation processes in Halifax, Canada Lands is moving forward with the next steps for the sale of 1557 Hollis Street and the Oxford Street properties.

As I begin the final year of my appointment prior to retirement and pen my last remarks, allow me to express my sincere gratitude to our shareholder for the confidence in my appointment and support throughout my terms. It has been a personal privilege to lead this organization and an honour to work alongside its incredible people.

I wish the incoming President and CEO both the pleasure and pride I have derived in my time with Canada Lands and much success in leading the Company into the next quarter century of community-building and memory-making.

John McBain
President and CEO

CN Tower
Toronto, Ontario

CORPORATE SOCIAL RESPONSIBILITY

In recent years, corporate social responsibility has become a matter of increasing national importance.

More than ever, organizations are regarded favourably when their actions align with the values of Canadians. As a self-financing federal Crown corporation, the Company recognizes its duty to conduct its business responsibly.

In 2017, the Company implemented the first step of its corporate social responsibility framework: a balanced scorecard program. The scorecard is intended to be a living, breathing process of reporting. Adjustments are made on an annual basis to reflect shifts in operational context and to ensure that the scorecard captures what is important to Canada Lands' stakeholders. The inaugural version of this scorecard program introduced five pillars that illustrate the Company's work. The pillars are shared between the Company's divisions and feature projected metrics, which are established annually to create a baseline for Canada Lands' performance over time.

For more information on the Company's balanced scorecard program and its corporate social responsibility efforts, please view the Company's 2019/20 CSR report, available at **www.clc.ca**.

Wateridge Village / Village des Riverains
Ottawa, Ontario

2019/20 INVESTMENTS AT A GLANCE

*all numbers are in millions

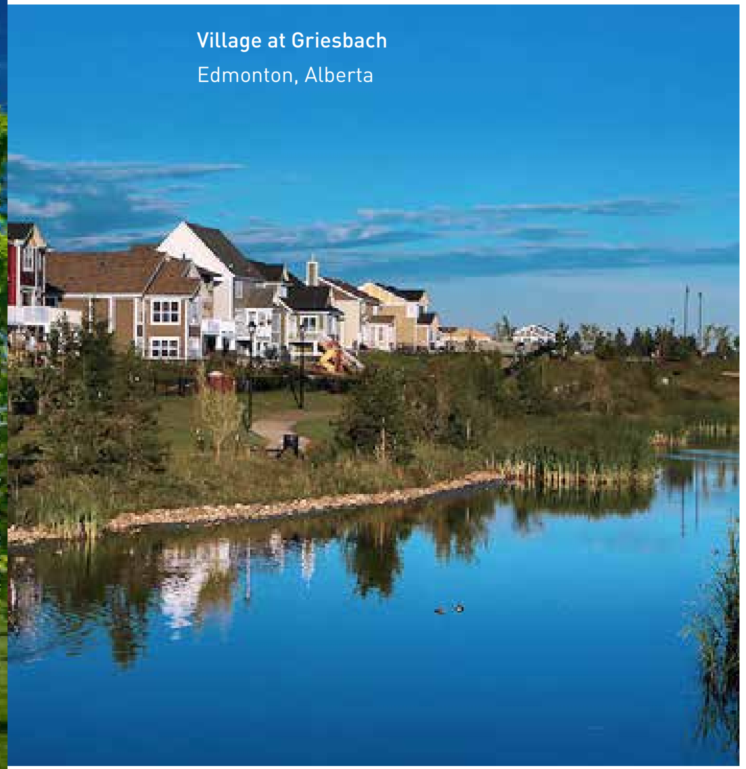
WATERIDGE VILLAGE / VILLAGE DES RIVERAINS

OTTAWA

Canada Lands' Wateridge Village/Village des Riverains development project continues its momentum as the Company invested more than $8.0 this fiscal year. These investments supported site servicing and road improvements. Over the past three years, the Company has invested more than $31.0 in this visionary Ottawa community.

Wateridge Village / Village des Riverains
Ottawa, Ontario

Currie
Calgary, Alberta



Village at Griesbach
Edmonton, Alberta

ALBERTA

The Company has two significant real estate projects in Alberta: Currie in Calgary, a contemporary and progressive mixed-use urban development, and the multi-award-winning Village at Griesbach development in Edmonton. In 2019/20, Canada Lands invested more than $21.0 in these projects, which supported:

- site and road servicing;
- start of amenity and public realm designs;
- demolition of buildings.

Over the past three years, the Company has invested more than $55.0 into these two Alberta communities.

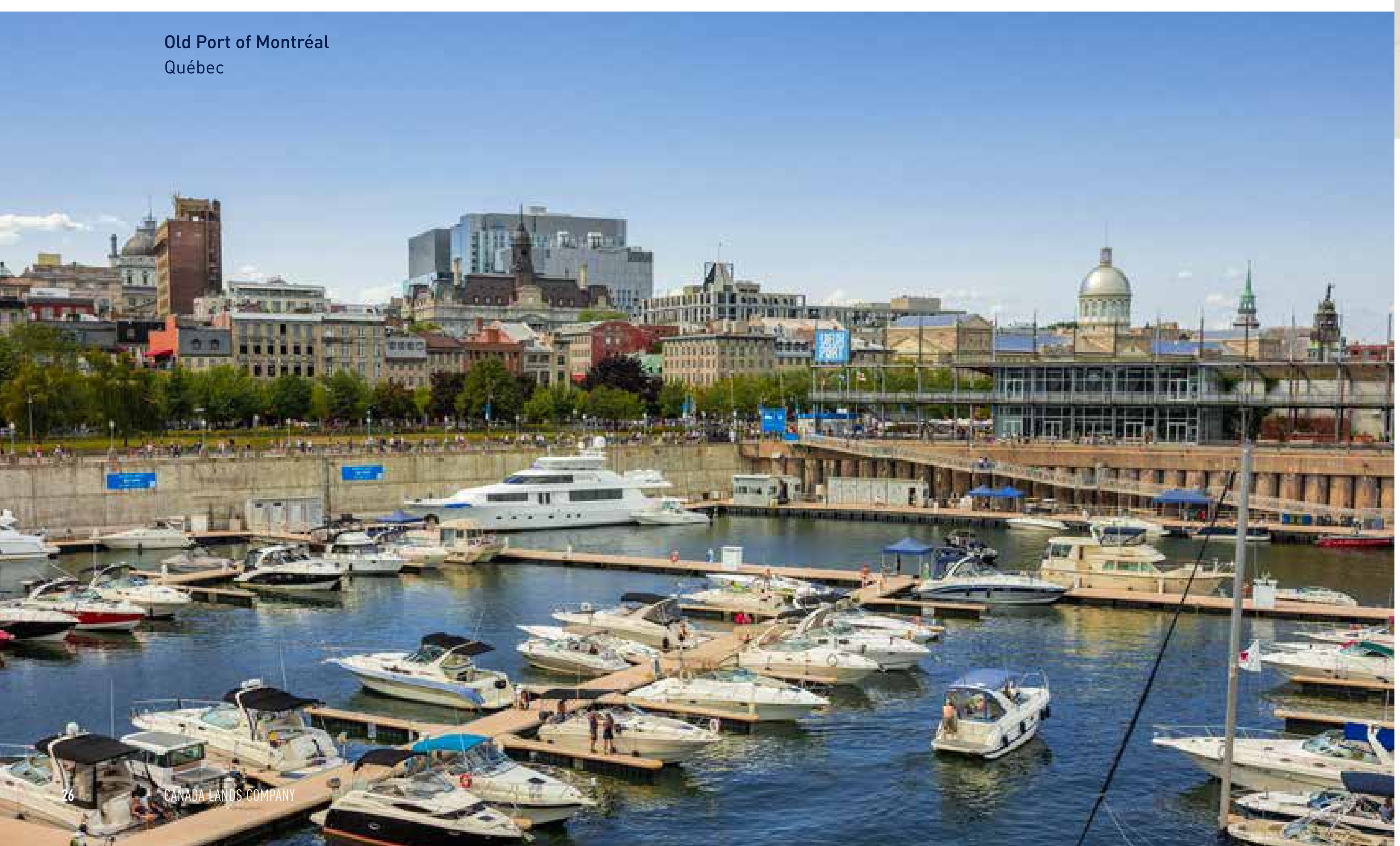
ATTRACTIONS

As a steward of world-renowned and iconic landmarks, the Company is committed to continuously invest in its attractions across the country. During the fiscal year, it invested almost $15.0 in the CN Tower, Downsview Park, Montréal Science Centre and the Old Port of Montréal. These investments included:

- security enhancements;
- site infrastructure upgrades;
- completion of the Sesquicentennial commemorative trail at Downsview Park;
- lighting;
- retail space redesign and construction.


CN Tower
Toronto, Ontario

Downsview Park
Toronto, Ontario


Old Port of Montréal
Québec

STANLEY GREENE
TORONTO

As the Stanley Greene neighbourhood at Downsview welcomes more residents, the Company is fulfilling its commitments to stakeholders with additional financial support. In 2019/20, Canada Lands invested close to $7.0 in the neighbourhood, which went towards:

- neighbourhood park development;
- public art installation;
- completion of the bioswale and stormwater management system.

Old Port of Montréal
Québec

CORPORATE GOVERNANCE

In June 2019, the Interim Chair of the CLCL Board was appointed by Governor-in-Council to the role of Chair of the Board for a term of two years. At the same time, filling a vacancy, a Director was appointed to the CLCL Board for a term of four years. The Board of Directors of CLCL maintained a robust governance framework during the 2019/20 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 CLCL's three wholly owned subsidiaries: CLC, OPMC and PDP. Along with the CLCL Directors, the President and CEO of CLCL is a member of the Boards of the subsidiaries.

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). 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 parkland at Downsview Park.

AUDIT & RISK COMMITTEE

The Audit & 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 & 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 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 in order 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, the Board held meetings in Calgary, Halifax, Ottawa and Toronto. In addition, regional Board representatives met with partners and officials across the country.

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

There were nine Board meetings (five by conference call) and one Director orientation session held during the past fiscal year. Directors attended meetings either in person or by phone. 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	CALLS
Jocelyne Houle	4/4	5/5
Victoria E. Bradbury	4/4	5/5
John W. Campbell	4/4	5/5
Margaret MacDonald	3/3	3/4
Kaye Melliship	4/4	5/5
Daniel Shindleman	4/4	5/5
Toni Varone	4/4	5/5

TEAM OVERVIEW

BOARD OF DIRECTORS

Jocelyne Houle
Chair

Victoria E. Bradbury

John W. Campbell

Margaret MacDonald

Kaye Melliship

Daniel Shindleman

Toni Varone

SENIOR MANAGEMENT TEAM

John McBain
President and Chief Executive Officer

Robert Howald
Executive Vice President, Real Estate

Neil Jones
Executive Vice President, Attractions

Greg Barker
Chief Legal Officer and Corporate Secretary

Isabel Dansereau
Senior Director, Old Port of Montréal

Tara Dinsmore
Vice President, Real Estate (National Capital Region/Atlantic and Acquisitions)

Chris Elkey
Vice President, Real Estate (West)

Peter George
Chief Operating Officer, CN Tower

Marcelo Gomez-Wiuckstern
Vice President, Corporate Communications (on leave)

Deana Grinnell
Vice President, Real Estate (British Columbia/Ontario)

Manon Lapensée
Acting Vice President, Corporate Communications

Teresa Law
Vice President, Human Resources

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

Matthew Tapscott
Vice President, Finance and Chief Financial Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

FOR THE YEAR ENDED MARCH 31, 2020

This Management's Discussion and Analysis ("MD&A") provides important information about Canada Lands Company Limited's ("CLCL" or the "Company") business, its financial performance for the year ended March 31, 2020, and its assessment of factors that may affect future results. The MD&A should be read in conjunction with the Company'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 23, 2020, unless otherwise noted. The Board of Directors of CLCL has approved this disclosure.

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

CLCL's financial reporting publications are available on the Company's website at **www.clc.ca**.

PERFORMANCE HIGHLIGHTS

In millions of dollars, except profit margin	Year ended March 31, 2020	Three years ended March 31, 2020
Total revenue	$ 314.2	$ 868.2
Total operating profit*	151.9	360.1
Total operating profit margin	48.3%	41.5%
Total net income	77.2	170.2
Acquisitions	1.8	13.8
Investment	64.3	197.0
Cash provided by operating activities	45.6	104.5
Total credit availability**	124.2	124.2
Income taxes paid (net)	2.7	83.8
Dividends to the Government of Canada	30.0	40.0
Sales proceeds sharing, upfront and note payments to the Government of Canada	102.1	115.6
Total assets**	1,221.9	1,221.9

* 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, 2020 ending balance.
The performance highlights will be discussed in further detail in the "Resources, Risks and Relationships" section.

HIGHLIGHTS FOR THE YEAR

- For the year ended 31 March 2020, the Company generated revenues of $314.2 primarily from its real estate and attractions operations.
- During the year, the Company generated close to $77.2 in profit after tax with a strong operating profit margin of 48.3%, primarily due to a strong mix of higher profitability properties sold in the current year, and a net income after tax margin of 24.6% of total revenues.
- During the year, the Company made a $30.0 dividend payment to its shareholder.
- The Company made promissory note repayments and profit-sharing payments to former property custodians of $23.9 and $78.2, respectively, during the year, financed by operating cash flows and cash and cash equivalents.
- During the year, the Company invested $64.3 primarily in its real estate development in communities across the country and its attractions.

THREE-YEAR RECAP

- During the past three years, the Company has generated over $868.2 in revenue, yielding an operating profit of approximately $360.1 and close to 41.5% operating profit margin.
- During the period, the Company has invested $197.0, primarily in its real estate and

attractions assets. The real estate investments have taken place across Canada, in projects in Vancouver, Chilliwack, Edmonton, Calgary, Toronto, Ottawa, Montréal, Halifax and St. John's. The attractions investments have occurred primarily at the CN Tower, OPMC and Downsview Park.

- During the period, the Company returned to the Government of Canada $155.6 through dividends, profit-sharing payments, and upfront and note cash repayments.
- During the period, the Company declared and paid $40.0 in dividends and as well as redirecting $10.0 of its dividend to fund two federal infrastructure projects at OPMC.
- During the period, the Company has acquired and started to reintegrate surplus properties from federal departments at fair value of approximately $13.8. These properties have been across the country, but primarily in Toronto, Ottawa and Atlantic Canada.

OTHER SIGNIFICANT DEVELOPMENTS

- On March 11, 2020, the World Health Organization declared the outbreak and subsequent spread of COVID-19 a global pandemic. Governmental agencies, health agencies, and others have taken efforts to contain COVID-19, which include a number of provincial and municipal governments declaring states of emergency and governments implementing restrictive measures such as travel bans, quarantine and self-isolation. Some of these efforts to address and mitigate the impacts of COVID-19 have adversely affected the Company's business and the operations, particularly its Attractions operating division and its financial results for the year ended March 31, 2020. The duration and intensity of the resulting business disruption and related financial and social impacts are unprecedented and remain uncertain and may have material effects on the Company's future results. These risks and possible impacts are discussed further throughout this MD&A.

ABOUT CLCL

CLCL is the parent of Canada Lands Company CLC Limited ("CLC"), Parc Downsview Park Inc. ("PDP") and the Old Port of Montréal 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 ("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 approved by the Government of Canada (the "Government") on reactivation in 1995. CLCL optimizes the financial and community value of strategic properties no longer required for program purposes by the Government. Through CLC, it works to purchase properties from the federal 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 for the Company'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; Ottawa and Toronto, Ontario; Montréal, Québec; Halifax, Nova Scotia; and St. John's, Newfoundland and Labrador.

PDP was originally comprised of 572 acres (231 hectares) of land at the former Canadian Forces Base in Toronto. The holdings at PDP are composed of active recreation, parkland and development real estate assets. PDP will be developed with a full range of uses in accordance with the approved City of Toronto Downsview Area secondary plan, which includes an area of 291 acres (118 hectares) permanently set aside as parkland.

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 the 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 (1.6 mile) long 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 of Directors (the "Board") is composed of the Chair and six Directors. For more details on CLCL's governance, see the "Corporate Governance" section included within the CLCL 2019/20 Annual Report.

The Board's total expenses for the year ended March 31, 2020, including meetings, travel expenses, conferences and seminars, liability insurance, and annual retainers and per diems, totalled $0.4 (March 31, 2019 - $0.4).

The Board and senior management expenses are posted on CLC's website at www.clc.ca/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.

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. In all the work the Company undertakes, it strives to achieve its organizational goals to create value, legacy and innovation.

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, including the MSC.

RESULTS OF OPERATIONS

A summary of the various components of the Company's Consolidated Statement of Comprehensive Income follows. Discussion of the significant changes in each of these components for the year ended March 31, 2020 compared to the prior year's comparative period are provided on the following pages.

In mid-March 2020, the CN Tower and MSC were temporarily closed as a result of the COVID-19 pandemic. As a result, there was a significant reduction in revenue recognized from mid-March to March 31, 2020. In addition, COVID-19 has resulted in landlords, including the Company, entering into rent relief and deferral arrangements with certain tenants, impacting rental operations in March 2020.

The financial results for the year ended March 31, 2020 were affected by these COVID-19-driven events.

Year ended March 31	2020	2019
Real estate sales	$ 137.8	$ 58.5
Attractions, food, beverage and other hospitality	112.3	114.8
Rental operations	49.9	46.6
Gain on sale of assets	–	34.8
Interest and other	14.2	14.7
Total revenues	$ 314.2	$ 269.4
General and administrative expenses	33.5	30.4
Income before taxes	105.4	74.5
Net income and comprehensive income (after taxes)	77.2	55.2

RESULTS BY ENTITY	Year ended March 31, 2020					Year ended March 31, 2019			
	OPMC	PDP	CLC	ELIMINATION	TOTAL	OPMC	PDP	CLC	TOTAL
Real estate sales	$ –	$ –	$ 137.8	$ –	$ 137.8	$ –	$ –	$ 58.5	$ 58.5
Attractions, food, beverage and other hospitality	9.9	0.7	101.7	–	112.3	9.8	0.9	104.1	114.8
Rental operations	9.7	13.8	26.4	–	49.9	7.7	12.6	26.3	46.6
Gain on sale of assets	–	–	–	–	–	–	34.8	–	34.8
Interest and other	4.3	0.1	11.3	(1.5)	14.2	3.0	0.1	11.6	14.7
Total revenues	$ 23.9	$ 14.6	$ 277.2	$ (1.5)	$ 314.2	$ 20.5	$ 48.4	$ 200.5	$ 269.4
General and administrative expenses	5.2	1.1	28.7	(1.5)	33.5	5.0	0.6	24.8	30.4
Income (loss) before taxes	(14.5)	(1.3)	121.2	–	105.4	(14.3)	32.7	56.1	74.5
Comprehensive income (loss) after taxes	(12.2)	(1.0)	90.4	–	77.2	(10.5)	24.0	41.7	55.2

REVENUE

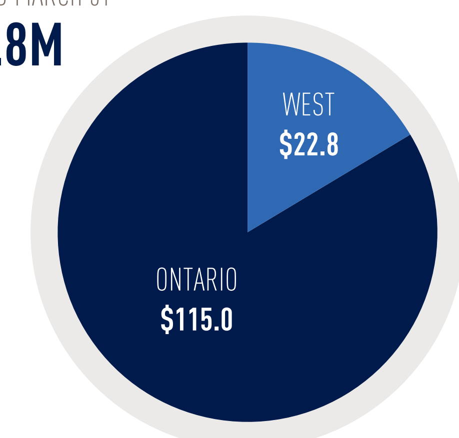
Total revenue generated for the year was $314.2, comprised of four principal sources:

1) REAL ESTATE SALES

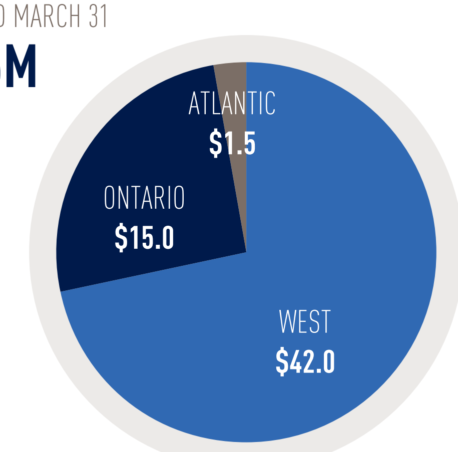
Real estate sales of $137.8 for the year comprise sales of property developed as building lots and sold to builders of single-family homes, and developed land blocks. Revenue comprises sales in specific projects across Canada as the individual marketplaces dictate.

Real estate sales by region were as follows:

2020 TOTAL
YEAR ENDED MARCH 31
$137.8M



2019 TOTAL
YEAR ENDED MARCH 31
$58.5M



Real estate sales for the year generated a gross profit, excluding general and administrative expenses and income tax, of $87.6 (or 63.6%), which was higher than the prior year gross profit generated of $14.9 (or 25.6%).

Real estate land sales are dependent on a number of factors, and the nature of 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 product within the project, the cost of land, and the length of time for a project to be sold, and as a result it is difficult to compare year-over-year results.

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.

CN Tower revenue of $103.2 for the year was $2.5 lower than the prior year. The CN Tower's earnings before interest, taxes, depreciation and amortization ("EBITDA") of $50.7 for the year was $1.8 lower than the prior year. Attendance during the year at the CN Tower was 1.87 million visitors, which was slightly lower than the prior year. The average guest spending year to date is approximately $53 per visitor, which was consistent with the prior year. The unfavourable variances against the prior year for revenue, EBITDA and visitor attendance are attributed to the closure of the CN Tower commencing March 14, 2020.

OPMC generated revenue of $9.9 from the MSC and its parking, concessions, programs and events operations. Attendance at the MSC of 0.7 million guests was consistent with the prior year. Despite the closure of the MSC for a portion of March 2020, the revenue was consistent with the prior year.

Downsview Park generated revenue of $0.7 from its programs and events, which was slightly lower than the prior year.

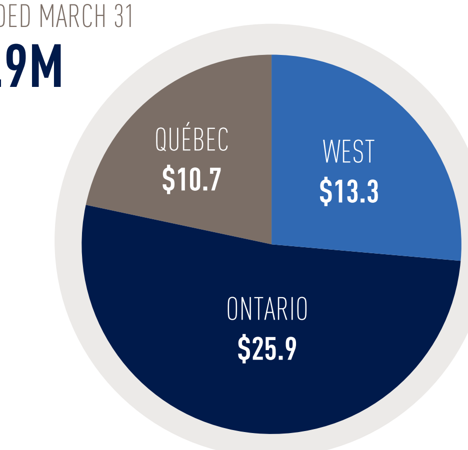
3) RENTAL OPERATIONS

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.

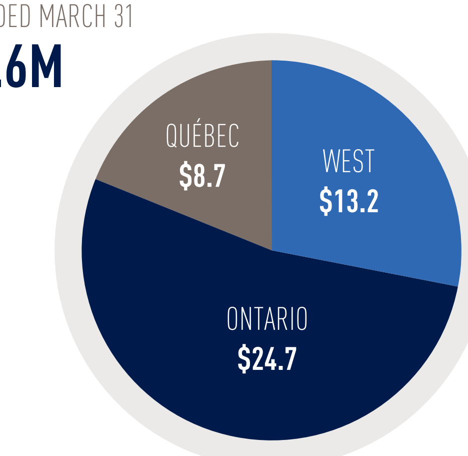
Rental revenue of $49.9 for the year was generated by investment properties, properties in inventory at various stages of development, and other properties across CLC, OPMC and PDP. The rental revenue for the year was $3.3 higher than the prior year. The favourable variance for the year was driven by strong rental rates, higher variable rents from tenants, and additional land leases.

Rental revenues by region were as follows:

2020 TOTAL
YEAR ENDED MARCH 31
$49.9M



2019 TOTAL
YEAR ENDED MARCH 31
$46.6M



The rental gross profits of $10.0 (20.1%) for the year were higher than the prior year by $1.5. The increase in rental profit from the prior year is primarily a result of the stronger variable rent profits from certain leases, higher rental rates and lower operating costs.

4) INTEREST AND OTHER REVENUES

Interest and other revenue of $14.2 for the year is comprised principally of interest on short-term investments, cash and cash equivalents, long-term receivables, and donation and sponsorship revenues at OPMC.

OTHER

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative ("G&A") expenses of $33.5 for the year were higher than the prior year by $3.1. The higher G&A costs are to support the increase in Attractions operating division revenues, up to the date of their closures in March 2020, certain one-time costs, and budgeted corporate initiatives.

TAXES

The effective tax rate for the year of 26.8% is consistent with statutory rates.

FINANCIAL POSITION

ASSETS

At March 31, 2020 and March 31, 2019, the total carrying value of assets was $1,221.9 and $1,241.9, respectively. The following is a summary of the Company's assets:

	March 31, 2020	March 31, 2019
Cash and cash equivalents	$ 462.6	$ 456.3
Inventories	383.9	386.4
Property, plant and equipment	141.6	142.4
Deferred tax asset recoverable	101.8	99.3
Long-term receivables	59.9	58.2
Investment properties	28.5	29.8
Trade and other assets	43.6	69.5
Total	$ 1,221.9	$ 1,241.9

CASH AND CASH EQUIVALENTS

The Company continues to maintain high levels of liquidity, which will allow it to react to future potential opportunities and risks that may require significant amounts of cash immediately. At March 31, 2020, cash and cash equivalents balances held in major Canadian chartered banks and financial institutions were $462.6, compared to $456.3 at March 31, 2019. During the year, the Company paid a $30.0 dividend to its shareholder, repaid promissory notes and profit-sharing obligations of $23.9 and $78.2, respectively, to former property custodians, and invested in its real estate development and attractions operations.

The Company has current promissory notes of $161.0, which are owing to the former property custodians and due on demand. The Company will use its cash and cash equivalents to discharge these obligations as required.

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 $105.6 (March 31, 2019 - $128.4), properties under development of $278.3 (March 31, 2019 - $235.9) and properties held for sale of $nil (March 31, 2019 - $22.1).

Inventory is recorded at the lower of cost and net realizable value. During the year, there were no write-downs or reversals of write-downs recorded against inventories.

The Company incurred expenditures of $49.2 during the year compared with $36.9 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, forecasted returns, and also 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. There were capital additions of $14.2 for the year, compared with $18.6 during the prior year. Capital expenditures vary period over period based on required and planned expenditures on the property, plant and equipment. In the prior year, the Company completed its $16.0 investment in the observation level at the CN Tower. There were non-cash depreciation charges of $11.1 during the year compared to $10.6 in the prior year. These expenditures exclude repairs and maintenance costs.

DEFERRED TAX ASSET

The deferred tax asset amount of $101.8 principally relates to the temporary differences between the carrying values of assets and liabilities for financial reporting purposes, which are lower than the amounts used for taxation purposes for the Downsview Lands. The majority of the deferred tax assets is expected to be realized upon the sale of development lands in future years.

LONG-TERM RECEIVABLES

Long-term receivables of $59.9 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 is built and surrounding the CN Tower Base, 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, and CN Tower inventory.

LIABILITIES AND SHAREHOLDER'S EQUITY

The Company's assets are financed with a combination of debt and equity. The components of liabilities and equity are as follows:

	March 31, 2020	March 31, 2019
Credit facilities	$ 37.5	$ 15.1
Notes payable	406.0	421.2
Trade and other payables	31.9	35.0
Profit sharing payable	–	78.2
Provisions	24.0	27.1
Prepaid rents, deposits and others	8.2	9.3
Deferred revenue	7.5	6.1
Tax liabilities and other	21.0	11.3
Total liabilities	$ 536.1	$ 603.3
Contributed surplus	181.2	181.2
Retained earnings	504.6	457.4
	685.8	638.6
Total liabilities and shareholder's equity	$ 1,221.9	$ 1,241.9

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. PDP has utilized $50.9 at March 31, 2020 (March 31, 2019 - $28.5) of which $13.4 (March 31, 2019 - $13.4) has been used as collateral for letters of credit outstanding. The borrowings from the credit facility have been used to finance the construction and development of Downsview Lands. The increase in borrowings against the credit facility resulted from continued investments in its real estate developments, repayment of current promissory notes owing, and capital investments in Downsview Park.

CLC has a senior, unsecured revolving credit facility in the amount of $100.0. The credit facility can be used to secure outstanding letters of credit. CLC has utilized $24.9 at March 31, 2020 (March 31, 2019 - $23.7) as collateral for letters of credit outstanding.

The credit facilities contain certain financial covenants. As at March 31, 2020, 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 on the earlier of their due dates from 2020 to 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. For all notes, the government can elect to defer amounts that are due and repayable. All notes are non-interest bearing. For accounting purposes, they 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 repaid $23.9 to former property custodians on current promissory notes payable.

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.

PRINCIPAL REPAYMENTS	*Years ended March 31*
2021	$ 161.0
2022	10.2
2023	7.2
2024	30.1
2025	2.2
Subsequent years	221.1
Subtotal	$ 431.8
Less: amounts representing imputed interest	25.8
Total	$ 406.0

TRADE AND OTHER PAYABLES

Trade and other payables are lower than the balance at March 31, 2019, primarily as a result of timing. All trade and other payables are trade payables and accrued liabilities incurred in the normal course of operations.

PROFIT-SHARING PAYABLE

Under the terms of the Company's acquisition agreement of purchase and sale for certain properties with the previous federal custodian, Public Services and Procurement Canada ("PSPC"), the Company and PSPC shared equally in the net profit from the sales. During the year, the Company repaid the full liability of $78.2, which had resulted from transactions in prior years.

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 being contested by the Company. During the year, the Company has spent $6.1 on completing its servicing obligations on previously sold real estate projects.

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 taxes payable and the future tax liabilities of the Company resulting from the temporary differences between the carrying values of assets and liabilities for financial reporting purposes that are higher than the amounts used for taxation purposes.

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 pertaining to the potential impact of the COVID-19 pandemic.

The capital resources available to the Company as at March 31, 2020 and March 31, 2019 are as follows:

CAPITAL RESOURCES	March 31, 2020	March 31, 2019
Cash and cash equivalents	$ 462.6	$ 456.3
Remaining credit facilities[1]	49.1	71.5
Total	$ 511.7	$ 527.8

1) Amounts represent the maximum amount of cash borrowings that can be made against the current credit facilities.

The Company's cash and cash equivalents increased by $6.3 during the year as a result of:

- Operating results and profits; and
- $22.4 of cash borrowings against credit facilities.

The increase was partially offset by:

- Investments of $49.2 in real estate inventory and $15.1 in property, plant and equipment and investment properties;
- Repayments on promissory notes of $23.9,
- Profit-sharing payments of $78.2; and
- Dividend payment to the shareholder of $30.0.

The working capital surplus of the Company as at March 31, 2020 and March 31, 2019 is as follows:

WORKING CAPITAL SURPLUS	March 31, 2020	March 31, 2019
Cash and cash equivalents	$ 462.6	$ 456.3
Other current assets	94.5	122.7
Total current assets	$ 557.1	$ 579.0
Current portion of notes payable	161.0	184.0
Other current liabilities	112.1	164.5
Total current liabilities	$ 273.1	$ 348.5
Net working capital surplus	$ 284.0	$ 230.5

The Company believes that its capital resources and its working capital surplus, along with cash flows 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 has a credit facility that has been utilized to secure outstanding letters of credit of $24.9 (March 31, 2019 - $23.7) that matures within the next 12 months of the Consolidated Statement of Financial Position date. Given the Company's capital position, it expects to be able to renew the credit facility at reasonable terms.

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

- 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;
  - discretionary capital expenditures;
- fund the operating deficit of OPMC; 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;
- 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 of Directors has overall responsibility for risk governance and oversees management in identifying the key risks the Company faces, and in implementing 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 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 pertaining to the potential impact of the COVID-19 pandemic.

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 may also have a material adverse effect on the Company's future business and operations.

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The duration and impact of the COVID-19 pandemic on the Company is unknown at this time. As such, it is not possible to reliably estimate the length and severity of COVID-19-related impacts on the financial results and operations of the Company.

The Company has already taken and will continue to take actions to mitigate the effects of COVID-19, keeping in mind the interests of its employees, visitors, tenants, suppliers and other stakeholders. Management established a COVID-19 response team to coordinate critical aspects of crisis management and has been communicating regularly with employees, visitors, tenants and its shareholder.

The Company is reviewing all its business plans and budgets from both an operational and financial perspective to determine the appropriate measures to implement in response to the pandemic. These measures may include possible capital investment deferral and other prudent cost containment actions.

The Company's response to the COVID-19 pandemic is guided by public health authorities. The Company continues to act according to direction provided by the federal, provincial and municipal governments to control the spread of COVID-19. The Company continues to closely monitor business operations and may take further actions in response to directives of governments and public health authorities or that are in the best interests of employees, visitors, tenants, suppliers or other stakeholders, as necessary. These changes and any additional changes in operations in response to COVID-19 could materially impact the financial results of the Company.

Federal, provincial and municipal governments have responded with monetary and fiscal interventions in attempts to mitigate the impact on the economy; however, the ultimate impact of COVID-19 on the economy and its duration remains unknown.

As a result of COVID-19, the Company faces significant risk and uncertainty around its:

- attractions operations;
- rental operations; and
- real estate development project timing.

In addition, like many other businesses in Canada, the Company is ultimately operating in an unprecedented and unpredictable economy, which poses significant risk and uncertainty. These risks and uncertainties, along with others, may, in the short or long term, materially adversely impact operations and the financial performance of the Company.

COVID-19 may also exacerbate other risk factors described in this section.

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.

As mentioned above, COVID-19 has had a pervasive impact on the economy. As the Bank of Canada ("BoC") mentioned in its April 2020 Monetary Policy Report ("MPR"), the COVID-19 pandemic is having a dramatic effect on economic activity and employment in Canada, particularly in the short term as authorities attempt to take measures to control the spread of COVID-19. A significant amount of economic activity in Canada has been impacted as a result of these measures, causing businesses to close, impacting supply, and forcing consumers to work from home, impacting demand. The uncertainty about the duration and severity of the outbreak is affecting the spending decisions of both households and businesses. In addition, the plunge of oil prices has only exacerbated the economic impact of COVID-19.

In the MPR, the BoC did not provide an outlook for Gross Domestic Product ("GDP"), which is a key performance indicator for the economy, given the current degree of uncertainty. Many of Canada's largest banks are predicting a significant retraction in the first half of 2020, followed by a recovery later in the year as restrictions begin to ease and economies restart. The overall outlook for 2020, as difficult as it is to predict with all of the current uncertainty, is a decline of GDP in the high single digits. Equally uncertain is what 2021 will look like from a GDP perspective, with some estimating a 3% growth, while others estimate a 7% growth.

Not surprising, Canada's unemployment rate in April 2020 rose to 13.0%, which was an increase from the previous month's 7.8%, and the highest unemployment rate since 1982. Since the start of 2020, the unemployment rate has increased from 5.5% to 13.0%. Similar to GDP, it is very difficult to predict what unemployment rates for 2020 will be going forward. General forecasts have the Canadian unemployment rate at December 2020 around 8%, with the average unemployment rate for 2020 between 9% and 10%.

The BoC supported the economy and financial system by taking the unprecedented step of lowering the overnight interest rate by a cumulative 150 basis points to 0.25% in March 2020, which the BoC considers its floor. Up until these drops in March, interest rates in Canada had been stable over the past few years, as the BoC's rate has remained at 1.75% since October 2018. For the remainder of 2020, there seems to be an almost unanimous consensus that the BoC's interest rate will remain at 0.25% to aid in the economic recovery from COVID-19, and most seem to believe that the interest rate will remain there for the better part of 2021. These low interest rates may help to stimulate investment by businesses and purchases by consumers as economies recover.

The Company mitigates the 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 the 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.

As a result of the uncertainty facing the economy, consumer spending decisions, which include real estate purchases or investments, are being significantly impacted.

In April 2020, homes sales dropped by 57% compared to the prior month. Year-over-year sales activity is down approximately 57% as well. This impact was felt evenly across the country as nearly all provinces saw sales activity fall between 40% and 80%. Home sales prices dropped approximately 10% in April as compared to March and are down about 1% year over year. However, given the significantly lower volume of transactions, particularly at the higher end of the market, the decline in housing prices should be looked at cautiously. Canadian housing starts in April 2020, however, were up 11% month over month.

At the end of March 2020, Canada's office vacancy rate was 9.4%, which was 0.4% lower than the same time in the prior year. At the end of March 2020, Canada's industrial space available was 3.1%, which was similar to the prior year. The impact on office and industrial space as a result of COVID-19 is uncertain.

In addition to the impact of COVID-19, 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 particularly the Alberta economy, including the housing demand through effects on employment and household income. Benchmark oil prices, currently trading around US$31 per barrel, remain a significant risk and uncertainty, limiting growth, particularly in Alberta. Canadian oil prices have ranged from $43 per barrel to $8 per barrel within the last three months. Both benchmark and Canadian oil prices have been extremely volatile over the past three months. Not only is the price per barrel important; so, too, is the difference between the benchmark global oil prices and Canadian oil prices. The recent plunge and volatility in oil prices have dealt a major setback to the oil and gas sector, forcing production and investment in the sector to decline sharply.

Like many industries, the outlooks for the housing, office and industrial real estate markets are uncertain in the short term and longer term.

It is difficult to predict demand for real estate. Changes in the real estate market, whether it be 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 CN Tower's and OPMC's operations have been 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.

Efforts by governmental agencies, health agencies and others to contain COVID-19 or address its impacts will have a significant impact on the tourism industry. These efforts include restricting domestic and international non-essential travel to mitigate the impact of COVID-19, as well as physical distancing measures and limitations on group gatherings. The duration of these mitigation efforts and the plan for the gradual removal of the restrictions are uncertain and could have a material impact on the Company's attractions.

As a result of COVID-19, tourism spending is expected to be significantly impacted in Canada. In Destination Canada's ("DC") April 2020 "COVID-19's Impact on Canada's Tourism Industry" publication, it reported that travel spending in 2020 could drop between 35% and 59% compared to 2019, and not return to 2019 spending levels until 2022 or possibly not until 2024.

Visitors from outside of the local market comprise a significant portion of CN Tower visitors. A significant number of visitors to Old Port and the CN Tower travel from the United States ("U.S.").

In March 2020, Canada-U.S. border restrictions prohibiting all non-essential travel across the border were put in place. It is expected that these restrictions will loosen in the coming months, but when and by how much are unknown.

Foreign exchange rates may impact the number of international tourists that Canada, local markets and the Company's attractions can draw when restrictions are eased. The rate at May 19, 2020 was US$1.00 = $1.39, which is slightly weaker than the same time last year, when the rate was US$1.00 = $1.34.

The Company is reviewing all aspects of its attractions operations potentially impacted by COVID-19, including its business plans and health and safety procedures and protocol, and is preparing business resumption plans for when Governments and health authorities allow the Company's attractions to reopen and the Company can ensure the safety of its employees and guests.

CYBERSECURITY RISKS

Cybersecurity has ceased to be an emerging risk and is now a strategic risk that needs to be actively managed by businesses in Canada and around the world. Cyberattacks, and the criminals that perpetrate them, are continually evolving the sophistication of how they target and who they target. It is critical that businesses protect against financial fraud, the loss of sensitive data, the disruption of business operations, and the protection, safety and security of its guests. Successful attacks could compromise the Company's confidential information as well as the trust that stakeholders have in the Company's ability to hold and secure sensitive data and information. 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 being driven by COVID-19 is only increasing cybersecurity risks facing businesses. In addition to the mitigation efforts mentioned above, the Company has increased its communications to employees and the training provided to employees, re-emphasizing Company procedures and their importance.

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 2020 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 +/- 0.5% would not be significant to the Company's earnings or cash flow.

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.

If the Company were not able to renew existing credit facilities at reasonable rates, then acquisition or development activities could be curtailed, or asset sales accelerated. However, the Company anticipates renewing existing credit facilities at reasonable rates based on the quality of its assets and strength of its financial position.

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 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, 2020, the balance of rent and other receivables was $35.1 (March 31, 2019 - $43.5), which have been substantially collected as they have become due.

As a result of COVID-19 and the resulting downturn in the economy, certain tenants may experience financial difficulty in meeting their lease obligations going forward. As a result, the Company has worked with certain tenants to provide various forms of rent relief, as applicable. Otherwise, the Company expects tenants to honour the terms of their respective leases. The Company is continuously monitoring 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 $59.0 due from third-party joint venture partners. In February 2020, the Company and its partners signed agreements which 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.

ENVIRONMENTAL 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 non-compliance 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

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. During the year, the Company and a union group completed their collective bargaining negotiations with a new three-year collective agreement.

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.

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.

Other key risks, including litigation, communications, public relations, and fraud, 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 are 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 12 and 13 of the consolidated financial statements for the year ended March 31, 2020.

RELATED PARTIES

The Company is wholly owned by the Government of Canada and is under common control with other governmental 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 year were as follows:

Year ended March 31	2020	2019
Rental, leasing and other revenues	$ 1.8	$ 1.8
Acquisition of property through non-interest bearing notes (principal amount)	1.8	–
Repayment of notes payable	23.9	13.5
Dividend paid to shareholder	30.0	10.0

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

As at March 31	2020	2019
Net trade receivable and other from federal agencies and departments, excluding Government funding payable	$ 2.3	$ 2.1
Accounts payable on profit sharing	–	78.2
Notes payable	406.0	421.2

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES AND FUTURE ACCOUNTING PRONOUNCEMENTS

A) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

I. Financial Instruments

In October 2017, the IASB issued an amendment to IFRS 9, which is effective for annual periods beginning on or after January 1, 2019, but early application is permitted. The amendment confirms that debt instruments with negative compensation prepayment features can be measured at amortized costs or fair value through comprehensive income. The amendment also confirmed that gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognized in profit or loss.

This amendment does not have an impact on the Company's consolidated financial statements.

II. Annual Improvements to IFRS Standards 2015–2017 Cycle

In December 2017, the IASB published the Annual Improvements to IFRS Standards 2015-2017 Cycle, which included amendments to IFRS 3 *Business Combinations*, IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes* and IAS 23 *Borrowing Costs*.

The annual improvements are effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

These annual improvements do not have an impact on the Company's consolidated financial statements.

B) FUTURE ACCOUNTING PRONOUNCEMENTS

I. Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors

In October 2018 the International Accounting Standards Board issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the amendments) to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of the information.

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after January 1, 2020. The amendments must be applied prospectively and earlier application is permitted. The Company does not expect the amendments to have an impact on the consolidated financial statements.

II. Presentation of Financial Statements

In January 2020 International Accounting Standards Board issued amendments to IAS 1 *Presentation of Financial Statements* regarding classifications of liabilities as current or non-current, providing 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, 2020 and must be applied retrospectively. Earlier application is permitted.

The Company does not expect the amendments to have an impact on the consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

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 period. Actual results could differ significantly from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

As described in note 1, the COVID-19 pandemic has led to higher levels of estimation uncertainty as a result of the availability of reliable market metrics and discounts rates, and forecasting future cash flows, which impact the following significant accounting estimates:

- inventories and real estate development costs,
- measurement of fair values, and
- impairments and write-downs.

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 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.

The Company includes in its liabilities future servicing costs to complete a project based on management's best estimates.

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 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 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

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 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 has consistently met its corporate plan profit objectives.

ACQUISITIONS AND PROSPECTS

During the year, the Company acquired 3 acres (1.2 hectares) of property in Halifax, Nova Scotia from PSPC for $1.8.

The Company has a land bank of approximately 1,102 acres (446 hectares) at March 31, 2020.

The Company is currently in negotiations with government departments and agencies regarding a further acquisition of 5,313 acres (2,151 hectares). As many of the properties and portfolios potentially available for acquisition are substantial in size, 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, Halifax, Montréal, Toronto, Ottawa, 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 income before tax of $540.1 for the five years ending March 31, 2024 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 the Government of Canada.

DECLARATION

We, John McBain, President and Chief Executive Officer, and Matthew Tapscott, 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, 2020.

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:

JOHN MCBAIN
President and Chief Executive Officer
Toronto, Canada
June 23, 2020

Original signed by:

MATTHEW TAPSCOTT
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, 2020 and March 31, 2019 and its financial performance and cash flows for the years ended March 31, 2020 and 2019.

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:

JOHN MCBAIN
President and Chief Executive Officer
Toronto, Canada
June 23, 2020

Original signed by:

MATTHEW TAPSCOTT
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 2020, and the consolidated statement of comprehensive income, 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 2020, 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.

H McManaman

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

Ottawa, Canada
23 June 2020

CANADA LANDS COMPANY LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended March 31
Expressed in thousands of Canadian dollars

	Note	2020	2019
Revenues			
Real estate sales		$ 137,768	$ 58,515
Attractions, food, beverage and other hospitality		112,267	114,807
Rental operations		49,850	46,587
Gain on sale of assets	14	–	34,750
Interest and other		14,315	14,738
		314,200	269,397
Expenses			
Real estate development costs		50,204	43,584
Attractions, food, beverage and other hospitality costs		72,312	73,934
Rental operating costs		39,828	38,018
General and administrative		33,474	30,361
Impairment, pre-acquisition costs and write-offs	4, 6	7,191	3,165
Interest and other		5,760	5,818
	15	208,769	194,880
Income before income taxes		$ 105,431	$ 74,517
Deferred income tax expense (recovery)	18	(4,154)	1,264
Current income tax expense	18	32,367	18,074
		28,213	19,338
Net income and comprehensive income		$ 77,218	$ 55,179

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
Expressed in thousands of Canadian dollars

	Note	2020	2019
Assets – non-current			
Investment properties	5	$ 28,459	$ 29,791
Inventories	6	318,117	318,178
Property, plant and equipment	4	141,590	142,389
Trade receivables and other	9	18,082	15,021
Long-term receivables	7	56,772	58,209
Deferred taxes	18	101,775	99,303
		664,795	662,891
Assets – current			
Inventories	6	65,786	68,235
Cash and cash equivalents	8	462,589	456,329
Trade receivables and other	9	23,450	34,141
Current portion of long-term receivables	7	3,158	–
Current income tax recoverable and other tax assets		2,134	20,343
		557,117	579,048
Total		$ 1,221,912	$ 1,241,939

CANADA LANDS COMPANY LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31
Expressed in thousands of Canadian dollars

	Note	2020	2019
Liabilities and shareholder's equity			
Liabilities – non-current			
Notes payable	11	$ 245,060	$ 237,214
Deferred revenue		5,094	2,511
Trade and other payables	12	2,814	3,357
Provisions	13	466	454
Prepaid rent, deposits and others		1,853	1,917
Deferred taxes		7,678	9,363
		262,965	254.816
Liabilities – current			
Credit facilities	10	37,500	15,100
Current portion of notes payable	11	160,976	184,016
Trade and other payables	12	29,101	109,889
Provisions	13	23,490	26,664
Deferred revenue		2,356	3,568
Income taxes payable		13,378	1,900
Prepaid rent, deposits and others		6,300	7,358
		273,101	348,495
Shareholder's equity			
Contributed surplus	16	181,170	181,170
Retained earnings	16	504,676	457,458
		685,846	638,628
Total		$ 1,221,912	$ 1,241,939
Contingencies and commitments	12, 13		
Leases	17		

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

On behalf of the Board:

Original signed by:

Jocelyne Houle
Chair of the Board of Directors

Original signed by:

Victoria Bradbury
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
Expressed in thousands of Canadian dollars

	CONTRIBUTED SURPLUS	RETAINED EARNINGS	TOTAL SHAREHOLDER'S EQUITY
Beginning balance, April 1, 2018	$ 181,170	$ 412,279	$ 593,449
Change during the year			
Dividend paid	–	(10,000)	(10,000)
Net income for the year	–	55,179	55,179
Ending balance, March 31, 2019	$ 181,170	$ 457,458	$ 638,628
Change during the year			
Dividend paid	–	(30,000)	(30,000)
Net income for the year	–	77,218	77,218
Ending balance, March 31, 2020	$ 181,170	$ 504,676	$ 685,846

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
Expressed in thousands of Canadian dollars

	Note	2020	2019
Operating activities			
Net income		$ 77,218	$ 55,179
Loss on disposal of property, plant and equipment		13	110
Interest expense		5,528	5,669
Interest paid		(694)	(450)
Interest income		(10,057)	(10,482)
Income tax paid		(2,682)	(22,315)
Gain on sale of assets	14	–	(34,750)
Payment of sales proceeds sharing		(78,216)	–
Recovery of costs on sales of real estate		50,204	43,584
Expenditures on real estate properties		(49,213)	(36,899)
Impairment, pre-acquisition costs and write-offs		7,191	3,165
Provisions		(6,109)	(9,529)
Income tax expense		28,213	19,338
Depreciation		13,306	12,813
		34,702	25,433
Net change in non-cash working capital and other	19	10,899	7,533
Cash provided by operating activities		$ 45,601	$ 32,966
Financing activities			
Repayment of notes payable		(23,926)	(13,500)
Dividend paid		(30,000)	(10,000)
Proceeds from credit facilities		22,400	6,600
Repayment of credit facilities		–	(33,000)
Repayment of lease liabilities		(456)	(430)
Cash used in financing activities		$ (31,982)	$ (50,330)
Investing activities			
Interest received		7,741	8,032
Expenditures on investment properties		(920)	(2,251)
Expenditures on property, plant and equipment		(14,180)	(18,560)
Proceeds from sale of assets		–	33,000
Cash provided by (used in) investing activities		$ (7,359)	$ 20,221
Net increase in cash and cash equivalents		6,260	2,857
Cash and cash equivalents, beginning of year		456,329	453,472
Cash and cash equivalents, end of year		$ 462,589	$ 456,329
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, 2020

(Expressed in thousands of Canadian dollars)

1. AUTHORITY AND ACTIVITIES OF CLCL

Canada Lands Company Limited ("CLCL" or the "Company") 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 the Old Port of Montréal Corporation Inc. ("OPMC"), collectively referred to as the CLCL Subsidiaries.

CLCL conducts its real estate business operations through CLC and PDP's development lands ("Downsview Lands"), two of its wholly owned subsidiaries. CLCL's objective is to carry out a commercially oriented and orderly disposal program of certain former real properties of the Government of Canada ("Government") and the management of certain select properties. 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 OPMC.

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 the Company's legal obligations and to report on the implementation of this directive in the Company's next corporate plan. As at March 31, 2016, the Company had fully implemented the requirements of the directive and has remained in compliance with the directive since that date. The Company continues to report on the implementation of this directive in its corporate plan.

COVID-19

On March 11, 2020, the outbreak of a novel strain of coronavirus, specifically identified as "COVID-19," was declared a global pandemic by the World Health Organization.

The pandemic has changed public perceptions of the risks associated with COVID-19 and has resulted in governments in Canada and worldwide enacting emergency measures to limit the spread of the virus. These measures, which include the implementation of travel bans, temporary closures of certain businesses, self-imposed quarantine periods and social distancing, have caused significant disruption to businesses in Canada and globally, resulting in an economic slowdown as well as volatility in the financial markets.

Federal, provincial and municipal governments in Canada have announced economic stimulus programs to help stabilize the economy, including measures to help businesses keep their workforce, to ensure businesses have access to credit and to support financial market liquidity. The Bank of Canada has reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

In March 2020, the Company temporarily suspended the operations at the CN Tower, the Montréal Science Centre, the Old Port of Montréal and the education programs at Downsview Park. These operations will remain suspended until governments and health authorities lift restrictions, allowing operations to resume and until the Company can ensure the safety of its employees, visitors, suppliers, tenants and other stakeholders. As a result, there was a reduction in revenue earned by the Company during March 2020, which affected, but not significantly, the financial performance of the Company for the year ended March 31, 2020.

The duration and impact of the COVID-19 pandemic on the Company is unknown at this time. As such, it is not possible to reliably estimate the length and severity of COVID-19-related impacts on the future operations and financial results of the Company.

The registered office of the Company is 1 University Avenue, Suite 1700, Toronto, Ontario, Canada.

The consolidated financial statements were approved by the Board of Directors of the Company on June 23, 2020.

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 from the date the Company gains control until the date the Company ceases to control the subsidiary.

When necessary, adjustments are made to subsidiaries 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 property classified as property, plant and equipment 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 over time 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 straight-line 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 incidental 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 incidental 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 incidental 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. 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 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.

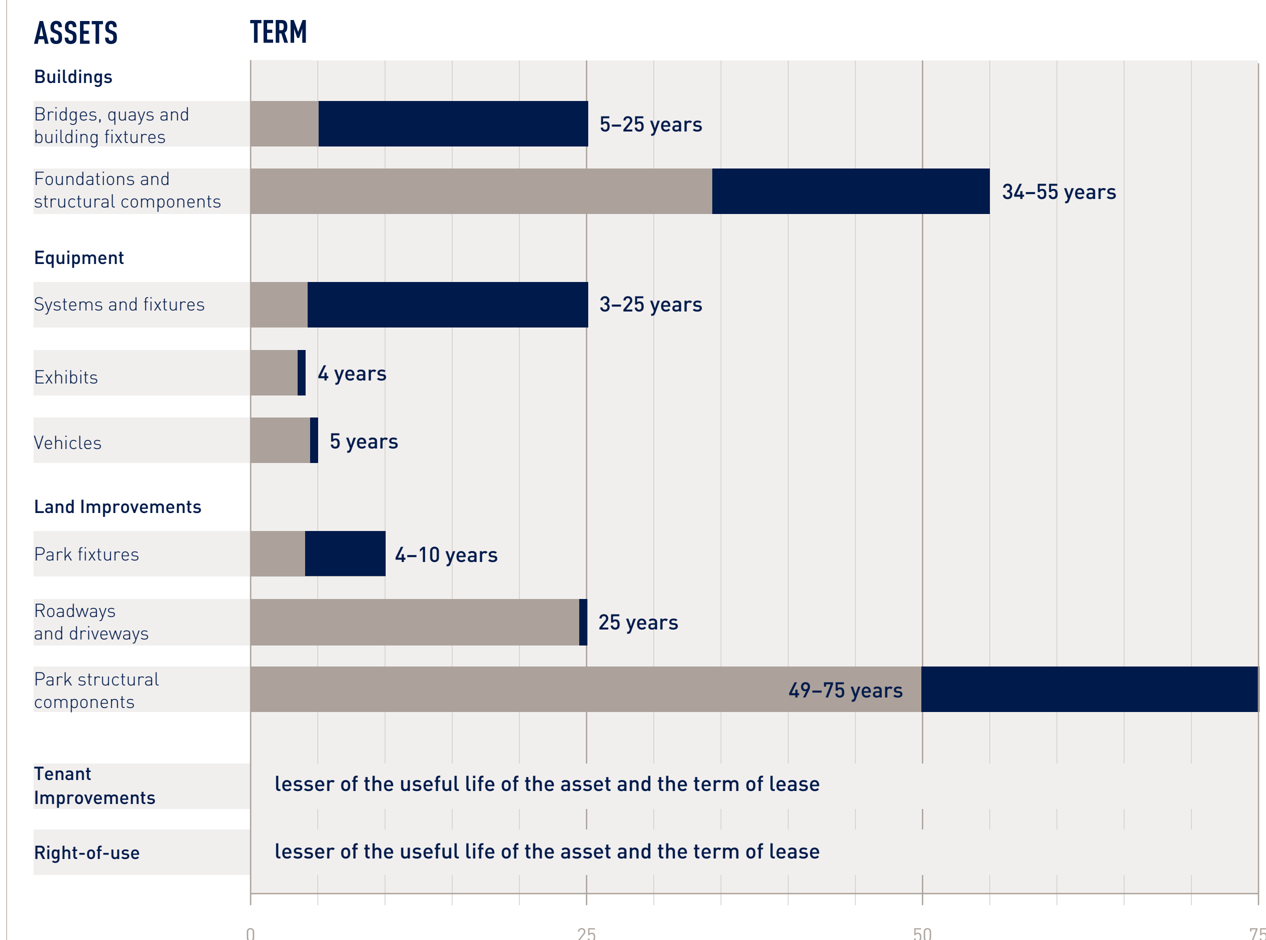
The Company has lease obligations for various equipment and office space. The leases vary in length and range for periods of one year up to seven years. The lease contracts contain a wide range of different terms and conditions. Leases are recognized as a right-of-use asset and corresponding lease liability 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 get ready for its intended use. Borrowing costs are capitalized while acquisition, construction or production is actively underway. The amount of borrowing costs capitalized during the period was immaterial.

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 during the financial period in which they are incurred.

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



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

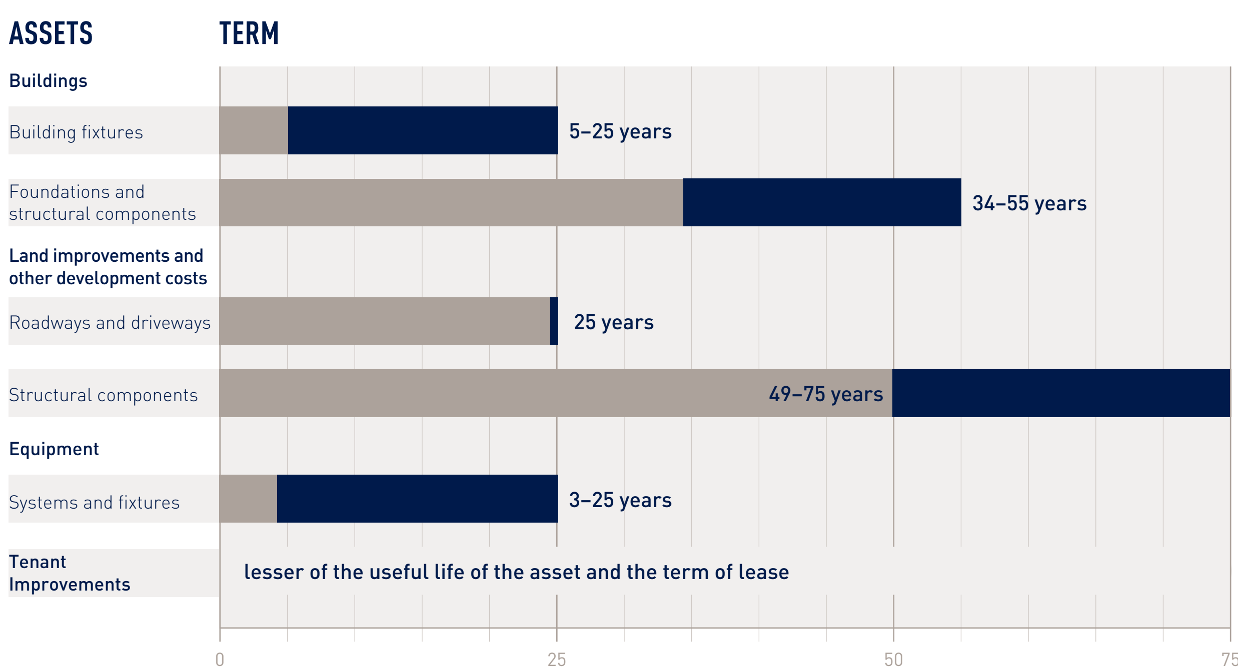
The Company holds some buildings for dual purposes, where a portion is leased to tenants and the remainder is used by the Company for administrative purposes. When a significant portion is owner-occupied, the Company classifies the property as PPE.

II. Investment properties

Investment properties are properties held by the Company for the 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 property, plant and equipment (note 2.F)i)), except where the asset meets the criteria to be classified as held for sale; then the asset is measured in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations.*

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



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

From commencement of commercial 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 commercial 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. 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 (note 2D)iii)) during the period. 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.

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 that active development is yet to commence on. 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 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 (note 22).

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* ("IFRS 9") 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. If a significant increase in credit risk occurs, IFRS 9 would require 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 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 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.

I) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and short-term, highly liquid investments, such as money market funds and term deposits, with original maturities at the date of purchase of three months or less, and deposit certificates that are redeemable at any time and mature less than 12 months from the date of purchase.

J) INCOME TAXES

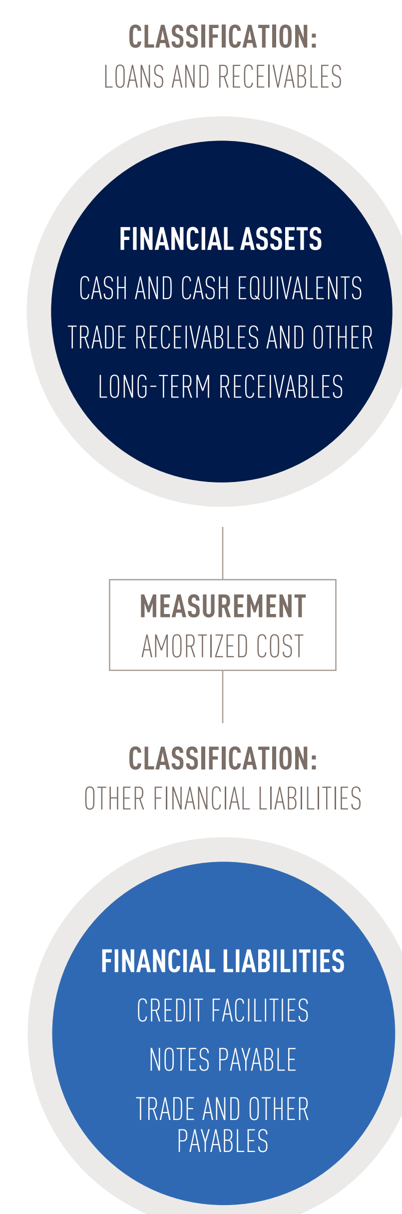
Income tax comprises current and deferred taxes. Income tax is recognized in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognized directly in equity.

Current tax is the expected taxes payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable 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. Impairment losses are recognized in impairment, pre-acquisition costs and write-offs in the Consolidated Statement of Comprehensive Income.

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 remedy 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 taken charge as soon as contamination is noted, under an action plan developed to assess the nature and extent of the contamination as well as the applicable requirements for remediation.

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 its outcome.

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 or not joint control for decisions over relevant activities exists based on the contractual arrangements. Specifically for the Jericho Lands, the Heather Street Lands (formerly Fairmont) and 291 Carling Avenue (formerly LeBreton) joint arrangements, the Company considered that its third-party partners are only required to fund the projects' operations and note repayments from cash flows from the projects, and therefore any cash shortfalls are funded by the Company. After assessment, the Company has determined that joint control exists, as all decisions over relevant activities require the unanimous consent of both parties, and that all of its joint arrangements are joint operations, as they were not structured through a separate vehicle.

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 period. Actual results could differ significantly from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

As described in note 1, the COVID-19 pandemic has led to higher levels of estimation uncertainty as a result of the availability of reliable market metrics and discounts rates, and forecasting future cash flows, which impact the following significant accounting estimates:

- inventories and real estate development costs,
- measurement of fair values, and
- impairments and write-downs.

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 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.

The Company includes in its liabilities future servicing costs to complete a project based on management's best estimates.

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 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 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 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 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. Financial Instruments

In October 2017, the IASB issued an amendment to IFRS 9 *Financial instruments*, which is effective for annual periods beginning on or after January 1, 2019, but early application is permitted. The amendment confirms that debt instruments with negative compensation prepayment features can be measured at amortized costs or fair value through comprehensive income. The amendment also confirmed that gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognized in profit or loss.

This amendment does not have an impact on the Company's consolidated financial statements.

II. Annual Improvements to IFRS Standards 2015–2017 Cycle

In December 2017, the IASB published the Annual Improvements to IFRS Standards 2015–2017 Cycle, which included amendments to IFRS 3 *Business Combinations*, IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes* and IAS 23 *Borrowing Costs*.

These annual improvements are effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

These annual improvements do not have an impact on the Company's consolidated financial statements.

B) FUTURE ACCOUNTING PRONOUNCEMENTS

I. Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of "material" across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of the information.

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after January 1, 2020. The amendments must be applied prospectively and earlier application is permitted. The Company does not expect the amendments to have an impact on the consolidated financial statements.

II. 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, 2020 and must be applied retrospectively. Earlier application is permitted.

The Company does not expect the amendments to have an impact on the consolidated financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment consist mainly of the CN Tower, Downsview Park, the MSC, the OPMC quays, and bridges.

The Company has $29.7 million (March 31, 2019 - $28.9 million) of fully depreciated property, plant and equipment still in use.

The gross carrying amount of property, plant and equipment assets at March 31, 2020 includes $1.2 million (March 31, 2019 - $4.4 million) of property, plant and equipment under construction.

COST OR DEEMED COST	LAND	BUILDING	EQUIPMENT	LAND IMPROVEMENTS	LEASEHOLD IMPROVEMENTS	BUILDING (RIGHT-OF-USE)	EQUIPMENT (RIGHT-OF-USE)	TOTAL
March 31, 2018	$ 28,030	$ 142,023	$ 31,667	$ 20,833	$ –	$ –	$ –	$ 222,553
Additions	–	8,965	1,900	1,228	2,089	4,139	239	18,560
Disposals	–	(6,912)	(914)	(31)	–	–	–	(7,857)
March 31, 2019	$ 28,030	$ 144,076	$ 32,653	$ 22,030	$ 2,089	$ 4,139	$ 239	$ 233,256
Additions	–	6,823	5,794	1,455	61	–	47	14,180
Disposals	–	(549)	(1,214)	(125)	–	–	–	(1,888)
March 31, 2020	**$ 28,030**	**$ 150,350**	**$ 37,233**	**$ 23,360**	**$ 2,150**	**$ 4,139**	**$ 286**	**$ 245,548**

DEPRECIATION & IMPAIRMENT	LAND	BUILDING	EQUIPMENT	LAND IMPROVEMENTS	LEASEHOLD IMPROVEMENTS	BUILDING (RIGHT-OF-USE)	EQUIPMENT (RIGHT-OF-USE)	TOTAL
March 31, 2018	$ –	$ 59,526	$ 23,326	$ 3,838	$ –	$ –	$ –	$ 86,690
Depreciation	–	7,392	1,900	488	239	511	90	10,620
Disposals	–	(6,912)	(836)	–	–	–	–	(7,748)
Impairment	–	254	1,023	–	–	–	28	1,305
March 31, 2019	$ –	$ 60,260	$ 25,413	$ 4,326	$ 239	$ 511	$ 118	$ 90,867
Depreciation	–	6,752	2,698	679	265	517	143	11,054
Disposals	–	(536)	(1,214)	(125)	–	–	–	(1,875)
Impairment	–	980	2,932	–	–	–	–	3,912
March 31, 2020	**$ –**	**$ 67,456**	**$ 29,829**	**$ 4,880**	**$ 504**	**$ 1,028**	**$ 261**	**$ 103,958**

Carrying amounts

	LAND	BUILDING	EQUIPMENT	LAND IMPROVEMENTS	LEASEHOLD IMPROVEMENTS	BUILDING (RIGHT-OF-USE)	EQUIPMENT (RIGHT-OF-USE)	TOTAL
At March 31, 2019	$ 28,030	$ 83,816	$ 7,240	$ 17,704	$ 1,850	$ 3,628	$ 121	$ 142,389
At March 31, 2020	**$ 28,030**	**$ 82,894**	**$ 7,404**	**$ 18,480**	**$ 1,646**	**$ 3,111**	**$ 25**	**$ 141,590**

The Company assessed the carrying amount of its property, plant and equipment at March 31, 2020 to determine whether an impairment loss or a reversal should be recorded.

During the year ended March 31, 2020 OPMC recognized an impairment loss of $3.9 million (March 31, 2019 - $1.3 million). The impairment was assessed at the cash-generated unit ("CGU") level and the impairment loss was calculated as the amount equal to the excess of the carrying amount over the recoverable amount.

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 Allen Building has been excluded from the OPMC CGU as its cash flows are independent of the OPMC assets.

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

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

5. INVESTMENT PROPERTIES

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

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

For the year ended March 31	**2020**	2019
Rental income	$ 12,022	$ 11,543
Direct operating expenses from investment properties that generated rental income during the year	8,720	7,344

COST OR DEEMED COST	LAND	BUILDING	TENANT IMPROVEMENTS	LAND IMPROVEMENTS AND OTHER DEVELOPMENT COSTS	EQUIPMENT	TOTAL
March 31, 2018	$ 5,413	$ 15,764	$ 7,903	$ 13,686	$ 3,041	$ 45,807
Additions	–	105	1,522	624	–	2,251
Disposals	–	–	(11)	–	–	(11)
March 31, 2019	$ 5,413	$ 15,869	$ 9,414	$ 14,310	$ 3,041	$ 48,047
Additions	–	–	255	604	63	922
Disposals	–	–	(241)	–	(74)	(315)
March 31, 2020	**$ 5,413**	**$ 15,869**	**$ 9,428**	**$ 14,914**	**$ 3,030**	**$ 48,654**

DEPRECIATION AND IMPAIRMENT	LAND	BUILDING	TENANT IMPROVEMENTS	LAND IMPROVEMENTS AND OTHER DEVELOPMENT COSTS	EQUIPMENT	TOTAL
March 31, 2018	$ –	$ 6,712	$ 4,071	$ 3,042	$ 2,249	$ 16,074
Depreciation	–	983	603	429	178	2,193
Disposals	–	–	(11)	–	–	(11)
March 31, 2019	$ –	$ 7,695	$ 4,663	$ 3,471	$ 2,427	$ 18,256
Depreciation	–	972	679	421	180	2,252
Disposals	–	–	(239)	–	(74)	(313)
March 31, 2020	**$ –**	**$ 8,667**	**$ 5,103**	**$ 3,892**	**$ 2,533**	**$ 20,195**
Carrying amounts						
At March 31, 2019	$ 5,413	$ 8,174	$ 4,751	$ 10,839	$ 614	$ 29,791
At March 31, 2020	**$ 5,413**	**$ 7,202**	**$ 4,325**	**$ 11,022**	**$ 497**	**$ 28,459**

During the year, there were no reversals of previously recognized impairment loss for investment properties (March 31, 2019 - $nil).

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

INVESTMENT PROPERTIES

Year ended March 31

		LEVEL 1	LEVEL 2	LEVEL 3
	Carrying amount	Fair value		
March 31, 2020	**$ 28,459**	**$ –**	**$ –**	**$ 124,300**
March 31, 2019	$ 29,791	$ –	$ –	$ 122,200

The fair value of the investment properties was estimated at March 31, 2020 using a combination of internal valuation techniques and external consultants. All material investment properties have been valued by independent valuators. The external consultants are accredited independent valuators with a recognized and relevant professional qualification 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, 2020	March 31, 2019
Property held for future development	$ 105,629	$ 128,339
Property under development	278,274	235,947
Property held for sale	–	22,127
Total property inventories	**$ 383,903**	$ 386,413
Current	65,786	68,235
Non-current	318,117	318,178
Total property inventories	**$ 383,903**	$ 386,413

There were no write-downs recorded against inventories during the year ended March 31, 2020 (March 31, 2019 - $nil). There were no reversals of write-downs during the year ended March 31, 2020 (March 31, 2019 - $nil).

7. LONG-TERM RECEIVABLES

Long-term receivables consist of the following:

	March 31, 2020	March 31, 2019
Receivables from partners (a)	$ 59,078	$ 57,388
Other long-term receivables (b)	852	821
Total	**$ 59,930**	$ 58,209

(a) The long-term receivables from partners represent the partners' proportionate share of the notes payable, which is payable to the Company. The Company is obligated for the full amounts of the notes payable for Jericho Lands and Heather Street Lands properties (collectively, the Vancouver Lands) and the 291 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, 2019 - $65.3 million), which have been discounted using a weighted average market interest rate of 2.88% (March 31, 2019 - 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 venture agreements (see note 22).

(b) Other long-term receivable represents 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, 2020	March 31, 2019
Current	$ 3,158	$ –
Non-current	56,772	58,209
Total	**$ 59,930**	$ 58,209

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 ended March 31*
2021	$ 3,158
2022	–
2023	5,749
2024	–
2025	–
Subsequent years	57,432
Subtotal	**$ 66,339**
Less: amounts representing imputed interest	6,409
Total	**$ 59,930**

8. CASH AND CASH EQUIVALENTS

	March 31, 2020	March 31, 2019
Cash	$ 459,089	$ 56,329
Cash equivalents (a)	3,500	400,000
Total	**$ 462,589**	$ 456,329

(a) Cash equivalents include a $3.5 million term deposit at an interest rate of 1.75% maturing on March 5, 2023 and redeemable each anniversary date.

The Company has $5.5 million (March 31, 2019 - $4.5 million) in cash and cash equivalents that are restricted for the use as part of the MSC's long-term plan.

9. TRADE RECEIVABLES AND OTHER

Trade receivables and other are comprised of the following:

	March 31, 2020	March 31, 2019
Prepaids and others	$ 6,383	$ 5,635
Rents and other receivables	35,149	43,527
Total	**$ 41,532**	$ 49,162
Current	23,450	34,141
Non-current	18,082	15,021
Total	**$ 41,532**	$ 49,162

10. CREDIT FACILITIES

	March 31, 2020	March 31, 2019
$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)	$ 37,500	$ 15,100
$100 million, senior, unsecured revolving credit facility, bearing interest at 40 basis points, maturing at March 31, 2021 (b)	–	–
Total	**$ 37,500**	$ 15,100
Current	37,500	15,100
Non-current	–	–
Total	**$ 37,500**	$ 15,100

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

The borrowings are primarily used to finance the purchase of a portion of the Downsview Lands from the Government and subsequent construction and development. In addition to the borrowings, the Company has used credit facilities to secure outstanding letters of credit of $13.4 million (March 31, 2019 - $13.4 million). The remaining unused credit facility is $49.1 million at March 31, 2020 (March 31, 2019 - $71.5 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 $24.9 million (March 31, 2019 - $23.7 million). The remaining unused credit facility is $75.1 million (March 31, 2019 - $76.3 million).

The borrowing authority is reviewed in conjunction with the corporate planning process and requires annual approval by the Minister of Finance (note 23).

11. 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 (2020 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 1.95% (March 31, 2019 - 1.88%).

During the year, the interest capitalized was $1.8 million (March 31, 2019 - $1.2 million) and the interest expensed was $5.1 million (March 31, 2019 - $5.5 million). Based on the anticipated timing of the sale of the real estate properties, principal repayments are estimated to be as follows:

PRINCIPAL REPAYMENTS	*Years ended March 31*
2021	$ 160,976
2022	10,180
2023	7,250
2024	30,112
2025	2,200
Subsequent years	221,152
Subtotal	**$ 431,870**
Less: amounts representing imputed interest	25,834
Total	**$ 406,036**
Current	$ 160,976
Non-current	245,060
Total	**$ 406,036**

Included in the $406.0 million from 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		
	REPAYMENT	ADDITIONS	ACCRETION	TOTAL
Notes payable balance, April 1, 2018	$ –	$ –	$ –	$ 428,007
Interest capitalized	–	–	1,203	1,203
Interest expensed	–	–	5,520	5,520
Repayments (cash flows - financing activities)	(13,500)	–	–	(13,500)
Notes payable balance, March 31, 2019	–	–	–	421,230
Interest capitalized	–	–	1,830	1,830
Interest expensed	–	–	5,142	5,142
Additions (note 20)	–	1,760	–	1,760
Repayments (cash flows - financing activities)	(23,926)	–	–	(23,926)
Notes payable balance, March 31, 2020				$ 406,036

12. TRADE AND OTHER PAYABLES

The components of trade and other payables are as follows:

	March 31, 2020	March 31, 2019
Trade payables	$ 28,547	$ 31,170
Sales proceeds sharing liabilities (a)	–	78,216
Leases payable (note 2.F)i))	3,368	3,860
Total	$ 31,915	$ 113,246
Current	$ 29,101	$ 109,889
Non-current	2,814	3,357
Total	$ 31,915	$ 113,246

(a) These amounts were due to the Government as part of sales proceeds sharing arrangements related to real estate properties previously sold and paid in full during the year.

CAPITAL AND OPERATING COMMITMENTS

I. Commitments related to properties for land servicing requirements and other development costs at March 31, 2020 totalled $62.5 million (March 31, 2019 - $48.2 million).

II. Capital commitments for property, plant and equipment at March 31, 2020 totalled $0.6 million (March 31, 2019 - $1.3 million).

III. Operating commitments for maintaining capital assets at March 31, 2020 totalled $1.9 million (March 31, 2019 - $2.6 million).

13. PROVISIONS AND CONTINGENT LIABILITIES

	COST TO COMPLETE (A)	PILT (B)	OTHERS	TOTAL
Balance, March 31, 2019	$ 9,405	$ 17,334	$ 379	$ 27,118
Provisions added during the year	592	2,939	–	3,531
Provisions applied during the year	(5,894)	–	(215)	(6,109)
Provisions reversed during the year	(584)	–	–	(584)
Balance, March 31, 2020	$ 3,519	$ 20,273	$ 164	$ 23,956
Current				$ 23,490
Non-current				466
Total				$ 23,956

(a) Land servicing costs relating to sold properties in the amount of $3.5 million (March 31, 2019 - $9.4 million). The costs are estimated to be spent over five years with the majority to be incurred in the next 12 months. The Company expects to be reimbursed $0.8 million (March 31, 2019 - $6.1 million) from local municipalities and regions. 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 $20.3 million (March 31, 2019 - $17.3 million) that are being contested by the Company.

CONTINGENCIES

As at March 31, 2020, 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 of 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.

14. GAIN ON SALE OF ASSETS

In June 2018, PDP completed a series of transactions ("Transactions") with an adjacent landowner in Toronto. The Transactions included the sale of subsurface land and the extinguishment of certain rights and encumbrances held by PDP, in exchange for cash consideration of $33.0 million and five acres of land from the adjacent landowner.

The Transactions also included a roadway and infrastructure agreement which provides PDP and the adjacent landowner with certain rights and a framework for cost sharing and allocation on their lands. The financial effect of roadway and infrastructure agreement cannot be reasonably estimated at this time given the uncertainty of the nature and timing of changes to the development plans.

The Company realized a net gain of $34.8 million before income taxes in the prior year.

15. EXPENSES BY NATURE

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

For the year ended March 31	**2020**	2019
Cost of inventory, raw material and consumables used	**$ 43,674**	$ 35,762
Payroll and benefits	**53,684**	51,128
Property taxes including PILT	**14,490**	14,335
Food and beverage costs	**13,656**	14,738
Leasing expenses	**13,623**	13,769
Depreciation	**13,306**	12,813
Professional fees	**10,554**	9,471
Utilities	**7,846**	8,363
Building cost	**7,366**	8,603
Marketing and public relations	**6,510**	6,341
Interest	**5,727**	5,957
Attraction costs	**5,502**	4,858
Impairment	**3,912**	1,305
Office	**2,638**	2,532
IT costs	**1,751**	1,680
Commissions	**643**	462
Other	**3,887**	2,763
Total	**$ 208,769**	$ 194,880

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 ("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 Her Majesty 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, 2020	March 31, 2019
Less than 1 year	$ 693	$ 595
Between 1 and 5 years	2,389	2,381
More than 5 years	684	1,231
Total	$ 3,766	$ 4,207

The Company has lease obligations for various equipment and office space (note 4). The leases run for periods between one and seven years. During the year, $0.6 million (March 31, 2019 - $0.7 million) was recognized in the Consolidated Statement of Comprehensive Income with respect to leases.

LEASES AS LESSOR

The Company leases out its investment properties, certain inventories and property, plant and equipment 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 on the next page.

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

	March 31, 2020	March 31, 2019
Less than 1 year	$ 16,781	$ 19,026
Between 1 and 5 years	23,547	22,065
More than 5 years	37,116	11,969
Total	$ 77,444	$ 53,060

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 $1.4 million of rental revenue during the year (March 31, 2019 - $1.4 million). The individual leases are renewed monthly.

During the year, $1.0 million (March 31, 2019 - $0.5 million) has been recognized in the Consolidated Statement of Comprehensive Income in rental operating revenue with respect to variable lease payments.

18. INCOME TAXES

As at March 31	2020	2019
Income tax expense		
Deferred tax (recovery)	$ (4,154)	$ 1,264
Current income tax expense	32,367	18,074
Total tax expense	28,213	19,338
Reconciliation of effective tax rate		
Profit excluding tax	105,431	74,517
Domestic tax rate	26.5%	26.5%
Tax using the domestic tax rate	$ 27,939	$ 19,747
Non-deductible expenses	43	34
Change in tax rate	1,681	(56)
Under/(over) provided in prior year	–	98
Impact of Alberta Tax Exemption	(1,486)	(585)
Provincial Rate Differential	(27)	48
Other adjustments	63	52
Total tax expense	$ 28,213	$ 19,338

CURRENT TAX EXPENSE

As at March 31	2020	2019
Tax recognized in profit or loss		
Current year	$ 32,208	$ 18,074
Adjustment in respect of prior years	159	–
Total current tax expense	32,367	18,074
Deferred tax expense (recovery)		
Origination and reversal of temporary difference	(5,155)	957
Adjustment in respect of prior years	(159)	99
Reduction in tax rate	1,160	208
Total deferred tax expense (recovery)	(4,154)	1,264
Total tax expense	$ 28,213	$ 19,338

RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
Investment properties and inventories	$ 67,527	$ 67,667	$ –	$ –	$ 67,527	$ 67,667
Property, plant and equipment	14,488	13,459	–	–	14,488	13,459
Investment in Foundation	–	–	(383)	(340)	(383)	(340)
Rent receivable	–	–	(208)	(269)	(208)	(269)
Non-capital losses	13,172	12,171	–	–	13,172	12,171
Lease incentives	–	–	(562)	(522)	(562)	(522)
Notes payable	–	–	(6,525)	(8,232)	(6,525)	(8,232)
Accounts payable and accrued liabilities	–	–	–	–	–	–
Provision	5,466	4,927	–	–	5,466	4,927
Capital lease	851	970	–	–	851	970
Other	271	109	–	–	271	109
Total	$ 101,775	$ 99,303	$ (7,678)	$ (9,363)	$ 94,097	$ 89,940

	BALANCE, APRIL 1, 2019	DEFERRED TAX ASSET ACQUIRED IN THE YEAR	RECOGNIZED IN PROFIT OR LOSS	BALANCE, MARCH 31, 2020
Investment properties and inventories	$ 67,667	$ –	$ (140)	$ 67,527
Property, plant and equipment	13,459	–	1,029	14,488
Investment in Foundation	(340)	–	(43)	(383)
Rent receivable	(269)	–	61	(208)
Non-capital losses	12,171	–	1,001	13,172
Lease incentives	(522)	–	(40)	(562)
Notes payable	(8,232)	–	1,707	(6,525)
Accounts payable and accrued liabilities	–	–	–	–
Provision	4,927	–	539	5,466
Capital lease	970	–	(119)	851
Other	109	–	162	271
Total	$ 89,940	$ –	$ 4,157	$ 94,097

Management has recognized deferred tax assets for non-capital losses, tax credits and temporary differences to the extent that it is probable that future increases will be available to use the assets.

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*	2020	2019
Trade receivables and other	$ 9,946	$ (5,630)
Long-term receivables	(1,721)	(16)
Trade and other payables	(1,965)	2,842
Provisions	2,947	6,850
Notes payable	1,443	1,055
Deferred revenue	1,371	1,198
Prepaid rent, deposits and others	(1,122)	1,234
Total	$ 10,899	$ 7,533

There were non-cash increases in notes payable (see note 11), which have been excluded from the financing and investing activities in the Consolidated Statement of Cash Flows.

20. RELATED PARTY TRANSACTIONS AND BALANCES

The Company 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 notes payable of $1.8 million (March 31, 2019 - $nil).

Notes payable to the Government are non-interest bearing (note 11) and are repayable on the earlier of their due dates or six months after the fiscal year-end of the Company in which net proceeds become available from the sale by the Company of the properties in respect of which the notes were issued, except in a limited number of instances where the terms of the notes state when the issuer can demand payment and payment is not dependent on property cash flows. The Company made payments of $23.9 million on its notes payable to related parties during the year (March 31, 2019 - $13.5 million).

II. During the year, the Company fully repaid the sales proceeds sharing liabilities of $78.2 million to Public Services and Procurement Canada (PSPC).

III. The Company has $2.3 million in receivables from federal departments and agencies (March 31, 2019 - $2.1 million).

Significant transactions with related parties are as follows:

I. During the year, the Company paid a dividend of $30.0 million (March 31, 2019 - $10.0 million) to its shareholder, the Government.

II. During the year, the Company made real estate sales to a related party in the amount of $4.6 million (March 31, 2019 - $0.9 million).

III. During the year, the Company received various rental and other revenues from federal departments and agencies in the amount of $1.8 million (March 31, 2019 - $1.8 million), mainly from leases with the Department of National Defence and PSPC.

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

KEY MANAGEMENT PERSONNEL COMPENSATION

For the year ended March 31	2020	2019
Short-term benefits[1]	$ 4,386	$ 4,007
Post-employment benefits[2]	140	152
Total	$ 4,526	$ 4,159

1) Short-term benefits include salaries, incentive compensation, health benefits, and other benefits for current employees.
2) Post-employment benefits include contributions to pension plans.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, 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 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, 2020		LEVEL 1	LEVEL 2	LEVEL 3
CLASSIFICATION	CARRYING AMOUNT	FAIR VALUE		
Financial assets				
Long-term receivables	$ 59,930	$ –	$ 59,768	$ –
Financial liabilities				
Notes payable	406,036	–	402,787	–
Credit facilities	37,500	–	37,500	–

As at March 31, 2019		LEVEL 1	LEVEL 2	LEVEL 3
CLASSIFICATION	CARRYING AMOUNT	FAIR VALUE		
Financial assets				
Long-term receivables	$ 58,029	$ –	$ 60,270	$ –
Financial liabilities				
Notes payable	421,230	–	426,398	–
Credit facilities	15,100	–	15,100	–

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.

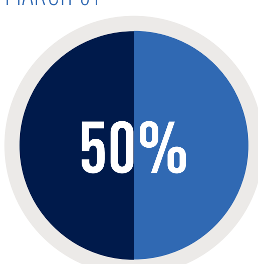
The following is a list of the Company's joint arrangements:

OWNERSHIP INTEREST

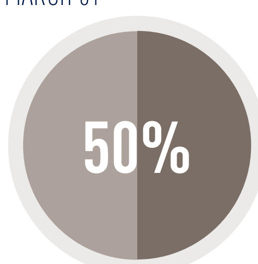
CLC BOSA

CALGARY, AB | LAND DEVELOPMENT

2020
MARCH 31



2019
MARCH 31



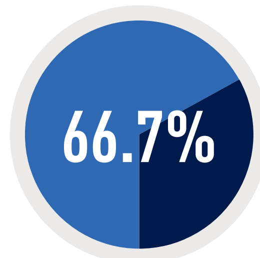
In May 2013, the Company entered into a land development agreement for property in Calgary that is jointly controlled. The Company has determined that the joint arrangement is a joint operation based on the terms and structure of the contractual arrangement, which requires unanimous approval from the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

OWNERSHIP INTEREST

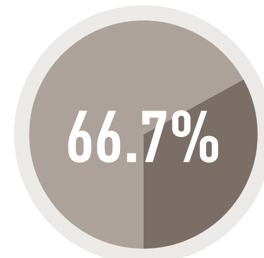
291 CARLING AVENUE

OTTAWA, ON | LAND DEVELOPMENT

2020
MARCH 31



2019
MARCH 31



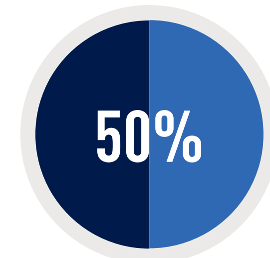
In February 2017, the Company entered into a land development agreement for a property in Ottawa, with a third-party partner named the Algonquins of Ontario Opportunities ("AOO"). The land development agreement is jointly controlled by the Company and the third-party partner. The Company has determined 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

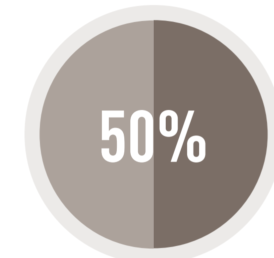
JERICHO LANDS

VANCOUVER, BC | LAND DEVELOPMENT

2020
MARCH 31

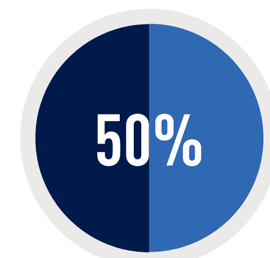


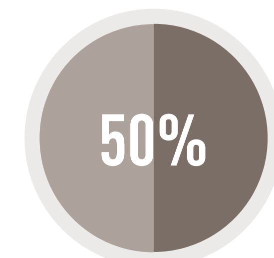
2019
MARCH 31



HEATHER STREET LANDS

VANCOUVER, BC | LAND DEVELOPMENT





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

On December 14, 2018, the Company sold its ownership interest in West Vancouver to its third-party partners.

The remaining two separate 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 land joint venture 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 venture 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, 2020, and the results of operations and cash flows from April 1, 2019 to March 31, 2020:

	Jericho		Heather St.		Bosa		Other		Total	
As at March 31	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Assets	$ 92,253	$ 92,319	$ 24,097	$ 23,383	$ 16,778	$ 16,638	$ 6,265	$ 6,255	$139,393	$ 138,595
Liabilities*	105,061	101,697	24,540	23,136	–	–	6,236	6,251	135,837	131,084
For the Year Ended March 31										
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues	996	891	1,282	1,356	–	–	269	292	2,547	2,539
Expenses	1,934	1,721	2,196	1,993	–	–	299	249	4,429	3,963
Net income (loss)	(938)	(830)	(914)	(637)	–	–	(30)	43	(1,882)	(1,424)
Cash flows provided by (used in) operating activities	(875)	(782)	(1,766)	(1,294)	222	(158)	(72)	15	(2,491)	(2,219)

* 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 partner's share of project costs 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 venture agreements. For 291 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, 2020 totalled $2.4 million (March 31, 2019 - $2.4 million) and are included in the commitments related to properties in note 12.

23. FINANCIAL RISK MANAGEMENT

A) LIQUIDITY RISK:

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

As at March 31, 2020	Due By March 31, 2021	Thereafter	Total
Credit facilities (note 10)	$ 37,500	$ –	$ 37,500
Notes payable (note 11)	160,976	270,894	431,870
Trade and other payables (note 12)	29,101	2,814	31,915
	$ 227,577	$ 273,708	$ 501,285

As at March 31, 2019	Due By March 31, 2020	Thereafter	Total
Credit facilities (note 10)	$ 15,100	$ –	$ 15,100
Notes payable (note 11)	184,016	270,014	454,030
Trade and other payables (note 12)	109,889	3,357	113,246
	$ 309,005	$ 273,371	$ 582,376

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 11).

The Company has borrowing authorities from the Minister of Finance of $200 million (March 31, 2019 - $200 million). CLC's borrowing authority of $100 million expires on March 31, 2021. PDP's borrowing authority of $100 million expires on December 31, 2020. 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 $124.2 million was unused at March 31, 2020 (March 31, 2019 - $147.8 million). The credit facilities for CLC and PDP mature on March 31, 2021 and March 31, 2024, respectively.

Accounts payable are primarily due within 90 days. The repayment terms for credit facilities and notes payable are disclosed in notes 10 and 11, 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 +/- 0.5% would not be significant to the Consolidated Statement of Comprehensive Income.

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

C) CREDIT RISK

The Company's credit risk arises from the possibility that tenants may experience financial difficulty and be unable to pay the amounts owing under their commitments. For long-term receivables from partners, payments are made from the cash flows of the joint arrangements. The projected cash flows from the joint arrangements to the partners are significantly higher than the amount of the long-term receivables at March 31, 2020 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 and cash and cash equivalents.

The Company's receivables of $35.1 million (March 31, 2019 - $43.5 million) are comprised primarily of current balances owing. The Company performs monthly reviews of its receivables and establishes an appropriate provision using the expected credit loss model. As a result of the COVID-19 pandemic and the resulting downturn in the economy, certain tenants may experience financial difficulty which may have an impact on the tenant's ability to continue to pay rent as it becomes due.

The Company's long-term receivables of $59.9 million (March 31, 2019 - $58.2 million) are comprised of $59.1 million (March 31, 2019 - $57.4 million) of receivables from partners and $0.8 million (March 31, 2019 - $0.8 million) of long-term receivables from a sale of real estate property in prior years. 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, including bank deposits and term deposits, of $462.6 million (March 31, 2019 - $456.3 million) is 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, 2020	March 31, 2019
Shareholder's equity	$ 685,846	$ 638,628
Credit facilities	37,500	15,100
Notes payable	406,036	421,230
Cash and cash equivalents	462,589	456,329
	$ 1,591,971	$ 1,531,287

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) three promissory notes for which the issuer can demand payments of $10.9 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 receive Treasury Board Secretariat approval.

In order to meet its objective, the Company invests all 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, deposit certificates and money market funds. All of these instruments are held with major financial institutions rated AA by a recognized credit agency.

On March 31, 2020, cash and cash equivalents totalled $462.6 million.

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. 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 are the Company's principal sources of capital used to pay operating expenses, dividends, 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 revenue, 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 either at the date of employment or after a year of employment. The amount of the current service cost charged to expense for these plans was $1.5 million for the year ended March 31, 2020 (March 31, 2019 - $1.4 million).

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