

ANNUAL REPORT 2018/19

SASKATCHEWAN OPPORTUNITIES CORPORATION



Helping grow
Saskatchewan's
tech sector.





**SPECIAL THANKS TO THE INNOVATION PLACE TENANTS
WHO SHARED PHOTOS FOR USE IN THE ANNUAL REPORT.**





HELPING GROW SASKATCHEWAN'S TECH SECTOR

INNOVATION PLACE



LETTER OF TRANSMITTAL

June 1, 2019

To His Honour
The Honourable W. Thomas Molloy, OC SOM QC
Lieutenant Governor of Saskatchewan

Dear Sir:

I have the honour to submit the Annual Report of Saskatchewan Opportunities Corporation for the 12 month period ended March 31, 2019, including the financial statements duly certified in accordance with *The Saskatchewan Opportunities Corporation Act*.

Respectfully submitted,



JOE HARGRAVE
Minister Responsible for Saskatchewan Opportunities Corporation

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MESSAGE TO OUR STAKEHOLDERS

FROM BOARD CHAIR, MARK REGIER, AND PRESIDENT & CEO, VAN ISMAN

Over the last several years, our Message to Our Stakeholders has revolved around providing an update on the progress we have made in achieving our strategic plan. Typically, these messages have focused on the outputs of our efforts. Last year our message focused on more of the outcomes of our efforts – a dozen thriving and successful technology businesses that originated at Innovation Place.

In keeping with our tagline of *Innovation Place is Helping Grow Saskatchewan's Tech Sector*, we continue to feature a number of our successful tenants in this year's annual report, but this Message to Our Stakeholders is taking a different direction this year. This year we are focusing on *inputs*, primarily on what distinguishes Innovation Place from other spaces and locations. This information complements the *Our Business* section of this annual report, where you will find a description of the environment we have created to help us address our strategies.

Clearly, the prominent aspect of our facilities that makes us different is the very nature of what goes on behind the scenes in our buildings. While most of our buildings look like an office building from the exterior, it isn't until you start looking more closely within these buildings that it becomes apparent there are different types of laboratories, greenhouses, growth chambers, scientific pilot plant facilities, meeting rooms and of course, offices – all to support our growing technology sector.

Our buildings have access to many different types of amenities and utilities that allow the spaces within to have the functionalities they require to support our tenants. An example of this would be the air handling systems we have in our lab buildings. To ensure proper attention to human and environmental safety, our air-handling systems have capacity to accommodate sophisticated, high-volume exhaust systems, typically through fume hoods where the used air is contained, exhausted and where appropriate, treated through scrubbers. Accordingly, air-handling capacities is one determinant of what type of lab is suitable to meet certain tenant requirements. As you might also expect, buildings constructed to have large volume exhaust systems also need sophisticated, variable air intake and heating and cooling systems to offset the increased exhaust capacities. By the way, some of our newest and most sophisticated lab spaces, such as the Atrium building, still look like an office building from the exterior. Just as you can't tell a book by its cover, neither can you understand the functionality of a building from its exterior appearance.

The distribution of scientific utilities throughout our two parks is accommodated through an underground utility corridor (or *utilidor* as it has become known). Although not intended for pedestrian traffic, the utilidor is actually large enough for a person to walk through, hence allowing service personnel access for maintenance. The intent of the utilidor is to allow the transmission of scientific amenities from one building to another, although not all utilities are available in all buildings. In both parks, steam and chilled water originate in a central location, which is then broadly shared within the parks through the utilidor. Although somewhat different between the two cities, the utilidor also allows us to share other necessary scientific utilities such as our high availability fibre information technology network, purified water (reverse osmosis) and treated hot water – again necessary components for certain laboratories.

Certain scientific amenities are only available in a single building specific to the tenants and clusters being served. Examples of these would include the large-volume, shared-use autoclave in the L.F. Kristjanson Biotechnology Complex used for sterilization of soil used in scientific greenhouses, and the sophisticated bio-kill waste management system in the Atrium that renders biotech effluents harmless before releasing these to the municipal waste water system.

As you might expect, our staff goes through a significant technical assessment process with prospective tenants to ensure we have the right types of space available for their specific needs. As is often the case, sometimes we only have a single building that can accommodate a company's technical needs.

One common amenity available in all of our scientific and technical spaces is backup power generators. As many of the processes being carried out by our tenants are sensitive to even slight changes in temperature, humidity and lighting, even a short power failure could risk many months or years of a tenant's research and development efforts. The backup power generators throughout both parks (largely powered by natural gas) ensure this doesn't happen. Further, as many scientific processes are extremely sensitive to heat and humidity changes, we have these spaces electronically monitored through a sophisticated building automation system 24/7 so our on-site staff is able to react quickly if a malfunction is detected.

The backup power generation systems also support our high availability information technology network that is accessible to all tenants. Our network features synchronous access to the internet through multiple service providers with different physical pathways to the internet via our advanced routers and switches, which move data transmissions seamlessly and synchronously (transmitting and receiving large data volumes at high speeds) from one carrier and pathway to another. These features have the combined impacts of preventing data flow congestion or interruption due to a malfunctioning carrier network, a physical breakdown or a power failure. As you would expect, this degree of confidence in our network is critical to many of our tenants, several of whom send or receive millions of data transmissions every day or provide SaaS (software as a service) products to clients all over the world.

A well-used feature at Innovation Place are several technology-equipped private meeting, function and training rooms (which tenants can book for meetings and events). These vary in size and capacity from as few as six people to more than a hundred. The presence of these facilities precludes the need for tenants to go off-site in order to host different types of events or to build these spaces into their facilities.

We have also undertaken a significant effort to ensure that Saskatchewan-based technology companies do not experience any type of locational disadvantage in the recruitment of the best and brightest staff from around the world. This is why our facilities feature amenities such as on-site food services, fitness facilities and ample parking, all located in an attractively landscaped, park-like campus setting.

By design, our buildings feature large, furnished common areas, over-sized corridors and recreation areas that promote and support opportunities for collaboration between tenants. In the technology park industry, these are referred to as collisions. However, collisions that lead to collaborations don't just happen on their own. To support these opportunities for collisions, as well as to provide a basis for our tenants to improve their skills and knowledge, over the last several years we have annually averaged more than 150 distinct programs and learning opportunities open to our tenants. With an annual attendance of about 10,000 participants, these events have proven to be very popular. Some of these programs, often organized as *lunch and learns*, address topics that are repeated with updated content every year or two (e.g. protecting your intellectual property). Others are sensitive to current events (e.g. workplace implications stemming from the legalization of cannabis); supporting business skills knowledge that scientists may be lacking (e.g. current human resource management trends); and others are sector-specific events (e.g. the popular Pi-O'Clock and Connectology events for information technology practitioners in Saskatoon and Regina).

The collisions and the sector-specific events described in the previous paragraph tend to reflect the key clusters of activity of our tenants, predominantly focused in Agri-Tech; Health & Life Sciences; Information & Communications Technology; Natural Resources; and Industry Services and Support. Historically, the emergence of these specific clusters of activity are partly a reflection of key economic sectors within Saskatchewan and the areas of focus for our two respective universities. However, these have also proven to be organic in nature, growing with the frequency of collisions and the resulting collaborations. We refer to this as organic, as the growth of the cluster often seems to take place within a concentrated geographic area, where each success attracts more activity and more successes – thus, the growth of a cluster. SOCO goes to great lengths to be responsive to the traditional and emerging clusters. This involves ensuring that appropriate space is ready and available for the needs of the clusters. Examples of this include the creation of co-working spaces for emerging tech entrepreneurs, upgraded greenhouse control systems for the biotech sector and the ever-increasing need for increased bandwidth (increased ten-fold over the last five years). On an annual basis, SOCO monitors trends and re-examines its capital allocations to ensure these capacity adaptations are being appropriately addressed and responded to.

However, just as unique as our facilities and programming are, so are the ways in which we go about doing business. Never having lost sight of our public policy mandate to help grow the tech sector, our business practices reflect an environment that supports nascent and growing technology businesses. The practices that support these developing firms often include:

- Uncommon leasing terms, such as heavily back-end weighted leases, rates tied to revenues or other business milestones, as well as rates tied to levels a startup can afford to pay considering their research and development spending, rather than the more traditional approach of solely sticking to market rates. Having said this, established firms (more than 70% of our tenants), pay rates that are at or above market on the space they lease.
- Patience and tolerance in the management of our receivables, where we often approach our tenants as a partner in the development of their business, rather than the more common rigidity of a landlord-tenant business relationship.
- Ease in allowing tenant businesses to grow and retract. Supporting tenants moving into larger premises is common for traditional landlords. As a campus landlord with multiple buildings, we freely move our tenants from building to building to accommodate growth. This also allows us to work closely with our tenants to find the right sized space within our campus when they find their business is not materializing as anticipated and they need to reduce the size of the space they are leasing in order to control expenses. Again, we treat our tenants as partners.

To further support our public policy mandate, SOCO actively partners with a variety of organizations to provide space at little to no cost for initiatives that assist us in achieving our goal to advance the development of Saskatchewan's tech sector. A few of these currently include:

- **CO.LABS** – Saskatchewan's first tech business incubator in Saskatoon.
- **CULTIVATOR** – Conexus' new business incubator in Regina.
- **ComIT** – An evening educational program in both Regina and Saskatoon that supports people re-training for careers in information technology.
- **STING** – A new initiative of the University of Saskatchewan to employ summer students to develop commercialization plans for university-owned intellectual property.

This message only highlights a handful of aspects about our facilities and operations that give you some insight into our business. If you would like further information, feel free to contact us at SASKATOON@INNOVATIONPLACE.COM or REGINA@INNOVATIONPLACE.COM.

Thank you for your continued interest in SOCO and Innovation Place. We're excited about our future and the ongoing success of our tenants, past and present.

Sincerely,



MARK REGIER

Board Chair



S.P. (VAN) ISMAN

President and Chief Executive Officer

SECTORS AT INNOVATION PLACE



AGRI-TECH



HEALTH AND
LIFE SCIENCES



INDUSTRY SERVICES
AND SUPPORT

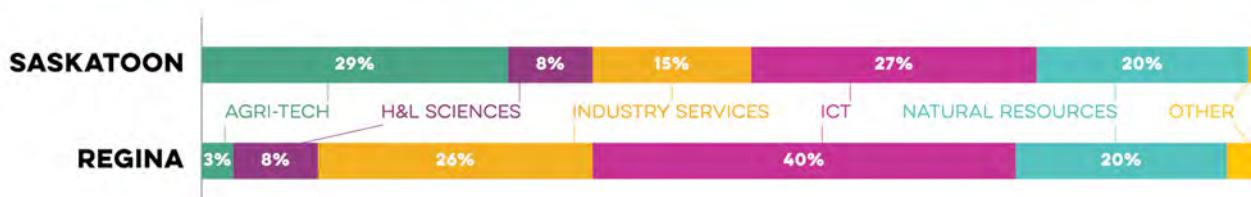


INFORMATION AND
COMMUNICATIONS TECH



NATURAL
RESOURCES

PERCENTAGE BREAKDOWN BY CITY AS OF MARCH 31, 2019



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 technology parks offer an incredibly beautiful and complex landscape with an abundance of green spaces and common areas that help foster tenant interaction and collaboration.

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.

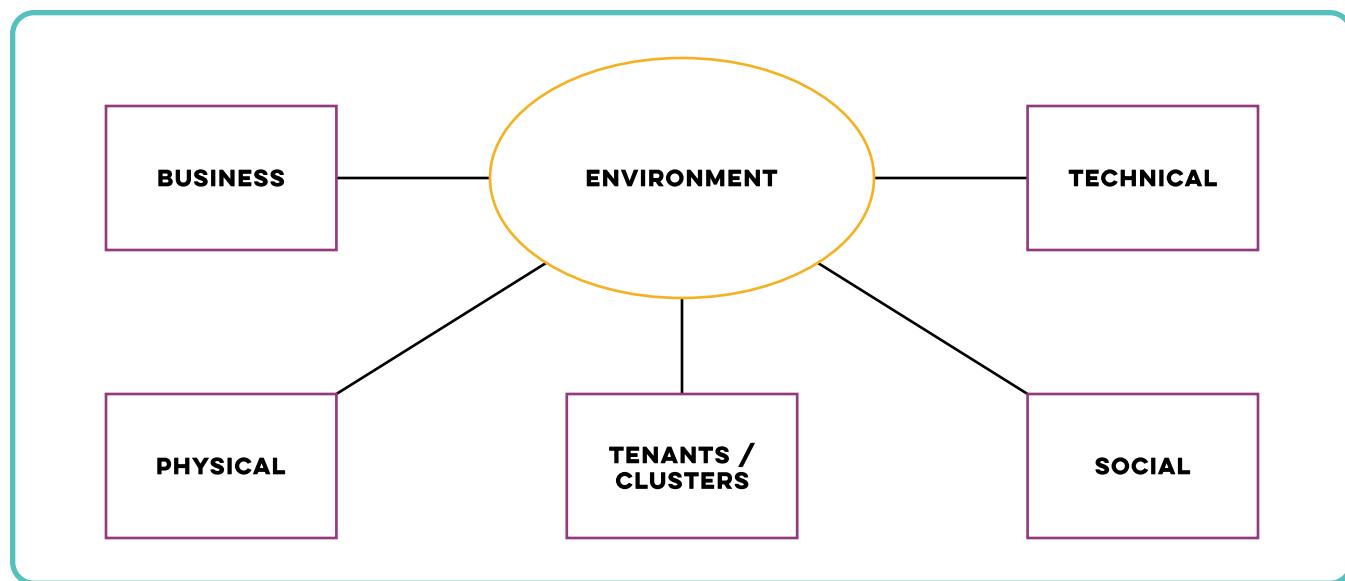
OUR PRODUCT

AN ENVIRONMENT THAT ENCOURAGES INNOVATION, COLLABORATION AND ENTREPRENEURSHIP

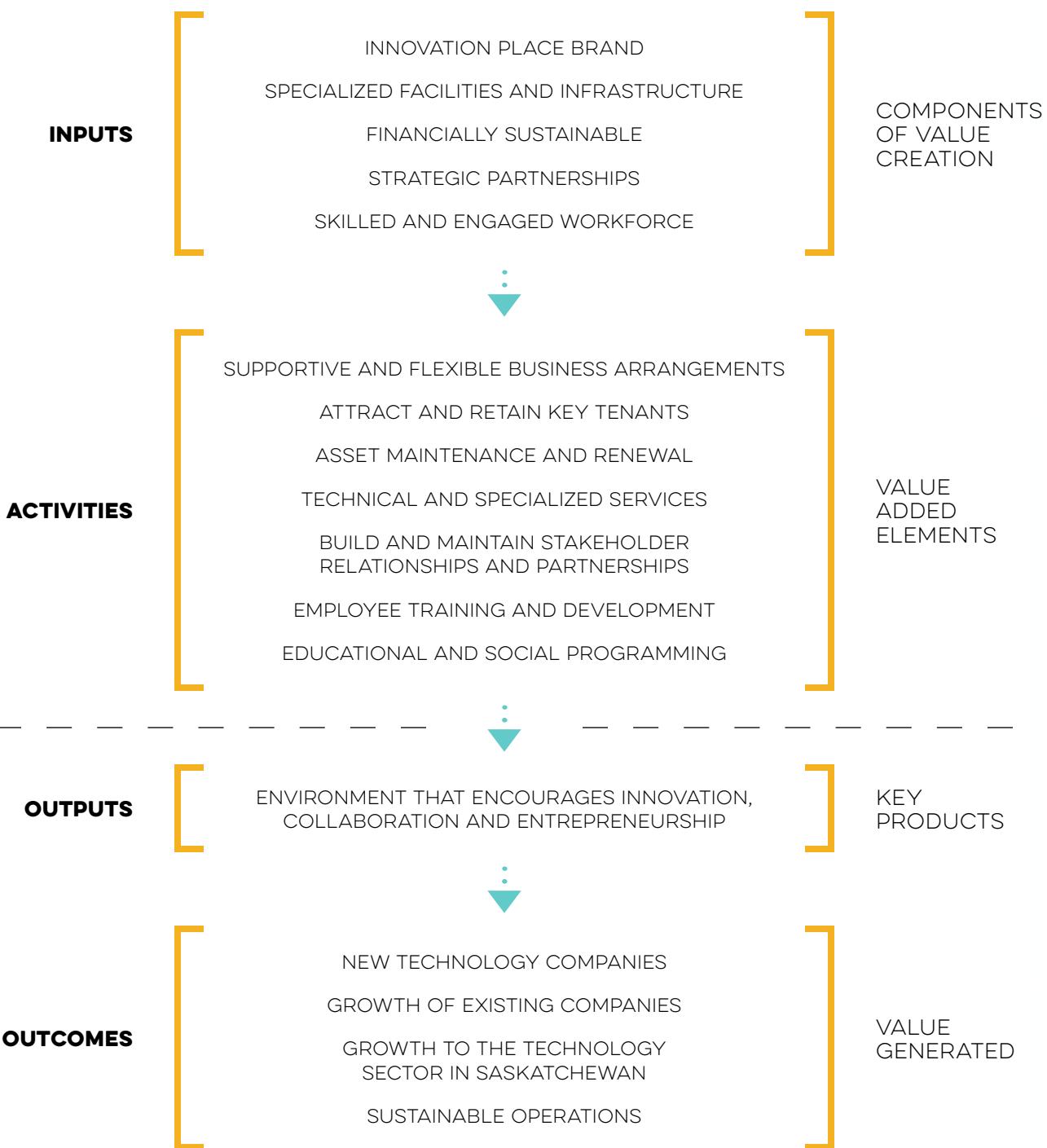
Our product, and what sets us apart from real estate companies, is the comprehensive nature of the working environment we provide our tenants and their employees, and the impact this environment has on growing the technology sector in Saskatchewan.

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 comprised 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

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

Dr. Laurier Schramm
President and CEO,
Saskatchewan Research
Council

Mr. Kerry Tarasoff
Chief Financial Officer,
City of Saskatoon

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

Mr. Wes Jickling
Chief Executive Officer,
Innovation Saskatchewan

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

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

REGINA MANAGEMENT ADVISORY COMMITTEE

Dr. David Malloy
Vice President, Research,
University of Regina

Mr. Michael Monea
President, International CCS
Knowledge Centre

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

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

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

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. Bandwidth is allotted to each tenant based on square footage leased and varies from 50Mbps – 150Mbps of synchronous service. 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 allowing for 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 incorporate public spaces that attract employees during the work day and offer multiple opportunities for informal interaction. 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 an added tool 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.

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.

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.

1 CO.LABS. Saskatchewan's first technology incubator, provides early-stage technology startups and entrepreneurs with support, mentorship and resources. Since launching in 2017, Co.Labs has successfully incubated 71 startups.

In 2018, Co.Labs received \$1.1 million in federal funding through Western Economic Diversification Canada, a strategic investment supporting innovation, business and economic development in western Canada. Co.Labs companies continue to achieve notable success within and outside the province.

WWW.CO-LABS.CA

2 COCONUT SOFTWARE is modernizing how banks and credit unions engage. Coconut's appointment scheduling and lobby management solution empowers financial organizations to provide an effortless and personalized customer experience across all touchpoints, optimize workforce efficiency, while also gaining real-time insights for better forecasting.

In 2018, CEO and Founder Katherine Regnier received the Startup Canada Woman Entrepreneur Award for the Prairies region. The company was also awarded a coveted spot on the CIX Top 20 list, showcasing the country's most innovative tech companies.

WWW.COCONUTSOFTWARE.COM

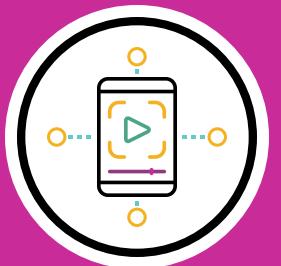
3 GASBUDDY, a locally-founded tech company, is a smartphone app and website that connects drivers with their Perfect Pit Stop™. The award-winning GasBuddy app uses crowd-sourced data and cutting-edge technology to provide accurate, real-time fuel prices at over 150,000 stations around the world, and their payments service, Pay with GasBuddy, entitles drivers to save on every gallon of gas they pump.

The company's B2B retailer Software-as-a-Service (SaaS), known as GasBuddy Business Pages, provides fuel marketers and retailers their best opportunity to maintain their station information, manage their brand, and promote to their target consumer audience.

WWW.GASBUDDY.COM



1 CO.LABS
INNOVATION PLACE, SASKATOON



INFORMATION AND COMMUNICATIONS TECHNOLOGY

Companies that specialize in devices, networking components, applications and systems that allow people to interact in the digital world.



2 COCONUT SOFTWARE
INNOVATION PLACE, SASKATOON



3 GASBUDDY
INNOVATION PLACE, REGINA



AGRI-TECH

Companies that develop or support technology solutions for the agriculture, horticulture and aquaculture industries to improve yield, efficiency and profitability.



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, 2019. 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 107 tenants that occupy approximately 1.3 million square feet in 20 separate buildings. The Regina campus, opened in 2000, consists of 6 buildings housing 35 tenants and totalling approximately 465,000 square feet. The number of people working in Innovation Place facilities is approximately 4,000.

1

AG-WEST BIO is Saskatchewan's bioscience industry association and bioeconomy catalyst that helps move research to market and grow bio-business in the province. The company is led by President and CEO Wilf Keller, a renowned Canadian crop development scientist.

In 2018, Ag-West Bio received \$8.5 million in renewed funding (over five years) to advance the province's bioscience sector. In early 2019, the Government of Canada announced Ag-West Bio would lead one of four new research clusters – the Diverse Field Crops Cluster – created to develop high-potential emerging crops.

WWW.AGWEST.SK.CA

2

AGRISOMA offers Carinata as a low carbon solution for the biofuel industry, a crop designed for sustainable biofuel production. The company's research focuses on creating sustainable Carinata production systems.

In 2018, Carinata biojet fuel powered two commercial trans-oceanic flights, including Los Angeles to Melbourne on Qantas and San Francisco to Zurich on United Airlines, on the Boeing 787, demonstrating the lowest carbon footprint flights to date.

WWW.AGRISOMA.COM

REFRESHED 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 five strategic pillars:

1 ENHANCING INNOVATION

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

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.

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 which 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.

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.

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.

These five priorities have been embedded into the Corporation's strategic objectives and Balanced Scorecard measures:

- **ENHANCING INNOVATION** – Attract technology opportunities; Support technology opportunities
 - **COMMUNICATION** – Create awareness
 - **FOSTERING COLLABORATION AND GROWTH** – Build and maintain partnerships
 - **MAXIMIZING EFFICIENCY** – Operating efficiency
 - **VALUABLE AND COMPATIBLE TENANCIES** – Space utilization
-

ADVANCING OUR STRATEGY

REVIEW OF CLUSTERS

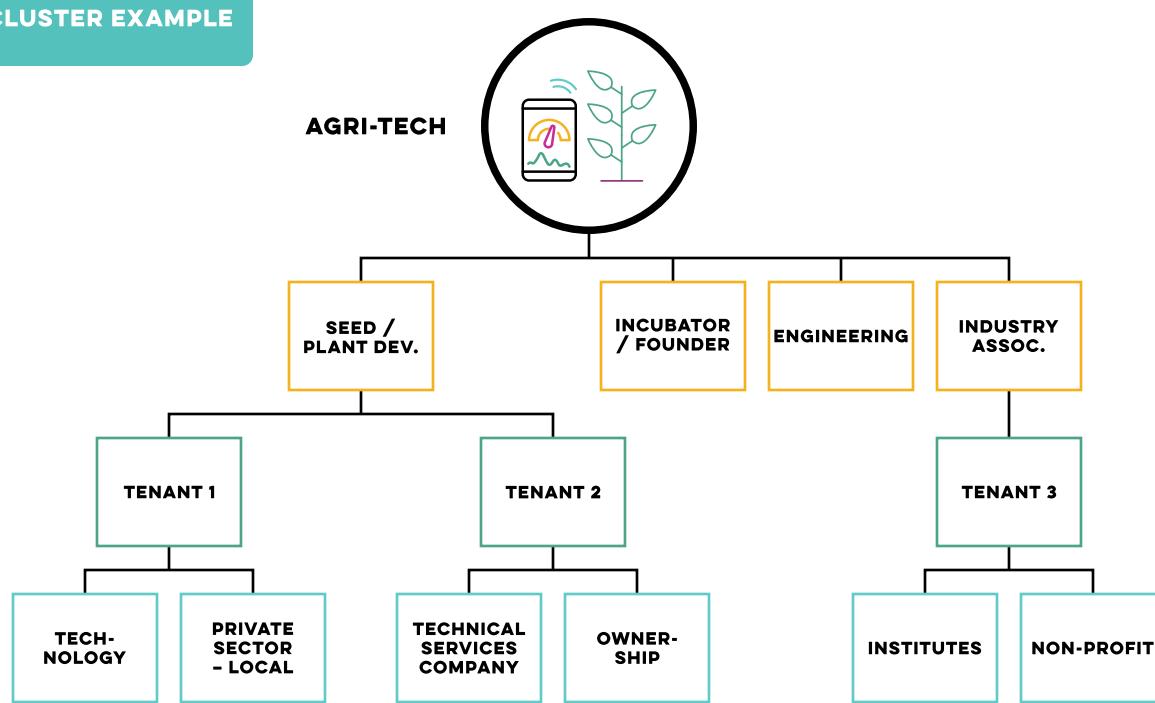
In 2018/19, we implemented a new evidence-based framework to categorize the various clusters and sub-clusters. The graphic that follows provides an example of how such a cluster breaks down. Our data analysis resulted in us identifying six main clusters within our two parks: Agri-Tech; Health & Life Sciences; Information & Communications Technology; Natural Resources; Industry Services & Support; and Other. Understanding our strategic clusters gives us valuable management information in order to allow 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 partner with the Co.Labs technology business incubator. Co.Labs commenced operations at Innovation Place in 2017. At the conclusion of their first year of operations in June 2018, Co.Labs indicated they had incubated 37 new and nascent technology businesses. In October 2018, they broadened their business support offerings into acceleration-related services, which resulted in the doubling of the amount of space they are utilizing at Innovation Place in Saskatoon. In July 2018, the new Conexus business incubator commenced operation at Innovation Place in Regina.

2018 also saw the completion of our first season of Startupville, a podcast series developed in conjunction with Martin Charlton Communications. The podcast features interviews with startup founders and tech community leaders discussing what it is like to build a startup in a small city.

CLUSTER EXAMPLE



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 2018/19, between Saskatoon and Regina, we completed 156 programs, attended by approximately 9,400 people. 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

Innovation Place's efficiency efforts 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 2018/19, 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 2,800 people who work for our 107 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 March 2019, Innovation Place commenced a public tendering process to find a new operator for the food service facilities in our Saskatoon park.

INVESTMENT IN INFRASTRUCTURE

The greenhouse automation renewal project at 410 Downey Road was completed early in the year. The \$1.6 million project, completed over the past few years, will allow Innovation Place to continue meeting the needs of the plant biotech research community for many years.

The park network was upgraded in 2018/19. The campus networks in Regina and Saskatoon have been in place for over 20 years and serve tenant, visitor and corporate needs. With the majority of equipment being at the end of its useful life, a thorough review was completed on the current system, as well as options for enhancements. The key issue with the current park network architecture was the single point of failure in our park network core switches and routers that put our network uptime at risk. Based on this review, it was determined the right solution was to upgrade to a high availability system, eliminating the single point of failure. The new park network equipment was leased in the fourth quarter of 2018/19.

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 Mining and Technology cluster 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 in. Compared to the early 2000s when vacancy at Innovation Place was between 3 and 5%, we have seen vacancy levels of approximately 10% since 2016.

This higher vacancy situation is consistent with commercial vacancy trends in both cities. By way of example, at December 31, 2018, Colliers International advised that vacancy rates in Saskatoon and Regina were 13.08% and 11.36% respectively. As of March 31, 2019, our vacancy rates were 13.05% (Saskatoon) and 5.26% (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, although we are not dealing with the difficult vacancy levels seen elsewhere in Regina and Saskatoon, there is now a mindset that lease rates should be falling, not staying the same or rising.

In addition to the direct impact on vacancy from tenants leaving the parks, we see certain existing tenants reduce their footprint in the parks and reduce the number of employees working in their facilities. Although the total number of tenant employees working in our Regina and Saskatoon parks increased by approximately 300 in 2018/19, the year end total is still 1,000 lower than what it was six years ago (a significant portion of this population decline is in our mining technology cluster, which is a function of strained commodity prices).

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.



HEALTH AND LIFE SCIENCES

Companies that apply research technology in the areas of biology, medicine, genetics, ecology and health-related services.



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	●
2017/18 Actual	67%
2018/19 Target	75%
2018/19 Actual	
2019/20 Target	75%
2020/21 Target	75%
2021/22 Target	75%

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 which 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**.

1 MED-LIFE DISCOVERIES (MLD) is a Canadian biopharmaceutical company developing novel drugs for the treatment of plasmalogen deficiency disorders, including Alzheimer's disease, Parkinson's disease and Multiple Sclerosis, as well as screening tests that detect metabolic risk for chronic diseases such as cancer.

In 2018, MLD presented at the World Orphan Drug Congress in Oxon Hill, Maryland. Their recent pre-clinical work has focused on a comprehensive drug development program for RCDP, an ultra-rare pediatric disease with less than 100 known cases in North America.

WWW.MED-LIFE.CA

2 ZYUS™ is a Canadian-based, globally focused biopharmaceutical company dedicated to restoring health and humanity by advancing the field of targeted phyto-therapeutics, including cannabinoids. Through continued clinical research, innovation in production and manufacturing and medical education, ZYUS is elevating cannabinoids as a standard of care for treating and managing disease.

ZYUS is advancing the science of well-being by working in partnership with healthcare providers, payers, and policy makers to help make life more livable for patients around the world.

WWW.ZYUS.COM

This was the third year for this particular survey, created to measure awareness within a focused stakeholder group. The survey was distributed to 115 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 which 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.

Attract Technology Opportunities

2	Number of startup companies locating at Innovation Place	●
	2017/18 Actual	10
	2018/19 Target	12
	2018/19 Actual	11
	2019/20 Target	12
	2020/21 Target	13
	2021/22 Target	14

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 172 new private sector startup companies since 1993.



In 2018/19, Innovation Place hosted over 150 tenant programming activities, including lunch and learns in both technology parks.

Support Technology Opportunities

3 Percentage of tenants benefiting from flexible and supportive business arrangements	
2017/18 Actual	27%
2018/19 Target	29%
2018/19 Actual	30%
2019/20 Target	29%
2020/21 Target	30%
2021/22 Target	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 142 tenants located at Innovation Place at March 31, 2019, 43 (30%) are benefiting from flexible and supportive business arrangements.

4 Percentage of businesses which started at Innovation Place that are still operational in Saskatchewan	
2017/18 Actual	69%
2018/19 Target	70%
2018/19 Actual	68%
2019/20 Target	68%
2020/21 Target	68%
2021/22 Target	68%

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, 2019, of the 172 businesses that started operations at Innovation Place, 117 (68%) were still active in Saskatchewan (an additional 7 businesses are still in operation but outside of Saskatchewan). Of the 117 businesses still operating in Saskatchewan, 57 are operating at locations outside of Innovation Place.

Private Sector Engagement

5 Percentage of non-government tenants	
2017/18 Actual	87%
2018/19 Target	85%
2018/19 Actual	87%
2019/20 Target	87%
2020/21 Target	87%
2021/22 Target	87%

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, 2019 is 124 or 87% 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

2017/18 Actual	18
2018/19 Target	15
2018/19 Actual	17
2019/20 Target	18
2020/21 Target	18
2021/22 Target	19

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 17 partnerships utilized in 2018/19 meeting the criteria for this measure. While several relate to attracting new business opportunities (Co.Labs technology incubator), we also utilized several partnerships in the provision of tenant programming and services.

Skilled and Productive Workforce

7 Percentage of employees fully engaged in their work

2017/18 Actual	78%
2018/19 Target	80%
2018/19 Actual	81%
2019/20 Target	80%
2020/21 Target	80%
2021/22 Target	80%

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 June 2018, 81% of Innovation Place employees are engaged in their work. This is a very positive result as it places Innovation Place in the top 25% of the surveyed small and medium employers in Canada.

8 Average training days per employee

2017/18 Actual	5.1
2018/19 Target	4.0
2018/19 Actual	5.7
2019/20 Target	5.0
2020/21 Target	5.0
2021/22 Target	5.0

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 5.7, 40% higher than the annual target of 4.0 days. Training in key areas continues to be maintained and alternative lower cost training promoted. In total, 3,700 hours of training was completed, up from the 3,300 hours in the prior year.

Tenant Satisfaction

9 Percentage of CEOs that would recommend Innovation Place to another organization	●
2017/18 Actual	98%
2018/19 Target	98%
2018/19 Actual	97%
2019/20 Target	98%
2020/21 Target	98%
2021/22 Target	98%

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 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 97% 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.



The Startupville podcast series features interviews with startup founders and tech community leaders discussing what it's like to build a startup ecosystem in a small city. The podcasts are hosted by Innovation Place and Martin Charlton Communications.

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	
2017/18 Actual	4.82%
2018/19 Target	4.96%
2018/19 Actual	5.01%
2019/20 Target	4.65%
2020/21 Target	4.81%
2021/22 Target	4.90%

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 5.01%, slightly higher than the 4.96% target set for the year.

11 Debt ratio	
2017/18 Actual	23.34%
2018/19 Target	29.69%
2018/19 Actual	25.17%
2019/20 Target	27.03%
2020/21 Target	31.70%
2021/22 Target	32.91%

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, 2019 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%.

1
CONTANGO STRATEGIES specializes in biological water treatment systems for the mining industry. In addition to operating the first passive water treatment system pilot facility in North America, they are the first independent company to provide genomic microbial profiling for the environmental and water treatment sectors.

In 2018, Contango joined the Alexco Environmental Group (AEG), a growing environmental consulting and remediation firm. With females comprising over 80% of employees, Contango continues to be a strong advocate of women in tech.

WWW.CONTANGOSTRATEGIES.COM

2
GREENSTEM TECHNOLOGY promotes the use of microbes to restore and maintain the health of land ravaged by chemical contamination. Their team of scientists offers technical expertise in the areas of fungal microbiology, molecular biology, and health science, environmental and soil science, pharmacy and chemistry.

Created in 2018, GreenSTEM was one of eight companies that joined to form the Eco Remediation Alliance. With locations in Saskatoon, Saskatchewan, and Fort St. John, British Columbia, GreenSTEM is helping remediate and restore land through clean bio-tech projects across Canada.

WWW.GREENSTEM.CA

3
MERA provides innovative services to the oil and gas, mining, refining, pipeline and food industries. Their team of engineers, technical specialists and economists helps clients leverage operational data to optimize operations and improve financial performance.

Mera's food division uses technological innovation to deliver cost-effective proteins for human consumption. Their proprietary processing technology revolutionizes the production of dairy beverage alternatives for both humanitarian initiatives and the commercial sector.

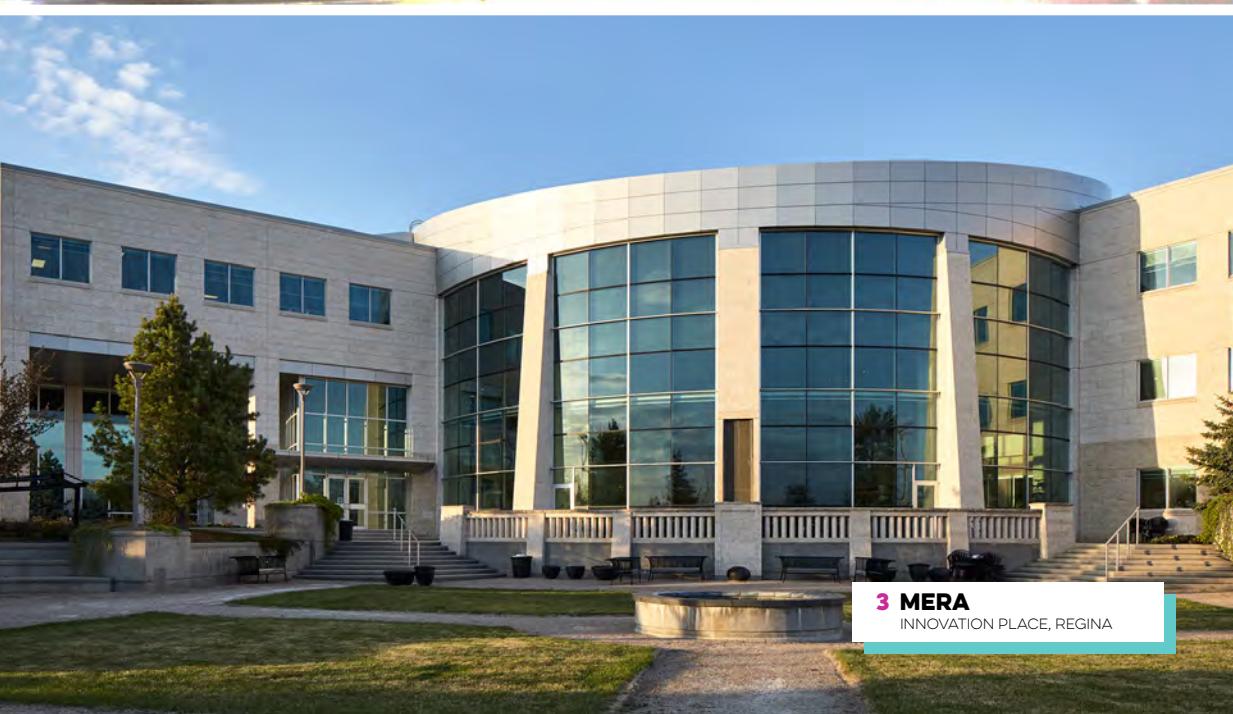
WWW.MERAGROUP.NET



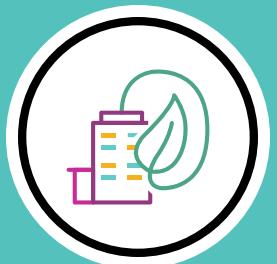
1 CONTANGO STRATEGIES
INNOVATION PLACE, SASKATOON



2 GREENSTEM TECHNOLOGY
INNOVATION PLACE, SASKATOON



3 MERA
INNOVATION PLACE, REGINA



NATURAL RESOURCES

Companies active in forestry, mining, minerals and metals, energy and geoscience involving sunlight, atmosphere, water and land.

Operating Efficiency

12 Corporate administration as a percentage of revenue	
2017/18 Actual	10.14%
2018/19 Target	10.10%
2018/19 Actual	9.69% 
2019/20 Target	10.48%
2020/21 Target	10.42%
2021/22 Target	10.19%

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 2018/19 is lower than the annual target due to reductions in various administration expenses.

13 Building operating cash flow per square foot	
2017/18 Actual	\$11.00
2018/19 Target	\$13.58
2018/19 Actual	\$12.87 
2019/20 Target	\$13.13
2020/21 Target	\$13.76
2021/22 Target	\$14.15

Building operating costs (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 2018/19 was \$12.87. 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	
2017/18 Actual	814 (81.4%)
2018/19 Target	800 (80.0%)
2018/19 Actual	790 (79.0%) 
2019/20 Target	82.0%
2020/21 Target	82.0%
2021/22 Target	82.0%

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.

The 2018/19 fiscal year was our third year of building certifications under the new BOMA BEST v3 program. The new version of this program considers occupant health and wellness in addition to traditional energy and water conservation. Best practice requirements have also been included, such as indoor air quality (IAQ) monitoring, hazardous products management and green cleaning. New areas of focus for environmental performance and management are purchasing, custodial, comfort and stakeholder engagement.

BOMA BEST assessments were completed for six buildings during the year. Although we are pleased to report that all buildings assessed either remained at their previously assessed level or increased (1 building advanced from gold to platinum), the average overall score decreased to 790 (79.0%).

With the completion of the 6 assessments this year, all 15 buildings participating in the program have now been assessed under the new BOMA BEST v3 program.

Space Utilization

15 Vacancy as a percentage of total space inventory	
2017/18 Actual	9.7%
2018/19 Target	9.3%
2018/19 Actual	10.9%
2019/20 Target	10.6%
2020/21 Target	10.0%
2021/22 Target	9.0%

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 10.9% during 2018/19. The increase was due a significant tenant in our Saskatoon park vacating early in the year.

Although we have a number of tenants looking to expand and are pursuing new opportunities, a significant tenant downsizing expected in 2019/20 will offset the impact on overall vacancy. We are forecasting the overall vacancy level to be 10.6% at March 31, 2020.

Our vacancy levels provide us with the opportunity to expand existing tenants to meet their forecasted growth needs. Innovation Place has taken advantage of the vacant space to expand 26 existing tenants in 2018/19.

Infrastructure Sustainability

16 Building condition score	
2017/18 Actual	88.26
2018/19 Target	85
2018/19 Actual	88.07
2019/20 Target	88
2020/21 Target	88
2021/22 Target	88

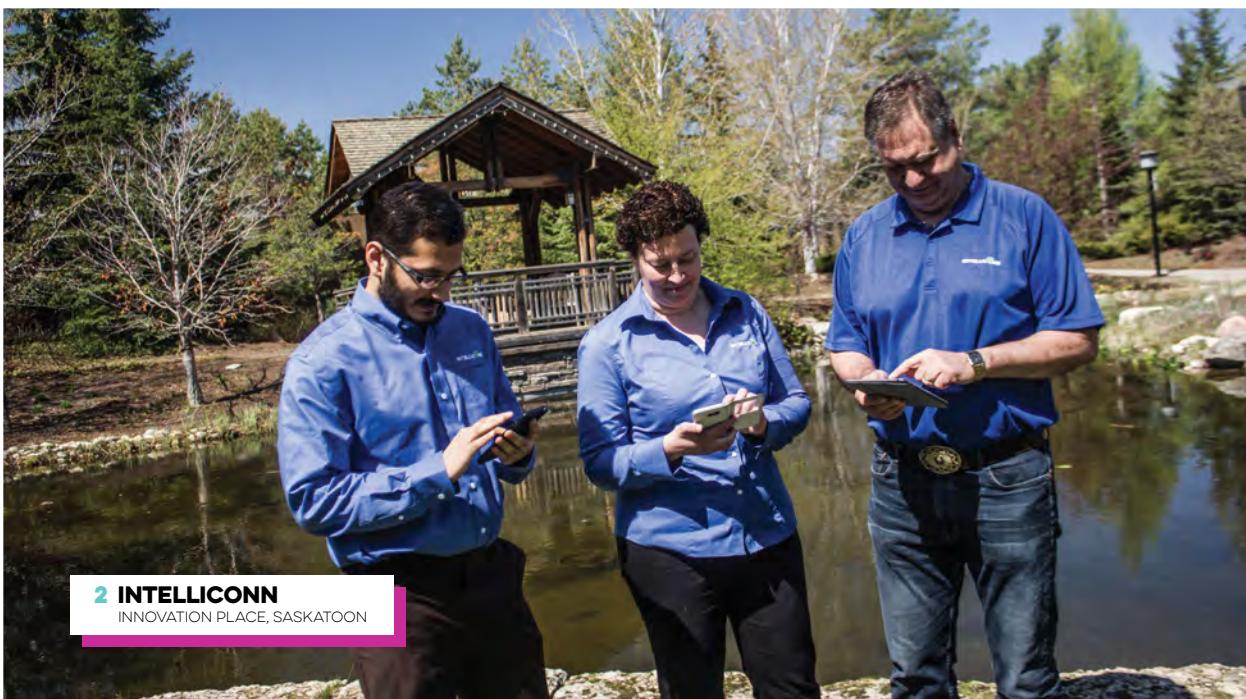
The building condition score measure was adopted in 2014. The scoring system used was internally developed as a management tool to ensure all departments involved in the management of the buildings have a common understanding of condition and areas of priority. The model building score (2018/19 target) 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 6 buildings assessed during the current year. The consolidated score for assets assessed in the last two years is 88.07.



INFORMATION AND COMM- UNICATIONS TECHNOLOGY

Companies that specialize in devices, networking components, applications and systems that allow people to interact in the digital world.



FINANCIAL

Comparison of results for the year ended March 31, 2019 to the year ended March 31, 2018 (\$millions)

		2018/19 Actual	2017/18 Actual	Change
Revenue	\$ 41.1	\$ 41.3	\$ (0.2)	
Expenses	(35.9)	(34.2)	(1.7)	
Net Finance Expense	(1.7)	(1.5)	(0.2)	
Net Income	\$ 3.5	\$ 5.6	\$ (2.1)	
Total Assets	\$ 195.8	\$ 199.0	\$ (3.2)	
Total Debt	\$ 57.4	\$ 57.7	\$ (0.3)	
Net cash provided by operating activities, excluding working capital adjustments	\$ 14.5	\$ 13.1	\$ 1.4	
Total Capital Investment	\$ 8.4	\$ 18.8	\$ (10.4)	
Dividends Paid	\$ 3.3	\$ 1.8	\$ 1.5	
Equity Repayment	\$ 1.4	\$ 8.8	\$ (7.4)	

Net income for the year ended March 31, 2019 is \$3.5 million, \$2.1 million lower than the net income of \$5.6 million from the prior year. The decrease in net income is due primarily to the sale of the Prince Albert Forest Centre in the prior year. Including the gain on sale for the property, total net income realized from this property in 2017/18 was \$2.8 million (rental revenues of \$1.4 million, gain on sale of \$2.2 million and expenses of \$0.8 million).

Excluding the impact from the sale of the Prince Albert Forest Centre, revenues and expenses increased by \$3.4 million and \$2.5 million, respectively. The increases are primarily due to the completion of the SRC project in the prior year. Additional expense increases were realized for grants in lieu of property taxes, and building repairs and maintenance.

Total capital investment decreased due to the completion of the SRC project in the prior year.

1 KATRINA GERMAN is an award-winning entrepreneur, presenter and mentor specializing in communications, technology and digital strategy. Katrina speaks at conferences and pitch competitions across North America and is interviewed regularly by local and national media.

Katrina won the prestigious 2018 Women in Communications award from Women in Tech in Lisbon, Portugal. In early 2019, Katrina launched her first book, entitled *Action Tracking: Master Your Digital Marketing Strategy in Under 30 Days*, at Innovation Place.

WWW.KATRINAGERMAN.COM

2 INTELICONN provides rural wireless communications and connectivity technologies, including remote monitoring and control solutions. Their innovative commodity data and analytics products are receiving global attention for their real-time digital sampling and monitoring functionality.

In 2018, Intelliconn was awarded one of 10 spots in the Silicon Valley-based THRIVE Accelerator, designed to help early-stage companies scale and lead in the global ag-tech market. They were one of 300 companies from over 60 countries considered for the prestigious program.

WWW.INTELICONN.COM

3 TINYEYE THERAPY SERVICES is a global leader specializing in online speech-language and occupational therapy services. TinyEYE's team of more than 200 therapists has delivered over 500,000 sessions to 20,000 kids. The company has received multiple local and national awards recognizing their technical innovations.

In 2018, the Lazaridis Institute recognized TinyEYE as one of Canada's top 10 most promising tech firms. Later that year, TinyEYE participated in the Lazaridis ScaleUp program, designed to help tech companies scale globally.

WWW.TINYEYE.COM

Comparison of actual results to the approved budget for the year ended March 31, 2019 (\$millions)

	2018/19 Actual	2018/19 Budget	Variance
Revenue	\$ 41.1	\$ 42.5	\$ (1.4)
Expenses	(35.9)	(37.2)	1.3
Net Finance Expense	(1.7)	(1.9)	0.2
Net Income	\$ 3.5	\$ 3.4	\$ 0.1
Total Assets	\$ 195.8	\$ 195.7	\$ (0.1)
Total Debt	\$ 57.4	\$ 59.4	\$ (2.0)
Net cash provided by operating activities, excluding working capital adjustments	\$ 14.5	\$ 14.7	\$ (0.2)
Total Capital Investment	\$ 8.4	\$ 16.5	\$ (8.1)
Dividends Paid	\$ 3.3	\$ 3.0	\$ 0.3
Equity Repayment	\$ 1.4	\$ 1.0	\$ 0.4

Net income for the year of \$3.5 million was \$0.1 million higher than what was budgeted.

The \$1.4 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 11.8%, 2.2% higher than what was reflected in the 2018/19 budget. Also contributing to the variance is lower recovery of occupancy cost revenue due to expenses being under budget.

Total expenses were under budget \$1.3 million for 2018/19. Administration expenses were \$0.4 million under budget due to a combination of project timing and expense restraint initiatives. Recoverable building costs were under budget by \$0.3 due to janitorial and building maintenance being under budget. Non-recoverable building expenses were \$0.3 under budget due to lower amortization expenses and a recovery of a receivable previously allowed for.

Total capital expenditures were \$8.1 million below budget for the year. The budget included \$6.7 million related to the repurposing of a building in Regina, but due to the project being deferred, no capital was expended on the project. Tenant improvements are \$0.5 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. The remaining variance is due to a combination of project timing and scope changes.

OUTLOOK

Comparison of 2019/20 Budget with 2018/19 Actual Results (\$millions)

	2019/20 Budget	2018/19 Actual	Variance
Revenue	\$ 42.7	\$ 41.1	\$ 1.6
Expenses	(37.9)	(35.9)	(2.0)
Net Finance Expense	(2.0)	(1.7)	(0.3)
Net Income	\$ 2.8	\$ 3.5	\$ (0.7)
Total Assets	\$ 193.1	\$ 195.8	\$ (2.7)
Total Debt	\$ 56.2	\$ 57.4	\$ (1.2)
Net cash provided by operating activities, excluding working capital adjustments	\$ 15.2	\$ 14.5	\$ 0.7
Total Capital Investment	\$ 7.1	\$ 8.4	\$ (1.3)
Dividends Paid	\$ 2.5	\$ 3.3	\$ (0.8)
Equity Repayment	\$ 1.0	\$ 1.4	\$ (0.4)

Budgeted net income for the year ended March 31, 2020 is \$2.8 million, reflecting a decrease of \$0.7 million when compared to the net income of \$3.5 million realized for the year ended March 31, 2019.

The average vacancy rate reflected in the 2019/20 budget is 11.1%, 0.7% lower than the actual average vacancy for 2018/19 of 11.8%. Although the budget reflects several expansions and new leasing opportunities, a significant tenant downsizing expected in 2019/20 will offset the impact on overall vacancy. The increase in rent revenue is due to the decrease in vacancy and increase in recoverable occupancy cost recoveries.

Total expenses for 2018/19 were under budget by \$1.3 million due to a number of factors that are specific to this year, the majority of which will not be carried into next year (project timing, recovery of bad debts, weather related expenditures, etc.). In addition, increases in utilities, grants in lieu of property taxes, janitorial and building maintenance are all budgeted to increase in 2019/20.

The capital budget for 2019/20 reflects a total investment of \$7.1 million. The projects planned for the year either address revenue generating opportunities associated with filling vacant space or capital reinvestments required to ensure our infrastructure is maintained in a way that supports the long-term sustainability of the Corporation.

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.

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	<p>Communicate to stakeholders what differentiates our product, namely that:</p> <ul style="list-style-type: none"> • 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 current fiscal year, we implemented a new framework to categorize the various clusters and sub-sectors. This framework will allow 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.

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. MNP LLP has been appointed for a five year term that will commence for the year ending March 31, 2019.

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. An Internal Audit Charter was initially approved by the Board of Directors on August 27, 2008. The Charter outlines the purpose, authority, reporting structure and responsibilities of internal audit activity. The Internal Audit Charter was updated in the current year to reflect recent changes to the Internal Audit Standards. The updated Charter was presented to the Audit and Finance Committee on February 19, 2019 and subsequently approved by the Board of Directors on February 20, 2019.

1 INNOVATION ENTERPRISE commercializes technologies created by University of Saskatchewan (USask) researchers. Their work with innovation, intellectual property and startups helps grow the local and global entrepreneurial ecosystem.

In 2018, Innovation Enterprise introduced the unique Fast License program to streamline the licensing agreement process for USask technologies. They recently launched the Summer Entrepreneurs program that will allow students to get exclusive access to a real USask technology, identify business opportunities for it and, through vigorous training, become full-fledged entrepreneurs at the end of the program.

RESEARCH.USASK.CA/
[INNOVATION-ENTERPRISE](#)

2 INNOVATION SASKATCHEWAN, an agency of the Government of Saskatchewan, is responsible for implementing the province's innovation priorities. Their policies, programs, and activities support the development of new products and services that meet market needs.

Innovation Saskatchewan offers funding programs and innovation initiatives, including the recently launched Saskatchewan Technology Startup Incentive tax credit program. Their online Success Stories series showcases the innovation coming out of Saskatchewan companies, organizations and researchers.

[WWW.INNOVATIONSASK.CA](#)

3 KINEMEK serves companies that need custom designed mechanical equipment. Their innovative products that support the mining industry, some of which serve as the only available solutions on the market, are specially made for use in the harshest of environments to perform difficult tasks.

Kinemek's clients benefit from high quality, reliable products that require little to no maintenance. Kinemek is particularly proud of their equipment that enhances mine safety and its key role in creating safer work environments.

[WWW.KINEMEK.COM](#)

4 CULTIVATOR, Canada's first credit-union-led incubator for high growth companies, was launched in early 2019 by Conexus Credit Union. Cultivator provides mentorship and programming to support local tech companies, allowing them to launch, grow and scale without leaving the province.

Eleven local startups in the beta cohort of Cultivator's six month GROW program will benefit from Cultivator's resources. These innovative companies are making their mark in Saskatchewan's entrepreneurial ecosystem while selling their products around the world.

[WWW.CULTIVATOR.CA](#)



1 INNOVATION ENTERPRISE

INNOVATION PLACE, SASKATOON



2 INNOVATION SASKATCHEWAN

INNOVATION PLACE, SASKATOON



3 KINEMEK

INNOVATION PLACE, SASKATOON



4 CULTIVATOR

INNOVATION PLACE, REGINA



INDUSTRY SERVICES AND SUPPORT

Companies that offer products or services that support other organizations within Innovation Place.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

as at March 31, 2019

MARK REGIER

Chair

Mark Regier has been with Saskatoon Prairieland Park Corporation for the past 28 years, 6 years as Controller and 22 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

Vice Chair

Victor Thomas advises in the areas of corporate governance, strategy and international business. He has worked with high growth companies in North America, Asia and Australia.

Victor is a former Chair of the Regina & District Chamber of Commerce, the Banff Forum and is a former Vice Chair of SaskEnergy. He serves on several Boards, Councils and Committees throughout Saskatchewan and across Canada.

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' highest honour, the Order of the Red Cross.



In 2018/19, Innovation Place launched Connectology, an event designed to bring together people in Regina's tech scene.

STEPHANIE YONG*Chair, Audit & Finance Committee*

Stephanie Yong is a design-thinking specialist. She 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.

As a leader in her community, Stephanie's previous work has been focused primarily on the startup sector. Stephanie served as the Director of the W. Brett Wilson Centre for Entrepreneurial Excellence for 6 years, creating programs and resources, managing day-to-day operations, fund development and ensuring programming was valuable and impactful. Stephanie is also a lecturer at the University of Saskatchewan's Edwards School of Business with a strong focus on entrepreneurship and innovation and teaching design thinking principles.

Stephanie has worked with a variety of organizations such as the Smart Cities Challenge, City of Saskatoon and the Downtown Bid, Kreos Aviation and Sask Interactive. Stephanie has aided these organizations in understanding and creating new initiatives by reviewing and ensuring the problems and issues brought forward were focused and accurate by applying design thinking principles to create solutions.

Stephanie has a BA in Political Studies and an MBA from the University of Saskatchewan. She has recently completed her 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.

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. Schmeiser 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.

RACHEL MARTINUUK

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

As a graduate of the University of Regina, Rachel has worked advocating for Saskatchewan Justice, Sunrise Health Region, Good Spirit School Division and Parkland College. She has an in-depth multi-cultural 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.

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 decade-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 currently focuses on serving a variety of clients in strategy and brand development as a strategist with Creative Fire, an English River First Nation owned company.

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, Archer 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, The 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 corporations operating in Saskatchewan. During his 25 years with Mega Group, Neal has gained extensive experience in commercial finance, strategic planning, business management and operation effectiveness.

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

Neal has 12 years of experience serving as a Director with 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.

CHERISE ARNESEN

Cherise is the owner of Results Cosmetic & Wellness Therapies in Prince Albert and the Founder of Therapie. Innovation and education have always been the cornerstones of her business ventures.

Cherise holds a Bachelor of Education and a Bachelor of Arts. Prior to her entrepreneurial pursuits, Cherise was an Educator at First Nations University, Academy of Learning Career College and at high schools in England, Northern Alberta and in Saskatchewan.

She has served as a volunteer board member for both the Saskatchewan Playwrights Centre and Odyssey Theatre Productions in Prince Albert. Cherise was appointed to the SOCO Board in November 2018.

TANYA GATZKE

Corporate Secretary to the Board of Directors



Innovation Place partners with tenants to offer events such as Pi O'Clock, a popular networking event for the tech community in Saskatoon.



AGRI-TECH

Companies that develop or support technology solutions for the agriculture, horticulture and aquaculture industries to improve yield, efficiency and profitability.



CORPORATE OFFICERS

as at March 31, 2019

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 Government 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 Loeppky 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 a member 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.

1

BITSTRATA / AGRIMATICS provides technology solutions for cloud-based monitoring of industrial machine-to-machine (M2M) systems using mobile devices. Bitstrata created the Agrimatics brand for their award-winning products in the agricultural and weighing industries.

Their flagship tablet and smartphone-based products include Libra Cart, a grain cart weighing and data management system, and Libra TMR, a livestock feed ration and data management system.

WWW.AGRIMATICS.COM

2

FARM BOYS designs customizable indoor ecosystems for efficient crop production around the world. Their unique AeroPods offer an innovative modular system of vertical growing capsules housed within independent closed-loop systems.

The optimized growing environment uses up to 98% less water than growing crops outdoors and can be scaled to produce fresh food in the most challenging locations.

WWW.FARMBOYSDESIGN.COM

3

NORTHERN QUINOA is North America's largest grower of quinoa. Their revolutionary ag technology supports the development and commercialization of quinoa and quinoa ingredients, branded as NorQuin products available around the world.

In 2019, the Government of Canada introduced the new Diverse Field Crops Cluster, led by Ag-West Bio. As part of this cluster, NorQuin will develop next-generation quinoa varieties and establish industry standards that will position Canada as a global leader in quinoa production.

WWW.QUINOA.COM

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 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 Canadian Securities Administrators (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. While having no personal connections to SOCO, Stephanie Yong is employed by the University of Saskatchewan, which has a land lease with SOCO and at times is involved in other business arrangements with SOCO. Whenever issues concerning the University arise in Board meetings, this member declares her potential conflict and absents herself if the Board judges a conflict to exist.

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.

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* TERM COMMENCED NOVEMBER 22, 2018

Neal Krawchuk* TERM COMMENCED NOVEMBER 22, 2018

Victor Thomas*

Mark Regier (ex-officio)

Alison Green, Chair TERM ENDED NOVEMBER 22, 2018

Bevra Fee TERM ENDED NOVEMBER 22, 2018

Rachel Martinuik**

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* TERM COMMENCED NOVEMBER 22, 2018

Julie Ann Wriston

Rachel Martinuik*

Mark Regier (ex-officio)

Victor Thomas* **

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

** Appointed to Audit and Finance Committee November 30, 2018

* Appointed to Human Resources and Governance Committee November 30, 2018

** Vacated position on the Audit and Finance Committee November 30, 2018

*** Vacated position on the Human Resources and Governance Committee November 30, 2018

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, 2019 the Board was comprised of five women out of a total of nine members (55.5%).

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 Conduct, which includes a conflict of interest and a whistleblower policy. All employees, including Corporate Officers, are required to annually sign a declaration of compliance with key policy and procedure guidelines. In total there are 14 policies requiring annual review and sign-off, including the code of conduct, conflict of interest, whistleblower, IT acceptable use and privacy policies.

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

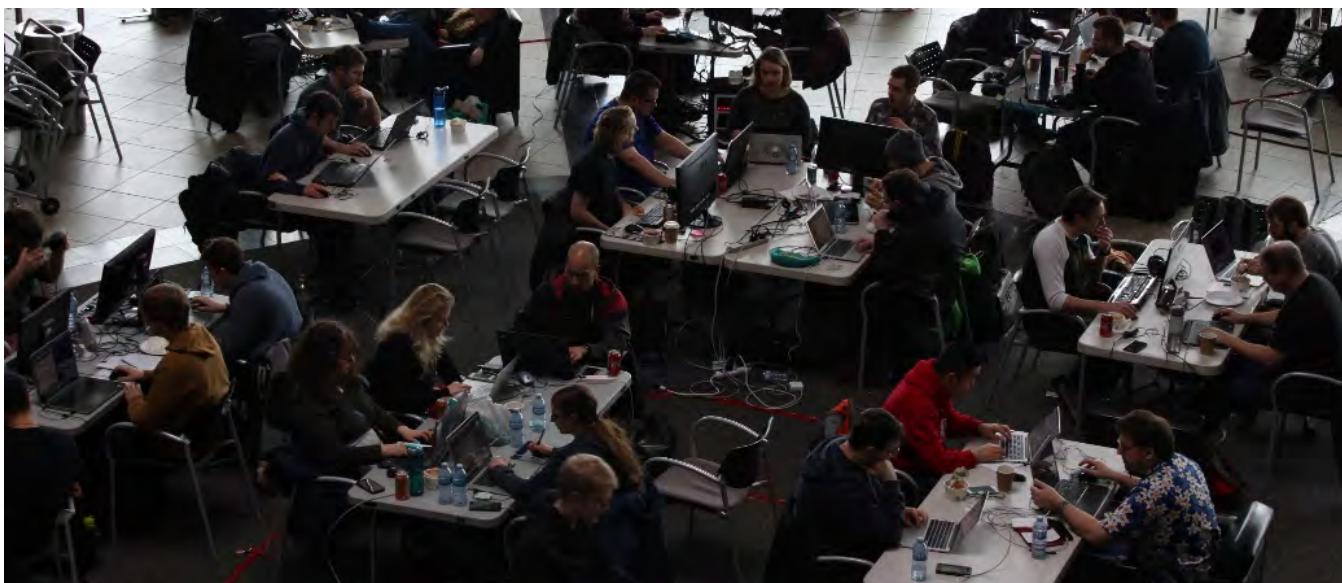
BOARD OF DIRECTORS MEETINGS

There were four Board meetings held in 2018/19. Documentation and information for discussion and decisions at the meetings are provided by Management to the Board at least seven days in advance of each meeting.

ATTENDANCE

Director	Board of Directors Meeting Dates			
	May 25/18	Aug 22/18	Nov 30/18	Feb 20/19
Mark Regier, Chair	●	●	●	●
Victor Thomas, Vice Chair	●	●	●	●
Alison Green	●	●	-	-
John Schmeiser	●	x	●	●
Bevra Fee	x	●	-	-
Rachel Martinuik	●	●	●	●
Julie Ann Wriston	●	●	x	●
Stephanie Yong	●	●	●	●
Ayten Archer	-	-	●	●
Cherise Arnesen	-	-	●	●
Neal Krawchuk	-	-	●	●

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



Innovation Place is pleased to sponsor coding workshops and related activities that support the growth of Saskatchewan's tech sector.



NATURAL RESOURCES

Companies active in forestry, mining, minerals and metals, energy and geoscience involving sunlight, atmosphere, water and land.



1 SASKATCHEWAN RESEARCH COUNCIL (SRC)
INNOVATION PLACE, SASKATOON AND INNOVATION PLACE, REGINA



2 PETROLEUM TECHNOLOGY RESEARCH CENTRE (PTRC)
INNOVATION PLACE, REGINA

BOARD OF DIRECTORS TENURE AND REMUNERATION

Director	Position	Tenure	Remuneration paid for the 12 month period ended
			March 31, 2019
Mark Regier	Chair	April 1, 2018 - March 31, 2019	\$ 22,578.00
Victor Thomas	Member / Vice Chair	April 1, 2018 - March 31, 2019	15,939.00
Bevra Fee	Member	April 1, 2018 - November 22, 2018	9,341.30
Alison Green	Member	April 1, 2018 - November 22, 2018	12,629.76
Rachel Martinuk	Member	April 1, 2018 - March 31, 2019	15,289.00
John Schmeiser	Member	April 1, 2018 - March 31, 2019	17,614.00
Julie Ann Wriston	Member	April 1, 2018 - March 31, 2019	14,964.00
Stephanie Yong	Member	April 1, 2018 - March 31, 2019	16,203.13
Ayten Archer	Member	November 22, 2018 - March 31, 2019	5,346.74
Cherise Arnesen	Member	November 22, 2018 - March 31, 2019	5,346.74
Neal Krawchuk	Member	November 22, 2018 - March 31, 2019	5,346.74
			Total: \$ 140,598.41

The Remuneration Schedule and Expense Guidelines for the Board of Directors are approved by the CIC Board (effective January 1, 2013). **Effective April 6, 2017, CIC Crown Boards approved a reduction of 3.5% to Board retainers and committee meeting fees.** Effective April 19, 2018, the Board retainers and committee meeting fees were restored to those levels prior to the 3.5% reduction.

\$20,000 / \$19,300	Annual	Board Chair Retainer
\$14,000 / \$13,510	Annual	Board Member Retainer
\$2,600 / \$2,509	Annual	Audit and Finance Committee Chair Retainer
\$2,000 / \$1,930	Annual	Human Resources and Governance Committee Chair Retainer
\$650 / \$628	Full Day	Committee Meeting Fee
\$325 / \$314	Half Day	Committee Meeting Fee

1 **SASKATCHEWAN RESEARCH COUNCIL (SRC)** is a leading provider of applied research, development and demonstration, and technology commercialization. Their four business divisions in the areas of agriculture / biotechnology, energy, environment and mining / minerals serve clients across Saskatchewan and around the world.

SRC has locations in Regina, housing the Petroleum Analytical Labs, and Saskatoon, housing the newly renovated Environmental Analytical Labs. Over the last year, SRC received multiple top employer awards and accolades for sustainability initiatives, responsible corporate leadership, safety leadership and immigration integration.

WWW.SRC.SK.CA

2 **PETROLEUM TECHNOLOGY RESEARCH CENTRE (PTRC)** is a not-for-profit corporation that facilitates research, development and field demonstration projects into enhanced oil recovery and carbon storage.

PTRC and Saskatchewan Research Council recently announced the arrival of a new state-of-the-art CT scanner for high-resolution rock core imaging. Celebrating their 20th anniversary, PTRC is working to realize five billion barrels of oil reserves over the next five years by developing technologies that convert stranded Saskatchewan oil into recoverable assets.

WWW.PTRC.CA

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 SOCOP'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 twelve month period ended March 31, 2019, the total compensation paid to the Corporate Officers was \$885,880.

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 that are women, but four of the nine other senior management positions are women.

1 PROFIT SYSTEMS

provides comprehensive management software solutions, custom development services, training and support to clients in various industries around the world.

With their corporate headquarters in Saskatoon and branch offices in Australia and the UK, Profit Systems has exploded into the international marketplace. Their globally recognized solutions include EventPro, software for event, venue and catering management, and PMXpert, software for preventative maintenance management.

WWW.PROFITSYS.SK.CA

2 INFRASTRUCTURE DATA SOLUTIONS (IDS)

provide intelligent decision analytics and optimization solutions to the global infrastructure market across multiple sectors, including cities, transportation, utilities and energy.

Based on 30+ years of R&D expertise, their award-winning Asset Optimizer™ cloud-based AI-powered software helps public and private organizations effectively manage, operate and plan critical infrastructure asset portfolios.

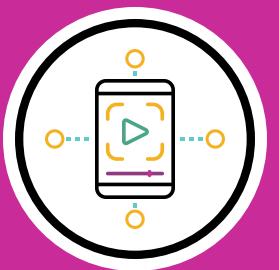
WWW.IDS.CONULTING

3 LUXSONIC

develops virtual reality applications used by some of the most innovative Canadian healthcare institutions. Their VR software products improve medical education, training, and healthcare delivery while reducing operational costs. SieVRt, Canada's first virtual reality medical imaging system allows physicians to interact with complex medical imaging data in an intuitive and distraction-free virtual environment.

Luxsonic is headquartered in Saskatoon, Saskatchewan and has a satellite office in Toronto, Ontario. In early 2019, Luxsonic's training solutions were acknowledged internationally as a top 10 "best disruptive solution" at the 4 Years From Now (4YFN) conference in Barcelona, Spain.

WWW.LUXSONIC.CA



INFORMATION AND COMMUNICATIONS TECHNOLOGY

Companies that specialize in devices, networking components, applications and systems that allow people to interact in the digital world.



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, 2019. 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, 2019;
- 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, 2019 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 (the "Crown Corporation"), which comprise the statement of financial position as at March 31, 2019, and the statements of income and other comprehensive income, changes in equity, 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 the Crown Corporation as at March 31, 2019, 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 the Crown Corporation 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.

OTHER MATTER

The financial statements of the Organization for the year ended March 31, 2018 were audited by Virtus Group LLP of Regina, SK, Canada. Virtus Group LLP expressed an unmodified opinion on those statements on May 25, 2018.

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 the Crown Corporation'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 the Crown Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Crown Corporation'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 the Crown Corporation'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 the Crown Corporation'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 the Crown Corporation 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 the Crown Corporation 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 24, 2019
Regina, Saskatchewan

FINANCIAL REPORT



CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

(in thousands \$)

	Note	Year ended March 31, 2019	Year ended March 31, 2018
Revenue			
Rental		\$ 39,596	\$ 39,024
Other		1,489	2,312
		41,085	41,336
Expenses			
Administration		3,978	3,970
Rental operations		31,987	30,188
Impairment / (recovery) of financial assets		(64)	68
	16	35,901	34,226
Results before the following		5,184	7,110
Finance income	4	362	246
Finance expenses	4	(2,079)	(1,742)
Net finance expense		(1,717)	(1,496)
Net income		3,467	5,614
Other comprehensive income			
Items that are or may be reclassified to net income			
Debt retirement fund - market value adjustment		97	17
Total other comprehensive income		97	17
Total comprehensive income		\$ 3,564	\$ 5,631

(see accompanying notes)

On behalf of the Board,



MARK REGIER
Board Chair



STEPHANIE YONG
Chair, Audit and Finance Committee

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands \$)

	Note	As at March 31, 2019	As at March 31, 2018
Assets			
Current			
Cash and cash equivalents	5	\$ 12,185	\$ 16,932
Trade and other receivables	6	1,442	999
Inventory		106	107
Prepaid expenses		341	345
		14,074	18,383
Trade and other receivables	6	—	147
Property, plant and equipment	7	2,698	1,469
Investment property	8	174,023	174,637
Debt retirement fund	9	4,201	3,640
Other assets	10	828	758
		\$ 195,824	\$ 199,034
Liabilities and Province's Equity			
Current			
Trade and other payables	11	\$ 3,957	\$ 7,266
Dividends payable		1,119	1,291
Notes payable	12	20,700	21,000
Deferred revenue		1,300	953
		27,076	30,510
Finance lease obligation	13	1,247	117
Long-term debt	14	36,684	36,684
		65,007	67,311
Province of Saskatchewan's Equity			
Retained earnings		34,266	33,918
Accumulated other comprehensive income / (loss)		51	(45)
Equity advances	15	96,500	97,850
		130,817	131,723
		\$ 195,824	\$ 199,034

(see accompanying notes)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands \$)

	Note	Equity advances	Accumulated other comprehensive loss	Retained earnings	Total equity
Balance at March 31, 2017		\$ 106,687	\$ —	\$ 31,334	\$ 138,021
Impact of adoption of IFRS 9		—	(62)	62	—
As restated April 1, 2017		106,687	(62)	31,396	138,021
Net income		—	—	5,614	5,614
Other comprehensive income		—	17	—	17
Dividends		—	—	(3,092)	(3,092)
Equity repayment	15	(8,837)	—	—	(8,837)
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

(see accompanying notes)

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)

	Note	Year ended March 31, 2019	Year ended March 31, 2018
Operating Activities			
Net income		\$ 3,467	\$ 5,614
Non-cash adjustments:			
Amortization of property, plant and equipment	7	378	387
Amortization of investment property	8	8,918	7,737
Gain on disposal of property, plant and equipment		–	(1)
Gain on disposal of investment property		–	(2,178)
Finance income	4	(362)	(246)
Finance expense	4	2,079	1,742
		14,480	13,055
Working capital adjustments:			
Trade and other receivables		(443)	646
Inventory		1	8
Prepaid expenses		4	(30)
Trade and other payables, excluding interest		(3,558)	929
Deferred revenue		347	191
Cash provided by operating activities		10,831	14,799
Investing Activities			
Purchase of property, plant and equipment	7	(89)	(300)
Purchase of investment property	8	(8,318)	(18,533)
Disposal of investment property		–	7,822
Disposal of property, plant and equipment		6	1
Payments on long-term receivable		147	70
Interest received		260	159
Change in other assets		(70)	(136)
Cash used in investing activities		(8,064)	(10,917)
Financing Activities			
Debt retirement fund installments	9	(367)	(367)
Proceeds / (repayments) notes payable	12, 23	(300)	15,000
Finance lease obligation paid	13	(127)	(48)
Interest paid		(2,079)	(1,742)
Dividends paid		(3,291)	(1,801)
Equity repayment	15	(1,350)	(8,838)
Cash provided by / (used in) financing activities		(7,514)	2,204
Net change in cash and cash equivalents			
Cash and cash equivalents, beginning of year		(4,747)	6,086
Cash and cash equivalents, end of year		\$ 12,185	\$ 16,932

(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 24, 2019.

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 on-going 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) Application of revised accounting standards

IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*. The new standard establishes principles to record revenues from contracts for the sale of goods or services, unless the contracts are in the scope of other IFRS standards. Under IFRS 15, revenue is recognized at an amount that reflects the expected consideration receivable in exchange for transferring goods or services to a customer, applying a new five step model.

The new standard also provides guidance relating to contract costs and for the measurement and recognition of gains and losses on the sale of certain nonfinancial assets such as property and equipment. Additional disclosures will also be required under the new standard. The Corporation adopted IFRS 15 April 1, 2018 retrospectively with the cumulative effect of prior year impacts recorded in opening retained earnings. The adoption of this standard did not have a material impact on the Corporation as the majority of its revenues are covered under the standard IAS 17, *Leases*. When IFRS 16, *Leases* is adopted in fiscal 2019/20, portions of IFRS 15 will be adopted as they apply to lease transactions

f) New standards and interpretations not yet adopted

A number of new standards, amendments to standards, and interpretations are not yet effective for the fiscal period ended March 31, 2019. The following have not been applied in preparing these consolidated financial statements:

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 is effective for the Corporation's annual period beginning on April 1, 2019. The Corporation elected to not early adopt this standard and to use all short cuts allowed by the standard upon implementation. The Corporation has assessed its current operating leases where it is the lessee, and has determined that the impact of adopting this standard will be material to the consolidated statement of financial position by increase property, plant and equipment; trade and other payables; and finance lease obligation.

3 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

These consolidated financial statements include the accounts of the Corporation and 212822 Saskatchewan Ltd. (operating as Boffins) with all significant inter-company transactions and balances, revenues and expenses being eliminated. Boffins provides food and event services at the technology park in Saskatoon. 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

Leases, where the Corporation is the lessee, are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Corporation. All other leases are classified as operating leases.

Assets held under a finance lease are recognized as property, plant and equipment and are measured at their fair value at the inception of the lease, or if lower, the present value of the minimum lease payments. The corresponding liability is recorded as a finance lease obligation.

Lease payments are allocated between interest expense and a reduction to the finance lease obligation to achieve a constant rate on the remaining balance of the liability over the term of the lease. The interest component is included in finance expense.

Operating lease payments are recognized as an expense based on the lease payment over the lease term.

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.

I) 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:

	2019	2018
Interest earned on bank balances	\$ 249	\$ 159
Interest income on trade and other receivables	16	12
Interest earned on debt retirement fund	97	75
	\$ 362	\$ 246

Finance expense consists of the following:

Note	2019	2018
Interest on long-term debt	\$ 1,739	\$ 1,739
Interest on notes payable	337	127
Interest capitalized to Investment Property	—	(127)
Interest on finance lease obligation	3	3
	\$ 2,079	\$ 1,742

5 CASH AND CASH EQUIVALENTS

	As at March 31, 2019	As at March 31, 2018
Cash in bank and on hand	\$ 12,185	\$ 16,932

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, 2019	As at March 31, 2018
Trade receivables, net of allowance	\$ 470	\$ 495
Accrued receivables	915	481
Work in progress	49	19
Other	8	151
	\$ 1,442	\$ 1,146
Current	\$ 1,442	\$ 999
Non-current	—	147
	\$ 1,442	\$ 1,146

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, 2017	\$ 1,943	\$ 4,225	\$ 230	\$ 6,398
Additions	119	181	—	300
Transfer to Investment Property	—	(23)	—	(23)
Disposals	—	(3)	—	(3)
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
Accumulated amortization and impairment losses				
Balance at March 31, 2017	1,785	3,016	27	4,828
Amortization	38	304	45	387
Transfer to Investment Property	—	(10)	—	(10)
Disposals	—	(2)	—	(2)
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
Carrying Amounts				
Balance at March 31, 2018	\$ 239	\$ 1,072	\$ 158	\$ 1,469
Balance at March 31, 2019	\$ 204	\$ 880	\$ 1,614	\$ 2,698

8 INVESTMENT PROPERTY

	Buildings	Land and Infrastructure	Leasehold Improvements	Construction in Progress	Total
Cost					
Balance at March 31, 2017	\$ 180,220	\$ 62,634	\$ 13,546	\$ 9,158	\$ 265,558
Additions*	3,109	141	447	14,857	18,554
Disposals	(46)	—	—	—	(46)
Transfer from Property, Plant and Equipment	23	—	—	—	23
Balance at March 31, 2018	183,306	62,775	13,993	24,015	284,089
Additions*	6,409	1,201	21,942	(21,235)	8,318
Balance at March 31, 2019	189,715	63,976	35,935	2,780	292,407
Accumulated amortization and impairment losses					
Balance at March 31, 2017	69,516	21,415	10,064	691	101,686
Amortization	5,029	1,705	1,003	21	7,758
Disposals	(2)	—	—	—	(2)
Transfer from Property, Plant and Equipment	10	—	—	—	10
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
Carrying Amounts					
Balance at March 31, 2018	\$ 108,753	\$ 39,655	\$ 2,926	\$ 23,303	\$ 174,637
Balance at March 31, 2019	\$ 109,956	\$ 39,132	\$ 22,880	\$ 2,055	\$ 174,023

* Construction in progress includes \$nil of interest (2018 – \$127; note 4)

The estimated market value of investment property at March 31, 2019 is \$280,700 (2018 – \$282,900). 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% (2018 – 7.00% – 10.00%) applied based on property type and market characteristics. This resulted in an overall weighted average capitalization rate of 7.2% (2018 – 7.4%) 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, 2017	\$ 3,181
Installments	367
Earnings	75
Valuation adjustment	17
Balance at March 31, 2018	\$ 3,640
Installments	367
Earnings	97
Valuation adjustment	97
Balance at March 31, 2019	\$ 4,201

Under conditions attached to the long-term debt issues, the Corporation is required to invest an amount equal to one percent 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:

2019/20	\$ 367
2020/21	367
2021/22	367
2022/23	367
2023/24	367

10 OTHER ASSETS

	As at March 31, 2019	As at March 31, 2018
Deferred rent receivable	\$ 694	\$ 601
Leasing costs	134	157
	\$ 828	\$ 758

11 TRADE AND OTHER PAYABLES

	As at March 31, 2019	As at March 31, 2018
Trade payables	\$ 656	\$ 1,196
Interest payable	507	507
Accrued liabilities and other	2,421	5,515
Current portion finance lease obligation	373	48
	\$ 3,957	\$ 7,266

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 1.70% (2017/18 – 1.20%).

13 LEASES

As Lessee

The Corporation has both operating and finance leases. Operating leases are for office equipment and vehicles with lease terms expiring from 2019 to 2021. Average monthly payments of \$5 (2017/18 – \$13) are recorded as expenses in the consolidated statement of income and comprehensive income.

Future minimum lease payments for operating leases at March 31, 2019 are:

	Within one year	After one year to five years	More than five years
Future minimum lease payments	\$ 61	\$ 22	\$ —

The finance leases are for corporate computers and network infrastructure which have lease terms expiring from 2021 to 2024. Monthly payments of \$30 (2017/18 – \$4) are allocated between interest expense and amortization of property, plant and equipment. In 2021, upon expiry of the lease, the Corporation will acquire the equipment for the sum of one dollar.

	As at March 31, 2019
Total future minimum lease payments	\$ 1,628
Less: future finance charges on finance lease	(8)
Present value of finance lease obligation	1,620
Less: current portion of finance lease obligation	(373)
Finance lease obligation	\$ 1,247

At March 31, 2019, scheduled future minimum lease payments for the finance lease and the present value of the finance lease obligation are:

	Within one year	After one year to five years	More than five years
Future minimum lease payments	\$ 376	\$ 1,252	\$ —
Present value of finance lease obligation	\$ 373	\$ 1,247	\$ —

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, 2019 are:

	Within one year	After one year to five years	More than five years
Future minimum lease payments	\$ 16,610	\$ 31,028	\$ 23,839

14 LONG-TERM DEBT

	As at March 31, 2019	As at March 31, 2018
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 \$1,350 (2017/18 – \$8,837) equity repayment was paid to CIC during the fiscal year.

16 OPERATING AND ADMINISTRATION EXPENSES

Total operating and administration expenses is as follows:

	2019	2018
Employee salaries and benefits	\$ 9,736	\$ 9,449
Amortization	9,254	8,124
Utilities	5,300	5,069
Grants in lieu of property taxes	4,249	4,125
Inventory consumed in the provision of services	606	582
Other	6,756	6,877
	\$ 35,901	\$ 34,226

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 (2017/18 – \$170 million) of debt outstanding at any time. In addition, by Order-in-Council, the Corporation may only have \$50 million (2017/18 – \$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, 2019	As at March 31, 2018
Long-term debt	\$ 36,684	\$ 36,684
Notes payable	20,700	21,000
Cash available to repay debt*	(13,386)	(17,572)
Total net debt	\$ 43,998	\$ 40,112
Retained earnings	\$ 34,266	\$ 33,918
Accumulated other comprehensive income / (loss)	51	(45)
Equity advances	96,500	97,850
Total equity	\$ 130,817	\$ 131,723
Debt ratio	25.17%	23.34%

* 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, 2019.

18 COMMITMENTS

The Corporation has several capital projects under construction. The estimated cost to complete projects under construction is approximately \$869.

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 \$509 (2018/19 – \$504) into this plan.

20 FINANCIAL INSTRUMENTS

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

Classification	March 31, 2019		March 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	FVTPL	\$ 12,185	\$ 12,185	\$ 16,932
Trade and other receivables	AC	1,442	1,442	1,146
Debt retirement fund	FVOCI	4,201	4,201	3,640
Financial liabilities				
Trade and other payables	OL	\$ (3,957)	\$ (3,957)	\$ (7,266)
Notes payable	OL	(20,700)	(20,700)	(21,000)
Dividends payable	OL	(1,119)	(1,119)	(1,291)
Finance lease obligation	OL	(1,247)	(1,279)	(117)
Long-term debt	OL	(36,684)	(47,546)	(36,684)

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.

Finance lease obligation and long-term debt is 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, 2019	As at March 31, 2018
Current	\$ 1,288	\$ 750
31– 60 days	124	99
61 – 90 days	12	72
Over 90 days	705	988
	2,129	1,909
Allowance	(687)	(763)
Trade and other receivables	\$ 1,442	\$ 1,146

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, 2019	As at March 31, 2018
Allowance for doubtful accounts, beginning of year	\$ 763	\$ 744
Provision	—	68
Write-offs, net of recoveries	(76)	(49)
Allowance for doubtful accounts, end of year	\$ 687	\$ 763

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, 2019, 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 \$20,700 of outstanding short-term debt instruments at March 31, 2019 (2018 – \$21,000).

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, 2019:

	6 Months or Less	7 to 12 Months	1 to 2 Years	3 to 5 Years	More than 5 Years
Trade and other payables	\$ 2,584	\$ —	\$ —	\$ —	\$ —
Notes payable	20,700	—	—	—	—
Dividends payable	1,119	—	—	—	—
Finance lease obligation	187	186	715	532	—
Long-term debt*	870	870	1,740	5,219	63,154
	\$ 25,460	\$ 1,056	\$ 2,455	\$ 5,751	\$ 63,154

* 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, 2019 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, 2019 was \$17,604 (2018 – \$14,086).

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 was:

	March 31, 2019	March 31, 2018
Salaries, wages and short-term employee benefits	\$ 1,600	\$ 1,598
Post-employment benefits	85	82
	\$ 1,685	\$ 1,680

23 ADDITIONAL FINANCIAL INFORMATION

Changes in liabilities arising from financing activities:

	Long-term debt	Notes payable	Finance lease obligation	Retained earnings	Total
Balance at March 31, 2018	\$ 36,684	\$ 21,000	\$ 117	\$ 33,918	\$ 91,719
Changes from financing cash flows:					
Repayment of borrowings	—	(300)	—	—	(300)
Additions to lease obligation	—	—	1,257	—	1,257
Repayment of lease obligation	—	—	(127)	—	(127)
Total changes from financing cash flows	—	(300)	1,130	—	830
Total equity related other changes	—	—	—	348	348
Balance at March 31, 2019	\$ 36,684	\$ 20,700	\$ 1,247	\$ 34,266	\$ 92,897





HELPING GROW SASKATCHEWAN'S TECH SECTOR

CORPORATE OFFICE

Innovation Place
114 – 15 Innovation Boulevard
Saskatoon, Saskatchewan
S7N 2X8

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CONTACT US

306.933.6295
saskatoon@innovationplace.com

