CANADA LANDS COMPANY LIMITED

CORPORATE PLAN SUMMARY
2006-2007 TO 2010-2011

May 10, 2006

Canada

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Executive Summary

Canada Lands Company Limited

Through its subsidiaries, Canada Lands Company Limited (CLCL) continues to carry out its policy mandate as approved by the Government of Canada (the government) on reactivation in 1995 "to ensure the commercially oriented, orderly disposition of selected surplus federal real properties with optimal value to the Canadian taxpayer and the holding of certain properties." The company acts in line with government policy objectives and assists the government to ensure overall good stewardship of its real property resources.

As detailed in the following sections of this corporate plan summary, the key strategic priorities facing CLCL over its five-year planning period are exploring mandate related opportunities and maintaining excellence in the area of corporate governance.

Canada Lands Company CLC Limited

The key strategic priorities facing CLCL's core real estate subsidiary, Canada Lands Company CLC Limited (CLC), during the plan period are strengthening the company's sustainable development commitment, supporting improvements to the property transfer process, addressing issues regarding land transfers and aboriginal groups, and promoting the CN Tower as a national icon.

During the five-year planning period, CLC anticipates that its projects will result in the following benefits for local communities and Canadian taxpayers:

- $19.9 million paid to the government as dividends,
- $74.7 million paid to the government and Crown corporations as cash acquisition payments and note repayments for properties;
- $436.2 million spent by CLC on capital expenditures, including investments in environmental remediation; and
- $48.9 million paid to the government in federal income taxes ($1 million of the $49.9 million total is for provincial taxes).

The company's projected financial results compared to the budget for the fiscal year ending March 31, 2006 are presented below.

	$ Millions	
	Outlook	**Budget**
Property sales	62.7	50.5
CN Tower attractions, food and beverage (gross)	44.9	46.1
Income before taxes	15.7	12.7
Expenditures on properties	68.7	57.8
Cash flow before note repayments and dividends	(16.7)	(30.9)
General & administrative expenses	22.0	21.7

1. Canada Lands Company Limited

1.1 Introduction

This corporate plan summary is structured to reflect the fact that Canada Lands Company Limited (CLCL) is a holding company for its three wholly owned subsidiaries, Canada Lands Company CLC Limited (CLC), Parc Downsview Park Inc. (PDP) and the Old Port of Montréal Corporation Inc. (OPMC). The latter two corporations report separately to the Parliament of Canada through the Minister of State (Infrastructure and Communities) (the Minister), as if they were themselves parent Crown corporations. Accordingly, PDP and OPMC autonomously prepare and submit their own corporate plans.

CLCL has virtually no assets or corporate resources other than the shares of its subsidiary companies. Although PDP and OPMC are subsidiaries of CLCL, they operate in diverse business environments with different business objectives. CLC shares the same policy mandate as CLCL and carries out the parent company's core real estate business. Consequently, this corporate plan will discuss CLCL's performance and future strategic directions primarily through the section dealing with its CLC subsidiary.

1.2 Mandate

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

CLCL's policy mandate, which was approved by the Government of Canada (the government) upon reactivation in 1995, states that the fundamental purpose or principal goal of the company is to ensure the commercially oriented, orderly disposition of surplus strategic real properties with best value to the Canadian taxpayer and the holding and managing of certain properties. It also indicates that, in addition to financial and other strategic considerations, the government requires that the views of affected communities and other levels of government be taken into consideration by the company. A review of CLCL's mandate, with a special focus on the mandate of CLC, was carried out in June 2001 and the mandate was subsequently renewed.

CLCL and its CLC subsidiary ensure that all of their activities are consistent with this mandate. Although provincially regulated in many areas, the CLC subsidiary is guided by the spirit of such federal government policies in the areas of employment equity, official languages, and heritage. The mandate of CLC is addressed in section 2.1 of this corporate plan.

1.3 Corporate Profile

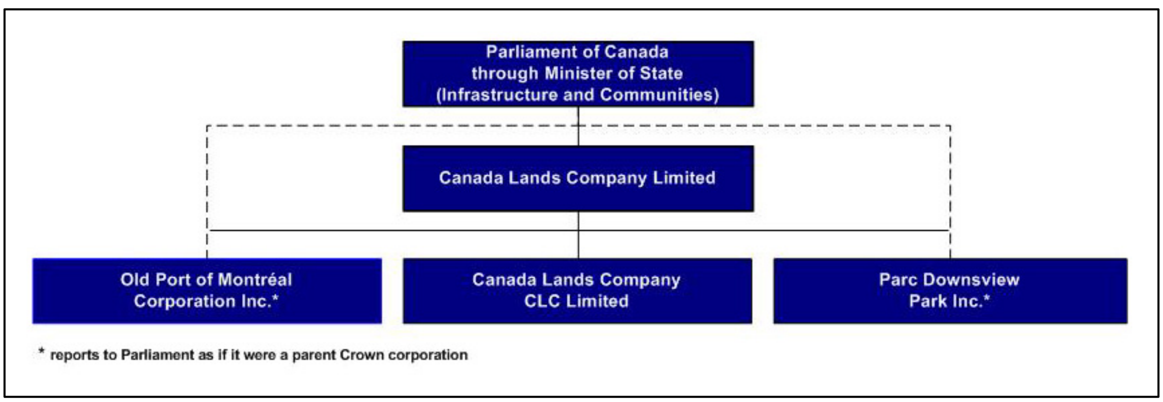
CLCL reports to the Parliament of Canada through the Minister and is an agent Crown corporation. Through its commercially oriented non-agent CLC subsidiary, the company ensures the orderly disposition of surplus strategic properties, maintains ownership or management of certain strategic properties such as Canada's National Tower (the CN Tower) in Toronto and pursues the realization of both financial and community objectives. The company's fiscal year end is March 31.

The three wholly owned subsidiaries of CLCL are:

- CLC, a non-agent Crown corporation, which carries out the core real estate business;
- PDP, an agent Crown corporation, which was incorporated in 1998 to manage and develop the former Canadian Forces Base (CFB) Toronto lands as Downsview Park, and which reports to Parliament as a deemed parent Crown corporation; and
- OPMC, an agent Crown corporation, which is responsible for redeveloping the Old Port of Montréal and which also reports to Parliament as a deemed parent Crown corporation.

The reporting structure of CLCL and its subsidiaries is illustrated in Exhibit 1.

Exhibit 1: CLCL and Its Subsidiaries



1.4 Strategic Priorities for the Plan Period

1.4.1 Explore Mandate Related Opportunities

In May 2005, CLC received government approval to proceed with negotiations to acquire from Canada Post Corporation the 23.5-acre (9.5-hectare) former postal distribution centre at 1500 Ottawa Street in Montréal.

1.4.2 Maintain Excellence in Corporate Governance

Amidst an environment of ever-increasing public scrutiny of government institutions, CLCL recognizes that sound corporate governance and transparency will continue to be instrumental to its future success. The company is fortunate to already enjoy a solid reputation in this area, as evidenced by it being chosen, in 2004, to participate in an Organisation for Economic Co-operation and Development (OECD) panel to make recommendations with respect to best practices in governance of state-run organizations. It has acted proactively in the past few years to improve its governance practices, and remains committed to continual monitoring and enhancing of them, as appropriate, through its regularly scheduled governance committee meetings of the board.

The government has furthermore taken the issue of the governance of Crown corporations very seriously. In February 2005, the President of the Treasury Board tabled a report entitled Meeting the Expectations of Canadians – *Review of the Governance Framework for Canada's Crown Corporations*, which sets out 31 measures to improve governance and accountability.

CLCL supports the intentions of these measures and is already in compliance with all those that it has the power to influence. It will work with the government to determine how best to address the remaining measures given its specific characteristics and business environment. The company will continue to participate in consultations with Treasury Board Secretariat (TBS) on the 31 measures, including such areas as how best to ensure appropriate skill recruitment in CEO and board appointment processes, and how best to preserve the arms-length relationship of commercially-oriented Crown corporations.

Since the 2003-2004 fiscal year, as a good governance initiative, CLC has undertaken bare certification of its financial statements by its President and Chief Executive Officer, and Vice President, Finance and Chief Financial Officer. Bare certification is an accounting/governance term referring to basic or first step certification by the CEO and CFO that the financial statements fairly present the company's financial condition, operational results and cash flows. The company has decided to wait and evaluate best practices before taking another step in this area such as certifying its financial controls.

As discussed in section 2.6.4 of this plan, CLC has also implemented a risk management register, which identifies and assesses key company risks along with actions for managing them. Implementation of this risk management framework is an ongoing process that has flagged issues such as the succession planning and talent management issue mentioned in section 2.6.1 of this plan.

1.5 CLCL 2006-2007 Objectives and Performance Targets

CLCL's 2006-2007 objectives and performance targets are outlined in Appendix A. They apply to the budget year of the five-year planning period.

1.6 CLCL 2005-2006 Performance Assessment

CLCL's 2005-2006 performance assessment is located in Appendix B. CLCL assesses its performance on an ongoing basis and attempts to learn from its successes and failures alike. Where the company falls short of ambitious targets, it assesses why and acts appropriately to either meet these targets in the future, or adjust expectations to more reasonable levels.

1.7 Dividends

CLCL's forecasted dividend payments to the government during the plan period total $19.9 million. The payment will be made in year five of the plan. The company will have a closing cash balance of $52 million, which will be available for dividend payments the following year.

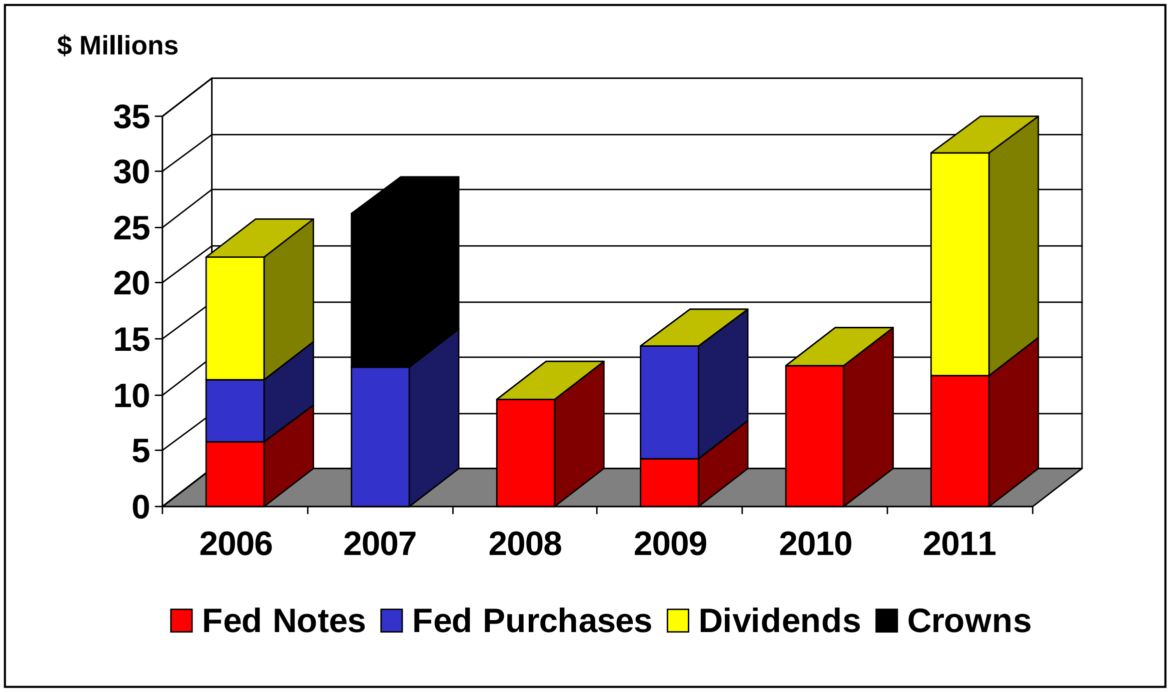
The company's dividend program will continue as established in the 2002-2003 to 2006-2007 corporate plan. Under the dividend program, working capital requirements are generally determined by the cash demands on CLC to carry out its business activities and are based on projected cash flow from operations for the subsequent three years, less note repayments during the same period.

The following principles are contained within the dividend program to ensure the most efficient use of cash generated from operations and the commercial viability of the corporation.

- Dividends are paid when the year ending cash balance is greater than the working capital requirement. The working capital requirement is the cash flow from normal business for the subsequent three years less any note repayments.
- The actual dividend payment in a given year can be different from the budgeted dividend estimated in the previous year.
- The amount of the dividend payment will never be of such amount that CLC will have to borrow funds to pay it but the corporation will, in the normal course of its business operations, fund major capital projects of the corporation through appropriate external financing, following acceptable industry practice.

The dividend paid in fiscal year 2005-2006 (for fiscal year 2004-2005) was $11 million.

Exhibit 2: Distributions to the Government of Canada



2. Canada Lands Company CLC Limited

2.1 Mandate

As the core real estate subsidiary of CLCL, CLC has the same principal goal in its policy mandate as its parent company: to ensure the commercially oriented, orderly disposition of selected surplus strategic federal real properties with optimal value to the Canadian taxpayer and the holding and managing of certain properties. This was laid out by the government in 1995 and reconfirmed in 2001. The realization of optimal value recognizes financial value, economic stimulation and a contribution to the quality of life in communities where the company operates.

CLC ensures that all of its activities are consistent with this policy mandate. It also follows transparent processes and ensures that it remains sensitive to local real estate market conditions. The company deals primarily with strategic properties possessing significant development potential through innovative planning, rezoning, servicing, environmental remediation, and attention to community or government sensitivities.

In disposing of its properties, CLC ensures broad market exposure and competitive bidding whenever possible. It also maintains a commitment to environmental sustainability in its projects and respects heritage considerations.

2.2 Corporate Profile

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

CLC's three operating divisions are:

- Western Real Estate Region — British Columbia, Alberta, Saskatchewan, Manitoba;
- Eastern Real Estate Region — Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador; and
- CN Tower — located in Toronto, Ontario.

The company's land portfolio totals 3,140 acres (1,270 hectares) as of September 30th, 2005, located in 20 municipalities across Canada. This is a decline of 360 acres (146 hectares) from last year's corporate plan, due to sales at the company's projects mainly in Calgary, Edmonton and Chilliwack, and no additional major property transfers to the company. The company has no operations or properties in the Yukon, Northwest Territories, Nunavut or Saskatchewan.

CLC employs approximately 330 full-time employees across the country, which includes approximately 240 employees at the CN Tower in Toronto. The CN Tower additionally employs 140 regular part-time employees year round. Due to the fact that the hospitality industry is of a seasonal nature, the number of employees at the CN Tower fluctuates from these numbers throughout the year.

CLC's head office and two of its operating divisions (Eastern Real Estate Region and CN Tower) are headquartered in Toronto, its Western Region operating division is headquartered in Vancouver. It also maintains a corporate office in Ottawa, along with ten project offices located across Canada.

Central to the company's operating philosophy is its commitment to the principle of corporate social responsibility. This commitment acknowledges the company's pursuit of financial value optimization, but also ensures its activities are carried out in a way that benefits its major stakeholders, including the local community. The company uses a balanced scorecard measurement tool to document, measure, manage and report on performance in the following five key result areas:

- shareholder/board of directors;
- business/financial;
- community/legacy;
- human resources; and
- municipal/provincial.

Appendices C and D are the company's balanced scorecard for the fiscal years 2006-2007 and 2005-2006 respectively. The former sets out the company's objectives for the coming year, while the latter highlights the company's performance with respect to the objectives set for the prior fiscal year.

2.3 Analysis of External Business Environment

World Economic Outlook

Five world scale issues have the potential to greatly impact the Canadian economy and CLC's business environment as outlined below.

Oil – Although prices have moderated since the records set in the summer of 2005, increasing oil prices are expected to define the nature of economic growth in Canada throughout the planning period. Higher energy costs generally will make their way through the economy and manufacturers, shippers and airlines will see their costs rise. Consequential inflationary and interest rate impacts should be noticeable over the rest of the decade. Nevertheless, the larger picture is good for Canada as a net exporter of oil and gas.

Avian Flu – Medical, disease control and microbiology experts and agencies worldwide are on watch for further spread of the Avian Flu virus. They report with grave certainty that it is not a matter of whether a world scale pandemic will strike, but when. Major worldwide economic disruption of travel, tourism, trade, commodities and housing markets would result.

Climate Change – Experts in climatology worldwide generally find conclusive evidence that the planet has been warming in the last several decades and the trend is accelerating. Significantly increased violent weather patterns and glacial melting can be expected to continue and worsen. Coastal areas are especially at risk of more violent weather and rising sea levels. Pressure for innovation in green building, housing technologies and energy efficiency will continue.

Terrorism – Attacks by militants on innocent civilian populations is a major security concern for western countries. Military and security agency response and counter measure capability are being beefed-up in all western U.S. states and in other locations around the world. Security measures at airports and ports of entry are impacting travel, trade and the movements of goods.

Growth in China – China's recent economic growth has caused it to shop the world to secure supplies in major commodities such as metals and energy. As the Chinese economy modernizes and urbanizes, continued increasing pressure on prices and supplies will be sustained. This will benefit Canadian exporters of commodities and result in higher prices for the average Canadian consumer.

Canada Economic Outlook

Canadian economic fundamentals are solid and can be expected to remain this way through to the end of the decade, barring unanticipated calamities such as SARS. With few exceptions, current and forecast indicators are all favourable: low inflation, low interest rates, low unemployment, healthy GDP, positive trade balance, Federal budget surplus. The only two detractors from this positive picture may be a slowing of housing starts for the rest of the decade and a strengthening Canadian dollar that will continue to negatively impact exports.

Real Estate Industry – No extraordinary risks are anticipated for the Canadian real estate industry over the five-year plan period that would lead CLC to greatly adjust its market strategies for any of its current or potential real estate development projects. The general slowing trend expected for housing starts will, however, impact the timing of residential build-outs. CLC is also reviewing its existing and potential property portfolio to take better advantage of increasing global investor interest in income-producing properties with high-grade tenancies. Sector specific commentary follows:

Office Sector – High office vacancy rates are forecasted to decline modestly and rents to remain stable, except in Calgary, Vancouver and Toronto where vacancies will decline more quickly.

Industrial Sector – A high dollar is expected to hinder growth in manufacturing and exporting. Low vacancies will spur some speculative construction, though industrial land values will remain stable or see very modest improvement.

Retail Sector – Boosted by unabated consumer spending across North America, retail vacancies to drop and rents to drift upwards. Continued growth of big box retail stores with increased blurring of traditional retail categories, for example, grocery stores selling TVs and drug stores selling video games and milk.

Housing Sector – New starts and re-sales growth will taper off with price and volume movements slowing as a seller's market cycles toward more balanced conditions over the remainder of the decade.

Exhibit 3: Housing Starts and GDP for Provinces Where CLC is Active

Province	2005 GDP	2006 GDP	2005 Housing Starts	2006 Housing Starts
British Columbia	3.6%	3.7%	33,600	31,600
Alberta	4.2%	4.3%	40,000	38,000
Manitoba	2.6%	2.9%	4,600	4,800
Ontario	2.3%	2.0%	80,500	75,200
Québec	2.4%	2.1%	50,000	43,000
New Brunswick	2.4%	2.4%	3,600	3,400
Prince Edward Island	1.5%	1.8%	785	725
Nova Scotia	1.9%	1.9%	4,800	4,725
Newfoundland and Labrador	2.0%	2.7%	2,500	2,200

Source: GDP data from Scotiabank Group, *Forecast Update*, released October 5, 2005; housing start data from CMHC, Q3 *Housing Outlook*, National Edition, released October 24, 2005

West Coast Region – Pacific Rim trade and mining exploration, driven by growing international demand for commodities will continue to boost job growth. A continued hot housing market is expected in Vancouver with high-rise residential construction, new starts

and sales setting a record pace. The Vancouver and Victoria housing markets are on watch for a possible 'bursting' of the housing bubble, which would mean decreased housing prices.
Prairies Region – Record high oil and gas prices will continue to drive gains in jobs, investment and big-ticket consumer spending. Real estate activity will remain steady and strong.

Ontario – The strong Canadian dollar, increasing US interest rates and nearly maxed out US consumer credit may bode ill for exporters to the US who have done well riding a huge wave of North American consumer spending. Industrial land users are expected to increasingly seek opportunities outside the Greater Toronto Area (GTA), to reduce costs. Office vacancy rates will continue to drop slowly. Retail and housing sectors should remain steady and strong. This trend is anticipated despite the November 2005 General Motors announcement that it will be shutting down 12 factories, including its number two plant in Oshawa and eliminate 3,900 Canadian jobs. Already fully committed to the success of the auto sector, it is anticipated that the Government of Canada will compensate for these losses by offering hundreds of millions of dollars to automakers in a bid to attract new plants, such as Toyota Motor Corp.'s new assembly plant near Woodstock, announced in June 2005.

Québec – Growth is expected to be just under national averages. In Montréal, a generally soft market condition will continue in the office and industrial sectors, while retail and housing sectors will show modest growth.

Atlantic Region – Generally slow economic growth and higher interest rates will slow housing starts more significantly than elsewhere in Canada.

GTA Tourism and Hospitality Industry – The outlook for the GTA tourism and hospitality industry shows more opportunities than issues for 2006-2007. The CN Tower's overall growth is expected to outpace that of GTA tourism, due mainly to greater growth in visitors from Asia (increasingly from China) and other non-US international markets. The US visitor segment, forecasted as flat for 2006-2007, continues to be uncertain and may impede CN Tower attendance growth because of the historically large proportion of US visitors. The overall impacts of Hurricanes Katrina and Wilma on US tourists visiting Canada are still uncertain. The domestic market is forecasted to grow approximately 5%, indicating that Canadians will continue to travel within Canada.

Exhibit 4: Projected CN Tower and GTA Visitor Market Share Growth

Market	CN Tower 2004-2005* Visitor Percentage Breakdown (based on customer research from June 2004 to March 2005)	CN Tower Visitor Projected Growth 2006-2007	GTA 2004 Visitor Percentage Breakdown (based on total reported 2004 visitors, including some commuter traffic)	GTA Visitor Projected Growth 2006-2007* (based on early trends and indicators)
Domestic	45	+3%	77	+5%
USA	23	-	16	-
International	32	+12%	7	+10%
Total:	**100**	**5.2%**	**100**	**4.7%**

***** Based on current trends and indicators from Canadian Tourism Commission, Ontario Tourism Marketing Partnership, and Tourism Toronto

Government of Canada – The federal government posted a $1.6 billion budget surplus for 2004-2005. While more federal spending proposals can be expected after the early 2006 election, prudence is likely to prevail and balanced or surplus budgets are likely to continue over CLC's five-year planning period. Balanced budgets will lower external fiscal pressure to liquidate surplus federal real estate assets. This may, however, be offset by the internal pressure of the 2005 Budget's expenditure review program, which seeks savings of $2.5 billion over five years in office accommodations.

2.4 Strategic Priorities for the Plan Period

2.4.1 Strengthen Sustainable Development Commitment

Many new developments in recent decades have been a dull and wasteful copy of the suburban development found across much of North America: big box retail, sprawling suburbs, inefficient road designs, low densities, lack of community, and little attention to sustainable development practices. This has had a negative impact not only on the physical environment in which people live, but has resulted in significant economic costs due to excessive commuting and auto use, the segregation of socio-economic groups, higher energy use, significant health impacts due to a lack of exercise, and a lack of free time to pursue leisure activities.

The quality of future human activity and development is increasingly seen as being dependent on reducing human impacts on the natural environment. By improving the understanding of links between environmental quality, human health and economic performance, objectives in all of these areas are more likely to be achieved, rather than in one area at the expense of another.

CLC's redevelopment activities are a perfect fit with the four pillars of: environmental sustainability, economic sustainability, social sustainability and cultural sustainability. The company already has a long track record of success in the area of sustainable development through its creation of beautiful, new urbanism inspired inner-city communities with carefully planned streetscapes, commemorative heritage monuments, and nearby amenities to encourage pedestrianization. The company's successful former CFB Calgary project provides a prime example of this.

Looking forward, there are a wide variety of opportunities across Canada for CLC to strengthen its sustainable development commitment and help the government demonstrate that there are better ways to build Canada's communities. Specifically, the company will focus on:

- redeveloping urban land in a way which showcases the four pillars of sustainability;
- redeveloping land to support the investment in human capital;
- contributing to the creation of vibrant, creative, inclusive, prosperous, and sustainable communities; and
- improving the revenue base for cities.

These opportunities lie in the redevelopment of the strategic properties covered by this corporate plan. Examples include both proposed acquisitions such as Kapyong Barracks in Winnipeg, CFB Rockcliffe in Ottawa, the former Canada Post sorting facility in Montréal, Shannon Park in Halifax, and properties already acquired, such as the final phase of CFB Calgary, CFB Chilliwack and CFB Griesbach in Edmonton.

In terms of the four pillars of sustainable development, Exhibit 8 provides an example of one CLC project (Benny Farm) in action. CLC's potential overall impact follows.

Environmental Sustainability – Achieving environmental sustainability requires managing and protecting ecosystems to maintain both their economic and their ecological functionality, maintaining the diversity of life in both human-managed and natural systems, and protecting the environment from pollution.

Economic Sustainability – Achieving economic sustainability requires appropriate economic policies, efficient resource allocation and use, more equitable control over resources, and increased productive capacity among the poor. Infill development is not only consistent with most urban planning objectives, but it promotes the efficient use of capital resources by reducing the requirement for extended servicing infrastructure and roads. Money saved from this can be spent on light rail or other suitable transit opportunities, which can increase accessibility and density on the site and further promotes the efficient use of resources. The provision of affordable housing can reduce a family's outlay on accommodations, thus freeing up income to improve quality of life in other areas.

Social Sustainability – Achieving social sustainability means more equitable income distribution, and ensuring the participation of intended beneficiaries and those affected in life-altering decisions. A socially sustainable community would feature a mix of residential and employment land uses to reduce commuting and allow for a better balance between work and play. CLC communities offer a wide range of housing types and affordability levels, to provide the opportunity for all economic groups to live in a community. Compact, walkable neighbourhoods with numerous parks encourage walking and other outdoor activities to help combat obesity, diabetes, and similar health issues.

Cultural Sustainability – Attaining cultural sustainability requires sensitivity to cultural factors such as heritage, legacy, cultural diversity, and a recognition of the values conducive to development. The concept of a mixed community, bringing together employment, recreational, cultural, and residential components with a variety of types and affordability, promotes bringing together various cultural elements and promotes a more integrated society.

Exhibit 5: Benny Farm Sustainable Development Example

BENNY FARM: AN EXAMPLE OF SUSTAINABLE DEVELOPMENT

CLC's Benny Farm project in Montréal is an example of how all four pillars of sustainability can be addressed in a real estate development project.

Environmental Sustainability

Simply applying the technology CLC introduced at three residential blocks totaling 187 residential units to other similar sized CLC developments would allow every resident to meet the "One-Tonne Challenge" and result in significant reductions in energy and water consumption. As a showcase example, the Benny Farm project has already resulted in:

- annual savings of the equivalent of 1.8 million kilowatt hours in energy;
- annual savings of $75,000 in energy costs;
- annual savings of 313 tonnes of greenhouse gases (which meets the one tonne challenge for every resident);
- annual savings of 18 million litres of water;
- the reuse of materials from deconstruction (bricks, hardwood floors, radiators and concrete), in new and renovated buildings and in the road bed; and
- the development and funding of a plan to build a geo-thermal co-generation plant.

Economic Sustainability

CLC's Benny Farm project additionally incorporates:

- a large component of affordable housing cooperatives;
- infill development making use of existing infrastructure;
- reuse of existing buildings wherever possible, and
- reductions in overall accommodation operating costs through energy efficient features.

Social Sustainability

It also features:

- a mix of affordable and market priced housing;
- common maintenance of common areas;
- a community garden; and
- intergenerational housing from young families to seniors.

Cultural Sustainability

It furthermore incorporates:

- a local community service centre and CSSS (Centre de santé et de services sociaux) on site; and
- cultural diversity in its resident groups.

2.4.2 Support Improvements to the Property Transfer Process

TBS has undertaken a review of the government's real property disposal process. CLC and its board welcome further discussion with the shareholder on this issue.

2.4.3 Address Issues Regarding Land Transfers and Aboriginal Groups

One of the major issues facing the transfer of government surplus strategic real estate is the significant delay in the process that typically occurs when there are outstanding issues of asserted Aboriginal title or treaty rights. This situation is of greatest concern in British Columbia – the only province to have joined confederation without having accomplished treaties with the vast majority of its aboriginal people. This controversial situation affecting Crown lands and resources across that province was finally and formally addressed on April 15, 1993 with the establishment of the BC Treaty Process and its Commission. In its recently released annual report, the BC Treaty Commission states that there are 57 First Nations participating in the process at 46 negotiating tables. While no treaties have resulted to date, the Commission is expressing optimism that the first three may be achieved in the year ahead.

Over the course of the past year or so, there have been significant legal and political shifts to the landscape of Crown-aboriginal relations. In its recent report, the Commission acknowledges: *"While important court rulings and political actions have at times overshadowed treaty negotiations and temporarily slowed progress, these developments are likely to have a positive impact on future progress."* The Treaty Commission is referring to several milestone events and pronouncements, specifically:

- A second meeting of First Nations leaders and First Ministers to pursue agreement on a comprehensive agenda of action for the benefit of all First Nations people, which took place in late November 2005, in Kelowna, British Columbia.
- The Supreme Court of Canada decision in Haida and Taku, November 18, 2004: *"The honour of the Crown requires that these [aboriginal] rights be determined, recognized and respected. This, in turn, requires the Crown, acting honourably, to participate in processes of negotiation. While this process continues, the honour of the Crown may require it to consult, and when indicated, accommodate aboriginal interests."*
- BC Premier Gordon Campbell at the Cabinet Swearing-in Ceremony, June 16, 2005: *"…we will forge new relations with First Nations, founded on reconciliation, recognition and respect of aboriginal rights and title."*
- The BC government in the Speech from the Throne, September 12, 2005: *"The new relationship must be based on mutual respect and recognition of Aboriginal Canadians' constitutional rights."*

Progress has been made in addressing and accommodating the interests of First Nations through the existing federal strategic property disposal process. Specifically, in early 2005, CLC made a breakthrough related to the 136.5-acre (55.2-hectare) Department of Fisheries and Oceans (DFO) Garden City property in Richmond. Through the mediation process, CLC was successful in reaching a compromise whereby after transfer to CLC, 50% of the site will be conveyed to the City of Richmond at market value, and the remaining 50% will be dealt with by way of a joint venture between CLC and the Musqueam First Nation. All major legal agreements between the three parties were signed in mid-December 2005. This outcome was achieved within the existing mandate of CLC and in accordance with the TBS decision approving the transfer of the property.

While the company is hopeful that this breakthrough will lead to future government transfers in which there are First Nations issues, it is anticipated that assertions of Aboriginal rights, title and treaty rights will remain a major challenge to development for many of the strategic, surplus government properties.

In light of these developments and recent changes to the legal and policy landscapes, CLC has and is undertaking several steps and initiatives to deal with the issues it faces in this area as outlined below.

- In December 2005, CLC successfully concluded negotiations on the joint venture agreement with the Musqueam Indian Band and the agreement of purchase and sale with the City of Richmond for the development of the Garden City lands;
- In January 2005, the CLC Board approved a policy respecting corporate relations with Aboriginal groups, revising its 1996 guidelines to update CLC's obligations in light of the recent Supreme Court decision;
- CLC will continue its practice of keeping abreast of Court decisions and current events regarding the Crown and aboriginal rights and tile and maintain its policy of being open and communicative with First Nations interested in and/or affected by its activities;
- CLC continues its close relations with custodial departments and has received assurances from DND and DFO that it will be brought into pre-transfer discussions with First Nations at the earliest appropriate time; and
- Justice Canada and CLC, through its legal counsel are responding to and defending against ongoing legal challenges when and as appropriate.

2.4.4 Promote the CN Tower as a National Icon

As one of the most recognized tourist attractions worldwide, Canada's National Tower (the CN Tower) defines the Toronto skyline and is a prominent symbol of both Toronto and Canada. Given this, it will continue to contribute a strong voice and exercise a leadership role in the development and implementation of the tourism strategies in Toronto and Canada.

CLC will continue to promote and market the status of the CN Tower as a national icon and wonder of the modern world, and will continue to build its role in the municipal, provincial, and federal tourism economies.

Over the five-year planning period, the company will implement five operational initiatives to promote the core role of the CN Tower as a national icon. This will increase business opportunities for the CN Tower, while at the same time increasing the presence and visibility of the government with residents and visitors, both in Toronto and internationally.

The five major initiatives are as follows:

- carry out an aggressive program in outbound sales and marketing;
- continue to develop expanded human resource programs and policies striving to keep the CN Tower a leading-edge employer;
- use the CN Tower's role in tourism to expand its voice and influence;
- continue to maintain and upgrade the facility; and
- reassess existing and develop new streams of revenue.

With modest tourism growth expected over the next two to three years (especially from the U.S.), the CN Tower will focus on the local and broader Canadian market for business growth, as well as targeted international markets. The marketing and sales efforts will support the tourism industry efforts in terms of markets and business channels. Immediate focus will be placed on current domestic and international markets, and on emerging international markets (e.g. Mexico and China) over the plan period.

Throughout the plan period, the CN Tower will aim to increase 'off-season' attendance in the months of November until April and become less dependent on inbound tourism. This will be achieved through effective partnerships and the creation of new relevant products and programs leveraging opportunities such as the CN Tower's 30th anniversary in 2006. CLC is furthermore exploring options for the development of the vacant lands at the base of the CN Tower.

2.5 CLC 2006-2007 Objectives and Performance Targets

CLC's 2006-2007 objectives and performance targets are outlined in Appendix C. The objectives and performance targets in this appendix are set for the budget year, but many flow through to the subsequent strategic plan years.

2.6 Assessment of Corporate Resources

2.6.1 Human Resources

As CLC enters its second decade of operation, the company's human resource programs and practices continue to evolve to meet organizational needs. The integration of the CN Tower within the operational framework is also ongoing, as best practices are shared between the CN Tower and real estate operating divisions to achieve increased consistency and efficiency.

CLC continues to benefit from the expertise of a strong team of highly qualified and dedicated professionals. Employee input continues to be a key factor in maintaining an open work environment. Through the employee's Human Resources Round Table and the annual employee survey, new ideas and opportunities are regularly solicited to enhance internal communication and maintain a positive work environment. At the CN Tower, round table meetings have also been initiated with participation from representatives across the organization. Various other communication initiatives have been successfully implemented in an effort to foster an environment of open communication and inclusion. With an established record of success now in place, the company must now turn its attention to building for the future, particularly given that it is faced with an aging workforce. As there are a significant number of potential retirements at the senior management level of the organization within the plan period, revitalizing the company's talent management processes over the next five years will be instrumental to the company's success.

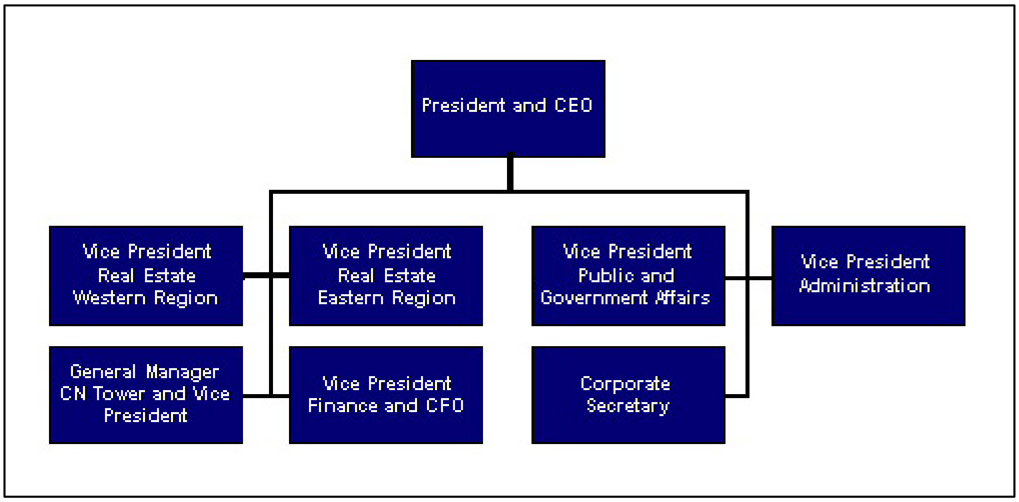
The company will ensure that appropriate measures are taken to maintain the continuity of operations and transfer necessary skills to new and existing staff through succession planning, recruitment and professional development programs – all of which must be integrated with the company's business objectives. The challenge will be to explore new and innovative ways to retain the skills and knowledge of the company's workforce that are compatible with a diverse set of employee lifestyles.

Faced with the possibility of an increased inventory of properties, additional resources may need to be added at the regional levels, although corporate overhead staff requirements are expected to remain constant. As a result, a larger property inventory would mean relatively lower overhead costs and higher resulting profits per property, creating a financial benefit to the government and all Canadians.

Ongoing reviews of CLC policies and programs will also contribute to the company's commitment to good governance and performance while remaining competitive and transparent in the marketplace.

CLC's senior management team structure is illustrated in Exhibit 6.

Exhibit 6: CLC Senior Management Team Organizational Structure



CLC continues to promote a safe and healthy work environment for employees. Regular education and training will ensure that the company is able to maintain this environment on an ongoing basis.

The company also continues to meet its commitments under the Official Languages Act and is reaffirming this commitment in all possible areas of CLC's work environment.

2.6.2 Information Resources

During the plan period, CLC's Information Services (IS) department will continue building on a framework that focuses on agility and flexibility for integrating lines of business, employees and project offices. Strategically, the importance of a mobile workforce operating in a secure environment is key to CLC's growth. IS will continue striving to implement technologies that lay a foundation for the future.

The focus for IS during the 2006-2007 fiscal year will be to consolidate and standardize the technology environment to simplify systems management in order to provide faster and more effective customer service to all CLC employees. IS will also target employee productivity on CLC systems by implementing solutions for password management and for improved network speed. The department will furthermore continue to strengthen its security infrastructure to protect company data and information and maintain its commitment to business continuity by building redundancy and contingency in the technologies implemented.

The current J.D. Edwards (JDE) software used to manage financials is facing end of life in year 2013. IS and the CN Tower's Information Technology department will take this year to jointly review and assess enterprise software for financials, budgeting, contract management, project job costing, property management and integration into other software used for operations. The assessment will result in obtaining a solid direction for enterprise software for CLC by March 2007.

2.6.3 Financial Resources

Since its inception, CLC has been able to fund capital requirements through internally generated funds rather than financing them from external sources. The company presently has a $50 million line of credit with a major bank, currently used exclusively for letters of credit totaling $22.2 million. The company will need to increase this line by $35 million to $85 million.

CLC estimates acquisitions of $121.8 million, of which notes will be issued for $85.5 million and capital expenditures of $436.2 million during the plan period. More specifically, redevelopment projects such as the former CFB Chilliwack, Calgary, Griesbach, and Rockcliffe will require sizeable capital expenditures over the next few years.

By year three of the five-year plan period, the company is projecting that the value of its properties will reach $409 million, which exceeds the company's asset base at inception in 1995. It is anticipated that borrowing will peak at $53 million; however, letters of credit (currently totaling $22.2 million, which are expected to increase) will be issued from the total financing capacity.

In addition, $39.5 million in bonds are outstanding regarding the CN Tower. These bonds are fully amortized, maturing in January 2014. During the plan period, CLC will make principal payments of $22.7 million, resulting in an outstanding balance of $16.8 million at the end of the plan.

By the end of year five of the plan, CLC's bank indebtedness will be paid off. The company is anticipating having a cash balance of $52 million at the end of the plan period.

CLC's capital budget is illustrated in Exhibit 7.

Exhibit 7: CLC Capital Budget 2006-2007
(Expenditures on Properties)

	$ Millions
CLC expenditures on properties	74.4
CLC acquisitions	57.8

2.6.4 Enterprise Risk Management and Internal Controls

CLC has continued to place emphasis on its enterprise risk management objectives and internal controls environment and, as a result, several new programs were initiated and/or implemented in 2005-2006.

CLC's director of risk management and internal controls leads the company's risk management committee in ensuring that key business and operational risks are identified, assessed, mitigated, managed, monitored, and, where reasonable and cost-effective, insured, particularly for severe and catastrophic exposures to the company. Several risk management and internal control initiatives and enhancements were undertaken at CLC during 2005-2006. These include:

- development of the company's first integrated risk management policy and policy guidelines;
- development of the company's first internal controls and auditing charter and operating procedures;
- development of the company's first internal audit plan based on a preliminary risk assessment approved by the board;
- a first internal audit of CN Tower's payroll function;
- a robust assessment of the company's enterprise-wide key risks (for both Real Estate and CN Tower operating divisions) that could impede company objectives, and development of a corporate risk register and priority risk mitigation action plan aligned to CLC's mandate and corporate objectives;
- a current state gap analysis of the company's business continuity planning in order to make it more comprehensive and enterprise-wide (including the CN Tower);
- a national bilingual claims management system utilizing a major claims control adjuster, for both the real estate and CN Tower operating divisions, to reduce legal and administrative expenses; and
- significant improvements to the company's entire corporate insurance protection program through negotiations and consolidation, while saving the company approximately $1 million annually in premiums.

2.7 CLC 2005-2006 Performance Assessment

CLC's 2005-2006 performance assessment is located in Appendix D. CLC assesses its performance on an ongoing basis and attempts to learn from its successes and failures alike. Where the company falls short of ambitious targets, it assesses why and acts appropriately to either meet these targets in the future, or adjust expectations to more reasonable levels.

3. Financial Schedules

3.1 Canada Lands Company CLC Limited

3.1.1 Statement of Operations and Cash Flow for 2005-2006 to 2010-2011

$ Millions	Actual 2004/05	YEO 2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	5 Year Total
REVENUE								
Property sales	59.3	62.7	65.8	101.7	142.5	158.0	144.3	612.3
Cost of properties sold	39.6	46.6	48.4	85.4	111.4	122.9	111.8	479.9
Net property sales revenue	19.7	16.1	17.4	16.3	31.1	35.1	32.5	132.4
Net attractions, food and beverage	27.3	28.9	30.2	31.1	32.1	33.1	34.0	160.5
Property rental	5.3	5.4	5.9	6.6	5.9	6.1	5.1	29.6
Net CN Tower store	2.3	2.0	2.2	2.3	2.3	2.3	2.5	11.6
Interest and other income	5.9	3.1	1.8	1.6	1.5	1.5	2.8	9.2
	60.5	55.5	57.5	57.9	72.9	78.1	76.9	343.3
EXPENSES								
General and administrative	19.5	22.0	21.5	22.1	23.2	23.9	24.6	115.3
Provisions	6.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest	2.4	2.2	2.0	1.8	1.6	1.3	1.0	7.7
Land holding costs	1.1	1.4	1.0	0.5	0.5	0.7	0.6	3.3
Other CN Tower expenses	9.0	8.9	9.5	9.8	10.1	10.4	10.6	50.4
Depreciation	4.5	4.9	5.5	5.9	6.0	6.1	6.1	29.6
Capital taxes	0.1	0.4	0.4	0.5	0.4	0.4	0.4	2.1
	42.9	39.8	39.9	40.6	41.8	42.8	43.3	208.4
INCOME BEFORE TAXES	**17.6**	**15.7**	**17.6**	**17.3**	**31.1**	**35.3**	**33.6**	**134.9**
Income taxes	4.3	5.8	6.5	6.4	11.5	13.1	12.4	49.9
NET INCOME	**13.3**	**9.9**	**11.1**	**10.9**	**19.6**	**22.2**	**21.2**	**85.0**
Recovery of cost of properties sold	39.6	46.6	48.4	85.4	111.4	122.9	111.8	479.9
Depreciation	4.5	4.9	5.5	5.9	6.0	6.1	6.1	29.6
Provisions	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expenditures on properties	(38.0)	(68.7)	(74.4)	(112.0)	(88.7)	(93.6)	(67.5)	(436.2)
Acquisitions	(2.8)	(15.0)	(57.8)	(14.1)	(33.6)	(8.3)	(8.0)	(121.8)
Debt repayment	(3.7)	(3.9)	(4.1)	(4.3)	(4.5)	(4.8)	(5.0)	(22.7)
Vendor mortgages	40.9	4.1	3.8	(1.9)	(2.1)	(4.1)	(0.4)	(4.7)
Government notes issued	2.8	8.8	31.6	14.1	23.6	8.3	7.9	85.5
Changes in working capital	(11.9)	(3.4)	(1.1)	(0.9)	(2.1)	(2.1)	(2.3)	(8.5)
CASH FLOW BEFORE DISTRIBUTIONS	**45.2**	**(16.7)**	**(37.0)**	**(16.9)**	**29.6**	**46.6**	**63.8**	**86.1**
Government notes repayment	5.6	5.8	0.0	9.6	4.3	12.7	11.8	38.4
Dividends	5.0	11.0	0.0	0.0	0.0	0.0	19.9	19.9
DISTRIBUTIONS	**10.6**	**16.8**	**0.0**	**9.6**	**4.3**	**12.7**	**31.7**	**58.3**
Prior year's accumulated note repayments	150.7	156.3	162.1	162.1	171.7	176.0	188.7	162.1
Prior year's accumulated dividends	129.7	134.7	145.7	145.7	145.7	145.7	145.7	145.7
TOTAL ACCUMULATED DISTRIBUTIONS	**291.0**	**307.8**	**307.8**	**317.4**	**321.7**	**334.4**	**366.1**	**366.1**

Appendices

A CLCL 2006-2007 Objectives and Performance Targets

While the objective and performance measure in this appendix is set for the budget year (2006-2007), it is recognized that they may flow through to subsequent strategic plan years.

2006-2007 OBJECTIVE	PERFORMANCE TARGET
Maintain and enhance excellence in corporate governance	Monitor developments with respect to the government's anticipated Federal Accountability Act and take appropriate action to implement any applicable measures Carry out a review of the company's policy suite to identify any measures required to ensure that board directors and management have the necessary framework to exercise good governance

B CLCL 2005-2006 Performance Assessment

2005-2006 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
Work with the government to remove certain policy restrictions on CLCL mandate	Demonstrate to the federal government the benefits of expanding CLCL's policy mandate	After initial consultations with the government, CLCL decided not to pursue these discussions at this time

C CLC 2006-2007 Objectives and Performance Targets

While the objectives and performance measures in this appendix are all set for the budget year (2006-2007), it is recognized that many will flow through to the subsequent strategic plan years as indicated in the financial schedules and other areas of this plan.

2006-2007 OBJECTIVES	PERFORMANCE TARGETS
SHAREHOLDER / BOARD OF DIRECTORS	
Operations	
Provide financial benefits to the Government of Canada	Pay dividends to the government of $19.9 million for 2006-2007 to 2010-2011 Pay cash acquisitions and note repayments for properties to the government and Crown corporations of $26.2 million for 2006-2007 and $74.7 million for 2006-2007 to 2010-2011 Pay federal income taxes to the government of $6.3 million for 2006-2007 and $48.9 million for 2006-2007 to 2010-2011
BUSINESS / FINANCIAL	
Financial Performance	
Optimize financial value and returns	Achieve net income before tax of $17.6 million for 2006-2007 and $134.9 million for 2006-2007 to 2010-2011 Achieve revenues of $126.3 million for 2006-2007 and $931.6 million for 2006-2007 to 2010-2011 Projected CLC capital expenditures, including investments in environmental remediation of $74.4 million for 2006-2007 and $436.2 million for 2006-2007 to 2010-2011

2006-2007 OBJECTIVES	PERFORMANCE TARGETS
Business Development	
Work with the government to improve the property transfer process	CLC concerns and input are reflected in the final outcome
Assist in expediting property transfers	Increase starting book value of property inventory, with measures and targets to be developed in 2006-2007
Customer Relations	
Continue to improve customer satisfaction for tenants and CN Tower visitors	Minimum overall customer satisfaction score of 75% for operating divisions
COMMUNITY / LEGACY	
Legacy Creation	
Implement legacy initiatives	Commemorate the heritage of company projects
Corporate Philanthropy	
Evaluate and act upon potential areas of donations and sponsorships	Contribute up to 1% of net income before taxes (which equates to $157,000) towards corporate philanthropy in line with the company's corporate philanthropy policy
HUMAN RESOURCES	
Work Environment	

2006-2007 OBJECTIVES	PERFORMANCE TARGETS
Maintain positive and safe work environment and recognize and reward employees appropriately	Maintain voluntary employee turnover at below 5% for real estate divisions Establish industry benchmark for voluntary turnover of non-seasonal CN Tower employees to be used in the future Expand Health and Safety program for each province
Continued focus on integration of programs of the CN Tower	Maintain the succession plan for real estate division and create one for the CN Tower with increased focus on development opportunities Increased communication and employee input at the CN Tower through introduction of HR Round Table and employee survey
MUNICIPAL / PROVINCIAL	
Economic Stimulation	
Promote timely and appropriate development and construction of sites, and track activity in line with the company's guidelines on tracking benefits beyond dividends	Increase cumulative development expenditures stimulated by CLC and its project associates by $84 million for 2006-2007 and $1.05 billion for 2006-2007 to 2010-2011 Increase cumulative person years of direct construction employment stimulated by CLC and its project associates by 660 for 2006-2007 and 8,300 for 2006-2007 to 2010-2011
Social Policy Objectives	
Contribute to housing and other social policy objectives where appropriate, with each major project	Increase new or refurbished residential units stimulated by CLC and its project associates by 400 for 2006-2007 and 5,000 for 2006-2007 to 2010 –2011
Sustainable Development	

2006-2007 OBJECTIVES	PERFORMANCE TARGETS
Incorporate sound principles of sustainable development for each development initiative	Demonstrate sustainable development approaches for company projects
Recycling and/or reusing demolition or construction wastes	Divert minimum of 60% of demolished materials from landfills for company projects

D CLC 2005-2006 Performance Assessment

2005-2006 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
SHAREHOLDER / BOARD OF DIRECTORS		
Operations		
Provide financial benefits to the Government of Canada	Pay dividends to the government of $7.5 million for 2005-2006 and of $74.8 for 2005-2006 to 2009-2010	Paid $11 million in dividends to the government in 2005-2006
	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	$12 million in distributions ($6.2 million in cash acquisitions and $5.8 million in note repayments) to the government
	Pay federal income taxes to the government of $3.1 million for 2005-2006 and $36.6 million for 2005-2006 to 2009-2010	Paid $5.7 million in federal income tax in 2005-2006
Ensure best practices in non-financial areas of the company	A completed, full social audit by external auditors to verify the validity of practices used to measure non-financial reporting	The suggestions coming out of the audit are being acted upon and the company expects to carry out another social audit in a few years for comparison purposes
Bilingualism		
Ensure compliance with Government of Canada Official Languages action plan	Implement training plan for all bilingual positions once established	CLC's bilingualism policy was extensively revised and implemented to ensure better compliance with the government's action plan
BUSINESS / FINANCIAL		

2005-2006 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
Financial Performance		
Optimize financial value and returns	Achieve net income before tax of $12.7 million for 2005-2006 and $148.4 million for 2005-2006 to 2009-2010	Net income before tax of $15.7 million will be achieved
	Achieve revenues of $106.6 million for 2005-2006 and $889.4 million for 2005-2006 to 2009-2010	Revenues of $121.8 million will be achieved
	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	Capital expenditures of $68.7 million will be incurred
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	Milestones established to track property transfer progress Book value of properties transferred to the company anticipated to be $12.6 million
Optimize tourism attendance growth for the CN Tower	Increase overall attendance by 5.5% for 2005-2006	Total attendance is estimated to increase by 1.7% over 2004-2005
	Off-season (November through April) to be at minimum of 27% of overall 2005-2006 attendance	Off-season attendance is projected to be 25% of overall number

2005-2006 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
Customer Relations		
Continue to improve customer satisfaction for tenants and CN Tower visitors	Minimum overall customer satisfaction score of 75% for operating divisions	Based on two waves of quarterly research, the CN Tower is on track to meet this goal
COMMUNITY / LEGACY		
Legacy Creation		
Implement legacy initiatives	Commemorate the heritage of company projects	Held Peacekeepers' Day in Calgary – unveiled Buffalo Park Unveiled a statue of Major General Griesbach at the Village at Griesbach in Edmonton Hosted an exhibition by the Musée du Fiers Monde on 50 years of veterans at Benny Farm
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	Contributed $175,000 to corporate philanthropy initiatives, including $60,000 to match employee contributions to the United Way
HUMAN RESOURCES		
Work Environment		

2005-2006 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
Maintain positive and safe work environment and recognize and reward employees appropriately	Maintain voluntary employee turnover at below 5% for real estate divisions	Voluntary employee turnover rate is anticipated to be 6.6%
	Establish industry benchmark for voluntary turnover of non-seasonal CN Tower employees to be used in the future	The CN Tower is currently investigating industry benchmarking practices
	Expand Health and Safety program for each province	Enhancing training, communication and education is ongoing
Continued focus on integration of programs of the CN Tower	Maintain the succession plan for real estate division and create one for the CN Tower with increased focus on development opportunities	The succession planning process is being enhanced to ensure ongoing skills and professional development in support of organizational growth
	Increased communication and employee input at the CN Tower through introduction of HR Round Table and employee survey	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
MUNICIPAL / PROVINCIAL		
Economic Stimulation		

2005-2006 OBJECTIVES	PERFORMANCE TARGETS	PERFORMANCE ASSESSMENT
Promote timely and appropriate development and construction of sites, and track activity in line with the company's guidelines on tracking benefits beyond dividends	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 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	Increased by $300 million through the construction of residential units and industrial and commercial facilities Increased by 3,000 person years for 2005-2006
Social Policy Objectives		
Contribute to subsidized housing and other social policy objectives where appropriate, with each major project	Increase subsidized residential units stimulated by CLC and its project associates by 32 for 2005-2006 and 160 for 2005-2006 to 2009-2010	Increase by 100 subsidized housing units at Benny Farm, Montréal
Sustainable Development		
Incorporate sound principles of sustainable development for each development initiative Recycling and or reusing demolition or construction wastes	Demonstrate sustainable development approaches for company projects Divert minimum of 60% of demolished materials from landfills for company projects	Benny Farm project won the Holcim Award for best sustainable development In excess of 60% of demolished materials diverted from landfills at CLC's Chilliwack, Calgary and Griesbach projects