Canada Lands Company
Société immobilière du Canada

2024/25 TO 2028/29

CORPORATE PLAN SUMMARY & OPERATING BUDGETS

Contents

1. Executive Summary

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

Since its inception, CLCL has been pursuing innovation and excellence, consistently integrating sustainability best practices across its operations in real estate development and attractions management. CLCL's commitment to the environment is evident in its real estate developments, all of which meet or exceed municipal environmental management requirements. CLCL was an early adopter of innovative water management systems such as engineered bioswales, piloted in certain municipalities, which later became the norm for the community and the Company as part its best practices in developing climate resilient communities. CLCL is known for its generous park spaces, retention of mature trees, support of biodiversity, and inclusion of new technology in its public spaces, such as solar powered picnic tables.

Award-winning new neighbourhoods stand as a testament to CLCL's commitment to sustainability. The company has also made significant strides in its attractions. For instance, improved water management initiatives have been incorporated at the CN Tower that have resulted in a savings of 71 million liters of water since 2015.

CLCL's commitment to community extends beyond environmental stewardship. The Company has forged longstanding partnerships with Indigenous communities. Each partnership is unique, reflecting an understanding of the distinct needs and aspirations of each Indigenous partner. Through these collaborations, Canada Lands Company strives to learn from rich cultural legacies and to celebrate and promote them through various strategies. This commitment extends to fostering opportunities for employment, training, commemoration, procurement, and mentorship.

In every decision it makes, Canada Lands Company Limited continues to set new standards, demonstrating that innovation, sustainability, and community are not just ideals but the driving force behind transformative projects and initiatives.

CLCL's agile operations, return on investments, and its core values of financial resilience, social impact and environmental sustainability will enable CLCL and its subsidiaries (the Company) to continue to deliver results for Canadians.

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

CLCL's overarching objectives over the period of the plan, April 1, 2024 to March 31, 2029 (Plan Period), include the following:

- assist the Government of Canada to deliver on key policy objectives and its mandate such as housing, climate change, and social impact;
- implement the Company's Strategic Plan (Strategic Plan);
- deliver economic development opportunities and community benefits to Canadians and municipalities;
- invest in some of Canada's most important tourism attractions through sound management and operations; and

- maintain current and develop new relationships with Indigenous peoples.

Over the Plan Period, the Company will effectively manage its financial performance and remain resilient and adaptable to the conditions that it will face. CLCL continues to be financially responsible and operates with efficiency.

CLCL's operations, particularly its attractions, have shown a strong recovery in 2022/23 after two challenging years because of the COVID-19 pandemic (COVID-19). The Company's real estate land sales are being challenged in the short term as a result of the interest rate environment and local market conditions in many of the areas the Company has active projects. The Company's forecasted results in 2023/24 build on the strong performance in the prior year, particularly from its attractions, and indicate a return to more stability and less volatility in the financial results in the Company's attractions and rental operations. Currently, there is heightened uncertainty in many real estate markets, which is expected to reduce within the first year or two of the Plan Period. The Company predicts that its Attractions division will continue to grow over the Plan Period, with more visitors and guests being welcomed, while its Real Estate division will continue to perform well, as it historically has, despite some short-term market challenges and cost pressures.

Over the Plan Period, the Company projects to:

- generate over $2.6 billion in revenue primarily from its Real Estate and Attractions divisions;
- earn close to $820 million in net income before taxes;
- contribute more than $978 million back to its shareholder, including $400 million in dividends; and
- invest close to $870 million in local economies through capital spending on its real estate development and attractions assets.

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

2. Overview

2.1 About Canada Lands Company Limited

Overview

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

In 2022, the Company's Board of Directors conducted a robust strategic planning process that resulted in the Strategic Plan. The Strategic Plan is comprised of a new mission, vision, and values, as well as three Strategic Priorities: **Transform Surplus and Underutilized Federal Properties; Create Unique Canadian Experiences; and Be a Workplace of Choice.** In 2023 teams operationalized this Strategic Plan by developing an implementation plan that acts as the Company's roadmap for program delivery and decision-making. A key component of the Strategic Plan is implementing the Environmental, Social and Governance (ESG) roadmap that will further elevate CLCL's standards and accountability to Canadians through targets, performance indicators and outcomes. Below is summary of the Strategic Plan.

Transform surplus and underutilized federal properties

- Seek to engage actively with the Government of Canada to streamline and accelerate the process and scope of acquisitions,
- raise the bar in environmental, social, and other Canadian community and global objectives, and
- seek to include greater employment generators with its work and within its communities.

Create unique Canadian experiences

- With its capacity, know-how, and experience, the Company is well-positioned to develop more deeply the Canadian experience at its attractions: iconic, unique, inspiring, and quintessentially Canadian, and
- appropriately promote itself as an option for other current and potential attractions.

Be a workplace of choice

- Seek to address equity, diversity, inclusion, accessibility, and environmental sensitivity through its social impact policies and practices, and
- embrace and embed a social, environmental, and financial responsibility culture as key elements of its business practices.

Mission

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.

Vision

Be the Government of Canada's principal real property agency responsible for reintegrating surplus properties while being dedicated to developing great Canadian communities and acting as a premier owner and manager of select uniquely Canadian attractions. In all efforts, the Company will exhibit its commitment to engagement, sustainability, superior advisory services, integrity, and the highest standard of ethical behaviour while creating value for Canadians.

Values

The Company's core values are financial resilience, environmental sustainability, and social impact.

CLCL corporate structure

- CLCL has three subsidiaries:
  - Canada Lands Company CLC Limited, a non-agent Crown corporation (CLC) (operates across Canada);
  - Parc Downsview Park Inc., an agent Crown corporation (PDP) (operates in Toronto); and
  - Old Port of Montreal Corporation Inc., an agent Crown corporation (OPMC) (operates in Montréal).
- CLCL has three divisions:
  - Real Estate;
  - Attractions; and
  - Corporate/Shared Services.
- The Real Estate division has four regions:
  - West;
  - Central;
  - National Capital Region (NCR)/Atlantic; and
  - Québec.
- The Attractions division is comprised of:
  - Old Port of Montréal including the Montreal Science Centre (MSC);
  - Downsview Park; and
  - CN Tower.

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

2.2 Public Policy Role

As an arm's length commercial, self-sustaining Crown corporation, oversight is provided by a Board of Directors comprised of seven independent directors (including a Chair) appointed by the Governor in Council based on the responsible minister's recommendation. The Board is responsible for reviewing and recommending the corporate plan to its shareholder and approving the Company's strategic direction and financial statements. For more information about CLCL's activities and operations, please refer to the Company's 2022/23 annual report or its website at clc-sic.ca.

Main activities and principal programs

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

It is also the premier owner of select Canadian attractions, including the Old Port of Montréal, the MSC, the CN Tower and Downsview Park.

Through its activities and principal programs, the Company aids in enabling housing and affordable housing, participates in, and fosters Indigenous partnerships and acts as an employment generator. On the tourism front, the Company's world class attractions provide unforgettable, and unique Canadian experiences.

Interim uses

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

Affordable housing

CLCL seeks to exceed municipal requirements for affordable housing in its real estate developments, and where a municipal standard is not established, CLCL seeks to enable a minimum of 20% of the residential units as affordable units in its projects as part of its Strategic Plan. CLCL is a partner in the Federal Lands Initiative (FLI) (a part of the National Housing Strategy) with Public Services and Procurement Canada, the Canada Mortgage and Housing Corporation (CMHC), and Employment and Social Development Canada. Since 1995, the Company has enabled more than 2,500 affordable housing units on its projects across the country, while 5,000 units are planned to be enabled during the Plan Period. Refer to Appendix 9 for more information about CLCL's affordable housing strategies.

Community amenities

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

Attractions

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

Experiences

The MSC is home to many travelling science and technology-based exhibitions as well as seven permanent displays, which together have garnered numerous awards. The MSC is also home to a seven-storey IMAX® TELUS theatre through which it offers the latest advancements in digital technology to deliver a visually stunning learning experience. The CN Tower offers breathtaking views and an exhilarating outdoor walk at the top of the Tower, the world's highest hands-free walk called EdgeWalk. Other CLCL attractions also have activities including through third-party and tenant operations.

Recreation

CLCL's attractions offer many recreational activities. An example includes Downsview Park's K-12 curriculum educational offerings and sports activities, all offered in a safe environment. Its Hangar Sport and Events Centre, 45,000 square metres (484,000 square feet) in size, comprises several indoor and outdoor playing fields, as well as soccer leagues and facility rentals for tens of thousands of users per year. The site is also home to a four-pad arena that offers ice rink time to leagues and individuals throughout the community.

Financial condition

CLCL's financial management focuses on the activities around planning, procuring, and controlling the Company's financial resources with the objective of making optimal financial decisions for CLCL. CLCL's financial strategy is to operate with strong fiscal responsibility through its business divisions across the country to optimize cash flow and profit for reinvestment and return to the Company's shareholder, in both the short and long term.

The Company balances its financial and non-financial returns, which may not necessarily yield the maximum financial return, but rather aims to maximize the overall contribution to its stakeholders and Canadians. Historically, CLCL has generated an annual profit, maintained sufficient cash resources, and not required parliamentary appropriations, while funding the operating deficits and capital requirements of the Old Port, MSC and Downsview Park.

CLCL manages its external debt levels as part of its financial strategy, using credit facilities where appropriate and prudent. The Company continues to work to repay the external debt that was assumed in November 2012 as part of the operational amalgamation with PDP. CLCL's retained earnings policy and rationale for dividend level are included in Appendix 7.3.

3. Operating Environment

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 July 2023, the Bank of Canada (BoC) noted that global inflation is coming down, but that core inflation remains elevated. These elevated levels of core inflation are pushing central banks to raise, or continue to signal they may raise, their policy interest rates. Global economic growth in the first half of 2023 was stronger than expected, but it is expected that demand should moderate over the next year as a result of monetary policy tightening by many central global banks.

In the Canadian economy, the inflation rate in August was 4.0%. 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%. However, since June inflation reversed its recent downward trend and returned to elevated levels as compared to recent historical rates. Many economists expected that the decline in inflation would hit a plateau, and in fact reverse and begin to rise, which is what occurred. There is concern that further easing of inflation will take longer than expected, with inflation expected to settle around 3% for the next year. The BoC is now projecting that the target inflation rate of 2% might not appear until the middle of 2025, which is half a year later than the BoC's April 2023 MPR forecast. Excess demand continues to put pressure on prices. It is important to note that not all price inflation is trending equally. Goods inflation has rapidly declined, in large part due to lower gasoline prices relative to the prior year, whereas shelter price inflation has remained relatively high.

The BoC has continued to raise its overnight lending rate (Policy Rate) in an effort to lower inflation. 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. Initially, 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 2.8% in June 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, which may be what Canada is seeing with the uptick in inflation now. Predictions for the average BoC Policy Rate for 2023 are generally in the range of 5.00% to 5.25%.

In the July 2023 MPR, the BoC reported economic growth in Canada in 2023 of 1.8%, which was higher than the BoC's April 2023 MPR forecast of 1.4% growth. The BoC is predicting growth in the Canadian economy in 2024 of 1.2%, which is lower than the 1.3% growth predicted in its previous report.

As mentioned, the Canadian rate of inflation was 4.0% in August 2023, which is a decrease from the 8.1% in June 2022, which was the highest annual rate of inflation Canada has ever seen, however is a 1.3% increase from June 2023, just two months prior. In its July 2023 MPR, the BoC forecast that the annual average rate of inflation in 2023 would be 3.7% and that, by the end of 2023, inflation will be below 2.9%. Predictions from economists for the average rate of inflation for 2023 are generally in the range of 3.3% to 3.8%, with most predicting that, by December 2023, inflation rates will be lower than the average rate for the year and in the range of 2.5% to 3.0%.

The Canadian unemployment rate in September of 2023 remained steady at 5.5% for the third consecutive month, 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. DC reported that there are still 126,000 jobs in tourism that remain unfilled, which is approximately 6.8% of the total tourism workforce. Despite the labour challenges in the tourism industry in Canada, DC reported that overall tourism spending for Q1 2023 was 106% of Q1 2019 (last pre-pandemic year) driven by domestic demand (109% of Q1 2019 levels) with international demand slightly behind (95% of Q1 2019 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.

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.

After a period of two years of significant activity, the Canadian residential real estate market appears to have stabilized for the moment with listings starting to increase, helping to bring more balance to the market. The Canadian Real Estate Association (CREA) stated in its September 2023 release that national home sales declined by 4.0% in August compared to July but are up more than 5.0% compared to August 2022. The August 2023 monthly sales activity is trending closer to the 10-year monthly average. CREA reported that 2023 started with new listings at a 20-year low, but that listings are now closer to historical averages. The BoC interest rate increases are moderating price growth, but there continues to be strong demand. CREA stated that the actual average house price in Canada in August 2023 was up about 2% from the same time one year ago. That being said, there is a wide divergence in how local markets are functioning across Canada.

In August 2023, the average national inventory on hand was 3.4 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 ratio in August 2023 was 56%, which was down from 68% in April. The long-term average of around 55% typically indicates a more balanced market.

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.

The availability of affordable housing continues to be a major concern for Canadians in many local markets. The federal government is taking actions to address both the need for housing in general, but also the need for affordable housing in Canada. Provincial governments are also taking actions, unveiling measures aimed at tackling its housing supply shortage and affordability crisis.

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, affecting housing demand through effects on employment and household income. Benchmark oil prices, trading at around US$88 per barrel on October 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 some pricing volatility as a result of a variety of factors, as indicated by US prices ranging from US$74 per barrel to US$94 per barrel over the past quarter, while Canadian prices have ranged from US$50 per barrel to US$72 per barrel within the quarter. Oil prices are up compared to the previous quarter and are currently hovering around the highest prices over the past 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. The outlook for the office real estate market is more bearish than it was a year ago, with increasing office vacancies, particularly urban offices. 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 July 2023, it reported that for the month of July, international arrivals to Canada were about 82% of July 2019 levels, but up 34% from May 2023.

In the same report, it showed some major international markets above 80% of July 2019 levels (US – 84%, Mexico – 86%, UK – 80%, and France – 88%); however, the Asian markets continued to be well below July 2019 levels (China – 25%, Japan – 52%). That said, Japan and China's travel has increased since February 2023, and both countries are well above July 2022 levels (China – 284% and Japan – 111%). 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 July 2023, the approximate number of arrivals from Japan and China was 170,000, a significant increase from 2022, but a far cry from 2019 levels. From January to July 2023, Canada has seen approximately 15.1 million international arrivals, which is 74% higher than the comparable period in 2022, and approximately 83% 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 DC Q1 Snapshot 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 August 2023 (LMS) reported that employment in tourism was up more than 10.0% from August 2022 levels, and just behind pre-pandemic levels at 98.5%.

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 October 13, 2023, was US$1.00 = $1.37, which was down slightly from the rate three months ago, but higher than the rate at same time last year (US$1.00 = $1.29). There seems to be a consensus from analysts that the Canadian dollar exchange rate with the US dollar will increase slightly for the remainder of 2023 and average between $1.37 and $1.39, and then decrease in 2024 to between $1.31 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.

The shift to working remotely has increased cybersecurity risks facing businesses. In addition to the mitigation efforts mentioned above, the Company has increased its communications to employees and the frequency of its cybersecurity training to employees, and re-emphasized Company procedures and their importance. The Company has also taken the opportunity to accelerate some of its key cybersecurity projects contained in its multi-year roadmap, where possible.

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 actively sourcing sufficient credit facilities.

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

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 Appendix 12: Climate Leadership 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 develop or 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 employees 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) practices, 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, and effectively implement and manage, an ESG program that is integrated into long-term plans 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 is taking a number of actions, which includes engaging third-party consultants to assist the Company in improving its ESG framework and program.

Competing local real estate developments in the local market area of the Company's projects may impact its financial results. The Company mitigates the financial risks through its product offerings, market scanning, and zoning approvals. The Company mitigates these risks through its purchasing and procurement strategies, regular project and product costing reviews, and strategic capital investment decisions.

Inflation, particularly in the 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.

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.

Other key risks, including litigation, communications, and public relations, are actively managed by the Company using a variety of mitigation strategies.

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.

Office of the Auditor General Special Examinations

The most recently completed Office of the Auditor General (OAG) special examination occurred in 2014. All recommendations have been implemented.

The Company is currently in the midst of a special examination by the OAG. It is expected that the results of that special examination will be finalized in 2024 and reported by the Company in its next corporate plan.

4. Priorities

4.1 Main Objectives and Activities for the Plan Period

CLCL creates financial and non-financial value for Canada by transforming surplus and underutilized Government of Canada properties as well as managing iconic Canadian attractions. Through the Company's Real Estate and Attractions divisions, as well as its corporate support and oversight, value creation is maximized by the integration, development, and management of assets in the communities in which the Company is privileged to operate. Success means implementing the Company's values while always being financially resilient.

For more details about the Company's activities and performance, please refer to its corporate reports available on its website at clc-sic.ca/reports-and-expenses.

Objectives and Activities

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

1. Continue CLCL's program of reintegrating former Government of Canada properties into productive use for the benefit of Canadian communities. The critical outcomes will be new sources of economic activities in municipalities, such as construction work, community amenities, green spaces, and housing, both market and affordable, where residents can live, work and play (Strategic Plan priority: Real Estate – Transform Surplus and Underutilized Properties).
2. Continue to build and maintain strong partnerships with Indigenous communities. This could include the Company being invited to develop a new partnership by a department undertaking consultations, or it could be the result of the Company's ongoing engagement and relationships with certain Indigenous communities and their leadership. Each partnership is unique and tailored to the Indigenous communities' interests and desires as well as the context of the property or attraction and the opportunities available. These partnerships have included working together on initiatives around commemoration, exhibit development, employment and training, procurement, and commercial land transactions (Strategic Plan value: Social Impact).
3. Continue to work with Public Services and Procurement Canada and other departments on collaboration projects. The critical outcomes include realizing the potential of these underutilized sites by assisting the government in efficient rationalization efforts and creating new communities that include the reduced federal employment uses as well as green spaces, amenities, and new housing. (Strategic Plan priority: Real Estate – Transform Surplus and Underutilized Properties).
4. Demonstrate climate leadership and contribute to a cleaner environment by implementing strategies that will support the government, including its commitment to net-zero emissions by 2050. The Company will achieve this through its climate roadmap, which is embedded in its broader ESG program. The Company's goal is to be seen as a leader in climate, both in emissions reductions and climate resilience, and report on its climate efforts through a variety of means, including its annual ESG report (Strategic Plan value: Environmental Sustainability)

5. Investigate areas of expansion of CLCL services and support to the Government of Canada. The outcome of this initiative will be more efficiencies and innovations brought to the government by using CLCL's expertise in real estate development and attractions management. These could include support with respect to disposal due diligence activities, exploration of new delivery models such as leasebacks to name a few. (Strategic Plan priority: Real Estate – Transform Surplus and Underutilized Properties; Strategic Plan value: Social Impact).
6. Seek opportunities to enhance the Company's attractions, as well as their environmental sustainability. The critical outcomes will be the delivery of outstanding and uniquely Canadian experiences, which will be considerate of the attractions' impacts on the environment. The objective will be achieved through maximizing operational efficiencies and implementing green initiatives as part of the Company's ESG framework commitments (Strategic Plan priority: Attractions – Create Unique Canadian Experiences; Strategic Plan value: Environmental Sustainability).
7. Be a workplace of choice by supporting and championing equity, diversity, inclusion, and accessibility throughout and ensuring the Company is representative of the Canadian population. CLCL will achieve this by supporting a culture where everyone can be their authentic selves and feel supported, and where the Company continually evolves to meet the needs of an ever-evolving workforce (Strategic Plan priority: A Workplace of Choice).

4.2 Overview of Risks

The Company faces both financial and non-financial risks that, if not managed effectively, could significantly and materially impact the Company. In Appendix 7, the current key risks identified by the Company's enterprise risk management (ERM) program are described, and a brief summary of the actions taken to mitigate those risks are outlined.

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. Other macroeconomic factors such as economic growth, inflation, interest rates, foreign exchange, regulatory requirements and initiatives, litigation and claims that arise in the normal course of business can also impact the performance of the Company.

Canada's tourism industry has bounced back over the past two years to close to pre-pandemic levels of spending while moving closer to 2019 levels of international arrivals. The real estate industry, particularly the housing market, is currently facing significant headwinds from inflation, interest rates, and slowing economic growth in much of Canada.

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

- Revenue generation and profitability (a key risk of the Company), which is defined as the failure to generate adequate revenue, cash flow and/or profits, which would limit support of business operations including capital investments and/or optimal resource allocation decision-making.
- Liquidity, which is defined as either: the Company's inability to meet short- and long-term financial obligations as they come due, which may affect its credit rating and overall reputation; or its inability to sell assets quickly without loss of value.
- Revenue and costs forecasting, which is defined as inaccurate assumptions that may result in a significant deviation from estimates. This is particularly significant in the Real Estate Division where cost inflation has been significant and the projects, and consequently their assumptions, can extend 10 or more years, depending on their nature and length.

- Lack of financing, which is defined as not adequately having sufficient funds to support and sustain operations. This is particularly significant in the Real Estate Division, where sizable investments may be required early in the development life cycle, with revenue not coming until years later, and the Company ensuring that it has sufficient financing, either internally or externally, for the duration of the project.

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

- Cybersecurity, which includes internal or external attacks on the Company's information systems, which may result in a financial loss, loss/leakage of data, system disruptions and/or potential reputational damage.
- Macroeconomic uncertainty, which includes changing macroeconomic conditions that may influence real estate and/or visitor markets, as well as the market participation rate of vendors that may affect the Company's operations, revenue streams and increase overall costs.
- Physical safety, which includes the health and safety incidentals that may affect the Company's key stakeholders, including employees, contractors, tenants, and the general public.
- Climate change, which includes the failure of the Company to: (i) effectively manage and mitigate the impacts of significant changes in global temperature, precipitation, wind patterns and other measures of climate on its operations, and/or (ii) meet stakeholder expectations or comply with required obligations regarding climate change disclosures/reporting.

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

Risk Management

The Company uses a practical approach to the management of risk. Following the successful implementation of a revamped ERM program, the Company developed an ERM framework (Framework) that sets the overarching guidelines on how risks shall be managed. The Framework was developed to establish sound, practical good governance, and risk management principles throughout the Company. It also provides an outline of the overall ERM objectives, the risk governance structure, roles and responsibilities, and the process to manage risks. The Company continues to work with a third-party consultant to maintain the effectiveness of the Framework and mature its ERM program.

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

Specifically, the Framework identifies the following key objectives:

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

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

Management is responsible for implementing the Framework, policies, and procedures. Management's key risk management objectives are to ensure that relevant risks are properly identified, prioritized, and assessed, and that appropriate mitigation activities are in place or planned to reduce risks to an acceptable level. Management is also responsible for installing and maintaining a strong risk culture while monitoring and reporting key risks.

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

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

4.3 Expected Results and Performance Indicator Overview

CLCL has more than 28 years of successful operation, generating over $1.3 billion in financial contributions to its shareholder since inception. Over the Plan Period, the Company will continue its trajectory of success through a number of opportunities and activities. CLCL uses benchmarks, targets, key performance indicators (KPI) and comparators to measure itself against the markets in which it operates, such as market studies, internal audits, financial management dashboards, and KPI reporting, to continually monitor its operations, all overseen by its Board of Directors. Strategies and outcomes will continue to align with CLCL's mandate, business objectives, and performance will be measured against the Strategic Plan.

Outcome	Measure	Target Performance
Local developments and infrastructure projects are supported in collaboration with municipalities and other local stakeholders to provide new and improved roads, sewer and water management facilities and other related activities. (CLCL)	Dollars invested and municipal approvals obtained	Provide funding sources to make the capital investments budgeted during the Plan Period to support the outcome. Provide sufficient resources to support obtaining 10 approvals during the Plan Period.
Exceed municipal requirements to deliver long-term affordable housing that meets local needs. (CLCL).	Number of properties and units enabled	5,000 units enabled over the Plan Period.
Establish authentic Indigenous partnerships and relationships through projects and attractions; to have these relationships, and accumulated knowledge, inform decisions made throughout the company. (CLCL)	Number of partnerships	Seven partnerships
Development of surplus federal real property is managed effectively and efficiently, and strong financial and non-financial results are delivered to Canadians and the federal government. (CLCL)	Revenues earned, opportunities for affordable housing, green spaces delivered, positive community engagement	• Meet or exceed revenue targets during the Plan Period; • Enabling affordable housing and green space delivery that meet or exceed municipal requirements during the Plan Period; and • Hold seven engagement programs during the first year of the Plan.
Development projects and attractions that are environmentally sustainable, climate-resilient and aligned with best practices through greener technologies that align with the government's goals of climate leadership. (CLCL)	Reduction in greenhouse gas (GHG) emissions Number of properties adopting and implementing site specific climate resilience and adaptation plans	Metrics and targets established as part of the Company's Climate roadmap
Internal programs and initiatives that use industry best practices and support strong employee engagement, accessibility, diversity, and inclusivity for a workforce that is representative of the Canadian population. (CLCL)	Create programs and strategies with related benchmarks and goals to foster a diverse and inclusive workforce	Implement action plan as outlined in the Strategic Plan

5. Financial Overview

5.1 Expected Results for 2023/24 and Plan Period 2024/25 to 2028/2029

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

The Company's financial strategy is to operate with strong fiscal responsibility through its various business divisions across the country to optimize, not maximize, cash flow and profit for reinvestment and return to its shareholder, in both the short and long term. The Company has focused more efforts in building financial resilience in its operations, by exploring new approaches to the utilization of its real estate and attractions assets.

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

The Company's financial plan, which includes its financial results and financial position over the Plan Period, is included in Appendix 2, Section 7.4. All the sections of this corporate plan should be read in conjunction with the Company's financial plan to obtain a full, comprehensive understanding of the assumptions, risks, uncertainties, and context.

The financial plan reflects the Company's best estimate of the expected results over the Plan Period at the time of writing. With any financial plan spanning five years, particularly a plan that projects real estate sales in numerous markets across Canada, there is naturally a significant degree of uncertainty. That "typical" or "normal" uncertainty is exacerbated by the current housing climate in Canada, that adds additional volatility into the Real Estate Division. The Real Estate Division, through the quality of its assets, the diversity of its asset locations, and the length of development cycles, is positioned to sustain the challenges in both the short-term and the long-term.

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

Following is a summary of the projected results for 2023/24 and the Plan Period. Further details are included in Section 7.1.

Revenue

The Company forecasts $288.3 million in revenue in 2023/24 and projects $2.6 billion in revenue over the Plan Period. The Company's projected revenues fluctuate year over year, primarily as a result of the Company's real estate sales. Real estate development and sales have a significantly longer turnover cycle than the Company's Attractions division. Real estate sales, and their timing, are dependent upon many factors, including obtaining municipal approvals, which will drive the timing of when products can be brought to market, and as a result, when the projects can generate revenue.

Profitability

Net income before tax (NIBT) is forecasted for 2023/24 to be $31.2 million. Over the Plan Period, the Company projects $818.7 million in NIBT. The consolidated annual profit will vary significantly as a result of fluctuations in real estate sales, as mentioned above. The operating profit margin[1] will average 42% during the Plan Period. It will vary year over year during the Plan Period, primarily due to the particular mix of real estate assets being sold in any given year.

General and Administrative (G&A) costs

G&A costs include both indirect operational costs for attractions and real estate, and corporate overhead costs. The total G&A costs for 2023/24 are forecasted to be $41.2 million or 14.0% of total revenues. For 2023/24, G&A was increased from the amount budgeted in the 2023/24 Corporate Plan by $2.0 million (or 5.1%) as a result of higher wage increases than budgeted due to market conditions, higher costs to support the increase in revenues from the Attractions Division, and investments in strategic priorities and initiatives.

Over the Plan Period, the G&A costs are projected to be $224.3 million or 9.0% of total revenues. In 2024/25 wages and burden were forecast to increase 3.5% from the previous year. From 2025/26 to 2028/29, the G&A costs are forecasted to increase 2.0% per year. Corporate overheads over the Plan Period will represent approximately 51.0% of the total G&A costs, or 4.0% of total revenues.

Capital Investment

Capital investment for the Company includes expenditures on real estate, which include land development costs and investment in long-term hold properties, and investment in its attractions. In 2023/24, the Company projects $113.5 million in total capital expenditures. Over the Plan Period, the Company forecasts to invest $869.1 million, of which $679 million will be in real estate and $190 million in its attractions. The amount of investment annually will vary depending on the stage of development of the Company's projects. The Company is very focused on ensuring that investment, particularly real estate development investment, is made at the appropriate time and is closely aligned with the sales strategy and timing for a project.

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

Borrowings

The Company's borrowings, which include cash borrowing and letters of credit, are forecasted to be $95.6 million and well within the $200 million of credit facilities available at the end of 2023/24. In the first year of the Plan Period, the Company is projecting to finish the year just below its current borrowing limit for PDP of $100.0 million at $99.2 million, whereas CLC will be well below its borrowing limit by $41.2 million. In the second year of the Plan Period, the Company would be looking for additional borrowings at PDP as the amount of anticipated letters of credit increase as servicing commences in certain projects. Those additional borrowings are projected, and it is assumed that CLCL will require additional authorities in next year's Plan. During the Plan Period, the average annual borrowings, which are both cash and letters of credit, will be $232.2 million, peaking in 2027/28 at $291.3 million.

Capital Management

The Company's capital management and retained earnings policy is included in Appendix 2, section 7.3. The Company projects its dividend payments based on the forecasted cash on hand and the cash requirements of the Company in subsequent years. The Company is projecting $400 million in dividends over the Plan Period, an average of $80 million annually, or an average return of 10.0% of equity. Dividends are expected to continue to be declared annually in support of the Company's strategic value of financial resiliency, but any dividend declarations are at the discretion of the Company's Board of Directors. Actual dividend payments could vary materially from those projected based on the financial performance of the Company. During the Plan Period, the Company projects to generate $854.7 million in positive cash flow from operating activities. The Company projects an average return on equity of 14.6% during the Plan Period, while still showing prudent and responsible fiscal management by maintaining an average debt to equity ratio of 0.52:1.0 and sufficient cash balances to fund capital investment and operations.

6. Appendix 1: Corporate Governance Structure

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

CLCL was incorporated under the *Companies Act* on March 7, 1956, and continued under Articles of Continuance dated September 19, 1977, under the *Canada Business Corporations Act*. It is listed in Schedule III, Part 1 of the *Financial Administration Act*.

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

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

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

CLCL operates in the competitive and sometimes volatile real estate and tourism markets being impacted by the current global economic conditions. As such, it is directly affected by the unpredictability of those industries and various macroeconomic trends. Despite uncertainty regarding the global economy and Canadian real estate market, the Company has returned over $1.3 billion in dividend payments, federal and provincial income taxes, and property acquisition payments to the fiscal framework since its reactivation in 1995.

CLCL Boards of Directors

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

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

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

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

Canada Lands Company Limited – Board of Directors

Name	Role	Order-in-Council Date	Term	Expiry Date	Home Province
Kaye Melliship	Chair	06/06/18 (as director) 29/04/22 (reappointed) 7/10/22 (appointed as Chair)	4 years 2 years (reappointment) 4 years (as Chair)	06/10/26	British Columbia
Tareq Al-Zabet	Director	25/11/22	4 years	24/11/26	Ontario
Victoria Bradbury	Director	22/06/18 21/06/21 (reappointed) 31/05/23 (reappointed)	2 years 2 years (reappointment) 2 years (reappointment effective 21/06/2023)	20/06/25	Alberta
Guy Harvey	Director	27/01/23	4 years	26/01/27	Québec
Brenda Knights	Director	04/11/22	4 years	03/11/26	British Columbia
Margaret MacDonald	Director	19/06/19 31/05/23 (reappointed)	4 years 3 years (reappointment effective 19/06/2023)	18/06/26	Nova Scotia
Toni Varone	Director	06/06/18 29/04/22 (reappointed)	4 years 2 years (reappointment effective 06/06/22)	05/06/24	Ontario

Board Attendance for Fiscal Year 2022/23

Board Member	Board & committee meetings by videoconference or in person
Kaye Melliship	10/10
Tareq Al-Zabet (appointed on November 25, 2022)	3/4[1]
Victoria Bradbury	10/10
Guy Harvey	3/3

(appointed on January 27, 2023)	
Brenda Knights (appointed on November 4, 2022)	4/4
Margaret MacDonald	10/10
Toni Varone	10/10

1 Board Director Tareq Al-Zabet was unable to attend the November 29–30, 2022 Board meeting as a result of only having been appointed on November 25, 2022.

Canada Lands Company Limited – President and CEO

Name	Role	Order-in-Council Date	Term	Expiry Date
Stéphan Déry	President & CEO	04/12/23	4 years	04/11/27

Biographies

Chair, Kaye Melliship: Ms. Melliship has been involved in housing policy, governance, operations, and land use planning for more than 35 years. She is on the board of the Tofino Housing Corporation and has served on many board and advisory committees.

Tareq Al-Zabet: Dr. Al-Zabet's professional career extends over 30 years. As a former Deputy Minister, he has held senior positions in the provincial public sectors of Ontario, Saskatchewan, and Alberta in information technology, land management, construction, and infrastructure.

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

Guy Harvey: Mr. Harvey holds nearly 40 years of real estate experience over various senior director positions, with a unique expertise in real estate operations, program implementation, heritage conservation and portfolio management.

Brenda Knights: Ms. Knights has held various leadership positions while serving Indigenous People in Canada. As the current CEO of the Vancouver Native Housing Society, she continues to advocate for social housing and economic development initiatives for Indigenous peoples.

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

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

Board Committees and their Roles

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

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

Governance Committee

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

Human Resources Committee

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

Audit and Risk Committee

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

Real Estate Committee

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

Attractions Committee

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

Management Agreements

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

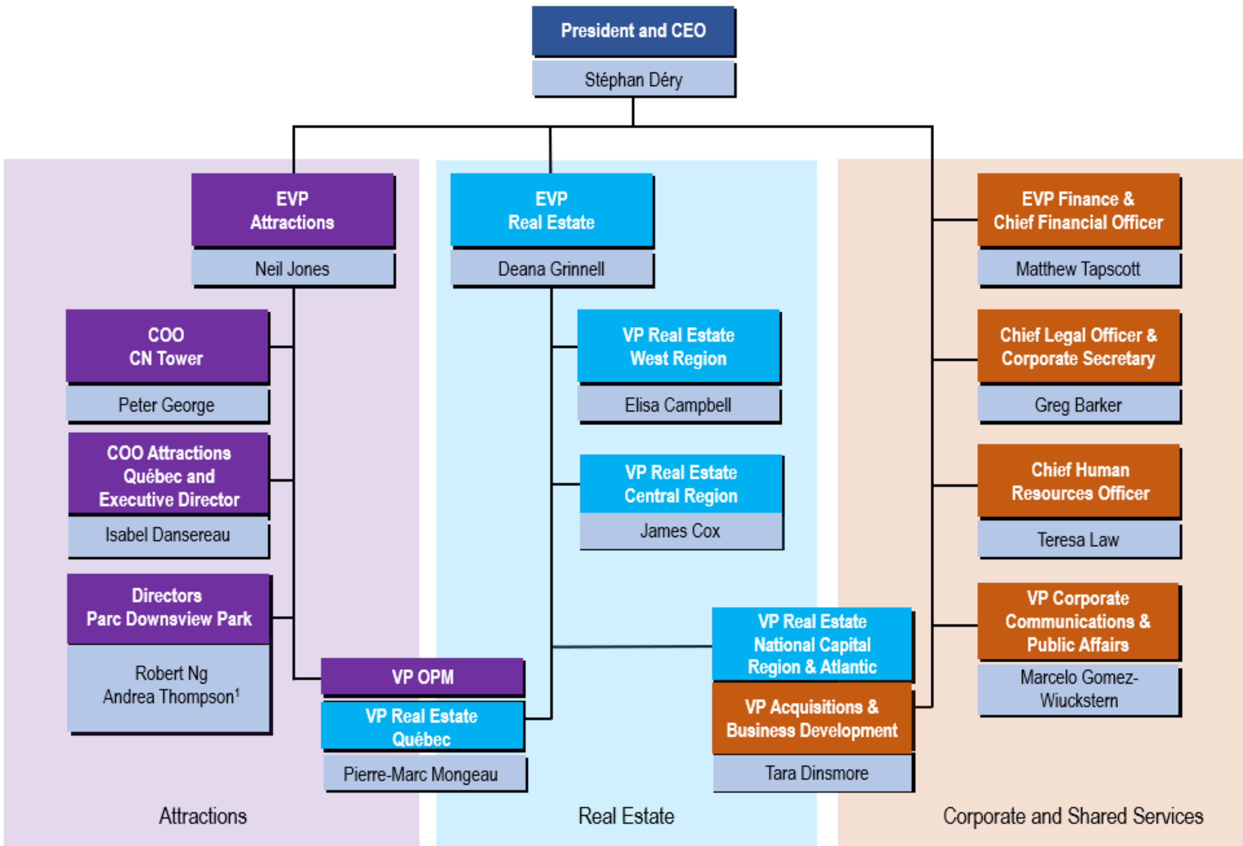
Annual Public Meetings

As a Crown corporation, and in line with best practices and the *Financial Administration Act*, CLCL provides an annual forum through which the public can offer feedback and engage in a dialogue with CLCL's Board of Directors and management on matters directly relating to its business. The next public meeting will be held in the fall of 2024. The 2023 meeting was held virtually on November 30 where the Chair and President and CEO discussed the operations and financial results of the Company relating to the last fiscal year and offered members of the public an opportunity to ask questions during the question-and-answer session.

FIGURE 1: CLCL CORPORATE STRUCTURE AND SUBSIDIARIES

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

FIGURE 2: CLCL SENIOR MANAGEMENT STRUCTURE



[1] Robert Ng and Andrea Thompson are not part of the Senior Management Team

The senior management team consists of the President and CEO and those members of management listed in Figure 2. This group is responsible for all business operations and results, setting corporate priorities, and developing and implementing the Company's corporate and strategic plans, consistent with CLCL's mandate and Board of Directors' oversight.

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

For 2022/23, CLCL's leadership costs for the Board of Directors and senior management, which include salary, benefits, at-risk pay, post-employment pension plan contributions, as well as retainers and per diems in the case of Directors, were $5.0 million.

7. Appendix 2: Financial Results Including Operating and Capital Budgets

The Company's operating and capital budgets, represented through the accompanying CLCL financial statements in section 7.4 of this appendix, provide the revenues, expense, profit, cash flows and capital investments that the Company projects to make during the Plan Period.

7.1 Operating and Capital Budget Highlights

The table in 7.1.1 summarizes the forecasted results of the key performance indicators for 2023/24 against budget, as well as showing the financial highlights over the Plan Period.

7.1.1 Key Financial Information

(in millions of dollars, except profit margin)	For the year ended March 31[1]		
	2024 Forecast	2024 Budget	For the Plan Period[2]
Total revenue	$288.3	$258.0	$2,555.2
Total operating profit[3]	$67.2	$63.1	$1,074.7
Total operating profit margin[3]	23.3%	24.5%	42.1%
Total net income before tax	$31.2	$25.1	$818.7
Acquisitions	$0.0	$8.2	$102.2
Investment	$113.5	$143.9	$869.1
Cash provided (used) by operating activities	$0.0	($67.3)	$296.8
Total credit availability	$104.4	$27.7	($80.6)
Dividends to the Government of Canada	$10.0	$10.0	$400.0
Upfront payments made available[4]	$0.0	$7.2	$62.2
Total assets	$1,060.8	$1,088.6	$1,136.9

1 Budget figures represent amounts included in the CLCL corporate plan 2023/24 to 2027/28.

2 Total credit availability and Total assets amounts shown in the "For the Plan Period" column is the projected March 31, 2029 balances.

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

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

7.1.2 Overview of Budget

Revenue

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

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

CHART 1

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

The Company forecasts that it will generate $288.3 million in revenue in 2023/24, which is $30.3 million higher than the 2023/24 budget.

The primary drivers for favourability against budget are strong real estate land sales, particularly in two projects: favourable results in the Company's attractions, particularly the CN Tower, and higher interest income.

The Company expects to generate consolidated revenue in the Plan Period of $2,555 million, or an average of $511 million per year. Revenues are not consistent year over year. The primary drivers for the large fluctuations in annual consolidated revenue during the Plan Period are the timing of real estate sales, as revenue from the Attractions Division is forecasted to be largely consistent annually.

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

CHART 2

Principal sources of revenue *(in millions)*

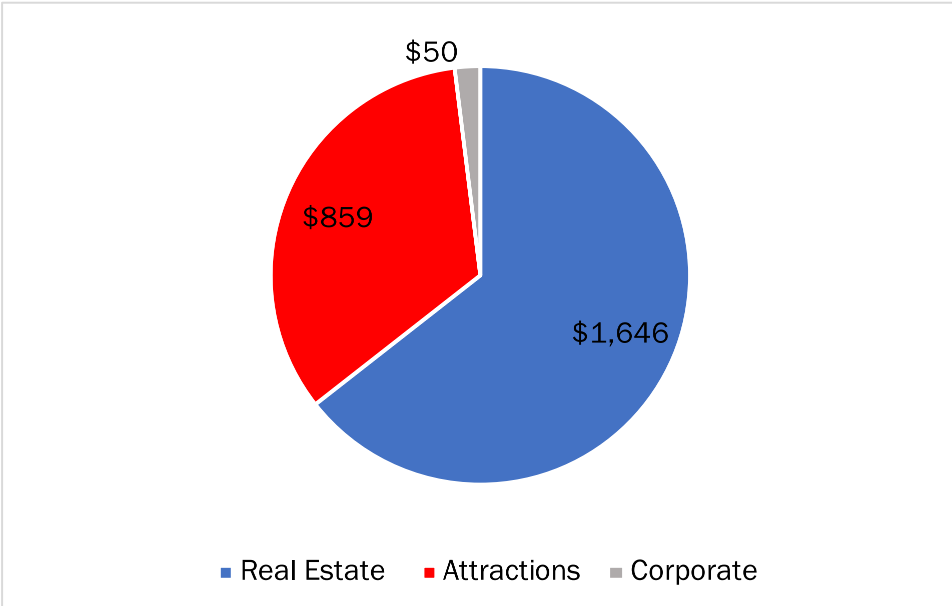
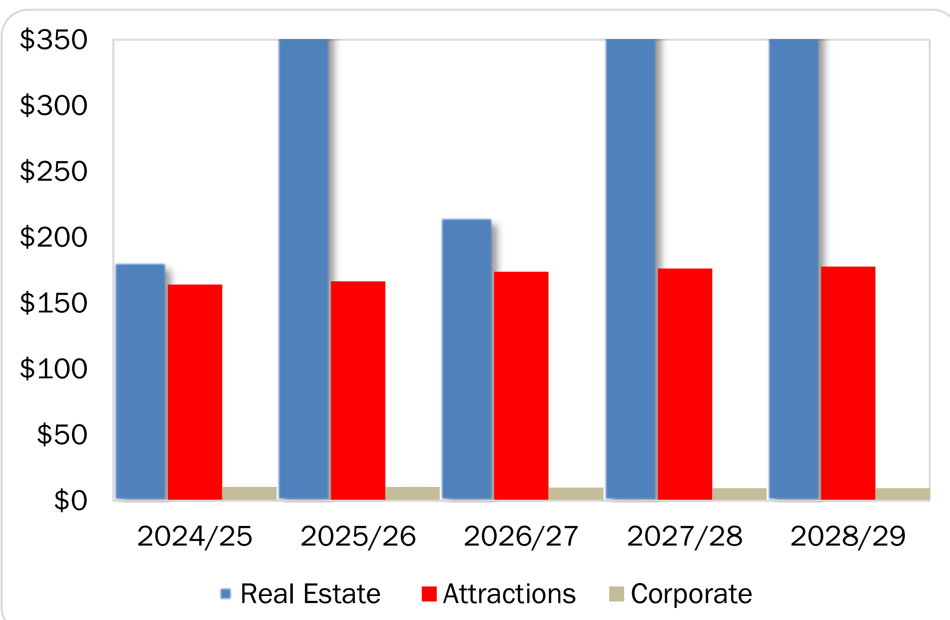


CHART 3

Principal sources of revenue *(by year)*



Profitability

Consolidated net income before tax (NIBT) for the Plan Period is $819 million, an average of $168 million per year. Similar to revenue, profitability fluctuates annually and is driven principally by real estate sales activity.

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

CHART 4

Principal sources of NIBT *(in millions)*

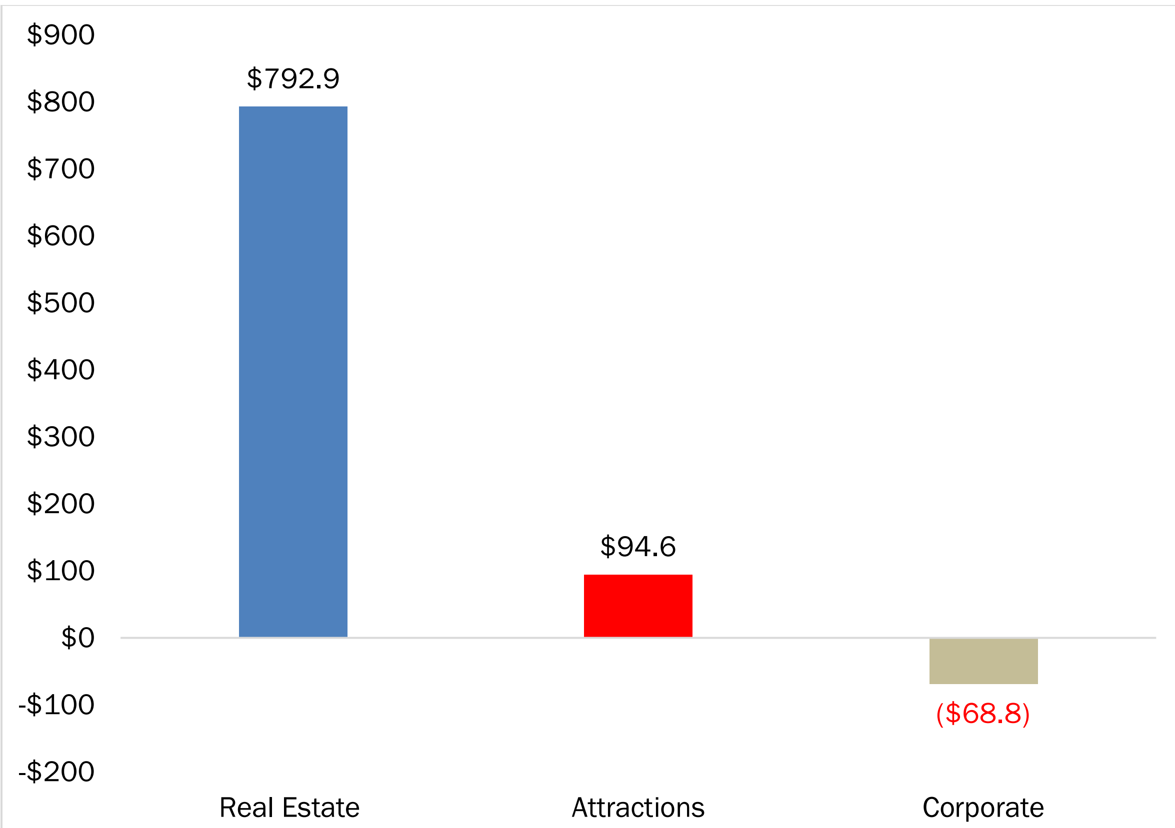
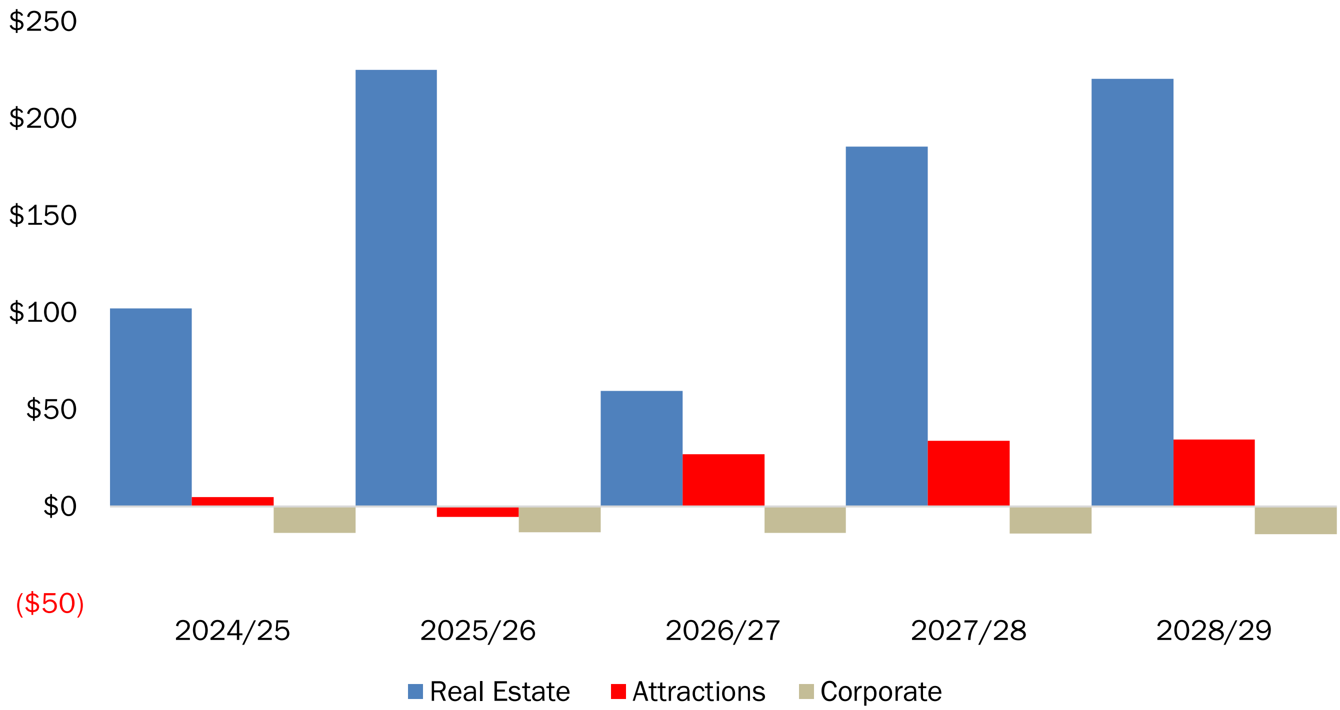


CHART 5

Principal sources of NIBT by year *(in millions)*



As a result of the increase in revenues for 2023/24, the Company forecasts its NIBT to be $31.2 million, which is higher than the budgeted NIBT of $25.1 by $5.1 million.

Over the Plan Period, the Company projects to generate $1,074.7 million in operating profit, or an average of $215.0 million per year.

During that same time, the operating profit margin will be 42.1% of total revenues. During the Plan Period, the annual operating margin will vary depending primarily on the real estate sales and product mix, while the operating margin from the Attractions Division is largely consistent.

General and administrative costs

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

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

TABLE 1

General and administrative costs summary

For the year ended March 31 (in millions, except percentages)	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan	Plan Period Total
Operating G&A costs	$20.5	$21.4	$21.9	$22.0	$22.4	$22.5	$110.2
Corporate G&A costs	$20.7	$22.4	$22.4	$22.8	$23.1	$23.4	$114.1
Total G&A costs	$41.2	$43.8	$44.3	$44.8	$45.5	$45.9	$224.3
Corporate G&A as a % of total G&A	50.0%	51.0%	51.0%	51.0%	51.0%	51.0%	51.0%
Total G&A as a % of total revenue	14.0%	12.0%	8.0%	11.0%	8.0%	7.0%	9.0%
Corporate G&A as a % of total revenue	7.0%	6.0%	4.0%	6.0%	4.0%	4.0%	4.0%

The Company projects total G&A costs for 2023/24 to be $41.2 million, which is higher than the $39.2 million that was budgeted. The primary driver for this increase is a result of several corporate objectives and initiatives around strategic priorities and initiatives, and a higher than budgeted wage increase.

Over the Plan Period, total G&A costs are expected to be $224.3 million. Indirect operating G&A costs are expected to be 49.0% of the total G&A costs, or $110.2 million, with the remainder being corporate G&A costs.

During the Plan Period, total G&A costs as a percentage of total revenue are projected to be 9.0%. In 2023/24 and 2024/25, those percentages are expected to be 14.0% and 12.0%, respectively, due to lower revenue as the Company's real estate sales revenue is relatively low compared to other years during the Plan Period as a result of the development cycle timing of the Company's projects. Over the Plan Period, the G&A costs as a percentage of total revenue decreases significantly (2028/29 – 7.0%) to arrive at the Plan Period average of 9.0% of total revenue.

Capital investment

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

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

In 2023/24, the Company projects $113.5 million in capital investment, which is lower than the budgeted $143.9 million. The primary driver for the lower capital investment is the deferral of certain Real Estate capital investments until future years as a result of development approval delays and the current market conditions, as well as Attractions' capital investment delays on a major project due to supply chain issues.

For the Plan Period, the Company projects to invest $869.1 million in capital, with $679.1 million in Real Estate and $190.0 million in Attractions.

Liquidity

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

The Company will continue to exercise prudent cash management processes and active monitoring of capital investment and performance. The Company forecasts to continue to have sufficient cash on hand to meet all its operational and cash requirements but will require additional borrowings on its credit facility in future years.

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

TABLE 2

Adjusted net current assets summary

As at March 31 (in $millions)	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Adjusted Current Assets[1]	$266.6	$308.9	$374.9	$328.2	$354.5	$418.3
Current Liabilities	$143.0	$206.7	$243.1	$198.2	$169.2	$145.4
Adjusted Net Current Assets	$123.6	$102.2	$131.9	$130.0	$185.2	$272.9

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

During the Plan Period, the Company is projecting payments of $978 million to its shareholder. See section 7.2, "Summary of Net Benefits to the Government of Canada 2024/25 to 2028/29."

7.1.3 Overview of Key Assumptions, Sensitivities and Uncertainties

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

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

Given the current environment in which the Company is operating, particularly the current real estate market, the significance and magnitude of the key assumptions could impact the forecasted results of the Company over the Plan Period materially. In addition to the current real estate market challenges, it should not be forgotten that the Attractions Division, along with the entire hospitality and tourism industry in Canada, has only recently emerged from the major impact of the COVID-19 pandemic and is still experiencing some key performance indicators below pre-pandemic levels.

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

7.1.4 Key Assumptions

Macroeconomic

- Macroeconomic conditions in Canada were discussed in Section 3, “Operating Environment.”
- The Company has assumed that the inflationary pressures on its inputs (e.g., the costs of goods, energy costs, development construction, consultancy costs), which are currently at untraditionally high levels, will decrease over the Plan Period and return to historical levels, resulting in more stable cost environment.

Attractions

CN Tower

- Financial performance is driven principally by attendance, which is forecasted for 2023/24 to be approximately 94% of 2019/20 levels (the last pre-pandemic year), or 1.75 million guests. Over the Plan Period, attendance is projected to increase gradually and return to 2019/20 attendance levels by 2026/27;
- A significant degree of the costs of operating and maintaining the CN Tower are fixed. As a result, fluctuations in attendance, which drives revenue, have a significant impact on both revenues and profitability. and
- Tourism, including from the U.S. and other foreign markets, is a significant driver of CN Tower attendance.

Old Port and MSC

- A significant driver of the financial performance of the MSC is attendance, particularly from school groups. In 2023/24 to date, attendance has been consistent with the prior year, but is behind budget. The Fall and Winter of 2023/24 may be a good indicator of future attendance at the MSC;
- A significant degree of the costs of operating and maintenance of the Old Port and MSC are fixed. As a result, fluctuations in attendance or tenants, which drive revenue, have a significant impact on both revenues and profitability; and
- The ability to either develop or rent popular exhibits is a key driver to the attendance at the MSC, which ultimately drives revenue and profitability.

Real estate

- Market assumptions: The corporate plan and budgets assume demand within its real estate markets to remain consistent with historical levels of balanced supply and demand through the Plan Period, which will drive relatively stable markets. The corporate plan does not attempt to predict significant gains or losses in market conditions in any of the areas where the Company owns property, particularly given the recent volatility in market conditions and the sharp increase in Canadian interest rates;
- Real estate acquisition assumptions: During the Plan Period, it is forecasted that sales of close to $53.6 million and NIBT of $19.8 million will be made for properties not yet owned by the Company but expected to be acquired; and
- Downsview Area Secondary Plan (DASP) assumption: The Company has assumed that the current approved 2011 DASP, which includes the Downsview Lands, will be amended during the Plan Period. The amendment process has been driven by the Company and Northcrest Developments (subsidiary of the Public Sector Pension Investment Board), an adjacent landowner that purchased 150 hectares (370 acres) in 2018 and is guided by the Company's appeal of the Official Plan Amendment and the settlement that resulted in a Site and Area Specific Policy. The amended DASP will reshape the vision for the combined 210 hectares (520 acres) owned by the two companies and will propose future road networks, parks and green spaces, and a range of land uses, and address the need for community facilities and services. The Company's assumption of the content of the amended DASP, including its range of land uses, has been incorporated into the corporate plan, and changes to the content of the approved plan would have significant impact on the Company's capital assumptions during the Plan Period.

Liquidity

- The Company has assumed that the credit facility maturing on March 31, 2024 will be renewed, that its capacity will increase to reflect the additional borrowings required (see Section 7.4.3), and that the borrowing costs will be comparable to market rates at the time of renewal and consistent with the current market rates;

Other

- General and administrative (G&A) costs have been assumed to increase between 2.0% and 2.5%, depending on the business unit, in 2024/25. For the remainder of the Plan Period, based on operating business unit, the Company has assumed G&A cost increases of between 2.0% and 2.5%. The G&A cost estimates for future years of the corporate plan are reassessed annually; and
- The labour markets that the Company operates in, particularly in Toronto and Montréal where the significant Attractions operations are, will be balanced and will allow the Company to hire competent, qualified individuals at prevailing market rates within reasonable time frames, while retaining its current workforce.

7.1.5 Sensitivities and Uncertainties

Attractions

- As mentioned above, a change in CN Tower attendance of 100,000 guests/year has an impact of approximately $6.5 million in revenues and between $3.0 million and $3.5 million in NIBT;
- As mentioned above, a change in the MSC attendance of 100,000 guests/year has an impact of approximately $1.2 million in revenue; and
- As mentioned above, OPMC’s PILT payments for the years back to 2013/14 are based on an independent third-party review. The contestation involves a disagreement regarding property values, exemptions that should apply, and whether certain parts of the property should be taxable. OPMC continues to work with its legal counsel and appraisers to determine its best course of action. In 2023/24, OPMC paid (under protest) the amount assessed by the City of Montréal for all the amounts assessed but outstanding back to 2013/14 in a show of good faith and to mitigate interest charges. There continues to be significant uncertainty regarding the amount that is ultimately determined payable at the time of resolution, as well as the amounts payable in future years of the Plan Period.

Real Estate

- Ottawa projects: The Ottawa real estate market is currently considered stable; however, the Company does have more than $290 million in sales during the Plan Period forecasted from Ottawa-based projects,
- Montréal projects: The Company has a significant number of real estate projects in the greater Montréal area that are forecasted to generate revenue and profit, during the Plan Period. The Company expects these projects to perform as forecasted; however, most of these projects are entering the sales and marketing phase for the first time during the Plan Period. The Company projects more than $280 million in sales, during the Plan Period.
- Currie, Calgary and Village at Griesbach, Edmonton: The Edmonton and Calgary markets continue to remain strong, and the Company is projecting more than $180 million in real estate sales
- Heather Street Lands and Jericho Lands, Vancouver: In the Plan Period, the Company projects to sell the first and second phases of its 50% beneficial interest in each of the Heather Street Lands, and the Jericho Lands, to its First Nations partners; and
- Downsview Lands, Toronto: As mentioned, it is expected that an amended DASP is forecast. The length and timing of the process to arrive at an amended DASP is difficult to determine, but it is not unreasonable to expect it to take a couple of years.

Corporate

The Company generates interest income from its excess cash on hand balance. If interest rates were to vary from the assumed rates by +/– 1% it would have an impact of $2 million to $3 million on the Company’s profitability and cash flows. As mentioned, the Company has assumed that G&A costs in 2024/25 will increase by 2.0% to 2.5%, based on the operating business unit. For the remainder of the Plan Period, the Company projects G&A cost aggregated increases of around 2.0% per year

7.2 Summary of Net Benefits to the Government of Canada 2024/25 to 2028/29

The Company provides financial benefits to the Government of Canada in various ways. As illustrated in the table below, the Company will contribute close to $978 million or an average of $196 million per year over the Plan Period.

TABLE 3

Net benefits to the Government of Canada

$millions	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Acquisitions[1]	22.2	5	0	30	5	62.2
Promissory note repayments	7.9	52.5	66.3	10.7	12.4	149.8
Income taxes paid (recovered)	12.8	55.2	89.5	(18.2)	83.3	222.6
Dividends to Government of Canada[2]	20	30	50	100	200	400
Recurring financial support to OPMC[3,4]	26	55.2	26.5	18	17.4	143.1
Total	88.9	197.9	232.3	140.5	318.1	977.7

1 Represents the upfront payment to the disposing department or agency, normally up to $5.0 million per property or portfolio.

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

3 Excludes the use of $8.6 million from cash and cash equivalents on hand at the end of 2023/24 that will be used during the Plan Period and any PILT contestation resolution funds required.

4 Included in the financial support is $54.3 million related to the OPMC Master Plan.

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

TABLE 4

Summary of investments 2024/25 to 2028/29 by operating division

$millions	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Real Estate	103	142	140	175	119	679
Attractions	40	63	35	25	27	190
Total	143	205	175	200	146	869

7.3 CLCL Dividend Policy and Retained Earnings Explained

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

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

CLCL continues to fund the annual OPMC operating deficit and capital requirements of approximately $31 million per annum forecasted during the Plan Period, which includes a forecasted $54 million of funding for the OPMC Master Plan. Prior to operational amalgamation in November 2012, these funding shortfalls, which at the time were approximately $24 million annually, were fully subsidized by the federal government. The Company also continues to fund the operating and capital requirements of Downsview Park, 291 acres of active and passive green space, of approximately $7 million annually.

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

The details of CLCL's sources and uses of cash are contained in the consolidated statement of cash flows in section 7.4.3 of this plan.

7.4 Financial Statements and Budgets

7.4.1 CLCL Consolidated Statement of Comprehensive Income (Loss)

For the year ended March 31

$millions	2023 Actual	2024 Budget	2024 Forecast		2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan	Plan Period Total
REVENUES										
Real estate sales	56.8	84.3	100.1		163.4	381.3	197.2	375.2	442.0	1,559.1
Attraction, food, beverage and other hospitality	113.9	116.3	126.6		132.4	135.1	139.4	141.8	142.4	691.1
Rental operations	46.4	45.8	44.9		44.7	44.6	45.9	47.1	44.0	226.3
Interest and other	13.8	11.6	16.7		15.9	15.1	17.0	15.4	15.3	78.7
	230.9	**258.0**	**288.3**		**356.4**	**576.1**	**399.5**	**579.5**	**643.7**	**2,555.2**
EXPENSES										
Real estate development costs	33.2	63.3	81.2		72.3	160.4	141.4	200.8	228.0	802.9
Attraction, food, beverage and other hospitality costs	73.6	81.8	82.5		87.8	87.7	89.3	90.4	91.5	446.7
Rental operating costs	42.4	38.2	40.7		26.9	33.3	34.9	28.1	29.0	152.2
General and administrative	32.6	39.2	41.2		43.8	44.3	44.8	45.5	45.9	224.3
Interest and other financing costs	3.3	1.4	3.8		2.5	2.1	1.8	1.5	1.4	9.3
Impairment of capital expenditures	6.2	9.0	7.7		29.8	41.9	14.2	7.9	7.3	101.1
	191.3	**232.9**	**257.1**		**263.1**	**369.7**	**326.4**	**374.2**	**403.1**	**1,736.5**
Income (Loss) before taxes	**39.6**	**25.1**	**31.2**		**93.3**	**206.4**	**73.1**	**205.3**	**240.6**	**818.7**
Income tax expense (recovery)	49.8	6.3	12.5		34.0	65.3	24.3	55.9	64.4	243.9
Net Income (Loss)	**(10.2)**	**18.8**	**18.7**		**59.3**	**141.1**	**48.8**	**149.4**	**176.2**	**574.8**

7.4.2 CLCL Consolidated Statement of Financial Position

As at March 31

$millions	2023 Actual	2024 Plan	2024 Forecast		2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
ASSETS									
Non-Current									
Investment properties	28.5	33.0	29.6		31.2	39.8	48.4	54.3	60.4
Inventories	375.5	340.9	369.6		347.2	360.6	296.2	276.8	232.7
Property, plant & equipment	161.3	169.4	166.8		158.8	156.9	153.9	150.5	148.6
Trade receivables and other	17.6	6.2	11.7		11.4	15.9	6.6	4.6	13.6
Long-term receivables	60.8	61.7	67.5		56.8	57.2	53.6	36.0	19.1
Deferred taxes	72.4	122.7	73.7		74.2	67.5	65.7	61.7	58.8
	716.1	733.9	718.8		679.7	697.9	624.4	583.9	533.1
Current									
Inventories	69.5	136.7	75.3		164.7	141.4	205.8	236.3	185.4
Cash	245.5	158.4	200.5		239.9	331.5	228.7	278.2	346.7
Short-term investments	–	3.6	7.0		3.6	3.6	3.6	3.6	3.6
Trade receivables and other	50.1	46.5	51.4		48.5	39.9	60.0	55.7	51.1
Current portion of long-term receivables	3.2	3.2	7.7		16.9	–	3.8	16.9	16.9
Current Income Tax recoverable and other Assets	–	6.3	–		–	–	32.1	–	–
	368.3	354.7	341.9		473.6	516.4	534.1	590.7	603.7
	1,084.4	**1,088.6**	**1,060.8**		**1,153.2**	**1,214.3**	**1,158.5**	**1,174.6**	**1,136.8**

7.4.2 CLCL Consolidated Statement of Financial Position Continued

As at March 31

$millions	2023 Actual	2024 Plan	2024 Forecast		2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
LIABILITIES									
Non-Current									
Notes payable	278.7	239.3	279.4		268.8	179.6	169.7	162.1	171.8
Provisions	1.3	0.8	0.9		0.9	0.9	0.9	0.9	0.9
Deferred taxes	3.3	11.4	3.3		3.3	3.3	3.3	3.3	3.3
Prepaid rent, deposits and others	2.8	3.1	2.8		2.8	6.1	8.7	11.8	11.9
	286.1	254.6	286.4		275.8	189.9	182.6	178.1	187.9
Current									
Credit facilities	52.7	74.9	68.2		98.4	97.8	125.4	71.5	63.3
Notes payable	20.8	35.0	7.9		28.5	66.3	10.7	12.4	10.0
Prepaid rent, deposits and others	6.8	6.1	6.8		6.5	6.5	6.5	6.5	6.5
Deferred Revenue	7.9	7.2	7.9		7.9	7.9	7.9	7.9	7.9
Trade and other payables	43.1	31.0	44.0		40.9	41.3	43.8	43.6	43.6
Provision for PILT being contested	25.4	–	–		–	–	–	–	–
Provisions	9.0	0.3	8.2		3.9	3.9	3.9	3.9	4.0
Taxes payable	9.9	–	–		20.6	19.4	–	23.5	10.2
	175.6	154.5	143.0		206.7	243.1	198.2	169.2	145.3
EQUITY									
Contributed surplus	185.1	185.1	185.1		185.1	185.1	185.1	185.1	185.1
Accumulated earnings	631.3	698.1	650.0		709.3	849.9	896.3	1,045.9	1,222.2
Accumulated dividends	(193.7)	(203.7)	(203.7)		(223.7)	(253.7)	(303.7)	(403.7)	(603.7)
Net Equity	622.7	679.5	631.4		670.8	781.3	777.7	827.3	803.7
	1,084.4	**1,088.6**	**1,060.8**		**1,153.2**	**1,214.3**	**1,158.5**	**1,174.6**	**1,136.8**

7.4.3 CLCL Consolidated Statement of Cash Flows

For the year ended March 31

$millions	2023 Actual	2024 Plan	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan	Plan Period Total
Operating activities									
Net Income	(10.3)	18.9	18.7	59.3	141.1	48.8	149.5	176.3	575.0
Income taxes paid	(10.2)	(32.6)	(14.5)	(12.8)	(55.2)	(89.5)	18.2	(83.3)	(222.7)
Depreciation	12.9	14.7	11.8	14.1	14.0	14.7	14.9	15.4	73.1
Cost of Property Sales	33.2	63.3	81.2	72.3	160.4	141.4	200.8	228.0	802.9
Expenditures on properties	(62.5)	(111.0)	(85.0)	(100.7)	(142.2)	(138.6)	(174.6)	(119.3)	(675.4)
Acquisitions	(27.1)	(8.2)	–	(38.6)	(5.0)	–	(34.3)	(24.3)	(102.2)
Write downs and impairments	8.8	9.0	11.7	31.0	39.9	14.3	7.5	5.1	97.8
Recovery of expenditures on properties	6.0	3.7	6.8	1.0	0.5	0.6	2.7	3.0	7.8
Recovery of expenditures on properties from joint ventures	–	–	–	3.0	4.3	–	5.0	8.3	20.6
Long-term receivables	(2.1)	(1.9)	(12.7)	5.6	15.7	(0.7)	5.8	30.9	57.3
Provision for PILT	–	(25.4)	(25.4)	–	–	–	–	–	–
Notes payable – notional interest	2.8	0.9	2.8	1.5	1.1	0.8	0.5	0.4	4.3
Income tax expense	49.9	6.3	12.5	34.0	65.3	24.4	55.9	64.6	244.0
Interest Expense	–	–	–	–	–	–	–	–	–
Change in current assets / liabilities	2.6	(5.0)	(7.9)	(7.5)	(2.4)	6.7	(16.5)	(8.2)	(27.9)
Cash Provided by (Used in) Operating Activities	**4.0**	**(67.3)**	**(0.0)**	**62.2**	**237.5**	**22.8**	**235.4**	**296.8**	**854.7**
Financing activities									
Change in Credit Facilities	14.7	25.4	15.5	30.2	(0.6)	27.6	(53.9)	(8.2)	(4.9)
Promissory Notes acquired	27.1	1.0	–	16.4	–	–	4.3	19.3	40.0
Promissory Note Repayments	–	(10.1)	(15.0)	(7.9)	(52.5)	(66.3)	(10.7)	(12.4)	(149.8)
Dividends	(10.0)	(10.0)	(10.0)	(20.0)	(30.0)	(50.0)	(100.0)	(200.0)	(400.0)
Cash Used in Financing Activities	**31.8**	**6.3**	**(9.5)**	**18.7**	**(83.1)**	**(88.7)**	**(160.3)**	**(201.3)**	**(514.7)**
Investing Activities									
Short-term investments	3.6	–	(7.0)	–	–	–	–	–	–
Expenditures on investment properties	(1.0)	(1.6)	(3.5)	(5.6)	(8.8)	(11.0)	(6.1)	(6.2)	(37.7)
Expenditures on property, plant and equipment	(27.4)	(31.3)	(25.0)	(35.9)	(54.0)	(25.9)	(19.4)	(20.8)	(156.0)
Cash Used in Investing Activities	**(24.8)**	**(32.9)**	**(35.5)**	**(41.5)**	**(62.8)**	**(36.9)**	**(25.5)**	**(27.0)**	**(193.7)**
NET INCREASE (DECREASE) IN CASH	**11.0**	**(93.9)**	**(45.0)**	**39.4**	**91.6**	**(102.8)**	**49.6**	**68.5**	**146.2**
Cash, beginning of year	234.5	252.4	245.5	200.5	239.9	331.5	228.7	278.2	–
CASH, END OF YEAR	**245.5**	**158.4**	**200.5**	**239.9**	**331.5**	**228.7**	**278.2**	**346.7**	**–**

7.4.3 CLCL Consolidated Statement of Cash Flows Continued

For the year ended March 31

$millions	2023 Actual	2024 Plan	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan	Plan Period Total
Loan balance, beginning of year	38.0	49.5	52.7	68.2	98.4	97.8	125.4	71.5	–
Change in loan balance	14.7	25.4	15.5	30.2	(0.6)	27.6	(53.9)	(8.2)	–
Loan balance, end of year	**52.7**	**74.9**	**68.2**	**98.4**	**97.8**	**125.4**	**71.6**	**63.3**	**–**
Letters of credit required	32.8	97.5	27.4	60.2	103.0	103.6	220.4	217.3	–
Total borrowings against credit facility	85.5	172.4	95.6	158.6	200.8	229.0	292.0	280.6	–
Total available	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	–
Available credit	**114.5**	**27.7**	**104.4**	**41.4**	**(0.8)**	**(29.0)**	**(92.0)**	**(80.6)**	**–**

8. Appendix 3: Government Priorities and Direction

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

- Infrastructure investments to create jobs and prosperity: CLCL invests in local infrastructure as part of its development projects. Over the Plan Period, it expects to invest $679 million in its real estate projects. CLCL's development projects stimulate the local economy and offer employment opportunities. Results are measured through the ability to complete key investments on time and on budget, and the reintegration of these properties into local communities.
- Housing and affordable housing opportunities: CLCL is continuing its work with municipalities in the integration of affordable housing in its developments, and to leverage programs offered by the National Housing Strategy. To date, CLCL has facilitated the implementation of more than 2,500 affordable housing units and continues to explore integration as more projects become active. Over the Plan Period the Company's goal is to enable the creation of 5,000 affordable housing units. A key performance indicator is the number of parcels or projects the Company can contribute, working within the municipal processes in which the Company operates.
- Effective management of Canada's finances, resources, and assets: CLCL's value creation ensures effective and efficient reintegration of former government property back into local communities. Key financial indicators, such as property sales and dividends, are used to measure financial results. Over the Plan Period, the Company will aim to acquire $102 million in surplus property, generate over $1,559 million in land sales and invest almost $679 million through project and capital expenditures, while returning $400 million in dividends to the government.
- Open and transparent engagement with Canadians: The Company actively consults local communities and stakeholders using various forums (e.g., workshops, virtual meetings, open houses, advisory committees) in creating development plans, which contributes to the government's openness and transparency objectives. A goal over the Plan Period is to begin, continue, and/or complete the public engagements for certain properties including Vancouver, Toronto, Ottawa, and Montréal. Results are measured by timely completion of engagement activities and through effective working relationships with municipalities and local communities.

- Build and maintain strong partnerships with Indigenous communities. At this time, CLC has entered into agreements of various forms with twelve First Nations covering projects on six properties in Vancouver, Winnipeg, Ottawa, and Halifax. Each arrangement is a unique partnership tailored to the Indigenous communities' interests and desire, the context of the properties and the opportunities available. Components of the agreements with the Indigenous communities have included working together on training, procurement and commercial land transactions.
- Demonstrate climate leadership and contribute to a cleaner environment by implementing strategies that will support the government, including its commitment to net-zero emissions by 2050. The Company will achieve this through environmentally sustainable operations and related project initiatives as outlined in its climate roadmap, which is embedded into its ESG program, and report on the Company's climate-related financial risks through the Task Force on Climate-Related Financial Disclosures and through its ESG reporting.
- Commitment to ensuring a workplace of choice: The Company continues to drive programs that support the enhancement of a healthy, equitable and respectful workplace, with an emphasis on psychological health and wellness programs. The strategy includes training and information sessions to promote wellness and mental health in the workplace.
- Commitment to diversity and inclusion: CLCL is committed to equity, diversity, inclusion, and accessibility through the creation of a variety of steering committees, resource and advisory groups, fostering inclusion of a broad range of voices and views in governance and decision-making. Each business unit supports employee-led committees, focus group discussions, multi-year plans, and training programs, with emphasis on understanding and removing biases, anti-racism, anti-harassment, and code of conduct.
- Commitment to transparent and diverse procurement: CLCL will continue to provide robust procurement opportunities on CLCL projects and promote inclusive participation, including contracting with Indigenous-led businesses. For example, at the Heather Street Lands and Jericho Lands projects, procurement to date shows that 65% of contracts where First Nations businesses submitted proposals have been awarded to First Nations businesses since 2014.
- The Company will continue to support the government's *Accessible Canada Act* and accessibility commitments through its internal inclusion policies and practices and its multi-year plan, and by including accessibility considerations in the design and development of its real estate projects and attractions programming.

9. Appendix 4: Strategic Plan and ESG Priorities

As outlined on page 5, below is an overview of the Company's Strategic Plan and ESG framework.

Canada Lands creates financial and non-financial value for Canada by transforming unused and underutilized Government of Canada property. Through the Company's Real Estate and Attractions Divisions, as well as its corporate support and oversight, value creation is maximized by the integration, development, and management of assets in the communities in which the Company is privileged to participate. Success means implementing the Company's values while always being financially sustainable.

Strategic Plan Priorities

Transform Surplus and Underutilized Properties

Canada Lands acquires properties from the Government of Canada. The Company seeks to engage actively with the Government of Canada to streamline and accelerate the process and expand the scope of acquisitions.

Strategic Priority

- Promote government and market understanding of the potential to be realized through Canada Lands' work to raise the bar in environmental, social, and other Canadian community and global objectives.
- Develop and deploy strategies to establish Canada Lands as the Government of Canada's preferred partner for surplus and underutilized real property assets.
- Engage in the government's efforts to streamline and reduce the time it takes to identify and sell properties to Canada Lands, thus establishing a steady flow of acquisitions.
- Assess the Company's communities toward greater inclusion of employment generators.
- Hold and manage real estate assets to ensure financial sustainability through strategic asset management.

Attractions Create Unique Canadian Experiences

Since Canada Lands' inception in 1995, the Company has operated attractions as an integral and ongoing part of its business. The Company's capacity, know-how, and experience positions it to do more and to excel at creating unique Canadian Experiences.

Strategic Priority

- Develop more deeply the Canadian Experience then assess the Company's existing attractions against this ideal to meet Canadians' needs, expectations, and values.
- Make every attraction an iconic, unique, inspiring, and quintessentially Canadian Experience demonstrating the Company's values.
- Promote the Company within government as an option for other current and potential attractions as either an owner-operator or operator.
- Hold and manage attraction operations to ensure financial sustainability through strategic asset management.

A Workplace of Choice

Canada Lands seeks to address equity, diversity, inclusion, accessibility, and environmental sensitivity through its social impact policies and practices. Canada Lands remains motivated and open to innovation in incorporating these principles into the workplace while creating both financial and non-financial returns through its employees, driving great results for the Company and Canada.

Strategic Priority

- Embrace and embed a social, environmental, and financial responsibility culture as key elements of Canada Lands' business practices.
- Support the Government of Canada's priorities to address inequities and support those with diminished opportunities.
- Make Canada Lands' workplaces and programs living evidence of the implementation of the Company's values and as representative of the Canadian population.

ESG Priorities

Climate	To become a recognized market leader in advancing Canadian ambition to achieve net zero by 2050 and facilitating the development of climate resilient communities nation-wide.
Diverse Procurement	To increase the value and number of contracts awarded to Indigenous businesses and businesses owned by underrepresented groups.
Equity, Diversity & Inclusion	To be a place of belonging; where everyone is welcome, appreciated for who they are and comfortable being their authentic selves.
Indigenous Peoples Collaboration	To have established authentic relationships through all our projects and attractions; to have these relationships, and accumulated knowledge, inform decisions made throughout the Company.
Affordable Housing	To use our unique position as a Crown Corporation with expertise in real estate development to be a solution finder and exceed the municipal requirements to deliver long-term affordable housing that meets local needs.
Psychological Health & Safety	To be a workplace where employees feel psychologically healthy and safe.

10. Appendix 5: Climate Leadership

Since 1995, CLCL has been a champion of sustainable development and environmental stewardship, contributing to a cleaner and more sustainable environment in municipalities where it conducts business.

To support Canada's international and national sustainability goals, the Government of Canada established the Greening Government Strategy that outlines a series of commitments and targets to ensure Canada remains a leader in climate change resilience. In it, the government encourages Crown corporations with significant real property, fleet, and procurement to adopt its measures or an equivalent set of commitments relevant to its business.

Task Force on Climate-Related Financial Disclosures

Climate change poses a systemic threat to society and the global economy. As greenhouse gas (GHG) emissions increase, the dangers of more frequent extreme weather pose increased physical risks for business and communities, advancing over time. Similarly, as global ambitions to reduce GHG emissions accelerate, the transition to a low-carbon economy presents risks for organizations who are not able to respond and adapt their operations in a timely manner.

As a Crown corporation, the Company recognizes the role it may play in advancing the federal government's commitment of achieving net-zero emissions by 2050. This includes aligning with the federal government's 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 reduce absolute scope 1 and scope 2 GHG emissions by 40% by 2025 and by at least 90% below 2005 levels by 2050. Details of the Company's progress to date are reflected in the table below. In addition, by implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as part of its corporate planning and reporting processes, the Company is better equipped to manage and mitigate climate-related risks while exploring potential opportunities to enhance the performance of our divisions.

In an effort to support the Greening Government Strategy, CLCL has reviewed the federal government's commitments to achieve net-zero emissions by 2050, including adopting low-carbon mobility solutions, fostering climate resilient real properties, services, and operations, supporting low-carbon procurement of goods and services and other areas. While components of the Greening Government Strategy may not apply to CLCL, given the nature of the business, the Company has reviewed these commitments when developing its climate targets. Key progress areas are summarized below:

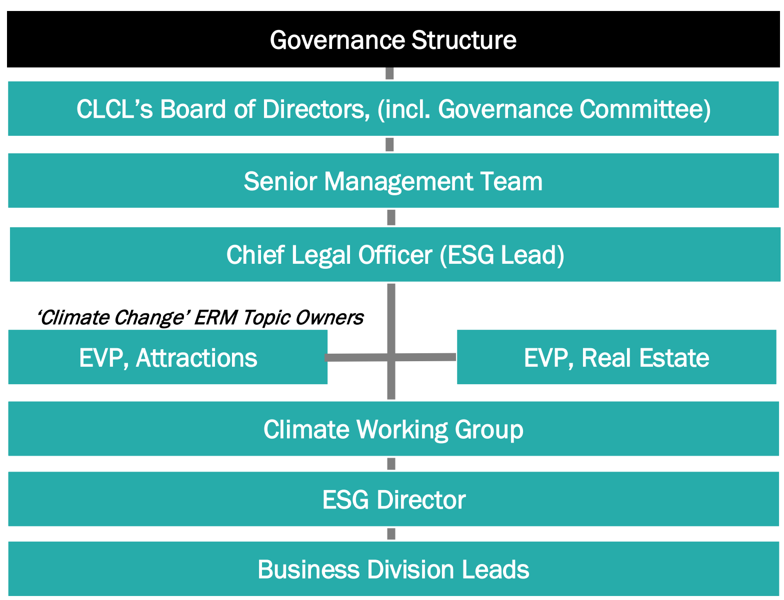
Aligning with the federal government's Greening Government Strategy

	Federal Commitment	Our Progress
 	**Net-zero emissions by 2050** *Reduce absolute scope 1 and scope 2 GHG emissions by 40% by 2025 and by at least 90% below 2005 levels by 2050.*	• CLCL's interim scope 1 + 2 GHG emissions reduction targets by 2030, 2040 and long-term 2050 net-zero commitment were developed referencing the federal government's Net-Zero Challenge outlining minimum ambition thresholds and decarbonization pathways to support the federal government's emission targets. • CLCL continues to explore specific decarbonization options for sites.
	**Mobility and fleets** *Adopt low-carbon mobility solutions, deploy supporting infrastructure in its facilities and modernize its fleets.*	• Attractions seek opportunities to adopt low-carbon fleets (i.e. hybrids, EVs). Real Estate sites do not have vehicle fleets. • CLCL supports opportunities for flexible work arrangements for employees, where possible, to limit employee commuting.
	**Real property** *Maintain a current, net-zero, climate-resilient real portfolio plan and ensure all new buildings and major retrofits prioritized low-carbon and climate resilience.*	• CLCL has committed to increase the percentage of Real Estate properties to include net-zero carbon buildings by 2030, 2040 and 2050. • Real Estate sites will continue sound practices and increase waste diversion from construction and demolition activities by 2030, 2040 and 2050.
	**Climate-resilient services and operations** *Minimize disruptions and damage to its assets, services and operations related to the impacts of climate change, consistent with the Federal Adaptation Policy Framework.*	• All Attractions and Real Estate properties will adopt and implement site-specific climate resilience and adaptation plans by 2030.
 	**Procurement of goods and services** *Aid the transition to a net-zero, circular economy through green procurement.*	• All procurement over $1 million will include a request for suppliers to identify their scope 1 + 2 GHG emission reduction targets and tracking approach, with evaluation points for that disclosure by 2024.

Aligning with the federal government's Greening Government Strategy Continued

	Federal Commitment	Our Progress
	**Engagement** *Focus on the well-being of employees and communities by creating sustainable workplaces and collaborating with stakeholders.*	• CLCL seeks opportunities to engage Attractions, Real Estate and Corporate Shared Services divisions in ESG efforts and promote a more sustainable workplace for employees.
	**Policies, oversight and performance** *Ensure accountability for environmental performance and commit to the principles of transparency and open data.*	• CLCL's inaugural ESG Report will be released in 2023/24. • CLCL continues to disclose its ESG performance through its Annual Report and other corporate disclosures. • CLCL has adopted the TCFD recommendations to address climate-related risks and opportunities. • To strengthen controls and consistency of data related to environmental performance, CLCL is implementing an ESG data management IT solution.

Governance



The Board of Directors has the overall responsibility to oversee the Company's risk management program, including climate-related risks. Annually, as part of the Company's enterprise risk management (ERM) annual risk refresh, the Board reviews the risk refresh process and the output of the process, which includes the key risks to the enterprise. In addition, the Board has oversight of the ESG program and is responsible for reviewing and approving the ESG materiality assessment, and its output including the ambitions, targets and KPIs for the ESG strategic priorities identified. In Fall 2023, the Board reviewed and approved the Company's Climate Roadmap which sets out the Company's decarbonization, energy management and climate resilience strategies and implementation plan to achieve its near term 2030 and 2040 targets and long-term net-zero by 2050 ambition.

The Senior Management Team (SMT) is responsible for reviewing and assessing climate-related risks as part of the Company's ERM program. In 2023, the Company expanded its Chief Legal Officer position to include responsibility for overseeing the ESG performance and ESG integration (ESG Lead).

In addition, the Company plans to introduce the position of an ESG Director to coordinate the implementation of the Company's ESG program across business units, including activities addressing climate change. The ESG Lead and ESG Director will work closely with the EVPs of Attractions and Real Estate as well as other members of the Senior Management team, to enhance the Company's management of climate-related risks.

Strategy

This year, the Company undertook climate scenario analysis to assess climate-related risks and opportunities that can impact its operations and strategic priorities. Analysis was based on three climate scenarios which leveraged global and national models over short- (1–2 years), medium- (3–5 years) and long-term (5–10+ years) as summarized below.

Paris Aligned	Insufficient Global Action	Climate Crisis
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.	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.	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.
Global average temperature increase by 2100		
+ 1.5°C	+ 2.5 – 2.9°C	> 4.4°C
References		
• IEA Net Zero Emissions 2050 • Bank of Canada: Net-Zero 2050 1.5°C • IPCC AR6 SSP1-1.9 • Canadian Energy Outlook (CEO) NZ50	• IEA Stated Policies Scenario • IPCC AR6 SSP2-4.5 • Bank of Canada: Baseline (2019 policies) • CEO NZ60	• IEA Current Policies Scenario • IPCC AR6 SSP5-8.5 • CEO Reference Scenario

Physical risks

In the Climate Crisis scenario, if not properly managed, high temperatures, heatwaves, and flooding may pose the greatest risks to the Company across its geographies. Examples of potential impacts may include added operating and infrastructure repair costs, labour disruptions, property damage and potential shutdowns and delays in supply chains. In addition, wildfires pose potential risks to particular Company real estate properties and Attractions, potentially increasing insurance costs, damaging buildings, and disrupting tenants. Finally, winter storms in Ontario and Quebec may pose added repair and retrofit costs for the Company's Attractions, and particularly real estate properties, resulting in site closures and reduced customer traffic, increased insurance claims and revenue losses.

● Transition Risk ● Transition Opportunity ● Physical Risk

Business risk	Transmission Pathway	Potential financial impact
Physical Risks	**High temperatures and heatwaves** Increased frequency and duration of high temperatures and heatwaves may result in damage to properties, overheating and placing added stress on assets and facility equipment across Attractions and Real Estate. Supply chains and construction activities may face delays in product shipments and reduced working days. Employees and tenants may face increased heat-related stress and illness. Added operating expenses may be incurred from increased cooling demands and higher landscaping resource demands.	↑ Increased operating costs and/or capital investment of replacing/retrofitting site cooling systems. ↑ Increased labour disruption. ↑ Increased resource demands, such as landscaping supplies.
	Flooding Increased frequency and intensity of flooding events may result in damage to properties, delayed ability to service Attractions and Real Estate sites, reduced capacity of city sewers to accommodate loads, disruption of critical services and transportation networks (roads, rail, ports) and delays in the shipment of goods and services needed at sites.	↑ Increased repair and maintenance costs and added capital investment for planning flood-resilient sites. ↑ Increased labour disruption. ↓ Decreased revenue due to shutdowns. ↑ Increased procurement costs and shipping delays.
	Wildfires Increased frequency and severity of wildfires i may result in significant damages to properties, overheating assets, and facilities. There may be disruptions in construction seasons due to reduced air quality and broader supply chain network disruptions. Communities, residents, and tenants may be more frequently displaced.	↑ Increased operating costs and/or capital investment of repairing/retrofitting sites. ↑ Increased labour disruption. ↑ Increased insurance costs for properties. ↓ Decreased revenue flows from tourists and tenants.
	Winter storms Increased frequency and prolonging of winter storm events, including flash freezing, quick thaws and increased precipitation (snow, ice, rain) leading to damage to assets and infrastructure. There may be reduced tourists for Attractions and increased risk of ice accumulation on buildings leading to health and safety risks for pedestrians and employees.	↑ Increased operating costs and/or capital investment of replacing/retrofitting equipment. ↑ Increased labour and operations disruption costs, insurance claims. ↑ Increased revenue disruptions (i.e., lost revenue due to site closures and/or added revenue from increased winter events).

Transition risks and opportunities

In Paris Aligned scenario, the Company may experience the impacts of transition risks of moving towards a low-carbon economy, such as enhanced emissions reporting obligations and mandates, including greater pressure to support the Federal GHG emission reduction targets. In addition, increased pricing of GHG emissions (i.e., higher energy costs due to carbon taxes and levies) may result in higher operating costs across the Company if it continues to rely on conventional energy inputs. As well, the availability and sourcing of raw materials and low-carbon products and services may particularly disrupt and delay real estate construction and demolition activities due to limited supplies and narrow vendor pools. Going forward, Attractions and Real Estate sites are expected to perform site-specific climate risk and vulnerability assessments to identify key risks and begin developing and executing mitigation and adaptation plans by March 31, 2030. In addition, the Company plans to conduct quantitative climate scenario analysis over key climate-related risks to assess potential financial impacts to the Company at the enterprise level over the short-, medium- and long-term.

	Business risk	Transmission Pathway	Potential financial impact
Transition Risks		**Enhanced emissions reporting obligations and mandates** Increased pressure from stakeholder groups to decarbonize and support climate-resilient operations and communities.	Increased operating costs and/or capital investment to fund decarbonization projects and initiatives. Increased reputational risks and pressure from visitors, tenants, and other stakeholders.
Transition Risks		**Increased pricing of GHG emissions** In 2016, the federal government announced the carbon pollution pricing benchmark for provinces and territories. By 2030, carbon pollution is expected to cost \$170/tCO_2e (minimum) across Canadian jurisdictions, leading to higher costs for conventional uses of energy and potential increase in prices for goods and services.	Increased operating costs from high energy prices and decreased revenue. Increased costs for goods and services. Increased capital investment required to retrofit/replace equipment across Attractions and Real Estate sites.
Transition Risks		**Sourcing of raw materials** Changes in the availability of low-carbon products and services may reduce the Company's capacity to adopt and implement renewable technologies across its sites. In addition, the pool of Real Estate suppliers available to provide low-carbon construction and building materials may limit the capacity of sites to design and build low-carbon, climate-resilient communities as part of the Company's 2030 and 2050 scope 3 GHG emission reduction target.	Increased operating costs due to reduced availability of low-carbon goods and services available across markets. Increased operating costs due to delays in construction and demolition activities for Real Estate.

In Paris Aligned scenario, the Company may leverage transition opportunities to support the advancement of a low-carbon, climate-resilient economy. Key opportunities include enhancing energy and resource efficiencies across operations, reducing energy costs and lowering consumption demands while utilizing low-emission technologies. In addition, the Company may enhance its partnerships by collaborating with stakeholders to explore mutually beneficial opportunities to reduce environmental impacts while developing a more resilient supply chain network. This includes working with the Company's Real Estate contractors and sub-contractors to design low-carbon, climate-resilient communities for properties. The Company may act as a climate leader in contributing to the federal government's net-zero by 2050 ambition, driving value through enhanced ESG performance. Being in the early stages of its journey, the Company continues to seek opportunities to enhance its understanding and management of climate-related risks and opportunities as it advances its maturity to responding to the TCFD recommendations.

	Business Opportunity	Transmission Pathway	Potential financial impact
Transition Opportunities		**Enhanced energy efficiency** Increased carbon prices and availability of energy efficient technologies may reduce operating costs. The Company may reduce its energy consumption demand across the organization to contribute to its scope 1 and scope 2 GHG emission reduction target and net-zero ambition by 2050.	↓ Reduced operating costs. ↓ Reduced strain on equipment systems, limiting potential malfunctions and shutdowns avoiding revenue losses.
Transition Opportunities		**Low-emission sources of energy** Increased scale and adoption of low-carbon technologies on the market may enable the Company to substitute conventional sources of energy with renewable energy (i.e., solar, wind, PPAs, etc.). The Company may enhance its energy independence while contributing to its scope 1 + 2 GHG emissions reduction target and avoiding potential disruptions to operations due to power outages.	↓ Reduced operating costs across the Company. ↑ Increased potential for added revenue through on-site renewable energy sold to grid. ↓ Reduced operational disruptions due to power outages.
Transition Opportunities		**Partnerships and collaboration** Increased supplier chain and vendor engagement across the Company in order to build its capacity to decarbonize and enhance its climate-resilience.	↑ Enhanced reliability of supply chain networks, reducing delays in the shipment and delivery of goods and services. ↑ Improved business partnerships potentially resulting in more resilient supply chain and added revenue.
Transition Opportunities		**Demonstrate climate leadership** Contribute to the federal government's net-zero by 2050 ambition, leveraging the *Greening Government Strategy* and responding to broader stakeholder demands. Lead by example for the private sector by being an early adopter of decarbonization and climate-resilience strategies to enhance the Company's performance. Showcase efforts and build reputation.	↓ Reduced operational costs. ↑ Enhanced resiliency through improved business performance and reputation. ↓ Mitigate risks and potential penalties for failing to comply with Federal climate mandates.

Risk Management

The Company's ERM program (the Framework) sets the overarching guidelines on how risks shall be managed across the Company. The Framework provides an outline of the overall ERM objectives, the risk governance structure with detailed roles and responsibilities, and the process to manage risks at the Company. In 2022, "Climate Change Management" was identified as a key stand-alone risk given its potential impact and significant implications in both short- and long-term. Following the completion of the climate scenario analysis and other climate-risk related activities, the Company's risk universe was updated to reflect the output of this analysis and activities. These updates included the creation of new climate-related risks (i.e., climate resilience, decarbonization) in the universe, modification of the definition of climate change management, and the integration of transition risks (including rising shareholder and stakeholder expectations, regulatory and disclosure requirements) and physical risks (including changes in global temperatures and precipitation patterns) into risk definitions, where appropriate. In addition, the Company refined its existing risk definitions of several risks to incorporate climate-related considerations. The 2023/24 ERM risk refresh exercise is currently underway, and the changes to the risk universe and the Company's risk landscape, particularly in the area of climate, will be considered.

The identification and management of climate-related risks is the responsibility of the Board of Directors and an active area of responsibility for Management.

Metrics and Targets

Our Climate targets:

Scope 1 + Scope 2

- Reduce scope 1 + 2 emissions by 40% by March 31, 2030, 70% by March 31, 2040 and achieve net-zero emissions by 2050, below 2022/23 base year.

Scope 3

- All procurement over $1 million include a request for suppliers to identify their scope 1 + 2 GHG emission reduction targets and tracking approach, with evaluation points for that disclosure by June 30, 2024.
- Increase diversion of waste generated during Real Estate construction and demolition activities by 90% by March 31, 2023, 95% by March 31, 2040 and net-zero waste by 2050.
- At least 30% of Real Estate properties sold will be designated for net-zero carbon buildings by March 31, 2030, 65% by March 31, 2040 and 100% of properties sold by 2050.

Climate resilience

- All Attractions and Real Estate properties adopt and implement site-specific climate resilience and adaptation plans by March 31, 2030.

Following guidance from the federal government's Net-Zero Challenge, the Company strives to achieve Gold tier ambition and has committed to develop and implement credible and effective plans to transition to be net-zero emission by 2050, aligned to Canada's net-zero ambition.

In 2023, the Company prepared its inaugural GHG emissions inventory, prioritizing scope 1 and scope 2 emissions based on the *GHG Protocol Corporate Standard*. Under Operational Control Approach, the Company includes emissions from all Attractions (CN Tower, Old Port of Montreal, Downsview Park), Corporate Shared Services (leased office spaces) and Real Estate sites held between April 1, 2022 – March 31, 2023. Given the nature of the business, properties held by Real Estate are subject to frequent changes in ownership as land is sold to builders or leased to long-term tenants on an ongoing basis. As such, in an effort to enhance the transparency of its GHG emission targets, the Company developed a GHG Base Year Recalculation Policy defining criteria on when to justify the recalculation of its GHG emission reduction targets as the Company's portfolio changes over time. The Company's scope 1 and scope 2 GHG emissions reduction targets by 2030, 2040 and 2050 currently includes all Attractions, offices leased for Corporate Shared Services and select Real Estate properties expected to be held post 2030. In the future, the Company will continue to monitor when revisions to its GHG emission targets are necessary to support the decarbonization of our operations.

In order to reduce its scope 1 and scope 2 emissions, the Company developed a decarbonization roadmap to explore cost-effective decarbonization options across Attractions and select Real Estate sites for assets expected to be held post 2030. As such, the Company aims to reduce scope 1 + 2 emissions by 40% by March 31, 2030, 70% by March 31, 2040 and achieve net-zero emissions by 2050, below FY2022/23 base year[3]. Key decarbonization options evaluated include pursuing building energy efficiencies (i.e., LED retrofits), fuel switching and fleet conversion, and potentially exploring power purchase agreements (PPAs) and on-site solar generation across Attractions and Real Estate sites. The decarbonization roadmap has been validated by the Company's Board and SMT and work continues to implement the decarbonization roadmap by 2030.

The Company extended its assessment of emissions across its value chain by completing a screening-level assessment of scope 3 emissions. The assessment identified material sources of scope 3 emissions across the value chain, based on guidance from the *GHG Protocol Corporate Value Chain (Scope 3) Standard* and the federal government's *Greening Government Strategy*. Material scope 3 categories include purchased goods and services, capital goods, use of sold products and waste generated in operations. Given this, the Company committed to the following scope 3 targets:

1. All procurement over $1 million include a request for suppliers[4] to identify their scope 1 + 2 GHG emission reduction targets and tracking approach, with evaluation points for that disclosure by June 30, 2024.
2. Increase diversion of waste generated during Real Estate construction and demolition activities by 90% by March 31, 2023, 95% by March 31, 2040 and net-zero waste by 2050.

3 Includes emissions from Attractions only (i.e. CN Tower, OPMC, MSC and PDP) and select Real Estate properties expected to be held past 2030. CLCL leased offices are excluded as emissions from spaces are considered non-material.

4 Does not include contracts with public agencies, such as municipalities and utilities.

3. At least 30% of Real Estate properties sold will be designated for net-zero carbon buildings[5] by March 31, 2030, 65% by March 31, 2040 and 100% of properties sold by 2050.

Finally, in an effort to enhance the climate resilience of the Company, all Attractions and Real Estate properties are expected to adopt and implement site-specific climate resilience and adaptation plans by March 31, 2030. This will help ensure Company sites are protected against physical risks as extreme weather and other climate-related hazards increase over time.

Over the next year, the Company plans to continue to work to explore and implement decarbonization options in order to achieve the Company's interim and long-term net-zero target.

5 Net-zero carbon buildings are defined by the World Green Building Council as inclusive of operational carbon from buildings as well as embodied carbon of structural materials used to design facilities. This aligns with the guidance provided in the federal government's Greening Government Strategy.

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