

Calgary Exhibition and Stampede Limited
Summary of Audited (except for 2022 Budget) Operating Results (\$000s)

	2022 Budget	2021	2020	2019	2018
Gross revenue	111,548	66,714	25,010	154,105	149,255
Provincial Government grants	5,868	5,918	6,023	7,112	7,674
COVID-19 related Government funding	8,500	14,905	9,944	--	--
Direct expenses	(70,467)	(52,721)	(24,322)	(104,034)	(102,631)
Subtotal	55,449	34,816	16,655	57,183	54,298
Indirect expenses (Note 1)	(45,664)	(29,591)	(29,149)	(40,059)	(38,298)
Amortization of tangible capital assets	(13,056)	(13,517)	(14,054)	(14,876)	(12,361)
Excess of Revenue over Expenses	(3,271)	(8,292)	(26,548)	2,248	3,639

Note 1: Includes Administration, Marketing, Park Maintenance, Interest and Employee Benefits.

	2022 Budget	2021	2020	2019	2018
EBITDA*	12,594	4,994	(11,038)	19,681	18,679
Less unfunded capital expenditures**	(3,000)	(1,876)	(1,955)	(5,838)	(7,966)
Available to service debt	9,594	3,118	(12,993)	13,843	10,713
Debt Service Requirements	5,961	2,460	3,949	7,905	7,961
Annual DSCR***	1.61	N/A	N/A	1.75	1.35
4-Year Rolling Average DSCR***	N/A	N/A	N/A	1.59	1.53

* EBITDA stands for Earnings Before Interest, Taxes, Depreciation and Amortization.

** Unfunded capital expenditures stands for capital expenditures not funded by third party contributors

*** DSCR stands for Debt Service Coverage Ratio.

Calculated as: Available to service debt/ Debt Service Requirements. Minimum required is 1.00 : 1.

2019 and prior was a 4-Year Rolling Average. Waived for 2020. Not required for 2021.

2022 requirement is the Annual DSCR only.

Current Ratio	N/A	0.88	0.81	0.94	0.91
(=Current Assets/ Current Liabilities)					

2022 Budget

The above 2022 budget was prepared in the fall of 2021 and is currently being updated as part of The Stampede's forecasting process. The increased revenue projection of \$112 million versus 2021 actual results is due to the anticipated increased scale for the 2022 annual exhibition as well as increased activity levels for the year-round business activities. The estimated costs are to align with activity levels and capital expenditures reduced to essential maintenance requirements. \$8.5 million of support from the Federal government has been estimated based on \$6.5 million from a federal assistance grant and \$2.0 million in wage subsidies. In this scenario, the budget will result in a breakeven year before amortization if the assumptions were to be realized.

2021 Operating Results

After being cancelled in 2020 for the first time in nearly 100 years the annual exhibition returned in 2021 but on a greatly reduced scale compared to pre-pandemic levels. The reduced scale was in part to allow for physical distancing on the grounds and to ensure compliance with all public health measures in effect at the time. Many members of the public were also apprehensive of venturing out, travel was restricted and fewer attractions were offered which all combined to reduce attendance. Other year-round revenue generating activities also continued

to be impacted. The Stampede's fiscal 2021 operating loss was, however, reduced to \$8.3 million aided by prudent fiscal management and \$14.9 million of COVID-19 related government funding.

The Stampede's revenues in 2021 improved to \$66.7 million from \$25 million in 2020 but were still drastically down from pre-pandemic revenues in 2019 of \$154.1 million. Profitability continued to be impacted in 2021 with expenses exceeding revenues by \$8.3 million but a significant improvement over 2020 results of \$26.5 million. Liquidity improved somewhat as reflected in The Stampede's increase in its Current Ratio to .88 in 2021 from .81 in 2020.

The Stampede received \$5.9 million in funding from the Government of Alberta through Alberta Culture and Tourism in 2021 (\$6.0 million in 2020). 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 remain unchanged for 2022 at \$5.9 million based on the 2022 February Provincial budget.

In 2021, The Stampede also received COVID-19 related financial assistance of \$14.9 million, 13.9 million from the Federal government and \$1.0 million from the Alberta government (\$9.9 million in 2020, all from the Federal government), which significantly mitigated 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. Prior to 2020, the covenant required that the four-year average DSCR be not less than 1:00 to 1. However, in 2020, due to the financial impacts of the pandemic, 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 calculation. In 2021, The City and The Stampede's external bank lender both agreed to amend their credit agreements with The Stampede to remove the DSCR for 2021 but limit credit facilities to certain thresholds. As a result, The Stampede has remained in compliance, in all material respects, with the covenants contained in its credit agreements.

The amended credit agreements require The Stampede's annual DSCR to be not less than 1:00 to 1 in 2022. Over the years 2023 through 2025 the four-year average DSCR will be phased back in. Calculation of the required future DSCR is summarized in the table below:

	2022	2023	2024	2025 (and beyond)
Rolling Average DSCR (minimum of 1.00 : 1)	2022 only	2 year avg. of 2022 and 2023	3 year avg. of 2022, 2023 and 2024	4 year avg. of 2022 through 2025

Asset to Loan Ratio and amendment to lands pledged as security

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 \$94.1 million which would offer 128 per cent coverage to the maximum loan guarantee amount of \$73.5 million (based on exposure as of 2021 December). The next appraisal is to be completed in 2024.

The Stampede and The City entered into a land exchange agreement whereby certain of The Stampede's lands were transferred to The City with the intention of building a new Event Centre on that land. Once a new Event Centre has been completed The City will transfer ownership of certain lands to The Stampede to complete the land exchange. Because a portion of the lands now owned by The City for a new Event Centre had been pledged as loan guarantee security to The City, The Stampede has pledged a different parcel of land as security. By doing so, this avoided a breach in the required minimum value to guaranteed debt ratio of 125 per cent by providing coverage of 128 per cent as noted above.

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 BMO Centre Expansion is being 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 and brings Calgary into alignment with other international “Tier 1” convention facilities.

At the time of preparing this report, The City, through a loan to Calgary Municipal Land Corporation has advanced \$116.6 million to the project.

Park Development

In early 2019, The Stampede entered into a marketing agreement with Calgary Municipal Land Corporation to carry-out 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 initial plan is to move forward to secure a hotel development partner to support the needs of the planned BMO Centre expansion.

Calgary Municipal Land Corporation is also carrying out other projects including the redesign of the Victoria Park/Stampede LRT Station, the east extension to 17th Avenue onto Stampede Park, and the development of the Stampede Trail roadway.

The Stampede is also planning to proceed with the construction of the SAM Centre – a building on its Youth Campus designed as a western heritage museum and interpretive centre with the aim of bringing the Stampede experience alive on a year-round basis.

The City and The Stampede have agreed to await the results of efforts currently being undertaken to achieve Calgary’s goal of having a new Event Centre.