Canada Lands Company
Société immobilière du Canada

2022/23 TO 2026/27

CORPORATE PLAN SUMMARY & OPERATING BUDGETS

Contents

1. Executive Summary

Canada Lands Company Limited ("CLCL" or "Company") is the Government of Canada's strategic real estate disposal agent and attractions manager. The Company's role is to create vibrant communities in an innovative and sustainable manner and provide memorable guest experiences.

CLCL's agile operations, return on investments, as well as its core philosophies of innovation, sustainability and strong financial and non-financial performance, will enable the Company to continue to deliver results for Canadians.

The Company's attractions include Canada's National Tower ("CN Tower") and Downsview Park in Toronto, the Old Port of Montréal ("Old Port"), and the Montréal Science Centre ("MSC").

CLCL's overarching objectives over the period of the plan summary, April 1, 2022 to March 31, 2027 ("Plan Summary Period"), include the following:

- assist the Government of Canada to deliver on key policy objectives and its mandate;
- deliver quality of life, economic development opportunities and benefits to Canadians and municipalities;
- invest in some of Canada's most important tourism attractions through sound management and operations; and
- maintain and develop new relationships with Indigenous Peoples.

CLCL is a major Canadian real estate land developer and world-class attractions operator. Over the Plan Summary Period, the Company will effectively manage its financial performance and remain resilient and adaptable to the conditions that it will face. CLCL continues to be financially responsible and operates with efficiency.

Currently, CLCL's operations continue to be affected by the global pandemic that began in March 2020, not dissimilar to many other companies, particularly those in the attractions and hospitality industries. This unprecedented event continues to generate significant uncertainty for CLCL and its operations, especially in the short term. Generally, there does appear to be positive economic trending in Canada, which has led to the reopening of several provincial or regional economies and the easing of restrictions.

Over the Plan Summary Period, the Company projects to:

- generate over $1.9 billion in revenue from its Real Estate and Attractions business divisions;
- earn more than $520.0 million in income before taxes;
- contribute more than $680.0 million back to its shareholder, including $150.0 million in dividends; and
- invest close to $710.0 million in local economies through capital spending on its real estate development and attractions assets.

CLCL is confident that it will meet or exceed its objectives through sound financial management, inclusive business and human resources practices, and risk mitigation strategies, while capitalizing on opportunities in its two business divisions.

2. Overview

2.1 ABOUT CANADA LANDS COMPANY LIMITED

Overview

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

Mission

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

Vision

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

CLCL corporate structure

- CLCL has three subsidiaries:
  - Canada Lands Company CLC Limited, a non-agent Crown ("CLC") (operates across Canada);
  - Parc Downsview Park Inc., an agent Crown ("PDP") (operates in Toronto); and
  - Old Port of Montréal Corporation Inc., an agent Crown ("OPMC") (operates in Montréal).
- CLCL has two operating divisions:
  - Real Estate; and
  - Attractions.
- The Real Estate division has four regions:
  - West;
  - Ontario;
  - National Capital Region ("NCR")/Atlantic; and
  - Québec.
- The Attractions division is comprised of:
  - Old Port;
  - MSC;
  - Downsview Park; and
  - CN Tower.

CLCL's head office, the CN Tower and Downsview Park are in Toronto. The West region offices are in Vancouver, Calgary and Edmonton. The Ontario region offices are in Toronto (at head office and Downsview Park). The NCR/Atlantic region offices are in Ottawa and Halifax. The Québec real estate group and OPMC offices are in Montréal.

2.2 PUBLIC POLICY ROLE

As an arm's length commercial, self-sustaining Crown corporation, oversight is provided by a Board of Directors that's comprised of seven independent directors (including a Chair) appointed by the Governor in Council based on the responsible minister's recommendation. The Board is responsible for reviewing and recommending the corporate plan to its shareholder and approving the Company's strategic plan and financial statements. For more information about CLCL's activities and operations, please refer to the Company's 2020/21 annual report or its website at clc-sic.ca.

Main activities and principal programs

CLCL is one of the country's foremost developers of Canadian communities. Through its CLC and PDP subsidiaries, CLCL transforms former Government of Canada properties and reintegrates them into local communities through real estate development, leasing and sales activities.

Interim uses

CLCL's real estate subsidiaries seek to use properties on an interim basis prior to the redevelopment process, ensuring where possible that certain properties remain active in the short and medium term.

Affordable housing

CLCL seeks to commit at least 10% of the planned residential units to affordable housing. Working with local municipalities and relevant stakeholders and partners, the Company has often surpassed this target. CLC is a partner in the Federal Lands Initiative ("FLI") (a part of the National Housing Strategy) with Public Services and Procurement Canada, the Canada Mortgage and Housing Corporation ("CMHC"), and Employment and Social Development Canada. Since CLCL's inception in 1995, the Company has facilitated more than 2,000 affordable housing units on its projects across the country with more planned in every new residential development.

Community amenities

The Company invests in the creation of parks, pedestrian and cycling trails, and recreational amenities, incorporating sustainability features while designing for accessible and pleasing landscapes.

Attractions

Through its Attractions division, the Company holds, improves and manages world-renowned attractions such as the CN Tower and Downsview Park in Toronto, and the Old Port and MSC in Montréal.

Entertainment

MSC is home to many travelling exhibitions as well as seven permanent displays which, together, have garnered numerous awards. Further to these exhibits, the MSC is home to a seven-storey IMAX®TELUS theatre through which it offers the latest advancements in digital technology to deliver a visually stunning learning experience. Other CLCL attractions also have activities including through third-party and tenant operations.

Recreation

CLCL's attractions offer many recreational activities. An example includes Downsview Park's educational and sports activities, all offered in a safe environment. Its Hangar Sport and Events Centre, 484,000 square feet/45,000 square metres in size, comprises several indoor and outdoor playing fields, as well as soccer leagues and facility rentals for tens of thousands of users per year. The site is also home to a four-pad arena that offers ice rink time to leagues and individuals throughout the community.

Financial condition

CLCL's financial management focuses on the activities around planning, procuring and controlling the Company's financial resources with the objective of making optimal financial decisions for CLCL. CLCL's financial strategy is to operate with strong fiscal responsibility through its business divisions across the country to optimize cash flow and profit for re-investment and return to the Company's stakeholders, in both the short and long term. Due to the global pandemic, and its continuing impacts on economies that are creating ongoing operational uncertainties, it is now, more than ever, imperative that the Company continues to be fiscally prudent.

The Company balances its financial and non-financial returns, which may not necessarily yield the maximum financial return, but rather the aim is to maximize the overall contribution to its stakeholders. Historically, CLCL has generated an annual profit, maintained sufficient cash resources and not required parliamentary appropriations, while funding the operating deficit and capital requirements of the Old Port, MSC and Downsview Park.

CLCL manages its external debt levels as part of its financial strategy, using credit facilities where appropriate and prudent. The Company continues to work to repay the external debt that was assumed in November 2012 as part of the operational amalgamation with PDP. CLCL's retained earnings policy and rationale for dividend level are included in Appendix 7.3.

3. Operating Environment

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Since then, COVID-19 has caused significant economic and social disruptions to many businesses, including that of the Company. At the time of writing, Canada appears to be in the fourth wave of the pandemic. The duration and future impact of COVID-19 remains an unknown for the Company and Canadians. Positive trends are evident in managing COVID-19 in Canada in October 2021. On October 5, 2021, the seven-day average daily case count for COVID-19 in Canada was 3,932, a decrease from the seven-day average of 4,395 only two weeks earlier. The current seven-day average is well below the peak average of 8,711 cases in mid-April 2021 but is also significantly higher than the average in July 2021, which was around 400 cases. There appears to be a consensus that as a result of governments' and public health agencies' actions, including restrictions and vaccination programs, that the worst of the pandemic might have passed. In addition, consumers and businesses have become much more acclimated to the pandemic and are better able to shift and pivot as required. However, with the fourth wave, and some regions particularly hard hit, the severity and duration of COVID impacts continue to be difficult to estimate, especially the depth of impacts in the near term or long term on the finances and operations of the Company.

The Company has 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.

The Company is continually reviewing its business plans and budgets from both an operational and financial perspective to determine the appropriate response to the pandemic. These measures may include cost containment actions, or accelerating and/or increasing investment, such as to support health and safety measures.

The Company's response to the COVID-19 pandemic has been guided by the local public health authorities where its offices, operations and projects reside. The Company continues to act according to the direction provided by the federal, provincial, and municipal governments to control the spread of COVID-19. The Company may take further action in the best interests of employees, visitors, tenants, suppliers or other stakeholders, as necessary. These actions in response to COVID-19 could materially impact the Company's financial results.

After a peak of COVID-19 cases in Canada in April 2021, there have been positive trends in several key performance indicators. As a result of these positive trends, several provinces and municipalities implemented reopening plans in the summer of 2021. These plans have varied across the country, but all provinces have eased restrictions and allowed for economies to reopen.

Federal, provincial and municipal governments have responded with monetary and fiscal interventions to mitigate the impact on the economy; however, the ultimate impact of COVID-19 on the economy and its duration continues to remain largely unknown despite the recent positive trends in COVID-19 key performance indicators and the easing of restrictions across the country.

Canada's vaccination programs have contributed to improving the prospects for a sustainable recovery and have helped to diminish the downside risks associated with COVID-19. The Company's priority has been and continues to be the health and safety of employees, their families, and the communities in which employees live and work. As a result, the Company issued its vaccination policy requiring all employees to be fully vaccinated or have a valid exemption by late November 2021.

International vaccination programs, particularly in the United States ("U.S."), where most of the foreign guests to the attractions arrive from, will play an important role in how quickly international tourism returns to Canada. The success of those programs, along with the Canadian border controls and restrictions, could significantly impact international tourism spending in Canada.

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

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

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

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

General macroeconomic risks

The Company's operating divisions 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. The COVID-19 pandemic has had, and continues to have, a dramatic effect on economic activity and employment in Canada. Initially, COVID-19 spread broadly and rapidly, and to contain it, governments introduced public health measures that curtailed economic activity. Those public health measures, along with the virus, brought about a steep and deep economic decline, which impacted Canadian and global economies, causing widespread losses in jobs and business incomes. During the summer of 2021, with the positive downward trend in COVID-19 cases and the success of the vaccination programs in Canada, restrictions were eased by provinces and public health agencies and economies reopened and jobs returned.

In its latest Monetary Policy Report in July 2021 ("MPR"), the Bank of Canada ("BoC") stated that the third wave of COVID-19 slowed economic growth in Canada and led to reductions in employment in April and May 2021. Despite the underperformance of the economic recovery against expectations in the first half of 2021, there is optimism for the second half of 2021 and into 2022. The decline in COVID-19 case counts and the rapid rollout of the vaccination programs have led to provincial and municipal economies reopening and increased confidence in the durability of this recovery. Considering all this, the BoC is forecasting economic growth for Canada of 6.0% in 2021 which is following the economic contraction of 5.5% in 2020. Furthermore, the BoC is predicting growth in the Canadian economy in 2022 of 4.6%.

The Canadian unemployment rate for September 2021 decreased to 6.9% from 7.1% in August 2021. The September 2021 rate was close to six percentage points lower than the May 2020 rate of 13.7%, which was the highest unemployment rate on record for Canada to date. The September 2021 unemployment rate is the lowest since February 2020 but is still 1.4% higher than the rate at the start of 2020. Even though the Canadian unemployment rate is still well above where it was in early 2020, there are several industries, particularly tourism and hospitality, that have staffing shortages. These shortages are posing significant challenges to businesses as demand increases and could be exacerbated if capacity restrictions are eased further. Most general forecasts have the Canadian unemployment rate for the end of 2021 at or around 7.0% and are predicting an average unemployment rate between 6.0% and 6.5% in 2022.

The overall outlook for the remainder of 2021 is one of positive, strong economic growth. Despite the Canadian economy contracting in the second quarter of 2021, general estimates of gross domestic product remain strong in 2021 and range between 4.0% and 5.0%. It is also important to note that the economic recovery predicted for 2021 may not be consistent province-by-province, as each province faces its own unique challenges in combatting the impact of COVID-19. The economic growth in Canada in 2021 is expected to be followed by another strong year in 2022, with most estimates of annual economic growth ranging from 4.0% to 4.5%.

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. Most current estimates are predicting a BoC overnight interest rate increase in the latter part of 2022 supported by the strong economic growth predicted for the remainder of 2021 and into 2022 mentioned above.

The speed and strength of the economic recovery from COVID-19 continues to remain uncertain. However, as a result of the momentum of the vaccination programs across the country, it appears that a return to significant restrictions and lockdowns that would significantly impact local economies in Canada is far less likely than in prior waves of the pandemic.

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

Consumer spending decisions, which include real estate purchases or investments, are influenced by economic uncertainty. The Canadian real estate market, after a short blip in early 2020, has been very active during the pandemic. In its September 2021 news release, the Canadian Real Estate Association ("CREA") announced that the housing market in Canada seems to have stabilized "somewhere between pre- and peak-pandemic levels," which means that it remains unbalanced and a "sellers' market." Home sales activity in August 2021 in Canada was similar to the prior month and down 14% from August 2020. The number of transactions in August 2021 made it the second-best month of August in history. CREA stated that the average house price in Canada in August 2021 was up about 1% from the prior month and is up more than 21% from the same time a year ago.

The primary drivers for the strong bounce back in home sales and prices are the redirection of discretionary income to home purchasing, lower interest rates, unprecedented government income supports and record low inventory. In August 2021, the average national inventory on hand was 2.2 months, which was down from 2.3 months in July 2021, but is up from 1.8 months in March 2021, which was a record low. Ultimately, these extremely low levels of inventory are indicative of a strong seller's market, both nationally and in many of the local markets. For context, the long-term average for inventory on hand is around five months.

In its latest Housing Market Assessment ("HMA") in September 2021, the Canada Housing and Mortgage Corporation ("CMHC") shifted its rating on the Canadian housing market to a "high degree of overall vulnerability" rating from its previous "moderate" rating in March 2021. In supporting their rating, CMHC cited concerns regarding overheating, price acceleration, overvaluation, and excess inventories (or lack thereof). In terms of overheating, even though the sales-to-new listings ratio ("SNLR") dropped during the second quarter of 2021 to 74% from 84% in the first quarter, the ratio remains well above historic levels and indicates, just as CREA mentioned above, a demand-supply imbalance. CMHC continues to see significant upward price growth, which is not supported by market fundamentals. Similarly, CMHC noted that house price acceleration is significantly outpacing what would be expected using market fundamentals, even when factoring in the positive improvements in labour markets and the continued lower interest rate environment. Finally, CMHC noted low risk of excess inventory, but the flip side is that inventory levels for homes and purpose-built rental apartments are so low, they are adding to the imbalance in the housing market.

CMHC noted in its September 2021 HMA that regional disparities continue to remain, and that vulnerability levels in a number of key housing markets have largely remained the same as its March 2021 HMA. The only two markets where the Company has real estate development projects in which vulnerability levels changed were Vancouver (positive change) and Montréal (negative change). Toronto, Ottawa and Halifax continue to have high vulnerability ratings, while Edmonton and Calgary continue to have moderate ratings of vulnerability. The reasons for each housing market's vulnerability ratings, including the changes, are described in more detail below.

The Toronto housing market's vulnerability assessment remains high due to continued evidence of imbalance in price acceleration and excess inventories indicators, along with additional concern over overheating in the market. Despite sales growth easing during the summer of 2021, price acceleration concerns continue in the low-rise segment, particularly in suburban markets, as tight market conditions persist. Excess inventory concerns were identified in the purpose-built rental segment, where vacancy rates continue to be well above the five-year average. However, during the second quarter of 2021 the vacancy rate has trended downward because of the gradual reopening of the economy, job recovery, and possibly the return of international students. If the trend continues, vacancy rates could continue to drop. CMHC identified heightened concerns in its September HMA that demand for single-detached homes in suburban markets is outpacing supply, which is highlighted by the SNLR in suburban areas being in excess of 80% compared to the five-year average of 58%.

The Ottawa housing market's overall high rating continues to be supported by moderate risk assessments for all four of CMHC's indicators (overheating, price acceleration, overvaluation, and excess inventories). The ratings for all the indicators have not changed in CMHC's September HMA from its March HMA. The Ottawa housing market is supported by relatively stable public administration employment. That sector has continued to see strong employment growth over the year. Despite a declining SNLR, CMHC still holds concerns about overheating due to the price increases over the past year. The concerns over excess rental inventories continue; however, there appears to be signs of recovery with increased immigration and the overvaluation of housing prices pushing demand for rental higher.

For the Halifax housing market, the overall assessment remains high. The rating is continued to be supported by overheating, price acceleration and overvaluation. Similar to the Toronto and Ottawa markets, Halifax is also struggling with supply, which is evidenced by the average days on market being only 13 days in July 2021 as compared to 45 days in January 2021 – that, along with the fact that the inventory availability in Nova Scotia shows only 2.2 months at the end of July 2021, which is down from June 2021 and well below the long-run average of 7.3 months. Market fundamentals do not support the year-to-date sales price increases of close to 30%, which is driving concern of overvaluation and price acceleration for the market.

The Vancouver housing market assessment was reduced to a low degree of vulnerability overall, despite none of the individual CMHC indicators changing from the last HMA. The primary driver for the reduction in overall risk for the market was the slowing of price growth, which was partially tied to an increase in sellers curbing the imbalance between supply and demand by adding inventory.

The Montréal housing market's overall assessment was increased from a moderate rating to a high rating. The market indicators for overheating and price acceleration continue to remain moderate, as they were in the last HMA; however, the evidence of imbalance for overvaluation has ticked up in the September HMA. The driver for the increase in the rating in the current HMA was the result of a sustained and growing gap between market fundamentals and housing prices.

Edmonton and Calgary both had their overall assessments of vulnerability remain at moderate in the September HMA. CMHC continues to cite concerns of overvaluation in Edmonton resulting from a continued and persistent gap between prices and market fundamentals which is driving CMHC's indicator above its tolerable thresholds. In Calgary, CMHC dropped their risk rating for excess inventories from high to moderate, primarily as a result of inventories decreasing significantly over the summer of 2021.

The only other housing market in which the Company currently owns significant real estate property is St. John's, which CHMC did not report on in the September 2021 HMA. In the previous HMA, CMHC considered the market to have low vulnerability overall, as well as in each of its four key indicators, which the Company believes continues to be the case.

As noted above, interest rates are expected to remain low, and therefore mortgage rates also are expected to remain relatively low for the foreseeable future. It should also be noted that, effective June 1, 2021, the Office of the Superintendent of Financial Institutions, which is the federal banking regulator, tightened rules on mortgage stress tests for homebuyers with uninsured mortgages. Most analysts do not expect this to have a significant impact on the Canadian housing market, but rather it will impact a small group of homebuyers.

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

At the end of September 2021, Colliers reported that Canada's office vacancy rate was approximately 12.3%, an increase from the March 2020 vacancy rate of around 8.0%. Despite the trend of continued office vacancy, particularly in downtown locations, the reopening of economies across the country and the vaccine rollout have resulted in optimism going forward. It was expected that employees would gradually return to the office in the summer of 2021; however, increased case counts in a number of markets pushed employers' plans to return to the office back. As a result, most tenants and employees continue to work through their return to the office strategies and are unsure of how things will look six months from now.

As expected, sublet space decreased in the summer of 2021 as tenants took back vacant space as they prepare for the return to office, even via a hybrid strategy which will involve some working from home and some working from the office. In contrast, Colliers reported that the Canadian industrial vacancy rate continues to be very low at 1.5% in September 2021, which is down from 1.7% in June 2021 and lower than the vacancy rate in March 2020 by 0.6%. The outlook for demand for industrial space continues to be very strong and a lack of supply will likely put upward pressure on pricing going forward unless developers are able to keep pace with the market demand.

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 the Alberta economy, affecting housing demand through effects on employment and household income. Benchmark oil prices, trading at around US$81 per barrel on October 14, 2021, remain a significant risk, opportunity and uncertainty for the Company. This benchmark price is the highest price in the past four years. Canadian oil prices have ranged from US$26 per barrel to US$66 per barrel within the last 12 months and are currently trading at around US$66 per barrel.

Both benchmark and Canadian oil prices have been trending upward over the past three months. Not only is the price per barrel important; so too is the difference between the benchmark oil prices and Canadian oil prices, and the demand. The spread between benchmark oil prices and Canadian oil prices has remained relatively consistent over the past three months at around US$14 per barrel. The United States Energy Information Administration reported in July 2021 that global oil consumption fell in 2020 by 9%, but is expected to rebound in 2021, increasing by 6% followed by a 4% increase in 2022, surpassing pre-pandemic 2019 levels, as a result of the global economic recovery. In its Market Report – Oil 2021, the International Energy Agency reported that it expects global oil demand not to return to pre-pandemic levels until 2023 and then continue to grow going forward.

Like many industries, the outlooks for the housing and office real estate markets are uncertain in the short term and long 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 Old Port's operations are directly linked to the performance of the tourism sector in Toronto and Montréal, respectively. The number of visitors to the CN Tower is also related to the seasons and daily weather conditions.

Efforts by governmental agencies, health agencies and others to contain COVID-19 or address its impacts have had, and may continue to have, a significant impact on the tourism industry. These efforts have included restricting non-essential domestic and international travel to mitigate the impact of COVID-19, as well as physical distancing measures and limitations on group gatherings.

In terms of discretionary international travel, restrictions are beginning to ease. The government restricted entry to Canada for non-residents for non-essential travel from all international destinations, including U.S. residents. In August 2021, the Canada-U.S. border restrictions were eased and allowed for U.S. citizens and permanent residents of the U.S., who meet specific criteria to qualify as fully vaccinated, to enter Canada for discretionary travel. Similarly, discretionary travel to Canada from other international destinations resumed in September 2021 as well, with similar requirements for those travelling from the U.S. Recently, the U.S. announced that fully vaccinated Canadians will be able to cross at land borders in the month of November 2021. The easing of these restrictions is starting to allow discretionary travellers from outside Canada to visit, which helps the tourism and hospitality industry.

The easing of these restrictions, along with further gradual easing of additional restrictions will impact tourism in Canada, but how much and how quickly is uncertain and could continue to have a material impact on the Company's attractions.

Destination Canada's ("DC") Visitor Economy Forecast Update published in June 2021 reported that under the current trends, tourism expenditures in Canada would be expected to recover to 2019 levels by early 2025. However, in the same report, DC noted that that recovery could be sped up to occur by 2023 if i) the global vaccination efforts are successful, and ii) Canadians redirected their outbound, international tourism spending back into Canada.

International travel to Canada continues to be significantly impacted. In 2019, there were close to 32.4 million international arrivals, or approximately 2.7 million per month. Since March 2020, the start of the pandemic, the average is approximately 0.1 million per month, which is approximately 4% of the 2019 average. However, international arrivals have trended upward with the restrictions to entry being reduced recently. DC reported that for the month of July 2021 (the last month for which data is available at the time of writing), the number of international arrivals was close to 0.3 million, which was the highest number since March 2020.

The impact on Canadian tourism due to the pandemic, and particularly the impact of restrictions on international arrivals, has been significant. Tourism expenditures in Canada for 2020, as well as the current projections for 2021, show about 50% of the 2019 expenditure levels. To illustrate how significantly the impact of essentially losing the international tourism market is, international travellers spent approximately $23.1 billion in 2019, which represented 23% of the total tourism spend in Canada. In 2020 and 2021, international travellers spent (or are forecast to spend) $4.0 billion and $2.1 billion, respectively.

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

Foreign exchange rates may impact the number of international tourists that Canada, local markets and the Company's attractions draw as restrictions ease and borders reopen. The U.S.-Canadian exchange rate at October 14, 2021 was U.S.$1.00 = $1.24, which was stronger than the same time last year (US$1.00 = $1.31). There seems to be a consensus from analysts that the Canadian dollar exchange rate with the U.S. dollar will remain relatively stable over the remainder of 2021.

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

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

The local economy, particularly the decline in discretionary spending as a result of the impacts of COVID-19 on employment, could create challenges.

The Company continues to constantly review all aspects of its attractions operations potentially impacted by COVID-19, including its business plans and health and safety procedures and protocols. The Company continually updates its business resumption plans to adapt to new government and health authorities' direction, in many cases exceeding the minimum requirements, to ensure the safety of its employees, guests, suppliers and contractors.

4. Priorities

4.1 MAIN OBJECTIVES AND ACTIVITIES FOR THE PLAN SUMMARY PERIOD

For over 25 years, CLCL has been delivering benefits to communities in which it operates and results to its shareholder. For more details about the Company's activities and performance, please refer to its corporate reports available on its website at clc-sic.ca/reports-and-expenses.

Objectives and Activities

The Company's key objectives for the Plan Summary Period will facilitate CLCL's operations in its business divisions, while enabling it to manage risks, uncertainties and impacts from the continuing pandemic.

1. Continue CLCL's program of reintegrating former Government of Canada properties into productive use for the benefit of Canadian communities. The critical outcomes will be new sources of economic activities in municipalities, such as construction work, community amenities, green spaces, and housing, both market and affordable where residents can live, work and play.

2. Continue to build and maintain strong partnerships with Indigenous communities. Whether it is CLC that has been invited by a government department undertaking consultations, or its engagement and relationships with Indigenous communities and their leadership that may lead to months-long or years-long building of trust and the identification of mutual interests, and, in some instances, formal arrangements, each arrangement is a unique partnership tailored to the context of the properties or attraction, the Indigenous communities' interests and desires and the opportunities available. Components of these arrangements with Indigenous communities have included working together on initiatives around commemoration, exhibit development, employment and training, Indigenous-led procurement, and commercial land transactions.

3. Continue to work with Public Services and Procurement Canada on formal collaboration projects in the National Capital Region and Toronto and on other opportunities across the country. The critical outcomes include elevating the potential of these sites and their uses, while also assisting the government in its rationalization efforts, and creating new communities that include employment uses, green spaces, amenities, and new housing. The objective will be achieved by working through CLCL's real estate development approaches and processes while ensuring the accommodation of government real estate property needs.

4. Demonstrate climate leadership and contribute to a cleaner environment by implementing strategies that will support the government, including its commitment to net-zero emissions by 2050. The Company will achieve this through environmentally sustainable operations and related project initiatives.

5. Investigate areas of expansion of CLCL services and support to the Government of Canada. The outcome of this initiative will be more efficiencies and innovations brought to the government using CLCL's expertise in real property and attractions management. These outcomes will be achieved through establishing close collaborative relationships with departmental real estate property officials, using current projects as proof of concept for innovative approaches to future work, and identifying new projects that could be realized.

6. Seek opportunities to enhance the Company's attractions, as well as their integrity and safety. The critical outcome will be the delivery of outstanding and innovative guest experiences while considering stakeholder feedback. The objective will be achieved through maximizing operational efficiencies as well as community, financial and non-financial contributions.
7. Support Canada's recovery from the pandemic by participating in broader government initiatives such as climate resiliency and proposing other opportunities to reinvigorate the economy and the communities where the Company operates.

4.2 OVERVIEW OF RISKS

The Company faces both financial and non-financial risks that, if not managed effectively, could significantly and materially impact the Company.

Like typical pre-pandemic years, 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 the immediate and the short term, there is no greater risk to the financial results, particularly those of the Company's Attractions operating division, than COVID-19. Since March 2020, the Company's attractions have essentially been closed due to restrictions from public health authorities and various levels of government to mitigate the impact of COVID-19. Recent successes against COVID-19 in Canada, including vaccination programs, have allowed for many restrictions to be eased and economies to reopen. However, the battle against COVID-19 continues. With unfavourable trending in case counts and other key performance indicators in certain areas of the country, restrictions are returning and will potentially affect the easing of other restrictions. Given the nature of COVID-19, the exact path forward on the easing of restrictions and a return to a pre-pandemic "normal" is unknown.

The Company's financial risks, as identified in the Company's risk universe, include:

- Revenue generation and profitability (a key risk of the Company), which is defined as the failure to generate adequate revenue, cash flow and/or profits which would limit support of business operations including capital investments and/or optimal resource allocation decision-making.
- Liquidity, which is defined as either: the Company's ability to meet short- and long-term financial obligations as they come, which may affect its credit rating and overall reputation; or its inability to sell assets quickly without loss of value.
- Revenue and costs forecasting, which is defined as inaccurate assumptions that may result in a significant deviation from estimates. This is particularly significant in the Real Estate division where projects, and consequently their assumptions, can extend 10 or more years, depending on their nature and length.
- Lack of financing, which is defined as not adequately having sufficient funds to support and sustain operations. This is particularly significant in the Real Estate division where sizable investments may be required early in the development life cycle with revenue inflows not coming until years later, and the Company ensuring that it has sufficient financing, either internally or externally, for the duration of the project.

The Company also faces non-financial risks that, if not managed effectively, could significantly impact the Company's ability to operate. Below are some of the key risks that the Company has identified as part of its ERM framework.

- Cybersecurity, which includes internal or external attacks on the Company's information system which may result in a financial loss, loss/leakage of data, system disruptions and/or potential reputational damage.
- Macroeconomic uncertainty, which includes changing macroeconomic conditions that may influence real estate and/or tourism markets that may affect the Company's operations and revenue streams.
- Physical safety, which includes the health and safety incidentals that may affect the Company's key stakeholders, including employees, contractors, tenants, and the general public.

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

Risk Management

The Company uses a practical approach to the management of risk. In the prior year, the Company engaged a third-party consultant to assist in developing an ERM framework ("Framework") that sets the overarching guidelines on how risks shall be managed across the Company. The Framework was developed to establish sound, practical good governance and risk management principles throughout the Company, and provides an outline of the overall ERM objectives, the risk governance structure, roles and responsibilities, and the process to manage risks. The Company continues to work with its third-party consultant to mature its ERM program and maintain an effective Framework.

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

Specifically, the Framework identifies the following key objectives:

- an integrated structured and disciplined approach to key risk identification and alignment, mitigation and management of key risks, and monitoring and reporting;
- the establishment of clear ownership and accountability for managing key risks;
- the embedding of a strong risk culture;
- enabling the Board of Directors and management to make risk-based decisions; and
- establishing appropriate risk reporting and oversight of the management of key risks.

The Board of Directors has overall responsibility to oversee that adequate systems are in place to identify, attest, manage, monitor and report on principal risks affecting the Company's operations. The Board of Directors is not responsible for day-to-day risk management activities, but rather they are required to operate in an oversight role in policy and procedure design, implementation and effectiveness, supporting risk culture, and aligning risk appetite with the Company's strategy.

Management is responsible for implementing the Framework, policies and procedures. Management's key risk management objectives are to ensure that relevant risks are properly identified, prioritized and assessed, that risks that are key to the Company's success are identified as key, that appropriate mitigation activities are in place or are planned to reduce risks to an acceptable level, instilling and maintaining a strong risk culture, and ensuring that risk monitoring and reporting are occurring.

The Company updates its enterprise risk assessment quarterly to review, prioritize and mitigate against the key risks identified, and performs a comprehensive risk refresh exercise annually. The quarterly assessment and annual risk refresh include reviewing risk reports, internal audit reports, and industry information, and interviewing management across the Company.

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

4.3 EXPECTED RESULTS AND PERFORMANCE INDICATOR OVERVIEW

CLCL has more than 25 years of successful operation, generating over $1.0 billion in financial contributions to its shareholder since inception. Over the Plan Summary Period, the Company will continue its trajectory of success under difficult global circumstances through a number of opportunities and activities. CLCL uses benchmarks and comparators to measure itself against the markets in which it operates, such as market studies, internal audits, and financial management dashboards to continually monitor its operations, all overseen by its Board of Directors. Strategies and outcomes will continue to align with CLCL's mandate and business objectives.

Outcome	Measure
Local developments and infrastructure projects are supported in collaboration with municipalities and other local stakeholders to provide new and improved roads, sewer and water management facilities and other related activities. (CLC)	Dollars invested and municipal approvals obtained
Local communities are engaged throughout planning and development processes to enable an open dialogue about CLCL's projects. (CLC)	Number of projects with engagement programs
Opportunities to partner with Indigenous communities throughout planning and development processes (where engaged through federal custodians or directly engaged as agent-PDP) where partnerships or other types of arrangements can be established. (CLCL)	Number of projects
Disposal of federal real property is managed effectively and efficiently, and strong financial and non-financial results are delivered to Canadians and the federal government. (CLC)	Revenues earned, opportunities for affordable housing, green spaces delivered, positive community engagement
Development projects that are environmentally sustainable and aligned with best practices and HVAC systems are replaced or retrofitted with greener technologies to align with the federal government's goals of climate leadership. (CLCL)	Number of active developments that meet or exceed environmental management standards, and action plan in place to replace or retrofit HVAC systems
Internal programs and initiatives that use industry best practices and support strong employee engagement, diversity and inclusivity for a workforce that is representative of Canadian society. (CLCL)	Establish benchmarks and goals to foster a diverse and inclusive workforce

5. Financial Overview

5.1 EXPECTED RESULTS FOR 2021/22 AND PLAN SUMMARY PERIOD 2022/23 TO 2026/2027

CLCL is a self-financing agent Crown corporation. CLCL's financial management focuses on the activities around planning, procuring, and controlling the Company's financial resources with the objective of making optimal financial decisions for CLCL.

CLCL's financial strategy is to operate with strong fiscal responsibility through its various business divisions across the country to optimize, not maximize, cash flow and profit for re-investment and return to the Company's stakeholders, in both the short and long term. In light of the pandemic and the uncertainty it has created for forecasting cash flows and operating profits, particularly from the Company's Attractions operating division, CLCL has sharpened its focus on short-term cash management, while continuing to balance the short-term view versus the long-term objectives.

CLCL historically has generated an annual profit. The Company receives no parliamentary appropriations, while funding the operating deficit and capital requirements of OPMC and Downsview Park.

The Company's financial plan, which includes its financial results and financial position over the Plan Summary Period, is included in Appendix 2, Section 7.4. All the sections of this corporate plan should be read in conjunction with the Company's financial plan to obtain a full, comprehensive understanding of the assumptions, risks, uncertainties and context.

The financial plan reflects the Company's best estimate of the expected results over the Plan Summary Period at the time of writing. With any financial plan spanning five years, particularly a plan that projects real estate sales in numerous markets across Canada, there is naturally a significant degree of uncertainty. That "typical" or "normal" uncertainly is only exacerbated by the impact of the pandemic on the Company's operations, particularly its Attractions operating division, which is currently facing, not dissimilar to many other tourism and hospitality businesses in Canada, significant operating challenges due to restrictions from governments and public health agencies in efforts to manage and control the pandemic.

The Company mitigates its financial plan risks by practising sound fiscal management using a variety of different techniques.

Below is a summary of the projected results for 2021/22 and the Plan Summary Period. Further details are included in Section 7.1.

Revenue

The Company forecasts $236.1 million in revenue in 2021/22 and projects $1.9 billion in revenue over the Plan Summary Period. The Company's projected revenues fluctuate year over year, primarily as a result of two factors. The first is due to the Company's real estate sales. Real estate development and sales have a significantly longer life cycle than the Company's Attractions operating division. Real estate sales are dependent upon many factors, including obtaining municipal approvals, which will drive the timing of when products can be brought to market, and as a result when the products can generate revenue. The second is the Attractions operating division. The Company's attractions had significant revenue and profit drop in 2020/21 and a similar drop is projected in 2021/22 as a result of COVID-19. However, the Company is projecting a sharp financial improvement of its attractions in 2022/23 followed by a more gradual return to pre-pandemic levels over the first couple of years of the Plan Summary Period as the industry recovers.

Profitability

Net income before tax ("NIBT") is forecasted for 2021/22 to be $4.9 million. Over the Plan Summary Period, the Company projects $521.4 million in NIBT. The consolidated annual profit will vary significantly as a result of the fluctuations in the real estate sales and the recovery of the attractions as mentioned above. The operating profit margin[1] will average just under 41% during the Plan Summary Period. It will vary year over year during the Plan Summary Period primarily due to the particular mix of real estate assets being sold in any given year.

General and Administrative ("G&A") costs

G&A costs include both indirect operational costs for its attractions and real estate, and corporate overhead costs. The total G&A costs for 2021/22 are forecasted to be $32.0 million or 13.6% of total revenues. For 2021/22, G&A was decreased from the amount budgeted in the 2021/22 Corporate Plan by $2.1 million (or 6%) as a result of active cost containment actions to preserve cash and operational requirements. Over the Plan Summary Period, the G&A costs are projected to be $183.0 million or 9.6% of total revenues. During the Plan Summary Period, the G&A costs are forecasted to increase 2.0% per year. The increase is driven primarily by increases in personnel costs and cost of living adjustments. Corporate overheads over the Plan Summary Period will represent approximately 49% of the total G&A costs, or 4.7% of total revenues.

1 Operating profit margin = (total net income before taxes, interest and other expenses, impairment, pre-acquisition costs and write-offs and general and administration costs)/(total revenue – less interest and other revenues)

Capital investment

Capital investment for the Company includes expenditures on real estate, which include land development costs and its investments in long-term hold properties, and investment in its attractions. In 2021/22, the Company projects $124.0 million in total capital expenditures. Over the Plan Summary Period, the Company forecasts to invest $709.8 million, of which $529.2 million will be in real estate and $180.6 million in its attractions. The amount of investment annually will vary depending on the stage of development for the Company's projects. The Company is very focused on ensuring that investment, particularly real estate development investment, is made at the appropriate time and closely aligned with the sales strategy and timing for a project.

Borrowings

The Company's borrowings, which include cash borrowing and letters of credit, are forecasted to be $89.2 million and well within the $200.0 million of credit facilities available at the end of 2021/22. In the first year of the Plan Summary Period, the Company is projecting using its cash balances to repay its outstanding cash borrowings on its credit facilities of $45.7 million due to negative interest yield spreads. During the Plan Summary Period, the average annual borrowings, which are projected to be letters of credit draws only, will be $55.5 million, peaking in 2026/27 at $89.7 million.

Capital management

The Company's capital management and retained earnings policy is included in Appendix 2, Section 7.3. The Company projects its dividend payments based on the forecasted cash on hand and the cash requirements of the Company in subsequent years. The Company is projecting $150.0 million in dividends over the Plan Summary Period, an average of $30.0 million annually, or an average return of 3.6% of equity. Dividends are expected to continue to be declared annually at the discretion of the Company's Board of Directors. Actual dividend payments could vary materially from those projected based on the financial performance of the Company. During the Plan Summary Period, the Company projects to generate $506.4 million in positive cash flow from operating activities. The Company projects an average return on equity of 9.5% during the Plan Summary Period while still showing prudent and responsible fiscal management by maintaining an average debt to equity ratio of 0.4:1 and sufficient cash balances to fund capital investment and operations.

6. Appendix 1: Corporate Governance Structure

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

CLCL was incorporated under the *Companies Act* on March 7, 1956, and continued under Articles of Continuance dated September 19, 1977, under the *Canada Business Corporations Act*. It is listed in Schedule III, Part 1 of the *Financial Administration Act*.

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

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

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

CLCL operates in the competitive and sometimes volatile real estate and tourism markets being impacted by the current global pandemic. As such, it is directly affected by the unpredictability of those industries and various macro-economic trends. Despite uncertainty regarding the global economy and Canadian real estate market, the Company has returned over $1.0 billion in dividend payments, federal and provincial incomes taxes, and property acquisition payments to the fiscal framework since its inception in 1995.

CLCL Boards of Directors

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

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

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

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 for both the Chair and Directors.

CANADA LANDS COMPANY LIMITED – BOARD OF DIRECTORS

Name	Role	OIC Date	Term	Expiry Date	Home Province
Jocelyne Houle	Chair	10/04/14 (as director)	4 years	18/06/22	Québec
		06/06/18 (reappointed)	2 years (reappointment)		
		19/06/19 (appointed as Chair)	2 years (as Chair)		
		19/05/21 (reappointed as Chair)	1 year (as Chair)		
Victoria Bradbury	Director	22/06/18	2 years	20/06/23	Alberta
		21/06/21 (reappointed)	2 years (reappointment)		
John Campbell	Director	06/06/18	2 years	20/06/22	Ontario
		21/06/21 (reappointed)	1 year (reappointment)		
Margaret MacDonald	Director	19/06/19	4 years	18/06/23	Nova Scotia
Kaye Melliship	Director	06/06/18	4 years	05/06/22	British Columbia
Daniel Shindleman	Director	06/06/18	4 years	05/06/22	Manitoba
Toni Varone	Director	06/06/18	4 years	05/06/22	Ontario

BOARD ATTENDANCE FOR FISCAL YEAR 2020/2021

Board Member	Board & Committee Meetings by Videoconference
Jocelyne Houle	9/9
Victoria Bradbury	9/9
John Campbell	9/9
Margaret MacDonald	8/9
Kaye Mellisship	9/9
Toni Varone	9/9
Daniel Shindleman	9/9

CANADA LANDS COMPANY LIMITED – PRESIDENT AND CEO

Name	Role	OIC Date	Term	Expiry Date	Home Province
Robert Howald	President & CEO	08/04/21	2 years	07/04/23	Ontario

Biographies

Jocelyne Houle, Chair: Ms. Houle has had a long career in the public sector, including as a former mayor. She is active in her community and involved with several organizations.

Victoria Bradbury: Ms. Bradbury is a Fellow Chartered Accountant of England & Wales, a Chartered Professional Accountant in Canada, a Certified Management Consultant and a member of the Institute of Corporate Directors.

John Campbell: Mr. Campbell is the principal of Renovo Advisory Services Ltd. Until 2015, he was the CEO of Waterfront Toronto, responsible for leading the estimated $35-billion revitalization of Toronto's waterfront.

Margaret MacDonald: Ms. MacDonald is a former Deputy Minister with the Province of Nova Scotia, holding positions as the Deputy Minister of Finance and Treasury Board, Labour and Workforce Development, Immigration and Intergovernmental Affairs.

Kaye Mellisship: Ms. Mellisship has been involved in housing policy, governance, operations and land use planning for more than 30 years. She is on the board of the Tofino Housing Corporation and is an advisory member of BC Non-Profit Housing Association's insurance committee.

Daniel Shindleman: Mr. Shindleman is managing director at Bridgemer, an alternative asset manager and advisor, focused on real estate, infrastructure and agriculture. He has been involved in public-private partnerships since 1992.

Toni Varone: Mr. Varone is president of Varone Group Inc. He has served the community in numerous capacities and continues to serve as an active member of The Villa Charities Foundation Board.

Board Committees and their Roles

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

Currently, all Board members (except for the President and CEO) sit on all committees. The President and CEO sits on CLC, OPMC, and PDP committees (except for Audit & Risk Committee).

Governance Committee

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

Human Resources Committee

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

Audit and Risk Committee

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

Real Estate Committee

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

Attractions Committee

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

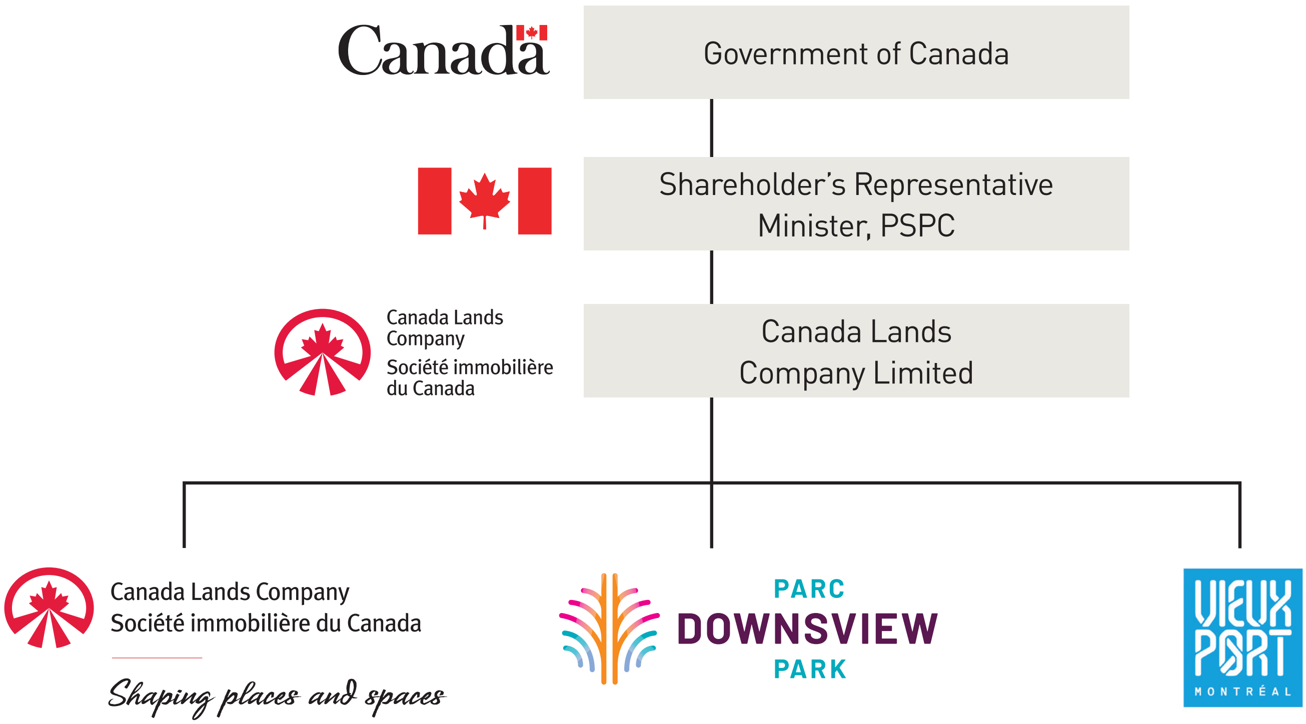
Management Agreements

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

Annual Public Meetings

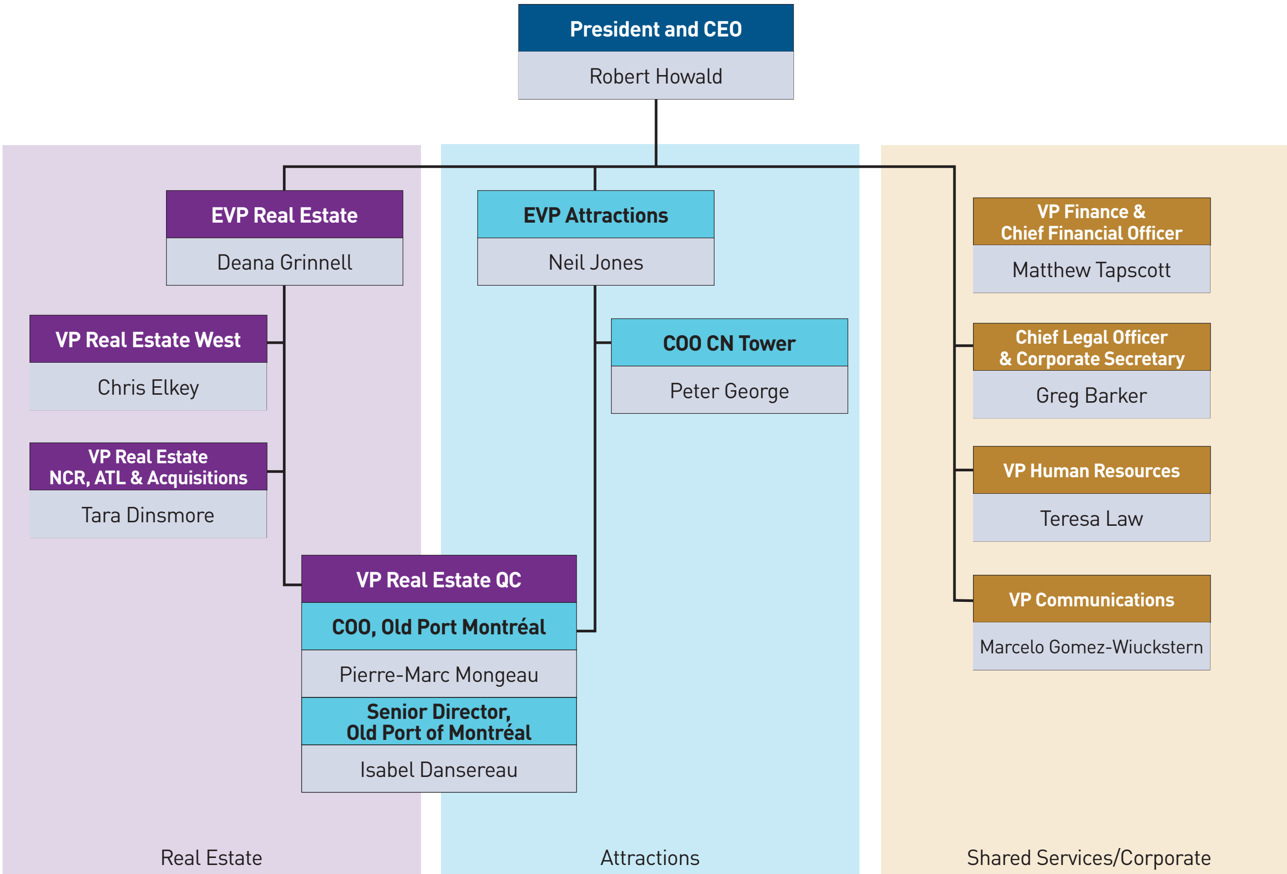
As a Crown corporation, and in line with best practices and the *Financial Administration Act*, CLCL provides an annual forum through which the public can offer feedback and engage in a dialogue with CLCL's Board of Directors and management on matters directly relating to its business. The next public meeting will be held in the fall of 2022.

FIGURE 1: CLCL CORPORATE STRUCTURE AND SUBSIDIARIES



CLCL, PDP and OPMC are agent Crowns, and CLC is a non-agent Crown.

FIGURE 2: CLCL SENIOR MANAGEMENT STRUCTURE



The senior management team consists of the President and CEO and those members of management listed in Figure 2. This group is responsible for all business operations and results, setting corporate priorities, and developing and implementing the Company's corporate and strategic plans, consistent with CLCL's mandate and Board of Directors' oversight.

The President and CEO's salary and pay-at-risk are established by the Governor in Council. Senior management compensation is established based on the Company's remuneration and compensation strategies.

For 2020/21, CLCL's leadership costs for the Board of Directors and senior management, which include salary, benefits, pay-at-risk, post-employment pension plan contributions, as well as retainers and per diems in the case of Directors, were $5.0 million.

7. Appendix 2: Financial results including operating and capital budgets

The Company's operating and capital budgets, represented through the accompanying CLCL financial statements in Section 7.4 of this appendix, provide the revenues, expense, profit, cash flows and capital investments that the Company projects to make during the Plan Summary Period.

7.1 OPERATING AND CAPITAL BUDGET HIGHLIGHTS

The table in 7.1.1 summarizes the forecasted results of the key performance indicators for 2021/22 against budget, as well as showing the financial highlights over the Plan Summary Period.

7.1.1 KEY FINANCIAL INFORMATION

	For the year ended 31 March[1]		For the Plan Summary Period[2]
(in millions of dollars, except profit margin)	2022 Forecast	2022 Budget	
Total revenue	$236.1	$188.3	$1,904.9
Total operating profit[3]	$36.8	$16.0	$773.6
Total operating profit margin[3]	15.6%	8.5%	40.6%
Total net income (loss) before tax	$4.9	($18.7)	$521.4
Acquisitions	$31.3	$26.5	$67.1
Investment	$124.0	$132.7	$709.8
Cash provided by (used in) operating activities	$15.3	($54.2)	$506.4
Total credit availability	$110.8	$98.7	$110.3
Dividends to the Government of Canada	$10.0	$10.0	$150.0
Upfront payments made available[4]	$10.0	$16.2	$41.7
Total assets	$1,064.7	$1,058.3	$1,106.5

1 Budget figures represent amounts included in the CLCL corporate plan 2021/22 to 2025/26.
2 Total credit availability and Total assets amounts shown in the "For the Plan Summary Period" column are the projected 31 March 2027 balances.
3 Operating profit = total net income before taxes less interest and other revenues, interest and other financing costs, impairment of capital expenditures, and general and administration costs.
4 Upfront payments made available are the payments made available by the Company to the property custodians at the time of acquisition.

7.1.2 OVERVIEW OF BUDGET

Revenue

The Company generates revenue primarily from its Real Estate and Attractions operating divisions, with a smaller amount coming through its Corporate operations.

The chart below helps to understand how the operating divisions align with the financial reporting.

CHART 1

	Operating Divisions		
Financial Reporting Lines	**Real Estate**	**Attractions**	**Corporate**
Real estate sales and development	X		X
Attraction, food, beverage and other hospitality		X	
Rental operations	X	X	
Interest and other			X

The Company forecasts that it will generate $236.1 million in revenue in 2021/22, which is approximately $47.8 million higher than the 2021/22 budget. The primary driver for favourability against budget is strong real estate land sales, particularly in three projects. This favourability is partially offset by unfavourable results in the Company's attractions, which were closed for the first part of 2021/22, and then reopened under strict capacity limits to comply with government and public health agency restrictions.

The Company expects to generate consolidated revenue in the Plan Summary Period of $1,904.9 million, or an average of $381.0 million per year. Revenues are not consistent year over year. The primary drivers for the large fluctuations in annual consolidated revenue during the Plan Summary Period are the timing of real estate development and sales and the gradual recovery of the Company's attractions in the earlier part of the Plan Summary Period.

Principal sources of revenue for the Plan Summary Period are shown in Chart 2 on a consolidated basis and in Chart 3 on an annual basis.

CHART 2:

Principal sources of revenue *(in millions)*

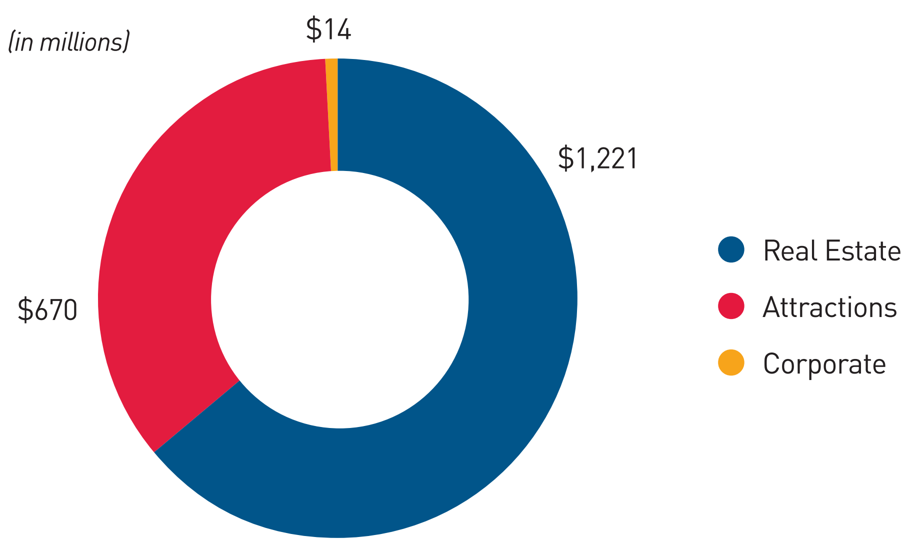
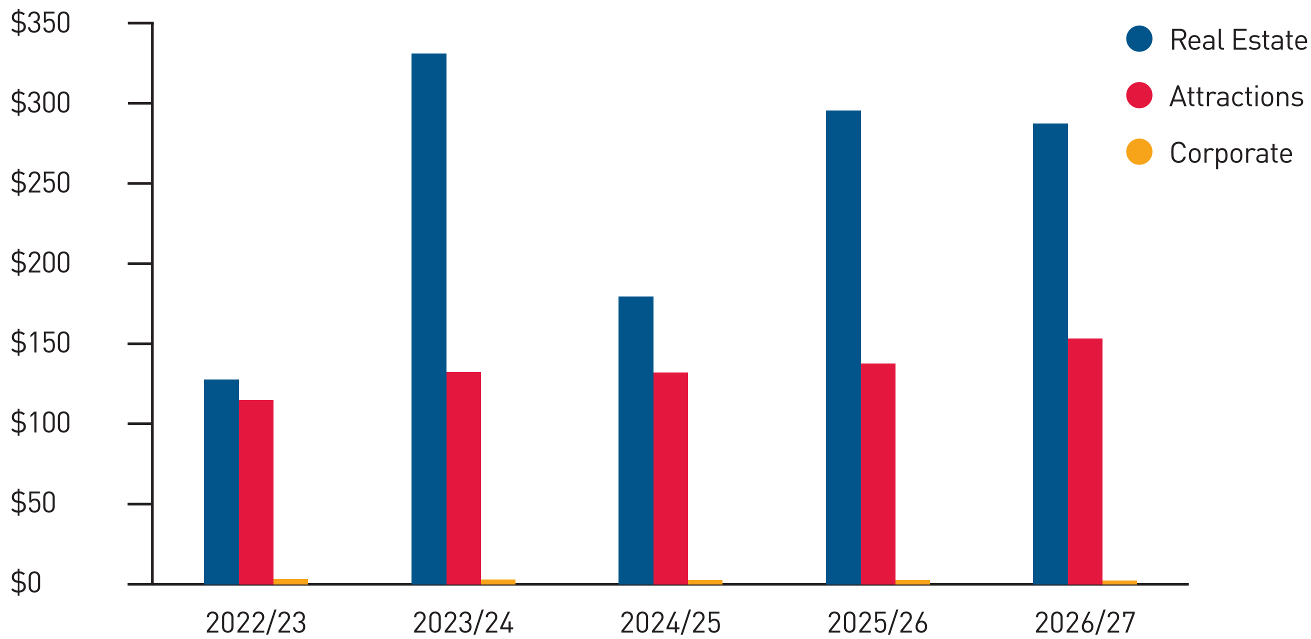


CHART 3: Principal sources of revenue *(by year)*



Profitability

Consolidated net income before tax (NIBT) for the Plan Summary Period is $521.4 million, an average of $104.3 million per year. Similar to revenue, profitability fluctuates annually and is driven principally by real estate sales activity and the gradual recovery of the Company's attractions in the earlier years of the Plan Summary Period.

Principal sources of NIBT for the Plan Summary Period are shown in Chart 4 on a consolidated basis and in Chart 5 on an annual basis.

CHART 4: Principal sources of NIBT *(in millions)*

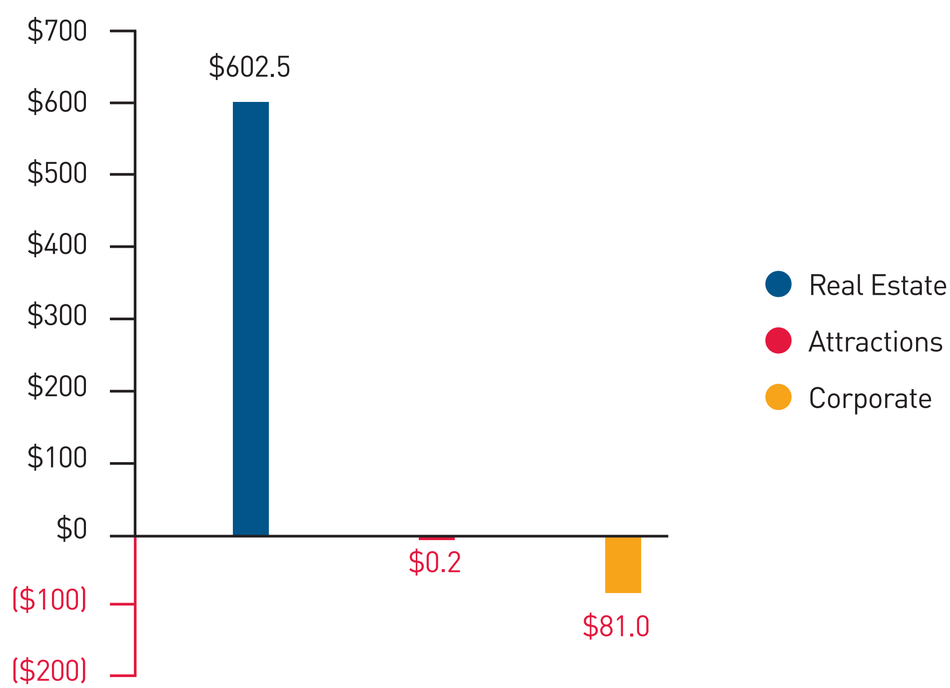
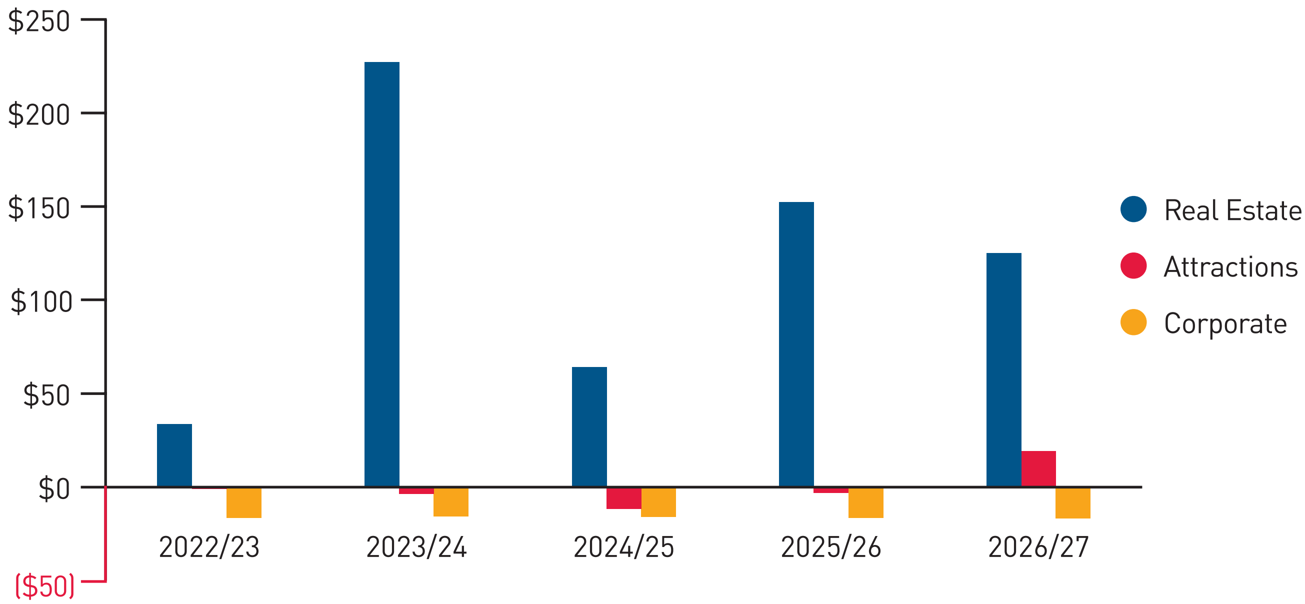


CHART 5: Principal sources of NIBT by year *(in millions)*



As a result of the aforementioned increase in revenues for 2021/22, the Company forecasts its NIBT to be a profit of $4.9 million, which is higher than the budgeted NIBT loss of $18.7 by $23.6 million.

Over the Plan Summary Period, the Company projects to generate $773.6 million in operating profit, or an average of $154.7 million per year.

During that same time, the operating profit margin will be 40.6% of total revenues. Annually during the Plan Summary Period, the operating margin will vary depending primarily on the real estate sales and product mix, and the gradual recovery of the Company's attractions operations.

General and administrative costs

The Company incurs general and administrative costs to support the operations of the business. These G&A costs are primarily indirect costs incurred within attractions and the general corporate costs. G&A costs within the real estate operating division are generally considered direct costs of the projects and capitalized as a cost of development.

The table below provides a summary of the G&A costs incurred during the Plan Summary Period by type, the ratio of operating G&A costs as compared to corporate G&A costs, and the percentage of G&A costs as compared to consolidated revenues.

TABLE 1: GENERAL AND ADMINISTRATIVE COSTS SUMMARY

For the year ended 31 March (in millions, except percentages)	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan	Plan Summary Period Total
Operating G&A costs	$14.8	$17.7	$18.2	$18.6	$19.0	$19.4	$92.8
Corporate G&A costs	$17.2	$17.5	$17.7	$18.0	$18.3	$18.6	$90.2
Total G&A costs	**$32.0**	**$35.2**	**$35.9**	**$36.6**	**$37.3**	**$38.0**	**$183.0**
Corporate G&A as a % of total G&A	53.8%	49.6%	49.4%	49.3%	49.2%	49.1%	49.3%
Total G&A as a % of total revenue	13.6%	14.3%	7.7%	11.6%	8.6%	8.6%	9.6%
Corporate G&A as a % of total revenue	**7.3%**	**7.1%**	**3.8%**	**5.7%**	**4.2%**	**4.2%**	**4.7%**

The Company projects total G&A costs for 2021/22 to be $32.0 million, which is lower than the $34.1 million that was budgeted. The primary driver for this decrease is cost containment measures that the Company has implemented in response to COVID-19. These measures were to help reduce indirect, incremental overhead costs that could be avoided or deferred until more typical operations return.

Over the Plan Summary Period, total G&A costs are expected to be $183.0 million. Indirect operating G&A costs are expected to be 50.7% of the total G&A costs, or $92.8 million, with the remainder being corporate G&A costs.

During the Plan Summary Period, total G&A costs as a percentage of total revenue are projected to be 9.6%. In 2022/23, that percentage is expected to be 14.3% due to the lower revenue as the Company's attractions begin their gradual recovery and is projected to decrease by 39.9% by 2026/27 to only 8.6% of total revenue.

Capital investment

The Company continues to make capital investment in its real estate properties and attractions. The Company makes these investments prudently with a focus on both financial and non-financial returns on investment.

As previously mentioned, the capital investment will vary year by year depending on the stage of real estate development for the Company's properties.

In 2021/22, the Company projects $124.0 million in capital investment, which is slightly lower than the budgeted $132.7 million. The primary driver for the slightly lower capital investment is the deferral of certain capital investments until future years in real estate as a result of development approval delays and cash flow considerations, which were partially offset by advancing capital investment at the Company's attractions to take advantage of their closures.

For the Plan Summary Period, the Company projects to invest $709.8 million in capital, with $528.0 million in real estate and $181.8 million in attractions.

Liquidity

CLCL will continue to be self-sustaining and provide significant financial and non-financial contributions to the government.

The Company will continue to exercise prudent cash management processes and active monitoring of capital investment and performance, particularly in light of the uncertainties caused by the pandemic. The Company forecasts to continue to have sufficient cash on hand to meet all its operational and cash requirements. The only exception the Company forecasts is the use of borrowings against credit facilities, primarily in the nature of letters of credit, where it is more fiscally practical to leverage its credit facilities.

One of the key performance indicators that the Company uses to manage liquidity is adjusted net current assets ("ANCA"). ANCA is determined using current assets, adjusted to remove current inventory, which is not immediately liquid, net of its current liabilities. Below is a table summarizing the Company's ending balance of ANCA for each year of the Plan Summary Period.

TABLE 2: ADJUSTED NET CURRENT ASSETS SUMMARY

As at 31 March (in $millions)	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Adjusted Current Assets[1]	$266.5	$143.4	$242.6	$216.1	$235.8	$271.2
Current Liabilities	$116.2	$68.9	$42.6	$41.9	$106.3	$44.6
Adjusted Net Current Assets	$150.3	$74.5	$200.1	$174.3	$129.5	$226.6

During the Plan Summary Period, the Company is projecting payments of $681.0 million to its shareholder. See Section 7.2, "Summary of Net Benefits to the Government of Canada 2022/23 to 2026/27."

1 Adjusted Current Assets = Total Current Assets from the CLCL consolidated statement of financial position less Inventory

7.1.3 OVERVIEW OF KEY ASSUMPTIONS, SENSITIVITIES AND UNCERTAINTIES

CLCL builds its corporate plan from the bottom up, starting at the individual real estate project and attraction level.

Given the nature of real estate, assumptions can vary significantly year-to-year based on planning approvals, market conditions, and disposal strategy. The rigorous and comprehensive process that the Company undertakes to generate the operating and capital budgets is consistent with prior years. These budgets are approved by management and the Board of Directors.

Given the current environment under which the Company's attractions are operating, the significance and magnitude of the key assumptions, more than in any pre-pandemic years, have a higher degree of uncertainty, which could impact the forecasted results of the Company over the Plan Summary Period materially.

The Company has included the key assumptions, sensitivities and uncertainties below.

7.1.4 KEY ASSUMPTIONS

COVID-19

- COVID-19 and its impacts were discussed at length in Section 3, "Operating Environment." If the assumptions that the Company made in developing this corporate plan differ materially from what transpires over the Plan Summary Period, the actual results, both financially and non-financially, may differ materially from the Company's forecast.

Macroeconomic

- Macroeconomic conditions in Canada were discussed at length in Section 3, "Operating Environment."

Attractions

- General: As mentioned throughout the corporate plan, the impacts of COVID-19 on the Company, particularly its attractions, are unprecedented and create significant uncertainty. In operating businesses such as the CN Tower, the MSC and Downsview Park, the ability to accurately project operating results into the future, particularly beyond 2022/23, with a reasonable degree of confidence, is much more challenging than it was pre-pandemic. The Company has listed the key assumptions below that drive its forecasted results during the Plan Summary Period for its attractions.
- **CN Tower**
  - Financial performance is driven principally by attendance. Attendance is forecast for 2022/23 to be approximately 70% of 2019/20 levels (the last pre-pandemic year). Over the Plan Summary Period, the attendance is projected to recover quickly in the early years (87% of 2019/20 levels in 2023/24 and more than 90% of 2019/20 levels in 2024/25), and then level out in the latter years of the Plan Summary Period, arriving at close to 100% of 2019/20 levels by 2026/27;
  - A significant degree of the costs of operating and maintaining the CN Tower are fixed. As a result, fluctuations in attendance, which drive revenue, have a significant impact on both revenues and profitability;

- Tourism, including from the U.S. and other foreign markets, is a significant driver of CN Tower attendance. The Company has assumed that the current travel restrictions for international travellers will be significantly eased in 2022/23; and
- Restrictions put in place by public health authorities to reduce the spread of COVID-19 will be significantly eased in 2022/23, allowing capacity for guest attendance to recover to closer to pre-COVID-19 levels.

- **Old Port and MSC**
  - A significant driver in the financial performance of the MSC is attendance, particularly from school groups. Attendance is forecast for 2022/23 to be approximately 94% of 2019/20 levels, with a return to 100% by 2023/24;
  - A significant degree of the costs of operating and maintenance of the Old Port and MSC are fixed. As a result, fluctuations in attendance or tenants, which drive revenue, have a significant impact on both revenues and profitability; and
  - Restrictions put in place by public health authorities to reduce the spread of COVID-19 will be significantly eased in 2022/23, allowing capacity for guest attendance to recover to closer to pre-COVID-19 levels.

Real estate

- Market assumptions: The corporate plan and budgets assume demand within its real estate markets to remain relatively stable and consistent with their current market conditions through the Plan Summary Period. The corporate plan does not attempt to predict significant gains or losses in market conditions in any of the areas that the Company owns property;
- Real estate acquisition assumptions: During the Plan Summary Period, it is forecasted that sales of close to $139.9 million and NIBT of $45.3 million will be made for properties not yet owned by the Company but expected to be acquired; and
- Downsview Area Secondary Plan ("DASP") assumption: The Company has assumed that the current approved 2011 DASP, which includes the Downsview Lands, will be amended during the Plan Summary Period. The amended DASP will reshape the vision for the combined 520 acres/210 hectares and will propose future road networks, parks and green spaces, and a range of land uses, and address the need for community facilities and services. The Company's assumption of what the amended DASP will be, including its range of land uses, has been incorporated into the corporate plan, and should they differ would have significant impact on the Company's capital assumptions during the Plan Summary Period.

Liquidity

- The Company has assumed that the PILT contestation at OPMC is finalized in 2022/23 at the values currently being provided for. Going forward, the Company has assumed the PILT currently being assessed will continue and will be paid when and as it is assessed.

Other

- General and administrative costs have been assumed to increase 2% per year during the Plan Summary Period. The amount is slightly lower than the general Consumer Price Index ("CPI") increases that the Bank of Canada ("BoC") projected in its July 2021 Monetary Policy Report ("MPR") projected for 2022 (2.4%), but more in line with the 2023 estimates for CPI increases (2.2%); and
- The labour markets that the Company operates in, particularly in Toronto and Montréal where the significant attractions operations are, will be balanced and will allow the Company to hire competent, qualified individuals at prevailing market rates within reasonable timeframes, while retaining its current workforce.

7.1.5 SENSITIVITIES AND UNCERTAINTIES

Attractions

- As mentioned, any significant change in the CN Tower's attendance would have a considerable impact on revenue and NIBT;
- As mentioned, any change in the Montréal Science Centre's attendance would have a considerable impact on revenue and NIBT; and
- The Company is contesting Payment in lieu of taxes ("PILT") payment for the years back to 2013 (nine years in total) based on an independent third-party review. No savings from the PILT contestation with the City of Montréal are assumed and the assessed amounts are being accrued and expensed. It is assumed that the PILT contestation will be finalized in 2022/23 for the amount provided for and that annual PILT payments for the remainder of the Plan Summary Period will be similar to those currently being assessed. There continues to be significant uncertainty regarding the payment amount, as well as the amounts payable in future years in the Plan Summary Period.

Real Estate

- Currie, Calgary and Village at Griesbach, Edmonton: In the challenging economic climate of Alberta, the Company is projecting $165.3 million in real estate sales;
- Ottawa projects: The Ottawa real estate market is currently considered stable; however, the Company does have more than $300.0 million in sales during the Plan Summary Period forecasted from Ottawa-based projects;
- Heather Lands and Jericho Lands, Vancouver: In the Plan Summary Period, the Company projects to sell the first phases of its 50% beneficial interest in the Heather Lands and Jericho Lands to its First Nations partners; and
- Downsview Lands, Toronto: As mentioned, it is expected that an amended DASP is forecast. The length and timing of the process to arrive at an amended DASP is difficult to determine, but it is not unreasonable to expect it to take up to five years. A new, integrated plan across the Downsview area should create a better, more optimal land use for the community and the municipality.

Corporate

The Company generates interest income from its excess cash on hand balance. If the interest rates were to vary from the assumed rates by +/– 1% it would have an annual impact of $2.0 million to $3.0 million annually on the Company's profitability and cash flows; and the Company has assumed that G&A costs will increase consistently with the projected CPI increases of around 2% per year. If the G&A costs vary from the assumed rates by +/– 1% it would not have a significant impact on the Company's profitability and cash flows.

7.2 SUMMARY OF NET BENEFITS TO THE GOVERNMENT OF CANADA 2022/23 TO 2026/27

The Company provides financial benefits to the Government of Canada in various ways. As illustrated in the table below, the Company will contribute more than $681.0 million or an average of $136.2 million per year over the Plan Summary Period.

TABLE 3: NET BENEFITS TO THE GOVERNMENT OF CANADA

$millions	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Acquisitions[1]	7	10	0	25	0	42
Promissory note repayments	8	12	27	32	63	142
Income taxes paid	9	62	16	44	33	164
Dividends to Government of Canada[2]	10	10	30	50	50	150
Recurring financial support to OPMC	39	46	43	37	18	183
Total	**73**	**140**	**116**	**188**	**164**	**681**

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

TABLE 4: SUMMARY OF INVESTMENTS 2022/23 TO 2026/27 BY OPERATING DIVISION

$millions	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Real Estate	105	82	115	121	105	528
Attractions	39	50	44	35	14	182
Total	**144**	**132**	**159**	**156**	**119**	**710**

1 Represents the upfront payment to the disposing department or agency, normally up to $5.0 million per property or portfolio.
2 Indicates cash dividends forecast to be paid to the Consolidated Revenue Fund.

7.3 CLCL DIVIDEND POLICY AND RETAINED EARNINGS EXPLAINED

In non-governmental accounting standards, including the International Financial Reporting Standards ("IFRS"), to which CLCL is required to conform, retained earnings do not represent surplus cash or cash left over after the payment of dividends. Rather, retained earnings demonstrate what a Company did with its profits; they are the amount of profit the Company has reinvested in the business since its inception. These reinvestments are either asset purchases or liability reductions. Ultimately, most analysis of retained earnings focuses on evaluating which action would generate the highest return for the shareholder(s). In CLCL's case, the highest return is created by generating profits that enable the purchase of land from the government, capacity to increase its value and maximize profit on its sale, while achieving other less tangible goals of reintegrating the property into the community and providing other benefits to stakeholders. It is also important to note in this regard that CLCL, for the most part, does not control the timing of when federal custodians clear their holdings for sale, and therefore CLCL needs to retain cash on-hand to pay for closing costs.

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

CLCL continues to fund the annual OPMC operating deficit and capital requirements of approximately $37.0 million per annum forecasted during the Plan Summary Period, which includes $54.0 million of funding for the OPMC Master Plan. Prior to operational amalgamation in November 2012, these funding shortfalls, which at the time were approximately $24.0 million annually, were fully subsidized by the federal government. The Company also continues to fund the operating and capital requirements of Downsview Park, 291 acres of active and passive green space, of approximately $2.0 million annually.

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

The details of CLCL's sources and uses of cash are contained in the consolidated statement of cash flows in Section 7.4.3.

7.4 FINANCIAL STATEMENTS AND BUDGETS

7.4.1 CLCL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended March 31

$millions	2021 Actual	2022 Budget	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan	Plan Summary Period Total
REVENUES									
Real estate sales	88.0	72.2	166.8	107.7	311.1	160.5	278.4	270.9	1,128.6
Attraction, food, beverage and other hospitality	10.4	65.2	26.5	87.6	106.6	110.9	116.5	121.3	542.9
Rental operations	32.3	42.6	37.4	43.7	40.5	36.2	31.6	44.3	196.3
Interest and other	6.4	8.3	5.4	6.7	8.0	6.9	9.2	6.3	37.1
	137.1	**188.3**	**236.1**	**245.7**	**466.2**	**314.5**	**435.7**	**442.8**	**1,904.9**
EXPENSES									
Real estate development costs	40.6	59.7	105.5	74.6	94.1	100.2	132.7	150.6	552.2
Attraction, food, beverage and other hospitality costs	44.4	65.2	47.8	71.8	73.6	77.3	79.7	80.9	383.3
Rental operating costs	36.0	38.8	40.6	39.8	29.5	32.3	26.1	31.0	158.7
General and administrative	31.5	34.4	32.0	35.2	35.9	36.6	37.3	38.0	183.0
Interest and other financing costs	4.8	3.2	3.6	1.5	1.0	0.8	0.5	0.2	4.0
Impairment of capital expenditures	5.2	5.7	1.7	6.5	24.1	30.7	26.6	14.4	102.3
	162.5	**207.0**	**231.2**	**229.4**	**258.2**	**277.9**	**302.9**	**315.1**	**1,383.5**
Income (Loss) before taxes	**(25.4)**	**(18.7)**	**4.9**	**16.3**	**208.0**	**36.6**	**132.8**	**127.7**	**521.4**
Income tax expense (recovery)	(4.6)	(4.7)	1.2	4.1	52.0	9.1	33.2	31.9	130.4
Net Income (Loss)	**(20.8)**	**(14.0)**	**3.7**	**12.2**	**156.0**	**27.5**	**99.6**	**95.8**	**391.1**

7.4.2 CLCL CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31

$millions	2021 Actual	2022 Plan	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
ASSETS								
Non-Current								
Investment properties	29.9	37.4	32.9	36.9	40.2	42.5	44.6	47.9
Inventories	360.3	385.3	349.9	356.7	358.9	334.9	340.7	331.6
Property, plant & equipment	139.9	134.0	156.1	167.1	175.2	170.9	161.1	140.9
Trade receivables and other	14.1	15.5	14.7	12.3	12.4	11.7	11.8	11.9
Long-term receivables	61.5	59.6	62.8	63.7	58.8	58.8	41.9	41.9
Deferred taxes	97.2	109.4	107.8	113.3	123.6	129.8	140.9	141.7
	702.9	741.2	724.1	750.0	769.1	748.7	741.2	715.9
Current								
Inventories	52.7	104.7	74.1	96.8	100.2	137.2	150.6	119.5
Cash	380.2	176.7	233.4	107.2	210.0	182.7	203.2	238.3
Short-term investments	3.6	–	3.6	3.6	3.6	3.6	3.6	3.6
Trade receivables and other	32.3	30.0	29.5	32.6	29.0	29.7	29.0	29.2
Current portion of long-term receivables	–	3.2	–	–	–	–	–	–
Current Income Tax recoverable and other Assets	6.6	2.5	–	–	–	–	–	–
	475.4	317.1	340.6	240.2	342.8	353.3	386.4	390.6
	1,178.3	**1,058.3**	**1,064.7**	**990.2**	**1,111.9**	**1,102.0**	**1,127.6**	**1,106.5**

7.4.2 CLCL CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

As at March 31

$millions	2021 Actual	2022 Plan	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
LIABILITIES								
Non-Current								
Notes payable	265.2	274.6	282.8	257.3	259.4	252.6	164.2	159.4
Deferred revenue	5.6	–	5.4	5.4	5.4	5.4	5.4	5.4
Trade and other payables	2.5	–	2.5	2.5	2.5	2.5	2.5	2.5
Provisions	3.5	0.5	4.5	0.6	0.5	0.5	0.5	0.5
Deferred taxes	–	7.3	–	–	–	–	–	–
Prepaid rent, deposits and others	2.0	4.7	4.4	4.4	4.4	4.4	4.4	4.4
	278.8	287.1	299.7	270.1	272.2	265.4	177.0	172.2
Current								
Credit facilities	29.2	52.8	45.7	–	–	–	–	–
Notes payable	154.8	1.0	7.0	30.7	8.2	7.5	72.1	10.0
Prepaid rent, deposits and others	7.3	5.4	7.4	7.5	7.5	7.5	7.5	7.5
Deferred revenue	2.0	7.7	2.0	2.0	2.0	2.0	2.0	2.0
Trade and other payables	24.4	30.7	24.3	24.3	24.3	24.3	24.3	24.4
Provision for PILT being contested	23.0	27.1	26.3	–	–	–	–	0.2
Provisions	3.2	0.5	1.0	4.4	0.6	0.6	0.5	0.5
Taxes payable	0.5	–	2.5	–	–	–	–	–
	244.4	125.2	116.2	68.9	42.6	41.9	106.3	44.6
EQUITY								
Contributed surplus	181.2	185.1	185.1	241.2	267.0	254.3	311.5	312.8
Accumulated earnings	643.1	654.6	633.9	566.5	678.2	709.4	743.8	841.9
Accumulated dividends	(169.2)	(193.7)	(170.2)	(156.6)	(148.1)	(169.1)	(211.1)	(264.7)
Net Equity	655.1	646.0	648.9	651.1	797.1	794.7	844.3	890.0
	1,178.3	**1,058.3**	**1,064.7**	**990.2**	**1,111.9**	**1,102.0**	**1,127.6**	**1,106.5**

7.4.3 CLCL CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31

$millions	2021 Actual	2022 Plan	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan	Plan Summary Period Total
Operating Activities									
Net Income	(20.7)	(14.0)	3.7	12.3	156.0	27.5	99.6	95.7	391.1
Income taxes paid	(16.0)	(0.5)	3.5	(9.1)	(62.3)	(15.7)	(44.2)	(33.1)	(164.3)
Profit Sharing paid	–	–	–	–	–	–	–	–	–
Depreciation	14.4	15.0	13.8	15.7	14.5	15.5	15.9	15.7	77.3
Cost of Property Sales	40.6	59.7	105.5	74.6	94.1	100.2	132.7	150.6	552.2
Expenditures on properties	(61.1)	(111.0)	(89.1)	(104.7)	(82.1)	(114.7)	(121.2)	(105.3)	(528.0)
Acquisitions	(7.6)	(26.5)	(31.3)	(10.4)	(19.4)	–	(32.3)	(5.0)	(67.1)
Write downs and impairments	5.2	5.7	1.7	6.5	24.1	30.7	26.6	14.4	102.3
Recovery of expenditures on properties	5.0	12.2	5.7	10.5	2.3	2.0	2.0	3.2	20.0
Recovery of expenditures on properties from joint ventures	–	–	–	–	2.7	–	4.4	–	7.1
Long-term receivables	(2.4)	(2.7)	(2.0)	(2.2)	8.2	(0.5)	17.1	(0.3)	22.2
Provision for PILT	3.3	3.4	3.3	(26.3)	–	–	–	–	(26.3)
Notes payable – notional interest	4.5	2.7	3.4	1.5	0.9	0.7	0.4	0.2	3.7
Income tax expense	(4.7)	(4.7)	1.2	4.1	52.0	9.1	33.2	32.0	130.5
Change in current assets/liabilities	(7.9)	6.5	(4.1)	(0.5)	(6.8)	0.4	(4.7)	(2.7)	(14.3)
Cash Provided by (Used in) Operating Activities	**(47.3)**	**(54.2)**	**15.3**	**(28.1)**	**184.3**	**55.3**	**129.5**	**165.4**	**506.4**
Financing activities									
Change in Credit Facilities	(8.3)	12.2	16.5	(45.7)	–	–	–	–	(45.7)
Promissory Notes acquired	7.6	10.3	21.3	3.7	9.4	–	7.3	5.0	25.4
Promissory Note Repayments	–	(0.9)	(154.9)	(7.0)	(30.7)	(8.2)	(31.5)	(72.1)	(149.5)
Dividends	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(30.0)	(50.0)	(50.0)	(150.0)
Cash Used in Financing Activities	**(10.7)**	**11.6**	**(127.1)**	**(59.0)**	**(31.3)**	**(38.2)**	**(74.2)**	**(117.1)**	**(319.8)**

7.4.3 CLCL CONSOLIDATED STATEMENT OF CASH FLOWS CONTINUED

For the year ended March 31

$millions	2021 Actual	2022 Plan	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan	Plan Summary Period Total
Investing Activities									
Short-term investments	(3.6)	–	–	–	–	–	–	–	-
Expenditures on investment properties	(4.9)	(4.4)	(3.2)	(6.0)	(3.5)	(2.5)	(2.1)	(3.3)	(17.4)
Expenditures on property, plant and equipment	(15.9)	(17.3)	(31.7)	(33.2)	(46.7)	(41.9)	(32.7)	(9.9)	(164.4)
Cash Used in Investing Activities	**(24.4)**	**(21.7)**	**(34.9)**	**(39.2)**	**(50.2)**	**(44.4)**	**(34.8)**	**(13.2)**	**(181.8)**
NET INCREASE (DECREASE) IN CASH	**(82.4)**	**(64.3)**	**(146.9)**	**(126.3)**	**102.8**	**(27.3)**	**20.5**	**35.1**	**4.8**
Cash, beginning of year	462.6	241.0	380.2	233.4	107.2	210.0	182.7	203.2	–
CASH, END OF YEAR	**380.2**	**176.7**	**233.4**	**107.2**	**210.0**	**182.7**	**203.2**	**238.3**	**–**
Loan balance, beginning of year	37.5	40.6	29.2	45.7	–	–	–	–	–
Change in loan balance	(8.3)	12.2	16.5	(45.7)	–	–	–	–	–
Loan balance, end of year	**29.2**	**52.8**	**45.7**	**–**	**–**	**–**	**–**	**–**	**–**
Letters of credit required	39.2	48.5	43.5	36.3	44.7	52.7	54.3	89.7	–
Total borrowings against credit facility	68.4	101.3	89.2	36.3	44.7	52.7	54.3	89.7	–
Total available	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	–
Available credit	**131.6**	**98.7**	**110.8**	**163.7**	**155.3**	**147.3**	**145.7**	**110.3**	**–**

8. Appendix 3: Government priorities and direction

CLCL creates benefits for its shareholder and Canadians above and beyond its financial contributions. Since its inception in 1995, CLCL has met a myriad of government policy objectives that have provided municipalities, provinces and Canadian taxpayers benefits that simply would not have been possible without CLCL's participation. Below are a few examples of CLCL's contributions to Canadian society:

- Infrastructure investments to create jobs and prosperity for the middle class: CLCL invests in local infrastructure as part of its development projects. Over the Plan Summary Period, it expects to invest $529.0 million in its real estate projects. CLCL's development projects stimulate the local economy and offer employment opportunities. Results are measured through the ability to complete key investments on time and on budget.
- Effective management of Canada's finances, resources and assets: CLCL's value creation ensures effective and efficient reintegration of former government property back into local communities. Key financial indicators, such as property sales and dividends, are used to measure financial results. Over the Plan Summary Period, the Company will aim to acquire $67.0 million in surplus property, generate over $1,128.0 million in land sales and invest almost $529.0 million through project and capital expenditures, while returning $150.0 million in dividends to the government.
- Open and transparent engagement with Canadians: The Company actively consults local communities and stakeholders using various forums (e.g., workshops, online, open houses, advisory committees) in creating development plans, which contributes to the government's openness and transparency objectives. A goal over the Plan Summary Period is to begin and/or complete the public engagements for certain properties including Vancouver, Toronto, and Ottawa. Results are measured by timely completion of engagement activities and through the effective working relationships with municipalities.
- Build and maintain strong partnerships with Indigenous communities. At this time, CLC has entered into agreements of various forms with 12 First Nations covering projects on seven properties in Vancouver, Winnipeg, Ottawa and Halifax. Each arrangement is a unique partnership tailored to the context of the properties, the Indigenous communities' interests and desires and the opportunities available. Components of the agreements with the Indigenous communities have included working together on initiatives around commemoration, employment and training, Indigenous-led procurement, and commercial land transactions.
- Demonstrate climate leadership and contribute to a cleaner environment by implementing strategies that will support the government, including its commitment to net-zero emissions by 2050. The Company will achieve this through environmentally sustainable operations and related project initiatives.

- Affordable housing opportunities: CLC is continuing its work with municipalities in the integration of affordable housing in its developments, including its work with the National Housing Strategy. To date, CLCL has facilitated the implementation of approximately 2,000 affordable housing units and continues to explore integration as more projects become active. A key performance indicator is the percentage of housing in development plans dedicated to affordable housing (10% target for our Plan Summary Period) subject to approval by the municipalities in which CLC operates.
- Commitment to promoting a healthy workplace: the Company continues to drive programs that support the enhancement of a healthy, equitable and respectful workplace with an emphasis on mental health and wellness programs. The strategy includes training and information sessions to promote wellness and mental health in the workplace.
- Commitment to transparent procurement: CLCL will continue to provide robust procurement opportunities on CLCL projects and promote inclusive participation, including contracting with Indigenous-led businesses. Procurement to date shows that 65% of contracts have been awarded to First Nations businesses since 2014 at two real estate projects in Vancouver. This is based on the number of contracts where First Nations businesses submitted proposals.
- Commitment to diversity and inclusion: CLCL is committed to diversity and inclusion through the creation of advisory and steering committees, to foster the inclusion of a broad range of voices and views in governance and decision-making regarding diversity, inclusion, equity, and accessibility. Each business unit supports employee-led committees, focus group discussions, multi-year plans, and training programs with an emphasis on biases, anti-racism, anti-harassment, and code of conduct.
- The Company will continue to support the government's *Accessible Canada Act* and accessibility commitments through its internal inclusion policies and practices, including accessibility considerations in the design and development of its real estate projects and attractions programming.
- Support common goals in response to the pandemic recovery: CLCL will provide all necessary training and implement protocols and risk assessments to ensure the safety of its employees, clients, vendors, and stakeholders following public health guidance and regulations.

9. Appendix 4: Greening Government

Since its inception, CLCL has been a champion of sustainable development and environmental stewardship, contributing to a cleaner and more sustainable environment in municipalities where it conducts business.

To support Canada's international and national sustainability goals, the Government of Canada established the *Greening Government Strategy* that outlines a series of commitments and targets to ensure Canada remains a leader in climate change resilience. In it, the government encourages Crown corporations with significant real property, fleet and procurement to adopt its measures or an equivalent set of commitments relevant to its business.

The Company has begun aligning its tracking and reporting mechanisms with those outlined in the strategy and will continue to do so as it aims for zero-emissions by 2050 among other important targets. Many initiatives have been undertaken in recent years. Following is a series of current and planned initiatives and outcomes demonstrating CLCL's current trajectory.

Property and Workplaces

Over the years, the Attractions division has integrated many sustainability initiatives into its day-to-day operations. As a result, the CN Tower has had an 85.2% reduction in greenhouse gas emissions since 2006. The Tower continues to roll out and lead new programs to reduce its environmental footprint. The MSC and the Downsview Park education teams offer programming for youth and adults focused on sustainability and environmentalism. Each attraction works to improve energy efficiency and enhance greening initiatives. Currently, the Company is actively auditing its Attractions' businesses and reviewing processes including waste management and diversion, energy efficient lighting, programs and water management with the goal of lowering greenhouse gas emissions and incorporating "greener" processes. Certain new programs will be deployed in 2022/23.

Climate-resilience Services and Operations

For many years, CLCL's real estate operations have been at the forefront of sustainable development. The Company was an early adopter of LEED-NDs (Leadership in Energy and Environmental Design for Neighbourhood Development) program, as evidenced by the livable and sustainable communities created by CLC across Canada. The Company demonstrates its leadership by targeting its developments to exceed municipal environmental management requirements, and community amenities, and includes three or more LEED-ND metrics or third-party equivalency in every project. The Company continues to explore and integrate best practices in renewable energy strategies, stormwater management, and biodiversity management.

Procurement and Goods and Services

CLCL is currently studying best practices and conducting pilot projects on green and local procurement to determine how CLCL's processes can include environmental requirements in products and services. Certain new procurement practices have begun, and more will be implemented in 2022/23 and beyond. The Company will report on its activities in future corporate plans.

Mobility and Fleets

The Old Port offers visitors electric car charging stations, and Downsview Park is currently deploying a charging station for Park visitors.

Canada Lands Company
Société immobilière du Canada

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