



Canada Lands Company

Société immobilière du Canada

CANADA LANDS COMPANY LIMITED

SUMMARY OF CORPORATE PLAN

2000 - 2001 TO 2004 - 2005

Including

CAPITAL BUDGET 2000-2001

OPERATING BUDGET 2000-2001

Canada

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CANADA LANDS COMPANY LIMITED

EXECUTIVE SUMMARY

This is a summary of the Corporate Plan of Canada Lands Company Limited, which Plan was prepared in January 2000, submitted to the Minister of Public Works Government Services in February, and approved by the Treasury Board and Governor-in-Council in June 2000.

Canada Lands Company Limited ("Canada Lands") is a holding company, with its major operations being carried out by its two principal subsidiaries, Canada Lands Company CLC Limited ("CLC") and CLC Downsview Inc., now re-named Parc Downsview Park Inc. ("PDP") to more accurately reflect its mandate. The parent company section of the Plan focuses on the corporate profile of Canada Lands, reports on the consolidated financial results, and sets out the approvals sought in the Plan.

The CLC section of the Plan reports on the projected financial results of that Corporation for the year ending 31 March 2000, whereby cash flow of \$45.6 million is expected, compared with a budgeted amount of \$37.6 million. The tables on pages 9 to 11 briefly highlight the financial projections, and also detail a number of non-financial achievements which tie into the Corporation's balanced scorecard. These are compared to the objectives contained in last year's Plan.

The environmental scan section of the plan deals with CLC's business lines, its partners, stakeholders and clients, economic indicators and current real estate market conditions, changes in asset mix, human resources issues and the social policy objectives of the Government which affect the Corporation.

Corporate Social Responsibility ("CSR") is regarded as a major business issue that will be given high priority in the next year or two. This is considered a strategic issue for the Corporation, as is the mandate review currently under way, which is linked to the federal real property disposal reform initiative being undertaken by the Treasury Board Secretariat. The other strategic issues outlined are Crown Transfers; First Nations Land Claims; and the Balanced Scorecard.

From the strategic issues, a number of objectives and performance measures have been developed for the budget year and the progress in achieving these objectives will be reported in next year's Plan.

The PDP section of the Plan sets out the five-year strategic direction for PDP to realize the mandate given to the Corporation by the Government to create a unique urban recreational greenspace. The Plan describes the mandate of PDP, provides a profile of the Corporation and summarizes the projected achievements of 1999 - 2000. It identifies the major strategic issues and objectives for the planning period and provides performance measures to evaluate future achievements. In addition, the Plan sets out the forecasted financial results of the Corporation for the year ending 31 March 2000, the budget year and Plan period.

In 1999, a major international Park design competition was initiated which attracted some of the pre-eminent architects and landscape architects from around the world. The design concept will be announced at the Canada Day celebration at the Park.

The strategic issues facing PDP are: completion of the international Park design competition; ability to attain financial self-sufficiency; management of relations with stakeholders; and financial management.

1.0 INTRODUCTION

Canada Lands now has two active subsidiaries, Canada Lands Company CLC Limited (“CLC”) and Parc Downsview Park Inc. (“PDP”).

Canada Lands is a holding company which achieves its mandate, vision and values through the operations of its wholly-owned subsidiaries. Canada Lands has no staff, except for the President & Chief Executive Officer, who is appointed by Governor-in-Council. All other staff are employed by CLC. CLC provides management services to PDP. The parent section of the Plan deals with the corporate profile and consolidated financial results of Canada Lands, and all information related to the operations of the active subsidiaries is dealt with in Annexes 1 and 2.

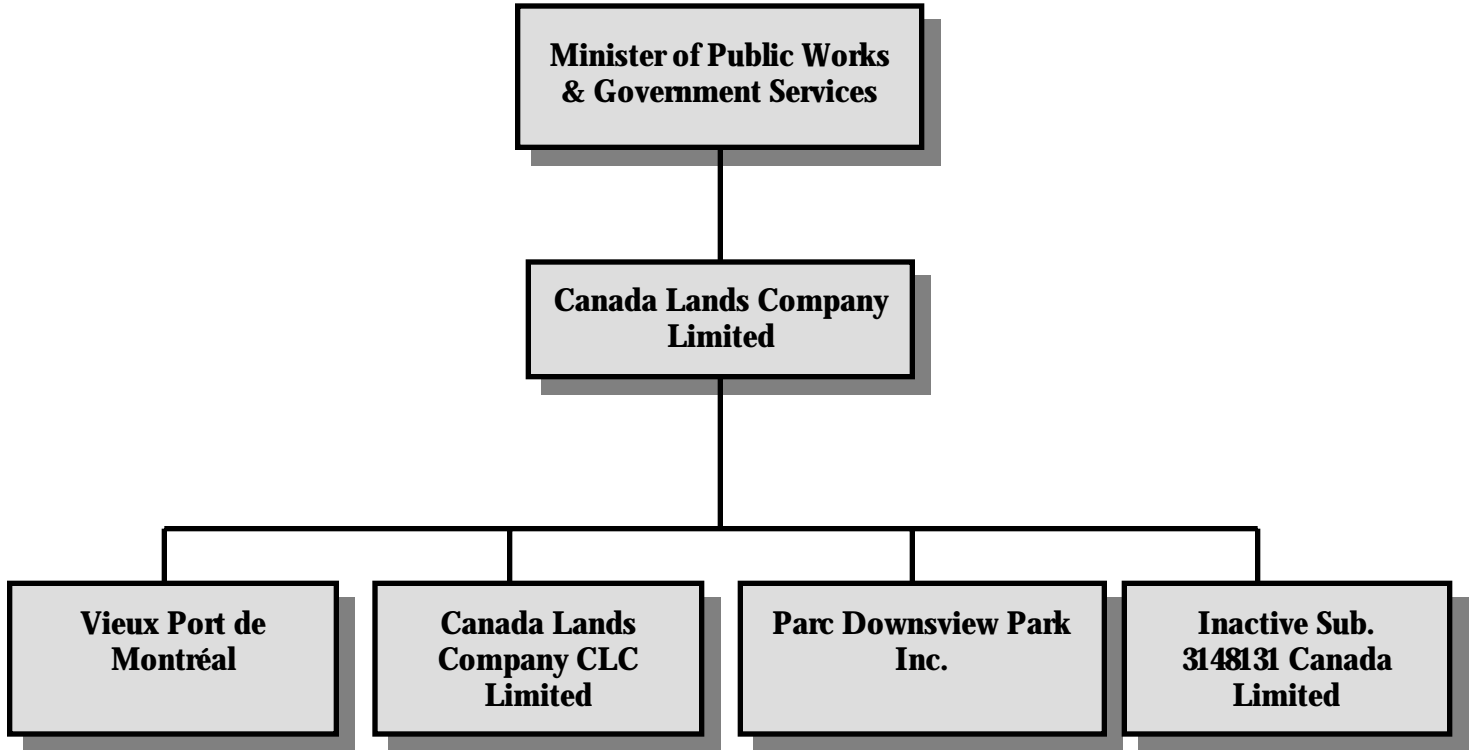
2.0 CORPORATE PROFILE

Canada Lands was reactivated in August of 1995 as a federal non-agent commercial Crown corporation to undertake the timely and orderly disposal of strategic real properties no longer required by the Government in order to generate optimal value and benefit to the Canadian taxpayer. In addition, the Corporation also manages certain select properties such as the CN Tower and the Downsview lands.

Canada Lands has four wholly-owned subsidiaries:

- CLC, the core real estate operation of the parent company, currently owns 3,100 acres of land in 34 municipalities across Canada, and has major offices located in Vancouver, Toronto, Ottawa and Montréal;
- PDP, a subsidiary incorporated on 17 July 1998 to develop and manage the former CFB Downsview lands as a unique urban recreational greenspace, to be held in perpetuity for the enjoyment of future generations. This fulfills the “trust concept” envisaged by the Government in creating a park at Downsview;
- 3148131 Canada Limited (“3148131”) is an inactive subsidiary; and
- Société du Vieux Port de Montréal Inc. (“Vieux Port”), a subsidiary which has the mandate to redevelop the Old Port of Montréal through infrastructure work, as well as to provide recreational and cultural programming. This corporation operates and is governed as a Parent Crown corporation, and files its own Corporate Plan and Annual Report as decreed by the Governor-in-Council.

2.1 Corporate Structure



3.0 CONSOLIDATED FINANCIAL HIGHLIGHTS FOR PLAN PERIOD

**CANADA LANDS COMPANY LIMITED
FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDING 31 MARCH 2000
AND THE FIVE YEARS 2000-2001 TO 2004-2005**

\$ Millions

	CLC			PDP			CONSOLIDATED		
	1999-2000	2000-2001	2000-2005	1999-2000	2000-2001	2000-2005	1999-2000	2000-2001	2000-2005
Property sales	110.3	97.2	456.1		20.9	37.4	110.3	118.1	493.5
Other revenue	15.7	13.3	77.1	6.6	8.6	41.0	22.3	21.9	118.1
Income before taxes	17.6	3.6	89.6	0.1	2.1	8.0	17.7	5.7	97.6
Expenditures on properties	52.6	76.4	250.2	2.4	2.9	38.1	55.0	79.3	288.3
Income taxes	6.5	1.3	33.1				6.5	1.3	33.1
Cash flow	45.6	27.9	181.0	(0.7)	18.8	4.7	44.9	46.7	185.7
Distribution to Shareholder									
CMHC notes repayment	25.7	4.6	42.3				25.7	4.6	42.3
Government notes repayment	10.3	13.8	69.1				10.3	13.8	69.1
Dividends / shares redeemed	26.7	27.2	72.0				26.7	27.2	72.0
Total	62.7	45.6	183.4				62.7	45.6	183.4
As at 31 March									
Assets	381.6	358.8	239.3	3.7	25.1	49.9	385.3	383.9	289.2
Debt	0.6	7.6					0.6	7.6	
Government / CMHC notes	97.5	88.9	2.3				97.5	88.9	2.3
Government notes (PDP)					19.0	35.5		19.0	35.5
Equity	194.1	169.2	178.7	0.1	2.2	8.1	194.2	171.4	186.8
Number of employees	95			11			106		

4.0 OPERATING AND CAPITAL BUDGETS

**CANADA LANDS COMPANY LIMITED
CAPITAL BUDGET 2000-2001
(Expenditures on Properties)**

\$ millions

Parent Company	NIL
CLC	76.4
PDP	<u>2.9</u>
TOTAL	<u>79.3</u>

OPERATING BUDGET 2000-2001

\$ millions

Parent Company	NIL
CLC	3.6
PDP	<u>2.1</u>
TOTAL	<u>5.7</u>

CANADA LANDS COMPANY CLC LIMITED – ANNEX 1

SUMMARY OF CORPORATE PLAN



**Heritage Square - Garrison Woods
(Calgary, Alberta)**

5.0 MANDATE

The mandate of Canada Lands, and therefore its real estate subsidiary, CLC, is to dispose of strategic real properties no longer required by the Government, and to manage certain select properties, in order to generate “optimal value” to the Canadian taxpayer. Optimal value recognizes financial value realized, economic stimulation, and contribution to quality of life in communities.

Any business transactions carried out by CLC respect the appropriate Government social policy objectives and practices regarding such issues as environmental management, official languages, employment equity, First Nations land claims and heritage considerations.

The primary financial goal of CLC is to create value and generate the optimal cash flow for the Shareholder, while carrying out its mandate in a commercially-viable and self-financing manner without any reliance on Government appropriations. The Corporation seeks to fulfill its mandate in a broad, balanced and socially responsible manner. Effective consultation with stakeholders and transparent operations are central to the Company’s operating philosophy.

As noted in Section 9.1, the mandate of Canada Lands is under review, and the results of this review may well have a significant effect on the Corporation’s activities.

6.0 VISION AND VALUES

Vision

CLC strives to stimulate economic growth, generate financial benefits and enhance the quality of life in communities where the Company conducts business.

Values

Through community consultation and partnering with the private sector, CLC and its employees apply real estate expertise and creative property solutions to deliver lasting value for Canadians. The Company acts transparently, seeks to meet high standards of environmental stewardship and sustainable development, and respects heritage considerations and First Nations interests.

Corporate Social Responsibility (“CSR”) is a core value of CLC. It is an objective of the Corporation to develop and incorporate into next year’s Plan a structured approach of integrating CSR throughout the Company’s business operations in an appropriate and consistent manner.

It is through CLC’s commitment to CSR that the Corporation has designed and adopted socially responsible corporate practices, standards and policies. In human resource management, the Corporation provides a Code of Conduct policy and a Conflict of Interest policy to govern acceptable behaviour. Employee training programs are provided, and the

Corporation follows fair, equitable and motivating employment practices, as well as providing a safe and healthy work environment. The Corporation also encourages the involvement of its employees in some of its key decision-making.

In the area of community involvement, CLC focuses on relationship building through extensive consultation and participation with various stakeholders. The Government is the Corporation's sole Shareholder, and as such is a prime stakeholder. Adhering to the mandate given to CLC by its Shareholder, the Corporation conducts its operations in a transparent manner, meets high standards of environmental stewardship, and respects heritage considerations and First Nation issues. CLC has regard for such values in its practice of extensive consultations with various other stakeholders regarding the establishment of appropriate land re-use strategies for its properties. Such consultations are held with neighbours, community associations, various levels of government, many special purpose organizations and the private sector real estate community with whom CLC seeks to partner development opportunities.

CLC strives to achieve a balanced approach in respect of its initiatives. The Corporation is mandated to be self-financing and thus must conduct its operations on sound financial principles and practices. CLC believes this is possible while also generating significant community benefits such as job creation, enhanced tax bases and quality developments (e.g. residential, industrial, commercial, recreational, etc.). Furthermore, as and where appropriate, the Corporation seeks to support special community needs as they arise from time to time (e.g. affordable housing, emergency shelters, homelessness needs, facilities and services for youth, etc.).

While the Corporation has been recognized on many occasions for its outstanding work in the communities where it conducts business, the formalization of a process to measure CSR will allow it to further advance its initiatives in this important area and become a recognized leader in community enhancement.

7.0 ASSESSMENT OF RESULTS

CLC's projected achievements for the past year are highlighted in the table shown below, and these are compared to the objectives set out in the prior year's Corporate Plan.

7.1 1999-2000 Achievements

OBJECTIVE	PERFORMANCE MEASURE	PROJECTED ACHIEVEMENTS
<p><u>Mandate Review:</u></p> <p>Receive confirmation from the Shareholder</p>	<p>Feedback from the Shareholder</p>	<p>In progress. The expected completion of the mandate review is Spring 2000.</p>
<p><u>Financial/Non-financial Balancing:</u></p> <p>Optimize cash flow</p> <p>Community Benefits/ Economic Stimulation</p>	<p>Achievements of financial objectives.</p> <p>Balanced Scorecard/ Social Audit</p>	<p>Cash flow outlook of \$45.6 M, compared with Budget of \$37.6 M.</p> <p>Completion of environmental remediation of Moncton Shops lands.</p> <p>Garrison Woods residential community successfully launched on former CFB Calgary site.</p> <p>Creation of Garrison Square Heritage Park at CFB Calgary.</p> <p>Provision of temporary accommodation for Calgary Emergency Women's Shelter and working homeless.</p> <p>Successful implementation of Millennium Projects – Greening Urban Spaces.</p> <p>Sponsorship of eighth Francophone Summit at Moncton, N.B.</p>
<p><u>Reputation Management:</u></p> <p>Represent Shareholder and Company in positive and proactive light.</p>	<p>Media Awards and recognition.</p> <p>Positive feedback from stakeholders.</p>	<p>Participating with provincial and municipal governments to protect an environmentally sensitive site at the entrance to the Rouge River Valley in Toronto.</p>

OBJECTIVE	PERFORMANCE MEASURE	PROJECTED ACHIEVEMENTS
		<p>Construct on behalf of CMHC, a 145-unit Veteran's Housing complex in Montreal (Benny Farm).</p> <p>Awards of excellence: Planning & Marketing – Garrison Woods Building Design – Inex Pharmaceuticals Residential Design – St. Hubert, Que.</p> <p>Successful resolution of Albro Lake, N.S., land dispute to satisfaction of all stakeholders.</p> <p>Agreement with City of Moncton for development of a major recreational complex on Moncton Shops lands.</p> <p>Infrastructure completed for commercial component of Moncton Shops lands.</p> <p>Completion of second major building for Ballard Generation Systems.</p> <p>Agreement to construct and sell to PWGSC a 200,000 s.f. office building in Vancouver, known as 401 Burrard.</p>
<p><u>Crown Transfers:</u></p> <p>Increase rate of properties transferred from Government of Canada.</p>	<p>Number of properties transferred</p>	<p>Transfer of three properties containing 55 acres; two other properties containing 13 acres may be transferred by 31 March 2000.</p>
<p><u>First Nations Land Claims:</u></p> <p>Market properties</p>	<p>Properties sold.</p>	<p>As a result of implementing First Nations Guidelines, sales of Future Shop, Inex Pharmaceuticals and Telus Buildings in Glenlyon Business Park were achieved.</p>

OBJECTIVE	PERFORMANCE MEASURE	PROJECTED ACHIEVEMENTS
Reach agreement with First Nations.	Number of Agreements reached with First Nations.	Commencement of Joint Master Plan with the Nanaimo First Nation.
Y2K: To become Y2K compliant by first quarter 1999.	All systems compliant; No problems in physical structures.	Compliance achieved by 30 June 1999. All problems in physical structures identified and resolved.



Former Moncton Shops Site Remediation

7.2 Financial Results

For the year ended 31 March 1999, CLC's financial results were as follows:

\$ millions 1998 - 1999 Plan	Actual	Budget
Cash flow	\$ 62.7	\$ 34.5
Income before taxes	22.0	26.6
Expenditures on properties	63.1	96.3
Property sales	144.9	247.0

The following is a comparison of projected financial results compared to budget for the year ending 31 March 2000:

\$ millions <u>1999 – 2000 Plan</u>	<u>Outlook</u>	<u>Budget</u>
Cash flow	\$ 45.6	\$ 37.6
Income before taxes	17.6	14.1
Expenditures on properties	52.6	77.9
Property sales	110.3	132.4

8.0 ENVIRONMENTAL SCAN

8.1 Business Lines

CLC is a full-service real estate company which provides a broad range of real estate services, including management services to PDP, and also to another parent Crown corporation, Queens Quay West Land Corporation. The primary business lines of CLC are:

- Sale of real estate
- Leasing of real estate
- Development for value creation prior to sale
- Property management
- Property tax review and appeal
- Property evaluation prior to transfer
- Environmental remediation

The sale of real estate remains the primary business line of the Company. Since it was created in 1995, CLC has sold 170 properties with total proceeds of \$490 million to date. Currently, the Corporation has 2.8 million sq. ft. of building space leased out across the country and coordinates the management of four major properties in Ontario and British Columbia.

8.2 Partners, Stakeholders and Clients

In many ways, CLC carries on business like a private sector real estate company since it was specifically created to perform functions not possible within the parameters of agencies of the Government. It is interesting to note that CLC is more often than not viewed as a partner to, or member of, the private sector since it :

- Brings public lands to market that are otherwise under-utilized;
- Uses the private sector as a partner to invest in properties and bring them back into productive use;
- Creates economic activity on and around project sites which creates employment and increases municipal tax bases.

CLC forms many partnerships in carrying out its mandate. This can range from joint ventures to various contractual arrangements with suppliers to provide a wide variety of services. The stakeholders are first and foremost the people of the community, but custodial departments of the Government, municipalities and various special interest groups are all in the “stakeholder” category. Clients are viewed as those parties with whom the Company has transacted business, such as private sector companies, municipalities and departments or agencies of the Government.

To illustrate these various relationships, one can cite the specific example of the former CFB Currie Barracks property in Calgary. In this case, the Company partners with the City, the Province, several branches of the Government, and all community groups in and around the site. Clients are private sector developers, institutions and companies and ultimately, the people who live and work in and around the site.

8.3 Changes in the Corporation’s Asset Mix

CLC’s sales of properties over the past four years were facilitated by having in place the majority of the required official plans and zoning approvals for the CN properties transferred in 1995. Some properties were also serviced with major utilities and infrastructure, which minimized the timeframe required before these properties could be sold. These properties had been prepared for sale over a number of years.

Seventy percent of CLC’s initial inventory of land has been sold. New assets are being acquired by way of the Crown Transfer process, however, such new acquisitions are properties that have no suitable official plan or zoning status and have insufficient infrastructure available to support new development. Furthermore, in many cases newly transferred properties have adverse environmental conditions, sensitive heritage considerations, or First Nations interests that have to be appropriately dealt with before CLC can optimize property values through the development process.

Such pre-marketing activities require CLC employees to undertake extensive studies, analysis and public consultation. There are usually many stakeholders involved through these open and transparent processes. Considerable up-front financial expenditures are usually required over extended periods of time, for example, it is often two to three years before final development approvals are granted. In the meantime, local, regional and national real estate market conditions can change. Such external variables can lead to the necessity of subsequently having to seek new development approvals before being able to introduce a particular property to the marketplace.

8.4 Corporate Human Assets

The Human Resources profile of CLC has been developed in a fashion which provides the ability and flexibility required to efficiently maintain the appropriate human resource infrastructure. In order to meet the changing needs of the organization, without creating unnecessary duplication, human resources are applied on a shared basis and specific

employees are reassigned, to assume responsibilities within Canada Lands' subsidiaries. Temporary employees and consultants are utilized to accommodate fluctuation in workloads or to address specialized skill requirements.

Currently there is a permanent staff of 106 employed by CLC, including 11 staff seconded to the Downsview project.

CLC staff are located in 14 offices across Canada and have the professional, technical and managerial backgrounds necessary to effectively manage the diverse scope of activities associated with the mandate of the Corporation. Project offices are established and staffed locally to suit the needs of the portfolio as the real estate properties progress through their natural cycle.



As the organization matures and the mandate evolves, CLC will continue to develop human resource values designed to attract, retain and motivate the human assets of the Company. Corporate human resource programs will emphasize the alignment of competencies to changing roles, competitive compensation and benefit programs, and CLC's human resource values associated with ethical standards, employment equity and official languages.

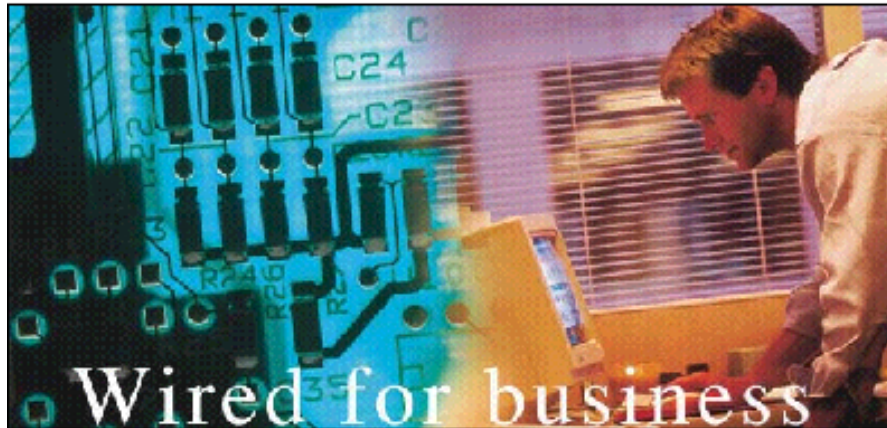
8.5 Management Information Systems

CLC has always been and will continue to be a leader in providing innovative solutions to business opportunities and problems.

The Corporation's bilingual Internet site (www.clc.ca) received over 28,000 visitors in 1999. Web sites have been developed for a number of the Company's projects such as Moncton Shops, Downsview and CFB Calgary, and these project sites are accessible through the main web site. The Internet site provides information on all of the Company's properties,

explains the mandate and goals of the Corporation and how it conducts business, and lists the major policies, annual report information, and office locations. The sites are continually updated.

The same Internet technology is used for internal business systems through an Intranet site. Employees can maintain and view all relevant business information, including multi-media, which enables them to effectively manage the business activities of the Corporation. These leading-edge systems allow employees to be highly productive.



8.6 Official Languages

The Corporation will continue to promote the use of both official languages through programs designed to enhance service to the public across the country. CLC has been recognized as a leader in this area.

8.7 Environment and Sustainable Development

Through the execution of its corporate mandate, CLC actively promotes the concepts of economic, social and environmental sustainability. By marketing and disposing of federal surplus properties, which are very often vacant or under-utilized, and in existing urban areas, opportunities are provided for the return of these lands to productive use. CLC's preparatory work prior to disposal frequently involves the creation of a viable redevelopment concept, and securing rezoning approvals related to these new land uses. These activities are designed to enhance property values and marketability. The redevelopment and return to productivity of these properties, which already have surrounding municipal infrastructure in place, assists municipalities in their sustainable development goals.

While developing strategic business plans and timely disposal programs for properties, CLC has regard for the needs of the communities and local interest groups in the areas where properties are located. This approach, along with the priority of maximizing economic benefits to the local community, supports economic and social sustainability goals.

CLC's Corporate Environmental Policy includes making all reasonable efforts to consider and resolve environmental issues with a view to protecting the environment. Implementation of this policy has resulted in the assessment of all lands with respect to their environmental condition prior to their disposal. If impacts are identified during this assessment, appropriate remedial measures are taken, or full disclosure of the impacts is made to purchasers, so that all environmental issues are properly managed prior to the redevelopment of the lands. This process ensures a net benefit to the environment and future safe use of the properties. In many instances, CLC has further supported environmental sustainability concepts by developing and implementing remedial strategies for impacted lands, which involve recovery, recycling and reuse of materials that are considered waste during the process of demolition and/or remediation on properties. Other strategies involve onsite management of impacted soils as an alternative to off site disposal approaches, which unnecessarily use up landfill capacity. This approach also saves on natural aggregate resources, which would be needed to replace removed volumes.

To date, CLC has developed and implemented disposal strategies for surplus federal properties with regard to economic, social and environmental sustainable principles. In future, CLC will endeavour to build upon these principles as key components in a successful management and disposal program.

9.0 STRATEGIC ISSUES FOR THE PLANNING PERIOD

9.1 Mandate Review

The Mandate Review of the Corporation is presently in progress, and CLC has taken an active role on both the Working Group and Steering Committee.

The recommendations of the Steering Committee to the Minister responsible for Canada Lands are expected in the Spring of 2000. Subsequent implementation of such recommendations will be undertaken by the Corporation as expeditiously as possible.

9.2 Implementation of decisions arising out of federal real property disposal reform initiative

The federal real property disposal reform initiative is being carried out by the Treasury Board Secretariat, with the participation of various custodial departments and CLC. CLC is a major participant in the disposal reform and the purpose of the initiative is to streamline the property disposal process. It is being conducted in parallel with the Mandate Review of Canada Lands. The recommendations arising from the initiative could have an impact on the future operations of the Corporation. The final report is expected in 2000.

9.3 Need for additional Crown Property Transfers

The Government owns approximately 57 million acres of land, of which 46 million acres are held by Parks Canada. The balance of 11 million acres is held by federal departments, agencies, or Crown corporations as part of their operating assets to fulfill federal programs and social policy objectives.

As indicated above, there are two parallel studies currently taking place, namely the Mandate Review and the federal real property disposal reform initiative. The Corporation anticipates that the success of these initiatives is essential to the future viability of the Corporation.

9.4 First Nations Land Claims

First Nations land claims on surplus Crown properties in British Columbia continue to impact their transfer to CLC and their potential reintegration into productive use in local communities, to the benefit of all stakeholders. CLC has been involved, and will continue to actively work with DIAND and FTNO, in an attempt to find solutions to enable the Government to transfer these properties.

The Corporation continues to foster positive relationships with First Nations, especially concentrating on establishing “win-win” associations on an individual Band basis. It is expected that the master-planning program for CFB Nanaimo will gain momentum in 2000. Considerable effort is being expended by the Treasury Board Secretariat, in association with Canada Lands and other stakeholders, on a program designed to build an acceptable strategy for the re-integration of the former Chilliwack military base back into the community, with the involvement of the Sto:lo Nation.

In general, it is felt that there is growing political will to see creative initiatives that involve First Nations in mutually beneficial real estate development activities, outside the restrictions of the overall treaty process.

9.5 Corporate Social Responsibility

Corporate Social Responsibility is emerging as a major business issue of the 21st century. As with other Corporations, Canada Lands believes that this strategic issue should embrace all aspects of corporate behaviour. Canada Lands intends to continue making corporate social responsibility a core value of the company, as witnessed in last year's Annual Report with the balanced approach to community enhancement and financial value creation. In the future, it is the Corporation's intent to continue matching social objectives to the policies and priorities of the Shareholder in a generally consistent approach across Canada where CLC has properties. Some examples of themes that will be examined include:

- Community
- Environmental
- First Nations
- Official Languages
- Heritage

The main parameters in setting up a Corporate Social Responsibility program will include the following:

- Geographically-oriented (i.e. related to where CLC assets are located);
- Project-driven (i.e. related to specific projects);
- Linked with Canada Lands' other corporate objectives; and
- Serving the priority interests of the Shareholder

The challenge in implementing this program, which builds on the work already undertaken by the Corporation in this area (corporate sponsorships and charitable donations, etc.), will be how to effectively and consistently measure results in a way that is meaningful to CLC, its Shareholder, and the general public.

9.6 Balanced Scorecard

CLC's Balanced Scorecard continues to evolve and sets the context within which operating decisions are made and aligns them to corporate strategies. The Scorecard is based on Canada Lands' vision and enables the translation of key activities into unifying themes which effectively communicate and align activities which aid Canada Lands in the achievement of its mandate and vision.

The achievements listed on pages 9 and 11 indicate progress to date in implementing the balanced scorecard and show a mix of both financial and non-financial achievements projected for the 1999-2000 fiscal year.

10.0 2000-2001 OBJECTIVES AND PERFORMANCE MEASURES

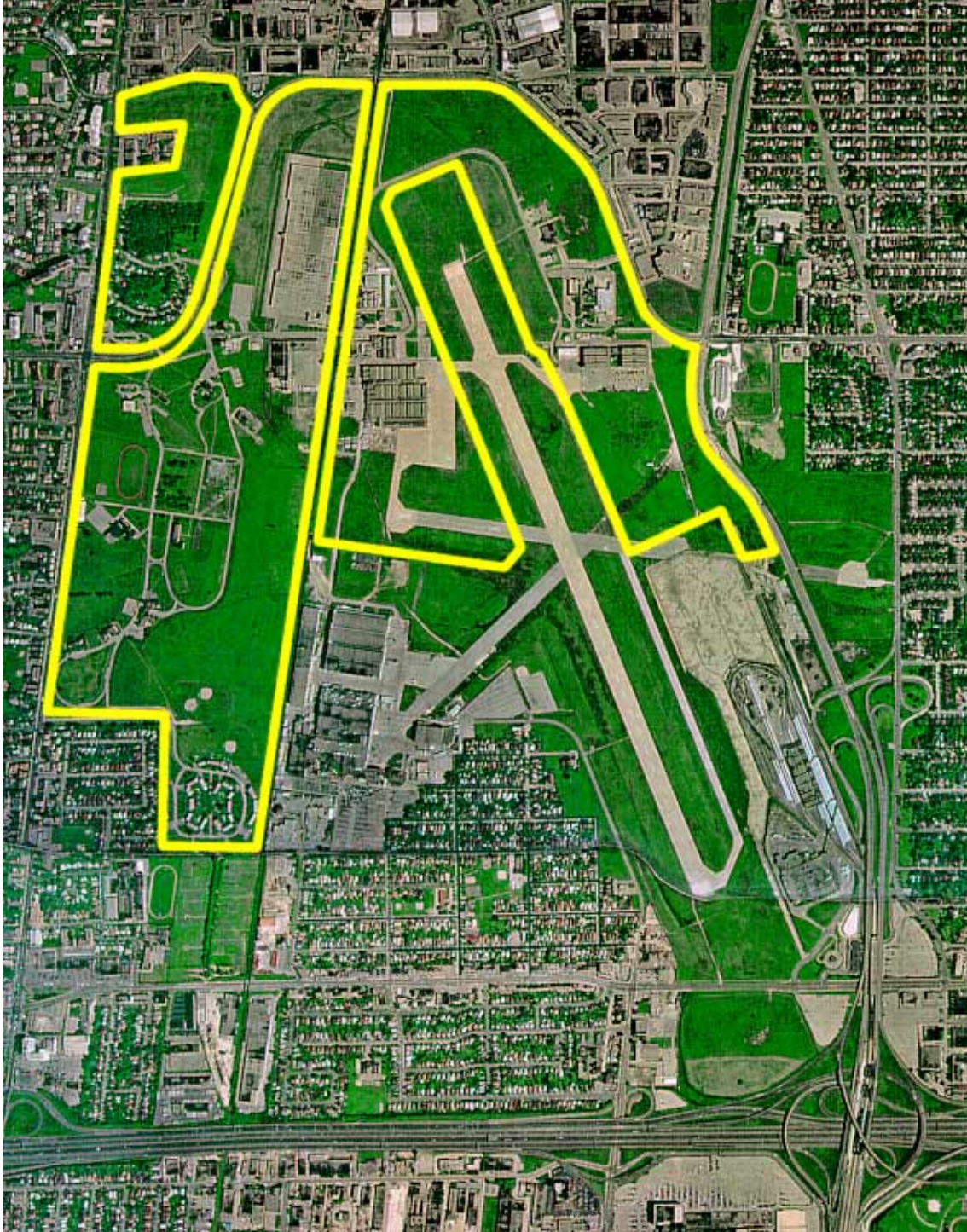
OBJECTIVES	PERFORMANCE MEASURES
<p><u>Mandate Review</u></p> <p>To receive confirmation from the Shareholder on the future mandate of the Corporation.</p>	<p>Completion of the review and the successful implementation of recommendations therefrom.</p>
<p><u>Crown Transfers/federal real property disposal reform initiative</u></p> <p>To assist in the initiative review process in order to streamline the process and increase the rate of properties transferred from the Government of Canada.</p>	<p>Number of properties transferred.</p>
<p><u>First Nations Land Claims</u></p> <p>Seek win-win associations on a Band-by-Band basis, outside the Treaty process.</p>	<p>New arrangements/agreements with Bands.</p>
<p><u>Corporate Social Responsibility</u></p> <p>Achieve a balanced approach to Community enhancement and financial value creation.</p>	<p>Acceptance of the proposed methodology by the Board of Directors.</p>

CANADA LANDS COMPANY CLC LIMITED
STATEMENT OF OPERATIONS AND CASH FLOW
FOR THE FIVE YEARS 2001 - 2005

\$ Millions

	2000	2001	2002	2003	2004	2005	Total
REVENUE							
Property sales	110.3	97.2	97.2	127.5	79.6	54.6	456.1
Cost of properties sold	85.5	85.5	76.6	111.7	63.7	42.2	379.7
Net property sales revenue	24.8	11.7	20.6	15.8	15.9	12.4	76.4
Property rental	7.7	5.3	5.9	5.6	7.1	7.3	31.2
Interest and other income	8.0	8.0	11.7	9.2	8.8	8.2	45.9
	40.5	25.0	38.2	30.6	31.8	27.9	153.5
EXPENSES							
General and administrative	14.9	15.6	11.1	8.0	5.8	4.2	44.7
Interest expense	1.7	1.5	0.2				1.7
Land holding costs	3.2	1.9	1.2	0.8	0.7	0.6	5.2
Depreciation	2.5	1.8	1.9	1.8	2.1	2.1	9.7
Capital taxes	0.6	0.6	0.6	0.5	0.5	0.4	2.6
	22.9	21.4	15.0	11.1	9.1	7.3	63.9
INCOME BEFORE TAXES	17.6	3.6	23.2	19.5	22.7	20.6	89.6
Income taxes	6.5	1.3	8.6	7.2	8.4	7.6	33.1
NET INCOME	11.1	2.3	14.6	12.3	14.3	13.0	56.5
Recovery of cost of properties sold	85.5	85.5	76.6	111.7	63.7	42.2	379.7
Depreciation	2.5	1.8	1.9	1.8	2.1	2.1	9.7
Expenditures on properties	(52.6)	(76.4)	(66.2)	(42.1)	(43.8)	(21.7)	(250.2)
Acquisitions	(14.7)	(9.8)	(2.8)	(2.1)	(0.7)	(0.7)	(16.1)
Debt repayment	0.6	7.0	26.5	(34.1)			(0.6)
Vendor Mortgages	6.5	3.8	(4.7)	1.8	4.1	5.9	10.9
Government notes issued	14.8	2.8	2.8	2.1	0.7	0.7	9.1
CMHC notes issued	(0.1)	7.0					7.0
Changes in working capital	(8.0)	4.1	(10.7)	(14.5)	(5.4)	1.7	(24.8)
	45.6	28.1	38.0	36.9	35.0	43.2	181.2
CASH FLOW							
CMHC notes repayment	(25.7)	(4.6)	(32.2)	(5.0)	(0.5)		(42.3)
Government notes repayment	(10.3)	(13.8)	(26.1)	(5.1)	(14.6)	(9.5)	(69.1)
Dividends/shares redeemed	(26.7)	(27.2)			(19.4)	(25.6)	(72.2)
	(62.7)	(45.6)	(58.3)	(10.1)	(34.5)	(35.1)	(183.6)
DISTRIBUTIONS							
ACCUMULATED DISTRIBUTIONS	147.0	192.6	250.9	261.0	295.5	330.6	330.6

PARC DOWNSVIEW PARK INC. – ANNEX 2
SUMMARY OF CORPORATE PLAN



EXECUTIVE SUMMARY

This Corporate Plan sets out the five-year strategic direction for PDP to realize the mandate given to the Corporation by the Government of Canada (Government) to create a unique urban recreational greenspace known as Parc Downsview Park. This Corporate Plan describes the mandate of PDP, provides a profile of the Corporation and summarizes the major achievements of 1999 - 2000. It identifies the major strategic issues and objectives for the planning period and provides performance measures to evaluate future achievements. As well, the Corporate Plan contains a number of financial statements that detail the cash flow, as well as sources and uses of cash for the Plan period.

PDP was established as a wholly owned subsidiary of Canada Lands Company Limited (Canada Lands) in July 1998. The Board of Directors of PDP was appointed in February 1999 by Canada Lands, after consultation with the Honourable Alfonso Gagliano, Minister of Public Works and Government Services and Minister responsible for Canada Lands. Since that time, the Board has held numerous meetings and provided direction for PDP. The lands for which PDP has various levels of operating responsibility consist of 675 acres, divided into three parts:

Part I - Main Property (the Lands) (581 acres)

- Park (308 acres), comprising -
 - Open Space (219 acres)
 - Cultural Campus (89 acres)
- Residential (100 acres)
- Research and Technology Centre (60 acres)
- Sports/Entertainment/Other (Allen Road lands) (76 acres)
- Rights of Way and other Linear Park Linkages (27 acres)
- Woodlot (10 acres)

Part II - DND Retained Lands (63 acres)

- General Institutional (51 acres)
- Bombardier (12 acres)

Part III – Block H (31 acres)

The fiscal year 1999 – 2000 represented the first year of operation for PDP and was also a year of significant achievements. In 1999, a major international Park design competition was initiated which attracted some of the pre-eminent architects and landscape architects from around the world. The concept of the competition will be announced at the Canada Day celebration at the Park.

Another significant achievement of the Corporation was the zoning by-law approval for Block H, which moved the Corporation closer to completing its first large commercial land transaction. The by-law approval was made possible by the Ontario Municipal Board (OMB) approval of the City of Toronto's Official Plan Amendment (OPA) 464, which was initiated by the Recommended Land-Use Plan for the Downsview Lands, developed by Canada Lands Company CLC Limited (CLC).

This Corporate Plan builds on the achievements of 1999 – 2000, defines the strategic issues facing the Corporation and sets out the objectives and the strategies for achieving these objectives.

The strategic issues are:

- Completion of the international Park design competition;
- Ability to attain financial self-sufficiency;
- Management of relations with stakeholders; and
- Financial management.

11.0 MANDATE

The following elements comprise the mandate for PDP.

11.1 Principal Goal

The principal goal of PDP is to develop the Park as a unique urban recreational greenspace, to be held in perpetuity for the enjoyment of future generations.

11.2 Financial Goal

PDP is to be entirely self-financing, with the principal sources of income being revenues from the disposition or leasing of land and facilities. Other sources of revenues are anticipated from private sector partnerships for activities on the site, fees for sponsorships, advertising and endorsements and contributions from governments. The Downsview Foundation (Foundation) will also be soliciting donations from the public.

11.3 Management Goal

PDP operates at arm's length from the Government. PDP follows principles and standards of good corporate governance, using its resources efficiently, effectively and with prudence, taking due regard of the fact that it is acting on behalf of the taxpayers of Canada. The Corporation also respects and is guided by the social policy objectives of the Government, including those related to sustainable development.

11.4 Interaction with Others

In order to achieve the orderly development of the Lands, PDP will need to consult and cooperate with federal, municipal and provincial authorities, adjacent landowners, other community interests and the local business community.

11.5 Vision

The Board of Directors held a visioning exercise in May of 1999 and agreed on the following:

“Downsview Park is to be a unique urban recreational greenspace for the people of Canada and the Greater Toronto Area. It is intended to be a meeting place for all ages to play, learn and enjoy throughout the four seasons.

The vision for Downsview Park shall encompass all of the former Canadian Forces Base Toronto lands, including those currently required by the Department of National Defence, as well as other adjacent lands which may become available in the future. The Park shall be held in perpetuity and the goal shall be to increase the size of the Park over time. The Park shall be a peaceful and safe place. The Park shall be developed according to the principles of environmental, economic and social sustainability. The Park will celebrate Canada’s mosaic brilliance and its past, present and future accomplishments.”

12.0 CORPORATE PROFILE

PDP was incorporated on 17 July 1998 under the Canada Business Corporations Act as a wholly owned subsidiary of Canada Lands. PDP and its Directors and Officers are subject to Part X of the Financial Administration Act. Twelve Directors have been appointed.

The Corporation has so far established six committees: Audit, Communications and Liaison, Foundation, Governance, Park, and Business Development.

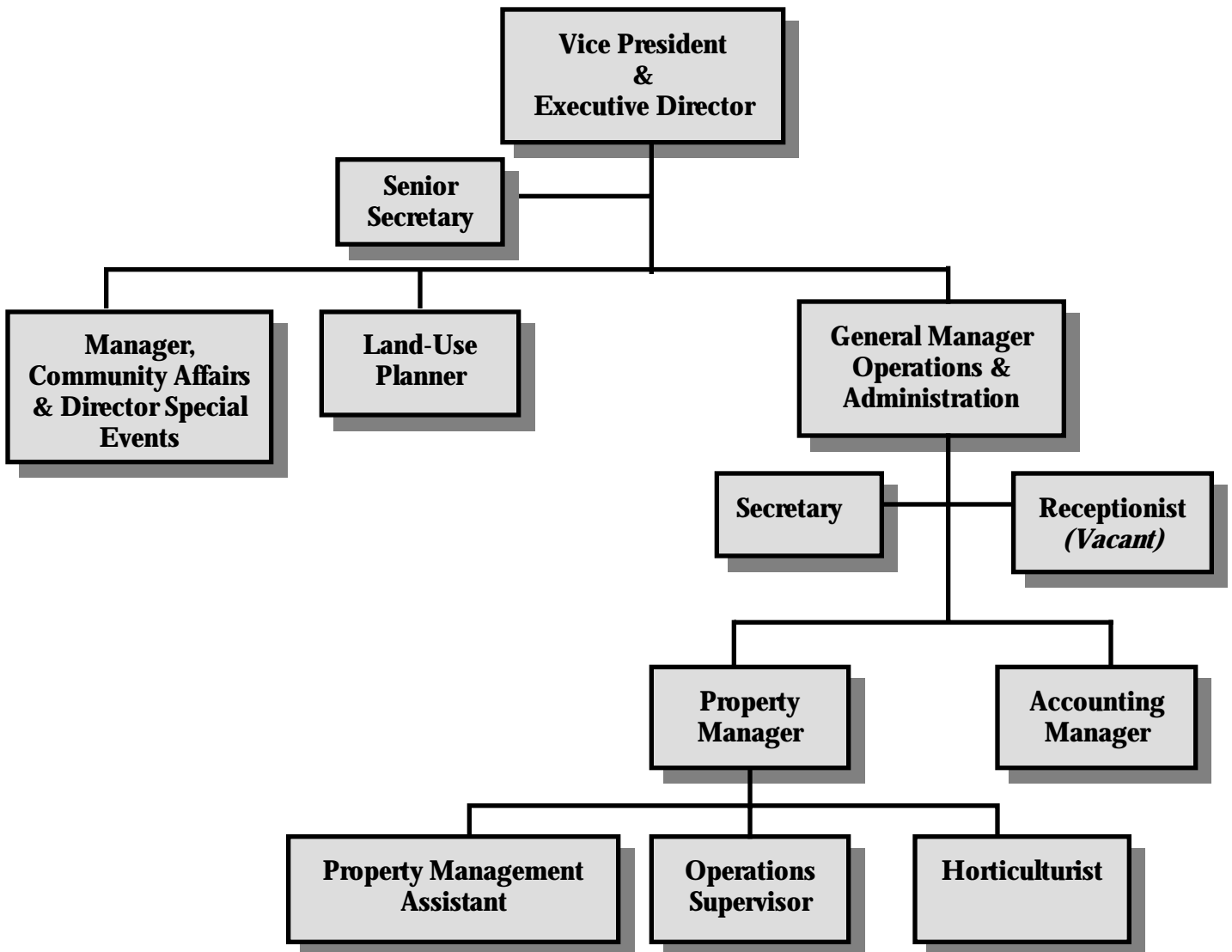
12.1 Human Resources

Human Resources for PDP are provided through a Management Services Agreement with CLC. The purpose of the agreement is to provide appropriate staffing in an efficient and flexible manner, thus minimizing duplication of roles during PDP’s initial years. Reimbursement to CLC for management services provided to PDP is intended to reflect actual costs without mark-up for profit.

Under the agreement, those staff members required on a full-time basis are seconded to PDP, while other services such as Human Resources, Information Systems, Finance and Accounting, Public and Government Affairs and Corporate Secretarial are provided on an as-required basis. The Information Systems group of CLC provides all hardware, software and technical support for PDP computer systems.

Given CLC's past experience and involvement in the Park project, and in light of the self-financing goal of PDP, it appears appropriate for CLC to continue to provide management services to PDP, at least on an interim basis, until the Board of Directors of PDP decides otherwise.

**PARC DOWNSVIEW PARK
Organization Chart
Full Time Employees – December 1999**



12.2 Property Management Services

The Property Management Group provides all of the existing services and facility maintenance for the Lands. PDP applies industry standard property management fees for services to tenants on this project. Direct involvement in property management has allowed PDP to have greater control of expenses and provide for maximum operating flexibility.

Currently, the Downsview property has thirty buildings, which amount to 2.1 million gross sq. ft. of space, all of which are the responsibility of PDP's Property Management Group. Twelve of these buildings, representing some 300,000 square feet are still occupied by DND. The remaining eighteen buildings contain 1.8 million sq. ft.

12.3 Downsview Foundation

It is proposed that a charitable foundation will be created to receive donations from individuals, groups and corporate entities to assist in the funding of the Park. In April 1997, the Treasury Board Secretariat gave authority to create a federal non-profit entity, to be known as the Downsview Foundation. The funds raised through the Foundation will be used for charitable purposes in accordance with Revenue Canada's criteria for charitable organizations. It is anticipated that the Foundation will be incorporated by September 2000.

12.4 Environment Policy

Canada Lands' environmental policy which applies to its subsidiaries states that "the Corporate operations will be conducted in compliance with applicable legal requirements, environmental laws and regulations as set out from time to time by relevant authorities having jurisdiction over environmental matters." This policy will be followed for the development of the Lands.

12.5 Communications Strategy

A Communications and Liaison Committee of the Board of Directors was established during the year. The Committee is responsible for identifying communications challenges and objectives, recommending strategies and co-ordinating communications with the various stakeholders.

In 1999, PDP established it's own web site and a web site for the Park design competition. These sites will be updated in 2000 to be more user friendly and interactive.

13.0 ASSESSMENT OF RESULTS

This table identifies the 1999 – 2000 objectives, a performance measure for each objective and the current status of each objective.

OBJECTIVES	PERFORMANCE MEASURES	CURRENT STATUS
<u>Planning and Sales</u>		
Ratify OPA 464 through OMB.	Approval of OPA 464 by OMB.	Achieved.
Advance other sale or lease transactions and complete documentation.	Document sales and lease transactions or accomplish steps to sales/lease transactions.	Block H zoning approved, which will allow for sale in next fiscal year.
Complete transfer or long-term lease of lands from DND.	Transfer or lease of the lands.	Treasury Board approval obtained for transfer of Block H.
<u>Property Operations</u>		
Enhance revenue from on-going property rentals.	Dollar value of rentals.	Rentals increased by 56% from last year.
Assume responsibility for facility and property management of the lands.	Take-over property management function.	Establishment and staffing of Property Management Group.
<u>Park Design</u>		
Continue design of infrastructure requirements.	A plan of infrastructure.	Substantial progress was made on advancing the international Park design process through the competition. Detailed infrastructure plans will follow selection of winning competitor.

OBJECTIVES	PERFORMANCE MEASURES	CURRENT STATUS
Conclude the international Park design competition.	Awarding of Park design to successful proponent.	Short-list of competitors announced. Final selection to occur in May 2000.
Select a proponent from the District Energy Proposal Call.	Completion of final assessment of feasibility of District Energy Project with third party provider.	Proponent selected and full analysis of feasibility to be completed by the Spring of 2000.
Maintain the on-going public consultation process.	Number of meetings with the public.	On-going. Three formal public meetings/community events held. Several informal meetings and publication of newsletter.
Corporate		
Establish the Foundation.	Incorporation of Foundation.	In progress.
Implement the resource structure of the Management Services Agreement.	Successful implementation of the agreement.	Achieved.
Finalize the assessment required under the Canadian Environmental Assessment Act (CEAA).	Completed and approved assessments.	CEAA screening report for Block H was completed and approved. CEAA reports for the balance of the lands were completed and submitted to DND.
Enhance Park profile.	Events and publicity.	Several public events were held (Canada Day, Earth Day and Remembrance Day) which attracted significant attendance and positive media attention. Summer and school programs held.

14.0 STRATEGIC ISSUES FOR THE PLANNING PERIOD

14.1 Completion of International Park Design Competition

The international Park design competition has attracted some of the pre-eminent architects and landscape architects from around the world. The potential size and scope of the Park has been considered a unique opportunity in the design community. Over the Plan period,

PDP must manage the final stages of the competition and begin to implement the winning design through detailed planning and public consultation.



"Tree City" - Winning Design Concept

14.2 Ability to Attain Financial Self-Sufficiency

PDP's ability to implement the mandate is also dependent on the Corporation's ability to attain financial self-sufficiency. PDP is almost entirely dependent on land sales or leases for its revenue generation. While revenue from the sale of Block H and leases of some of the lands and buildings will generate significant revenue, the Corporation will not be financially self-sufficient unless it is able to move forward with business transactions on the Allen Road and Residential lands.

When PDP assumed responsibility for the operation of the property on April 1, 1999, no detailed historical information was available and no building specific cost information was being tracked. As PDP evolves, an on-going review and assessment will be carried out to ensure that cost effective operation of the property is achieved, and that tenants receive a high calibre of service and support.

14.3 Management of Relations with Stakeholders

PDP interacts with a wide variety of City of Toronto, local community and interest group stakeholders. The international Park design competition and the Canada Day celebration have been successful.

PDP's efforts to move forward on the planning of the Allen Road lands has had a positive impact regarding relations with the local community.

Development projects of the scale of Downsview often cause concern among stakeholders, however PDP has the ability to generate positive publicity through the establishment of the Park, the provision of community events and continued consultation with the local community.

14.4 Financial Management

Based on the expectation of selling Block H in the budget year, the Corporation should have sufficient funds to carry on operations without the need for a borrowing facility in the initial years. The international design competition for the Park will not be complete until well into the budget year, and therefore there should be no need to incur major park development costs until the second year of the Plan period. The Board has considered it prudent for the purposes of the Corporate Plan, to adopt a "no-borrowing" scenario.

Should there be stakeholder expectations that the Park be developed in a more expeditious manner, and the funding uncertainty that this could cause, then the Board will have to consider alternative financing arrangements.

15.0 OBJECTIVES AND PERFORMANCE MEASURES

OBJECTIVES	PERFORMANCE MEASURES
<u>Completion of International Park Design Competition</u>	
To refine and implement the winning Park design through an open and comprehensive public consultation process.	A selected and refined Park design.
<u>Ability to Attain Financial Self-Sufficiency</u>	
To finalize the sale of Block H.	Completed sale of Block H.
To advance the transfer or long-term lease of the Lands from DND.	Progress on obtaining the transfer or lease of the balance of the Lands.
To undertake a review of land use strategies and to create appropriate business plans.	Land use and business plans for all the precincts.
To enhance the revenue from on-going property rentals.	Enhanced revenue from rentals.
To undertake assessments of all buildings on the site, and to establish property management objectives for these buildings.	A completed building assessment and defined objectives for buildings to be retained.
To undertake a special analysis of buildings within the Cultural Campus to establish long-term suitability.	Workshops and special comparative studies on buildings.
<u>Management of Relations with Stakeholders</u>	
To raise the profile and significance of PDP by hosting major events, programs and continual landscape improvements.	Successful events with high attendance and positive media coverage.
<u>Corporate Structure</u>	
To make the Foundation operational and develop plans for fundraising.	An operational Foundation.

CLC DOWNSVIEW INC.
STATEMENT OF OPERATIONS AND CASH FLOW
FOR THE FIVE YEARS 2000 - 2001 TO 2004 - 2005

\$ Millions

	2000	2001	2002	2003	2004	2005	Total
REVENUE							
Property sales		20.9			16.5		37.4
Cost of properties sold		20.9			16.5		37.4
Net property sales revenue							
Rental	2.8	3.6	4.5	4.6	5.8	8.9	27.4
DND reimbursement of revenue costs	3.7	4.0	2.8	2.1			8.9
Interest and other income	0.1	1.0	1.0	0.8	1.2	0.7	4.7
	6.6	8.6	8.3	7.5	7.0	9.6	41.0
EXPENSES							
Park expense	1.3	1.9	2.0	2.1	2.2	2.3	10.5
General and administrative	1.8	1.9	1.9	1.8	1.8	1.8	9.2
Interest expense							
Rental operating costs	3.4	2.7	2.5	2.4	2.2	2.2	12.0
Depreciation			0.1	0.2	0.3	0.7	1.3
Park development and other							
	6.5	6.5	6.5	6.5	6.5	7.0	33.0
INCOME BEFORE TAXES	0.1	2.1	1.8	1.0	0.5	2.6	8.0
Income taxes							
NET INCOME	0.1	2.1	1.8	1.0	0.5	2.6	8.0
Recovery of cost of properties sold		20.9			16.5		37.4
Depreciation			0.1	0.2	0.3	0.7	1.3
Changes in working capital	(0.8)	(1.2)					(1.2)
Selling costs		(1.9)					(1.9)
Expenditures on properties	(2.4)	(2.9)	(3.9)	(6.9)	(14.4)	(10.0)	(38.1)
DND reimbursement of capital costs	2.4	1.8	1.7	2.3			5.8
Land acquisitions		(19.0)			(16.5)		(35.5)
Vendor Mortgages					(13.2)	6.6	(6.6)
Government notes issued		19.0			16.5		35.5
CASH FLOW	(0.7)	18.8	(0.3)	(3.4)	(10.3)	(0.1)	4.7