Canada Lands Company
Société immobilière du Canada

2021/22 TO 2025/26

CORPORATE PLAN SUMMARY & OPERATING BUDGETS






Contents

1. Executive Summary 3

2. Overview 4

2.1 About Canada Lands Company Limited 4

2.2 Public Policy Role 5

3. Operating Environment 7

3.1 External Environment 7

4. Priorities 13

4.1 Main Objectives and Activities for the plan period 13

4.2 Overview of Risks 14

4.3 Expected results and performance indicator overview 16

5. Financial Overview 17

5.1 Expected Results for 2020/21 and plan period 2021/22 to 2025/26 17

6. Appendix 1: Corporate Governance Structure 19

7. Appendix 2: Results and Commitment 25

8. Appendix 3: Chief Financial Officer Attestation 26

9. Appendix 4: Financial Results including Operating and Capital Budgets 27

9.1 Operating and Capital budget highlights 27

9.2 Summary of Net Benefits to the Government of Canada 2021/22 To 2025/26 36

9.3 CLCL Dividend Policy and Retained 37

9.4 Financial Statements and Budgets 38

10. Appendix 5: Government Priorities and Direction 41

11. Appendix 6: COVID-19 Pandemic Impact 43

1. Executive Summary

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

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

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

CLCL's overarching objectives over the period of the plan, 1 April 2021 to 31 March 2026 ("Plan Period") include the following:

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

Currently CLCL's operations are affected by a global pandemic, as are most other companies. This unprecedented event is creating a significant amount of uncertainty for CLCL, particularly at the present time for its Attractions division. Despite these circumstances, CLCL continues to be a major Canadian real estate developer and world-class attractions operator. Over the Plan Period the Company will effectively manage its financial performance and remain resilient and adaptable to the conditions that it will face. CLCL continues to be financially responsible and operates with efficiency.

The Company projects over the Plan Period to:

- generate over $1.7 billion in revenue from its Real Estate and Attractions divisions;
- earn almost $500 million in income before taxes;
- contribute over $550 million to its shareholder, including $200 million in dividends; and
- invest close to $600 million in local economies through capital spending on its real estate development and attractions assets.

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

2. Overview

2.1 ABOUT CANADA LANDS COMPANY LIMITED

Mandate

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

Mission

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

Vision

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

CLCL Corporate Structure

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

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

2.2 PUBLIC POLICY ROLE

As an arm's length commercial, self-sustaining Crown corporation, oversight is provided by a Board of Directors comprised of six independent directors and a Chair appointed by the shareholder. The Board is responsible for recommending the corporate plan and approving the Company's strategic plan and financial statements. For more information about CLCL's activities and operations please refer to the Company's 2019/20 annual report or its website at clc-sic.ca.

Main Activities and Principal Programs

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

Interim Uses

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

Affordable Housing

CLCL seeks to commit, on average, 10% of the planned residential units to affordable housing. Working with local municipalities and relevant stakeholders and partners, the Company has often surpassed this target. CLC is a partner in the Federal Lands Initiative ("FLI"), a part of the National Housing Strategy, with Public Services and Procurement Canada and the Canada Mortgage and Housing Corporation ("CMHC"). Since CLCL's inception in 1995, the Company has facilitated the provision of more than 1,900 affordable housing units in its projects across the country with more planned in every new development.

Communities Amenities

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

Attractions

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

Entertainment

CLCL's Montréal Science Centre is home to many traveling exhibitions as well as seven permanent displays which, together, have garnered numerous awards. Further to the exhibits, the Montréal Science Centre is home to a seven-storey IMAX® TELUS theatre through which it offers the latest advancements in digital technology to deliver a visually stunning learning experience.

Recreation

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

Financial Condition

CLCL's financial management focuses on the activities around planning, procuring and controlling the Company's financial resources with the objective of making optimal financial decisions for CLCL. CLCL's financial strategy is to operate with strong fiscal responsibility through its various business divisions across the country to optimize, not maximize, cash flow and profit for re-investment and return to the Company's stakeholders, in both the short term and long term. Now, more than ever, it is imperative that the Company be fiscally prudent, given the significant uncertainties on its operations created by the global pandemic.

The Company balances both its financial and non-financial returns, which may not yield the maximum financial return, but rather aims to maximize the overall contribution to its stakeholders. Historically, CLCL has generated an annual profit, maintained sufficient cash resources and has not required parliamentary appropriations, while funding the operating deficit and capital requirements of the Old Port, Montréal Science Centre and Downsview Park. In the Plan Period, CLCL is projecting an annual loss in 2021/22, as a result of the impact of the global pandemic. The projected loss will be funded from existing cash resources on hand and will not require additional financing.

CLCL manages its external debt levels as part of its financial strategy, using credit facilities where appropriate and prudent, while continuing to work to repay the external debt that was assumed in November 2012 as part of the operational amalgamation with PDP. CLCL's retained earnings policy and rationale for dividend level are included in Appendix 4, section 9.3.

3. Operating Environment

3.1 EXTERNAL ENVIRONMENT

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Since then, COVID-19 has caused significant economic and social disruptions to many businesses including the Company. The duration and impact of the COVID-19 pandemic on the Company is unknown at this time. As such, it is not possible to reliably estimate the length and severity of COVID-19-related impacts on the financial results and operations of the Company in the short term, or whether COVID-19 will have significant longer-term impacts on the Company's operations.

The Company has taken and will continue to take actions to mitigate the effects of COVID-19, keeping in mind the interests of its employees, visitors, tenants, suppliers and other stakeholders. The Company made the decision to suspend its Attractions operations in March 2020 and October 2020 in response to concerning increases in daily COVID-19 case counts. These decisions were made prior to, or even in the absence of, public health authorities or governments forcing the closures in an effort to reduce the spread of COVID-19 and to put the health and well-being of our employees, guests and other visitors first.

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

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

During the summer of 2020, provincial governments had begun to ease restrictions imposed to contain COVID-19 and businesses began to reopen and resume operations. In several cases, the Company included, business operations are not resuming 'as normal,' as public health authority restrictions and other government directives remain in place, such as physical distancing, occupancy limits and travel constraints. These restrictions and directives, along with additional protocols that the Company may put in place will continue to modify how the Company operates, which will impact its financial performance.

Towards the latter part of summer 2020, the number of cases of COVID-19 began to rise across the country. This "second wave" resulted in provincial governments re-imposing a number of the restrictions that had been previously eased. The return of these restrictions along with the continuation of the border closure have significant impacts on Company operations, particularly for the Company's attractions. Federal, provincial and municipal governments have responded with monetary and fiscal interventions in attempts to mitigate the impact on the economy; however, the ultimate impact of COVID-19 on the economy and its duration remain unknown.

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

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

In addition, like many other businesses in Canada, the Company is ultimately operating in an unprecedented and unpredictable economy, which poses significant risk and uncertainty. These risks and uncertainties, along with others, may, in the short or long term, materially and adversely impact operations and the financial performance of the Company. COVID-19 may also exacerbate other risk factors described in this section.

General Macroeconomic Risks

The Company's business segments, real estate and attractions are affected by general economic conditions, including economic activity and economic uncertainty, along with employment rates and foreign exchange rates.

As mentioned above, COVID-19 has had a pervasive impact on the economy. As the Bank of Canada ("BoC") stated in its July 2020 Monetary Policy Report ("MPR"), the COVID-19 pandemic is having a dramatic effect on economic activity and employment in Canada. COVID-19 has spread broadly and rapidly, and to contain it, governments introduced public health measures that curtailed economic activity. These public health measures, along with the virus itself, have brought about a steep and deep economic decline which has impacted Canadian and global economies, causing widespread losses in jobs and business incomes. The course of the pandemic is inherently unknowable, and its evolution over time and across regions remains highly uncertain. Many economies have started to recover from the pandemic, but these recoveries will be slow and uneven across regions and sectors. From April to June, the period when public health measures to contain the spread of COVID-19 were at their most restrictive, the BoC's MPR estimated that economic activity would fall about 15 percent below its level at the end of 2019.

In September 2020, some estimates were projecting the Canadian economy to contract by about 6% to 8% for the year. Estimates for the Canadian economy in 2021 vary significantly given the unprecedented nature of the pandemic and the difficulty in predicting its course, however a number of economists are projecting growth in the range of 3% to 6%. In the same report, the BoC expects the Consumer Price Index ("CPI") inflation to decline to only 0.6% for 2020, followed by CPI inflation growth of 1.2% and 1.7% in 2021 and 2022, respectively.

In September 2020, Canadian national employment levels continued their recovery at a stronger pace. Unemployment rates remain higher than pre-pandemic February 2020 in all provinces. Canada has now recovered approximately 2.3 million of the 3.0 million jobs lost during the pandemic. At the end of September 2020, the Canadian national unemployment rate continued its decline from its peak of 13.7% in May 2020, dropping to 9.0%. It should be noted that several industries that have been hardest hit by COVID-19 remain far from pre-pandemic levels of employment, including the accommodations and food services (down 15.3 percent since February 2020).

However, the impact of reinstated public health measures in some provinces in September and October will not be felt in the unemployment rates until October rates are released. Uncertainty remains high over how strong the recovery in employment will be. With new cases of COVID-19 rising in many provinces, some industries will likely experience a second decline (or much slower recovery) in the coming months.

General forecasts have the Canadian unemployment rate at December 2020 around 9% to 10%, with the average unemployment rate for 2020 around 10%. In the longer term, unemployment rates are forecasted to decrease to around 7% to 8% in 2021, and 6% to 7% in 2022, as economies continue to recover steadily.

The BoC supported the economic and financial system by taking the unprecedented step of lowering the overnight interest rate by a cumulative 150 basis points to 0.25% in March 2020, which the BoC considers its floor. For the remainder of 2020, there seems to be an almost unanimous consensus that the BoC's interest rate will remain at 0.25% to aid in the economic recovery from COVID-19, and most seem to believe that the interest rate will remain there for the better part of 2021. These low interest rates may help to stimulate investment by businesses and purchases by consumers as economies recover.

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

Real Estate Division Related Risks

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

As a result of the uncertainty facing the economy, consumer spending decisions, which include real estate purchases or investments, are being significantly impacted. In its September 2020 news release, the Canadian Real Estate Association ("CREA") announced that August homes sales in Canada increased by 6% compared to the prior month. Year-over-year sales activity was actually up by approximately 33% as well.

CREA stated that housing prices are up approximately 9.4% from the same time a year ago. The primary drivers for the strong bounceback in home sales and prices is attributed to a number of factors including: the redirection of discretionary income to home purchasing; lower interest rates; unprecedented government income supports, and the low amounts of inventory on hand (in August 2020, the average national inventory on hand was 2.6 months, and in some markets the average is only weeks of inventory).

However, there continues to be significant longer-term risk given the economic and employment uncertainty. In its summer 2020 Housing Market Outlook ("HMO"), CMHC predicted that large employment and income declines, amongst other factors, would put downward pressures on housing demand and housing prices. In addition, in the CMHC's September 2020 Housing Market Assessment ("HMA"), it continued to raise concern that the unprecedented income supports that the federal government provided in response to the pandemic are temporary, and may aid in overstating the long term household disposal income which is a key fundamental determinant in housing prices.

In its September HMA, the CMHC provided the Canadian housing market with a 'moderate degree of overall vulnerability' rating, citing that the imbalance between housing prices in some local markets and the general weakening of housing market fundamentals, which had narrowed prior to COVID-19, seemed to be on the rise again.

CMHC notes in the September 2020 HMA that regional disparities continue to remain. The Vancouver, Toronto, Ottawa and Halifax housing markets, all cities that the Company has real estate development projects in, were assessed as having a moderate degree of overall vulnerability. The reasons for each city receiving a moderate rating varied.

The Vancouver housing market did not have any single indicator (overheating, price acceleration, overvaluation, or overbuilding) that was assessed as moderate or higher, however the overall assessment was a moderate degree of vulnerability due to widening of the overvaluation gap between fundamentals and market prices after several quarters of improvement. In Toronto, similar to Vancouver, there was not a single indicator assessed as moderate or higher, but emerging evidence of further imbalances, particularly in the overvaluation indicator, drove an overall moderate degree of vulnerability rating.

The Ottawa housing market's overall moderate rating was due to a moderate risk of overheating due to limited supply. This limited supply and strong demand put pressure on prices, signaling a moderate risk of price acceleration. For the Halifax housing market, the overall assessment of moderate was driven primarily by a sharp increase in prices due to pent-up demand indicating a moderate risk on overvaluation.

The housing markets in Edmonton, Calgary, Montréal, and St. John's are considered to have low vulnerability, although CMHC did identify concerns in Montréal in respect to overheating and overvaluation in the market, and in Calgary and Edmonton around overbuilding.

The housing markets in Québec City and Winnipeg, where the Company currently does not own any real estate properties but does expect to acquire and sell during the Plan Period, are considered to have a low vulnerability.

As noted above, interest rates are expected to remain low, and therefore mortgage rates also are expected to remain relatively low for the foreseeable future.

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

At the end of September 2020, Canada's office vacancy rate was approximately 12%, which was an increase from the September 2019 vacancy rate of 11.1%. The increase is partially driven by subleases hitting the market as companies evaluate their office space needs in response to COVID-19 and the trend of more work-from-home arrangements.

At the end of September 2020, Canada's industrial space availability was 3.5%, which is well below the 10-year Canadian average of 5.1%. The impact on office and industrial space as a result of COVID-19 is uncertain, however the increase in office space vacancy may be short term; as Canadian employment markets recover and the role of in-person relationships in defining company culture becomes increasingly evident, vacancies will drop.

In addition to the impact of COVID-19, oil prices can have a significant impact on the Canadian economy. Oil prices, particularly the discount on Canadian oil prices, are a major part of the Newfoundland, Saskatchewan and particularly the Alberta economy, including the housing demand through effects on employment and household income. Benchmark oil prices, currently trading around US$40 per barrel, remain a significant risk and uncertainty, limiting growth, particularly in Alberta. Canadian oil prices have ranged from US$28 per barrel to US$34 per barrel within the last four months. Both benchmark and Canadian oil prices have been relatively stable the past three months but have seen significant volatility in the past nine months, with benchmark oil prices and Canadian oil prices dropping as low as US$12 and US$8, respectively. Not only is the price per barrel important; so, too, is the difference between the benchmark global oil prices and Canadian oil prices, and the demand. The recent plunge in oil prices and its demand have dealt a major setback to the oil and gas sector, forcing production and investment in the sector to decline sharply.

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

It is difficult to predict demand for real estate. Changes in the real estate market, whether it be building type and form, demand or other changes, may significantly impact the Company's Real Estate division.

The Company mitigates its real estate sector risk through constant assessment and monitoring of local market conditions. The Company may adjust the amount and/or timing of expenditures on properties or sales as a response to the market conditions.

Attractions Division Related Risks

The CN Tower's and OPMC's operations have been directly linked to the performance of the tourism sector in Toronto and Montréal, respectively. The number of visitors to the CN Tower is also related to the seasons and to daily weather conditions.

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

As a result of COVID-19, tourism spending is expected to be significantly impacted in Canada.

In Destination Canada's ("DC") July 2020 "Visitor Demand Forecast" publication, it was reported that travel spending in 2020 could drop between 54% and 61% compared to 2019. In its July report, DC went on to say that it does not expect a return to 2019 spending levels until 2023 or possibly 2024. DC's July 2020 report "Overnight arrivals at a glance" clearly illustrates the current impact that COVID-19 is having on tourism and international travel. The report showed that overnight arrivals in July 2020 in Canada were down 98% compared to July 2019 and 79% year-to-date for 2020 compared to the comparable prior year period, and specifically US overnight arrivals down 98.3% in July 2020 and 80% year-to-date for 2020.

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

In March 2020, Canada-U.S. border restrictions prohibiting all non-essential travel across the border were put in place. Those restrictions have remained in place. At the time of this writing, the border is not set to reopen until November 21, 2020. Given the current conditions, there seems a significant degree of sentiment to keep the border with the U.S. closed until clear indication of improvement is apparent. It is expected that these restrictions will loosen at some point, but when and by how much are unknown.

Foreign exchange rates may impact the number of international tourists that Canada, local markets and the Company's attractions can draw when restrictions are eased. The rate at October 9, 2020 was US$1.00 = $1.31, which is right around where it was at the same time last year. Analysts are mixed on whether they expect the Canadian dollar to strengthen or weaken against the U.S. dollar in the next 12 months, but most are predicting that the foreign exchange rate will remain largely consistent during the time.

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

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

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

The Company continues to constantly review all aspects of its attractions operations potentially impacted by COVID-19, including its business plans and health and safety procedures and protocol. The Company continually updates its business resumption plans to adapt to new governments' and health authorities' direction, in many cases exceeding the minimum requirements, which allows the Company's attractions to reopen (or remain open) and ensure the safety of its employees, guests, suppliers, and contractors.

4. Priorities

4.1 MAIN OBJECTIVES AND ACTIVITIES FOR THE PLAN PERIOD

In 2020 the Company celebrated 25 years in operation and progressive growth, profitability and value to Canadians. For more details about the Company's activities and performance, please refer to its 2019/20 Annual Report and its Corporate Social Responsibility Report on its website at clc-sic.ca.

For more information on priorities please refer to Appendix 3.

4.1.1 OBJECTIVES AND ACTIVITIES

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

1. Continue CLCL's program of reintegrating former Government of Canada properties into productive use for the benefit of Canadian communities. The critical outcomes will be new sources of economic activities in municipalities, such as construction work, community amenities, green spaces, and housing, both market and affordable where residents can live, work and play.
2. Continue to build and maintain strong partnerships with Indigenous peoples. Whether it is CLC that has been invited by a government department undertaking consultations, or it is PDP initiating consultations on its own account as an agent Crown corporation, CLCL is experienced in engaging with Indigenous communities and their leadership that may lead to a months-long or years-long building of a relationship of trust and the identification of mutual interests, and, in some instances, formal arrangements. Each arrangement is a unique venture tailored to the context of the properties, the Indigenous communities' interests and desires and the opportunities available. Components of the agreements with the Indigenous communities have included working together on initiative around commemoration, employment and training, procurement, and commercial land transactions.
3. Continue to work with Public Services and Procurement Canada on collaboration projects in the National Capital Region, Toronto and other opportunities as they may appear. The critical outcomes include elevating the potential of these sites and their uses, while also assisting the government in its rationalization efforts, and creating new communities that include employment uses, green spaces, amenities, and new housing. The objective will be achieved by working through CLC's real estate development approaches and processes while ensuring the accommodation of government real property needs.
4. Investigate areas of expansion of CLCL services and support to the Government of Canada. The outcome of this initiative will be more efficiencies and innovations brought to the government using CLCL's expertise in real property and attractions management. These outcomes will be achieved through establishing close collaborative relationships with departmental real property officials, using current projects as proof of concept for innovative approaches to future work, and identifying new projects that could be realized.

5. Increase attractions' value; enhance the integrity and safety of these assets. The critical outcome will be the delivery of outstanding and innovative guest experiences. The objective will be achieved through maximizing operational efficiencies as well as community, financial and non-financial contributions.
6. Ensure compliance with the Public Health Agency of Canada's guidance and local and provincial requirements and restrictions regarding COVID-19, while continuing to support the health and safety of employees, partners, clients and the general public, as well as take measures, to the extent possible, to mitigate the impacts of the crisis on operations and those of its tenants.
7. Support Canada's recovery from the pandemic by participating in broader government initiatives and proposing other opportunities to reinvigorate the economy and the communities where the Company operates. The Company faces both financial and non-financial risks that, if not managed effectively, could significantly and materially impact the Company.

4.2 OVERVIEW OF RISKS

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

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

In the immediate term and the short term, there is no greater risk to the financial results, particularly those of the Company's Attractions operating division than COVID-19, which has brought significant challenges to the hospitality industry as a result of restrictions from public health authorities and various levels of government, in an effort to control the pandemic and "flatten the curve." When and how these restrictions will be eased, and ultimately lifted, is unknown.

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

- Liquidity which is defined as the Company's ability to meet short- and long-term financial obligations as they come due which may affect its credit rating and overall reputation; or its inability to sell assets quickly without loss of value.
- Revenue and costs forecasting which is defined as inaccurate assumptions that may result in a significant deviation from estimates. This is particularly significant in the Real Estate division where projects, and consequently their assumptions, can extend 10+ years, depending on the nature and length of the project.
- Lack of financing which is defined as not adequately having sufficient funds to support and sustain operations. This is particularly significant in the Real Estate division where sizable investments may be required early in the development lifecycle with revenue inflows not coming until years later. The Company needs to ensure that it has sufficient financing, either internally or externally, for the duration of the project.

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

- Pandemic, which is defined as a pandemic or epidemic outbreak (e.g. COVID-19, SARS, Zika) which may affect tourism, business operations and/or employees.
- Cyber security, which includes internal or external attacks on the Company's information system which may result in a financial loss, loss/leakage of data, system disruptions and/or potential reputational damage.
- Macroeconomic uncertainty, which includes changing macroeconomic conditions that may influence real estate and/or tourism markets that may affect the Company's operations and revenue streams.
- Physical safety, which includes health and safety incidentals that may affect the Company's key stakeholders, including employees, contractors, tenants, and the general public.

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

Risk Management

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

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

Specifically, the Framework identifies the following key objectives:

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

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

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

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

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

4.3 EXPECTED RESULTS AND PERFORMANCE INDICATOR OVERVIEW

CLCL has over 25 years of successful operations, generating over $1 billion in financial contributions to its shareholder since inception. Over the Plan Period, the Company will continue its trajectory of success under difficult global circumstances through a number of opportunities and activities. CLCL uses benchmarks and comparators to measure itself against the markets in which it operates, such as market studies, internal audits, and financial management dashboards to continually monitor its operations all overseen by its Board of Directors. Strategies and outcomes will continue to align with CLCL's mandate and business objectives.

Outcome	Measure
Local developments and infrastructure projects are supported in collaboration with municipalities and other local stakeholders	Dollars invested and municipal approvals obtained
Local communities are engaged throughout planning and development processes	Number of projects with engagement programs
Opportunities to partner with Indigenous communities throughout planning and development processes (where engaged through federal customer or direct engaged as agent-PDP)	Number of projects
Disposal of federal real estate property is managed effectively and efficiently, and strong financial and non-financial results are delivered	Revenues earned, opportunities for affordable housing, green spaces delivered, positive community engagement
Development projects are environmentally sustainable and aligned with industry best practices	Number of active developments that meet or exceed environmental management standards
Internal programs and initiatives that use industry best practices and support strong employee engagement	Establish benchmarks and goals to foster a diverse and inclusive workforce

5. Financial Overview

5.1 EXPECTED RESULTS FOR 2020/21 AND PLAN PERIOD 2021/22 TO 2025/26

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

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

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

The Company's financial plan, which includes its financial results and financial position over the Plan Period, is included in Appendix 4, section 9.4. All the sections of this corporate plan should be read in conjunction with the Company's financial plan to obtain a full, comprehensive understanding of the assumptions, risks, uncertainties and context.

The financial plan reflects the Company's best estimate of the expected results over the Plan Period at the time of the writing. With any financial plan spanning five years, particularly a plan that projects real estate sales in numerous markets across Canada, there is naturally a significant degree of uncertainty. That 'typical' or 'normal' uncertainty is only exacerbated by the impact of the pandemic on the Company's operations, particularly its Attractions operating division, which is facing significant operating challenges currently due to restrictions from governments and public health agencies in efforts to manage and control the pandemic.

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

Below is a summary of the expected results for 2020/21 and the Plan Period. Further details are included in section 9.1.2.

Revenue

The Company projects $173 million in revenue in 2020/21 and $1.75 billion in revenue generation over the Plan Period. The Company's projected revenues fluctuate year over year, primarily as a result of two factors. The first is due to CLC's real estate sales. Real estate development and sales have a significantly longer life cycle than the Company's Attractions operating division. Real estate sales are dependent upon many factors, including obtaining municipal approvals, which will drive the timing of when products can be brought to market. The second is the Attractions operating division. The Company's attractions have had significant revenue and profit drops in 2020/21 as a result of COVID-19. The Company is projecting a gradual financial improvement of its attractions over the first two to three years of the Plan Period as the industry recovers.

Profitability

Net income before tax is forecasted for 2020/21 to be an $8 million loss. Over the Plan Period, the Company projects close to $470 million in net profit. The consolidated annual profit will vary significant as a result of the fluctuations in the real estate sales and the recovery of the attractions as mentioned above. The operating profit margin[1] will average just under 38% during the Plan Period. It will vary year over year during the Plan Period primarily due to the particular real estate projects being sold.

General and Administrative ("G&A") Costs

G&A costs include both indirect operational costs for its attractions and corporate overhead costs. The total G&A costs for 2020/21 are projected to be $33.4 million or 19.3% of total revenues. For 2020/21, G&A was decreased from the amount budgeted in the prior plan by $5.9 million (or 15%) as a result of active cost containment actions in response to the lower forecasted revenues. Over the Plan Period, the G&A costs are projected to be $180.7 million or 10.3% of total revenues. During the Plan Period, the G&A costs are forecasted to increase 2.0% per year. The increase is driven primarily from increases in personnel costs. Corporate overheads over the Plan Period will represent approximately 50% of the total G&A costs, or 5.2% of total revenues.

Capital Investment

Capital investment for the Company includes expenditures on real estate, which include land development costs and its investments in longer-term hold properties, and investment in its attractions. In 2020/21, the Company projects $103.7 million in total capital expenditures. Over the Plan Period, the Company forecasts to invest $596.2 million, of which $504.2 million will be in real estate and $92.0 million in its attractions. The amount of investment annually will vary depending on the stage of development for the Company's projects. The Company is very focused on ensuring that investment, particularly real estate development investment, is made at the appropriate time and closely aligned with the sales strategy and timing for a project.

Borrowings

The Company's borrowings, which include cash borrowing and letters of credit, are forecasted to be $77.6 million and well within the $200 million of credit facilities available at the end of 2020/21. During the Plan Period, the average annual borrowings will be $115.4 million, peaking in 2023/24 at $126.6 million. On average over the Plan Period, the borrowings will be split evenly between cash borrowings and letters of credit. The increase during the Plan Period is primarily due to increased real estate development expenditures in PDP's development neighbourhoods, with the financial returns expected to be realized in the years beyond the plan.

Capital Management

The Company's capital management and retained earnings policy is included in Appendix 5, section 10.3. The Company projects its dividend payments based on the forecasted cash on hand and the cash requirements of the Company in subsequent years. The Company is projecting $200 million in dividends over the Plan Period, an average of $40 million annually. Dividends are expected to continue to be declared annually at the discretion of the Company's Board of Directors. Actual dividend payments could vary materially from those projected based on the financial performance of the Company. The Company projects an average return on equity of 9% during the Plan Period while still showing prudent and responsible fiscal management by maintaining an average debt to equity ratio of 55% and sufficient cash balances to fund capital investment and operations.

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

6. Appendix 1: Corporate Governance Structure

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

CLCL was incorporated under the Canada Business Corporations Act and is listed in Schedule III, Part 1 of the Financial Administration Act.

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

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

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

The strategies within this corporate plan have been developed and will continually be evaluated by the subsidiary corporations. They are borne of a singular focus to incrementally and continually advance the Company's mandate, utilizing innovative tools and strategic direction in its lines of business to provide both community and financial benefits to its shareholder and Canadians.

CLCL operates in the competitive and sometimes volatile real estate and tourism markets being impacted by the current global pandemic. As such, it is directly affected by the unpredictability of those industries and various Macroeconomic trends. Despite uncertainty regarding the global economy and Canadian real estate market, the Company has returned over $1 billion in dividend payments, federal and provincial incomes taxes, and property acquisition payments to the fiscal framework since its inception in 1995.

CLCL Boards of Directors

CLCL, CLC, OPMC and PDP each has its own Board of Directors that holds regularly scheduled meetings. The membership for each Board is the same with the exception of the President and CEO of CLCL and the subsidiaries, who sit on the Board of CLC, PDP and OPMC but not of CLCL. The Directors of the parent company and subsidiary Boards (with the exception of the President and CEO) are independent of the business.

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

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

The compensation for the Chair and Directors is set by the Governor-in-Council and consists of annual retainers of $9,400 for the Chair and $4,500 for Directors, as well as a per diem rate of $375 for both the Chair and Directors.

CANADA LANDS COMPANY LIMITED – BOARD OF DIRECTORS

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

BOARD ATTENDANCE FOR FISCAL YEAR 2019/2020

Board Member	Board & Committee Meetings	Board & Committee Conference Calls
Jocelyne Houle	4/4	5/5
Victoria Bradbury	4/4	5/5
John Campbell	4/4	5/5
Margaret MacDonald	3/3	2/4
Kaye Melliship	4/4	5/5
Toni Varone	4/4	5/5
Daniel Shindleman	4/4	5/5

CANADA LANDS COMPANY LIMITED – PRESIDENT AND CEO

Name	Role	OIC Date	Term	Expiry Date	Home Province
John McBain	President & CEO	30/01/14 effective 03/03/14 01/11/18 effective 03/03/19 (renewal) 28/08/20 effective 03/09/20 (renewal)	5 years 18 months (renewal) Up to 6 months (renewal)	02/03/21	Ontario

Biographies

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

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

John W. Campbell: Mr. Campbell is the principal of Renovo Advisory Services Ltd., Vice Chair of Artscape and on the Board of Directors of the Canadian Urban Institute.

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

Kaye Melliship: Ms. Melliship has been involved in housing policy, governance, operations and land use planning for more than 30 years. She is currently Executive Director of Greater Victoria Housing Society and President of Ready to Rent BC.

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

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

Board Committees and Their Roles

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

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

Governance Committee

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

Human Resources Committee

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

Audit and Risk Committee

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

Real Estate Committee

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

Attractions Committee

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

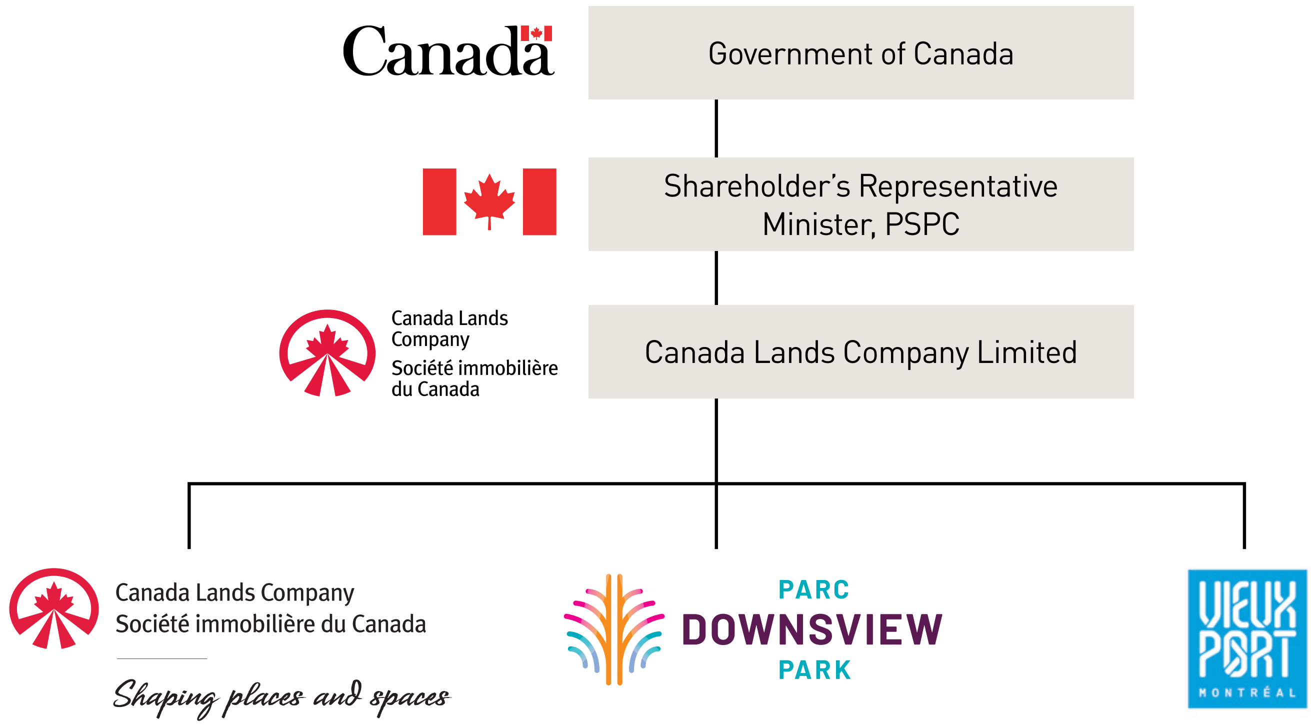
Management Agreements

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

Annual Public Meetings

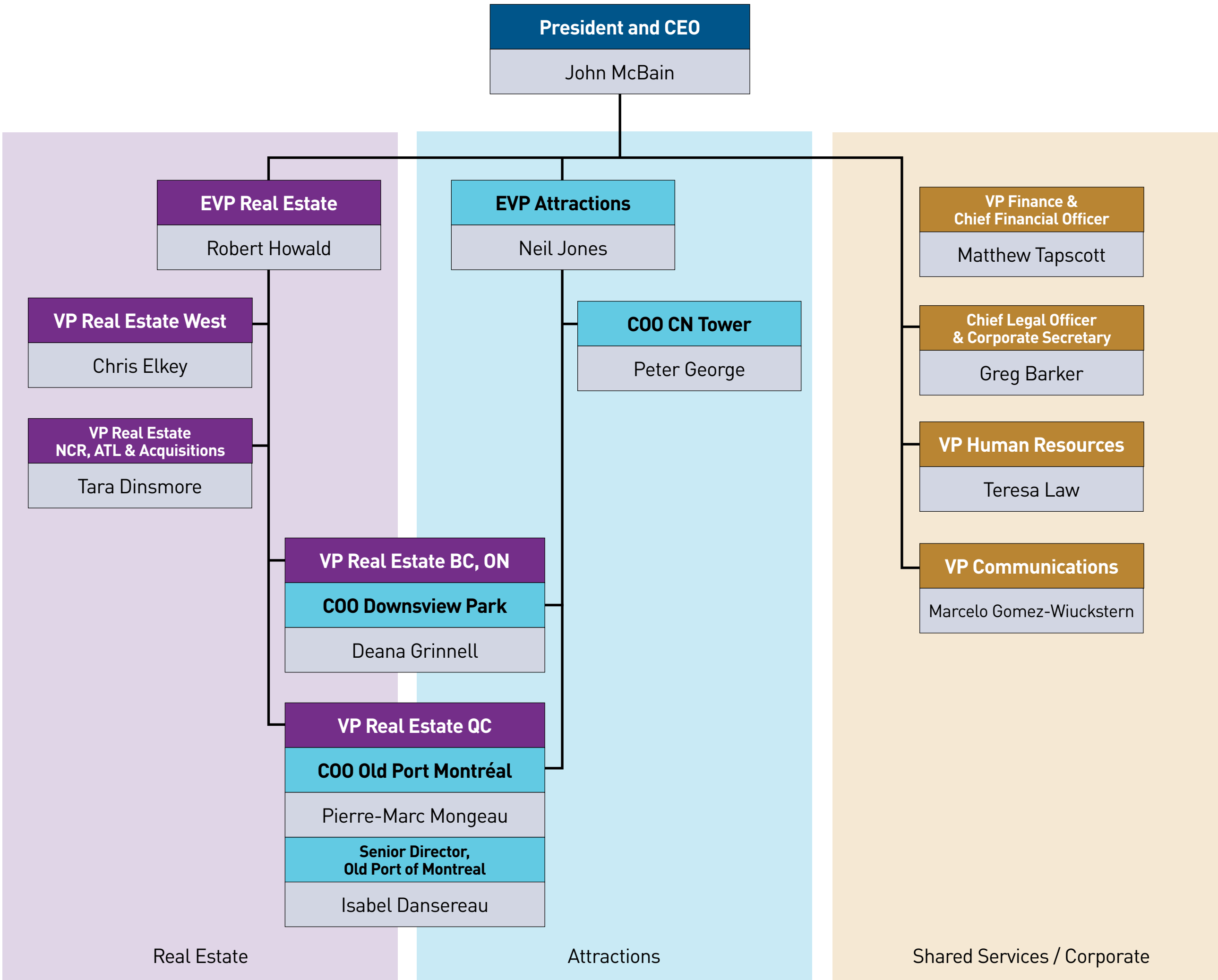
As a Crown corporation, and in line with best practices and the Financial Administration Act, CLCL provides an annual forum through which the public can offer feedback and engage in a dialogue with CLCL's Board of Directors and management on matters directly relating to its business. The next public meeting will be held in Fall of 2021.

FIGURE 1: CLCL CORPORATE STRUCTURE AND SUBSIDIARIES



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

FIGURE 2: CLCL SENIOR MANAGEMENT STRUCTURE



This senior management group is responsible for all business operations and results, setting corporate priorities, and developing and implementing the Company's corporate and strategic plans, consistent with CLCL's mandate and Board of Directors' oversight.

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

For 2019/20, CLCL's leadership costs for the Board of Directors and senior management, which include salary, benefits, pay-at-risk, post-employment pension plan contributions, as well as retainers and per diems in the case of Directors, were $4.5 million.

The current President and CEO's term was extended for up to an additional six months in September 2020. A recruitment process managed by the Privy Council is currently underway. The Board and management will take appropriate action to mitigate potential risks in case of a vacancy as well as ensure that a robust onboarding and transition plan is developed and executed.

7. Appendix 2: Results and Commitment

I, John McBain, as President and Chief Executive Officer of Canada Lands Company Limited, am accountable to the Board of Directors of Canada Lands Company Limited for the implementation of the results described in this corporate plan.

I verify that this commitment is supported by the balanced use of all available and relevant performance measurement and evaluation information.

John McBain
President and Chief Executive Officer Canada Lands Company Limited

November 25, 2020

8. Appendix 3: Chief Financial Officer Attestation

In my capacity as Chief Financial Officer of CLCL, accountable to the Board of Directors of CLCL through the President and Chief Executive Officer, I have reviewed the corporate plan and budgets and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the financial and related information is reasonably described, and assumptions having a significant bearing on the associated financial requirements have been identified and are supported.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed.
3. Financial resource requirements have been disclosed and are consistent with the stated assumptions, and options to contain costs have been considered.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the corporate plan.
5. The corporate plan and budgets are compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place.
6. Key financial controls are in place to support the implementation of proposed activities and ongoing operation of CLCL and its wholly owned subsidiaries.

In my opinion, the financial information contained in this corporate plan and budgets are sufficient overall to support decision making.

Matthew Tapscott
Vice President, Finance & Chief Financial Officer
Canada Lands Company Limited

November 25, 2020

9. Appendix 4: Financial Results including Operating and Capital Budgets

The Company's operating and capital budgets, represented through the accompanying CLCL financial statements in section 4.2 of this appendix, provide the revenues, expense, profit, cash flows and capital investments the Company projects making during the Plan Period.

9.1 OPERATING AND CAPITAL BUDGET HIGHLIGHTS

9.1.1 KEY FINANCIAL INFORMATION

TABLE 1

	For the year ended 31 March[1]		
(in millions of dollars, except profit margin)	**2021 Forecast**	**2021 Budget**	**For the Plan Period[2]**
Total revenue	$172.8	$279.7	$1,753.4
Total operating profit[3]	$28.2	$75.0	$645.7
Total operating profit margin	17.0%	28.2%	37.8%
Total net income (loss) before tax	($7.9)	$36.3	$468.1
Acquisitions	$7.6	$0.5	$90.1
Investment	$103.7	$108.9	$596.2
Cash provided by (used in) operating activities	($43.8)	($7.2)	$489.0
Total credit availability	$122.4	$120.9	$79.8
Dividends to the Government of Canada	$10.0	$10.0	$200.0
Upfront payments made available[4]	$5.0	$0.5	$52.6
Total assets	$1,054.7	$1,085.6	$1,146.2

1 Budget figures represent amounts included in the CLCL corporate plan 2020/21 to 2024/25.

2 Total credit availability and Total assets amounts shown in the "For the Plan Period" column are the projected 31 March 2026 balances.

3 Operating profit = total net income before taxes less interest and other revenues, interest and other financing costs, impairment of capital expenditures, and general and administration costs.

4 Upfront payments made available are the payments made available by the Company to the property custodians at the time of acquisition.

9.1.2 OVERVIEW OF BUDGET

Revenue

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

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

CHART 1

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

The Company forecasts that it will generate over $170 million in revenue in 2020/21 which is approximately $110 million lower than the 2020/21 budget. The primary driver for unfavourability against budget is due to COVID-19 and the impact that it has had on the Company's Attractions operating division. Since March 2020, and for the foreseeable future, the Company's Attractions operations have been completely closed or significantly limited in terms of operations. The Company's response to the COVID-19 pandemic is guided by public health authorities. The restrictions and closures were made which has drastically reduced the forecasted revenue and profit for 2021/22.

The Company expects to generate consolidated revenue in the Plan Period of $1,750 million, or an average of $350 million per year. Revenues are not consistent year over year. The primary drivers for the large fluctuations in annual consolidated revenue during the Plan Period is the timing of real estate development and sales and the recovery of the Company's attractions in the earlier part of the Plan Period.

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

CHART 2:
Principal Sources of Revenue *(in millions)*

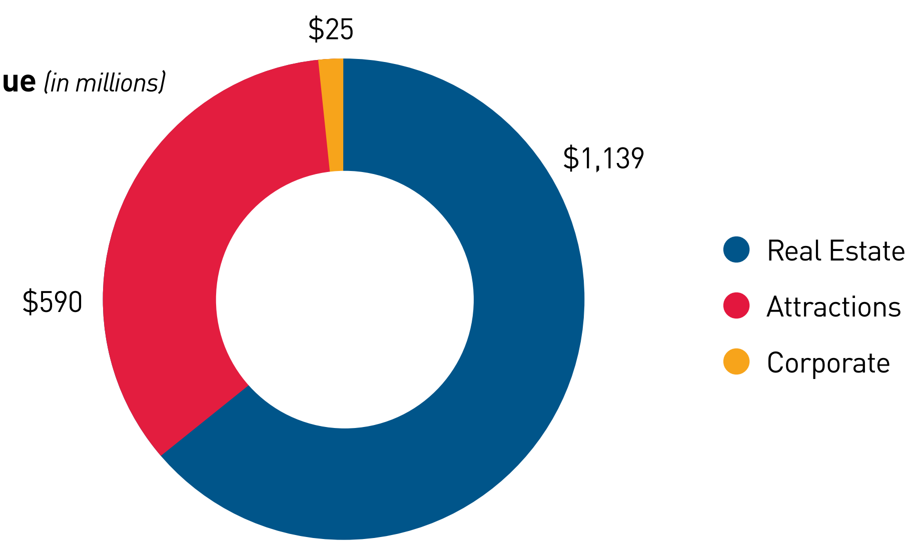
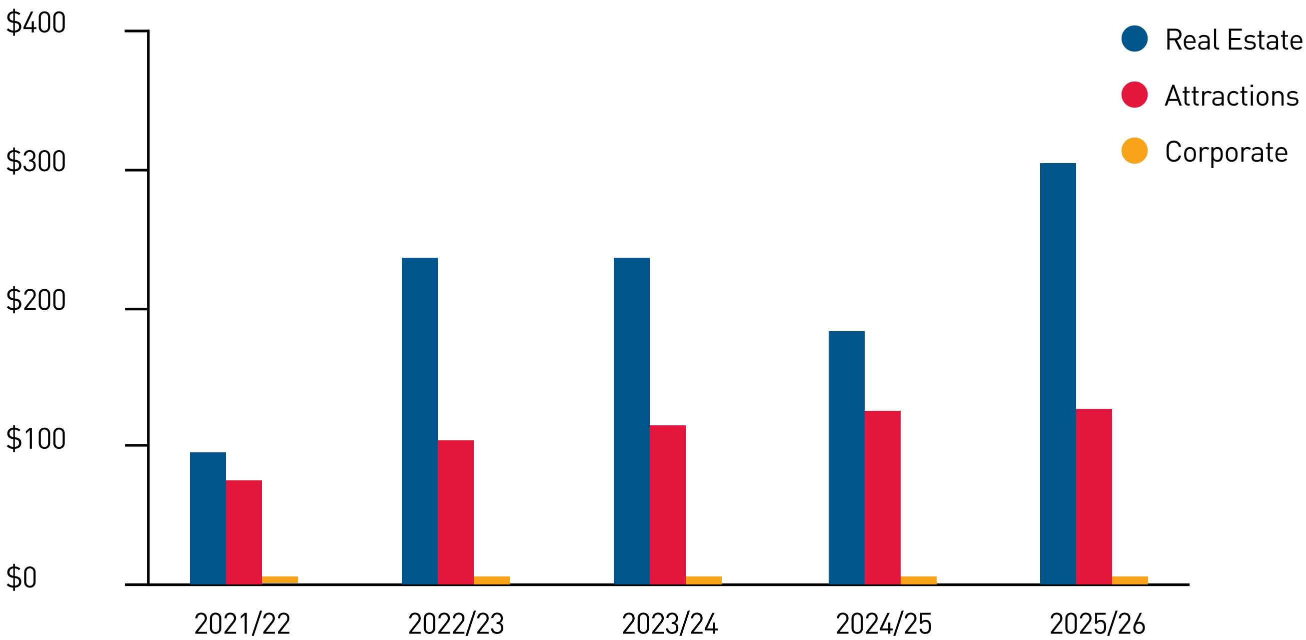


CHART 3: Principal Sources of Revenue *(by year)*



Profitability

Consolidated net income before tax (NIBT) for the Plan Period is $470 million, an average of $95 million per year. Similar to revenue, profitability fluctuates annually and is driven principally by real estate sales activity and the recovery of the Company's attractions in the earlier years of the Plan Period.

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

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

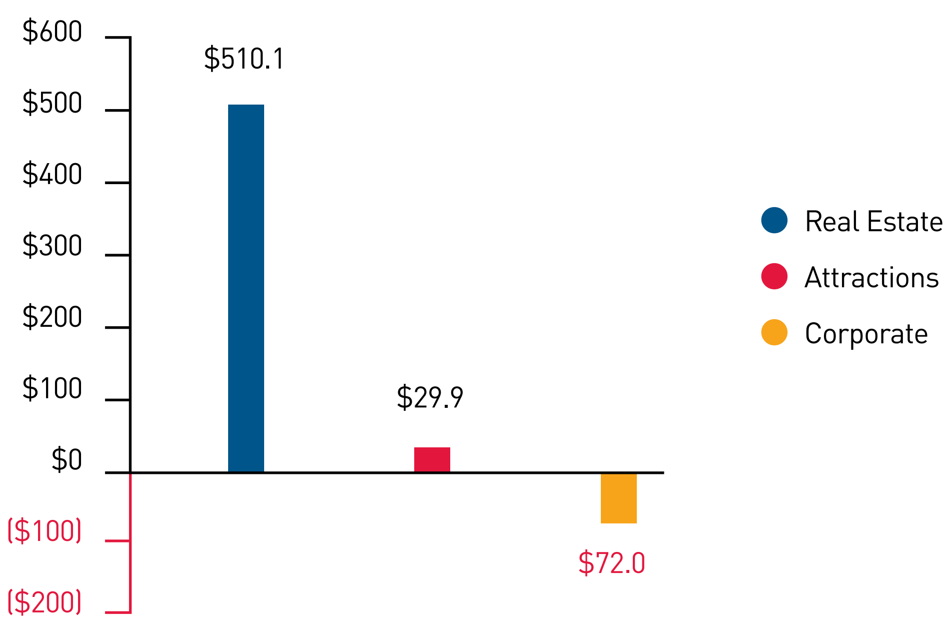
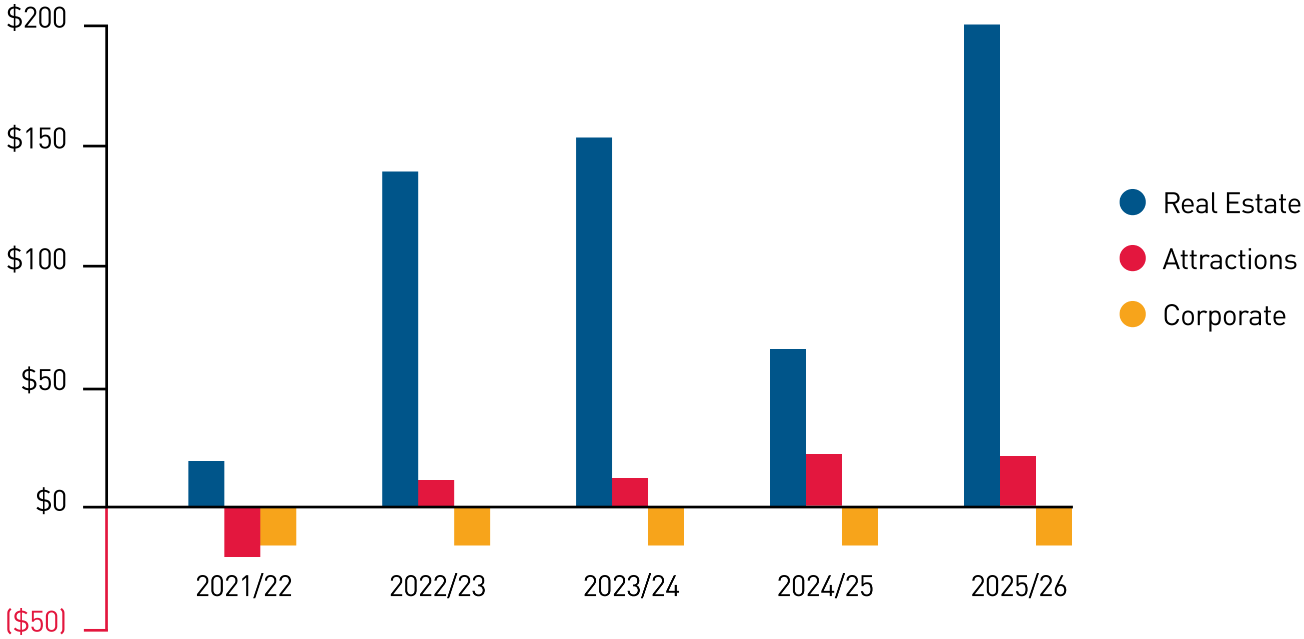


CHART 5: Principal Sources of NIBT by year *(in millions)*



As a result of the aforementioned decrease in revenues for 2020/21, the Company forecasts its NIBT to be a loss of $7.9 million which is lower than the budgeted NIBT by $44.2 million.

Over the Plan Period, the Company projects to generate $645.7 million in operating profit, or an average of close to $130 million per year.

During that same time, the operating profit margin will be 37.8% of total revenues. Annually during the Plan Period, the operating margin will vary depending primarily on the real estate sales and product mix, and the gradual recovery of the Company's attractions operations.

General and administrative costs

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

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

TABLE 2: General and Administrative Costs Summary

For the year ended 31 March (in millions, except percentages)	2021 Forecast	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan	Plan Period Total
Operating G&A costs	$16.7	$16.9	$17.3	$18.1	$18.5	$19.2	$89.9
Corporate G&A costs	$16.7	$17.5	$17.8	$18.2	$18.5	$18.7	$90.8
Total G&A costs	**$33.4**	**$34.4**	**$35.1**	**$36.3**	**$37.0**	**$37.9**	**$180.7**
Corporate G&A as a % of total G&A	50.0%	51.0%	50.7%	50.0%	50.0%	49.4%	50.2%
Total G&A as a % of total revenue	19.3%	18.3%	9.4%	9.4%	11.0%	8.0%	10.3%
Corporate G&A as a % of total revenue	**9.3%**	**9.3%**	**4.8%**	**4.7%**	**5.5%**	**4.0%**	**5.2%**

The Company projects total G&A costs for 2020/21 to be $33.4 million, which is significantly lower than the $39.3 million that was budgeted. The primary driver for the decrease is cost containment measures that the Company has implemented in response to COVID-19 and the decrease in revenue. These measures were to help reduce indirect, incremental overhead costs that could be avoided or deferred until more typical operations return.

Over the Plan Period, total G&A costs are expected to be $180.7 million. Indirect operating G&A costs are expected to be 50% of the total G&A costs, or $89.9 million, with the remainder being corporate G&A costs.

During the Plan Period, total G&A costs as a percentage of total revenue are projected to be 10.3%. In 2021/22, that percentage is expected to be 18.3% due to the lower revenue as the Company's attractions begin their recovery and is projected to decrease by 56% by 2025/26 to only 8.0% of total revenue.

Capital Investment

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

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

In 2020/21, the Company projects $103.7 million in capital investment, which is slightly lower than the budgeted $108.9 million. The primary driver for the slighter lower capital investment is due to the deferral of certain capital investments until future years in response to the pandemic and the Company's need to sensibly manage its cash flows.

For the Plan Period, the Company projects to invest $596.2 million in capital, with $504 million in real estate and $92 million in attractions.

Liquidity

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

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

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

TABLE 3: Adjusted Net Current Assets Summary

As at 31 March (in $millions)	2021 Forecast	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Adjusted Current Assets[1]	$282.2	$212.4	$334.3	$410.4	$385.1	$367.9
Current Liabilities	$109.6	$125.2	$162.6	$191.7	$192.3	$112.6
Adjusted Net Current Assets	$172.6	$87.2	$171.7	$218.7	$192.8	$255.3

During the Plan Period, the Company is projecting payments of over $560 million to its shareholder. See section 9.2 "Summary of Net Benefits to the Government of Canada 2021/22 to 2025/26."

9.1.3 OVERVIEW OF KEY ASSUMPTIONS, SENSITIVITIES AND UNCERTAINTIES

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

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

Given the current environment that the Company's attractions are operating under, the significance and magnitude of the key assumptions, more than any other recent year, have a higher degree of uncertainty which could impact the forecasted results of the Company over the Plan Period materially.

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

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

9.1.4 KEY ASSUMPTIONS

COVID-19

- COVID-19 and its impacts were discussed at length in section 3.1 "External Environment." If the assumptions that the Company made in developing this corporate plan differ materially with what transpires over the Plan Period, the actual results, both financially and non-financially, may differ materially from the Company's forecast.

Macroeconomic

- Macroeconomic conditions in Canada were discussed at length in section 3.1 "External Environment."

Real Estate

- Market assumptions: the corporate plan and budgets assume demand within its real estate markets to remain relatively stable and consistent with their current market conditions through the Plan Period. The corporate plan does not attempt to predict significant gains or losses in market conditions in any of the areas that the Company owns property;
- Real estate acquisition assumptions: during the Plan Period, it is forecasted that sales of close to $95 million and NIBT of $21 million be made for properties not yet owned by the Company but expected to be acquired; and
- Downsview Area Secondary Plan ("DASP") assumption: the Company has assumed that the current approved DASP, that includes the Downsview Lands, will be amended during the Plan Period. The Company's assumption on what the amended DASP will be, including its range of land uses, have been incorporated into the corporate plan, and should they differ would have significant impact on the Company's capital assumptions during the Plan Period.

Attractions

- General: as mentioned throughout the corporate plan, the impacts of COVID-19 on the Company, particularly its attractions, are unprecedented and create significant uncertainty. In operating businesses, such as the CN Tower, the Montréal Science Centre and Downsview Park, the ability to project operating results anywhere into the future, particularly beyond 2021/22, with a reasonable degree of confidence is very challenging as a result. The Company has listed the key assumptions below that drive its forecasted results during the Plan Period for its attractions;
- **CN Tower**
  - Financial performance is driven principally by attendance. Attendance is forecast for 2021/22 to be approximately 50% of 2019/20 levels. Over the Plan Period, the attendance is projected to recover quickly in the early years (80% of 2019/20 levels in 2022/23 and close to 90% of 2019/20 levels in 2023/24), and then leveling out in the latter years of the Plan Period, arriving close to 100% of 2019/20 levels by 2025/26;
  - A significant degree of the costs of operating and maintenance the CN Tower are fixed, as a result fluctuation in attendance, which drive revenue, have a significant impact on both the revenues, but also profitability;

- Tourism, including U.S. and other foreign markets, are a significant driver of CN Tower attendance. The Company has assumed that the current travel restrictions will be significantly eased in 2021/22; and
- Restrictions put in place by public health authorities to reduce the spread of COVID-19 will be significantly eased in 2021/22 allowing capacity for guests to recover closer to pre-COVID-19 levels.

- **Old Port and Montréal Science Centre**
  - A significant driver in the financial performance of the Montréal Science is attendance, particularly from school groups. Attendance is forecast for 2021/22 to be approximately 90% of 2019/20 levels, with a return to 100% by 2022/23;
  - A significant driver in the financial performance of the Old Port is its tenants. The Company has assumed that the vast majority of its tenants at Old Port will be able to withstand the economic impact of COVID-19;
  - A significant degree of the costs of operating and maintenance the Old Port and Montréal Science are fixed, as a result fluctuation in attendance or tenants, which drive revenue, have a significant impact on both the revenues, but also profitability;
  - Restrictions put in place by public health authorities to reduce the spread of COVID-19 will be significantly eased in 2021/22, allowing capacity for guests to recover closer to pre-COVID-19 levels; and
  - Foreign exchange rates will remain stable, particularly between Canada and the U.S.

Liquidity

- Promissory note and profit-sharing payment timing: approximately $406[1] million are due to former property custodians in the form of promissory note repayments and profit-sharing liabilities for sold properties at 31 March 2020. Approximately $161[2] million of those cash obligations were current and due on demand. The former custodians have the right to defer the settlement of these obligations. Given the magnitude of the liabilities, deferrals by custodians could have a significant impact on the Company's cash flow projections, ending cash balances and ending liabilities position. The Company has assumed close to $150[3] million in repayments will be made in 2020/21.

Other

- General and administrative costs have been assumed to increase 2% per year during the Plan Period; and
- The labour markets that the Company operates in, particularly in Toronto and Montréal where the significant attractions operations are, will be balanced and will allow the Company to hire competent, qualified individuals at prevailing market rates.

1 As represented on the CLCL consolidated statement of financial position, there were $161.0 million of current notes payable, $245.2 million of non-current notes payable.

2 As represented on the CLCL consolidated statement of financial position at 31 March 2020, there are $161 million of current notes payable. These liabilities are projected to be repaid in 2020/21.

3 As represented on the CLCL consolidated statement of cash flow, the Company projects making $149.6 million in repayments in 2020/21.

9.1.5 SENSITIVITIES AND UNCERTAINTIES

Real Estate

- Currie, Calgary and Village at Griesbach, Edmonton: In the challenging economic climate of Alberta, the Company is projecting $150 million in real estate sales;
- Wateridge Village/Village des Riverains, Ottawa: The Ottawa real estate market is currently considered stable however the Company does have a significant amount of sales, almost $130 million during the Plan Period;
- Heather Lands and Jericho Lands, Vancouver: In the Plan Period, the Company projects to sell the first phases of its 50% beneficial interest in the Heather Lands and Jericho Lands to its First Nations partners. Each phase of the sale of the lands, including the first phases which are included in the Plan Period, is dependent and triggered on receiving the adoption and enactment of zoning approvals from the City of Vancouver; and
- Downsview Lands, Toronto: As mentioned, it is expected that an amended DASP is forecast. The length and timing of the process to arrive at an amended DASP is difficult to determine, but it is not unreasonable to expect it to take up to five years. A new, integrated plan across the Downsview area should create a better, more optimal land use for the community and the municipality.

Attractions

- As mentioned, any significant and unfavourable change in the CN Tower's attendance would also have a considerably negative impact on revenue and NIBT;
- As mentioned above, the uncertainties around Old Port's tenants given the current economic conditions. Any change in the Old Port tenant revenues would have an almost direct 1:1 impact on its NIBT;
- As mentioned, any significant and unfavourable change in the Montreal Science Centre's attendance would also have a considerably negative impact on revenue; and
- The Company is contesting payments in lieu of taxes ("PILT") for the years back to 2013 (8 years in total) based on an independent third-party review. No savings from the PILT contestation with the City of Montréal are assumed and the assessed amounts are being accrued and expensed. It is assumed that the PILT contestation will continue during the Plan Period given its uncertainty.

Corporate

The Company generates interest income from its excess cash on-hand balance. If the interest rates were to vary from the assumed rates by +/- 1% it would have an annual impact of $2 million to $3 million annually on the Company's profitability and cash flows; and the Company has assumed that G&A costs will increase consistently with the projected CPI increases of 2% per year. If the G&A costs vary from the assumed rates by +/- 1% it would have an annual impact of $0.4 million to $1 million annually on the Company's profitability and cash flows.

9.2 SUMMARY OF NET BENEFITS TO THE GOVERNMENT OF CANADA 2021/22 TO 2025/26

The Company provides financial benefits to the Government of Canada in various ways. As illustrated in the table below, the Company will contribute more than $560 million or an average of $112 million per year, over the Plan Period.

TABLE 4: Net Benefits to the Government of Canada

$millions	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Acquisitions[1]	16	7	10	10	10	53
Promissory note repayments	1	1	18	27	50	97
Income taxes paid	1	33	39	19	42	134
Dividends to Government of Canada[2]	10	10	50	30	100	200
Recurring financial support to OPMC[3]	11	13	18	17	18	77
Total	39	64	135	103	220	561

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

TABLE 5: Summary of Investments 2021/22 to 2025/26 by Operating Division

$millions	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Real Estate	115	82	74	106	127	504
Attractions	17	15	19	19	22	92
Total	**132**	**97**	**93**	**125**	**149**	**596**

1 Represents the upfront payment to the disposing department or agency, normally up to $5 million per property or portfolio.

2 Indicates cash dividends forecast to be paid to the Consolidated Revenue Fund.

3 Includes $6.1 million from cash and cash equivalents on hand in 2021/22.

9.3 CLCL DIVIDEND POLICY AND RETAINED EARNINGS EXPLAINED

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

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

CLCL continues to fund the annual OPMC operating deficit and capital requirements of approximately $15 million per annum forecasted during the Plan Period. Prior to operational amalgamation in November 2012, these funding shortfalls, which at the time were approximately $24 million annually, were fully subsidized by the federal government. The Company also continues to fund the operating and capital requirements of Downsview Park, 291 acres/117.7 hectares of active and passive green space, of approximately $2 million annually.

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

The detail of CLCL's sources and uses of cash are contained in the consolidated statement of cash flows in section 9.4.3 of this plan.

9.4 FINANCIAL STATEMENTS AND BUDGETS

9.4.1 CLCL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended March 31

$ millions	2020 Actual	2021 Budget	2021 Forecast	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan	Period Total
REVENUES									
Real estate sales	137.8	101.1	112.1	72.2	224.1	229.9	173.7	309.5	1,009.4
Attraction, food, beverage and other hospitality	112.3	118.0	20.4	65.2	95.3	105.2	115.6	118.9	500.2
Rental operations	49.9	47.2	33.3	42.6	44.1	38.5	39.4	31.8	196.4
Interest and other	14.0	13.4	7.0	8.3	8.4	11.0	8.4	11.3	47.4
	314.0	**279.7**	**172.8**	**188.3**	**371.9**	**384.6**	**337.1**	**471.5**	**1,753.4**
EXPENSES									
Real estate development costs	53.5	74.6	50.1	59.7	104.7	101.5	120.4	134.8	521.1
Attraction, food, beverage and other hospitality costs	72.3	77.8	51.1	65.2	71.6	75.9	77.7	79.2	369.6
Rental operating costs	39.8	38.9	36.4	38.8	39.0	30.8	33.8	27.2	169.6
General and administrative	33.4	39.3	33.4	34.4	35.1	36.3	37.0	37.9	180.7
Interest and other financing costs	5.7	4.9	4.7	3.2	1.5	1.4	1.2	0.7	8.0
Impairment of capital expenditures	3.9	7.9	5.0	5.7	4.3	8.1	7.8	10.4	36.3
	208.6	**243.4**	**180.7**	**207.0**	**256.2**	**254.0**	**277.9**	**290.2**	**1,285.3**
Income (Loss) before taxes	**105.4**	**36.3**	**(7.9)**	**(18.7)**	**115.7**	**130.6**	**59.2**	**181.3**	**468.1**
Income taxes expense (recovery)	28.2	9.1	(2.0)	(4.7)	29.0	32.6	14.9	45.3	117.1
NET INCOME (Loss)	**77.2**	**27.2**	**(5.9)**	**(14.0)**	**86.7**	**98.0**	**44.3**	**136.0**	**351.0**

9.4.2 CLCL CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31

$ millions	2020 Actual	2021 Budget	2021 Forecast	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
ASSETS								
Non-Current								
Investment properties	28.4	34.7	33.2	37.4	41.7	43.9	48.4	53.8
Inventories	321.8	329.8	365.7	385.3	367.6	341.1	321.1	343.5
Property, plant and equipment	141.7	143.1	137.4	134.0	129.1	123.9	120.0	110.8
Trade receivables and other	12.5	20.4	14.5	15.5	12.2	12.3	12.1	12.3
Long term receivables	56.8	61.5	58.2	59.6	57.0	52.2	52.2	35.3
Deferred taxes	101.8	108.5	104.3	109.4	113.6	119.0	121.5	115.6
	662.9	697.9	713.3	741.2	721.2	692.5	675.3	671.2
Current								
Inventories	62.1	71.4	59.2	104.7	104.3	117.6	139.1	107.0
Cash	459.1	284.9	240.9	176.7	294.6	376.8	350.9	334.4
Trade receivables and other	33.5	31.2	27.9	30.0	34.0	27.9	28.5	27.8
Current portion of long term receivables	3.2	0.2	3.2	3.2	3.2	3.2	3.2	3.2
Current income taxes recoverable and other assets	2.5	–	10.2	2.5	2.5	2.5	2.5	2.5
	560.3	387.7	341.4	317.1	438.6	528.0	524.2	474.9
	1,223.3	**1,085.6**	**1,054.7**	**1,058.3**	**1,159.8**	**1,220.5**	**1,199.5**	**1,146.2**
LIABILITIES								
Non-Current								
Notes payable	245.1	241.9	262.6	274.6	262.0	245.5	209.7	200.1
Provisions	0.5	0.1	0.5	0.5	0.5	0.5	0.5	0.5
Deferred taxes	7.3	8.5	7.3	7.3	7.3	7.3	7.3	7.3
Deposits and other	4.6	2.5	4.7	4.7	4.7	4.7	4.7	4.7
	257.5	253.0	275.1	287.1	274.5	258.1	222.2	212.6
Current								
Credit facilities	37.5	51.4	40.6	52.8	69.7	86.5	60.4	16.9
Notes payable	161.0	10.2	0.9	1.0	18.0	26.8	50.0	10.0
Prepaid rent and deposits	5.8	6.2	5.4	5.4	5.4	5.4	5.4	5.4
Deferred revenue	8.0	8.0	7.7	7.7	7.7	7.7	7.7	7.7
Accounts payable	30.6	15.9	30.7	30.7	30.7	30.7	30.7	30.7
Provision for PILT being contested	20.3	24.0	23.6	27.1	30.6	34.0	37.6	41.4
Provisions	3.2	0.5	0.7	0.5	0.5	0.5	0.5	0.5
Taxes payable	13.4	–	–	–	–	–	–	–
	279.8	116.2	109.6	125.2	162.6	191.7	192.3	112.6
EQUITY								
Contributed surplus	185.1	185.1	185.1	185.1	185.1	185.1	235.1	315.1
Accumulated earnings	674.6	815.0	668.6	654.6	741.3	839.3	833.6	889.6
Accumulated dividends	(173.7)	(283.7)	(183.7)	(193.7)	(203.7)	(253.7)	(283.7)	(383.7)
Net Equity	686.0	716.3	670.0	646.0	722.7	770.7	785.0	821.0
	1,223.3	**1,085.6**	**1,054.7**	**1,058.3**	**1,159.8**	**1,220.5**	**1,199.5**	**1,146.2**

9.4.3 CLCL CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31

$millions	2020 Actual	2021 Budget	2021 Forecast	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Operating Activities								
Net income	77.1	27.3	(6.0)	(14.0)	86.7	98.0	44.4	136.0
Income taxes paid	(2.7)	(67.4)	(23.1)	(0.5)	(33.3)	(39.3)	(18.8)	(41.7)
Profit sharing paid	(78.2)	–	–	–	–	–	–	–
Depreciation	13.2	15.7	14.7	15.0	15.2	16.9	16.8	17.9
Cost of property sales	50.4	74.6	50.1	59.7	104.7	101.5	120.4	134.8
Expenditures on properties	(58.3)	(81.7)	(83.3)	(111.0)	(78.2)	(70.8)	(99.8)	(123.6)
Acquisitions	–	(0.5)	(7.6)	(26.5)	(10.7)	(19.4)	(23.5)	(10.0)
Write downs and impairments	7.0	7.9	5.0	5.7	4.3	8.1	7.8	10.4
Recovery of expenditures on properties	6.2	4.7	6.4	12.2	5.1	2.3	1.7	4.3
Recovery of expenditures on properties from joint ventures	–	–	–	–	–	2.8	–	4.6
Long term receivables	(3.8)	(5.2)	(2.3)	(2.7)	(1.7)	8.1	(1.6)	17.4
Provision for PILT	3.3	3.4	3.3	3.4	3.4	3.5	3.6	3.7
Notes payable - notional interest	5.1	6.4	4.5	2.7	1.1	0.9	0.7	0.4
Income tax expense	28.3	9.1	(2.0)	(4.7)	29.0	32.6	14.9	45.3
Change in current assets / liabilities	0.7	(1.5)	(3.6)	6.5	1.4	0.7	2.2	2.1
Cash Provided by (Used in) Operating Activities	48.3	(7.2)	(43.8)	(54.2)	127.0	146.0	68.7	201.5
Financing activities								
Change in Credit Facilities	22.4	14.3	3.1	12.2	16.9	16.8	(26.1)	(43.5)
Promissory notes acquired	–	–	2.6	10.3	4.3	9.4	13.5	–
Promissory note repayments	(23.9)	(10.0)	(149.6)	(0.9)	(1.0)	(18.0)	(26.8)	(50.0)
Dividends	(30.0)	(100.0)	(10.0)	(10.0)	(10.0)	(50.0)	(30.0)	(100.0)
Cash Used in Financing Activities	(31.5)	(95.7)	(153.9)	11.6	10.2	(41.8)	(69.4)	(193.5)
Investing Activities								
Expenditures on investment properties	(0.8)	(3.2)	(5.0)	(4.4)	(4.7)	(2.2)	(4.5)	(5.4)
Expenditures on property, plant and equipment	(13.2)	(24.1)	(15.4)	(17.3)	(14.6)	(19.8)	(20.7)	(19.2)
Cash Used in Investing Activities	(14.0)	(27.3)	(20.4)	(21.7)	(19.3)	(22.0)	(25.2)	(24.6)
NET INCREASE (DECREASE) IN CASH	2.8	(130.2)	(218.1)	(64.3)	117.9	82.2	(25.9)	(16.6)
Cash, beginning of year	456.3	415.0	459.1	241.0	176.7	294.6	376.8	350.9
CASH, END OF YEAR	459.0	284.8	241.0	176.7	294.6	376.8	350.9	334.3
Loan balance, beginning of year	15.1	37.1	37.5	40.6	52.8	69.7	86.5	60.4
Change in loan balance	22.4	14.3	3.1	12.2	16.9	16.8	(26.1)	(43.5)
Loan balance, end of year	37.5	51.4	40.6	52.8	69.7	86.5	60.4	16.9
Letters of credit required	38.3	27.7	37.0	48.5	45.4	40.1	53.5	103.3
Total borrowings against credit facility	75.8	79.1	77.6	101.3	115.1	126.6	113.9	120.2
Total available	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
Available credit	124.2	120.9	122.4	98.7	84.9	73.4	86.1	79.8

10. Appendix 5: Government Priorities and Direction

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

- Infrastructure investments to create jobs and prosperity for the middle class: CLCL invests in local infrastructure as part of its development projects. Over the Plan Period, it expects to invest $504 million in real estate infrastructure. CLCL's development projects stimulate the local economy and offer employment opportunities. Results are measured through the ability to complete key investments on time and on budget.
- Effective management of Canada's finances, resources and assets: CLCL's value creation ensures effective and efficient reintegration of former government property back into local communities. Key financial indicators, such as property sales and dividends, are used to measure financial results. Over the Plan Period, the Company will aim to acquire $53 million in surplus property, generate over $1,000 million in land sales and invest over $504 million through project and capital expenditures, while returning $200 million in dividends to the government.
- Open and transparent engagement with Canadians: The Company actively consults local communities and stakeholders using various forums (e.g., workshops, online, open houses, advisory committees) in creating development plans, which contributes to the Government's openness and transparency objectives. A goal over the Plan Period is to begin and/or complete the public consultations for certain properties including Vancouver, Winnipeg, Toronto, and Ottawa. Results are measured by timely completion of consultation activities and through the effective working relationships with municipalities. With the onset of the pandemic, management has embraced virtual consultation sessions which have led to significant gains in participation to the point that they will become a permanent part of CLC's approach.
- Build and maintain strong partnerships with Indigenous Peoples: Whether it is CLC who has been invited by a government department undertaking consultations, or it is PDP initiating consultations on its own account as an agent Crown corporation, CLC is experienced in engaging with Indigenous communities and their leadership. The initial introduction may lead to a months-long or years-long building of a relationship of trust and the identification of mutual interests, and, in some instances, formal arrangements. At this time, CLC has entered into agreements of various forms with 12 First Nations covering projects on 7 properties in Vancouver, Winnipeg, Ottawa and Halifax. Others are in earlier stages of discussion and may or may not require formal understandings. Each arrangement is a unique venture tailored to the context of the properties, the Indigenous communities' interests and desires and the opportunities available. Components of the agreements with the Indigenous communities have included working together on initiative around commemoration, employment and training, procurement, and commercial land transactions.

- A cleaner, more sustainable environment: CLCL contributes to Canada's environmental sustainability by including green spaces in its projects and by ensuring all developments utilize industry best practices, and have innovative environmental attributes incorporated in them (100% target over Plan Period). The Company will continue to align with the government's greenhouse gas emissions reductions at its attractions.
- Affordable housing opportunities: CLC is continuing its work with municipalities in the integration of affordable housing in its developments, including its work with the National Housing Strategy. To date CLCL has facilitated the implementation of approximately 1,900 affordable housing units and continues to explore integration as more projects become active. A key performance indicator is the percentage of housing in development plans dedicated to affordable housing (10% target our Plan Period) subject to approval by the municipalities in which CLC operates.
- Commitment to promoting a healthy workplace: the Company continues to drive programs that support the enhancement of a healthy and respectful workplace with an emphasis on mental health and wellness programs. The strategy includes training and information sessions to promote wellness and mental health in the workplace.
- Commitment to transparent procurement: CLCL will continue to provide robust procurement opportunities on CLCL projects and promote inclusive participation, including contracting with Indigenous-led businesses. Procurement to date shows that 64% of contracts have been awarded to First Nations businesses since 2014 at two real estate projects in Vancouver.
- Commitment to diversity and inclusion: the strategies include creating employee led Diversity and Inclusion Committees at Company workplaces plus a multi-year plan including training programs with emphasis on biases, anti-racism, anti-harassment and code of conduct. The Company supports and empowers its advisory committees, as well as conducting gender-pay gap analysis to inform compensation programs.
- The Company will continue to support the government's Accessible Canada Act and accessibility commitments through its internal inclusion policies and practices, including accessibility considerations in the design and development of its real estate projects and attractions programming.
- Support common goals in response to COVID-19: CLCL will provide all necessary training, implement protocols and risk assessments to ensure the safety of its employees, clients, vendors, and stakeholders following public health guidance and regulations.

11. Appendix 6: COVID-19 Pandemic Impact

Throughout the corporate plan, the Company has highlighted the challenges that it is facing as a result of the COVID-19 pandemic.

To assist readers, the Company has summarized the impact that the pandemic has had and the assumptions as to what impact it will have for the Plan Period. The Company has also included its actions taken to date, along with its planned actions and strategy going forward to address COVID-19.

This appendix is intended to be a short, high-level roll-up of effects and strategies that the Company is deploying and summarizes what is already included in the corporate plan. It should be read in conjunction with the Company's entire corporate plan.

IMPACTS AND ACTIONS BY OPERATING DIVISION

Attractions

Impact	Actions
Assessment of policies and procedures, specifically health and safety measures, to mitigate the risk of spread and infection for the Company's visitors, guests, employees, tenants, suppliers and contractors.	Implementation of new policies and procedures, specifically health and safety measures by the Company in response to COVID-19. Suspend operations proactively, prior to, or even in absence of, public health and government restrictions forcing closures, to reduce the spread of COVID-19 and to put the health and well-being of our employees, guests and other visitors first.
Closure of the Company's attractions throughout 2020/21 for significant amounts of time in response to COVID-19 which significantly impacts revenue generation, profitability and cash flows.	Continual reforecasts of revenues, profits and cash flows in the short term for each attraction project. Continual monitoring of local public health agency and government restrictions to ensure compliance. Continual risk assessments at each attraction.

Attractions: Continued

Impact	Actions
When the Company's attractions have been able to reopen, it has been with reduced capacities or only on a limited basis to comply with public health agencies and government restrictions, which has also significantly reduced the financial performance of the Company.	Continual reforecasts of revenues, profits and cash flows in the short term for each attraction project. Continual monitoring of local public health agency and government restrictions to ensure compliance. Continual risk assessments at each attraction. Suspend operations proactively, prior to, or even in absence of, public health and government restrictions forcing closures, to reduce the spread of COVID-19 and to put the health and well-being of our employees, guests and other visitors first.
Property management challenges as commercial tenants unable to open or only able to open on a limited basis.	Rent relief provided to tenants that, at a minimum, replicates relief provided by the federal government (i.e. CECRA), as well as renegotiation of leases with various tenants facing financial challenges, which has impacted rental revenues, profits and cash flows.
Reassessment of labour required given the current and short term business needs.	Continual reforecasts of revenues, profits and cash flows in the short term for each attraction project.
Review of capital investments, and reductions where appropriate, in efforts to conserve cash.	Continual reforecasts of revenues, profits and cash flows in the short term for each attraction project.

Real Estate

Impact	Actions
Local market demand uncertainty for real estate and product type as a result of the Macroeconomic environment and the uncertainties that COVID-19 has created.	Continual reforecasts of revenues, profits and cash flows in the short term for each development project. Review of capital investments, and reductions where appropriate, in efforts to adjust to local market demands. Possibly defer offerings, or adjust the nature of the proposed offerings, to reflect the local demand for products.
Public engagement processes across the country has been significantly impacted.	Adapt using technology, including the use of a "digital pivot" to move public engagement with stakeholders online which will be adopted as part of the Company's strategy for the long term.
Property management challenges as tenants unable to open or only able to open on a limited basis.	Provide rent relief tenants that, at a minimum, matches relief provided by the federal government (i.e. CECRA), as well as renegotiation of leases with various tenants facing financial challenges, which has impacted rental revenues, profits and cash flows.
Assessment of policies and procedures, specifically health and safety measures, to mitigate the risk of spread and infection for the Company's guests, employees, tenants, suppliers and contractors.	Implementation of new policies and procedures, specifically health and safety measures, by the Company in response to COVID-19.

Corporate

Impact	Actions
Assessment of policies and procedures, specifically health and safety measures, to mitigate the risk of spread and infection for the Company's guests, employees, tenants, suppliers and contractors.	Implementation of new policies and procedures, specifically health and safety measures, by the Company in response to COVID-19. Audit of the Company's crisis management plan/pandemic response by its independent, outsourced internal audit function.
Employee mental health	Constant and continual communication from leadership providing updates. Implementation of new policies and procedures, specifically dealing with employee health and well-being, by the Company. Weekly, followed by bi-weekly communiqués with all staff to keep them informed and connected. Hotline updates for employees as well.
Consolidated losses as a result of the impact on the operating divisions	Continual reforecasts of revenues, profits and cash flows in the short term for each development project. Review of capital investments, and reductions where appropriate, in efforts to adjust to local market demands. Cost containment measures on corporate general and administrative costs and indirect general and administrative costs. Reassessment of labour required given the current and short term business needs. The Company is not planning to apply for any federal programs which it may be entitled to receive funding to mitigate some of the operating losses being incurred.
The ability to financially forecast results (revenues, profit and cashflows) for the short term and long term has been significant impacted as a result of the uncertainties at COVID-19 has created in the Company's operating divisions.	Continual reforecasts of revenues, profits and cash flows in the short term the Company, as well as performing sensitivities on the reforecast projections.

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