

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

	2021 Budget	2020	2019	2018	2017
Gross Revenue (Note 1)	93,033	25,010	154,105	149,255	142,998
Provincial Government Grants	5,505	6,023	7,112	7,674	7,674
COVID-19 related Government Funding	3,287	9,944	--	--	--
Direct Expenses	(61,556)	(24,322)	(104,034)	(102,631)	(97,314)
Subtotal	40,269	16,655	57,183	54,298	53,358
Indirect Expenses (Note 2)	(38,200)	(29,149)	(40,059)	(38,298)	(37,755)
Amortization	(13,777)	(14,054)	(14,876)	(12,361)	(12,541)
Excess (Deficiency) of Revenue over Expenses	(11,708)	(26,548)	2,248	3,639	3,062

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 Future Benefits.

	2021 Budget	2020	2019	2018	2017
EBITDA less UCE before Deferred Contributions	(3,361)	(17,765)	8,449	6,440	7,575
Deferred Contributions	4,718	4,772	5,394	4,273	4,358
EBITDA less UCE*	1,357	(12,993)	13,843	10,713	11,933
Debt Service Requirements	2,864	3,949	7,905	7,961	7,601
Annual DSCR**	0.47	-3.29	1.75	1.35	1.57
4-Year Rolling Average DSCR**	1.44	1.59	1.59	1.53	1.58
=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. Minimum of 1.00:1 average of 4 most recent years. For 2020 amendment granted to allow exclusion of 2020 results from the calculation due to COVID-19 global pandemic.

Current Ratio	N/A	0.81	0.94	0.91	0.96
=Current Assets/Current Liabilities					

2021 Budget

The presented 2021 budget above from The Stampede was prepared in the fall of 2020 and is currently being updated as part of The Stampede's spring forecasting process. The reduced revenue projection of \$93 million versus 2019 actual results was due to estimations of a reduced scale of the annual exhibition and 60% reduction in year-round activities. The estimated costs are to align with activity levels and capital expenditures reduced to essential maintenance requirements. And no Federal support outside of the Canadian Emergency Wage Subsidy were estimated. In this scenario, the budget will result in breakeven year before amortization if the assumptions were to be realized.

2020 Operating Results

The annual exhibition was cancelled and many of The Stampede's year-round activities were also cancelled due to the COVID-19 global pandemic. The Stampede's revenues in 2020 were drastically reduced to \$25 million. Profitability was severely impacted resulting in a loss with excess expenses over revenue of \$26.5 million in 2020. Liquidity was also impacted as reflected in The Stampede's drop in its Current Ratio from .94 in 2019 to .81 in 2020.

The Stampede received \$6.0 million in funding from the Government of Alberta through Alberta Culture and Tourism in 2020 (\$7.1 million in 2019). The Stampede does not have a long-term grant agreement with the Province; however, grants renew on an annual basis. The grants are expected to increase \$0.3 million in 2021 due to the 2021 February Provincial budget.

In 2020 The Stampede also received COVID-19 related financial assistance of \$9.9 million primarily from the Federal government intended to help mitigate some of the financial impact of the pandemic.

Financial Covenant

The Debt Service Coverage Ratio ("DSCR") is a financial covenant within both The City's and The Stampede'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 2020 was 0.34x due to the pandemic's adverse impact on The Stampede's operations. However, The City and The Stampede's external bank lender both agreed to amendments to permit The Stampede to exclude 2020 results from the financial covenant, in effect reverting to the 2019 calculation of 1.59x. The Stampede remained in compliance, in all material respects, with the covenants outlined in the Credit Agreements.

The City is also being asked to waive The Stampede's 2021 debt service coverage ratio financial covenant in its Credit Agreement with it to be reinstated in 2022.

Asset to Loan Ratio

The Stampede provided The City with an appraisal of The Stampede's owned lands with a "Hypothetical Current Market Value Estimate" as at 2019 March 15. The City's security includes parcels with an aggregate value of \$96.5 million which would offer 131% coverage to the amended loan guarantee amount of \$73.5 million (based on exposure as of 2020 December).

Capital Campaign / Projects Update

BMO Centre Expansion

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

The project broke ground on 2021 April 29 and is currently executing on time and on budget.

As of 2021 March 31 The City, through a loan to Calgary Municipal Land Corporation, has advanced \$71.6 million to the project.

Park Development

In early 2019, The Stampede entered into a marketing agreement with Calgary Municipal Land Corporation 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.