

B.C. PAVILION CORPORATION

ANNUAL REPORT
April 1, 2010 to March 31, 2011



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MESSAGE FROM THE CHAIR TO THE MINISTER RESPONSIBLE



David R. Podmore
Chair

“The International Congress and Convention Association has ranked Vancouver as North America's top destination for international meetings.”

*- Vancouver Sun -
June 2009*

I am pleased to present the Annual Report for B.C. Pavilion Corporation (PavCo) for the year ended March 31, 2011.

PavCo's mandate is to increase economic benefit to British Columbia through the operation of British Columbia's premier event facilities: BC Place Stadium (BC Place) and the Vancouver Convention Centre.

PavCo exceeded its financial targets for the year, and operated within Shareholder approved funding levels. Revenues at \$56.2 million were the highest in the Corporation's history.

During the first complete year of business following expansion, the Vancouver Convention Centre surpassed its projections both for generation of Gross Domestic Product to the region, and for revenues on operations. The Convention Centre operated at capacity many times during its peak seasons, and was successful in securing new revenue opportunities, such as film location rental and entertainment events during traditionally shoulder periods.

The number of non-resident delegates visiting the Convention Centre was slightly below forecast, with the worldwide economic recovery still underway, but overall attendees to events in the facility surpassed expectation, with significant new business generated through meeting and banquet activity.

Vancouver Convention Centre continues to win awards for construction and environmental excellence, and gained international presence as Media Centre for the 2010 Olympic and Paralympic Winter Games. It has received unprecedented positive reviews from its clients for its customer service and food quality excellence, and at a time when many North American convention centres are suffering from declining business, it is booking significant events for the future.

Access to Vancouver continues to be a major challenge for both the business and leisure tourism industry. The higher cost of fares and the limited availability of direct commercial flights from out of country can be a significant detractor for choosing Vancouver. For a large convention, the cost differential between choosing Vancouver over US west coast cities is significant, especially with the recent appreciation in value of the Canadian currency.

The closure of BC Place for construction, and the replacement of the roof by the landlord at Canada Place created some significant capacity issues for PavCo during the busy consumer show seasons. The majority of the affected clients were accommodated by PavCo or relocated to other venues within the region.

“PavCo’s mandate is to increase economic benefit to British Columbia through the operation of British Columbia’s premier event facilities.”

The construction of BC Place’s new retractable roof and infrastructure is an extremely technically challenging program, due to the size of the building and short timeframe available to complete the project. The revitalized facility is on target to open for its first sporting event at the end of September 2011. This will be followed by regular season’s football and soccer activity, with the 2011 Grey Cup Championship taking place on November 27.

The infrastructure for BC Place will be completely renewed. Designed as a multipurpose facility it will be able to host significant events year-round, and will compare very positively to other new venues. The convenient downtown location of BC Place also gives its visitors easy access to transit and the regional population centres.

Both the Vancouver Convention Centre and BC Place are well positioned to bring significant new business and prosperity to the region in future years.

In addition to PavCo creating significant employment for the region through its event activity at the Vancouver Convention Centre, construction work at BC Place generated 850,000 person hours of direct employment for the building trades during the year, plus significant other associated business opportunities to the community.

On behalf of the Board of Directors, I would like to thank management and staff for their contribution to the organization and its continued success.

ACCOUNTABILITY STATEMENT

The 2010/11 PavCo Annual Report was prepared under my direction in accordance with the Budget Transparency and Accountability Act, and the BC Reporting Principles. I am accountable for the contents of the report, including what has been included in the report and how it has been reported.

The information presented reflects the actual performance of PavCo for the 12 months ended March 31, 2011 in relation to the Service Plan published in March 2010.

I am responsible for ensuring internal controls are in place to ensure information is measured and reported accurately and in a timely fashion.

All significant assumptions, policy decisions, events and identified risks, as of June 16, 2011, have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgment of management. Any changes in mandate, direction, goals, strategies, measures or targets made since the 2010/11 to 2012/13 Service Plan was released and any significant limitations in the reliability of data are identified in the report.



David Podmore
Chair of the Board

ORGANIZATIONAL OVERVIEW

Corporate Summary

B.C. Pavilion Corporation was formed under the *British Columbia Business Corporations Act*, and acts as an agent for the government under the *British Columbia Enterprise Corporations Act*. B.C. Pavilion Corporation registered 'PavCo' as a business name under the *Partnership Act (British Columbia)*.

PavCo has developed a reputation for excellence in the marketing and management of public facilities. Its facilities are operated to realize maximum economic benefit while optimizing financial performance. PavCo owns and operates BC Place Stadium (BC Place) and the expansion to the Vancouver Convention Centre (Convention Centre). PavCo operates the east building of the Convention Centre under a lease with Canada Place Corporation, a Federal Crown Corporation. PavCo's corporate office, BC Place, and the Convention Centre are all located in downtown Vancouver.

Through its activities, PavCo contributes to the growth of the tourism industry, as many out-of-town clients travel throughout British Columbia after attending events at its facilities. The newly expanded Convention Centre is the provincial flagship for conventions and leads initiatives to generate convention business throughout the Province. BC Place is the largest indoor gathering place in British Columbia and provides support to industry as a venue for trade and consumer shows, as well as being a major sports and entertainment centre.

BC Place is currently undergoing a major revitalization and roof replacement project. The refurbished stadium along with the redevelopment of the surrounding areas will continue providing long term economic benefit to the Province of British Columbia.

Principal stakeholders of PavCo include the Provincial Government; the Government of Canada and Tourism Vancouver as contributing partners to the expanded Convention Centre; businesses and associations representing the tourism and hospitality industry; clients leasing space for commercial activity and renting space for events; suppliers of goods and services to events; and the general public who attend events.



BC Place



Vancouver Convention Centre

ORGANIZATIONAL OVERVIEW

As a facility operator, PavCo contracts many event functions to third parties in order to achieve the most effective service delivery model. The most significant contracts are with Servovation Inc. (doing business as Centerplate), which provides food services at both BC Place and the Convention Centre.

As a customer-driven organization, PavCo continuously measures the satisfaction of clients and guests at its facilities. This includes rating satisfaction of the sales process, the services provided and the overall experience that patrons have enjoyed while visiting the facilities. The results are monitored and acted upon promptly, as PavCo's long-term reputation could be at risk.

PavCo's Vision, Mission and Values can be referenced at <http://www.bcpavco.com>.

CORPORATE GOVERNANCE

The Board of Directors provides leadership and direction to the organization in a manner consistent with the policies and directives set out by the Provincial Government. The Board consists of ten members, all independently appointed by the Shareholder.

Governance matters are communicated to the Board through the Shareholder's Letter of Expectations. This letter is an agreement of the respective roles and responsibilities of each and serves as the basis of agreement between the Shareholder and PavCo, including the high-level performance expectations, public policy issues and strategic priorities.

The Shareholder's Letter of Expectations between the Shareholder and PavCo, against which progress is being reported, was dated February 22, 2010 and can be found on the PavCo website at <http://www.bcpavco.com/resources>.

PavCo's Board is comprised of the following members:

- David Podmore (Board Chair)
- Mark Andrew Derek Brindle
- Peter Brown Bob Bryant
- Susan Gomez John Horning
- Miriam Kresivo Terry Lyons
- Grant Ritchie

Biographies of the Board Members are published on PavCo's website at www.bcpavo.com/team.



BC Place Construction

“Governance matters are communicated to the Board through the Shareholder's Letter of Expectations.”

CORPORATE GOVERNANCE

The Board has five Standing Committees:

| Committee | Members | Role |
|----------------------------|---|---|
| Audit | Terry Lyons John Horning Miriam Kresivo | Oversee the financial reporting process. Review financial statements, audit plans, reports and controls with Auditors. |
| Construction | David Podmore Derek Brindle Peter Brown Terry Lyons Grant Ritchie | Monitor all major capital construction work. Oversee the planning, implementation and construction of the roof replacement and other upgrades to BC Place. Oversee transition to the operational phase, including integration of the renovated Convention Centre and its expansion. |
| Corporate Governance | Miriam Kresivo John Horning Terry Lyons | Monitor governance, Board effectiveness, staffing, compensation issues and the implementation of all structural changes to the organization. |
| Finance | Peter Brown Mark Andrew Miriam Kresivo | Monitor financial policies, reporting, conflicts of interest, financial budgets, forecasts, risk management and other related matters. |
| Marketing & Communications | Bob Bryant Mark Andrew Susan Gomez | Monitor and advise on effective external communications policies and protocol for the organization. Provide overall direction and development of the sales and marketing process for the organization. |

All Committees review and develop policy in their specified areas and make recommendations to the Board. The Board of Directors has a regular meeting schedule, prepared in advance of each calendar year, and the Committees meet as required.

PavCo has developed a comprehensive charter of Board activities, as well as several terms of reference and policies in accordance with the Province's Board Resourcing and Development Office's *Best Practice Guidelines*. These can be found on PavCo's website at www.bcpavco.com/resources.

The principles included in the Provincial Government's Governance Framework provide an understanding of the roles and responsibilities for all parties that are part of the Crown Corporation Governance Environment:

- stewardship, leadership and effective functioning of the board
- clarity of roles and responsibilities
- openness, trust and transparency
- service and corporate citizenship
- accountability and performance
- value, innovation and continuous improvement

CORPORATE GOVERNANCE

PavCo's operating divisions and senior management team are:

Corporate Services

Warren Buckley, President and Chief Executive Officer ⁽¹⁾

John Harding, Chief Financial Officer and Corporate Secretary ⁽¹⁾

Krista Freeman, Director of Finance ⁽¹⁾

BC Place

Howard Crosley, General Manager ⁽¹⁾

Kathy deLisser, Assistant General Manager

Brian Griffin, Director, Construction

Graham Ramsay, Director, Business Development

Harvey Repp, Director, Operations

Vancouver Convention Centre

Ken Cretney, General Manager ⁽¹⁾

Claire Smith, Vice President, Sales and Marketing

Catherine Wong, Vice President, Operations

⁽¹⁾ Corporation Officers

“Known for their leadership in the exhibition, trade, meeting and event industries, our Management Teams have a genuine commitment to excellence and a global perspective on what our local, national and international clients need.”

– www.bcpavco.com

REPORT ON PERFORMANCE

PavCo completed Fiscal 2010/11 with record revenues from its operations. Much of PavCo's success results from major international, and much larger conventions that have been contracted over several years in anticipation of the west expansion, as well as from repeat clients. With a very high level of delegate satisfaction, both for the destination, as well as the facilities, many of these conventions are rebooking future events. Though recovery from the worldwide economic downturn has been slow, PavCo has not experienced any significant cancellation of business, and future booking trends remain positive.

Clients are increasingly seeking more value for their money, including up to date facilities with state of the art technological capabilities. With the expanded Convention Centre, and the soon to be completed BC Place stadium, PavCo is able to compete internationally for new business, and over the past year has been able to meet or exceed the requirements of its most demanding clients.

PavCo's operations generated \$242 million in Gross Domestic Product (GDP) from its ongoing operations during Fiscal 2010/11, compared to a target of \$216 million, and Fiscal 2009/10 GDP of \$90 million. In Fiscal 2010/11 all GDP was generated through activities at the Convention Centre, as BC Place was closed for renovation. Benefits increased significantly from the previous year as it was the first year of full operation for the expanded Convention Centre. The facility was full during the busy spring and fall convention and show seasons - a trend which continues into Fiscal 2011/12.

When BC Place reopens in Fall 2011, it will once again host the Province's largest consumer shows which were temporarily relocated to the Convention Centre. This will relieve the capacity for exhibition space at the Convention Centre for new events during the spring show season. In addition to its traditional sporting calendar BC Place will also host professional soccer, as well as special sporting events and concerts which would not have been possible without its upgraded infrastructure.

Revenues for the year were the highest ever recorded for PavCo with the expanded space at the Convention Centre providing the ability to host larger and simultaneous events within the east and west buildings. Value added sales to clients for services such as food and beverage, telecommunications and audio visual services have also surpassed expectation.

At a time when the North American convention business has become very competitive, Vancouver has been able to expand its market share due to: new bookings secured as a result of its aggressive marketing campaign; positive media feedback on British Columbia and Vancouver following the 2010 Olympic and Paralympic Winter Games; Vancouver's reputation as a safe destination; positive client feedback after attending events at the Convention Centre.

Bookings continue to be very positive, and all major conventions actualized that were booked prior to the economic downturn. Although a record number of out of Province delegates came to the Convention Centre in Fiscal 2010/11, their numbers were slightly below forecast. The Centre's capacity was met with many new events taking place that required a short-term booking window. These included some non-traditional activities in non-peak periods, such as film shoots and entertainment.

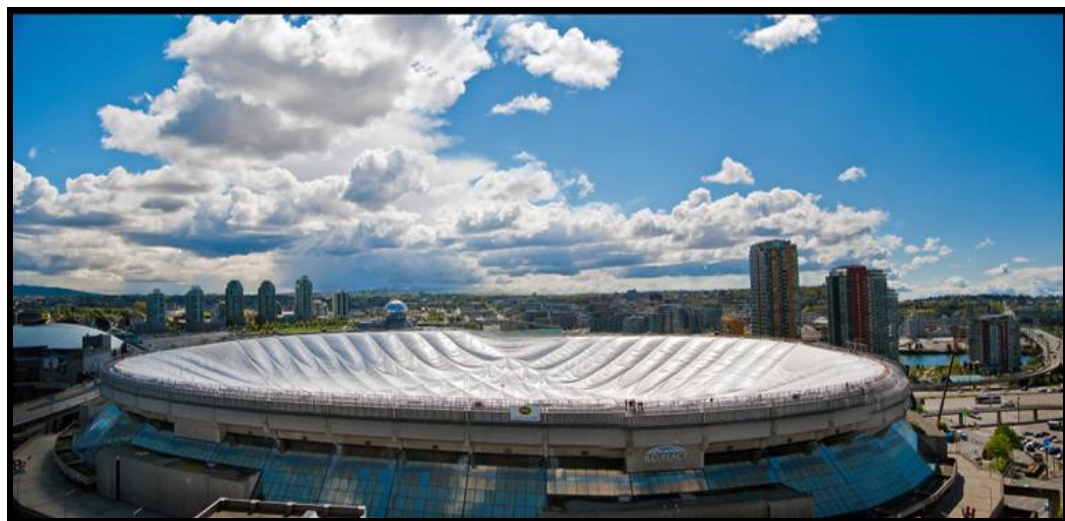
The continuing high value of the Canadian currency, border issues, and the expense and difficulty of air access to Vancouver from international markets continues to be a challenge for securing future bookings at the Convention Centre. As major events are booked for several years in the future, any loss of prime bids now, results in reduced occupancy in future years. The Convention Centre has partnered with the local hospitality and tourism industry to create an incentive plan to compete with other jurisdictions' bids for business in order to attract new activity within the Province.

REPORT ON PERFORMANCE

While BC Place is closed for upgrades and retrofit, sporting and entertainment events have been relocated to the Pacific National Exhibition in Vancouver where a temporary stadium with seating for over 27,000 guests has been built. Although this open-air facility has been highly successful, the inclement spring and fall weather has reinforced the benefit that BC Place will provide with its covered seating for all spectators, and the ability to close its roof when needed. The temporary stadium will be operational until BC Place construction is complete.

Similar to other facilities worldwide, market rental rates at BC Place and the Convention Centre are such that revenues from operations are insufficient to cover operating and capital expenses. The resulting shortfalls are covered by contributions from the Ministry of Jobs, Tourism and Innovation, and represent a small proportion of the overall economic benefits generated through PavCo's operations.

PavCo directly, and through its contracts and construction activity, engages thousands of workers at its facilities. Many of these employees work on a part-time basis, as their employment hours are based on event schedules. Over the past year, with the closure of BC Place, many of the part time event staff have taken the opportunity to work in the temporary stadium at the Pacific National Exhibition.



REPORT ON PERFORMANCE

Strategic Goals

PavCo has the following strategic goals:

1. Maximize revenues and economic growth, and use funding in a manner that provides optimum return to the Shareholder;
2. Maintain and increase client services and satisfaction;
3. Maintain and improve the facilities under our management;
4. Increase innovation, learning, and growth; and
5. Effectively manage major capital work budgets, scope and schedules.

Performance Measures and Targets

Goal 1 – Maximize revenues and economic growth, and use funding in a manner that provides optimum return to the Shareholder.

We strive to achieve our mandate, which is to generate economic and community benefit for the people of British Columbia through the prudent management of public facilities. The events held at our facilities support British Columbia's business and leisure tourism industry, as well as its trade development infrastructure. Our clients and guests from out-of-province fill hotel rooms, patronize provincial businesses, and conduct pre- and post- event activities throughout the Province.

PavCo also strives to meet its financial targets each year to ensure financial sustainability and to minimize its reliance on Shareholder funding.

It is important for PavCo to maximize private sector revenue and to use the funding provided in the areas most likely to generate long-term economic benefits to British Columbia and profitability to the organization.

Key Strategies

Improve the return to the Shareholder on its investment in PavCo's facilities primarily through:

- creating a compelling vision and model for marketing the newly expanded Convention Centre
- seeking events from out-of-province which will generate the maximum amount of economic benefits to our community
- seeking and creating high-profile events that will promote growth and support for British Columbia's business base
- pursuing global markets for long-term growth
- diversifying markets to stabilize long-term business
- repositioning our facilities as being more flexible to users; and
- increasing operational efficiencies

REPORT ON PERFORMANCE

| Goal 1 – Measure 1 | | | | | |
|--|----------------------|---|-----------------------------|---|---------|
| Compare economic benefits generated (in \$millions) | | | | | |
| Past Performance | | 2010/11 Performance (target per 2010/11 to 2012/13 Service Plan) | | Future Performance (per 2011/12 to 2013/14 Service Plan) | |
| 2008/09 | 2009/10 | Target | Actual | 2011/12 | 2012/13 |
| Economic output from out-of-province visitors | | | | | |
| Convention Centre \$192 | \$264 ⁽ⁱ⁾ | \$699 ⁽ⁱⁱ⁾ | \$716 | \$823 | \$648 |
| BC Place \$24 | \$16 | \$0 | \$1 ⁽ⁱⁱⁱ⁾ | \$17 | \$25 |
| <p>⁽ⁱ⁾ Benefits generated during Fiscal 2009/10 do not include those from the 2010 Olympic and Paralympic Winter Games, as these benefits are recorded elsewhere by Government. Benefits for Fiscal 2009/10 have been revised from the amount initially reported following an analysis of delegate attendance and spend.</p> <p>⁽ⁱⁱ⁾ Output for the Convention Centre increased in Fiscal 2010/11 as it was the first year of full operations for the expanded facility.</p> <p>⁽ⁱⁱⁱ⁾ Economic impact generated through BC Place operations in Fiscal 2010/11 was limited as there was only one event held prior to closure for the revitalization project.</p> | | | | | |

The Fiscal 2010/11 economic impact of \$716 million generated from activity at the Convention Centre was \$17 million higher than target. Although there were fewer non-resident delegates attending events than expected, the market draw was different, resulting in higher overall economic output. The number of events held at the Convention Centre was close to expectation, but as a result of the slow recovery from the economic downturn, there were fewer out-of-province attendees than target.

Economic impacts are calculated based on: surveyed or estimated expenditures by organizers and visitors at events in our facilities; subsequent spending in the Province following the event; and the multiplier effect through the economy of such spending. Estimates for future years have been prepared by PavCo management based on anticipated attendance and activity at the facilities.

Unlike many other convention centres, the Convention Centre calculates only the economic impact that arises from non-resident delegate and organizer spending rather than overall spending by both local and non-resident delegates.

REPORT ON PERFORMANCE

| Goal 1 – Measure 1 | | | | | |
|--|---------------------|---|--------------|---|---------|
| Compare economic benefits generated (in \$millions) | | | | | |
| <i>Gross domestic product from events at the Vancouver Convention Centre</i> | | | | | |
| Past Performance | | 2010/11 Performance (target per 2010/11 to 2012/13 Service Plan) ⁽ⁱⁱ⁾ | | Future Performance (per 2011/12 to 2013/14 Service Plan) | |
| 2008/09 | 2009/10 | Target | Actual | 2011/12 | 2012/13 |
| \$65 | \$90 ⁽ⁱ⁾ | \$216 | \$242 | \$279 | \$220 |

⁽ⁱ⁾ The Convention Centre was the Broadcast and Media Centre for the 2010 Olympic and Paralympic Winter Games. Fiscal 2009/10 targets did not include estimates of benefits generated during the period of Olympic occupancy. GDP for Fiscal 2009/10 was higher than initially reported following an analysis of delegate attendance and spend.

⁽ⁱⁱ⁾ Benefits increased in Fiscal 2010/11 as it was the first year of full operations for the expanded Convention Centre.

| <i>Economic impact from all spending from events at BC Place</i> | | | | | |
|--|------------------------|---|------------------------|---|---------|
| Past Performance | | 2010/11 Performance (target per 2010/11 to 2012/13 Service Plan) | | Future Performance (per 2011/12 to 2013/14 Service Plan) | |
| 2008/09 | 2009/10 ⁽ⁱ⁾ | Target | Actual ⁽ⁱⁱ⁾ | 2011/12 | 2012/13 |
| \$63 | \$40 | \$0 | \$3 | \$56 | \$85 |

⁽ⁱ⁾ In Fiscal 2009/10, BC Place generated \$40 million in economic impact from all spending. This does not include economic impact arising from the hosting of the 2010 Olympic Winter and Paralympic Games events at the facility

⁽ⁱⁱ⁾ Economic impact was reduced in Fiscal 2010/11, as BC Place was open for only one event prior to closure for renovations. It is estimated that 3,000 person years of employment years will be generated through the roof replacement project.

| Goal 1 – Measure 2 | | | | | |
|---|-------------------------|---|---------------------------------|---|---------|
| Increased non-resident delegate days at the Vancouver Convention Centre ⁽ⁱ⁾ | | | | | |
| Past Performance | | 2010/11 Performance (target per 2010/11 to 2012/13 Service Plan) | | Future Performance (per 2011/12 to 2013/14 Service Plan) | |
| 2008/09 | 2009/10 | Target | Actual | 2011/12 | 2012/13 |
| 126,799 | 156,571 ⁽ⁱⁱ⁾ | 452,000 | 427,000 ⁽ⁱⁱⁱ⁾ | 522,000 | 403,000 |

⁽ⁱ⁾ Per KPMG 2002, a “non-resident delegate” is a delegate originating from (or normally residing) outside of the Province of British Columbia. “Non-resident delegate days” is the aggregate number of days that a non-resident delegate attends events at the Convention Centre.

⁽ⁱⁱ⁾ Attendance numbers for Fiscal 2009/10 do not include media for the 2010 Olympic and Paralympic Winter Games,

⁽ⁱⁱⁱ⁾ Non resident delegate attendance increased significantly in Fiscal 2010/11, as it was the first full operating year for the expanded Convention Centre. However, attendance was lower than expectation as a result of the slow economic recovery in out-of-province markets.

REPORT ON PERFORMANCE

| Goal 1 – Measure 3 | | | | | |
|--|------------------------|---|--------|---|-----------|
| Increased attendance – BC Place | | | | | |
| Past Performance | | 2010/11 Performance (target per 2010/11 to 2012/13 Service Plan) ⁽ⁱⁱ⁾ | | Future Performance (per 2011/12 to 2013/14 Service Plan) | |
| 2008/09 | 2009/10 ⁽ⁱ⁾ | Target | Actual | 2011/12 ⁽ⁱⁱⁱ⁾ | 2012/13 |
| 943,000 | 1,270,000 | 0 | 81,000 | 629,000 | 1,400,000 |
| <p>⁽ⁱ⁾ Attendance for Fiscal 2009/10 included the Opening and Closing Ceremonies for the 2010 Winter Olympic Games, the Opening Ceremonies for the Paralympic Games, and nightly Medal Ceremonies.</p> <p>⁽ⁱⁱ⁾ No attendance was budgeted for Fiscal 2010/11, due to closure for replacement of the air-supported roof. One event occurred prior to closure.</p> <p>⁽ⁱⁱⁱ⁾ BC Place will resume business operations in September 2011, so attendance for Fiscal 2011/12 will not be for a full year of operations.</p> | | | | | |
| <p>Attendance at BC Place events reflects the facility’s importance as a gathering place for the people of British Columbia and visitors to the province. Accordingly, attendance is a key measure of the success of the facility and its clients. Attendance drives food and beverage sales and is the foundation for sponsorship revenue generation.</p> | | | | | |

| Goal 2 – Maintain and increase client services and satisfaction. |
|--|
| <p>By increasing the satisfaction of our customers, PavCo’s reputation as an organization capable of attracting and producing world-class events will drive future attendance levels. This will further enable us to achieve our primary goal of maximizing economic and community benefits in British Columbia. Many of our guests from out-of-province spend extra time in the province post event, and often return with their families as tourists at a later date.</p> <p>Key Strategies</p> <ul style="list-style-type: none"> • Continue to provide a high level of service to support retaining our customers; • Work with our industry partners to attract guests who will bring the greatest amount of benefits to the local and provincial economies; and • Promote our facilities as the preferred venues for client target markets. |

REPORT ON PERFORMANCE

| Goal 2 – Measure 1 | | | | | |
|---|---------|--|------------|---|---------|
| Service quality survey scores | | | | | |
| Past Performance | | 2010/11 Performance (target per 2010/11 to 2012/13 Service Plan) ⁽ⁱ⁾ | | Future Performance (per 2011/12 to 2013/14 Service Plan) | |
| 2008/09 | 2009/10 | Target | Actual | 2011/12 | 2012/13 |
| <i>Vancouver Convention Centre</i> | | | | | |
| 90% | 87% | 90% | 88% | 90% | 90% |
| <i>BC Place</i> | | | | | |
| 78% | 82% | N/A | N/A | 85% | 90% |
| ⁽ⁱ⁾ BC Place was closed for of Fiscal 2010/11 so service quality was not measured for the year. | | | | | |
| <p>Quality surveys are conducted with clients and guests at both facilities to determine client expectations and satisfaction levels. Wherever possible, both facilities improve service levels as a result of feedback. The event business is very competitive, and client satisfaction is critical.</p> <p>Client satisfaction is a measurement of all aspects of the client experience, from the overall condition of the facilities, to the availability and delivery of services, to costs. PavCo recognizes that it is far more difficult to replace clients than to keep them, and therefore endeavours to maintain and improve customer satisfaction.</p> | | | | | |

| Goal 2 – Measure 2 | | | | | |
|---|---------|--|--------|---|---------|
| Percentage retention of existing business – BC Place | | | | | |
| Past Performance | | 2010/11 Performance (target per 2010/11 to 2012/13 Service Plan) ⁽ⁱ⁾ | | Future Performance (per 2011/12 to 2013/14 Service Plan) ⁽ⁱⁱ⁾ | |
| 2008/09 | 2009/10 | Target | Actual | 2011/12 | 2012/13 |
| 81% | 48% | N/A | N/A | N/A | 95% |
| ⁽ⁱ⁾ BC Place was closed for business in Fiscal 2010/11 and will reopen in September 2011. | | | | | |
| ⁽ⁱⁱ⁾ Retention of business will not be measured until new statistics and benchmarks are available. | | | | | |
| <p>Most of the ongoing business at BC Place comes from a core group of clients. These clients depend on BC Place being able to provide fixed dates for their events well into the future.</p> <p>BC Place will strive to attract new business when it reopens in Fiscal 2011/12, and also to retain the majority of its existing business base.</p> | | | | | |

REPORT ON PERFORMANCE

Goal 3 – Maintain and improve the facilities under our management.

PavCo is striving to provide significant public amenities that surpass market expectations and standards.

We will maintain and improve our facilities to the best standard possible within our means in order to attract new clients. We will continue repair and improvement plans at our facilities, and also look for ways to enhance some of our services. Capital upgrades to our properties will make us more competitive with other facilities and should result in overall increased occupancy and profitability.

The renewal of BC Place is underway with the scheduled completion in Fall 2011.

Key Strategies

- Implement repair and maintenance plans to improve the facilities under our management; and
- Effectively manage capital improvement projects

Goal 3 – Measure

Achieve major capital work milestones

| | Past Performance | | 2010/11 Performance (target per 2010/11 to 2012/13 Service Plan) | | Future Performance (per 2011/12 to 2013/14 Service Plan) | |
|--|------------------|---------------|--|----------------------|--|---------|
| | 2008/09 | 2009/10 | Target | Actual | 2011/12 | 2012/13 |
| <i>Convention Centre Expansion</i> | | | | | | |
| Renovations to Existing Facility | 20% Complete | 85% Complete | 100% Complete | 100% Complete | - | - |
| <i>BC Place Revitalization Program</i> | | | | | | |
| Phase 1 Interiors | 40% Complete | 100% Complete | - | - | - | - |
| Phase 1 Structural Upgrades | 20% Complete | 100% Complete | - | - | - | - |
| Major Maintenance | 5% Complete | 12% Complete | 80% Complete | 60% Complete | 100% Complete | - |
| Furniture, Fixtures and Equipment | - | Commenced | 80% Complete | 10% Complete | 100% Complete | - |
| Retractable Roof and Upgrades | 5% Complete | 10% Complete | 80% Complete | 55% Complete | 100% Complete | - |

The west expansion to the Convention Centre opened to the public in April 2009, and following this the Convention Centre's east facility at Canada Place received a retrofit. A portion of the retrofit work was deferred until after the 2010 Winter Olympic and Paralympic Games and was completed in Fiscal 2010/11.

Preparation for installation of the retractable roof at BC Place including seismic upgrades commenced in Spring 2009. In April 2010, following completion of the 2010 Olympic and Paralympic Winter Games, the fabric roof was removed and construction of the new roof infrastructure commenced. At March 2011, the amount of work completed on the BC Place renewal project was behind targeted milestones as a result of a schedule revision. Construction remains on schedule for the facility to reopen in late September 2011 for its first sporting event.

REPORT ON PERFORMANCE

Goal 4 – Increase innovation, learning and growth.

We strive to keep our employees’ skills at optimum levels so that they can participate in our operations in a professional and meaningful way. The new skills that they acquire through their learning activities will maintain PavCo as a leading organization for innovation and creativity in its industry sector. We will monitor training activity and measure the rate of staff retention.

Key Strategies

- Continue to support staff development in required skill areas, building capacity and motivation to achieve our strategic goals; and
- Implement a performance-contingent compensation system that attracts high performance staff.



PROGRESS AGAINST SHAREHOLDER'S LETTER OF EXPECTATIONS

The Shareholder's Letter of Expectations between the Shareholder and PavCo is an agreement on the respective roles and responsibilities of each, and serves as the basis of an agreement between the parties regarding corporate mandate – including high-level performance expectations, public issues and strategic priorities.

PavCo's Shareholder's Letter of Expectations signed February 22, 2010, was the basis for the development of the Service Plan for the fiscal period 2010/11 to 2012/13. PavCo was specifically directed to take the following actions:

| Action | Progress |
|---|--|
| Report back on the Corporation's sales and marketing plan for the expanded Vancouver Convention Centre, including performance measures and targets to monitor the success of the program that support the tripling non-resident delegate days by 2015. | <p>Business levels for Fiscal 2012 will be the busiest in the history of the Vancouver Convention Centre. The sales and marketing focus is now on securing new out-of-province business for Fiscal 2013 and beyond.</p> <p>Progress updates against the performance targets are provided to the Minister.</p> |
| Take the lead on marketing the Vancouver Convention Centre to the International marketplace, and act as a resource in the development strategy and marketing initiatives for regional British Columbia conference centres. | <p>PavCo is working cooperatively with tourism and hospitality industry representatives to ensure marketing activity and representation is in key international markets.</p> <p>PavCo will work with British Columbia's regional conference centres to implement a program that will assist leverage on the Convention Centre's marketing activities, in order to drive business throughout the Province.</p> |
| Seek input from the BC Olympic Games Secretariat on co-marketing opportunities that leverage their activities leading up to and post the 2010 Olympic and Paralympic Games. | <p>PavCo has developed a Sports Marketing strategy for its business, and has leveraged on expertise from the BC Olympic Games Secretariat to develop bid programs to attract new sporting related events to British Columbia.</p> |
| Complete the BC Place Roof Replacement project by fall 2011 and within or below the approved capital budget, and report out quarterly to the Shareholder on progress of achieving construction milestones (cost, scope and schedule) and details of project benefits. | <p>PavCo awarded a stipulated price agreement for the construction of the BC Place roof replacement. Construction is on target for completion in Fall 2011 within budget.</p> <p>PavCo is reporting to the Shareholder on construction progress and achievement of milestones on a quarterly basis.</p> |
| Continue to explore options and maximize private sector revenue for the public facilities owned/managed by the Corporation, and minimize reliance on government funding. | <p>PavCo is seeking revenue opportunities for BC Place based on timing for the completion of installation of a retractable roof in Fall 2011 and is working to achieve the best return from the development of its lands to the east and west of the facility.</p> <p>PavCo will pursue new business and revenue generating opportunities for BC Place and the Convention Centre, and will work with tourism partners to assist driving new revenue into British Columbia.</p> |

PROGRESS AGAINST SHAREHOLDER'S LETTER OF EXPECTATIONS

| Action | Progress |
|---|---|
| Comply with the Shareholder's requirement to make the public sector carbon neutral by 2010. | The Corporation was carbon neutral for calendar 2010. The Convention Centre has received LEED platinum designation from the Canada Green Building Council, and continually works to minimize carbon emissions during operations. |



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Management Discussion and Analysis

PavCo's continuing operations are the Convention Centre and BC Place. The corporate services division provides strategic oversight and direction to both facilities.

The primary source of revenue for PavCo's facilities is from the event business – the Convention Centre provides a spectacular venue for conventions, meetings and banquets, and BC Place is a multi-purpose facility that holds trade and consumer events, sporting events and entertainment spectacles.

With the tripling in size of the Convention Centre, PavCo is able to host larger convention events that it was previously unable to attract. During Fiscal 2009/10, the entire Convention Centre complex was used as Media Centre for the 2010 Olympic and Paralympic Winter Games, and it reopened at the start of Fiscal 2011 to a full spring schedule of business.

The landlord at Canada Place replaced the fabric roof of the east Convention Centre building during Fiscal 2010/11, and the exhibition halls were out of service for eight months commencing July 2010. Although the roof replacement was carried out with short notice to PavCo, most of the affected clients were successfully accommodated elsewhere.

BC Place was closed for most of Fiscal 2010/11, and will reopen in Fall 2011. Improvements to the facility will make it viable to hold events year round. Events are now confirmed for Winter 2011 that could not have been held without the current improvements being made.

With the completion of the Convention Centre expansion, and renewal of BC Place, there is significant opportunity to bring new business to British Columbia that will benefit all residents through increased spending by non-residents.

Fiscal 2010/11 Financial Results

In Fiscal 2010/11, PavCo recorded a deficit of \$44.5 million on operations prior to Government contributions. This compares to deficits of \$60.9 million in Fiscal 2009/10 and \$16.9 million in Fiscal 2008/09. Revenues from operations were higher than target for Fiscal 2010/11. At the Convention Centre the number of major events that occurred was close to expectation, and recoveries from clients for services provided exceeded target. One unbudgeted show also occurred at BC Place before closure. Revenues also included a recovery of operating costs and out of pocket expenses from VANOC.

Due to additional client needs, and increases in the base cost of services provided at events, the costs of hosting the events was higher than target. Facility operating costs of the expanded Convention Centre were close to budget as its start-up phase continued and event activity intensified. As a result of deferral of the scope of some marketing activities, there were savings of business development costs during the year. Operational costs at BC Place were lower than budget, with reduced routine repairs and maintenance activity during construction. BC Place sporting events were relocated to Empire Field at the Pacific National Exhibition during the year. PavCo is responsible for costs associated with provision of the temporary facility as well as its eventual dismantling once BC Place re opens in Fall 2011.

Revenues from operations increased from Fiscal 2009/10. Significantly higher revenues at the expanded Convention Centre more than offset lost revenue at BC Place as a result of its closure for renewal. Some of the shows displaced from BC Place were accommodated at the Convention Centre, reducing overall revenue losses to PavCo. Income also increased with the recovery of costs from VANOC. Overall facility

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operating expenses decreased from the Fiscal 2009/10 results due to the effects of the BC Place closure, and a reduction in the scope of the marketing program at the Convention Centre. Asset amortization costs were higher as a result of the increased asset base.

Future Outlook

Fiscal 2011/12 will be the busiest ever in Vancouver for convention activity, as evidenced by the Convention Centre operating with few available dates for new business during its peak operating seasons. Competition for business continues to be intense as conventions bring enormous economic activity to the host city and leave little impact on the environment. Vancouver is well positioned to provide “green” business to convention organizers, as the Convention Centre has been built to LEED Platinum standards and continues to work on new initiatives to reduce its environmental impact. Conventions bring business from out of Province further creating employment to hotels, restaurants and tourism operators.

The Convention Centre continues its sales and marketing plan for 2014 and beyond. The Convention Centre has a diverse client base, and is also looking to develop new markets that will bring additional benefits from out-of-province guests in future years. Some larger city-wide conventions are booked through 2018, but there is a continuing trend for event planners to wait until 2 – 3 years before an event to make their final commitments. Marketing the available space has therefore become more intense between bid cities.

With the ability to host major shows throughout the year, BC Place will experience a change in its business model. PavCo has set up a Sports Marketing division that is bidding for major sporting events for its facilities. The newest booking is for womens CONCACAF Champions League, Central America and Caribbean soccer qualifying events in spring 2012 for two places at the 2012 Olympic Games. The CONCACAF games will bring business to Vancouver from all over the world in a period that normally has little business tourism activity. In addition to its traditional show base, BC Place is also seeking exhibition games for sporting events concert festivals for the summer, and activities to partner with the Convention Centre when hosting large conventions, such as plenary sessions and special shows.

PavCo continues to work with the Province of British Columbia, the City of Vancouver, BC Place lands leaseholders and its neighbours to plan for the development of the lands surrounding BC Place. Each of the parties are looking at their options following recent decisions made by the Vancouver City Council on zoning of the lands. BC Place is situated within the Entertainment District of Vancouver, and the zoning allows for a number of mixed uses.



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Comparison of Financial Results to Target and Prior Year Performance

Comparative Statement of Revenues and Expenditures (in \$000)

(In the Format Presented in the Audited Financial Statements)

| | 2009/10 Actual | 2010/11 Actual | 2010/11 Target | Positive (Negative) to 2009/10 | Explanation of Significant Variances from 2009/10 | Positive (Negative) to Target | Explanation of Variances from 2010/11 Target |
|---|-------------------|-------------------|-------------------|--------------------------------------|--|-------------------------------------|---|
| Revenue | 41,603 | 56,257 | 35,498 | 14,654 | Higher convention revenues at the Convention Centre offset by closure of BC Place. Recovery of costs and lost revenues from VANOC. | 20,759 | Increase client spending at the Convention Centre, plus unbudgeted recovery of costs and lost revenues from VANOC. |
| Direct Costs | 23,279 | 24,326 | 18,877 | (1,047) | Increased costs associated with higher revenues at Convention Centre, offset by closure of BC Place. | (5,449) | Increased services and higher cost of those services provided to clients |
| Gross Margin | 18,324 | 31,931 | 16,621 | | | | |
| Facility Expenses | | | | | | | |
| Staffing | 13,558 | 13,310 | 14,515 | 248 | Lower staffing and training requirements at BC Place due to closure. | 1,205 | Some new staff not hired as expected. |
| Operating | 12,104 | 10,581 | 12,719 | 1,523 | Lower facility maintenance activity at BC Place due to closure. | 2,138 | Lower than expected repair costs for the Convention Centre, and reduced costs at BC Place due to closure. |
| Business Development | 5,492 | 2,487 | 5,321 | 3,005 | Reduced scope for the sales and marketing plan for the Convention Centre. | 2,834 | Deferral of a portion of the Convention Centre sales and marketing plan. |
| General and Administration | 4,253 | 4,336 | 4,325 | (83) | | (11) | |
| Fees | 1,781 | 2,629 | 1,372 | (848) | Higher organizational development and business planning costs at the facilities. | (1,257) | Increased business planning costs for reopening at BC Place. Higher business planning and systems consulting activity at the Convention Centre. |
| Total facility expenses | 37,188 | 33,343 | 38,252 | | | | |
| <i>Loss on operations before amortization and other costs</i> | <i>(18,864)</i> | <i>(1,412)</i> | <i>(21,631)</i> | | | | |
| Amortization | (26,551) | (30,170) | (43,849) | (3,619) | Amortization calculated on higher asset base than for prior year. | 13,679 | Asset amortization at different rates than forecast. Fewer assets commissioned than expected. |
| BC Place Redevelopment | (2,283) | (12,985) | (11,420) | (10,702) | Cost of providing temporary sporting facility during closure of BC Place. | (1,565) | Unbudgeted operating costs for Empire Stadium, and increased site development costs at BC Place |
| Event readiness expenses | (13,250) | - | - | 13,250 | One time costs from 2009/10 not repeated | - | |
| <i>(Loss) before Government Contribution</i> | <i>(60,948)</i> | <i>(44,567)</i> | <i>(76,900)</i> | | | | |

FINANCIAL REPORT

Comparison of Financial Operating Results and Forecasts (in \$000's) (In the format presented in the 2011/12 to 2013/14 Service Plan) Fiscal 2007/08 to 2013/14 (Unaudited)

| | <u>2007/08</u> <u>Actual</u> | <u>2008/09</u> <u>Actual</u> | <u>2009/10</u> <u>Actual</u> | <u>2010/11</u> <u>Target</u> | <u>2010/11</u> <u>Actual</u> | <u>2011/12</u> <u>Target</u> | <u>2012/13</u> <u>Target</u> | <u>2013/14</u> <u>Target</u> |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Revenue from operations | 28,348 | 27,495 | 32,809 | 35,498 | 53,382 | 44,375 | 49,128 | 57,410 |
| Expenses | | | | | | | | |
| Cost of sales | 12,198 | 12,291 | 14,549 | 18,877 | 21,458 | 19,732 | 19,482 | 21,114 |
| Staffing | 8,508 | 9,964 | 13,558 | 14,515 | 13,310 | 16,801 | 16,888 | 17,494 |
| Operating | 6,091 | 7,090 | 12,104 | 12,719 | 10,581 | 14,864 | 14,324 | 14,673 |
| General and administration | 1,938 | 2,487 | 4,189 | 4,325 | 4,329 | 4,429 | 4,663 | 12,100 |
| Business development | 1,479 | 2,681 | 5,492 | 5,321 | 2,487 | 4,289 | 1,834 | 1,869 |
| Fees | 1,049 | 1,223 | 1,781 | 1,372 | 2,629 | 2,525 | 1,500 | 1,522 |
| | 31,263 | 35,736 | 51,673 | 57,129 | 54,794 | 62,640 | 58,691 | 68,772 |
| (Loss) before amortization and other costs | (2,915) | (8,241) | (18,864) | (21,631) | (1,412) | (18,265) | (9,563) | (11,362) |
| Amortization | (6,017) | (7,166) | (26,551) | (43,849) | (30,170) | (38,132) | (46,001) | (46,316) |
| Event readiness expense | - | - | (13,250) | - | - | - | - | - |
| BC Place redevelopment | (2,074) | (1,493) | (2,283) | (11,420) | (12,985) | (9,566) | (700) | (700) |
| Discontinued operation | 33,569 | - | - | - | - | - | - | - |
| Income (loss) before amortization of contributions | 22,563 | (16,900) | (60,948) | (76,900) | (44,567) | (65,963) | (56,264) | (58,378) |
| Amortization of contributions | | | | | | | | |
| Operating contributions | 289 | 9,734 | 34,621 | 9,042 | 17,587 | 10,533 | 9,142 | 9,142 |
| Capital contributions | 5,896 | 7,166 | 26,327 | 40,452 | 26,980 | 32,157 | 40,026 | 40,341 |
| Income (Loss) after contributions | 28,748 | - | - | (27,406) | - | (23,273) | (7,096) | (8,895) |
| Retained earnings ⁽ⁱ⁾ | 27,813 | 27,813 | 27,813 | 407 | 27,813 | 4,540 | (2,556) | (11,451) |
| Debt | 243 | 143 | 29,731 | 150,000 | 150,000 | 150,000 | 150,000 | 148,322 |

Note:

Source of Financial 2010/11 Targets is the 2010/11 to 2012/13 Service Plan, published February 2010.

Source of Financial 2011/12 to 2013/14 Targets is the 2011/12 to 2013/14 Service Plan, published February 2011.

(i) Target retained earnings for Fiscal 2011/12 to Fiscal 2013/14 have been adjusted from the Service Plan to reflect the actual net income for Fiscal 2010/11.

The above financial information, including forecast information was prepared based on current Canadian Generally Accepted Accounting Principles. Numerical data for fiscal years 2007/08 to 2010/11 have been

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restated to be consistent with the targets set in the fiscal 2011/12 to 2013/14 Service Plan. Restatement of the financial results has made no impact to the published Income (Loss).

PavCo receives cash contributions from its Shareholder to cover operational deficits, and to provide capital for improvements to its facilities.

Capital Spending for Projects over \$50 million

PavCo continues to enhance its facilities and experience significant growth in the value of the property, plant and equipment it owns and operates. The remaining renovations to the Convention Centre’s east facility which were deferred until after the 2010 Winter Olympic Games, completed on schedule and within budget. As a result, the project has recorded a total of \$47 million in savings from its \$883.2 million budget. BC Place continues with its retrofit project which includes major maintenance upgrades and installation of a new retractable roof under its total revitalization budget of \$563.0 million, and is scheduled to be completed in the Fall 2011.

Vancouver Convention Centre

The Convention Centre’s west expansion opened its doors in April 2009, following which the east building closed its doors for upgrading renovation work in order to provide a seamless transition between the east and west buildings. In addition to PavCo’s remaining renovations, the landlord for the east facility completed a roof retrofit, resulting in the closure of the exhibition halls from July 2010 through February 2011. The east facility returned to normal business when the Convention Centre entertained its first client on March 4, 2011, in the newly retrofitted facility.

The Vancouver Convention Centre project is summarized as follows (in \$ millions):

| | Budget | Forecast | Variance |
|-------------------------------|----------|----------|----------|
| Expansion facility | \$ 808.4 | \$ 776.5 | \$ 31.9 |
| Connector | 38.6 | 25.7 | 12.9 |
| Upgrades to existing facility | 36.2 | 34.0 | 2.2 |
| Total | \$ 883.2 | \$ 836.2 | \$ 47.0 |

BC Place

PavCo received approval to proceed with the retractable roof in October 2009, with a total redefined project budget of \$563.0 million inclusive of interior renovations, major maintenance, structural upgrades and new fixtures and equipment. The first phase of the interior renovations and structural upgrades to accommodate a retractable roof were completed by the end of 2009 within their approved budgets. Some major maintenance projects were also completed in phase one including security system upgrades, exterior lighting upgrades and upgraded operational equipment.

The air supported roof was removed in May 2010, and the structural steel masts, beams and cables which support the new retractable roof were installed through the Spring 2011. The installation of the fixed fabric and retractable roof, additional structural upgrades, and major maintenance will continue through Summer 2011, as well as the installation of the seating, field of play, and other fixtures. The stadium is scheduled to re-open in late September 2011.

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PavCo will finance the upgrades to BC Place through the development of lands surrounding the facility, existing cash reserves, expanded event business and sponsorship opportunities, as well as with a repayable loan and capital contributions from its Shareholder.

Capital Spending for Projects over \$50 million (cont.)

The BC Place revitalization project is summarized as follows (in \$ millions):

| | Budget |
|--|--------------|
| Retractable roof and structural upgrades | 458.0 |
| Major maintenance | 40.0 |
| Interior renovations | 55.0 |
| FF&E | 10.0 |
| Total | 563.0 |

At March 31, 2011, PavCo has committed to \$494.7 million of the \$563.0 million BC Place revitalization program, of which \$315.0 million has been expended to date.

Further detail of the BC Place revitalization program may be referenced at <http://www.bcplacestadium.com/index.php/news-releases.html>.

Summary Capital Expenditures (in \$millions)

| Facility/Project | 2010/11 Performance (target per 2010/11 to 2012/13 Service Plan) | | Future Performance (per 2011/12 to 2013/14 Service Plan) | |
|-----------------------------|--|-----------------------|---|---------|
| | Target | Actual ⁽ⁱ⁾ | 2011/12 | 2012/13 |
| Vancouver Convention Centre | \$ 8.3 | \$ 8.0 | - | - |
| BC Place revitalization | \$ 390.2 | \$ 195.8 | \$ 148.5 | - |

- (i) Forecasts shown in the 2010/11 to 2012/13 Service Plan and the 2011/12 to 2013/14 Service Plan reflect managements' best estimate of capital spending by fiscal year from the total Project budgets approved. Actual results may vary. At March 2011, the amount of work completed on the BC Place renewal project was behind targeted milestones as a result of a schedule revision. Construction remains on schedule for the facility to reopen in late September 2011 for its first sporting event.

B.C. Pavilion Corporation

Statement of Management Responsibility

Management, in accordance with Canadian generally accepted accounting principles, has prepared the financial statements for B.C. Pavilion Corporation. These statements present fairly the financial position of the corporation as at March 31, 2011 and results of its operations and cash flows for the year ended March 31, 2011.

Management is responsible for the preparation, integrity and objectivity of the financial statements. Systems of internal control are developed and maintained by management to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records are properly maintained to provide a reliable basis for preparation of the financial statements.

The Auditor General of British Columbia has performed an independent audit of the financial statements. The Report of the Auditor General outlines the scope of his work on the financial statements for B.C. Pavilion Corporation.



David Podmore
Chair



John Harding
Chief Financial Officer

Vancouver, British Columbia
June 16, 2011



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of B.C. Pavilion Corporation, and
To the Minister of Jobs, Tourism and Innovation, Province of British Columbia

Report on the Financial Statements

I have audited the accompanying financial statements of B.C. Pavilion Corporation (“the Entity”), which comprise the balance sheet as at March 31, 2011, and the statements of operations, comprehensive income and retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial statements 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 Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In my view, the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of B.C. Pavilion Corporation as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

John Doyle, MAcc, CA
Auditor General

Victoria, British Columbia
June 16, 2011

B.C. Pavilion Corporation

Balance Sheet

(in \$000s)

| March 31 | 2011 | 2010 |
|--|------------------|------------------|
| Assets | | |
| Current | | |
| Cash and cash equivalents (Note 9) | 86,192 | 77,652 |
| Accounts receivable (Note 10) | 8,216 | 6,928 |
| Due from Province of BC (Note 11) | 37,478 | 6,500 |
| Prepays (Note 13) | 5,822 | 5,308 |
| | <u>137,708</u> | <u>96,388</u> |
| Long-term | | |
| Property, plant & equipment (Note 14) | 1,193,303 | 1,017,631 |
| Intangible assets (Note 15) | 2,011 | 2,090 |
| | <u>1,195,314</u> | <u>1,019,721</u> |
| | <u>1,333,022</u> | <u>1,116,109</u> |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 17) | 45,171 | 31,534 |
| Deferred revenue (Note 19) | 8,365 | 6,827 |
| | <u>53,536</u> | <u>38,361</u> |
| Long-term | | |
| Long-term debt (Note 18) | 150,000 | 29,731 |
| Deferred revenue (Note 19) | 24,901 | 21,715 |
| Deferred contributions (Note 20) | 237,005 | 241,740 |
| | <u>411,906</u> | <u>293,186</u> |
| | <u>465,442</u> | <u>331,547</u> |
| Shareholder's Equity | | |
| Share capital (Note 21) | - | - |
| Provincial contributions (Note 22) | 839,767 | 756,749 |
| Retained earnings | 27,813 | 27,813 |
| | <u>867,580</u> | <u>784,562</u> |
| | <u>1,333,022</u> | <u>1,116,109</u> |

Commitments (Note 26)

Contingent Liabilities (Note 27)

On behalf of the Board


Chair


Director

See accompanying notes to the financial statements.

B.C. Pavilion Corporation

Statement of Operations, Comprehensive Income and Retained Earnings

(in \$000s)

| Years ended March 31 | 2011 | 2010 |
|--|-----------------|-------------|
| Operating revenues (Note 23) | 56,257 | 41,603 |
| Direct costs (Note 23) | 24,326 | 23,279 |
| | 31,931 | 18,324 |
| Facility expenses | | |
| Staffing | 13,310 | 13,558 |
| Operating | 10,581 | 12,104 |
| General and administration | 4,336 | 4,253 |
| Business development | 2,487 | 5,492 |
| Fees | 2,629 | 1,781 |
| | 33,343 | 37,188 |
| Loss before amortization and other costs | (1,412) | (18,864) |
| Amortization | (30,168) | (26,551) |
| Loss on operations after amortization | (31,580) | (45,415) |
| BC Place redevelopment (Note 12) | (12,985) | (2,283) |
| Event readiness expenses | - | (13,250) |
| Loss before contributions | (44,565) | (60,948) |
| Amortization of deferred contributions (Note 20) | 5,944 | 5,740 |
| Amortization of provincial contributions (Note 22) | 38,621 | 55,208 |
| Net income for the year, being comprehensive income | - | - |
| Retained earnings – beginning of year | 27,813 | 27,813 |
| Retained earnings – end of year | 27,813 | 27,813 |

See accompanying notes to the financial statements.

B.C. Pavilion Corporation

Statement of Cash Flows

(in \$000s)

| Years ended March 31 | 2011 | 2010 |
|---|------------------|------------------|
| Operations | | |
| Loss on operations | (44,565) | (60,948) |
| Items not affecting cash | | |
| Amortization | 30,168 | 26,551 |
| Disposal of assets | 1,294 | 239 |
| <i>Change in working capital</i> | | |
| Deferred revenue | 4,724 | 6,485 |
| Change in non-cash operating working capital (Note 24) | (8,769) | (11,587) |
| <i>Cash used in operations</i> | (17,148) | (39,260) |
| Investing | | |
| Property, plant & equipment additions | (207,008) | (122,121) |
| Intangibles | (47) | (116) |
| Change in non-cash investing working capital (Note 24) | 13,269 | (25,002) |
| <i>Cash used in investing activities</i> | (193,786) | (147,239) |
| Financing | | |
| Increase in long-term debt (Note 18) | 120,269 | 29,588 |
| Contributions from the Province of British Columbia (Note 22) | 121,639 | 50,743 |
| Contributions from other (Note 20) | 1,209 | 13,820 |
| Change in non-cash financing working capital (Note 24) | (23,643) | - |
| <i>Cash provided by financing activities</i> | 219,474 | 94,151 |
| Net increase (decrease) in cash and cash equivalents | 8,540 | (92,348) |
| Cash and cash equivalents – beginning of year | 77,652 | 170,000 |
| Cash and cash equivalents – end of year (Note 9) | 86,192 | 77,652 |

See accompanying notes to the financial statements.

B.C. Pavilion Corporation

Notes to the Financial Statements

Year ended March 31, 2011

(tabular amounts in \$000s)

1. Authority and Purpose

B.C. Pavilion Corporation (PavCo) was formed on April 1, 2008 under the *British Columbia Business Corporations Act*, following the amalgamation of the former B.C. Pavilion Corporation and Vancouver Convention Centre Expansion Project Ltd. The mandate of PavCo is to generate economic and community benefits for the people of British Columbia through the management of public tourism and cultural facilities.

PavCo owns and operates BC Place and the Vancouver Convention Centre's west facility. The Corporation operates the Vancouver Convention Centre's east facility under a separate agreement with Canada Place Corporation.

PavCo is exempt from income taxes under the Income Tax Act as it is wholly owned by the Province of British Columbia.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies used in the preparation of these financial statements are:

a) Financial Instruments – Recognition and Measurement

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. All financial assets and financial liabilities including derivatives are measured in the balance sheet at fair value, except for loans and receivables, and other financial liabilities, which are measured at amortized cost.

PavCo has designated its financial instruments as follows:

Cash and cash equivalents are classified as financial assets held for trading.

Accounts receivable are classified as loans and receivables and are measured at amortized cost. Accounts payable, accrued liabilities, and long term debt are classified as other financial liabilities and are also measured at amortized cost.

The carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair values, due to the short-term nature of these financial instruments.

b) Construction-in-progress

All costs of construction are recorded at cost and include direct costs during development and construction and other carrying costs. When construction is substantially complete and the asset is ready for use, the costs are transferred to property, plant and equipment. They are subsequently amortized over their estimated useful lives.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

2. Significant Accounting Policies (cont.)

c) Value-in-kind (VIK)

PavCo has entered into agreements where VIK is provided. VIK is recognized at fair value and when the goods would otherwise have been purchased (including any applicable taxes). The VIK provided by these agreements is included in property, plant and equipment.

d) Contra-transactions

Unearned revenue resulting from contra-transactions, such as the exchange of goods or services for advertising, is amortized over the term of the services contract.

e) Capital Assets

Property, plant and equipment are recorded at cost less accumulated amortization. Assets are amortized over their estimated useful lives to PavCo:

| | |
|------------------------------------|--|
| Buildings and improvements | 10 to 50 years, straight line |
| Leasehold improvements | over the shorter of the estimated useful life of the improvement and the term of the lease |
| Equipment and other capital assets | 1 to 10 years, straight line |
| Mobile equipment (vehicles) | 30% per annum, declining balance |
| Furniture | 3 to 5 years, straight line |
| Computer equipment | 3 years, straight line |

PavCo treats its art/theming program as a tangible capital asset with a virtually unlimited useful life. All costs of developing, constructing, acquiring, installing and securing the art/theming program have been recorded at cost in PavCo's books and classified as property, plant and equipment. PavCo has title to all pieces in the program, and is responsible for preservation and protection. Given that the nature of the asset is to be held for use in the supply of service and public exhibition and for its cultural and aesthetic value in perpetuity, and the useful or service life of these pieces is extraordinarily long and virtually unlimited, no amortization is being taken on the pieces.

f) Impairment of long-lived assets

Given the nature of the Corporation's mandate, PavCo believes that assessing the service potential of its assets best reflects whether there is any indication of asset impairment. PavCo reviews the value of its capital assets that are in active service for impairment, based on their service potential and ability to provide goods and services.

g) Intangible assets

Non-depreciable intangible assets are recorded at the lower of cost or net realizable value. Depreciable intangible assets are recorded at cost and amortized on a straight line basis over their estimated useful lives of three years.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

2. Significant Accounting Policies (cont.)

h) Employee Benefits Plan

PavCo and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pension Plans Act*. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension (Plan) is a multi-employer, defined benefit plan. Under joint trusteeship, the risk and reward associated with the Plan's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions. The most recent actuarial valuation (March 31, 2008) disclosed an actuarial surplus. The next full actuarial valuation will be at March 31, 2011. Contributions to the Plan by PavCo for fiscal 2011 were \$916 thousand (2010 - \$970 thousand).

i) Deferred contributions

Contributions for the construction of capital assets are deferred and are amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

j) Government funding

Funding received from the Province of British Columbia is recognized as Provincial Contributions when received.

Funding received to assist in sustaining operations is deferred and amortized to income as the related expenses occur.

Funding received for capital assets is deferred and amortized at a rate corresponding with the amortization rate for the related capital assets.

Funding received for the acquisition of, or in the form of non-depreciable capital assets is recognized as a direct increase to Provincial Contributions in the same period that the assets are acquired.

Funding received for specific purposes is deferred and recognized as the expenses are incurred.

k) Revenue recognition

Revenue from events at BC Place and the Vancouver Convention Centre is recognized on the completion of events. Amounts received in advance of event completion are recorded as unearned revenue.

Revenues received in advance from lease and business alliance agreements and expenses incurred to generate them are amortized on a straight line basis over the term specified in the agreements.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

2. Significant Accounting Policies (cont.)

l) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires that management make estimates and assumptions based on the information available. Such estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Management has made estimates on the expected timing of future expenditures related to construction commitments (Note 26a). Actual results could differ from the amounts estimated.

m) Environmental expenses

Environmental costs are recorded when a determination of liability is made and the related costs can be reasonably estimated.

n) Foreign currency transactions

Any foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect at the transaction date. Any foreign currency denominated monetary assets and liabilities are stated using the prevailing rate of exchange at the balance sheet date.

3. Financial Instruments – Risk Management

PavCo is exposed to various risks related to its financial assets and liabilities. It is management's opinion that the corporation is not exposed to significant market, liquidity or credit risk arising from these financial instruments.

PavCo's risk management objective when it invests in financial instruments is to ensure that any investments are in quality securities, so as to safeguard the assets of the shareholder, and enable the corporation to continue operations as a going concern.

Market Risk – Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect PavCo's income or the value of its financial instruments.

PavCo's exposure to currency risk is only related to the value of foreign exchange transactions in the normal course of business, and manages this risk by minimizing the amount of transactions in foreign funds.

PavCo is not subject to interest rate risk on its long term debt as a fixed rate is provided for in the loan agreement which eliminates fluctuations in the value of this financial instrument during the repayment period.

Liquidity Risk – Liquidity risk is the risk that PavCo will have difficulty in meeting its financial obligations when they come due.

PavCo manages liquidity risk by continually monitoring cash flows, and by maintaining the ability to borrow funds from its shareholder.

Credit Risk - Credit risk is the risk of financial loss to PavCo if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

PavCo's exposure to credit risk is only related to the value of accounts receivable in its normal course of business, and manages this risk by minimizing the amount of transactions which require recovery. The corporation continually monitors and manages the collection of receivables from other customers.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

4. Changes in Accounting Policy

a) Accounting pronouncements issued but not yet effective

The Public Sector Accounting Board (“PSAB”) sets out the applicable source of Generally Accepted Accounting Principles to be applied by Canadian government organizations. PavCo is classified as an Other Government Organization (“OGO”).

Recent revisions to the introduction of the PSAB Handbook requires PavCo to report under either the PSAB Handbook or International Financial Reporting Standards (“IFRS”) in its fiscal period commencing April 1, 2011; however, the Province of British Columbia has directed PavCo to adopt the PSAB Handbook. Conversion to the PSAB Handbook will result in significant changes to both the recognition and measurement of certain accounts and to the overall presentation of the financial statements including disclosures.

b) Adoption of Section 3055 – Interest in joint ventures

Section 3055 establishes standards for accounting in joint ventures. Interests in joint ventures are recorded using the proportionate consolidation method therefore PavCo accounts for and reports its pro-rata share of the assets, liabilities, revenues and expenses that are subject to joint control, within similar items in its financial statements.

During the year, management determined that PavCo’s contribution to a Convention Development Fund meets the definition and criteria outlined in Section 3055 (Note 8).

5. Prior Period Adjustment

During the year, management discovered a classification error within its property, plant and equipment, whereas some building improvements and equipment were unintentionally misclassified to furniture and fixtures. The result, due to differing amortization rates, was an understatement of property, plant and equipment and provincial contributions by \$106 thousand, and an overstatement of asset amortization and amortization of provincial contributions by \$106 thousand in fiscal 2010.

In addition, management determined that for consistency, some equipment which was misclassified and reported as mobile equipment should also be reclassified accordingly. This reclassification resulted in a minor (\$1 thousand) overstatement of asset amortization and amortization of provincial contributions and related understatement of property, plant and equipment and provincial contributions. The financial statements for the prior year have been restated to correct this error.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
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5. Prior Period Adjustment (cont.)

The effect of this change within property, plant and equipment on the corporation's financials is as follows:

| | 2010 |
|--|------|
| Balance Sheet: | |
| Increase in property, plant and equipment | 107 |
| Increase in provincial contributions | 107 |
| Income Statement: | |
| Decrease in amortization | 107 |
| Decrease in amortization of provincial contributions | 107 |
| Statement of Cash Flows: | |
| Decrease in amortization | 107 |
| Decrease in loss before contributions | 107 |

The effect of the reclassification changes by category within property, plant and equipment are:

| | Carrying Cost | 2010 Net Book Value |
|---|------------------|---------------------------|
| Increase in building and improvements | 1,410 | 1,375 |
| Decrease in furniture and fixtures | (2,199) | (1,979) |
| Increase equipment | 2,324 | 2,008 |
| Decrease in mobile equipment (vehicles) | (1,535) | (1,297) |

6. Capital Management

PavCo defines its capital structure as cash and cash equivalents, long-term debt and shareholder's equity.

The Corporation's objectives when managing capital are to optimize the use of its assets so as to provide the maximum economic return to its shareholder and stakeholders, while maintaining financial flexibility in order to preserve its ability to meet financial obligations and to continue as a going concern.

PavCo manages its capital structure with consideration to targets set through its Service Plan and Shareholder's Letter of Expectation, expenditure priorities and the funds available to address them. Funding assistance from PavCo's shareholder may be required to maintain or adjust the capital structure.

There has been no change to PavCo's capital management approach for the current period.

PavCo has externally imposed capital restrictions. It is not permitted to dispose of BC Place or the Vancouver Convention Centre. Funding received for designated purposes, must be used for those purposes provided. PavCo is in full compliance with these restrictions.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

7. Economic Dependence

PavCo relies on its sole shareholder to provide any capital for investments in property, plant and equipment and when required, to assist with operational funding.

8. Interest in Joint Venture

During fiscal 2011, PavCo determined that its contribution to a Convention Development Fund (CDF) constitutes an interest in a joint venture. The fund was created in fiscal 2010 with joint participation between the Greater Vancouver Convention and Visitors Bureau, the Vancouver Hotel Destination Association and PavCo, to provide incentives to convention groups in order to attract and secure convention business which is mutually beneficial to the parties.

Included in the corporation's financial statements is PavCo's interest in the CDF joint venture based on its contributions to the fund (2011 – 29.4%; 2010 – 48.5%) applied on a prospective basis:

| | 2011 | 2010 |
|--|------|------|
| Balance Sheet: | | |
| Increase in cash | 800 | - |
| Decrease in prepaids | 800 | - |
| Increase in accounts payable | 20 | - |
| Decrease in provincial contributions | 20 | - |
| Income Statement: | | |
| Increase in operating revenue | 1 | - |
| Increase in operating expense | 21 | - |
| Increase in amortization of provincial contributions | 20 | - |
| Statement of Cash Flows: | | |
| Increase in loss before contributions | 20 | - |
| Increase in working capital | 820 | - |
| Increase in cash and cash equivalents | 800 | - |

PavCo also has a proportionate interest in the future commitments of the joint venture. PavCo's share of these commitments, to be funded by the CDF, as of March 31, 2011 is:

| | |
|------------------------|----------------|
| Fiscal 2012 | \$ 12 thousand |
| Fiscal 2013 | \$ 10 thousand |
| Fiscal 2014 | \$ 65 thousand |
| Fiscal 2015 | \$ 21 thousand |
| Fiscal 2016 and beyond | \$ 51 thousand |

9. Cash and Cash Equivalents

PavCo considers deposits in banks and investments with maturities of three months or less as cash and cash equivalents. A previous restriction on \$0.9 million of cash in fiscal 2010 expired during the year, as the terms and conditions of the restriction which related to long term lease agreements at the Vancouver Convention Centre were met.

Cash and cash equivalents includes \$0.8 million reflecting PavCo's interest in the Convention Development Fund (Note 8).

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

10. Accounts Receivable

| | March 31 2011 | March 31 2010 |
|-------|------------------------------|------------------|
| Trade | 4,675 | 5,575 |
| HST | 3,541 | 1,353 |
| | 8,216 | 6,928 |

11. Due from Province of British Columbia

| | March 31 2011 | March 31 2010 |
|---------------------------------------|------------------------------|------------------|
| Due from Province of British Columbia | 37,478 | 6,500 |
| | 37,478 | 6,500 |

The \$37.5 million current receivable relates to funding assistance for PavCo and consists of \$13.8 million for funding of continuing operations (2010 - \$6.5 million) and \$23.6 million for funding of the BC Place revitalization project.

12. Funding for Capital Projects

BC Place

PavCo received approval to proceed with construction projects of up to \$563.0 million at BC Place. This includes interior refurbishments, deferred maintenance projects, structural upgrades and replacement of the air-supported roof with a retractable roof.

The project funding will be provided by way of self-financing by PavCo through the development of lands surrounding BC Place, existing cash reserves, expanded event business and sponsorship opportunities, as well as a repayable loan (Note 18) and capital contributions from the Province of British Columbia.

In February 2010, PavCo entered into a 70-year lease agreement for a parcel of its land to the west of BC Place. PavCo will receive annual lease payments from the lessee following completion of the redevelopment of these lands. PavCo has obligations to provide certain services and benefits to these lands for the lessee, who has agreed to make a financial contribution towards these services and benefits.

During the period ended March 31, 2011, PavCo incurred costs of \$13.0 million associated with the comprehensive redevelopment of its lands including the temporary facility constructed at Empire Field in Vancouver.

| | March 31 2011 | March 31 2010 |
|---------------------------------|--------------------------|------------------|
| Redevelopment costs written off | 11,962 | 2,044 |
| Loss on disposal of assets | 1,023 | 239 |
| | 12,985 | 2,283 |

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

12. Funding for Capital Projects (cont.)

Vancouver Convention Centre Expansion

The budget for construction of the Vancouver Convention Centre expansion including the connection between the expanded facility and Canada Place together with upgrades to the existing facility at Canada Place was \$883.2 million, and was funded by the Province of British Columbia (\$540.7 million), the Government of Canada (\$222.5 million), Tourism Vancouver (\$90 million), and \$30 million from commercial opportunities.

Upgrades to the existing facility were completed in the current year.

Funding for the expansion project has been received in full.

13. Prepaids

| | March 31 | March 31 |
|----------------------------------|-----------------|----------|
| | 2011 | 2010 |
| Event and operations prepayments | 1,043 | 1,639 |
| Temporary stadium facility | 4,779 | 3,669 |
| | 5,822 | 5,308 |

The temporary stadium rental period expires in the Fall of 2011.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

14. Property, Plant & Equipment

| By facility | March 31, 2011 | | | March 31 |
|-----------------------------|-----------------------|--------------------------|------------------|------------------|
| | Carrying Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| BC Place | 460,349 | 48,062 | 412,287 | 225,577 |
| Vancouver Convention Centre | 828,827 | 47,882 | 780,945 | 791,955 |
| Corporate Office | 139 | 68 | 71 | 99 |
| | 1,289,315 | 96,012 | 1,193,303 | 1,017,631 |

| By category | March 31, 2011 | | | March 31 |
|-----------------------------|-----------------------|--------------------------|------------------|------------------|
| | Carrying Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Land | 71,260 | - | 71,260 | 71,260 |
| Buildings & Improvements | 937,023 | 76,235 | 860,788 | 876,122 |
| Construction in Progress | | | | |
| VCC Expansion | 88 | - | 88 | 1,354 |
| BC Place | 235,778 | - | 235,778 | 40,113 |
| Equipment | 27,196 | 13,810 | 13,386 | 15,961 |
| Mobile Equipment (vehicles) | 49 | 45 | 4 | 5 |
| Furniture | 10,331 | 4,692 | 5,639 | 7,216 |
| Computer Equipment | 1,497 | 1,230 | 267 | 234 |
| Art/ Theming Collection | 6,093 | - | 6,093 | 5,366 |
| | 1,289,315 | 96,012 | 1,193,303 | 1,017,631 |

PavCo's lease agreement with Canada Place Corporation for the Vancouver Convention Centre's east facility is for a 20-year term expiring in 2027. It is at nominal annual rent and PavCo is responsible for all operating costs. As the lease term represents the full economic life of the asset, it is included in the capital assets of the Corporation.

The new Vancouver Convention Centre west facility commenced operations on April 3, 2009. Asset cost includes direct costs of construction and an apportioned amount of overhead costs directly attributable to the construction including capitalized interest earned of \$24.9 million.

At March 31, 2011, PavCo has completed significant structural upgrades and interior refurbishments to BC Place under its \$563.0 million multi-project envelope. The corporation has entered into a stipulated price agreement for construction of the retractable roof and most of the remaining project components.

Modifications and renovations to the Convention Centre's east facility were substantially completed in fiscal 2011, while construction on the retractable roof, deferred maintenance projects and interior refurbishments at BC Place will continue into fiscal 2012.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
(tabular amounts in \$000s)

15. Intangible Assets

| By Category | March 31, 2011 | | | March 31 2010 |
|---|------------------|-----------------------------|-------------------|-------------------|
| | Carrying Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Computer software & website re-design | 664 | 531 | 131 | 210 |
| Agreement to secure and market the 2011 Grey Cup | 1,880 | - | 1,880 | 1,880 |
| | 2,544 | 531 | 2,011 | 2,090 |

The agreement to secure the 2011 Grey Cup to showcase the revitalization of BC Place was fully funded by Province of British Columbia. The cost will be amortized to operations in fiscal 2012.

16. Intangible Rights

PavCo has had interests in two properties that have been sold or transferred to third parties. Under the terms of the transfer agreements, PavCo could have rights to further income or property at some future date if these or other adjacent properties are developed or sold.

The first relates to a parcel of land adjacent to BC Place that was transferred to a developer for future exchange for another piece of land of approximate size. If the adjacent land is sub-divided or developed, then PavCo will receive the land exchange, otherwise, PavCo will receive cash compensation of approximately \$150 thousand.

The second relates to a parcel of land in Surrey, British Columbia, that, if the land were to be sold or redeveloped before March 2016, then PavCo would receive three fifths of the sales proceeds of the land over \$1.1 million. No estimate is available of the current value of the land or of the intention of the owner to dispose of it at this time.

17. Accounts Payable and Accrued Liabilities

| | March 31 2011 | March 31 2010 |
|-----------|------------------|------------------|
| Trade | 23,650 | 27,343 |
| Holdbacks | 21,521 | 4,191 |
| | 45,171 | 31,534 |

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
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18. Long-term Debt

| | March 31 2011 | March 31 2010 |
|------------------------------|--------------------------|------------------|
| Province of British Columbia | 150,000 | 29,731 |
| | 150,000 | 29,731 |

In fiscal 2010 PavCo entered into a long term loan agreement with the Province of British Columbia to provide financing for the construction of the retractable roof and interior refurbishments at BC Place. In fiscal 2011 PavCo received the balance of the loan. Under the terms of the agreement, the repayable loan is non-interest bearing during construction. Commencing April 2, 2013, PavCo will repay the loan by providing semi-annual blended payments of principal and interest (fixed interest rate of 4.89%) until fiscal 2049. The current repayment schedule reflects loan payments by PavCo of \$4.5 million for the initial and final repayment fiscal years (2014 and 2049), and \$9.0 million for fiscal years 2015 through 2048.

The loan is secured by the assets of BC Place and Vancouver Convention Centre.

19. Deferred Revenue

| | March 31 2011 | March 31 2010 |
|-------------------------------|--------------------------|------------------|
| <i>Current</i> | | |
| Event revenues | 6,142 | 4,862 |
| Unearned revenue | 2,223 | 1,965 |
| | 8,365 | 6,827 |
| <i>Long-term</i> | | |
| Event revenues | 768 | 1,011 |
| Other deferred revenue | 24,133 | 20,704 |
| | 24,901 | 21,715 |
| Total deferred revenue | 33,266 | 28,542 |

Event revenues are receipts in advance of scheduled event dates and are deferred until completion of the event. Long term event revenues are deposits for events scheduled up to fiscal 2020.

Other deferred revenue represents funds received in advance from lease and business alliance agreements, and are recognized in accordance to the terms specified in those agreements. The terms of the business alliance agreements range from 10 years to 50 years.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
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20. Deferred Contributions

| | Government of Canada | VANOC | Other | March 31 2011 | March 31 2010 |
|-----------------------------------|-------------------------|--------|--------|--------------------------|------------------|
| Opening contributions | 220,072 | 11,209 | 10,459 | 241,740 | 233,660 |
| Additional contributions received | - | - | 1,209 | 1,209 | 13,820 |
| Amortized during the year | (4,556) | (470) | (918) | (5,944) | (5,740) |
| Closing contributions | 215,516 | 10,739 | 10,750 | 237,005 | 241,740 |

Deferred Contributions include contributions from non-related parties to fund the acquisition of capital assets to provide for the future benefit of the Corporation.

Government of Canada contributions is funding for the construction of the expansion of the Vancouver Convention Centre and connector between the east and west facility, as well as for construction of the water treatment facility.

Contributions received from VANOC were for improvements at PavCo's facilities.

Other contributions reflect value-in-kind agreements for property, plant and equipment at the Vancouver Convention Centre.

21. Share Capital

PavCo is authorized to issue an unlimited number of shares without par value, without special rights or restrictions attached. 101 shares are issued and outstanding. The Minister of Jobs, Tourism and Innovation (formerly Tourism, Culture and the Arts) as the designated representative of Her Majesty the Queen in Right of the Province of British Columbia holds 100 shares, and Her Majesty the Queen in Right of the Province of British Columbia holds one share.

22. Provincial Contributions

| | Capital ⁽¹⁾ | Sustaining Operations | Other | March 31 2011 | March 31 2010 |
|--------------------------------------|------------------------|--------------------------|-------|--------------------------|------------------|
| Opening contributions | 749,059 | 1,391 | 6,299 | 756,749 | 761,214 |
| Additional contributions received | 99,745 | 21,894 | - | 121,639 | 50,743 |
| Amortization-capital contributions | (21,019) | - | (15) | (21,034) | (20,587) |
| Amortization-operating contributions | - | (17,587) | - | (17,587) | (34,621) |
| Closing contributions | 827,785 | 5,698 | 6,284 | 839,767 | 756,749 |

⁽¹⁾ Capital contributions include land held at its historical cost of \$71.26 million.

Provincial contributions are capital and operating contributions from PavCo's shareholder and are segregated based on shareholder direction on the use of funds.

Capital is funding received for asset acquisition and capital construction projects at PavCo's facilities. Funding for sustaining operations includes amounts to support ongoing operations, as well as sales and marketing initiatives at the Vancouver Convention Centre. Other funding reflects contributions received in fiscal 2010 specified for event readiness costs.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
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23. Operating Revenues and Direct Costs by Business Segment

| | March 31 | March 31 |
|---------------------------------|-----------------|----------|
| Operating Revenues | 2011 | 2010 |
| Vancouver Convention Centre | 45,813 | 23,291 |
| BC Place | 9,682 | 18,079 |
| Corporate Office ⁽¹⁾ | 762 | 233 |
| | 56,257 | 41,603 |

⁽¹⁾Corporate office revenues consist of interest earned on cash and investments and any fair value adjustment on the investments.

| | March 31 | March 31 |
|-----------------------------|-----------------|----------|
| Direct Costs | 2011 | 2010 |
| Vancouver Convention Centre | 24,024 | 10,824 |
| BC Place | 302 | 12,455 |
| | 24,326 | 23,279 |

Fiscal 2011 revenues and direct costs reflect a full year of operations at the Vancouver Convention Centre ('VCC') inclusive of the eight month closure of VCC's east facility exhibition halls due to the landlord's replacement of the roof. BC Place was closed for the entire year with the exception of one event held in April 2010. During the year, PavCo received \$11.3 million (2010 - \$14.0 million) due to hosting Olympic activities at its facilities (VCC - \$2.7 million; BC Place \$8.6 million).

24. Change in Non-cash Working Capital

| | March 31 | March 31 |
|--|-----------------|----------|
| Operations | 2011 | 2010 |
| Receivables | (8,334) | (7,860) |
| Prepays | (514) | (3,146) |
| Trade payables and accrued liabilities | 79 | (581) |
| | (8,769) | (11,587) |

| | March 31 | March 31 |
|--|-----------------|----------|
| Investment in property, plant & equipment | 2011 | 2010 |
| Receivables | (289) | 10,403 |
| Prepays | - | 45 |
| Trade payables and accrued liabilities | 13,558 | (35,450) |
| | 13,269 | (25,002) |

| | March 31 | March 31 |
|------------------|-----------------|----------|
| Financing | 2011 | 2010 |
| Receivables | (23,643) | - |
| | (23,643) | - |

Receivables include any changes in amounts due from the Province of British Columbia and the Government of Canada.

B.C. Pavilion Corporation
Notes to the Financial Statements
Year ended March 31, 2011
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25. Environmental Costs

PavCo and predecessor property owners remain liable for environmental and reclamation obligations for known hazards that may exist at its facilities. Management is not aware of any existing environmental problems related to its facilities that may result in material liability to PavCo.

26. Commitments

a) Construction

PavCo is committed to completing upgrades and renovations to the BC Place refurbishment project, including the retractable roof, within its \$563.0 million approved budget.

At March 31, 2011, the Corporation has committed to future expenditures under contracts currently entered into with respect to construction obligations as follows:

| | |
|-------------|------------------|
| Fiscal 2012 | \$ 143.4 million |
|-------------|------------------|

b) Operating leases

The Corporation is committed to payments under several operating leases, the longest of which extends to 2020. These represent total commitments of \$4.4 million as follows:

| | |
|------------------------|----------------|
| Fiscal 2012 | \$ 3.5 million |
| Fiscal 2013 | \$ 0.3 million |
| Fiscal 2014 | \$ 0.2 million |
| Fiscal 2015 | \$ 0.1 million |
| Fiscal 2016 and beyond | \$ 0.3 million |

c) Lands to be leased to third parties

Under the terms of an agreement for the parcel of land to the west of BC Place leased to a third party commencing in 2013, PavCo is not permitted to abandon BC Place, or to allow it to fall into material disrepair during the first 40 years of the lease term.

27. Contingent Liabilities

The Corporation has issued Letters of Credit to the following:

| Value (in \$) | Expiry Date |
|--|----------------------------------|
| Department of Fisheries and Oceans Canada: | |
| Habitat compensation and monitoring | \$100,000 September 3, 2011 |

The Letter of Credit includes an annual auto-renewal clause, unless cancelled prior to the expiry date.

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28. Related Party Transactions

PavCo is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities considered to be in the normal course of operations, are recorded at the exchange amounts, predominantly under prevailing trade terms.

| | March 31 2011 | March 31 2010 |
|---------------------------------------|--------------------------|------------------|
| Amounts included in : | | |
| Assets | | |
| Due from Province of British Columbia | 37,478 | 6,500 |
| Prepays | 1 | - |
| Capital Assets | 1,221 | 33 |
| Liabilities | | |
| Accounts payable | 226 | 563 |
| Long term debt | 150,000 | 29,731 |
| Deferred revenue | 3,200 | 3,600 |
| Equity | | |
| Provincial contributions | 840,433 | 756,642 |
| Operations | | |
| Revenues | 828 | 767 |
| Staffing | 1 | 103 |
| Fees | - | 149 |
| General & administrative costs | 89 | 30 |
| Operations | 1,148 | 1,755 |

29. Subsequent Event

Subsequent to March 31, 2011, PavCo executed an amendment to one of its long term commercial leases whereby PavCo modified the rent payment schedule and deferred a portion of its lessee's rent until certain terms and conditions are met. There is no impact on the financial statements for the year ended March 31, 2011.

30. Comparative Numbers

Certain comparative numbers may have been restated to conform to the financial statement presentation used in the current year.

INFORMATION ON OPERATING SEGMENTS (UNAUDITED)

Vancouver Convention Centre Comparison of Financial Results and Targets (in \$000)

| | <u>2007/08</u> <u>Actual</u> | <u>2008/09</u> <u>Actual</u> | <u>2009/10</u> <u>Actual</u> | <u>2010/11</u> <u>Target</u> | <u>2010/11</u> <u>Actual</u> | <u>2011/12</u> <u>Target</u> | <u>2012/13</u> <u>Target</u> | <u>2013/14</u> <u>Target</u> |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Revenue from operations | 17,505 | 16,835 | 22,235 | 35,388 | 43,042 | 37,837 | 33,026 | 37,384 |
| Expenses | | | | | | | | |
| Cost of Sales | 9,298 | 8,921 | 9,768 | 18,877 | 21,253 | 17,068 | 14,050 | 15,672 |
| Staffing | 3,786 | 4,873 | 7,038 | 8,373 | 7,572 | 8,328 | 8,722 | 9,152 |
| Operating | 3,425 | 4,104 | 9,197 | 9,927 | 10,162 | 10,209 | 9,272 | 9,457 |
| General and administration | 1,101 | 1,570 | 2,621 | 2,621 | 2,833 | 2,325 | 2,265 | 2,335 |
| Business development | 1,264 | 2,316 | 5,112 | 4,709 | 2,151 | 1,045 | 1,066 | 1,087 |
| Fees | 404 | 516 | 684 | 554 | 984 | 440 | 459 | 572 |
| | 19,278 | 22,300 | 34,420 | 45,061 | 44,955 | 39,415 | 35,834 | 38,275 |
| (Loss) before amortization and other costs | (1,773) | (5,465) | (12,185) | (9,673) | (1,913) | (1,578) | (2,808) | (891) |
| Capital asset amortization | (627) | (739) | (19,757) | (20,521) | (21,170) | (21,110) | (20,894) | (20,761) |
| | (2,400) | (6,204) | (31,942) | (30,194) | (23,083) | (22,688) | (23,702) | (21,652) |
| Major capital expenditures | (242,820) | (236,471) | (43,221) | (8,300) | (9,232) | - | - | - |
| Sustaining capital | (761) | (3,660) | (136) | (3,712) | (1,127) | (4,000) | (4,000) | (4,000) |

Note:

Source of Financial 2010/11 Targets is the 2010/11 to 2012/13 Service Plan, published February 2010.

Source of Financial 2011/12 to 2013/14 Targets is the 2011/12 to 2013/14 Service Plan, published February 2011.

Key performance information for the Convention Centre is consistent with that provided for the whole organization, and is separately disclosed in the Report on Performance.

Numerical data for fiscal years 2007/08 to 2010/11 have been restated to be consistent with the targets set in the fiscal 2011/12 to 2013/14 Service Plan. Restatement of the financial results has made no impact to the published Income (Loss).

The Convention centre west building commenced operations in April 2009 tripling the size of the facility. The east building was closed for renovations for a portion of Fiscal 2009/10. Both buildings were operational for Fiscal 2010/11, excepting the exhibit halls in the east building which was closed for replacement of the roof by the landlord from July 2010 to February 2011.

INFORMATION ON OPERATING SEGMENTS (UNAUDITED)

Significant variances between actual financial results for Fiscal 2009/10 and Fiscal 2010/11:

- Revenues increased during the first year of full activity for the expanded Convention Centre, with larger and more events occurring. Income also included a settlement for foregone revenues and a reimbursement of expenses from VANOC. Direct event costs increased as a result of the higher event activity.
- Staffing costs increased as a consequence of a full event schedule taking place in the expanded Convention Centre.
- Operating costs were higher due to it being the first full year for operation of the expanded centre.
- General and administration costs and fees increased due to sales expenses, and cost of disposition of assets, partially offset by reduced insurance costs and the recovery of prior year expense provisions.
- Business development costs were lower due to a reduction in scope of the marketing plan for the facility.
- Amortization of capital assets increased as more construction and refurbishment assets were commissioned.
- Major capital expenditures reduced as the construction and retrofit projects were completed.

Significant variances between financial results Fiscal 2010/11 and target results for the year:

- Event revenues were higher than forecast - due to increased spending by clients at events. Income also included a settlement for foregone revenues and a reimbursement of expenses from VANOC. The costs of hosting events increased due to the additional services provided to clients, and the higher costs of these services to PavCo.
- Staffing costs were lower as a result of some budgeted positions remaining vacant for part or all of the fiscal year.
- Operating costs were higher due to additional costs of commissioning assets, and unbudgeted equipment repairs.
- Business development costs were lower than target as a result of reduced project scope for the Convention Centre marketing plan.
- Fees were higher as a result of sales prospecting, organizational development, and systems development work.
- Major capital expenditures were higher than forecast. Work that was outstanding at the end of the previous fiscal year was brought forward to Fiscal 2010/11 for completion.



INFORMATION ON OPERATING SEGMENTS (UNAUDITED)

BC Place Comparison of Financial Results and Targets (in \$000)

| | <u>2007/08</u> <u>Actual</u> | <u>2008/09</u> <u>Actual</u> | <u>2009/10</u> <u>Actual</u> | <u>2010/11</u> <u>Target</u> | <u>2010/11</u> <u>Actual</u> | <u>2011/12</u> <u>Target</u> | <u>2012/13</u> <u>Target</u> | <u>2013/14</u> <u>Target</u> |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Revenue from operations | 9,089 | 9,475 | 10,341 | 50 | 9,578 | 6,518 | 14,111 | 17,946 |
| Expenses | | | | | | | | |
| Cost of sales | 2,900 | 3,370 | 4,781 | - | 205 | 2,664 | 5,432 | 5,442 |
| Staffing | 3,776 | 3,766 | 5,152 | 4,735 | 4,337 | 7,031 | 6,688 | 6,822 |
| Operating | 2,666 | 2,986 | 2,907 | 2,792 | 419 | 4,655 | 5,052 | 5,216 |
| General and administration | 1,034 | 1,190 | 1,294 | 1,554 | 1,215 | 1,939 | 2,223 | 2,266 |
| Business development | 209 | 335 | 364 | 600 | 319 | 3,229 | 750 | 757 |
| Fees | 385 | 463 | 760 | 516 | 1,380 | 1,775 | 721 | 600 |
| | 10,970 | 12,110 | 15,258 | 10,197 | 7,875 | 21,293 | 20,866 | 21,103 |
| Income (Loss) before amortization and other costs | (1,881) | (2,635) | (4,917) | (10,147) | 1,703 | (14,775) | (6,755) | (3,157) |
| Capital asset amortization | (5,371) | (6,410) | (6,771) | (23,277) | (8,968) | (16,990) | (25,083) | (25,535) |
| Event readiness expenses | - | - | (13,250) | - | - | - | - | - |
| Redevelopment expenses | (2,074) | (1,493) | (2,283) | (11,420) | (12,985) | (9,566) | (700) | (700) |
| | (9,326) | (10,538) | (27,221) | (44,844) | (20,250) | (41,331) | (32,538) | (29,392) |
| Major capital expenditures | - | (44,716) | (78,465) | (390,202) | (196,467) | (150,547) | - | - |
| Sustaining capital | (1,486) | (404) | (240) | (500) | (229) | (3,800) | (3,800) | (3,914) |

Note:

Source of Financial 2010/11 Targets is the 2010/11 to 2012/13 Service Plan, published February 2010.

Source of Financial 2011/12 to 2013/14 Targets is the 2011/12 to 2013/14 Service Plan, published February 2011.

Key performance information for BC Place is consistent with that provided for the whole organization, and is separately disclosed in the Report on Performance.

With the exception of one event, BC Place was closed for the whole year for upgrades including preparation for installation of a retractable roof.

Numerical data for fiscal years 2007/08 to 2010/11 have been restated to be consistent with the targets set in the fiscal 2011/12 to 2013/14 Service Plan. Restatement of the financial results has made no impact to the published Income (Loss).

INFORMATION ON OPERATING SEGMENTS (UNAUDITED)

Significant variances between financial results Fiscal 2009/10 and Fiscal 2010/11:

- Revenues decreased as a result of closure of BC Place for upgrade.
- Direct event costs decreased as a result of closure of BC Place for upgrade.
- Staffing costs decreased due to event personnel not being required due to the closure. Most full time administrative and maintenance staff continued work to attend to ongoing operations, and to prepare for reopening.
- Operating costs reduced due to lower repairs, security maintenance and cleaning costs required during the facility closure.
- Fees increased as a result of marketing and planning costs for reopening of the facility.
- Capital asset amortization increased with new assets in operation.
- Redevelopment expenses increased due to provision of -a temporary stadium during the BC Place closure, and planning and rezoning costs for the BC Place lands.
- There were no Event readiness expenses, as they were a non-recurring cost incurred in the previous year.
- Capital expenditures increased due to progression of the Stadium renewal program.

Significant variances between financial results Fiscal 2010/11 and target results for the year:

- Revenues were higher due to income from the Auto Show (unbudgeted) and reimbursement of expenses and lost revenues by VANOC.
- With the exception of Fees, all facility costs reduced due to the closure for renovations. Fees were higher than budget due to additional costs of marketing and preparation for reopening of the facility.
- Redevelopment expenses were higher due to the ongoing provision of the temporary sports stadium, and continuing rezoning and development costs for stadium lands.
- Capital asset amortization was lower than forecast, due to timing in commissioning of assets.
- Capital project costs were lower than forecast. However, the overall renewal project is still on track for completion in Fall 2011 and on budget.

INFORMATION ON OPERATING SEGMENTS (UNAUDITED)

Corporate Services Comparison of Financial Results and Targets (in \$000)

| | <u>2007/08</u> <u>Actual</u> | <u>2008/09</u> <u>Actual</u> | <u>2009/10</u> <u>Actual</u> | <u>2010/11</u> <u>Target</u> | <u>2010/11</u> <u>Actual</u> | <u>2011/12</u> <u>Target</u> | <u>2012/13</u> <u>Target</u> | <u>2013/14</u> <u>Target</u> |
|---------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Revenue | 1,754 | 1,185 | 233 | 60 | 762 | 20 | 1,991 | 2,080 |
| Expenses | | | | | | | | |
| Staffing | 946 | 1,325 | 1,368 | 1,407 | 1,401 | 1,442 | 1,478 | 1,520 |
| Operating | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| General and administration | (197) | (273) | 274 | 150 | 281 | 165 | 175 | 7,499 |
| Business development | 6 | 30 | 16 | 12 | 17 | 15 | 18 | 25 |
| Fees | 260 | 244 | 337 | 302 | 265 | 310 | 320 | 350 |
| | 1,015 | 1,326 | 1,995 | 1,871 | 1,964 | 1,932 | 1,991 | 9,394 |
| Income (loss) before amortization | 739 | (141) | (1,762) | (1,811) | (1,202) | (1,912) | 0 | (7,314) |
| Amortization of capital contributions | (19) | (17) | (23) | (51) | (32) | (32) | (24) | (20) |
| Income (Loss) after amortization | 720 | (158) | (1,785) | (1,862) | (1,234) | (1,944) | (24) | (7,334) |
| Sustaining capital | (4) | 0 | (175) | (20) | 0 | (20) | (20) | (20) |

Note:

Source of Financial 2010/11 Targets is the 2010/11 to 2012/13 Service Plan, published February 2010.

Source of Financial 2011/12 to 2013/14 Targets is the 2011/12 to 2013/14 Service Plan, published February 2011.

Significant variances between financial results Fiscal 2009/10 and Fiscal 2010/11:

- Revenues increased due to higher cash deposits being held during the BC Place upgrade program.
- Fees reduced as a result of fewer special projects being undertaken.

Significant variances between financial results Fiscal 2010/11 and target results for the year:

- Revenues increased due to higher interest on ongoing cash deposits than expected.

Highlights during the year ended March 31, 2011

Vancouver Convention Centre - 576 events

Highlights

- Pacific Dental Conference
- Pediatric Academic Societies
- Canadian Institute of Mining, Metallurgy and Petroleum
- World Tunnel Congress
- Million Dollar Roundtable
- 21st International Pig Veterinary Society Congress
- Meeting Professionals International's World Education Congress
- Joint Statistical Meetings
- International Bar Association
- 23rd International Congress of the Transplantation Society
- World Routes 2010
- 23rd Scientific Meeting of the International Society of Hypertension
- 48th Annual Meeting of the Infectious Diseases Society of America
- CHEST 2010
- Best Western International's Annual North American Convention
- ASME's International Mechanical Engineering Congress & Exposition

BC Place – 1 event

Highlight

- Vancouver International Auto Show

APPENDIX 1
Source of Data for Performance Measures
Comparison of New and Old Performance Measures

| GOAL | Measures per 2010/11 to 2012/13 Service Plan | Measures per 2011/12 to 2013/14 Service Plan | Reason for change in measures | Source of data |
|--|---|--|-------------------------------|---|
| 1. Maximize revenues and economic growth, and use funding in a manner that provides optimum return to the Shareholder. | Comparison of net economic benefits generated through operations | Same | | The Vancouver Convention Centre uses the Mixed Model approach to measure economic Impact. It bases estimates on (a) detailed surveys of client, delegate and production spending for each event, and (b) economic impact estimates calculated through the BC Stats Input/Output model. BC Place bases estimates on the BC Stats Input/Output model, using visitor, exhibitor and producer numbers for those attending events. |
| | Comparison of non-resident delegate days – Vancouver Convention Centre | Same | | Actual delegate days are the number of out-of-province delegates, as supplied by show managers and tracked through the Corporate Event Management System. Estimates for future years are derived from data provided through the Corporate Event Management System. |
| | Comparison of year-over-year attendance – BC Place | Same | | The data is generated from the ticket count of visitors at spectator events and the floor count of visitors at other BC Place events. |
| 2. Maintain and increase client services and satisfaction. | Score on client satisfaction surveys – BC Place and Vancouver Convention Centre | Same | | Data is derived from surveys sent to clients post-event. |
| | Retention of existing business – BC Place | Same | | The data includes the count of recurring major events for the year compared with the number of events in the previous year. |

APPENDIX 1
Source of Data for Performance Measures
Comparison of New and Old Performance Measures

| GOAL | Measures per 2010/11 to 2012/13 Service Plan | Measures per 2011/12 to 2013/14 Service Plan | Reason for change in measures | Source of data |
|--|---|---|---|--|
| 3. Maintain and improve the facilities under our management. | Achievement of major milestones on capital work programs. | Same | | Milestones and construction progress is reported through monthly progress reports and Construction committee meetings. Data is collected through Oracle project management system. |
| 4. Increase innovation, learning and growth. | Employee retention – BC Place | Goal remains, measure discontinued | BC Place is closed for renovation. Retention statistics will not be meaningful until the facility has reopened and been operational for a year. | Data is collected from Human Resources files. Retention is based on the percentage of active staff on payroll at the end of each year, as compared to staff at the beginning of the year, plus recruits during the year. |

CONTACT INFORMATION

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