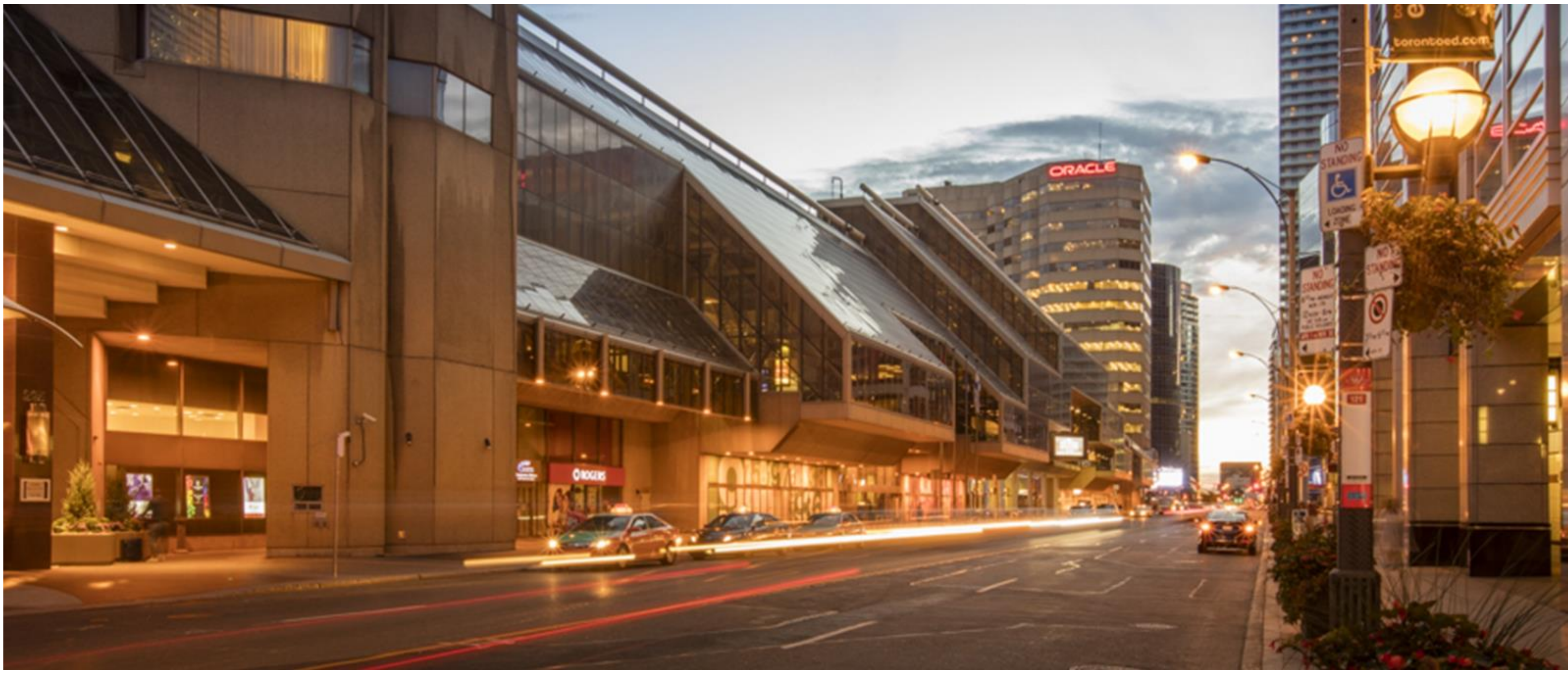

Business Plan
2017 – 2020

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Executive Summary

The Metro Toronto Convention Centre (MTCC) continued to produce strong financial results in 2016/2017 – its best year ever – and forecasts for economic conditions in the years ahead remain encouraging. Canadian GDP is expected to grow at a faster pace in 2017 – 2.0 percent, compared with 1.3 percent in 2016 – while US GDP growth is forecast to rise to between 2.2 and 2.4 percent from this year's 1.6 percent pace. Solid economic performance in the convention centre's two major markets is closely tied to increased activity in the meetings and convention business, so we believe this augurs well for MTCC's business plan.

Still, the North American convention market is extremely competitive and constantly evolving, and success in this market depends on adapting to shifts in market trends, the emergence of new alternatives to our traditional business, and the impact of new technologies. In the pages that follow, we identify the challenges that we anticipate, and the steps we are taking to remain competitive in a crowded marketplace.

Our starting point

We end the 2016/17 fiscal year in a strong position with gross revenue of $64.2 million forecasted. We expect the strong performance to persist into 2018, and have budgeted to generate gross revenues of $68.3 million for the upcoming year, with moderate increases in the two years following.

The MTCC has been enjoying a period of growth in the number of events it hosts each year, which leads to robust corporate revenues. This success, coupled with effective management of corporate expenditures, translates into positive bottom line results. This, in turn, has enabled the Corporation to continue to invest in the modification of its facility, to provide a payment to its shareholder, the Government of Ontario, and to generate a positive economic benefit to the City of Toronto of $400 million to $500 million each year, creating approximately 5,200 jobs annually and generating annual taxes of approximately $150 million.

We expect to end this fiscal year having hosted about 545 events at the convention centre, including 37 conventions, of which 11 were major conventions, attracting more than 2,000 delegates each. We are also ending the year with a strong booking calendar. We already have 43 conventions booked for 2017/18, of which 16 will be major conventions – the kind that tend to yield the highest revenues and produce the greatest economic impact for Toronto's hospitality sector. This is more major conventions than we have hosted in any year of the past ten and a cause for optimism for next year's financial results.

We also remain pleased about the mix of major convention business, the majority of it being booked by groups from outside of Canada. Six of next year's major conventions will originate in the US, while three others are from overseas, including the SWIFT Sibos conference scheduled for October, which is returning to the MTCC after only six years and is expected to attract more than 8,000 delegates and generate more than $4 million in revenue.

Staying competitive

As promising as our starting point is, it will require careful management and timely investment to continue to deliver a strong performance. The business plan identifies several potential developments that may challenge the convention centre's competitiveness, as well as the steps that we will be taking to meet those challenges. In particular, to remain competitive, MTCC needs to invest in its physical space and in its technology, and it needs to work closely with its partners to ensure that the total convention experience remains cost competitive and represents good value.

The most significant step we are taking to remain competitive will be the modifications we will make to the 20-year-old South Building to create a more welcoming, brighter, and contemporary facility. With an approved capital budget of $23 million, the two year project will create more meeting rooms and client flex space, refurbish existing space in keeping with improvements to the fit and finish already introduced to the North Building, and enhance digital signage. New cargo elevators will also be installed and additional storage space made available. The work will necessitate closing the South Building for the month of April and for shorter periods at several points over the course of construction.

Another significant investment in competitiveness is the work we are undertaking throughout the convention centre to increase the scope and capacity of the technology that drives our business. MTCC's Event Technology Strategy focuses on three areas: the digital network infrastructure used by our customers to meet their event requirements, the digital signs located throughout the facility that enhance the event and facility experience, and the new technologies that are emerging in the market that will add value to the event experience. We are expanding the capacity of our Internet connectivity ten-fold, installing more and bigger LCD screens and video walls, and exploring developments ranging from beacon technology to Augmented Reality/Virtual Reality to give our customers new tools to improve their meeting experience.

We also expect the improvements we have made to the John Bassett Theatre will make it much more flexible and more consistently in demand by our customers.

Our competitiveness, of course, always hinges on improving the customer experience. Bringing together convention centre staff from across departments to create Process Advancement Teams, we will focus on four areas, among others, that are critical to the customer experience: Client Meeting & Site Inspections, Transitional Meetings, Understanding the Operating Guidelines and Using Technology to Share Information.

Working with our Partners

All business plans include elements of risk: the assumptions we make may not materialize, or unforeseen developments may intervene. MTCC's business plan acknowledges that there are several areas of uncertainty about our business environment that we will have to address over the coming years.

One concern is the potential plans of our landlord to develop the land we lease for the convention centre. Oxford Properties Group Inc. continues to explore these proposals with the Government of Ontario, and we at MTCC will continue to take a keen interest in what they are proposing, because it could have a significant impact on how we operate as a convention centre, and whether the convention experience we deliver continues to be what our customers want.

Another involves our relationship with our hotel partners who provide the accommodation for the out-of-town visitors who participate as delegates in our conventions. Hotels in close proximity to the convention centre have already reduced the number of rooms they are willing to make available, on a confirmed basis, for future convention business. Without hotel room availability assured at pre-established prices, Toronto is put at a competitive disadvantage with destinations that offer more competitive packages. This is a destination issue that will require support from Tourism Toronto and the hospitality community to work towards a common solution.

Similarly, there are other developments involving our partners that could have an impact on Toronto's competitiveness as a convention destination, including the City of Toronto's proposed hotel tax and how the hotel tax, in particular, might affect the survival of the Destination Marketing Program (which is used to market our city to major convention organizers).

And while the economic forecasts for North America seem promising, there are many unknowns, including the potential policy decisions and any new tariffs the incoming US president could impose that might have an impact on our industry or our customers' plans.

We remain confident, however, that we can deal effectively with any such developments because we know we can rely on the professionalism of the women and men at the Metropolitan Toronto Convention Centre. Their management skills and experience have served us well in good times as well as challenging times.

In the end, it is our commitment to the customer – doing what is right for them, to help them create successful events – that will lead to continued success.

Mandate

The Corporation is governed by the Metropolitan Toronto Convention Centre Corporation Act and is 100 percent owned by the Province of Ontario. The Corporation is an Operational Enterprise Agency with a mandate, as provided in the Act, to operate, maintain and manage an international class convention centre facility in the City of Toronto in a manner that will promote and develop tourism and industry in Ontario.

In 1984, when the Metro Toronto Convention Centre (MTCC) first opened, the Corporation's Board of Directors established goals consistent with the policy objectives set out by the Government of Ontario, which are also part of the MTCC Act. These goals are:

- To position the MTCC as a world-class convention centre
- To attract incremental visitors to Canada, Ontario and Toronto
- To provide an Ontario cultural showcase for conventions, tradeshows, public shows and meetings
- To operate long-term on a profitable basis.

The goals are consistent with the Ministry's own goal of generating a positive economic impact through increased visiting to Ontario. They are intended to guide MTCC management in strategic and operational planning, and have formed the basis for this plan, which is reflected in the Memorandum of Understanding between the MTCC and the Province of Ontario.

Vision and Values

In addition to MTCC's corporate mandate, members of the organization have developed a vision and set of values to guide us in our planning and day-to-day operations. These vision and values underscore that we are a customer-driven organization.

The Business Innovation Committee, which consists of MTCC executives and management staff, developed the organization's vision statement, which reflects the MTCC's culture, values, and philosophy.

The Corporation has established strategies to ensure that services are provided in accordance with the Ministers' mandate letter to the MTCC. We will continue to focus our resources on securing large conventions and association business based outside of Canada to improve our occupancy and positively impact the economic benefit to the City of Toronto.

Our sales strategy is essential to our success and includes fostering a strong working relationship with Tourism Toronto and our downtown hotel partners.

We will continue to fine tune our Leaders Circle program to identify and engage business leaders and professionals in our community that can help us to maximize our opportunities to win International congress business.

A series of steps have been taken to monitor and participate in Oxford's potential re-development plan. We are also in close communication with Ministry representatives and Infrastructure Ontario to ensure that all pertinent facts regarding Oxford's plans are shared with all concerned. A special committee within the Board of Directors has been established to assist management with evolving issues and facts that are presented to management.

The Corporation continues to achieve the highest levels of accountability by complying with corporate governance guidelines and Management Board of Cabinet directions, effectively managing the financial resources of the Corporation, maintaining strong internal controls and identifying and strategically mitigating corporate risks.

The Corporation generates sufficient cash flow to meet its operational obligations, finance capital improvements and uphold its commitment to the shareholder by way of a distribution payment.

We help our customers create successful events

Our Values:

Friendly	We will service every customer and staff with a smile and a positive attitude.
Responsive	We will demonstrate a “see and do” attitude by taking the initiative to handle any task in a timely and efficient manner.
Fair	We will treat others as we wish to be treated. We will say what we do and do what we say.
Proud	We will take ownership in our work. Our drive for excellence will be achieved through our contagious enthusiasm.
Dedicated	We will ‘go the extra mile’ to exceed customer expectations and help them achieve a successful event.
Professional	We will understand and be respectful of our customers’ needs and consistently deliver our services at the highest standards.

Environmental Scan and Risk Assessment Strategies

The environmental scan identifies the challenges and outlines the major corporate risk factors that could impact MTCC's operations. These risk factors are monitored with appropriate strategies implemented to mitigate these risks.

RISK CATEGORY: OPERATIONAL	
Risk factor #1: The economy	
Description	The global environment continues to be volatile with topics like "Brexit", "Geopolitical Uncertainty", the "Slowdown in Emerging Markets" and the unknown impact of the Trump presidency on cross border trading tariffs or substantive changes to tax policies. Most Canadian banks agree that these issues will have an effect on the Canadian economy and as a result they have predicted year over year growth of 2.0% in 2017 up from 1.3% in 2016. This outlook has the potential to benefit our Canadian corporate meetings market. The banks are projecting year over year US economic growth between 2.2% and 2.4% in 2017 up from 1.6% in 2016. The positive sentiment is expected to have favourable effects on our US based business. Our booking calendar for the next two years is quite strong.
Related strategic priority	Booking large convention business and Canadian corporate meetings.
Impact and scope	**Medium.** Securing large convention business is essential to increasing our profitability and economic benefit to the city and province. Economic improvements will build commercial and consumer confidence and encourage US clients to hold their events outside their borders. Downside risk to our Canadian business is minimal as a large number of Canadian corporate and association events have already been booked for 2017 and 2018. The effects of a lower Canadian dollar have the greatest impact on our US corporate business and as a result, we have seen a slight increase in the number of US corporate events booked for 2017 and 2018.
Mitigation	We will closely monitor the changes the new US president initiates and will develop appropriate responses in consultation with our industry partners. Should economic conditions change and revenues decline, the MTCC will take steps to implement cost cutting measures to ensure corporate expenses are managed within the revenues being generated.

Risk factor #2: Impact of Oxford's development plans on the MTCC	
Description	Our landlord Oxford Properties Group Inc. (OPGI) continues to present plans to re-develop the MTCC site in conjunction with the lands they own to the west of the complex between John Street and Blue Jays way. In total, it is a 12 acre site. Any new construction must meet the elevated standard of new convention design and ensure the space configuration is optimal, the level of fit and finish is more upscale and the functionality is competitive with the other new centres being built. The cost of such a facility would be significant and questions would need to be addressed regarding how this re-development would be funded and if there would be a sufficient return on investment for the Province.
Related strategic priority	Ensure that our longer term convention centre operational needs and client requirements are realized in any re-development option proposed by OPGI.
Impact and scope	**High.** The impact to our success and potential growth would be jeopardized with a poorly designed or smaller convention facility that did not meet the needs of our clients; any new designs need to clearly make our offering competitive when compared with other new and competing venues.
Mitigation	We are in close communication with our Ministry representatives and Infrastructure Ontario to ensure all pertinent facts are available to everyone. Our Architects are being consulted and they continue to be involved in the evaluation of proposals. A special committee of the Board of Directors has been established to assist management with evolving issues and facts that are being presented.

Risk factor #3: Availability of hotel room blocks	
Description	A key component to winning major convention business is having the appropriate “hotel package/block” which offers proximity of the hotel to the convention centre, a variety of price points and the number of rooms (blocks) hotels will commit to each event. Traditionally, blocks of rooms were committed to a particular event at a negotiated rate many years in advance of the event, with the actual booking of the rooms taking place in the months preceding the event. This allowed hotels with fewer room blocks to book business at a higher rate than those that had pre-negotiated rates. Some hotels are now examining the size of room blocks they will make available for events and are questioning if they should be providing room blocks at all in traditionally high demand periods of the year.
Related strategic priority	The lack of appropriately sized room blocks from key convention hotels will impact our ability to both maintain and grow the number and size of major conventions.
Impact and scope	**High.** Without hotel room availability assured at pre-established prices, Toronto is put at a competitive disadvantage with destinations that offer more competitive packages. Smaller committed room blocks mean more hotels will be needed and therefore more hotel negotiations required. This will also result in delegates being housed further away from the convention centre resulting in higher transportation costs from hotels to the convention centre. Attendance at events will be negatively impacted if rooms are not available or priced at market rates that are higher than traditionally paid/budgeted for.
Mitigation	This is a destination issue that will require support from Tourism Toronto and the Greater Toronto Hotel Association (hospitality community) in order to establish a common solution. It will be important to document the facts in terms of the impact a shift in room block size/availability on our business and on the “bidding process”. It will also be important to document the decisions made so we can track the consequential impact of those business decisions over the longer term and be available to craft potential remedies. Alternative types of business will have to be targeted to fill the available space. These alternatives will negatively affect our economic impact potential and knowledge transfer benefits achieved compared to hosting events of international stature. Essentially, we would have to depend on more local business which will have less economic benefit.

Risk factor #4: New Hotel Tax	
Description	The City of Toronto is proposing to implement new revenue tools to help solve their budget issues. There are very few details at this stage. The proposal is to have a new tax applied to all hotels and accommodations, including short term rentals on websites such as Airbnb. In addition to HST 13%, there is already a 3% voluntary Destination Marketing Program (DMP) fee. The proceeds from the DMP are a major source of funding for Tourism Toronto ($23M in 2016). Tourism Toronto plays a pivotal role in attracting convention business to the city. The proposed new tax could replace the DMP and could materially reduce the funding that Tourism Toronto receives thereby impacting their ability to successfully sell and market our destination. Alternately, the new tax would be large enough to continue to provide funding at current levels to Tourism Toronto plus generate an equivalent amount for the city. The worst case scenario would be that Tourism Toronto could lose its funding entirely and no longer be able to dedicate resources needed to help win and service large conventions. If this were to occur we would need to significantly increase our sales staff and client services team. The total cost of these changes is estimated at $3M. While we have the resources to do this, it would directly impact our bottom line and reduce our distribution payment to the province by an amount equal to the new funding obligation.
Related strategic priority	Booking large convention business.
Impact and scope	**High.** A new tax could dramatically impact Tourism Toronto's current funding. If Tourism Toronto no longer had the financial resources to sell and market to city wide conventions, others would have to take on this responsibility. Management has estimated that the annual expenditure required to take over this responsibility for MTCC business is $3M per year. This can be absorbed by our annual operating surplus but the distribution payment to the Province would be reduced by a like amount.
Mitigation	We would increase our marketing budget to offset the decrease in funding to Tourism Toronto.

Risk factor #5: Renewal and sustainability of Convention Development Fund (CDF)	
Description	The Convention Development Fund (CDF) supports major non-domestic conventions held at the MTCC. This tool is essential in off-setting the MTCC facility rental charges and other conference-related expenses. The value of the per room night contribution has remained static for a number of years. While the process is imperfect, the CDF continues to provide sufficient resources to help attract major conventions which bring significant economic value to this marketplace. The agreement is automatically renewed annually unless a specific hotel opts out of the program.
Related strategic priority	Continue contributions to the Convention Development Fund from all major contributors.
Impact and scope	**High.** The major convention market is very competitive. Without sufficient funding, Toronto, as a destination, will not be competitive and MTCC would be at risk of losing revenue and generating less economic impact.
Mitigation	All industry partners that benefit from this funding model need to continue their support for this program and we do not anticipate any major changes.

Risk factor #6: Renovation and expansion of convention/trade facilities	
Description	The convention centre expansion cycle in Canada and the US has slowed, resulting in a slowdown of the over-supply of convention space. However, renovation and modernization of existing facilities continue to take priority. Therefore, there has been no change in pre-existing buyers market.
Related strategic priority	Focus our efforts on large convention/congress business.
Impact and scope	**Medium.** Increased supply of convention centre space often results in a shift in existing business or a change in rotation patterns of national business. We will not be immune to these changes. With increased supply also comes an elevated service and value expectation.
Mitigation	Our focus is on maintaining our existing client base while securing more business, specifically large conventions. We use a research-based targeted approach to identify and grow our US and international congress business. We look for opportunities to work with successful event producers to create new business models that share risk and, in some cases, create non-traditional joint venture programs. This diversified sales strategy reduces our risk if any one business sector performs poorly. We will continue to focus on improving our service delivery and customer service to reinforce the high standards that have been created for each department.

Risk Factor #7: Emergency preparedness	
Description	The MTCC hosts hundreds of events each year with millions of guests in attendance. Therefore, it is vitally important that we provide our clients with a facility that is safe and secure. Although the likelihood of a major emergency is relatively low, management must prepare for emergencies and also remain cognoscente of the acts of terrorism. Accordingly, a plan to be able to resume business as quickly and efficiently as possible in the event of a major emergency is prudent.
Related strategic priority	Safety of attendees and MTCC staff.
Impact and scope	**Medium to high.** The impact would correspond with the level of disaster.
Mitigation	Our emergency preparedness plan directs the Disaster Management Team to meet in one of two pre-designated locations where it would assess the scope of the problem. Plans and actions would then correspond accordingly. In 2015, management upgraded a current version of our emergency preparedness software, and revised floor layouts, equipment information and photos of crucial areas to reflect the North Building's modernization. In addition, MTCC and Enwave Energy (our tenant in the South building) Fire Safety Plans were added to emergency preparedness software in 2016. In 2016, management modernized/upgraded the buildings access control, CCTV and security network systems. These new systems and cameras will provide greater coverage with better image clarity.

RISK CATEGORY: ACCOUNTABILITY AND GOVERNANCE	
Risk factor #1: Broader Public Sector Executive Compensation Act (BPSECA), 2014	
Description	The Broader Public Sector Executive Compensation Act, was created to better manage executive compensation in the broader public sector by establishing compensation frameworks applicable to designated employers and designated executives. The Framework sets out requirements that all designated employers must follow for establishing and posting executive compensation programs. It also caps salary and performance-related payments for designated executives.
Related strategic priority	Compliancy with legislation and Human Capital
Impact and scope	**Unknown.** The framework requires all Broader Public Sector employers to have a written disclosure of their compensation plans for designated executives within the organization. If an Executive's compensation, just prior to the effective date of any compensation framework, is greater than provided for in the framework, the Executive's compensation can continue to remain in effect for a period of three years. Our main concern surrounds retaining, attracting and / or promoting existing talent to the Executive level, especially compared to private sector opportunities relating to the proposed compensation restrictions.
Mitigation	MTCC will conduct wage and benefit research within the Public Sector where appropriate and the Private Sector, specifically, the hospitality and convention sector as required by the framework.

RISK CATEGORY: INFORMATION TECHNOLOGY AND INFRASTRUCTURE	
Risk factor #1: Ability to maintain telecommunications pricing	
Description	Event planners, exhibitors, and event attendees view Internet access, especially wireless, as a service that convention centres should provide at a low cost or complimentary. Event managers further underline the importance of attendee wireless access to the success of their events as they continue to incorporate event-related applications and the use of social media. An increasing number of convention facilities have responded to this pressure by providing some degree of free wireless access. While there is continued pressure on pricing for all Internet access services, there is particular emphasis on providing low cost options for general attendee access. This represents a challenge for all facilities, recognizing the operational and capital investment required to adequately provide these services.
Related strategic priority	Being competitive in the marketplace.
Impact and scope	**Medium.** Telecommunication revenues continue to grow, despite no price increases in any service and a decrease in pricing in some services. However, there is concern about our general ability to be competitive in the market, particularly with smaller events and corporate meetings.
Mitigation	In 2016/17 we revised our pricing model for premium attendee wireless, with the intent of being more attractive to smaller events, such as corporate meetings. Over the remainder of the year we will monitor the client response. We will also be assessing attendee wireless access in exhibit spaces. We will continue to monitor the feedback from our clients and continue to monitor the ways in which other major convention centres charge for their network services, including attendee wireless.
Risk factor #2: Business disruption from digitalization	
Description	Digitalization refers to uses of technology beyond improving business processes, but rather substantially disrupting the existing business models of the MTCC and our customers. Potentially, some events that have been held at convention centres could be conducted over the Internet instead. This has a stronger probability in some types of events than others, but would still have some impact into the number of events held at the MTCC, or the level of attendance at events.
Related strategic priority	Being competitive in the marketplace.
Impact and scope	**Low to high.** Because the impacts can potentially be wide ranging and largely uncertain, they may vary substantially.
Mitigation	We have launched an initiative to promote our digital media assets to provide event promotion, sponsorship, and attendee experience opportunities to event planners. In addition to our existing digital media assets of 70 meeting room signs and 30 general purpose signs, we will be adding 4 large digital display walls.

RISK CATEGORY: HUMAN RESOURCES	
Risk Factor #1: Changing Workplace Review	
Description	The Ontario Government is conducting a review of the changing nature of the workplace, the causes behind those changes, and whether the Labour Relations Act, 1995 (LRA) and the Employment Standards Act, 2000 (ESA) need to be amended to meet the challenges created by the changes.
Related strategic priority	To comply with legislation.
Impact and scope	**Unknown**. An Interim Report has been released with a range of options to amend Ontario's Labour Relations Act, 1995 (LRA) and Employment Standards Act, 2000 (ESA) to better protect workers while supporting business in today's economy. The Interim Report and Guide follow public consultations held in 12 cities across Ontario in 2015. The Interim Report identifies approximately 50 issues and over 225 options of varying size and scope that have the potential to impact the MTCC from a monetary and non-monetary standpoint. At this point we are unclear of the potential impact these proposed changes that are under consideration would have on our operations.
Mitigation	Management will continue to monitor the issue closely.

Risk factor #2: Human capital and aging workforce	
Description	If the MTCC does not continue to successfully retain and attract high performing individuals, we face the ongoing risk that our employees may not be capable of performing the essential duties to meet our ever growing business and operational demands.
Related strategic priority	To remain a recognized leader in our industry by aligning our people practices with our employer brand, “Our People are the Centre”.
Impact and scope	**High.** The education, experience and capabilities of an employee impacts the MTCC financially and operationally. It is necessary for the MTCC to focus on external recruitment to ensure that we are attracting valuable candidates, as well as investing in our internal workforce to ensure they have the skills necessary to support our growing demands. These efforts will ensure that we maintain our position as an industry leader attracting top talent. Managers are challenged to meet business demands when scheduling employees who are unable to perform at their full capacity. This results in over-complement scenarios, which affect daily labour metrics. Return-to-work / progress meetings and ongoing follow-up between multiple internal and external stakeholders on accommodation issues, require time, case management expertise, and training; all of which impact both employees’ and managers' overall productivity.
Mitigation	The MTCC will continue to invest in its employees by providing high quality training identified through the budgetary process, annual performance management discussions, attending industry conferences, and reviewing our customer service satisfaction results. The Joint Health and Safety Committee (JHSC) continues to work with the Operations Department to review various labour-intensive tasks that could be automated, process streamlined, and / or ergonomically improved. We continue to explore new ways to support the overall health of our employees through wellness initiatives, and identify new ways to promote health and wellness such as, community activities and events. We will continue to manage our early safe return-to-work program (ESRTW), our workplace accommodation process, and performance management procedures. We also are working with Operational Managers to ensure we are actively managing medically supported formal accommodations within the workforce and ensuring in-formal accommodations are minimized.

RISK CATEGORY: OTHER RISKS	
Risk factor #1: Marshalling yard	
Description	In 2015, the MTCC renewed the lease for the Cherry Street yard for another five years with the City of Toronto Port Lands Company. This lease will expire on January 31, 2020.
Related strategic priority	Securing a long-term lease or purchase of land to operate our marshalling yard.
Impact and scope	**High.** Securing a longer-term yard for our marshalling needs is vital to our business. The existing lease has three years remaining. Without a permanent or longer-term marshalling yard in close proximity to the MTCC our clients' ability to efficiently and effectively move in/out of their events will be severely impacted.
Mitigation	Management will conduct direct discussions with the Toronto Port Lands Company and the Port Authority to ascertain if suitable lands within the desirable portlands area will come available in order to secure a long-term lease. In addition, management will also revisit the MTCC's original plan to purchase our own land to ensure our marshalling requirements are intact going forward. Management is also investigating how technology can help with efficiently moving events in and out of our facility. One application being explored allows incoming freight to be scheduled in advance and tracked by time and space. This type of technology is currently being used in busy urban centres such as London, England and New York City.

Risk factor #2: Reputation risk (A)	
Description	A dramatic failure in meeting client service expectations could result in significant reputational loss to MTCC.
Related strategic priority	Providing value and removing risk are key elements to being successful in attracting international events; a major service failure would increase risk to planners, seriously impact client confidence and, in turn, corporate sales.
Impact and scope	**Medium.** Failing to meet client expectations in a major way would impact MTCC's reputation and, by extension, Toronto as a destination for large conventions.
Mitigation	Constantly monitor client feedback and continuously improve the event experience our customers have. Also, ensure we have the right people, train them and constantly help them achieve the standards that have been established for their role, each department and the corporation.

Risk factor #2: Reputation risk (B)	
Description	As a crown agency of the Province of Ontario, we are constantly in the public eye, and must be diligent and maintain compliance at all times to ensure an exemplary reputation.
Related strategic priority	Monitor our best practices in all relevant legislated workplace acts, statutes and regulations, including the Ontario Occupational Health and Safety Act, the Accessibility for Ontarians with Disabilities Act, Human Rights Code - Violence and Harassment in the Workplace, the Alcohol and Gaming Commission of Ontario, and other policies within the Public Service of Ontario Act such as the Conflict of Interest and Disclosure of Wrongdoing / Whistleblower policies.
Impact and scope	**Low to medium.** Depending on the nature of the failure. The potential loss of business reputation may be due to any reason outlined above. Our vision is to "Help our Customers Create Successful Events."
Mitigation	We will annually review all relevant policies, procedures and standards to ensure we are up to date and compliant. For the Conflict of Interest Policy, the Vice President, Finance is the COI Officer, and for the Disclosure of Wrongdoing / Whistleblower Policy, matters are reported to the Vice President, Human Resources.

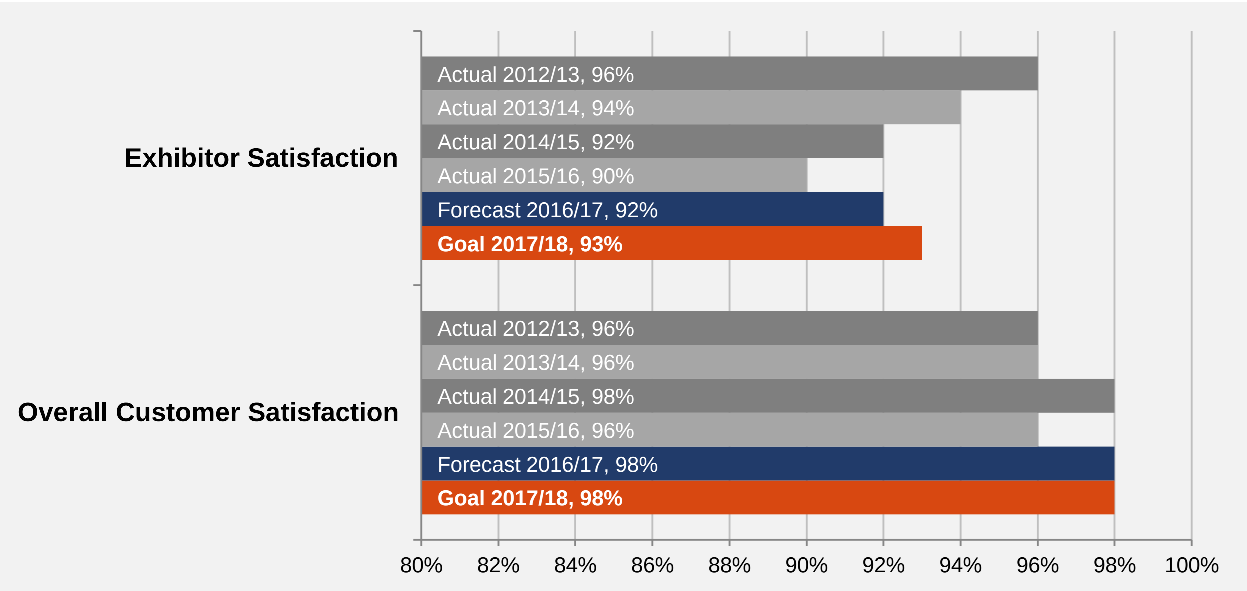
Interior Design Show 2016

Corporate Goals and Strategies

We will focus on the six strategic corporate goals outlined in this section. Management has identified specific strategies to achieve these goals, and has outlined performance measurement tracking procedures. Executives and department managers review financial goals on a monthly basis while all other corporate goals are reviewed on a quarterly basis.

Each executive is held accountable for achieving the corporate goals, and the results are reflected in his or her individual job performance review, conducted annually. In addition, all departments meet with the President and CEO to update him on their accomplishments.

Goal #1: Customer service	
Goal	We will achieve an overall satisfaction rating of 98 percent from our clients on the customer evaluation report, with a response rate of 35 percent. We will achieve an overall satisfaction rating of 93 percent from our exhibitors, with an 18 percent response rate on our exhibitor services evaluation survey.
Strategies	We have established operating standards for each department and we will monitor our results to ensure our standards are achieved. If client service failures occur, we will follow up to improve processes or identify specific training needs individuals may require. Our monthly customer service reports and day-to-day client feedback will be used to identify the areas that require attention.
Performance measures	Our client evaluation survey will be used to track and measure our goals on a monthly basis. Exhibitor evaluations will be reported monthly.



Goal #2: Occupancy	
Goal	In 2017/18 we are projecting occupancy will grow to 56-57% based on the business we currently have on the books and anticipated business pick up in the year. The occupancy for 2016/17 is forecasted to be 52%, consistent with previous year's results and our goal. Occupancy is calculated using a formula consistent with what other Canadian convention centres use. The number of square feet sold is compared to the saleable space available on a daily basis and we do not make any provision for major holidays or down periods between events. Historical averages will be used to calculate occupancy during major closures for modifications to our South Building.
Strategies	Growing our occupancy is directly related to increasing the number of large conventions we host. They are the major space users, along with trade and consumer show business. Maintaining a diversified sales approach to all sizes of business to fill in the areas between bigger events is essential to growing our occupancy numbers.
Performance measures	The space used by each event is calculated and reported monthly.

Event Type:	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16	Forecast 2016/17	Budget 2017/18
Banquets	61	64	71	67	70	65
Conventions	37	46	45	39	37	43
Exams	28	25	17	15	4	5
Job fairs	8	6	8	10	7	5
Meetings	270	321	301	337	320	274
Public shows	37	37	33	33	37	35
Seminars	15	24	14	9	5	10
Special events	26	23	33	22	25	20
Theatre events	21	19	21	13	24	25
Tradeshows	20	20	22	24	16	18
Total	524	585	565	569	545	500
Occupancy	51%	49%	54%	51%	52%	57%

Goal #3: Financial	
Goal	Our goal is to manage the business operations efficiently while sustaining long-term growth. We aim to generate a profit margin consistent with our historical trend. We plan to fund the South Building modification project with cash generated from operations over the next two years. In addition, we will strive to maintain our facility to the highest standard by sustaining capital improvements on an ongoing basis. We will generate the following financial results as indicated in the 2017/18 fiscal budget: • Gross revenue of $68.3 million • Net revenue of $41.7 million • Net operating income of $17.4 million • Sustaining capital budget of $4.9 million including special projects • South Building modification budget of $23.0 million over 2 years • Distribution payment of $4.0 million • Economic benefit of $435 million We will achieve our mandate to generate an economic benefit to the City of Toronto while operating on a profitable basis. We will monitor the trend of financial key performance indicators to ensure the financial results are in line with budget and management's expectations (net revenue, net operating income).
Strategies	Manage in accordance with the financial targets (revenue and expenses). Meet the requirements of the accountability measures established by the Agency Establishment and Accountability Directive (AEAD).
Performance measures	Monitor progress using monthly financial statements and timely completion of key AEAD requirements including the following: • Annual report • Business and Strategic plan • External audit • Financial reporting

Description	Actual 2014/15	Actual 2015/16	Forecast 2016/17	Budget 2017/18	Forecast 2018/19	Forecast 2019/20
Economic Benefit (millions)	**537**	**488**	**400**	**435**	**N/A**	**N/A**
Gross Revenue (millions)	$63.7	$63.2	$64.2	$68.3	$69.6	$70.8
Net revenue Margin %	62.4%	62.1%	60.3%	61.0%	61.1%	61.0%
Net Operating Income (millions)	$17.4	$16.9	$15.8	$17.4	$17.9	$18.1
Net Operating Income %	27.3%	26.7%	24.6%	25.5%	25.7%	25.6%
Capital Expenditure (millions) *Including Modification	$6.9*	$4.9	$12.5*	$18.5*	$6.1*	$4.5
Distribution Payment (millions)	$5.0	$6.5	$7.0	$4.0	$6.5	$8.0

Goal #4: Human resources	
Goal	As the Centre's workforce continues to age, our goal is to provide suitable accommodations while addressing issues of declining productivity and mitigating increased health care and safety claims.
Strategies	The MTCC will continue to invest in its employees by providing high quality training identified through the budgetary process, conducting annual performance management discussions, attending industry conferences, and reviewing our customer service satisfaction results. This will ensure we continue to engage our current workforce and provide them with the skills necessary to provide the highest level of customer service to our clients, as well as grow with the organization by acquiring an enhanced skill set. We will continue to work with the Operations Department to review various labour-intensive tasks that could be automated, process streamlined, and / or ergonomically improved. We continue to explore new ways to support the overall health of our employees through wellness initiatives, and identify new ways to promote health and wellness, such as community activities and events. We also continue to host our bi-annual wellness fair where our goal is to focus on displaying interactive booths with a wide variety of health & wellness providers. In addition, we will manage our workplace accommodation process and performance management procedures to transition employees safely back to work. We will continue to monitor benefit costs and develop cost containment strategies to successfully manage the rising costs.
Performance measures	• Monitor performance to ensure consistency and accountability across the board. • Track our health and safety incidents with the goal of zero lost time accidents and closely monitor our return to work program to ensure timely offers of modified work are being executed. • Identify potential gaps or high risk areas, so we can develop proactive retention plans to mitigate the impact of losing key personnel.

Goal #5: Corporate social responsibility	
Goal	Continue to maintain a 90 percent diversion of waste from landfill in 2017/18. Increase positive community impact by continuing to grow the donation program from an estimated 55,000kg in 2016/17 to 60,000kg in 2017/18, representing a 9 percent increase. Continue investments towards our program of retrofitting lamps and fixtures throughout the facility with LED technology. Reduce our carbon footprint for the 2017/18 fiscal year from estimated 5,164 tons of CO_2 in 2016/17 to 4,887 tons of CO_2 which represents a 5.6 percent reduction. Engage employees in corporate social responsibility initiatives throughout the year.
Strategies	Continue to investigate new opportunities for recycling and reusing materials. Engage and educate employees, clients, and exhibitors to increase participation in the diversion program. Further increase energy saving measures by replacing existing lighting units to LED lamps and investigate new lighting system control technologies. Investigate and invest in energy sub metering and room sensor technologies to help identify and manage areas of the facility that are consuming excess energy. Continue to encourage our clients to reduce the carbon footprint of their events by promoting green renewable Bullfrog Power. Continue to engage clients and exhibitors to contribute to the donation program in order to reuse more items from disposal stream while helping to support local organizations. This program includes both food donation and in-kind donations from events. Organize a variety of both internal and external corporate social responsibility events to benefit the environment, the company, and the community including food drives, charity fundraisers and neighbourhood garden plantings and clean ups.
Performance measures	Conduct monthly site audits of waste and recycling collected throughout the facility to identify all possible recycling streams and ensure an efficient capture rate of recyclable material. Track monthly energy consumption and ensure conservation efforts by engaging and educating employees, clients. Engage in a minimum of six events to benefit the community or the environment and have substantial employee participation from across the company.

Goal #6: Industry leadership and innovation	
Goal	We will maintain our industry leadership position through innovative uses of information technology.
Strategies	Investigate and, as feasible, implement technologies that enhance the experience of show managers, exhibitors, and event attendees. Implement new or enhance existing information systems to provide efficiencies to the MTCC staff.

Performance Measures	• Demands on our data network continue to grow due to the evolving needs of show managers, exhibitors, and event attendees. This requires continual capital investment in all aspects of the network infrastructure. In 2016/17 we upgraded our primary Internet circuit from 1 GB to 10 GB. We also upgraded some of our switches and cabling in high-demand areas to 10 GB. In 2017/18 we will:
	  ○ upgrade the remainder of the network infrastructure components to 10 GB
	  ○ upgrade the remainder of our access points to latest wireless communication protocol (802.11 AC)
	  ○ replace end-of-life network components
	
	• In 2016/17, we installed four digital media walls which, along with our existing digital signs, will provide events with new opportunities for branding, sponsorship, and attendee experience. In 2017/18 we will work directly with event planners to maximize the value of these digital assets for their events. We will continue to investigate technologies that can be used to enhance the event experience, such as:
	  ○ Additional digital walls
	  ○ Use of beacon technology for attendee way-finding and facility information
	  ○ Use of mobile devices and applications to enhance the ability of MTCC staff to deliver customer services
	
	• In 2016/17, the MTCC formed the "Process Advancement Team" to improve those customer processes which directly impact the planning and execution of their events. A number of initiatives were identified, many of which include a significant technology component. While some of these initiatives are in progress, a significant amount of development effort will continue through 2017/18.

South Building Modification

Background

Throughout the past year, Management has been working with our architects TVS designs of Atlanta and our local firm I.A. Architects to formulate concepts and detailed schematic designs to be incorporated into the modification of the 20 year old South Building. The objective is to create a more welcoming, bright, and contemporary facility, similar to the upgrades that were made in the North Building.

Areas of improvements include:

- Providing additional client flex space;
- Creating additional meeting rooms on the 600 level;
- Opening up and providing a greater "visual" connection in the Great Hall area between the 600 and 700 levels;
- Expanding and refurbishing the existing 700 level café;
- Adding two new service elevators to travel from street level (Bremner Blvd) down to the 800 level (stopping at all levels in between);
- Refurbishing meeting rooms on 700 level to include new wooden doors and entrances similar to the North building, with new carpeting and LED lighting to replace existing compact florescent lighting;
- Room 808 (Swing Space) being enhanced where retail food operations occur;
- Creating new storage spaces;
- Improving Bremner Blvd street presence with a larger enhanced sign;
- Technology improvements with large digital boards placed in strategic locations.

An RFP for construction management was issued on April 1st to help our architects and consultants piece together the construction aspect of the modification. Six firms responded and after an in-depth review, the selection committee unanimously selected DASD Contracting.

Following the completion of the initial schematic design drawings, a high level construction estimate was conducted by our cost consultants, Rider Levett Bucknall.

After several internal review meetings to consider the merits of the various options, Management concluded a more defined package of work.

With the scope now further defined, our team moved forward with the detailed design phase, which was completed in late July. A second construction estimate was undertaken by Rider Levett Bucknall along with our food and beverage consultant, William Caruso and Associates. Estimates projected the construction cost at $23 million.

Further in-depth reviews of the detailed design package occurred to consider the work items that will ultimately be sent forward for construction documentation, specifically regarding the examination of materials selection, quantity, and to satisfy that these were "value-based" decisions.

Concurrent with the design and detailed cost estimate work, Management also had a series of meetings with the City in an effort to attain approvals to alter Bremner Boulevard with a vehicle lay-by area for the new service elevators. This project has resulted in discussions with City Parks, Forestry, Transportation, Planning and Toronto Hydro.

Management had instructed our architects to develop a series of high level rendered drawings of the key project concepts. These were presented to the Board and used to hold stakeholder meetings and gauge client reactions.

These latest designs were presented to client focus groups to gauge reaction and confirm that the improvements were positively received in our marketplace. Management presented these final plans and a budget at the Board of Directors meeting on September 7th,2016 and requested approvals to proceed with the project. Our Board granted approval with a budget of $23 million.

Since receiving this Board approval, the design and construction management team has continued to work out final design issues and planning / scheduling / tendering processes for the work to commence in December 2016.

MTCC also received approvals from City of Toronto for the Bremner Blvd lay-by.

This project is subject to a very tight work schedule which comprises of 3 phases.

The planned work and associated costs to occur in each phase are:

Phase 1: December 10, 2016 – January 30, 2017 | Estimated costs: $8 million

- Entrance improvements at Path level;
- Infill slab/double doors at 400 Level;
- New administrative offices;
- LED lighting upgrades pre-function;
- New escalator 700 level;
- Café improvements including new skyfold panel;
- Room 808 (swing space) including new skyfold panel;
- SkyFold panels in rooms 714/716;
- New meeting room wood entries;
- New 40 inch LED displays at meeting rooms entries;
- LED lighting upgrades pre-function space;
- Shaft construction service elevators;
- Washroom upgrades.

Phase 2: March 23, 2017 – May 1, 2017
Estimated costs: $10 million

- Create new offices for official suppliers;
- Install new service elevators;
- Install registration feature walls and wood ceilings;
- LED lighting upgrades meeting rooms;
- Hall F & G new wood entries;
- New feature walls;
- 8 new meeting room entries/exhibit hall entries;
- LED lighting upgrades exhibit halls;
- Washroom upgrades.

Phase 3: December 12, 2017 – January 19, 2018
Estimated costs: $5 million

- New carpet meeting rooms and pre function space;
- Paint meeting rooms and pre function space.

Oxford Redevelopment

As previously identified in the Risks Factor Section of the business plan, our landlord Oxford Properties Group Inc. (OPGI) continues to explore opportunities to re-develop the MTCC as part of a larger Front Street redevelopment. As such, OPGI presented the government with a number of very preliminary scenarios for the redevelopment of the lands located along Front Street running South from Lower Simcoe Street to the rail corridor and west along to Blue Jays Way, including MTCC.

The government engaged Infrastructure Ontario to analyse the MTCC redevelopment component of the scenarios presented by OPGI. MTCC and its consultant evaluated the options presented and shared their conclusions with Infrastructure Ontario.

Conclusions and Strategies

The cost of a facility to meet the future needs of our clients would be significant and questions would need to be addressed about how this re-development would be funded and if there would be a sufficient return on investment for the Province.

The impact to MTCC's success and potential growth would be jeopardized with a poorly designed facility that did not meet the needs of our clients. Any new design needs to clearly make our offering competitive when compared with other new and competing venues.

Our Architects, TVS Design are being consulted and they continue to be involved in the evaluation of proposals. TVS Design has also created a Guiding Principals document to articulate the critical design elements necessary for a successfull redevelopment.

A series of steps have been taken to monitor and participate whenever possible in this process and Management continues to be in close communication with our Ministry representatives and Infrastructure Ontario to ensure all pertinent facts are available to everyone.

A special committee of the Board of Directors has also been established to assist Management with evolving issues and facts as they are being presented.

Event Technology Strategy

The Event Technology Strategy defines our immediate and long term plans for the technology that directly impacts the success of events.Our strategic view of event related technology is divided into three categories:

- Data Network Infrastructure – the network infrastructure used by our customers to meet their event requirements.
- Digital Signs – signs located throughout the facility to enhance the event and facility experience.
- Emerging Technologies – new technologies that are emerging in the market with intuitive value to the event experience.

Throughout all of these plans, the overarching themes are (1) to create an event experience that is unique, highly flexible, efficient, and reliable, and (2) ensure our networking capabilities are appropriately ahead of the growing requirements of our customers.

I. Data Network Infrastructure

The MTCC provides wired and wireless data networking services for events.These services are used by event managers, exhibitors, and more recently, attendees.

Particularly in the last five years, we have seen an increased demand for these services, both in volume and complexity.It’s a fair assumption that this growth will continue.This growth is driven by a variety of factors, including:

- Continued growth in the “traditional” uses such as event managers using the network for Internet access and for temporary local area networks, exhibitors using Internet access to integrate their website and their corporate applications into their displays, and attendees using Internet access for event-specific purposes (event agendas, event information, social media, etc.) as well as for their personal need to “stay connected”
- Use of technology by show managers and exhibitors to further engage attendees (e.g. event apps, social media).
- Incorporation of emerging technologies (beacons, Internet aware devices) to continually enhance the event experience.

As the MTCC data network is the foundation layer for the current and future use of event technology usage, there will be a continued demand on the network capacity, performance, and coverage.To be a successful venue, the MTCC data infrastructure needs to be a step ahead of the demand growth, necessitating investments outside of our historical sustaining capital investment.

II. Digital Signs

As outlined in the Event Technology Strategy last year, digital signs have increasingly become a part of the event experience. This year we installed four new large, digital media walls throughout the facility to create a high visual impact experience. Along with our existing digital media assets, the MTCC is well positioned to offer our customers with unique “visual” opportunities for their events.

Based on our growing experience, we will continue to expand our digital media presence, as well as to evolve our creative content services.

III. Emerging Technology

There is growing interest in emerging technologies (many based on mobile capability) that will change the event experience. Both event planners and convention facilities are investigating (and in some cases implementing) these technologies.

By definition, these products are early in their “hype cycle” and relatively immature.They are likely to go through several iterations before they reach technical maturity and wide market acceptance.

There are some advantages to being an early adopter. Certainly there is opportunity to be seen as an industry leader. Also, there is the potential to gain early insights which will benefit subsequent implementations as these technologies mature and evolve into mainstream use.

However, there are a number of risks associated with being an early adopter of emerging technologies, including a short lifespan of the products, difficulty in integrating with existing technologies, and benefits that are largely speculative.

The general approach by the MTCC will be to "pick our spots" on some key technologies and manage risk accordingly. For the most part, event planners are taking a similar approach but, in some areas, may be more open to early adoption than convention facilities.

- Digital Signs – as mentioned, digital signs are now part of the MTCC service offering. While we will continue to add new digital media assets, the important innovations will be how they are used to create unique and engaging event experiences – not merely digital representations of traditional non-digital signage. Through our own resources and our partnership with Freeman, we are well positioned.
- Beacons – Some convention facilities have adopted beacon technology, usually to provide location based wayfinding functionality through an associated mobile device app. Events have also started to adopt this technology to broadcast event or exhibit information to attendees on their devices. While some of the initial forays have been impressive, the technology and applications are still maturing. There are also a number of factors which discourage user adoption. As this maturing continues and user adoption becomes more prevalent, beacons will likely move into the mainstream.
- Mobile Apps – Events are increasingly creating mobile device apps for their participants. Generally these apps focus on event schedules, content, and general information. Potentially, convention centres can "blend in" building wayfinding and general facility (or local area) information.

  There is also potential for mobile apps to enhance the capabilities of our event operational staff. However, the nature and design of these apps need to be better evolved before we launch specific initiatives.
- Wearable Devices – The use of wearable, Internet-aware devices continues to evolve in the consumer market (e.g. fitness wrist bands, the Apple Watch). They are gaining some traction in our industry with some events using wristbands or badges to track session and exhibitor booth attendance. There is evolving advanced functionality such as exchanging virtual business cards, event alerts, and gathering survey responses.

  The use of these devices by convention centre staff has intuitive potential but specific applications are cloudy. For now, we will continue to monitor the evolution of this technology and, in a wider context, the Internet of Things.
- Augmented Reality / Virtual Reality – while different in nature, both of these technologies have the potential to be adopted by events and convention facilities. We have seen some early adoption in the training aspects of events (such as using virtual, rather than physical representations for medical demonstrations). While other opportunities exist, the technology and applications are early in their life cycle. This is an area where we will likely see earlier adoption by events than by convention facilities. As with wearable devices, we will continue to monitor the evolution of this technology.

Process Advancement Team Initiative

Customer service

Last years' plan outlined a series of initiatives that were designed to improve the client experience and ensure that all customers have successful events regardless of the size and type of event being planned. Over the past year, various departments went through intensive client communication training; these departments collaborated to form teams that were tasked with researching and evaluating current practices. Based on their findings, these teams were asked to propose solutions to improve the existing business process while working towards providing the "ultimate client experience".

The four Process Advancement Teams were each assigned to an area of focus; these areas include Client Meeting & Site Inspections, Transitional Meetings, Understanding the Operating Guidelines and Using Technology to Share Information. Each team consisted of 10 members and included a team leader to provide additional guidance.

Research was conducted during the first phase; this included client and key supplier focus groups, along with interviewing and inviting other staff members to provide insight. Following the research phase, teams used the research findings to provide recommendations. These two phases of the project are now completed.

Recommendations were provided by each team on how to re-engineer existing processes. Many of these recommendations will require several departments to work in unison to implement the proposed changes. In essence, the four independent projects will be merged together to create one formalized project that will outline the next steps. Understanding the full scope will ensure we have the appropriate financial and labour resources to keep moving forward.

The project team leaders and several executives will undertake the task of developing a project plan for each of the four initiatives. These plans will consist of documenting strategies, creating budgets, establishing priorities and implementing a schedule to carry out the recommendations made by each team.

The goal is to have the majority of recommended changes implemented by the end of fiscal year 2017/18. We expect the only area to extend into fiscal 2018/19 will be in technology and training.

Mayor’s Gala 2016

Corporate Background and Business Outlook

The MTCC operates within the accountability framework of the Province of Ontario as set out in the Agencies & Appointments Directive.

The objectives of the Corporation are to operate and manage an international class convention centre in the City of Toronto as a self-funded organization in a manner that will promote and develop tourism and industry in Ontario. Our primary goal remains to be the premier gathering place for conventions, trade/public shows and corporate meetings. In addition to maintaining our current business, our goal is to develop new business thus growing our corporate revenues and profit margins and driving additional economic benefit for the City.

The Corporation has been successful in attracting hundreds of thousands of convention delegates to Toronto over the past three decades. As the MTCC enters its 33rd year of business, the experience it has accumulated over the years and the reputation it has acquired as one of Canada's leading convention facilities continue to grow. With its experience, reputation, and people behind it, the Centre will continue to strive towards ensuring the success of its clients' events.

The MTCC continues to enjoy a period of strong performance with continued growth in the number of events it hosts each year, which leads to robust corporate revenues. This success, coupled with effective management of corporate expenditures, translates into positive bottom line results. This has enabled the Corporation to continue to invest in the modification of its facility, to provide a payment to its shareholder, the Government of Ontario, and to generate a positive economic benefit to the City of Toronto of $400 to $500 million each year, creating approximately 5,200 jobs annually and generating annual taxes of approximately $150 million.

Market segment overview

Our booking calendar for fiscal 2017/18 is very strong. The occupancy percentage is estimated to be 57 percent which is 5 percent higher than 2016/17.

We have 16 major conventions booked for 2017/18 versus 11 in 2016/17. This is the most we have hosted in any year for the past 10 years. The total number of conventions that we will host will be approximately 43, compared to 37 in 2016/17.

The major convention breakdown by market segment is 6 US based, 3 International based and 7 Canadian based.

We are not expecting any substantive change in the public show market. We expect all of our clients to renew their contracts for 2017/18.One new show to highlight is the Canadian International Real Estate Marketplace which will take place in May.

Similar to the public show market, we are not forecasting much change in the trade show market. All of our clients have already renewed or are in the process of renewing their contract for 2017/18. One new show to highlight is the China Excellent Product Expo, taking place in June.

The South Building will be closed for the entire month of April and also for (3) one week periods in early and late July and in late August for the second phase of the modification project.

The number of attendees and exhibitors from the US market segment will remain flat in 2017/18 compared to fiscal 2016/17, however we will see a slight increase in the number of attendees from the Canadian and International market segments.

The Canadian corporate market remains healthy. This market segment continues to be very short termand competitive in terms of price and venue. We will continue with our efforts to grow the business in this market segment and secure our market share while hotels and other venues compete for this business.

Business assumptions

The forecasts and projections presented here are based on a number of estimates and assumptions that are inherently subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of management. Actual results achieved may vary notably from those shown here and such differences may be material.

The following assumptions have been used in formulating the budget for 2017/18:

- 2017 inflation rate is forecasted at 2.2 percent.*
- US exchange rate – CDN currency is forecasted to average between $0.71 and $0.74 USD during 2017.*
- Canadian prime lending rate at 2.7 percent.
- Economic growth – GDP for 2017 is forecasted at 2.0 percent.*

  *Source: Scotiabank Global Forecast Update, November 2016.

Global markets continue to be volatile and unpredictable with topics like “Brexit”, “Geopolitical Uncertainty” and the US Trump presidency. Most Canadian banks agree that these issues have little short-term effect on the Canadian economy. A potential slowdown in the Canadian economy would have a lagging effect on our business as our booking calendar is strong through 2018.

Global growth is projected to pick up from 3.1 percent in 2016 to 3.4 percent in 2017 and 3.4 percent in 2018.

Management’s yearly budgetary review of the MTCC event calendar, estimated pick-up business, cost structure and market conditions have formed the basis of the revenue and expense projections for 2017/18.

The following assumptions and estimates have been used based on MTCC’s event calendar:

- 2017 projected number of events: 500
- 2017 projected occupancy rate: 57 percent
- Historical pick-up rate taking into consideration construction periods and business already confirmed.

The revenue and expenses for 2018/19 and 2019/20 are estimated based on future outlook of business. The profitability projections for the two forecasted years are based on best estimates.

Financial results for years prior to 2010/11 are reported according to the Generally Accepted Accounting Principles (GAAP). Starting with 2010/11, financial results have been presented based on Public Sector Accounting Standards (PSAS).

The reporting format used in the Business and Strategic plan is consistent with the prior year to ensure that the financial results can be compared to historical information. In addition, this format is functional from an operational standpoint and effectively communicates the state of our business.

MTCC is required to report financial information to the Ministry of Finance so its operating results are included in the province’s summary financial statements.

Performance measurement statistics

Six indicators allow Management to monitor the financial performance of the corporation. To be effective, Management must analyze these indicators on a regular basis.

1. Monthly monitoring of current, forecasted and historical occupancy rates, together with the average rate per square foot. Taking into consideration the facility is the primary asset of the Corporation, revenue opportunities and supplementary revenue for other departments are directly linked to the rental of the facility.

2. Ensure funding for capital improvements is generated from operating activities. Management is responsible for prioritizing work projects, obtaining approval from the Board of Directors and releasing funds at the beginning of each quarter contained in the new fiscal budget. Management also examines the projects on a monthly basis to ensure progress.

3. Monitor the number of convention delegates and public / trade show attendees as these variables are the basis for economic benefit calculations. This indicator establishes the amount of

economic benefit the MTCC generates as a result of bringing conventions, public events, and tradeshows to the City of Toronto.

4. Evaluate operational processes and procedures to ensure efficiency and the optimal allocation of available resources. Management reviews detailed reports comparing monthly actual performance to the planned results and is able to adjust and establish courses of action in order to achieve greater efficiencies as well as budget expectations.

5. Monitor and manage cash flow to uphold management's commitment to making annual distribution payments to our shareholder (the Government of Ontario). Free cash flow is calculated by subtracting capital project expenditures in the year from net operating income generated from operations. All departments also proactively manage overhead expenses to yield greater profitability.

6. Ensure the corporate Procurement Policy and the Travel and Hospitality Policy are in accordance with current directives issued by the Treasury Board / Management Board of Cabinet. All expenditures are monitored in an effort to contain cost and ensure compliance with the respective policies and directives.

Risk management

The risk framework focuses on identifying and responding to corporate risks the MTCC faces, including the implementation of programs and controls to prevent, detect, and deter fraud. Management identifies the major corporate risks that could impact the corporation and puts in place appropriate mitigation strategies to effectively manage these risks. Before including these risk factors in the Business and Strategic Plan, management discusses them with the Board of Directors and receives members' feedback.

The maintenance of an effective internal control system is essential to the reliability and integrity of the financial statements, increasing the effectiveness and efficiencies of operations, the safeguarding of assets, and ensuring compliance with laws and regulations. Specifically, the goal of MTCC's risk management process is to identify potential events that may impact the organization and then manage the identified risks within reasonable limits. As part of the risk management process, MTCC conducts an annual external audit review along with internal audit procedures focusing on safeguarding the corporation's assets. In particular, the external audit is conducted with a high level of transaction sampling to detect potential or actual fraud or mismanagement. External auditors submit their findings to the Audit Committee along with suggestions for improvements to the existing processes and procedures.

Internal controls are based on an ongoing process whereby a team of colleagues is assigned to periodically review various aspects of the operations. The objective is to evaluate and identify the likelihood of the risks being realized, and to manage them effectively. Some examples of risk management programs include: insurance adequacy testing, credit extension policy review, budgetary control procedure scanning, business continuity assessment, emergency preparedness planning, asset management policy audits, health and safety policy inspections, human resources planning, network management software, and South Area Facilities and Entertainment Group (S.A.F.E.) exercises. MTCC has revised its travel, hospitality, and procurement policies to ensure it is in compliance with the required protocol and the new directives received from the management board of Cabinet. In addition, management regularly reviews the list of all service providers to ensure proper policies and procedures are followed. The effectiveness of our control system is evident because MTCC has consistently received over the past few years an unqualified auditor's report without any material adjustments identified.

Projected cash flow and distribution payment

The Corporation has no debt and continues to maintain a strong balance sheet with a positive cash balance.

During the next two years, management is planning to upgrade the fit and finish in the South Building to remain competitive with other renovated and newly built convention centres in North America.

Based on its projected operational results as outlined in this Business and Strategic Plan, the MTCC will generate sufficient cash flow to meet its operational obligations, finance sustaining capital improvements, meet its commitment to the shareholder by way of a distribution payment, and pay for the cost of the South Building modification.

The cash flow statement shows the projected cash position based on reasonable assumptions outlined in this three-year Business and Strategic Plan.

Client deposits are not included in the cash flow; however, management has the option to use client deposits for additional funding that may arise in the course of operating the business.

The amount of the annual distribution payment will be made at the discretion of the Board of Directors of the corporation from retained earnings after consideration is given to the financial requirements necessary to operate the business and reinvest in the facility.

With the conversion of debt to equity in March 2003, the Ministry of Finance and the MTCC established the Distribution Payment Policy. The MTCC agreed to make a minimum payment to the province of Ontario annually in the amount of $2.5 million.

The distribution payments recorded up to March 31, 2016, total $65.5 million. Based on the 2016/19 Business and Strategic Plan, the planned distribution payment for 2016/17 is $7.0 million.

The south building modification project is being funded through business operations. The approved budget for this project is $23.0M. As a result, the planned distribution payment for 2017/18 is lower than 2016/17. However, the distribution payments are projected to increase from 2018/19 onwards.

The projections for the following three years are:

- $4.0 million on March 31, 2018;
- $6.5 million on March 31, 2019;
- $8.0 million on March 31, 2020.

LEGO 2016

Statement of Financial Position

	Actual As at March 31, 2016	Forecast As at March 31, 2017	Budget As at March 31, 2018	Forecast As at March 31, 2019	Forecast As at March 31, 2020
Financial assets:					
Cash	$ 9,821,000	$ 6,370,400	$ 67,700	$ 4,574,100	$ 9,409,000
Customer deposits	13,846,700	13,491,000	14,335,200	14,621,100	14,866,100
Accounts receivable	3,379,900	3,790,300	4,027,500	4,177,500	4,247,500
	$ 27,047,600	**$ 23,651,700**	**$ 18,430,400**	**$ 23,372,700**	**$ 28,522,600**
Liabilities:					
Accounts payable and accrued liabilities	$ 5,131,200	$ 6,424,300	$ 6,826,300	$ 6,962,400	$ 7,079,100
Deferred revenue	13,846,700	13,491,000	14,335,200	14,621,100	14,866,100
Employee future benefits	2,151,000	2,418,800	2,497,900	2,611,200	2,611,200
Deferred contributions related to tangible capital assets	44,690,000	43,696,900	42,703,800	41,710,700	40,717,600
	$ 65,818,900	**$ 66,031,000**	**$ 66,363,200**	**$ 65,905,400**	**$ 65,274,000**
Net debt	**-$ 38,771,300**	**-$ 42,379,300**	**-$ 47,932,800**	**-$ 42,532,700**	**-$ 36,751,400**
Non-financial assets:					
Tangible capital assets	$ 184,779,000	$ 188,326,300	$ 196,996,300	$ 192,703,300	$ 186,410,300
Inventories	440,700	514,000	546,100	557,000	566,300
Prepaid expenses	666,000	642,400	682,600	696,200	707,900
	$ 185,885,700	**$ 189,482,700**	**$ 198,225,000**	**$ 193,956,500**	**$ 187,684,500**
Accumulated surplus	**$ 147,114,400**	**$ 147,103,400**	**$ 150,292,200**	**$ 151,423,800**	**$ 150,933,100**

Statement of Operations and Accumulated Surplus

	Actual 2015 / 2016	Forecast 2016 / 2017	Budget 2017 / 2018	Forecast 2018 / 2019	Forecast 2019 / 2020
Revenue:					
Food and Beverage	$ 23,629,100	$ 25,086,400	$ 26,200,000	$ 26,724,000	$ 27,178,300
Facility Rental	16,141,500	15,838,000	16,400,000	16,728,000	17,012,400
Parking	10,888,500	10,800,000	11,200,000	11,424,000	11,618,200
Commissions	6,010,600	6,077,200	7,126,700	7,269,200	7,392,800
Communications	2,123,300	2,027,800	2,482,000	2,513,800	2,556,500
Capital Contribution	993,100	993,100	993,100	993,100	993,100
Other	3,412,600	3,420,500	3,861,000	3,972,300	4,039,800
Total gross revenue	**$ 63,198,700**	**$ 64,243,000**	**$ 68,262,800**	**$ 69,624,400**	**$ 70,791,100**
Expenses:					
Food and Beverage	$ 15,359,400	$ 16,586,200	$ 17,090,200	$ 17,424,000	$ 17,720,300
Facility Rental	4,412,200	4,587,100	4,757,000	4,834,400	4,916,600
Parking	2,743,500	2,952,300	3,041,700	3,107,300	3,160,200
Communications	741,100	796,600	848,200	879,800	894,800
Event Services	542,200	519,500	659,800	660,200	671,400
Sales and Marketing	4,197,700	3,716,700	4,396,700	4,448,900	4,525,000
Engineering	5,084,200	5,136,100	5,307,800	5,414,000	5,506,000
Energy	3,139,100	3,603,000	3,632,600	3,705,300	3,779,000
General and Administrative	7,103,900	7,673,800	8,490,800	8,150,600	8,289,000
Other expenses	2,800,200	2,730,000	2,959,200	2,975,300	3,026,500
Amortization	8,848,400	8,952,700	9,890,000	10,393,000	10,793,000
Total expenses	**$ 54,971,900**	**$ 57,254,000**	**$ 61,074,000**	**$ 61,992,800**	**$ 63,281,800**
Annual surplus	**$ 8,226,800**	**$ 6,989,000**	**$ 7,188,800**	**$ 7,631,600**	**$ 7,509,300**
Accumulated surplus, beginning of year	$ 145,387,600	$ 147,114,400	$ 147,103,400	$ 150,292,200	$ 151,423,800
Distribution payment	-$ 6,500,000	-$ 7,000,000	-$ 4,000,000	-$ 6,500,000	-$ 8,000,000
Accumulated surplus, end of year	**$ 147,114,400**	**$ 147,103,400**	**$ 150,292,200**	**$ 151,423,800**	**$ 150,933,100**

Statement of Changes in Net Debt

	Actual As at March 31, 2016	Forecast As at March 31, 2017	Budget As at March 31, 2018	Forecast As at March 31, 2019	Forecast As at March 31, 2020
Annual surplus	$ 8,226,800	$ 6,989,000	$ 7,188,800	$ 7,631,600	$ 7,509,300
Acquisition of tangible capital assets	-4,887,700	-12,500,000	-18,560,000	-6,100,000	-4,500,000
Amortization of tangible capital assets	8,848,400	8,952,700	9,890,000	10,393,000	10,793,000
	12,187,500	3,441,700	-1,481,200	11,924,600	13,802,300
Acquisition of inventories	-5,241,500	-5,328,100	-5,660,500	-5,774,000	-5,871,000
Acquisition of prepaid expenses	-1,057,800	-1,075,300	-1,142,500	-1,165,000	-1,185,000
Consumption of inventories	5,348,900	5,337,300	5,657,500	5,792,000	5,891,000
Use of prepaid expenses	1,080,100	1,016,400	1,073,200	1,122,500	1,144,000
Distribution payment	-6,500,000	-7,000,000	-4,000,000	-6,500,000	-8,000,000
Change in net debt	$ 5,817,200	-$ 3,608,000	-$ 5,553,500	$ 5,400,100	$ 5,781,300
Net debt, beginning of year	-$ 44,588,500	-$ 38,771,300	-$ 42,379,300	-$ 47,932,800	-$ 42,532,700
Net debt, end of year	**-$ 38,771,300**	**-$ 42,379,300**	**-$ 47,932,800**	**-$ 42,532,700**	**-$ 36,751,400**

Statement of Cash Flows

	Actual As at March 31, 2016	Forecast As at March 31, 2017	Budget As at March 31, 2018	Forecast As at March 31, 2019	Forecast As at March 31, 2020
Cash provided by (used in): **Operating activities:**					
Annual surplus	$ 8,226,800	$ 6,989,000	$ 7,188,800	$ 7,631,600	$ 7,509,300
Items not involving cash:					
Amortization	8,848,400	8,952,700	9,890,000	10,393,000	10,793,000
Employee future benefits	-141,700	267,800	79,200	113,200	0
Deferred contributions related to tangible capital assets	-993,100	-993,100	-993,100	-993,100	-993,100
	$ 15,940,400	**$ 15,216,400**	**$ 16,164,900**	**$ 17,144,700**	**$ 17,309,200**
Change in non-cash assets and liabilities:					
Accounts receivable	868,300	-410,500	-237,200	-150,000	-70,000
Inventories	107,400	-73,300	-32,200	-10,900	-9,300
Prepaid expenses	22,300	23,700	-40,200	-13,600	-11,700
Accounts payable and accrued liabilities	-906,700	1,293,100	402,000	136,200	116,700
	$ 16,031,700	**$ 16,049,400**	**$ 16,257,300**	**$ 17,106,400**	**$ 17,334,900**
Financing activities:					
Distribution payment	-$ 6,500,000	-$ 7,000,000	-$ 4,000,000	-$ 6,500,000	-$ 8,000,000
Capital activities:					
Additions to tangible capital assets	-$ 4,887,700	-$ 12,500,000	-$ 18,560,000	-$ 6,100,000	-$ 4,500,000
Increase / decrease in cash	**$ 4,644,000**	**-$ 3,450,600**	**-$ 6,302,700**	**$ 4,506,400**	**$ 4,834,900**
Cash, beginning of year	$ 5,177,000	$ 9,821,000	$ 6,370,400	$ 67,700	$ 4,574,100
Cash, end of year	**$ 9,821,000**	**$ 6,370,400**	**$ 67,700**	**$ 4,574,100**	**$ 9,409,000**

Capital Budget 2017/18

	Cost
Technology Services	$ 456,500
Event Services / Customer Services	587,300
Operations	1,328,300
Food and Beverage	270,900
Admin./Sales and Marketing	68,300
Oxford Properties Projects	1,548,700
Contingency fund	600,000
TOTAL SUSTAINING CAPITAL PROJECTS – 2017/18	$ 4,860,000
Estimated Cash Reserve from 2016/17	500,000
TOTAL CAPITAL BUDGET – 2017/18	$ 5,360,000

Crystal Ball 2016

Third Party Relationships and Initiatives

Management has formed strategic relationships with several organizations to help secure and provide diverse range of services to ensure client events are successful.

Some of our relationships fall into the category of exclusive and official supplier contractors. These include: electrical, production, decorating, audio visual & translation, computer rental, and security services. The contractors are responsible for all aspects of the above services including provision of staff and equipment.

Showtech Power & Lighting is the only contractor designated as exclusive, due to the specialized nature of its services. Company representatives require regular access to our electrical infrastructure and therefore are bound by the facility's operations and safety policies. In addition they also provide rigging and productions services for events requiring specialized lighting. They maintain offices and inventory within the MTCC to facilitate client access to these services.

GES (Global Experience Specialists) is an official supplier which provides show decorating and general contracting services, including transportation, furniture, carpet, modular exhibit rentals, booths accessories as well as state of the art graphics and signage. They maintain an office onsite and have dedicated Exhibitor Services Representatives to provide a full range of services.

Freeman Audio Visual Canada provides comprehensive audio video services, computer and peripheral rental services and translation services. They maintain both sales offices and warehouse facilities on site to ensure our clients have immediate access to these important products and services.

Tourism Toronto and the local hotel community also play an important part in marketing and securing large convention business which in turn generates significant economic benefit to the city and province. This strategic relationship involves a series of initiatives including the creation of a fund to compete with other destinations by attracting new business and targeting large convention business around the world.

Art Toronto 2016

Organizational Chart and Summary of Staff Complement

Organizational chart

There were no key structural changes made to the organization chart.

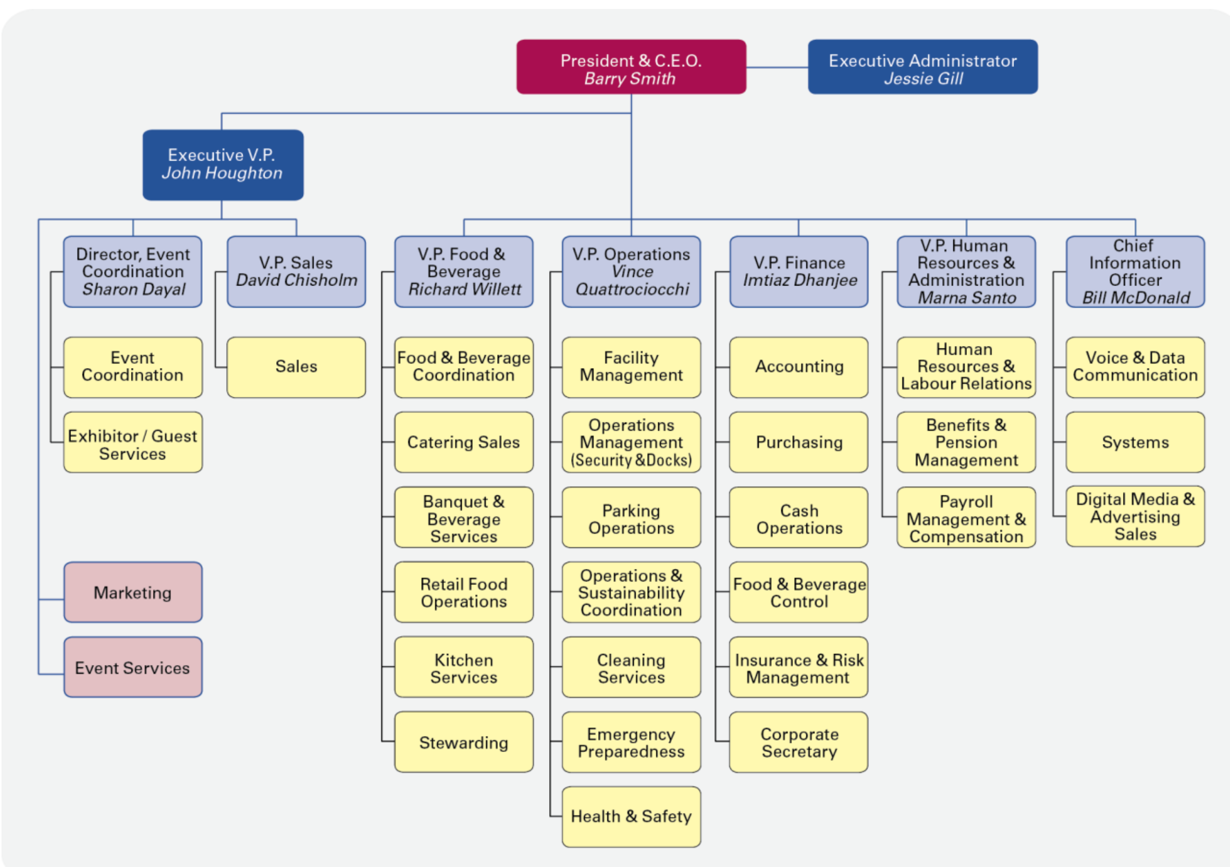
Summary of staff numbers

The MTCC currently employs 865 employees:

- 363 full-time (including salaried contract)
- 29 part-time and 473 casual; the hourly complement is 723, 40 non-union, 683 unionized
- For bargaining unit employees, 661 employees are members of the Labourers' International Union of North America Local 506; 22 security employees are members of the Canadian National Federation of Independent Unions.

The average tenure of our full and part-time employees is 15.6 years. The average age is 48.5.

We are proud of our low staff turnover rates as compared to our hospitality and tourism colleagues. During the 2015/16 fiscal year, MTCC experienced a 12 percent turnover rate for the salaried group and 3 percent for the full-time hourly personnel, with an overall rate of 7 percent.



Public Relations

Over the past year, our announcements of the major conventions coming to Toronto and to our facility have been well received, with pick-up from most of the larger trade press publications. These releases have traditionally shared the economic impact of each convention to our city and have raised our brand profile within the industry both domestically and internationally. Last year, over 11,400 global authors mentioned the Metro Toronto Convention Centre, with the majority based in the US This measurement is a direct result of our public relations and social media activities.

We will continue to create press around the major US and International conventions coming to the MTCC and investigate other possible story ideas that may stem from the meeting itself. We may find opportunities to create community interest stories or case studies around the legacies left after a meeting in Toronto. We will also leverage our vertical markets, including food and beverage and sustainability, to further generate community interest stories.

The South Building modification project will be another opportunity to further raise our profile within trade press. The addition of 10 new meeting rooms will be of particular interest to the Canadian associations and corporate meetings market. Targeted communications will be scheduled leading up to the completion of the project in early 2018.

Social Media

We are actively participating on the mainstream social media platforms and continue to engage planners, attendees, and visitors to the Centre. These platforms continue to be an invaluable listening and marketing tool, as they allow us to disseminate positive or negative comments throughout the corporation in an efficient manner. Positive comments and posts will increase our earned media ranking, and drive traffic to our owned media like our website and blog. Our Facebook following increased last year by 23%, and on LinkedIn we have seen a 40% increase. This year our strategies will include a mix of earned, owned and paid media tactics to increase our overall brand and profile.

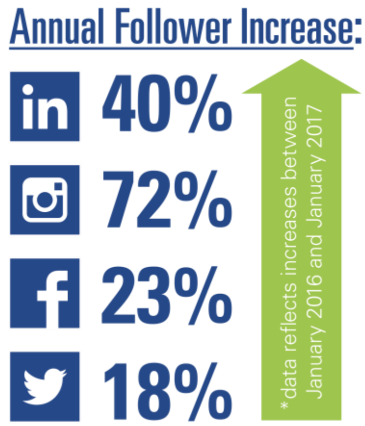
Strategies and Tactics:

Keep our brand in front of our customers through regular coverage in the trade press.

- Distribute press releases announcing US and International citywide conventions to our facility that have a significant economic impact to the city and province.
- Find opportunities in our vertical markets like food and beverage and sustainability, to further generate community interest stories.
- Create a communications plan to promote the future South Building upgrades, renovations and new meeting room space.

Drive Meeting Planners to our owned media sites.

- Create sponsored posts on LinkedIn, pushing planners to view our blog and website. Meeting planners can be accurately identified on specific platforms such as LinkedIn.
- Collaborate with influencers in the event professions industry, to drive more views on our social platforms.
- Create original blog stories that are highly relevant to planners. Position the MTCC as a thought leader in the meetings and events industry, sharing useful information and transferring valuable knowledge from our experienced service teams.



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