

ANNUAL REPORT 2019/20

SASKATCHEWAN OPPORTUNITIES CORPORATION



Helping grow
Saskatchewan's
tech sector.







**HELPING
GROW
SASKATCHEWAN'S
TECH
SECTOR**

INNOVATION PLACE

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LETTER OF TRANSMITTAL

June 1, 2020

His Honour
The Honourable Russ Mirasty, S.O.M., M.S.M.
Lieutenant Governor of Saskatchewan

Your Honour:

I have the honour to submit herewith the Annual Report of Saskatchewan Opportunities Corporation for the 12-month period ended March 31, 2020, including the financial statements duly certified in accordance with *The Saskatchewan Opportunities Corporation Act*.

Respectfully submitted,



JOE HARGRAVE

Minister Responsible for Saskatchewan Opportunities Corporation



HELPING GROW SASKATCHEWAN'S TECH SECTOR

IT'S THE REASON **SOCO** EXISTS.

We help technology companies
start, grow and stay in Saskatchewan.

The long-term success of these companies results in multiple benefits to the province:

Development of a strong workforce, due to availability of quality jobs and retention of Saskatchewan graduates.

Creation of a robust economy, allowing Saskatchewan to be competitive at regional, national and international levels.

Evolution of a tech ecosystem, where Saskatchewan is recognized internationally as a tech hub of innovation.

This Annual Report focuses on our environment, a key component of our Business Model. A unique and comprehensive working environment integrates tenants and clusters with technical, social, physical and business aspects. Our environment is our product; it provides the foundation for tenant and technology sector success.

MESSAGE TO OUR STAKEHOLDERS

FROM BOARD CHAIR, VICTOR THOMAS, AND PRESIDENT & CEO, VAN ISMAN

In 2014, the SOCO Board of Directors developed and implemented a new strategic direction. While the mandate and broad objectives of the Corporation were not changed by this revised direction, many of the resulting priorities and activities did take on a different orientation.

Although the 2014 strategic direction has served us well, in 2020 the SOCO Board will be undertaking the development of a new strategic direction. It's time for this undertaking. As with any business strategy, periodically it's important to take a step back and evaluate the path forward. While the mandate and general purpose of the Corporation will not change, it has yet to be determined if the resulting strategy will be a major pivot in direction or a more modest set of updated priorities. We welcome this updated direction – much has changed since 2014!

Before we move forward to explore the future, this message will reflect back on the five guiding strategic pillars that set the tone for our 2014 direction.

1 While there was a continued focus on the development of Saskatchewan's technology sector, there was greater emphasis placed on the development of new tech businesses.

In the Balanced Scorecard section of our 2010 Annual Report, we reported there were 6 new startup companies at Innovation Place. In this year's Balanced Scorecard, you'll see we had 13 new businesses become tenants at Innovation Place. To address this 2014 priority we took a variety of actions, such as supporting the development of business incubators in both our parks, substantially increasing the number of education and networking programs available to our tenants, and taking new approaches to managing buildings, including co-working spaces. The result isn't just 13 new businesses. If you include companies coming out of the incubators, we see the number jump to approximately 40 new businesses created in our facilities over the last year.

2 A priority for SOCO has been to clearly communicate what we do, why we do it and how we do it.

Your review of this Annual Report will demonstrate that a research park is much more than buildings leased to tenants. In the section titled Advancing Our Strategy, you'll see references to tools such as our programming that resulted in attendance of close to 12,000 people. You'll also see references to our successful podcast series Startupville, and our leveraged partnership programs that help our tenants do business with tech giants like IBM, Google and Amazon.

To communicate more information about what we do and how we do it, we utilize websites, social media, involvement in organizations such as the Chambers of Commerce, presentations to select industry and business groups, tours of our technical facilities and various sponsorship opportunities. This Annual Report helps to tell our story. However, we never lose sight that we are a "means to an end." Truly, the success of SOCO is the success of our current and past tenants. Accordingly, it's the success of companies like Bioriginal, Skip the Dishes, Mentor Graphics, SED Systems, BitStrata, TinyEYE Technologies and Coconut Software that really demonstrates the value we add.

3 SOCO set a priority to increase our activity in prospecting for opportunities that will build on the strength of our various partners.

Consistent with the previous strategic pillar, communicating information about what we do and how we do it is typically a component of our prospecting activities. However, measuring the impact of our prospecting efforts is always difficult to assess since the start of an entrepreneur's business is dependent on a variety of factors. Our solicitations may well influence someone in the decision as to where to locate their new venture, but this does not impact when they will be ready to commercialize their efforts.

Regardless of timing, our efforts seem to be working. In 2019/20, our Management Advisory Committees approved 38 submissions for potential tenancy in our two parks (note that not all have become tenants yet). Of this total, 11 had a business affiliation with an existing tenant, 7 came directly from the universities (typically faculty), 5 from the incubators, 4 from NRC / SRC / government affiliations, and 11 from other external sources. Anecdotally, we often hear that the availability of technical infrastructure and networking opportunities are prevalent factors in selecting Innovation Place.

4 SOCO continues to view efforts to maximize efficiencies as being critical to our future successes.

While we are continuously making improvements to refine how we do business more efficiently, three significant actions we've taken include the following:

- In 2014, we divested the Bio Processing Centre. Operationally, the services we provided through this business division were no longer in demand and the department was a cost draw on the Corporation. We initially divested of this business to POS Bio-Sciences, who subsequently sold the operating unit to ZYUS, the company that continues to operate the facility today.
- In early 2018, we divested the Prince Albert Forest Centre by means of a sale to the University of Saskatchewan. Although not a money losing operation, the Forest Centre never developed as anticipated and effectively became an office building without a technology linkage. The University has subsequently established this building as its Prince Albert training hub.
- In 2019, we were able to transfer the operations of our Saskatoon food service outlets to Eurest Dining Services, a division of the Compass Group. While food services is an important amenity within our Saskatoon facilities, this change affords us the ability to focus our efforts on the operations of technology facilities rather than ancillary services.

5 SOCO has focused its efforts for tenant retention and attraction on ensuring tenants are a good fit for our key clusters.

Our staff has continued efforts to attract new tech tenants to Innovation Place and our Management Advisory Committees review all potential tenant applications. This process is working well to ensure prospective tenants are appropriate for our research and technology facilities. However, the retention of important existing tenants, such as the Saskatchewan Research Council, Mentor Graphics, ISM, Ag-West Bio, Nutrien and BASF, is also critical to building the base for our targeted clusters. This unique mix of large and small tenants, along with established and new businesses, helps support the environment for our tenants to learn from one another.

As previously stated and demonstrated, our 2014 strategic direction has served us well! Having said this, we're looking forward to exploring the possibilities ahead of us. We're excited about our future!

In November 2019, Mark Regier left our Board of Directors. Mark was on our Board for more than a decade, serving the last three years as our Board Chair. Mark's leadership, insights and business acumen have been a tremendous contribution in the guidance of our Corporation throughout this period. Both Management and our Board want to thank Mark for his efforts in contributing to the betterment of SOCO.

As you review the contents of this Annual Report, we want to draw your attention to the most important part of the entire document: the handful of tenants profiled in the feature pages dedicated to our park environment and in the Sharing Tenant Success tabs. After all, the reason we exist is to encourage and facilitate business opportunities in Saskatchewan's technology sector. To learn more about our tenants, go to our website (WWW.INNOVATIONPLACE.COM) and click on *Our Tenants* to access a searchable index. For current information on news, events and activities at Innovation Place, have a look at the Scene (WWW.INNOVATIONPLACE.COM/THESCENE/).

Thank you for your continued interest in SOCO and Innovation Place.

Sincerely,



VICTOR T. THOMAS
Board Chair



S.P. (VAN) ISMAN
President and Chief Executive Officer

INNOVATION

PLACE

offers an

environment of

INNOVATION,

COLLABORATION

and

ENTREPRENEURSHIP

that integrates

five key aspects.

Our environment is far more than a cluster of buildings and spaces. It's a carefully constructed framework of tenants and clusters integrated with technical, social, physical and business aspects.

A diverse mix of technology and service tenants, a dynamic social atmosphere and high quality facilities work together to create a community.

ASPECTS OF OUR ENVIRONMENT



TENANTS / CLUSTERS



TECHNICAL



SOCIAL /
COLLABORATIVE



PHYSICAL



BUSINESS

OUR STRATEGY

Crown Investments Corporation (CIC) has provided all Crown corporations with an outline of the government's policy objectives and priorities. It has also set out the mandated categories for each corporation's Balanced Scorecard. The Board has provided further direction to management through their approval of a corporate vision, values and broad goals specific to Saskatchewan Opportunities Corporation (SOCO). The Business Strategy contained in this document is subject to annual review and monitoring by the SOCO Board.

VISION

Through partnerships and collaboration, SOCO is providing the foundation for innovation, research and technology that supports Saskatchewan's economic prosperity.

MISSION

To support and facilitate the advancement and success of Saskatchewan's technology and key growth sectors through the development and operation of research parks.

MANDATE

The object and purpose of the Corporation is to create, encourage and facilitate business opportunities in the Saskatchewan technology sector, primarily through the development and operation of technology parks.

VALUES

SOCO fully subscribes to the Crown sector values of honesty, integrity, fairness and respect, and social and environmental responsibility. In addition, the following values have naturally grown within SOCO and differentiate us from others in our industry.

INNOVATION

Innovation in all our business activities.

COLLABORATION

Open and accountable in all our partnerships.

EXCELLENCE

The pursuit of excellence in design, operations and administration.

GOALS

CIC provides all Crown corporations with clear direction for establishing corporate goals. Goals are required to be set in the four categories of Public Purpose, Stakeholders, Financial and Innovation. SOCO's broad corporate goals reflect the mandate and history of the parks.

PUBLIC PURPOSE

To create awareness, attract and support the development of new technology opportunities by providing world-class scientific and social infrastructure that promotes collaboration, growth and innovation.

STAKEHOLDERS

To enhance innovation and partnerships thereby allowing engagement of stakeholders to achieve their goals and objectives. SOCO recognizes our key stakeholders include tenants, post-secondary education institutions, industry associations, business communities, government and our employees.

FINANCIAL

Maintain profitability at a level that supports the success of our parks by prudently managing expenditures and enhancing revenues while providing superior value to our tenants.

INNOVATION

SOCO will promote and utilize innovation practices to empower our stakeholders to stimulate high performing commercial successes.

INNOVATION PLACE FACTS & FIGURES



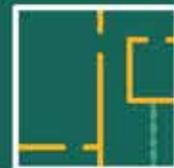
150
TENANTS



3.8K+
TENANT
EMPLOYEES



26
BUILDINGS



1.8M
SQUARE FEET

SASKATOON

117
TENANTS

2.7K+
TENANT
EMPLOYEES

20
BUILDINGS

1.3M
SQUARE FEET

REGINA

33
TENANTS

1.1K+
TENANT
EMPLOYEES

6
BUILDINGS

465K
SQUARE FEET

OUR BUSINESS

OUR PURPOSE

TO HELP GROW SASKATCHEWAN'S TECHNOLOGY SECTOR

As depicted in the Business Model diagram on the opposing page, the value we generate can be summarized into four outcomes. The overarching outcome, growth to the technology sector in Saskatchewan, is complemented by three specific outcomes: new technology businesses, growth of existing companies and sustainable operations.

OUR PRODUCT

AN ENVIRONMENT THAT ENCOURAGES INNOVATION, COLLABORATION AND ENTREPRENEURSHIP

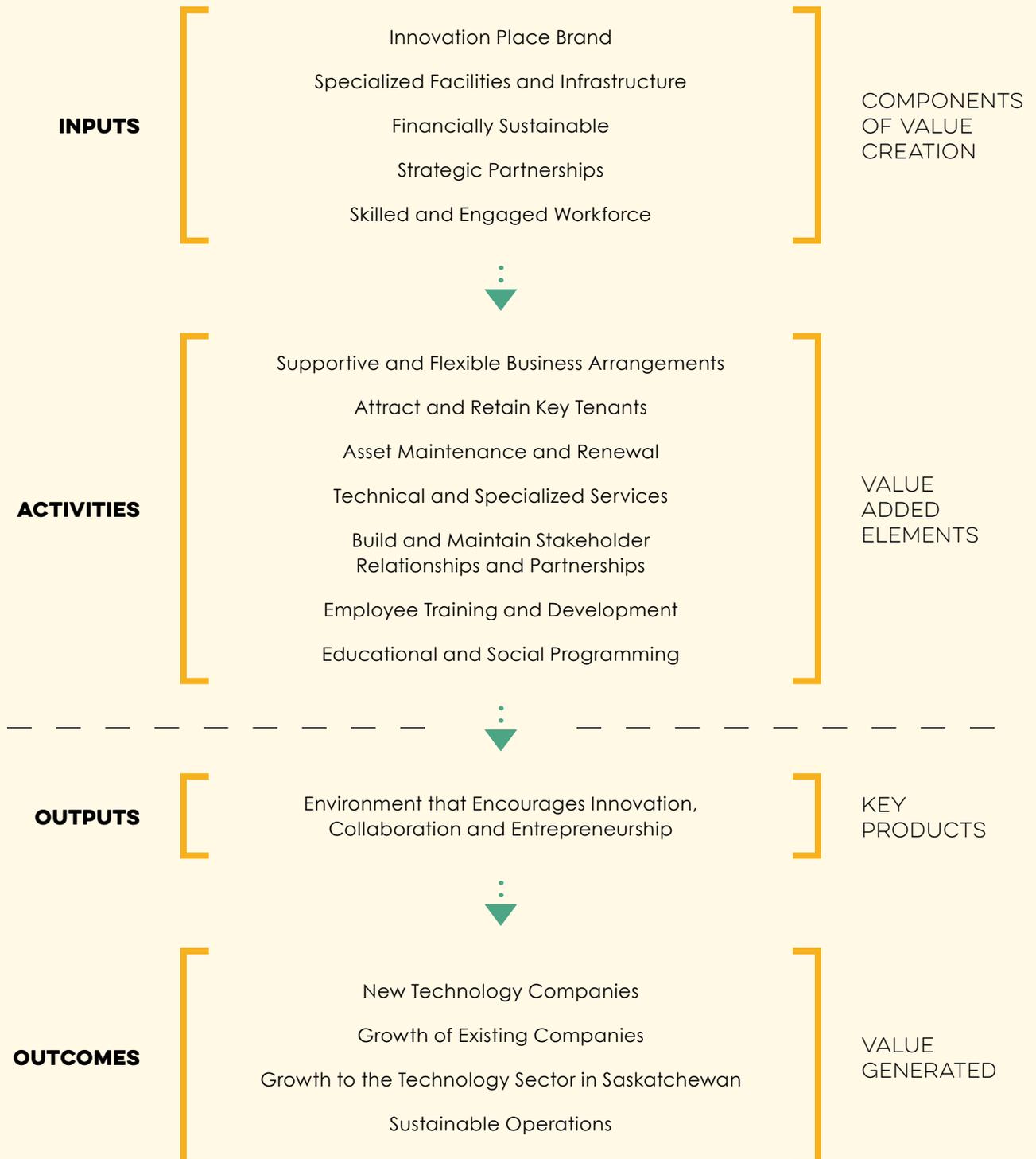
Our product, and what sets us apart from real estate companies, is the comprehensive nature of the working environment we provide to our tenants and their employees, and the impact this environment has on growing the technology sector in Saskatchewan.

A diverse mix of technology and service tenants, a dynamic social atmosphere and high quality facilities work together to create a community that encourages innovation, collaboration and entrepreneurship.

We believe that our environment must integrate five key aspects as shown below.



INNOVATION PLACE BUSINESS MODEL



TENANTS AND CLUSTERS

The primary target for tenants at Innovation Place is Saskatchewan-based, private technology companies. These companies are judged by management to have the greatest opportunity for employment growth and will display the strongest ongoing loyalty to Innovation Place and the province. To assist in the success of these companies, we also target business and technical service organizations, research institutes and national and international technology companies.

Clusters of similar organizations are important to technology parks and have played an important role in the success of Innovation Place. Networks developed between organizations and the individuals within those organizations speed the sharing of ideas and information. Industry-specific clusters such as agriculture share the greatest common interest and collaborate more actively.

Management continues to evaluate all means by which Innovation Place can support the success of existing and appropriate future tenants. All tenants are reviewed from the perspective of their strategic importance to the core technology clusters within the Saskatoon and Regina campuses. Tenants that do not add value to their respective campus clusters are encouraged to relocate to other space within the cities.

An appropriate tenant mix is also ensured by the approval process for prospective tenants. The Regina and Saskatoon parks each have an independent Management Advisory Committee composed of representatives from the local business community, university and municipal government; these committees review and approve all tenants that locate within park facilities.

SASKATOON MANAGEMENT ADVISORY COMMITTEE

Dr. Karen Chad
Vice President,
Research, University
of Saskatchewan

Mr. Kerry Tarasoff
Chief Financial
Officer, City of
Saskatoon

Ms. Judy
Yungwirth
Director,
Infrastructure,
Planning &
Development,
University of
Saskatchewan

Mr. Alex Fallon
President and
CEO, Saskatoon
Regional Economic
Development
Authority

Dr. Johannes
Dyring
Managing Director,
Innovation
Enterprise, University
of Saskatchewan

Ms. Kari Harvey
Chief Executive
Officer, Innovation
Saskatchewan

Mr. Mike Crabtree
President and CEO,
Saskatchewan
Research Council

Mr. Brendan
Reding
Regional Director,
Industrial Research
Assistance Program,
National Research
Council

REGINA MANAGEMENT ADVISORY COMMITTEE

Mr. Neil Paskewitz
Associate Vice
President, Facilities
Management,
University of Regina

Mr. John Lee
President and
CEO, Economic
Development
Regina (EDR)

Mr. Dale Eisler
Senior Advisor,
Government
Relations / Senior
Policy Fellow,
University of Regina

Mr. Jim Nicol
Chief Legislative
Officer and City
Clerk, City of Regina

Mr. Wayne Clifton
CEO and Chairman
of the Board, Clifton
& Associates

Mr. Larry Hiles
Chair, TEC
(The Executive
Committee)
Canada

TECHNICAL

The specialized nature of our buildings and infrastructure is a key component in providing the appropriate technical environment required by our tenants. In addition to high quality office buildings, we provide research greenhouse space, growth rooms and a variety of laboratory buildings. Our buildings provide tenants with specialized capabilities needed for sophisticated science and technology activities. Mechanical systems provide the air, water and steam in qualities and quantities that far exceed what is normally available commercially. Certain process utilities such as high-pressure steam, reverse osmosis water and chilled water for process purposes are distributed on a park-wide basis. Other specialized utilities such as biological waste treatment systems are also available in specific buildings.

The park network infrastructure differs from a typical office building as both Saskatoon and Regina have multiple paths to the internet. Synchronous internet connections are provided with bandwidth being allotted to each tenant based on square footage leased. All equipment providing internet service is on generator provisioned backup power.

The management of the corporate and park network is handled in-house by the Information Technology department. Every building is connected to this network allowing Innovation Place to manage our facilities using automated building management systems for centralized monitoring and control, resulting in increased efficiency. Every tenant is connected to the network as they rely on rapid deployment of dependable, high availability access to the internet and research networks for their business success. This shared service is monitored 24 hours a day providing an economy of scale and guaranteed quick response time. It also ensures we are proactive with ongoing management and enhancements of the network. Technology solutions are vital to the continued success of our tenants and Innovation Place as a home for the development of science, business, technology and innovation.

Our tenants have access to a wide range of technical services primarily provided by other tenants in our parks. These include contract research and engineering, analytical laboratories and contract processing. Our own employees supplement these services by offering specialized maintenance, prototype development and electronic monitoring of access systems, building systems and tenant equipment. Our employees follow International Organization for Standardization (ISO) 9000 criteria to manage the maintenance function and ensure high quality results while consistently meeting tenant requirements.

SOCIAL

The interaction of tenants, important for productive collaboration, is enabled through active programming, including the organization of social events, business seminars, sports leagues and tournaments, fitness facilities, food services, games rooms, yoga and pilates classes.

A weekly electronic newsletter distributed to all tenants provides information on tenant activities, campus events and individual or organizational successes.

The design of buildings and grounds incorporates public spaces that attract employees during the work day and offer multiple opportunities for informal interaction. On-site food services also act as focal points for employee interaction.

Through these various techniques, management supports a sense of community within the campuses that removes barriers to collaboration.

PHYSICAL

The physical environment of our campuses serves an important role as well. Attractive buildings and grounds are intended to provide a credible platform for tenants as they market themselves and their products. Our facilities use the most advanced building systems and the newest green technologies, reinforcing our corporate image of innovation and leadership.

The quality of our campuses is also critical in our attempts to attract new tenants and maintain the loyalty of those existing tenants.

Recruitment of new employees, in many cases from locations around the world, is critical to our tenants' success. The employee-friendly amenities and high technical quality of the buildings provide tenants with added tools for recruitment.

BUSINESS

We build unique business relationships with each of our tenants. Business is driven by the view that we are partners with our tenants and we can only truly succeed if they succeed; as such, we work to ensure tenants stay in business.

These unique business relationships are built around several different factors including, but not limited to, how we structure our leases, how we price our product, the risk tolerance we accept and general support provided.

The lease terms available to tenants are flexible. We take into account the stage of development of a young company and the financial realities encountered by technology startup companies. We take the long-term risk on the investment in our specialized buildings while remaining willing to enter into short-term lease arrangements with tenants. As a rule, we design and construct the specific leasehold improvements needed by individual tenants and incorporate a return on those capital costs into our lease rates. We help tenants reduce costs through economies of scale by constantly seeking out services or capital investments that can be shared by multiple tenants.

The way in which we price our product is important to maximizing both our financial returns and the extent to which we fulfill our mandate. In general, we charge a premium over comparable space where such comparisons are possible, for example office space. The premium is justified by the quality of the product and the value the location provides to tenants.

We do, however, need to provide a great deal of flexibility in the way we price space for early stage companies that aren't yet in a position to afford premium space. Supporting these companies is fundamental to fulfilling our mandate, and on the practical side, they represent the potential to become the major park tenants of the future.

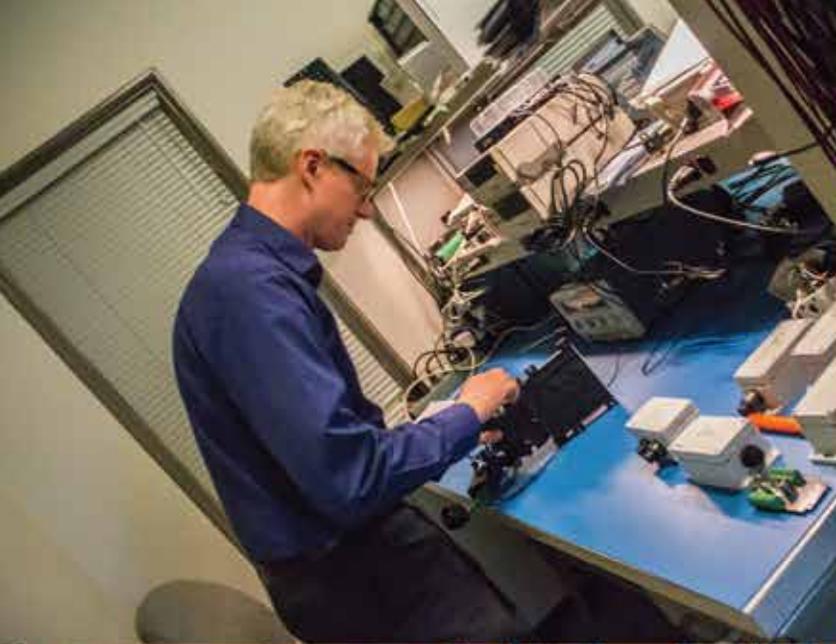
Historically, flexibility has included low initial rates with escalations as the tenants grow and begin to generate more revenue or attract more investment. In some cases, rents can also be based on the level of sales achieved by the tenant. As they grow, our income grows.

SHARING TENANT SUCCESS IN 2019/20

Coconut Software CEO and founder Katherine Regnier was accepted into the Women in Tech Silicon Valley Program. Coconut Software was also recognized on BetaKit's Top 11 Canadian Tech Companies to Watch in 2020 list and Venbridge's Exciting Saskatchewan Startups list.

Innovation Place, Saskatoon





TENANTS /
CLUSTERS

“ ”

Innovation Place cultivates an environment where like-minded people with different skill sets can easily 'bump into' each other. This has allowed Shiverware to make invaluable connections with other professionals and businesses, which in turn helps us solve problems faster.

Brett Park, Shiverware
Innovation Place, Regina

Tenant clusters are our most valuable resource. They are the catalyst for mutually beneficially relationships, within and outside our parks.

Our technology parks are home to tenant clusters representing five sectors, including Agri-Tech, Health and Life Sciences, Information & Communications Technology, Natural Resources, and Industry Services & Support.

Tenants that call our parks home are here for a reason. We strive for an effective mix of technology and services companies that supports Saskatchewan's key growth sectors.

CAPABILITY TO DELIVER SUCCESS

Our ability to generate the outcomes we desire comes from the quality of the product we provide. This quality comes from our ability to leverage the value we have built over several years and our ability to maintain and build on this value.

INNOVATION PLACE BRAND

Innovation Place is recognized as an international leader in the development of infrastructure in support of innovation.

A commitment to sustainable development, evidenced by Leadership in Energy and Environmental Design (LEED®) certification of buildings and the Building Owners and Managers Association of Canada Inc. Building Environmental Standards (BOMA BEST) certification of building operations, contributes to our reputation. Active participation in industry associations and the resulting recognition add credibility to the Innovation Place brand.

This reputation brings visitors from around the world to learn from the experience of Innovation Place. These visitors return to their home countries with an understanding of the quality of Saskatchewan's technology sector, enhancing the reputation of the province internationally.

This reputation also makes Innovation Place the preferred location for technology companies in Saskatchewan.

SPECIALIZED FACILITIES AND INFRASTRUCTURE

Our world-class facilities represent critical infrastructure for technology organizations in Saskatchewan. The specialized laboratories, greenhouses and pilot plants, along with the scientific utilities, are not available in the general real estate marketplace. In addition, the redundant high-speed data network is distributed to buildings throughout the parks.

Recognizing the importance the technical, physical and social environments play in achieving our overall objectives, we have formal processes in place to ensure our infrastructure is maintained in a way that supports the long-term sustainability of the Corporation. This is achieved through understanding the current and long-term infrastructure requirements and employing appropriate maintenance and capital reinvestment practices to ensure requirements are met.

Effective monitoring and reporting of the condition of the physical assets enables management to make informed decisions on where to focus resources in order to extend the functional life of the assets.

SHARING TENANT SUCCESS IN 2019/20

Filtr Trade CEO Alisha Esmail won the 2019 HerTurn award recognizing outstanding female entrepreneurs in Canada. Filtr Trade, a Co.Labs company, produces the popular and ethically sourced Road Coffee through their BeyondFair program.

Innovation Place, Saskatoon



FINANCIALLY SUSTAINABLE

Financial capital for Innovation Place is generated through existing equity, new debt and operating cash flow.

To ensure long-term sustainability, we manage our profitability, debt levels and operating cash flow at a level that both supports the continued maintenance of our parks and allows for future growth, while still addressing the needs of our shareholder.

We are committed to sustainable debt management by continuing to follow our financing policy whereby we only finance capital projects with a cash return sufficient enough to recover the cost of capital and all financing costs. As new revenue opportunities are limited, we also find innovative ways to control costs while still providing maximum value to our stakeholders. This includes continued focus on process improvements internally, but where possible, collaboration with the private sector and other Crowns.

STRATEGIC PARTNERSHIPS

A reputation for a partnership approach to business relationships has resulted in strong and productive relationships with several different stakeholders, including the province's universities, contractors, service providers and tenants. We endeavour to collaborate with many different stakeholders to achieve common goals consistent with our mandate and the mandates of our stakeholders. We believe the use of these partnerships to be valuable in creating awareness and attracting new opportunities to Innovation Place.

We leverage the relationships with the two universities to coordinate new business development efforts and ensure we are taking advantage of opportunities arising from the priority areas of research. We are involved with various business organizations and economic development agencies, directly and by providing in-kind support. We also work with our tenants as our partners as they play a large part in contributing to the success of our parks.

SKILLED AND ENGAGED WORKFORCE

Innovation Place has a highly skilled and engaged workforce. Significant efforts have been placed on building a constructive culture and increasing employee engagement over the last several years.

Our constructive culture encourages collaboration and achievement making it possible for employees to make improvements in every area of their workplace. We feel this is critical to the success of our continued efficiency initiatives. Our corporate value of innovation motivates our employees to pursue creative efficiencies.

To ensure Innovation Place maintains an effective workforce that is productive and provides service quality, we continue to invest in training and other initiatives aimed at improving employee engagement and maintaining our constructive culture. Providing a safe environment for all employees continues to be a priority, as is workforce planning to ensure our future staffing requirements will be met.



SHARING TENANT SUCCESS IN 2019/20

PureRoots partnered with the University of British Columbia to study the benefits of indoor farming while minimizing carbon footprint with Grow Solutions' Aeropod technology, an innovative vertical growing system.

Innovation Place, Saskatoon



TECHNICAL



A diverse mix of tenants has unique infrastructure needs. Our technical environment is tailored to meet these requirements.

Our technical infrastructure is an impressive array of specialized services, systems and processes that tenants need to do business.

Buildings are equipped with superior air-handling capacities, high-volume exhaust systems and complex heating and cooling systems. Building automation systems monitor greenhouses, lab spaces and equipment, ensuring consistent conditions and backup power capacity for tenant activities.

Greenhouses, growth chambers and specialized labs are also available for tenant use. The LFK Biotechnology Complex in Saskatoon provides approximately 30,000 square feet of secure space, including over 20 climate-controlled growth chambers and 12,000 square feet of lab space.

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following management discussion and analysis for Saskatchewan Opportunities Corporation (SOCO) should be read in conjunction with the audited consolidated financial statements and notes to those statements for the year ended March 31, 2020. What follows will provide the context within which the Corporation's financial statements should be analyzed.

FORWARD LOOKING INFORMATION

This discussion includes forward looking statements about the corporate direction and financial objectives of SOCO. Due to the risks and uncertainties inherent in any forecast, the actual results could differ materially from those anticipated.

CORE BUSINESS

SOCO operates under the business name Innovation Place. The corporate mission is to support and facilitate the advancement and success of Saskatchewan's technology and key growth sectors. Innovation Place fulfills this mission through the development and operation of technology parks adjacent to the province's two universities in Saskatoon and Regina.

The Saskatoon campus began operations in 1980 and presently is home to 117 tenants that occupy approximately 1.3 million square feet in 20 separate buildings. The Regina campus, opened in 2000, consists of 6 buildings housing 33 tenants and totaling approximately 465,000 square feet. The number of people working in Innovation Place facilities is over 3,800.



SHARING TENANT SUCCESS IN 2019/20

Co.Labs officially launched two programs — Co.Learn, a five-stream program that helps high-potential talent build startups, and a Corporate Incubation program with Federated Co-operatives Ltd.

Innovation Place, Saskatoon

CORPORATE STRATEGY

In 2014, SOCO completed an extensive review of the corporate strategic direction that resulted in changes to the Corporation's guiding strategic statements and a shift in the areas of priority for the Corporation. The areas of priority have been communicated through the use of five strategic pillars and have been embedded into the Corporation's strategic objectives and Balanced Scorecard measures:

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1 ENHANCING INNOVATION

There will be a continued emphasis for our employees to utilize innovative practices in managing our parks. The Corporation will provide a greater emphasis on development of Saskatchewan's technology sector, particularly through new business development.

Related Corporate strategic objectives: Attract technology opportunities; Support technology opportunities

2 COMMUNICATION

Beyond developing the Innovation Place brand, SOCO must develop and implement a comprehensive communication strategy, focused on both external and internal audiences. This strategy will set the tone for collaboration with the technology, education and business communities, the real estate sector and other government agencies.

Related Corporate strategic objective: Create awareness

3 FOSTERING COLLABORATION AND GROWTH

With a focus on enhancing our Corporation's key partnerships, this pillar is focused on business development at Innovation Place. SOCO will take advantage of the opportunities arising from the priority areas of research that our two universities are involved in. Further, we will actively pursue such opportunities with other potential partners. Accordingly, business prospecting and development are becoming a priority.

Related Corporate strategic objective: Build and maintain partnerships

4 MAXIMIZING EFFICIENCY

While SOCO has a culture of continuous improvement, we will continue to seek opportunities to improve our efficiency. In addition to streamlining our organization and improving processes, re-commissioning work focused on energy savings in our buildings will be continued.

Related Corporate strategic objective: Operating efficiency

5 VALUABLE AND COMPATIBLE TENANCIES

Each park has certain key industrial clusters around which tenants have been recruited. Future tenants are germane and relevant to the targeted clusters in each park. The Corporation must continue to follow leasing strategies and tactics to ensure that we are attracting and retaining valuable and compatible tenants for our clusters, while still meeting our financial objectives.

Related Corporate strategic objective: Space utilization

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ADVANCING OUR STRATEGY

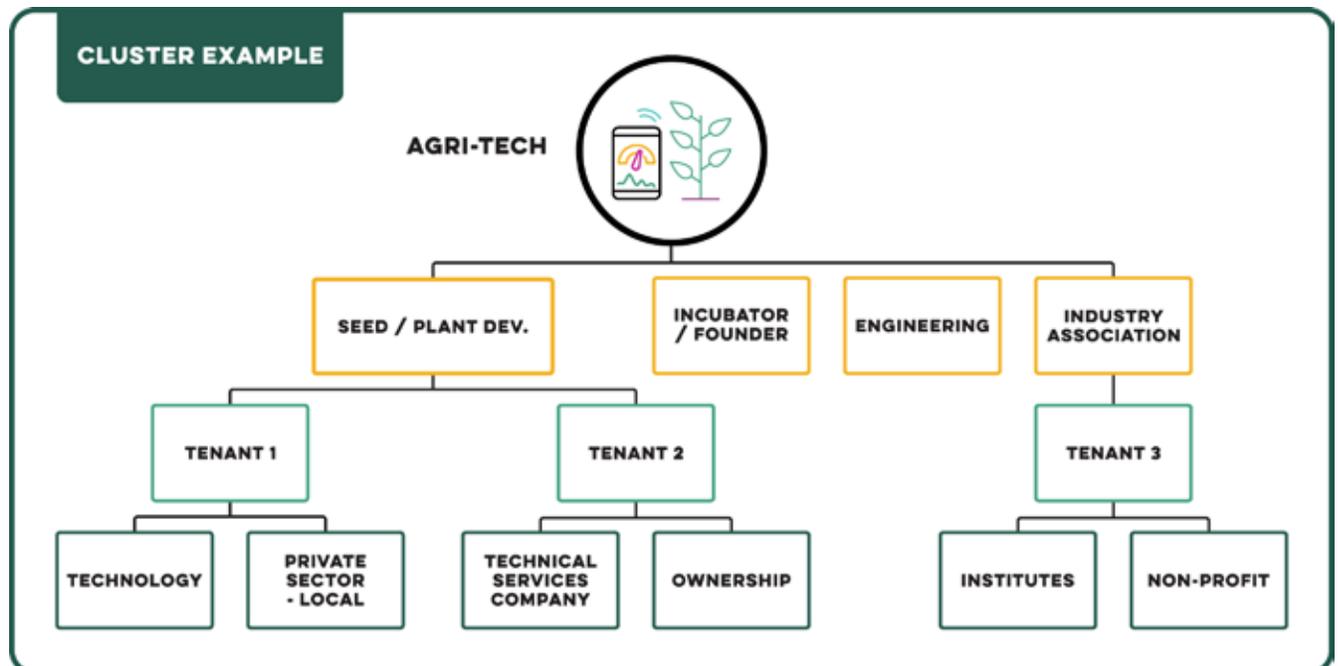
REVIEW OF CLUSTERS

In the prior fiscal year, we implemented a new evidence-based framework to categorize the various clusters and sub-clusters. The graphic that follows provides an example of how such a cluster breaks down. Our data analysis resulted in us identifying six main clusters within our two parks: Agri-Tech; Health & Life Sciences; Information & Communications Technology; Natural Resources; Industry Services & Support; and Other.

Understanding our strategic clusters gives us valuable management information that allows us to direct our leasing activities (particularly in sub-sectors) to ensure we are focused on emerging trends. This also enables us to direct our marketing activities to build on the strengths of our tenants and how these integrate with the priorities of both universities. Further, this influences our programming activities to ensure our areas of focus will be relevant to our tenants, as well as our space allocation decisions.

SUPPORT FOR NEW TECHNOLOGY BUSINESSES

Innovation Place continues to support and partner with two technology business incubators – one located in each of our research and technology parks. The very successful Co.Labs commenced operations at Innovation Place in Saskatoon in 2017, and Cultivator, Conexus Credit Union's business incubator, commenced operations at Innovation Place in Regina in 2018. Both incubators have exceeded expectations and at the time of writing we have seen approximately 150 new businesses emerge from these endeavours. We salute the success of these two business incubation ventures, and we are proud to continue to partner with both.



Startupville, a podcast series developed in conjunction with Martin Charlton Communications, continued through 2019/20. The podcast features interviews with startup founders and tech community leaders discussing what it is like to build a startup in a small city. At the time of writing, we have now completed and distributed 34 episodes of this critically acclaimed podcast as part of our regular series. A special series titled "How Tech Leaders are Facing the COVID-19 Crisis Head On" was recently developed outside our regularly planned series. The topic focuses on how the business world is changing because of a pandemic and how businesses will need to also pivot to be responsive to the new realities.

Innovation Place provides large software and software service companies with the ability to initiate business arrangements with many new and formative technology companies. In an effort to further support our new and nascent tech tenants, we have developed a series of leveraged partnerships that we offer to these businesses. Currently we have eight such arrangements in place. Some of these are focused on cloud-based platforms for "software as a service" with tech giants such as IBM, Google and Amazon. Others present complex and proven components of technology platforms readily available for utilization by small businesses (e.g. Stripe's state of the art reliable payment processing systems). Accessing these arrangements through our leveraged partnership programs provides our tenants with financial benefits ranging from \$200 / month up to \$120,000. As of March 31, 2020, 40 of our tenants have entered into 57 business arrangements through this program. Further information on these partnerships can be found at: [INNOVATIONPLACE.COM/PARTNERSHIPS/](https://www.innovationplace.com/partnerships/).

PROGRAMMING

A significant part of our efforts to assist with the development of our tenants is the extensive amount of programming delivered. The programming largely focuses on enhancing the business, technical and innovation skills of our tenants. Programming also plays a significant role in providing the social environment required to promote the interaction of tenants. In 2019/20, between Saskatoon and Regina, we completed 177 programs, attended by 11,750 people. Despite minimal programming taking place in March 2020 due to COVID-19, compared to the previous fiscal year, these outcomes represent an increase of 21 (13.5%) programs attended by an incremental 2,364 people (25.1%). Various private sector firms are involved in facilitating the delivery of our programming.

While certain components of our programming need to be repeated every year or two in order to address the needs of new businesses (i.e. protecting intellectual property owners; recruiting knowledge workers, etc.), each year brings new information needs to our tenants and we adapt our program offerings accordingly.

EFFICIENCIES

The efficiency efforts of Innovation Place have been focused on three areas: (1) retraction from business activities not focused on core operations; (2) operational changes aimed at achieving greater efficiencies; and (3) leveraging partnerships to drive strategic objectives.

Since 2014, Innovation Place has made several changes in order to re-focus operations on the core business, including the transfer of the Bio Processing Centre to POS Bio-Sciences, the elimination of third-party property management and project management services and the sale of the Prince Albert Forest Centre. These changes, along with various restructuring efforts, have resulted in a reduction in staff complement by over 20%.

During the prior fiscal year, a strategy review of food service operations in our Saskatoon park was completed to examine the alignment of food services with corporate strategic objectives. This review confirmed that the availability of food services is a necessary amenity to support the approximately 2,700 people who work for our 117 tenants in the park. As part of the review, alternative options of providing food services were revisited with the objective of reducing the overall cost of providing the amenity.

In the first quarter of 2019/20, Innovation Place completed a public tendering process to find a new operator for the food service facilities in our Saskatoon park. Subsequently, Eurest Dining Services, a division of the Compass Group, was selected to operate our Saskatoon food services. Eurest took over these operations on November 15, 2019. Eurest now operates three locations: Concourse Coffee and Snack Shop, SED Lunch Service, and the main facility being the significantly renovated Atrium Cafeteria. Our previously operated sit-down dining room, Boffins Public House, has been converted to a tenant programming space, and is now available to our tenants for conferences, programs, seminars and the like. Eurest is also providing catering services throughout our Saskatoon park.

BUSINESS ENVIRONMENT

Innovation Place sees demand for different types of technical space rise and fall with the normal economic cycles. Continued depressed commodity prices in the resource sector have had a significant impact on activity in the natural resources sector in our Saskatoon park. Within this cluster several tenants have either downsized their space or vacated the park entirely.

While not the only factor, one of the impacts of depressed commodity prices is increased vacancy, both at Innovation Place and in the markets we operate. Compared to the early 2000s when vacancy at Innovation Place was between 3% and 5%, we have seen vacancy levels of 10% or higher since 2016. For the third consecutive year the overall vacancy has increased at Innovation Place.

This higher vacancy situation is consistent with commercial vacancy trends in both cities. By way of example, at December 31, 2019, Colliers International advised that vacancy rates in Saskatoon and Regina were 13.2% and 12.14% respectively. As of March 31, 2020, our vacancy rates were 12.26% (Saskatoon) and 9.53% (Regina).

This situation, in turn, creates additional financial and operational pressures for Innovation Place. As landlords in these cities attempt to reduce their vacancy, the risk of losing existing key tenants integral to maintaining current clusters increases. Increased pressures in the marketplace also reduce, and in some cases eliminate, the opportunity to achieve rate increases on lease renewals.

Similarly, while most of our facilities are unique technology buildings, the downward pressure in the economy has forced enhanced competition in most real estate situations. Accordingly, there is now a mindset that lease rates should be falling, not staying the same or rising.

Higher vacancy also has an impact on general capital requirements. With the objective to attract and retain the right tenants to support the environment we provide, it often translates into a requirement to invest in tenant improvements for vacant space. The necessity for this is compounded by the current high vacancies in the markets in which we operate.

The current business environment creates an opportunity for Innovation Place. Having a healthy balance of vacant space is necessary for Innovation Place to meet its mandate to grow the technology sector. Having vacancy also allows Innovation Place to respond to sudden tenant growth and to have space available for new companies starting up in Saskatchewan. Currently there are several significant discussions underway in this regard.

COVID-19

Although our technology parks have remained open during the COVID-19 pandemic, several changes have been implemented in an effort to keep employees, tenants and visitors safe. While our maintenance staff and a reduced number of administrative staff continue to be on-site to ensure no service disruption to our tenants, our reception areas have been secured and closed to the public. Certain tenant amenities, including on-site food services and fitness facilities, have been temporarily closed due to the pandemic. We have also postponed all tenant events and in-person programming activities.

Janitorial staff continue to provide frequent, ongoing sanitation of touch services in our buildings and protocols have been implemented for the deep cleaning and sanitization of space should an occupant of our buildings test positive.

As our tenants' employees started to work from home in March, we saw increased internet usage on our network which led us to negotiate new internet contracts with our service providers and configure our network to allow our tenants to take advantage of additional bandwidth. We also implemented VPN access for all employees and Webex capabilities to allow for Innovation Place employees to work remotely.

There was no significant financial impact to Innovation Place for the year ended March 31, 2020. However, moving into 2020/21, negative financial impacts are anticipated as tenants are faced with liquidity pressures.

SHARING TENANT SUCCESS IN 2019/20

TinyEYE Therapy Services was recognized as an inclusive workplace at the 2020 Cultural Connections Banquet, presented by Saskatchewan Intercultural Association. TinyEYE is a global leader in online speech and occupational therapy.

Innovation Place, Saskatoon





SOCIAL /
COLLABORATIVE



Innovation Place is more than just technology parks. It's a vibrant community where social interaction fuels tenant synergies.

Our strong tenant programming continues to evolve based on tenants' needs. These events and activities allow tenants to enhance their business skills while connecting with the park community.

In 2019/20 Innovation Place offered over 170 events in Saskatoon and Regina, attracting close to 1,000 attendees per month. Events ranged from professional development luncheons, topical roundtables and web-streamed events to community-building activities such as the Food Bank challenge and Toy Drive.

Networking activities such as the monthly Pi O'Clock event, presented in partnership with Mentor, connect tenants with the broader tech community in a fun, casual atmosphere. Recreational activities and summer events, such as the annual tenant appreciation barbeque, provide additional opportunities for interaction outside the office.



Innovus, the formed and welded painted steel sculpture along Innovation Boulevard in Saskatoon, was created by Saskatchewan artist Douglas Benthall for Innovation Place in 1989. The sculpture illustrates the spirit of innovation — echoing the ambitions of the people working at Innovation Place.

BALANCED SCORECARD RESULTS

Crown Investments Corporation provides all Crown corporations with clear direction for establishing long-term planning. Corporate objectives, measures and targets are established for the required categories of Public Purpose, Stakeholders, Financial and Innovation. The Balanced Scorecard (BSC) is used to measure and report performance and results for these goals.

INDICATOR LEGEND

Indicator lights are used to illustrate Balanced Scorecard performance.

- Exceeded target by 20% or greater

- On target, from 5% below to 20% above

- Slightly off target by up to 20%

- Off target by greater than 20%

PUBLIC PURPOSE

To create awareness, attract and support the development of new technology opportunities by providing world-class scientific and social infrastructure that promotes collaboration, growth and innovation.

CREATE AWARENESS

1	Percentage of stakeholders aware of Innovation Place and its purpose	
	2018/19 Actual	74%
	2019/20 Target	75%
	2019/20 Actual	63%

We continue to focus on the implementation of the Corporate Communication Strategy. The objectives of the communication strategy include:

- To be **DISTINGUISHED** as a provider of unique facilities and collaborative opportunities that support economic growth in Saskatchewan;
- To be **TOP OF MIND** with the technology sector, other economic development agencies, ownership and post-secondary education institutions;
- To develop informed and well-positioned **ADVOCATES**; and
- To enhance community and business **PARTNERSHIPS**.

Based on the stakeholder awareness survey completed in the fourth quarter, 63% of stakeholders are aware of Innovation Place and its purpose. The survey was distributed to 114 stakeholders representing various organizations considered key to the success of Innovation Place.

Overall awareness is based on responses to six specific statements derived from the Communication Strategy.

- Innovation Place helps grow Saskatchewan's technology sector.
- We are focused on assisting new technology companies, facilitating growth of existing technology companies and contributing to the technology sector community.
- We provide an environment that encourages innovation, collaboration and entrepreneurship.
- Our campuses provide a unique physical, technical, social and business environment designed to support the needs of the technology sector.
- Innovation Place infrastructure allows tenants to benefit from economies of scale in accessing specialized facilities, services and amenities they might not be able to access on their own.
- We create clusters of similar organizations that support Saskatchewan's key growth sectors.

Stakeholders were asked to share their agreement for each statement based on a four-point scale (agree, somewhat agree, somewhat disagree and disagree). For purposes of this measure, only the "agree responses" were included; "somewhat agree responses" were not included.



SHARING TENANT SUCCESS IN 2019/20

Regina Research Data Centre (RRDC) was launched in 2019, in partnership with the University of Regina, Government of Saskatchewan and Statistics Canada. The secure facility provides qualified researchers with access to confidential statistical data.

Innovation Place, Regina



PHYSICAL



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As tenants of Innovation Place we have access to lots of resources expanding from the availability of massage therapy, a chiropractor and access to the gym facility, a beautiful garden, and skating rink to the well-equipped business room and catering for our guests. The great design and plant life contribute to the creation of an excellent working and friendly atmosphere.

Dr. Lidia Matei, Sylvia Fedoruk Canadian Centre for Nuclear Innovation
Innovation Place, Saskatoon

Our technology parks offer an incredibly complex and beautiful eco-friendly landscape - a testament to the combined power of both form and function.

An impressive physical environment is a key advantage for tenants seeking top talent in their recruitment and retention activities. A progressive, high-quality work environment also offers an inspiring setting for companies seeking business partners and investors.

The campus environments include an abundance of green spaces and common areas with ample public seating, an intentional design that helps foster tenant interaction and collaboration. Shared amenities such as fitness centres, food service outlets, recreational activities and recycling facilities allow tenants to connect outside the office.

ATTRACT TECHNOLOGY OPPORTUNITIES

2	Number of startup companies locating at Innovation Place	
	2018/19 Actual	11
	2019/20 Target	12
	2019/20 Actual	13

Local companies involved in technology continue to be our primary target market as they are the most prone to grow and stay in Saskatchewan. Encouraging the establishment of new companies increases the potential for corporate successes that can dramatically impact the economy.

Management actively markets within the province at local events specifically aimed at entrepreneurs to inform and attract startup companies to Innovation Place. We also leverage the research activities being completed at the two universities and partner with various entities to identify startup companies and provide resources.

In total, Innovation Place has supported the establishment of 185 new private sector startup companies since 1993.

SUPPORT TECHNOLOGY OPPORTUNITIES

3	Percentage of tenants benefiting from flexible and supportive business arrangements	
	2018/19 Actual	30%
	2019/20 Target	29%
	2019/20 Actual	31%

This measure reflects only those flexible and supportive business arrangements that are considered significant in contributing to the success of the tenant (lease rates, specialized lease terms, accounts receivable tolerance, other financial considerations and space sponsorship).

Of the 150 tenants located at Innovation Place at March 31, 2020, 46 (31%) are benefiting from flexible and supportive business arrangements.

4	Percentage of businesses which started at Innovation Place that are still operational in Saskatchewan	
	2018/19 Actual	68%
	2019/20 Target	68%
	2019/20 Actual	66%

This measure reflects the effectiveness of our activities aimed at assisting tenants in their success. By providing an environment that encourages innovation, collaboration and entrepreneurship, we provide the opportunity for technology companies to succeed and grow.

At March 31, 2020, of the 185 businesses which started operations at Innovation Place, 123 (66%) were still active in Saskatchewan (an additional 7 businesses are still in operation but outside of Saskatchewan). Of the 123 businesses still operating in Saskatchewan, 61 are operating at locations outside of Innovation Place.

PRIVATE SECTOR ENGAGEMENT

5	Percentage of non-government tenants	
	2018/19 Actual	87%
	2019/20 Target	87%
	2019/20 Actual	89%

A tenant qualifies for this measure when they are not deemed a federal, provincial or municipal government department or Crown corporation.

The number of non-government tenants at Innovation Place at March 31, 2020 is 133 or 89% of our total tenant base.

STAKEHOLDERS

To enhance innovation and partnerships thereby allowing engagement of stakeholders to achieve their goals and objectives. SOCO recognizes our key stakeholders include tenants, post-secondary education institutions, industry associations, business communities, government and our employees.

BUILD AND MAINTAIN PARTNERSHIPS

6	Number of unique business partnerships in place to advance the goals of Innovation Place	
	2018/19 Actual	17
	2019/20 Target	18
	2019/20 Actual	25

This measure captures the quantity of partnerships where we play an active and meaningful role and the outcome of the partnership includes the advancement of a strategic objective of Innovation Place.

Collaboration efforts and partnerships are prevalent throughout the operations of Innovation Place. There were 25 partnerships utilized in 2019/20 meeting the criteria for this measure. While several relate to attracting new business opportunities (e.g., Co.Labs technology incubator), we also utilized several partnerships in the provision of tenant programming and services. During the year several programs were added that make use of cloud-based platforms to provide complimentary and startup pricing for customer service, payment and professional entrepreneurship programs.

SHARING TENANT SUCCESS IN 2019/20

Infrastructure Data Solutions won the 2020 Esri Analytics to Insights Award for their Asset Optimizer, a cloud-based, AI-powered decision analytics and optimization tool. The software features GIS technology for enhanced infrastructure asset management.

Innovation Place, Regina





TENANTS /
CLUSTERS

“ ”

Innovation Place is a great place to meet people and acts as a great catalyst to help build community.

Jeff Dyck, Mentor
Innovation Place, Saskatoon

A geographic concentration of tenants with similar interests and activities ultimately enhances the productivity, growth and competitiveness of companies. Tenants benefit from networking and collaboration opportunities and shared access to specialized infrastructure, facilities and services.

Emerging startups and entrepreneurs have access to customized spaces, including incubators, co-working spaces and business centres that focus on their unique business needs.

Tenants also have an opportunity to connect with the larger scientific community, thanks to the technology parks' proximity to the province's universities. This affiliation leverages the combined expertise of academia, industry and government.

SKILLED AND PRODUCTIVE WORKFORCE

7	Percentage of employees fully engaged in their work	
	2018/19 Actual	81%
	2019/20 Target	80%
	2019/20 Actual	78%

An annual survey of employees conducted by Aon determines the Corporation's level of employee engagement and then ranks that level against small- and medium-sized companies across Canada. The survey incorporates all three drivers of engagement - say, stay and strive (engaged employees generally say positive things about their company, want to stay at their company and strive to do their best work so their company succeeds).

Based on the survey completed in May 2019, 78% of Innovation Place employees are engaged in their work. The participation rate for the survey was 87%, which provides a high level of confidence in the accuracy of the results. Although slightly below target, this remains a very positive result and places Innovation Place in the top quartile of small and medium employers surveyed in Canada.

8	Average training days per employee	
	2018/19 Actual	5.7
	2019/20 Target	5.0
	2019/20 Actual	5.9

To ensure Innovation Place builds an effective workforce that is productive and provides service quality, management places value in employee training. We dedicate an average number of days per employee to be invested in enhancing the knowledge and skills of our employees.

The average training days per employee for the year was 5.9. Training in key areas continues to be maintained and alternative lower cost training promoted. In total, 3,800 hours of training was completed, up from the 3,700 hours in the prior year.

TENANT SATISFACTION

9	Percentage of CEOs that would recommend Innovation Place to another organization	
	2018/19 Actual	97%
	2019/20 Target	98%
	2019/20 Actual	94.5%

To ensure Innovation Place meets customer growth challenges while maintaining high levels of service quality and customer satisfaction, the Corporation surveys tenant CEOs and asks them "Would you recommend Innovation Place to potential tenants?" to determine overall satisfaction.

The extent to which our tenants approve of our strategies is key to future financial performance and is indirectly related to their own ability to grow and to support our growth through tenant referrals.

The survey results show that over 94.5% of the CEOs would recommend Innovation Place to potential tenants. This high rating reflects both the quality of facilities and the quality of operations. Specific examples include the timeliness of maintenance response, the availability of specialized services on site, the specialized nature of the facilities and the active social environment.

The attractiveness of the physical environment and the park amenities also contribute to tenant satisfaction by assisting tenants' marketing and recruitment efforts.

FINANCIAL

Maintain profitability at a level that supports the success of our parks by prudently managing expenditures and enhancing revenues while providing superior value to our tenants.

FINANCIAL SUSTAINABILITY AND FLEXIBILITY

10	Cash return as a percentage of cost of assets	●
	2018/19 Actual	5.01%
	2019/20 Target	4.65%
	2019/20 Actual	4.78%

Cash from operations represents the capital available to meet our mandate and our public purpose goal by funding future growth. Adequate cash from operations is also needed to maintain our assets and ensure the financial stability of our company.

Cash from operations as a percentage of the original cost of assets is used as the primary measurement of financial performance because it is not impacted by internal accounting or financing policies. It is also easily compared to other real estate companies. Cash from operations consists of earnings before interest and amortization. Interest expense is excluded from the calculation to expose the true cash generation potential of the assets. The Corporation's long-term benchmark for cash return is 5%. The last industry comparison, completed late in 2012, confirms Innovation Place performs within the range of the industry average range (4% to 9%) for companies its size.

The cash return for the year is 4.78%, slightly higher than the 4.65% target set for the year.

11	Debt ratio	●
	2018/19 Actual	25.17%
	2019/20 Target	27.03%
	2019/20 Actual	22.72%

To measure the financial sustainability of the company we monitor our debt ratio. The measure reflects the net outstanding debt as a percentage of the total corporate financing structure (debt plus equity). Net outstanding debt includes notes payable and long-term debt, and is net of cash available to repay debt.

The ratio at March 31, 2020 is below the year-end target due to a higher cash balance at the end of the year. The forecasted ratio for the short term is well under the long range debt ratio of 60%.



SHARING TENANT SUCCESS IN 2019/20

Intelliconn was named one of Successful Farming's Top 6 Ag-Tech Startups to Watch in 2020. Intelliconn offers VeriGrain, an automated sampling and data management system, as well as connectivity, remote monitoring and analytics solutions.

Innovation Place, Saskatoon

OPERATING EFFICIENCY

12	Corporate administration as a percentage of revenue	
	2018/19 Actual	9.69%
	2019/20 Target	10.48%
	2019/20 Actual	10.13%

In an effort to measure our administration costs against industry standards, we compare our corporate administration costs against total revenue. This measure of operating efficiency is a standard industry ratio and allows easy comparison against both industry standards ranges and individual publicly traded companies. The last industry comparison, completed late in 2012, confirms Innovation Place performs at the efficient end of the industry average range (4% to 31%) for companies its size.

The percentage for 2019/20 is lower than the annual target due to reductions in various administration expenses.

13	Building operating cash flow per square foot	
	2018/19 Actual	\$12.87
	2019/20 Target	\$13.13
	2019/20 Actual	\$12.60

Building operating costs (i.e., utilities, taxes, insurance and maintenance) are subtracted from total rental revenue. The remaining total is divided by the gross area of all Innovation Place buildings. The net dollar amount per square foot measures both the efficiency level of building operating costs and the success in revenue maximization. The measure can be compared to the local market where information is available; however, many landlords prefer not to share information on their net cash flow.

The building operating cash flow per square foot for 2019/20 was \$12.60. The variance compared to target is the result of the increase in vacancy.

INNOVATION

SOCO will promote and utilize innovation practices to empower our stakeholders to stimulate high performing commercial successes.

ENVIRONMENTAL SUSTAINABILITY

14	Attain 'BOMA BEST' average points per building	
	2018/19 Actual	79.0%
	2019/20 Target	82.0%
	2019/20 Actual	79.4%

The Building Owners and Managers Association (BOMA) is the dominant Canadian and international industry association for building owners. BOMA Canada has instituted a process by which the environmental impact of buildings can be measured and compared against the performance of buildings across Canada. BOMA BEST measures the sustainability of building operations, including waste management, energy and water usage.

One BOMA BEST assessment was completed during the year resulting in 10 Research Drive receiving gold certification.

In order to equalize the work flow for annual certifications, a new schedule has been developed which will result in the certification of approximately one-third of our total building square footage each year going forward. Accordingly, we will be proceeding with the certification of four buildings in 2020/21: 112 Research Drive, 116 Research Drive, 15 Innovation Boulevard and 6 Research Drive.

SPACE UTILIZATION

15	Vacancy as a percentage of total space inventory	●
	2018/19 Actual	10.9%
	2019/20 Target	10.6%
	2019/20 Actual	11.5%

Vacancy is a standard industry measure that allows for easy benchmarking. It provides us with valuable information beyond simple comparison. To meet our mandate we must maintain a certain level of vacancy so we are capable of reacting to opportunities. Rather than attempting to minimize vacancy, we have the responsibility to properly manage vacancy to balance the need for inventory with the cost in lost revenue from vacant space.

The overall vacancy rate at Innovation Place increased to 11.5% during 2019/20. The increase was due a significant tenant in our Regina park vacating early in the year. Effective April 1, 2020, a tenant in our Regina park downsized, turning back 28,500 square feet of space. Vacancy as a percentage of total space inventory at April 1, 2020 is 13.3%.

INFRASTRUCTURE SUSTAINABILITY

16	Building condition score	●
	2018/19 Actual	88.07
	2019/20 Target	88
	2019/20 Actual	86.69

The building condition score measure was adopted in 2014. The scoring system used was internally developed as a management tool to ensure all departments involved in the management of the buildings have a common understanding of condition and areas of priority. The model building score (2019/20 target) reflects the acceptable standard set for Innovation Place. The condition of a variety of elements and systems within an asset are assessed individually, and then those ratings are rolled up into a total score reflecting the overall condition of that asset. Assets are assessed every two years.

In total, there were 14 buildings assessed during the current year. The consolidated score for assets assessed in the last two years is 86.69.



The first Women in Data Science (WiDS) regional conference was held in Saskatoon in March 2020. Innovation Place was pleased to sponsor this event affiliated with the WiDS global conference, the largest data science conference in the world.



TECHNICAL



Our technical infrastructure
extends beyond what
the eye can see.

An underground utility corridor distributes process utilities throughout the parks, including high-pressure steam, reverse osmosis water and chilled water - critical components of many laboratories and processes.

A robust network features synchronous internet through multiple service providers, providing tenants with high-capacity, reliable connectivity. Technology-enabled meeting rooms and event spaces are located in buildings throughout the parks.

The technical infrastructure is complemented by services provided by our tenants. A wide range of companies offers contract research and engineering, analytical labs and contract processing to other tenants.

FINANCIAL

COMPARISON OF RESULTS FOR THE YEAR ENDED MARCH 31, 2020 TO THE YEAR ENDED MARCH 31, 2019 (\$MILLIONS)

	2019/20 Actual	2018/19 Actual	Variance
Revenue	\$ 39.5	\$ 39.5	\$ —
Expenses	(34.2)	(33.8)	(0.4)
Net Finance Expense	(1.7)	(1.7)	—
Discontinued Operations	(0.6)	(0.5)	(0.1)
Net Income	\$ 3.0	\$ 3.5	\$ (0.5)
Total Assets	\$ 195.1	\$ 195.8	\$ (0.7)
Total Debt	\$ 56.3	\$ 57.4	\$ (1.1)
Net cash provided by operating activities, excluding working capital adjustments	\$ 13.9	\$ 14.5	\$ (0.6)
Total Capital Investment	\$ 4.0	\$ 8.4	\$ (4.4)
Dividends Paid	\$ 2.8	\$ 3.3	\$ (0.5)
Equity Repayment	\$ 1.0	\$ 1.4	\$ (0.4)

Net income for the year ended March 31, 2020 is \$3.0 million, \$0.5 million lower than the net income of \$3.5 million from the prior year. The decrease in net income is due primarily to the increase in vacancy. The average monthly vacancy for fiscal 2019/20 was 12.2%, up slightly from the average in the prior year's average of 11.8%.

Total expenses increased by \$0.4 million due to increases in various recoverable building costs (grants in lieu of property taxes, building repairs and maintenance, and utilities). The impact on net income was offset by increased recovery on occupancy cost revenue.

Total capital investment decreased by \$4.4 million when compared to the prior year. The total from the prior year included costs related to a few large one-time projects, there were no comparable projects completed in the current year.



SHARING TENANT SUCCESS IN 2019/20

SalonScale CEO and founder Alicia Soulier was accepted into the prestigious Women in Tech Silicon Valley Program. SalonScale, a mobile app paired with a bluetooth scale, allows stylists to mix and price hair colour, manage inventory and store formulas.

Innovation Place, Saskatoon

COMPARISON OF ACTUAL RESULTS TO THE APPROVED BUDGET FOR THE YEAR ENDED MARCH 31, 2020 (\$MILLIONS)

	2019/20 Actual	2019/20 Budget	Variance
Revenue	\$ 39.5	\$ 41.0	\$ (1.5)
Expenses	(34.2)	(35.7)	1.5
Net Finance Expense	(1.7)	(2.0)	0.3
Discontinued Operations	(0.6)	(0.5)	(0.1)
Net Income	\$ 3.0	\$ 2.8	\$ 0.2
Total Assets	\$ 195.1	\$ 193.1	\$ 2.0
Total Debt	\$ 56.3	\$ 56.2	\$ 0.1
Net cash provided by operating activities, excluding working capital adjustments	\$ 13.9	\$ 14.1	\$ (0.2)
Total Capital Investment	\$ 4.0	\$ 7.1	\$ (3.1)
Dividends Paid	\$ 2.8	\$ 2.5	\$ 0.3
Equity Repayment	\$ 1.0	\$ 1.0	\$ —

Net income for the year of \$3.0 million was \$0.2 million higher than what was budgeted.

The \$1.5 million unfavourable variance in revenue relates primarily to the higher vacancy rate realized, compared to budget. The actual average vacancy rate for the year was 12.2%, 1.1% higher than what was reflected in the 2019/20 budget. Also contributing to the variance is lower recovery of occupancy cost revenue due to expenses being under budget.

Total expenses were under budget \$1.5 million for 2019/20. Administration expenses were \$0.4 million under budget due to a combination of project timing and the timing of filling vacant administrative positions. Recoverable building costs were under budget by \$0.5 million due to janitorial, building maintenance and utilities being under budget. Non-recoverable building expenses were \$0.3 million under budget due to a recovery of a receivable previously allowed for.

Total capital expenditures were \$3.1 million below budget for the year. The budget included \$2.0 million related to the repurposing of a building in Regina, but due to a delay in the space being vacated, only \$0.4 million of capital was expended on the project during the year. Tenant improvements are \$1.4 million below budget as expenditures are based on both renewal assumptions and new tenants entering the parks. As budgeted vacancy reductions did not materialize, actual expenditures were not incurred.

OUTLOOK

The uncertainty over the extent and duration of the COVID-19 disruption limit the Corporation's ability to reasonably forecast results for 2020/21. Accordingly, a financial outlook for fiscal 2020/21 is not being reported at this time. The Corporation will provide an update of the financial outlook with first quarter results planned for release in August 2020.



SOCIAL /
COLLABORATIVE



Tenant programming at
Innovation Place extends
beyond traditional events.

The Startupville podcast series, presented by Innovation Place and Martin Charlton Communications, focuses on the challenges and opportunities of building a startup and startup ecosystem in a small city. Currently in its fifth season of production, Startupville features tenant and tech community leaders representing various sectors. Each episode averages several hundred plays, with 63% of listeners in Saskatchewan and others located across Canada, the U.S. and around the world.

Leveraged IT partnership programs provide a wealth of virtual resources focused on accelerating growth while limiting risk. There are currently eight leveraged partnerships programs in place, many of which target startups and entrepreneurs. Tenant have access to resources at little or no cost, thanks to formal collaborations with tech giants such as IBM, Google, Amazon and HubSpot.



PHYSICAL



Innovation Place is committed to exceptional building design and environmental sustainability.

Our technology parks are home to 26 buildings - 20 in Saskatoon and 6 in Regina. We take an integrated design approach focusing on the overall life cycle of a building, which ensures minimal environmental impact during construction and reduced resource use during ongoing operation.

All 15 multi-tenant buildings have received the Building Owners and Managers Association (BOMA) BEST certification, recognizing excellence in energy and environmental performance. In addition, 121 Research Drive in Saskatoon and 2 Research Drive in Regina have achieved Leadership in Energy and Environmental Design (LEED) Gold certification, an internationally accepted benchmark for high performance green buildings.

In 2019, 2 Research Drive was also the recipient of the prestigious BOMA Canada National Earth Award, acknowledging excellence in resource preservation and environmentally sound commercial building management.

RISK

Innovation Place is in compliance with CIC's Risk Management Minimum Standards Policy. The Corporation has a Risk Management Framework which outlines its risk policy, stakeholders, principles and processes. Innovation Place has implemented a system to assist management with risk identification, assessment, documentation and reporting. Senior management has been trained on the concepts and components of the risk management system and the system has been updated to include corporate and departmental risks. The Executive Committee and the SOCO Board of Directors receive regular updates and reporting as required.

Innovation Place considers risks as those factors that may inhibit the ability to meet the corporate mission as measured by the strategic objectives outlined in our Performance Management Plan.

Management has identified and discussed the top corporate risks with our Board of Directors. The nature of these risks, along with efforts to mitigate them is summarized as follows:

FINITE AMOUNT OF SPACE

RISK

Being unable, with a finite amount of space, to support the growth of existing tenants and the establishment of new tenants.

MITIGATION

Management assesses potential tenants according to their strategic fit in core technology clusters. The Management Advisory Committees also review and approve all prospective tenants to ensure they are an appropriate fit for the parks. Existing tenants are continually monitored from the perspective of their strategic importance to the core technology clusters. Tenants that are not part of these core clusters are treated with less of a priority and in some cases encouraged to leave the parks.

LOSS OF SIGNIFICANT TENANTS

RISK

Losing a significant tenant or several tenants in one industry which will negatively impact financial results, an industry cluster and / or the value for remaining tenants.

MITIGATION

Management continues to make special efforts to retain key strategic tenants.

FINANCIAL SUSTAINABILITY

RISK

As vacancy levels increase amongst established tenants, as well as the expectation that further startup companies lacking the capacity to pay full lease rates will locate in the parks, profitability will decrease.

MITIGATION

We prudently manage our expenditures and have implemented several efficiency initiatives which have served to reduce our expenditures.



SHARING TENANT SUCCESS IN 2019/20

Luxsonic Technologies was awarded a Canadian Space Agency contract to build CaregiVR, a virtual reality medical training program for astronauts. Luxsonic also developed SieVRt, Canada's first virtual reality medical imaging system.

Innovation Place, Saskatoon

KEY EMPLOYEES

RISK

Being unable to attract and retain key employees.

MITIGATION

We are committed to an effective workforce and have invested in a corporate cultural transformation resulting in a dramatic increase in our employee engagement levels.

VALUE AWARENESS

RISK

Existing or potential tenants do not recognize the value of being located in the parks as well as private real estate firms perceiving us as being competitors, specifically in leasing office space.

MITIGATION

Communicate to stakeholders what differentiates our product, namely that:

- Our facilities represent critical infrastructure for technology organizations in Saskatchewan;
- Specialized laboratories and greenhouses are not available in the general real estate marketplace; and
- Scientific utilities and a high-speed data network are distributed to buildings throughout the parks.

INFRASTRUCTURE SUSTAINABILITY

RISK

Specialized infrastructure is not maintained at the level required to support the long-term needs of technology tenants.

MITIGATION

An asset management program has been developed to continually monitor the condition of physical assets and ensure maintenance and capital reinvestment activities are sufficient and linked to the overall objectives of each building.

TECHNOLOGY CLUSTERS

RISK

Opportunities available to us with respect to technology clusters are not taken advantage of.

MITIGATION

During the prior fiscal year, we implemented a new framework to categorize the various clusters and sub-sectors. This framework allows us to direct our leasing activities to ensure we are focused on emerging trends, the needs of our tenants and on prospecting to priority areas of research and identify opportunities that will build on the strengths of our various partners.

SHARING TENANT SUCCESS IN 2019/20

Cultivator powered by Conexus marked their first anniversary in 2020 with a signature 24-Hour Startup Event. Cultivator celebrated 32 companies incubated, 194 investor pitches, 86 jobs created and over \$1.7 million in private capital raised.

Innovation Place, Regina



HEALTH AND SAFETY

RISK

We fail to provide a safe environment for employees, tenants and visitors.

MITIGATION

Safety training is provided to all employees based on job requirements. We operate a safety program guided by a combination of policies and safety procedures. We also utilize Occupational Health Committees to manage health and safety requirements of employees and contractors.

INFORMATION SYSTEMS AND DATA MANAGEMENT

RISK

We have an electronic attack on our system that corrupts data, steals data or brings down the system.

MITIGATION

We utilize anti-virus software to manage protection of desktops and servers. Firewalls are used to manage access in / out of our network. Systems are monitored for attacks. An extensive backup schedule mitigates the impact of a breach.

ACCOUNTABILITY AND CONTROLS

EXTERNAL AUDIT

The Corporation's annual financial statements are audited by an independent auditor. The external auditor is appointed by Order In Council, with the appointment typically reviewed every five years. The current external auditor, MNP LLP, is in their second year of a five-year term.

The *Provincial Auditor Act* gives the Provincial Auditor the responsibility, authority and independence to audit and publicly report on all government organizations. As such, the external auditor coordinates the involvement of the Provincial Auditor in the Corporation's audit. The coordination of the audit is conducted in accordance with the recommendation of the Task Force on the Roles, Responsibilities and Duties of Auditors, which recommends various protocols.

INTERNAL AUDIT

In June 2006, an internal audit function was established at Crown Investments Corporation to assist in providing an independent, objective view of the effectiveness of internal controls for Crown corporations who do not have the resources to support an internal audit department.

The internal audit employees are employed by Crown Investments Corporation and their offices are also located there. Internal audit activities are governed through the Internal Audit Charter which outlines the purpose, authority, reporting structure and responsibilities. The Internal Audit Charter was updated in the prior year and approved by the Board of Directors on February 20, 2019.



BUSINESS



Our tenants are our partners. We build business relationships that support their diverse and changing needs.

Our tenants' success is our success. Unlike traditional landlords, we play an active role in helping tenants achieve this success. Our unique business practices, including flexible business arrangements and customized leasing terms, support the growth and success of established and emerging companies.

We offer unique business environments tailored to tenants' needs. For example, startups and entrepreneurs are well suited to join co-working spaces, business centres and incubators, while more established companies have access to traditional and specialized office, lab and greenhouse space.

We work closely with tenants at all stages of business to accommodate both growth and reduction requirements. This includes alternative space allocations and locations as required.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

as at March 31, 2020

MARK REGIER

Chair

Mark Regier has been with Saskatoon Prairieland Park Corporation for the past 29 years, 6 years as Controller and 23 years as Chief Executive Officer. He has received a Certified Fair Executive Designation from the International Association of Fairs & Exhibitions for his work in the fair industry.

Mark is a Past President of the Canadian Association of Fairs & Exhibitions and a Past Chair of Tourism Saskatoon. He holds a Bachelor of Commerce degree from the University of Saskatchewan and is a Chartered Professional Accountant (CPA, CMA).

Mark successfully completed the Directors College accredited Corporate Director Development Program and holds a Chartered Director designation. Mark was appointed Chair of the Saskatchewan Opportunities Corporation Board of Directors in November 2016.

VICTOR THOMAS

Chair / Vice Chair

Victor Thomas is the President and CEO of the Canada-India Business Council. He has advised in the areas of corporate governance, strategy and international business. Throughout his career, he has worked with high growth companies primarily in North America, Asia and Australia.

He is a former Chair of the Regina & District Chamber of Commerce, the Banff Forum and is a former Vice Chair of SaskEnergy. Victor serves on several boards, councils and committees throughout Saskatchewan, Canada and internationally.

Victor completed his Master of Administration in Leadership from the University of Regina. He also attended the Directors College Program where he earned the designation Chartered Director through McMaster University and holds their Human Resources and Compensation Committee designation. Victor has received several recognitions for his leadership, including the Canadian Red Cross's highest honour, the Order of the Red Cross for his leadership with the Canadian Red Cross in Saskatchewan.



SHARING TENANT SUCCESS IN 2019/20

Lumeca launched a virtual healthcare consultation tool that connects Saskatchewan patients with physicians. In March 2020, this innovative app was made available free of charge to all Saskatchewan residents with a valid health care card.

Innovation Place, Regina

STEPHANIE YONG

Chair, Audit & Finance Committee / Vice Chair

Stephanie Yong is the principal at Stephanie Yong Consulting, a consultancy that focuses on utilizing the tools of human-centred design thinking to help generate ideas, solve strategic problems and apply to community and social impact projects. Her specialties include engagement, analytics and integration of advanced technologies into existing business processes.

Stephanie previously served as the Director of the W. Brett Wilson Centre for Entrepreneurial Excellence and was also a lecturer at the University of Saskatchewan Edwards School of Business with a strong focus on entrepreneurship and innovation and teaching design thinking principles.

In addition to the SOCO Board, Stephanie is also Chair of the Saskatoon Public School Foundation and a Board member of Creative Saskatchewan.

Stephanie has a BA in Political Studies and an MBA from the University of Saskatchewan. She has completed her Institute of Corporate Directors (ICD) training and is a certified Corporate Director. Stephanie comes from a family of hard workers and has made it her life motto, "the harder you work, the harder you can play."

Stephanie was appointed Chair of the SOCO Audit and Finance Committee in November 2018 and Vice Chair of the SOCO Board of Directors in November 2019.

JOHN SCHMEISER

Chair, Human Resources & Governance Committee

John Schmeiser is the Chief Executive Officer of the Western Equipment Dealers Association, an international trade association that represents the interests of over 2,200 farm, construction and outdoor power equipment dealers in Canada and the United States.

John also serves as the Secretary / Treasurer of the Canada Equipment Dealers Foundation and the Western Equipment Dealers Foundation. He is a member of the advisory board of Advanced Intelligent Systems; an Advisor / Consultant for Coleman Research and Chair of Equipment Dealer Consulting LLC. John is the Past Chairman of the Board for IRON Solutions, a Tennessee-based technology company; Past President of the North American Equipment Association Executives and Past Chair of the Board for the Saskatchewan Scrap Tire Corporation.

John is a graduate of the University of Saskatchewan, the University of Arizona and Western Academy Broadcasting College. He successfully completed the Directors College accredited Corporate Director Development Program and holds a Chartered Director designation.

SHARING TENANT SUCCESS IN 2019/20

ZYUS Life Sciences President and CEO Brent Zettl received the Startup Canada Entrepreneur of the Year Award for the Prairies region. ZYUS focuses on the global development and commercialization of cannabinoid-based therapeutics.

Innovation Place, Saskatoon



RACHEL MARTINUİK

Rachel Martinuik is the Chief Operational Officer for MySpray Therapeutics, a Canadian nutraceutical company. She is responsible for IT development, business innovation and logistics.

Rachel is a graduate of the University of Regina and has recently completed the Institute of Corporate Directors training with professional director certification (ICD.D). She has an in-depth multicultural education, and over 20 years of experience in community and cultural outreach.

Over the years, Rachel has served on numerous community organizations and committees, valuing the service to the community for future generations.

CHERISE ARNESEN

Fostering Saskatchewan enterprise speaks to what drives Cherise Arnesen. She has created, and continues to maintain, two different businesses — one local-based business and one national, proprietary product-based business.

Cherise brings to the table a diversity of perspective, experience and expertise. Her priority values are integrity, an independent mind, curiosity and a collaborative approach. Thinking both creatively and analytically, Cherise is emboldened by disruption. She is especially curious about challenges and what opportunities they can yield. A former General Manager, Program Developer and Educator, Cherise holds a BEd and a BA from the University of Saskatchewan. She is currently enrolled in the Directors Education Program (DEP) by the Institute of Corporate Directors and University of Toronto's Rotmans School of Management.

JULIE ANN WRISTON

Opportunity and hope are synonymous to Julie Ann Wriston. She has witnessed the impact that solid economic development has on regions, communities and individuals time and time again in her decades-long career. With a passion for community economic development, Julie Ann has worked throughout Saskatchewan and beyond creating, planning for and connecting good businesses that contribute to economic strength and prosperity.

Her specialties are working with Indigenous corporations, communities and entrepreneurs to cultivate business growth and stimulate economic development. Julie Ann has worn many hats in this space that range from communication, administration, human resources, governance and executive level leadership. She is currently a senior advisor supporting the Strategic Inclusion and Sustainability team with Nutrien, a role that allows her to draw from all her experiences to develop sustainable diversity and inclusion strategies for the organization.

She has a solid background as a multi-term Board member for a Crown corporation and has served in this capacity for various organizations over the years. Julie Ann is a recent graduate of the Institute of Corporate Directors with professional director certification (ICD.D), which provides her with a depth of knowledge that supports setting the tone at the top in a good way.

As a proud Métis mother of two inspiring kids, Julie Ann has a vested interest in contributing to a healthy, sustainable community that provides an environment where opportunity and hope can thrive.

AYTEN ARCHER

Ayten Archer is an award-winning business professor, consultant and community leader.

Active in corporate governance, Ayten is a graduate of Rotman-Institute of Corporate Directors program and has served on international, national, provincial and municipal boards in diverse industry verticals. These include UN (United Nations) Women, Saskatchewan Power Corporation, Canadian Research Institute for the Advancement of Women, Rotary International, Vancouver Fashion Week, Mendel Art Gallery, Saskatoon Symphony, Ryerson University Students' Union and Ted Rogers School of Business Commerce Society.

In her role as an international business consultant and CEO of FIAT LUX, Ayten has worked on five continents with elite clients that include the Government of Canada, Procter & Gamble and Mercedes Benz.

She has been the recipient of more than 40 academic teaching, coaching and industry leadership awards. For five consecutive years, she was named in Maclean's Guide to Canadian Universities as one of the "Most Popular Professors" at a Canadian university. She was also recognized with the University of Saskatchewan Excellence in Teaching Award, Edwards School of Business Most Effective Professor and Somers Awards. Ayten is the recipient of five faculty medals from the Canadian Marketing Association and was selected from 51 Canadian Fellows for the Advancing Canadian Entrepreneurship John Dobson Faculty Award. She is the inaugural recipient of Leadership Saskatoon's Community Leadership Award presented at the Chamber of Commerce SABEX (Saskatoon Achievement in Business Excellence) Awards.

Ayten is an international civility-protocol expert and long-serving judge for Queen's University Leadership Business Competition (QLBC), Schulich's GLOBE, Ted Rogers School of Business TRMC, Top Model Canada, Miss World, Miss GLOBE and Miss Teen Canada competitions.

NEAL KRAWCHUK

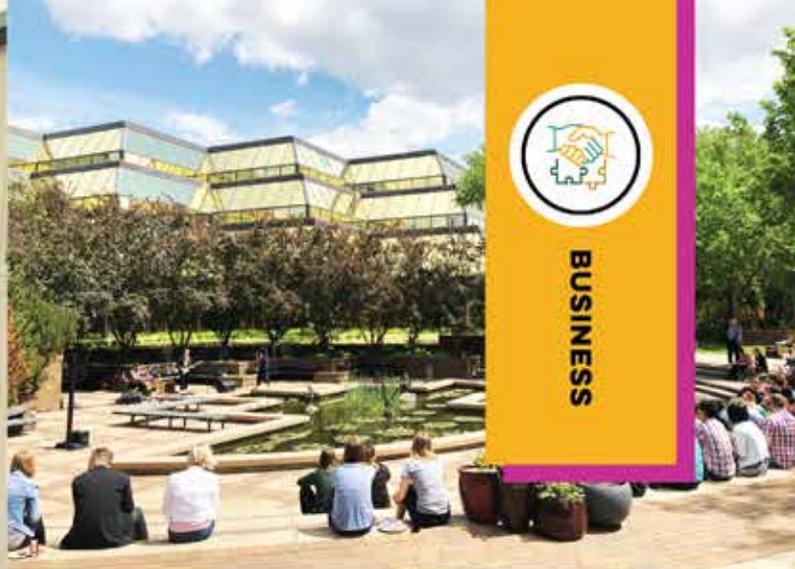
Neal Krawchuk is the Vice President of Credit and Administration at Mega Group Inc., a privately owned company that services the home furnishing industry throughout Canada and the United States and is one of the largest independent corporations operating in Saskatchewan. During his 31 years in the commercial finance industry, Neal has gained extensive experience in finance, strategic planning, business management and operational effectiveness.

Neal is part of a management team that has attained Platinum Status within Canada's 50 Best Managed companies for 20 consecutive years, as well as being recognized as one of Canada's Top 20 Employers of companies with less than 100 employees.

Neal has 14 years of experience serving as a Director with SOCO, SaskEnergy and Investment Saskatchewan; along with numerous committee roles.

Neal has also been a devoted volunteer in Saskatoon and has received the Saskatchewan Centennial Medal in 2005 as recognition for his community service contributions.

TANYA GATZKE / TERRY ROSS
Corporate Secretary to the Board of Directors



“ ”

To make Innovation Place home was one of the best business decisions we have made. Kinemek has thrived in Innovation Place largely because of their resources and flexibility to meet both our changing needs and variety of needs. For example, when we needed extra temporary space for client meetings or assembling a product, Innovation Place was able to provide it to us.

Kirk Backstrom, Kinemek Design Works
Innovation Place, Saskatoon

Innovation Place even looks after the little things, so we don't have to. For that, we give a big thanks to our janitorial, maintenance, and security services. We especially love the Lunch & Learn program, which has provided valuable knowledge to us. Even some of our clients are in Innovation Place, which makes working with them convenient.

CORPORATE OFFICERS

as at March 31, 2020

S.P. (VAN) ISMAN

President and Chief Executive Officer

Van Isman holds a BA and an MBA from the University of Saskatchewan. Van also holds a designation as a Chartered Director. Van worked in his family's business for 14 years, during which time he also successfully started three other business ventures. In 1992, Van joined SIAST to develop an entrepreneurship initiative, and was subsequently assigned responsibility for all business programs delivered in Regina. In 1996, he joined Saskatchewan Economic Development and was appointed Executive Director responsible for small business, community economic development and co-operatives. In 2004, Van assumed the role of CEO of Wascana Centre Authority.

In late 2007, Van was recruited to rejoin the Government of Saskatchewan as a Deputy Minister, initially responsible for the Ministry of Tourism, Parks, Culture and Sport, and subsequently for the Ministry of Municipal Affairs and the Office of the Provincial Secretary. In 2012, Van moved to Crown Investments Corporation as Vice President, Special Projects and was assigned to be the Interim President and CEO of SOCO in October 2013. He was appointed President and CEO of SOCO in March 2014.

In a volunteer capacity, Van has served on a number of Boards and Committees. Van is currently the Board Chair of the Alzheimer Society of Saskatchewan and an elected Director of the Alzheimer Society of Canada.

KEN LOEPPKY

Vice President and Chief Operating Officer

Ken Loepky has held the position of Vice President and Chief Operating Officer for Innovation Place since 2008. Ken joined Innovation Place in 2000 as the General Manager of the Regina park.

Ken has held executive Board of Director roles in the past with provincial, national and international real estate associations and is actively involved with the Real Estate Institute of Canada (REIC) as the President of the Board of Directors.

Ken is a member on the Board of Directors and Treasurer for the Association of University Research Parks (AURP) Canada and has volunteered at many levels in the local community.

TREVOR CROSS

Vice President, Corporate Services and Initiatives

Trevor Cross was appointed Vice President, Corporate Services and Initiatives in April 2015. Trevor joined Innovation Place in 2010 as Director of Information Technology.

Trevor earned a professional designation from the Project Management Institute and is a retired Commissioned Officer in the Canadian Armed Forces.

In his volunteer life, Trevor has served on numerous not-for-profit governing boards for organizations based in Saskatchewan and Manitoba. He also previously worked and volunteered as a Canadian Yachting Association sailing instructor for over 25 years.

BRENT SUKENIK

Chief Financial Officer

Brent Sukenik was appointed Chief Financial Officer in October 2014.

Brent joined Innovation Place in 2002 as the Corporate Comptroller. Prior to joining Innovation Place, Brent worked for PricewaterhouseCoopers as an Audit Manager.

Brent holds a Bachelor of Administration designation from the University of Regina and is a Chartered Professional Accountant (CPA, CA).

AUTHORITY

Saskatchewan Opportunities Corporation (SOCO) is a Crown corporation governed by *The Saskatchewan Opportunities Corporation Act*, and subject to the provisions of *The Crown Investments Corporation Act, 1993*. The Crown Investments Corporation (CIC) oversees and manages a governance framework for SOCO that provides strategic direction, performance management and financial reporting. SOCO conducts its business under the operating name of Innovation Place.

Through the Chair, who is an independent director, the SOCO Board of Directors is accountable to the Minister Responsible for SOCO. The Minister functions as the key communications link between SOCO, CIC, Cabinet, the Legislature and the public.

CORPORATE GOVERNANCE PRACTICES

CIC Chairs Forum has requested that Saskatchewan Crown corporations use the Canadian Securities Administrators (CSA) Corporate Governance Guidelines and Governance Disclosure Rules to standardize the reporting and benchmarking of governance practices. The CSA guidelines have superseded the Toronto Stock Exchange guidelines previously used.

INDEPENDENCE

The matter of "independence from management" is based upon the definition set by the CSA and utilized by publicly traded companies in the industry. None of the directors have worked with or for SOCO, or have direct material contracts or relationships with the Corporation, or have received remuneration from the Corporation in excess of the fees and compensation as directors and committee members or as directors of subsidiaries of the Corporation.

In addition to an annual declaration of any conflicts of interest, each Board and Committee meeting has a standing agenda item to allow directors to declare any conflict of interests and an in-camera session is held without management present.



SHARING TENANT SUCCESS IN 2019/20

Hyon founder Kristy Ehman was selected to participate in Communitech's 2020 Fierce Founders Bootcamp. Hyon, a software solution for consignment sales, is affiliated with both Cultivator and Co.Labs, Saskatchewan's premier incubators.

Innovation Place, Regina and Saskatoon

KEY ACCOUNTABILITIES

The Board has a written Terms of Reference* that outlines the Board's principal duties and responsibilities, including the responsibility to function as stewards of the Corporation and to oversee the management of the affairs and business of the Corporation.

The Board discharges its responsibilities by delegation to management and through committees of the Board. The Board focuses on the strategic leadership of the Corporation while day-to-day operations are delegated to management, who is then held accountable for the Corporation's performance.

The Board has two committees, the Audit and Finance Committee and the Human Resources and Governance Committee. Both committees have written Terms of Reference* and have access to outside professional advisors if necessary.

AUDIT AND FINANCE COMMITTEE

MEMBERS

Stephanie Yong, Chair
 Ayten Archer
 Neal Krawchuk
 Mark Regier (ex-officio) **
 Victor Thomas (ex-officio) ***

The Audit and Finance Committee is responsible for ensuring the adequacy and effectiveness of financial reporting by reviewing and recommending approval by the Board of all policies and procedures regarding SOCO's financial reporting, internal accounting, internal controls, management information, risk management and the internal and external audit.

HUMAN RESOURCES AND GOVERNANCE COMMITTEE

MEMBERS

John Schmeiser, Chair
 Cherise Arnesen
 Rachel Martinuik
 Julie Ann Wriston
 Mark Regier (ex-officio) **
 Victor Thomas (ex-officio) ***

The Human Resources and Governance Committee is responsible for overseeing SOCO's human resource and governance processes and the quality of its corporate governance and reporting to the Board. The Committee undertakes deliberative and policy work on behalf of the Board and recommends decisions on all aspects of governance to the Board, when these decisions exceed delegated authority levels of management.

* The Terms of Reference are available in the Corporate Governance document on the SOCO website at www.soco.sk.ca

** Term ended November 20, 2019

*** Appointed Board Chair November 20, 2019

BOARD APPOINTMENTS

The Lieutenant Governor in Council appoints members of the Board and designates the Chair. Directors are appointed for a fixed term and their appointments can be renewed at expiry. Appointments are governed by the CIC Board of Directors Appointment Policy, which ensures adherence to the principles of objectivity, inclusivity, transparency and consistency. Although the policy requires Crown Boards to include diversity candidates, it does not specifically refer to the identification and nomination of women Directors.

CIC maintains statistics regarding the diversity of each Crown Board, including the percentage of women serving on Crown Boards. This information is forwarded annually to the shareholder to be considered when Board appointment decisions are made.

As of March 31, 2020 the Board was composed of five women out of a total of eight members (63%).

The Board, through the Human Resources and Governance Committee, annually reviews the composition and skill sets of directors to maintain an appropriate mix of expertise, experience and diversity on the Board to support the strategic direction of the Corporation.

CONFLICT OF INTEREST / CODE OF CONDUCT

Board members must comply with the CIC Directors' Code of Conduct** that was developed by CIC and applies to the directors of all its subsidiary Crown boards.

Officers and employees of the Corporation must comply with SOCO's Code of Business Conduct. All employees, including Corporate Officers, are required to sign an annual declaration of compliance with this policy and supporting policies and procedures, as outlined in the document. This ensures employees have a clear understanding of corporate policies and their obligation to abide by them.

ORIENTATION AND CONTINUING EDUCATION

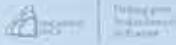
Management provides comprehensive reference material to each Board member and provides new members with an orientation session detailing the nature of SOCO's business. Management provides the directors with information sessions on technical aspects of the Corporation's business. The Board also participates in annual strategic planning sessions.

CIC provides annual professional development opportunities for directors of CIC subsidiary Crown boards, which focus on the key roles and responsibilities of boards and best practices in corporate governance.

** A copy of the Directors' Code of Conduct can be obtained on Crown Investments Corporation's website



TENANTS /
CLUSTERS



THANK
YOU!



WE'RE GLAD
YOU'RE PART
OF OUR
COMMUNITY



OUR TENANTS' SUCCESS IS OUR SUCCESS.

As they continue to make their mark
in the tech ecosystem,
we take great pride in their
accomplishments and activities.

BOARD OF DIRECTORS MEETINGS

There were five Board meetings held in 2019/20. Documentation and information for discussion and decisions at the meetings is provided by Management to the Board at least seven days in advance of each meeting.

ATTENDANCE

Director	Board of Directors Meeting Dates				
	May 24/19	Aug 29/19	Nov 27/19	Jan 31/20	Feb 20/20
Mark Regier, Chair	●	●	-	-	-
Victor Thomas, Vice Chair / Chair	●	●	●	●	●
Stephanie Yong, Vice Chair	●	●	●	●	●
John Schmeiser	●	●	●	●	●
Rachel Martinuik	●	●	●	●	●
Julie Ann Wriston	●	x	●	x	x
Ayten Archer	●	●	●	●	●
Cherise Arnesen	●	●	●	●	●
Neal Krawchuk	●	●	●	●	x

● in attendance x not in attendance - not on the Board at that time



The Saskatoon park, established in 1980, pays homage to the province's natural vegetation, categorized in six zones spanning north to south. Features such as the orchard walk, Japanese dry garden, Garden Park pond and Galleria Bowl are connected by walking trails that span the entire park. Nature is resplendent indoors as well, with many buildings offering an abundance of natural light and vegetation, rock and water features.

BOARD OF DIRECTORS TENURE AND REMUNERATION

Director	Position	Tenure	Remuneration paid for the 12-month period ended March 31, 2020
Mark Regier	Chair	April 1, 2019 - November 20, 2019	14,071.74
Victor Thomas	Member / Chair	April 1, 2019 - March 31, 2020	18,443.48
Stephanie Yong	AFC Chair / Member	April 1, 2019 - March 31, 2020	17,900.00
John Schmeiser	HRG Chair / Member	April 1, 2019 - March 31, 2020	17,950.00
Rachel Martinuik	Member	April 1, 2019 - March 31, 2020	15,950.00
Julie Ann Wriston	Member	April 1, 2019 - March 31, 2020	15,300.00
Ayten Archer	Member	April 1, 2019 - March 31, 2020	15,950.00
Cherise Arnesen	Member	April 1, 2019 - March 31, 2020	21,800.00
Neal Krawchuk	Member	April 1, 2019 - March 31, 2020	14,975.00
			Total: \$ 152,340.22

The Remuneration Schedule and Expense Guidelines for the Board of Directors are approved by the CIC Board (effective January 1, 2013).

\$20,000	Annual	Board Chair Retainer
\$14,000	Annual	Board Member Retainer
\$2,600	Annual	Audit and Finance Committee Chair Retainer
\$2,000	Annual	Human Resources and Governance Committee Chair Retainer
\$650	Full Day	Committee Meeting Fee
\$325	Half Day	Committee Meeting Fee

SHARING TENANT SUCCESS IN 2019/20

Maven Water and Environment was launched in 2019 by CEO Monique Simair, an innovator and leader in passive and semi-passive water treatment strategies and technologies. Maven revolutionizes water treatment for mining, oil sands and industrial operations.

Innovation Place, Saskatoon



MANAGEMENT REMUNERATION

The Corporate Officers are compensated in accordance with CIC's Crown Executive Compensation Policy, Procedures and Guidelines.

The Crown sector is committed to a "total compensation" perspective, which includes a base salary, benefits, pension and a salary holdback program. The salary holdback payments are based on a combination of corporate and personal objectives that are aligned with SOCO's Strategic Plan. The corporate objectives are approved by the Board of Directors and represent 75% of the available incentive payments for Vice Presidents and 85% for the President.

For the 12-month period ended March 31, 2020, the total compensation paid to the Corporate Officers was \$898,090.

CORPORATE OFFICER APPOINTMENTS

Corporate Officer appointments are made by the CEO. The CEO gives consideration to the level of representation of women in Corporate Officer positions, along with several other relevant factors, when making Corporate Officer appointments.

Innovation Place currently does not have a specific target regarding women in Corporate Officer positions but does target diversity in all positions. Currently there are no Corporate Officers who are women, but four of the six other senior management positions are women.



The Regina park, established in 2000, has evolved into a beautiful landscape thanks to the myriad of maturing trees, plants and flowers interspersed with wrought iron features, trellises, ample public seating and a fountain. An intentional design promotes physical connectivity with the University of Regina, with roadways and promenades that effectively accommodate both vehicular and pedestrian traffic.

MANAGEMENT'S RESPONSIBILITY AND CERTIFICATION

The preparation and presentation of the accompanying consolidated financial statements of Saskatchewan Opportunities Corporation are the responsibility of and have been prepared by corporate management in accordance with International Financial Reporting Standards. These consolidated financial statements necessarily include amounts based on informed judgment and management's estimates. Financial information presented elsewhere in this Annual Report is consistent with that in the financial statements.

Management is also responsible for establishing and maintaining adequate internal control over financial reporting and has assessed the effectiveness of those controls as of March 31, 2020. Based on this evaluation management concludes the following:

I, Van Isman, the Chief Executive Officer of Saskatchewan Opportunities Corporation, and I, Brent Sukenik, the Chief Financial Officer of Saskatchewan Opportunities Corporation, certify:

- that we have reviewed the financial statements included in the Annual Report of Saskatchewan Opportunities Corporation. Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial position, results of operations and cash flows, as of March 31, 2020;
- that based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of Saskatchewan Opportunities Corporation do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made;
- that Saskatchewan Opportunities Corporation is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and Saskatchewan Opportunities Corporation has designed internal controls over financial reporting that are appropriate to the circumstances of Saskatchewan Opportunities Corporation; and
- that Saskatchewan Opportunities Corporation conducted its assessment of the effectiveness of the Corporation's internal controls over financial reporting and, based on the results of this assessment, Saskatchewan Opportunities Corporation can provide reasonable assurance that internal controls over financial reporting as of March 31, 2020 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

The Corporation's independent auditor, MNP LLP, has been appointed external auditor by Lieutenant Governor in Council and approved by Crown Investments Corporation of Saskatchewan. MNP LLP has examined the financial statements of Saskatchewan Opportunities Corporation. The scope of their examination and their opinion on whether these financial statements present fairly the financial position and operating results of Saskatchewan Opportunities Corporation are given in their Independent Auditors' Report.

In an effort to discharge its statutory responsibilities, which are outlined in *The Provincial Auditor Act*, the Provincial Auditor relies on the work of MNP LLP. The Provincial Auditor and MNP LLP work together at all stages of the audit. The Provincial Auditor is responsible to report to the Legislative Assembly an opinion on the effectiveness of internal controls, compliance with governing authorities and the reliability of the financial statements.

The Audit and Finance Committee, composed of members of the Board of Directors, meets periodically with the financial officers of the Corporation, the external auditor and the Provincial Auditor to discuss the audit plan, audit results and the opinion on the adequacy of the financial reporting, corresponding internal controls and compliance with governing authorities. Both MNP LLP and the Provincial Auditor have the opportunity to meet with the Audit and Finance Committee without management present. The Audit and Finance Committee has reviewed these financial statements with management and the auditor. The Audit and Finance Committee recommended the Board approve these financial statements. The Board of Directors has reviewed and approved these financial statements.



S.P. (VAN) ISMAN

President and Chief Executive Officer



BRENT SUKENIK

Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Members of the Legislative Assembly of Saskatchewan:

OPINION

We have audited the consolidated financial statements of Saskatchewan Opportunities Corporation ("SOCO"), which comprise the statement of financial position as at March 31, 2020, and the statements of income and other comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SOCO as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of SOCO in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing SOCO's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate SOCO or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing SOCO's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SOCO's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SOCO's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause SOCO to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within SOCO to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Chartered Professional Accountants

May 26, 2020

Regina, Saskatchewan



FINANCIAL REPORT

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

(in thousands \$)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
REVENUE			
Rental		\$ 37,975	\$ 37,985
Other		1,496	1,489
		39,471	39,474
EXPENSES			
Administration		4,096	3,978
Rental operations		30,444	29,844
Impairment / (recovery) of financial assets		(275)	(64)
	16	34,265	33,758
RESULTS BEFORE THE FOLLOWING			
		5,206	5,716
Finance income	4	437	362
Finance expenses	4	(2,106)	(2,079)
NET FINANCE EXPENSE			
		(1,669)	(1,717)
Net loss from discontinued operations	23	(575)	(532)
NET INCOME			
		2,962	3,467
OTHER COMPREHENSIVE INCOME			
Items that are or may be reclassified to net income			
Debt retirement fund - market value adjustment		102	97
TOTAL OTHER COMPREHENSIVE INCOME			
		102	97
TOTAL COMPREHENSIVE INCOME			
		\$ 3,064	\$ 3,564

(see accompanying notes)

On behalf of the Board,



VICTOR T. THOMAS
Board Chair



STEPHANIE YONG
Chair, Audit and Finance Committee

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands \$)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Current			
Cash and cash equivalents	5	\$ 16,246	\$ 12,185
Trade and other receivables	6	1,101	1,442
Inventory		53	106
Prepaid expenses		366	341
		17,766	14,074
Property, plant and equipment	7	925	2,698
Right-of-use assets	13	1,355	—
Investment property	8	169,240	174,023
Debt retirement fund	9	4,802	4,201
Other assets	10	980	828
		\$ 195,068	\$ 195,824
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Trade and other payables	11	\$ 4,226	\$ 3,584
Dividends payable		994	1,119
Notes payable	12	19,639	20,700
Lease liabilities	13	415	373
Deferred revenue		1,951	1,300
		27,225	27,076
Lease liabilities	13	944	1,247
Long-term debt	14	36,684	36,684
		64,853	65,007
PROVINCE OF SASKATCHEWAN'S EQUITY			
Retained earnings		34,562	34,266
Accumulated other comprehensive income		153	51
Equity advances	15	95,500	96,500
		130,215	130,817
		\$ 195,068	\$ 195,824

(see accompanying notes)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands \$)

	Note	Equity advances	Accumulated other comprehensive (loss) income	Retained earnings	Total equity
BALANCE AT MARCH 31, 2018		\$ 97,850	\$ (45)	\$ 33,918	\$ 131,723
Net income		—	—	3,467	3,467
Other comprehensive income		—	97	—	97
Dividends		—	—	(3,119)	(3,119)
Equity repayment	15	(1,350)	—	—	(1,350)
BALANCE AT MARCH 31, 2019		96,500	51	34,266	130,817
Net income		—	—	2,962	2,962
Other comprehensive income		—	102	—	102
Dividends		—	—	(2,666)	(2,666)
Equity repayment	15	(1,000)	—	—	(1,000)
BALANCE AT MARCH 31, 2020		\$ 95,500	\$ 153	\$ 34,562	\$ 130,215

(see accompanying notes)

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands \$)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
OPERATING ACTIVITIES			
Net income		\$ 2,962	\$ 3,467
Non-cash adjustments:			
Amortization of property, plant and equipment	7	262	378
Amortization of right-of-use assets	13	405	—
Amortization of investment property	8	8,639	8,918
Gain on disposal of property, plant and equipment		(13)	—
Finance income	4	(437)	(362)
Finance expense	4	2,106	2,079
		13,924	14,480
Working capital adjustments:			
Trade and other receivables		341	(443)
Inventory		53	1
Prepaid expenses		(25)	4
Trade and other payables, excluding interest		642	(3,558)
Deferred revenue		651	347
Cash provided by operating activities		15,586	10,831
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(103)	(89)
Purchase of investment property	8	(3,856)	(8,318)
Disposal of property, plant and equipment		13	6
Payments on long-term receivable		—	147
Interest received		305	260
Change in other assets		(152)	(70)
Cash used in investing activities		(3,793)	(8,064)
FINANCING ACTIVITIES			
Debt retirement fund installments	9	(367)	(367)
Repayment of notes payable	12	(1,061)	(300)
Payment of lease liabilities	13	(413)	(127)
Interest paid		(2,100)	(2,079)
Dividends paid		(2,791)	(3,291)
Equity repayment	15	(1,000)	(1,350)
Cash used in financing activities		(7,732)	(7,514)
NET CHANGE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning of year		12,185	16,932
CASH AND CASH EQUIVALENTS, END OF YEAR		\$ 16,246	\$ 12,185

(see accompanying notes)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands \$)

1 GENERAL INFORMATION

Saskatchewan Opportunities Corporation (the Corporation), which operates under the business name of Innovation Place, was incorporated under *The Saskatchewan Opportunities Corporation Act*, which was proclaimed and came into force in 1994. The Corporation is an agent of Her Majesty in Right of the Province of Saskatchewan and has been designated a subsidiary of Crown Investments Corporation of Saskatchewan (CIC), a provincial Crown corporation. The financial results of the Corporation are included in the consolidated financial statements of CIC. As a provincial Crown corporation, the Corporation is subject to neither federal nor provincial income taxes. As well, the Corporation is not subject to provincial capital taxes.

The Corporation's mandate is to create, encourage and facilitate business opportunities in the Saskatchewan technology sector, primarily through the development and operation of technology parks.

The Corporation's head office is located at 114 – 15 Innovation Boulevard in Saskatoon, Saskatchewan.

2 BASIS OF PREPARATION

A) STATEMENT OF COMPLIANCE

The consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Board of Directors authorized the consolidated financial statements for issue on May 26, 2020.

B) BASIS OF MEASUREMENT

These consolidated financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair value and reported at fair value through other comprehensive income.

C) FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

D) USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements that comply with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant items subject to estimates and assumptions include the carrying amounts of property, plant and equipment and investment property, along with the underlying estimations of useful lives, capitalization of interest, disposal of long-lived assets, asset retirement obligations, and labour and directly attributable overhead; and the carrying amounts of trade and other receivables, inventory and debt retirement fund.

Areas of judgments in applying accounting policies that have the most effect on the amounts recognized in the consolidated financial statements include the accounting for special purpose entities and the determination of cash generating units.

E) COVID-19 IMPACT ASSESSMENT

The COVID-19 pandemic has caused material disruption to businesses and has resulted in an economic slowdown. The Corporation has assessed and continues to monitor the impact of COVID-19 on its operations. The magnitude and duration of COVID-19 is uncertain and, if it causes significant disruption for an extended period of time, the impacts to the Corporation will increase. Potential impacts include loss of revenue, supply chain disruption, challenges associated with a remote or unavailable workforce and potential asset impairment.

F) APPLICATION OF REVISED ACCOUNTING STANDARDS

IFRS 16, Leases

IFRS 16, *Leases* was issued in January 2016 and replaces IAS 17, *Leases*. The new standard has significant changes for lessees, as most leases will be recognized on-balance sheet, subject to specific exemptions for short-term leases or low lease asset value, under a single measurement model with recorded assets and liabilities. Lessor accounting remains largely unchanged and retains the distinction between operating and finance leases but essentially removes the sale and leaseback option. As well, the definition of what is a lease has been revised, with an increased focus on who controls the leased asset.

This standard became effective for the Corporation on April 1, 2019. The Corporation adopted this standard retrospectively without restatement of prior years and also elected to use all practical expedients allowed in the standard. Upon adoption, the changes to the consolidated statement of financial position were not material.

3 SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF CONSOLIDATION

These consolidated financial statements include the accounts of the Corporation and 212822 Saskatchewan Inc. (operating as Boffins) with all significant inter-company transactions and balances, revenues and expenses being eliminated. Boffins was providing food and event services at the technology park in Saskatoon. On November 15, 2019 these services were transferred to an independent service provider (see note 23 for details). Separate audited financial statements are prepared annually for Boffins.

B) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at banks and on hand, and short-term investments with an original maturity of three months or less.

C) INVENTORY

Inventory consists of items held which will be used in the provision of services at the technology parks and are valued using the weighted average cost method. Inventory items are charged to expense when utilized.

D) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost less accumulated amortization and any provisions for impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes materials, services, direct labour and directly attributable overheads. Assets under construction are recorded as in progress until they are operational and available for use, at which time they are transferred to property, plant and equipment.

The costs of maintenance, repairs, renewals or replacements which do not extend productive life are charged to operations as incurred. The costs of replacements and improvements which extend productive life are capitalized.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

When property, plant and equipment are disposed of or retired, the related costs and accumulated amortization are eliminated from the accounts. Any resulting gains or losses are reflected in profit or loss.

E) INVESTMENT PROPERTY

Properties held for rental purposes are classified as investment properties and are measured at cost using the same policies as for property, plant and equipment.

F) LEASES

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of 12 months or less. For these short-term and low value leases, the Corporation recognizes the lease payments as an operating expense.

For new leases beginning on or after April 1, 2019, a right-of-use asset and lease liability are recognized at the lease commencement date. The right-of-use asset is initially measured at an amount equal to the lease liability and is adjusted for any payments made on or before the commencement date, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments due over the lease term, discounted using the rate implicit in the lease, or if not known, the Corporation's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. The liability is adjusted when there is a change in future lease payments arising from a change in rate, or if there is a change in Corporation's estimate or assessment of whether it will exercise an extension, termination, or purchase option. A corresponding adjustment is made to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets are amortized over the related lease term. Judgement is applied to determine the lease term for contracts that include renewal options. The assessment of whether the Corporation is reasonably certain to exercise options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognized.

The Corporation as the lessor recognizes all tenant leases as operating leases.

G) AMORTIZATION

Amortization is recognized on a straight line basis over the estimated useful life of each component of property, plant and equipment and investment property. Amortization commences when the asset is ready for its intended use.

The useful life and amortization method are reviewed periodically to ensure that they are consistent with the expected pattern of economic benefit to be obtained from these assets.

The estimated useful lives of major classes of property, plant and equipment are:

Administration	3 – 10 years
Furniture and equipment	3 – 10 years

The estimated useful lives of major classes of investment property are:

Buildings	20 – 80 years
Infrastructure	25 – 60 years
Furniture and equipment	3 – 10 years
Leasehold improvements	lease term

H) IMPAIRMENT OF ASSETS

At each reporting date, the Corporation reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Cash-generating units are the smallest group of assets that generates cash inflow from continuing use. Corporate assets are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. These losses are reversed only to the extent that the carrying amount of the asset (or cash-generating unit) does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

I) REVENUE RECOGNITION

The Corporation recognizes rental revenue whereby the total amount of contractual rent to be received from leases is accounted for on a straight line basis over the term of the lease. Deferred rent receivable is recorded for the difference between the straight line recorded revenue and the contractual amount due from tenants.

With the exception of rental revenue, revenue is recognized as services are provided to customers, tenants and clients using the accrual basis of accounting when it is reliably measured and there is probability that the economic benefit will flow to the Corporation. Amounts received in advance of contract terms are recorded as deferred revenue.

J) PROVISIONS

Provisions for legal claims are recognized when the Corporation has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount on provisions is recognized in profit or loss as finance expense.

K) FINANCIAL INSTRUMENTS

The Corporation uses the following categories to classify its financial instruments: fair value through profit or loss, amortized cost, fair value through other comprehensive income, and other liabilities. All financial instruments are measured at fair value on initial recognition and are recorded on the consolidated statement of financial position. Financial assets and liabilities are offset and the net amount reported on the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Transaction costs are included in the initial carrying amount of financial instruments except for those designated as fair value through profit or loss, in which case they are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

Fair value through profit or loss financial assets and liabilities are subsequently measured at fair value, with changes in fair value being recognized in the consolidated statement of income and comprehensive income. Assets classified as fair value through other comprehensive income are subsequently measured at fair value, with changes in fair value being recognized as other comprehensive income. Financial instruments classified as amortized cost or other liabilities are subsequently measured at amortized cost using the effective interest method, less any impairment losses, with any changes recognized in the consolidated statement of income and comprehensive income.

L) FAIR VALUE MEASUREMENT

The methods and assumptions used to develop fair value measurements have been prioritized into three levels.

Level one – fair values are determined using inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Corporation has immediate access.

Level two – fair values are determined using inputs other than quoted prices included in level one that are observable for the asset or liability, either directly or indirectly.

Level three – fair values are determined based on inputs for the asset or liability that are not based on observable market data.

M) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period incurred.

N) EMPLOYEE BENEFITS

All employees are members of the Public Employees Pension Plan, a defined contribution plan administered by Saskatchewan's Ministry of Finance's Public Employees Benefits Agency, a related entity. The Corporation's financial obligation is limited to making regular contributions in proportion to employees' earnings. These contributions are charged to profit or loss when due.

Employee entitlements to annual leave are recognized as they are earned by the employees. An accrual, measured at an undiscounted basis, is recorded for the estimated liability at year end.

4 FINANCE INCOME AND EXPENSE

Finance income consists of the following:

	2020	2019
Interest earned on bank balances	\$ 305	\$ 249
Interest income on trade and other receivables	—	16
Interest earned on debt retirement fund	132	97
	\$ 437	\$ 362

Finance expense consists of the following:

	2020	2019
Interest on long-term debt	\$ 1,739	\$ 1,739
Interest on notes payable	361	337
Interest on lease liabilities	6	3
	\$ 2,106	\$ 2,079

5 CASH AND CASH EQUIVALENTS

	As at March 31, 2020	As at March 31, 2019
Cash in bank and on hand	\$ 16,246	\$ 12,185

Cash held in bank earns interest based on a fixed percentage in relation to the bank prime rate.

6 TRADE AND OTHER RECEIVABLES

	As at March 31, 2020	As at March 31, 2019
Trade receivables, net of allowance	\$ 678	\$ 470
Accrued receivables	393	915
Work in progress	16	49
Other	14	8
	\$ 1,101	\$ 1,442

Work in progress includes unbilled labour and materials for third-party projects.

7 PROPERTY, PLANT AND EQUIPMENT

	Administration	Furniture and Equipment	Finance Lease	Total
COST				
BALANCE AT MARCH 31, 2018	\$ 2,062	\$ 4,380	\$ 230	\$ 6,672
Additions	23	65	1,554	1,642
Disposals	(6)	—	—	(6)
BALANCE AT MARCH 31, 2019	2,079	4,445	1,784	8,308
Transfer to right-of-use assets due to first time application of IFRS 16	—	—	(1,784)	(1,784)
Additions	18	85	—	103
Disposals	—	(47)	—	(47)
BALANCE AT MARCH 31, 2020	2,097	4,483	—	6,580
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES				
BALANCE AT MARCH 31, 2018	1,823	3,308	72	5,203
Amortization	58	257	98	413
Disposals	(6)	—	—	(6)
BALANCE AT MARCH 31, 2019	1,875	3,565	170	5,610
Transfer to right-of-use assets due to first time application of IFRS 16	—	—	(170)	(170)
Amortization	63	199	—	262
Disposals	—	(47)	—	(47)
BALANCE AT MARCH 31, 2020	1,938	3,717	—	5,655
CARRYING AMOUNTS				
Balance at March 31, 2019	\$ 204	\$ 880	\$ 1,614	\$ 2,698
Balance at March 31, 2020	\$ 159	\$ 766	\$ —	\$ 925

8 INVESTMENT PROPERTY

	Buildings	Land and Infrastructure	Leasehold Improvements	Construction in Progress	Total
COST					
BALANCE AT MARCH 31, 2018	\$ 183,306	\$ 62,775	\$ 13,993	\$ 24,015	\$ 284,089
Additions	6,409	1,201	21,942	(21,235)	8,317
BALANCE AT MARCH 31, 2019	189,715	63,976	35,935	2,780	292,406
Additions	3,364	10	1,004	(522)	3,856
BALANCE AT MARCH 31, 2020	193,079	63,986	36,939	2,258	296,262
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES					
BALANCE AT MARCH 31, 2018	74,553	23,120	11,067	712	109,452
Amortization	5,206	1,724	1,988	—	8,918
Impairment Loss	—	—	—	13	13
BALANCE AT MARCH 31, 2019	79,759	24,844	13,055	725	118,383
Amortization	4,948	1,749	1,942	—	8,639
Impairment Loss	—	—	—	—	—
BALANCE AT MARCH 31, 2020	84,707	26,593	14,997	725	127,022
CARRYING AMOUNTS					
Balance at March 31, 2019	\$ 109,956	\$ 39,132	\$ 22,880	\$ 2,055	\$ 174,023
Balance at March 31, 2020	\$ 108,372	\$ 37,393	\$ 21,942	\$ 1,533	\$ 169,240

The estimated market value of investment property at March 31, 2020 is \$271,000 (2019 – \$280,700). This value is based on internally generated estimates on cash flows of individual properties using capitalization rates in the range of 6.25% – 10.00% (2019 – 6.25% – 10.00%) applied based on property type and market characteristics. This resulted in an overall weighted average capitalization rate of 7.2% (2019 – 7.2%) for the year.

The above estimated market value is a level 3 fair value as the majority of inputs are not based on observable market data.

9 DEBT RETIREMENT FUND

BALANCE AT MARCH 31, 2018	\$ 3,640
Installments	367
Earnings	97
Valuation adjustment	97
BALANCE AT MARCH 31, 2019	<u>4,201</u>
Installments	367
Earnings	132
Valuation adjustment	102
BALANCE AT MARCH 31, 2020	<u>\$ 4,802</u>

Under conditions attached to the long-term debt issues, the Corporation is required to invest an amount equal to 1% of the original debt issue on an annual basis. The investment, in the form of a debt retirement fund, is administered by Saskatchewan's Ministry of Finance.

Debt retirement fund installments due in each of the next five years are as follows:

2020/21	\$ 367
2021/22	367
2022/23	367
2023/24	367
2024/25	367

10 OTHER ASSETS

	As at March 31, 2020	As at March 31, 2019
Deferred rent receivable	\$ 844	\$ 694
Leasing costs	136	134
	<u>\$ 980</u>	<u>\$ 828</u>

11 TRADE AND OTHER PAYABLES

	As at March 31, 2020	As at March 31, 2019
Trade payables	\$ 909	\$ 656
Interest payable	507	507
Accrued liabilities and other	2,810	2,421
	<u>\$ 4,226</u>	<u>\$ 3,584</u>

12 NOTES PAYABLE

Notes payable are due to the General Revenue Fund of the Province of Saskatchewan. These notes are due within 90 days of issue and have an effective interest rate of 0.768% (2018/19 – 1.70%).

13 LEASES

AS LESSEE

The Corporation's right-of-use assets include corporate computers, network infrastructure, office equipment and vehicles; and the lease expiring dates of these right-of-use assets range from August 2021 to September 2024. Total cash outflows for leases in 2020 was \$413 (with allocation between principle repayment of \$407 and interest payment of \$6).

RIGHT-OF-USE ASSETS

	Administration	Furniture and Equipment	Total
COST			
BALANCE AT MARCH 31, 2019	\$ —	\$ —	\$ —
Recognition of right-of-use assets on first time application of IFRS 16	—	76	76
Transfer from property, plant and equipment due to first time application of IFRS 16	522	1,262	1,784
BALANCE AT APRIL 1, 2019	522	1,338	1,860
Additions	96	—	96
Disposals	—	—	—
BALANCE AT MARCH 31, 2020	618	1,338	1,956
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES			
BALANCE AT MARCH 31, 2019	—	—	—
Recognition of right-of-use assets on first time application of IFRS 16	—	26	26
Transfer from property, plant and equipment due to first time application of IFRS 16	128	42	170
BALANCE AT APRIL 1, 2019	128	68	196
Additions	140	265	405
Disposals	—	—	—
BALANCE AT MARCH 31, 2020	268	333	601
CARRYING AMOUNTS			
Balance at April 1, 2019	\$ 394	\$ 1,270	\$ 1,664
Balance at March 31, 2020	\$ 350	\$ 1,005	\$ 1,355

LEASE LIABILITIES

	As at March 31, 2020
Total future minimum lease payments	\$ 1,367
Less: future finance charges on leases	(8)
Present value of lease liabilities	1,359
Less: current portion of lease liabilities	(415)
Lease liabilities	\$ 944

At March 31, 2020, scheduled future minimum lease payments and the present value of the lease liabilities are:

	Within one year	After one year to five years	More than five years
Future minimum lease payments	\$ 421	\$ 946	\$ —
Present value of finance lease obligation	\$ 415	\$ 944	\$ —

AS LESSOR

The Corporation has operating leases to its tenants that are related to the investment property owned by the Corporation. Operating leases generally have terms of one to five years.

Rental income earned from investment property is reported as rental income, and associated operating expenses as rental operations expense, in the consolidated statement of income and comprehensive income.

The future minimum lease payments under non-cancellable operating leases, at March 31, 2020 are:

	Within one year	After one year to five years	More than five years
Future minimum lease payments	\$ 13,446	\$ 26,739	\$ 19,553

14 LONG-TERM DEBT

	As at March 31, 2020	As at March 31, 2019
Balance, beginning and end of year	\$ 36,684	\$ 36,684

The Corporation's long-term debt balance consists of two CPP Investment Board debt issues with the Province of Saskatchewan:

Date of Issue	Date of Maturity	Effective Interest Rate (%)	Coupon Rate (%)	Amount Outstanding March 31, 2019
July 11, 2008	July 11, 2038	4.71	4.71	\$ 23,684
May 3, 2010	May 3, 2040	4.80	4.80	13,000
				\$ 36,684

There are no scheduled principal debt repayments due in the next five years.

15 EQUITY ADVANCES

Prior to March 31, 2011, under an operating agreement with the Government of Saskatchewan, the Corporation leased the majority of its assets for a nominal annual amount. Under the terms of this agreement, the Corporation had been assigned all rental revenue generated and was responsible for all costs associated with their operation.

On March 31, 2011, ownership of all of the assets previously leased were transferred to the Corporation through CIC. The transfer was accounted for at the book value of the assets being transferred and resulted in an equity advance from CIC in the amount of \$120,687.

A \$1,000 (2018/19 – \$1,350) equity repayment was paid to CIC during the fiscal year.

16 OPERATING AND ADMINISTRATION EXPENSES

Total operating and administration expenses are as follows:

	2020	2019
Employee salaries and benefits	\$ 8,687	\$ 8,594
Amortization	9,250	9,275
Utilities	5,405	5,295
Grants in lieu of property taxes	4,801	4,249
Other	6,122	6,345
	\$ 34,265	\$ 33,758

17 CAPITAL MANAGEMENT

The Corporation's capital management objective is to maintain financial viability by effectively managing cash from operations and its capital structure.

The Corporation's capital structure consists of notes payable, long-term debt, retained earnings and equity advances. There is no share capital due to our ownership structure. The Corporation cannot directly access the capital markets for equity or debt issues. Dividends to CIC are determined through the Saskatchewan Provincial budget process on an annual basis.

The Corporation funds its capital requirements through internally generated cash flows, debt and equity advances. As a Crown corporation, the Corporation receives its debt from the Saskatchewan Ministry of Finance which allows access to the Province of Saskatchewan's strong credit rating and to receive financing at attractive interest rates. By legislation, the Corporation cannot have more than \$170 million (2018/19 – \$170 million) of debt outstanding at any time. In addition, by Order-in-Council, the Corporation may only have \$50 million (2018/19 – \$50 million) of short-term notes outstanding at any time.

The Corporation monitors its capital structure based on the debt ratio. The current long-term debt ratio target is 60%, which is consistent with the prior year. The ratio is calculated as follows:

	As at March 31, 2020	As at March 31, 2019
Long-term debt	\$ 36,684	\$ 36,684
Notes payable	19,639	20,700
Cash available to repay debt*	(18,048)	(13,386)
Total net debt	\$ 38,275	\$ 43,998
Retained earnings	\$ 34,562	\$ 34,266
Accumulated other comprehensive income	153	51
Equity advances	95,500	96,500
Total equity	\$ 130,215	\$ 130,817
Debt ratio	22.72%	25.17%

* Cash available to repay debt reflects cash and debt retirement funds, net of cash required for operations.

The Corporation complied with all externally imposed restrictions on its debt for the year ended March 31, 2020.

18 COMMITMENTS

The Corporation has several capital projects under construction. The estimated cost to complete projects under construction is approximately \$866.

19 EMPLOYEE FUTURE BENEFITS

The Corporation's employees are members of a defined contribution pension plan. The Corporation's financial obligation is limited to contractual contributions to the plan and paid \$526 (2018/19 – \$509) into this plan.

20 FINANCIAL INSTRUMENTS

The following table presents the classification, carrying amounts and fair values of the Corporation's financial instruments.

		March 31, 2019		March 31, 2018	
		Carrying amount	Fair value	Carrying amount	Fair value
	Classification				
FINANCIAL ASSETS					
Cash and cash equivalents	FVTPL	\$ 16,246	\$ 16,246	\$ 12,185	\$ 12,185
Trade and other receivables	AC	1,101	1,101	1,442	1,442
Debt retirement fund	FVOCI	4,802	4,802	4,201	4,201
FINANCIAL LIABILITIES					
Trade and other payables	OL	\$ (4,226)	\$ (4,226)	(3,584)	\$ (3,584)
Notes payable	OL	(19,639)	(19,639)	(20,700)	(20,700)
Dividends payable	OL	(994)	(994)	(1,119)	(1,119)
Lease liabilities	OL	(1,359)	(1,398)	(1,620)	(1,625)
Long-term debt	OL	(36,684)	(47,044)	(36,684)	(47,546)

FVTPL – fair value through profit or loss

FVOCI – fair value through other comprehensive income

OL – other liabilities

AC – amortized cost

FAIR VALUES

The fair values of cash and cash equivalents, trade and other receivables, trade and other payables, notes payable and dividends payable approximate carrying value due to their immediate or short-term nature.

Debt retirement fund is valued at the closing period-end unit prices received from the Saskatchewan Ministry of Finance.

Lease liabilities and long-term debt are valued at the present value of future cash flows discounted at the market rate of interest for the equivalent Province of Saskatchewan debt instruments.

FAIR VALUE HIERARCHY

Fair value for cash and cash equivalents and the debt retirement fund are recognized in the consolidated statement of financial position. Cash, by its nature, is classified as level one. The debt retirement fund is classified as level two.

21 FINANCIAL RISK MANAGEMENT

A) CREDIT RISK

Credit risk is the risk of an unexpected loss if a tenant or third party to a financial instrument fails to meet its contractual obligations.

The maximum credit exposure is limited to the carrying amount of cash and cash equivalents, trade and other receivables and the debt retirement fund.

Cash and cash equivalents are maintained with high-credit quality financial institutions and management considers the risk of non-performance to be minimal.

Although the Corporation's policy to promote economic development leads to accepting some tenants that have higher credit risk, potential losses are mitigated by the fact that no one tenant occupies more than 10% of rentable space. The Corporation also has established policies and procedures to assess the potential risk prior to extending credit to any client. The following reflects an aging summary of the Corporation's trade and other receivables:

	As at March 31, 2020	As at March 31, 2019
Current	\$ 873	\$ 1,288
31– 60 days	154	124
61 – 90 days	70	12
Over 90 days	389	705
	1,486	2,129
Allowance	(385)	(687)
Trade and other receivables	\$ 1,101	\$ 1,442

Provisions for credit losses are maintained and regularly reviewed by management. Credit losses are estimated based on an account by account review. Amounts are written off only after reasonable collection efforts have been exhausted. Details of the allowance are as follows:

	As at March 31, 2020	As at March 31, 2019
Allowance for doubtful accounts, beginning of year	\$ 687	\$ 763
Provision	—	—
Write-offs, net of recoveries	(302)	(76)
Allowance for doubtful accounts, end of year	\$ 385	\$ 687

Debt retirement funds are held by the Government of Saskatchewan's General Revenue Fund. The investment strategy is determined by the Ministry of Finance. At March 31, 2020, the debt retirement fund consists mostly of provincial government and federal government bonds with varying maturities and are managed based on maturity profile and market conditions. Accordingly the related credit risk associated with these investments is considered low.

B) INTEREST RATE RISK

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. The Corporation is exposed to interest rate risk on the maturity of its notes payable. Interest rate risk is managed through converting notes payable to long-term debt with fixed interest rates. There were \$19,639 of outstanding short-term debt instruments at March 31, 2020 (2019 – \$20,700).

The Corporation is also exposed to interest rate risk on its cash balances as the rate of return fluctuates with prime interest rates. The impact of fluctuations in prime interest rates is not considered significant to the Corporation.

C) LIQUIDITY RISK

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's cash resources are managed based on financial forecasts and anticipated cash flows. Management's viewpoint is the Corporation is able to generate sufficient funds to support the payments for these financial liabilities.

The following summarizes the contractual maturities at March 31, 2020:

	6 Months or Less	7 to 12 Months	1 to 2 Years	3 to 5 Years	More than 5 Years
Trade and other payables	\$ 4,226	\$ —	\$ —	\$ —	\$ —
Notes payable	19,639	—	—	—	—
Dividends payable	994	—	—	—	—
Lease liabilities	208	208	677	266	—
Long-term debt*	870	870	1,740	5,219	61,415
	\$ 25,937	\$ 1,078	\$ 2,417	\$ 5,485	\$ 61,415

* Contractual cash flows for long-term debt include principal and interest payments but exclude debt retirement fund installments.

D) MARKET RISK

Market risk is the risk that the value of an investment will decrease due to moves in market factors.

The Corporation is exposed to market risk primarily through the debt retirement fund. Fair value adjustments will fluctuate based on changes in market prices. Fair value adjustments similar to those experienced up to March 31, 2020 would not have a material impact on other comprehensive income.

22 RELATED PARTY TRANSACTIONS

Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, universities, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan. Non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan are considered related parties. The Corporation has elected to take a partial exemption under IAS 24, Related Party Disclosures that allows government-related entities to limit the extent of disclosures about related party transactions with government or other government related entities.

Routine operating transactions with related parties are settled at agreed upon amounts under normal trade terms. Total rental revenue from related parties to March 31, 2020 was \$16,414 (2019 – \$17,604).

The Corporation pays Provincial Sales Tax to the Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel includes the Board of Directors, Corporate Officers and Executive Directors. The compensation paid to key management personnel:

	March 31, 2020	March 31, 2019
Salaries, wages and short-term employee benefits	\$ 1,579	\$ 1,600
Post-employment benefits	88	85
	\$ 1,667	\$ 1,685

23 DISCONTINUED OPERATIONS

On October 4, 2019, the Corporation and Boffins entered into agreements to transfer all food service operations in the Saskatoon park to an independent third party, Eurest Dining Services, a member of Compass Group Canada. The service transfer was effective November 15, 2019 and was done for no cash consideration.

The impact of discontinued operations on net earnings is composed of the following:

	March 31, 2020	March 31, 2019
Revenue	\$ 979	\$ 1,611
Operating expenses	(1,554)	(2,143)
Net loss from discontinued operations	\$ (575)	\$ (532)

Due to the nature of operations, the cash used in operating activities related to discontinued operations is reflected by the net losses.

24 COMPARATIVE INFORMATION

Certain of the March 31, 2019 information has been reclassified to conform to the current year's presentation.



HELPING **GROW** SASKATCHEWAN'S **TECH** SECTOR

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