

Balanced Scorecard

BUILDING INNOVATIVE WIN-WIN SOLUTIONS

Many companies, including Crown corporations, are often faced with seemingly competitive financial and non-financial stakeholder interests. In order to build innovative win-win solutions, CLC has integrated a balanced scorecard approach to doing business.

CLC acknowledges the importance of all of its key stakeholder groups. It recognizes not only the different priorities and needs of these key groups, but also that they are all interrelated. CLC's balanced scorecard translates its vision and strategies into measurable objectives with respect to the priorities of each stakeholder group.

By further refining its balanced scorecard method of setting objectives, monitoring performance, and reporting outcomes, CLC is able to fairly and appropriately reflect both its accomplishments and, in some cases, areas requiring improvement. This objective and balanced approach to performance management and reporting enables CLC to learn from its successes and shortfalls and enhance its performance.

Corporate social responsibility (CSR) is very important at CLC and it has become a core value of the company. With each new project undertaken, an assessment is made to allow for environmental, social and economic opportunities. Plans are formulated to enable value creation while improving the quality of life in local communities. One of the most surprising aspects of CSR for many stakeholders is that, in many cases, it can enhance the financial success of the redevelopment projects undertaken by the company, over and above ensuring a solid legacy.

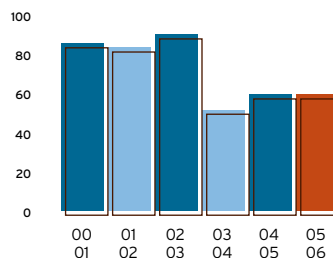
The board of directors has acknowledged that CLC's success in CSR comes as a result of having "operationalized" this approach to business throughout the entire company.

PERFORMANCE HIGHLIGHTS

Net income
before tax of
\$19.2 million

Revenues of
\$136.4 million

SALES (in millions)



Shareholder and Board of Directors	CLC strives to meet the needs and priorities of its shareholder and Board of Directors. The company achieves this through effective communications, ensuring high performance standards and an ongoing commitment to corporate social responsibility, and championing strong governance practices.
Business and Financial Outcomes	CLC strives to succeed financially and excel at its business. The company achieves this by continuously seeking to improve financial performance, increasing property transfers, and enhancing customer relations.
Community and Legacy Initiatives	CLC strives to create lasting value and legacies in communities in which it operates. The company achieves this by partnering with local organizations wherever possible, seeking input from and engaging the community and evaluating opportunities for creating legacies and strategic donations related to major projects.
Human Resources	CLC strives to create a work environment that is optimally conducive to high morale and performance. The company achieves this by communicating with and consulting employees extensively.
Municipal and Provincial Interests	CLC strives to create solid partnerships with the municipalities and provinces in which it operates. The company provides economic stimulation in communities where it conducts business, champions social policy objectives, and promotes sustainable development.

Shareholder / Board of Directors

2005-2006 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
Operations		
<p>Provide financial benefits to the Government of Canada</p>	<p>Pay dividends to the government of \$7.5 million for 2005-2006 and of \$74.8 million for 2005-2006 to 2009-2010</p> <p>Pay cash acquisitions and note repayments for properties to the government of \$28.9 million for 2005-2006 and \$74.7 million for 2005-2006 to 2009-2010</p> <p>Pay federal income taxes to the government of \$3.1 million for 2005-2006 and \$36.6 million for 2005-2006 to 2009-2010</p>	<p>Paid \$11 million in dividends to the government in 2005-2006; cash flows from operations was greater than expected due to early payment of CityPlace mortgage</p> <p>Paid \$5.6 million in distributions (\$5.1 million in cash acquisitions and \$0.5 million in note repayments) to the government; a failure to transfer three major properties to CLC accounted for this variance; some of which are expected to be transferred early 2006-2007</p> <p>Paid \$5.4 million in federal income tax in 2005-2006 due to higher than expected net NIBT</p>
<p>Ensure best practices in non-financial areas of the company</p>	<p>A completed, full social audit by external auditors to verify the validity of practices used to measure non-financial reporting</p>	<p>The suggestions coming out of the audit are being acted upon and the company will consider carrying out another social audit in a few years for comparison purposes</p>
Bilingualism		
<p>Ensure compliance with Government of Canada's official languages action plan</p>	<p>Implement training plan for all bilingual positions once established</p>	<p>CLC's bilingualism policy was extensively revised and implemented to ensure better compliance with the government's action plan</p>

Business / Financial		
2005-2006 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
Financial Performance		
Optimize financial value and returns	<p>Achieve net income before tax of \$12.7 million for 2005-2006 and \$148.4 million for 2005-2006 to 2009-2010</p> <p>Achieve revenues of \$106.6 million for 2005-2006 and \$889.4 million for 2005-2006 to 2009-2010</p> <p>Projected CLC capital expenditures, including investments in environmental remediation of \$57.8 million for 2005-2006 and \$364.6 million for 2005-2006 to 2009-2010</p>	<p>Net income before tax of \$19.2 million achieved, due to higher than expected property sales</p> <p>Revenues of \$136.4 million achieved, due to higher than expected property sales</p> <p>Capital expenditures of \$46.1 million incurred due to delays in transfers</p>
Business Development		
Work with the government to improve the property transfer process	CLC concerns and input are reflected in the final outcome	CLC's concerns are being addressed in the interim solution
Assist in expediting property transfers	Increase starting book value of property inventory, with measures and targets to be developed in 2005-2006	<p>Milestones established to track property transfer progress</p> <p>Book value of properties transferred to the company is \$12.3 million</p>
Optimize tourism attendance growth for the CN Tower	<p>Increase overall attendance by 5.5% for 2005-2006</p> <p>Off-season (November through April) to be at minimum of 27% of overall 2005-2006 attendance</p>	<p>Total attendance increased by 2.8%</p> <p>Off-season attendance is 25% of overall number</p>
Customer Relations		
Continue to improve customer satisfaction for tenants and CN Tower visitors	Minimum overall customer satisfaction score of 75% for operating divisions	The CN Tower met this goal

Community / Legacy		
2005-2006 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
Legacy Creation		
Implement legacy initiatives	Commemorate the heritage of company projects	<p>Held Peacekeepers' Day in Calgary and unveiled Buffalo Park</p> <p>Unveiled a statue of Major General Griesbach at the Village at Griesbach in Edmonton</p> <p>Hosted an exhibition by the <i>Écomusée du fier monde</i> on 50 years of veterans at Benny Farm</p>
Corporate Philanthropy		
Evaluate and act upon potential areas of donations and sponsorships	Contribute up to 1% of net income before taxes (which equates to \$175,000) towards corporate philanthropy (donations and sponsorships) in line with the company's corporate philanthropy policy	<p>Contributed \$175,000 to corporate philanthropy initiatives, including \$60,000 contributed to the employee United Way campaign</p> <p>Focused philanthropy on areas directly related to projects undertaken by the company</p>
Human Resources		
Work Environment		
Maintain positive and safe work environment and recognize and reward employees appropriately	<p>Maintain voluntary employee turnover at below 5% for real estate divisions</p> <p>Establish industry benchmark for voluntary turnover of non-seasonal CN Tower employees to be used in the future</p> <p>Expand Health and Safety program for each province</p>	<p>Voluntary employee turnover rate of 6.6%</p> <p>The CN Tower is currently investigating industry benchmarking practices</p> <p>Enhancing training, communication and education is ongoing</p>

<p>Continued focus on integration of programs of the CN Tower</p>	<p>Maintain the succession plan for real estate division and create one for the CN Tower with increased focus on development opportunities</p> <p>Increased communication and employee input at the CN Tower through introduction of Human Resources Round Table and employee survey</p>	<p>The succession planning process is being enhanced to ensure ongoing skills and professional development in support of organizational growth</p> <p>A Human Resources Round Table has been introduced as a means to increase communication across the organization and participation in the employee survey continues to grow</p>
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Municipal / Provincial

2005-2006 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
Economic Stimulation		
<p>Promote timely and appropriate development and construction of sites and track activity in line with the company's guidelines on tracking benefits beyond dividends</p>	<p>Increase cumulative development expenditures stimulated by CLC and its project associates to \$200 million for 2005-2006 and \$1 billion for 2005-2006 to 2009-2010</p> <p>Increase cumulative person-years of direct construction employment stimulated by CLC and its project associates by 1,750 for 2005-2006 and 8,750 for 2005-2006 to 2009-2010</p>	<p>Increased by \$300 million through the construction of residential units and industrial and commercial facilities</p> <p>Increased by 3,000 person-years for 2005-2006</p>

Social Policy Objectives

<p>Contribute to subsidized housing and other social policy objectives where feasible, with each major project</p>	<p>Increase new or refurbished residential units stimulated by CLC and its project associates by 32 for 2005-2006 and 160 for 2005-2006 to 2009-2010</p>	<p>Increase of 100 subsidized housing units at Benny Farm, Montréal</p>
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Sustainable Development

<p>Incorporate sound principles of sustainable development for each development initiative</p> <p>Recycling and/or reusing demolition or construction wastes</p>	<p>Demonstrate sustainable development approaches for company projects</p> <p>Divert minimum of 60% of demolished materials from landfills for company projects</p>	<p>Benny Farm project won the Holcim Award for best sustainable development</p> <p>In excess of 60% of demolished materials diverted from landfills at CLC's Chilliwack, Calgary and Edmonton projects</p>
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