



Canada Lands Company
Société immobilière du Canada



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
RESULTS

Canada Lands Company Limited

Q2 (July 1, 2023 to September 30, 2023)

FOR THE PERIOD ENDED SEPTEMBER 30, 2023

This Management's Discussion and Analysis ("MD&A") provides important information about the business of Canada Lands Company Limited ("CLCL") and its subsidiaries (collectively, the "Company"), its financial performance for the period ended September 30, 2023 ("Period"), and its assessment of factors that may affect future results. The MD&A should be read in conjunction with CLCL's unaudited consolidated financial statements and notes (collectively "the consolidated financial statements"). The MD&A and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The following MD&A is the responsibility of management and is current as at November 22, 2023, unless otherwise noted.

The Board of Directors ("Board") of CLCL has approved this disclosure.

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

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

HIGHLIGHTS FOR THE SECOND QUARTER OF FISCAL YEAR 2023/24 AND YEAR-TO-DATE

Financial

- The Company was able to generate \$72.3 and \$134.3 in revenue for the second quarter and year-to-date respectively. The year-to-date revenue is 19% higher than the comparable prior year period on the strength of the performance of the Attraction's Division.
- The Company generated an operating profit of \$32.3 and \$48.7 for the second quarter and year-to-date respectively.
- The Company invested \$16.0 and \$26.8 for the second quarter and year-to-date respectively, primarily in its real estate development in communities across the country and its attractions.
- The Company paid a \$10.0 dividend to its shareholder, as well as income tax payments of more than \$17.3 year-to-date.
- The Company made an interim/provisional payment of \$25.4 during the second quarter against its provision for payment in lieu of taxes ("PILT") while it continues to work towards a settlement.
- Adjusting for the one-time, non-recurring \$25.4 PILT payment, year-to-date the Company has generated close to \$12.0 in operating cash flows.

Operational and Other Significant Developments

- The Company's attractions welcomed close to 1.74 million paid guests during the Period, which was a 0.3 million (17%) increase from the comparable prior year period.
- The vacant President and Chief Executive Officer position was filled. Stéphan Déry was appointed by Order in Council ("OIC") to be President and Chief Executive Officer of CLCL for a term of four years effective April 12, 2023.
- Two current board of directors of CLCL were re-appointed by OIC for terms of two years and three years, respectively, effective June 2023.

BUSINESS UPDATE

The Company, particularly its Attractions, had a very strong financial first half of 2023/24. The Company is seeing strong demand for its product offering across its Attraction's portfolio and was evident through the busy summer season.

The real estate markets across the country are in a challenging period for land developers, given the current economic environment with high interest rates and rising costs, while the need for additional housing continues to be top of mind for many.

Overall, the Canadian economic environment is currently seeing:

- Economic growth declines, with projections for the annual growth for 2023 around 1%;
- National unemployment rates started to rise slightly from record lows, but still significantly below historical averages;
- Inflation declines, from historical highs just over a year ago, have stalled in recent months, with inflation currently sitting at 3.8% in September, above the traditional target of 2% and outside of the control range of 1 – 3%;
- Interest rates have held in recent months, but are still at their highest rates in more than 20 years, increasing the cost of borrowing, and adding to the affordability challenges in many real estate markets; and
- Travel and tourism activity, particularly international visits to Canada, are up considerably compared to 2022, but still lagging 2019 levels.

ABOUT CLCL

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

CLCL has two operating divisions:

- Real Estate; and
- Attractions.

The Real Estate division primarily includes development lands held in CLC and PDP’s development lands (the “Downsview Lands”).

The Attractions division is comprised of Old Port of Montréal (“OPM”), Montréal Science Centre (“MSC”), Downsview Park and the CN Tower.

CLCL carries out its policy mandate “to ensure the commercially oriented, orderly disposition of selected surplus federal real properties with optimal value to the Canadian taxpayer and the holding of certain properties.” This mandate was provided to the Company by the Government of Canada (the “Government”) on reactivation of the Company in 1995.

CLCL’s mission is to “ensure the innovative and commercially sound redevelopment and reintegration of surplus Government of Canada properties into local communities while developing, retaining, and managing certain real estate assets and uniquely Canadian attractions”.

CLCL optimizes the financial and community value of strategic properties no longer required for program purposes by the Government. Through CLC, it purchases properties from the Government at fair market value, then holds and manages or improves and sells them, in order to produce the best possible benefit, both for local communities and CLCL’s sole shareholder, the Government.

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

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

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

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

GOVERNANCE

CLCL's Board is composed of the Chair and six Directors. For more details on CLCL's governance, see the "Corporate Governance" section of the CLCL's 2022/23 Annual Report.

The Board's expenses for the Period, including meetings, travel expenses, conferences and seminars, liability insurance, and annual retainers and per diems, totalled \$0.2 (September 30, 2022 - \$0.3). The Board and senior management expenses are posted on CLC's website at www.clc-sic.ca/reports-and-expenses.

OBJECTIVES AND STRATEGY

The Company creates financial and non-financial value for Canada by transforming unused and underutilized Government of Canada property.

The core values of financial resilience, environmental sustainability and social impact are the foundation of the Company and its work in communities.

Through all its operations, the Company strives to deliver the best value and financial return to Canadians.

Real Estate Division

The Company purchases strategic properties that are no longer required by the Government of Canada at fair market value. The Company transforms these properties and reintegrates them into local communities while ensuring their long-term sustainability and commercial viability.

In its development properties, the Company follows a rigorous process to create strong, vibrant communities that add lasting value for future generations of Canadians.

Attraction's Division

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

RESULTS OF OPERATIONS

A summary of the various components of the Company's Consolidated Statement of Comprehensive Income follows. Discussion of the significant changes in each of these components for the period ended September 30, 2023 compared to the comparable prior year period are provided on the following pages.

During the Period, the Attraction's Division continued its strong financial performance from the prior year, which followed two challenging years for tourism and hospitality in Canada as a result of COVID-19. The Real Estate Division is facing more difficult headwinds, particularly on land sales, as a result of the interest rate environment and the overall economic outlook, which is impacting the overall demand for development lands. Historically, the Company does not have significant sales activity in the first half of its fiscal year, so sales of \$14.3 (September 30, 2022 - \$12.3) are consistent with expectations.

The Company's rental operations for the Period continued to show strong performance in both the Real Estate Division and the Attractions Division, while the Company was able to leverage its cash and cash equivalents balance, and the increasing interest rates, to drive higher interest income.

The financial results for the period ended September 30, 2023:

SEPTEMBER 30	FOR THREE MONTHS ENDED		FOR SIX MONTHS ENDED	
	2023	2022	2023	2022
Real estate sales	\$ 1.6	\$ 12.2	\$ 14.3	\$ 12.3
Attractions, food, beverage and other hospitality	51.3	43.9	84.0	69.5
Rental operations	14.1	13.6	26.1	26.0
Interest and other	5.3	3.4	9.9	5.3
Total Revenues	\$ 72.3	\$ 73.1	\$ 134.3	\$ 113.1
General and administrative expenses	9.7	8.1	17.3	14.3
Income before taxes	26.1	18.9	35.6	23.8
Net income and comprehensive income (after taxes)	19.0	14.9	24.6	18.5

By entity:

	FOR THREE MONTHS ENDED				FOR SIX MONTHS ENDED			
SEPTEMBER 30, 2023	Old Port	Downsview Park	Canada Lands	Total	Old Port	Downsview Park	Canada Lands	Total
Real estate sales	\$ -	\$ -	\$ 1.6	\$ 1.6	\$ -	\$ -	\$ 14.3	\$ 14.3
Attractions, food, beverage and other hospitality	3.3	0.5	47.5	51.3	6.0	0.8	77.2	84.0
Rental operations	5.2	3.1	5.8	14.1	8.5	6.3	11.3	26.1
Interest and other	0.7	-	4.6	5.3	1.3	0.1	8.5	9.9
Total Revenues	\$ 9.2	\$ 3.6	\$ 59.5	\$ 72.3	\$ 15.8	\$ 7.2	\$ 111.3	\$ 134.3
General and administrative expenses	1.5	0.3	7.9	9.7	1.6	0.5	15.2	17.3
Income (loss) before taxes	0.2	(0.2)	26.1	26.1	(4.5)	(0.6)	40.7	35.6
Comprehensive income (loss) after taxes	0.2	(0.2)	19.0	19.0	(4.5)	(0.5)	29.6	24.6

	FOR THREE MONTHS ENDED				FOR SIX MONTHS ENDED			
SEPTEMBER 30, 2022	Old Port	Downsview Park	Canada Lands	Total	Old Port	Downsview Park	Canada Lands	Total
Real estate sales	\$ -	\$ -	\$ 12.2	\$ 12.2	\$ -	\$ -	\$ 12.3	\$ 12.3
Attractions, food, beverage and other hospitality	3.1	0.7	40.1	43.9	5.2	0.8	63.5	69.5
Rental operations	5.0	3.6	5.0	13.6	8.2	7.1	10.7	26.0
Interest and other	0.4	0.1	2.9	3.4	0.7	0.1	4.5	5.3
Total Revenues	\$ 8.5	\$ 4.4	\$ 60.2	\$ 73.1	\$ 14.1	\$ 8.0	\$ 91.0	\$ 113.1
General and administrative expenses	1.0	0.2	6.9	8.1	1.5	0.4	12.4	14.3
Income (loss) before taxes	(4.4)	(1.1)	24.4	18.9	(6.9)	(1.2)	31.9	23.8
Comprehensive income (loss) after taxes	(2.1)	(0.8)	17.8	14.9	(3.7)	(0.9)	23.1	18.5

REVENUE

Total revenue generated were \$72.3 and \$134.3 for the second quarter and year-to-date respectively, comprised of four principal sources:

1) Real Estate Sales

Real estate sales were \$1.7 and \$14.3 for the second quarter and year-to-date respectively, comprising sales of property developed as building lots and blocks, and sold to builders. Revenue comprises sales in specific projects across Canada as the individual marketplaces dictate.

Real estate sales by region were as follows:

SEPTEMBER 30	FOR THREE MONTHS ENDED		FOR SIX MONTHS ENDED	
	2023	2022	2023	2022
West	\$ 1.7	\$ 1.6	\$ 1.7	\$ 1.7
Ontario	-	10.6	12.6	10.6
Quebec	-	-	-	-
Atlantic	-	-	-	-
Total	\$ 1.7	\$ 12.2	\$ 14.3	\$ 12.3

The Company generated gross profit of \$0.4 (or 26.4%) and \$3.8 (or 26.5%) on real estate sales for the second quarter and year-to-date respectively. The Company's real estate sales activity is typically relatively low in the first half of the fiscal year, with sales generally occurring in the second half of the Company's fiscal year.

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

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

2) Attractions, Food, Beverage and Other Hospitality

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

The CN Tower generated revenue of \$48.4 for the second quarter and \$78.7 year-to-date, respectively. The year-to-date revenue was \$14.4 higher than the comparable prior year period. The CN Tower's earnings before interest, taxes, depreciation and amortization ("EBITDA") were \$29.4 for the second quarter and \$44.1 year-to-date, respectively, which were favourable to the comparable prior year period EBITDA by \$3.7 and \$6.9 year-to-date. Year-to-date, the CN Tower welcomed more than to 1.2 million guests, which was approximately 0.2 million more than the comparable prior year period.

The increase in revenue and EBITDA, when compared to the comparable prior year period, is attributable primarily to the CN Tower's attendance.

OPMC revenues, which include the MSC, generated revenue of \$3.3 for the second quarter and \$6.0 for year-to-date, respectively, which were consistent with the comparable prior year period. The main driver for the increase was from parking revenues, as well as ticket sales. The MSC generated \$3.7 in revenues from its ticket sales (\$3.2 in the comparable prior year period), which was driven by hosting close to 280,000 visitors at its IMAX theatre and exhibits.

Downsview Park generated revenue of \$0.5 for the second quarter and \$0.8 for year-to-date, respectively, from its programs and events, which were consistent with the comparable prior year period.

3) Rental Operations

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

Rental revenues were \$14.1 for the second quarter and \$26.1 year-to-date, respectively, from properties in inventory at various stages of development, and other properties across CLC, OPMC and PDP. Rental revenues are consistent period-over-period.

Rental revenues by region were as follows:

SEPTEMBER 30	FOR THREE MONTHS ENDED		FOR SIX MONTHS ENDED	
	2023	2022	2023	2022
West	\$ 3.2	\$ 3.4	\$ 6.3	\$ 6.6
Ontario	5.7	5.1	11.2	11.0
Quebec	5.2	5.1	8.6	8.4
Total	\$ 14.1	\$ 13.6	\$ 26.1	\$ 26.0

The Company generated \$4.5 (or 31.8%) for the second quarter and \$4.9 (18.6%) for the Period from its rental operations. The rental profit for the Period was consistent with the comparable prior year period.

4) Interest and Other Revenues

Interest and other revenue of \$9.9 for the Period is higher by \$4.6 than the comparable prior year period. Interest and other revenue are comprised principally of interest on short-term investments, cash and cash equivalents, long-term receivables, and donation and sponsorship revenues at OPMC. The primary drivers of the increase in revenue in the Period compared to the comparable prior year period were higher interest rates on the Company's cash balances.

OTHER

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses ("G&A") of \$9.7 for the second quarter and \$17.3 for the Period, respectively. G&A was higher than the comparable prior year period by \$3.0, primarily as a result of additional overhead expenses to support the additional revenue generated and major corporate initiatives.

TAXES

The Company had a net income tax expense of \$11.0 during the Period, which is largely a current income tax expense only. The current income tax expense increased from the comparable prior year period because of higher taxable income in CLC. The Company's current position on the deferred tax assets ("DTA") at OPMC is consistent with its position at March 31, 2023 which is to not recognize the benefits from the DTA at OPMC, which are primarily non-capital losses and temporary differences, as it is not probable that they would be utilized in the future. The result is that for the current period, \$1.3 in OPMC DTA benefits are not being recognized. Once adjusted for the OPMC DTA not recognized, the effective tax rate of 27.2% for the Period is similar to statutory rates.

FINANCIAL POSITION

ASSETS

The following is a summary of the Company's assets:

	SEPTEMBER 30, 2023	MARCH 31, 2023
Cash and cash equivalents	\$ 218.8	\$ 245.5
Inventories	452.4	445.0
Property, plant and equipment	160.5	161.3
Deferred tax asset recoverable	69.2	69.1
Long-term receivables	64.4	63.9
Investment properties	28.3	28.5
Trade and other assets	55.8	67.5
Total	\$ 1,049.4	\$ 1,080.8

CASH AND CASH EQUIVALENTS

The Company continues to maintain high levels of liquidity, which will allow it to respond to future potential opportunities and risks that may require significant amounts of cash immediately. At September 30, 2023, cash and cash equivalents balances held in major Canadian chartered banks and financial institutions were \$218.8.

During the Period, the Company also invested \$26.7 in capital assets in both real estate and attractions, paid a dividend to its shareholder of \$10.0, paid its income taxes owing from the prior year and installments for the Period, made an interim/provisional payment against its OPMC PILT provision of \$25.4, and funded working capital.

The Company's investment strategy is to optimize, not maximize, financial returns on its cash and cash equivalents. Given the nature of the Company's liabilities, particularly its current liabilities, it is important that the investments of the Company provide a high degree of liquidity and protect against principal erosion.

INVENTORIES

The Company's inventories comprise properties held for future development of \$110.2 (March 31, 2023 – \$110.2), properties under development of \$342.2 (March 31, 2023 – \$334.8) and properties held for sale of \$nil (March 31, 2023 – \$nil).

Properties held for future development are at various stages of planning at September 30, 2023. The Company anticipates that more than \$90.0 of that inventory will shift to being classified as property under development within the next 12 months as various planning approvals are received.

Inventory is recorded at the lower of cost and net realizable value. During the Period, there were no write-downs or reversal of write-downs included in the Consolidated Statement of Comprehensive Income.

The Company incurred expenditures on real estate inventories of \$10.8 during the second quarter and \$18.9 for the Period as compared to \$14.7 in the comparable prior period second quarter and \$22.9 in the comparative prior year period. Spending on inventories varies year over year based on required and planned expenditures on those properties to prepare them for sale.

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

PROPERTY, PLANT AND EQUIPMENT

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

The Company actively reviews its property, plant and equipment investments budgets and forecasts to determine the appropriate allocations of resources and timing of expenditures.

There were capital additions of \$4.4 for the second quarter and \$7.0 for the Period, respectively, compared with \$5.9 during the comparable prior year second quarter and \$7.5 in the comparative prior year period. Currently, the Company is close to completion of its \$21.0 project at the CN Tower to modernize its outdoor terrace level. This project, which started in FY2021/22, is expected to be substantially complete by the end of FY2023/24. Capital expenditures vary period over period based on required and planned expenditures on property, plant and equipment.

There were non-cash depreciation charges of \$3.0 during the second quarter and \$6.1 for the Period compared to \$3.5 in the comparable prior period second quarter and \$6.9 during the comparable prior year period. These expenditures exclude repairs and maintenance costs.

DEFERRED TAX ASSET RECOVERABLE

The net DTA amount of \$69.2 principally relates to the temporary differences between the carrying values of assets and liabilities for financial reporting purposes, which are lower than the amounts used for taxation purposes for the Downsview Lands. The balance at September 30, 2023, is consistent with that at March 31, 2023.

Consistent with the Company's position at March 31, 2023, the Company is not recognizing the OPMC DTA's as it is not probable that they would be utilized in the future. The result is that gross temporary differences of more than \$165.0, or approximately \$44.0 of DTA, are not being recognized.

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

LONG-TERM RECEIVABLES

Long-term receivables of \$64.4 include amounts receivable from third-party joint venture partners. The long-term receivables primarily represent the third-party partners' proportionate share of the promissory note obligations for certain properties.

INVESTMENT PROPERTIES

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

TRADE AND OTHER ASSETS

Trade and other assets include current income taxes recoverable, rent and other receivables, prepaid assets, short-term investments and CN Tower inventory. The March 31, 2023, balance included \$17.3 for a real estate property sold in previous years, where a receivable was triggered in March 2023 because of certain conditions being met. The receivable was collected early in April 2023. The collection of that

receivable was partially offset by the funding of annual property tax payments in some municipalities, the timing of major invoices to partners and customers, and insurance premiums. These all increase the trade receivables balance, and, in the case of property taxes and insurance premiums, are typical for the Company to incur late in the first quarter or in the second quarter of each year.

LIABILITIES AND SHAREHOLDER'S EQUITY

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

The components of liabilities and shareholders equity are as follows:

	SEPTEMBER 30, 2023	MARCH 31, 2023
Credit facilities	\$ 56.2	\$ 52.7
Notes payable	302.1	299.5
Trade and other payables	26.9	44.1
Provisions	7.4	35.6
Prepaid rents, deposits and others	7.5	8.5
Deferred revenue	8.2	8.0
Tax liabilities and other	3.7	9.7
Total liabilities	\$ 412.0	\$ 458.1
Contributed surplus	181.2	181.2
Retained earnings	456.2	441.5
	637.4	622.7
Total liabilities and shareholder's equity	\$ 1,049.4	\$ 1,080.8

CREDIT FACILITIES

The Company has two credit facilities.

PDP has an unsecured demand revolving credit facility for \$100.0. The credit facility can be used by way of loans, bankers' acceptances and letters of credit ("LCs"). PDP has utilized \$63.3 at September 30, 2023 (March 31, 2023 - \$59.8), of which \$7.1 (March 31, 2023 - \$7.1) has been used as collateral for outstanding LCs. The borrowings from the credit facility have been primarily used to finance the construction and development of the Downsview Lands, but are also used to support investment in Downsview Park. During the Period, the Company decreased available credit by \$3.5, primarily as a result of cash advanced from the facility to fund those investments.

CLC has a senior, unsecured revolving credit facility in the amount of \$100.0. The credit facility can be used to secure outstanding LCs. CLC has utilized \$19.0 at September 30, 2023 (March 31, 2023 - \$19.5) as collateral for outstanding LCs.

The credit facilities contain certain financial covenants. As at September 30, 2023, the Company was in compliance with all its financial covenants for the credit facilities.

NOTES PAYABLE

Notes payable are issued in consideration for the acquisition of real estate properties and are due to the Government of Canada. These notes are repayable in most instances on the earlier of their due dates from 2023 to 2050 and the dates on which net proceeds become available from the sale by the Company of the properties in respect of which the notes were issued. Exceptions to the above approach are where, in a limited number of instances, the terms of the note state when the issuer can demand payment and are not dependent on property cash flows. For all notes, the government can elect to defer the Company's payment of amounts when due and repayable. All notes are non-interest bearing. For accounting purposes, the notes are required to be fair valued at acquisition, and as a result may be discounted, depending on the specific

characteristics of the notes payable (see “Critical Accounting Estimates” section), which could result in non-cash interest charges.

During the Period, the Company did not make any repayments to former property custodians.

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

YEARS ENDING MARCH 31 (REMAINDER OF YEAR)	2024	\$	15.0
	2025		7.9
	2026		52.5
	2027		65.6
	2028		9.7
	Subsequent years		161.9
Subtotal			312.6
Less: amounts representing imputed interest			10.5
		\$	302.1

TRADE AND OTHER PAYABLES

Trade and other payables are lower than the balance at March 31, 2023, primarily as a result of timing. All trade and other payables are trade payables and accrued liabilities incurred in the normal course of operations. The Company continues to pay its suppliers in accordance with the payment terms.

PROVISIONS

Provisions represent obligations of the Company where the amount or timing of payment is uncertain and are comprised largely of costs to complete sold real estate projects. During the Period, the Company made an interim/provisional payment against all outstanding, assessments from the City of Montréal for PILT, amounting to \$25.4, reducing the OPMC PILT provision to nil. The Company continues to contest its OPMC PILT assessments. The Company also spent \$2.8 against its environmental provisions for real estate projects.

PREPAID RENTS, DEPOSITS AND OTHERS

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

DEFERRED REVENUE

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

TAX LIABILITIES AND OTHER

Tax liabilities represent the current income taxes payable or accrued by the Company. The outstanding balance of close to \$10.0 from the prior year was fully paid in the Period. The decrease compared to the March 31, 2023 balance was due to the payment of the prior year income taxes owing net of instalments made during the Period. The current balance largely represents the estimated amount of income taxes owing for the Period less instalment payments made.

RESOURCES, RISKS AND RELATIONSHIPS

CAPITAL RESOURCES AND LIQUIDITY

In addition to the items noted below, please see the “Risks and Uncertainties” section in this MD&A.

The capital resources available to the Company as at September 30, 2023 and March 31, 2023 are as follows:

	SEPTEMBER 30, 2023	MARCH 31, 2023
Cash and cash equivalents	\$ 218.8	\$ 245.5
Short-term Investments	4.5	-
Remaining credit facilities (a)	36.7	40.2

(a) Remaining credit facilities available for cash borrowings.

The Company’s cash and cash equivalents decreased by \$26.7 during the Period primarily as a result of:

- \$25.4 in interim/provision payments for OPMC PILT, and \$2.9 of payments against environmental and costs-to-complete provisions for certain real estate projects;
- Investments in real estate inventory, property, plant and equipment and investment properties of \$26.8;
- \$10.0 dividend payment to the Company’s shareholder;
- Increase of short-term investments of \$4.5; and
- Income tax payments/instalments of \$17.3.

The decrease was partially offset because of:

- Cash inflows from operating activities, excluding expenditures on real estate properties, tax payments and payments on provisions of total \$50.8 for the Period;
- Interest received of \$6.1; and
- Net cash advanced from credit facilities of \$3.5.

The net working capital surplus of the Company as at September 30, 2023 and March 31, 2023 is as follows:

	SEPTEMBER 30, 2023	MARCH 31, 2023
Cash and cash equivalents	\$ 218.8	\$ 245.5
Other current assets (excluding inventories)	48.1	53.2
Total current assets	\$ 266.9	\$ 298.7
Current portion of notes payable	22.9	20.8
Other current liabilities	99.2	147.9
Total current liabilities	\$ 122.1	\$ 168.7
Net working capital surplus	\$ 144.8	\$ 130.0

The total current assets (excluding inventories) at September 30, 2023, have decreased since March 31, 2023, by \$31.8 primarily as a result of capital investments in the Company’s attractions and real estate projects, payments against provisions and the dividend payment to its shareholder, partially offset by cash inflows from operations. The total current liabilities have decreased from March 31, 2023, by \$46.6 as a

result of lower trade payable liabilities, lower current portion of notes payable, payments against provisions, income tax payments, partially offset by additional cash borrowings on the credit facilities.

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

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

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

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

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

RISK MANAGEMENT

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

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

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

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

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

In addition to the items noted above, please see the "Risks and Uncertainties" section in this MD&A.

RISKS AND UNCERTAINTIES

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

GENERAL MACROECONOMIC RISKS

The Company's operations and performance are affected by general economic conditions, including economic activity and economic uncertainty, along with employment rates and foreign exchange rates.

In its latest Monetary Policy Report ("MPR") in October 2023, the Bank of Canada (BoC) noted that global inflation is coming down aided by higher policy interest rates and tight financial conditions which are slowing demand and easing pricing pressure, but that services inflation is still sticky.

The global economy is slowing, but the United States continues to show unexpected resilience in its continued, moderate growth, while many other countries/regions are predicted economic contraction in the third quarter.

In the Canadian economy, the inflation rate in September was 3.8%. In June, the inflation rate was 2.8% which was the first time since mid-2021 that the Canadian inflation rate had been within the BoC control range of 1% – 3%. Inflation rates have been bouncing around between 2.8% and 4.0% since June 2023. There is concern that further easing of inflation will take longer than expected, with inflation expected to settle around 3.5% for the first half of 2024 and then dropping to 2.5% for the remainder of 2024. The BoC is projected that the average inflation rate for 2025 will be 2.2%. The slowing of the economy is helping relieve some of the pressure on prices. It is important to note that not all price inflation is trending equally. The breadth of inflation pressures on the Canadian Price Index (CPI) has been quite wide over the past few years with more than two-thirds of the goods in the CPI basket increasing by greater than 5.0% year over year. Recently, that volatility within the CPI basket has reduced with less than half the items increasing by more than 5.0% annually. Predictions from economists for the average rate of inflation for 2023 are generally in the range of 3.3% to 3.9%, with most predicting that, by December 2023, inflation rates will be lower than the average rate for the year and in the range of 3.0% to 3.5%.

The BoC has paused its overnight lending rate ("Policy Rate") increases recently as inflation, although stubbornly, has declined. From March 2022 to July 2023, the BoC increased its Policy Rate by 475 basis points to 5.00%, its highest rate in more than 20 years, before holding at 5.00%. The impact of these changes seems to have had the desired effect on inflation with the inflation rate dropping from 8.1% in June 2022 to 3.8% in September 2023. However, some economists are arguing that the historically aggressive tightening that the BoC has done since March 2022 is too aggressive, as the economy has yet to feel the full impact. Predictions for the average BoC Policy Rate for 2023 are generally in the range of 5.00% to 5.25%.

In the October 2023 MPR, the BoC reported economic growth projections for Canada in 2023 of 1.2%, which was lower than the BoC's August 2023 MPR forecast of 1.8% growth. The BoC is predicting growth in the Canadian economy in 2024 of 0.9%, which is lower than the 1.2% growth predicted in its previous report, and 2.5% in 2025.

The Canadian unemployment rate in October of 2023 increased by 0.2% to 5.7%. October 2023 was the first month since July 2023 that the rate moved, and the current rate is the highest the rate has been in over 18 months, but still below the historical average. Destination Canada ("DC") reported in its latest Quarterly Tourism Snapshot for Q1 2023 (DC Q1 Snapshot) that the tourism unemployment rate was 6.0% at March 2023, which was 7.0% lower than March 2021, but 0.6% higher than March 2022. In the same

report, DC reported that, at the end of December 2022, the active labour force in the tourism sector remained 4.2% below pre-pandemic levels, which is a sharp contrast to the overall Canadian labour force, which has expanded by 5.8% over pre-pandemic levels. The Canadian unemployment rate is expected to remain steady for the remainder of 2023 at around 5.5% and increase to between 5.6% and 6.4% in 2024.

Global conflicts, like those currently in eastern Europe and the Middle East, can have significant affects that are felt throughout the world, including having significant macroeconomic implications on economies, including commodities, which may create significant uncertainty and volatility.

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

REAL ESTATE DIVISION RELATED RISKS

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

Housing

Consumer spending decisions, which include real estate purchases or investments, are influenced by economic uncertainty.

The Canada Mortgage and Housing Corporation ("CMHC") published its Housing Market Outlook in late April 2023. In the report, CMHC stated that it expected national housing prices to continue to decline, as they have in recent months, but that overall affordability will continue to be a challenge because of higher interest costs and the still relatively higher housing prices. Weaker supply, including a significant decline in housing starts forecast for 2023 when compared with 2020 to 2022 levels, will continue to fuel the affordability challenge. The homeownership affordability challenge may push those looking to buy into the rental market, adding to the demand that higher immigration numbers may bring. This higher demand, as there continues to be limited supply, could push rents higher in already constrained rental markets.

In September 2023, CMHC provided an update to its Supply Gaps Estimate ("SGE") report from June 2022, which estimated how much additional housing supply is required to restore affordability. The additional housing supply estimate remains at 3.5 million units by 2030, reinforcing the need to increase supply to drive affordability.

The Canadian Real Estate Association ("CREA") stated in its October 2023 release that national home sales declined by 1.9% in September compared to August but are up close to 2.0% compared to September 2022. The September 2023 monthly sales activity is trending closer to the 10-year monthly average. CREA reported that slowing sales and a rise in new listings, combined with high interest rates, will likely drive slower market until next year. CREA stated that the actual average house price in Canada in September 2023 was up about 2.0% from the same time one year ago. That being said, there is a wide divergence in how local markets are functioning across Canada, which is illustrated when looking at Alberta and Quebec being up approximately 6.0% year over year, whereas Ontario is around a 2.0% increase, and Prince Edward Island actually down around 4.0%.

In September 2023, the average national inventory on hand was 3.7 months, which was up slightly over the past quarter, but is still below the 10-year average of approximately 5 months. Spurred on by the rise in listings and lower sales volumes, the sales-to-new-listings ("SNL") ratio in September 2023 was 52%, which was down from 68% in April. The long-term average of around 55% typically indicates a more balanced market, and September 2023 represented the first time since January 2023 that the SNL ratio fell below the long-term average.

On the rental market front, the Canada Mortgage and Housing Corporation published its 2022 Rental

Market Report (“RMR”) in January 2023, which noted that demand was outpacing supply, creating availability and affordability issues for renters. The RMR stated that the supply of purpose-built rental apartments increased 2.6% between October 2021 and October 2022, which resulted in an additional 55,000 units into inventory, the largest increase in a year since 2013. However, demand eclipsed the additional supply added to inventory as a result of significantly higher net migration, stable employment for young households, and higher interest rates (which typically drive a higher propensity to rent). The national average vacancy rate for purpose-built rental was down to 1.9% in October 2022, the lowest level since 2021, and down from 3.1% in October 2021. For context, the 30-year national average is 3.2%. The RMR also reported that the average annual rent rose 5.6% over the year, compared to 3.0% in the prior year, and that the 2022 increase was a new annual high and well above the 2.8% annual average over the past 30-year period.

In its November 2023 rental report, Urbanation, noted that the annual growth rate in rental rates was 9.9%, down from more than 11% in the previous month, but still well above historical annual rental rate increases.

The availability of affordable housing continues to be a major concern for Canadians in many local markets. As mentioned by CMHC in its September 2023 SGE report, along with its October 2023 Housing Supply Report, significant increases in supply and construction activity are needed to address Canada’s affordability and housing supply. That being said, CMHC recognizes that developers are facing challenges caused by higher construction costs, a labour shortage, and high borrowing costs.

Overall, the outlook for the Canadian housing sector is one of variability across the country and there are risks and uncertainties that are particular to each of the local markets of Vancouver, Edmonton, Calgary, Toronto, Ottawa, Montréal, Halifax, and St. John’s where the Company currently has real estate holdings.

Office

At the end of September 2023, Colliers reported in its Q3 2023 National Market Snapshot (“NMS”) that Canada’s office vacancy rate now exceeds 14.0%, which is an increase of more than 1.0% over the past year. Office vacancy rates have been on the rise in Canada for the past 3.5 years, which coincides with the start of the COVID-19 pandemic. However, despite the increasing vacancy rates, the average asking net rent is up around \$1 per square foot at \$21.08 compared to a year earlier. Office vacancy, particularly in major downtown markets, has continued to climb as urban cores have grappled with hybrid work and the return to office.

CBRE noted in its Canada Office Figures (“COF”) Q3 2023 report that office vacancy rate was 18.2% nationally, which is similar to the vacancy rate a quarter ago. In its COF, CBRE noted that the net absorption during the quarter was down by another 0.5 million square feet. Over the past year, net absorption has decreased by more than 6.0 million square feet. The increase in sublet vacancies slowed during the quarter and is now at 3.4% of total inventory. As a result, CBRE noted that the pipeline for future office space is lightening, with developers largely placing future projects on hold, given the current environment. If the decline in construction continues, the delivery of new office inventory in the second half of 2023, could be the lowest since 2005. CBRE also noted that the downtown and suburban class A and B markets are not all behaving consistently, with downtown class B’s vacancy rate growing more rapidly than the other markets, and the suburban class B’s vacancy rate performing well compared to others.

Industrial

Colliers reported in the NMS that the Canadian industrial vacancy rate continues to be very low at 1.5% in September 2023. Colliers reported that prices continue to increase, with the average price per square foot for industrial space at \$14.93, which is more than \$3.0 higher than it was a year ago, and more than \$0.90 higher than just three months ago. The outlook for demand for industrial space continues to be very strong, and under-construction inventory levels remain historically high, but compared to the overall inventory, are not significant. CBRE reported in its Canadian Industrial Figures (CIF) Q3 2023 that it saw vacancy tick up modestly during the quarter by 40 basis points compared to June 2023 to 2.5%. The

historical 15-year average rate is 4.8%. Similar to Colliers' NMS, CBRE reported year-over-year square foot prices up nationally by about 12%. The CIF reported that 11.0 million square feet of new builds were delivered in Q3 2023. Canada is on-track to deliver close to 44.0 million square feet of new builds this year, which would be a record.

Other

Oil prices can have a significant impact on the Canadian economy, including inflation. Oil prices, particularly the discount on Canadian oil prices, are a major part of the Newfoundland, Saskatchewan, and Alberta economies, potentially affecting housing demand through effects on employment and household income. Benchmark oil prices, trading at around US\$78 per barrel on November 14, 2023, remain a risk, opportunity, and uncertainty for the Company, particularly in provinces and municipalities that are heavily dependent on the industry for employment. The spread between benchmark oil prices and Canadian oil prices has increased to around US\$27 per barrel over the past quarter, whereas it was largely hovering around a US\$20 spread over the past year. The benchmark US and Canadian prices continue to show pricing volatility as a result of a variety of factors, as indicated by US prices ranging from US\$75 per barrel to US\$94 per barrel over the past quarter, while Canadian prices have ranged from US\$49 per barrel to US\$74 per barrel within the quarter. Oil prices are down slightly compared to the previous quarter. The benchmark US prices are similar to the prior year, however the benchmark Canadian prices are at its lowest price in a year. Higher oil prices are generally seen as a positive for the Alberta, Saskatchewan, and Newfoundland economies; however, higher oil prices have also been attributed to the high inflation rates currently being experienced.

In conclusion, the outlook for housing seems to be facing significant headwinds in parts of the country as interest rates sit at 20-year highs, and indicators are showing slow economic growth, but there is a need for additional supply to help with affordability. The outlook for the office real estate market is more bearish than it was a year ago, with increasing office vacancies, particularly urban offices, to the point that urban office conversion projects are getting more traction. For both, housing and office, there continues to be uncertainty in the short term and long term, and outlooks vary across the country, particularly as a result of the macroeconomic factors described above, while the need to build more housing remains a key public concern.

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

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

ATTRACTIONS DIVISION RELATED RISKS

The operations of the CN Tower, OPM and the MSC are directly linked to the performance of the tourism sector in Toronto and Montréal, respectively. The number of visitors to the CN Tower is also related to the seasons and to daily weather conditions.

Local and domestic demand is a major driver for the strong performance at the CN Tower and MSC. In addition, the CN Tower relies on international visitors, particularly United States (US) visitors. In Destination Canada's ("DC") Overnight Arrivals at a Glance report for August 2023, it reported that for the month of August, international arrivals to Canada were about 73% of July 2019 levels and up 34% from August 2022. However, the August results showed a sharp decline from the July report, which showed international arrivals at 82% of 2019 levels.

In the August report, it showed some major international markets above 75% of August 2019 levels (US – 75%, Mexico – 126%, UK – 85%, and France – 79%); however, the Asian markets continued to be well below July 2019 levels (China – 20%, Japan – 43%). That said, Japan and China's travel has increased since February 2023, and both countries are well above August 2022 levels (China – 254% and Japan – 94%). DC has predicted that it will take longer for the Asian markets to return.

For context, DC reported approximately 1,000,000 international arrivals from China and Japan in 2019, whereas there were only approximately 125,000 in 2022. From January to August 2023, the approximate number of arrivals from Japan and China was 210,000, a significant increase from 2022, but still well below 2019 levels. From January to August 2023, Canada has seen approximately 18.7 million international arrivals, which is 65% higher than the comparable period in 2022, and approximately 82% of the comparable period in 2019.

One of the challenges that many companies in the tourism and hospitality industries are facing is the tightening labour market. DC highlighted in its latest DC Snapshot in Q1 that there were 126,000 unfilled tourism jobs in the market. The shortage of labour is putting pressure on the ability of companies to meet the market demand for their products and services, while also putting upward pressure on wages and driving wage growth. Tourism HR Canada, in its labour market snapshot for October 2023 reported that employment in tourism was up close to 6.0% from October 2022 levels, and just behind pre-pandemic levels at 97.4%.

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

Foreign exchange rates may impact the number of international tourists that Canada, local markets, and the Company's attractions can draw. The rate on November 14, 2023, was US\$1.00 = \$1.37, which was up slightly from the rate three months ago, but higher than the rate at same time last year (US\$1.00 = \$1.33). There seems to be a consensus from analysts that the Canadian dollar exchange rate with the US dollar will average between \$1.32 and \$1.39 for the remainder of 2023, and then decrease in 2024 to between \$1.28 and \$1.35.

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

OPM historically draws more than 80% of its customers from its local market. MSC draws significantly from schools. To continue to draw visitors, OPMC needs to continue to invest in its current attractions and exhibits at OPM and MSC, and to partner with various organizations while developing new exhibits and attractions to refresh its offerings to visitors.

The Company continues to constantly review all aspects of its attractions operations, including its business plans and health and safety procedures and protocols, and adapts its operations accordingly to optimize its business operations.

CYBERSECURITY RISKS

Cybersecurity is a key risk that needs to be actively managed by businesses in Canada and around the world. Cyberattacks, and the criminals who perpetrate them, are continually evolving the sophistication of how they target and who they target. The risk of cyberattacks, particularly state-sponsored attacks, remain at heightened levels. The Canada Centre for Cybersecurity, in its National Cyber Threat Assessment 2023-2024, stated that the greatest cybersecurity threats posed to Canada were from state-sponsored attacks from Russia, Iran, China and North Korea.

It is critical that businesses protect against financial fraud, the loss of sensitive data and the disruption of business operations, and ensure the protection, safety, and security of their guests. A successful attack against the Company's critical network infrastructure and supporting system, or on that of the Company's key suppliers, could compromise the Company's confidential information, as well as the trust that stakeholders have in the Company's ability to hold and secure sensitive data and information, along with creating physical safety risks. Those attacks may result in negative consequences, including remediation costs, loss of revenue, litigation, and reputational damage.

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

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

Hybrid working arrangements have increased cybersecurity risks facing businesses. In addition to the mitigation efforts mentioned above, the Company has increased its communications to employees, the frequency of and approach to cybersecurity training, and re-emphasized Company procedures and their importance.

INTEREST RATE AND FINANCING RISKS

The Company believes it has effectively managed its interest rate risk. The Company's notes payable are non-interest bearing, and repayable on the earlier of their due dates between 2023 and 2050 or the dates on which net proceeds become available from the sale by the Company of the properties in respect of which the notes were issued, except in a limited number of instances where the terms of the note state when the issuer can demand payment that is not dependent on property cash flows.

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

One of the Company's credit facilities matures in March 2024. The inability of the Company to renew or replace the credit facility could pose significant liquidity risk to the Company. Management is actively mitigating this risk by engaging financial institutions to renew or replace this facility with a similar facility prior to its expiration, while also maintaining sufficient cash and cash equivalent levels.

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

CREDIT RISK

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

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

The Company's trade receivables are comprised almost exclusively of current balances owing. The Company continues to monitor receivables frequently and, where necessary, establish an appropriate provision for doubtful accounts. At September 30, 2023, the balance of rent and other receivables was \$41.6 (March 31, 2023 - \$57.2), which have been substantially collected as they have become due.

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

The Company has long-term, non-interest bearing receivables of \$63.5 due from third-party joint venture partners. In February 2020, the Company and its partners signed agreements that would see the

Company's beneficial interest in the properties sold to its partners at future dates. The amounts will be collected at the earlier of the sale of properties tied to each long-term receivable or the sunset dates in the agreements. If the amounts were not collected upon the sale of the properties, the Company would retain its ownership interest. However, the Company anticipates the collection of the long-term receivables as they become due.

CLIMATE CHANGE

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

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

As a result, the Company is taking a number of actions to actively manage climate change within its attractions, in its real estate projects and corporately. The Company will continue to actively manage climate risk and take the appropriate steps to manage risks and take actions on opportunities, whether from a capital or operating perspective. See the "Task Force on Climate-related Financial Disclosures" section in this report for further information.

ENVIRONMENTAL LITIGATION AND REGULATORY RISKS

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

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

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

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

OTHER KEY RISKS

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

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

Physical security at the Company's properties, particularly its attraction sites, is extremely important, particularly given the current global climate and the visibility of the Company's sites.

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

Environmental, social and governance (“ESG”), and being a good corporate citizen, is an emerging risk and something many stakeholders are expecting enhanced and improved reporting on. The failure to adopt an ESG program that is integrated into long-term plans, strategy and business operations and that is focused on material ESG factors management and performance monitoring, may result in the inability to meet the Company’s stakeholders’ expectations. To mitigate these risks, the Company completed a year-long exercise to develop its ESG roadmap strategy and is now in the midst of operationalizing it.

Inflation, particularly higher input costs in the Company’s real estate and attractions, could have a significant impact on project pro formas and product costing if these higher costs become entrenched. These risks are mitigated through procurement and purchasing strategies, proactive planning, and effective sourcing.

Major suppliers, particularly those that are key to supporting significant elements of the operations, are crucial to running the business. Without those suppliers, operations could be disrupted, posing a variety of significant risks. The Company manages this risk by continuously engaging with these suppliers, ensuring sufficient, appropriate contracting terms in agreements and enforcing those terms, and proactive procurement planning to guarantee continuity of quality service.

The overall nature of real estate development projects and the Company’s attractions is that they are highly visible to the public. The Company’s strategy to mitigate the risk of adverse media is to proactively engage with its stakeholders, be responsive and follow established communications protocols.

GUARANTEES AND CONTINGENT LIABILITIES

The Company may be contingently liable with respect to litigation and claims that arise in the normal course of business. The Company’s holdings and potential acquisition of properties from the Government may be impacted by land claims. The Company continues to work with various government agencies and organizations to assist in establishing a process whereby such surplus lands could be transferred to the Company. Disclosure of commitments and contingencies can be found in notes 13 and 14 of the consolidated financial statements for the period ended September 30, 2023.

RELATED PARTIES

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

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

SEPTEMBER 30	FOR THREE MONTHS ENDED		FOR SIX MONTHS ENDED	
	2023	2022	2023	2022
Rental, leasing and other revenues	\$ 0.3	\$ 0.1	\$ 0.6	\$ 0.3
Acquisition of property through non-interest bearing notes (discounted)	-	9.6	-	9.6
Dividend declared and paid to shareholder	-	-	10.0	10.0

CLCL’s Consolidated Statement of Financial Position includes the following balances with related parties:

AS AT	SEPTEMBER 30, 2023	MARCH 31, 2023
Net trade receivable and other from federal agencies and departments	\$ 0.1	\$ 2.9
Notes payable	302.1	299.5

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Company is a formal supporter of the Task Force on Climate-related Financial Disclosures (“TCFD”). In 2022, the Company began adopting the TCFD framework as part of its corporate reporting and planning processes, aligned with the Federal Budget 2021 requirement. In addition, the Company strives to support the Government of Canada’s transition to net-zero carbon and climate-resilient operations by identifying areas of alignment with the Greening Government Strategy, a set of government-approved commitments that apply to all core government departments and agencies as part of the federal government’s commitment to reducing absolute scope 1 and scope 2 greenhouse gas (“GHG”) emissions by 40% by 2025 and by at least 90% below 2005 levels by 2050.

As global GHG emissions continue to rise, the Company recognizes there will be increased physical risks posed to it, society and the communities in which the Company operates. The Company also understands that there are opportunities to mitigate the worst impacts of climate change by acting today. This includes taking action to reduce the Company’s GHG emissions, planning and establishing targets, and enhancing the climate resiliency of its operations across divisions while contributing to the transition to a low-carbon economy.

In 2022, the Company began assessing and developing ESG program, which includes adopting and implementing the TCFD recommendations. As part of its review of material ESG topics, decarbonization, energy management and climate resilience were identified as strategic priorities for the Company and are critical to formalizing its approach to responding to the TCFD recommendations. In 2023, as part of its ESG roadmap, the Company created a climate roadmap, which includes decarbonization, energy management and climate resilience.

Key developments of 2023 are described below:

Governance:

As part of the ESG and climate roadmaps, a formal governance structure has been established identifying oversight, accountability, ownership, and responsibility within the Company.

Climate risk, including climate-related financial disclosures, has been integrated throughout the Company’s enterprise risk management (“ERM”) program and its activities.

Strategy:

The Company recognizes that its failure to effectively assess and manage climate-related risks, in the short and long term, could have a material impact on the Company. In addition, the Company recognizes the larger opportunity to act as a leader in embodying the federal government’s commitments and actions to mitigate the impacts of climate change and accelerate communities towards a low-carbon economy.

Following up on the prior year activities, which included completing a current state assessment to identify strengths, opportunities and gaps in its response to the TCFD recommendations and benchmark against leading peers, the Company undertook climate scenario analysis to assess climate-related risks and opportunities that could impact its operations and strategic priorities. The analysis was based on three climate scenarios which leveraged global and national models over the short- (1-2 years), medium- (3-5 years) and long-term (5-10+ years) as summarized below:

PARIS ALIGNED	This scenario assumes Canada achieves net-zero emissions by 2050 and its target to reduce GHG emissions 40% below 2005 levels by 2030. Global commitments to decarbonization and mitigation of climate impacts are accelerated and global average temperature increase is limited to 1.5°C by 2100.
INSUFFICIENT GLOBAL ACTION	This scenario assumes Canada achieves net-zero emissions by 2060 and reduces GHG emissions 30% below 2005 levels by 2030. Beginning in 2020, countries act according to their pledges under the Paris Agreement, but efforts are not enough to limit warming to 2°C above pre-industrial levels by 2100. As a result, global average temperature increase is between 2.5°C and 2.9°C by 2100.
CLIMATE CRISIS	This scenario assumes Canada does not achieve its GHG emission reduction commitments and there are limited or no additional constraints on countries globally, aside from policies already in place. As a result, global average temperature increase is greater than 4°C by 2100.

Through climate scenario analysis, the Company has identified physical and transitional risks and opportunities that could impact the Company. The insights from the climate scenario analysis were used to further define climate-related risks and opportunities for the Company in the near and long term, integrated into its strategic planning processes and ERM program, and will continued to be refined as the climate roadmap is operationalized and further integrated.

Risk Management:

Climate change management is identified as a key standalone risk for the Company. This recognizes the potential failure of the Company to effectively manage and mitigate the impacts brought by rising stakeholder and disclosure expectations and changes in global temperatures, precipitation, extreme weather and other impacts of climate change on the Company’s operations. Given its potential impact and significant implications on the Company, both in the short and long term, the Company recognized it as a key risk. Climate risk considerations have been incorporated into the Company’s risk universe as part of the ERM program annual review and update.

Metrics and Targets:

The Company is finalizing its inaugural company-wide GHG emissions inventory, prioritizing scope 1 and scope 2 emissions based on the GHG Protocol Corporate Standard. The goal of this assessment is to understand the Company’s GHG emission footprint across Attractions, Real Estate and Corporate Shared Services, and to identify key sources of emissions across the organization. Findings will be used to support the Company’s exploration of options to reduce GHG emissions and to evaluate potential GHG emission reduction target(s).

The Company extended its assessment of emissions across its value chain, completing a screening-level assessment of scope 3 emissions. Scope 3 emissions include emissions from procurement of goods and services, capital goods, business travel, employee commuting and other sources across the Company. The scope 3 screening-level assessment, helps the Company understand material sources of scope 3 emissions across the Company’s value chain, is a first step towards quantifying scope 3 emissions, considering guidance from the federal government’s Greening Government Strategy. Findings from the screening-level assessment will also be used to prioritize emission reduction of scope 3 emissions in the future.

The Company plans to finalize its inaugural company-wide GHG emissions inventory, develop targets to address corporate scope 1 and scope 2 emissions and develop a decarbonization plan to achieve those targets. The Company will also explore and evaluate opportunities to reduce scope 3 emissions across its value chain.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES AND FUTURE ACCOUNTING PRONOUNCEMENTS

A) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

I. Disclosure of Accounting Policies

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

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

II. Definition of Accounting Estimates

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

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

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

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

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

These amendments did not have a material impact on the consolidated financial statements.

B) FUTURE ACCOUNTING PRONOUNCEMENTS

Presentation of Financial Statements

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier application is permitted.

The company is evaluating the impact of these amendments on the consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

The discussion and analysis of the financial condition and financial performance of the Company is based on the consolidated financial statements, which are prepared in accordance with IFRS. The preparation of

consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the periods of the consolidated financial statements.

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

Management believes the most critical accounting estimates are as follows:

I. INVENTORIES AND REAL ESTATE DEVELOPMENT COSTS

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

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

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

II. MEASUREMENT OF FAIR VALUES

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

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

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

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

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

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

III. USEFUL LIVES AND SIGNIFICANT COMPONENTS

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

IV. INTEREST RATE ON NOTES PAYABLE TO THE GOVERNMENT

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

V. IMPAIRMENTS AND WRITE-DOWNS

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

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

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

VI. INCOME TAXES

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

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

ACQUISITIONS AND PROSPECTS

The Company has a land bank of approximately 439 hectares (1,086 acres) at September 30, 2023.

The Company is pursuing with government departments and agencies further acquisitions of 1,830 hectares (4,523 acres). As many of the properties and portfolios potentially available for acquisition are substantial in size, the planning, development and reintegration of these properties into local communities will take place over a number of years. Although the Company is vulnerable to adverse changes in local real estate market conditions, which can affect demand, the Company's geographic diversity mitigates the risk of an adverse impact of a downturn in a single market.

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

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

The Company has estimated net income before tax of \$703.1 for the five years ending March 31, 2028 based on the latest approved annual corporate plan. The Company expects to continue to be financially self-sufficient while providing both financial benefits in the form of a reliable dividend stream, and non-financial benefits to the Company's stakeholders and to the Government of Canada.

DECLARATION

We, Stéphan Déry, President and Chief Executive Officer, and Matthew Tapscott, Executive Vice President, Finance and Chief Financial Officer, certify that:

We have reviewed the consolidated financial statements of Canada Lands Company Limited for the period ended September 30, 2023.

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

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

Original signed by:

Stéphan Déry

President and Chief Executive Officer

Toronto, Canada

November 29, 2023

Original signed by:

Matthew Tapscott

Executive Vice President, Finance and

Chief Financial Officer

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

Based on our knowledge, these consolidated financial statements present fairly, in all material respects, the Company's financial position as at September 30, 2023 and March 31, 2023 and its financial performance and cash flows for the periods ended September 30, 2023 and 2022.

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

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

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

Original signed by:

Stéphan Déry

President and Chief Executive Officer

Toronto, Canada

November 29, 2023

Original signed by:

Matthew Tapscott

Executive Vice President, Finance and

Chief Financial Officer

CANADA LANDS COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended		Three months ended September 30		Six months ended September 30	
EXPRESSED IN THOUSANDS OF CANADIAN DOLLAR:	NOTE	2023	2022	2023	2022
REVENUES					
Real estate sales		\$ 1,650	\$ 12,163	\$ 14,305	\$ 12,307
Attractions, food, beverage and other hospitality		51,205	43,837	83,972	69,459
Rental operations		14,141	13,613	26,127	26,024
Interest and other		5,270	3,454	9,894	5,316
		72,266	73,067	134,298	113,106
EXPENSES					
Real estate development costs		1,216	8,510	10,514	8,629
Attractions, food, beverage and other hospitality costs		23,808	19,124	43,881	36,857
Rental operating costs		9,646	11,891	21,273	21,124
General and administrative		9,728	8,070	17,316	14,261
Impairment, pre-acquisition costs and write-offs	4,6	894	5,758	3,679	6,838
Interest and other		932	799	2,056	1,565
	15	46,224	54,152	98,719	89,274
INCOME BEFORE INCOME TAXES		\$ 26,042	\$ 18,915	\$ 35,579	\$ 23,832
Deferred income tax recovery	18	(36)	(2,408)	(71)	(3,260)
Current income tax expense	18	7,063	6,384	11,049	8,628
		7,027	3,976	10,978	5,368
NET INCOME AND COMPREHENSIVE INCOME		\$ 19,015	\$ 14,939	\$ 24,601	\$ 18,464

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

CANADA LANDS COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at

EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS	NOTE	September 30, 2023	March 31, 2023
ASSETS			
Non-Current			
Investment properties	5	\$ 28,259	\$ 28,494
Inventories	6	373,072	375,516
Property, plant & equipment	4	160,531	161,339
Trade receivables and other	10	18,427	17,445
Long-term receivables	7	53,591	60,776
Deferred taxes	18	69,201	69,073
		703,081	712,643
Current			
Inventories	6	79,306	69,496
Cash and cash equivalents	8	218,842	245,518
Short-term investments	9	4,500	-
Trade receivables and other	10	32,084	49,398
Current portion of long-term receivables	7	10,845	3,158
Current income tax recoverable and other tax assets		713	630
		346,290	368,200
		\$ 1,049,371	\$ 1,080,843

CANADA LANDS COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at

EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS	NOTE	September 30, 2023	March 31, 2023
LIABILITIES AND SHAREHOLDER'S EQUITY			
LIABILITIES			
Non-Current			
Notes payable	12	\$ 279,211	\$ 278,695
Deferred revenue		5,963	6,366
Trade and other payables	13	1,162	1,305
Provisions	14	1,902	1,294
Prepaid rent, deposits and others		1,765	1,727
		290,003	289,387
Current			
Credit facilities	11	56,200	52,700
Current portion of notes payable	12	22,876	20,776
Trade and other payables	13	25,779	42,747
Provisions	14	5,460	34,328
Deferred revenue		2,268	1,603
Income taxes payable		3,680	9,803
Prepaid rent, deposits and others		5,781	6,776
		122,044	168,733
Shareholder's Equity			
Contributed surplus	16	181,170	181,170
Retained earnings	16	456,154	441,553
		637,324	622,723
		\$ 1,049,371	\$ 1,080,843
Commitments and Contingencies	13, 14		
Leases	17		

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

On behalf of the Board

Kaye Melliship
Chair of the Board of Directors

Margaret MacDonald
Chair of the Audit and Risk Committee

CANADA LANDS COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

For the Period ended September 30

EXPRESSED IN THOUSANDS OF CANADIAN DOLLAR	CONTRIBUTED SURPLUS	RETAINED EARNINGS	TOTAL SHAREHOLDER'S EQUITY
Beginning balance, April 1, 2022	\$ 181,170	\$ 461,858	\$ 643,028
Change during the year			
Dividend paid		(10,000)	(10,000)
Net loss for the year	-	(10,305)	(10,305)
Ending balance, March 31, 2023	\$ 181,170	\$ 441,553	\$ 622,723
Change during the period			
Dividend paid		(10,000)	(10,000)
Net income for the period	-	24,601	24,601
Ending balance, September 30, 2023	\$ 181,170	\$ 456,154	\$ 637,324

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

CANADA LANDS COMPANY LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended		Three months ended September 30		Six months ended September 30	
EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS	NOTE	2023	2022	2023	2022
OPERATING ACTIVITIES					
Net income		\$ 19,015	\$ 14,939	\$ 24,601	\$ 18,464
Loss on disposal of investment property		-	165	-	165
Loss on disposal of property, plant & equipment		13	-	181	-
Interest expense		517	797	1,629	1,562
Interest paid		(803)	(396)	(1,726)	(628)
Interest income		(3,810)	(2,396)	(7,464)	(3,521)
Income tax paid		(13,580)	(1,788)	(17,313)	(8,047)
Recovery of costs on sales of real estate		1,216	8,510	10,514	8,629
Expenditures on real estate properties		(10,827)	(14,657)	(18,934)	(22,912)
Impairment, pre-acquisition costs and write-offs		894	5,758	3,679	6,838
Provisions		(27,238)	(72)	(28,262)	(177)
Income tax expense		7,027	3,976	10,978	5,368
Depreciation		2,984	3,537	6,067	6,940
		(24,592)	18,373	(16,050)	12,681
Net change in non-cash working capital and other	19	1,702	5,233	2,400	5,531
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		\$ (22,890)	\$ 23,606	\$ (13,650)	\$ 18,212
FINANCING ACTIVITIES					
Repayment of notes payable		-	-	-	-
Dividend paid		-	-	(10,000)	(10,000)
Proceeds from credit facilities		1,300	4,000	5,000	6,800
Repayment of credit facilities		(1,500)	-	(1,500)	-
Repayment of lease liabilities		(177)	(162)	(337)	(323)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		\$ (377)	\$ 3,838	\$ (6,837)	\$ (3,523)
INVESTING ACTIVITIES					
Interest received		3,006	1,952	6,141	2,652
Expenditures on investment properties		(687)	(241)	(813)	(341)
Expenditures on property, plant & equipment		(4,436)	(5,857)	(7,017)	(7,450)
Short-term investments		-	-	(4,500)	-
CASH USED IN INVESTING ACTIVITIES		\$ (2,117)	\$ (4,146)	\$ (6,189)	\$ (5,139)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(25,384)	23,298	(26,676)	9,550
Cash and cash equivalents, beginning of period		244,226	220,774	245,518	234,522
CASH AND CASH EQUIVALENTS, END OF PERIOD		\$ 218,842	\$ 244,072	\$ 218,842	\$ 244,072
Supplemental cash flows information	19				

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2023

Expressed in thousands of Canadian dollars

1. AUTHORITY AND ACTIVITIES OF CLCL

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

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

CLCL conducts its real estate business operations through CLC and PDP’s development lands, two of its wholly owned subsidiaries. CLCL’s mission is to ensure innovative and commercially sound redevelopment and reintegration of surplus Government of Canada (“Government”) properties into local communities while developing, retaining and managing certain real estate assets and uniquely Canadian attractions. CLCL conducts its attractions business operations through Canada’s National Tower (“CN Tower”), the Montréal Science Centre (“MSC”), the park owned by PDP (“Downsview Park”) and the Old Port of Montréal (“OPM”).

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

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

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

The registered office of CLCL and the CLCL Subsidiaries (collectively, the “Company”) is 1 University Avenue, Suite 1700, Toronto, Ontario, Canada.

The consolidated financial statements were approved by the Board of Directors of CLCL on November 29, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) STATEMENT OF COMPLIANCE

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

B) BASIS OF PRESENTATION

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

C) BASIS OF CONSOLIDATION

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

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

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

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

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

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

D) REVENUE RECOGNITION

The Company recognizes revenue as follows:

I. Real estate sales

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

II. Rental

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

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

III. Rental from interim activities

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

IV. Attractions, food, beverage and other hospitality

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

V. Donations and sponsorships

The Company, through its subsidiaries, has signed agreements with a number of sponsors that provide cash, products, advertising and other services in exchange for various benefits, including exclusive marketing rights and visibility. Donations and sponsorships are recognized in the period to

which they relate in interest and other revenues in the Consolidated Statement of Comprehensive Income. Non-monetary transactions are recorded at fair value.

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

E) PRE-ACQUISITION COSTS

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

F) PROPERTIES

I. Property, plant and equipment

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

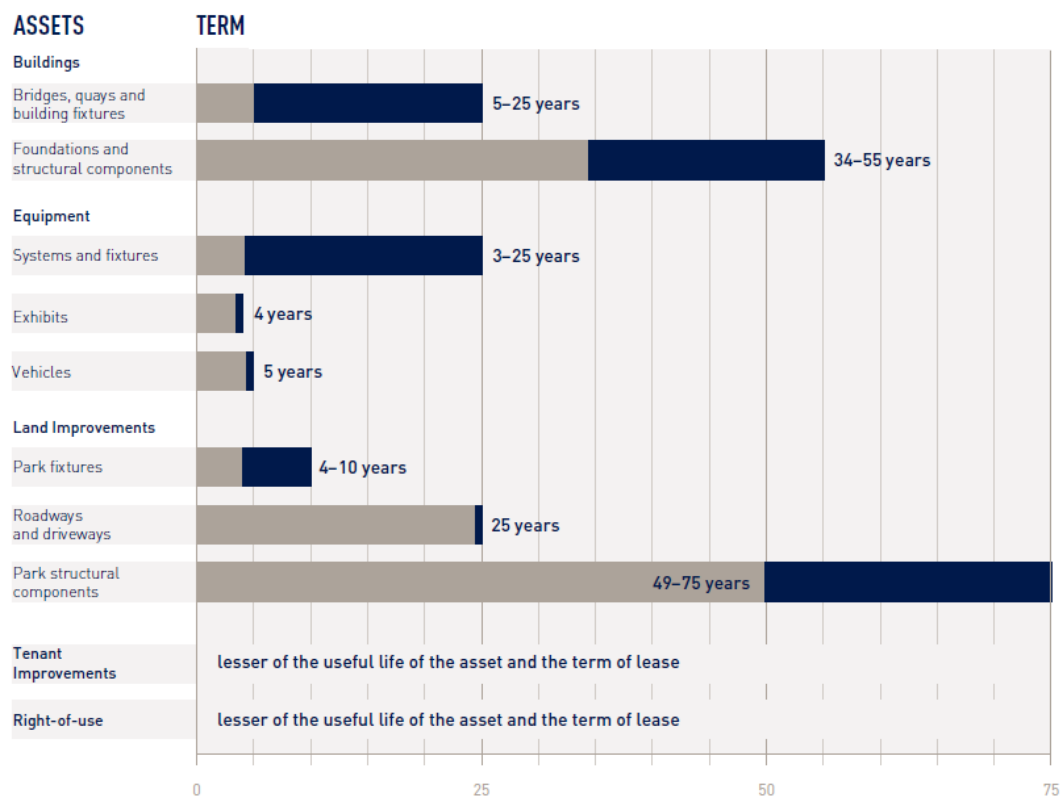
The Company has lease obligations for various equipment and office space. The leases vary in length and range for periods of one year up to five years. The lease contracts contain a wide range of different terms and conditions. Leases are recognized as a right-of-use asset and a corresponding lease liability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

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

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

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

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



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

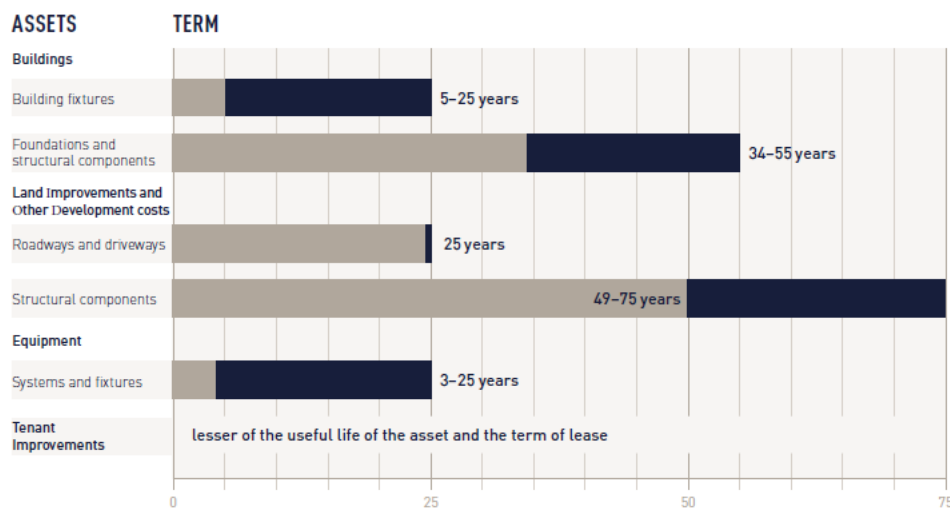
The Company holds some buildings for dual purposes, where a portion is leased to tenants and the remainder is used by the Company for administrative purposes. When a significant portion is owner-occupied, the Company classifies the property as PPE.

II. Investment properties

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

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

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



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

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

III. Inventories

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

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

The development period commences when expenditures are being incurred and activities necessary to prepare the asset for its intended use are in progress. Capitalization ceases when the asset is ready for its intended use. During the development phase, any rental revenues and associated expenses related to the project are recognized in the Consolidated Statement of Comprehensive



Income (note 2.D)III)) during the period. Costs incurred on properties that the Company has no title to or an early use agreement for are expensed to the Consolidated Statement of Comprehensive Income.

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

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

G) INTEREST IN JOINT ARRANGEMENTS

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

H) IMPAIRMENT OF FINANCIAL AND NON-FINANCIAL ASSETS

I. Impairment of financial assets

The Company applies an appropriate impairment model approach for financial assets depending on the category of the financial assets. The impairment models applicable to the Company under IFRS 9 Financial Instruments include the general approach and the simplified approach. The Company uses the simplified approach, which recognizes expected credit losses (“ECLs”) based on the lifetime ECLs, for trade receivables and the general approach for other financial assets. The results of the general approach ECL model are used to reduce the carrying amount of the financial asset through an allowance account, and the changes in the measurement of the allowance account are recognized in the Consolidated Statement of Comprehensive Income. If a significant increase in credit risk occurs, IFRS 9 requires the estimate of default to be considered over the entire remaining life of the asset under the general approach ECL model.

II. Impairment of non-financial assets

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

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

I) CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

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

J) INCOME TAXES

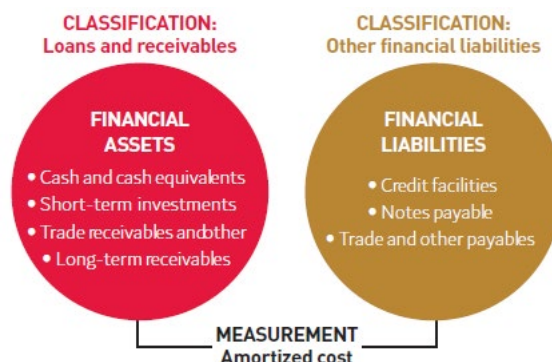
Income taxes comprises current and deferred taxes. Income taxes is recognized in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognized directly in equity.

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

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

K) FINANCIAL INSTRUMENTS

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



I. Financial assets

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

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

II. Financial liabilities

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

L) PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. If the effect of the time value of money is material, the provisions are measured at the present value. The provisions are determined by discounting the expenditures expected to be required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as financing costs.

I. Decommissioning costs

A provision for decommissioning obligations in respect of buildings and land containing hazardous materials is recognized to the extent that the Company is obligated to remediate damage previously caused; it is more likely than not that the Company will be required to settle the obligation; an



obligation is owed to another party; and a reasonable estimate of the future costs and discount rates can be made. These obligations are recognized in the period they are incurred at the present value of the best estimate of the expenditures required to settle the present obligation, discounted at a risk-free interest rate. Subsequently, at each reporting date, the obligation is adjusted through an unwinding of discount expense, and any changes in the estimated amounts required to settle the obligation and significant changes in the discount rate, inflation and risks. The associated costs are capitalized as part of the carrying value of the related assets.

The Company assesses all of its activities and all of its sites and facilities involving risks to determine potential environmental risks. Sites and facilities considered to represent an environmental risk are fully assessed and corrective measures have been or will be taken, as necessary, to eliminate or mitigate these risks. The ongoing risk management process currently in place enables the Company to examine its activities and properties under normal operating conditions and to follow up on accidents that may occur. Properties that may be contaminated, or any activities or property that may cause contamination, are assessed to determine the nature and extent of the possible contamination and an action plan is developed to comply with remediation requirements, where required.

II. Payment in lieu of taxes and legal claims

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

M) CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

I. Investment properties

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

II. Inventories

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

III. Leases

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

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

IV. Provisions

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

V. Income taxes

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

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

VI. Control over structured entities

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

VII. Joint arrangements

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

N) SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ

significantly from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

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

I. Inventories and real estate development costs

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

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

The Company produces a yearly corporate plan that includes a pro forma analysis for each of its real estate projects, including expected revenues and projected costs. These analyses are used to determine the cost of sales recorded and net realizable value at the project level. These pro forma analyses are reviewed periodically, and when events or circumstances change, and are updated to reflect current information.

II. Measurement of fair values

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

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

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

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

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

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

III. Useful lives and significant components

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

IV. Interest rate on notes payable to the Government

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

V. Impairments and write-downs

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

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

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

VI. Income taxes

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES AND FUTURE ACCOUNTING PRONOUNCEMENTS

A) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

I. Disclosure of Accounting Policies

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

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

II. Definition of Accounting Estimates

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

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

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

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

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

These amendments did not have a material impact on the consolidated financial statements.

B) FUTURE ACCOUNTING PRONOUNCEMENTS

Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* regarding classifications of liabilities as current or non-current, which provide a more general

approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier application is permitted.

The company is evaluating the impact of these amendments on the consolidated financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

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

The Company has \$47.9 million (March 31, 2023 – \$47.8 million) of fully depreciated PPE still in use.

The gross carrying amount of PPE assets at September 30, 2023 includes \$30.6 million (March 31, 2023 – \$30.0 million) of PPE under construction.

Cost or deemed cost

	Land	Building	Equipment	Land Improvements	Leasehold Improvements	Building (Right-of-use)	Equipment (Right-of-use)	Total
Balance, March 31, 2022	\$ 28,242	\$ 170,733	\$ 46,897	\$ 29,808	\$ 2,404	\$ 4,496	\$ 415	\$ 282,995
Additions	452	21,036	4,827	527	-	-	214	27,056
Disposals	-	(176)	(1,144)	-	-	-	-	(1,320)
Balance, March 31, 2023	\$ 28,694	\$ 191,593	\$ 50,580	\$ 30,335	\$ 2,404	\$ 4,496	\$ 629	\$ 308,731
Additions	-	5,349	861	710	-	-	97	7,017
Disposals	-	(373)	(588)	-	-	-	(45)	(1,006)
Balance, September 30, 2023	\$ 28,694	\$ 196,569	\$ 50,853	\$ 31,045	\$ 2,404	\$ 4,496	\$ 681	\$ 314,742

Depreciation and impairment

	Land	Building	Equipment	Land Improvements	Leasehold Improvements	Building (Right-of-use)	Equipment (Right-of-use)	Total
Balance, March 31, 2022	\$ -	\$ 84,556	\$ 36,517	\$ 6,405	\$ 1,068	\$ 2,176	\$ 368	\$ 131,090
Depreciation	-	7,043	2,234	1,269	273	585	10	11,414
Disposals	-	(176)	(1,144)	-	-	-	-	(1,320)
Impairment	-	1,364	4,635	-	-	-	209	6,208
Balance, March 31, 2023	\$ -	\$ 92,787	\$ 42,242	\$ 7,674	\$ 1,341	\$ 2,761	\$ 587	\$ 147,392
Depreciation	-	2,961	927	709	136	280	6	5,019
Disposals	-	(373)	(407)	-	-	-	(45)	(825)
Impairment	-	1,348	1,204	-	-	-	73	2,625
Balance, September 30, 2023	\$ -	\$ 96,723	\$ 43,966	\$ 8,383	\$ 1,477	\$ 3,041	\$ 621	\$ 154,211

Carrying amounts

At March 31, 2023	\$ 28,694	\$ 98,806	\$ 8,338	\$ 22,661	\$ 1,063	\$ 1,735	\$ 42	\$ 161,339
At September 30, 2023	\$ 28,694	\$ 99,846	\$ 6,887	\$ 22,662	\$ 927	\$ 1,455	\$ 60	\$ 160,531

The Company assessed the carrying amount of its PPE at September 30, 2023 to determine whether an impairment loss or a reversal should be recorded.

The impairment is assessed at the CGU level and the impairment loss is calculated as the amount equal to the excess of the carrying amount over the recoverable amount. During the period, OPMC recognized a \$2.6 million impairment loss (March 31, 2023 – \$6.2 million).

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

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

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

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

5. INVESTMENT PROPERTIES

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

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

	FOR THREE MONTHS ENDED SEPTEMBER 30		FOR SIX MONTHS ENDED SEPTEMBER 30	
	2023	2022	2023	2022
Rental income	\$ 3,479	\$ 2,379	\$ 6,653	\$ 5,708
Direct operating expenses from investment property that generated rental income during the period	1,984	2,040	3,870	3,930
Direct operating expenses from investment property that did not generate rental income during the period	-	-	2	2

Cost or deemed cost

	Land	Building	Tenant Improvements	Land Improvements and Other Development Costs	Equipment	Total
Balance, March 31, 2022	\$ 5,413	\$ 17,200	\$ 10,199	\$ 18,202	\$ 3,067	\$ 54,081
Additions	-	702	252	460	41	1,455
Disposals	-	-	(271)	-	(1,098)	(1,369)
Balance, March 31, 2023	\$ 5,413	\$ 17,902	\$ 10,180	\$ 18,662	\$ 2,010	\$ 54,167
Additions	-	134	623	32	24	813
Disposals	-	-	-	-	-	-
Balance, September 30, 2023	\$ 5,413	\$ 18,036	\$ 10,803	\$ 18,694	\$ 2,034	\$ 54,980

Depreciation and impairment

	Land	Building	Tenant Improvements	Land Improvements and Other Development Costs	Equipment	Total
Balance, March 31, 2022	\$ -	\$ 10,606	\$ 6,389	\$ 4,845	\$ 2,809	\$ 24,649
Depreciation	-	969	624	565	39	2,197
Disposals	-	-	(98)	-	(1,075)	(1,173)
Balance, March 31, 2023	\$ -	\$ 11,575	\$ 6,915	\$ 5,410	\$ 1,773	\$ 25,673
Depreciation	-	492	267	272	17	1,048
Disposals	-	-	-	-	-	-
Balance, September 30, 2023	\$ -	\$ 12,067	\$ 7,182	\$ 5,682	\$ 1,790	\$ 26,721

Carrying amounts

At March 31, 2023	\$ 5,413	\$ 6,327	\$ 3,265	\$ 13,252	\$ 237	\$ 28,494
At September 30, 2023	\$ 5,413	\$ 5,969	\$ 3,621	\$ 13,012	\$ 244	\$ 28,259

During the period, there were no reversals of previously recognized impairment loss for investment properties (March 31, 2023 – \$nil).

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

	LEVEL 1		LEVEL 2		LEVEL 3	
INVESTMENT PROPERTIES	CARRYING AMOUNT		FAIR VALUE			
September 30, 2023	\$	28,259	\$	-	\$	137,230
March 31, 2023	\$	28,494	\$	-	\$	137,230

The fair value of the investment properties was estimated at March 31, 2023 using a combination of internal valuation techniques and external consultants. All material investment properties have been valued by independent valuers. The external consultants are accredited independent valuers with recognized and relevant professional qualifications and with recent experience in the location and category of the investment property being valued. On a quarterly basis, management reviews the assumptions to update the estimated fair value of the investment properties. In determining fair value, the income and direct comparison approaches were used. The income approach capitalizes net annual revenues or discounts forecasted net revenues to their present value after considering

future rental income streams and anticipated operating costs, as well as appropriate capitalization and discount rates. The direct comparison approach references market evidence derived from transactions involving similar properties.

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

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

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

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

6. INVENTORIES

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

	September 30, 2023		March 31, 2023	
Property held for future development	\$	110,163	\$	110,167
Property under development		342,215		334,845
Properties held for sale		-		-
Total Property Inventories	\$	452,378	\$	445,012
Current	\$	79,306	\$	69,496
Non-current		373,072		375,516
Total Property Inventories	\$	452,378	\$	445,012

During the period, there was no write-down recorded against inventories (March 31, 2023 – \$nil). There were no reversals of write-downs during the period ended September 30, 2023 (March 31, 2023 – \$nil).

7. LONG-TERM RECEIVABLES

Long-term receivables consist of the following:

	September 30, 2023		March 31, 2023	
Receivables from partners (a)	\$	63,451	\$	62,984
Other long-term receivables (b)		985		950
	\$	64,436	\$	63,934

(a) The long-term receivables from partners represent the partners' proportionate share of the notes payable, which are payable to the Company. The Company is obligated for the full amounts of the notes payable for the Jericho Lands and Heather Street Lands properties (collectively, the Vancouver Lands) and the 299 Carling Avenue property in Ottawa, of which portions are receivable from its partners. The long-term receivables, similar to the notes payable they are related to, are non-interest bearing and have total principal amounts of \$65.3 million (March 31, 2023 – \$65.3 million), which have been discounted using a weighted average market interest rate of 2.88% (March 31, 2023 – 2.88%). The amounts will be repaid at the earlier of the sale of properties tied to each long-term receivable or the sunset dates in the joint arrangement agreements (see note 22).

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

	September 30, 2023	March 31, 2023
Current	\$ 10,845	\$ 3,158
Non-current	53,591	60,776
	\$ 64,436	\$ 63,934

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

YEARS ENDING MARCH 31 (REMAINDER OF YEAR)	2024	\$ 3,158
	2025	7,687
	2026	16,871
	2027	1,072
	2028	3,809
Subsequent years		33,742
Subtotal		66,339
Less: amounts representing imputed interest		1,903
		\$ 64,436

8. CASH AND CASH EQUIVALENTS

The Company has \$2.1 million (March 31, 2023 – \$6.5 million) in cash and cash equivalents that are restricted for use as part of the MSC's long-term plan.

The Company has no term deposit as at September 30, 2023 (March 31, 2023 – \$7.0 million).

9. SHORT-TERM INVESTMENTS

The Company has \$4.5 million short-term investment as at September 30, 2023 (March 31, 2023 – \$nil), at an interest rate of 5.15% maturing on May 31, 2025. The short-term investment is restricted for use as part of the MSC's long-term plan.

10. TRADE RECEIVABLES AND OTHER

Trade receivables and other consist of the following:

	September 30, 2023	March 31, 2023
Prepays and others	\$ 8,951	\$ 9,659
Rents and other receivables (a)	41,560	57,184
Total	\$ 50,511	\$ 66,843
Current	\$ 32,084	\$ 49,398
Non-current	18,427	17,445
	\$ 50,511	\$ 66,843

11. CREDIT FACILITIES

	September 30, 2023	March 31, 2023
\$100 million, unsecured, demand revolving credit facility, bearing interest at rates between 50 basis points and variable banker's acceptance rates plus 45 basis points, maturing at March 31, 2024 (a)	\$ 56,200	\$ 52,700
\$100 million, senior, unsecured revolving credit facility, bearing interest at 45 basis points (b)	-	-
Total	\$ 56,200	\$ 52,700
Current	\$ 56,200	\$ 52,700
Non-current	-	-
	\$ 56,200	\$ 52,700

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

The Company has used the credit facility to secure outstanding letters of credit of \$7.1 million (March 31, 2023 – \$7.1 million). The remaining unused credit facility is \$36.7 million at September 30, 2023 (March 31, 2023 – \$40.2 million).

(b) The credit facility is available to secure letters of credit at CLC. The Company has used this credit facility to secure outstanding letters of credit of \$19.0 million (March 31, 2023 – \$19.5 million). The remaining unused credit facility is \$81.0 million (March 31, 2023 – \$80.5 million).

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

12. NOTES PAYABLE

The notes payable were issued in consideration of the acquisition of real estate properties and are due to the Government. These notes are repayable on the earlier of their due dates (2023 to 2050) or six months after the fiscal year-end of the Company in which net proceeds become available from the sale by the Company of the properties in respect of which the notes were issued. In a limited number of instances, the terms of the note state when the issuer can demand payment and payment is not dependent on property cash flows. For all notes, the Government may elect to defer

repayment. The notes are non-interest bearing. For accounting purposes, the face values of the notes payable are discounted and recorded at their fair value considering the estimated timing of note repayments, which are not fixed, as well as an imputed fixed interest rate determined when the notes are issued, with the exception of one note discussed below. The imputed interest is then accrued and capitalized to inventories or expensed as appropriate, on a constant yield basis at a weighted average rate of 2.77% (March 31, 2023 – 2.77%).

During the period, the interest capitalized was \$1.1 million (September 30, 2022 – \$1.1 million) and the interest expensed was \$1.6 million (September 30, 2022 – \$1.4 million). Based on the past and anticipated timing of property cash flows, principal repayments are estimated to be as follows:

YEARS ENDING MARCH 31 (REMAINDER OF YEAR)	2024	\$	15,006
	2025		7,870
	2026		52,536
	2027		65,601
	2028		9,674
Subsequent years			161,921
Subtotal			312,608
Less: amounts representing imputed interest			10,521
		\$	302,087
Current		\$	22,876
Non-current			279,211
		\$	302,087

Included in the \$302.1 million in the table above is a note payable of \$19.0 million, which has not been discounted, given the Company applied predecessor accounting values upon obtaining control of PDP in 2012. This note is due to the Government in 2050.

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

	Cash flow		Non-cash changes		Total
	Repayment		Additions	Accretion	
Notes payable balance, April 1, 2022	\$	-	\$	-	\$ 271,565
Interest capitalized	-	-	-	2,309	2,309
Interest expensed	-	-	-	2,827	2,827
Additions (note 20)	-	-	22,770	-	22,770
Notes payable balance, March 31, 2023	-	-	-	-	\$ 299,471
Interest capitalized	-	-	-	1,057	1,057
Interest expensed	-	-	-	1,559	1,559
Notes payable balance, September 30, 2023				\$	302,087

13. TRADE AND OTHER PAYABLES

The components of trade and other payables are as follows:

	September 30, 2023	March 31, 2023
Trade Payables	\$ 25,184	\$ 42,020
Leases payable (note 2F))	1,757	2,032
Total	\$ 26,941	\$ 44,052
Current	\$ 25,779	\$ 42,747
Non-current	1,162	1,305
	\$ 26,941	\$ 44,052

CAPITAL AND OPERATING COMMITMENTS

I. Commitments related to properties for land servicing requirements and other development costs at September 30, 2023 totalled \$68.2 million (March 31, 2023 – \$69.4 million).

II. Capital commitments for PPE at September 30, 2023 totalled \$6.4 million (March 31, 2023 – \$6.3 million).

14. PROVISIONS AND CONTINGENT LIABILITIES

	COST TO COMPLETE (a)	PILT (b)	ENVIRONMENTAL (c)	OTHERS	TOTAL
Balance, March 31, 2023	\$ 5,938	\$ 25,383	\$ 4,137	\$ 164	\$ 35,622
Provisions added during the period	2	-	-	-	2
Provisions applied during the period	(105)	(25,383)	(2,774)	-	(28,262)
Provisions reversed during the period	-	-	-	-	-
Balance, September 30, 2023	\$ 5,835	\$ -	\$ 1,363	\$ 164	\$ 7,362
Current				\$	5,460
Non-current					1,902
				\$	7,362

(a) Land servicing cost obligations related to sold properties are in the amount of \$5.8 million. The costs are estimated to be spent over five years with the majority to be incurred within the next 12 months. The amounts provided for are based on management's best estimate, taking into consideration the nature of the work to be performed, the time required to complete the work, past experience, and market development and construction risks.

(b) PILT assessments since January 2014 of \$25.4 (March 31, 2023 – \$25.4 million) are being contested by the Company. During the period, the Company made an interim/provisional payment for the entire amount of unpaid assessments while it works to resolve the contestation.

(c) Environmental decommissioning obligations of \$1.4 million (March 31, 2023 – \$4.1 million) related to real estate projects.

CONTINGENCIES

As at September 30, 2023, the Company was involved in claims and proceedings that arise from time to time in the ordinary course of business, including actions with respect to contracts,

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

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

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

15. EXPENSES BY NATURE

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

	FOR THREE MONTHS ENDED SEPTEMBER 30		FOR SIX MONTHS ENDED SEPTEMBER 30	
	2023	2022	2023	2022
Cost of inventory, raw material and consumables used	\$ 883	\$ 6,921	\$ 8,528	\$ 7,014
Payroll and benefits	17,216	13,870	32,238	25,890
Food and beverage costs	6,428	5,016	10,896	8,423
Property taxes including PILT	3,867	3,190	7,258	6,715
Leasing expenses	3,100	3,160	6,372	5,922
Depreciation	2,983	3,536	6,066	6,938
Attraction costs	2,227	1,995	3,878	3,148
Utilities	1,747	1,862	3,873	3,611
Professional fees	1,502	2,374	3,822	3,334
Building costs	1,704	1,715	3,607	3,375
Impairment	141	5,018	2,625	5,635
Marketing and public relations	1,258	1,470	2,566	2,421
Interest	1,004	856	2,188	1,665
IT costs	770	552	1,502	1,098
Office	486	534	1,163	970
Commissions	-	120	158	120
Other	908	1,963	1,979	2,995
	\$ 46,224	\$ 54,152	\$ 98,719	\$ 89,274

16. SHAREHOLDER'S EQUITY

(A) CAPITAL STOCK

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

(B) CONTRIBUTED SURPLUS

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

17. LEASES

LEASES AS LESSEE

Non-cancellable lease rentals are payable as follows:

	September 30, 2023	March 31, 2023
Less than 1 year	\$ 772	\$ 732
Between 1 and 5 years	1,233	1,513
More than 5 years	-	-
Total	\$ 2,005	\$ 2,245

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

LEASES AS LESSOR

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

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

	September 30, 2023	March 31, 2023
Less than 1 year	\$ 16,518	\$ 15,377
Between 1 and 5 years	24,997	29,762
More than 5 years	51,709	44,190
Total	\$ 93,224	\$ 89,329

As part of purchase and sale agreements with a related party, the Company is required to lease housing units at a discount compared to market rates. The leased units generated \$0.5 million of rental revenue during the period (September 30, 2022 – \$0.5 million). The individual leases are renewed monthly.

During the period, there has been \$0.9 million recognized (September 30, 2022 – \$0.7 million) in the Consolidated Statement of Comprehensive Income in rental operating revenue with respect to variable lease payments.

18. INCOME TAXES

	FOR THREE MONTHS ENDED SEPTEMBER 30		FOR SIX MONTHS ENDED SEPTEMBER 30	
	2023	2022	2023	2022
Income Tax Expense				
Deferred tax recovery	\$ (36)	\$ (2,408)	\$ (71)	\$ (3,260)
Current income tax expense	7,063	6,384	11,049	8,628
Total Tax Expense	7,027	3,976	10,978	5,368
Reconciliation of effective tax rate				
Profit excluding tax	26,042	18,915	35,579	23,832
Domestic tax rate	26.3%	26.7%	26.2%	26.8%
Tax expense using the domestic tax rate	\$ 6,836	\$ 5,032	\$ 9,325	\$ 6,377
Non-deductible expenses	7	8	25	18
Temporary differences	(33)	(1,316)	(49)	(1,537)
Benefit not recognized	(63)	-	1,195	-
Other adjustments	280	252	482	510
Total Tax Expense	\$ 7,027	\$ 3,976	\$ 10,978	\$ 5,368

Management continues to determine that it is not probable that the deferred tax assets of OPMC will be utilized in the foreseeable future. Therefore, the deferred tax balance has been reduced by the benefit not recognized.

The gross temporary differences for which no deferred tax asset is reported is \$165.3 million (March 31, 2023 – \$160.8). Included in this amount is \$118.2 million (March 31, 2023 – \$88.3 million) related to unused tax losses that will start to expire in 2033.

19. CONSOLIDATED STATEMENT OF CASH FLOWS – SUPPLEMENTAL INFORMATION

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

INCREASE (DECREASE) IN	FOR THREE MONTHS ENDED SEPTEMBER 30		FOR SIX MONTHS ENDED SEPTEMBER 30	
	2023	2022	2023	2022
Trade receivables and other	\$ 9,320	\$ 4,490	\$ 17,655	\$ 9,570
Long-term receivables	(233)	(264)	(502)	(562)
Trade and other payables	(7,728)	777	(15,048)	(5,697)
Provisions	1	-	2	-
Notes payable	791	459	988	924
Deferred revenue	365	9	262	40
Prepaid rent, deposits and others	(814)	(238)	(957)	1,256
Total	\$ 1,702	\$ 5,233	\$ 2,400	\$ 5,531

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

20. RELATED PARTY TRANSACTIONS AND BALANCES

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

Significant balances with related parties are as follows:

I. The Company enters in agreements of purchase and sale with related parties to acquire real estate properties in exchange for notes payable. During the period, the Company did not acquire any real estate property from related parties (September 30, 2022 – \$9.6 million).

Notes payable to the Government are non-interest bearing (note 12) and are repayable on the earlier of their due dates or six months after the fiscal year-end of the Company in which net proceeds become available from the sale by the Company of the properties in respect of which the notes were issued, except in a limited number of instances where the terms of the notes state when the issuer can demand payment and payment is not dependent on property cash flows. The Company did not make any payment on its notes payable to related parties during the period (September 30, 2022 – \$nil).

II. The Company has \$0.1 million in receivables from federal departments and agencies (March 31, 2023 – \$2.9 million).

III. The Company has entered into various agreements with a federal department regarding the potential redevelopment of three properties in Ottawa (collectively the “Collaboration Properties”) that the federal department currently owns. As part of the agreements, the Company is funding certain costs for the Collaboration Properties that are recoverable from the federal department under certain circumstances. The Company has recorded these costs of \$5.1 million (March 31, 2023 – \$4.4 million) in Trade Receivables and Other assets on the Consolidated Statement of Financial Position.

Significant transactions with related parties are as follows:

I. During the period, the Company paid a dividend of \$10.0 million (September 30, 2022 – \$10.0 million) to its shareholder, the Government.

II. During the period, the Company did not make any real estate land sale to related parties (September 30, 2022 – \$nil).

III. During the period, the Company received various rental and other revenues from federal departments and agencies in the amount of \$0.6 million (September 30, 2022 – \$0.3 million), mainly from leases with the Department of National Defence and Public Services and Procurement Canada.

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

For the Period Ended September 30	2023		2022	
Short-term benefits (1)	\$	3,112	\$	2,710
Post-employment benefits (2)		131		122
	\$	3,243	\$	2,832

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

(2) Post-employment benefits include contributions to pension plans.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The Company has valued its long-term receivables by discounting the cash flows using the current market rate of borrowing plus a credit risk factor for its customers and partners, except for the long-term receivable from its third-party partners which, due to the nature of the joint arrangement, has been discounted at current yields on government bonds plus project risk.

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

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

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

As at September 30, 2023		LEVEL 1	LEVEL 2	LEVEL 3
Classification	Carrying Amount	Fair Value		
Financial Assets				
Long-term receivables	\$ 64,436	\$ -	\$ 54,224	\$ -
Financial Liabilities				
Notes payable	302,087	-	252,071	-
Credit facilities	56,200	-	56,200	-

As at March 31, 2023		LEVEL 1	LEVEL 2	LEVEL 3
Classification	Carrying Amount	Fair Value		
Financial Assets				
Long-term receivables	\$ 63,934	\$ -	\$ 55,809	\$ -
Financial Liabilities				
Notes payable	299,471	-	261,132	-
Credit facilities	52,700	-	52,700	-

22. JOINT ARRANGEMENTS

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

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

OWNERSHIP INTEREST
CLC BOSA
CALGARY, AB | LAND DEVELOPMENT
2023 SEPTEMBER 30 2023 MARCH 31



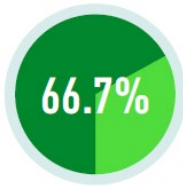
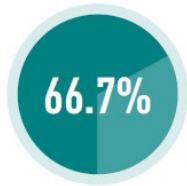
In May 2013, the Company entered into a land development agreement for a portion of CLC's Currie project in Calgary that is jointly controlled with a third party named Embassy Bosa Inc. The Company has determined that the joint arrangement is a joint operation based on the terms and structure of the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



OWNERSHIP INTEREST
299 CARLING AVENUE
OTTAWA, ON | LAND DEVELOPMENT

2023
SEPTEMBER 30

2023
MARCH 31



In February 2017, the Company entered into a land development agreement for a property in Ottawa, with a third-party partner named the Algonquins of Ontario Opportunities. The land development agreement is jointly controlled by the Company and the third-party partner. The Company has determined that the joint arrangement is a joint operation based on the terms and structure of the contractual agreement, which requires unanimous approval from the Company and the third-party partners regarding decisions over all relevant activities of the property. The purchase of the Ottawa land was financed through

a non-interest bearing promissory note issued by the Company. The Company is responsible for the full repayment of the promissory note on the earlier of its due date or six months after the fiscal year-end of the Company when net proceeds become available from the property. This promissory note will be partially funded by the third-party partner's proportionate share of the notes payable, which is reflected as a long-term receivable (see note 7).

OWNERSHIP INTEREST
JERICO LANDS
VANCOUVER, BC | LAND DEVELOPMENT

2023
SEPTEMBER 30

2023
MARCH 31



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

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

HEATHER STREET LANDS

2023
SEPTEMBER 30

2023
MARCH 31



The purchase of the Vancouver Lands was financed through non-interest bearing promissory notes issued by the Company. The Company is responsible for the full repayment of the promissory notes on the earlier of their due dates or six months after the fiscal year-end of the Company when net proceeds become available from the respective property. These promissory notes

will be partially funded by the third-party partners' proportionate share of the notes payable, which is reflected as a long-term receivable (see note 7). Under the Vancouver Lands' joint arrangement agreements, the third-party partners' long-term receivable amounts will be repaid at the earlier of the sale of properties tied to each long-term receivable or the sunset dates in the joint arrangement agreements, which are similar to the terms of the notes payable.

The following amounts included in these consolidated financial statements represent the Company's proportionate share of the assets and liabilities of its joint arrangement interests as at September 30, 2023, and the results of operations and cash flows from April 1, 2023 to September 30, 2023:



	Jericho		Heather Street		Bosa		299 Carling Avenue		Total	
As at	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Assets	\$ 92,366	\$ 92,423	\$ 25,798	\$ 25,668	\$ 18,658	\$ 18,167	\$ 7,713	\$ 7,521	\$ 144,535	\$ 143,779
Liabilities*	113,298	112,695	28,405	27,744	-	-	1,961	1,947	143,664	142,386

For three months ended September 30										
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenues	290	310	277	586	-	-	23	5	590	901
Expenses	560	614	432	378	-	-	9	17	1,001	1,009
Net income (loss)	(270)	(304)	(155)	208	-	-	14	(12)	(411)	(108)
Cash flow provided by (used in) operating activities	188	(669)	1	(60)	(12)	389	(62)	(38)	115	(378)

For six months ended September 30										
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenues	560	584	616	906	-	-	41	10	1,217	1,500
Expenses	946	892	1,046	1,044	-	-	35	26	2,027	1,962
Net income (loss)	(386)	(308)	(430)	(138)	-	-	6	(16)	(810)	(462)
Cash flow provided by (used in) operating activities	(179)	(948)	(992)	(620)	(484)	12	(171)	22	(1,826)	(1,534)

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

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

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

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

The Company's proportionate share for commitments related to properties for land servicing requirements and other development costs for the joint arrangements at September 30, 2023 totalled \$2.6 million (March 31, 2023 – \$2.7 million) and are included in the commitments related to properties in note 13.

23. FINANCIAL RISK MANAGEMENT

A) LIQUIDITY RISK

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

AS AT SEPTEMBER 30, 2023	Within 12 months	Thereafter	Total
Credit facilities (note 11)	\$ 56,200	\$ -	\$ 56,200
Notes payable (note 12)	22,876	289,732	312,608
Trade and other payables (note 13)	25,779	1,162	26,941
	\$ 104,855	\$ 290,894	\$ 395,749

AS AT MARCH 31, 2023	Due by March 31, 2024	Thereafter	Total
Credit facilities (note 11)	\$ 52,700	\$ -	\$ 52,700
Notes payable (note 12)	20,776	291,832	312,608
Trade and other payables (note 13)	42,747	1,305	44,052
	\$ 116,223	\$ 293,137	\$ 409,360

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

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

The Company has borrowing authorities from the Minister of Finance of \$200 million (March 31, 2023 – \$200 million). CLC's borrowing authority of \$100 million expires on March 31, 2024. PDP's borrowing authority of \$100 million expires on March 31, 2024. The Company's borrowing authorities are reviewed annually as part of the corporate planning process. The Company has \$200 million of credit facilities available, of which \$125.4 million was unused at September 30, 2023 (March 31, 2023 – \$120.7 million). CLC's credit facility does not have a maturity date, whereas the PDP credit facility matures on March 31, 2024.

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

B) MARKET RISK

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

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

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

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

C) CREDIT RISK

The Company's credit risk arises from the possibility that tenants may experience financial difficulty and be unable to pay the amounts owing under their commitments. For long-term receivables from partners, payments are made from the cash flows of the joint arrangements. The fair values of the partners' project assets are significantly higher than the amount of the long-term receivables at June 30, 2023 owed to the Company.

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

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

The Company's receivables of \$41.6 million (March 31, 2023 – \$57.2 million) are comprised primarily of current balances owing. The Company performs monthly reviews of its receivables and establishes an appropriate provision using the expected credit loss model.

The Company's long-term receivables of \$64.4 million (March 31, 2023 – \$63.9 million) are comprised of \$63.4 million (March 31, 2023 – \$63.0 million) of receivables from partners and \$1.0 million (March 31, 2023 – \$0.9 million) of long-term receivables from a sale of real estate property in a prior year. The Company reviews the receivables from partners and other long-term receivables on a quarterly basis to determine if provisions are required.

The Company's cash and cash equivalents and short-term investments, including deposits of \$223.3 million (March 31, 2023 – \$245.5 million), are held with major financial institutions that are rated AA by a recognized credit agency. The Company does not expect any related counterparties to fail to meet their obligations.

24. CAPITAL MANAGEMENT

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

	September 30, 2023	March 31, 2023
Shareholder's equity	\$ 637,324	\$ 622,723
Credit facilities	56,200	52,700
Notes payable	302,087	299,471
Cash and cash equivalents	218,842	245,518
Short-term investments	4,500	-
Total	\$ 1,218,953	\$ 1,220,412

The Company has notes payable that are owed to the shareholder and under the related agreements, the notes are not due until positive cash flows are achieved from the properties, except for i) one promissory note for which the issuer can demand payment of \$5.0 million within the next 12 months and ii) a \$19.0 million note that is due in 2050.

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

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

The Company's strategy is to satisfy its liquidity needs using cash on hand, cash flows generated from operating activities and cash flows provided by financing activities, as well as proceeds from asset sales. The Company's principal sources of capital are rental revenues, recoveries from tenants, real estate land sales, attractions and hospitality revenues, interest and other incomes, available cash balances, draws on corporate credit facilities and refinancing of maturing indebtedness. These capital resources are used to pay operating expenses and dividends, and to service debt and recurring capital and leasing costs in its rental operating costs, attractions and hospitality, and real estate development businesses. The Company plans to meet its short-term liquidity needs with cash and cash equivalents on hand, along with proceeds from financing activities.

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

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

25. PENSION PLANS

The Company has two defined contribution pension plans covering eligible CLC full-time and certain part-time employees. In accordance with the terms of the plans, employees are eligible to join at the date of employment, after a year of employment, or upon working a certain number of hours in consecutive years. The amount of the current service cost charged to expense for these plans was \$1.0 million for the period ended September 30, 2023 (September 30, 2022– \$0.9 million).