

CANADA LANDS COMPANY LIMITED

CORPORATE PLAN SUMMARY
2001-2002 TO 2005-2006
AND AMENDED OPERATING BUDGET
SUMMARY 2001-2002



Innovation. Value. Legacy



Canada Lands Company Limited
Corporate Plan Summary 2001-2002 to 2005-2006
and Amended Operating Budget Summary 2001-2002

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EXECUTIVE SUMMARY

This summary of Canada Lands Company Limited's 2001-2002 to 2005-2006 Corporate Plan outlines the objectives, strategic issues and performance measures of the Corporation. Canada Lands Company Limited is a Crown Corporation reporting to the Parliament of Canada through the Minister responsible for Infrastructure and Crown Corporations (the Minister) as of January 15, 2002. Prior to that date, the Minister responsible for the Corporation was the Minister of Public Works and Government Services.

CANADA LANDS COMPANY LIMITED

With the conclusion of its first five years of operation, Canada Lands Company Limited (Canada Lands) is looking ahead at how it can best continue to support the policy objectives of its Shareholder, the Government of Canada (the Government), and continue to create the greatest value possible from all of its diverse activities.

Since its reactivation in 1995, the Company has met or exceeded all expectations, and will have distributed a total of \$232.7 million to the Government as of the end of 2001-2002. The benefits that the Company provides to local communities and Canadian taxpayers, however, extend far beyond this and include to date, the potential of:

- 26,000 newly created jobs;
- 9,500 newly constructed residential units; and
- environmental expenditures of approximately \$25 million to green urban spaces from coast to coast.

In 1999-2000, the Company underwent a mandate review, specifically focused on its Canada Lands Company CLC Limited (CLC) subsidiary, to address its future direction. Concurrently with a special examination by the Auditor General, the Company was also benchmarked by an independent, outside organization against the top real estate development companies in the industry. Both studies demonstrated the success of Canada Lands against its set goals, its performance relative to the industry, and the significant value it has created for the Shareholder. In response to these studies, the Company furthermore developed an action plan to, among other things, reduce its general and administrative expenses. It has been achieving considerable success in this regard.

The Company's mandate was confirmed by the Government in the Spring of 2001, based on its record of past success and the Government's continuing need for its services. It was determined that the Government still required a non-agent Crown corporation to provide strategic real property services to complement and assist those being provided by the Real Property Services (RPS) group of Public Works and Government Services Canada (PWGSC).



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As detailed in the following sections of this executive summary, the critical requirement for CLC's future success is an accelerated Crown transfer process. The critical requirement for the future success of Parc Downsview Park Inc. (PDP) is securing leasehold title to the Downsview Park lands. Canada Lands is optimistic that solutions will be found to these issues and the Company looks forward to working with appropriate stakeholders to implement them.

Canada Lands' actual consolidated financial results compared with the budget for the year ending March 31, 2001 follow:

<u>2000-2001 Plan</u>	\$ millions	
	<u>Actual</u>	<u>Budget</u>
Property sales	106.3	118.1
Income before taxes	8.6	5.7
Expenditures on properties	42.6	79.3
Cash flow	61.8	46.7

CANADA LANDS COMPANY CLC LIMITED

The key strategic issue that CLC will continue to face for the plan period is its need for additional property transfers. Although seven properties have been approved for transfer in the fiscal year 2000, the supply of new properties has been less than anticipated when the Company was reactivated in 1995. The property transfer process has furthermore been slow and cumbersome for both the Company and the custodians with whom it does business.

In response to the critically important strategic issue of needing additional Crown property transfers, CLC is embarking upon four major strategic directions to guide its future operations. They are:

- the enhancement of financial and qualitative performance and measures;
- the re-focussing of the Company's business lines;
- the re-committing of the Company to customer service while advancing corporate centres of excellence; and
- the developing of win-win interim solutions with First Nations while land claims are being negotiated by the Government.

Consistent with the Government's policy framework, CLC declared a dividend of \$15.5 million dollars for 1999-2000, to be paid by March 31, 2002.

CLC's actual financial results compared to the budget for the fiscal year ending March 31, 2001 follow:

<u>2000-2001 Plan</u>	\$ millions	
	<u>Actual</u>	<u>Budget</u>
Property sales	85.4	97.2
Income before taxes	7.4	3.6
Expenditures on properties	38.9	76.4
Cash flow	46.0	27.9

PARC DOWNSVIEW PARK INC.

The year 2001 marks the third full year of operation for PDP. At this juncture, the Company faces a number of significant challenges to realizing its mandate of creating a unique recreational greenspace, while respecting its goal of being self-financing. Because of the challenge noted below, the Government has approved the Corporate Plan of PDP for one year only (2001-2002), and has requested an action plan be developed prior to the approval of the next Corporate Plan.

The key challenge facing the Corporation is that it cannot fulfill its mandate without an outside funding source. The Corporation does not have unfettered access or leasehold interest to the lands. Consequently, PDP is unable to develop the Downsview commercial lands and therefore generate the necessary revenues to construct Phase I of the Park.

Other strategic issues facing the Corporation include:

- revising the corporate structure to allow for the establishment of a Foundation; and
- establishing an operating protocol with the City of Toronto.

Over the 2000-2001 fiscal year, PDP had numerous accomplishments. PDP's park design competition achieved internationally acclaimed results, having been featured at a symposium at the Museum of Modern Art and at an exhibit at the Van Alen Institute in New York City. PDP hosted the largest Canada Day celebration in the Greater Toronto Area, attracting over 70,000 people. Thousands of children and adults visit the Park weekly to enjoy the Hangar Soccer Facility, environmental and heritage programs, and the parkland for informal and formal recreational activities.

PDP's commercial agenda also advanced. The sale of the Wilson Avenue surplus lands, Block H, was completed at the agreed price. The Corporation has advanced the development plans for the lands along the eastern side of the airstrip. Finally, PDP has increased gross operating rentals by over 50 percent and has been particularly successful at marketing the various buildings on the property to movie studios for filming activities.



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PDP's actual financial results compared to the budget for the fiscal year ending March 31, 2001 follow:

<u>2000 – 2001 Plan</u>	\$ millions	
	<u>Actual</u>	<u>Budget</u>
Revenues	31.0	29.5
Expenses	29.8	27.4
Income before taxes	1.2	2.1
Expenditures on properties	3.7	2.9
Cash flow	15.7	18.8



1. CANADA LANDS COMPANY LIMITED

1.1 INTRODUCTION

This summary of the Corporate Plan is structured to reflect the fact that Canada Lands Company Limited (Canada Lands) is a holding company for its two active wholly-owned subsidiaries, Canada Lands Company CLC Limited (CLC) and Parc Downsview Park Inc. (PDP). Canada Lands reports to the Parliament of Canada through the Minister of Infrastructure and Crown Corporations as of January 15, 2002. The Company's third active subsidiary, Old Port of Montréal Corporation Inc. (Old Port), reports to the Parliament of Canada through the Minister of Infrastructure and Crown Corporations as of January 15, 2002 as if it were a parent Crown corporation.

Canada Lands, the parent company, has virtually no assets or corporate resources other than the shares of its subsidiary companies. Furthermore, its subsidiaries operate with different mandates in very different business environments. In consequence, this Corporate Plan will discuss most of the Company's performance and its future strategic directions through the two sections dealing with its subsidiaries.

1.2 MANDATE

The original mandate of the Corporation, as approved by the Government of Canada (the Government) on reactivation in 1995, was “to ensure the commercially oriented, orderly disposition of surplus real properties with best value to the Canadian taxpayer and the holding of certain properties”. At that time, it was also indicated that, in addition to financial considerations, other strategic considerations of the Government could be taken into account, including the views of affected communities and other levels of Government, as well as heritage and environmental issues.

As a holding company, Canada Lands achieves its mandate through the operation of its two active wholly-owned subsidiaries. The mandates of the Company's two subsidiaries are addressed in the subsidiary sections of this Corporate Plan. As Crown corporations, Canada Lands and its subsidiaries respect applicable Government policies in the areas of employment equity, official languages, relations with First Nations, heritage and the environment.

The objects of Canada Lands, as contained in its articles of incorporation of 1956, are very broad and permit the Corporation 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.

1.3 CORPORATE PROFILE

As a self-financing, commercial, non-agent federal Crown corporation, Canada Lands reports to Parliament through the Minister. The Company, through its subsidiaries,

maintains ownership or management of certain strategic properties such as the CN Tower and Downsview Park in Toronto, and its Board of Directors oversees the realization of both commercial and community enhancement objectives.

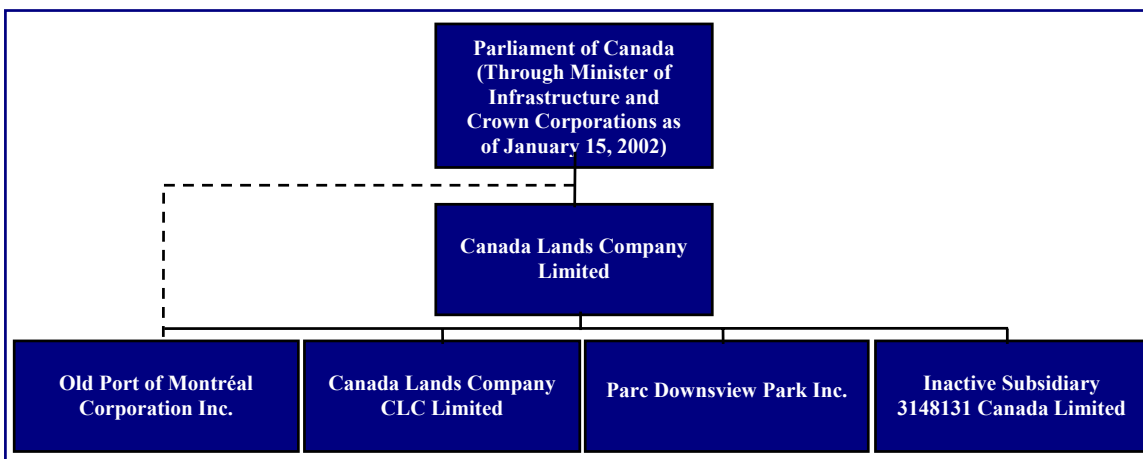
1.3.1 CORPORATE STRUCTURE

The four wholly owned subsidiaries of Canada Lands are:

- Canada Lands Company CLC Limited, the core real estate business;
- Parc Downsview Park Inc., incorporated in 1998, to manage and develop the 640 acre former Canadian Force Base (CFB) Toronto lands in Downsview, Ontario, as an urban recreational green space for the use of future generations;
- Old Port of Montréal Corporation Inc., responsible for redeveloping the Old Port of Montréal and which reports to the Parliament of Canada as a parent Crown corporation; and
- 3148131 Canada Limited (3148131), which is an inactive subsidiary.

The reporting structure of Canada Lands and its subsidiaries is illustrated in Figure 1.

Figure 1: Canada Lands and Its Subsidiaries



1.4 STRATEGIC ISSUES AND DIRECTIONS FOR THE PLAN PERIOD

The strategic issues and directions addressed in section 1.4.1. are those relating directly to the parent company, Canada Lands. Strategic issues and directions relevant to the real estate operations of CLC, or the park development operations of PDP, are addressed in sections 2.6 and 3.7 respectively.

1.4.1 MANDATE REVIEW

As occurs for Crown Corporations from time to time, the original five-year mandate of the Company has been reviewed. The mandate review was undertaken for the parent company with a specific focus on its CLC subsidiary, due to the fact that its PDP subsidiary had not built up a sufficiently long history of operations. The Company's mandate was confirmed by the Government in the spring of 2001, including its activities related to an offer of services related to the Port Lands Project, within the overall Toronto Waterfront Revitalization (TWR) Project.

The results of the mandate review recognize the continuing need for a non-agent Crown corporation such as Canada Lands, in order to strategically manage property disposals through its subsidiaries, while protecting the Government's public policy interests and managing local community expectations.

One part of the review involved an examination of CLC's core business lines and services. The Company's core business lines include disposal of surplus Government strategic real properties, property management, environmental remediation, management consulting, and design and construction.

The review indicates that CLC has demonstrated solid performance in both the financial and social policy objective areas. The former point has been confirmed through an independent analysis that was undertaken as part of the Company's mandate review process. Lending further support to this is the fact that the Company underwent a Special Examination by the Auditor General of Canada during the summer of 2000, and the only major issue identified was the lack of Crown property transfers.

The Company believes that the "Canada Lands" model is consistent with progressive models of property management in the public sector context and can meet the needs defined by its clients. It also believes that it is the only existing federal mechanism that can meet all federal policy parameters for disposal including value creation. The Company is concerned, however, that it will not be able to achieve the optimal performance envisaged at its re-activation in 1995 without a substantial increase in the number of properties transferred to its operating subsidiary. The Government's review of the property disposal system includes features that should facilitate property transfers to the Company.

1.5 OBJECTIVES, STRATEGIES AND PERFORMANCE MEASURES FOR THE PLAN PERIOD

Canada Lands' objectives, strategies and performance measures for the plan period are outlined in chart form in Appendix A of this document and refer to the parent company's strategic issues raised in section 1.4. Objectives, strategies and performance measures for the operations of CLC are addressed in section 2.7 (and Appendix C) of this document and those for PDP are addressed in section 3.7 (and Appendix E).

1.6 FINANCIAL DISCUSSION

Canada Lands' financial highlights for the year ending March 31, 2001 and the five years 2001-2002 to 2005-2006 are presented below.

Table 1: Canada Lands Company Financial Highlights for the Year Ending March 31, 2001 and the Five Years 2001-2002 to 2005-2006*

\$ Millions	CLC			PDP			CONSOLIDATED		
	2000-2001	2001-2002	2001-2006	2000-2001	2001-2002	2001-2006	2000-2001	2001-2002	2001-2006
Property sales	85.4	70.1	791.4	20.9			106.3	70.1	791.4
Other revenue	21.2	17.3	72.2	10.4	10.2	59.0	31.6	27.5	131.2
Income before taxes	7.4	7.6	93.7	1.8	(0.7)	(2.3)	9.2	6.9	91.4
Expenditures on properties	38.9	72.2	553.6	2.6	12.7	63.9	41.5	84.9	617.5
Net income	4.1	4.8	58.9	1.8	(0.7)	(2.3)	5.9	4.1	56.6
Cash inflow (outflow)	46.0	(22.4)	139.8	17.9	(10.8)	(55.3)	63.9	(33.2)	84.5
Distribution to Shareholder									
CMHC notes repayment	14.4	20.2	34.0				14.4	20.2	34.0
Government notes repayment	11.5	15.6	68.2				11.5	15.6	68.2
Dividends / shares redeemed		15.5	89.6					15.5	89.6
Total	25.9	51.3	191.8				25.9	51.3	191.8
As at 31 March									
Assets	368.8	367.7	356.2	25.3	27.0	62.3	394.1	394.7	418.5
Bank borrowings						34.9			34.9
Government / CMHC notes	77.4	64.7	77.9				77.4	64.7	77.9
Government notes (PDP)				19.0	19.0	19.0	19.0	19.0	19.0
Equity	220.2	215.4	235.3	1.9	1.2	(0.4)	222.1	216.6	234.9
Number of employees	94			14			108		

** Although the Government has approved PDP's 2001-2006 Corporate Plan for one year only (2001 – 2002), this consolidated statement includes PDP's forecasts for each year of the 5-year period, 2001-2006) CLC's 2000-2001 figures are actuals, whereas PDP's 2000-2001 figures are as originally forecasted.*

1.6.1 DISTRIBUTIONS TO THE SHAREHOLDER

Since its reactivation in 1995, the Company will have distributed \$232.7 million to the Government by way of notes repayment and dividends as of the end of 2001-2002.

Consistent with the Government's Policy Framework, CLC will pay a dividend of \$15.5 million for the year 1999-2000, by the end of March 2002. This dividend is equivalent to the funds surplus to anticipated working capital requirements generally represented by the cash demands on the Company to carry out its business activities and based on the Company's cash flow from operations for the next three years less note repayments during the same period.

1.7 CAPITAL AND OPERATING BUDGETS

Tables 2 and 3 below present Canada Lands Company Limited's capital and operating budgets respectively for 2001-2002.

**Table 2: Canada Lands Company Capital Budget 2001-2002
(Expenditures on Properties)**

	\$ millions
Parent Company	NIL
CLC	72.2
PDP	12.7
TOTAL	84.9

Table 3: Canada Lands Company Operating Budget 2001-2002*

	\$ millions
Parent Company	NIL
CLC	7.6
PDP	(0.7)
TOTAL	6.9

* These numbers represent net income before tax.

2. CANADA LANDS COMPANY CLC LIMITED (CLC)

2.1 MANDATE

As the core real estate subsidiary of Canada Lands, CLC's mandate 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 for the Canadian taxpayers. As previously noted, the realization of optimal value recognizes financial value, economic stimulation, and a contribution to the quality of life in communities.

In carrying out its mandate, the Company ensures that it is sensitive to local real estate market conditions and follows transparent processes. The Company deals primarily with those properties that possess significant development potential, require innovative planning, rezoning, servicing, environmental remediation or have community sensitivities.

In selling its properties, the Company pursues broad market exposure and competitive bidding. The Company also promotes environmental sustainability in its developments, and ensures respect for heritage considerations and First Nations issues.

2.1.1 VISION STATEMENT

As part of its strategic planning process, the Board and Senior Management Team revisited the Company's vision statement. In seeking to establish a new vision statement, the goal was to create:

- an exciting sense of purpose worthy of genuine employee commitment;
- something the Company could aspire to;
- a statement that spoke to where the Company wanted to be in the future but expressed it in the present tense;
- a statement that referenced the Company's areas of business; and
- a statement that addressed 'what' without getting into 'how'.

In accordance with these goals, the following vision statement has been adopted for CLC:

Canada Lands builds innovative property solutions to create financial value and community legacies for Canadians.

In addition, the Company wanted to have a tag line that reflected its vision and could be incorporated into its logo, as part of the Company's visual identity program. The following tag line was chosen:

Innovation.Value.Legacy

2.2 CORPORATE PROFILE

In carrying out its mandate in a self-funding manner, CLC purchases its properties at fair market value, then implements innovative property solutions and contributes to an enhancement of the quality of life in the communities in which it conducts business. It collaborates regularly with provincial and municipal stakeholders and pays taxes at all levels of government while abiding by all municipal development processes.

The Company currently has 108 employees, 14 of which are seconded to PDP. Its head office is in Toronto, and regional offices are maintained in Vancouver, Ottawa and Montréal, along with ten project offices in cities where its major projects are located. The Company's current land portfolio totals approximately 1,800 acres and is located in 28 municipalities across Canada.

2.2.1 INTERACTION WITH STAKEHOLDERS

As Canada Lands was specifically created to act in a commercial manner that was not possible within the parameters of agencies of the Government, CLC carries on business like a private sector real estate company. It is interesting to note that the Company is more often than not viewed as a partner to the private sector. This is largely due to the fact that the Company frees up otherwise unavailable land, works with the private sector to bring properties back into productive use, stimulates increased economic activity and increases municipal tax bases.

When determining the optimal use for a property, the Company engages in extensive community consultations and operates in a fully transparent manner with all stakeholders. Furthermore, the Company applies its real estate expertise and creative property solutions to ensure that it meets high standards of environmental stewardship, and respects heritage considerations and First Nations interests. These operating values are well recognized by stakeholders and private sector partners.

Partnership Agreement with Public Works and Government Services Canada

Work continues with respect to the preparation of a memorandum of understanding between the Real Property Services (RPS) branch of Public Works and Government Services Canada (PWGSC) and CLC, focusing on better meeting custodian departments' needs. CLC and RPS have executed a joint letter on behalf of their respective organizations, updating staff on partnership workshops and associated follow up, to

encourage cooperation in pursuing common goals to assist custodians with real property needs.

2.2.2 CORPORATE SOCIAL RESPONSIBILITY

Good corporate citizenship and corporate social investment are increasingly seen as valuable and necessary parts of doing business in today's economy. Corporate Social Responsibility (CSR) is the phrase generally used to describe this evolving relationship that a company develops with its many stakeholders. It has to do with ensuring corporate relevancy and profitability through long-term relationships, and internalizing a company's commitment to its environmental and social responsibilities into a reinvented fundamental business strategy.

CLC has now formally embraced CSR as a core value and business strategy of the Company. An understanding of CSR, however, is anything but foreign to CLC due to the expectations of transparency and good corporate citizenship that have always been placed on it by the public and the Government in its status as a Crown corporation. Elements of the Company's prior informal commitment to CSR have been in place since its inception. They include its pledge to "enhance the quality of life in local communities" and its "Balanced Scorecard" approach or philosophy to measuring progress in both financial and social policy objective areas.

The Balanced Scorecard is now being transformed from a general philosophy into a tangible management tool that acts as a comprehensive report card to track progress in CSR areas of importance to the Company. Using the Balanced Scorecard, the Company will undertake annual reporting on its progress in both financial and non-financial CSR categories. The Balanced Scorecard is discussed in more detail in section 2.6.2 of this document.

2.3 CORPORATE ACHIEVEMENTS 2000-2001

An assessment of the progress to date achieved on CLC's objectives from last fiscal year, as expressed in the 2000-2001 to 2004-2005 Corporate Plan, is summarized in the chart in Appendix B of this document.

2.4 ANALYSIS OF EXTERNAL BUSINESS ENVIRONMENT

2.4.1 NATIONAL ECONOMIC OUTLOOK

The Canadian business environment is very much influenced by external economies, particularly that of the United States, the destination of over 80% of Canadian exports. Historically, swings in economic cycles in the United States precede related impacts in Canada by as much as a year.

Presently, there are distinct signs in the United States that the strong pace of economic expansion experienced since 1995 is subsiding and that the economy's annualized growth rate will settle in 2001 at just over 3%. While most economists consider such growth rate as a healthy condition, this is a significant decrease from annualized growth rates of 5% to 6% recorded in recent years. The factors that are influencing the downward trend in the United States include rapidly escalating energy prices, increases in interest rates and reduced consumer spending.

Notwithstanding the predicted downward economic trend in the United States, financial analysts remain generally optimistic and consider such circumstances a natural part of the economic cycle. To support such cautious optimism, regional real estate markets are not overbuilt, manufacturing inventories are not excessively high, financial institutions are well capitalized and most companies are not carrying excessive debt.

Canada has not yet witnessed any major trends that point to any significant economic downturn in 2001. In fact, Canada's third-quarter growth in its Gross National Product (GNP) was more than double that of the United States (4.8% versus 2.4%). There is general optimism amongst Canadian economists that in 2001 the Canadian economic growth will outpace that of the United States. Their forecasts range from a low of 3.2% to a high of 4.2%. Applying the forecasts of 13 major Canadian financial institutions, the average growth in Canadian GNP through 2001 is projected to be 3.5%. Factors that are cited in support of the optimism include a booming oil and gas economy, sustained growth and capital spending in manufacturing and high-tech industries, a low dollar value, growth in consumer spending, and government initiatives in debt reduction along with budgeted tax cuts.

The projected growth in capital spending by businesses should contribute to a healthy demand for real estate in some parts of Canada, particularly in southern Ontario, the Ottawa urban area, Calgary and the Montreal urban area. To a lesser extent, growth in business capital spending during 2001 will support some new real estate opportunities in the Halifax area of Nova Scotia and the urban area of St. John's in Newfoundland.

Notwithstanding the positive nature of these Canadian economic indicators for 2001, a cautious approach should be applied to business planning. As noted above, the trends in the United States economy need to be watched carefully. Some economists, in extending their forecasts to 2002, see Canada's GNP growth slipping to a low of 1.9%; however most economists are not as pessimistic and predict that the drop in GNP growth from 2001 to 2002 will be about 0.5% settling at the 3.0% range.

2.4.2 WESTERN REGION

Although the Company's Western Region encompasses the provinces of British Columbia, Alberta and Saskatchewan, at this time its real estate assets are located only in the first two provinces.

The Province of British Columbia forecasts poor prospects in 2001-2002 for the mining, forestry and fishing industries. The only bright economic prospect for the real estate community is in the continued demand for business accommodation in suburban business parks in the Vancouver area. CLC is in the fortunate position of controlling one of the premier suburban business parks in Burnaby, Glenlyon Business Park, and it is reasonable to expect success in developing buildings for sale in this location.

Although the vacancy rate of commercial office space in downtown Vancouver is at an historical low of less than 4%, and the intention of starting new projects has been announced by local developers, construction may not commence as planned. Real estate industry analysts speculate that such investment is conditional on the future political direction of the Province. The 215,000 square foot office project that CLC has under construction in downtown Vancouver is under a contract of sale to the Government of Canada and should be completed on schedule in 2002.

Fortunately, Alberta is expected to continue having very strong economic growth in 2001-2002, driven significantly by the energy sector. The Calgary urban area, with a very diverse economic base, will be the focus of growth throughout next year. CLC is well positioned with its multi-phase CFB Calgary redevelopment project, to take advantage of the many real estate development opportunities that are expected to occur over the next few years. In addition, CLC has been designated by the Government of Canada to take over Griesbach Barracks in Edmonton.

2.4.3 CENTRAL REGION

The Company's Central Region encompasses the provinces of Manitoba and Ontario, but at this time CLC has no real estate assets in Manitoba. The vast majority of Central Region's real estate assets are located in the Toronto urban area, which is expected to be the main generator of strong economic growth in 2001-2002. This growth will provide many new real estate development opportunities, in particular for urban infill residential projects. CLC is well positioned to be part of such opportunities with the first phase of its Malvern project located in Scarborough.

2.4.4 EASTERN REGION

In Québec, the major real estate opportunities in 2001 will be in the Montreal urban area, notwithstanding the fact that the uncertain political conditions in the province will continue to affect the marketplace. Economic growth in the province of Québec will be in the high-tech, pharmaceuticals and traditional manufacturing sectors. The provincial government has recently announced a \$1.5 billion special tax support initiative for a new three million square foot, downtown Montreal development project especially designed to appeal to high-tech industries including those in e-businesses.

In the province of Nova Scotia, offshore energy projects are expected to provide economic opportunities particularly in the Halifax urban area. Such business growth

should support CLC’s plans to market and sell its residential land projects at Albro Lake and at Connolly Chester.

The province of Newfoundland is also expected to benefit through 2001-2002 from offshore energy projects. Most of the economic benefits will concentrate in the St. John’s area and thus provide support for CLC marketing plans to complete the sale of the Company’s land inventory in 2001.

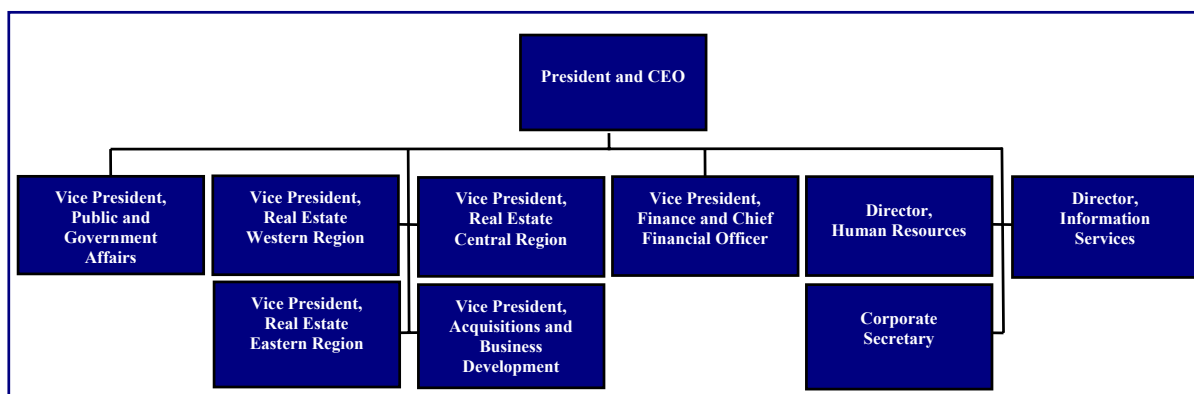
2.5 ASSESSMENT OF CORPORATE RESOURCES

The Senior Management Team of CLC regularly monitors its corporate resources to ensure that the necessary skills, competencies and tools are in place to meet future major corporate activities and initiatives. The Company's greatest strength is commonly recognized as its skilled and experienced human resources. The Company's main opportunities for improvement are seen as its sustainability of operations given the lack of steady property transfers and the need to become more focused on potential custodial customers, in cooperation with PWGSC.

2.5.1 HUMAN RESOURCES

CLC has a permanent staff complement of 94 employees located in 14 offices across the country. Temporary employees and consultants are utilized to accommodate fluctuation in workloads or to address specialized skill requirements. At present, staff from CLC are seconded to PDP under a management agreement to make more efficient use of human resources. CLC's Senior Management Team is structured as illustrated in Figure 2.

Figure 2 – Senior Management Team Organizational Structure



Corporate human resource programs are being structured to create competency-based selection and compensation programs, introduce flexibility to support changing roles, and in all aspects, demonstrate CLC's human resource values associated with ethical standards, employment equity and official languages. Key objectives for the Human Resources Department for fiscal year 2001-2002 include the following:

- completion and entrenchment of a fully integrated human resources framework;
- development of leadership skills that support the strategic direction of the organization; and
- creation of a true learning environment.

2.5.2 INFORMATION SERVICES

The next year will represent the beginning of a new era for Information Services at CLC. This is reflected in the new name of the department formerly called Management Information Systems. The new name is the first step in entrenching a more service-oriented and customer-focused culture and philosophy within the department. Among the key objectives for the Information Services department for the fiscal year 2001-2002 are:

- to initiate and complete a needs assessment of CLC's Information services that will be used to define customer service standards;
- to develop a comprehensive technological plan for the Company;
- to improve local area network (LAN) efficiency across the country by replacing and upgrading network infrastructure;
- to explore the need to redesign the Company's internet sites and intranet to ensure alignment with business objectives and employee needs; and
- to ensure familiarity and competency of employees with existing systems through a company-wide training program.

The department will continue to deliver reliable systems and maintain and secure the Company's data and information integrity. It will also continue to measure system performance as an ongoing process, and evaluate the capacity of all systems to provide secured access to customers and stakeholders with approved business needs.

2.6 STRATEGIC ISSUES AND DIRECTIONS FOR THE PLAN PERIOD

It is important to note that the strategic issues and directions outlined in this section are those only relevant to CLC as the core real estate subsidiary of Canada Lands. A brief explanation of each strategic direction is given in this section and then related objectives, strategies and performance measures for the plan period are outlined in section 2.7 (and Appendix C) of this document.

2.6.1 THE NEED FOR ADDITIONAL CROWN PROPERTY TRANSFERS

The results of the review of Canada Lands' mandate concluded that CLC met expectations with respect to its original mandate. This is true both in terms of value

creation through its activities, and also in terms of other community and social benefits being consistent with the Government's agenda.

The issue of increased property transfers has been highlighted in previous corporate plans. Although seven properties have been approved for transfer in fiscal year 2000, the supply of new properties has been smaller than anticipated when the Company was reactivated in 1995.

Challenges

While the Government's Disposal Reform Initiative has studied policy and program changes to expedite divestitures, it is the Corporation's understanding that custodian departments are uncertain as to the degree to which changes will sufficiently reduce barriers. In addition, it is the Corporation's understanding that the Government initiatives relating to lack of infrastructure renewal (rust-out), urban strategies and environmentally contaminated sites have left uncertainty and some concern about the practical impact that these initiatives will have on assisting custodians to rationalize their holdings.

CLC's Board of Directors has continued to be concerned with the Company's declining inventory, and has consequently committed to ensure, with some amount of success, that the Company, in partnership with the Office of Infrastructure and Crown Corporations Canada (OICCC), PWGSC, custodian departments and central agencies, proactively identify and move forward the agenda on the transfer of properties to the extent that this is possible.

Opportunities

Improved transfers should lead to reduced operational costs for custodians and positive impact on CLC's viability. It is hoped that the Government's disposal policy review will ensure these outcomes are achieved.

Conclusion

Indications to date point to CLC as a well-run organization that has met or surpassed its performance targets, and which continues to fulfill Government operational and policy needs. Because of its authority to act as a non-agent of the Crown, CLC is uniquely positioned to continue to assist Government departments and agencies to dispose of surplus real property, as well as assisting the Government with respect to its social policy objectives.

2.6.2 FINANCIAL AND QUALITATIVE PERFORMANCE MEASURES

Building on indications of ongoing success such as the favourable review of CLC's operational performance from the Auditor General's Special Examination, the Company has adopted a philosophy of continuous improvement in both financial and non-financial

areas. For example, in response to the Auditor General's Special Examination and a benchmarking exercise conducted by an independent outside organization against the top real estate development companies in the industry, the Company developed an action plan to, among other things, reduce its general and administrative expenses. It has been achieving considerable success in this regard.

In this spirit, as CLC takes measures to enhance its overall performance, it will also be using appropriate measurement and reporting mechanisms. CLC's balanced scorecard will be at the centre, as it represents an all-encompassing measurement report card for both the Company's financial and non-financial objectives.

Making the scorecard a tangible reality in the fiscal year 2001-2002 will enable CLC to measure, manage and improve targeted areas of its performance. This will lead to greater accountability, enhanced performance and improved outcomes. The concept of balance ensures that all meaningful outcomes will be measured, from financial performance to the achievement of local community enhancement objectives.

According to Norton and Kaplan, two leaders in the field of CSR, the reason for implementing a balanced scorecard measurement approach can be summarized in simplistic terms: "if it cannot be measured, then it cannot be managed, and if it cannot be managed, it cannot be improved". CLC's scorecard will function as a strategic framework for action and will be the cornerstone of the Company's management system. The real power of the balanced scorecard will occur as it is transformed from a measurement system to a management system.

In this context, the balanced scorecard is currently being developed to be an internal management tool that will enable CLC to:

- select relevant, meaningful indicators;
- diagnose and evaluate performance;
- move from measurement to management;
- pinpoint/focus performance improvement efforts;
- optimize value added from resource allocation; and
- align operational activities with strategic priorities.

To address the final goal, the measures for fiscal year 2001/2002 will capture or address all of the priorities that arose from CLC's strategic planning process including:

- facilitate property transfers, and enhance and simplify working relationships with custodial departments, including PWGSC;

- increase financial performance in terms of profitability and sustainability of revenues, to ensure a continuous stream of value creation for the Shareholder;
- establish and/or improve internal measures for both financial and qualitative (community, legacy and social responsibility) performance;
- identify and implement creative and proactive solutions to address First Nations issues to facilitate land transfers;
- improve relations and service delivery satisfaction for the full range of customers including the general public, community stakeholders, occupants/users of projects and custodian departments;
- strategically and systematically expand the scope of services offered to respond to Shareholder and customer needs, and capitalize on existing and potential centres of excellence, while mitigating risks associated with a re-focusing of business lines; and
- create and implement an integrated internal operating framework which will enable optimal effectiveness and cost efficiency of all business lines.

2.6.3 RE-FOCUSING OF BUSINESS LINES

In disposing of its initial property inventory, CLC has made use of and further developed its expertise in areas such as environmental remediation for its Moncton Shops and Cambridge properties, and design and build projects for its Glenlyon Business Park, 401 Burrard Street and Benny Farm properties. In dealing with PWGSC and other custodian departments, the Company has come to the conclusion that these skills can help to meet current needs of the Government. CLC believes that it is well positioned to assist the Government in dealing with its environmental remediation agenda, by bringing together real estate and remediation expertise to provide for cost-effective risk management solutions to specific needs. CLC is also aware of the office accommodation pressure facing the Government in various locations, especially in Ottawa. It is anticipated that the Company's 401 Burrard and proposed Tunney's Pasture projects will soon demonstrate the efficiency gain and increased customer risk protection that can be obtained from using CLC expertise, in cooperation with PWGSC.

CLC is in an excellent position to leverage its expertise in the following areas, subject to approval by the Government on a case-by-case basis:

- **Build to Suit**

CLC's ability to assist in this capacity is evidenced by its construction of an office building on its half-acre 401 Burrard Street property in downtown Vancouver, B.C.

- **Environmental Remediation**

Various custodial departments own many brownfield sites that have redevelopment potential if remedial issues can be addressed. Based on extensive experience in many jurisdictions across the country, the Company is confident that through innovative and cost effective methods a significant portion of these lands could be remediated and put back into active and productive use.

- **Other Opportunities**

- There are other instances where CLC may be able to provide assistance to other Crown corporations or Government agencies, for their real estate needs related to divestment, financing, lease back arrangements, consolidation of facilities and other activities.
- The Toronto Waterfront Revitalization project may also produce opportunities for CLC in the future.

2.6.4 COMMITMENT TO CUSTOMER SERVICE

CLC has committed itself to foster a working environment that places great importance on outstanding customer service in the broadest sense. Complementing its core commitment to Corporate Social Responsibility, as discussed in section 2.2.2 of this document, the Company is currently looking at how it can improve and enhance relationships with all of its stakeholders, including its employees and the general public.

Internally, the Company will introduce an integrated service delivery framework to preside over all of its activities and maximize effectiveness in all business lines. All Company policies will be aligned with this overarching set of principles designed to promote good corporate citizenship. It is significant, for example, that the Company's Management Information Systems group has renamed itself Information Services to reflect a focus on internal customer service.

A further critical element of the operating framework pertains to tacit knowledge management. The Company will strive to identify and develop 'centres of excellence' wherever employees or business units have acquired a superior competence in a particular area of operations. Through encouraging the sharing of such tacit knowledge and methodologies across the Company, all employees and business units can hope to achieve similar success, and thus raise competency of the organization as a whole in every area of operations.

Externally, CLC will recognize the vital role to its business operations played by Government departments, Crown corporations and agencies in transferring properties to CLC and engaging the Company's services. The Company's Acquisitions and Business Development team has already made great strides in fostering and facilitating enhanced

customer relationships with the Company as a whole. The Company's Public and Government Affairs team is likewise working to maintain excellent relationships with all stakeholders and the general public.

CLC sees outstanding customer service as a function of:

- understanding customer needs and expectations;
- being responsive to customer needs;
- providing timely service;
- being dynamic and working to proactively meet customer needs;
- being flexible with respect to service delivery;
- empowering employees; and
- continuously measuring and improving service standards from the customers' perspective.

The Company will introduce methods, both formal and informal, for monitoring and assessing performance. In all instances, the emphasis will be on a proactive approach to customer satisfaction rather than a reactive one. Internal procedures will be utilized wherever possible to allow for staff to recognize and rectify a problem prior to a stakeholder or customer becoming aware of it. The overall operating framework, once developed, will apply to the full scope of operating principles, policies and practices, and will provide high-level direction to operating managers, while allowing them flexibility to operate with innovation and creatively within their full authority.

2.6.5 FIRST NATIONS LAND CLAIMS

CLC recognizes that there are a range of First Nations issues associated with some of the properties that it owns, manages and /or may own in the future. Where there are Aboriginal issues associated with a property, the Company must understand the nature of the issues that may exist and attempt to address them in a timely manner. CLC will continue to maintain effective communications with First Nations to identify partnering opportunities for resolving outstanding issues.

For example, in defining land re-use options and strategies for properties to be transferred to CLC, the Company will continue to seek mutually beneficial relations with First Nations peoples and is prepared to explore opportunities for First Nations people, communities and businesses to participate in CLC's commercially-oriented activities.

Continued efforts to strengthen CLC's relationship with First Nations will help to facilitate the transfer of property from the Government to CLC by finding long-lasting solutions from which both CLC and First Nations will benefit. Where such solutions are not attainable, efforts will continue to seek win-win interim solutions that can be implemented while the treaty negotiation process continues.

2.7 OBJECTIVES, STRATEGIES AND PERFORMANCE MEASURES FOR THE PLAN PERIOD

CLC's objectives, strategies and performance measures for the plan period are outlined in chart form in Appendix C of this document and refer to CLC's strategic issues and directions raised throughout section 2.6 of this document.

3. PARC DOWNSVIEW PARK INC. (PDP)

The year 2001 marks the third full year of operation for PDP. At this juncture, the Company faces a number of significant challenges to realizing its mandate of creating a unique recreational greenspace, while respecting its goal of being self-financing. Because of the challenges noted below, the Government has approved the 2001-2006 Corporate Plan of PDP for one year only (2001-2002), and has requested an action plan be developed prior to the approval of the next Corporate Plan.

3.1 MANDATE

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

PDP is to be entirely self-financing, with the principal sources of income being revenues from the disposition or leasing of lands and facilities. The Park will be leased to PDP by the Department of National Defence (DND).

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.

3.1.1 VISION

The Board of Directors held a visioning exercise in 1999 and agreed on the following vision statement for PDP:

Downsview Park is to be held as 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.

The Government currently has rights of first refusal to purchase some of the lands surrounding or immediately adjacent to the Park. PDP is currently seeking to acquire

these types of rights for more of the adjacent lands. The long-term vision of the Corporation assumes that, if and when these lands become available for purchase, the Corporation will attempt to acquire them provided it has the financial ability to do so.

In addition, the Corporation also intends to eventually acquire lands that are currently occupied by DND for its operational needs.

3.2 CORPORATE PROFILE

PDP was incorporated on July 17, 1998 under the *Canada Business Corporations Act* as a wholly owned subsidiary of Canada Lands.

This corporate profile describes the Board of Directors and committee structure and outlines and describes the activities of the Corporation.

3.2.1 BOARD OF DIRECTORS AND COMMITTEES

PDP and its directors and officers are subject to Part X of the *Financial Administration Act*.

The Corporation has established seven committees: Audit; Budget; Business Development; Communications and Liaison; Foundation; Governance; and Park. As well, a Special Purpose Joint Committee of PDP and CLC Directors has been established to address matters of mutual concern.

3.2.2 CORPORATE ORGANIZATION

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 reflects 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 Services, Finance and Accounting, Public and Government Affairs, and Corporate Secretarial are provided on an as-required basis.

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

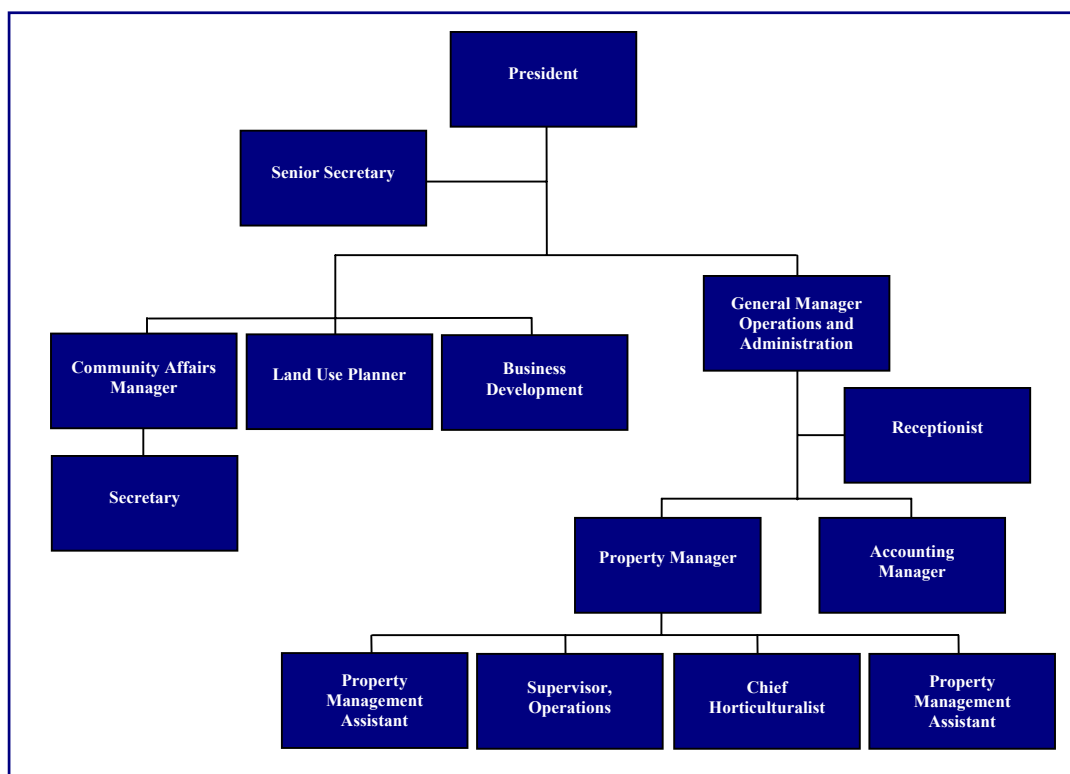
Contract employees and consultants are utilized to accommodate fluctuations in workload and to address specialized skill requirements not contained within CLC such as certain planning, engineering and legal services. PDP will continue to review the mix of

employees/consultants to ensure optimum cost efficiencies while minimizing overhead. As PDP evolves, the complement of support consultants will change from the current start-up group to implementation and then to programming/park operations.

3.2.2.1 STAFFING

PDP currently has a staff of fourteen full-time employees on loan from CLC, headed by the President, and a General Manager, Operations and Administration. Reporting to these two positions are twelve staff members as shown in the following Organization Chart (Figure 3):

Figure 3 – PDP Management Team Organizational Structure



3.2.3 DOWNSVIEW FOUNDATION

It has been proposed that a charitable foundation be created in order to receive donations from individuals, groups and corporate entities to assist in the funding of the Park. As the current corporate structure of PDP does not permit it to be a qualified donee under current Canada Custom and Revenue Agency (CCRA) guidelines, it is PDP's view that a re-structuring of the Corporation will be required in order for this to occur. This issue and the actions to be undertaken by PDP are discussed in greater detail in section 3.7.2.

3.2.4 CORPORATE FUNCTIONS

PDP has four principal functions. They are:

- park design and construction;
- park programs;
- development of commercial opportunities; and
- management of income-producing properties.

3.2.4.1 PARK DESIGN AND CONSTRUCTION

This responsibility includes managing the international park design competition, negotiating contractual terms with the winning park design team, overseeing the activities of the design team, undertaking various technical reviews and studies and constructing various components of the Park.

3.2.4.2 PARK PROGRAMS

The park programs function includes: creating and carrying out a series of programs and special events on the property; undertaking a comprehensive public consultation program focused on the Park; partnering in the organization of a number of high profile international events; and managing various public affairs and communications issues.

3.2.4.3 DEVELOPMENT OF COMMERCIAL OPPORTUNITIES

The development of commercial opportunities will allow for park design and construction, and includes identifying and realizing long-term land development plans for the non-park lands.

The key commercial development activities have included: developing and refining land use options for the Allen Road lands; completing the sale of the Block H surplus lands along Wilson Avenue; working with potential tenants on the North Residential site; advancing the land transfer process; and, providing technical planning support to the park design and construction function.

3.2.4.4 MANAGEMENT OF INCOME-PRODUCING PROPERTIES

This function includes managing the existing services and facility maintenance for the Downsview Park lands. PDP applies industry standard property management fees for services to tenants. 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 contain 2.2 million gross square feet of space, all of which is the responsibility of PDP's Property Management Group. Twelve of these buildings, representing some 400,000 square feet are still occupied by DND. The remaining eighteen buildings contain 1.8 million square feet. For the purposes of this summary it has been assumed that the buildings currently occupied by DND will be vacated and demolished by DND once the proposed new Downsview Training and Administrative Facility is ready for occupation.

3.3 LAND USE PLAN

The Downsview property consists of 640 acres of land divided into four broad land use categories: Park, Commercial, South Residential Enclave and DND. These four land uses and the associated block plan are graphically depicted in Figure 4 which follows.

The Park lands consist of 330 acres and are comprised of two components:

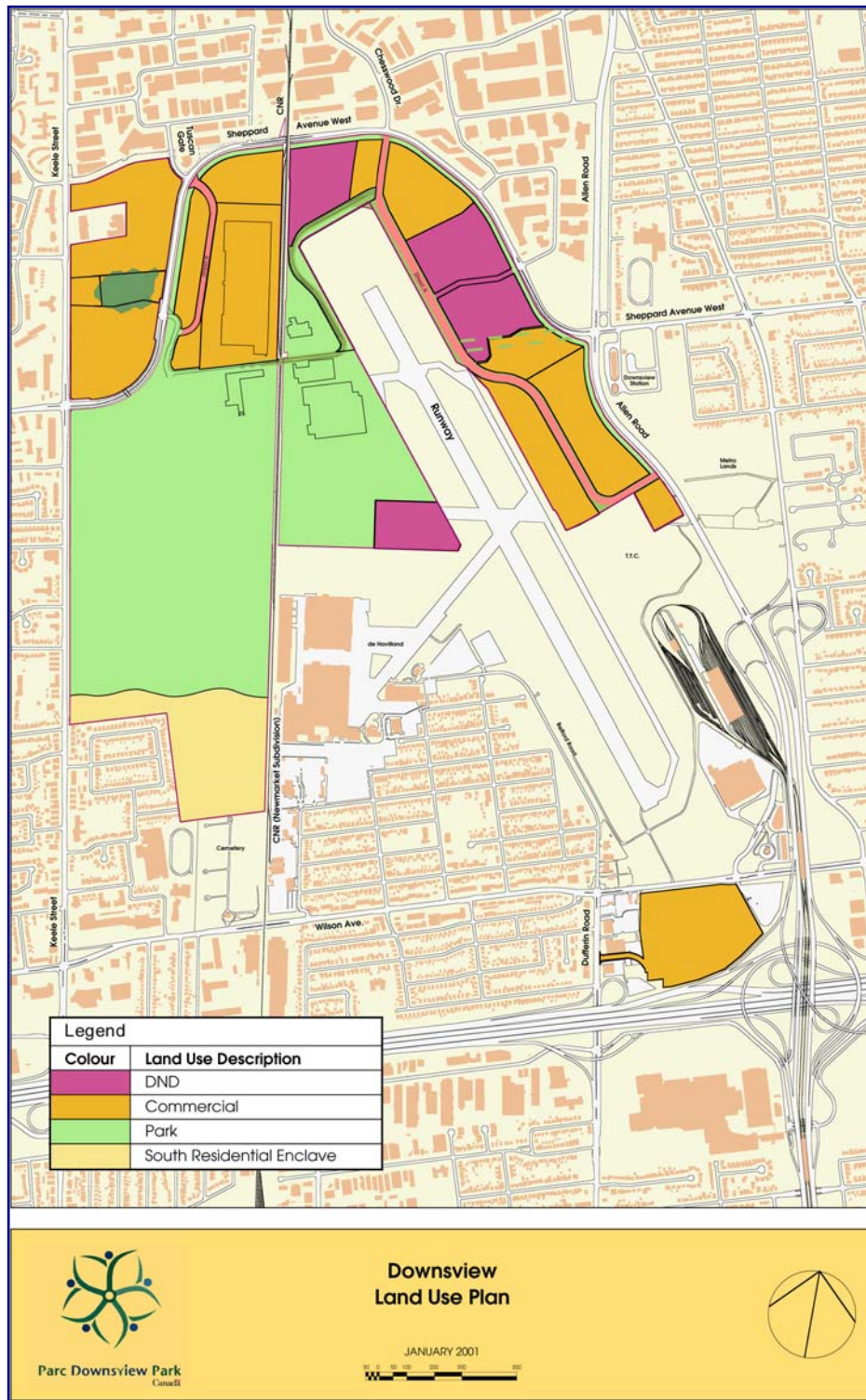
- the "Park", which is located west of the CNR Rail line, is comprised primarily of open space; and
- the "Recreational/Cultural Campus", which is located east of the CNR Rail line, is comprised of a group of military buildings that have architectural and heritage value.

The "Commercial" lands consist of 200 acres and have been subdivided into various blocks for subsequent development. They will be the primary revenue source for PDP in the future. Included in them is a small woodlot, to the north of Sheppard Avenue, which is unconnected to the balance of the parkland. Also identified on the Land Use Plan (Figure 4) is the commercial block south of Wilson Avenue. These lands are not included in the total "Commercial" land area identified above, as this property was sold in the current fiscal year.

The "South Residential Enclave" consist of 48 acres and will be a revenue-generating land parcel for PDP.

The "DND" lands are 62 acres in area and are comprised of four land parcels: the Defence and Civil Institute for Environmental Medicine, the Downsview Training and Administrative Facility, DND Training Lands and a parcel of land located at the southeast corner of the Recreational/Cultural Campus.

Figure 4 – Downsview Park Land Use Plan



3.4 CORPORATE ACHIEVEMENTS 2000-2001

Appendix D documents the achievements to date of the corporate objectives set out in last year's Corporate plan.

3.5 ANALYSIS OF EXTERNAL BUSINESS ENVIRONMENT

An analysis of the external business environment for the parent Company is set out in section 2.4, while those factors specific to the PDP subsidiary are detailed below.

3.5.1 OPPORTUNITIES

Real Estate Market in Toronto Remains Strong for Infill Opportunities

The Downsview Lands are a unique real estate opportunity within the City of Toronto as there are no other comparably sized infill development opportunities available. While the Downsview lands are a unique opportunity, they are at the same time affected by general real estate conditions. In particular, a strong Toronto real estate market does maintain pressure on overall land prices and therefore benefits landowners such as PDP.

Given PDP's expected landbase and assets, the real estate markets PDP intends to capitalize on are the retail and office/commercial markets. There has been strong interest shown by recognized retail tenants in the Allen Road / Sheppard Avenue lands.

Toronto Public is Highly Supportive of Establishing Downsview Park

Both the local community and the Toronto-wide public have been very supportive of establishing Downsview Park. Large-scale public events such as the Canada Day celebration have increased the exposure and support for PDP in the wider Toronto community. Such encouragement from the community presents an opportunity for PDP to enhance its base of support and implement its mandate.

3.5.2 CHALLENGES

In addition to leasehold title issues and DND housing issues, the following major external factors significantly challenge PDP's ability to realize its mandate for the site. Some of these challenges are discussed further as strategic issues in Section 3.7.

Ability to Control Development on the Downsview Lands

Under the current municipal planning approvals process, the ability of PDP to realize the Park mandate could be affected by City requirements and conditions such as required infrastructure and land dedications. PDP's response to this challenge is to endeavour to establish a new operating protocol with the City.

External Communications

PDP interacts with a wide variety of stakeholders. The stakeholder groups include, but are not limited to: commercial interests and tenants; various departments of government; the local community; and environmental, heritage, recreational, social, academic and design interests.

Each of the stakeholder interests offer something unique and valuable to PDP, but at the same time each interest has its own particular agenda and some of these agendas run counter to each other. PDP will be continually challenged to meet the expectations and aspirations of these often divergent and diverse interests. With this in mind PDP is proactive in managing its community and public affairs. PDP staff regularly meet with individuals and organizations that have these concerns. As well, PDP is establishing a Park Advisory Committee and other communications options in order to provide ongoing consultation opportunities.

3.6 ASSESSMENT OF CORPORATE RESOURCES

This section is an assessment of PDP's strengths and constraints in relation to its ability as a corporation to implement the vision of Downsview Park.

3.6.1 STRENGTHS

As an organization, PDP has developed a number of key strengths, which have assisted it in attempting to realize its mandate.

The International Park Design Competition Received Worldwide Acclaim and has Raised PDP's Profile in the Design Community and Community at Large

The PDP International Park Design Competition received worldwide acclaim. Many of the world's leading architects, landscape architects and other design professionals participated in the competition. Five highly qualified and renowned teams were selected as finalists. The Competition was widely covered in the national press. The Competition was the subject of a symposium at the Museum of Modern Art in New York, and an exhibit at the Van Alen Institute in New York, and will also be the subject of a book by the Harvard University Press. PDP can build upon this recognition and acclaim in order to raise the Corporation's profile and generate support for the park construction program.

Downsview Lands are a Highly Desired Development Location

The Downsview lands represent the largest infill development opportunity in the City of Toronto and are an extremely desirable location for future development. They are located in close proximity to Highway 401 and are adjacent to the Downsview Subway Station. They are also well serviced by local arterial roads and represent a valuable real estate asset, which PDP can use to meet its long-term financial objectives.

PDP is Realizing Significant Short and Medium-Term Leasing Opportunities

The existing buildings and lands and the flexibility of PDP to lease space have allowed PDP to derive increased leasing revenue.

3.6.2 CONSTRAINTS

Outlined below in section 3.7 are PDP's constraints in relation to its identified mandate. It should be noted that most of PDP's constraints are associated with its limited ability to control certain issues, which impede the Corporation's ability to implement the mandate.

3.7 STRATEGIC ISSUES AND DIRECTIONS FOR THE PLAN PERIOD

This section deals with PDP's strategic issues and direction for the period 2001-2006. As previously indicated in this summary, PDP's 2001-2006 Corporate Plan was approved by Government for one year only (2001-2002).

It is important to note that the strategic issues and directions outlined in this section are those only relevant to PDP. A brief explanation of each strategic direction is given in this section and then related objectives, strategies and performance measures for the plan period are outlined in Appendix E of this document.

In order to implement its mandate for Downsview Park, PDP must address and resolve the major issue facing the Corporation, "lack of leasehold title to the Downsview lands." While there are a number of other important strategic issues that require resolution, unless PDP resolves this major issue it will be unable to fully address most of the others.

3.7.1 LACK OF LEASEHOLD TITLE TO THE DOWNSVIEW LANDS

PDP has been working with DND to obtain a long-term land lease. Until the ground lease is finalized, PDP cannot complete commercial transactions, which are vital to the self-financing mandate of the Corporation, nor can it borrow any funds. PDP also requires leasehold title to the lands in order to provide the necessary infrastructure improvements for future commercial projects as well as initiating the Phase I construction program of the Park.

It is hoped that negotiations will be finalized with DND concerning long-term land lease so that the Corporation finds itself with a leasehold interest in the lands by 31 December 2001.

3.7.2 FUNDING REQUIREMENTS FOR THE PARK AND MAJOR INFRASTRUCTURE PROJECTS

Even with the resolution of the leasehold title issue, PDP still faces significant and probably insurmountable challenges to fully meet the financial requirements of the Park and major infrastructure projects.

On the revenue side, PDP's financial problems are a result of the following factors.

- DND continues to occupy major portions of the lands at Downsview Park that were originally designated for income generation and thus the Corporation has been unable to generate revenues from these lands.
- The Board has prudently adopted a policy of not selling any of the lands. This policy provides long-term revenue opportunities for the Corporation, however it will negatively impact the short-term cash flow. This issue could possibly be addressed by monetizing leases, which would provide more up-front capital. However, neither the sale nor the lease option is a reality until the land title issue is resolved.
- The Corporation has no ability to raise revenue through a Foundation given its current corporate structure (see section 3.2.3).

On the expenditure side, the Corporation has identified two major capital-intensive initiatives, which it wishes to undertake over the next seven years:

- The expenditure of \$40 million for the first phase of the Park, including roads and infrastructure. This was identified as the construction budget in the international design competition and was considered necessary for the park to have coherence and identity.
- The servicing of the Allen Road lands, which is required to: develop these 70 acres of commercially viable lands, provide access and services for the ongoing operational requirements of DND, and provide access to the Park from the eastern boundary.

The strategic issue facing the Corporation, therefore, is its ability to carry out any or all of the above projects and remain financially self-sufficient. In this regard, the Corporation could consider three alternatives: (i) defer or delay any or all of the above projects, (ii) borrow on the open market.

The Corporation could defer or delay any or all the projects, but slowing down the development of the commercial lands will only further compromise PDP's self-financing agenda. Finally, with regards to the Park, the Corporation could scale down its development plans but the Corporation is of the opinion that this is not advisable. A significant portion of the Phase I budget is necessarily devoted to preparing the land and installing the basic infrastructure. Slowing down this Phase would prevent the park from

having coherence and a sense of overall design, which would diminish the appeal associated with Downsview Park being Canada's first national urban park. It would also jeopardize the credibility of both PDP and the Government.

With regard to borrowing on the open market, the Corporation would only have the option of borrowing money for financing the commercial ventures and not for developing the Park. Furthermore, this borrowing option could only be considered once PDP had received a leasehold interest in the lands and Government's approval.

After the first few years, the Corporation's income is basically only sufficient to pay for routine capital expenditures, park, property and overhead costs, and interest expense on borrowings. The income is not sufficient, however, to repay any loan principal borrowed or to carry out the contemplated second or third phases of the Park development program. In essence, the projected revenues from the Downsview commercial lands are only able to pay for the cost of running the Park, they are not sufficient to pay for the cost of building the Park.

It is anticipated that the proposed Downsview Foundation could raise certain funds to defray capital expenditures on identified projects; however, due to the uncertain nature of this type of funding, the Corporation cannot deem the Foundation to be the answer to its financial problems.

It would appear that the Corporation will need to identify an external source of funding.

The alternative might be to scale back and/or slow down the park development drastically and only spend on new park construction whatever funds are left over after operational requirements.

3.7.3 RESOLUTION OF DEPARTMENT OF NATIONAL DEFENCE HOUSING REQUIREMENTS

Another impediment to developing the commercial lands is the lack of a solution to DND's housing requirements on these lands. DND has incurred delays in moving forward with the development of the Canadian Forces Housing Agency's (CFHA) PMQs. PDP has provided assistance and generated possible solutions for DND and CFHA but the issue remains unresolved. In the most recent Federal Budget, \$50 million was identified to deal with the cost of living allowance (COLA) issue, which is central to DND's problem. These funds would likely afford CFHA the tools to resolve some of the housing issues.

Resolving this issue is essential to being able to move forward with development plans and obtaining the necessary revenues from the Commercial lands north of Sheppard Avenue and the South Residential lands. The lack of a plan around the PMQs issue ties up approximately 100 acres of land, which represents approximately one half of PDP's developable land base.

The Corporation has estimated that the lack of resolution on the PMQ housing issue is costing the Corporation over \$4 million per year in unrealized revenue generation. Even if the housing was moved off the site next year, PDP would require at least one further year to realize revenue on these lands.

3.8 OBJECTIVES, STRATEGIES AND PERFORMANCE MEASURES FOR THE PLAN PERIOD

PDP's objectives, strategies and performance measures for the plan period are outlined in chart form in Appendix E of this document and refer to PDP's strategic issues and directions raised throughout section 3.7 of this document.

4. FINANCIAL SCHEDULES

4.1 CANADA LANDS COMPANY CLC LIMITED

4.1.1 STATEMENT OF OPERATIONS AND CASH FLOW FOR 2001-2002 TO 2005-2006

\$ Millions	Actual 2001	2002	2003	2004	2005	2006	TOTAL
REVENUE							
Property Sales	85.4	70.1	189.7	194.3	174.3	163.0	791.4
Cost of Property Sales	69.6	59.6	160.7	165.6	143.9	135.7	665.5
Net property sales revenue	15.8	10.5	29.0	28.7	30.4	27.3	125.9
Property Rental	7.8	7.6	8.2	8.0	8.8	8.9	41.5
Interest and Other Income	13.4	9.7	5.2	4.6	5.3	5.9	30.7
	37.0	27.8	42.4	41.3	44.5	42.1	198.1
EXPENSES							
Provision for Decrease in property value	6.1						
General & Administrative	14.8	14.3	16.0	16.2	16.5	16.9	79.9
Interest	1.6	0.7					0.7
Land Holding Costs	2.4	2.1	2.3	1.8	1.4	1.1	8.7
Depreciation & Amortization	2.6	2.5	2.4	2.4	2.7	2.5	12.5
Capital Taxes	2.1	0.6	0.5	0.5	0.5	0.5	2.6
	29.6	20.2	21.2	20.9	21.1	21.0	104.4
INCOME BEFORE TAX	7.4	7.6	21.2	20.4	23.4	21.1	93.7
INCOME TAX	3.3	2.8	7.9	7.6	8.6	7.9	34.8
NET INCOME	4.1	4.8	13.3	12.8	14.8	13.2	58.9
Depreciation	2.6	2.5	2.4	2.4	2.7	2.5	12.5
Cost of Property Sales	69.6	59.6	160.7	165.6	143.9	135.7	665.5
Government Notes Issued	3.7	17.2	32.7	14.1	13.1	12.7	89.8
Provision for Decrease in property value	6.1						
CMHC Notes Issued			7.0				7.0
Change in current assets and liabilities	(7.2)	(5.7)	(17.1)	(2.5)	(2.4)	(1.2)	(28.9)
Expenditures on properties	(38.9)	(72.2)	(140.9)	(121.9)	(113.7)	(104.9)	(553.6)
Acquisitions	(4.1)	(18.9)	(46.9)	(19.5)	(17.4)	(17.0)	(119.7)
Vendor Mortgages	10.1	(9.7)	6.5	2.8	8.2	0.5	8.3
CASH FLOW							
BEFORE DISTRIBUTIONS	46.0	(22.4)	17.7	53.8	49.2	41.5	139.8
CMHC Notes Repayment	14.4	20.2	5.3	8.5			34.0
Government Notes Repayment	11.5	15.6	22.0	10.9	9.6	10.1	68.2
Shares Redeemed		15.5			34.5	39.6	89.6
DISTRIBUTIONS	25.9	51.3	27.3	19.4	44.1	49.7	191.8
ACCUMULATED DISTRIBUTIONS	172.9	224.2	251.5	270.9	315.0	364.7	364.7

4.2 PARC DOWNSVIEW PARK INC.

4.2.1 STATEMENT OF OPERATIONS AND CASH FLOW FOR 2001-2002 TO 2005-2006*

	\$ Millions						Total
	2001	2002	2003	2004	2005	2006	
REVENUE							
Property sales	20.9						
Cost of properties sold	20.1						
Net property sales revenue	0.8						
Rental	4.7	7.1	8.3	12.6	13.0	13.0	54.0
DND reimbursement of revenue costs	5.1	2.2	1.8				4.0
Co-generation plant (net)					0.4	0.5	0.9
Interest and other income	0.6	0.9	0.1				1.0
	11.2	10.2	10.2	12.6	13.4	13.5	59.9
EXPENSES							
Park expense	2.1	3.1	3.3	3.6	3.4	3.1	16.5
General and administrative	2.5	3.4	3.5	3.8	3.7	3.9	18.3
Interest			0.1	0.8	1.4	1.9	4.2
Rental operating costs	4.8	4.4	4.4	3.4	3.4	3.5	19.1
Depreciation	0.1	0.2	0.7	1.3	1.5	1.7	5.4
Deferred amortization	(0.1)	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)	(1.3)
	9.4	10.9	11.8	12.6	13.1	13.8	62.2
INCOME BEFORE TAXES	1.8	(0.7)	(1.6)		0.3	(0.3)	(2.3)
Income taxes							
NET INCOME	1.8	(0.7)	(1.6)		0.3	(0.3)	(2.3)
Recovery of cost of properties sold	20.1						
Depreciation	0.1	0.2	0.7	1.3	1.5	1.7	5.4
Deferred amortization	(0.1)	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)	(1.3)
Changes in working capital	(1.5)						
Selling costs	(1.1)						
Expenditures on properties	(2.6)	(12.7)	(20.2)	(10.8)	(10.1)	(10.1)	(63.9)
DND reimbursement of capital costs	1.2	2.6	3.1				5.7
Land acquisitions	(19.0)						
Foundation contributions			0.1	0.2	0.3	0.5	1.1
Government notes issued	19.0						
CASH INFLOW (OUTFLOW)	17.9	(10.8)	(18.1)	(9.6)	(8.3)	(8.5)	(55.3)

* The Government has approved PDP's 2001-2006 Corporate Plan for one year only (2001-2002).

APPENDICES

APPENDIX A

CANADA LANDS OBJECTIVES, STRATEGIES AND PERFORMANCE
MEASURES FOR THE PLAN PERIOD

OBJECTIVE	STRATEGY	PERFORMANCE MEASURE	*TIME HORIZON
MANDATE REVIEW			
To successfully implement the Company's mandate.	Undertake any business directions that may result from a renewed mandate through business objectives stated in the Company's 5-year Corporate Plan.	Regular Board evaluation of Company's progress against approved business objectives set out in the Company's Corporate Plan. Feedback from the Shareholder.	Budget Year and Strategic Plan Years.

***Note:** In the "Time Horizon" column of the chart above, "Budget Year" refers to the objective being achieved during the Company's detailed business plan for the fiscal year 2001-2002. "Strategic Plan Years" refers to the objective being achieved during the period covered by the Company's strategic plan for the subsequent four fiscal years, from 2002-2003 until 2005-2006.

APPENDIX B

CLC CORPORATE ACHIEVEMENTS 2000-2001

2000-2001 OBJECTIVE	PERFORMANCE MEASURE	ACHIEVEMENT
MANDATE REVIEW		
To receive confirmation from the Shareholder on the future mandate of the Company.	Completion of the review and the successful implementation of recommendations arising there from.	The Government confirmed Canada Lands' mandate.
CROWN PROPERTY TRANSFERS / FEDERAL PROPERTY DISPOSAL INITIATIVE		
To assist in the review intended to streamline the process and increase the rate of properties transferred from the Government of Canada.	Number of properties transferred.	<p>The Company provided input and served as a partner in the initiative. It has recommended measures that would enhance benefits and create added incentives for custodian departments. It has also recommended amendments to the TBS guidelines for the transfer of surplus property.</p> <p>As of January 2001, a total of seven properties had been approved for transfer to CLC since the beginning of the fiscal year. Another three could be approved for transfer by the end of the fiscal year.</p>
FIRST NATIONS LAND CLAIMS		
Seek win-win associations on a Band-by-Band basis, outside of the treaty process.	New arrangements and agreements with bands.	CLC is preparing an action plan to facilitate resolution of some of the issues impacting the Company's ability to redevelop affected lands. Selected properties will be used, in keeping with new TBS guidelines, as test cases in fiscal year 2001/2002.
CORPORATE SOCIAL RESPONSIBILITY		
Achieve a balanced approach to community enhancement and financial value creation.	Acceptance of the proposed Corporate Social Responsibility (CSR) methodology by the Board of Directors.	A benchmarking report has been provided to the Board outlining the practices and strategies of 12 best-practice companies. This report also had the effect of demonstrating CLC's CSR leadership position to date in its industry, through projects

2000-2001 OBJECTIVE	PERFORMANCE MEASURE	ACHIEVEMENT
		such as its redevelopment of the former CFB Calgary. The next step of the CSR program, as approved by the Board, was to achieve staff buy-in and create objectives for this Corporate Plan. This was completed in December 2000. CSR performance is reported to the Board once a quarter.
HUMAN RESOURCES		
Ensure that CLC has the necessary staff skills and competencies to meet its mandate into the future.	<p>Track training and staff development by employee and develop a company-wide profile to illustrate training trends in relation to business objectives.</p> <p>Monitor progress of newly promoted staff and recent recruits to determine how successfully the individual has aligned with their role.</p> <p>Measure pertinent levels of experience to ensure the appropriate competency profile is maintained.</p> <p>Measure education, professional designation levels, and practical experience to ensure the desired profile is maintained.</p>	<p>New goal setting and performance management tools have been introduced. Goals are developed at the corporate, regional/functional and individual level in preparation for the next fiscal year and these goals cascade through the organization. The process also includes training and development objectives for all management and staff.</p> <p>Six-month formal reviews are scheduled for all newly appointed staff as well as ongoing feedback. Coaching is planned, to assist managers in making the performance development process meaningful and comfortable.</p> <p>As job descriptions are reviewed (annual reviews will be conducted under the new compensation plan), competency profiles for individual roles, and collectively for the Company, will be developed and maintained.</p> <p>Currency of expertise will be an element measured in performance appraisals.</p>
Maintain competitive compensation and benefit programs designed to attract, retain and motivate staff.	<p>Benchmark programs to appropriate comparison sectors and rationalize actual performance to market.</p> <p>Track voluntary turnover to establish</p>	<p>Newly established compensation program used the market sector for comparison. Ongoing review will ensure that both an appropriate market comparison and internal relativity are maintained. Exit interviews are conducted for</p>



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2000-2001 OBJECTIVE	PERFORMANCE MEASURE	ACHIEVEMENT
	<p>reasons for leaving.</p> <p>Monitor employee feedback.</p>	<p>voluntary departures.</p> <p>Informal feedback has been scheduled and a formal employee survey is planned.</p>
<p>Establish a culture, which emphasizes the highest standards of ethical behaviour, respects the diversity of the workforce and responds to the desired goals of official languages.</p>	<p>Development and maintenance of appropriate policies and procedures.</p> <p>Annual sign-off of Conflict of Interest Guidelines.</p> <p>Monitor the number and nature of contacts with the CLC ombudsman.</p> <p>Survey staff to self identify and benchmark results against predetermined targets.</p> <p>Monitor number of staff taking language training and measure results against predetermined targets.</p>	<p>Review of policies, benefit program and pension plan are in progress.</p> <p>This was completed for 2000-2001 and will again be undertaken for 2001-2002.</p> <p>While it was not deemed necessary to create a CLC ombudsman position given the small size of the organization, senior management is closely monitoring morale and keeping record of, and acting upon, any complaints or concerns from employees.</p> <p>Employment equity survey planned to confirm existing data prior to reporting in 2001.</p> <p>Preliminary identification of designated bilingual positions has been completed. Language training, both required and voluntary, is part of the Company's official languages plan, and progress is being monitored and will be reported.</p>

APPENDIX C

CLC OBJECTIVES, STRATEGIES AND PERFORMANCE MEASURES FOR THE PLAN PERIOD

OBJECTIVE	STRATEGY	PERFORMANCE MEASURE	*TIME HORIZON
THE NEED FOR ADDITIONAL CROWN PROPERTY TRANSFERS			
To assist in implementing the results of the disposal reform process in order to streamline the process and increase the rate of properties transferred from the Government of Canada.	Develop property targets and CLC-tailored solutions for transfers.	Number of properties transferred.	Budget Year and Strategic Plan Years.
	Proactively work with partners to identify properties or situations, concerning Government of Canada underutilized assets, where there is an opportunity for CLC to add value and deploy its skills.	A plan to assist the flow of potential property transfers to CLC.	Budget Year and Strategic Plan Years.
	Some key properties where there are obstacles to transfer that can best be addressed by Board members are to be identified and a Board member to become a champion to help remove those obstacles.	Obstacles removed and properties made available for transfers.	Budget Year and Strategic Plan Years.
ENHANCEMENT OF FINANCIAL AND QUALITATIVE PERFORMANCE MEASURES			
Establish and/or improve internal measures for both financial and qualitative (community, legacy and social responsibility) performance.	The Board, in consultation with the CEO, will set the measures of performance – both financial and other – based on which performance will be judged.	Net income before taxes for the fiscal year 2001-2002 of \$7.6 million and a cash flow of (\$67.8 million), and qualitative measures as established in this plan.	Budget Year.
	The Board will set the frequency for reporting and will ensure that the reports from the CEO are received in a timely manner.	Board satisfaction with reporting and confidence that company operations are properly managed, with authorities and accountabilities delegated to the lowest possible levels.	Budget Year and Strategic Plan Years.
	Identification of CSR opportunities, participation in CSR and other committees, and policy guidelines for CSR.	A Board-approved policy and a plan for CSR. Board and	Budget Year.

OBJECTIVE	STRATEGY	PERFORMANCE MEASURE	*TIME HORIZON
		Senior Management must also be satisfied that CSR has been firmly instilled into all activities and corporate culture.	
RE-FOCUSING OF BUSINESS LINES			
Strategically and systematically fine-tune the scope of services offered to respond to customer needs, and capitalize on existing and potential centres of excellence, while mitigating risks associated with expansion of existing business lines.	<p>The Board will assist management in setting a scope for new activities that is reasonable and achievable. This would include development, with the Government, of a policy framework establishing the conditions under which CLC may provide the expanded services to the Government.</p> <p>Re-focused business areas include project management, build-to-suit and environmental remediation.</p>	<p>Policy approved by the Government.</p> <p>The initiation of work in expanded business lines.</p>	<p>Budget Year.</p> <p>Strategic Plan Year.</p>
COMMITMENT TO CUSTOMER SERVICE			
Improve relations and service delivery satisfaction for the full range of customers including the general public, community stakeholders, occupants/users of projects and custodial departments.	<p>The Board will approve the customer satisfaction framework and receive reports to demonstrate that minimum thresholds are met.</p> <p>The Board will support community/public relations efforts for all projects and use its network of contacts and connections to obtain champions at the political level.</p>	<p>Outcomes of customer satisfaction monitoring.</p> <p>Board member-facilitated contacts as necessary.</p>	<p>Strategic Plan Years.</p> <p>Strategic Plan Years.</p>
Articulate first principles, policy direction and operating procedures for all aspects of Canada Lands, to serve as an operating guideline for the Company.	Define and review current and future operating requirements and the guiding principles, which will drive how Canada Lands responds to those requirements, and ensure that Company policy is current, consistent and appropriate.	Updated/developed policies consistent with guiding principles.	Budget Year and Strategic Plan Years.
Define "Centres of Excellence", which reflect the key knowledge areas of the business.	Define procedures where necessary. Establish the competency base for core functions, and the location of expertise in the Company. Also disseminate best practices throughout the Company with a view to continuous improvement.	Identify centres of excellence within the Corporation, disseminate and establish culture of continuous improvement.	Strategic Plan Years.



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OBJECTIVE	STRATEGY	PERFORMANCE MEASURE	*TIME HORIZON
FIRST NATIONS LANDS CLAIMS			
Identify and implement creative and proactive solutions to address First Nations issues to facilitate land transfers.	Work with stakeholders to present business cases for prototypes of creative "win-win" solutions to challenges.	The hosting of a series of events to present "win-win" solutions to stakeholders.	Strategic Plan Years.

****Note:** In the "Time Horizon" column of the chart above, "Budget Year" refers to the objective being achieved during the Company's detailed business plan for the fiscal year 2001-2002. "Strategic Plan Years" refers to the objective being achieved during the period covered by the Company's strategic plan for the subsequent four fiscal years, from 2002-2003 until 2005-2006.*

APPENDIX D

PDP CORPORATE ACHIEVEMENTS 2000-2001

2000-2001 OBJECTIVE	PERFORMANCE MEASURE	ACHIEVEMENT
COMPLETION OF INTERNATIONAL PARK DESIGN COMPETITION		
To refine and implement the winning Park design through an open and comprehensive public consultation process.	A selected and refined Park design.	The international design competition was concluded and a winner selected. The winning design is being refined through a comprehensive public consultation process and technical review.
RESOLUTION OF DND OPERATIONAL AND HOUSING REQUIREMENTS		
To assist DND in resolving issues related to the Downsview Training and Administrative Facility and the PMQs.	Progress on the Downsview Training and Administrative Facility and PMQs.	Issues associated with the Consolidated Military Facility were resolved and construction was initiated in October 2000 by DND. PDP worked with DND to identify alternative solutions to the PMQs situation, however notwithstanding this effort, little progress was achieved on moving this issue towards resolution.
ABILITY TO ATTAIN FINANCIAL SELF-SUFFICIENCY		
To finalize the sale of Block H to Price Costco for \$20.9 million.	Completed sale of Block H.	The sale of Block H to Price Costco was completed at the contracted price in the second quarter of fiscal year 2000 – 2001. The proceeds have been retained by PDP for park development purposes.
To advance the transfer or long-term lease of the Lands from DND and secure indemnities from the Crown with respect to environmental liabilities.	Progress on obtaining the transfer or lease of the balance of the Lands.	PDP has worked with DND and the Department of Justice to develop several agreements including a ground lease; a rights agreement; and, an operating agreement. These agreements have been identified as necessary for the transfer of lands.
To undertake a review of land use strategies and to create appropriate business plans.	Land use and business plans for all the precincts.	Land use, marketing and servicing plans have been substantially developed.
To enhance the revenue from on-going property rentals.	Enhanced revenue from rentals.	Gross operating rentals have increased from \$3.1 million to \$4.7 million.
To undertake assessments of all	A completed building assessment and	Building assessments and objectives

2000-2001 OBJECTIVE	PERFORMANCE MEASURE	ACHIEVEMENT
buildings on the site, and to establish property management objectives for these buildings.	defined objectives for all buildings.	for all buildings have been completed. As DND vacates buildings an assessment of their feasibility for retention will be undertaken. The final buildings to be retained will be determined over the next 2 years.
To undertake a special analysis of buildings within the Cultural Campus to establish long-term suitability.	Workshops and special comparative studies on buildings.	A process to identify business and program strategies, which will identify suitable buildings for retention, was initiated for the Cultural Campus. The process will continue over the next year.
MANAGEMENT OF RELATIONS WITH CITY, COMMUNITY AND STAKEHOLDERS		
To raise the profile and significance of PDP by hosting major events, and programs, by continual landscape improvements.	Successful events with high attendance and positive media coverage.	The public profile of PDP has been significantly enhanced. PDP has increased the number of public events on the site and substantially increased the public use of the Park, attracting tens of thousands of people to the site. Landscape improvements include improving the Sheppard Avenue entrance, Wilson Avenue entrance and the Sheppard Avenue and Allen Road corner with signage, flagpoles and landscaping.
CORPORATE STRUCTURE		
To make the Foundation operational and develop plans for fundraising.	An operational Foundation.	PDP has held a number of meetings and established objectives for the Foundation, but the Corporation requires action on the part of the Government to assist it in the Foundation. A feasibility study is being prepared which will outline the value of the foundation, identify an appropriate model and examine its overall structure. This study is to be submitted to Government Officials in relation to activation of the



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2000-2001 OBJECTIVE	PERFORMANCE MEASURE	ACHIEVEMENT
		Foundation.
To review an alternate corporate structure, which better allows the mandate of the Corporation to be implemented with respect to the interaction with the Foundation.	Revised corporate structure.	The restructuring of the corporation with respect to the Foundation is an integral part of the feasibility study as identified above.

APPENDIX E

PDP OBJECTIVES, STRATEGIES AND PERFORMANCE MEASURES FOR THE PLAN PERIOD

Note: The Government has approved PDP's 2001-2006 Corporate Plan for 2001-2002 only.

OBJECTIVE	STRATEGY	PERFORMANCE MEASURE	*TIME HORIZON
LACK OF LEASEHOLD TITLE TO THE DOWNSVIEW LANDS			
To finalize the land lease between PDP and DND. Most of the other objectives cannot be fully realized until this objective is satisfied.	Work with DND and the Department of Justice and other departments on finalizing the Ground Lease, Rights Agreement and an operating agreement between PDP and DND.	Signed and approved agreements: Ground Lease, Rights Agreement; and, an operating agreement between PDP and DND.	Budget Year.
FUNDING REQUIREMENTS FOR THE PARK AND MAJOR INFRASTRUCTURE PROJECTS			
To determine an appropriate financing plan related to the building of the park and land servicing.	Prepare a needs analysis case for financing the various ventures of the Corporation.	A funding facility.	Budget Year.
CORPORATE STRUCTURE REVIEW			
To establish the Downsview Foundation.	Secure feasibility study on the need for a Foundation and submit this to the Government. Address other Government concerns as they arise.	A legally established Foundation.	Budget Year.
RESOLUTION OF DEPARTMENT OF NATIONAL DEFENCE HOUSING REQUIREMENTS			
To continue to work with the Department of National Defence in identifying ways to resolve the PMQ housing issue.	PDP will continue to identify solutions and offer support to the Department of National Defence on ways to resolve the PMQ housing issue.	A feasible housing solution.	Budget Year and Strategic Plan Years.

***Note:** In the "Time Horizon" column in the chart above, "Budget Year" refers to the objective being achieved during the Company's detailed business plan for the fiscal year 2001-2002. "Strategic Plan Years" refers to the objective being achieved during the



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period covered by the Company's strategic plan for the subsequent four fiscal years, from 2002-2003 until 2005-2006.