

Calgary Exhibition and Stampede Limited.
Audited Summary of Operating Results (\$'000s)

	2019	2018	2017	2016	2015
Gross Revenue (<u>Note 1</u>)	154,105	149,255	142,998	135,993	148,357
Provincial Government Grants	7,112	7,674	7,674	7,674	8,174
Direct Expenses	(104,034)	(102,631)	(97,314)	(93,282)	(106,631)
Subtotal	57,183	54,298	53,358	50,385	49,900
Indirect Expenses (<u>Note 2</u>)	(40,059)	(38,298)	(37,755)	(35,246)	(35,571)
Amortization	(14,876)	(12,361)	(12,541)	(12,922)	(11,949)
Excess of Revenue over Expenses	2,248	3,639	3,062	2,217	2,380

Note 1: Includes Amortization of deferred contributions, based on an accounting change to realign CES reporting with other not-for-profit organizations (CES' Auditor, PwC has reviewed and concurs, based on its experience with other not-for-profits).

Note 2: Includes Administration, Marketing, Park Maintenance, Interest, and Employee Benefits.

	2019	2018	2017	2016	2015
EBITDA less UCE before Deferred Contributions	8,449	6,440	7,575	8,504	7,332
Deferred Contributions	5,394	4,273	4,358	4,338	4,085
EBITDA less UCE*	13,843	10,713	11,933	12,842	11,417
Debt Service Requirements	7,905	7,961	7,601	7,511	7,576
Annual DSCR**	1.75	1.35	1.57	1.71	1.51
4-Year Rolling Average DSCR**	1.59	1.53	1.58	1.57	1.65
=EBITDA/(Debt Service Requirements)					

The accounting change described in Note 1 above had a positive impact on the DSCR covenant calculation (shown above).

* EBITDA less UCE stands for Earnings Before Interest, Taxes, Depreciation and Amortization less Unfunded Capital Expenditures.

** DSCR stands for Debt Service Coverage Ratio.

Current Ratio	0.94	0.91	0.96	0.66	0.80
=Current Assets/Current Liabilities					

2019 Operating Results

Attendance of 1.28 million at the 2019 Calgary Exhibition and Stampede helped CES to continue delivering on its strategic plan to provide a world-class, year-round gathering place. 2019 attendance was CES's second largest attendance of all time with annual attendance trending positively for the past 6 years. CES has leveraged various promotions to stimulate incremental attendance at the annual exhibition and continues to build recognition through community engagement, youth education programs, and ongoing investment to better position Stampede Park to host business, tourism, sporting, hospitality, and community events every year. In 2019, gross revenues increased over 2018 as a result of higher attendance and spending at the annual Calgary Exhibition and Stampede as well as several one-time events in

their year-round business (ATCE, Cirque, Grey Cup Festival). Highlights of 2019 results include: Excess of revenue over expenses decreased by \$1.4 million to \$2.25 million (\$3.64 million in 2018) due primarily to a reduction in provincial grants and an increase in administration, marketing, and park maintenance expenses. Gross revenue increased by \$4.9 million to \$154.1 million (\$149.3 million in 2018) and direct expenses increased by \$1.4 million to \$104.0 million (\$102.6 million in 2018). Expenses grew at a slightly slower rate than revenues, indicating efforts to manage costs positively impacted performance.

CES received \$7.1 million in funding from the Government of Alberta through Alberta Culture and Tourism in 2019 (\$7.7 million in 2018). CES does not have a long-term grant agreement with the Province, however, grants renew on an annual basis. The grants are expected to reduce by another \$0.7 million in 2020 due to the 2020 February provincial budget.

Financial Covenant

The Debt Service Coverage Ratio (“DSCR”) is a financial covenant within both The City’s and CES’ Lender’s external bank lender’s credit agreements. The covenant requires that the four year average DSCR be not less than 1:00 to 1. The four year average ratio DSCR for 2019 was 1.59x (2018 was 1.53x) and remained in compliance, in all material respects, with the covenants outlined in the credit agreements.

Asset to Loan Ratio

CES provided The City with an appraisal of CES owned lands with a “Hypothetical Current Market Value Estimate” of \$413 million as at 2019 March 15. The City’s security includes parcels 4, 5 and 8 with an aggregate value of \$96.5 million which would offer 129% coverage to the amended loan guarantee amount of \$74.8 million (based on exposure as of 2019 December).

Capital Campaign / Projects Update

BMO Centre Expansion

In 2016 March, CES announced it was exploring options for a \$500 million expansion of the BMO Centre (“BMO Centre Expansion”) and in 2018, CES entered into a development agreement with Calgary Municipal Land Corporation (“CMLC”) to oversee the BMO Centre Expansion. CES requested that the BMO Centre Expansion be funded equally by the three levels of government.

On 2019 March 6, the Government of Canada approved federal funding in principle for up to \$166.7 million total eligible costs for the BMO Centre Expansion, subject to execution of a contribution agreement. On 2019 March 18, Council approved the City to execute an internal loan of up to \$333.3 million to be provided to CMLC representing The City and Government of Alberta’s contributions towards the BMO Centre Expansion. The loan will be sourced from the Council approved Major Capital Projects Reserve and requires loan and contribution agreements between The City and CMLC.

When the BMO Centre Expansion is completed in 2024, the BMO Centre will have more than doubled its current rentable space, with over one million square feet of total floor space, making it the second-largest facility of its kind in Canada. The proposed expansion will elevate the status of the BMO Centre and be able to service larger international business events.

As of 2020 March 31, The City has advanced \$19.4 million to the project and it remains on time and on budget.

Park Development

In early 2019, CES entered into a marketing agreement with CMLC to lead the marketing and development strategy of Stampede-owned lands for mixed-use development opportunities. This land assembly represents approximately 30 acres at the centre of Calgary's future culture and entertainment district. The plan is to move forward to secure a hotel development partner to support the needs of the planned BMO Centre expansion. In 2019 February, CMLC issued a Request for Proposals to potential developer partners related to building an adjacent hotel.

Capital Campaign

The Calgary Stampede Foundation (the "Foundation") and CES completed the "We're Greatest Together" capital campaign in 2015, raising approximately \$135 million in donations. Total contributions of \$110.9 million have been received to date, including \$3.7 million in 2019, \$8.1 million in 2018, \$7.7 million in 2017, and the remainder anticipated to be received in future periods. This capital campaign supported the development of three major Stampede Park community initiatives being the Agriculture Discovery Zone, ENMAX Park and the Youth Campus. Youth Campus provides shared spaces for Youth Education and Performing Arts and includes the TransAlta Performing Arts Studios (completed in 2017 March), the Calgary Arts Academy (completed in 2017 October), BMO Amphitheatre (completed in 2017 November), and Doherty Hall (completed in 2018 October). Future development of the Youth Campus includes The SAM Centre, Enbridge Plaza, and the Calgary Opera. ENMAX Park (completed in 2016) was a significant undertaking and aligns with the commitments between CES and The City respecting that land. In 2019, CES contributed \$0.7 million in donations to the Foundation (2018 - \$1.9 million).