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WE ARE CANADA LANDS COMPANY

Canada Lands Company Limited (CLCL) is a self-financing federal Crown corporation that reports to the Parliament of Canada through the Minister of Public Services and Procurement. CLCL is a *Canada Business Corporations Act* corporation listed in Schedule III, Part 1 of the *Financial Administration Act*, and an agent of Her Majesty.

CLCL has the following three wholly owned subsidiaries, which, along with CLCL, are collectively referred to as “the Company”:

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

- Real estate property or site*
- ◆ Attraction*

BRITISH COLUMBIA

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

ALBERTA

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

MANITOBA

- 5 Naawi-Oodena, Winnipeg

ONTARIO

- 6 1 Port Street East, Mississauga
- 7 Downsview Park, Toronto
- 8 Downsview Lands, Toronto
- 9 65 Navy Wharf Court, Toronto
- 10 CN Tower, Toronto
- 11 Booth Street Complex, Ottawa
- 12 299 Carling Avenue, Ottawa
- 13 Wateridge Village / Village des Riverains, Ottawa
- 14 1495 Heron Road, Ottawa

QUÉBEC

- 15 Montréal Science Centre
- 16 Old Port of Montréal
- 17 Pointe-du-Moulin, Montréal
- 18 Wellington Basin, Montréal
- 19 Pointe-de-Longueuil, Longueuil

NOVA SCOTIA

- 20 Shannon Park, Dartmouth

NEWFOUNDLAND AND LABRADOR

- 21 Pleasantville, St. John's

* locations on map are approximations and not exact

INSPIRE JERICO

VILLAGE AT
GRIESBACH

currie

WATERIDGE VILLAGE
VILLAGE DES RIVERAINS

LA TOUR
CN
TOWER

PARK
DOWNSVIEW
PARK

MONTRÉAL
SCIENCE
CENTRE

OLD
PORT
MONTREAL

Pleasantville
mieux de deux villages
au centre de tous

WHAT WE DO AND WHY

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

Leveraging its subsidiaries, the Company transforms former Government of Canada properties and reintegrates them into local communities while ensuring their sustainability and commercial viability. CLCL also holds, invests in and manages renowned Canadian attractions.

Throughout its operations, the Company strives to deliver the best value and financial return to Canadians. Since its reactivation in 1995, CLCL has contributed more than \$1 billion to the Government of Canada in the form of dividends declared, the payment of surplus lands purchased from the federal government and income taxes paid.

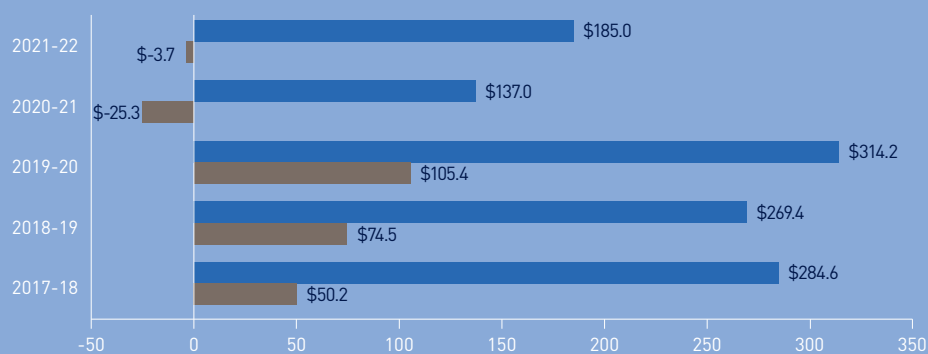
The Company's activities ensure that surplus government properties that are acquired are redeveloped or managed to their optimal value, both financial and non-financial.



FINANCIAL HIGHLIGHTS

*all chart numbers are in millions of dollars

REVENUE AND NET INCOME BEFORE TAXES



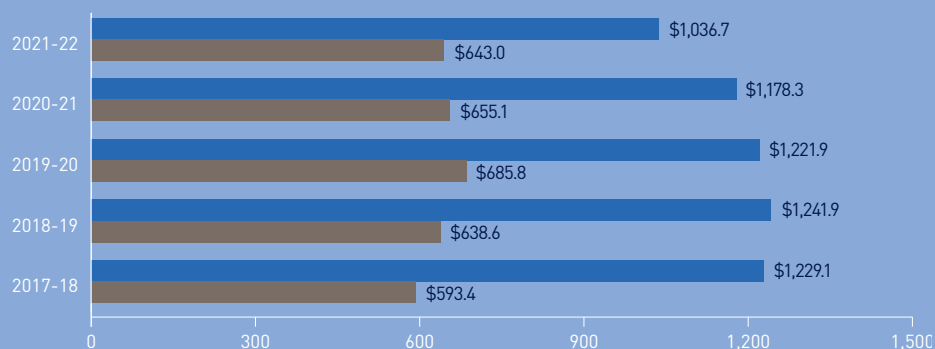
Revenue: \$1,190.2

NIBT: \$201.1

Over the past five years, the Company has generated close to \$1.2 billion in consolidated revenues, averaging approximately \$240 million/year.

Despite significantly impacted pandemic years, the Company has generated more than \$200 million in profit at a yield of 17% of consolidated revenues.

ASSETS AND SHAREHOLDER'S EQUITY

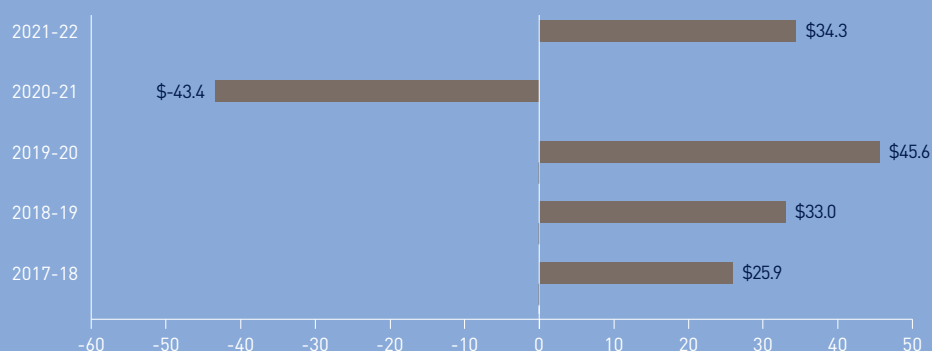


Assets

Shareholder's Equity

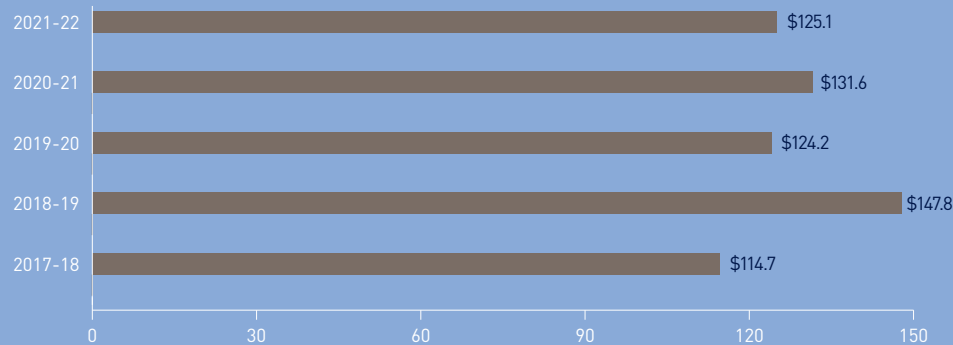
The Company's asset base has been reduced as a result of returns to the shareholder, with almost \$160 million in 2021/22 alone. The Company has been able to grow its Shareholder's Equity by almost \$50 million over the past five years.

OPERATING CASH FLOW



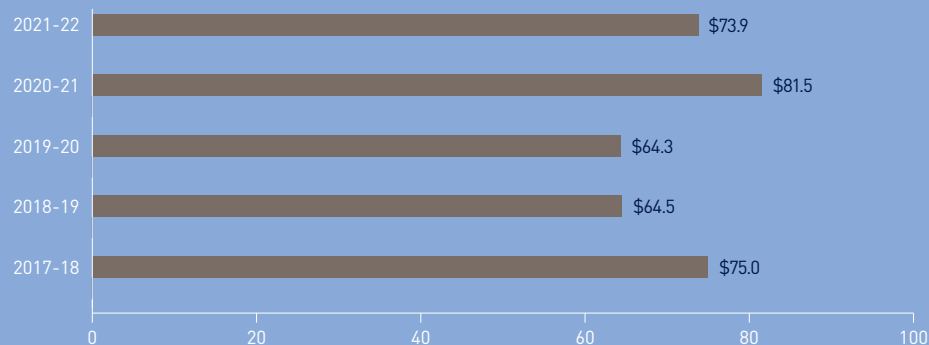
As a result of its strong financial performance over the past five years, the Company has been able to generate close to \$100 million in cash from its operating activities.

CREDIT FACILITIES AVAILABLE



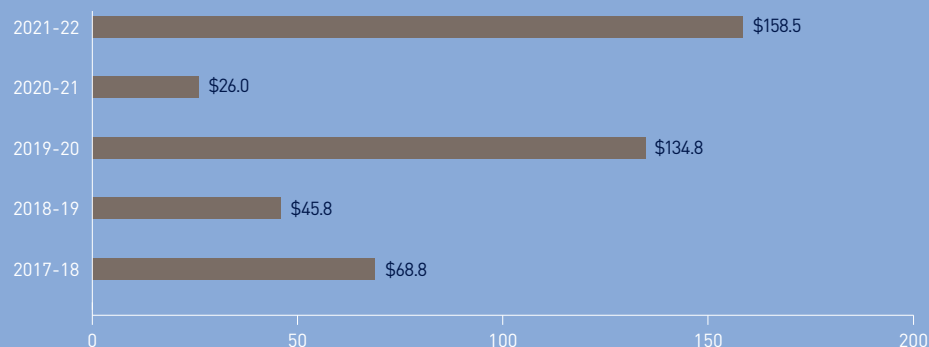
The Company has used its strong cash inflows to limit borrowings against its credit facilities. Overall, credit facility availability, which is used primarily to secure letters of credit with municipalities, has been actively managed over the past five years, resulting in an increase in availability.

CAPITAL INVESTMENT



The Company continues to invest in its real estate and attractions. Over the past five years, the Company has close to \$360 million in investments, including more than \$70 million in 2020/21. These investments are critical to advance real estate projects, and instrumental in maintaining and enhancing the Company's attractions at the Old Port of Montréal, CN Tower and Downsview Park.

RETURN TO SHAREHOLDER



The Company makes financial contributions to its shareholder via dividend, promissory notes, income tax payments and sales proceeds sharing payments. The Company returned close to \$160 million to the shareholder in 2021/22 and more than \$430 million over the past five years.

HOW WE DO IT

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

REAL ESTATE

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



ATTRACTIONS

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





LETTER TO THE MINISTER

As the end of my term as Chair of the Board of Directors approaches, these opening remarks will be my last words written on behalf of the Board of Directors. At this moment, I am filled with tremendous pride. While the pandemic has disrupted and overturned our daily operations, it also served to bring out what I believe to be the best in our people. Over the last two-going-on-three years, I have been continually amazed by the leadership exemplified by the Company's Board and senior management team. I am equally inspired by their resilience and continued commitment to deliver the best value and financial return to Canadians.

As we continue to follow the Government of Canada's effort to move the country towards a post-pandemic normal, we have resumed full operations across our business. We have active public consultations on projects across the country through which we are engaging with Canadians to reintegrate former federal lands into their communities. One of our most recently launched engagements is in Ottawa, where we are envisioning a new future for the former federal property at 1495 Heron Road. After two rounds of engagement, we are now developing a preferred concept plan for the community's further consideration.

On the west coast, although the public engagement for the Heather Lands property in Vancouver is now complete, the process continues to be recognized by our industry peers. In July 2021,

the Canadian Institute of Planners honoured Canada Lands Company; the Musqueam Indian Band, Squamish Nation and Tsleil-Waututh Nation (MST); and DIALOG, the project's planner, with the Award for Planning Excellence in the Planning for Reconciliation category. The award recognizes extensive engagement with our cultural liaisons as well as MST community members, which has resulted in an inspiring example of co-creation between Indigenous and non-Indigenous governments and developers.

In the year ahead, we look forward to beginning work to revitalize the Old Port of Montréal. In August 2021, alongside then-Minister of Public Services and Procurement Anita Anand, we announced a \$50 million investment to improve infrastructure at the landmark attraction in Québec. These improvements build on the comprehensive public consultation that we led in 2015 and are part of the site's final master plan. I am personally eager to see the fruits of this multi-year project, and applaud the project team for its tremendous work thus far.

Before I close, I would like to take this opportunity to acknowledge the many individuals who have made my tenure on the Board of Directors the pleasure of a lifetime.

To my fellow Board members, I thank you for your profound knowledge and experience, which continuously empowered us to lead with confidence and certainty. To the Company's senior management team, I am humbled by the trust that you bestowed in me and eternally appreciative of your support and camaraderie. Most notably, I extend my deepest gratitude to our shareholder, without whom this experience would not have been possible. It has been an honour to work alongside your ministers to advance the priorities of the federal government.

I wish much success to you and to Canada Lands Company's employees as you all continue in your work to enrich the everyday lives of Canadians.

Jocelyne Houle
Chair of the Board of Directors



LETTER FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

As we enter the third year of the pandemic, Canada Lands Company has begun a period of economic recovery. In fiscal 2021/22, the Company generated \$185 million in revenue and more than \$34 million in operating cash flow. Additionally, we were pleased to contribute close to \$160 million to our shareholder, bringing our total repayment since inception to nearly \$1.6 billion.

Our Attractions division has been particularly hard hit by the pandemic. Similar to the previous fiscal year, the CN Tower and Montréal Science Centre were closed for most of 2021/22. It is my great pleasure, however, to report that, for the first time since the pandemic began, all our attractions are open and have resumed full operations, delivering unforgettable experiences to their guests.

At the CN Tower, we are working to further enhance the visitor experience. In July 2021, alongside then-Minister of Public Services and Procurement Anita Anand, we announced a \$21 million investment to modernize the CN Tower's outdoor terrace level. The investment marks our third phase of renovations at the world-renowned attraction. Since 2017, we have invested a total of \$42 million to enhance the CN Tower and improve accessibility for the enjoyment of guests of all physical abilities.

On the real estate front, we continue to work closely in Winnipeg with our partner, the Treaty One Nation¹, on the implementation of our joint master plan for Naawi-Oodena. Looking ahead to the next fiscal year, we expect to take ownership of the 32 per cent of the property allocated to Canada Lands Company. The remaining 68 per cent will be established as an urban reserve in common among the seven Nations. Additionally, we anticipate

making significant progress at our Heather Lands redevelopment in Vancouver. Following the City of Vancouver's approval of our proposed rezoning plan, we, alongside our partners the Musqueam Indian Band, Squamish Nation and Tsleil-Waututh Nation, will begin breaking ground on this highly anticipated development.

Our hybrid engagement model is serving our business well. Virtual public meetings are empowering us to expand our reach and diversify participating stakeholder groups. In our public engagements in Ottawa, for Confederation Heights, and in Toronto, for id8 Downsview, we have seen a tremendous response from both communities.

The second round of engagement for Confederation Heights, a collaboration between Canada Lands and Public Services and Procurement Canada, is set to begin this spring, during which we will present our proposed vision and guiding principles for the site. Conversely, at id8 Downsview, our engagement for a framework plan is now complete. The 18-month process included three consultation rounds and garnered feedback from more than 3,000 participants. In September 2021, in collaboration with our partners, Northcrest Developments, we submitted a proposed framework plan to the City of Toronto which, following its review, will be used to update the Downsview Area Secondary Plan.

After more than two years of unparalleled disruptions, we are taking judicious steps to bring our business back to growth. Our outgoing Chair, Jocelyne Houle, has played a critical role in this resurgence and, on behalf of all employees, I thank her for her determined and unfaltering leadership.

I am confident in the Company's continued ability to respond, pivot and adapt to any further uncertainties.

Our business is strong and our people remain stronger.

Robert Howald
President and CEO

¹ The Treaty One Nation is comprised of the Brokenhead Ojibway Nation, Long Plain First Nation, Peguis First Nation, Roseau River Anishinaabe First Nation, Sagkeeng First Nation, Sandy Bay Ojibway First Nation and Swan Lake First Nation.

CORPORATE SOCIAL RESPONSIBILITY

In Canada and in countries around the world, COVID-19 is a public health crisis. The abrupt and significant disruption to everyday life has left many with psychological and emotional trauma that is likely to remain long after the virus. Additionally, the need for physical distancing and limited gatherings has left many in vulnerable and at-risk communities isolated from society.

As a federal Crown corporation, the Company strives to enrich the everyday lives of all Canadians. Over the past two years, this aim has become more important than ever. While the Company often considers its efforts through an economic lens, an equal responsibility exists to produce non-financial benefits.

In 2021/22, the Company delivered on these benefits to Canadians, touching on shared values such as diversity, equity and inclusion, collaboration with Indigenous communities, affordable housing, accessibility and climate resiliency. The impact of this work is reflected in the most recent balanced scorecard results. The scorecard program is based on five pillars that illustrate the Company's work: financial sustainability, inclusive communities, environmental sustainability, engagement and healthy workplaces. These pillars are shared between the Company's divisions and feature projected metrics, which are established annually to create a baseline for performance over time.



To learn more about the balanced scorecard program and corporate social responsibility (CSR) at Canada Lands, please view the Company's 2021/22 CSR report, available at clc-sic.ca/reports-and-expenses.

CORPORATE GOVERNANCE

The Board of Directors of CLCL maintained a robust governance framework during the 2021/22 fiscal year that enabled the Company to continue to serve as the Government of Canada's real estate development and attractions management Crown corporation.

CLCL BOARD AND THE BOARDS OF ITS SUBSIDIARIES

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

BOARD COMMITTEES AND THEIR ROLES

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

ATTRACTIONS COMMITTEE

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

AUDIT & RISK COMMITTEE

The Audit and Risk Committee assists the Company's Board with the oversight of: (i) the financial reporting process and the quality, transparency and integrity of the Company's financial statements and other related public disclosures; (ii) the Company's internal financial controls; (iii) the Company's compliance with legal and regulatory requirements relevant to the financial statements and financial reporting; (iv) the work and independence of the Company's external auditors; and (v) the Company's financial performance against the corporate plan.

The Audit and Risk Committee also has the mandate to ensure that the Company is taking appropriate action to measure, monitor, manage and mitigate risk associated with the business of the Company. It also has the authority to investigate any activity of the Company.

GOVERNANCE COMMITTEE

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

HUMAN RESOURCES COMMITTEE

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

REAL ESTATE COMMITTEE

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

BOARD COMMUNITY OUTREACH

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

DIRECTOR CONTINUING EDUCATION

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

DIRECTOR ATTENDANCE AND COMPENSATION

Nine Board meetings were held during the past fiscal year. Three of the meetings were held in person and six of the meetings were held by videoconference. The Directors also attended a two-day in-person Board strategic planning session in February 2022. The compensation for the Chair and Directors is set by the Governor-in-Council and consists of annual retainers of \$9,400 for the Chair and \$4,500 for Directors, as well as a per diem rate of \$375, both for the Chair and the Directors. The chart below shows Directors' attendance at CLCL meetings and conference calls during the fiscal year.

BOARD MEMBER	MEETINGS
Jocelyne Houle	9/9
Victoria E. Bradbury	9/9
John W. Campbell	9/9
Margaret MacDonald	9/9
Kaye Melliship	9/9
Daniel Shindleman	9/9
Toni Varone	9/9

TEAM OVERVIEW

BOARD OF DIRECTORS

AS AT MARCH 31, 2022



Jocelyne Houle
Chair



Victoria E.
Bradbury



John W.
Campbell



Margaret
MacDonald



Kaye Melliship



Daniel
Shindleman



Toni Varone

SENIOR MANAGEMENT



Robert Howald
President and
Chief Executive
Officer



Greg Barker
Chief Legal
Officer and
Corporate
Secretary



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



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



Chris Elkey
Vice President,
Real Estate
(West)



Peter George
Chief Operating
Officer, CN Tower



Marcelo Gomez-
Wiuckstern
Vice President,
Corporate
Communications



Deana Grinnell
Executive Vice
President,
Real Estate



Neil Jones
Executive Vice
President,
Attractions



Teresa Law
Vice President,
Human
Resources



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



Matthew Tapscott
Vice President,
Finance and Chief
Financial Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

FOR THE YEAR ENDED MARCH 31, 2022

This Management's Discussion and Analysis ("MD&A") provides important information about Canada Lands Company Limited's ("CLCL" or the "Company") business, its financial performance for the year ended March 31, 2022, and its assessment of factors that may affect future results. The MD&A should be read in conjunction with the Company's audited consolidated financial statements and notes (collectively "the consolidated financial statements"). The MD&A and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The following MD&A is the responsibility of management and is current as at June 7, 2022, unless otherwise noted.

The Board of Directors of the Company has approved this disclosure.

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

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

PERFORMANCE HIGHLIGHTS

<i>In millions of dollars, except profit margin</i>	Year ended March 31, 2022	Year ended March 31, 2021	Change %	Three years ended March 31, 2022
Total revenue	\$ 185.0	\$ 137.0	35.0%	\$ 636.2
Total operating profit*	32.8	19.0	73.0%	203.6
Total operating profit margin*	17.7%	13.8%	3.9%	32.0%
Total net income (loss)	(2.0)	(20.8)	90.4%	54.4
Acquisitions	–	7.6	n/a	9.4
Investment	73.9	81.5	(9.3)%	219.8
Cash provided by (used in) operating activities	34.3	(43.4)	179.0%	36.5
Total credit availability**	125.1	131.6	(4.9)%	125.1
Net income taxes paid (received)	(5.4)	16.0	n/a	13.2
Dividends to the Government of Canada	10.0	10.0	–	50.0
Sales proceeds sharing, upfront and note payments to the Government of Canada	153.9	–	n/a	256.0
Total assets**	1,036.7	1,178.3	(12.0)%	1,036.7

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

** Total credit availability and Total assets in both columns show the March 31, 2022 ending balance.

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

HIGHLIGHTS FOR FISCAL YEAR 2021/2022

FINANCIAL

- The Company was able to generate \$185.0 in revenue, which was an increase of 35% over the prior year.
- The Company generated an operating profit of \$32.8 and cash from operating activities of \$34.3, which were increases from the prior year of \$13.8 (or 73%) and \$77.7, respectively.

- The Company invested \$73.9 primarily in its real estate development in communities across the country and in its attractions.
- The Company made \$153.9 in promissory note repayments back to former property custodians and paid a \$10.0 dividend to its shareholder.

OPERATIONS

- The CN Tower reopened in late July 2021 and the Montréal Science Centre ("MSC") in late September 2021, in accordance with provincial and local public health protocols and restrictions.

- In late December 2021, the MSC and in early January 2022, the CN Tower were both forced to suspend their operations again due to government and public health restrictions reintroduced in Québec and Ontario. The CN Tower reopened in late January 2022, and the MSC reopened in mid-February 2022.
- Despite the suspension of operations during the year, the Company's attractions welcomed close to 600,000 paying guests, which was an increase of almost 500,000 guests from the prior year.
- During the year, the Company closed transactions in three of its real estate projects under the Federal Lands Initiative, which is a program that transitions surplus federal properties into affordable housing.

OTHER SIGNIFICANT DEVELOPMENTS

- During the year, the vacant President and Chief Executive Officer position was filled. Robert Howald was appointed by Order in Council to be President and Chief Executive Officer of CLCL for a term of two years effective April 8, 2021.
- Jocelyne Houle was reappointed as the Chair of the Board of Directors of CLCL for a term of one year effective June 19, 2021. Subsequent to year-end, Ms. Houle's term was extended to September 30, 2022 or until such time as a new Chair is appointed, whichever occurs first.

THREE-YEAR FINANCIAL RECAP

- Over the past three years, which include two years significantly affected by the COVID-19 pandemic, the Company has been able to generate more than \$636.0 in revenue.

- More than \$219.0 has been invested by the Company in its real estate development in communities across the country and its attractions over the past three years.
- The Company has contributed \$319.2 back to its shareholder over the past three years through dividends of \$50.0, income tax payments of \$13.2, promissory note repayments of \$177.8 and sales proceeds sharing payments of \$78.2.

BUSINESS UPDATE

On March 11, 2020, the World Health Organization declared the outbreak and subsequent spread of COVID-19 as a pandemic. Government agencies, health agencies and others have taken efforts to contain COVID-19, which include implementing restrictive measures such as business closures, travel bans, mandatory quarantine periods, physical distancing requirements, capacity limits, vaccination requirements and self-isolation protocols.

COVID-19 has had, and continues to have, a significant effect on the Company, its employees, its tenants and Canadians in general.

Measures taken by government agencies, health agencies, the public, business and others have helped to mitigate the impacts of COVID-19, allowing many areas of the country to lift and/or significantly reduce the restrictive measures previously imposed early in 2022.

However, there is always the risk of another wave of COVID-19, as seen in late 2021 and early 2022, which caused the reintroduction of restrictions and stunted the economic recovery.

Overall, there are many trends in the mix as economies emerge from COVID-19:

- The Canadian economic growth is strong and forecasted to continue to be healthy for 2022 and 2023;
- The national unemployment rates have declined to record low levels and are expected to remain there for the foreseeable future, which creates increased incomes, while putting pressure on income growth due to demand;
- The pandemic-era labour trend known as the Great Resignation is putting significant pressure on employers, the Company included, to recruit and retain employees;
- Inflation is the highest it has been for decades, and well outside of recent historical trends, impacting buying power and disposable income;
- Supply chain challenges, which began at the start of the pandemic, continue to exist, putting pressure on the cost of inputs, the availability of resources and the access to capacities;
- Interest rates are pushing up from the record lows they were at over the past two years; and
- Travel and tourism are starting to return as a result of pent-up demand and the reopening of borders; however, international travel is not expected to return to pre-pandemic levels for a number of years.

All of these trends pose a different kind of uncertainty for the near term than what was faced over the past two years as a result of COVID-19.

In the Company's opinion, its financial standing, liquidity, strong balance sheet and continuing investments in its real estate developments and attractions assets position it well for the short term and the longer term.

The risks and possible impacts of COVID-19 are discussed further throughout this MD&A.

ABOUT CLCL

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

CLCL has two operating divisions:

- Real Estate; and
- Attractions.

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

The Attractions operating division is comprised of Old Port of Montréal ("OPM"), MSC, Downsview Park and the CN Tower.

CLCL carries out its policy mandate "to ensure the commercially oriented, orderly disposition of selected surplus federal real properties with optimal value to the Canadian taxpayer and the holding of certain properties." This mandate was provided to the Company by the Government of Canada (the "Government") on reactivation of the Company in 1995. CLCL optimizes the financial and community value of strategic properties no longer required for program purposes by the Government. Through CLC, it purchases properties from the Government at fair market value, then holds and manages or improves and sells them, in order to produce the best possible benefit, both for local communities and for the Company's sole shareholder, the Government.

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

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

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

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

GOVERNANCE

CLCL's Board of Directors (the "Board") is composed of the Chair and six Directors. For more details on CLCL's governance, see the "Corporate Governance" section of the CLCL 2021/22 Annual Report.

The Board's total expenses for the year ended March 31, 2022, including meetings, travel expenses, conferences and seminars, liability insurance, and annual retainers and per diems, totalled \$0.4 (March 31, 2021 – \$0.3). The Board and senior management expenses are posted on CLC's website at www.clc-sic.ca/reports-and-expenses.

OBJECTIVES AND STRATEGIES

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

REAL ESTATE

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

In its development properties, the Company follows a rigorous process to create strong, vibrant communities that add lasting value for future generations of Canadians. In all the work the Company undertakes, it strives to achieve its guiding principles of innovation, value, legacy and corporate social responsibility.

ATTRACTIONS

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

RESULTS OF OPERATIONS

A summary of the various components of the Company's Consolidated Statement of Comprehensive Loss follows. Discussion of the significant changes in each of these components for the year ended March 31, 2022 compared to the prior year period are provided on the following pages.

COVID-19 and the pandemic have had a significant impact on the Company's results over the past two years, particularly in the Company's Attractions division. In mid-March 2020, the operations at the CN Tower and MSC were suspended temporarily in response to the COVID-19 pandemic. The CN Tower and MSC were partially reopened during the third quarter of the prior year period. In FY2021/22, after being closed from October 2020 to July 2021, the CN Tower reopened on July 23, 2021. The MSC also closed in October 2020 and was able to reopen in September 2021. The MSC and CN Tower were forced to suspend operations again in late December 2021 and early January 2022 due to government and public health restrictions reintroduced in Québec and Ontario. The CN Tower reopened in late January 2022, and the MSC reopened in mid-February 2022.

<i>Year ended March 31</i>	2022	2021
Real estate sales	\$ 105.9	\$ 88.0
Attractions, food, beverage and other hospitality	35.7	10.4
Rental operations	38.3	32.4
Interest and other	5.1	6.2
Total revenues	\$ 185.0	\$ 137.0
General and administrative expenses	30.3	31.4
Loss before taxes	(3.7)	(25.3)
Net loss and comprehensive loss after taxes	(2.0)	(20.8)

	Year ended March 31, 2022				Year ended March 31, 2021			
RESULTS BY ENTITY	OPMC	PDP	CLC	TOTAL	OPMC	PDP	CLC	TOTAL
Real estate sales	\$ –	\$ –	\$ 105.9	\$ 105.9	\$ –	\$ 20.8	\$ 67.2	\$ 88.0
Attractions, food, beverage and other hospitality	4.3	0.1	31.3	35.7	2.6	–	7.8	10.4
Rental operations	6.0	13.0	19.3	38.3	1.8	12.8	17.8	32.4
Interest and other	1.2	0.3	3.6	5.1	1.1	0.1	5.0	6.2
Total revenues	\$ 11.5	\$ 13.4	\$ 160.1	\$ 185.0	\$ 5.5	\$ 33.7	\$ 97.8	\$ 137.0
General and administrative expenses	4.6	0.9	24.8	30.3	5.7	1.0	24.7	31.4
Income (loss) before taxes	(14.9)	(3.3)	14.5	(3.7)	(25.7)	13.6	(13.2)	(25.3)
Comprehensive income (loss) after taxes	(10.9)	(2.5)	11.4	(2.0)	(20.3)	10.0	(10.5)	(20.8)

REVENUE

Total revenue generated was \$185.0, comprised of four principal sources:

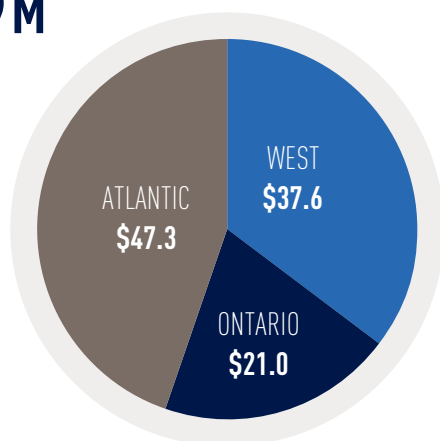
1) REAL ESTATE SALES

Real estate sales of \$105.9 for the year comprise sales of property developed as building lots and sold to builders for residential, commercial or mixed uses. Revenue comprises sales in specific projects across Canada as the individual marketplaces and project life cycles dictate.

Real estate sales by region were as follows:

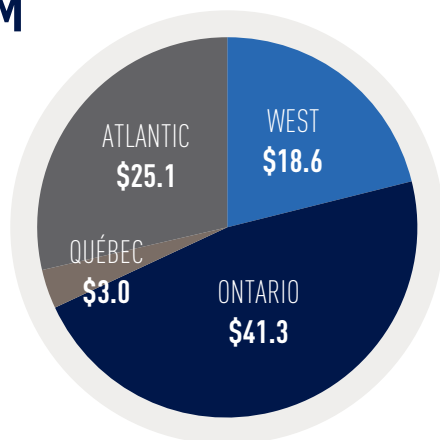
2021/22 TOTAL

\$105.9M



2020/21 TOTAL

\$88.0M



The Company generated a strong gross profit of \$40.9 (or 38.6%) on real estate sales for the year. Historically, the Company has been able to generate strong profit margins through its development process. Over the past five years, the Company's gross profit has averaged \$47.6 (or 47.1%) per year.

During the year, the Company closed transactions in its Wateridge Village project in Ottawa, its Currie project in Calgary, and its Village at Griesbach project in Edmonton under the Federal Lands Initiative ("FLI") led by the Canada Housing and Mortgage Corporation. The FLI program supports the transfer of surplus federal lands and buildings to eligible proponents at discounted to no cost for the development of affordable housing.

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

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

2) ATTRACTIONS, FOOD, BEVERAGE AND OTHER HOSPITALITY

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

As mentioned, the operations of the CN Tower, the MSC and other attraction operations for the Company have been significantly affected by COVID-19 during the current and prior year.

The CN Tower generated revenue of \$31.6 for the year, which was \$23.8 higher than the prior year. The CN Tower's earnings before interest, taxes, depreciation and amortization ("EBITDA") were a loss of \$2.1 for the year, which was favourable to the prior year's EBITDA by \$19.5. The increase in EBITDA was primarily attributable to the increased attendance (up close to 450% year over year) and the higher revenue per capita (increased close to 20% year over year). However, the CN Tower revenues, EBITDA and attendance for the year were significantly lower than FY2019/20, with revenues being approximately 70% lower, EBITDA being more than \$50.0 million less and attendance being approximately 75% less.

OPMC attractions revenues, which include the MSC, generated revenue of \$4.3 for the year, which was an increase of \$1.7 from the prior year. One of the primary drivers for the increase in revenues was higher attendance at the MSC. The MSC generated \$1.5 in revenues (up more than 600% year over year), which was driven by hosting 128,000 visitors (up more than 500% year over year). Similar to the CN Tower, OPMC's revenue and attendance for the year were significantly lower than FY2019/20, with revenues being approximately 55% lower and attendance being approximately 80% less.

Downsview Park generated \$0.1 of revenue for the year from its programs and events. During the prior year, it was unable to generate any revenue due to its temporary closure resulting from the COVID-19 pandemic.

3) RENTAL OPERATIONS

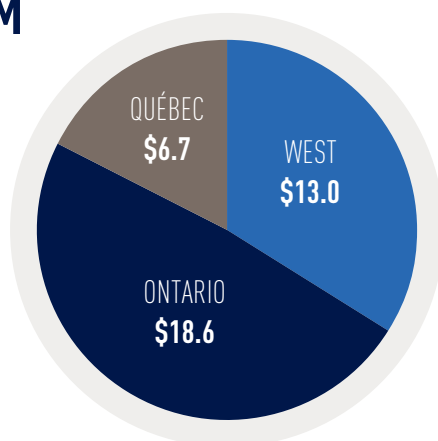
Rental operations comprise revenue from commercial, industrial and residential properties held as investments, as well as from properties located on lands under development and held for future development across the country.

Rental revenues of \$38.3 for the year were generated by investment properties, properties in inventory at various stages of development, and other properties across CLC, OPMC and PDP. Rental revenues for the year were \$5.9 (or 18% higher) than the prior year. The higher rental revenues in the current year as compared to the prior year were driven primarily by a shift in the federal programs for rent assistance to commercial tenants from the landlord to the federal government, which happened in the fall of 2020. As a result, the landlord was required to contribute less rent assistance, reducing the amount of rent relief required to be provided by the Company in the current year. That said, a number of the Company's tenants continue to be financially and operationally challenged and the Company continues to work with those tenants. Those challenges facing the Company's tenants impact the Company's financial results as, some of those tenants pay variable or percentage rent, based on business volumes.

Rental revenues by region were as follows:

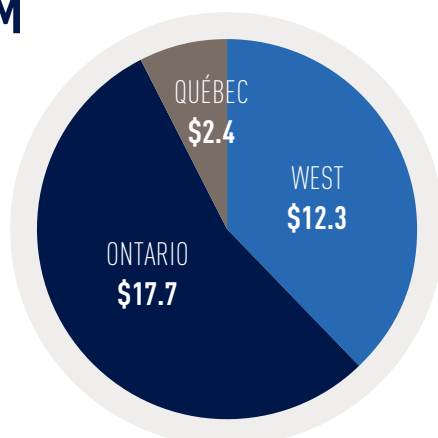
2021/22 TOTAL

\$38.3M



2020/21 TOTAL

\$32.4M



The Company generated \$0.6 (or 1.7%) for the year from its rental operations. Rental profit for the year is \$4.1 higher than the prior year. The primary driver is the higher revenue as a result of the shift from landlord-provided rent assistance to federal assistance. In addition, current year rental operating costs have remained relatively consistent with the comparable prior year, allowing the increased revenues to flow directly to profit.

4) INTEREST AND OTHER REVENUES

Interest and other revenue of \$5.1 for the year is lower by \$1.1 than the prior year. Interest and other revenue is comprised principally of interest on short-term investments, cash and cash equivalents, and long-term receivables, and donation and sponsorship revenues at OPMC. The primary drivers of the decrease in revenue in the year compared to the prior year were the lower cash balances and lower interest rates on these balances.

OTHER

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses ("G&A") of \$30.3 for the year were lower than the prior year by \$1.1, primarily as a result of various cost containment measures across each of CLC, OPMC and PDP.

TAXES

The Company had net income tax recoveries as a result of taxable losses during the year. The effective tax rate for the year was 44.9%, which was higher than the current statutory rates due to the low taxable loss amount relative to recurring reconciling items.

FINANCIAL POSITION

ASSETS

At March 31, 2022 and March 31, 2021, the total carrying value of assets was \$1,036.7 and \$1,178.3, respectively. The following is a summary of the Company's assets:

	March 31, 2022	March 31, 2021
Cash and cash equivalents	\$ 234.5	\$ 380.2
Inventories	394.0	413.0
Property, plant and equipment	151.9	139.8
Deferred tax asset recoverable	103.9	97.3
Long-term receivables	62.8	61.6
Investment properties	29.4	29.9
Trade and other assets	60.2	56.5
Total	\$ 1,036.7	\$ 1,178.3

CASH AND CASH EQUIVALENTS

The Company continues to maintain high levels of liquidity, which will allow it to respond to future potential opportunities and risks that may require significant amounts of cash immediately. At March 31, 2022, cash and cash equivalents balances held in major Canadian chartered banks and financial institutions were \$234.5.

During the year, the Company used its cash and cash equivalents to repay \$153.9 in promissory notes payable, which also discharged current liabilities of the same amount. The Company also invested \$73.9 in capital assets in both real estate and attractions, paid a dividend to its shareholder of \$10.0, and funded its net loss and working capital.

The Company's investment strategy is to optimize, not maximize, financial returns on its cash and cash equivalents. Given the nature of the Company's liabilities, particularly its current liabilities, it is important that the investments

of the Company provide a high degree of liquidity and protect against principal erosion.

INVENTORIES

The Company's inventories comprise properties held for future development of \$104.5 (March 31, 2021 – \$105.5), properties under development of \$289.5 (March 31, 2021 – \$307.5) and properties held for sale of \$nil (March 31, 2021 – \$nil).

Properties held for future development are at various stages of planning at March 31, 2022. The Company anticipates that more than \$92.0 of that inventory will shift to being classified as property under development within the next 12 months as various planning approvals are received.

Inventory is recorded at the lower of cost and net realizable value. During the year, there was a write-down included in the Consolidated Statement of Comprehensive Loss because current estimates identified an increase to the

project's projected gross loss of \$0.6 over the remainder of its life cycle. There were no reversals of write-downs recorded against inventories.

The Company incurred expenditures on real estate inventories of \$48.3 during the year as compared to \$62.1 in the prior year. Spending on inventories varies year over year based on required and planned expenditures on those properties to prepare them for sale.

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

PROPERTY, PLANT AND EQUIPMENT

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

The Company continues to actively assess its property, plant and equipment investments due to COVID-19 and continues to reallocate resources. The Company has taken and will continue to take opportunities provided by the adjustment to its Attractions operations caused by COVID-19 to accelerate investments, where appropriate.

There were capital additions of \$23.7 for the year, compared with \$15.7 during the prior year. Currently, the Company is undertaking a \$21.0 project at the CN Tower to modernize its outdoor terrace level. Capital expenditures vary year over year based on required and planned expenditures on the property, plant and equipment.

There were non-cash depreciation charges of \$13.4 during the year compared to \$14.5 in the prior year. These expenditures exclude repairs and maintenance costs.

DEFERRED TAX ASSET RECOVERABLE

The net deferred tax asset recoverable ("DTA") amount of \$103.9 principally relates to the temporary differences between the carrying values of assets and liabilities for financial reporting purposes, which are lower than the amounts used for taxation purposes for the Downsview Lands.

During the year, the net DTA increased by \$6.6. The increase was a result of additional non-capital losses and the temporary timing differences on property, plant and equipment.

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

LONG-TERM RECEIVABLES

Long-term receivables of \$62.8 include amounts receivable from third-party joint venture partners. The long-term receivables primarily represent the third-party partners' proportionate share of the promissory note obligations for certain properties.

INVESTMENT PROPERTIES

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

TRADE AND OTHER ASSETS

Trade and other assets include current income taxes recoverable, rent and other receivables, prepaid assets, short-term investments and CN Tower inventory. The increase from the prior year is primarily attributed to the receipt of the proceeds for two land sale closings which were held in trust and recognized as receivables at March 31, 2022, but collected immediately after year-end. Those receivables were partially offset by income tax recoveries from the prior year received in the current year.

LIABILITIES AND SHAREHOLDER'S EQUITY

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

The components of liabilities and shareholders equity are as follows:

	March 31, 2022	March 31, 2021
Credit facilities	\$ 38.0	\$ 29.2
Notes payable	271.6	420.0
Trade and other payables	32.1	26.9
Provisions	32.1	29.7
Prepaid rents, deposits and others	7.4	9.2
Deferred revenue	7.4	7.7
Tax liabilities and other	5.1	0.5
Total liabilities	\$ 393.7	\$ 523.2
Contributed surplus	181.2	181.2
Retained earnings	461.8	473.9
	643.0	655.1
Total liabilities and shareholder's equity	1,036.7	\$ 1,178.3

CREDIT FACILITIES

The Company has two credit facilities.

PDP has an unsecured demand revolving credit facility for \$100.0. The credit facility can be used by way of loans, bankers' acceptances and letters of credit. PDP has utilized \$51.3 at March 31, 2022 (March 31, 2021 – \$42.5), of which \$13.3 (March 31, 2021 – \$13.3) has been used as collateral for letters of credit outstanding. The borrowings from the credit facility have been primarily used to finance the construction and development of the Downsview Lands, but are also used to support investment in Downsview Park. During the year, the Company decreased available credit by \$8.8, primarily as a result of cash advanced from the facility to fund those investments.

CLC has a senior, unsecured revolving credit facility in the amount of \$100.0. The credit facility can be used to secure outstanding letters of credit. CLC has utilized \$23.6 at March 31, 2022 (March 31, 2021 – \$25.9) as collateral for letters of credit outstanding.

The credit facilities contain certain financial covenants. As at March 31, 2022, the Company was in compliance with all its financial covenants for the credit facilities.

NOTES PAYABLE

Notes payable are issued in consideration for the acquisition of real estate properties and are due to the Government of Canada. These notes are repayable in most instances on the earlier of their due dates from 2022 to 2050 and the dates on which

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

During the year, the Company made repayments of \$153.9 to two former property custodians.

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

PRINCIPAL REPAYMENTS	<i>Years ending March 31</i>
2023	7.9
2024	11.9
2025	26.0
2026	31.5
2027	57.4
Subsequent years	150.9
Subtotal	\$ 285.6
Less: amounts representing imputed interest	14.0
Total	\$ 271.6

TRADE AND OTHER PAYABLES

Trade and other payables are higher than the balance at March 31, 2021, primarily as a result

of timing. All trade and other payables are trade payables and accrued liabilities incurred in the normal course of operations. The Company continues to pay its suppliers in accordance with the payment terms.

PROVISIONS

Provisions represent obligations of the Company where the amount or timing of payment is uncertain and are comprised largely of costs to complete sold real estate projects and payment in lieu of taxes ("PILT") being contested by the Company. During the year, the Company identified that \$1.6 in adjustments were required to increase cost-to-complete estimates for two of its projects based on new information. The Company spent \$2.0 against its cost-to-complete provisions for real estate projects during the year. In addition, the Company continued to provide for its PILT contestation, adding \$2.4 to the provision during the year.

PREPAID RENTS, DEPOSITS AND OTHERS

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

DEFERRED REVENUE

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

TAX LIABILITIES AND OTHER

Tax liabilities represent the current income taxes payable of the Company. In the current year, CLC had taxable income which resulted in current income taxes payable, whereas in the prior year CLC had a taxable loss.

RESOURCES, RISKS AND RELATIONSHIPS

CAPITAL RESOURCES AND LIQUIDITY

In addition to the items noted below, please see the “Risks and Uncertainties” section in this MD&A pertaining to the impact of the COVID-19 pandemic.

The capital resources available to the Company as at March 31, 2022 and March 31, 2021 are as follows:

CAPITAL RESOURCES	March 31, 2022	March 31, 2021
Cash and cash equivalents	\$ 234.5	\$ 380.2
Short-term investment	3.6	3.6
Remaining credit facilities⁽¹⁾	\$ 48.7	\$ 57.5

(1) Remaining credit facilities available for cash borrowings.

The Company’s cash and cash equivalents decreased by \$145.7 during the year primarily as a result of:

- The net loss of \$2.0;
- Investments of \$48.3 in real estate inventory and \$25.6 in property, plant and equipment and investment properties;
- Promissory note repayments of \$153.9; and
- A dividend payment of \$10.0 to the Company’s shareholder.

The decrease was partially offset by:

- Cash advanced from credit facilities of \$8.8; and
- Non-cash expenses, such as depreciation, deferred income taxes, provisions and real estate cost of sales, included within the Company’s net loss.

The net working capital surplus of the Company as at March 31, 2022 and March 31, 2021 is as follows:

WORKING CAPITAL SURPLUS	March 31, 2022	March 31, 2021
Cash and cash equivalents	\$ 234.5	\$ 380.2
Other current assets (excluding inventories)	49.9	42.5
Total current assets	\$ 284.4	\$ 422.7
Current portion of notes payable	7.9	154.8
Other current liabilities	109.7	89.7
Total current liabilities	\$ 117.6	\$ 244.5
Net working capital surplus	\$ 166.8	\$ 178.2

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

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

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

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

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

RISK MANAGEMENT

The Company uses a practical approach to the management of risk. The objective of the Company's risk management approach is not to completely eliminate risk, but rather to optimize the balance between risk and the best possible benefit to the Company, its shareholder and its local communities.

The Board of Directors has overall responsibility for risk governance and oversees management's identification of the key risks facing the Company, and the implementation of appropriate risk assessment processes to manage these risks. Senior management is accountable for identifying and assessing key risks, and defining controls and actions to mitigate risks, while continuing to focus on the operational objectives of the Company.

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

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

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

In addition to the items noted above, please see the “Risks and Uncertainties” section in this MD&A pertaining to the potential impact of the COVID-19 pandemic.

RISKS AND UNCERTAINTIES

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

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Since then, COVID-19 has caused significant economic and social disruptions to many businesses, including the Company.

The Company’s response to the COVID-19 pandemic is guided by the public health authorities local to its offices, operations and projects. The Company continues to act according to direction provided by the federal, provincial and municipal governments to manage COVID-19. The Company continues to closely monitor business operations and may take further actions in response to directives of governments and public health authorities or that are in the best interests of employees, visitors, tenants, suppliers or other stakeholders, as necessary.

The Company has taken and will continue to take actions to mitigate the effects of COVID-19, keeping in mind and prioritizing the interests of its employees, visitors, tenants, suppliers and other stakeholders.

The Company is continually reviewing all of its business plans and budgets from both an operational and financial perspective to determine the appropriate measures to implement in response to the financial implications brought on by the pandemic. These measures may include possible capital investment deferral and other prudent cost containment actions, along with accelerating and/or increasing investment in health and safety spending.

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.

As a result of the pandemic, 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 as it recovers from the impact of COVID-19. This environment poses significant risk and uncertainty, but also many potential opportunities. 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 business segments, real estate and attractions are affected by general economic conditions, including economic activity and economic uncertainty, along with employment rates and foreign exchange rates.

As mentioned above, COVID-19 has had a pervasive impact on the economy and continues to have an 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 actual virus itself, brought about a steep and deep economic decline, which impacted Canadian and global economies, causing widespread losses in jobs and business incomes. Following the initial economic shock at the outset of the pandemic, and the subsequent rapid economic growth that followed after restrictions were eased, the Canadian economy has been steadily growing for the better part of the last year.

In its April 2022 Monetary Policy Report ("MPR"), the Bank of Canada ("BoC") stated that the Canadian economy has grown stronger, boosted by the removal of the public health restrictions implemented to mitigate COVID-19, solid foreign demand and higher commodity prices. The BoC continues to pay particular attention to inflation, which currently is forecasted to average 6% in the first half of 2022 and remain well above the upper limit of the BoC's control range of 3% for the remainder of 2022.

The BoC reported economic growth for the Canadian economy of 4.6% in 2022, which is following the economic contraction of 5.5% in 2020. In 2022, the BoC is predicting growth in the Canadian economy of 4.2% (BoC January 2022 forecast of 4.0%) followed by 3.2% growth (BoC January 2022 forecast 3.5%) in 2023. The

economic growth is expected to be driven largely from strong investment, higher energy prices and population growth, which the BoC is hoping will be tempered by higher interest rates.

In March 2022, the BoC changed its overnight interest rate by 25 basis points, the first change the BoC has made to the rate in close to two years. At its April 2022 meeting, the BoC followed the March rate increase with a 50 basis points increase, taking its overnight interest rate to 1.00%. Most current estimates are predicting the BoC overnight interest rate will continue to increase throughout the year and end 2022 at around 2.0%, with some predicting an even higher rate at December 2022 of 2.5%.

The Canadian unemployment rate in April of 2022 decreased to 5.2% from 5.3% in March of 2022. The April 2022 rate was the lowest rate since comparable data became available in 1976. Less than two years ago, the unemployment rate was on the opposite end of the historical spectrum, reaching 13.7% in May of 2020, which was the highest rate on record in Canada. A number of industries are seeing labour shortages, caused by a variety of reasons, impacting operational capacity. These shortages are posing significant challenges to businesses as demand increases and capacity restrictions ease. The economic growth in Canada has helped generate employment growth that is significantly outpacing population growth, increasing demand for workers and putting pressure on wages. Most general forecasts are predicting an average Canadian unemployment rate between 5.2% and 5.6% in 2022 and between 5.0% and 5.9% in 2023. If the forecasts are correct and unemployment stays near record low levels, coupled with historically high inflation, wages will be under significant pressure to rise as well.

With historically low unemployment and strong economic growth indicators, it appears that the Canadian economy has substantially recovered from the pandemic. That said, there is still

lingering concern that another potential wave of COVID-19 could slow or reverse those indicators and force another round of restrictions upon Canadians.

Global supply chain challenges, exacerbated by COVID-19, continue to persist. These challenges may make it difficult to procure materials or services on a timely basis, which could cause project delays or unavailability of product, or increase pressure on pricing through reduced supply, resulting in higher input prices.

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

REAL ESTATE DIVISION RELATED RISKS

Real estate is generally subject to risk, given its nature, with each property being subject to risks depending on its specific nature, location and the development cycle timing. Certain significant expenditures, including property taxes, maintenance costs, insurance costs and related charges, must be made regardless of the economic conditions surrounding the property, but the timing of other significant expenditures is discretionary and can be deferred.

Consumer spending decisions, which include real estate purchases or investments, are influenced by economic uncertainty. The Canada residential real estate market saw a slowdown in March 2022 compared to February, the Canadian Real Estate Association ("CREA") stated. National homes sales fell by more than 5% in March compared to February and more than 16% compared to March 2021. That said, March 2022 was still the second most active month of March on record (only behind March 2021) and is well above the

ten-year average for March. In addition, the CREA stated that the actual average house price in Canada in March 2022 was up about 11% from the same time a year ago.

In March 2022, the average national inventory on hand was 1.8 months, which was up from the record low in December of 1.6 months. For context, the long-term average for inventory on hand is around five months. The sales-to-new-listings ratio ("SNLR") stayed steady at 75%, which is down from December 2021, which was around 80%. The long-term average is around 55%. The SNLR clearly helps to indicate that inventory is scarce, but demand is strong. The March 2022 average inventory on hand indicator and the SNLR further support that the housing markets may be moderating relative to recent trends. The CREA noted that the recent federal budget had several measures announced that should help potential homebuyers, including increasing supply. However, interest rates may be on the rise, which creates the opposite effect and hurts housing affordability.

Canada Housing and Mortgage Corporation ("CMHC") released its latest Housing Market Outlook ("HMO") in spring 2022, which provides a review of housing trends in 2021 and its outlook for 2023 and 2024.

In 2021, the national housing market saw a strong recovery from the pandemic-induced declines in early 2020. New housing starts and home resales were very strong in 2021, while home price growth set a record for the year. These results were largely driven by the economic growth and employment levels cited above, low mortgage rates, pent-up demand, and the shift in some markets to larger dwellings to accommodate working from home. Rental demand also recovered from 2020 lows as a result of higher employment, particular with youth, and renewed immigration. This rental demand spurred on pricing growth, which outpaced income growth, which negatively impacted the affordability of rental housing.

CMHC noted in its HMO that regional disparities continue to remain. The reasons for each housing market's vulnerability ratings, including the changes, are described in more detail below.

For 2022, CMHC expects that growth in prices, sales volumes and housing starts will moderate from the highs in 2021. The primary drivers for the continued growth is the strong economy (4.6% economy growth in 2022 predicted by the BoC), high employment levels (record low unemployment rate of 5.2% reported in April 2022) and increase in net migration, pushing demand.

For 2023 and 2024, CMHC predicts that price growth will moderate from its current level and that sales and starts will remain above long-run averages. With price growth outpacing income growth, affordability continues to be negatively impacted. Similarly, rental affordability will decline as a result of increasing demand and low inventory levels. Supply chain constraints and the higher input costs will also contribute to the affordability challenge, if they continue. Increasing interest rates are predicted for the remainder of 2022 and 2023, which may slow the housing price growth and sales activity in many areas. However, in markets like Toronto and Vancouver, the impact may be minimal, given the lack of inventory and the high demand.

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 March 2022, Colliers reported in its Q4 2021 National Market Snapshot ("NMS") that Canada's office vacancy rate was approximately 12.7%, a slight increase from the office vacancy rate of 12.6% three months earlier at the end of December 2021. The NMS reported that year-over-year vacancy rates have increased less than 2.0%, but that average asking net rent is up more than \$2 per square foot at \$19.86

compared to a year earlier. The arrival of the Omicron variant in late 2021 certainly slowed the gradual return to the office that was underway for a number of employers and their employees. However, there is significant optimism in the office market for 2022, as a number of markets saw a flattening of their vacancy rate or even a decrease quarter over quarter. CBRE noted in its Canada Office Figures Q1 2022 report ("COF") that, despite the fact that five of its ten markets showed positive absorption, overall there was a negative net absorption of 1.9 million square feet in Q1 2022, indicating that there is uneven office market demand across the country.

In contrast to the office market, Colliers reported in the NMS that the Canadian industrial vacancy rate continues to be very low at 1.2% in March 2022, which is down from 1.3% in December 2021 and lower than the vacancy rate in March 2021 by 0.8%. 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. The recent supply chain constraints could lead to a shift in the "just-in-time" inventory strategy and contribute to higher demand and raise prices.

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 Alberta economies affecting housing demand through effects on employment and household income. Benchmark oil prices, trading at around US\$102 per barrel on May 9, 2022, remain a significant risk, opportunity and uncertainty for the Company. The benchmark price has hovered around the highest price seen in the better part of the last decade. Canadian oil prices have ranged from US\$45 per barrel to US\$110 per barrel within the last 12 months and are trading at around US\$96 per barrel on May 9, 2022.

Both benchmark and Canadian oil prices have been trending upward over the past year, other than short declines in August 2021, late November 2021 and early April 2022. 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\$13 per barrel, after the spread ticked up to close to \$20 per barrel in late November 2021. The increase in oil prices is generally seen as a positive for the Alberta, Saskatchewan and Newfoundland economies; however, a number of energy companies are taking a conservative approach, waiting for a prolonged period of positive indicators before making investments. In addition to the unfavourable news on pipeline activities over the recent months, there is a growing push to shift toward more clean energy in Canada.

In conclusion, like many industries, the outlooks for the housing and office real estate markets are uncertain in the short term and long term and vary across the country.

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 operations of the CN Tower, OPM and the MSC are directly linked to the performance of the tourism sector in Toronto and Montréal, respectively. The number of visitors to the

CN Tower is also related to the seasons and to daily weather conditions.

Many of the actions taken 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 actions 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 began to ease in the late summer and early fall of 2021. In August 2021, the Canada-US border restrictions were eased and allowed for US citizens and permanent residents of the US, 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 US. On November 8, 2021, the US reopened its land border to allow fully vaccinated Canadians to travel into the US for non-essential purposes. The recent easing of these restrictions is making it easier for discretionary travellers from outside Canada to visit, which is helping the tourism and hospitality industry.

Despite the reopenings and easing of restrictions, international travel to Canada continues to be significantly impacted by COVID-19. In 2019, Destination Canada reported there were close to 32.4 million international arrivals, or approximately 2.7 million per month. In 2021, Destination Canada reported that there were 4.3 million international arrivals, or approximately 0.4 million per month, which was 87% lower than 2019. However, with the easing of restrictions in the second half of 2021, international arrivals to Canada increased. Destination Canada reported that for Q4 2021 (their latest complete international arrivals information

available), the number of international travellers to Canada was 2.0 million, which is close to a 370% increase compared to same period in 2020. That said, the international arrivals are still well below pre-pandemic levels. For example, Destination Canada reported that its Q4 2021 international arrivals were 70% less than Q4 2019 and also reported through its February 2022 infographic that overnight arrivals in February 2022 was 319,000 was 67% less than February 2019 but was actually 610% higher than February 2021. The trend of international travels to Canada is expected to continue to increase. 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.

The Destination Canada Visitor Economy Forecast Update published in June 2021 ("Forecast Update") 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, Destination Canada noted that that recovery could be sped up to recover by 2023 if i) the global vaccination efforts are successful, and ii) Canadians redirected their outbound international tourism spending back into Canada.

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 significant 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 have spent) \$4.0 billion and \$2.1 billion, respectively.

One of the challenges that many companies in the tourism and hospitality industries are facing is the tightening labour market. The shortage of labour is putting pressure on the ability of companies to meet the market demand for their products and services, while also putting upward pressure on wages and driving wage growth.

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

Foreign exchange rates may impact the number of international tourists that Canada, local markets and the Company's attractions can draw when restrictions are eased and borders are reopened. The rate at May 9, 2022 was US\$1.00 = \$1.30, which was consistent with the rate at same time last year (US\$1.00 = \$1.21). There seems to be a consensus from analysts that the Canadian dollar exchange rate with the US dollar will remain average between 1.20 and 1.30 during 2022.

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

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 to 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' measures, in many cases exceeding the minimum requirements, to ensure the safety of its employees, guests, suppliers and contractors.

CYBERSECURITY RISKS

Cybersecurity is a key risk that needs to be actively managed by businesses in Canada and around the world. Cyberattacks, and the criminals who perpetrate them, are continually evolving the sophistication of how they target and who they target. The risk of cyberattacks, particularly state-sponsored attacks, has increased recently as a result of conflict in Europe. It is critical that businesses protect against financial fraud, the loss of sensitive data, the disruption of business operations, and the protection, safety and security of their guests. A successful cyberattack against the Company, or the Company's key suppliers', critical network infrastructure and supporting information systems could compromise the Company's confidential information as well as the trust that stakeholders have in the Company's ability to hold and secure sensitive data and information, along with creating physical safety risks. Those attacks may result in negative consequences, including remediation costs, loss of revenue, litigation and reputational damage.

The Company invests in technologies, as well as the education and training of its staff, to safeguard its information, and continually reviews its mitigation strategies to align with industry best

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

The shift to working remotely, driven by COVID-19, is only increasing cybersecurity risks facing businesses. In addition to the mitigation efforts mentioned above, the Company has increased its communications to employees and the frequency of its cybersecurity training to employees, and re-emphasized Company procedures and their importance. The Company has also taken the opportunity to accelerate some of its key cybersecurity projects contained in its multi-year road map, where possible.

INTEREST RATE AND FINANCING RISKS

The Company believes it has effectively managed its interest rate risk. The Company's notes payable are non-interest bearing, and repayable on the earlier of their due dates between 2022 and 2050 or the dates on which net proceeds become available from the sale by the Company of the properties in respect of which the notes were issued, except in a limited number of instances where the terms of the note state when the issuer can demand payment and are not dependent on property cash flows.

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

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

CREDIT RISK

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

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

The Company's trade receivables are comprised almost exclusively of current balances owing. The Company continues to monitor receivables frequently and, where necessary, establish an appropriate provision for doubtful accounts. At March 31, 2022, the balance of rent and other receivables was \$46.6 (March 31, 2021 – \$40.0), which have been substantially collected as they have become due.

As a result of COVID-19 and its impact on the economy, certain tenants may experience financial difficulty in meeting their lease obligations going forward. As a result, the Company has worked with certain tenants to provide various forms of rent relief, as applicable. Otherwise, the Company expects tenants to honour the terms of their

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

The Company has long-term, non-interest bearing receivables of \$61.9 due from third-party joint venture partners. In February 2020, the Company and its partners signed agreements that would see the Company's beneficial interest in the properties sold to its partners at future dates. The amounts will be collected at the earlier of the sale of properties tied to each long-term receivable or the sunset dates in the agreements. If the amounts were not collected upon the sale of the properties, the Company would retain its ownership interest. However, the Company anticipates the collection of the long-term receivables as they become due.

CLIMATE CHANGE

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

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

As a result, the Company is taking a number of actions to actively manage climate change within its attractions, in its real estate projects and corporately. The Company will continue to actively manage climate risk and take the appropriate steps to manage risks and action on opportunities, where that be from a capital or operating perspective.

ENVIRONMENTAL LITIGATION AND REGULATORY RISKS

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

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

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

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

OTHER KEY RISKS

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

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

Physical security at the Company's properties, particularly its attraction sites, is extremely

important, particularly given the current global climate and the visibility of the Company's sites.

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

Environmental, social and governance ("ESG"), and being a good corporate citizen, is an emerging risk and something many stakeholders are expecting enhanced and improved reporting on. The inability of the Company to effectively develop programs and strategies to address ESG risks could pose financial, operational and reputational risks. To mitigate these risks, the Company is taking a number of actions, which includes engaging third-party consultants to assist the Company in improving its ESG strategy and program.

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

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

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

The overall nature of real estate development projects and the Company's attractions are

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

GUARANTEES AND CONTINGENT LIABILITIES

The Company may be contingently liable with respect to litigation and claims that arise in the normal course of business. The Company's

holdings and potential acquisition of properties from the Government may be impacted by land claims. The Company continues to work with various government agencies and organizations to assist in establishing a process whereby such surplus lands could be transferred to the Company. Disclosure of commitments and contingencies can be found in notes 13 and 14 of the consolidated financial statements for the year ended March 31, 2022.

RELATED PARTIES

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

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

<i>Year ended March 31</i>	2022	2021
Real estate land sales	\$ 8.6	\$ 27.6
Rental, leasing and other revenues	1.2	1.1
Acquisition of property through non-interest bearing notes (principal amount)	–	7.6
Repayment of notes payable	153.9	–
Dividend paid to shareholder	10.0	10.0

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

<i>As at March 31</i>	2022	2021
Net trade receivable and other from federal agencies and departments	\$ 1.9	\$ 1.5
Notes payable	271.6	420.0

FUTURE ACCOUNTING PRONOUNCEMENTS

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

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

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

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

II. ANNUAL IMPROVEMENTS TO IFRS STANDARDS 2018–2020 CYCLE

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

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

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

III. PRESENTATION OF FINANCIAL STATEMENTS

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. Earlier application is permitted.

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

IV. ONEROUS CONTRACTS — COST OF FULFILLING A CONTRACT

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

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

The Company continues to evaluate the impact of these amendments on its consolidated financial statements.

V. DISCLOSURE OF ACCOUNTING POLICIES

In February 2021, the IASB issued Amendments to IAS 1 *Presentation of Financial Statements* and IFRS *Practice Statement 2*. The amendments to IAS 1 require that an entity discloses its material accounting policies, instead of its significant

accounting policies. The amendments to IFRS *Practice Statement 2* provide guidance on how to apply the concept of materiality to an accounting policy disclosure.

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

The Company is currently evaluating the impact of these amendments on its consolidated financial statements.

VI. DEFINITION OF ACCOUNTING ESTIMATES

In February 2021, the IASB issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The amendments clarify that a change in an accounting estimate that results from new information or new developments is not the correction of an error.

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

The Company is currently evaluating the impact of these amendments on its consolidated financial statements.

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

In March 2020, the World Health Organization declared COVID-19 a pandemic, and the ensuing responses by governments, including the closure of non-essential businesses and social distancing requirements, have increased the level of uncertainty in the economy and caused significant disruptions to all businesses and daily life.

The pandemic has created additional measurement uncertainty in determining recoverability, net realizable values, recoverable amounts and fair value due to the difficulty in forecasting future cash flows, a lack of market transactions, economic volatility and other factors.

The Company assessed this impact on its business, recoverability of trade receivables, recovery of its long-term receivables, net realizable value of inventories, recoverable amounts of other assets,

and the fair value of financial assets, investment properties and financial liabilities for disclosure in the notes to the consolidated financial statements.

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

Management believes the most critical accounting estimates are as follows:

I. INVENTORIES AND REAL ESTATE DEVELOPMENT COSTS

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

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

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

II. MEASUREMENT OF FAIR VALUES

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

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

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

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

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

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

III. USEFUL LIVES AND SIGNIFICANT COMPONENTS

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

IV. INTEREST RATE ON NOTES PAYABLE TO THE GOVERNMENT

Notes payable are issued in consideration of the acquisition of real estate properties and are due to the Government. These notes are payable on the earlier of their due dates or the dates on which net proceeds become available from the sale by the Company of the properties in respect of which the notes were issued, except in a limited number of instances where the terms of the note state when the issuer can demand payment and payment is not dependent on property cash flows.

For those notes that do not state when the issuer can demand payment, the repayment schedule is based on estimated time period and cash flows of the property. The notes are non-interest bearing. The non-interest bearing notes are discounted using an imputed fixed interest rate. The imputed interest is accrued and capitalized to properties or expensed, as appropriate.

V. IMPAIRMENTS AND WRITE-DOWNS

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

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

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

Determination of the present value cash flows requires significant estimates, such as future cash flows and the discount rate applied.

VI. INCOME TAXES

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

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

ACQUISITIONS AND PROSPECTS

The Company has a land bank of approximately 423 hectares (1,046 acres) at March 31, 2022.

The Company is pursuing with government departments and agencies further acquisitions of 1,855 hectares (4,583 acres). As many of the properties and portfolios potentially available for acquisition are substantial in size, planning, development and reintegration of these properties into local communities will take place over a number of years. Although the Company is vulnerable to adverse changes in local real estate market conditions, which can affect demand, the Company's geographic diversity mitigates the risk of an adverse impact of a downturn in a single market.

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

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

The Company has estimated net income before tax of \$521.4 for the five years ending March 31, 2027 based on the latest approved annual corporate plan. COVID-19 continues to inject significant uncertainty into future financial forecasts. The Company's projections contained with its latest approved corporate plan developed in early fall 2021 considered COVID-19 using the latest information available at the time; however, financial results may vary significantly as a result of actual results differing from assumptions made. That said, the Company still expects to continue to be financially self-sufficient while providing both financial benefits in the form of a reliable dividend stream, and non-financial benefits to our stakeholders and the Government of Canada.

DECLARATION

We, Robert Howald, President and Chief Executive Officer, and Matthew Tapscott, Vice President Finance and Chief Financial Officer, certify that:

We have reviewed the consolidated financial statements of Canada Lands Company Limited for the year ended March 31, 2022.

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

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

Original signed by:

ROBERT HOWALD

President and Chief Executive Officer

Edmonton, Canada

June 15, 2022

Original signed by:

MATTHEW TAPSCOTT

Vice President, Finance

and Chief Financial Officer

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

Based on our knowledge, these consolidated financial statements present fairly, in all material respects, the Company’s financial position as at March 31, 2022 and March 31, 2021 and its financial performance and cash flows for the years ended March 31, 2022 and 2021.

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

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

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

Original signed by:

ROBERT HOWALD
President and Chief Executive Officer
Edmonton, Canada
June 15, 2022

Original signed by:

MATTHEW TAPSCOTT
Vice President, Finance
and Chief Financial Officer



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Public Services and Procurement

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Canada Lands Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of comprehensive loss, consolidated statement of changes in shareholder's equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Compliance with Specified Authorities

Opinion

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

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

Responsibilities of Management for Compliance with Specified Authorities

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

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

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

A handwritten signature in black ink, appearing to read 'H McManaman', with a long, sweeping horizontal line extending to the right.

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

Ottawa, Canada
15 June 2022

CANADA LANDS COMPANY LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the year ended March 31

Expressed in thousands of Canadian dollars

	Note	2022	2021
Revenues			
Real estate sales		\$ 105,862	\$ 87,988
Attractions, food, beverage and other hospitality		35,726	10,384
Rental operations		38,315	32,394
Interest and other		5,100	6,208
		185,003	136,974
Expenses			
Real estate development costs		64,999	37,756
Attractions, food, beverage and other hospitality costs		49,546	44,426
Rental operating costs		37,676	35,840
General and administrative		30,259	31,425
Impairment, pre-acquisition costs and write-offs	4, 6	2,783	8,088
Interest and other		3,433	4,776
	15	188,696	162,311
Loss before income taxes		\$ (3,693)	\$ (25,337)
Deferred income tax recovery	18	(6,620)	(3,158)
Current income tax expense (recovery)	18	4,961	(1,395)
		(1,659)	(4,553)
Net loss and comprehensive loss		\$ (2,034)	\$ (20,784)

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

CANADA LANDS COMPANY LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31

Expressed in thousands of Canadian dollars

	Note	2022	2021
Assets – non-current			
Investment properties	5	\$ 29,432	\$ 29,860
Inventories	6	339,951	360,272
Property, plant & equipment	4	151,905	139,814
Trade receivables and other	10	13,443	14,137
Long-term receivables	7	59,686	61,568
Deferred taxes	18	103,875	97,254
		698,292	702,905
Assets – current			
Inventories	6	54,015	52,698
Cash and cash equivalents	8	234,522	380,246
Short-term investments	9	3,624	3,561
Trade receivables and other	10	42,211	32,299
Current portion of long-term receivables	7	3,158	–
Current income tax recoverable and other tax assets		901	6,599
		338,431	475,403
Total		\$ 1,036,723	\$ 1,178,308

CANADA LANDS COMPANY LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31

Expressed in thousands of Canadian dollars

	Note	2022	2021
Liabilities and shareholder's equity			
Liabilities – non-current			
Notes payable	12	\$ 263,619	\$ 265,189
Deferred revenue		5,861	5,580
Trade and other payables	13	1,898	2,497
Provisions	14	3,428	3,530
Prepaid rent, deposits and others		1,280	1,958
		276,086	278,754
Liabilities – current			
Credit facilities	11	38,000	29,200
Current portion of notes payable	12	7,946	154,849
Trade and other payables	13	30,199	24,385
Provisions	14	28,649	26,200
Deferred revenue		1,536	2,082
Income taxes payable		5,116	495
Prepaid rent, deposits and others		6,163	7,281
		117,609	244,492
Shareholder's equity			
Contributed surplus	16	181,170	181,170
Retained earnings	16	461,858	473,892
		643,028	655,062
Total		\$ 1,036,723	\$ 1,178,308
Commitments and contingencies	13, 14		
Leases	17		

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

On behalf of the Board:

Original signed by:

Jocelyne Houle

Chair of the Board of Directors

Original signed by:

Victoria Bradbury

Chair of the Audit and Risk Committee

CANADA LANDS COMPANY LIMITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

For the year ended March 31

Expressed in thousands of Canadian dollars

	CONTRIBUTED SURPLUS	RETAINED EARNINGS	TOTAL SHAREHOLDER'S EQUITY
Beginning balance, April 1, 2020	\$ 181,170	\$ 504,676	\$ 685,846
Change during the year			
Dividend paid	–	(10,000)	(10,000)
Net loss for the year	–	(20,784)	(20,784)
Ending balance, March 31, 2021	\$ 181,170	\$ 473,892	\$ 655,062
Change during the year			
Dividend paid	–	(10,000)	(10,000)
Net loss for the year	–	(2,034)	(2,034)
Ending balance, March 31, 2022	\$ 181,170	\$ 461,858	\$ 643,028

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

CANADA LANDS COMPANY LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31

Expressed in thousands of Canadian dollars

	Note	2022	2021
Operating activities			
Net loss		\$ (2,034)	\$ (20,784)
Loss on disposal of investment property		10	93
Loss on disposal of property, plant & equipment		15	–
Interest expense		3,428	4,412
Interest paid		(319)	(415)
Interest income		(3,100)	(5,235)
Income tax received (paid)		5,359	(15,952)
Recovery of costs on sales of real estate		64,999	37,756
Expenditures on real estate properties		(48,255)	(62,093)
Impairment, pre-acquisition costs and write-offs		2,783	8,088
Provisions		(2,021)	(1,502)
Income tax recovery		(1,659)	(4,553)
Depreciation		13,403	14,490
		32,609	(45,695)
Net change in non-cash working capital and other	19	1,712	2,268
Cash provided by (used in) operating activities		\$ 34,321	\$ (43,427)
Financing activities			
Repayment of notes payable		(153,903)	–
Dividend paid		(10,000)	(10,000)
Proceeds from credit facilities		8,800	12,500
Repayment of credit facilities		–	(20,800)
Repayment of lease liabilities		(686)	(564)
Cash used in financing activities		(155,789)	(18,864)
Investing activities			
Interest received		1,422	2,965
Expenditures on investment properties		(1,919)	(3,728)
Expenditures on property, plant & equipment		(23,696)	(15,728)
Short-term investments		(63)	(3,561)
Cash used in investing activities		\$ (24,256)	\$ (20,052)
Net decrease in cash and cash equivalents		(145,724)	(82,343)
Cash and cash equivalents, beginning of year		380,246	462,589
Cash and cash equivalents, end of year		\$ 234,522	\$ 380,246
Supplemental cash flows information	19		

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

(Expressed in thousands of Canadian dollars)

1. AUTHORITY AND ACTIVITIES OF CLCL

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

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

CLCL conducts its real estate business operations through CLC and PDP’s development lands (“Downsview Lands”), two of its wholly owned subsidiaries. CLCL’s objective is to carry out a commercially oriented and orderly disposal program of certain former real properties of the Government of Canada (“Government”) and the management of certain select properties. CLCL conducts its attractions business operations through Canada’s National Tower (“CN Tower”), the Montréal Science Centre (“MSC”), the park owned by PDP (“Downsview Park”) and OPMC.

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

directive and has remained in compliance with the directive since that date.

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

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

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

The consolidated financial statements were approved by the Board of Directors of the Company on June 15, 2022.

COVID-19

In March 2020, the World Health Organization characterized COVID-19 as a pandemic. In response to the pandemic, the Company temporarily suspended its operations at the CN Tower, the Montréal Science Centre, and the education programs at Downsview Park.

The COVID-19 pandemic has significantly affected the Company’s financial results, particularly in the Attractions division. During 2020/21 and 2021/22, the Company has operated in accordance with local government and public health agency regulations. This has resulted in the temporary suspension of operations at times for the Company’s attractions, as well as for some of its tenants. In addition to those

operational disruptions, there has been a decline in international travel to Canada due to travel restrictions. These, along with other impacts from the COVID-19 pandemic, have resulted in the Company's attractions' financial results being significantly lower than pre-pandemic levels.

The uncertainty around the duration and potential impacts of the COVID-19 pandemic on the Company's financial results remains. It continues to be difficult to determine the pandemic's impact on the Company's financial performance, both short-term and long-term, given the unpredictability of the pandemic's evolutions locally, nationally and internationally, and responses by governments and health agencies to mitigate the pandemic's impact.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) STATEMENT OF COMPLIANCE

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

B) BASIS OF PRESENTATION

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

C) BASIS OF CONSOLIDATION

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

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

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

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

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

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

D) REVENUE RECOGNITION

The Company recognizes revenue as follows:

I. Real estate sales

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

II. Rental

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

receivable, which is included in trade receivables and other, is recorded for the difference between the rental revenue recorded and the contractual amount received.

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

III. Rental from interim activities

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

IV. Attractions, food, beverage and other hospitality

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

V. Donations and sponsorships

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

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

E) PRE-ACQUISITION COSTS

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

F) PROPERTIES

I. Property, plant and equipment

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

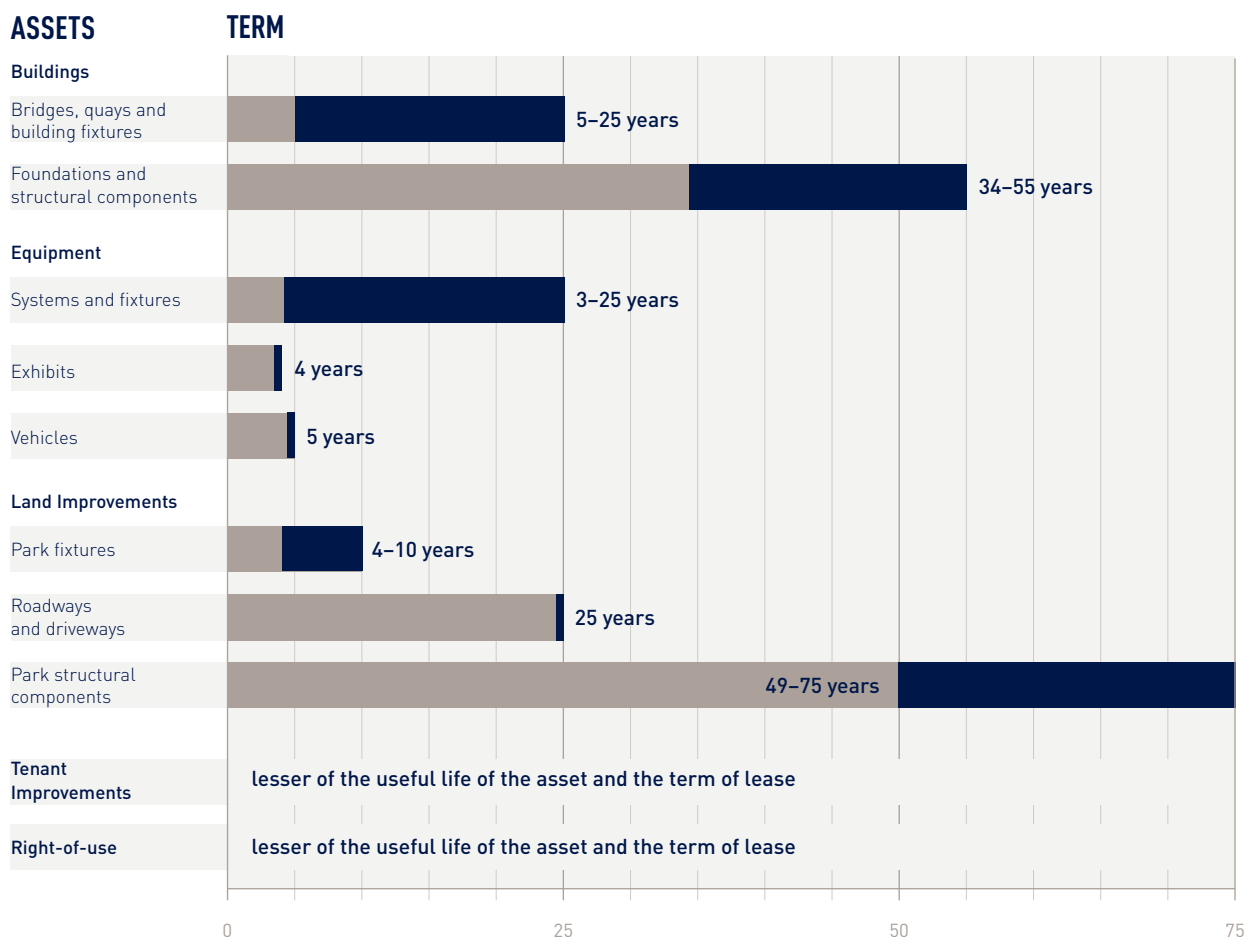
The Company has lease obligations for various equipment and office space. The leases vary in length and range for periods of one year up to seven years. The lease contracts contain a wide range of different terms and conditions. Leases are recognized as a right-of-use asset and corresponding lease liability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

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

Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying PPE are capitalized. A qualifying PPE is an asset that necessarily takes a substantial period of time to get ready for its intended use. Borrowing costs are capitalized while acquisition, construction or production is actively underway.

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

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



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

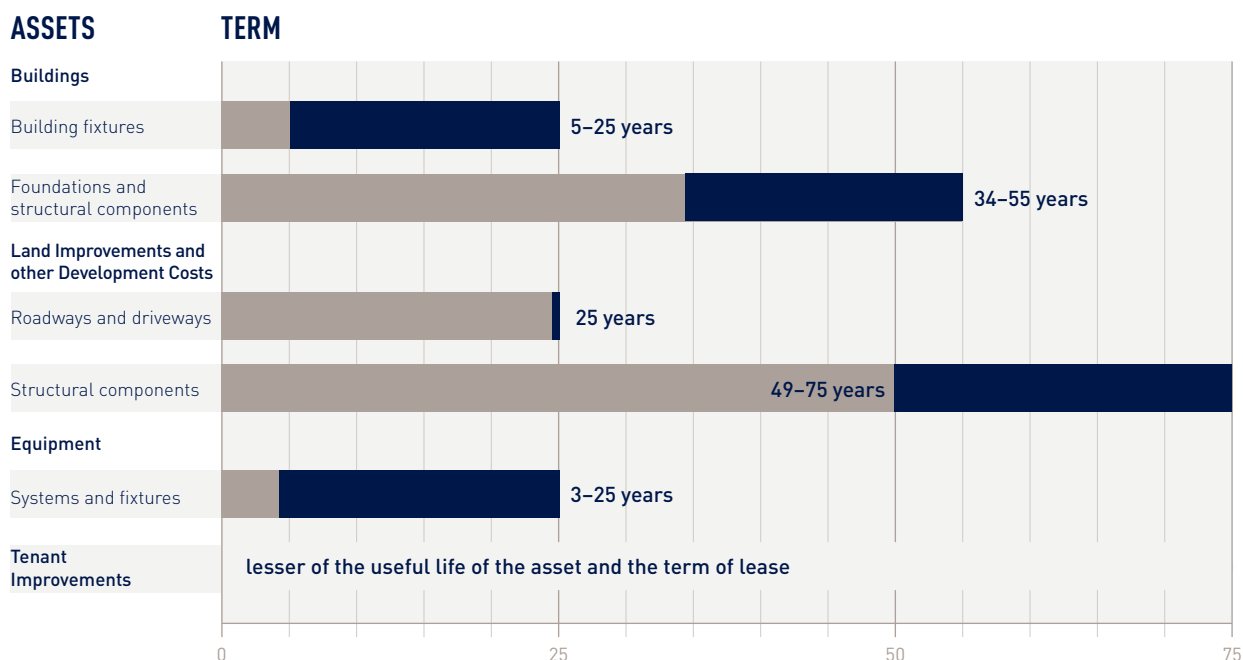
The Company holds some buildings for dual purposes, where a portion is leased to tenants and the remainder is used by the Company for administrative purposes. When a significant portion is owner-occupied, the Company classifies the property as PPE.

II. Investment properties

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

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

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



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

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

III. Inventories

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

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

programs are expensed when incurred.

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

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

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

G) INTEREST IN JOINT ARRANGEMENTS

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

H) IMPAIRMENT OF FINANCIAL AND NON-FINANCIAL ASSETS

I. Impairment of financial assets

The Company applies an appropriate impairment model approach for financial assets depending on the category of the financial assets. The impairment models applicable to the Company under IFRS 9 *Financial Instruments* include the general approach and the simplified approach. The Company uses the simplified approach, which recognizes expected credit losses ("ECLs") based on the lifetime ECLs, for trade receivables and the general approach for other financial assets. The results of the general approach ECL model are used to reduce the carrying amount of the financial asset through an allowance account, and the changes in the measurement of the allowance account are recognized in the Consolidated

Statement of Comprehensive Loss. If a significant increase in credit risk occurs, IFRS 9 requires the estimate of default to be considered over the entire remaining life of the asset under the general approach ECL model.

II. Impairment of non-financial assets

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

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

I) CASH AND CASH EQUIVALENTS

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

J) INCOME TAXES

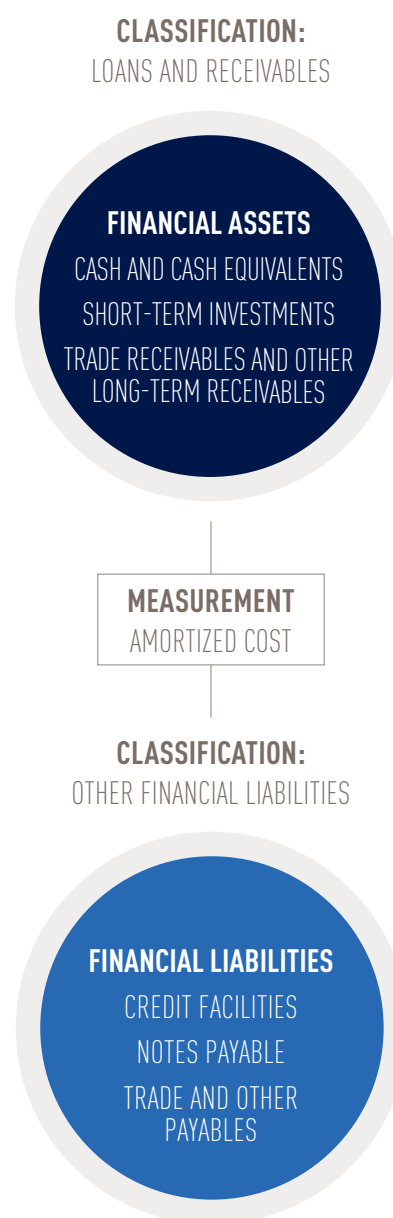
Income taxes comprises current and deferred taxes. Income taxes is recognized in the Consolidated Statement of Comprehensive Loss except to the extent that it relates to items recognized directly in equity.

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

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

K) FINANCIAL INSTRUMENTS

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



I. Financial assets

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

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

II. Financial liabilities

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

L) PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. If the effect of the time value of money is material, the provisions are measured at the present value. The provisions

are determined by discounting the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as financing costs.

I. Decommissioning costs

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

The Company assesses all of its activities and all of its sites and facilities involving risks to determine potential environmental risks. Sites and facilities considered to represent an environmental risk are fully assessed and corrective measures have been or will be taken, as necessary, to eliminate or mitigate these risks. The ongoing risk management process currently in place enables the Company to examine its activities and properties under normal operating

conditions and to follow up on accidents that may occur. Properties that may be contaminated, or any activities or property that may cause contamination, are assessed to determine the nature and extent of the possible contamination and an action plan is developed to comply with remediation requirements, where required.

II. Payment in lieu of taxes and legal claims

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

M) CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

I. Investment properties

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

II. Inventories

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

III. Leases

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

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

IV. Provisions

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

V. Income taxes

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

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

VI. Control over structured entities

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

VII. Joint arrangements

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

N) SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

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

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

I. Inventories and real estate development costs

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

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

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

II. Measurement of fair values

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

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

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

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

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

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

III. Useful lives and significant components

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

IV. Interest rate on notes payable to the Government

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

V. Impairments and write-downs

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

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

For other assets, such as investment properties and PPE, impairment estimates are made based on an analysis of CGUs, as described in note 2.H) II), and are recorded if the recoverable amount of the property is less than the carrying amount.

The recoverable amount is the higher of an asset's (or CGU's) fair value less costs of disposal and its value in use. The Company estimates the fair value less costs of disposal using the best information available to estimate the amount it could obtain from disposing of the assets in an arm's-length transaction less the estimated cost of disposal. The Company estimates value in use by discounting estimated future cash flows to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the asset. Determination of the present value cash flows requires significant estimates, such as future cash flows and the discount rate applied.

VI. Income taxes

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

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

3. FUTURE ACCOUNTING PRONOUNCEMENTS

I. Property, Plant and Equipment — Proceeds Before Intended Use (Amendments to IAS 16)

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

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

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

II. Annual Improvements to IFRS Standards 2018–2020 cycle

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

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

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

III. Presentation of Financial Statements

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. Earlier application is permitted.

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

IV. Onerous Contracts – Cost of Fulfilling a Contract

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

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

The Company continues to evaluate the impact of these amendments on its consolidated financial statements.

V. Disclosure of Accounting Policies

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

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

The Company is currently evaluating the impact of these amendments on its consolidated financial statements.

VI. Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The amendments clarify that a change in an accounting estimate that results from new information or new developments is not the correction of an error.

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

The Company is currently evaluating the impact of these amendments on its consolidated financial statements.

VII. Deferred Tax related to Assets and Liabilities arising from a single transaction

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

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

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

4. PROPERTY, PLANT AND EQUIPMENT

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

The Company has \$36.1million (March 31, 2021 – \$34.1 million) of fully depreciated PPE still in use.

The gross carrying amount of PPE assets at March 31, 2022 includes \$22.8 million (March 31, 2021 – \$2.5 million) of PPE under construction.

COST OR DEEMED COST	LAND	BUILDING	EQUIPMENT	LAND IMPROVEMENTS	LEASEHOLD IMPROVEMENTS	BUILDING (RIGHT-OF-USE)	EQUIPMENT (RIGHT-OF-USE)	TOTAL
March 31, 2020	\$ 28,030	\$ 150,350	\$ 37,233	\$ 23,360	\$ 2,150	\$ 4,139	\$ 286	\$ 245,548
Additions	212	7,416	5,422	2,050	133	357	138	15,728
Disposals	–	(119)	(1,255)	–	–	–	–	(1,374)
March 31, 2021	\$ 28,242	\$ 157,647	\$ 41,400	\$ 25,410	\$ 2,283	\$ 4,496	\$ 424	\$ 259,902
Additions	–	13,320	5,857	4,398	121	–	–	23,696
Disposals	–	(234)	(360)	–	–	–	(9)	(603)
March 31, 2022	\$ 28,242	\$ 170,733	\$ 46,897	\$ 29,808	\$ 2,404	\$ 4,496	\$ 415	\$ 282,995
DEPRECIATION & IMPAIRMENT	LAND	BUILDING	EQUIPMENT	LAND IMPROVEMENTS	LEASEHOLD IMPROVEMENTS	BUILDING (RIGHT-OF-USE)	EQUIPMENT (RIGHT-OF-USE)	TOTAL
March 31, 2020	\$ –	\$ 67,456	\$ 29,829	\$ 4,880	\$ 504	\$ 1,028	\$ 261	\$ 103,958
Depreciation	–	7,705	2,905	754	285	563	44	12,256
Disposals	–	(119)	(1,255)	–	–	–	–	(1,374)
Impairment	–	2,374	2,812	–	–	–	62	5,248
March 31, 2021	\$ –	\$ 77,416	\$ 34,291	\$ 5,634	\$ 789	\$ 1,591	\$ 367	\$ 120,088
Depreciation	–	7,337	2,084	771	279	585	10	11,066
Disposals	–	(234)	(345)	–	–	–	(9)	(588)
Impairment	–	37	487	–	–	–	–	524
March 31, 2022	\$ –	\$ 84,556	\$ 36,517	\$ 6,405	\$ 1,068	\$ 2,176	\$ 368	\$ 131,090

Carrying amounts

At March 31, 2021	\$ 28,242	\$ 80,231	\$ 7,109	\$ 19,776	\$ 1,494	\$ 2,905	\$ 57	\$ 139,814
At March 31, 2022	\$ 28,242	\$ 86,177	\$ 10,380	\$ 23,403	\$ 1,336	\$ 2,320	\$ 47	\$ 151,905

The Company assessed the carrying amount of its PPE at March 31, 2022 to determine whether an impairment loss or a reversal should be recorded.

The impairment is assessed at the CGU level and the impairment loss is calculated as the amount equal to the excess of the carrying amount over the recoverable amount. During the year, OPMC recognized a \$0.5 million impairment loss (March 31, 2021 – \$5.2 million).

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

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

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

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

5. INVESTMENT PROPERTIES

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

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

<i>For the year ended March 31</i>	2022	2021
Rental income	\$ 10,683	\$ 10,617
Direct operating expenses from investment property that generated rental income during the year	8,455	8,477
Direct operating expenses from investment property that did not generate rental income during the year	25	134

COST OR DEEMED COST	LAND	BUILDING	TENANT IMPROVEMENTS	LAND IMPROVEMENTS AND OTHER DEVELOPMENT COSTS	EQUIPMENT	TOTAL
March 31, 2020	\$ 5,413	\$ 15,869	\$ 9,428	\$ 14,914	\$ 3,030	\$ 48,654
Additions	–	474	271	2,983	–	3,728
Disposals	–	–	–	(178)	–	(178)
March 31, 2021	\$ 5,413	\$ 16,343	\$ 9,699	\$ 17,719	\$ 3,030	\$ 52,204
Additions	–	857	510	483	69	1,919
Disposals	–	–	(10)	–	(32)	(42)
March 31, 2022	\$ 5,413	\$ 17,200	\$ 10,199	\$ 18,202	\$ 3,067	\$ 54,081

DEPRECIATION AND IMPAIRMENT	LAND	BUILDING	TENANT IMPROVEMENTS	LAND IMPROVEMENTS AND OTHER DEVELOPMENT COSTS	EQUIPMENT	TOTAL
March 31, 2020	\$ –	\$ 8,667	\$ 5,103	\$ 3,892	\$ 2,533	\$ 20,195
Depreciation	–	993	627	448	166	2,234
Disposals	–	–	–	(85)	–	(85)
March 31, 2021	\$ –	\$ 9,660	\$ 5,730	\$ 4,255	\$ 2,699	\$ 22,344
Depreciation	–	946	659	590	142	2,337
Disposals	–	–	–	–	(32)	(32)
March 31, 2022	\$ –	\$ 10,606	\$ 6,389	\$ 4,845	\$ 2,809	\$ 24,649

Carrying amounts

At March 31, 2021	\$ 5,413	\$ 6,683	\$ 3,969	\$ 13,464	\$ 331	\$ 29,860
At March 31, 2022	\$ 5,413	\$ 6,594	\$ 3,810	\$ 13,357	\$ 258	\$ 29,432

During the year, there were no reversals of previously recognized impairment loss for investment properties (March 31, 2021 – \$nil).

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

INVESTMENT PROPERTIES

		LEVEL 1	LEVEL 2	LEVEL 3
	Carrying amount	Fair value		
March 31, 2022	\$ 29,432	\$ –	\$ –	\$ 134,000
March 31, 2021	\$ 29,860	\$ –	\$ –	\$ 126,800

The fair value of the investment properties was estimated at March 31, 2022 using a combination of internal valuation techniques and external consultants. All material investment properties have been valued by independent valuers. The external consultants are accredited independent valuers with recognized and relevant professional qualifications and with recent experience in the location and category of the investment property being valued. On a quarterly basis, management reviews the assumptions to update the estimated fair value of the investment properties. In determining fair value, the income and direct comparison approaches were used. The income approach capitalizes net annual revenues or discounts forecasted net revenues to their present value after considering future rental income streams and anticipated operating costs, as well as appropriate capitalization and discount rates. The direct comparison approach references market evidence derived from transactions involving similar properties.

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

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

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

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

6. INVENTORIES

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

	March 31, 2022	March 31, 2021
Property held for future development	\$ 104,510	\$ 105,465
Property under development	289,456	307,505
Property held for sale	–	–
Total property inventories	\$ 393,966	\$ 412,970
Current	54,015	52,698
Non-current	339,951	360,272
Total property inventories	\$ 393,966	\$ 412,970

During the year, there was a \$0.6 million write-down recorded against inventories (March 31, 2021 – \$nil). There were no reversals of write-downs during the year ended March 31, 2022 (March 31, 2021 – \$nil).

7. LONG-TERM RECEIVABLES

Long-term receivables consist of the following:

	March 31, 2022	March 31, 2021
Receivables from partners (a)	\$ 61,928	\$ 60,685
Other long-term receivable (b)	916	883
Total	\$ 62,844	\$ 61,568

(a) The long-term receivables from partners represent the partners' proportionate share of the notes payable, which are payable to the Company. The Company is obligated for the full amounts of the notes payable for the Jericho Lands and Heather Street Lands properties (collectively, the Vancouver Lands) and the 299 Carling Avenue property in Ottawa, of which portions are receivable from its partners. The long-term receivables,

similar to the notes payable they are related to, are non-interest bearing and have total principal amounts of \$65.3 million (March 31, 2021 – \$65.3 million), which have been discounted using a weighted average market interest rate of 2.88% (March 31, 2021 – 2.88%). The amounts will be repaid at the earlier of the sale of properties tied to each long-term receivable or the sunset dates in the joint arrangement agreements (see note 22).

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

	March 31, 2022	March 31, 2021
Current	\$ 3,158	\$ –
Non-current	59,686	61,568
Total	\$ 62,844	\$ 61,568

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

PRINCIPAL REPAYMENTS	Years ending March 31
2023	\$ 3,158
2024	5,748
2025	–
2026	16,871
2027	1,072
Subsequent years	39,490
Subtotal	\$ 66,339
Less: amounts representing imputed interest	3,495
Total	\$ 62,844

8. CASH AND CASH EQUIVALENTS

The Company has \$2.5 million (March 31, 2021 – \$2.4 million) in cash and cash equivalents that are restricted for use as part of the MSC's long-term plan.

The Company has reclassified \$3.6 million of cash and cash equivalents to short-term investments as at March 31, 2021 to better reflect the nature of the investment and to conform with the presentation adopted in the current year.

9. SHORT-TERM INVESTMENTS

The Company's short-term investment consists of a \$3.6 million term deposit (March 31, 2021 – \$3.6 million), at an interest rate of 1.75% maturing on March 5, 2023, and redeemable at each anniversary date. The short-term investment is restricted for use as part of the MSC's long-term plan.

10. TRADE RECEIVABLES AND OTHER

Trade receivables and other consist of the following:

	March 31, 2022	March 31, 2021
Prepays and others	\$ 9,065	\$ 6,427
Rents and other receivables	46,589	40,009
Total	\$ 55,654	\$ 46,436
Current	42,211	32,299
Non-current	13,443	14,137
Total	\$ 55,654	\$ 46,436

11. CREDIT FACILITIES

	March 31, 2022	March 31, 2021
\$100 million, unsecured, demand revolving credit facility, bearing interest at rates between 50 basis points and variable banker's acceptance rates plus 45 basis points, maturing at March 31, 2024 (a)	\$ 38,000	\$ 29,200
\$100 million, senior, unsecured revolving credit facility, bearing interest at 45 basis points (b)	–	–
Total	\$ 38,000	\$ 29,200
Current	38,000	29,200
Non-current	–	–
Total	\$ 38,000	\$ 29,200

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

The Company has used credit facilities to secure outstanding letters of credit of \$13.3 million (March 31, 2021 – \$13.3 million). The remaining unused credit facility is \$48.7 million at March 31, 2022 (March 31, 2021 – \$57.5 million).

(b) The credit facility is available to secure letters of credit at CLC. The Company has used this credit facility to secure outstanding letters of credit of \$23.6 million (March 31, 2021 – \$25.9 million). The remaining unused credit facility is \$76.4 million (March 31, 2021 – \$74.1 million).

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

12. NOTES PAYABLE

The notes payable were issued in consideration of the acquisition of real estate properties and are due to the Government. These notes are repayable on the earlier of their due dates (2022 to 2050) or six months after the fiscal year-end of the Company in which net proceeds become available from the sale by the Company of the properties in respect of which the notes were issued. In a limited number of instances, the terms of the note state when the issuer can demand payment and payment is not dependent on property cash flows. For all notes, the Government may elect to defer repayment. The notes are non-interest bearing. For accounting purposes, the face values of the notes payable are discounted and recorded at their fair value considering the estimated timing of note repayments, which are not fixed, as well as an imputed fixed interest rate determined when the notes are issued, with the exception of one note discussed below. The imputed interest is then accrued and capitalized to inventories or expensed as appropriate, on a constant yield basis at a weighted average rate of 2.69% (March 31, 2021 – 1.70%).

During the year, the interest capitalized was \$2.1 million (March 31, 2021 – \$2.0 million) and the interest expensed was \$3.4 million (March 31, 2021 – \$4.5 million). Based on the past and anticipated timing of property cash flows, principal repayments are estimated to be as follows:

PRINCIPAL REPAYMENTS	<i>Years ending March 31</i>
2023	\$ 7,946
2024	11,864
2025	25,983
2026	31,465
2027	57,463
Subsequent years	150,809
Subtotal	\$ 285,530
Less: amounts representing imputed interest	13,965
Total	\$ 271,565
Current	\$ 7,946
Non-current	263,619
Total	\$ 271,565

Included in the \$271.6 million from the table above is a note payable of \$19.0 million, which has not been discounted, given the Company applied

predecessor accounting values upon obtaining control of PDP in 2012. This note is due to the Government in 2050.

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

	Cash flows	Non-cash changes		TOTAL
	REPAYMENT	ADDITIONS	ACCRETION	
Notes payable balance, April 1, 2020	\$ –	\$ –	\$ –	\$ 406,036
Interest capitalized	–	–	1,959	1,959
Interest expensed	–	–	4,473	4,473
Additions (note 20)	–	7,570	–	7,570
Notes payable balance, March 31, 2021	–	–	–	\$ 420,038
Interest capitalized	–	–	2,072	2,072
Interest expensed	–	–	3,358	3,358
Repayments (cash flows – financing activities)	(153,903)	–	–	(153,903)
Notes payable balance, March 31, 2022				\$ 271,565

13. TRADE AND OTHER PAYABLES

The components of trade and other payables are as follows:

	March 31, 2022	March 31, 2021
Trade payables	\$ 29,587	\$ 23,684
Leases payable (note 2.F)II)	2,510	3,198
Total	\$ 32,097	\$ 26,882
Current	\$ 30,199	\$ 24,385
Non-current	1,898	2,497
Total	\$ 32,097	\$ 26,882

CAPITAL AND OPERATING COMMITMENTS

I. Commitments related to properties for land servicing requirements and other development costs at March 31, 2022 totalled \$57.8 million (March 31, 2021 – \$51.5 million).

II. Capital commitments for PPE at March 31, 2022 totalled \$12.3 million (March 31, 2021 – \$21.3 million).

III. Operating commitments for maintaining capital assets at March 31, 2022 totalled \$0.5 million (March 31, 2021 – \$1.2 million).

14. PROVISIONS AND CONTINGENT LIABILITIES

	COST TO COMPLETE (A)	PILT (B)	ENVIRONMENTAL (C)	OTHERS	TOTAL
Balance, March 31, 2021	\$ 6,601	22,965	\$ –	\$ 164	\$ 29,730
Provisions added during the year	1,641	2,418	427	–	4,486
Provisions applied during the year	(2,021)	–	–	–	(2,021)
Provisions reversed during the year	(118)	–	–	–	(118)
Balance, March 31, 2022	\$ 6,103	\$ 25,383	\$ 427	\$ 164	\$ 32,077
Current					\$ 28,649
Non-current					3,428
Total					\$ 32,077

(a) Land servicing cost obligations related to sold properties are in the amount of \$6.1 million. The costs are estimated to be spent over five years with the majority to be incurred within the next 12 months. The amounts provided for are based on management's best estimate, taking into consideration the nature of the work to be performed, the time required to complete the work, past experience, and market development and construction risks.

(b) PILT assessments since January 2014 of \$25.4 million (March 31, 2021 – \$23.0 million) are being contested by the Company. In July 2021, the Federal Court released its decision with respect to the City of Montréal's application for judicial review. The Company is currently appealing the Federal Court's decision.

(c) Environmental decommissioning obligation of \$0.4 million (March 31, 2021 – \$nil) related to a real estate project.

CONTINGENCIES

As at March 31, 2022, the Company was involved in claims and proceedings that arise from time to time in the ordinary course of business, including actions with respect to contracts, construction liens, employment and environmental matters. Based on the information currently available to the Company, management believes that the

resolution of these matters and any liability arising therefrom will not have a significant adverse effect on these consolidated financial statements. However, these matters are subject to inherent uncertainties and their outcome is difficult to predict; therefore, management's view of these matters may change in the future.

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

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

15. EXPENSES BY NATURE

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

<i>For the year ended March 31</i>	2022	2021
Cost of inventory, raw material and consumables used	\$ 53,587	\$ 29,112
Payroll and benefits	44,315	44,247
Depreciation	13,403	14,490
Property taxes including PILT	13,234	13,851
Leasing expenses	13,123	11,500
Professional fees	10,621	11,153
Utilities	7,503	7,480
Building costs	7,348	6,032
Food and beverage costs	5,316	938
Marketing and public relations	4,411	3,472
Interest	3,543	4,920
Attraction costs	2,822	1,716
IT costs	2,329	2,115
Office	1,670	1,783
Impairment	1,158	5,248
Commissions	1,020	685
Other	3,293	3,569
Total	\$ 188,696	\$ 162,311

16. SHAREHOLDER'S EQUITY

(A) CAPITAL STOCK

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

(B) CONTRIBUTED SURPLUS

Contributed surplus is comprised of the net assets of \$249.6 million acquired from the Minister of Transport on August 31, 1995, plus the net assets of OPMC and PDP acquired on November 29, 2012 of \$36.1 million, less \$104.5 million transferred to capital stock. Subsequently, CLC's capital stock was reduced by this amount through payments to its shareholder in accordance with the *Canada Business Corporations Act* during the period 1996 to 2000.

17. LEASES

LEASES AS LESSEE

Non-cancellable lease rentals are payable as follows:

	March 31, 2022	March 31, 2021
Less than 1 year	\$ 672	\$ 798
Between 1 and 5 years	1,957	2,540
More than 5 years	8	179
Total	\$ 2,637	\$ 3,517

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

LEASES AS LESSOR

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

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

	March 31, 2022	March 31, 2021
Less than 1 year	\$ 17,021	\$ 15,921
Between 1 and 5 years	26,231	32,715
More than 5 years	33,598	36,037
Total	\$ 76,850	\$ 84,673

As part of purchase and sale agreements with a related party, the Company is required to lease housing units at a discount compared to market rates. The leased units generated \$1.1 million of rental revenue during the year (March 31, 2021 – \$1.2 million). The individual leases are renewed monthly.

During the year, there has been \$0.1 million recognized (March 31, 2021 – \$nil) in the Consolidated Statement of Comprehensive Loss in rental operating revenue with respect to variable lease payments.

18. INCOME TAXES

As at March 31	2022	2021
Income tax expense (recovery)		
Deferred tax recovery	\$ (6,620)	\$ (3,158)
Current income tax expense (recovery)	4,961	(1,395)
Total tax recovery	(1,659)	(4,553)
Reconciliation of effective tax rate		
Loss excluding tax	(3,689)	(25,337)
Domestic tax rate	26.5%	26.5%
Tax recovery using the domestic tax rate	\$ (978)	\$ (6,714)
Non-deductible expenses	21	5
Change in tax rate	(270)	1,572
Under/(over) provided in prior year	(28)	(9)
Impact of Alberta Tax Exemption	(316)	476
Provincial Rate Differential	(36)	69
Other adjustments	(52)	48
Total tax recovery	\$ (1,659)	\$ (4,553)

CURRENT TAX EXPENSE (RECOVERY)

As at March 31

2022

2021

Tax recognized in profit or loss

Current year	\$	4,959	\$	(1,359)
Adjustment in respect of prior years		2		(36)
Total current tax expense (recovery)		4,961		(1,395)

Deferred tax recovery

Origination and reversal of temporary difference		(5,906)		(4,373)
Adjustment in respect of prior years		(165)		(182)
Reduction in tax rate		(549)		1,397
Total deferred tax recovery		(6,620)		(3,158)
Total tax recovery	\$	(1,659)	\$	(4,553)

RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
Investment properties and inventories	\$ 63,360	\$ 63,227	\$ –	\$ –	\$ 63,360	\$ 63,227
Property, plant and equipment	17,377	16,134	–	–	17,377	16,134
Investment in Foundation	–	–	(353)	(418)	(353)	(418)
Rent receivable	–	–	(81)	(301)	(81)	(301)
Non-capital losses	19,945	16,847	–	–	19,945	16,847
Lease incentives	–	–	(749)	(750)	(749)	(750)
Notes payable	–	–	(3,490)	(4,742)	(3,490)	(4,742)
Provision	6,570	5,930	–	–	6,570	5,930
Capital lease	644	798	–	–	644	798
Other	652	529	–	–	652	529
Total	\$108,548	\$ 103,465	\$ (4,673)	\$ (6,211)	\$ 103,875	\$ 97,254

	BALANCE APRIL 1, 2021	DEFERRED TAX ASSET ACQUIRED IN THE YEAR	RECOGNIZED IN PROFIT OR LOSS	BALANCE MARCH 31, 2022
Investment properties and inventories	\$ 63,227	\$ –	\$ 133	\$ 63,360
Property, plant and equipment	16,134	–	1,243	17,377
Investment in Foundation	(418)	–	65	(353)
Rent receivable	(301)	–	220	(81)
Non-capital losses	16,847	–	3,098	19,945
Lease incentives	(750)	–	1	(749)
Notes payable	(4,742)	–	1,252	(3,490)
Provision	5,930	–	640	6,570
Capital lease	798	–	(154)	644
Other	529	–	123	652
Total	\$ 97,254	\$ –	\$ 6,621	\$ 103,875

Management has recognized deferred tax assets for non-capital losses, and temporary differences to the extent that it is probable that these assets will be utilized in the future.

19. CONSOLIDATED STATEMENT OF CASH FLOWS — SUPPLEMENTAL INFORMATION

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

Increase (decrease) in	<i>For the year ended March 31</i>	2022	2021
Trade receivables and other		\$ (7,541)	\$ (2,633)
Long-term receivables		(1,276)	(1,638)
Trade and other payables		6,221	(4,055)
Provisions		4,368	7,276
Notes payable		2,002	2,020
Deferred revenue		(265)	212
Prepaid rent, deposits and others		(1,797)	1,086
Total		\$ 1,712	\$ 2,268

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

20. RELATED PARTY TRANSACTIONS AND BALANCES

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

Significant balances with related parties are as follows:

I. The Company enters in agreements of purchase and sale with related parties to acquire real estate properties in exchange for notes payable. During the year, the Company did not acquire any real estate property from related parties (March 31, 2021 – \$7.6 million).

Notes payable to the Government are non-interest bearing (note 12) and are repayable on the earlier of their due dates or six months after the fiscal year-end of the Company in which net proceeds become available from the sale by the Company of the properties in respect of which the notes were issued, except in a limited number of instances where the terms of the notes state when the issuer can demand payment and payment is not dependent on property cash flows. The Company made payments of \$153.9 on its notes payable to related parties during the year (March 31, 2021 – \$nil).

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

KEY MANAGEMENT PERSONNEL COMPENSATION

For the year ended March 31

	2022	2021
Short-term benefits ¹	\$ 4,157	\$ 4,801
Post-employment benefits ²	166	161
Total	\$ 4,323	\$ 4,962

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

[2] Post-employment benefits include contributions to pension plans.

II. The Company has \$1.9 million in receivables from federal departments and agencies (March 31, 2021 – \$1.5 million).

III. The Company has entered into various agreements with a federal department regarding the potential redevelopment of three properties in Ottawa (collectively the "Collaboration Properties") that the federal department currently owns. As part of the agreements, the Company is funding certain costs for the Collaboration Properties that are recoverable from the federal department under certain circumstances. The Company has recorded these costs of \$1.8 million (March 31, 2021 – \$nil) in Trade Receivables and Other assets on the Consolidated Statement of Financial Position.

Significant transactions with related parties are as follows:

I. During the year, the Company paid a dividend of \$10.0 million (March 31, 2021 – \$10.0 million) to its shareholder, the Government.

II. During the year, the Company made real estate land sales of \$8.6 million to related parties (March 31, 2021 – \$27.6 million).

III. During the year, the Company received various rental and other revenues from federal departments and agencies in the amount of \$1.2 million (March 31, 2021 – \$1.1 million), mainly from leases with the Department of National Defence and Public Services and Procurement Canada.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The Company has valued its long-term receivables by discounting the cash flows using the current market rate of borrowing plus a credit risk factor for its customers and partners, except for the

long-term receivable from its third-party partners which, due to the nature of the joint arrangement, has been discounted at current yields on government bonds plus project risk.

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

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

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

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

As at March 31, 2021		LEVEL 1	LEVEL 2	LEVEL 3
CLASSIFICATION	CARRYING AMOUNT	FAIR VALUE		
Financial assets				
Long-term receivables	\$ 61,568	\$ –	\$ 58,466	\$ –
Financial liabilities				
Notes payable	420,038	–	402,395	–
Credit facilities	29,200	–	29,200	–

22. JOINT ARRANGEMENTS

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

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

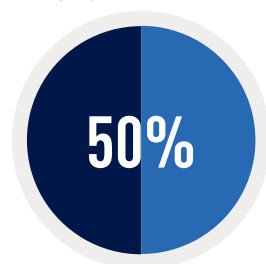
OWNERSHIP INTEREST

CLC BOSA

CALGARY, AB | LAND DEVELOPMENT

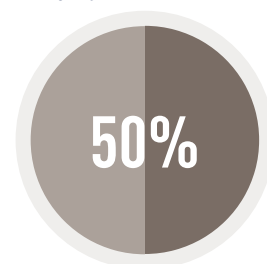
2022

MARCH 31



2021

MARCH 31



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

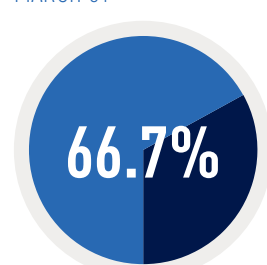
OWNERSHIP INTEREST

299 CARLING AVENUE

OTTAWA, ON | LAND DEVELOPMENT

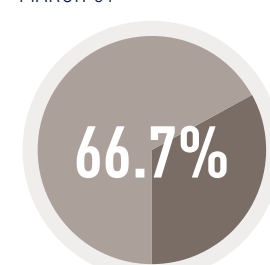
2022

MARCH 31



2021

MARCH 31



In February 2017, the Company entered into a land development agreement for a property in Ottawa, with a third-party partner named the Algonquins of Ontario Opportunities. The land development agreement is jointly controlled by the Company and the third-party partner. The Company has determined that the joint arrangement is a joint operation based on the terms and structure of the contractual agreement, which requires unanimous approval from the Company and the third-party partners regarding decisions over all relevant activities of the property. The purchase of the Ottawa land was financed through a non-interest bearing promissory note issued by the Company. The Company is responsible for the full repayment of the promissory note on the earlier of its due date or six months after the fiscal year-end of the Company when net proceeds become available from the property. This promissory note will be partially funded by the third-party partner's proportionate share of the notes payable, which is reflected as a long-term receivable (see note 7).

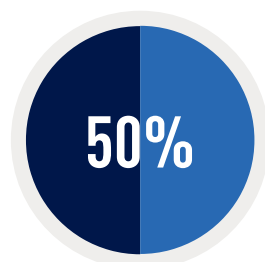
OWNERSHIP INTEREST

JERICO LANDS

VANCOUVER, BC | LAND DEVELOPMENT

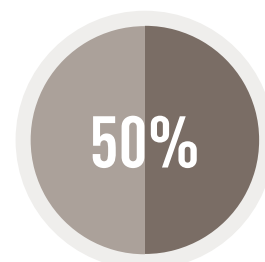
2022

MARCH 31



2021

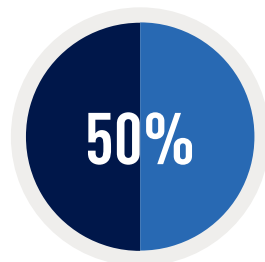
MARCH 31



HEATHER STREET LANDS

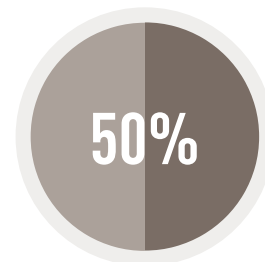
2022

MARCH 31



2021

MARCH 31



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

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

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

The following amounts included in these consolidated financial statements represent the Company's proportionate share of the assets and liabilities of its joint arrangement interests as at March 31, 2022, and the results of operations and cash flows from April 1, 2021 to March 31, 2022:

	Jericho		Heather Street		Bosa		299 Carling Avenue		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<i>As at March 31</i>										
Assets	\$ 95,168	\$ 92,295	\$ 25,458	\$ 25,372	\$ 17,666	\$ 17,108	\$ 7,174	\$ 6,390	\$ 145,466	\$ 141,165
Liabilities*	110,329	109,505	26,460	25,474	–	–	1,713	6,252	138,502	141,231
<i>For the year ended March 31</i>										
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenues	973	979	1,067	1,113	–	–	20	38	2,060	2,130
Expenses	1,856	1,838	2,580	2,181	–	–	(66)	264	4,370	4,283
Net income (loss)	(883)	(859)	(1,513)	(1,068)	–	–	86	(226)	(2,310)	(2,153)
Cash flow provided by (used in) operating activities	692	(917)	2,504	(2,921)	(23)	499	(221)	(352)	2,952	(3,691)
Cash flow used in financing activities	–	–	–	–	–	–	(5,000)	–	(5,000)	–

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

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

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

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

The Company's proportionate share for commitments related to properties for land servicing requirements and other development costs for the joint arrangements at March 31, 2022 totalled \$2.6 million (March 31, 2021 – \$1.6 million) and are included in the commitments related to properties in note 13.

23. FINANCIAL RISK MANAGEMENT

A) LIQUIDITY RISK:

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

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

<i>As at March 31, 2021</i>	Due By March 31, 2022	Thereafter	Total
Credit facilities (note 11)	\$ 29,200	\$ –	\$ 29,200
Notes payable (note 12)	154,849	284,584	439,433
Trade and other payables (note 13)	24,385	2,497	26,882
	\$ 208,434	\$ 287,081	\$ 495,515

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

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

The Company has borrowing authorities from the Minister of Finance of \$200 million (March 31, 2021 – \$200 million). CLC's borrowing authority of \$100 million expires on March 31, 2024. PDP's borrowing authority of \$100 million expires on March 31, 2023. The Company's borrowing authorities are reviewed annually as part of the corporate planning process. The Company has \$200 million of credit facilities available, of which \$125.1 million was unused at March 31, 2022 (March 31, 2021 – \$131.6 million). CLC's credit facility does not have a maturity date, whereas the PDP credit facility matures on March 31, 2024.

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

B) MARKET RISK

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

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

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its credit facilities and cash and cash equivalents, which are based on variable rates of interest. The credit facilities are used to finance the development of lands and guarantee the Company's letters of credit. A change in interest rates would not have had a significant impact on net earnings or comprehensive income in the current year. Cash and cash equivalents have limited exposure to interest rate risk due to their short-term nature. The impact of a change in interest rate of +/- 1% would not be significant to the Consolidated Statement of Comprehensive Loss.

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

C) CREDIT RISK

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

than the amount of the long-term receivables at March 31, 2022 owed to the Company.

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

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

The Company's receivables of \$46.6 million (March 31, 2021 – \$40.0 million) are comprised primarily of current balances owing. The Company performs monthly reviews of its receivables and establishes an appropriate provision using the expected credit loss model. As a result of COVID-19 and the uncertainties of local economic recoveries, certain tenants may experience financial difficulty, which may have an impact on the tenant's ability to continue to pay rent as it becomes due.

The Company's long-term receivables of \$62.8 million (March 31, 2021 – \$61.6 million) are comprised of \$61.9 million (March 31, 2021 – \$60.7 million) of receivables from partners and \$0.9 million (March 31, 2021 – \$0.9 million) of long-term receivables from a sale of real estate property in a prior year. The Company reviews the receivables from partners and other long-term receivables on a quarterly basis to determine if provisions are required.

The Company's cash and cash equivalents and short-term investments, including deposits of \$238.1 million (March 31, 2021 – \$383.8 million), are held with major financial institutions that are rated AA by a recognized credit agency. The Company does not expect any related counterparties to fail to meet their obligations.

24. CAPITAL MANAGEMENT

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

	March 31, 2022	March 31, 2021
Shareholder's equity	\$ 643,028	\$ 655,062
Credit facilities	38,000	29,200
Notes payable	271,565	420,038
Cash and cash equivalents	234,522	380,246
Short-term investments	3,624	3,561
	\$ 1,190,739	\$ 1,488,107

The Company has notes payable that are owed to the shareholder and under the related agreements, the notes are not due until positive cash flows are achieved from the properties, except for a \$19.0 million note that is due in 2050.

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

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

The Company's strategy is to satisfy its liquidity needs using cash on hand, cash flows generated from operating activities and cash flows provided by financing activities, as well as proceeds from asset sales. Rental revenues, recoveries from tenants, real estate land sales, attractions and

hospitality revenues, interest and other incomes, available cash balances, draws on corporate credit facilities and refinancing of maturing indebtedness are the Company's principal sources of capital used to pay operating expenses and dividends, service debt and recurring capital and leasing costs in its rental operating costs, attractions and hospitality, and real estate development businesses. The Company plans to meet its short-term liquidity needs with cash and cash equivalents on hand, along with proceeds from financing activities.

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

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

25. PENSION PLANS

The Company has two defined contribution pension plans covering eligible CLC full-time and certain part-time employees. In accordance with the terms of the plans, employees are eligible to join at the date of employment, after a year of employment, or upon working a certain number of hours in consecutive years. The amount of the current service cost charged to expense for these plans was \$1.6 million for the year ended March 31, 2022 (March 31, 2020 – \$1.4 million).

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