CANADA LANDS COMPANY LIMITED
SOCIÉTÉ IMMOBILIÈRE DU CANADA LIMITÉE

CONFIDENTIAL

CANADA LANDS COMPANY LIMITED

CORPORATE PLAN
2013-2014 to 2017-2018

and

OPERATING AND CAPITAL BUDGETS
for 2013-2014

October 2013

Canada

www.clc.ca

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Executive Summary

Profile

Canada Lands Company Limited (CLCL) carries out its core mandate through its real estate subsidiary, Canada Lands Company CLC Limited (CLC). The company's mandate was approved by the Government of Canada (the Government) 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".

In addition to financial considerations, the mandate stipulates that other strategic considerations of the Government be taken into account as required, including "the views of affected communities and other levels of Government, and heritage and environmental issues".

CLCL is also the sole shareholder of Parc Downsview Park Inc. (Downsview Park) an agent Crown corporation whose mandate is to develop and operate Downsview Park in Toronto, Ontario.

Its third subsidiary is the Old Port of Montréal Corporation Inc. (Old Port of Montréal) whose mandate is the management and development of the Old Port of Montréal, including the Montréal Science Centre.

The company provides innovative solutions to complex real estate challenges, tourism leadership in its management of the CN Tower in Toronto, Ontario, the Montréal Science Centre and the Old Port of Montréal, and value and legacy creation for all of its stakeholders. In doing so, it makes significant contributions to the Government and communities across Canada.

Priorities

CLCL continues to ensure sound governance practices as it oversees the business operations of its three real estate subsidiaries.

The key strategic priorities facing CLCL during the plan period are summarized below:

- **Canada Lands Company CLC Limited**: to continue its successful redevelopment activities across Canada, adding value to former Government properties, and maximize returns to local communities and the Government of Canada.
- **Parc Downsview Park Inc.**: to implement a comprehensive development plan for its development sites and begin the creation of a new and innovative community, while maximizing both financial and non-financial returns.
- **Old Port of Montréal Corporation Inc.**: to operate and manage the site without Government appropriations in a financially responsible manner, while still actively contributing to Montréal's economic development and tourism sector.

Results

The company serves a valuable role in eliminating substantial ongoing Government carrying costs associated with its surplus properties, while creating lasting legacies through sustainable communities featuring heritage commemoration and public open spaces.

As a leader in tourism management, CLC also plays an important role in promoting Canadian identity and culture, contributing to local economic development and providing for high quality tourism programs.

During the five-year planning period, CLCL anticipates that its projects will result in the following selected financial benefits for local communities, Canadians and the Government of Canada:

- $350.0 million paid to the Government as dividends, up-front payments and note repayments for properties;
- $553.3 million invested in capital expenditures, including environmental remediation; and
- $37.4 million paid to the Government in federal income taxes, as well as $24.9 million paid to provinces for income tax.
- In addition, CLCL will enable its shareholder to eliminate $106.8 in appropriations during the plan period.

Furthermore, CLC continues to be recognized through certifications, such as LEED-ND (Leadership in Environmental and Engineering Design for Neighbourhood Development), in particular for integrating principles of smart growth, new urbanism and green building into its major residential developments.

CLCL maintains a balanced scorecard approach to reporting on its financial and non-financial activities. It was produced in line with industry best practices and performance objectives. Targets and metrics contained within it were developed primarily for CLCL's core real estate subsidiary. The company's 2012-2013 Balanced Scorecard is included as Appendix C. With the functional amalgamation of Downsview Park and Old Port of Montréal into CLC now complete, the scorecard now requires a thorough review and analysis in order to determine the most appropriate tool to accurately and effectively capture metrics, targets and results for the amalgamated corporation as a whole.

Amalgamation

The Government announced on November 29, 2012 that Old Port of Montréal and Downsview Park would be amalgamated with CLC. The objectives are to improve efficiency, clarify governance and leverage CLC's real property management expertise. The Government approved Orders in Council (OICs) authorizing CLCL to amalgamate Old Port of Montréal and Downsview Park with CLC, terminating Old Port of Montréal and Downsview Park's status as deemed parent Crown corporations, and terminating the GIC appointments of Downsview Park's Board of Directors, Chairman and President. CLCL also terminated the appointments of Old Port of Montréal's existing Board of Directors, Chairman and President and replaced them with new appointees.

Further to the Government's decisions on the amalgamation, Old Port of Montréal's appropriations are to end as expeditiously as possible.

Functional amalgamation is complete. Substantial progress has been made to date in meeting the amalgamation objectives of strengthening accountability, improving efficiency and leveraging CLC's real property management expertise.

In terms of accountability changes, the parent corporation and the subsidiaries have the same members on their Boards of Directors and have the same Chairman, Acting President, Chief Financial Officer and Corporate Secretary. The Boards, Chairman and Acting President of the subsidiaries are appointed by CLCL's Board of Directors. CLC signed management agreements with Old Port of Montréal and Downsview Park regarding the provision of all internal services, which report to functional heads within CLC. Legal services are provided through CLC. Several CLC employees are acting in key operational positions at Old Port of Montréal and Downsview Park.

The new organizational structure that is being put in place is streamlined and more efficient. Upon full legal amalgamation, Downsview Park's activities and operations will be managed through CLC's Ontario and Atlantic region. For Old Port of Montréal, CLC will manage the Old Port of Montréal site through the Québec region, which is headed by a Senior Vice-President living in the Montréal area and reporting to CLC's President. The Old Port of Montréal's identity will be maintained distinct from that of CLC. The Montréal Science Centre (Science Centre) is now headed by a Chief Operating Officer (COO) reporting to the President. In July 2013, former Canadian astronaut Julie Payette was appointed as COO.

Operations are being conducted more efficiently and CLC's real estate management expertise is being leveraged. Stronger financial controls and risk management practices have been implemented at Old Port of Montréal and Downsview Park, and significant cost savings and cost avoidance are being realized, building on CLC's practices.

Examples include:

- Management of leases and concessions at Old Port of Montréal and Downsview Park has been tightened, with more rigorous adherence to terms and conditions.
- Third-party delivery is being pursued to the extent possible for property management, park and building maintenance and public programs. This is yielding cost savings and is offering opportunities to enhance public programs. For example, popular Québec entertainer and producer Gregory Charles entered into an agreement with Old Port of Montréal to put up a temporary facility at the Old Port and offer summer programming. The Cirque du Soleil also returned to the Old Port of Montréal for a summer show.

- Capital requirements have been rigorously reviewed. Repairs are evaluated on return on investment and on health and safety requirements. CLCL estimates that Old Port of Montréal's capital requirements over the next five years will be $19.4 million, a reduction of $35.7 million from previous evaluations.
- Staff has been reduced by 43 employees at Old Port of Montréal and 14 at Downsview Park, including the elimination of eight senior executive positions for both corporations.
- Annual savings from the reduction of the Boards of Directors are estimated at $145,000.

As a result of the amalgamation, Old Port of Montréal's annual requirement for appropriations will be discontinued as of April 1, 2014.

Legal amalgamation is anticipated by the end of 2013-2014, pending the resolution of payment-in-lieu of taxes issues and completion of an arena construction project at Downsview Park.

Canada Lands Company CLC Limited

The financial and community benefits generated as a result of CLC's activities since its inception in 1995 are numerous. To date $493.9 million has been distributed to the Government as dividends by CLCL, as well as cash acquisitions and note repayments by CLC.

CLCL's dividend payments have accelerated and increased in comparison with previous years, while at the same time ensuring that sufficient cash on hand is retained to respond to future business requirements. CLCL paid an interim dividend of $20 million in March 2013 for its 2012-2013 fiscal year, and the Board approved an additional dividend of $67.2 million to be paid in 2013-2014 attributable to the same fiscal year. For the planning period, the dividend payment is forecasted to be $267.2 million.

Overall, the financial health of CLCL is well managed.

Old Port of Montréal Corporation Inc.

During the initial four months of CLCL oversight, the Old Port of Montréal Corporation generated a $3 million surplus at March 31, 2013. Over the plan period, the annual deficits that were previously funded through appropriations will be reduced from $24.5 million per year to an average of $12.5 million per year over the last four years of this plan, as the effect of the efficiencies CLCL has created are annualized. This will result in a reduction of $12.0 million per year.

CLCL has assumed appropriations will cease at March 31, 2014 and that CLCL will provide future financial support without the benefit of appropriations or direct support from the shareholder.

After careful review of Old Port assets, liabilities, and past and current financial performance, CLCL has concluded that the Old Port will continue to experience operating deficits requiring funding support from CLCL. Greater efficiencies will be aggressively pursued in light of this new fiscal reality.

The Montréal Science Centre (Science Centre) is unlikely to ever be fully self-sustaining and thus will need continued funding support in order to operate. In fact, science centres and museums in Canada require and receive some form of funding support from one or more levels of Government. All operate in a not-for-profit manner.

CLCL is also required to maintain the park lands as well as a positive federal presence at the Old Port. The park lands are not currently financially self-sustaining. These assets do not fall under CLCL's core mandate of operating in a commercial and financially viable manner.

CLCL is cognizant that the assessment and development of alternatives for greater operating efficiencies for the Old Port and Science Centre will require discussion as it relates to federal presence. CLCL will consult with the shareholder before any significant actions and/or change in direction is undertaken and/or implemented.

With cost controls already put in place, CLCL has achieved significant reductions in operating deficits for both the Old Port and Science Centre. Details can be found in schedule 3.4.1.

Capital expenditure plans at the Old Port of Montréal Corporation were originally estimated at $55.1 million over the plan period and have now been revised downward to $19.4 million. All non-essential expenses such as certain capital expenditures and general and administrative expenses will be carefully scrutinized during the plan period with a view to continually reduce operating deficits.

Parc Downsview Park Inc.

At November 28, 2012, Downsview Park had $79 million in debt with a major lender and would have exhausted its borrowing capacity of $90 million by June of 2013. CLCL paid down $40 million of Downsview Park's debt in March 2013 to provide adequate working capital for operations and development of its Stanley Greene neighbourhood. The plan assumes that CLCL will inject another $20 million over the plan period to support development of the William Baker neighbourhood in 2017. The corporation assumes that Downsview Park's credit facility will be intact over the plan period to better identify the impact of Downsview Park activities on CLCL's results. The ultimate objective is to repay the loans from land sales, which will occur beyond the planning period. The loans will be fully repaid when the sale of land in the William Baker neighbourhood is completed and vendor mortgages on the sale have been received. This is currently anticipated for 2021-2022.

Benefits of Amalgamation

Old Port of Montréal Corporation

	$Millions 2013-2014	2014-2015	2015-2016
Reduction in capital expenditures	$ 4.6	$ 8.0	$ 9.8
Reduction in annual deficits	$ 7.3	$12.0	$ 8.0

Downsview Park

	2012-2013	$Millions 2013-2014	2014-2018
Land sales	$ 0.0	$ 0.0	$80.3
Period end loan balance	$41.5	$ 56.1	$64.7
Promissory note repayments (purchased from Department of National Defence)	$ 0.0	$ 0.0	$30.0

Reduction in staff at June 2013 represents 14% of workforce.

1. Canada Lands Company Limited

This corporate plan outlines a roadmap for Canada Lands Company Limited (CLCL) over the next five years. It provides an analysis of the business environment in which the company operates, highlights the strategic priorities of CLCL and its subsidiaries, Canada Lands Company CLC Limited (CLC), Parc Downsview Park Inc., (Downsview Park), and Old Port of Montréal Corporation Inc. (Old Port of Montréal) and presents operating and capital budget information.

1.1 Introduction

CLCL is a parent Crown corporation that reports to the Parliament of Canada through the responsible minister, who is the Minister of Public Works and Government Services (PWGS).

CLCL is the sole shareholder of three wholly-owned subsidiaries: Canada Lands Company CLC Limited; Parc Downsview Park; and Old Port of Montréal Corporation. Through an Order in Council (OIC) issued in November 2012, the Government of Canada entrusted CLCL with the oversight and operational management responsibility of the Old Port of Montréal and Downsview Park, eliminating their parent Crown status. They remain agent Crown corporations.

1.2 Mandate

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

The mandate of CLCL, as approved by the Government in 1995 and renewed in 2001, is "to ensure the commercially oriented, orderly disposition of selected surplus real properties with best value to the Canadian taxpayer and the holding of certain properties". In addition to financial considerations, CLCL's mandate stipulates that other strategic considerations of the Government be taken into account as required, including "the views of affected communities and other levels of Government, and heritage and environmental issues".

CLCL ensures that its activities are consistent with the mandate. In addition to being provincially and municipally regulated in certain areas (such as urban planning, environment, and heritage), it is subject to certain federal legislation. Among the federal laws that apply to CLCL, the Old Port of Montréal, Downsview Park and CLC are: the *Financial Administration Act* (*FAA*); *Canada Business Corporations Act* (*CBCA*); *Access to Information Act*; *Privacy Act*; *Library and Archives of Canada Act*; and *Official Languages Act*. CLCL is also subject to the *Canadian Environmental Assessment Act*, *Canadian Environmental Protection Act*, and *Alternative Fuels Act*.

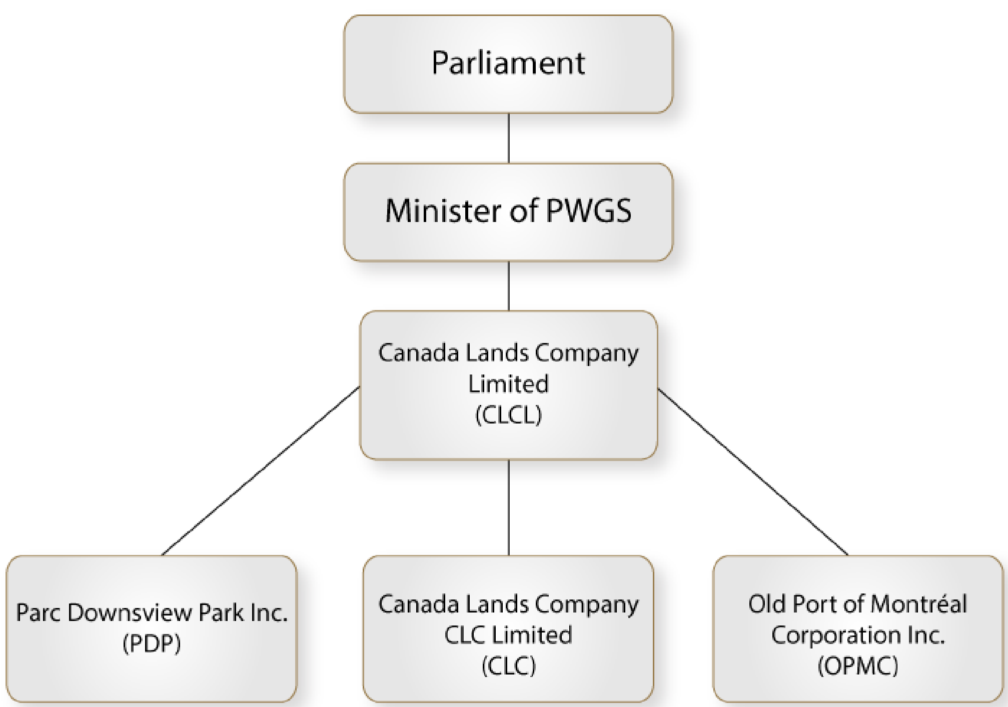
1.3 Corporate Structure

CLCL is a *CBCA* corporation listed in Schedule III, Part 1 of the *FAA* and is an agent of Her Majesty. Through its commercially oriented non-agent CLC subsidiary, CLCL ensures the orderly disposition of surplus strategic properties, maintains ownership or management of certain properties which benefit from a federal presence such as Canada's National Tower (the CN Tower) and pursues the realization of both financial and community objectives.

Its Downsview Park subsidiary is an agent Crown corporation that manages and develops the former Canadian Forces Base Toronto lands as Downsview Park and manages the urban park within its boundaries.

Its Old Port of Montréal Corporation subsidiary, an agent Crown corporation, is responsible for the management and development of the Old Port of Montréal and the Montréal Science Centre.

Figure 1: CLCL and its Subsidiaries



1.4 Corporate Governance

CLCL Boards of Directors

As CLCL holds no assets, it fulfills its mandate and operates its real estate and tourism activities through its CLC, Old Port of Montréal and Downsview Park subsidiaries. CLCL, CLC, Old Port of Montréal and Downsview Park each have their own Board of Directors that hold regularly scheduled meetings, and the membership for each Board is the same with the exception of the President and CEO of the subsidiaries, who sits on the Board of CLC, Downsview Park and Old Port of Montréal 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. The Board's committees are composed of no less than three Directors, who are neither officers, nor employees, of the corporation or any of its affiliates (except for the President and CEO where applicable).

CLCL's Directors are appointed by the Minister with Governor in Council approval. Officer-Directors (namely, the Chairman, and the President and CEO) are appointed by the Governor in Council upon the recommendation of the Minister. CLCL's Board is committed to continually reviewing its corporate policies and practices in order to ensure that these are consistent with current best practices and reflect the needs of the company. CLCL's Board has a Governance Committee, Human Resources Committee and Audit Committee.

CLC, Old Port of Montréal and Downsview Park Boards of Directors are appointed by CLCL's Board and oversee the operations as carried out by CLC, Old Port of Montréal and Downsview Park. The Board of CLC has a Governance, Human Resources, Audit, Investment and Risk Committee. Old Port of Montréal and Downsview Park Boards each have an audit committee.

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 Board oversight of operations and allows risk to be managed appropriately.

Management Agreements

When developing the appropriate management structure for the three subsidiaries, and on the advice of its legal counsel, CLC entered into two management agreements, one with Downsview Park and one with Old Port of Montréal, giving CLC full authority and control to manage the day-to-day operations of these organizations pending full legal amalgamation.

As a federal Crown corporation, CLCL is requested, in line with best practices and the *FAA*, to provide 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.

CLCL has hosted annual public meetings since 2010. In 2013, the meeting was held in Toronto where the Chairman of the Board and the Acting President and CEO discussed the operations and financial results. The public was invited to submit questions prior to the meeting and during the meeting itself.

Vision, Mission and Values

CLCL's vision, mission and value statements help define the framework for the company's strategic direction.

Vision
To be recognized as the Government of Canada's primary real estate resource
and as a developer of great Canadian communities

Mission
To ensure the commercially oriented and orderly disposition of the
Government of Canada's surplus real estate properties with best value to Canadians
and the holding and management of certain properties

Values
Integrity, Profitability, Social Responsibility

1.5 Financial Discussion

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

Since 1995, CLCL has paid $493.9 million to the Government in the form of dividends ($257.4 million). CLC has made promissory note repayments ($208.3 million) and cash acquisition payments ($28.2 million). In addition, the Government's shareholder equity in CLCL has grown from the original $250 million to $456.3 million as at March 31, 2013.

1.5.1 Dividends

CLCL's dividend policy provides for its Board of Directors to consider the appropriate calculations as guidance for the dividend amount and to decide upon a final dividend payment based on the financial health of CLC and other economic factors.

These calculations are subject to the following key principles contained in the policy:

- CLCL will strive to pay a dividend every year;
- after the dividend payment, the available funds (comprised of cash on hand and available line of credit) projected for CLC at the end of the year will not be less than $10 million plus the working capital requirements estimated in that year;
- in any event, the actual dividend payment in any given year can be different from the budgeted dividend payment estimated in the corporate plan.

The two calculations that are considered by the Board in determining the dividend are:

- the working capital dividend formula, as agreed to by the Treasury Board in December 2001, and
- the market return on shareholder equity at year-end, based on the five-year Bank of Canada bond rate at March 31, or 3%, whichever is less.

Dividends are usually declared and paid the following year, after audited statements for the year in question have been approved by the Board of Directors.

CLCL paid an interim dividend of $20 million in March 2013 for its 2012-2013 fiscal year; and the Board approved an additional dividend of $67.2 million to be paid in 2013-2014 attributable to the same fiscal year.

This corporate plan shows no stand-alone financing of capital expenditures, which range from $70 million to $127 million a year during the five year planning period.

Instead, capital expenditures are financed from operations in order to best employ resources and minimize interest expenses.

According to the principles outlined in the dividend policy, CLCL will be issuing a dividend payment in four of the five years of this corporate plan. It is anticipated that CLCL will pay total distributions to its shareholder of approximately $267.2 million during the five year planning period.

A result of CLCL providing financial support to the Old Port and the Science Centre is a large permanent decrease in dividends projected in previous corporate plans. The last four years of this corporate plan are projecting an approximate $12 million decrease in dividends for year two and approximately $8 million per year for years three to five. Refer to schedule 3.4.1 for further details.

Dividends are not projected to be paid in fiscal year 2013-2014 due to a projected ending cash balance of $88.1 million and a projected 2014-2015 fiscal year end cash flow before dividends of $(17.9) million. In addition, monthly cash flow requirements are such that CLC typically is in a negative cash flow position for approximately ten months out of each year, with the majority of sales proceeds received in the last two months.

Figure 2 summarizes the calculation of the dividend payments projected to be made over the plan period.

Figure 2: CLCL Dividend Calculation

$ Millions	YEO 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Cash flow before distributions (per schedule 3.2.8)	18.3	39.5	(15.5)	69.3	36.0	135.1
Government notes repayment	2.3	8.4	2.4	5.9	8.2	5.8
Cash flow before dividends	16.0	31.1	(17.9)	63.4	27.8	129.3
Dividend paid	20.0	67.2	-	40.0	30.0	130.0
PDP loan paydown				20.0		
opening cash	128.2	124.2	88.1	70.2	73.6	71.4
Closing cash	124.2	88.1	70.2	73.6	71.4	70.7
Line of credit available	50.0	50.0	50.0	50.0	50.0	50.0
Letters of Credit outstanding	25.0	30.0	25.0	20.0	15.0	15.0
Available line of credit	25.0	20.0	25.0	30.0	35.0	35.0
Total cash and line of credit facility availability to pay dividends	**149.2**	**108.1**	**95.2**	**103.6**	**106.4**	**105.7**
GREATER OF:						
ALTERNATIVE # 1						
Closing cash balance	124.2	88.1	70.2	73.6	71.4	70.7
Less total working capital requirements	57.0	88.1	30.2	43.6	-	-
Dividend to be paid	67.2	-	40.0	30.0	130.0	70.7
ALTERNATIVE # 2						
Shareholder's Equity	484.1	416.7	441.7	446.6	449.8	364.0
Dividend to be paid @ 1.57%	**7.6**	**6.5**	**6.9**	**7.0**	**7.1**	**5.7**
After the dividend payment is made, will there be a minimum of $10M cash and line of credit to cover next years operations?	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
If No, then 0 dividend to be paid						
DIVIDEND TO BE PAID THE FOLLOWING YEAR (GREATER OF ALTERNATIVE # 1 OR # 2 PROVIDED POSITIVE CASH BALANCE FOLLOWING YEAR)	67.2	6.5	40.0	30.0	130.0	70.7
ASSUMED DIVIDEND DECLARED BY BOARD	**67.2**	**-**	**40.0**	**30.0**	**130.0**	**70.7**

CLC's Dividend policy requires the company to have a minimum of $10M in cash or line of credit to cover the next year's cost of running the Company.

1.5.2 Note Repayments and Up-Front Payments

This corporate plan assumes that $60.7 million in Government note repayments will be made which includes $30 million in accelerated note repayment in respect of the Stanley Greene neighbourhood at Downsview Park. Another $22.1 million in cash payments for properties will be made (acquisitions of $387.2 million, less promissory notes issued of $365.1 million).

1.5.3 Borrowing Plan

CLCL has typically been able to fund CLC's capital requirements through CLC's internally generated funds, rather than by obtaining financing from external sources.

CLCL proposes to continue with the same borrowing plan currently in place for CLC and Downsview Park until legal amalgamation is completed (anticipated April 1, 2014). The $50 million loan would be used for letters of credit currently outstanding ($25 million) plus future letter of credit requirements for CLC as security to municipalities in its development work, as well as for general operating requirements for CLC. The $90 million borrowing will be used to fund infrastructure installation (utilities, roads, sewers) and commence necessary demolition work in preparation for development at the Stanley Greene and William Baker properties by Downsview Park, as well as fund promissory note repayments to the Department of National Defence for lands recently purchased under an accelerated payment schedule and support Downsview Park's general operating needs.

Following legal amalgamation, CLCL is proposing a $140 million line of credit covering all of these borrowing requirements. This would enable CLC to negotiate better rates with major banks.

Typical real estate development practices require that a developer invest significant amount of cash flow upfront towards construction and servicing costs in order to maximize the value of a real estate asset. Positive cash flows are achieved near or at completion of the development when sales transactions are executed. Time horizons vary widely, and are dependent on the size and complexity of the project.

CLCL anticipates that Downsview Park's loan use will be of $64.7 million by March 2018 for funds required to develop the remaining lands and to support payments to the Department of National Defence. The ultimate objective will be to repay the loans from land sales, which will occur beyond the planning period. CLCL forecasts that Downsview Park's loan will be fully repaid when the sale of land in the William Baker neighbourhood is completed and vendor mortgages on the sale have been received. This is currently anticipated for 2021-2022.

Pursuant to subsection 127(3) of the *FAA*, CLCL seeks the approval of the Minister of Finance to borrow money not exceeding $50 million for CLC and $90 million for Downsview Park in 2013–2014. CLCL will seek specific borrowing approvals for subsequent years through the appropriate mechanisms (its corporate plan with possible interim requests submitted by the Minister of Public Works and Government Services to the Minister of Finance).

Figure 3 summarizes CLCL's borrowing requirements.

Figure 3: CLCL Borrowing Requirements

$ Millions	YEO Nov 29/12	YEO March 2013	March 2014	March 2015	March 2016	March 2017	March 2018
CLC							
Operating line	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Amount used	20.5	25.0	30.0	25.0	20.0	15.0	15.0
Available	29.5	25.0	20.0	25.0	30.0	35.0	35.0
CN Tower bond financing	8.7	5.8	-	-	-	-	-
PDP							
Operating line	90.0	90.0	90.0	90.0	90.0	90.0	90.0
Amount used	79.0	41.5	56.1	86.3	86.4	47.9	64.7
Available	11.0	48.5	33.9	3.7	3.6	42.1	25.3

1.6 Approvals Requested

CLCL requests the following approvals.

1. Approval of Canada Lands Company Limited's corporate plan for the planning period from 2013-2014 to 2017-2018.

2. Approval of the 2013-2014 operating and capital budgets, inclusive of multi-year projects of Canada Lands Company Limited.

3. Approval of the corporation's leasing strategy for Downsview Park and Old Port of Montréal and the retention and use of any associated proceeds.

4. Authorization of the modification of the Order in Council P.C. 2011-1253, approved on October 20, 2011 and which authorized "the disposal of 16.2 acres of real property held by Parc Downsview Park Inc. in the Stanley Greene neighbourhood to Urbancorp Downsview Park Development Inc.", by "the disposal of approximately 24 acres of real property held by Parc Downsview Park Inc. in the Stanley Greene neighbourhood to Urbancorp Downsview Park Development Inc." and the retention and use of proceeds of the disposal.

5. Approval to reduce the reference levels of the Old Port of Montréal Corporation Inc., Vote 10, Payments to the Old Port of Montréal Corporation Inc., in 2014-2015 by $24,7222,000; in 2015-2016 by $24,722,000; in 2016-2017 by $24,722,000; in 2017-2018 by $22,182,000; in 2018-2019 by $22,182,000; in 2019-2020 by $22,182,000; in 2020-2021 by $22,182,000; in 2021-2022 by $22,182,000; and in 2022-2023 and ongoing by $20,822,000 in order to comply with the 2012 amalgamation expectation to eliminate future appropriations.

Figure 4: CLCL Capital Budget 2013-2014
(Expenditures on Properties)

	$ Millions
CLCL expenditures on properties	105.8
CLCL acquisitions	60.1

Figure 5: CLCL Operating Budget 2013-2014

	$ Millions
CLCL revenues	258.8
CLCL expenditures	221.9
CLCL income before taxes	36.9

2. Canada Lands Company (CLC) Limited

2.1 Mandate

As mentioned in section 1.2 of this corporate plan, CLC, Downsview Park and Old Port of Montréal are the core operating subsidiaries of its parent company, CLCL, and its mandate is "to ensure the commercially oriented, orderly disposition of selected surplus real properties with best value to the Canadian taxpayer and the holding of certain properties".

In addition to financial considerations, CLCL's mandate stipulates that other strategic considerations of the Government be taken into account as required, including "the views of affected communities and other levels of Government, and heritage and environmental issues". This was laid out by the Government in 1995 and then reconfirmed in 2001.

Under Part X of the *FAA*, CLCL is required to maintain financial and management control and information systems and management practices that provide reasonable assurance that its assets are safeguarded and controlled; ensure its financial, human, and physical resources are managed economically and efficiently, and its operations are carried out effectively.

CLC's role in the disposal of surplus properties is further defined by the Treasury Board's *Directive on the Sale or Transfer of Surplus Real Property*, which permits custodians to sell to CLC only those specific surplus federal real properties or portfolios identified as strategic.

Strategic surplus real properties are properties or portfolios of properties with the potential for significantly enhanced value, those that are highly sensitive, or a combination of these factors. Because of the complexity associated with these properties, they may require innovative efforts and a comprehensive management approach to move them into the market.

CLC ensures that its activities are consistent with its mandate. It also follows transparent processes and ensures that it remains sensitive to local real estate market conditions. Canada Lands Company deals primarily with strategic properties or portfolios possessing significant development potential through innovative planning, rezoning, servicing, environmental remediation, and attention to community and Government sensitivities.

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

Downsview Park's role is the operation, management and development of the Downsview Lands, a former Canadian Forces Base in Toronto, Ontario.

The site includes development lands and an urban park component that over time will become a new and innovative mixed-use community.

The Old Port of Montréal Corporation's role is the management and development of the Old Port of Montréal, including the operations of the Montréal Science Centre, both important public attractions in Montréal, Québec.

This existing model remains viable for the planning period covered in this corporate plan.

2.2 Corporate Profile

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

Altogether, CLCL has three subsidiaries:

- Canada Lands Company CLC Limited (operates across Canada);
- Parc Downsview Park Inc.(operates in Toronto, Ontario); and
- The Old Port of Montréal Corporation Inc. (operates in Montréal).

Within these subsidiaries there are operating divisions for which financial results are tracked separately.

CLC has two operating divisions:

- the Real Estate division (operates across Canada); and
- the CN Tower division (operates in Toronto, Ontario).

The Real Estate division comprises of three regions: West; Ontario/Atlantic; and Québec.

The Old Port of Montréal Corporation has two divisions:

- the Old Port of Montréal which operates the quays and the park; and
- the Montréal Science Centre.

The Old Port of Montréal reports through CLC's Québec real estate region. Downsview Park reports through the Ontario/Atlantic real estate region. The Montréal Science Centre reports directly to the President and CEO of CLC, in the same manner as the chief Operating Officer of the CN Tower.

The company's land portfolio totals 2,079 acres (or 841 hectares) as of March 31, 2013, located in 18 municipalities across Canada.

CLC's employment statistics are converted to full-time equivalents (FTEs) in order to best track staffing changes on an annual basis. Due to the fact that the hospitality industry is of a seasonal nature, the number of employees at the CN Tower and Old Port of Montréal fluctuate throughout the year.

FTEs as at June 2013:

Real Estate division: 58
CN Tower: 431
Old Port of Montréal (including the Montréal Science Centre): 248
Downsview Park: 71

Note: these numbers also include contract and seasonal staff.

CLC's head office and the CN Tower are located in Toronto. Corporate staff is additionally based in Ottawa. The West regional offices are located in Calgary, Chilliwack and Edmonton. The Ontario/Atlantic regional offices are located in Toronto (at head office and Downsview Park) and Ottawa. The Québec real estate, Old Port and Montréal Science Centre office is located in Montréal.

Central to CLC's operating philosophy is its commitment to the principle of corporate social responsibility. This commitment acknowledges CLC's pursuit of financial value optimization, but also ensures its activities are carried out in a way that benefits its major stakeholders, including the local community. To that end, and in light of the pending legal amalgamation, CLC will undertake a complete review and analysis of its balanced scorecard, which tracks its financial and non-financial results, to ensure that this measurement tool effectively captures and reports on all of CLCL's operations and assets in an appropriate manner. Appendix C includes CLC's 2012-2013 balanced scorecard which deals strictly with CLC real estate and CN Tower activities.

2.3 Analysis of External Business Environment

After achieving the strongest economic performance in the G-7 in the post recession period, Canada's economy slowed down in the second half of 2012.

The global economy continues to face significant challenges in its near term recovery, and appears to be headed for another year of limited growth in 2013. Issues expected to limit the pace of expansion in the developed countries to just 1.4% this year include persistent uncertainty about US fiscal issues and unease about Europe's ability to absorb further fiscal cutbacks. However, emerging economies are expected to grow by 5.5% thereby resulting in global growth coming in at 3.5% with 2014 expected to deliver a stronger 4.1% gain.

Canadian real GDP is forecasted by one major Canadian bank to remain at 1.8% in 2013, consistent with the 1.8% gain in 2012. Some of factors that dampened activity in 2012 have started to reverse; however, uncertainty about the outlook for the US and euro area economies continues to weigh on confidence in 2013 with both consumers and businesses likely to hold back.

Interest rates in both the US and Canada are projected to remain low for the foreseeable future. In Canada specifically, RBC projects that the slide in inflation in the second half of 2012 was in part a consequence of weak growth and rising excess capacity and partly due to temporary factors that will ultimately reverse.

The RBC forecast continues that the combination of steady inflation expectations and a strengthening in growth throughout 2013 will result in both the headline and core rates moving closer to the 2% target by year-end 2014.

The Canadian residential housing market is in the midst of a mild correction. A combination of Government policy changes aimed at tightening lending rules, and central bank commentary warning consumers about the risks associated with leverage, served to dampen housing market activity at the start of 2013. Regional aspects came into play with a steady deterioration in housing affordability in Vancouver eventually causing a sharp correction in activity that weighed on national sales and prices. Despite all this however, national home resales still currently sit only 1.2% lower than in 2011. Prices, meanwhile, continued to increase, albeit by just 0.2% in 2012. The net result is a sharp slowing from the 7.1% average housing market gains recorded in the prior two years.

The Canada Mortgage and Housing Corporation reports that, as of the end of 2012, housing starts remained below their recent trend in all regions except Ontario. The decreases recorded in December were due to a decline in rural starts, while urban starts remained stable. As of the start of 2013, housing starts in Canada were trending at 212,282 units in December. The trend is a six-month moving average of the monthly seasonally adjusted annual rates of housing starts. The standalone monthly seasonally adjusted annual rate (SAAR) was 197,976 units in December, down slightly from 201,376 in November.

Canada's tourism industry continues to bear some of the brunt of these unstable economic conditions. Arrivals from the Canadian Tourism Commission's international markets fell 1.3% in February 2013, as a decline in the core markets (-9.7%) outpaced gains from the emerging and transition markets (+18.2%). This continues a trend dating back to 2011, where total international visitors totaled 15.6 million or a 1.8 per cent decline over 2010.

Tourism Montréal reported a slight increase in visitors to the city in 2012, with 7,879,094 tourists travelling to the city this year – a 0.9 per cent improvement on 2011's numbers. The increase was driven mainly by domestic tourism, as visitors from Québec and other Canadian provinces both increased by 1.1 percent. International travelers to Montréal also increased by a respectable 1.2 percent, while U.S. visitors fell by 1 per cent, down to 958,003.

2.4 CN Tower Business Outlook

The CN Tower attraction is expected to maintain its share of the pleasure visit tourism market in Toronto in 2013-2014. The relative strength of the Canadian dollar, furthered by the expanded import goods allowance for Canadians returning from travelling in the US, will likely result in continued challenges for intra-provincial travel, and contribute to the widening travel deficit that Canadian tourism businesses have been experiencing. This again suggests a general flatness in tourism performance for the coming year, as corroborated by tourism agencies such as Tourism Toronto, Ontario Tourism, and the Canadian Tourism Commission.

Growth in international markets continues to be a focus for all tourism agencies, but this will continue to be offset by persistent declines in near-market and US drive traffic. The new Brand USA marketing campaign, estimated at some $200 million and designed to drive both domestic and international travel to the US, will further impact travel to and from Canada, with significant campaign focus being targeted at the Ontario market. Programs such as the Canadian Tourism Commission's "Signature Experience Collection", in which the CN Tower is featured, will compete with this campaign, but with significantly lesser dollars. The Tower will continue to work with all tourism agency partners to mine the emerging international travel markets.

The forecast for major conventions to Toronto - a major source of business for the CN Tower - is expected to be slightly down in 2013-2014, with only 9 city-wide conventions expected in Toronto, and considerably less attendance overall (-23%). The CN Tower's sales team will also specifically target local business as opportunities for corporate hospitality events, to maintain share in what has become a crowded competitive set.

Already performing well above expectations, the EdgeWalk attraction launched in 2011 continues to perform strongly, driving incremental revenue and attendance into its second season. The new attraction has been a major boon to the overall brand reputation of the CN Tower, with eight in ten (79%) Tower visitors indicating they were aware of the EdgeWalk before arriving, and close to 20% indicating that it influenced their decision to visit.*

A pricing change implemented in December 2012 is anticipated to offset negative economic factors present in the tourism market. This new, general admission pricing model replaced the Tower's previous multi-package approach, and is designed to ease consumer confusion at the box office through a one-price, all-access model, optimize revenue, and mitigate risk of balk while providing great value.

Complementing the new ticket model are streamlined promotional offers, such as a seasonally-offered Family Pass, as well as a renewed focus on online ticket sales opportunities. In all, revenues are expected to increase during the plan period, and mitigate any potential declines in inbound tourism.

*Harris-Decima research, summer 2012

Food and beverage continue to be a major component of the Tower's business, with revenues in excess of $21 million in 2012-2013, which is expected to be maintained. As food and beverage costs continue to rise, CN Tower restaurants will monitor these expenses in order to maintain cost of goods sold at 30%.

With an aging motion simulator experience as part of its current product offerings, the Tower will begin the search for a replacement attraction product in the fall of 2013. A new attraction experience could potentially be implemented before the end of the 2015-2016 fiscal year.

Ripley's Aquarium of Canada

In 2009 CLC entered into a ground lease arrangement with Ripley Entertainment, owner and operator of the aquarium. CLC's relationship with Ripley is that of landlord; CLC does not have any involvement in the development or operations of the facility.

The ground lease obligates Ripley Entertainment to finance and construct, then operate the aquarium. This transfers all business risk to Ripley as tenant. The term of the lease is for a period of up to 99 years. CLC will receive an annual base rent from Ripley, and additional percentage rent based on the attraction's gross revenues. Ownership of the land remains with CLC as landlord.

The first phase of the Ripley aquarium is 100,000 ft^2 (9 290 m^2), with Ripley having the right to construct a 50,000 ft^2 (4 645 m^2) expansion at some point in the future. To complete the build-out of the site, CLC will have the opportunity to market a development phase of 50,000 ft^2 (4 645 m^2) of commercial/retail space on the west side of the site, likely to be undertaken within five years of the aquarium opening.

In tandem with this construction, a number of improvements to exterior spaces around the CN Tower have included:

- a complete redesign of the exterior public plaza leading to the South entrance of the Tower;
- a weather protecting canopy over the exterior box office;
- a digital gateway video sign at the location of the Tower's primary Front Street address; and
- new exterior elevators and staircase.

These improvements provide improved access to both the Tower and aquarium, and deliver a major enhancement to visitor arrival.

With the aquarium's recent opening to the general public, CN Tower management will optimize potential opportunities to ensure Tower business levels remain robust in the coming years.

2.5 Development Project Highlights

Since 1995 Canada Lands Company CLC Limited, with its multi-award winning projects, has developed a reputation as a development company that continuously strives to provide enhanced value to both its shareholder and Canadians through its innovative and sustainable community developments across Canada.

As discussed elsewhere in this document, CLC's most active real estate projects (from a sales perspective) are in Western Canada, specifically the Village at Griesbach in Edmonton, Currie Barracks in Calgary, Garrison Crossing in Chilliwack, and Glenlyon Business Park in Burnaby. These projects are estimated to generate 67% of sales next year and 69% for the 5-year plan period. CLC will develop, to the extent possible, strategies that will enable it to weather any real estate market slowdowns in Western Canada.

Other projects recently acquired, for example, the former CFB Rockcliffe, are in the early stages of development where CLC is now actively consulting and soliciting input from the local municipality, stakeholders and residents to determine local aspirations, opportunities and challenges. This will be followed by application to the City of Ottawa for the necessary planning approvals.

The Montréal's New Harbourfront initiative in Montréal consists of the following projects - Wellington Basin, Rue des Irlandais, Pointe-du-Moulin and Mill Street Lands. Planning and infrastructure work continues on each of these developments, with the most active near-term projects being Wellington Basin and Pointe-du-Moulin. Sales from these projects, however, are scheduled to be received after the 5-year plan period.

Figure 6 summarizes all of CLC's projects.

Figure 6 - Summary of Projects

$ Millions	Mar 13 Book Value	5 Year Sales Total	5 Year Rental Total	5 Year Cap Ex Total	Original Acreage @ Acq	Acq Date	Acreage @ Mar 31 2013
INVESTMENT PROPERTIES							
CN Tower Base Development, Toronto	5.6		6.9	(1.0)	4	1-Aug-95	4
Rogers Centre Lands, Toronto	0.2			0.3	8	1-Aug-95	8
PROPERTY PLANT & EQUIPMENT							
CN Tower, Toronto	87.3			26.7	3	1-Aug-95	3
Corporate				4.6		N/A	
John Street Parkette, Toronto	10.4			0.1		1-Aug-95	
Plaza Garage, Toronto	5.2	10.0	3.5	-	2	1-Aug-95	3
INVENTORIES							
Projects Under Development							
Pleasantville, St. John's	7.2	23.5	1.2	14.2	86	1-Jan-06	54
Les Bassins, Montreal	14.2	43.0		13.0	24	1-Apr-07	17
Rockcliffe, Ottawa	17.9	10.5		27.8	310	31-Mar-11	310
CFB Griesbach, Edmonton	48.5	140.8	41.3	119.5	618	1-Jan-03	287
CFB Calgary	23.4	270.2	31.0	263.9	510	31-Mar-98	170
CFB Chilliwack, BC	39.0	77.4	1.5	40.9	510	2001/2003	116
Glenlyon, Burnaby, BC	30.0	51.7	2.3	3.3	133	1-Aug-95	69
Land Held for Development or Sale							
Franklin Crosing, Moncton	1.9	2.0			60	1-Aug-95	38
Dartmouth Coast Guard***, Halifax		3.8		3.2	15		
Shannon Park***, Halifax		10.7		9.7	80		
Booth Street***		25.5		12.4			
Glendale South		2.0		-	20	31-Aug-12	0
Natl Defence Medical Ctr***		6.6		11.5			
Port Credit	0.8	19.3	0.4	5.4	68	31-Mar-11	68
Rebecca Street, Oakville	-			1.6	16	1-Jun-10	0
Tunney's Pasture	1.6		0.3		5	1-Mar-01	5
3621 Dufferin, Toronto	3.9	8.5		2.1	4	1-Jul-09	4
800 Montreal Road, Ottawa	6.3	5.5		(0.1)	10	1-Mar-07	5
Ste Catherine Co-op***, QC				-			
Rue Des Irlandais, QC	0.4	5.0		0.6	2	1-Jun-02	2
La Prairie	-			-	134	1-Jun-02	77
Longueuil	4.1	14.5	0.6	9.1	57	1-Jun-06	57
Pointe-du-Moulin, Montreal	0.7	15.1		15.3	6	1-Jun-02	6
Senneville	2.0	5.6		0.2	61	1-Mar-08	61
Silo No 5, Montreal	-		0.1	14.9	9	1-Apr-07	9
Wellington Basin, Montreal	0.8				14	1-Apr-07	14
RCMP Calgary	7.5	14.4		2.1	4	31-Mar-11	4
Sam Livingston Building, Calgary	3.5		2.5	42.8	1	31-Mar-11	1
Mandeville, Burnaby, BC	2.6	3.9		0.1	11	1-Aug-95	5
Others	(1.1)	13.4	0.4	5.7			12
	323.9	782.9	92.0	649.9	2,785		1408
Discount for Cap Expend Not Required				(199.4)			
CLC TOTAL	323.9	782.9	92.0	450.5	2,785		1408
Downsview Park, Toronto	80.5	81.3	37.7	83.3	572		572
Old Port of Montreal	0.3	2.7	56.5	19.5	99		99
Rounding	0.5						
CLCL TOTAL	405.2	866.9	186.2	553.3	3,456		2079

Definitions:

Investment Property is defined as a property currently held to earn rental revenues or held for capital appreciation.
Property, Plant & Equipment is a depreciable asset whose value is reduced over its useful life.
Inventories include assets held for development and sale in the ordinary course of business.

Inventory assets are further broken down between Projects Under Development and Land Held for future development or sale.

Note:

1) *** Indicates non-owned properties.

2.6 Strategic Priorities of the Corporation

The strategic priorities of the corporation over the plan period can be summarized as follows:

- Canada Lands Company CLC Limited: to continue its successful redevelopment activities across Canada, adding value to former Government properties, and maximize returns to local communities and the Government of Canada.
- Parc Downsview Park Inc.: to implement a comprehensive development plan for its development sites and begin the creation of a new and innovative community.
- Old Port of Montréal Corporation Inc.: to operate and manage this site without Government appropriations in a financially responsible manner, while still actively contributing to Montréal's economic development and tourism sector.

2.7 Implementation Plan for Parc Downsview Park Inc. and Old Port of Montréal Corporation Inc. Amalgamation

Through an Order in Council (OIC) issued in November 2012, the Government of Canada entrusted CLCL with the oversight and operational management responsibility of the Old Port of Montréal Corporation and Parc Downsview Park. Prior to November 29, 2012 Parc Downsview Park and the Old Port of Montréal Corporation were deemed parent subsidiaries of CLCL.

The Government's primary objectives for the amalgamation include strengthening accountability, leveraging CLC's real estate expertise in order to produce greater efficiencies and reduce administrative expenses. Since then, CLCL has made significant progress in this regard.

It is anticipated that all three current subsidiaries will be merged, and will result in an amalgamated entity known as Canada Lands Company CLC Limited, currently planned for the end of the 2013-2014 fiscal year. All three organizations remain subsidiaries of CLCL. The amalgamated entity will be a wholly-owned subsidiary of CLCL.

Current Status of Legal Amalgamation

The legal amalgamation was due to be completed by March 31, 2013; however, CLCL has had to delay this process as a result of two significant issues identified at Downsview Park during the due diligence process. The first relates to on-going negotiations with the City of Toronto with respect to Payments in Lieu of Tax (PILT). The Municipal Property Assessment Corporation (MPAC) has calculated the physical area of the passive park component at approximately one-third of its actual size. The resulting PILT assessment of $3 million is $1.2 million higher than it should be for the tax years 2008 to 2013 totaling $7.2 million. CLCL, on the counsel of its advisors, is reasonably confident that a favourable outcome can be negotiated in 2013.

This potential outcome would be jeopardized if Downsview Park were to lose its agent status and amalgamate with CLC since CLC is a non-agent Crown and subject to property tax rather than PILT. CLCL's advisors have suggested, that without prior agreement with MPAC, the entire property, including the park component, could be assessed as developable land resulting in additional property tax of up to $8 million per year and a lengthy appeal process. CLCL, on the counsel of its advisors, is reasonably confident that an agreement can be reached with MPAC on an amount equivalent to PILT during 2013.

The second issue involves a four-pad arena constructed by a private sector company. The arena had a partial opening in September 2013, and will open the remainder of its facility later in 2013 on land leased from Downsview Park as an agent of the Crown.

Upon amalgamation with CLC, Downsview Park would lose its agent status, resulting in the arena requiring municipal approvals and inspections that had not been previously conducted and possibly delay completion and opening of the arena. CLCL has determined that a more prudent approach would be to allow completion and opening of the facility while Downsview Park has agent status.

While there were no similar issues of magnitude identified at the Old Port of Montréal Corporation, a decision was made to exercise caution and legally amalgamate both companies upon resolution of the Downsview Park issues.

Since a legal amalgamation will trigger a year-end for accounting purposes, it has been deemed most advantageous to the corporation to conclude the amalgamation at CLCL's usual fiscal year-end of March 31, 2014. Pending legal amalgamation, the three subsidiaries are currently being managed by CLC through a management agreement between CLC, Downsview Park and Old Port of Montréal. Control rests with CLCL through its Board of Directors.

2.7.1 Parc Downsview Park Inc.

Parc Downsview Park Inc. (Downsview Park) is a 572-acre site located in Toronto, Ontario. This former Canadian Forces Base in Toronto, Ontario was declared surplus to Government needs in 1996. Since then, many planning and consultation activities involving Downsview Park and the community have led to a vision, which is articulated in the Downsview Secondary Plan. An updated Secondary Plan was adopted in 2011 following a review and re-assessment of the original plan adopted in 1999. The Secondary Plan provides planning goals/objectives and a land use framework to guide future development.

The Secondary Plan calls for five separate development sites and a large public space with passive and active components.

Since the November 2012 announcement by the Government of Canada entrusting Downsview Park's management to CLCL, the company has taken considerable measures towards achieving Government objectives.

- Site Infrastructure
  - A comprehensive analysis has been conducted to determine the current condition and future viability of the existing real property assets. Life and safety systems have also been evaluated. A demolition plan has been developed and will be executed during the plan period, and as certain existing leases expire. Specifically, demolition of the military housing in the William Baker neighbourhood has been deemed as a priority, thus eliminating liability exposure to the Government. As well, the analysis will form part of a wider asset management plan that is both cost-effective and will enhance the overall future development of the site.
- Greater Efficiency and Financial Controls
  - Robust financial controls have been implemented which have led to increased risk and financial management, as well as considerable cost savings and more self-sufficiency.
  - A restructuring of staff and assignments has also been completed, resulting in a reduction of 14% of staff as of June 2013. Downsview Park benefits from the support of a team of real estate experts from across Canada and locally in Toronto, as well as a seasoned team of corporate professionals from financial, information technology, human resources and communications perspectives.
  - CLCL has engaged the services of Ernst and Young to conduct a thorough risk assessment review at Downsview Park. CLCL will incorporate the findings into its risk review and mitigation processes.
- Strengthening Accountability
  - The former Board of Directors and CFO position have been eliminated. All are now under the management of Downsview Park's Board of Directors and CEO (who are the same Directors and CEO as CLCL) and CLC's CFO.

- A dormant foundation will be wound down. The foundation cannot give monies to a non-agent Crown corporation.

- Leasing Activities
  - CLCL has reviewed Downsview Park's leasing program with a view to streamline operations while still maintaining a high degree of quality customer service.
- Community Engagement
  - Canada Lands Company is well known across Canada for its quality community consultation processes. The development of the Downsview lands will benefit from a similar process. In 2013 CLC began an informal program targeted at local stakeholders. This effort will enable CLC to develop a more formal process with a much wider audience anticipated to begin in the fall of 2013. The objectives of the wider consultation effort will be to gain community insight into a long-term strategy for the overall site.
  - The company is currently evaluating all aspects of the park events and community programs with a view to determine if these can be maintained in a financially viable manner, as well as their community value and potential alternate delivery models.
- Development
  - Downsview Park's plans prior to November 2012 included the imminent sale of its Stanley Greene lands, which are under contract and proceeding as planned. Marketing plans for the bulk land sale of the William Baker neighbourhood have been halted. Development of this property will generate far more profit for the corporation than a bulk land sale. These are two of the five neighbourhoods identified for development in the city's secondary plan.
  - Over the plan period CLC will develop an as yet undefined comprehensive development plan that will include all the remaining development lands into one strategy.

Downsview Park Leasing Strategy

Leasing Performance
Leasing revenue will be $9.0 million in 2013-14. Revenues are budgeted to decline to $7.9 million by March 2015 due to lease expiries within 40 and 60 Carl Hall Road, which will not be renewed as both buildings are scheduled for demolition.

The total rentable area is less than previous years due to the partial demolition of 75 Carl Hall Road in 2012 to allow for construction of the Buckingham Arena. Downsview Park at present does not foresee any additional lease transactions for Governor-in-Council approval this year.

Leasing Strategy
So as not to constrain the development potential of the lands, tenancies in buildings that are situated within or near future developments will not be renewed on expiration, nor will

Downsview Park be actively marketing the vacant space in these buildings. Downsview Park will continue to manage and control operating expenditures in these buildings to meet the needs and expectations of its tenants and in accordance with its lease agreements.

Buckingham Sports – Four Pad Hockey Arena

Downsview Park has executed a ground lease with Buckingham Sports Properties Company (Buckingham) for the lease of lands at 57 Carl Hall Road for the construction and operation of a four-pad hockey arena. The terms and conditions are as follows:

- Approximately four acres of land to be leased
- 25 year term with four options to renew at 5 years each at the tenant's options
- Rent payments commence on completion of construction of the building which shall be no later than 18 months from the date the tenant takes possession of the premises
- Rent is $180,000 per annum with rent increases every five years during the term of the lease by the cumulative percentage increase in the Consumer Price Index for all items for the City of Toronto for the immediately preceding five years
- In addition to rent, the tenant will pay all taxes assessed against the leased premises
- Buckingham to construct the ice rink/sports facility
- Downsview Park to construct and/or provide access roads, utility services to the building, directional signage, and environmental remediation

Construction of the arena commenced in April 2012 and is scheduled to be completed in October 2013. Downsview Park has invested $5.1 million in utility and parking infrastructure and environmental remediation work in support of its contractual obligations.

Centennial College

The Centennial College of Applied Arts has expressed an interest in locating a satellite campus for a number of programs, including its aerospace technology program, within Downsview Park. The repurposing of 65 Carl Hall Road is currently being evaluated for this use and the opportunities it may present within the greater context of the entire site.

Please refer to Appendix B for a complete list of existing leases.

Stanley Greene Neighbourhood

On February 25, 2013 Downsview Park received conditional approval for the Rezoning and Draft Plan of Subdivision for its Stanley Greene neighbourhood. Final approval was granted in October 2013.

With this final approval, CLC can move forward with the necessary engineering design and other undertakings to satisfy the Conditions of Draft Plan Approval. This in turn will initiate the start of site servicing and registration of the subdivision. The Agreement of Purchase and Sale (APS) with private sector builder Urbancorp is set to close at registration.

The company will receive 15% of the sale value on closing with the remaining 85% anticipated to be received 24 months after closing.

Proceeds of the sale for the Stanley Greene site are expected to be $82.9 million, with $54.9 million from the sale to the current purchaser Urbancorp, and the remaining $28 for the remainder of the site to an as yet undefined purchaser.

William Baker Neighbourhood

The previous Downsview Park management entered into a request for proposal process for the sale of this property in an unserviced manner and in an 'as is' condition. CLCL halted this process and all marketing initiatives in order to develop a plan that could realize better value for the land through a more comprehensive development process.

During the plan period CLCL will develop a comprehensive master plan for the entire site in order to maximize value as per CLCL's mandate.

A demolition plan is being developed and will be executed during the plan period for many unsafe and derelict buildings on site, as leases expire. Currently, maintenance, operating and repair costs exceed rental revenues.

Specifically however, demolition of the military housing in the William Baker neighbourhood has been deemed as a priority since it presents increased safety liability and risk to CLCL.

Authorities Sought

Initially, authority was given through OIC 2011-1253 on October 20, 2011 for the sale of 16.2 acres in Stanley Greene, based upon the original concept plan, prior to submission and approval by the City of Toronto.

With final plans now in place and the details of each block, lots, roads, parkland and reserves to guide development finalized, the APS with Urbancorp requires certain amendments to recognize the details of the final plan. This reconciled APS will include the requirement to sell a total of approximately 24 acres instead of the original 16.2 acres.

This includes the lands previously owned by the Department of National Defence but recently acquired by Downsview Park.

The company completed an acquisition transaction with the Department of National Defence through the Department of Public Works and Government Services for the remaining lands at Stanley Greene and William Baker. This transaction will generate $30 million in new revenue to the Department of National Defence during the plan period under an accelerated payment plan. The balance of this $54 million total acquisition is assumed to be paid beyond the plan period.

Future Vision for Downsview Park

Pending full legal amalgamation, Downsview Park's new culture will be created around the notion that the Downsview lands are part of the Canada Lands Company family of successful development sites across Canada. It benefits from the support of a team of real estate experts from across Canada and locally in Toronto, as well as a seasoned team of corporate professionals from financial, information technology, human resources and communications perspectives.

As mentioned elsewhere, CLC is moving ahead with an improved short-term leasing program which is more conducive to a private sector model for cost recoveries and management, one where arrears and competitive leasing terms will be closely monitored.

A building demolition plan is being finalized and will be implemented in early 2014 and continue as leasing terms expire with certain existing tenants, which will go beyond the plan period. The plan includes the removal of certain unsafe and non-productive buildings that provide little value both financial and non-financial. Once completed, rental operating losses will be eliminated. Heritage considerations will be incorporated into the plan.

The company has begun a long-term community engagement initiative which will become a key component of an undefined future strategy. Also key are consultations with the City of Toronto. Due to the fact that an existing official municipal plan exists for the site, CLC must be mindful of the extensive body of work and consultations completed in developing the current plan and carefully deliberate any future changes to the composition or use of the site.

In summary, over the plan period CLCL will focus on the following key activities:

- Manage Downsview Park development lands in a manner consistent with other CLC projects.
- Maintain the park component in a cost-effective manner.
- Rationalize real property asset inventory.
- Develop and begin implementing a long-term strategy for the development lands on the site.
- Continue to review and modify park programming as needed.

2.7.2 Old Port of Montréal Corporation Inc.

The Old Port of Montréal Corporation Inc. was formed on November 26, 1981 under the *Canada Business Corporations Act.*

The Old Port of Montréal Corporation's mandate was confirmed by the Government of Canada in December 2002. This mandate consists of developing and promoting the development of the Old Port of Montréal's territory, and of administering, managing, and maintaining the property as an urban recreational, tourism and cultural site.

Government of Canada's Strategic Objectives for the Corporation (as stated in the corporation’s 2012-2013 corporate plan)

The objectives of the Government of Canada with respect to its work with the Old Port of Montréal can be summarized as follows:

• Protect and promote Canadian cultural heritage.

• Improve urban living conditions and facilitate public access to the river, within the limits dictated by the presence of the port.

• Contribute to economic development efforts.

• Maintain certain port operations appropriate to an urban and historical setting.

• Display the presence of the federal Government in a dynamic fashion.

As set out in the Government of Canada November 2012 announcement entrusting Old Port of Montréal Corporation’s management to Canada Lands Company, the company has taken considerable measures towards achieving Government amalgamation objectives, such as strengthening accountabilities, reducing overhead expenditures and reducing the need for appropriations.

After legal amalgamation has taken place, CLCL will structure the Old Port as a separate division from its core real estate activities, with a unique and separate identity from that of CLC, as well as continuing the Old Port’s brand as an important tourism destination in the Province of Québec.

The Montréal Science Centre is operating as a separate division within the Old Port of Montréal Corporation with a Vice President and Chief Operating Officer who reports directly to the CEO of the company. This model will continue post-amalgamation.

The operations of CLC’s real estate Québec office and Old Port operations are headed by a Senior Vice President, who is based in Montréal, and reports to the CEO of the company. By combining the human resources of its real estate and Old Port teams the company benefits from shared synergies at both the local and corporate levels.

Capital Expenditures

- Capital expenditure plans were originally estimated at $55 million by the previous management; these have now been revised downward to $19.4 million.
- Key to achieving a reduction in operating deficits is the effective management of capital expenditures at Old Port of Montréal. CLCL has spent a considerable amount of resources and time studying and analyzing Old Port of Montréal's capital expenditure requirements. Analysis conducted determined the current condition and future viability of the existing real property assets. Life and safety systems have also been evaluated. An asset management plan is currently being developed that is both cost-effective and will enhance the overall condition of the site. Past reports and corporate plans submitted by the previous Board detailed necessary infrastructure work and associated timelines. Canada Lands Company's analysis concludes that certain modifications are necessary to these previously submitted plans. The company has a differing view of current and future asset management requirements. As an example, past plans recommended a $15 million investment to rehabilitate the Jacques Cartier Quay, which would extend the life of this asset by 50 years. Canada Lands Company agrees that rehabilitation work is necessary, and at a cost of $4 million will provide a 30-year life expectancy.
- Repairs to existing buildings will be evaluated not on future potential needs, but rather on proven return on investment analysis and life and safety considerations. Necessary repairs will continue; however, non-essential repairs have been halted in order to develop a cost-benefit analysis. Information pertaining to Old Port of Montréal's capital expenditures is contained in schedule 3.4.4.

Operating Deficits

- It is in CLCL's opinion that the Montréal Science Centre (Science Centre) is unlikely to ever be fully self-sustaining and thus will need continued financial support in order to operate. In fact, science centres and museums in Canada receive funding support from one or more levels of Government. All operate in a not-for-profit manner. As a park use, the Old Port is in a similar situation where managing and monitoring costs, as well as continually looking at new revenue opportunities, will be very important. CLCL will continually seek out improved and new revenue generating opportunities through private sector participation, sponsorships, and other activities.
- These assets do not fall under CLCL's core mandate which requires it to operate in a commercial and financially viable manner. The company will place greater emphasis on fiscal management and stringent budgetary planning in order to minimize operating deficits.
- CLCL has set a target of $4 million per year in the last three years of this plan in additional spending reductions in order to achieve greater efficiencies. This is an extremely aggressive target and may be reduced in future corporate plans once a detailed feasibility analysis is completed as well as discussions with the shareholder pertaining to federal presence in the Old Port. Measures have not been determined

but could include a reduction or elimination of certain existing activities or programs. The full impact of these efficiencies is not clear at this time. The company will work diligently over the course of the plan period to maintain, to the extent possible, current service levels as well as develop appropriate mitigation plans. CLCL will consult with the shareholder prior to implementing any significant reduction measures.

- With cost controls already put in place, significant reductions in operating deficits has already been achieved for both Old Port and Science Centre. Details can be found in schedule 3.4.1.

Old Port of Montréal Corporation Capital and Operating Budget for 2013-2014 to 2017-2018
$ in millions

	Budget 2013-2014	5-Year Budget from 2013-2104 to 2017-2018
Revenues	**36.3**	**153.9**
Land Sales and Other	0.1	2.7
Appropriations/Financial Support from CLCL	17.2	55.2
Science Centre Revenues	7.5	39.4
Quays revenues	11.5	56.5
Expenses	**36.3**	**153.9**
Science Centre Operations	12.1	59.7
Quays Expenses	13.2	62.5
Cost of Sales	nil	2.7
Targeted Savings	nil	(12.0)
General and Administrative and Other	4.4	21.5
Impairment of Capital Expenditures	6.6	19.5
Income (loss) Before Taxes	**nil**	**nil**

Montréal Science Centre

- Canada Lands Company is committed to the success of the Science Centre. The company studied various options and scenarios that would enhance its success while also broadening its appeal. In 2013, CLCL appointed retired astronaut Julie Payette as the new COO of the centre. By appointing a world-renowned Canadian to lead it, CLCL is putting in place the appropriate mechanism to build on and enhance its private-sector partnerships.
- Over the plan period, the Science Centre will be tasked with exploring new revenue streams, supporting the Science Centre Foundation with new fundraising initiatives involving the private sector, increasing the number of visitors and continuing to reduce the need for financial support. Options such as a new complementary attraction will be explored. Once the plan period is complete, CLCL will evaluate how best it can continue to add value for the Government and the centre.
- Every seven years, an overhaul of the permanent exhibits program was undertaken requiring a significant investment in resources and funds at specific intervals, and a complete shutdown of the centre for its build-out. Smaller yearly temporary exhibits all developed in-house were also incorporated into the programming, and all at considerable cost. Going forward and to keep the centre providing new content and operational all year, a new major permanent exhibit will be deployed yearly. Temporary displays will consist of 'traveling exhibits' which are offered on loan for a fee from other museums. With these measures the centre will continue to offer quality programs at a more manageable cost and more frequently in the hopes of attracting a return local clientele. With the discontinuance of appropriations, CLCL will continue to review how best to reduce and/or eliminate operating deficits. These measures may include a reduction or elimination of certain activities at the Old Port.
- The Science Centre has been structured in a manner that will enable it to continue receiving funding from the Montréal Science Centre Foundation. Through this major source of funding, CLCL will endeavour to continue to offer the quality programming it is known for.

Programming, Activities and other Areas of Interest

- Greater Efficiencies and Financial Controls
  - Robust financial controls have been implemented which have led to better risk and financial management, as well as considerable cost savings and more self-sufficiency.
  - The company converted Old Port of Montréal Corporation financial reporting from Public Sector Accounting Standards (PSAS) to International Financial Reporting Standards (IFRS). As a result, CLCL was obligated to write down the assets of the Old Port of Montréal Corporation from $385M to $0, because there is no value to the Old Port of Montréal assets, as determined by an independent appraisal. In addition, the financial schedules in section 3.4 show an impairment of future capital expenditures.

These expenditures are being written off when incurred for the same reason as above.

- A restructuring of staff and assignments has also been completed, resulting in a reduction 25% of non-unionized staff. Old Port of Montréal benefits from the support of a team of real estate experts from across Canada and locally in Montréal, as well as a seasoned team of corporate professionals from financial, information technology, human resources and communications perspectives.

- Strengthening Accountability
  - The former Board of Directors and CFO position have been eliminated. All are now under the management of the Old Port of Montréal Corporation's Board of Directors and CEO (who are the same as CLCL), and CLC's CFO.
- Programming and Leasing Activities
  - CLCL has reviewed the Old Port of Montréal Corporation's programming activities, leasing and concession programs with a view to streamline operations, and increase revenues while still maintaining a high degree of community benefit and quality customer service.
  - In the past programming initiatives were primarily developed in-house and aggressively promoted in the local market, all at considerable cost. Going forward, the Old Port is changing its marketing strategy from one that offers its own in-house programming to one where promoters and tourism operators can come on site to deliver their own programs and events, subject to Old Port of Montréal Corporation guidelines and approvals. The Old Port will offer an unparalleled location/venue and amenities in Old Montréal, and a private-sector operator will offer the programs. It is anticipated that this model will create significant cost savings while still providing visitors and tourists with quality programming from which to choose from. Examples of this model can already be found, such as the Cirque du Soleil organization which rents the Jacques Cartier Quay at the Old Port to showcase its newest production. More recently, Québec entertainer Gregory Charles rented space for two summers at the Old Port as a temporary theatre for his newest show prior to beginning an international tour.
  - As one of the most visited sites in Québec, the Old Port is able to attract quality sponsorships from private-sector partners. These sponsorships align well with the site's mandate and objectives, and help offset operational expenses. The company will endeavour to maintain these relationships and work with sponsors on new and innovative ways to develop a meaningful alignment.

Old Port of Montréal Corporation Leasing Strategy

The Old Port's commercial offering is consequently oriented toward goods and services for the specific needs of the visitors and tourists. The existing commercial offer can be divided into five main categories, namely food, entertainment, boat cruises and tours, retail kiosks, and services.

The Old Port of Montréal Corporation currently manages 44 commercial leases for a total of 18,000 square meters of leased space. Depending upon the nature of the operation, most of the lease terms vary between one and five years, with some leases maturing in twenty years.

Leasing revenues for 2013-2014 are projected to be $2 million and represent a significant portion of the operating revenues derived from the site. The Old Port of Montréal is preparing a short-term commercial development plan to ensure revenues are maximized.

This proposed short-term plan should be submitted to the company's Board of Directors for approval before the end of 2013, and a longer term plan will be developed over the plan period that will make up part of CLCL's larger planning process for the site.

Please refer to Appendix A for a complete list of existing leases.

Action Taken as a Result of the Auditor General's Special Examination

As per section 138 of the *FAA*, the Old Port of Montréal Corporation underwent a previously scheduled special examination for the period of May to December 2011.

In May 2012, on the recommendation of the Minister of Public Works and Government Services, the Auditor General looked into and reported on certain practices and expenses of the Old Port of Montréal Corporation which would be in addition to the regular examination. The additional audit work included the 2006-2007 to 2012-2013 fiscal years.

In his report the Auditor General made several recommendations pertaining to risk management, contracting, lease and asset management, proper documentation, and travel and hospitality expenses.

The Old Port of Montréal Corporation management had addressed several of the recommendations shortly after the audit and prior to the change in control in November 2012, specifically document management and contract management issues.

CLCL implemented robust expense control and management, established a stringent delegation of authority, as well as improved lease management whereby standard leases are being implemented as existing leases expire to ensure consistency of terms and their administration.

Finally, CLCL has engaged the services of Ernst and Young to conduct a thorough risk assessment review at the Old Port of Montréal Corporation. CLCL will incorporate the findings into its risk review and mitigation processes.

Future Vision for Old Port of Montréal Corporation

Canada Lands Company has completed its due diligence and has investigated possible opportunities and other options for the site. It has concluded that there is presently extremely limited real estate development potential on the site; the property is heavily constrained by its current zoning, use and location. The site provides one of the only public access points to the waterfront in Old Montréal; it is revered as a premier park use by the local community and city administration. It will be very challenging to initiate a request for a zoning change.

With the exception of one office building, CLCL has no plans to divest itself of any part of the site during the plan period. The Old Port of Montréal Corporation will continue to provide value to the shareholder by providing quality programming, a positive federal presence, promotion of the site's maritime character and waterfront access.

The site will proceed with its evolution from an in-house program development strategy towards a mechanism that will facilitate public sector investment in programming and events. The company will also continue its leasing and concessions program.

Notwithstanding the above, CLCL will endeavour to develop a plan that will create additional value for this site, which may include development. A cohesive strategy will be developed over time which could include CLC's other harbourfront properties.

There are several historic events happening in the City of Montréal during the plan period and in particular in 2017, namely the 150th anniversary of Confederation, the 375th anniversary of the founding of Montréal, and the 50th anniversary of Expo 67. The company is presently in discussions with several organizing bodies to explore ways CLCL can participate in commemoration activities at the Old Port and Science Centre, and perhaps its other harbourfront properties as well.

The company will continue its effort in reducing operating deficits by continually focusing on new revenue streams and carefully managed infrastructure requirements.

In summary, over the plan period CLCL will focus on the following key activities:

- Maintain the site as a recreational, tourism and leisure destination.
- Develop new revenue streams for the Old Port and Montréal Science Centre.
- Continue to rationalize operations enabling a change from a program and activities development mandate to a facilitation role for private sector involvement.
- Increase the Montréal Science Centre's reach beyond its current capacity.
- Explore scenarios for a complementary attraction at the Science Centre.
- Continue to attract and provide for quality third-party sponsorship opportunities.
- Explore limited development opportunities in concert with other CLC harbourfront properties.

2.8 Assessment of Corporate Resources

2.8.1 Financial Resources

Aside from the repurchase of the CN Tower operating lease, and the purchase of Pensionfund Realty Limited's interest in the Metro Toronto Convention Centre Complex (MTCCC), CLC has been able to fund capital requirements through internally generated funds rather than financing them from external sources. CLCL would like to renew the existing $90 million and $50 million one-year facility currently in place for CLC and Downsview Park, respectively. The $50 million line would be used for letters of credit currently outstanding totalling $25 million plus future letter of credit requirements and $90 million for general operating requirements for both CLC and Downsview Park; Downsview Park's loan balance outstanding was $41.5 million at March 31, 2013.

Following legal amalgamation, CLC is proposing a $140 million line of credit covering all of these requirements.

The corporate plan shows acquisitions of $387.2 million, of which notes will be issued for $365.1 million and capital expenditures of $553.3 million during the plan period. More specifically, even though CLC is projecting continued residential sales in the Western Region, redevelopment projects such as the former CFB Chilliwack, CFB Calgary, CFB Griesbach and CFB Rockcliffe in Ottawa will require sizeable capital expenditures over the next few years related to construction. By the end of fiscal year 2013-2014, CLCL is projecting that the value of its properties will reach $468.1 million.

2.8.2 Human Resources

CLC benefits from the expertise of a strong and dynamic team of highly qualified and dedicated professionals and staff. Striving for excellence in people management and development is a priority and integral to CLC's objective of retaining and motivating employees.

Periodic reviews of CLC's human resources policies, initiatives and programs support its commitment to best practices and corporate social responsibility.

CLC continues to promote a safe and healthy work place for employees, including the provision of wellness initiatives, such as on-site influenza vaccination clinics and ergonomic assessments. Continuing education and training ensures that CLC is able to maintain a productive and cooperative work environment.

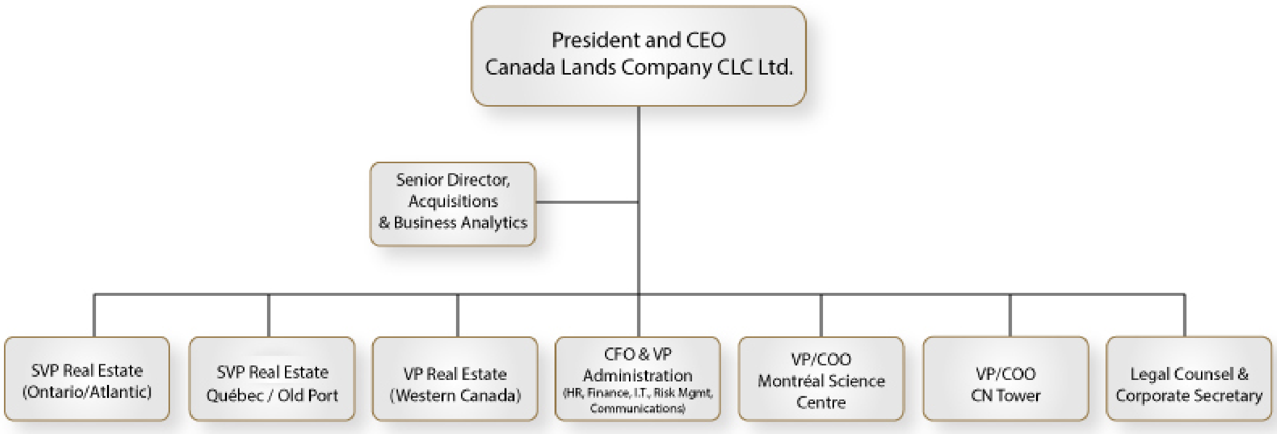
The company fosters a culture where employees are engaged and focused on being productive and empowered to contribute to organizational success. CLC is aligned with Government policy objectives, including in the areas of good governance and official languages.

As part of its good human resources management practice, CLC periodically reviews its operational requirements to ensure effectiveness and cost efficiency. The company uses the results of its reviews to implement necessary changes in order to ensure organizational sustainability, efficiency and effectiveness.

In 2013-2014 CLC will begin a review and analysis of all of CLC's compensation programs with a view to develop one enterprise-wide program for CLCL's subsidiaries post-amalgamation, in order to ensure that it is providing its staff appropriate working environments, compensation and performance management programs.

Negotiations of the collective agreement for the CN Tower were successfully completed in June 2013; the new contract is in effect for the next three years. The Old Port of Montréal Corporation's collective agreement expires in May 2014. Negotiations will begin in early 2014.

Figure 7: CLC Senior Management Team Organizational Structure



2.8.3 Enterprise Risk Management and Internal Controls

CLC places emphasis on its enterprise risk management (ERM) objectives and internal controls environment. The CLC risk register and resulting action plans are updated twice per year as part of CLC's risk reporting process to the Audit Committee of the Board of Directors. They ensure a disciplined and organized risk management approach so that policies, guidelines, processes and practices are defined, formalized and communicated across CLC.

The risk management function addresses the following three broad types of risk relevant for the real estate and CN Tower divisions and appropriate risk mitigation strategies are developed accordingly:

- business/strategic risks (changes in legislation, regulations, compliance, people risks, organizational structure and business processes);
- operational and hazard risks (business continuity, people risks, insurance, project management, documentation and records, security and IT); and
- financial risks (financial targets, budgets, financial monitoring and internal controls).

The company's risk management activities ensure that key business, operational and hazard risks are identified, defined and managed, and where feasible and cost-effective, insured, particularly for severe and catastrophic operational and hazard exposures to CLC. Managing and monitoring risk at the project level is one of CLC's key objectives over the next few years and ERM is being extended to cover major projects and program delivery risk.

Risk control engineering surveys are conducted at CLC's project sites on a regular basis. A recent risk assessment was conducted for the new EdgeWalk attraction at the CN Tower to identify and review risk exposures and to recommend project risk controls needed to mitigate them.

The projects risk management plan is to conduct at least two such risk exposure surveys at CLC's major project sites at least every 18 months over the next two to three years. On smaller project sites, the objective is to conduct inspection surveys at least every 36 months.

Other risk management and internal control initiatives include the following.

- The CLC Head Office along with the CN Tower continue to be very involved members of the South Area Facilities and Entertainment (SAFE) Group formed in 2006 to be part of an integrated business disaster and continuity recovery plan and tabletop exercise. The SAFE Group is comprised of 11 different organizations and represents a group of entertainment and hospitality businesses in downtown Toronto who share a commitment to public safety. In the past, the SAFE Group has teamed up with Toronto Police Services, Toronto Fire and PathCom, in order to create a scenario for our businesses which will test our individual Business Continuity Plans, Communication teams and responses.
- Annual property risk exposure assessments conducted each January/February of CLC's insurable values, form of valuation (replacement cost, actual cash value or demolition) for property assets, business interruption/rental income insurance and vacant land for CLC's property and liability insurance program to ensure it meets CLC's needs cost-effectively.
- Increased review of monitoring environmental risk management systems and practices associated with the lands to be transferred and development projects in conjunction with CLC' environmental specialists, and an improved integrated risk reporting framework including total environmental liability exposure forecast for impacted assets.

During the 2013-2014 fiscal year, the following key business and operational risks continue to be priorities addressed by CLC through the enterprise and operational risk management process.

- Life/Health and Safety and Liability: there are life/health and safety and liability-related risks pertaining to the CN Tower's Edge Walk attraction, which opened and became operational in August 2011. A second internal risk assessment was undertaken to identify, assess, and address/mitigate/eliminate all operational and procedural risks.
- Ongoing monitoring, strict inspections and maintenance are being performed on a regular basis during the attraction's operation.
- Real Estate Development Regulatory (zoning)/Compliance Risks: in addition to risks associated with receiving provincial approvals pertaining to environmental remediation, some key operations risks mitigated through the project management process involve securing municipal real estate development approvals, such as Official Plan and zoning approvals. These risks can relate to municipal support,

public opposition, delays, etc. Any realization of these risks would impact future dividends, projected revenues and project timelines/deliverables. To date, CLC has developed an excellent track record of considerably reducing these risks, through extensive consultations with community representatives and other stakeholders, collaboration with municipal staff, and an objective to provide valued community legacies.

Specific Risk to the Corporation

Operating Deficits at Old Port of Montréal and Montréal Science Centre

CLCL's mandate requires it to operate in a financially viable manner. Its real estate operations must be profitable and sustainable in order to fund future capital requirements, acquisitions, notes repayment, as well as provide a dividend to its shareholder.

In order to remain a financially viable and profitable company, CLCL will continue to review how best to reduce and/or eliminate Old Port of Montréal operating deficits. Measures may include a reduction or elimination of certain existing activities at the Old Port and Science Centre. All non-essential capital expenditures will continue to be deferred.

The full impact of possible further reductions in activities and spending is not clear at this time. The company will work diligently over the course of the plan period to maintain, to the extent possible, current service levels as well as a positive federal presence.

The result of CLCL providing financial support to the Old Port and the Science Centre is a large permanent decrease in dividends projected as stated in previous corporate plans. The last four years of this corporate plan are projecting an approximate $10 million decrease in dividends per year.

Legal Liability

As with any organization, CLCL and its subsidiaries are subject to various legal risks and must take steps to mitigate such risks. Due to the types of businesses in which CLCL and its subsidiaries are involved, the main legal risks faced by the company are contractual issues, employment matters, environmental liability, First Nations' land claims, and liability for personal injuries.

CLCL has a number of procedures in place to proactively mitigate the aforementioned legal risks. Some, but not all of the procedures are as follows: (i) the form of all agreements must be reviewed by legal counsel prior to execution, and external counsel is often engaged to assist with the drafting or revision of agreements; (ii) human resources policies are in place to ensure that employees are treated fairly and consistently, and advice is sought from employment counsel to avoid issues; (iii) the environmental condition of properties is examined prior to acquisition, and sale documents address environmental matters; (iv) consultations and discussions occur with First Nations' where appropriate and in accordance with Government policy and direction; (v) hazards are addressed as soon as they are identified; and (vi) CLCL ensures that it is always adequately insured.

Internal Audit Activity

Internal audit planning is based on comprehensive risk assessments, validation and refreshing of CLC's current detailed risk register for high-risk areas, as well as for those areas of concern to senior management and the Board. The most recent three-year internal audit plan was completed in 2012–2013 with audits of its payroll and third party property management functions.

2.9 Canada Lands Performance Assessment

CLCL maintains a balanced scorecard approach to reporting on its financial and non-financial activities. It was produced in line with industry best practices and performance objectives. Targets and metrics contained within it were developed primarily for CLCL's core real estate subsidiary. CLC's 2012-2013 Balanced Scorecard is included as Appendix C. It reports on its core real estate activities. With the operational amalgamation of Downsview Park, the Old Port of Montréal Corporation and CLC, the scorecard now requires a thorough review and redesign in order to accurately and effectively capture the appropriate metrics, targets and results of the corporation as a whole.

2.10 Financial Discussion

2.10.1 2012-2013 Year Highlights

Figure 8 shows CLCL's projected financial results compared to the budget for the year ended March 31, 2013.

A breakdown of the details pertaining to the table below can be found in Section 3.

Figure 8: CLCL Financial Results Compared to Budget For the Year Ended March 31, 2013 (includes Downsview Park and Old Port of Montréal Corporation results from November 30, 2012)

	$ Millions	
	Actual	Budget
Property sales	118.3	114.8
Attractions, food, beverage and other revenues	65.8	56.7
Rental operations	26.3	28.7
Income before taxes	62.2	32.0
Comprehensive income	48.6	23.0
Expenditures on properties	64.9	84.4
Acquisitions	3.0	9.5
Promissory notes issued	3.4	2.0
Cash flow before distributions	71.0	0.2
General and administrative expenses	26.8	22.7

The income before tax of $62.2 million is higher than the budget due primarily to land sales at CLC. Sales of Rebecca St. ($30.6 million), Trafalgar ($5.3 million) and Front St. ($11.0 million), all in the Greater Toronto Area, generated a larger profit than the sales that were assumed to have closed in 2012-2013

Attractions, food and beverage revenues were favourable compared to budget primarily due to popularity of the recently-opened EdgeWalk attraction at the CN Tower. Participation at EdgeWalk was 15.6% greater than budget.

Rental revenues and gross profits on rental revenues were both favourable primarily due to Currie Barracks' results.

Expenditures on properties were $19.5 million better than budget primarily due to delays in spending at CFB Griesbach ($11.4 million) and Les Bassins ($9.9 million).

Acquisitions were lower than budget due to the assumed acquisition of Shannon Park which is now assumed to close by the end of fiscal year 2013-2014 and the LeBreton Flats transaction not occurring.

The cash flow before distributions of $71.0 million compares favourably to a budgeted cash flow of $0.2 million. The difference is primarily due to the variances mentioned above.

At the Old Port of Montréal Corporation, fixed assets were impaired by $385.1 million as a result of the conversion from PSAS to IFRS. The assets were originally acquired from PWGSC at replacement cost under PSAS in 2008. Independent appraisal of the property under IFRS guidelines has determined that there is no value in the fixed assets as they are designated for park and recreational uses and do not generate any income. The adjustment was recorded to retained earnings in the opening balance sheet. (refer to section 3.3.2).

2.10.2 Budget Year Highlights 2013-2014

Figure 9 shows CLCL's projected financial results for the year ending March 31, 2014 compared to the actual for the fiscal year ended March 31, 2013.

A breakdown of the details pertaining to the table below can be found in Section 3.

Figure 9: CLCL Projected Financial Results for the Year Ending March 31, 2014 Compared to the Prior Year's Outlook

	$ Millions	
	Budget	**Prior Year's Actual**
Property sales	124.6	118.3
Attractions, food and beverage revenues	74.3	65.8
Income before taxes	36.9	62.2
Comprehensive income	27.6	48.6
Expenditures on properties	105.8	64.9
Acquisitions	60.1	3.0
Promissory notes issued	59.8	3.4
Cash flow before note repayments and dividends	32.0	31.0
General and administrative expenses	27.4	26.8

For the budget year ending March 2014, property sales of $124.6 million, attractions, food and beverage revenues of $74.3 million and income before tax of $36.9 million are forecast. The income before tax forecast assumes Old Port of Montréal Corporation appropriations in the amount of $17.2 million for 2013-2014 are received.

The sales budget is broken down as $87.8 million for Western Canada with the balance coming from Québec, Ontario and Atlantic provinces.

The CN Tower is forecasting an increase in total revenues for the year due primarily to EdgeWalk and a price increase implemented in late 2012. This will result in a net income before tax of $11.2 million.

CLCL's general and administrative expenses are $0.6 million higher than the actual for 2012-2013 due to a full year of Downsview Park and Old Port of Montréal Corporation expenses partially offset by continued cost monitoring and/or savings.

Cash flow before distributions of $32.0 million after expenditures of $105.8 million on properties is projected. Development costs of $31.3 million are anticipated for CFB Calgary, $10.4 million for CFB Chilliwack, and a further $32.7 million is to be spent on CFB Griesbach.

CLCL is requesting a $90 million and $50 million loan currently in place for CLC and Downsview Park, respectively until legal amalgamation takes effect. The $50 million line would be used for letters of credit currently outstanding totaling $25 million plus future letter of credit requirements and $90 million for general operating requirements for both CLC and Downsview Park; Downsview Park's loan balance outstanding was $41.5 million at March 31, 2013.

Following legal amalgamation, CLCL is proposing a $140 million line of credit, $50 million of which would be used for letters of credit currently outstanding plus future letters of credit requirements and for general operating requirements for both CLC and PDP Letters of credit currently outstanding amount to $25.0 million as previously noted and will increase as the company undertakes more development activity. Downsview Park's current facility has $47.7 million drawn against it.

The plan shows promissory note repayments to the Government of $8.4 million in 2013-2014.

2.10.3 Plan Period Highlights 2013-2014 to 2017-2018

Figure 10 shows CLCL's projected financial results for the plan period.

A breakdown of the details pertaining to the table below can be found in Section 3.

Figure 10: CLCL Projected Financial Results for the Plan Period

	$ Millions Five-Year Total
Property sales	866.9
Attractions, food and beverage revenues	391.4
Income before taxes	249.2
Comprehensive income	186.9
Expenditures on properties	553.3
Acquisitions	387.2
Promissory notes issued	365.1
Cash flow before note repayments and dividend	306.9
General and administrative expenses	142.1

Property sales of $866.9 million, attractions, food and beverage revenues of $391.4 million, Old Port of Montréal Corporation appropriations of $17.2 million and other revenues of $107.4 million are forecast over the plan period.

This will generate income of $249.2 million before tax. The cash flow before distributions is projected to be $306.9 million after capital expenditures of $553.3 million. Sales are expected to peak at $206.2 million in year 4 and average $173.3 million annually over the plan period.

This plan incorporates acquisitions totalling $387.2 million, including the following Department of National Defence properties: the remainder of Downsview Park, Shannon Park in Nova Scotia, National Defence Medical Centre and Booth Street in Ottawa, Jericho and DND West Vancouver in British Columbia and Kapyong Barracks in Winnipeg.

Projections show CLC starting with a net income before tax of $36.9 million in the budget year ending March 2014 and increasing to $60.2 million for the year ending March 2018. This reflects the additional time required to develop and market the new property acquisitions.

The CN Tower generates net income before tax of $58.8 million during the plan period after interest and depreciation. During the same period $5.8 million in debt (related to the CN Tower) will be repaid, resulting in the bond financing to be paid off in full.

Capital expenditures include a discounting to reflect the risk that projects may not occur. The discounting is based on a percentage of the total capital expenditure starting at 10% in the outlook year and year one, increasing by 10% per year until it reaches 50% in year five of the plan.

Dividends of $267.2 million plus a $20 million pay down of Downsview Park bank debt are projected to be paid over the five year planning period. The plan assumes that $60.7 million in Government note repayments are made and that $22.1 million in cash payments for properties are made (acquisitions of $387.2 million less Government notes issued of $365.1 million).

The cash outflow after note repayments, bank loan pay downs and dividends for the period is $55.3 million with $75.9 million in cash with which to pay a dividend in fiscal year 2018-2019.

Working capital requirements fluctuate from year to year and are dependent on where certain major projects are in the development cycle. Working capital requirements and cash flows may not be assessed and projected in detail in future years of the plan for a given project because detailed development plans and financial pro formas have not been created. Past experience has shown that CLC is capital intensive for most of the year; most sales transactions are completed in February and March of each year.

The balance sheet has increased by $226.3 million over the plan, with total assets of $880.4 million at the end of the plan period, including $682.5 million for properties and $75.9 million of cash as mentioned earlier.

2.10.4 SOR Implementation

Budget 2011 announced the Government's intention to undertake a Strategic and Operating Review (SOR) in 2011-2012. Departments and agencies were asked to develop proposals for achieving savings of 5% and 10%. The Minister of Public Works and Government Services asked Crown corporations in her portfolio to adhere to the spirit and intent by undertaking self-reviews.

CLC met the spirit of the review process by achieving the 10% target through efficiency measures that began in 2010-2011 and continued in 2011-2012, including significant restructuring and cost efficiencies. CLC's senior executive team was reduced from seven to five positions and three offices were closed and activities consolidated.

Downsview Park's proposals met the 10% target through cost avoidance measures in its capital budget, reduced discretionary operating spending and increased revenues.

The Old Port of Montréal Corporation reduced operating spending by 5% by streamlining administrative processes and proposed increased revenue generation starting in 2015-2016. In the short term, the Old Port of Montréal Corporation's ability to yield greater savings was constrained by increased City of Montréal parking taxes, constituting a $914,000 pressure on the Old Port of Montréal Corporation's budget.

CLC continually attempts to employ its resources as efficiently as possible to align with the spirit and intent of the Government's cost containment and efficiency efforts. To that regard, CLCL will continually monitor that savings gained from these measures will be maintained.

3. Financial Schedules Including Operating and Capital Budgets

ASSUMPTIONS

The following assumptions have been made throughout section 3.0 of this corporate plan.

- The company has minimal exposure to fluctuation in the Canadian dollar, except as it relates to tourism at the CN Tower as discussed in section 2.4 of this corporate plan.
- The real estate markets will remain relatively soft at current levels throughout the plan period. The exception to this is at Griesbach where sales are expected to increase to 400 lots per year through enhanced marketing efforts.
- All other costs are inflated at 2% except for salaries and benefits that are inflated at 3%.
- Appropriations from the Government of Canada for the Old Port of Montréal Corporation will cease on April 1, 2014.
- Amalgamation is assumed to occur on March 31, 2014.
- No major adverse business impacts have been assumed. In addition, while there are certain risks and uncertainties associated with real estate development projects, CLC has not attempted to include any additional impact to projections other than normal contingencies. Any additional costs or reductions in sales proceeds would negatively impact future dividends to the shareholder.

3.1 Canada Lands Company Limited

3.1.1 Consolidated Statements Of Comprehensive Income And Retained Earnings

$ Millions	Actual 2011/12	Actual 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	5 Year TOTAL
SALES								
Real estate sales	61.9	118.3	124.6	161.8	197.5	206.2	176.8	**866.9**
Attractions, food, beverage and other	57.5	65.8	74.3	76.9	78.4	80.0	81.8	**391.4**
Rental operations	27.3	26.3	39.7	38.6	35.5	37.4	35.0	**186.2**
Gain on sale of investment property	61.4	-	-	1.4	-	-	-	**1.4**
Interest and other	3.7	5.5	3.0	2.6	2.9	2.9	2.5	**13.9**
Gov't funding & approp/financial support from CLC		8.2	17.2	12.8	8.3	8.2	8.7	**55.2**
	211.8	**224.1**	**258.8**	**294.1**	**322.6**	**334.7**	**304.8**	**1,515.0**
EXPENSES								
Real estate cost of sales	44.1	53.5	87.8	119.2	125.1	144.9	107.4	**584.4**
Attractions, food, beverage and other	39.5	46.3	60.0	60.8	62.0	63.6	65.1	**311.5**
Rental operating costs	21.4	23.9	38.6	35.1	33.3	39.1	29.9	**176.0**
Targeted OPMC savings			-	-	(4.0)	(4.0)	(4.0)	**(12.0)**
General and administrative	18.8	26.8	27.4	27.7	28.4	29.1	29.5	**142.1**
Write down, reversals and pre-acq costs	1.2	9.3	0.1	-	-	-	-	**0.1**
Interest and other financing costs	3.5	1.1	1.1	1.0	1.0	1.1	0.8	**5.0**
Impairment of OPMC capital expenditures			6.6	4.0	3.0	2.9	3.0	**19.5**
OPMC amortization			0.3	0.3	0.2	0.2	0.2	**1.2**
OPMC Appropriations	-	-	-	12.8	8.3	8.2	8.7	**38.0**
Other Expenses								
Restructuring cost	4.0	1.0	-	-	-	-	-	-
	132.5	**161.9**	**221.9**	**260.9**	**257.3**	**285.1**	**240.6**	**1,265.8**
INCOME BEFORE TAXES	**79.3**	**62.2**	**36.9**	**33.2**	**65.3**	**49.6**	**64.2**	**249.2**
Income taxes	23.1	13.6	9.3	8.2	16.4	12.4	16.0	**62.3**
INCOME FROM CONTINUING OPERATIONS	**56.2**	**48.6**	**27.6**	**25.0**	**48.9**	**37.2**	**48.2**	**186.9**
Income from Discountinued Operations	24.6	-	-	-	-	-	-	-
NET INCOME	**80.8**	**48.6**	**27.6**	**25.0**	**48.9**	**37.2**	**48.2**	**186.9**
Other comprehensive income	0.3							-
COMPREHENSIVE INCOME	**81.1**	**48.6**	**27.6**	**25.0**	**48.9**	**37.2**	**48.2**	**186.9**
Retained earnings, beginning of year	186.3	246.6	275.2	235.6	260.6	269.5	276.7	**275.2**
Dividend	(20.8)	(20.0)	(67.2)	-	(40.0)	(30.0)	(130.0)	**(267.2)**
RETAINED EARNINGS, END OF YEAR	**246.6**	**275.2**	**235.6**	**260.6**	**269.5**	**276.7**	**194.9**	**194.9**

3.1.2 Consolidated Statements Of Financial Position

$ Millions	Actual March 2012	Actual March 2013	March 2014	March 2015	March 2016	March 2017	March 2018
ASSETS							
Non-Current							
Investment properties	2.4	13.2	13.1	10.5	8.6	7.7	6.8
Inventories	30.4	24.8	29.5	26.3	19.4	23.8	56.7
Property, plant & equipment	96.2	167.3	230.4	194.8	201.1	196.9	208.0
Accounts receivable	0.9	6.6	3.6	3.6	3.6	3.6	3.6
Long term receivables	10.9	9.8	6.2	45.0	48.2	42.5	20.3
Deferred tax recoverable	4.7	74.1	78.4	78.4	78.4	78.4	78.4
	145.5	295.8	361.2	358.6	359.3	352.9	373.8
Current							
Inventories	201.6	199.9	195.1	534.9	528.2	495.2	411.0
Cash	128.2	136.9	93.3	75.4	78.8	76.6	75.9
Accounts receivable	8.4	18.4	15.9	16.1	16.4	16.6	16.9
Long term receivables	7.5	3.1	2.8	2.8	2.8	2.8	2.8
	345.7	358.3	307.1	629.2	626.2	591.2	506.6
	491.2	**654.1**	**668.3**	**987.8**	**985.5**	**944.1**	**880.4**
LIABILITIES							
Non-Current							
CN Tower bond	5.8	-	-	-	-	-	-
Provisions		4.7	4.7				
Government notes payable	50.0	66.3	123.7	394.1	380.1	372.4	375.7
Deferred revenues		4.4	4.3				
Trade and other payables		1.0	1.0				
Deferred government funding		-	0.1	0.1	0.1	0.1	0.1
Deferred taxes payable	6.3	6.7	4.6	4.6	4.6	4.6	4.6
	62.1	**83.1**	**138.4**	**398.8**	**384.8**	**377.1**	**380.4**
Current							
CN Tower bond	5.6	5.9	-	-	-	-	-
Government notes	4.5	8.4	2.4	5.9	8.2	5.8	3.4
Trade and other payables	12.5	27.4	19.1	25.6	26.0	26.0	26.4
Loans and borrowings		41.5	56.1	86.3	86.4	47.9	64.7
Taxes payable	1.3	4.6	10.4	10.4	10.4	10.4	10.4
Provisions	7.0	8.9	8.9	8.9	8.9	8.9	8.9
Government funding and appropriations		3.5	-	-	-	-	-
Deferred revenue		10.9	10.1	4.0	4.0	4.0	4.0
Prepaid rents and deposits	6.5	3.6	6.2	6.2	6.2	6.2	6.2
	37.4	**114.7**	**113.2**	**147.3**	**150.1**	**109.2**	**124.0**
SHAREHOLDER'S EQUITY							
Contributed surplus	145.1	181.1	181.1	181.1	181.1	181.1	181.1
Retained earnings	246.6	275.2	235.6	260.6	269.5	276.7	194.9
	391.7	**456.3**	**416.7**	**441.7**	**450.6**	**457.8**	**376.0**
	491.2	**654.1**	**668.3**	**987.8**	**985.5**	**944.1**	**880.4**

3.1.3 Consolidated Statements Of Cash Flows

$ Millions	Actual 2011/12	Actual 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	5 Year TOTAL
OPERATING ACTIVITIES								
Comprehensive income	80.8	48.6	27.6	25.0	48.9	37.2	48.2	**186.9**
Interest paid	(2.7)	(1.0)	(1.2)	(1.5)	(2.1)	(2.4)	(1.5)	**(8.7)**
Income tax recovered (paid)	(42.5)	(10.9)	-	-	-	-	-	-
Gain on sale of investment property	(61.5)	-	-	-	-	-	-	-
Gain on sale of property, plant & equipment	(34.3)	-	-	-	-	-	-	-
Recovery of cost on sale of properties held	43.4	53.5	87.8	119.2	125.1	144.9	107.4	**584.4**
Expenditures on properties held for dev or sale	(28.6)	(42.7)	(88.1)	(404.6)	(111.5)	(93.0)	(55.9)	**(753.1)**
Write down, reversals and pre-acquisition costs	1.2	9.3	0.1	-	-	-	-	**0.1**
Deferred income taxes recovery	9.8	3.6	0.4	0.4	0.3	0.2	0.2	**1.5**
Depreciation	11.6	26.6	12.0	12.6	12.7	12.9	13.1	**63.3**
	(22.8)	**87.0**	**38.6**	**(248.9)**	**73.4**	**99.8**	**111.5**	**74.4**
Net changes in non-cash working capital(1)	38.8	(15.1)	(3.9)	(48.1)	(1.3)	7.8	23.5	**(22.0)**
CASH PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES	**16.0**	**71.9**	**34.8**	**(297.0)**	**72.1**	**107.6**	**135.0**	**52.5**
FINANCING ACTIVITIES								
Dividend paid	(20.8)	(20.0)	(67.2)	-	(40.0)	(30.0)	(130.0)	**(267.2)**
Notes issued to the Government	-	-	59.8	291.3	4.2	3.1	6.7	**365.1**
Change in PDP bank loan		(37.5)	14.5	30.3	0.1	(38.5)	16.8	**23.2**
Repayment of notes payable	(17.4)	(2.3)	(8.4)	(17.4)	(15.9)	(13.2)	(5.8)	**(60.7)**
Repayment of term loan	(94.4)	-	-	-	-	-	-	-
Repayment of mortgage bond payable	(5.3)	(5.6)	(5.8)	-	-	-	-	**(5.8)**
CASH USED IN FINANCING ACTIVITIES	**(137.9)**	**(65.4)**	**(7.2)**	**304.2**	**(51.6)**	**(78.6)**	**(112.3)**	**54.6**
INVESTING ACTIVITIES								
Cash received in business combination		18.9						
Interest received	1.4	1.6	-	-	-	-	-	-
Expenditures on investment properties - CLC			(0.3)	(0.3)	1.1	0.1	0.1	**0.7**
Expenditures on investment properties - PDP			(63.0)	(16.7)	(12.4)	(26.5)	(18.7)	**(137.3)**
Expenditures on investment properties	(3.8)	(2.4)	(63.3)	(17.0)	(11.3)	(26.4)	(18.6)	**(136.6)**
Expenditures on property, plant and equipment	(13.8)	(18.6)	(7.9)	(8.1)	(5.8)	(4.8)	(4.8)	**(31.4)**
Government funding & approp related to cap exp		2.7						-
Proceeds from sale of property, plant & equipment	121.2							-
Proceeds from sale of investment properties	116.2							-
CASH PROVIDED BY INVESTING ACTIVITIES	**221.2**	**2.2**	**(71.2)**	**(25.1)**	**(17.1)**	**(31.2)**	**(23.4)**	**(168.0)**
NET INCREASE (DECREASE) IN CASH	**99.3**	**8.7**	**(43.6)**	**(17.9)**	**3.4**	**(2.2)**	**(0.7)**	**(61.0)**
Cash and cash equivalents, beginning of year	28.9	128.2	136.9	93.3	75.4	78.8	76.6	**136.9**
CASH AND CASH EQUIVALENTS, END OF YEAR	**128.2**	**136.9**	**93.3**	**75.4**	**78.8**	**76.6**	**75.9**	**75.9**

(1)Working Capital Analysis

	2013/14	2014/15	2015/16	2016/17	2017/18
CLC Change	3.1	4.2	(3.4)	(35.9)	21.9
PDP Change	0.5	(49.6)	2.1	43.7	1.6
Other & rounding	(7.6)	(2.7)	(0.0)	(0.0)	0.0
	(3.9)	(48.1)	(1.3)	7.8	23.5

3.2 Canada Lands Company CLC Limited

3.2.1 Consolidated Statements Of Comprehensive Income And Retained Earnings

$ Millions	Actual 2011/12	Actual 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	5 Year TOTAL
SALES								
Real estate sales	61.9	118.3	123.6	106.8	197.5	178.2	176.8	782.9
Attractions, food, beverage and other	57.5	61.1	61.7	63.4	65.0	66.8	68.5	325.4
Rental operations	27.3	22.1	19.2	18.9	16.2	18.4	19.3	92.0
Gain on sale of investment property	61.4	-	-	1.4	-	-	-	1.4
Interest and other	3.7	4.0	2.9	2.6	2.9	2.9	2.5	13.8
	211.8	**205.5**	**207.4**	**193.1**	**281.6**	**266.3**	**267.1**	**1,215.5**
EXPENSES								
Real estate cost of sales	44.1	53.5	87.8	73.2	125.1	121.5	107.4	515.0
Attractions, food, beverage and other	39.5	40.3	42.2	43.3	44.5	45.8	47.1	222.9
Rental operating costs	21.4	17.7	14.7	13.2	11.1	17.1	10.2	66.3
General and administrative	18.8	18.0	21.6	22.6	23.3	23.8	24.4	115.7
Write down, reversals and pre-acq costs	1.2	9.3	0.1	-	-	-	-	0.1
Interest and other financing costs	3.5	0.7	0.7	0.5	0.3	0.3	0.3	2.1
OPMC Appropriations	-	-	-	12.8	8.3	8.2	8.7	38.0
Other Expenses								
Restructuring cost	4.0							-
	132.5	**139.5**	**167.1**	**165.6**	**212.6**	**216.7**	**198.1**	**960.1**
INCOME BEFORE TAXES	**79.3**	**66.0**	**40.3**	**27.5**	**69.0**	**49.6**	**69.0**	**255.4**
Income taxes	23.1	14.6	10.1	6.8	17.3	12.4	17.2	63.8
INCOME FROM CONTINUING OPS	56.2	51.4	30.2	20.7	51.7	37.2	51.8	191.6
INCOME FROM DISC OPS (net of tax)	24.6	-	-	-	-	-	-	-
NET INCOME	**80.8**	**51.4**	**30.2**	**20.7**	**51.7**	**37.2**	**51.8**	**191.6**
Other comprehensive income	0.3							-
COMPREHENSIVE INCOME	81.1	51.4	30.2	20.7	51.7	37.2	51.8	191.6
Retained earnings, beginning of period	186.3	246.6	238.0	201.0	221.7	213.4	220.6	238.0
Repayment of PDP debt		(40.0)	-	-	(20.0)	-	-	(20.0)
Dividends	(20.8)	(20.0)	(67.2)	-	(40.0)	(30.0)	(130.0)	(267.2)
RETAINED EARNINGS, END OF PERIOD	**246.6**	**238.0**	**201.0**	**221.7**	**213.4**	**220.6**	**142.4**	**142.4**

3.2.2 Consolidated Statements Of Financial Position

$ Millions	Actual March 2012	Actual March 2013	March 2014	March 2015	March 2016	March 2017	March 2018
ASSETS							
Non-Current							
Investment properties	2.4	6.9	6.8	4.2	2.3	1.4	0.5
Inventories	30.4	18.9	24.0	20.8	13.9	18.3	51.2
Property, plant & equipment	96.2	102.9	102.7	97.3	94.9	91.4	87.7
Accounts receivable	0.9	3.7	3.6	3.6	3.6	3.6	3.6
Long term receivables	10.9	9.8	6.2	3.6	6.8	42.5	20.3
Deferred tax recoverable	4.7	5.4	11.7	11.7	11.7	11.7	11.7
	145.5	147.6	155.0	141.2	133.2	168.9	175.0
Current							
Inventories	201.6	195.2	190.4	530.2	523.5	490.5	406.3
Cash	128.2	124.2	88.1	70.2	73.6	71.4	70.7
Accounts receivable	8.4	14.0	10.7	10.9	11.2	11.4	11.7
PVM receivable		0.3	-	-	-	-	-
Long term receivables	7.5	2.8	2.8	2.8	2.8	2.8	2.8
	345.7	336.5	292.0	614.1	611.1	576.1	491.5
	491.2	**484.1**	**447.0**	**755.3**	**744.3**	**745.0**	**666.5**
LIABILITIES							
Non-Current							
CN Tower bond	5.8						
Provisions		3.8	3.8	3.8	3.8	3.8	3.8
Government notes payable	50.0	47.3	56.4	340.5	335.1	330.9	332.7
Deposits & prepaids		3.4	3.4	3.4	3.4	3.4	3.4
Deferred taxes payable	6.3	4.3	4.3	4.3	4.3	4.3	4.3
	62.1	58.8	67.9	352.0	346.6	342.4	344.2
Current							
CN Tower bond	5.6	5.9	-	-	-	-	-
Government notes payable	4.5	8.4	2.4	5.9	8.2	5.8	3.4
Accounts payable	12.5	14.5	8.6	8.6	9.0	9.1	9.4
Taxes payable	1.3	4.6	10.4	10.4	10.4	10.4	10.4
Provisions	7.0	5.9	5.9	5.9	5.9	5.9	5.9
Deposits & prepaids	6.5	2.9	5.7	5.7	5.7	5.7	5.7
	37.4	42.2	33.0	36.5	39.2	36.9	34.8
EQUITY							
Contributed surplus	145.1	145.1	145.1	145.1	145.1	145.1	145.1
Accumulated earnings	246.6	298.0	328.2	348.9	400.6	437.8	489.6
Accumulated dividends		(60.0)	(127.2)	(127.2)	(187.2)	(217.2)	(347.2)
Net Equity	391.7	383.1	346.1	366.8	358.5	365.7	287.5
	491.2	**484.1**	**447.0**	**755.3**	**744.3**	**745.0**	**666.5**

3.2.3 Consolidated Statements Of Cash Flows

$ Millions	Actual 2011/12	Actual 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	5 Year TOTAL
OPERATING ACTIVITIES								
Comprehensive income	80.8	51.4	30.2	20.7	51.7	37.2	51.8	**191.6**
Interest paid	(2.7)	(0.5)						-
Income tax recovered (paid)	(42.5)	(10.9)						-
Gain on sale of investment property	(61.5)	-						-
Gain on sale of property, plant & equipment	(34.3)	-						-
Recovery of cost on sale of properties held	43.4	53.5	87.8	73.2	125.1	121.5	107.4	**515.0**
Capital expenditures on properties held for dev or sale	(28.5)	(42.7)	(85.7)	(123.2)	(157.7)	(156.0)	(96.7)	**(619.3)**
Less discount for capital expenditures not required			9.4	26.3	48.7	64.3	50.7	**199.4**
Acquisitions for properties held for dev or sale	(0.1)	(3.0)	(11.8)	(307.7)	(2.5)	(1.3)	(9.9)	**(333.2)**
Expenditures on properties held for dev or sale	(28.6)	(45.7)	(88.1)	(404.6)	(111.5)	(93.0)	(55.9)	**(753.1)**
Write down, reversals and pre-acquisition costs	1.2	9.3	0.1	-	-	-	-	**0.1**
Deferred income taxes recovery	9.8	2.7	0.4	0.4	0.3	0.2	0.2	**1.5**
Depreciation	11.6	7.8	8.5	9.0	9.0	9.1	9.2	**44.8**
	(22.8)	**67.6**	**38.9**	**(301.3)**	**74.6**	**75.0**	**112.7**	**(0.1)**
Net changes in non-cash working capital(1)	38.8	11.1	3.1	4.2	(3.4)	(35.9)	21.9	**(10.1)**
CASH PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES	**16.0**	**78.7**	**42.0**	**(297.1)**	**71.2**	**39.1**	**134.6**	**(10.2)**
FINANCING ACTIVITIES								
Dividend paid	(20.8)	(20.0)	(67.2)	-	(40.0)	(30.0)	(130.0)	**(267.2)**
Notes issued to the Government	-	-	11.5	290.0	2.8	1.6	5.2	**311.1**
Repayment of notes payable	(17.4)	(2.3)	(8.4)	(2.4)	(5.9)	(8.2)	(5.8)	**(30.7)**
Repayment of term loan	(94.4)	-	-	-	-	-	-	-
Change in credit facilities/PDP Advances		(40.0)	-	-	(20.0)	-	-	**(20.0)**
Repayment of mortgage bond payable	(5.3)	(5.6)	(5.8)	-	-	-	-	**(5.8)**
CASH PROVIDED BY (APPLIED TO) FINANCING ACTIVITIES	**(137.9)**	**(67.9)**	**(69.9)**	**287.6**	**(63.1)**	**(36.6)**	**(130.6)**	**(12.6)**
INVESTMENT ACTIVITIES								
Interest received	1.4	1.6						-
Expenditures on investment properties	(3.8)	2.2	(0.3)	(0.3)	1.1	0.1	0.1	**0.7**
Expenditures on property, plant and equipment	(13.8)	(18.6)	(7.9)	(8.1)	(5.8)	(4.8)	(4.8)	**(31.4)**
Proceeds from sale of property, plant & equipment	121.2							-
Proceeds from sale of investment properties	116.2							-
CASH PROVIDED BY INVESTING ACTIVITIES	**221.2**	**(14.8)**	**(8.2)**	**(8.4)**	**(4.7)**	**(4.7)**	**(4.7)**	**(30.7)**
NET INCREASE (DECREASE) IN CASH	**99.3**	**(4.0)**	**(36.1)**	**(17.9)**	**3.4**	**(2.2)**	**(0.7)**	**(53.5)**
Cash and cash equivalents, beginning of period	28.9	128.2	124.2	88.1	70.2	73.6	71.4	**124.2**
CASH AND CASH EQUIVALENTS, END OF PERIOD	**128.2**	**124.2**	**88.1**	**70.2**	**73.6**	**71.4**	**70.7**	**70.7**

(1)Working Capital Analysis

	2013/14	2014/15	2015/16	2016/17	2017/18
Change in VTB mortgages	4.0	2.5	(3.2)	(35.6)	22.2
Change in deposits	(2.8)	-	-	-	-
Change in A/R & A/P	1.9	1.7	(0.2)	(0.3)	(0.3)
	3.1	4.2	(3.4)	(35.9)	21.9

3.2.4 Expenditures On Properties – Capital Budget For The Five Years 2013-2014 to 2017-2018

$ Millions	Actual 2011/12	Actual 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	5 Year Total
INVESTMENT PROPERTIES								
CN Tower Base Development	0.8	3.4	0.3	-	(1.1)	(0.1)	(0.1)	(1.0)
277 Front	2.5							-
MTCC	0.5							-
Rogers Centre Lands	-	-	-	0.3	-	-	-	0.3
	3.8	3.4	0.3	0.3	(1.1)	(0.1)	(0.1)	(0.7)
PROPERTY PLANT & EQUIPMENT								
CN Tower	6.6	5.5	6.3	6.5	5.3	4.3	4.3	26.7
Corporate		0.1	1.6	1.5	0.5	0.5	0.5	4.6
Intercontinental Hotel	5.8	-	-	-	-	-	-	-
John Street Parkette	1.4	8.9	0.1	-	-	-	-	0.1
Plaza Garage	-	0.1	-	-	-	-	-	-
BC Overhead	-	(0.4)	(0.1)	0.1	-	-	-	-
	13.8	14.2	7.9	8.1	5.8	4.8	4.8	31.4
PROPERTY HELD FOR DEV OR SALE								
Pleasantville	0.7	7.0	2.0	3.4	6.6	1.8	0.4	14.2
Dartmouth Coast Guard***	-	-	-	-	0.3	0.2	2.7	3.2
Shannon Park***	-	-	-	0.4	1.1	4.9	3.3	9.7
Booth Street***	-	-	0.6	5.0	4.5	1.9	0.4	12.4
Natl Defence Medical Ctr***	-	-	-	0.2	0.4	7.3	3.6	11.5
Port Credit	0.3	0.4	0.8	0.4	4.2	-	-	5.4
Rebecca Street, Oakville	0.6	3.6	2.1	(1.4)	0.4	0.4	0.1	1.6
Rockcliffe	1.4	1.4	2.0	2.1	8.2	9.0	6.5	27.8
3621 Dufferin(Denison Armoury)	0.5	0.2	1.2	0.9	-	-	-	2.1
800 Montreal Road	1.4	0.8	(0.1)	(0.1)	0.1	-	-	(0.1)
Ste Catherine Co-op***	0.8	-	-	-	-	-	-	-
Les Bassins	-	6.2	6.9	2.0	4.5	0.3	(0.7)	13.0
Rue Des Irlandais	0.1	0.2	0.6	-	-	-	-	0.6
La Prairie	0.1	0.1	-	-	-	-	-	-
Longueuil-Pte de Longueuil	0.3	0.2	0.4	1.0	1.3	3.3	3.1	9.1
Pointe-du-Moulin	0.1	(0.7)	0.9	6.7	3.3	2.2	2.2	15.3
Senneville	0.1	-	0.2	-	-	-	-	0.2
Silo No 5	-	1.1	7.3	3.8	3.5	0.3	-	14.9
CFB Griesbach, Edmonton	9.5	13.7	32.7	30.2	19.9	20.6	16.1	119.5
Currie Barracks (CFB Cal West)	4.2	3.3	14.8	57.0	93.3	83.4	15.4	263.9
RCMP Calgary	-	-	0.6	1.5	-	-	-	2.1
Sam Livingston Building	-	-	-	-	1.8	4.1	36.9	42.8
CFB Chilliwack	5.0	1.1	10.4	8.8	2.9	12.4	6.4	40.9
Glenlyon	(7.2)	1.8	1.6	1.0	0.4	0.4	(0.1)	3.3
Mandeville, Burnaby	(0.1)	0.2	0.1	-	-	-	-	0.1
Pacific Natural Products	2.0	-	-	-	-	-	-	-
Others	8.7	2.1	0.6	0.2	1.0	3.5	0.4	5.7
	28.5	42.7	85.7	123.1	157.7	156.0	96.7	619.2
	46.1	60.3	93.9	131.5	162.4	160.7	101.4	649.9
Discount for Cap Expend Not Required	-	-	(9.4)	(26.3)	(48.7)	(64.3)	(50.7)	(199.4)
CLC TOTAL	46.1	60.3	84.5	105.2	113.7	96.4	50.7	450.5
OPMC		3.0	6.6	4.0	3.0	2.9	3.0	19.5
PDP		1.6	14.7	15.4	11.0	25.0	17.2	83.3
CLCL TOTAL		64.9	105.8	124.6	127.7	124.3	70.9	553.3

Notes:

1) Above expenditures do not include projected acquisition costs.
2) The majority of the above expenditures consist of work to prepare properties for sale including, but not limited to, on-site servicing,infrastructure, roads, sewers, etc.
3) *** Indicates non-owned properties.
4) Excludes Downsview and OPMC.

3.2.5 Property Acquisitions For The Five Years 2013-2014 to 2017-2018

$ Millions	Actual 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	5 Year Total
Pleasantville	0.3	-	-	-	-	-	-
Dartmouth Coast Guard***	-	-	-	1.4	0.2	0.2	1.8
Shannon Park***	-	4.0	-	-	-	-	4.0
Booth Street***	-	6.0	0.1	0.1	0.1	-	6.3
Glendale South***	-	0.2	-	-	-	-	0.2
Natl Defence Medical Ctr**	-	-	6.7	0.1	0.1	0.1	7.0
Rebecca Street, Oakville	2.0	-	-	-	-	-	-
Rockcliffe	0.7	0.7	0.8	0.9	0.9	1.0	4.3
Ste Catherine Co-op***	-	0.2	-	-	-	-	0.2
Longueuil-Pte de Longueui	-	-	0.7	-	-	-	0.7
Senneville	-	0.6	-	-	-	-	0.6
Jericho***	-	-	237.0	-	-	-	237.0
DND West Vancouver***	-	-	11.0	-	-	-	11.0
Heather St/Fairmont Comp	-	-	51.4	-	-	-	51.4
Kapyong Barracks***	-	-	-	-	-	8.6	8.6
others and rounding	-	0.1	-	-	-	-	0.1
CLC TOTAL	3.0	11.8	307.7	2.5	1.3	9.9	333.2
PDP		48.3	1.3	1.4	1.5	1.5	54.0
CLCL TOTAL		60.1	309.0	3.9	2.8	11.4	387.2

Notes:

1) Additional annual amounts reflect accounting policy dictated gross up of non-interest bearing promissory notes.
2) *** Indicates non-owned properties and/or properties where some parcels remain to be purchased.
3) Does not include certain properties that have received ADM Steering Committee on Real Property endorsement as strategic. These include ASU London (Highbury), DND Terrebonne, PWGSC National Capital Area portfolio and Kapyong Housing Site.
4) Excludes Downsview and OPMC.

3.2.6 Sales by Property for The Five Years 2013-2014 to 2017-2018

$ Millions	Actual 2011/12	Actual 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	5 Year Total
Franklin Crossing	0.3	-	2.0	-	-	-	-	2.0
Emmerson	3.7							-
Pleasantville	0.8	1.9	3.5	5.5	10.3	4.2	-	23.5
Dartmouth Coast Guard***	-	-	-	-	-	-	3.8	3.8
Shannon Park***	-	-	-	-	-	5.3	5.4	10.7
MTCCC	237.4							-
Booth Street***	-	-	-	-	14.0	4.3	7.2	25.5
Glendale South	-	0.3	2.0	-	-	-	-	2.0
Natl Defence Medical Ctr***	-	-	-	-	-	-	6.6	6.6
Plaza Garage	-	-	-	10.0	-	-	-	10.0
Port Credit	-	-	-	-	19.3	-	-	19.3
Rebecca Street, Oakville	-	51.0	-	-	-	-	-	-
Rockcliffe	-	-	-	-	-	10.5	-	10.5
Trafalgar	-	5.3	-	-	-	-	-	-
Tunney's Pasture, Ottawa	-	-	-	2.5	-	-	-	2.5
3621 Dufferin(Denison Armoury)	-	1.6	-	8.5	-	-	-	8.5
433 Front Street West	-	11.0	-	-	-	-	-	-
800 Montreal Road	-	-	5.5	-	-	-	-	5.5
Les Bassins	-	-	12.3	-	30.7	-	-	43.0
Rue Des Irlandais	-	-	5.0	-	-	-	-	5.0
Longueuil-Pte de Longueuil	-	-	-	-	7.1	7.4	-	14.5
Pointe-du-Moulin	-	-	-	-	-	15.1	-	15.1
Senneville	-	-	5.6	-	-	-	-	5.6
Wellington Basin	-	-	(0.3)	(0.5)	5.3	5.8	(1.2)	9.1
CFB Griesbach, Edmonton	13.1	17.2	28.3	29.3	27.6	27.9	27.7	140.8
Currie Barracks (CFB Cal West)	17.2	6.2	19.0	22.6	57.7	70.6	100.3	270.2
RCMP Calgary	-	-	-	7.0	7.4	-	-	14.4
Chilliwack	13.0	16.9	28.8	11.8	7.5	16.0	13.3	77.4
Glenlyon	8.5	3.5	7.8	10.3	10.1	10.5	13.0	51.7
Kelowna Hwy 97 Black Mountain	-	-	-	-	-	-	0.3	0.3
Mandeville, Burnaby	1.0	1.2	3.9	-	-	-	-	3.9
other/rounding	4.3	2.2	0.2	(0.2)	0.5	0.6	0.4	1.5
CLC TOTAL	**299.3**	**118.3**	**123.6**	**106.8**	**197.5**	**178.2**	**176.8**	**782.9**
PDP			1.0	52.3	-	28.0	-	81.3
OPMC			-	2.7	-	-	-	2.7
CLCL TOTAL			**124.6**	**161.8**	**197.5**	**206.2**	**176.8**	**866.9**

Notes:
1) *** Indicates non-owned properties.
2) Excludes Downsview and OPMC.

3.2.7 Cash Flow by Project for The Five Years 2013-2014 to 2017-2018

$ Millions	Actual 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	5 Year Total
WEST							
Glenlyon Business Park	1.6	6.2	9.2	9.5	10.0	13.0	47.9
CFB Chilliwack	16.2	18.4	2.4	4.3	3.2	6.4	34.7
Mandeville	-	1.2	3.9	-	-	-	5.1
CFB Calgary	4.9	4.3	(34.5)	(35.4)	(15.8)	90.2	8.8
CFB Griesbach	7.0	(0.7)	4.0	12.8	11.8	15.5	43.4
RCMP Calgary - SAD Site	(0.2)	(0.8)	5.3	7.4	-	-	11.9
Sam Livingston Bldg	(0.2)	(0.3)	(0.3)	(2.1)	(4.4)	(37.2)	(44.3)
Western acquisitions (net of prom notes)			(12.5)		-	(5.0)	(17.5)
Income Tax	(3.0)	(6.8)	(7.5)	(11.7)	(12.6)	(18.0)	(56.6)
Others	(1.5)	2.7	(3.4)	0.4	0.3	-	0.0
TOTAL WEST	24.8	24.2	(33.4)	(14.8)	(7.5)	64.9	33.4
ONTARIO / ATLANTIC							
Port Credit	(0.4)	(0.8)	(0.4)	15.1	-	-	13.9
Rebecca Street, Oakville	47.4	(2.1)	1.4	(0.4)	(0.4)	(0.1)	(1.6)
CFB Rockcliffe	(2.8)	(3.6)	(3.7)	(10.0)	(0.3)	(8.5)	(26.1)
Booth Street	-	(0.6)	(5.1)	9.3	2.2	6.8	12.6
CN Tower Base Development	(2.2)	0.9	3.7	2.3	1.3	1.3	9.5
Trafalgar Road, Oakville	5.1	-	-	-	-	-	-
Tunney's Pasture	-	-	2.5	-	-	-	2.5
Plaza Garage	0.6	0.7	10.7	-	-	-	11.4
3621 Dufferin (Denison Armoury)	1.4	(1.2)	7.6	-	-	-	6.4
433 Front St West, Toronto	10.9	-	-	-	-	-	-
800 Montreal Road	(0.8)	5.6	0.1	(0.1)	-	-	5.6
NDMC	-	-	(5.2)	(0.4)	(7.3)	3.0	(9.9)
Shannon Park	-	-	(0.4)	(1.2)	0.4	2.1	0.9
Pleasantville	(5.4)	1.5	2.1	3.7	2.4	(0.4)	9.3
Income Tax	(12.3)	(0.4)	(2.1)	(3.8)	(0.7)	(1.0)	(8.0)
Vendor Mortgages	0.7	0.5	(1.3)	(0.1)	-	2.0	1.1
Others	(8.1)	4.4	1.0	(0.1)	(0.4)	1.2	6.1
TOTAL ONTARIO / ATLANTIC	34.1	4.9	10.9	14.3	(2.8)	6.4	33.7
QUEBEC							
Les Bassins	(6.2)	5.4	(2.0)	26.2	(0.3)	0.7	30.0
Rue Des Irlandais	(0.2)	4.4	-	-	-	-	4.4
Longueuil - Pte de Longueuil	(0.2)	(0.4)	(1.0)	5.8	4.1	(3.1)	5.4
Pointe du Moulin	0.7	(0.9)	(6.7)	(3.3)	12.9	(2.2)	(0.2)
Senneville	-	5.4	-	-	-	-	5.4
Silo No 5	(1.1)	(7.3)	(3.8)	(3.5)	(0.3)	-	(14.9)
Income Tax	-	(2.2)	0.2	(3.3)	(0.5)	0.2	(5.6)
Vendor Mortgages	0.7	3.2	3.9	(3.1)	(35.6)	20.2	(11.4)
Others	2.5	(2.3)	(2.1)	4.7	2.7	(1.5)	1.5
TOTAL QUEBEC	(3.8)	5.3	(11.5)	23.5	(17.0)	14.3	14.6
CN TOWER	6.1	4.0	10.0	11.5	12.8	13.1	51.4
CORPORATE	(42.9)	1.1	8.5	34.8	50.5	36.4	131.3
CASH FLOW BEFORE DISTRIBUTIONS	18.3	39.5	(15.5)	69.3	36.0	135.1	264.4

Notes:
1) Corporate includes contingencies.
2) Excludes Downsview and OPMC.

3.2.8 Statement of Operations and Cash Flow for the Five Years 2013-2014 to 2017-2018

$ Millions	Actual 2011/12	Actual 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	5 Year Total
REVENUE								
Property sales	299.3	118.3	123.6	106.8	197.5	178.2	176.8	782.9
Cost of properties sold	185.4	53.5	87.8	73.2	125.1	121.5	107.4	515.0
Net property sales revenue	113.9	64.8	35.8	33.6	72.4	56.7	69.4	267.9
Net attractions, food & beverage	18.0	20.8	19.5	20.1	20.5	21.0	21.4	102.5
Net property rental	5.9	4.4	4.5	5.7	5.1	1.3	9.1	25.7
Gain on sale of investment property		-	-	1.4	-	-	-	1.4
Interest and other income	4.1	4.0	2.9	2.6	2.9	2.9	2.5	13.8
	141.9	94.0	62.7	63.4	100.9	81.9	102.4	411.3
EXPENSES								
General and administrative	18.8	18.0	21.6	22.6	23.3	23.8	24.4	115.7
Provisions	1.2	9.3	0.1	-	-	-	-	0.1
Interest	4.7	0.7	0.7	0.5	0.3	0.3	0.3	2.1
Restructuring costs	4.0	-	-	-	-	-	-	-
	28.7	28.0	22.4	23.1	23.6	24.1	24.7	117.9
INCOME BEFORE TAXES	**113.2**	**66.0**	**40.3**	**40.3**	**77.3**	**57.8**	**77.7**	**293.4**
Income taxes	32.1	14.6	10.1	6.8	17.3	12.4	17.2	63.8
COMPREHENSIVE INCOME	**81.1**	**51.4**	**30.2**	**33.5**	**60.0**	**45.4**	**60.5**	**229.6**
Recovery of cost of properties sold	185.4	53.5	87.8	73.2	125.1	121.5	107.4	515.0
Depreciation	11.6	7.8	8.5	9.0	9.0	9.1	9.2	44.8
Provisions	1.2	9.3	0.1	-	-	-	-	0.1
Expenditures on properties	(46.1)	(60.3)	(84.5)	(105.2)	(113.7)	(96.4)	(50.7)	(450.5)
Acquisitions	-	(3.0)	(11.8)	(307.7)	(2.5)	(1.3)	(9.9)	(333.2)
Debt repayment	(5.3)	(5.6)	(5.8)	-	-	-	-	(5.8)
Vendor mortgages	5.6	2.5	4.0	2.5	(3.2)	(35.6)	22.2	(10.1)
Government notes issued	-	3.4	11.5	290.0	2.8	1.6	5.2	311.1
Long term financing	(94.4)	-	-	-	-	-	-	-
Changes in working capital	(1.5)	(40.7)	(0.5)	(10.8)	(8.2)	(8.3)	(8.8)	(36.6)
CASH FLOW BEFORE DISTRIBUTIONS	**137.6**	**18.3**	**39.5**	**(15.5)**	**69.3**	**36.0**	**135.1**	**264.4**

3.3 Parc Downsview Park

3.3.1 Consolidated Statements Of Comprehensive Income And Retained Earnings

$ Millions	Actual 2011/12	Actual 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	5 Year TOTAL
SALES								
Real estate sales	-	-	1.0	52.3	-	28.0	-	**81.3**
Rental	11.3	8.8	9.0	8.4	8.4	7.3	4.6	**37.7**
Attractions, food & beverage	7.2	8.5	5.1	5.1	5.3	5.5	5.6	**26.6**
	18.5	**17.3**	**15.1**	**65.8**	**13.7**	**40.8**	**10.2**	**145.6**
EXPENSES								
Real estate cost of sales	-	-	-	43.3	-	23.4	-	**66.7**
Rental operating costs	7.9	10.4	10.7	9.6	9.9	9.6	7.4	**47.2**
General and administrative	4.3	4.4	1.7	1.1	1.1	1.1	1.1	**6.1**
Interest and other financing costs	0.7	1.2	0.4	0.5	0.7	0.8	0.5	**2.9**
Attractions, food & beverage	6.1	6.4	5.7	5.6	5.7	5.9	6.0	**28.9**
	19.0	**22.4**	**18.5**	**60.1**	**17.4**	**40.8**	**15.0**	**151.8**
INCOME BEFORE TAXES	**(0.5)**	**(5.1)**	**(3.4)**	**5.7**	**(3.7)**	**-**	**(4.8)**	**(6.2)**
Income taxes	-	(1.3)	(0.8)	1.4	(0.9)	-	(1.2)	**(1.5)**
COMPREHENSIVE INCOME	**(0.5)**	**(3.8)**	**(2.6)**	**4.3**	**(2.8)**	**-**	**(3.6)**	**(4.7)**
Retained earnings, beginning of period	(27.3)	(27.8)	26.9	24.3	28.6	25.8	25.8	**26.9**
Reclass of contributed deficit	-	58.5						-
RETAINED EARNINGS , END OF PERIOD	**(27.8)**	**26.9**	**24.3**	**28.6**	**25.8**	**25.8**	**22.2**	**22.2**

3.3.2 Consolidated Statements Of Financial Position

$ Millions	Actual March 2012	Actual March 2013	March 2014	March 2015	March 2016	March 2017	March 2018
ASSETS							
Non-Current							
Investment properties	8.9	6.3	6.3	6.3	6.3	6.3	6.3
Inventories	-	5.5	5.5	5.5	5.5	5.5	5.5
Property plant & equipment	54.4	64.0	123.5	93.3	102.0	101.3	116.1
Trade and other receivables	1.0	2.9					
Vendor takebacks (VTBs) receivables	-	-	-	41.4	41.4	-	-
Deferred income tax recoverable		60.9	60.9	60.9	60.9	60.9	60.9
	64.3	**139.6**	**196.2**	**207.4**	**216.1**	**174.0**	**188.8**
Current							
Inventories		4.7	4.7	4.7	4.7	4.7	4.7
Cash and short term investments	-	2.8	2.8	2.8	2.8	2.8	2.8
Trade and other receivables	1.2	0.7	0.7	0.7	0.7	0.7	0.7
Prepaids and other	0.5	0.1	0.1	0.1	0.1	0.1	0.1
	1.7	**8.3**	**8.3**	**8.3**	**8.3**	**8.3**	**8.3**
	66.0	**147.9**	**204.5**	**215.7**	**224.4**	**182.3**	**197.1**
LIABILITIES							
Non-Current							
Promissory notes payable	19.0	19.0	67.3	53.6	45.0	41.5	43.0
Accounts payable	-	1.0	1.0	1.0	1.0	1.0	1.0
Deferred revenues and deposits	1.9	0.9	0.9	0.9	0.9	0.9	0.9
Provisions	0.7	0.9	0.9	0.9	0.9	0.9	0.9
Deferred income taxes		0.3	0.3	0.3	0.3	0.3	0.3
Deferred government funding	0.1	0.1	0.1	0.1	0.1	0.1	0.1
	21.7	**22.2**	**70.5**	**56.8**	**48.2**	**44.7**	**46.2**
Current							
Accounts payable	7.0	7.4	4.5	1.0	1.0	0.9	1.0
Loans and borrowings(1)	60.0	41.5	56.1	86.3	86.4	47.9	64.7
Provisions	0.5	3.0	3.0	3.0	3.0	3.0	3.0
Prepaid rents and deposits	6.6	6.9	6.1	-	-	-	-
	74.1	**58.8**	**69.7**	**90.3**	**90.4**	**51.8**	**68.7**
SHAREHOLDER'S EQUITY							
Contributed surplus	-	40.0	40.0	40.0	60.0	60.0	60.0
Retained earnings	(27.8)	26.9	24.3	28.6	25.8	25.8	22.2
Net Equity	**(27.8)**	**66.9**	**64.3**	**68.6**	**85.8**	**85.8**	**82.2**
	68.0	**147.9**	**204.5**	**215.7**	**224.4**	**182.3**	**197.1**

Note (1) includes a $40M pay down in FY 2012-13 and $20M pay down in FY 2015-16

3.3.3 Consolidated Statements Of Cash Flows

$ Millions	Actual 2011/12	Actual 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	5 Year TOTAL
OPERATING ACTIVITIES								
Comprehensive income	(0.5)	(3.8)	(2.6)	4.3	(2.8)	-	(3.6)	(4.7)
Interest paid	(1.0)	(0.5)	(1.2)	(1.5)	(2.1)	(2.4)	(1.5)	(8.7)
Income tax recovered (paid)	-	-						-
Gain on sale of land	(1.0)	-						-
Recovery of cost of sales		-	-	43.3	-	23.4	-	66.7
Deferred income taxes recovery	-	1.3						-
Depreciation	2.6	1.3	3.5	3.6	3.7	3.8	3.9	18.5
	0.1	(1.7)	(0.3)	49.7	(1.2)	24.8	(1.2)	71.8
Net changes in non-cash working capital(1)	11.6	4.6	0.5	(49.6)	2.1	43.7	1.6	(1.7)
CASH PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES	11.7	2.9	0.2	0.1	0.9	68.5	0.4	70.2
FINANCING ACTIVITIES								
Contributed surplus		40.0	-	-	20.0	-	-	20.0
Change in credit facility	7.0	(37.5)	14.5	30.3	0.1	(38.5)	16.8	23.2
Promissory note issued		-	48.3	1.3	1.4	1.5	1.5	54.0
Promissory note issued repaid		-	-	(15.0)	(10.0)	(5.0)	-	(30.0)
CASH PROVIDED BY (APPLIED TO) FINANCING ACTIVITIES	7.0	2.5	62.8	16.6	11.5	(42.0)	18.3	67.2
INVESTMENT ACTIVITIES								
Capital expenditures			(14.7)	(15.4)	(11.0)	(25.0)	(17.2)	(83.3)
Acquisitions			(48.3)	(1.3)	(1.4)	(1.5)	(1.5)	(54.0)
Expenditures on investment properties	(17.6)	(4.6)	(63.0)	(16.7)	(12.4)	(26.5)	(18.7)	(137.3)
Proceeds from sale of land	0.7							-
CASH PROVIDED BY INVESTING ACTIVITIES	(16.9)	(4.6)	(63.0)	(16.7)	(12.4)	(26.5)	(18.7)	(137.3)
NET INCREASE (DECREASE) IN CASH	1.8	0.8	-	-	-	-	-	-
Cash and cash equivalents, beginning of year	0.2	2.0	2.8	2.8	2.8	2.8	2.8	2.8
CASH AND CASH EQUIVALENTS, END OF YEAR	2.0	2.8	2.8	2.8	2.8	2.8	2.8	2.8

(1)Working Capital Analysis	2013/14	2014/15	2015/16	2016/17	2017/18
Change in VTB Balance	-	(41.4)	-	41.4	-
Change in sales deposits/PILTs	(0.8)	(9.6)	-	-	-
Rounding	1.4	1.4	2.1	2.3	1.6
Net changes in non-cash working capital	0.5	(49.6)	2.1	43.7	1.6

3.4 Old Port of Montréal Corporation

3.4.1 Consolidated Statements Of Comprehensive Income And Retained Earnings

$ Millions	Actual 2011/12	Actual 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	5 Year TOTAL
SALES								
Real estate sales		-	-	2.7	-	-	-	**2.7**
Attractions, food & beverage (MSC)	11.4	7.2	7.5	8.4	8.1	7.7	7.7	**39.4**
Rental (Quays)	6.2	7.1	11.5	11.3	10.9	11.7	11.1	**56.5**
Gov't funding & approp/financial support from CL	30.4	24.5	17.2	12.8	8.3	8.2	8.7	**55.2**
Donations & sponsorships	0.5	0.5	-	-	-	-	-	-
Interest and other	0.1	0.1	0.1	-	-	-	-	**0.1**
	48.6	**39.4**	**36.3**	**35.2**	**27.3**	**27.6**	**27.5**	**153.9**
EXPENSES								
Real estate cost of sales		-	-	2.7	-	-	-	**2.7**
Attractions, food & beverage (MSC)	16.3	15.6	12.1	11.9	11.8	11.9	12.0	**59.7**
Rental (Quays)	12.0	12.1	13.2	12.3	12.3	12.4	12.3	**62.5**
Targeted savings					(4.0)	(4.0)	(4.0)	**(12.0)**
General & administrative	6.3	5.5	4.1	4.0	4.0	4.2	4.0	**20.3**
Foundation	0.5	0.5						
Impairment of capital expenditures	-	-	6.6	4.0	3.0	2.9	3.0	**19.5**
Amortization	23.5	17.5	0.3	0.3	0.2	0.2	0.2	**1.2**
	58.6	**51.2**	**36.3**	**35.2**	**27.3**	**27.6**	**27.5**	**153.9**
INCOME BEFORE TAXES	**(10.0)**	**(11.8)**	-	-	-	-	-	-
Income taxes	-	0.2						-
COMPREHENSIVE INCOME	(10.0)	(12.0)	-	-	-	-	-	-
Accumulated Surplus/Retained Earnings beginning of period	408.8	398.8	6.0	6.0	6.0	6.0	6.0	**6.0**
Change in Accounting Policy		(380.8)						
RETAINED EARNINGS, END OF PERIOD	**398.8**	**6.0**	**6.0**	**6.0**	**6.0**	**6.0**	**6.0**	**6.0**

3.4.2 Consolidated Statements Of Financial Position

$ Millions	Actual March 2012	Actual March 2013	March 2014	March 2015	March 2016	March 2017	March 2018
ASSETS							
Non-Current							
Property, plant & equipment	398.9	0.3	4.2	4.2	4.2	4.2	4.2
Deferred tax receivable/prepaid expenses	2.9	5.8	5.8	5.8	5.8	5.8	5.8
	401.8	6.1	10.0	10.0	10.0	10.0	10.0
Current							
Cash and short term investments	8.4	9.9	2.4	2.4	2.4	2.4	2.4
Accounts receivable and other	3.4	4.5	4.5	4.5	4.5	4.5	4.5
	11.8	14.4	6.9	6.9	6.9	6.9	6.9
	413.6	**20.5**	**16.9**	**16.9**	**16.9**	**16.9**	**16.9**
LIABILITIES							
Non-Current							
	-	-	-	-	-	-	-
Current							
Accounts payable	11.3	6.4	6.4	6.4	6.4	6.4	6.4
Government funding and appropriations		3.5					
Deferred revenue	3.5	4.0	4.0	4.0	4.0	4.0	4.0
Prepaid rents and deposits	-	0.6	0.5	0.5	0.5	0.5	0.5
	14.8	14.5	10.9	10.9	10.9	10.9	10.9
SHAREHOLDER'S EQUITY							
Accumulated Surplus/Retained Earnings	398.8	6.0	6.0	6.0	6.0	6.0	6.0
Dividends							
Net Equity	398.8	6.0	6.0	6.0	6.0	6.0	6.0
	413.6	**20.5**	**16.9**	**16.9**	**16.9**	**16.9**	**16.9**

3.4.3 Consolidated Statements Of Cash Flows

$ Millions	Actual 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	5 Year TOTAL
OPERATING ACTIVITIES							
Comprehensive income	(12.0)	-	-	-	-	-	-
Capital expenditures for property, plant & equipment	(15.0)	-	-	-	-	-	-
Deferred income tax recovery	(0.4)						
Depreciation	17.5	-	-	-	-	-	-
	(9.9)	-	-	-	-	-	-
Net changes in non-cash working capital	11.4	-	-	-	-	-	-
CASH PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES	1.5	-	-	-	-	-	-
FINANCING ACTIVITIES							
CASH PROVIDED BY (APPLIED TO) FINANCING ACTIVITIES	-	-	-	-	-	-	-
INVESTMENT ACTIVITIES							
CASH PROVIDED BY INVESTING ACTIVITIES	-	-	-	-	-	-	-
NET (INCREASE) DECREASE IN CASH	1.5	-	-	-	-	-	-
Cash, beginning of period	8.4	9.9	9.9	9.9	9.9	9.9	9.9
CASH, END OF PERIOD	9.9	9.9	9.9	9.9	9.9	9.9	9.9

3.4.4. Old Port of Montréal Corporation Capital Expenditures 2013-2018

$ Millions

Description	Original Version	Revised Version	Improvement	Explanations
Asset Maintenance				
Landscaping and related work	10.2	0.7	9.5	Repairs and replacement of railings, fencing, walls, etc.
Montreal Science Center (MSC)	6.8	5.2	1.6	Required repairs to the parking structure.
Hangar 16	3.4	-	3.4	Repairs to Hangar 16 roof and building envelope.
Hangar 22 and Hangar 23	0.6	-	0.6	New windows, doors and other repair work not urgent.
Jacques Cartier Pavillion	0.5	-	0.5	Mechanical, electrical and other work which is not urgent.
Bonsecours Pavillion	1.6	-	1.6	Major repairs to Bonsecours Pavillion not required immediately.
Other - Building	1.8	0.4	1.4	Contingency
Sub total - Buildings	14.7	5.6	9.1	
Pont Mill	0.5	-	0.5	Foundation repairs that are not currently urgent.
Other Bridge Structure	0.9	0.6	0.3	Variance not significant.
Sub total - Bridges	1.4	0.6	0.8	
Quay Jacques Cartier	15.2	4.0	11.2	Restoration costs reduced for quay to provide at least 10-year life.
Other Quays	0.9	-	0.9	Miscellaneous repairs that are not urgent.
Sub total - Quays	16.1	4.0	12.1	
Urban Furniture and Equipment	1.0	-	1.0	Urban furniture and equipment that is not urgent.
Infrastructures and utilities	1.0	-	1.0	Work around the Clock Tower Quay which is not urgent.
Conveyors Quay and Tower	2.7	-	2.7	Renovation of quay which was cancelled.
Allan Building (Head office)	8.0	-	8.0	Hold on renovations of Allan building (head office).
Contingency over 5 years	-	8.5	(8.5)	Contingency estimated by CLC.
Total	**55.1**	**19.4**	**35.7**	

Subsequent to the adoption of IFRS at the Old Port of Montréal, capital expenditures are written off in the year they are incurred.

Appendix A

Old Port of Montréal Corporation Tenant Rent Roll (1/2)

Tenant	Sq Ft	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	Beyond Mar 2019
		April 1 to March 31						
Le Taboulé	573	42,880	42,880					
Tiki Ming / Thaï Express	473	35,601	35,601					
Sulposto Déli / Café La Roma	208	17,441	17,441					
Sulposto pizza	427	40,297	40,297					
La Crémière & Queues de Castors	555	45,030	45,030					
Sushi Shop	443	34,705	34,705					
Taco Mexicana	539	39,590	39,590					
Café Bistro	1,059	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Frite Alors	310	23,450	23,450					
Boutiques promenade techno	6,004	194,043	199,857	205,852	212,028			
Agnus Dei - Avec Plaisir	7,504	50,153	51,657					
Microvoile	92	2,500	2,625	2,756				
Muvbox	3,556	27,567	28,940					
Kiosque à Bonbons - Joylab	354	16,000	16,000					
Porchetta Box	320	27,567	28,940					
Moozoo (Jacques Cartier)	177	25,000	26,250					
Amphibus	50	38,588	40,517					
Bateau mouche	670	86,120	86,120	86,120	86,120			
Croisières du Port	13,993	200,000	200,000	200,000	200,000	200,000		
Pêche guidée	20	9,547	10,030					
Navette fluviale	550	40,748	42,785	44,924	47,171			
Saute-moutons	5,543	92,500	92,500					
Location de patins	330	19,868						

Old Port of Montréal Corporation Tenant Rent Roll (2/2)

Tenant	Sq Ft	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	Beyond Mar 2019
		April 1 to March 31						
Restauration Pavillon Jacques-Cartier	26,944	60,000	60,000	60,000	60,000	60,000		
Café des Éclusiers	18,096	55,000	75,000	80,000	90,000			
Quadricycles	13,858	87,970						
Ca roule Montreal	371	7,770	8,159					
Biscuit Félix Norton	290	21,075	21,000					
Boutique thématique	1,360	12,000	12,000	12,000	12,000			
Buvette par Apollo	460	20,000	20,000	20,000	25,000			
Spa Urbain	41,622	125,000	127,500	130,050	132,651	135,304	138,010	140,770
Escapade VIP	140	12,433	16,162	16,971				
Le petit navire	366	17,500	17,500	17,500	17,500			
Terrasses Bonsecours	11,609	115,000	130,000					
Marina de l'horloge	1,883	37,500	37,500	37,500	37,500	37,500	37,500	37,500
Location H23	9,517	38,203	38,968					
Navettes excursions	550	15,000	15,750	16,538	17,364			
Location Bureau des ventes 5 ieme Quais	2,571	51,420	53,991					
Locations espaces Bureau	1,313	19,695	20,286	20,894				
Dic Ann's	158	25,000	26,250					
Déli Vieux-Port	158	25,000	26,250					
Trains-Trains	450	24,000	13,000					
Hydrolienne	2,640	44,792	79,200	80,784	82,399	84,047	85,728	
	178,106	**1,938,553**	**1,918,731**	**966,105**	**952,334**	**447,804**	**190,510**	**193,270**

Note: These amounts reflect only net rent payments and do not include recoveries for operating costs or property taxes. In addition, these amounts do not include any estimates for percentage rent payments or assumed rentals of vacant spaces. Finally, these rent rolls do not include license payments for exhibits, etc.

Appendix B

Park Downsview Park Tenant Rent Roll (1/4)

Company	Other Names	Commencement Date	Expiry Date	Renewal Option	Current Rental Rate ($/Sq. Ft.)	Net / Gross	Approx. Sq. Ft.	Rental Increase Date	$/Sq Ft	Annualized
35/37/39 Carl Hall Road										
Arpi Nursery School Inc.	Arpi, Arpi Daycare	1-Sep-11	31-Aug-18	None	$ 5.00	Net	12,647	01-Sep-13	$ 5.25	66,397
								01-Sep-14	$ 5.50	69,559
								01-Sep-15	$ 5.75	72,720
								01-Sep-16	$ 6.00	75,882
								01-Sep-17	$ 6.25	79,044
Serco Des Inc.	Drive Test	26-Sep-03	31-Aug-13	1 x 8 Years	$ 13.00	Net	10,402	Full Lease	$ 13.00	135,226
Aecon Buildings, a Division of Aecon Construction	Aecon	1-Apr-11	31-Mar-14	None	$ 5.25	Net	1,000	01-Apr-13	$ 5.50	5,500
Housing Services Inc.	HSI	1-Jan-05	31-Dec-15	1 x 5 Years	$ 5.75	Net	24,704	01-Jan-13	$ 5.75	142,048
								01-Jan-14	$ 6.00	148,224
The Warehouse Event Venue	Warehouse Event Venue	15-Feb-10	28-Feb-20	None	$ 5.00	Net	15,480	15-Aug-10	$ 5.00	77,400
								01-Mar-15	$ 7.50	116,100
Al Hull o/a Engineering Material Research	Engineering Material	1-Dec-01	Month to	Monthly	$ 3.00	Net	5,667	01-May-11	$ 3.00	17,001
Bell Mobility Inc.	Bell Towers	1-Jan-13	31-Dec-17	3 x 5 Years	$ 18,000.00	Gross	Roof	01-Jan-13	$ 18,000.00	18,000
40 Carl Hall Road										
Arpi Nursery School Inc. (storage)	Arpi, Arpi Daycare	1-Oct-11	31-Aug-13	None	$ 6.00	Gross	350	Full Lease	$ 6.00	2,100
1527992 Ontario Inc. o/a Events Plus	Events Plus Management	1-Oct-09	Month to Mont	Monthly	$ 12.50	Gross	240	01-May-12	$ 12.50	3,000
Villa Charities Foundations		15-Nov-09	30-Nov-13	None	$ 5.00	Gross	100	01-Dec-12	$ 5.00	500
Toronto Transit Commission	TTC	1-Jan-10	31-Dec-13	None	$ 4.50	Net	95,240	01-Jan-13	$ 4.50	428,580
Downsview Park Arts Alliance	DPAA	1-Feb-05	31-Jan-14	None	$ 6.00	Gross	13,873	01-Feb-13	$ 6.00	83,238
Merchants Canada Inc.		1-Nov-06	30-Sep-14	None	$ 5.04	Gross	10,000	01-Oct-12	$ 5.04	50,400
								01-Oct-13	$ 5.28	52,800
1285145 Ontario Inc.	Downsview Park	1-Feb-05	30-Sep-14	None	$ 6.26	Gross	162,802	01-Oct-12	$ 6.26	1,019,136
								01-Oct-13	$ 6.35	1,033,800

Park Downsview Park Tenant Rent Roll (2/4)

Company	Other Names	Commencement Date	Expiry Date	Renewal Option	Current Rental Rate ($/Sq. Ft.)	Net / Gross	Approx. Sq. Ft.	Rental Increase Date	$/Sq Ft	Annualized
Her Majesty the Queen in Right of Canada	PWGSC, SPMD, CADD	16-Sep-03	31-Dec-14	None	$ 6.00	Net	33,584	01-Jan-13	$ 6.00	201,504
								01-Jan-14	$ 6.50	218,296
Rhema Christian Ministries of Ontario Inc.	Rhema Christian Ministries	1-Aug-07	31-Dec-14	None	$ 7.30	Net	75,527	01-Oct-12	$ 7.30	551,347
								01-Oct-13	$ 7.45	562,676
								01-Oct-14	$ 7.45	562,676
Rhema Christian Ministries of Ontario Inc. (office)	Rhema Christian Ministries	2-Aug-07	Month to	Monthly	$ 5.00	Net	1,815	Full Lease	$ 5.00	9,075
Varsity Tents Inc.	Varsity Tents	1-Oct-07	31-Dec-14	None	$ 3.25	Net	10,686	01-May-12	$ 3.25	34,730
							10,686	01-May-14	$ 3.50	37,401
York Mechanical Ltd.	York Mechanical, York	1-Jan-07	Month to	Monthly	$ 10.00	Gross	600	01-Apr-12	$ 10.00	6,000
55 Carl Hall Road										
Andrew Revai o/a Exoticare	Exoticare; Exoticar	1-Jun-06	Month to	Monthly	$ 12.00	Gross	800	01-Nov-08	$ 12.00	9,600
Adam Fingret	Artist Studio	1-Jul-10	07/30/12	None	$ 12.00	Gross	400	Full Lease	$ 12.00	4,800
60 Carl Hall Road (Building #)										
Bond Paving & Construction Inc. (#4/5)	Bond Paving and	1-Oct-09	30-Jun-13	4 x 1 Year (2	$ 3.70	Net	5,023	01-Jul-12	$ 3.70	18,585
Toronto Wildlife Centre (#4/5)	TWC. The Toronto Wildlife	1-Jul-09	31-Dec-13	None	$ 4.84	Gross	14,232	01-Jul-10	$ 4.84	68,883
Rotor City Inc./Four Seasons Aviation Ltd. (#1) (no	Rotor City Inc., Four	1-Dec-06	30-Nov-16	None	$ 7.00	Net	7,781	01-Dec-11	$ 7.00	54,467
								01-Dec-13	$ 7.50	58,358
								01-Dec-15	$ 7.75	60,303
Weather Tech Property Maintenance (#3)	Weather Tech	1-Mar-05	31-Mar-14	1 x 1 Year	$ 3.75	Net	1,740	01-Feb-13	$ 3.75	6,525
57/75/77/85 Carl Hall Road										
Johnny Jukebox Inc.										
Main Space Circus Corp.	Toronto School of Circus	1-Dec-08	31-Dec-14	1 x 5 years	$ 5.36	Net	13,000	01-Jan-12	$ 5.36	69,680
								01-Jan-14	$ 5.86	76,180
Canadian Volleyball Association	Volleyball Canada	18-Jul-11	31-Jul-16	1 x 5 years	$ 6.36	Net	24,582	01-Aug-12	$ 6.36	156,342
								01-Aug-13	$ 6.61	162,487
								01-Aug-14	$ 6.86	168,633
								01-Aug-15	$ 7.11	174,778
2226107 Ontario Inc. o/a 416 Skateboarding	The Rail Skate Park, 416	1-Feb-10	28-Feb-13	1 x 5 years	$ 5.00	Net	7,838	01-Jun-12	$ 5.00	39,190
HoopDome Inc.	HoopDome	1-Mar-07	31-Mar-17	1 x 5 years	$ 3.75	Net	42,498	01-Apr-13	$ 3.85	163,617
								01-Apr-14	$ 4.00	169,992
								01-Apr-15	$ 4.10	174,242
								01-Apr-16	$ 4.20	178,492

Park Downsview Park Tenant Rent Roll (3/4)

Company	Other Names	Commencement Date	Expiry Date	Renewal Option	Current Rental Rate ($/Sq. Ft.)	Net / Gross	Approx. Sq. Ft.	Rental Increase Date	$/Sq Ft	Annualized
582326 Ontario Ltd.	Premier Elite Athletes	1-May-07	31-Oct-12	1 x 5 years	N/A	Net	6,690	01-May-11	$ 6.00	40,140
582326 Ontario Ltd. (Unit 4/7)	Premier Elite Athletes	1-May-07	30-Jun-22	1 x 5 years	$ 6.15	Net	11,633	01-Nov-12	$ 6.15	71,543
							-	01-Nov-14	$ 6.40	74,451
								01-Nov-16	$ 6.65	77,359
								01-Nov-18	$ 6.90	80,268
								01-Nov-20	$ 7.15	83,176
582326 Ontario Ltd. (Unit 4A)		Month	Month		$ 2.68	Gross	4,471	Month-to-Mont	$ 2.68	11,982
582326 Ontario Ltd. (Extra Storage)					$ 4.17	Gross	360	Full Lease	$ 4.17	1,501
Green Karting Enterprises Ltd.	GPK, Green Karting,	1-Aug-08	31-Dec-18	1 x 5 years	$ 3.78	Gross - Lease defines operating costs and reality taxes for each year	46,396	01-Jun-12	$ 3.78	175,377
							29,276	01-Nov-13	$ 7.65	223,961
							29,276	01-Jan-14	$ 7.75	226,889
							29,276	01-Jan-15	$ 8.85	259,093
							29,276	01-Jan-16	$ 8.95	262,020
							29,276	01-Jan-17	$ 9.05	264,948
							29,276	01-Jan-18	$ 9.15	267,875
True North Climbing Inc.	True North	1-Mar-10	29-Feb-20	1 x 5 years	$ 4.95	Net	12,498	01-Mar-12	$ 4.95	61,865
								01-Mar-14	$ 5.95	74,363
								01-Mar-16	$ 6.95	86,861
								01-Mar-18	$ 7.95	99,359
National Squash Academy Inc.	Athlete Inc., NSA, ATP	1-Sep-10	31-Aug-20	1 x 5 years	$ 4.50	Net	35,334	01-Feb-13	$ 4.50	159,003
							35,334	01-Sep-17	$ 5.00	176,670
		Rent Free: on 12,721 sq. ft. until Jan.31, 2013								
Maple Leaf Sports & Entertainment Ltd. (acre)	MLSE, TFC, Toronto FC	1-Jun-11	31-Jul-32	2 x 5 years	$ 33,000.00	Net	15.46	01-Aug-12	5 Years, CPI	510,180
Buckingham Sports Properties Company (acre)	Buckingham Sports	1-Apr-12	30-Sep-38	4 x 5 years	$ 45,000.00	Net	4	01-Oct-13	5 Years, CPI	180,000
70 Canuck Ave./Greenhouses										
Toronto and Region Conservation Authority (main	TRCA	12-Jul-04	31-Jul-14	1 x 5 years	$ 15.00	Net	18,119	01-Aug-11	$ 15.00	271,785
Toronto and Region Conservation Authority	TRCA	12-Jul-04	31-Jul-14	1 x 5 years	$ 8.00	Gross	2,700	12-Jul-09	$ 8.00	21,600
Toronto and Region Conservation Authority	TRCA	12-Jul-04	31-Jul-14	1 x 5 years	$ 12.00	Gross	100	12-Jul-09	$ 12.00	1,200

Park Downsview Park Tenant Rent Roll (4/4)

Company	Other Names	Commencement Date	Expiry Date	Renewal Option	Current Rental Rate ($/Sq. Ft.)	Net / Gross	Approx. Sq. Ft.	Rental Increase Date	$/Sq Ft	Annualized
Miscellaneous Tenancies										
Rotor City Inc./Four Seasons Aviation Ltd.	Rotor City Inc., Four	1-Dec-06	30-Nov-16	None	$ 1.20	Gross	20,100	Full Lease	$ 1.20	24,120
Her Majesty the Queen in Right of Canada	PWGSC, SPMD, CADD	16-Sep-03	31-Dec-14	None	NA	Gross/ Flat	72	01-Dec-10	$ 600.00	43,200
Her Majesty the Queen in Right of Canada	PWGSC, SPMD, CADD	16-Sep-03	31-Dec-14	None	$ 690.00	Gross/ Flat	72	01-Jan-13	$ 690.00	49,680
								01-Jan-14	$ 720.00	51,840
Her Majesty the Queen in Right of Canada	PWGSC, SPMD, CADD	16-Sep-03	5-Mar-13	None	NA	Gross/ Flat	1	06-Feb-13	$ 200.00	200
First Canada ULC	Laidlaw Transit Ltd.;	1-Nov-09	31-Oct-14	Yearly	$3.33/Bus/Day	N/A	N/A	01-Nov-12	$3.33/Bus/Day	28,800
Colette Murphy	Urban Harvest Garden	1-Mar-10	28-Feb-13	Yearly	$ 3.80	Gross/ Flat	3,000	01-Mar-13	$ 4.00	12,000
Fresh City Farms, Inc. (plot)	Fresh City Farms	1-Mar-11	30-Sep-13	Yearly	$1,800/acre	Gross/ Flat	1	01-Oct-12	$ 1,800.00	1,800
Fresh City Farms, Inc. (greenhouse 1)	Fresh City Farms	1-Aug-11	30-Sep-13	Yearly		Gross/ Flat	2,888	01-Oct-12	$ 3.32	9,600
Dante Iaboni		1-Jun-10	31-Oct-12	Yearly	$50 flat rate	Gross/ Flat	Plot	01-Nov-10	$ 50.00	50
Bell Mobility Inc. - Meadow	Bell Towers	1-Feb-13	31-Jan-18	3 x 5 Years	$ 18,000.00	Gross	Land	01-Feb-13	$ 18,000.00	18,000
Maple Leaf Sports & Entertainment Ltd. (outdoor	MLSE, TFC, Toronto FC	1-Apr-13	31-Mar-14	None	$ 4.00	Gross	1,500	01-Apr-13	$ 4.00	6,000
Toronto Roller Derby League										84,000
Crown Assets Distribution										86,964
Crown Assets Distribution										27,600
PWGSC, SPMD										22,080

Note: These amounts reflect only net rent payments and do not include recoveries for operating costs or property taxes. In addition, these amounts do not include any estimates for percentage rent payments or assumed rentals of vacant spaces. Finally, these rent rolls do not include license payments for exhibits, etc.

Appendix C

ENGAGING COMMUNITIES/STAKEHOLDERS Objective: Listen to communities/stakeholders to understand their needs and create value for them.		
TARGET	**METRIC(S)**	**2012-2013 FISCAL YEAR END RESULT**
Undertake shareholder consultation on all new development projects – prior to Canada Lands acquiring title (converse with federal government departments, elected officials, etc.)	Number of new development projects where shareholder consultation has been undertaken prior to Canada Lands acquiring title Percentage of new development projects where shareholder consultation has been undertaken prior to Canada Lands acquiring title	3 projects - Jericho Lands (DND) - Fairmont Complex (PWGSC) - West Vancouver Vacant Lands (DFO) 100%
Undertake stakeholder consultation meeting(s) with the municipality, community groups, and/or the general public on all new development projects – prior to Canada Lands finalizing the development vision for properties and obtaining municipal approvals	Number of new development projects where this has been done Percentage of new development projects where this has been done	4 projects - 1 Port St – Mississauga - Rockcliffe – Ottawa - Griesbach Square (Mixed-Use), Edmonton - River's Edge, Chilliwack, BC 100% of projects
Achieve a minimum satisfaction score of 75% for Canada Lands engagement approach in all new development projects	Average satisfaction score for new projects based on community consultation comments cards or website questionnaire prior to submission of application for municipal planning approval	4 projects - Griesbach Square – no formal feedback sought - River's Edge – Questionnaires were employed at Public Open House held by Canada Lands and results tabulated - 1 Port St - no formal feedback sought - Rockcliffe – no formal feedback sought

DEVELOPING SUSTAINABLY

Objective: Create environmentally sustainable neighbourhoods and buildings in line with urban planning best practices.

TARGET	METRIC(S)	2012-2013 FISCAL YEAR END RESULT
All new development projects and owned and operated buildings achieve third-party assessed equivalences to green certification (e.g. LEED Building, LEED-ND, BOMA)	Number of projects achieving this Percentage of projects achieving this	2 projects 100% of projects - Rebecca Street project – approved for LEED ND certification; also includes 63 units certified under LEED for Homes - Les Bassins (Montréal) LEED-ND certification in progress; silver certification expected.
Design access to both planned and existing public transit for 75% of residential units in all new residential or mixed-use development projects	Number of residential units within a five-minute walk from a planned or existing public transit stop (measured at time of municipal planning approval) Percentage of residential units achieving this	918 residential units - Griesbach St.11 - 106 of 106 - Griesbach St.14 - 453 of 453 - Rebecca St project achieved 100% of units within 5 min walk of a bus stop - 124 of 124 - Les Bassins - 235 of 235 100% of Units
Optimize land use efficiency (density) in all new development projects	Percentage of projects receiving municipal planning approvals with a density of residential units higher than the average within 250 metres of the project	100% of projects 1 project - Rebecca St achieved a ration of approximately 1.8 (25 uph vs. 14 uph)
Optimize livability of all new development projects receiving municipal planning approvals, by designing for public open space and a mix of housing forms and pricing levels	Percentage of projects with a mix of at least three different housing forms	50% of projects 2 Projects - Rebecca St had only two forms and did not meet this criteria - Griesbach: St.11 – Garage suites, detached small lots, front drive lots; St.14 – Mixed use townhomes, 4 story multi-adjacent, existing detached single family homes

	Percentage of projects with more public open space than municipal requirement and improved to a level above municipal requirements	50 % of projects 1 Project - Rebecca St designated over 7% parkland, compared to 5 % minimum requirement
	Percentage of projects targeting various pricing levels (through housing form, quality and/or unit size)	2 Projects 100% of Projects Rebecca St achieved a number of pricing levels by offering 25 ft condo town houses and single detached lots of 40, 50, 55 and 60 ft frontages - Griesbach Stage 11 and 14 – various pricing levels through diversity in housing types

VALUING PEOPLE

Objective: Strive to become an employer of choice by 2012.

TARGET	METRIC(S)	2012-2013 FISCAL YEAR END RESULT
Improve overall employee satisfaction by 5% by the end of 2011–2012, using 2009–2010 as the base fiscal year (base result for real estate operating divisions and corporate departments was 72.8%, and base result for CN Tower was 69.8%)	Total percentage level of satisfaction based on survey results for corporate departments and real estate operating division employees Percentage change from 2009–2010 levels Total percentage level of satisfaction based on survey results for CN Tower employees Percentage change from 2009–2010 levels	N/A Employee engagement survey was postponed due to the amalgamation.
Strive for zero harm among workers and visitors	Recordable critical injury frequency for employees and visitors at owned and operated buildings	No critical injuries
Provide training and education opportunities for employees	Percentage of full-time employees receiving training and educational assistance Dollars spent on training and educational assistance (average per full-time employee)	88% of the company employees are recipients (35% REC division and 100% CNTower division) $576 average per employee ($1267 for REC division and $328 for CN Tower division

Maintain voluntary employee turnover rate at 5% for real estate and corporate operating divisions	Full-time voluntary turnover percentage for fiscal year	4.3%
Maintain voluntary employee turnover rate at 6% for CN Tower operating division	Full-time voluntary turnover percentage for fiscal year	5.1%

MANAGING THE ENVIRONMENT

Objective: Manage resources responsibly and respect the environment.

TARGET	METRIC(S)	2012-2013 FISCAL YEAR END RESULT
Reduce energy use in Canada Lands owned and operated buildings	Total energy use in kWh consumed Total energy use in kWh consumed per square foot Percentage change in energy use from previous fiscal year per square foot	12,466,552.78 kWh 451 000 kWh can be attributed to the Le Café equipment and 146,122 due to construction on the patio. 5.22 kWh/ft2 5 % increase
All new buildings in development projects constructed to independent energy efficiency standards (ensure through inclusion in contracts with site purchasers where necessary)	Number of new buildings meeting these criteria	3 new projects - Garrison Crossing (Chilliwack, B.C.) – 199 of 199 units - Lindys Crossing (Chilliwack, B.C.) – 81 of 81 units - Les Bassins – 235 of 235 LEED-NC
All refurbished buildings in new development projects renovated to improve energy efficiency	Number of refurbished buildings meeting these criteria, based on an energy audit Percentage of refurbished buildings achieving this	No new projects
Divert at least 85% (by weight) of demolition waste from landfill	Total amount of demolition waste diverted from landfill (by weight) Percentage of waste (by weight) diverted	7,958 tonnes 82.9%

Divert at least 60% (by weight) of waste from landfill for owned and operated buildings	Total amount of waste diverted from landfill (by weight) Percentage of waste (by weight) diverted	217 tonnes 73% Temporary waste bins attributed to the lower number because of projects within the building. Total renovation on Far Coast to Le Café, HR office remodeling, CCTV.
Adopt best practices for stormwater management in all new development projects	Number of projects receiving municipal approvals for using at least four identified best practices and/or Low Impact Development (LID) site design strategies	1 Project • Currie Barracks – Phase 1 – includes: rainwater harvesting; use of cisterns; infiltration trenches; underground storage; extensive rain gardens; permeable pavement; bio-retention; adoption of landscape code for private lots to ensure control of stormwater and plant diversity; preservation of existing trees and extensive planting of new vegetation
Reduce water consumption in Canada Lands owned and operated buildings	Total water consumption (volume) Percentage change from previous fiscal year	69,010 m3 3% decrease

CONTRIBUTING TO SOCIETY

Objective: Create community value.

TARGET	METRIC(S)	2012-2013 FISCAL YEAR END RESULT
Up to $150,000 towards corporate philanthropy	Dollar amount spent	$67,850
Seek opportunities to create lasting legacies for all development projects	Number of acres (hectares) of public usable open space, created since company inception in 1995 Number of legacy project components celebrating Canadian heritage, created since company inception in 1995	212.5 acres (86 hectares) 32 legacy components

	Cumulative total dollar amount spent by Canada Lands on legacy project components since inception in 1995	$9.9 million
Cumulative projected development expenditures for Canada Lands and site purchasers since company inception in 1995 for all past and current projects	Projected amount spent by Canada Lands and its site purchasers Number of person-years of construction employment that these development expenditures equate to according to industry standards	$8 billion 62,400 person-years of construction employment
Projected annual property tax contributions for all past and current projects at completion	Projected amount of increase in annual property taxes due to development by Canada Lands and its site purchasers	$125.1 million
Provide affordable housing choices for residential development projects through sale of development lands by way of the SFRPHI program	Number of development projects where this has been done Percentage of development projects where this has been done	No sales completed under SFRPHI program in fiscal year

STRENGTHENING BUSINESS OPERATIONS

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

TARGET	METRIC(S)	2012-2013 FISCAL YEAR END RESULT
Optimize financial value and returns paid to shareholder	Comprehensive income Revenues in past fiscal year Capital expenditures in past fiscal year Distributions to shareholder in past fiscal year (dividends, cash acquisitions and note repayments)	$58.1 million $219.6 million $64.9 million $60.0 million in dividends/loan paydowns and $2.3 million in note repayments

	Cumulative distributions to shareholder since company inception in 1995 (dividends, cash acquisitions and note repayments)	$493.9 million
Achieve a gross margin on total real estate property sales of at least 25%	Gross margin as a percentage	55.0%
Achieve a gross margin on CN Tower operations of at least 60%	Gross margin as a percentage (including food and beverages and attractions)	62.1%
Income tax contribution	Amount of income tax paid for past fiscal year Amount of income tax paid cumulatively since company inception in 1995	$16.3 million $148.3 million
Improve customer satisfaction for CN Tower visitors (to favourably influence attendance)	Past fiscal year satisfaction score Prior fiscal year satisfaction score	66% 67%
Contribute to reduced federal government liability for surplus contaminated sites through remediation of properties acquired by Canada Lands	Dollar amount reduction in government liability over the past fiscal year Cumulative dollar amount reduction in government liability since company inception in 1995 Cumulative environmental remediation amount spent by Canada Lands since company inception in 1995	No new properties acquired $92.5 million $85.1 million (53.3 million spent by Canada Lands and 31.3 million spent by its site purchasers)
Generate annual Payment in Lieu of Taxes (PILT) savings for the federal government through Canada Lands property acquisitions	PILT savings generated for properties acquired over past fiscal year Cumulative dollar amount in annual generated savings since company inception in 1995 Estimate of potential annual government PILT savings that could be realized through Canada Lands acquisition of all identified current surplus strategic properties	No new properties acquired $39.4 million $6.8 million

Generate annual operating and maintenance (O and M) savings for the federal government through properties acquired by Canada Lands	O and M savings generated for properties acquired over past fiscal year Cumulative dollar amount in annual O and M savings generated since company inception in 1995	No new properties acquired $21 million
Convert surplus federal properties back to productive use through sale or possession to Canada Lands	Number of properties converted back to productive use through sale or possession to Canada Lands during fiscal year Total area in acres (hectares) converted back to productive use through sale or possession to Canada Lands during fiscal year Cumulative number of properties converted back to productive use through sale to Canada Lands since company inception in 1995 Total area in acres (hectares) converted back to productive use through sale to Canada Lands since company inception in 1995 Canada Lands property acquisition rate for fiscal year (based on book value of development properties) Canada Lands property disposal rate for fiscal year (based on book value of development properties)	No properties sold to Canada Lands No properties sold to Canada Lands 63 properties 9,031 acres (3,655 hectares) No new properties acquired 18%