CANADA LANDS COMPANY LIMITED

AMENDED 2008-2009 TO 2012-2013 CORPORATE PLAN SUMMARY

INCLUDING 2008-2009 OPERATING AND CAPITAL BUDGETS

March 6, 2009

Canada

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Executive Summary

Canada Lands Company Limited (CLCL) continues to carry out its policy mandate through its core real estate subsidiary, Canada Lands Company CLC Limited (CLC), as approved by the Government of Canada (the government) on reactivation in 1995 "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."

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 has made a significant contribution to the key government priority of enhancing the competitiveness and economic and social strength of communities across Canada.

Canada Lands Company Limited

The key strategic priority facing CLCL over its five-year planning period is for the company to enhance corporate governance through the identification and implementation of applicable best practices. This will be accomplished through regularly scheduled governance committee meetings of the board of directors.

Canada Lands Company CLC Limited

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

- **Pursue Opportunities to Improve Property Transfers to CLC**
  Significant delays experienced in completing the transfer of selected federal real property to CLC and the declining number of strategic properties identified for disposal are issues that have the potential to impact the future inventory of the company. The company will attempt to address this situation through an exploration of the impediments faced and the possibility of receiving new property transfers from other Crown corporations, agencies and authorities as approved by the Government of Canada.

- **Maintain CN Tower Business Success in a Challenging Tourism Market**
  Although profitable, the CN Tower faces the same challenges faced by the Greater Toronto Area tourism and hospitality industry of decreased tourism travel in Toronto. Through the consideration of new product offerings, a focus on broader Canadian as well as targeted international markets, and increasing off-season attendance, the CN Tower will attempt to continue its positive momentum.

- **Proceed with Montréal's New Harbourfront Initiative**
  As part of the federal strategy for Montréal's New Harbourfront, CLC intends to submit a redevelopment plan for its 1500 Ottawa Street property to the City of Montréal for approval at the end of 2008. The company's redevelopment plan consists of 2,200 housing units and two office buildings surrounded by partially re-excavated basins.

- **CN Tower Base Project**
  CLC is developing a business strategy to proceed with a significant commercial/retail/entertainment project on the lands at the base of the CN Tower. The company remains committed to moving ahead with a project that is commercially viable and economically sustainable.

- **Metro Toronto Convention Centre Complex**
  With the approval of the Amended CLCL 2007-2008 to 2011-2012 Corporate Plan on February 7, 2008, CLC exercised its right of first refusal to acquire Pensionfund Realty Limited's (PRL's) entire leasehold interest in the Metro Toronto Convention Centre Complex (MTCCC).

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

- $152.9 million paid to the government as dividends, up-front payments and note repayments for properties;
- $545.5 million invested by CLC on capital expenditures, including environmental remediation; and
- $76.4 million paid to the government in federal income taxes, plus $1 million to provinces for income tax.

The company's projected financial results compared to the amended budget for the fiscal year ending March 31, 2008 are presented below.

	$ Millions	
	2007-2008 Outlook	**2007-2008 Amended Budget**
Property sales	70.6	61.4
CN Tower attractions, food and beverage (gross)	46.1	46.1
Income before taxes	14.6	15.9
Income after taxes	10.9	11.1
Expenditures on properties	60.5	86.5
Cash flow before distributions	(178.0)	(211.1)
General and administrative expenses	21.9	20.7

1. Canada Lands Company Limited

This corporate plan 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 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.

1.1 Introduction

CLCL reports to the Parliament of Canada through the Minister of Transport, Infrastructure and Communities (the minister) as a parent Crown corporation. This document is structured to reflect the fact that CLCL is a holding company 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 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 will discuss CLCL's performance and future strategic directions primarily through section 2.0 of this corporate plan dealing with its CLC subsidiary which, as outlined in section 2.2, includes the Western and Eastern Region Real Estate and CN Tower operating divisions.

1.2 Mandate

Through fulfilling its mandate, CLCL takes pride in strengthening the many communities in which it operates across Canada. The company optimizes the financial and community value obtained from properties no longer required by the Government of Canada (the government) and attempts to enhance the quality of life in local communities.

The legal objects of CLCL, as contained within its letters patent of 1956, 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."

CLCL's policy mandate, which was approved by Cabinet upon reactivation in 1995, states that the fundamental purpose or principal goal of the company is to ensure the commercially oriented, orderly disposition of selected surplus federal real properties with best value to the Canadian taxpayer and the holding and managing of certain properties. It also indicates that, in addition to financial and other strategic considerations, the government requires that the views of affected communities and other levels of government be taken into consideration by the company. 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.

CLCL and its CLC subsidiary ensure that all of their activities are consistent with this mandate. 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. The mandate of CLC is addressed in section 2.1 of this corporate plan summary.

1.3 Corporate Profile

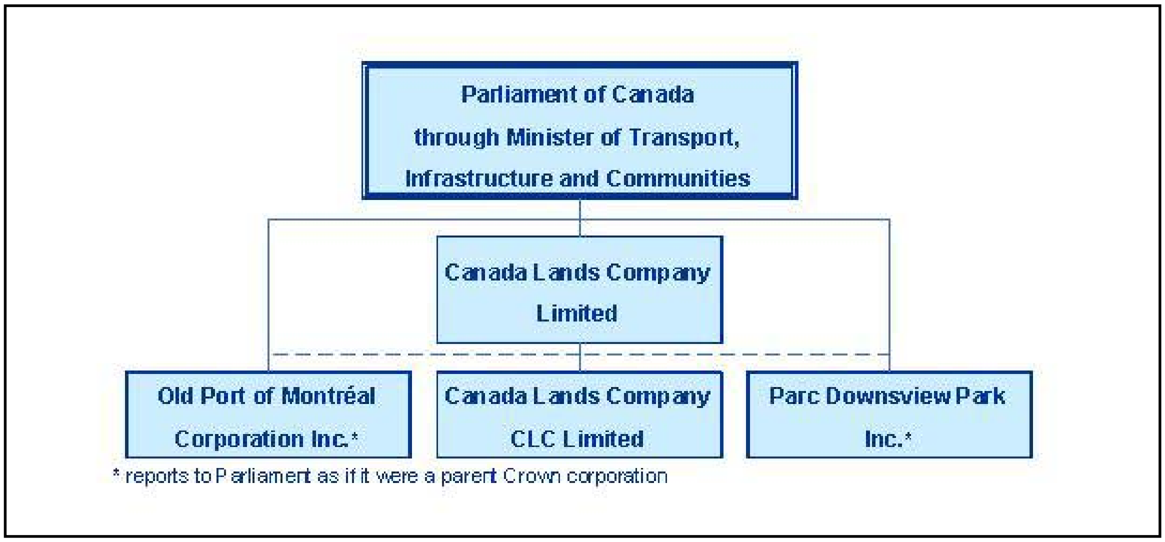
CLCL reports to the Parliament of Canada through the minister and is an agent Crown corporation. Through its commercially oriented non-agent CLC subsidiary, the company ensures the orderly disposition of selected surplus federal properties, maintains ownership or management of certain strategic properties 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



1.4 Strategic Priorities for the Plan Period

1.4.1 Enhance Corporate Governance

Directors of the CLCL board are appointed by the minister with the approval of the Governor-in-Council. Officer-Directors (namely, the Chairman and President and CEO) are appointed by the Governor-in-Council. All members of parent company and subsidiary boards (with the exception of the President and CEO) are independent of the business. 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.

The governance committee is comprised of four board members and, due to the importance placed on governance, it is a recommending committee which takes all recommendations to the full board for approval. Its activities include reviewing company policies, making recommendations on Governor-in-Council appointments, recommending the terms of reference and composition of board committees, board meeting scheduling, and the orientation and training of new board members. The remaining three committees of the board are the human resources committee, the audit committee, and the investment committee, which is a recommending committee providing advice and guidance to management on special projects as identified by the board from time to time.

The board of CLCL undertook an assessment of its effectiveness in 2002. This was followed by another evaluation by an external consultant, which resulted in report being received by the board in December of 2006. The results were positive and indicated that communications between CLCL and its shareholder were strong; the relationship between the board and management was very strong; and the Chairman was highly respected by both board members and management.

In the coming fiscal year, the company will re-visit its balanced scorecard (displayed in appendices A through D of this corporate plan), with the aim of continuing to improve upon the meaningfulness and measurability of the performance targets contained therein.

It will also give consideration to the creation of a formal board charter as recommended by best governance practices, and then implement as necessary. A formal board charter would pull together much of the information that already exists in other documents (CLC's existing board profile etc.). It would also provide an overall all-inclusive document to speak to the board's responsibilities and its relationship to management.

1.5 CLCL 2008-2009 Objectives and Performance Targets

CLCL's 2008-2009 objectives and performance targets are outlined in Appendix A. They apply to the first or budget year of the five-year planning period.

1.6 CLCL 2007-2008 Performance Assessment

CLCL's 2007-2008 performance assessment is located in Appendix B. CLCL 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 assesses why and acts appropriately to either pursue these targets, or adjust expectations to more reasonable levels.

1.7 Dividends

CLCL's dividend program was revised by the company's board of directors at its December 2007 meeting from the program established in the 2002-2003 to 2006-2007 corporate plan. Minister of Finance approval was not be required for this to happen. The reason for the revision is to allow the company to pay dividends more regularly to the government and not have to override its dividend policy as often to do so – especially when it has the cash available, but still intends to borrow money during the five-year plan period.

Under the new dividend program, the distribution will be the greater of the working capital dividend formula as agreed to by the Treasury Board 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 new dividend program, the company is not scheduled to make any dividend payments to the government until the third year of this corporate plan. In years three through five, CLCL is expected to pay dividends of $86.6 million and will have an ending cash balance of $34.8 million. This still does not, however, prevent the company's board of directors from overriding the principles outlined in the company's new dividend program and paying dividends to the government if there happens to be the cash available.

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.

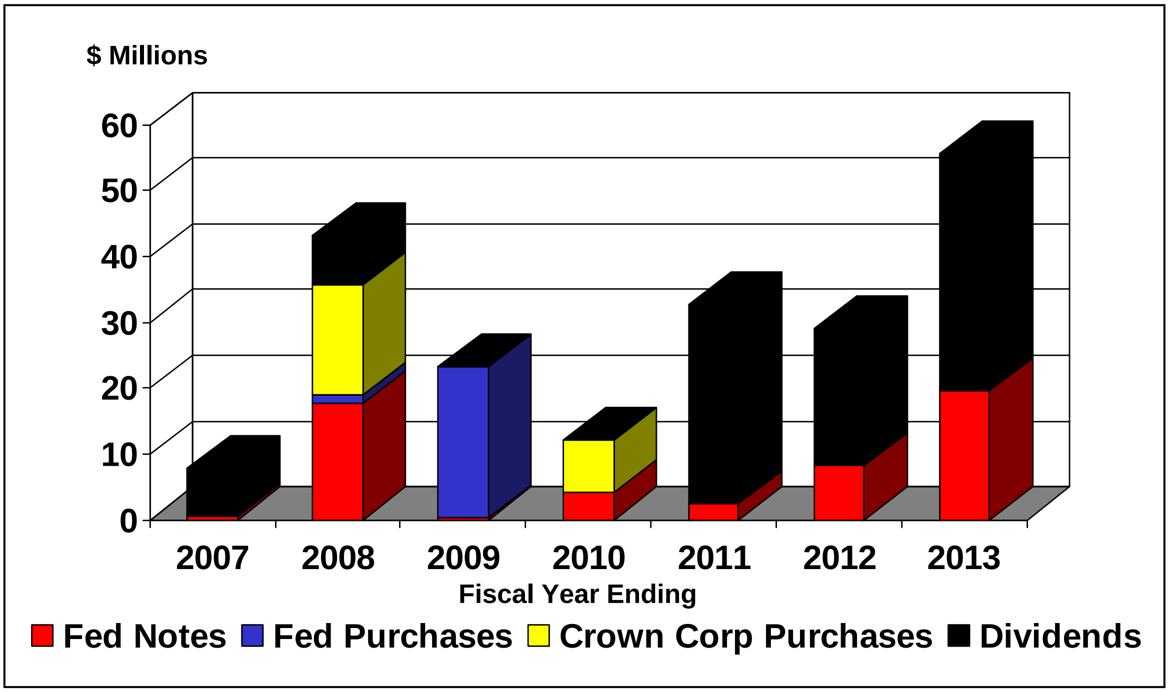
The following principles are contained within the new dividend program to ensure the most efficient use of cash generated from operations and the commercial viability of the company.

- 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.

The dividend paid in the 2007-2008 fiscal year (for fiscal year 2006-2007) was $7.5 million. Exhibit 2 illustrates the company's distributions to the government for each specified fiscal year.

Exhibit 2: Distributions to the Government of Canada



2. Canada Lands Company CLC Limited

2.1 Mandate

As the core real estate subsidiary of CLCL, CLC has the same principal goal in its policy mandate as its parent company, to ensure the commercially oriented, orderly disposition of selected surplus federal real properties with optimal value to the Canadian taxpayer and the holding and managing of certain properties. This was laid out by the government in 1995 and then reconfirmed in 2001. The realization of optimal value recognizes financial value, economic stimulation and the strengthening of the quality of life in communities where the company operates.

CLC's role is further elaborated on in Treasury Board's *Policy on the Management of Real Property* and *Directive on the Sale or Transfer of Surplus Real Property*. The surplus properties disposed of by CLC are identified as strategic. Strategic 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 ensures that all of its activities are consistent with this policy mandate. It also follows transparent processes and ensures that it remains sensitive to local real estate market conditions. The company deals with 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.

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, and 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.

CLC's three operating divisions are:

- Western Region, Real Estate — British Columbia, Alberta, Saskatchewan, Manitoba;
- Eastern Region, Real Estate — Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador; and

- Canada's National Tower (CN Tower) located in Toronto, Ontario.

The company's land portfolio totals 2,243 acres (908 hectares) as of September 30th, 2007, located in 22 municipalities across Canada. This is a decline of 113 acres (45 hectares) from last year's amended corporate plan, due primarily to sales in St. John, Ottawa, and a seaway property in Québec. Two property transfers to the company (the former women's prison in Kingston and the former Canada Post property in Montréal) during the year only partially offset this decline in inventory. The company presently has no operations or properties in the Yukon, Northwest Territories, Nunavut or Saskatchewan.

CLC employs 333 full-time employees across the country. This includes 88 employees in the two real estate operating divisions, and approximately 245 employees in the CN Tower operating division in Toronto. The CN Tower additionally employs approximately 119 regular part-time employees year round. 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 one year ago, the number of full-time employees at the CN Tower is up by 30 and the number of part-time employees is down by 31. This is due to adjusting the number of employees to the increased volume of CN Tower visitors as explained more fully in sections 2.3 and 2.4.2 of this corporate plan.

CLC's head office and two of its operating divisions (Eastern Region Real Estate and CN Tower) are based out of Toronto; its Western Region Real Estate operating division is based out of Vancouver. CLC also maintains a corporate office in the National Capital Region, along with nine project offices located across Canada.

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 in the following five key result areas:

- shareholder/board of directors;
- business/financial;
- community/legacy;
- human resources; and
- municipal/provincial.

Appendices C and D are CLC's balanced scorecard for the fiscal years 2008-2009 and 2007-2008 respectively. The former sets out the company's objectives for the coming year, while the latter highlights the company's performance with respect to the objectives set for the prior fiscal year.

2.3 Analysis of External Business Environment

There are five world scale issues that have the potential to impact the Canadian economy and CLC's business environment as outlined below.

Oil – Oil prices remained above average throughout 2007, despite significant turmoil in both financial and commodity markets. By late 2007, prices had climbed to $100 (U.S.) per barrel. Strong demand from industrial users and continued economic growth in developing countries such as China and India is forecast to keep prices in the range of $70 (U.S.) for both the remainder of 2007 and 2008. This represents a positive development for the oil-producing provinces in Western Canada and the Atlantic region. CLC's projects in these regions benefit from the demand generated by these oil-based local economies, but they also experience the increased labour and construction costs.

Climate Change – The past several years have seen continuing evidence that human activity is causing dramatic shifts in the planet's climate, most notably warming temperatures. Although the outlook for this trend is difficult to predict, the issue of climate change remains high on the global agenda and is expected continue to have an impact upon public policy debates in Canada and the rest of the world. CLC remains committed to developing projects that support sustainable development. For example, certain buildings in CLC's Benny Farm project have provided examples of the integration of energy saving measures, water treatment procedures and geothermal radiant heating and cooling systems. The company will continue to seek opportunities in this area.

U.S. Economic Slow-down – As Canada's largest trading partner, the performance of the United States economy has a great affect on the economy of Canada. U.S. household spending will slow drastically into 2008, adding to the woes of Canadian manufacturers and exporters. Continued concerns about the decline in U.S. housing starts and the potential impact of the increase in mortgage defaults on American financial institutions will also weigh heavily on the U.S. economy. However, the U.S. will avoid recession thanks to recovering business investment and excellent growth in exports. Lower interest rates south of the border have shored up confidence in the U.S. and global economies, and led the Canadian dollar to rise to parity with its American counterpart. The Bank of Canada remains concerned over inflationary pressures, but the weaker U.S. economy and the surge in the loonie are expected to sideline any further rate hikes until late 2008.

Terrorism – In the aftermath of the attacks on the U.S. on September 11, 2001, incidents of terrorism have emerged in a number of countries around the world. This has prompted the imposition of stricter immigration and visitor controls in most major countries, particularly the United States, as well as several European nations. In particular, the U.S. has implemented new rules requiring American citizens to carry passports for visits to and from Canada, although these rules have been relaxed due to long delays experienced by American citizens in receiving their passports. The threat of terrorism has affected tourist volumes at CLC's CN Tower division in the past, and the company furthermore monitors security needs at its other projects.

Growth in Asia – Both India and China have enjoyed substantial rates of economic growth over the past several years, and 2008 is forecast to prove to be no exception to this trend. The International Monetary Fund is predicting that the Chinese economy will expand by 10 percent in 2008, with India's economy expected to grow by 8.4 percent. The continued rapid expansion of these economies have lead to increased demand for oil, gas and other commodities which, despite higher costs for Canadian industries, has had a positive effect on the Canadian economy. CLC will continue to be affected by this trend, as will many other Canadian companies.

Canadian Economic Outlook

Canada has enjoyed several years of solid economic performance, based largely on demand for Canadian commodities from the rapidly expanding economies of the Asian region, particularly China and India. Low unemployment, healthy income growth and a buoyant housing market helped to sustain Canadian economic growth through strong spending on housing.

While the economy will continue to benefit in the foreseeable future from the strong global demand for commodities, a number of trends have emerged that may lead to a slowing of Canada's economic growth in 2008 and beyond. The slowdown in U.S. economic growth, caused by lower consumer demand and ongoing credit issues, will undoubtedly have an impact upon Canadian industry, particularly in the already weakening manufacturing sector. This has been exacerbated by the strengthening of the Canadian dollar against the U.S. currency during much of 2007. At the same time, the domestic housing market is expected to see a period of "cooling off" in 2008 in most major markets as the result of the end of pent-up demand, coupled with a decrease in housing affordability. Non-residential construction will continue to contribute to Canada's economic growth.

From a regional perspective, the highest levels of growth will continue to be seen in Canada's western regions. Alberta is once again expected to lead the way in economic growth in 2008, with other Western provinces also posting positive growth numbers. Central Canada's economies will be restrained by continued difficulties in the manufacturing sector caused by the higher Canadian dollar. Nova Scotia and New Brunswick will be among the leaders in economic growth in the Atlantic region, while Newfoundland will see its growth reduced as oil and gas production begins to level off.

Canadian Real Estate Industry

CLC does not anticipate any extraordinary risks for the real estate industry that would compel it to adjust its market strategies for any ongoing or potential new development projects. Considering the variations in economic performance for differing regions of the country and the general expectation of a slowing of demand for new housing, timelines for residential build-outs and market shares targeted locally may need revision, but no major changes in direction are warranted. Globally, investor interest has continued to climb in income-producing properties with high-grade tenancies and cash flow. CLC will be reviewing its existing and potential property portfolio with a view to taking better advantage of opportunities in this area.

Greater Toronto Area Tourism and Hospitality Industry

Initial industry indicators for the 2008-2009 planning process continue to be pessimistic about recovery from the U.S. market through 2007 and 2008. The current position is that compounded annual declines of 1.7% are expected until the year 2011, with the largest decline expected for 2009, when the impact of new passport regulations will be felt. This is an improvement over declines in the U.S. market over the past three years, which are an aggregate -9%, with the downward trend continuing strongly in 2007. According to the Ontario Tourism Marketing Partnership Corporation. August 2007 year-to-date declines are -14.1%.

The focus for generating the most growth in 2008-2009 will be on domestic and international markets (e.g. Asia Pacific, Europe and Mexico). Overseas travel to Ontario is expected to grow by 5.1%, albeit on a small base. In terms of domestic growth, intra-provincial travel will grow by +1.7%, offset somewhat by less inter-provincial travel to Ontario (-1.0), and increased outbound travel. A burgeoning threat for this market is the aggressive Canadian dollar, making international travel (especially to the U.S.) attractive. In fact a travel deficit now exists, wherein more outbound travel (Canadians traveling abroad) exists than inbound travel (people from other countries visiting Canada).

It should be noted that any negative impact on attendance created by a strong Canadian dollar will also negatively impact foreign exchange revenues and potentially resale products at the CN Tower (e.g. souvenirs and photographs), all of which are traditionally directly affected by attendance.

The CN Tower's Corporate Hospitality business continues to offer revenue growth opportunities in the coming fiscal period, due to the enhanced venue offerings put in place in 2006-2007 (e.g. meeting rooms, refurbishments to *360* Restaurant and Horizons Café). Continued outbound sales efforts will be a key factor of success in this area.

Exhibit 3 outlines the anticipated opportunities and issues impacting the CN Tower for 2008-2009. Many of the opportunities listed are balanced by contradicting issues, so the expected net result is also included in the exhibit. The results for 2008-2009 are in line with the overall flat tourism performance expected for the entire plan period.

Exhibit 3: Factors Anticipated to Impact Toronto Tourism and Hospitality in 2008-2009

OPPORTUNITIES	ISSUES/SITUATION	EXPECTED RESULT
Market Growth* Domestic +1% International + 5.1% USA -2.0% * forecasted visitors to Ontario for 2008	**CN Tower Market Decline** • U.S. visitors will have negative growth • Border crossing issues remain • New passport regulations pending will likely inhibit travel	Focus will be on growth markets (e.g. domestic, emerging international), and maintenance on flat or declining markets to maintain or improve market share; expect the CN Tower to outpace the market
Leisure/Travel Trade Market	**Possible Need for Discounting Continues** • Organized group business is giving way to increased independent travel (FIT) • A growing category is also the *Visiting Friends and Relatives* (VFR) channel • Organized group business has been a core segment for the CN Tower (especially from U.S. market and student segment), providing an ongoing solid base of attendance and revenue, albeit at a lower price point • VFR channel is the fastest growing channel in leisure, especially from international markets (and at full retail prices), but a challenge for marketing reach	VFR segments have the potential to fill the group deficit over time
Corporate Sales 11 City-wide conventions for 2008 versus 9 in 2007	**Less Convention Delegates** • While conventions are always great sales opportunities for the CN Tower, major conventions booked through 2008 remain low, and represent 20,000 fewer delegates than those booked for 2007	A greater need for outbound local sales efforts are required to bridge the gap between 2007-2008 volumes
OPPORTUNITIES	**ISSUES/SITUATION**	**EXPECTED RESULT**

Partnerships/ Local Market Development	**New City Product is primarily focused on Local Markets** • Focus on new LuminaTO and Just for Laughs festivals is attracting primarily local audiences • Art Gallery of Ontario will be closed for final phase of renovations through June 2008	Newer festival product is not yet attracting significant visitors to Toronto; in fact, these programs are primarily geared to the local market
New CN Tower product	**CN Tower completed LED lighting project in 2007-2008**	This creates a possible call to action for increased evening business, with further opportunity to tie into city initiatives and charitable events; additional revenue-generating opportunities will be explored in 2008-2009
Sales and Marketing Funds	**Re-direction of funds in sales and marketing** • The majority of dollars traditionally earmarked for U.S. leisure market will be re-directed for domestic marketing/business development	Efforts will provide more funding for a more focused effort and sound fiscal management
Economic indicators	**Increase in minimum wage**	Costs will be increased, but service levels will be maintained
Security	**Development of Joint Community Initiatives** • Security programs such as South Area Facilities and Entertainment Group (SAFE) will develop further and CN Tower will continue to lead the way	Indications are that guests feel safe at CN Tower, but in spite of ongoing efforts, geo-political issues persist which may ultimately affect travel

As Exhibit 3 indicates, many challenges face the Greater Toronto Area tourism and hospitality industry for the coming year. It is anticipated that less tourists will visit Toronto, but CN Tower will retain or even grow its share of the market.

The CN Tower will need to continue with local market development and partnering strategies, and will have to optimize its corporate hospitality business, while taking what it can from the U.S. market.

2.4 Strategic Priorities for the Plan Period

2.4.1 Pursue Opportunities to Improve Property Transfers to CLC

Significant delays experienced in completing the transfer of federal surplus strategic real property to CLC and the declining number of strategic properties identified for disposal are issues that have the potential to impact the future inventory of the company. There are a number of contributing factors.

Challenges within the Existing Federal Real Property Context

CLC is the government's mandated disposal agent for selected surplus properties. As such, the primary source of property is acquisition of surplus federal real property through the strategic disposal process. The process itself is a complex one, subject to strong legal and policy considerations and involving a variety of departments and agencies. This very complexity can slow down the transfer of properties to CLC.

Next Steps for CLC

The slowdown in identification of new properties and the lengthy delays in transfer are expected to continue. CLC is therefore currently undertaking actions for both short and long term solutions. The company is involved with efforts to revisit how the government deals with surplus federal real properties.

CLC is actively exploring opportunities with other Crown corporations, agencies and authorities across the country. The April 2007 government announcement regarding the Montréal's New Harbourfront initiative is a clear sign of support for the use of CLC as a strategic tool to advance the government's objectives.

2.4.2 Maintain CN Tower Business Success in a Challenging Tourism Market

Although the CN Tower continues to be a profitable business, there appear to be ongoing challenges facing the Greater Toronto Area tourism and hospitality industry for the coming year. Recently, media have reported that travel to Canada continues to decline. According to data released by the Ontario Ministry of Tourism in August 2007, U.S. border crossings into Ontario were down by 14.1% for the first eight months of August over the same period in 2006. This represents 50% fewer entries for the period than in 2001 – the peak year for U.S. border crossings during that period.

The Canadian travel market is projected to be essentially flat, with intra-provincial increases in travel offset by a decline in inter-provincial travel to Ontario, along with increased outbound travel (an August 2007 year-to-date increase of 3.9%, with a 10.4% increase in August alone). The CN Tower will continue its positive momentum in attracting share of the domestic market, especially from the province of Ontario.

It is important to recognize the challenges currently facing the tourism industry. Key issues during the five-year plan period include:

- a shrinking U.S. travel market through to 2009;
- the strong performance of the Canadian dollar;
- Toronto's reduced position as a destination;
- reduced convention business;
- ongoing geo-political issues, including restrictive passport regulations for travel into the U.S.;
- high fuel costs as a major deterrent; and
- research indicating that Toronto is not a top-of-mind destination due to no major new attractions having been built in over 15 years (granted that the "revitalization" of some cultural facilities has occurred).

The CN Tower's partnership development strategies will continue, with programs such as CityPass, Local Tour Operators, and Communities in Bloom, as well as with other strategic partners including hotels, other attractions, and city initiatives.

The success of the food and beverage enterprise at the CN Tower in 2006-07 has continued through the current fiscal year, and will be a key focus for business growth going forward. The 2008-2009 plan anticipates surpassing the 2006-2007 record revenues of $20 million.

The CN Tower has enjoyed ongoing largely positive media attention. Industry observers continue to look to the CN Tower as a key participant in tourism strategy commentary and development.

The CN Tower is a mature business which appeals primarily to visitors to Toronto, and less to locals. The frequency of last visit to the CN Tower for locals is improving, but still remains at over two and a half years, which substantiates the high number of tourist visitors. It will be important going forward to explore new attraction offerings at the CN Tower in order to grow and be relevant to both tourists and locals. Examples of planned initiatives include:

- construction of glass floor panels in some elevator floors for added attraction value;
- completion of the marketplace Far Coast Café; and
- music/dinner evenings at *360 Restaurant* and Horizons Café.

It will be fundamentally important to consider new product offerings and enhancements for the CN Tower itself, given that it is a mature business and has an ongoing need for relevance in order to maintain or grow market share in its industry. The new CN Tower exterior lighting program has redefined the Toronto skyline at night, and has created positive and renewed attention for evening business. The investment will provide opportunities to market it more aggressively for evening events going forward. As well, the CN Tower will be a "beacon" hopefully for tourism for the city and province.

With overall flat tourism performance expected through the plan period, the CN Tower will focus on the local and broader Canadian market for business growth, as well as targeted international markets. At the same time, it will work to maintain its share of U.S. visitors. The marketing and sales efforts will support the tourism industry efforts in terms of markets and business channels. Strategic prioritization of the CN Tower's current domestic and international markets through all business channels will continue in 2008-2009. The CN Tower will aim to exploit all tourism and hospitality opportunities within these segments.

Throughout the five-year planning period, the CN Tower will aim to increase 'off-season' attendance in the months of November through April, and become less dependent on inbound tourism. This will be achieved through effective partnerships and the creation of new relevant products and programs which leverage all opportunities. Examples include partnership with the Canada Blooms consumer show; online family pass ticket sales through Costco; online retail merchandise sales; and new partnership programs with Coca-Cola.

CLC will continue to promote and market the status of the CN Tower, and will continue to build its role in the municipal, provincial, and federal tourism economies. It will have a new, larger voice in municipal affairs with the advent of a new Business Improvement Area (BIA) to include Toronto's Entertainment District.

Over the five-year planning period, the company will continue to implement five operational priorities regarding the CN Tower that were identified in the three previous years. These will continue to increase business opportunities for the CN Tower, while at the same time increasing the presence and visibility of the government with residents and visitors, both in Toronto and internationally.

The five operational priorities are as follows:

- carry out an aggressive program in outbound sales and marketing;
- continue to develop expanded human resource programs and policies striving to keep the CN Tower a leading-edge employer;
- use the CN Tower's role in tourism to expand its voice and influence;
- continue to maintain and upgrade the facility; and
- reassess existing and develop new streams of revenue and profit

The CN Tower has been a viable source of net income for CLC and its shareholder on an ongoing basis. The issues currently facing the tourism and hospitality sector could jeopardize this income if strategic marketing and business building programs are not thoroughly considered and executed. As such, a full marketing and business-building program will be undertaken to ensure the CN Tower's continued success.

2.4.3 Proceed with Montréal's New Harbourfront Initiative

As outlined in the company's originally approved 2008-2009 to 2012-2013 corporate plan, the federal strategy for Montréal's New Harbourfront calls for the acquisition and redevelopment by CLC of properties in five sectors of the Montréal harbourfront area. Exhibit 4 shows the location of these lands.

Exhibit 4: Location of Montréal's New Harbourfront Initiative Properties

The first of the five properties to be developed is 1500 Ottawa Street, a 23.5-acre (9.5-hectare) property located on the north shore of the historic Lachine Canal, located close to both downtown and Old Montréal. The property includes a vacant postal distribution facility that was shut down in 2003, and four shipping basins that were filled in during the 1960s.

After acquiring the 1500 Ottawa Street site from Canada Post in May 2007, CLC undertook an extensive community consultation process to assist in determining its future use. During the summer of 2007, it held a number of meetings with key stakeholders including municipal officials to better understand expectations for the redevelopment of the site. In October of 2007, the company organized a board of directors stakeholders outreach event inside the facility at 1500 Ottawa Street, which included many community leaders, neighbours and real estate developers.

In December 2007, CLC formed a "Follow-Up Committee", which was mandated to guide the consultative process with the aim of developing an overall development plan. The committee meets monthly and plays a crucial role in the participatory approach. It is composed of members of CLC, the Sud-Ouest Borough, the City of Montréal and two representatives of the community (one each from the Regroupement économique et social du Sud-Ouest and the Bâtir son quartier). Two workshops were organized in April 2008 and focused on the topics of responding to the needs of today's families, and creating a dense and vibrant mixed-use urban community.

Speakers, panel members, experts, municipal officials and representatives from various organizations and local businesses took part in these workshops. They were facilitated by a Montréal professor and researcher in urbanization, culture and society at the Institut national de la recherche scientifique. In total, approximately 90 people attended each workshop.

CLC, in collaboration with the Follow-Up Committee, used the results of these two workshops to come up with a vision for the redevelopment of the site which was based on the three key elements of developing an inclusive community naturally inserted into its surroundings, making the community vibrant, and ensuring that the community is inspired by the uniqueness of the site.

The next step involved the unveiling of this vision in the Sud-Ouest community. CLC organized a family event on the site in May of 2008, which included an exhibition on the property's history and site characteristics along with CLC's preliminary vision for the site. Over 20,000 invitations were issued throughout the Sud-Ouest Borough and the event was publicized in various local newspapers. Between 600 and 700 people attended this event which included many fun activities for children. Visitors were asked to fill out a questionnaire and share their opinions of CLC's preliminary vision.

In general, CLC's vision was received favourably and people appreciated that CLC started with a general 'vision' rather than a detailed 'plan'. A lot of importance was attached to the creation of appropriate public spaces. The one part of the vision which raised some concerns amongst respondents was providing for a dense neighbourhood.

The information gathered during this community event was shared with the company's team of professionals in the preparation of the master plan for the property. In addition, the website for the Montreal's New Harbourfront initiative, www.montrealsnewharbourfront.ca, continued to be used as an important tool to communicate information related to the consultations and the redevelopment planning for the site.

With the assistance of its urban planners and other professionals, CLC arrived at a plan to redevelop the site which includes approximately 2,200 housing units and two office buildings surrounded by partially re-excavated basins. The residential component includes high-end condominiums, market and affordable housing as well as social housing element. Buildings on the site vary from six to twenty stories.

The proposed project also includes various important community initiatives including ample green spaces, pathways, a public square and affordable/social housing. Of particular note is the fact that the company is proposing the excavation (either complete or partial) of all four original basins to help commemorate the rich history of the site approximately 50 years after the basins were initially filled in. This is anticipated to be very positively welcomed by Montréalers. Deconstruction of the vacant postal distribution facility will be accomplished using a sustainable development approach, reusing and recycling as much of the original materials as possible. Certain abandoned equipment in the building will be donated to area community groups.

In late 2008, CLC retained the services of a marketing firm to find a new branding identity for the redevelopment that would replace previous references to it as the "former postal distribution center" and "1500 Ottawa Street". After considering various new names and working with focus groups composed of Montreal area residents, CLC decided to call the project "Les Bassins du Nouveau Havre." A logo was also created as shown in Exhibit 5, which illustrates a water coloured letter "B" with the imprint of a historic basin.

Exhibit 5: Logo for "Les Bassins du Nouveau Havre"

The name was selected in reference to the aforementioned four shipping basins that originally occupied the site. These basins were filled in during the 1960s, following the closure of the Lachine Canal. Serving as a reminder of the area's industrial past and port-related activities which strongly influenced the city over the past century; these basins will be uncovered and integrated into the redevelopment of the site to give it a unique character. The basins will be surrounded by various commercial and residential uses, as well as provide access to water and green space for future residents and neighbours. The name "Les Bassins du Nouveau Havre" also provides a strong link to the overall Montreal's New Harbourfront initiative.

CLC's proposed redevelopment plan received the approval of the company's board of directors in September 2008. Once the plan receives all of the other necessary approvals to proceed, it is expected to be implemented over a ten-year time frame. Work will begin with the deconstruction of the vacant postal distribution facility in 2009 and 2010, followed by the construction of a proposed "Basin Street" (with related necessary decontamination work) in 2010. The sale of residential lots for development is expected to commence in 2011 and be completed by 2019.

The excavation of basins and the connection of Basin Street imply the creation of 11 distinct parcels for redevelopment on the 1500 Ottawa Street site. These parcels are shown in Exhibit 6. Exhibit 7 shows a concept depiction of the proposed development.

Exhibit 6: Proposed Development Scenario for Les Bassins du Nouveau Havre

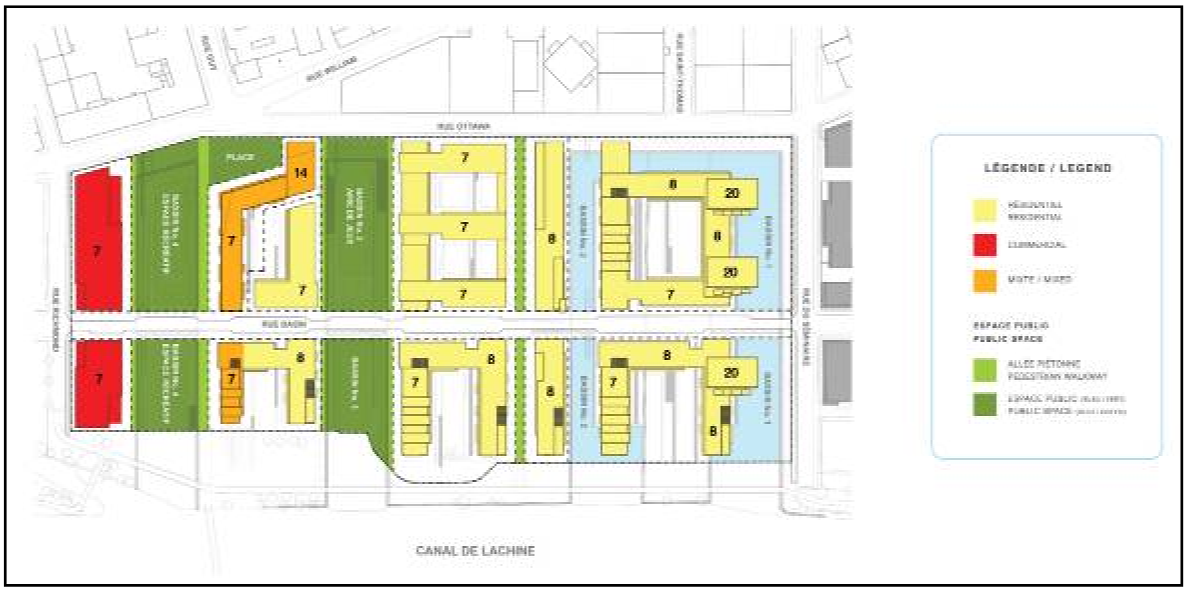


Exhibit 7: Proposed Development Concept Plan for Les Bassins du Nouveau Havre

On November 12th, 2008 CLC unveiled its proposed redevelopment plan for the property at an Open House event which was attended by the Mayor of Montréal and the Mayor of the Sud-Ouest Borough.

The Open House lasted three days, November 12th, 13th and 15th, and included two evenings and a Saturday afternoon in order to get the maximum exposure in the community for the proposed plan. Approximately 10,000 invitations were sent out to area residents, community and business groups as well as personalized invitations to those individuals that participated in the April workshops and May 31st public visioning event. Advertisements inviting all interested persons to the Open House were posted in local newspapers.

In order to illustrate the proposed redevelopment plan, CLC presented a large scale model at a scale of 1:500. Large panels were also created to illustrate the history and amenities of the site, the different vision elements, as well as the characteristics of the project. CLC staff was on hand to answer questions. Those attending were provided a special feedback form to provide CLC their comments on the proposed plan. Approximately 1,000 persons attended the Open House over three days.

For people unable to attend the three-day Open House, CLC created a new, project-specific website, www.lesbassins.ca, where it was made possible to view the plan and provide feedback. The company is making use of the comments from the Open House to refine its plan prior to submitting it to the Sud-Ouest Borough for approval. The formal consultation process of the Office de consultation publique de Montréal will be held in 2009.

CLC is looking forward to making 1500 Ottawa Street a landmark project as it launches the first phase of creating Montréal's New Harbourfront.

2.4.4 CN Tower Base Project

Since receiving approval in principle to proceed with the CN Tower base development project in its original 2007-2008 to 2011-2012 corporate plan, CLC has worked diligently on two key elements of the project – refining the design of the development, and negotiating a business agreement with the preferred proponent.

Design

Through a public process, CLC selected an architect and sub-consultant project team to proceed with concept development. The initial detailed design was of a free-standing building accommodating all elements of the development. This design exercise also included any park space and existing pedestrian connections required for the project. The remaining detailed design exercise for the CN Tower improvements and retail components were to proceed only once the project concept and business terms were accepted by the parties.

Business Negotiations

In December 2007, CLC's board of directors did not renew the letter of intent with the proponent and it terminated the competitive selection process. This course of action followed an inability of the parties to come to an agreement on key business terms within the time period of the letter of intent. It was not a situation caused by any market conditions.

Much effort has been undertaken by CLC over the past four years and by the proponent the past year and a half. Consistent with its mandate, CLC remains committed to a project that optimizes the financial and community value of the lands at the base of the CN Tower.

2.4.5 Metro Toronto Convention Centre Complex

With the approval of the Amended CLCL 2007-2008 to 2011-2012 Corporate Plan, on February 8, 2008, CLC exercised its right of first refusal to acquire Pensionfund Realty Limited's (PRL's) entire leasehold interest in the Metro Toronto Convention Centre Complex (MTCCC).

Acquiring the PRL interest has extinguished it, and thereby simplified the property ownership structure under one owner, CLC. If CLC were to market and dispose of its entire interest in the MTCCC (land, building and Metro Toronto Convention Centre lease – along with the 1,200-car convention centre parking facility already currently owned by the company) in a standard real estate transaction, it would thus be able to maximize the value of the asset. For planning purposes, this corporate plan assumes disposition of this asset by CLC during the 2009-2010 fiscal year, however CLC's management and board will be reviewing the strategy for this asset.

2.5 CLC 2008-2009 Objectives and Performance Targets

CLC's 2008-2009 objectives and performance targets are outlined in Appendix C. The objectives and performance targets in this appendix are set for the budget year, but many flow through to the subsequent strategic plan years.

2.6 Assessment of Corporate Resources

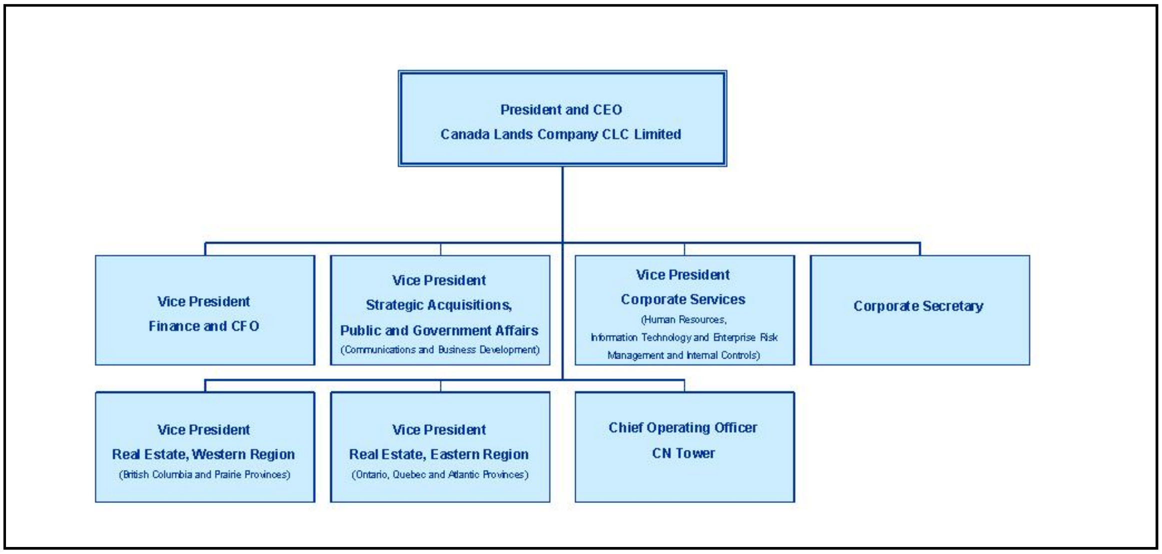
2.6.1 Human Resources

CLC continues to benefit from the expertise of a strong team of highly qualified and dedicated professionals. Following ten years of success, CLC has now turned its attention to building for the future. Like many organizations, CLC is faced with the challenge of responding to the combined issues of an aging employee population coupled with a shrinking labour pool.

The company continues to pursue a more rigorous/disciplined approach to talent management through a revitalized and integrated human resources strategy. Additional efforts designed to enhance performance management, professional development and succession planning practices are underway. The challenge will be to explore new approaches to retain the skills and knowledge of the company's workforce that are compatible with a diverse set of employee lifestyles. Faced with the possibility of fluctuating business opportunities, staffing requirements will be re-assessed.

Ongoing reviews of CLC HR policies and programs will continue to support the company's commitment to good governance and performance while remaining competitive and transparent in the marketplace.
CLC's senior management team structure is illustrated in Exhibit 8. Each member of the Senior Management Team, except for the President and CEO, heads their own department.

Exhibit 8: CLC Senior Management Team Organizational Structure



CLC continues to promote a safe and healthy work environment for employees. Continuing education and training will ensure that the company is able to maintain this environment on an ongoing basis. The company also meets its commitments under the Official Languages Act and is reaffirming this commitment in all possible areas of CLC's work environment.

2.6.2 Information Technology Resources

During 2007, CLC's Information Technology department (IT) implemented an ITIL (Information Technology Infrastructure Library) governance model. This entailed staff becoming ITIL certified and focusing on delivering services required from a business rather than a technology perspective. The result has been a shift to a more business-driven rather than technology-driven culture.

The creation of an interdepartmental Information Technology Steering Committee (ITSC) during the year furthermore provided a two-way communications vehicle to assist in guiding the strategic direction of the department. This has ensured that IT projects are prioritized in a way that benefits the organization as a whole.

Working in partnership with other departments has helped IT evolve from a supporting role into that of an enabler. It has also allowed it to more effectively communicate the capital expense involved with projects so that expectations are proactively managed and work is appropriately prioritized.

CLC's network has evolved into a Service-Oriented Architecture (SOA) where the focus is on stability, performance and resilience. The network connectivity including PCs to remote branch offices is cutting edge when referring to the speed, availability and service level agreements. All sites have been upgraded to leading edge services, including virtualization, CITRIX and VMWARE, within the last eight months.

Integration of shared services between the CN Tower and the real estate operating divisions is under way. Leveraging corporate assets and in-house expertise are noteworthy examples of potential cost savings to the organization.

Migrating CLC's email system over the past year to Microsoft Exchange has helped transition the company into a Microsoft environment; thus leveraging the complete array of Microsoft products. In-house support is reducing the need for external consultants and is reducing costs.

As part of the company's Microsoft environment, Office 2007 is in a pilot phase and SharePoint Server 2007 will be the replacement for CLC's current intranet. SharePoint Server 2007 is an integrated application of server capabilities that can help improve organizational effectiveness. It provides comprehensive content management and the ability to collaborate within the organization or team; thereby facilitating information sharing across boundaries for enhanced business insight. The expected implementation will occur in early 2008.

2.6.3 Financial Resources

Aside from the repurchase of the CN Tower operating lease, CLC has thus far been able to fund capital requirements through internally generated funds rather than financing them from external sources. The company's initial $85 million line of credit was increased to $190 million as a result of the amendments made to its 2007-2008 to 2011-2012 corporate plan on February 7th 2008. This line of credit was then increased to $230 million through government approval of the company's 2008-2009 to 2012-2013 corporate plan on March 11, 2008. The line of credit was initially used exclusively for letters of credit totaling $25.0 million.

The corporate plan shows acquisitions of $61.0 million, of which notes will be issued for $29.6 million and capital expenditures of $545.5 million during the plan period. More specifically, redevelopment projects such as the former CFB Chilliwack, CFB Calgary and CFB Griesbach will require sizeable capital expenditures over the next few years.

By year three of the five-year plan period, the company is projecting that the value of its properties will reach $411.0 million, which exceeds the company's asset base at inception in 1995. It is anticipated that the company's line of credit requirement will increase to $230 million through year two of the planning period, before returning to $85 million for the remainder of the five year planning period, comprised of bank indebtedness plus additional letter of credit requirements (current letters of credit total $25 million).

In addition, $31.1 million in bonds are outstanding regarding the CN Tower at March 31, 2008. These bonds are fully amortized, maturing in January 2014. During the plan period, CLC will make principal payments of $25.2 million, resulting in an outstanding balance of $5.9 million at the end of the plan.

By the end of year two of the plan, CLC's bank indebtedness will be paid off. The company is anticipating having a cash balance of $34.8 million at the end of the plan period and $5.9 million outstanding regarding the CN Tower bonds.

Exhibit 9: CLCL Capital Budget 2008-2009
(Expenditures on Properties)

	$ Millions
CLCL expenditures on properties	106.8
CLCL acquisitions	39.7

Exhibit 10: CLCL Operating Budget 2008-2009

	$ Millions
CLCL revenues	180.5
CLCL expenses	163.0
CLCL income before taxes	17.5

2.6.4 Enterprise Risk Management and Internal Controls

CLC continues to place emphasis on its risk management strategies and internal controls environment. As a result, programs have been initiated and others enhanced to meet the company's ongoing needs. Managing a variety of key risks in an integrated framework is a large and important part of ERM. It is being increasingly embraced by both corporate and operational management who have already seen tangible benefits and are better able to understand and assess the key risks of the company that could impede corporate and operational objectives. ERM is a continuous strategy which is improved with better information and communications. For instance, it has already flagged issues such as succession planning, talent management and applicant's criminal reference checks required for new CN Tower hires implemented in July 2006. Risk management is being viewed as a management discipline and process to assist in business and operational decision making.

The company's risk management efforts are ensuring that key business, operational and hazard risks are identified, assessed, mitigated, managed, monitored, and, where practical and cost-effective, insured, particularly for extreme and catastrophic exposures to the company. Managing and monitoring risk at the project level is one of the company's key objectives over the next few years and ERM is expected to be extended to cover major projects and program delivery risk. A risk control engineering survey was conducted at CLC's former CFB Griesbach project in early 2007 to identify and review risk exposures and recommend project controls needed to mitigate them (the 6th such specific project risk survey). Similar

engineering risk surveys were undertaken at the CN Tower, Metro Toronto Convention Center, former CFB Calgary and Benny Farm in Montréal. The next site to be assessed will likely be the former CFB Chilliwack. The 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:

- the completion and testing of a comprehensive and integrated business continuity plan and disaster recovery plan with a strong business needs focus for CLC's real estate and tourism and hospitality businesses in late 2007;
- the implementation of an alternative disaster recovery site for CLC's Real Estate IT assets in Ottawa with CN Tower IT recovery to be added at the facility by March 31, 2008;
- annual assessments conducted each January/February of CLC's insurable values 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;
- an insurable and business interruption values internal audit of our properties is scheduled at the end of this fiscal year to assure that values used are reasonably accurate, complete and representative of the risk being quantified and reported to CLC's insurers;
- the Audit Committee's approval of a three-year risk-based internal audit plan for the company on September 10, 2007 (for the fiscal years 2007-2008, 2008-2009 and 2009-2010) based on risk assessments, high-risk areas as well as those areas of concern for senior management and the board;
- a comprehensive contracting review audit completed in August 2007 and presented to the Audit Committee on September 10, 2007 for CLC's real estate operating division and Head Office IT contracts to ensure consistency and efficiency of practices and compliance with contracting policies/guidelines and delegations of authority levels. Management action plans are to be completed by fiscal year-end;
- an independent external assessment of CLC's internal audit process & activity (quality assurance review) is planned for November/December 2007 with results to be presented to the Audit Committee of the board of directors;
- 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
- transfer of responsibility this year for CLC's records management process and compliance monitoring to the Risk Management and Internal Controls department and combining it with business continuity planning for operational efficiency.

The first stage of certification of CLC's financial statements by the CEO and CFO was completed in 2004. Over the next two years, the company will be closely monitoring developments involving certification of financial controls involving section 404 of the U.S. Sarbanes Oxley Act of 2002 (SOX) and any similar Canadian legislation that results, and assessing how the company should proceed. From the related SOX 404 results, there is strong evidence that the cost and use of resources are very high.

2.7 CLC 2007-2008 Performance Assessment

CLC's 2007-2008 performance assessment is located in Appendix D. 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 assesses why and acts appropriately to either meet these targets in the future, or adjust expectations to more reasonable levels.

3. Financial Schedules

3.1 Canada Lands Company CLC Limited

3.1.1 Statement of Operations and Cash Flow for 2007-2008 to 2012-2013

$ Millions	Actual 2006/07	YEO 2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	5 Year Total
REVENUE								
Property sales	72.5	70.6	51.0	362.1	165.4	178.0	194.8	951.3
Cost of properties sold	43.9	42.7	35.4	255.0	111.9	113.5	123.6	639.4
Net property sales revenue	28.6	27.9	15.6	107.1	53.5	64.5	71.2	311.9
Net attractions, food and beverage	29.5	29.2	30.6	31.1	31.8	32.3	33.0	158.8
Property rental	19.7	18.4	30.5	32.6	23.7	24.1	24.8	135.7
Net CN Tower store	2.1	2.1	1.9	1.9	1.9	1.9	1.8	9.4
Net Intercontinental Hotel income	-	-	10.8	11.7	-	-	-	22.5
Interest and other income	4.8	4.1	2.2	1.6	2.5	2.4	3.1	11.8
	84.7	81.7	91.6	186.0	113.4	125.2	133.9	650.1
EXPENSES								
General and administrative	22.1	21.9	22.8	25.0	26.2	27.0	27.8	128.8
Provisions	1.8	12.9	-	-	-	-	-	-
Interest	2.0	1.8	10.8	10.5	1.0	0.8	0.5	23.6
Costs of property rental	14.6	14.9	20.3	21.1	16.6	17.3	18.0	93.3
Other CN Tower expenses	9.3	9.5	10.0	10.3	10.6	11.0	11.3	53.2
Depreciation	5.9	5.9	10.1	10.7	6.6	6.8	6.8	41.0
Capital taxes	0.9	0.2	0.1	0.1	0.1	0.1	0.1	0.5
	56.6	67.1	74.1	77.7	61.1	63.0	64.5	340.4
INCOME BEFORE TAXES	**28.1**	**14.6**	**17.5**	**108.3**	**52.3**	**62.2**	**69.4**	**309.7**
Income taxes	7.0	3.7	4.4	27.0	13.0	15.6	17.4	77.4
NET INCOME	**21.1**	**10.9**	**13.1**	**81.3**	**39.3**	**46.6**	**52.0**	**232.3**
Recovery of cost of properties sold	43.9	42.7	35.4	255.0	111.9	113.5	123.6	639.4
Depreciation	5.9	5.9	10.1	10.7	6.6	6.8	6.8	41.0
Expenditures on properties	(41.2)	(60.5)	(106.8)	(109.6)	(128.0)	(101.7)	(99.4)	(545.5)
Acquisitions	(11.6)	(179.2)	(39.7)	(14.2)	(2.8)	(1.8)	(2.5)	(61.0)
Debt repayment	(4.1)	(4.3)	(4.5)	(4.8)	(5.0)	(5.3)	(5.6)	(25.2)
Vendor mortgages	3.6	(1.0)	0.1	3.2	(0.9)	(15.3)	(22.4)	(35.3)
Government notes issued	11.6	7.3	16.7	6.2	2.8	1.7	2.2	29.6
Change in restricted cash	(0.6)	-	-	-	-	-	-	-
Changes in working capital	5.6	(12.7)	(0.8)	(0.6)	(0.7)	(0.4)	(0.3)	(2.8)
CASH FLOW BEFORE DISTRIBUTIONS	**36.0**	**(178.0)**	**(76.4)**	**227.2**	**23.2**	**44.1**	**54.4**	**272.5**
Government notes repayment	0.5	17.7	0.3	4.2	2.5	8.3	19.6	34.9
Dividends	7.3	7.5	-	-	30.1	20.7	35.8	86.6
DISTRIBUTIONS	**7.8**	**25.2**	**0.3**	**4.2**	**32.6**	**29.0**	**55.4**	**121.5**
Prior year's accumulated note repayments	156.8	157.3	175.0	175.3	179.5	182.0	190.3	175.0
Prior year's accumulated dividends	145.7	153.0	160.5	160.5	160.5	190.6	211.3	160.5
TOTAL ACCUMULATED DISTRIBUTIONS	**310.3**	**335.5**	**335.8**	**340.0**	**372.6**	**401.6**	**457.0**	**457.0**

Note: Fiscal year 2009/10 includes disposal of PRL acquisition at $209.1 million excluding parking.

Appendices

A CLCL 2008-2009 Objectives and Performance Targets

While the objective and performance measure in this appendix is set for the budget year (2007-2008), it is recognized that they may flow through to subsequent strategic plan years.

2008-2009 OBJECTIVE	PERFORMANCE TARGET
Enhance corporate governance	Give consideration to the creation of a formal board charter as recommended by best governance practices, and then implement as necessary

B CLCL 2007-2008 Performance Assessment

2007-2008 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
Enhance corporate governance	Implement action plan resulting from recommendations arising from the 2006 board evaluation	The recommendations made were minor in nature and were acted upon as deemed necessary by the board

C CLC 2008-2009 Objectives and Performance Targets

While the objectives and performance measures in this appendix are all set for the budget year (2008-2009), it is recognized that many will flow through to the subsequent strategic plan years as indicated in the financial schedules and other areas of this plan.

2008-2009 OBJECTIVES	PERFORMANCE TARGETS
SHAREHOLDER / BOARD OF DIRECTORS	
Operations	
Provide financial benefits to the Government of Canada	Pay dividends to the government of \$86.6 million for 2008-2009 to 2012-2013 Make up-front payments and note repayments for properties to the government and Crown corporations of \$23.0 million for 2008-2009 and \$31.4 million for 2008-2009 to 2012-2013 Pay income taxes to the federal government and the provinces of \$4.2 million and \$0.2 million respectively for 2008-2009, and \$76.4 million and \$1 million for 2008-2009 to 2012-2013
BUSINESS / FINANCIAL	
Financial Performance	
Optimize financial value and returns	Achieve net income before tax of \$17.5 million for 2008-2009 and \$309.7 million for 2008-2009 to 2012-2013 Achieve revenues of \$180.5 million for 2008-2009 and \$1.5 billion for 2008-2009 to 2012-2013 Projected CLC capital expenditures, including investments in environmental remediation of \$106.8 million for 2008-2009 and \$545.5 million for 2008-2009 to 2012-2013

2008-2009 OBJECTIVES	PERFORMANCE TARGETS
Business Development	
Achieve as many of the identified 2007-2008 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 2008-2009 federal and municipal CLC project milestones
Customer Relations	
Continue to improve customer satisfaction for tenants and CN Tower visitors	Develop a customer satisfaction target that measures the CN Tower's performance against that of other local attractions
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
Corporate Philanthropy	
Evaluate and act upon potential charitable donations	Contribute 1% of net income before taxes (which equates to $146,000) toward charitable donations in line with the company's corporate philanthropy policy
HUMAN RESOURCES	
Work Environment	

2008-2009 OBJECTIVES	PERFORMANCE TARGETS
Maintain positive and safe work environment and recognize and reward employees appropriately	Maintain voluntary employee turnover at below 5% for real estate divisions Maintain voluntary employee turnover at below 15% for CN Tower employees Expand Health and Safety program by evaluating compliance with provincial regulations across the country and addressing any deficiencies
Continued focus on integration of programs of the CN Tower	Maintain the succession plan for the real estate and CN Tower operating divisions with increased focus on development opportunities Increase communication and employee input for the real estate and CN Tower operating divisions through HR Round Tables, employee surveys employee communication forums, and newsletters
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 2008-2009 and $1.05 billion for 2008-2009 to 2012-2013 Increase cumulative person years of direct construction employment stimulated by CLC and its project associates by 700 for 2008-2009 and 8,750 for 2008-2009 to 2012-2013
Social Policy Objectives	
Contribute to subsidized 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 2008-2009 and 125 for 2008-2009 to 2012-2013
Sustainable Development	

2008-2009 OBJECTIVES	PERFORMANCE TARGETS
Incorporate sound principles of sustainable development for each development initiative	Demonstrate sustainable development approaches for company projects
Recycling and/or reusing demolition or construction wastes	Divert a minimum of 75% of demolished materials from landfills for company projects

D CLC 2007-2008 Performance Assessment

2007-2008 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
SHAREHOLDER / BOARD OF DIRECTORS		
Operations		
Provide financial benefits to the Government of Canada	Pay dividends to the government of $92.0 million for 2007-2008 to 2011-2012	Paid $7.5 million in dividends to the government in 2007-2008
	Make up-front payments and note repayments for properties to the government and Crown corporations of $24.1 million for 2007-2008 and $32.2 million for 2007-2008 to 2011-2012	$35.6 million in distributions ($171.9 million in acquisitions, less $154.0 million drawn from the operating line for the PRL acquisition, and $17.7 million in note repayments) will be paid to the government
	Pay income taxes to the government of $4.6 million for 2007-2008 and $60.5 million for 2007-2008 to 2011-2012	Paid $3.5 million in total federal income taxes in 2007-2008, plus $0.2 million to the provinces
BUSINESS / FINANCIAL		
Financial Performance		

2007-2008 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
Optimize financial value and returns	Achieve net income before tax of $15.9 million for 2007-2008 and $204.6 million for 2007-2008 to 2011-2012	Net income before tax of $14.6 million is anticipated to be achieved
	Achieve revenues of $135.6 million for 2007-2008 and $1.3 billion for 2007-2008 to 2011-2012	Revenues of $145.2 million are anticipated to be achieved
	Projected CLC capital expenditures, including investments in environmental remediation of $86.5 million for 2007-2008 and $404.5 million for 2007-2008 to 2011-2012	Capital expenditures of $60.5 million are anticipated to be incurred
Business Development		
Achieve as many of the identified 2006-2007 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 2007-2008 federal and municipal CLC project milestones	It is anticipated that CLC will meet its target of achieving 70% of the identified 2007-2008 federal and municipal milestones
Customer Relations		
Continue to improve customer satisfaction for tenants and CN Tower visitors	Minimum overall customer satisfaction score of 75% for operating divisions	Based on the results of two waves of quarterly research, the CN Tower is on track to reach its target

2007-2008 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
COMMUNITY / LEGACY		
Legacy Creation		
Implement legacy initiatives	Commemorate the heritage of company projects	Assisted Canadian Association of Veterans in United Nations Peacekeeping (CAVUNP) in hosting Peacekeepers' Day event in Calgary; assisted in hosting of Passechendale commemoration event with Loyal Edmonton Regiment at Griesbach property in Edmonton
Corporate Philanthropy		
Evaluate and act upon potential areas of donations and sponsorships	Contribute up to 1% of net income before taxes (which equates to $281,000) towards corporate philanthropy (donations and sponsorships) in line with the company's corporate philanthropy policy	As of December 2007, contributed $132,530 to corporate philanthropy initiatives, including $60,000 to match employee contributions to the United Way
HUMAN RESOURCES		
Work Environment		

2007-2008 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
Maintain positive and safe work environment and recognize and reward employees appropriately	Maintain voluntary employee turnover at below 5% for real estate divisions	Voluntary employee turnover rate for real estate operating divisions is anticipated to be 4.4%
	Maintain voluntary employee turnover at below 15% for CN Tower employees	Voluntary employee turnover rate for CN Tower operating division is anticipated to be 25.5%
	Expand health and safety program by evaluating compliance with provincial regulations across the country and addressing any deficiencies	Health and safety programs have being revitalized to ensure congruency with business continuity planning processes
Continued focus on integration of programs of the CN Tower	Maintain the succession plan for real estate divisions and create one for the CN Tower with increased focus on development opportunities	The succession planning process is underway for all divisions; a leadership training program is being introduced in addition to other development programs
	Increase communication and employee input at the CN Tower through introduction of HR Round Table and employee survey	HR Round Table meetings were held in 2007-2008 to provide a vehicle for enhanced employee communication
MUNICIPAL / PROVINCIAL		
Economic Stimulation		

2007-2008 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
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 2007-2008 and $1.05 billion for 2007-2008 to 2010-2011 Increase cumulative person years of direct construction employment stimulated by CLC and its project associates by 700 for 2007-2008 and 8,750 for 2007-2008 to 2011-2012	Increased by $600 million through the construction of residential units and industrial and commercial facilities (large positive variance from target due primarily to upward revision of estimates for CLC's Calgary project) Increased by 4,900 person years for 2007-2008 (large positive variance from target due primarily to upward revision of estimates for CLC's Calgary project)
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 2007-2008 and 125 for 2007-2008 to 2011-2012	The number of subsidized housing units stimulated by CLC and its project associates is not anticipated to increase from the 512 cumulative total for 2007-2008
Sustainable Development		

2007-2008 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
Incorporate sound principles of sustainable development for each development initiative	Demonstrate sustainable development approaches for company projects	CLC's Village at Griesbach in Edmonton, Currie Barracks in Calgary and Garrison Crossing in Chilliwack are all participating in a pilot project to expand the well-known Leadership in Energy and Environmental Design certification program to include neighbourhoods rather than just individual buildings
Recycling and/or reusing demolition or construction wastes	Divert minimum of 75% of demolished materials (by weight) from landfills for company projects	Demolition of 64 buildings at Garrison Crossing in Chilliwack achieved 95% diversion; demolition of two buildings in Calgary's Currie Barracks project achieved 84% diversion; demolition of two buildings, several roads and related infrastructure at the Village at Griesbach in Edmonton achieved over 75% diversion