CANADA LANDS COMPANY LIMITED

2010-2011 TO 2014-2015
CORPORATE PLAN SUMMARY

INCLUDING 2010-2011 OPERATING AND CAPITAL BUDGETS

May 21, 2010

Canada

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Executive Summary

Canada Lands Company Limited (CLCL) continues to carry out its mandate through its core real estate subsidiary, Canada Lands Company CLC Limited (CLC). The company's mandate was approved by the Government of Canada (the government) upon its reactivation in 1995 "to ensure the commercially oriented, orderly disposition of selected surplus real properties with best value to the Canadian taxpayer and the holding of certain properties." In addition to financial considerations, CLCL's mandate stipulates that other strategic considerations of the government be taken into account as required, including "the views of affected communities and other levels of government, and heritage and environmental issues."

The company provides innovative solutions to complex real estate challenges, tourism leadership in its management of the CN Tower, and value and legacy creation for all of its stakeholders. In doing so, it acts in line with government policy objectives in the areas of good governance, the environment, heritage and official languages and makes significant contributions to communities across Canada through its redevelopment activities.

Canada Lands Company Limited

CLCL continues to enhance its governance practices to ensure sound oversight of subsidiary business operations.

Canada Lands Company CLC Limited

The key strategic priorities facing CLCL's core real estate subsidiary, CLC, during the plan period are outlined immediately below – they are elaborated upon in section 2.4 of this corporate plan.

- Fully Leverage CLC to Benefit the Government of Canada
- Assist in Expediting the Sale of Current Federal Surplus Strategic Properties to CLC
- Asset Manage the Metro Toronto Convention Centre Complex
- Proceed with Montréal's New Harbourfront Initiative
- Proceed with CN Tower Base Lands Development Project

During the five-year planning period, CLC anticipates that its projects will result in the following benefits for local communities and Canadian taxpayers:

- $172.6 million paid to the government as dividends, up-front payments and note repayments for properties;
- $420.2 million invested by CLC on capital expenditures, including environmental remediation; and
- $53.1 million paid to the government in federal income taxes, plus $51.1 million paid to provinces for income tax.

The company's financial results compared to the amended budget (amended in early 2010) for the fiscal year ending March 31, 2010 are presented immediately below. The difference between the outlook and the amended budget is largely the result of the sale of the Garden City property in Richmond, B.C. The City of Richmond made an unconditional offer to purchase the property in late December 2009. The property had been held in a joint venture between CLC and the Musqueam Indian Band.

	$ Millions	
	2009-2010 Outlook	**2009-2010 Amended Budget**
Property sales	87.6	52.3
Attractions, food and beverage (gross)	50.9	46.2
Income before taxes	37.7	15.9
Income after taxes	24.6	10.5
Expenditures on properties	61.3	58.9
Cash flow before distributions	28.7	6.2
General and administrative expenses	18.6	19.2

1. Canada Lands Company Limited

This corporate plan summary outlines a roadmap for Canada Lands Company Limited (CLCL) over the next five years. It provides an analysis of the business environment in which the company operates, highlights the strategic priorities of the company and its core subsidiary, CLC, for the next five years, establishes corporate performance measures and targets, and presents operating and capital budget information for the company. As CLCL is a holding company, its real estate operations are primarily addressed in section 2.0 of this corporate plan dealing with its core real estate subsidiary, CLC.

1.1 Introduction

CLCL reports to the Parliament of Canada through the Minister of Transport as a parent Crown corporation. This document is structured to reflect the fact that CLCL is the sole shareholder for its three wholly owned subsidiaries, Canada Lands Company CLC Limited (CLC), Parc Downsview Park Inc. (PDP) and the Old Port of Montréal Corporation Inc. (OPMC). The latter two corporations report separately to the Parliament of Canada through the Minister of Transport as if they were themselves parent Crown corporations. Accordingly, PDP and OPMC autonomously prepare and submit their own corporate plans.

CLCL has no assets other than the shares of its subsidiary companies. Although PDP and OPMC are subsidiaries of CLCL, they operate in diverse business environments with different business objectives. CLC has the same principal goal in its policy mandate as CLCL and carries out the parent company's core real estate business. Consequently, this corporate plan summary will discuss CLCL's performance and future strategic direction primarily through section 2.0 of this corporate plan dealing with its CLC subsidiary.

1.2 Mandate

CLCL carries out its mandate through its core real estate subsidiary, CLC, as also explained in section 2.1 of this corporate plan summary. The mandate of CLCL, and therefore CLC, as approved by the government on the company's reactivation in 1995 is "to ensure the commercially oriented, orderly disposition of selected surplus real properties with best value to the Canadian taxpayer and the holding of certain properties." In addition to financial considerations, the company's mandate stipulates that other strategic considerations of the government be taken into account as required, including "the views of affected communities and other levels of government, and heritage and environmental issues."

The legal objects of CLCL, as contained within its letters patent of 1956, are very broad and permit the company to "acquire, purchase, lease, hold, improve, manage, exchange, sell, turn to account or otherwise deal in or dispose of real or personal property or any interest therein."

A review of CLCL's mandate, with a special focus on the mandate of CLC, was completed in June 2001 and the mandate was subsequently renewed.

Although provincially and municipally regulated in many areas, the CLC subsidiary is guided by the spirit of federal government policies in the areas of employment equity, official languages, and heritage.

1.3 Corporate Profile

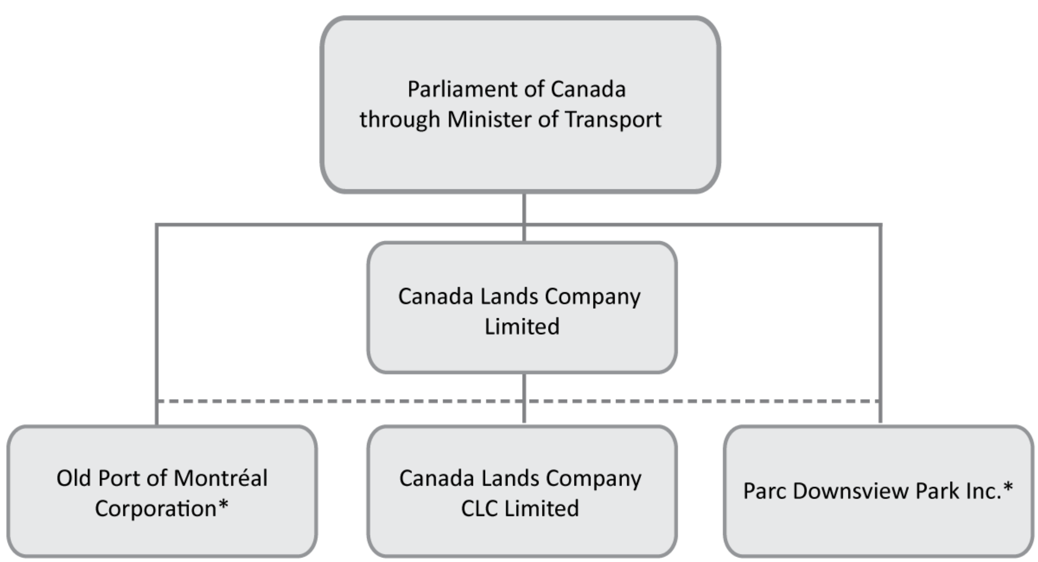
CLCL reports to the Parliament of Canada through the Minister and is an agent Crown corporation. Through its commercially oriented non-agent CLC subsidiary, the company ensures the orderly disposition of surplus strategic properties, maintains ownership or management of certain strategic properties such as Canada's National Tower (the CN Tower) in Toronto and pursues the realization of both financial and community objectives. The company's fiscal year end is March 31.

The three wholly owned subsidiaries of CLCL are:

- CLC, a non-agent Crown corporation, which carries out the core real estate business;
- PDP, an agent Crown corporation, which was incorporated in 1998 to manage and develop the former Canadian Forces Base (CFB) Toronto lands as Downsview Park, and which reports to Parliament as a deemed parent Crown corporation; and
- OPMC, an agent Crown corporation, which is responsible for redeveloping the Old Port of Montréal and which also reports to Parliament as if it were a parent Crown corporation.

The reporting structure of CLCL and its subsidiaries is illustrated in Exhibit 1.

Exhibit 1: CLCL and Its Subsidiaries



*Reports to Parliament as if it were a parent Crown Corporation

1.4 Corporate Governance

As CLCL holds no assets other than the shares of its subsidiary companies, it carries out all of its real estate activities through its CLC subsidiary. CLCL and CLC each have their own distinct board of directors that hold regularly scheduled meetings, but the membership for them is the same with the exception of the President and CEO being on the board of the subsidiary and not the parent company.

CLCL's directors are appointed by the Minister of Transport with the approval of the Governor-in-Council. Officer-Directors (namely, the Chairman and President and CEO) are appointed by the Governor-in-Council with the recommendation of the Minister of Transport. All members of the parent company and subsidiary boards (with the exception of the President and CEO) are independent of the business. All board committees are composed of no less than three directors, all of whom are neither officers nor employees of the corporation nor any of its affiliates (except for the President and CEO where applicable).

The CLCL Board of Directors is committed to continually reviewing its corporate governance policies and practices to ensure they are consistent with current best practices and reflect the needs of the company. CLCL's board has a governance committee, a human resources committee, and an audit committee.

The CLC Board of Directors is appointed by the CLCL Board of Directors and oversees all of the real estate operations as carried out by the CLC subsidiary. It has a governance committee, a human resources committee, an audit committee and an investment committee.

In order to enhance the sound corporate governance of CLCL, a board evaluation was conducted by a qualified external expert. The evaluation concluded that:

- the relationship between the board and management at the company is very strong, and a strong climate of confidence exists;
- corporate governance at the company is very healthy – there is no need to fix corporate governance from within; and
- the current company board is very strong, arguably one of the strongest of any federal Crown corporation.

Throughout the course of board deliberations, the company's senior management team provides briefings on operational issues and reports for board analysis and discussion. This enables effective board oversight of company operations and enables risk to be managed appropriately. The company's risk management activities are discussed throughout section 2.5 of this corporate plan.

1.5 Financial Discussion

The 2010-2011 financial results for CLCL presented in this corporate plan include only the results of its wholly owned subsidiary, CLC. The other two wholly owned subsidiaries, OPMC and PDP, report directly to Parliament.

Upon reactivation in 1995, the Government of Canada contributed assets to CLCL (held by its CLC subsidiary) valued at $250 million. In addition, CLC acquires underutilized assets from the government in exchange, primarily, for non-interest bearing promissory notes.

In the 15 years since reactivation, CLCL (from its CLC subsidiary) has paid $373 million to the government in the form of dividends, promissory note repayments or cash acquisitions. In addition, CLCL's shareholder equity has grown from the original $250 million to $268 million. This has generated annualized returns for the Government of Canada of greater than 9% every year over the past 10 years.

1.5.1 International Financial Reporting Standards

In March 2006, the Accounting Standards Board (AcSB) of Canada adopted a strategic plan calling for the adoption of International Financial Reporting Standards (IFRS) by publicly accountable enterprises in Canada. In February 2008, they confirmed January 1, 2011 as the changeover date.

The Introduction to Public Sector Accounting Standards, as issued by the Public Sector Accounting Board (PSAB), states that for purposes of their financial reporting, government business enterprises (GBEs) should adhere to the standards applicable to publicly accountable enterprises in the CICA Handbook. GBEs will follow the same IFRS transitional provisions as publically accountable enterprises.

A GBE is an organization that has all of the following characteristics:

- It is a separate legal entity with the power to contract in its own name and that can sue and be sued.
- It has been delegated the financial and operational authority to carry on as a business.
- It sells goods and services to individuals and organizations outside of the government reporting entity as its principal activity.
- It can, in the normal course of its operations, maintain its operations and meet its liabilities from revenues received from sources outside of the government reporting entity.

CLCL meets the definition of a GBE, as it is a federal Crown corporation that carries out a commercially oriented management, development and sale of real estate, derives all of its revenues from commercial type activities, and is self-sustaining. This means that it is subject to IFRS adoption as required by the PSAB and AcSB.

For the year ending March 31, 2012, CLCL is required to report its consolidated financial statements in accordance with IFRS. One year of comparative IFRS financial information is required to be provided for the year ended March 31, 2011, and consequently, the date of transition to IFRS for the company is April 1, 2010, being the first day of the comparative period (the transition date).

CLCL has been working with its consultants to determine the differences between the Canadian General Accepted Accounting Principles presently being used and IFRS. CLCL has the option to carry Investment Properties at either Fair Market Value (FMV) or cost with the FMV disclosed in the financial notes. CLCL has selected the cost option.

Under IFRS, CLCL will no longer be able to capitalize interim rental income and expenses on development properties. Presently, the net interim rental income of over $7.0 million annually can no longer be capitalized to its projects. Instead, it must be included in net income for the year. The effect of this will be to increase the cost of sales over the project. There are other changes such as depreciation rates, expensing selling costs and additional note disclosure.

1.5.2 Dividends

Under CLCL's current dividend program, the company's distribution to the government will be the greater of the working capital dividend formula as agreed to by the government in December of 2001, or a market return on the shareholder's equity at year-end, based on the five year Bank of Canada bond rate at March 31st, or 3%, whichever is less.

According to the principles outlined in the dividend program, the company will be making a dividend payment in each year of this corporate plan. In the dividend program, preconditions for paying a dividend are that net income must be positive and the company may not borrow funds to pay a dividend. This means that the company can be in a borrowing situation to fund development projects and still pay a dividend, similar to the practice often carried out by private sector companies.

The company's board of directors, however, still maintains the ability to override the principles outlined in the company's dividend program if it so chooses. Due to the economic downturn, for example, the company's board of directors decided not to declare a dividend during the 2009-2010 fiscal year (pertaining to the 2008-2009 fiscal year). It is anticipated that CLCL will pay total dividends of $124.1 million during the five year planning period, and will have an ending cash balance of $66.9 million with which to pay a dividend the following year.

The working capital requirement represents the cash demands on the company to carry out its normal business and is based on the cash flow after note repayments. The cash flow after note repayments is the cash flow from operations less any scheduled note repayments to the government. The working capital dividend formula calculates the surplus funds available after deducting the working capital requirement from the year-end cash balance.

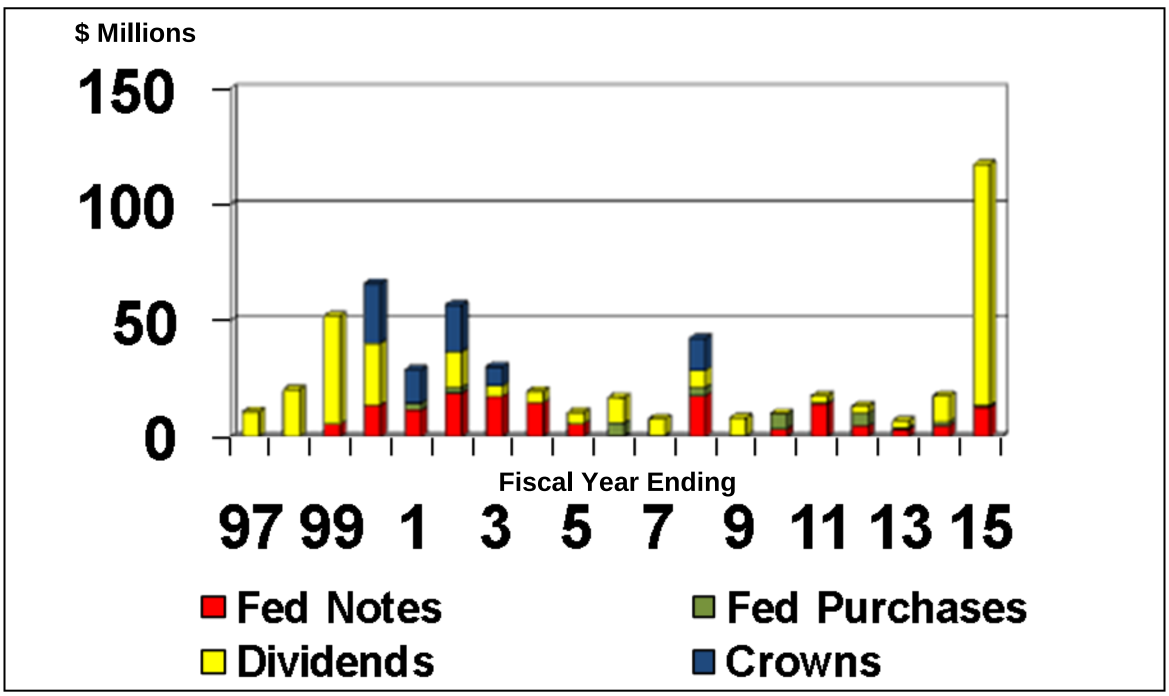
The return on shareholder's equity is based on a rate of 3% of shareholder's equity at March 31st.

The following principles are contained within the new dividend program to ensure the most efficient use of cash generated from operations and the commercial viability of the company.

- The actual dividend payment in any given year can be different from the budgeted dividend estimated in the previous year.
- The amount of the dividend payment will never be of such an amount that CLC will have to borrow funds to pay it, but the company will, in the normal course of its business operations, fund major capital projects through appropriate external financing, following acceptable industry practice.

Exhibit 2 illustrates the company's distributions to the government for each specified fiscal year. The company's acquisition of the MTCCC used up its available cash balance (at the time) of $53 million, which has subsequently caused it to borrow funds for its operations for the first time in its history.

Exhibit 2: Distributions to the Government of Canada



2. Canada Lands Company CLC Limited

2.1 Mandate

As mentioned in section 1.2 of this corporate plan summary, CLC is the core operating real estate subsidiary of its parent company, CLCL, and has the same mandate "to ensure the commercially oriented, orderly disposition of selected surplus real properties with best value to the Canadian taxpayer and the holding of certain properties." In addition to financial considerations, the company's mandate stipulates that other strategic considerations of the government be taken into account as required, including "the views of affected communities and other levels of government, and heritage and environmental issues." This was laid out by the government in 1995 and then reconfirmed in 2001.

CLC's role is further elaborated upon in Treasury Board's *Directive on the Sale or Transfer of Surplus Real Property*. Strategic surplus real properties are properties or portfolios of properties with potential for significantly enhanced value, those that are highly sensitive, or a combination of these factors. Because of the complexity associated with these properties, they may require innovative efforts and a comprehensive management approach to move them into the market.

CLC follows transparent processes and ensures that it remains sensitive to local real estate market conditions. The company deals with strategic properties through innovative planning, rezoning, servicing, environmental remediation, and attention to community and government sensitivities.

In disposing of its properties, CLC ensures broad market exposure and competitive bidding whenever possible. It also maintains a commitment to environmental sustainability in its projects and respects heritage considerations. It recognizes that best value for the government of Canada includes a commitment to optimize both community value and financial value, which contributes to an enhancement of the quality of life in the communities in which it operates across Canada.

2.2 Corporate Profile

In carrying out its mandate in a self-financing manner, CLC purchases properties at fair market value from government departments and agencies, then implements innovative property solutions while enhancing the quality of life in communities where it operates. It works regularly with federal, provincial and municipal stakeholders. As a non-agent Crown corporation, it pays all applicable taxes and is subject to all provincial and municipal development legislation, regulations and processes.

In addition to its head office corporate departments, CLC has four operating divisions:

- Real Estate, West — British Columbia, Alberta, Saskatchewan, Manitoba;

• Real Estate, Ontario and Atlantic	Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador;
• Real Estate, Québec	Québec; and
• Canada's National Tower (CN Tower)	located in Toronto, Ontario.

The company's land portfolio totals 1,309 acres (530 hectares) as of September 30th, 2009, located in 19 municipalities across Canada. This is a decline of 876 acres (354 hectares) from last year's corporate plan, due to sales in Halifax and Charlottetown. As of the end of the 2009 calendar year, only the 5 acre (2 hectare) former Denison Armoury property in Toronto had been transferred to the company from the government during the 2009-2010 fiscal year. The company presently has no operations or properties in the Yukon, Northwest Territories, Nunavut, Saskatchewan or Manitoba.

As of November 1, 2009, CLC employs 534 employees, of which 69 are employed in the company's corporate departments and real estate divisions across the country, and 465 are employed in its CN Tower operating division in Toronto. The number of full-time employees is 316 and part-time employees is 162. The remainder are temporary or seasonal employees. Due to the fact that the hospitality industry is of a seasonal nature, the number of employees at the CN Tower fluctuates from these numbers throughout the year.

Compared to the 329 full-time employees reported in the 2009-2010 corporate plan, the number of full-time employees at the company overall has decreased by 13. This is primarily the result of an organizational restructuring that was carried out in early 2009 by the company in its real estate divisions to ensure that it efficiently addressed its anticipated land inventory and business needs, as elaborated upon more fully in section 2.5.3 of this corporate plan summary.

CLC's head office and two of its operating divisions (Real Estate Ontario and Atlantic and CN Tower) are based in Toronto, while its Real Estate West operating division is based in Calgary and its Real Estate Québec operating division is based in Montréal. Additionally, CLC maintains three real estate project offices located across Canada and a corporate office in the National Capital Region. The company continues to be in discussions with the National Capital Commission to lease and restore a building in Ottawa that is designated as "Recognized" by the Federal Heritage Buildings Review Office (FHBRO) Character Heritage Statement. The intent is for this new office to house all of the company's corporate and real estate operations in the National Capital Region.

Central to the company's operating philosophy is its commitment to the principle of corporate social responsibility. This commitment acknowledges the company's pursuit of financial value optimization, but also ensures its activities are carried out in a way that benefits its major stakeholders, including the local community.

The company uses a balanced scorecard measurement tool to document, measure, manage and report on performance. Appendices A and B are the company's balanced scorecard for the fiscal years 2009-2010 and 2010-2011 respectively. The former highlights the company's performance with respect to the objectives set for the prior fiscal year, while the latter sets out the company's objectives for the coming year. Appendix B is the company's newly developed draft balanced scorecard, which was created and refined in line with best practices through an extensive stakeholder consultation process. The performance objectives contained within it will be refined further and then reported on in the 2011-2012 to 2015-2016 CLCL corporate plan.

2.3 Analysis of External Business Environment

Following a recession in Canada, the U.S. and many other countries in 2009, the recovery in 2010 and the following years, according to a long-term economic forecast of TD Bank released in 2009, will be shallow relative to historical experience due to the "lingering economic costs from recapitalization, deleveraging among business and households, and huge public sector dissaving that will need to be reversed." The term "dissaving" refers to negative saving or in other words, a situation in which spending is greater than income. This implies the erosion of accumulated savings or else borrowing from other sources.

Citing the coordinated actions taken by the world's central banks to stave off a global recession, the Bank of Canada has projected that the Canadian economy will contract by 2.3 percent in 2009 and then "grow by 3.0 percent in 2010 and by 3.5 percent in 2011." Furthermore, the bank expects "core inflation to diminish in the second half of 2009 before gradually returning to the bank's 2 percent inflation target in the second quarter of 2011."

While Canada's residential housing market has now weathered the brunt of the global economic downturn and initial signs are pointing to the start of a gradual recovery by 2010, research by CB Richard Ellis Limited released in August 2009 indicates that the "global recessionary impact" on Canada's commercial real estate market "has yet to run its course" and that commercial real estate transaction levels "are certainly well off their highs of 2007."

The hotel industry, as a component within the hospitality sector, is traditionally one of the last industries to recover coming out of a recession and business is therefore not anticipated to regain full momentum for a number of years. The impact of this on CLC's Metro Toronto Convention Centre (MTCCC) and its Hotel InterContinental component in particular is elaborated upon in section 2.4.3 of this corporate plan.

One factor that continues to weigh heavily on the outlook for the Canadian real estate sector concerns the Bank of Canada's interest rate stance. A jump in rates to stave off inflationary pressures, particularly where residential housing is concerned, would have a cooling impact on this sector. Concerns about rising unemployment as a lagging effect of the recession represent another important influence.

Because Canada's economic profile is export-oriented, the economic health of its major trading partners, and especially the U.S., will play a prominent role in determining the speed of Canada's economic recovery during this five year corporate planning period, as will the strength of the Canadian dollar.

Initial tourism industry indicators for 2010-2011 point to a cautious outlook regarding economic recovery as it affects leisure and corporate travel. If historical trends have any merit, CLC's CN Tower in Toronto could see a drop in attendance of 15 to 20% over the next 24 months. Organized group travel, experiencing a 25% decline in 2009-2010, is expected to decline by a further 15% in 2010-2011. This may be mitigated by additional foreign independent travel (FIT), and the Visiting Friends and Relatives (VFR) business channels. Overall recovery is expected to be slow, especially with respect to travel and leisure, as this type of business is subject to discretionary spend on the part of consumers.

The CN Tower will continue to focus on the domestic market during the 2010-2011 fiscal year, as driven primarily by intra-provincial travel. This approach has proven effective over the past two years, as overall the CN tower has maintained its share of the tourism market (20%) in Toronto. It should be noted that any negative impact upon attendance created by a strong Canadian dollar will also have a negative effect on foreign exchange revenues and potentially some loss to existing resale products at the CN Tower (souvenirs and photographs), all of which are traditionally directly affected by attendance.

The 'staycation' effect, expected to provide higher consideration for visitation by the local market, is expected to continue through the first two quarters of 2010-2011. The CN Tower's quarterly exit research indicates that penetration of the local market continues to improve.

The CN Tower's corporate hospitality business was expected to represent revenue growth in the 2009-10 fiscal period, but this too was offset by economic challenges causing less bookings, and lower average cheques. The forecast for major convention business to Toronto, a major source of business for the CN Tower, is expected to continue to be soft in 2010-2011.

In spite of Ontario Tourism initial forecasts for overall inbound travel to Ontario to increase in 2010 by 1.3%, based on its 2009-2013 plan published in December of 2008, a variety of barriers continue to be present as impediments to travel in 2010. Industry experts are currently predicting a 5 to 7% decline in inbound travel to Ontario in 2010.

It remains to be seen what impact the aquarium development on the vacant lands at the base of the CN Tower, as discussed in section 2.4.5 of this corporate plan, will have on CN Tower attendance. While construction activities in close proximity to the CN Tower could potentially dissuade visitors in the short term, a mutually-beneficial draw effect enhanced by cross-promotions is anticipated to benefit both attractions in the long term.

2.4 Strategic Priorities for the Plan Period

2.4.1 Explore Ways to Fully Leverage CLC to Benefit the Government of Canada

Since its reactivation in 1995, the corporation has gained significant expertise and knowledge that could potentially be leveraged to further assist the government with the disposal of its surplus real property.

Property Acquisitions from Crown Corporations

The scope of CLC's current mandate is to manage the disposal of selected surplus federal properties for departments and agencies. CLC is not precluded from disposing of lands for Crown corporations, but this would need to be negotiated on a case-by-case basis, on a fee-for-service basis. Recognizing this, CLC continues to explore potential acquisitions of surplus Crown corporation properties where value creation opportunities exist.

Federal Disposal Streamlining Initiative

Public Works and Government Services Canada (PWGSC) and Transport Canada/CLC continue to explore how the government could better deal with surplus strategic properties; however, in doing so, it was necessary to look at the entire real property disposal system of the federal government. PWGSC and CLC, the two organizations with real property mandates, agreed to participate in a joint task force to develop options for streamlining the federal real property disposal system.

The shared goal at the outset was to ensure that respective expertise was focused when and where it was required, that overlapping or competing efforts were documented and reduced, and that the timeframes from conception to completion of all disposals were shortened wherever possible. The scope of the report was limited to the mandates and experiences of PWGSC and Transport Canada/CLC. The observations and findings are expected to have resonance with custodian departments which have been, or are planning to be engaged in the disposal process.

2.4.2 Assist in Expediting the Sale of Current Federal Surplus Strategic Properties to CLC

Given its mandate, CLC relies on the federal government for its supply of strategic properties, thus the corporation's ability to effectively carry out its mandate is dependent upon the federal government moving its surplus strategic property through the system in an efficient manner.

The strategic disposal process itself is a complex one, subject to legal and policy obligations and involving a variety of federal departments. This very complexity can slow down the movement of properties through the process. The company continues to work with the government to explore ways to expedite the strategic disposal process.

2.4.3 Asset Manage the Metro Toronto Convention Centre Complex

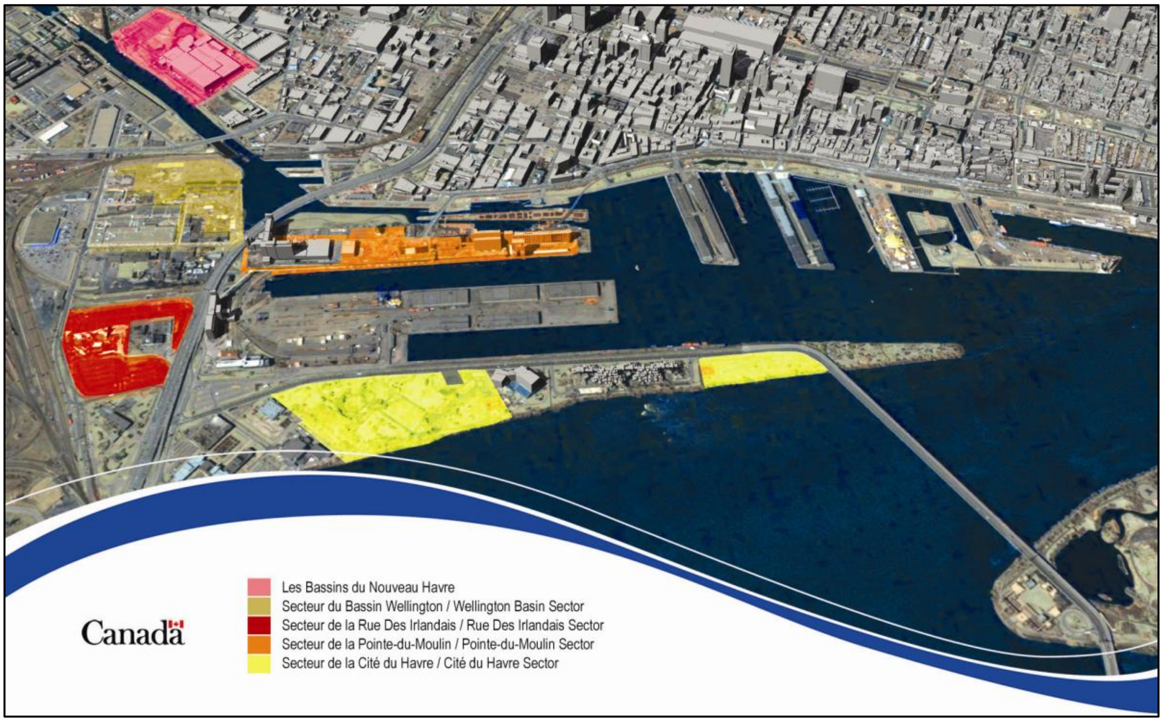
As discussed in its 2008-2009 to 2012-2013 corporate plan, in April 2008 CLC purchased Pensionfund Realty Limited's (PRL's) leasehold interest in the office building at 277 Front Street West and the hotel operating as the Hotel InterContinental, both being component parts of the approximately two million square foot (approximately 185,800 square metre) MTCCC in downtown Toronto. The company is now the owner of the entire asset, which includes the 586-room four-star hotel and the 16-storey office building mentioned above, as well as the one million square foot (92,900 square metre) convention centre and a 1,200-space parking facility. These latter two components are leased to the Province of Ontario's Metro Toronto Convention Centre Corporation.

CLC undertook a thorough review of the operation of the complex and CLC's asset management strategy in October, 2009. CLC reconfirmed its intention to dispose of this asset in a way that maximizes its value.

2.4.4 Proceed with Montréal's New Harbourfront Initiative

In April 2007, the Government of Canada announced that CLC would be the master developer for the "Montréal's New Harbourfront" initiative. Exhibit 3 shows the location of the properties included in this initiative.

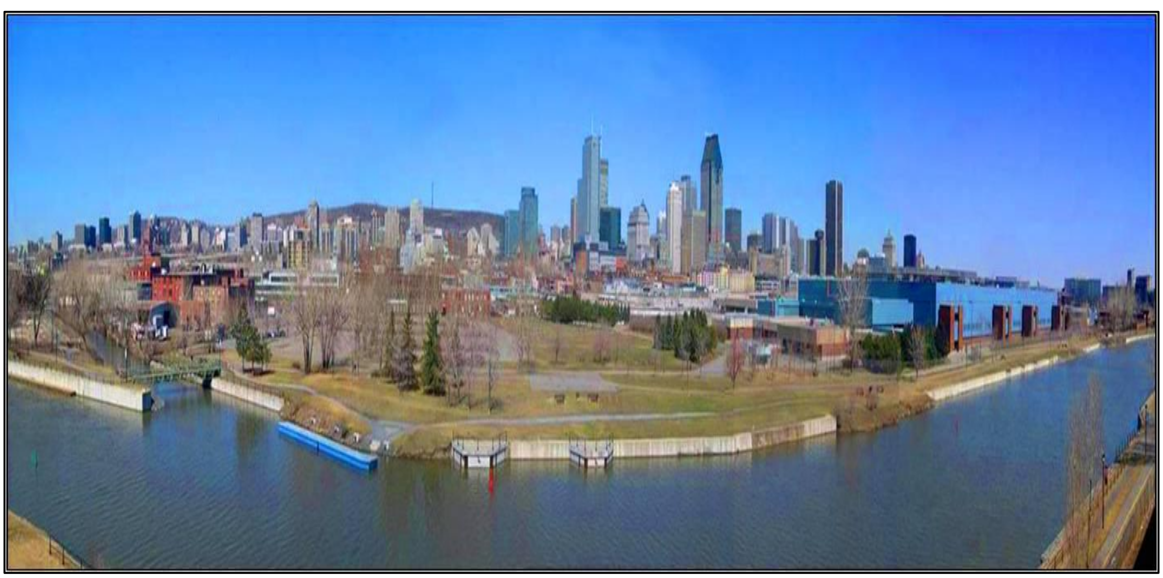
Exhibit 3: Location of Montréal's New Harbourfront Initiative Properties



Les Bassins du Nouveau Havre

Les Bassins du Nouveau Havre 24 acres (9.7 hectares) is the first of the five properties to be redeveloped by CLC in connection with the Montréal's New Harbourfront initiative. Exhibit 4 shows a photo of the site.

Exhibit 4: Site Photo of Les Bassins du Nouveau Havre Property



On August 25, 2009, after two years of planning and community consultation, Montréal's City Council approved the zoning amendment and development accord for CLC's Les Bassins project located at the former postal sorting facility at 1500 Ottawa Street.

Once completed, it is anticipated that this project will include a total investment (private and public) of $760 million, with 325,000 square feet (30,000 square meters) of offices, workspaces, and neighbourhood retail, plus approximately 2,000 residential units of various types. The plan also envisions green and recreational areas of 4.8 acres (1.9 hectares), this being equal to nearly 20 percent of the site area. Traces of the four former navigation basins on the site, filled in the 1960s, will be integrated in the redevelopment of the site.

CLC's plan for Les Bassins also incorporates public walkways that will facilitate access for the general public to the Lachine Canal National Historic Site of Canada. CLC is working closely with Parks Canada and the City of Montréal to realize this concept.

Following comments expressed during public consultations held by the Office de consultation publique de Montréal (OCPM) in early 2009, the zoning amendment and development accord assures stricter controls over project development and architecture. Buildings over 25 meters in height will be thoroughly evaluated with respect to shadow projections and wind impact. Furthermore, the development agreement signed by the City of Montréal and CLC addresses several concerns expressed during OCPM consultations about heritage, green spaces, sustainable development and quality of life.

CLC has entered into an agreement with RÉSO (Regroupement économique et social du Sud-Ouest) for the creation of an employment/recreational tourism sector on the property. RÉSO is a community-based organization whose mandate is to work on the economic stimulation of southwest Montréal. RESO obtains its funding from various sources including Canada Economic Development, Emploi Québec and the City of Montréal.

In collaboration with Bâtir-son-Quartier and the City of Montréal, CLC's plan will see the creation of 400 social and community housing units of which half will be designed for families with children. Batir-son-Quartier (a resource group for social and community housing programs) is working with the Surplus Federal Real Property for Homelessness Initiative (SFRPHI) of Human Resources and Skills Development Canada, to assist with the acquisition of various lots on the Les Bassins property.

CLC is seeking the appropriate sustainable development designation for this project by implementing a mixed-use approach, promoting alternative modes of transportation, and developing innovative storm water management systems. Deconstruction of the existing postal facility on the property in an environmentally sensitive and sustainable manner is already underway and is expected to be completed by June 2010. The overall estimated percentage of materials reused, recycled or recovered is approximately 94% based on total weight.

Site infrastructure work, including the new Basin Street and the bio-retention pond, will be realized in 2010 and 2011. A portion of these infrastructure costs is subsidized by the City of Montréal through various programs. Landscaping of the public green spaces will be undertaken by the City of Montréal in 2012.

CLC expects to put its first residential development lots for sale through a public call for proposals in late 2010. It is expected that Les Bassins will be welcoming new residents to the site by the end of 2012. The redevelopment is expected to be completed by 2019.

Port Authority Sites

CLC is working with Transport Canada to complete the acquisition of three sectors of surplus properties, formerly administered by the Montréal Port Authority, totaling approximately 61 acres (24.7 hectares):

- Wellington Basin Sector
- Pointe-du-Moulin Sector
- Rue des Irlandais Sector

The Pointe-du-Moulin Sector includes the historic Grain Elevator no. 5 (commonly referred to as Silo no. 5). Silo no. 5 sits on a pier created by successive landfill projects between 1860 and 1960. The Federal Heritage Building Review Office (FHBRO) determined, back in 1996, that this site is an important landmark and that any development projects need to consider the structure's physical and visual integrity in order to appropriately commemorate the importance of grain handling for the Port of Montréal, the City and the country.

CLC is planning a redevelopment process for these sites which will include the participation of key stakeholders and the population at large. The redevelopment of Silo no. 5, vacant since 1995, will require the collaboration of all levels of government as well as local community and interest groups.

Cité du Havre

CLC and CMHC are currently negotiating a transaction for the two vacant parcels located on Cité du Havre totalling 25 acres (10 hectares). Parcel A, the western-most of the two sites, is projected to include the construction of approximately 1,800 residential units in high-rise condominium structures.

2.4.5 Proceed with CN Tower Base Lands Development Project

CLC continues to work toward developing the vacant lands located at the base of Canada's National Tower (the CN Tower) in downtown Toronto. The total site consists of approximately 5 acres (2 hectares) of land of which a little over 1 acre (0.4 hectares) is occupied by the CN Tower structure, leaving 4 acres (1.6 hectares), or 80% of the total site is developable. The lands are currently zoned to permit 250,000 ft^2 (23,226 m^2) of retail, restaurant, and entertainment uses.

After carrying out extensive market research and analysis, CLC determined that the project would best be anchored by a second attraction/destination development complementary to the CN Tower, specifically an aquarium. Toward this end, CLC undertook a competitive process which began in July of 2008 which led to the signing of a Letter of Intent (LOI) with Ripley Entertainment (Ripley) of the Jim Pattison Group in February of 2009. The parties transformed this LOI into an Agreement to Lease (ATL) in July 2009.

This ATL forms the framework for a business transaction wherein CLC would lease an approximately 3 acre (1.2 hectare) parcel on the east side of the site in a long term basis to Ripley. Ripley would then design, gain municipal approvals, construct, finance and operate a world class aquarium on the site.

Ripley's aquarium will be 100,000 ft^2 (9 290 m^2), with Ripley having the right to construct a 50,000 ft^2 (4 645 m^2) expansion. As part of the municipal planning approval of the aquarium, CLC will be seeking approval for the build-out of the remainder of the site. This 50,000 ft^2 (4 645 m^2) phase will be located on the west side of the site, with the design and timing of the actual redevelopment not known at this time.

Spring 2013 has been identified as the time during which the facility will be opened to the general public. Before the project can proceed however, CLC realizes that many hurdles must be overcome, including obtaining municipal planning approvals.

2.5 Assessment of Corporate Resources

2.5.1 Enterprise Risk Management and Internal Controls

CLC continues to place emphasis on its enterprise risk management (ERM) objectives and internal controls environment. The CLC risk register and resulting action plans are updated periodically for the board of directors and ensure a disciplined risk management approach so that policies, guidelines, processes and practices are defined and formalized across the company.

The company's risk management activities ensure that key business, operational and hazard risks are identified, assessed, mitigated, managed, monitored, and, where feasible and cost-effective, insured, particularly for extreme and catastrophic exposures to the company. The testing of the viability and effectiveness of the company's current business continuity plan and disaster preparedness is an example of such an important risk management initiative.

Managing and monitoring risk at the project level is one of the company's key objectives over the next few years and ERM is being extended to cover major projects and program delivery risk.

A risk control engineering survey was conducted at CLC's CFB Griesbach project in early 2007 to identify and review risk exposures and recommend project controls needed to mitigate them. Another risk control survey is planned for late 2009 for the large Calgary Currie Barracks site. Similar engineering risk surveys were undertaken at the CN Tower, Metro Toronto Convention Center, Intercontinental Hotel, and Benny Farm in Montréal. The projects risk management plan is to conduct such risk exposure surveys at CLC's major project sites every 18 months over the next two to three years.

Other risk management and internal control initiatives include:

- In Fall 2009, the CLC Head Office joined the South Area Facilities and Entertainment (SAFE) Group formed in 2006 to be part of an integrated business disaster and continuity recovery plan and "table top" exercise. The SAFE Group represents a group of entertainment and hospitality businesses in downtown Toronto who share a commitment to public safety. This year's "Trojan Horse" exercise had a focus on crisis communications and the media;
- annual exposure assessments conducted each January/February of CLC's insurable values, form of valuation (replacement cost, actual cash value or demolition) for property assets, business interruption/rental income insurance and vacant land - for the company's property and liability insurance program to ensure it meets CLC's needs cost-effectively;
- a comprehensive update of CLC's detailed risk register, including all businesses was undertaken in the summer of 2009; this is aligned with Ernst & Young's internal audit planning for year two;
- developed a cost of risk benchmarking survey to use against Canadian real estate peers to assess CLC's total insurable risk costs (the measurement of "risk cost" is based on a percentage of company revenues);
- increased review of environmental risk management systems and practices associated with the lands to be transferred and development projects in conjunction with CLC's environmental specialists, and an improved integrated risk reporting framework.

Internal Audit Activity

The audit planning is based on comprehensive risk assessments, validation of CLC's current (2009) detailed risk register, high-risk areas as well as those areas of concern for senior management and the board. In Internal Audit year one, three audit projects were carried out by Ernst & Young: Information Security (Real Estate and CN Tower); project management and contracting at Garrison Green (Calgary); and Food & Beverage 360 Restaurant CN Tower. At least three more audit projects covering operations and processes will be undertaken in the second year of our three-year plan.

2.5.2 Financial Resources

Aside from the repurchase of the CN Tower operating lease, and the purchase of PRL's interest in the MTCCC, CLC has been able to fund capital requirements through internally generated funds rather than financing them from external sources. The company currently has a $100 million line of credit with a syndication of banks, and seeks approval of same in this corporate plan. The line is presently used for letters of credit totaling $23 million and for general operating requirements. The operating line is assumed to be repaid in year three, except for the use of the line for letters of credit. With the purchase of PRL's interest in the MTCCC, CLC has drawn on its line of credit.

The corporate plan shows acquisitions of $41.5 million, of which notes will be issued for $32.3 million and capital expenditures of $420.2 million during the plan period. More specifically, even though CLC is projecting a continued slowdown of residential sales in the Western region, redevelopment projects such as the former CFB Chilliwack, CFB Calgary and CFB Griesbach will require sizeable capital expenditures over the next few years related to construction.

By the end of this fiscal year, the company is projecting that the value of its properties will reach $497 million, which exceeds the company's asset base at inception in 1995. It is anticipated that the company's line of credit requirement will remain at $100 million in year one of the planning period, and remain in place for the five year planning period, comprised of bank indebtedness plus additional letter of credit requirements (current letters of credit total $23 million).

In addition, the company has $125 million outstanding regarding the MTCC acquisition and $21.4 million in mortgage bonds will be outstanding regarding the CN Tower at March 31, 2010. The CN Tower bonds are fully amortizing, maturing in January 2014. During the plan period, CLC will make principal payments of $21.4 million on the CN Tower bonds, resulting in an outstanding balance of zero at the end of the plan.

The $125 million in term financing will be completely paid down when the entire MTCCC is sold (it may be sold in portions). This is assuming that all surplus cash goes to paying down the financing rather than to paying dividends for the shareholder. CLC will not sell this asset until the market improves and it can maximize its value, as it generates positive cash flow.

CLC expects to have a debt to equity ratio at March 31, 2010, including Government Promissory Notes of 1 to 0.72 and excluding Government Promissory Notes of 1 to 0.50. This is extremely low compared to most other real estate and development companies which are in excess of 1 to 1.5. CLC is presently under leveraged compared to most real estate companies.

At March 31, 2010 CLC expects to have $145.9 million in bank debt outstanding. To reduce the interest rate risk, CLC has entered into a three year interest rate swap to fix the interest rate on a portion of the $125 million term loan. The only other floating rate interest exposure is on the $100 million operating line, of which $25 million is for letters of credit.

Exhibit 5: CLCL Capital Budget 2010-2011
(Expenditures on Properties)

	$ Millions
CLCL expenditures on properties	63.1
CLCL acquisitions	5.0

Exhibit 6: CLCL Operating Budget 2010-2011

	$ Millions
CLCL revenues	228.3
CLCL expenses	193.4
CLCL income before taxes	34.9

2.5.3 Human Resources & Legal Affairs

Human Resources

CLC benefits from the expertise of a strong and dynamic team of highly qualified and dedicated professionals at its head office corporate departments and four operating divisions.

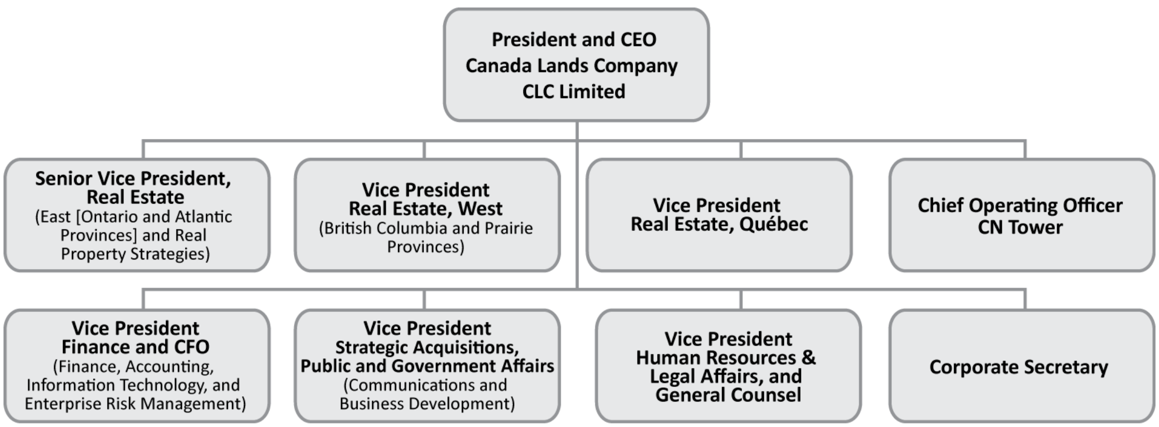
Periodic reviews of CLC's HR policies, initiatives and programs support the company's commitment to best practices and corporate social responsibility, as well as its recently established corporate goal of becoming an employer of choice by 2012 (while being externally recognized as such). In that regard, CLC continues to promote a safe and healthy work environment for employees, including the provision of wellness initiatives, such as on-site influenza vaccination clinics. Continuing education and training will ensure that the company is able to maintain this healthy work environment on an ongoing basis. The company also acts in line with government policy objectives in the areas of good governance and official languages.

Also, as a good management practice, CLC periodically reviews its operational requirements to ensure effectiveness and cost efficiency. The company uses the results of its review to implement a number of changes in order to ensure organizational sustainability, efficiency and effectiveness. As a result of this review, and due to the company's anticipated inventory and economic uncertainty, CLC underwent an organizational restructuring in early 2009 to better meet its business needs.

These measures have resulted in the company being well positioned for the future and have created annual savings of approximately $3.5 million. A new real estate operating division was created, with a new Vice President, Real Estate, for the province of Québec, given the important property assets anticipated for that region as outlined in section 2.4.4. of this corporate plan. A Senior Vice President, Real Estate position was also created to ensure company-wide oversight of real estate operations. As part of the restructuring, the company closed its offices in Charlottetown, Moncton, Winnipeg and Vancouver to reorganize certain functions in other offices, as reflected in section 2.2 of this corporate plan.

CLC's current senior management team structure is illustrated in Exhibit 7. The members of the Senior Management Team (SMT), except for the President and CEO, each lead their own department or division.

Exhibit 7: CLC Senior Management Team Organizational Structure



Legal Affairs

Legal activities are monitored by the company's General Counsel, who ensures their effectiveness and cost efficiency. Dealings with external law firms are monitored with a view to curtailing legal expenditures without diminishing the quality of the legal services obtained. In this regard, external counsel policy and guidelines have been developed to assist both internal clients and external counsel. The General Counsel also provides legal assistance in the risk management function and assists management in negotiating, drafting and reviewing agreements to ensure adherence to applicable legislation, corporate policies and business objectives.

2.6 2009-2010 CLC Performance Assessment

CLC's 2009-2010 performance assessment (against the targets set in the prior year) is located in Appendix A. CLC assesses its performance on an ongoing basis and attempts to learn from its successes and failures alike. Where the company falls short of ambitious targets, it determines why and then acts appropriately to either meet these targets in the future, or else adjust its performance expectations to more reasonable levels.

2.7 2010-2011 CLC Balanced Scorecard

CLC's 2010-2011 objectives and performance targets are outlined in Appendix B. This is the company's newly developed draft balanced scorecard. The performance objectives contained within it will be tested and refined further and then reported on in the 2011-2012 to 2015-2016 CLCL corporate plan.

3. Financial Schedules

3.1 Canada Lands Company CLC Limited

3.1.1 Statement of Income and Retained Earnings

$ Millions	Actual 2008/09	YEO 2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	5 Year TOTAL
REVENUE								
Property sales	32.3	87.6	114.0	136.3	140.9	345.0	162.5	**898.7**
Property rental IPP	16.8	22.5	24.5	26.0	25.4	28.7	12.2	**116.8**
Property rental HDS	0.7	0.7	0.9	0.8	0.7	1.1	0.9	**4.4**
Attractions, Food and Beverage	57.5	50.9	51.9	53.2	54.4	55.8	47.6	**262.9**
CN Tower communications	4.0	4.1	4.1	4.1	4.1	4.2	4.2	**20.7**
CN Tower Store	5.0	4.0	4.0	4.1	4.1	4.2	4.2	**20.6**
Intercontinental room	27.3	24.3	24.9	26.4	28.0	29.9	-	**109.2**
Intercontinental telephone	0.2	0.3	0.3	0.3	0.3	0.3	-	**1.2**
Intercontinental garage	0.6	0.7	0.7	0.7	0.7	0.8	-	**2.9**
Interest and other	5.1	3.0	3.0	3.3	3.1	4.6	5.6	**19.6**
	149.5	**198.1**	**228.3**	**255.2**	**261.7**	**474.6**	**237.2**	**1,457.0**
EXPENSES								
Cost of property sales	16.9	43.9	70.9	94.0	92.2	226.8	100.8	**584.7**
Cost of property rental IPP	9.0	14.8	17.8	17.8	17.6	18.3	2.3	**73.8**
Cost of property rental HDS	2.0	1.7	1.7	2.2	1.7	1.4	1.3	**8.3**
Provisions	1.0	3.5	0.3	-	-	0.2	-	**0.5**
General and administrative	19.6	18.6	19.9	21.0	21.7	22.4	23.2	**108.2**
Interest	5.3	5.3	7.4	7.0	5.6	4.9	-	**24.9**
Attractions, Food and Beverage Costs	24.4	22.5	23.6	24.3	25.0	25.8	19.1	**117.8**
Intercontinental room	7.8	7.6	7.8	8.0	8.3	8.5	-	**32.6**
Intercontinental telephone	0.4	0.4	0.4	0.4	0.4	0.4	-	**1.6**
Intercontinental garage	0.5	0.5	0.6	0.6	0.6	0.6	-	**2.4**
CN Tower communications	1.5	1.3	1.6	1.6	1.7	1.7	1.8	**8.4**
CN Tower Store	3.3	3.0	2.7	2.8	2.9	3.0	3.1	**14.5**
Other CN Tower and Hotel expenses	24.7	24.1	24.9	25.5	26.2	26.9	10.8	**114.3**
Depreciation	12.2	12.4	12.8	13.6	14.2	14.6	7.5	**62.7**
Capital tax & other	2.5	0.8	1.0	1.0	1.0	1.0	1.0	**5.0**
	131.1	**160.4**	**193.4**	**219.8**	**219.1**	**356.5**	**170.9**	**1,159.7**
INCOME BEFORE TAXES	**18.4**	**37.7**	**34.9**	**35.4**	**42.6**	**118.1**	**66.3**	**297.3**
Income taxes	5.6	13.1	12.3	12.4	14.9	41.3	23.3	**104.2**
NET INCOME	**12.8**	**24.6**	**22.6**	**23.0**	**27.7**	**76.8**	**43.0**	**193.1**
Retained earnings, beginning of year	117.5	122.7	147.3	166.9	186.9	211.6	277.2	**147.3**
Prior year adjustment for fin'l instruments								
Dividends	(7.6)	-	(3.0)	(3.0)	(3.0)	(11.2)	(103.9)	**(124.1)**
RETAINED EARNINGS , END OF YEAR	**122.7**	**147.3**	**166.9**	**186.9**	**211.6**	**277.2**	**216.3**	**216.3**

Note: Fiscal year 2013/14 includes disposal of MTCC assets at $206.7 million including parking.

Appendices

A 2009-2010 CLC Performance Assessment

2009-2010 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
SHAREHOLDER / BOARD OF DIRECTORS		
Operations		
Provide financial benefits to the Government of Canada	Pay dividends to the government of $44.8 million for 2009-2010 to 2013-2014	Paid $0.0 million in dividends to the government in 2009-2010
	Make up-front payments and note repayments for properties to the government and Crown corporations of $14.1 million for 2009-2010 and $24.5 million for 2009-2010 to 2013-2014	$10.1 million in distributions ($35.8 million in acquisitions, less $29.0 million in promissory notes issued, plus note repayments of $3.3 million will be paid to the government)
	Pay income taxes to the federal government and the provinces of $5.4 million and $1.5 million respectively for 2009-2010, and $67.8 million and $18.0 million for 2009-2010 to 2013-2014	Paid $6.8 million in total federal income taxes in 2009-2010, plus $6.3 million to the provinces
BUSINESS / FINANCIAL		
Financial Performance		

2009-2010 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
Optimize financial value and returns	Achieve net income before tax of $19.7 million for 2009-2010 and $245.0 million for 2009-2010 to 2013-2014	Net income before tax of $37.7 million is anticipated to be achieved
	Achieve revenues of $186.3 million for 2009-2010 and $1.23 billion for 2009-2010 to 2013-2014	Revenues of $198.1 million are anticipated to be achieved
	Projected CLC capital expenditures, including investments in environmental remediation of $83.2 million for 2009-2010 and $437.2 million for 2009-2010 to 2013-2014	Capital expenditures of $61.3 million are anticipated to be incurred
Business Development		
Achieve as many of the identified 2009-2010 federal and municipal CLC project milestones as possible (property transfer approvals, title acquisitions, development permits, engineering drawing approvals, re-zoning approvals, plan approvals, environmental approvals and development agreements)	Achieve at least 70% of the identified 2009-2010 federal and municipal CLC project milestones	It is anticipated that CLC will meet its target of achieving 70% of the identified 2009-2010 federal and municipal milestones

2009-2010 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
Customer Relations		
Continue to improve customer satisfaction for tenants and CN Tower visitors	For the CN Tower, achieve a minimum overall satisfaction score of 65, or 6 points ahead of the average of key industry attractions	After two waves of research, the CN Tower is on track to achieve this goal (will need to measure post March 31, 2010)
COMMUNITY / LEGACY		
Legacy Creation		
Implement legacy initiatives	Commemorate the heritage of company projects through activities such as erecting monuments, assisting with the hosting of events, and naming streets and parks	In fall 2009, CLC hosted a parade celebrating the grand opening of 13 legacy walk elements installed in phase 2 at Garrison Crossing; that brings the total to 20. These elements commemorate the Garrison Crossing's rich military heritage. Another 6 or 7 more will be added in phase 3. Fifty residents and fifty retired military personnel participated. In November 2009, CLC, DND and local community groups unveiled renovated monument to Canadian and Commonwealth military engineers in Chilliwack, BC. CLC invested approximately $1.9 million to renovate the monument.
Corporate Philanthropy		

2009-2010 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
Evaluate and act upon potential areas of donations and sponsorships	Contribute 1% of net income before taxes (which equates to $184,000) toward charitable donations in line with the company's corporate philanthropy policy	As of October 31, 2009, the company was on track to contribute this amount to corporate philanthropy initiatives during the fiscal year
HUMAN RESOURCES		
Work Environment		
Maintain positive and safe work environment and recognize and reward employees appropriately	Maintain voluntary employee turnover at below 5% for real estate divisions and corporate departments	Voluntary employee turnover rate for real estate operating divisions is anticipated to be 2%
	Maintain voluntary employee turnover at below 22% for CN Tower employees	Voluntary CN Tower employee turnover rate is anticipated to be 16%
Continued focus on integration of programs of the CN Tower	Increase communication and employee input for the real estate and CN Tower operating divisions through, employee surveys and employee newsletters	Weekly news updates, quarterly communication forums, and quarterly "Breakfast with Jack [Robinson, the CN Tower's COO]" program provide ongoing communication outreach; an annual employee survey measured employee satisfaction ratings and outlined areas for future focus
	Expand Health and Safety program by evaluating compliance with provincial regulations across the country and addressing any deficiencies	CN Tower conducts regular Health and Safety evaluations, with monthly departmental reviews, and quarterly senior management reviews and analysis. All communication vehicles (weekly communications, quarterly communication forums) include a Health and Safety component. Review and updates to Standard Operating Procedures with respect

2009-2010 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
		to Health and Safety are ongoing. In addition, the Tower's JHSC leadership is working with organizations such as Ontario Service and Safety Alliance (OSSA) for continuous improvement plans with regards to Health and Safety.
MUNICIPAL / PROVINCIAL		
Economic Stimulation		
Promote timely and appropriate development and construction of sites, and track activity in line with the company's guidelines on tracking benefits beyond dividends	Increase cumulative development expenditures stimulated by CLC and its project associates by $84 million for 2009-2010 and $1.05 billion for 2009-2010 to 2013-2014 Increase cumulative person years of direct construction employment stimulated by CLC and its project associates by 700 for 2009-2010 and 8,750 for 2009-2010 to 2013-2014	Increased by $400 million through the construction of residential units and industrial and commercial facilities Increased by 3,200 person years for 2009-2010
Social Policy Objectives		
Contribute to affordable housing and other social policy objectives where feasible, with each major project	Increase subsidized residential units stimulated by CLC and its project associates by 10 for 2009-2010 and 125 for 2009-2010 to 2013-2014	The number of subsidized housing units stimulated by CLC has not increased from its prior year's cumulative total of 512
Sustainable Development		

2009-2010 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
Incorporate sound principles of sustainable development for each development initiative	Demonstrate sustainable development approaches for company projects	In 2009, a section of the Village at Griesbach real estate development received Stage 2 LEED ND (neighbourhood development) Gold certification. Village at Griesbach is the first project in Edmonton to receive this prestigious international designation. Follows on Currie Barrack's LEED designation in 2008.
Recycling and/or reusing demolition or construction wastes	Divert a minimum of 75% of demolished materials from landfills for company projects	Deconstruction of the existing postal facility at CLC's Les Bassins du Nouveau Havre project in an environmentally sensitive and sustainable manner is underway and is expected to be completed by June 2010. Overall estimated percentage of materials reused, recycled or recovered is approximately 94% based on total weight. As follow-up to the CN Tower's achievement of BOMA BEST Level 1 certification, the CN Tower continues to pursue best practice sustainable initiatives throughout the facility; for example, waste diversion rates are exceeding 50%. An active Environmental Committee continues to look for ways to improve the CN Tower's environmental performance in all areas of the CN Tower. The CN Tower's achievement of PEM Magazine's Plant Engineering Maintenance Facility of the Year Award in 2009 is a further testament to the CN Tower's goal of continuous improvement.

B 2010-2011 Draft CLC Balanced Scorecard

The performance objectives, targets and metrics contained within this draft balanced scorecard will be refined further and then reported on in the 2011-2012 to 2015-2016 CLCL corporate plan. Reporting of these items will be phased in over the next three years.

TARGET	METRIC	FISCAL YEAR RESULT
ENGAGING COMMUNITIES **Objective:** Listen to communities to understand their needs and create community value.		
Undertake stakeholder consultation on all new development projects – after properties have been approved for sale to CLC, but prior to CLC acquiring title (converse with federal government departments, elected officials etc.)	Number of new development projects where this has been done Percentage of new development projects where this has been done	
Undertake stakeholder consultation on all new development projects – prior to CLC finalizing the development vision for properties and obtaining municipal approval (converse with municipalities, local communities etc.)	Number of new development projects where this has been done Percentage of new development projects where this has been done	
Achieve high levels of satisfaction with CLC engagement approach for all new development projects	Average satisfaction rating based on community consultation comment cards Average satisfaction rating based on municipal survey carried out at project completion	

TARGET	METRIC	FISCAL YEAR RESULT
DEVELOPING SUSTAINABLY **Objective:** Create environmentally sustainable neighbourhoods and buildings in line with urban planning best practices.		
All new development projects and owned and operated buildings achieve independently assessed green ratings (e.g., LEED, BOMA)	Number of projects obtaining such a rating Percentage of projects obtaining such a rating	
Design access to public transit for 100% of residential units in all new development projects	Number of residential units within a 400 metre or 5 minute walk from a public transit stop Percentage of residential units within a 400 metre or 5 minute walk from a public transit stop	
Increase land use efficiency (density) in all new development projects	Percentage of residential development projects achieving a higher number of units per development acre than regional average	
Improve livability of new development projects by designing for a mix of uses and population demographics	Percentage of new development projects that incorporate mixed-use units, a network of open space amenities and target a mix of demographics	
VALUING PEOPLE **Objective:** Strive to become an employer of choice by 2012.		

TARGET	METRIC	FISCAL YEAR RESULT
Improve overall employee satisfaction by 5% by the end of 2011-2012, using 2009-2010 as the base fiscal year (base result for corporate departments and real estate operating divisions was 72.8%, and the base result for CN Tower was 69.8%)	Total percentage level of satisfaction based on survey results for corporate department and real estate operating division employees Percentage change from 2009-2010 levels Total percentage level of satisfaction based on survey results for CN Tower employees Percentage change from 2009-2010 levels	
Strive for zero harm among workers and visitors	Recordable injury frequency for employees, visitors to owned and operated buildings, third parties	
Provide training and education opportunities for employees	Percentage of employees receiving training Dollars spent on training per employee	
Maintain voluntary employee turnover rate at 5% for real estate operating divisions	Percentage voluntary turnover for fiscal year	
Maintain voluntary employee turnover at 15% for the CN Tower operating division	Percentage of voluntary turnover for fiscal year	

TARGET	METRIC	FISCAL YEAR RESULT
MANAGING THE ENVIRONMENT **Objective:** Manage resources responsibly and respect the environment.		
Reduce energy use in CLC owned and operated buildings	Total energy use in Kilowatt-hours (kWh) consumed Total energy use in Kilowatt-hours (kWh) consumed per square foot (square meter) Percentage change in energy use per square foot (square meter) from previous fiscal year	
All new buildings in development projects constructed to independent energy efficiency standards (ensure through inclusion in contracts with site purchasers where necessary)	Number of new buildings meeting this criteria Percentage of new buildings meeting this criteria	
All refurbished buildings in development projects renovated to improve energy efficiency	Number of refurbished buildings meeting this criteria Percentage of refurbished buildings meeting this criteria	
Divert at least 90% (by weight) of demolition waste from landfill	Total amount of demolition waste diverted from landfill (weight) Percentage of waste (by weight) diverted	
Divert at least 60% (by weight) of waste from landfill for owned and operated buildings	Total amount of waste diverted from landfill (weight) Percentage of waste (by weight) diverted	

TARGET	METRIC	FISCAL YEAR RESULT
Adopt best practices for stormwater management in new development projects	Number of projects where best practices have been implemented Percentage of projects where best practices have been implemented	
Adopt best practices for stream stewardship in new development projects	Number of projects where best practices have been adopted Percentage of projects where best practices have been adopted	
Reduce water consumption in CLC owned and operated buildings	Total water consumption (volume) Percentage change from previous fiscal year	
CONTRIBUTING TO SOCIETY **Objective:** Create community value.		
Contribute 1% of net income before taxes to corporate philanthropy	Percentage of prior year net income before tax spent Dollar amount spent	

TARGET	METRIC	FISCAL YEAR RESULT
Seek opportunities to create lasting legacies for all development projects	Number of acres (hectares) of public usable open space created cumulatively since company inception in 1995 Number of legacy project components celebrating Canadian heritage, cumulatively since company inception in 1995 Cumulative total dollar amount spent by CLC on legacy project components since inception in 1995	
Cumulative projected development expenditures for CLC and site purchasers since company inception in 1995 for all past and current projects	Projected amount spent by CLC Projected amount spent by site purchasers	
Projected annual property tax contributions for all past and current projects at completion	Projected amount increase in annual property taxes	
Provide affordable housing choices for all residential development projects	Number of residential units built that cost buyers less than 30% of the average regional household income Percentage of residential units built that cost buyers less than 30% of the average regional household income	

STRENGTHENING BUSINESS OPERATIONS

Objective: Strive to deliver strong financial results and/or efficiently alleviate the Government of Canada of surplus federal properties.

TARGET	METRIC	FISCAL YEAR RESULT
Optimize financial value and returns paid to shareholder	Net income in past fiscal year Revenues in past fiscal year Capital expenditures in past fiscal year Distributions to shareholder in past fiscal year (dividends, cash acquisitions and note repayments) Cumulative distributions to shareholder since company inception in 1995 (dividends, cash acquisitions and note repayments)	
Achieve a gross margin on real estate property sales of at least 25%	Percentage gross margin	
Achieve a gross margin on CN Tower operations of at least 60%	Percentage gross margin for CN Tower Food and Beverage Percentage gross margin for CN Tower attractions	
Income tax Contribution	Amount of income tax paid for past fiscal year Amount of income tax paid cumulatively since CLC inception in 1995	
Improve customer satisfaction for tenants	Past fiscal year satisfaction score Prior fiscal year satisfaction score	
Improve customer satisfaction for CN Tower visitors	Past fiscal year satisfaction score Prior fiscal year satisfaction score	

TARGET	METRIC	FISCAL YEAR RESULT
Reduce federal government environmental liability for surplus contaminated sites through CLC property acquisitions	Dollar amount reduction in government liability over the past fiscal year Cumulative dollar amount reduction in government liability since company inception in 1995 Cumulative environmental remediation amount spent by CLC since company inception in 1995	
Generate annual Payment in Lieu of Taxes (PILT) savings for the federal government through CLC property acquisitions	Cumulative dollar amount in annual generated savings since company inception in 1995 Generated savings over the past fiscal year Total annual PILT paid by the federal government for all surplus strategic properties over the past year	
Generate annual operating and maintenance savings generated for the federal government through CLC property acquisitions	Cumulative dollar amount in annual generated savings since company inception in 1995 Generated savings over the past fiscal year	
Convert surplus federal properties back to productive use through sale to CLC	Cumulative number of properties converted back to productive use since company inception in 1995 Total area in acres (hectares) converted back to productive use since company inception in 1995	