EDMONTON AIRPORTS'

2016 FIRST QUARTER REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis of Financial Results (MD&A) should be read in conjunction with the unaudited condensed interim financial statements and note disclosures of the Edmonton Regional Airports Authority (Edmonton Airports) for the three months ended March 31, 2016 and the audited financial statements, as well as the MD&A, for the year ended December 31, 2015. The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS). All amounts in the following MD&A are in Canadian dollars unless otherwise stated.

Edmonton Airports' financial statements reflect the combined results of operations of the Edmonton International Airport (EIA) and Villeneuve Airport (VA).

1. OPERATIONS

Passenger volume, comprised of the total number of enplaned and deplaned passengers, is the main driver of certain Edmonton Airports' revenue streams. These include airside and general terminal, airport improvement fees (AIF), and police and security revenues. The following table outlines the components of passenger traffic at the EIA and compares the 2016 actual results for the three months ended March 31, 2016 to the same period last year.

Enplaned and Deplaned Passenger Traffic by Sector*

	Three Months Ended March 31			
	2016	2015	Variance	%
Domestic	1,224,666	1,200,494	24,172	2.0
Transborder	287,634	367,085	(79,451)	(21.6)
International	182,589	189,869	(7,280)	(3.8)
	1,694,889	1,757,448	(62,559)	(3.6)
General/Business aviation	124,888	198,318	(73,430)	(37.0)
Total	**1,819,777**	**1,955,766**	(135,989)	(7.0)

**The figures in the above table may change due to adjustments to reflect actual results which are dependent on timing and amendments filed by the airlines.*

2. FINANCIAL PERFORMANCE

Net Operating Results

(in thousands)	Three Months Ended March 31			
	2016	2015	Variance	Variance
	$	$	$	%
Revenue	50,401	52,951	(2,550)	(4.8)
Expenses	27,073	28,263	(1,190)	(4.2)
EBITDA*	23,328	24,688	(1,360)	(5.5)
EBITDA margin %	46.3%	46.6%	-0.3%	(0.7)
Depreciation and amortization	15,822	16,350	(528)	(3.2)
Interest expense	11,179	11,291	(112)	(1.0)
Other gain	(52)	(47)	(5)	10.6
Net loss	(3,621)	(2,906)	(715)	24.6

**EBITDA is defined as earnings before interest, taxes and depreciation and amortization. Edmonton Airports' earnings are exempt from federal and provincial income tax.*

For the three months ended March 31, 2016, we experienced net loss of $3.6 million, which was $0.7 million (25%) higher than the comparative period for the prior year. The increased net loss was primarily due to lower EBITDA of $1.4 million (6%) compared to the prior year. EBITDA has been driven by lower revenue of $2.6 million (5%) due to decreased passenger volumes. The decrease in revenue was partially offset by lower operating expenses of $1.2 million (4%) resulting from reduced discretionary expenditures.

Revenue

(in thousands)	Three Months Ended March 31			
	2016	2015	Variance	Variance
	$	$	$	%
Airport improvement fee (AIF)	21,655	22,833	(1,178)	(5.2)
Parking and concessions	13,732	14,896	(1,164)	(7.8)
Airside and general terminal	10,528	11,545	(1,017)	(8.8)
Police and security	2,968	2,507	461	18.4
Real estate leases	1,412	1,128	284	25.2
Other revenue	106	42	64	152.4
	50,401	52,951	(2,550)	(4.8)

For the three months ended March 31, 2016, we earned revenue of $50.4 million which was a decrease of 5% over the prior year. The decrease in revenue was primarily due to decreased transborder and international passenger volumes unfavorably impacting the AIF, parking, and concessions, and airside and general terminal revenue streams.

Airport Improvement Fee (AIF)
For the three months ended March 31, 2016, AIF revenue was $21.7 million, a decrease of $1.2 million (5%), year over year. AIF is the primary source of funding Edmonton Airports uses to pay interest and principal on the bonds and debentures issued for Edmonton Airports' redevelopment and ongoing capital replacement program. Terminal passenger volume was 3.6% less than the prior year, while AIF revenue was 5.2% less than the prior year. The volume of connecting passengers in the first quarter increased compared the same period in the prior year. This was unfavorable as connecting passengers are not charged AIF.

Airside and general terminal (AGT)

For the three months ended March 31, 2016, AGT revenue was $10.5 million, a decrease of $1.0 million (9%), year over year. Airside and general terminal revenue is primarily driven by the number of aircraft movements as well as the size of the aircraft. Decreased passenger volumes and movements has been partially offset by increases in rates effective in the current period. . In addition, Fixed Base Operator operations continue to be impacted by the slowdown in the energy sector and therefore the resulting decrease in passenger volumes and movements has contributed to over half of the decrease in AGT revenue.

Police and Security
For the three months ended March 31, 2016, police and security fee revenue was $3.0 million, an increase of $0.5 million (18%), year over year. Edmonton Airports recovers some police and security expenses through a per departing passenger charge to airlines which increased by 15% effective in the current period.

Non-Aeronautical Commercial Operations
Edmonton Airports also earns revenue from non-aeronautical commercial operations, such as parking, car rentals, concessions, ground transportation, and real estate. For the three months ended March 31, 2016, non-aeronautical commercial operations revenue was $15.1 million, a decrease of $0.9 million (6%), year over year.

Parking and Concessions
Revenues from parking and concessions totaled $13.7 million for the three months ended March 31, 2016. This was a decrease of $1.2 million (8%), year over year. The change was primarily driven by a decrease in revenues from parking due to declining passenger volumes and discounts intended to protect market share impacting the Value Park, jetSet and Parkade products. The decrease in parking has been partially offset by increase in advertising revenue.

Real Estate Leases
For the three months ended March 31, 2016, Real estate lease revenue was $1.4 million, an increase of $0.3 million (25%), year over year. This increase is driven primarily by increased rental rates as well as revenue from new real estate developments such as the Ivanhoe Cambridge outlet center.

Expenses

(in thousands)	Three Months Ended March 31			
	2016	2015	Variance	Variance
	$	$	$	%
Salaries and employee benefits	8,816	8,383	433	5.2
Services, maintenance, supplies and administration	7,685	8,693	(1,008)	(11.6)
Canada lease rent	4,248	4,589	(341)	(7.4)
Utilities, insurance and property taxes	2,759	3,281	(522)	(15.9)
Police and security	2,464	2,157	307	14.2
Airport improvement collection costs	1,101	1,160	(59)	(5.1)
	27,073	28,263	(1,190)	(4.2)

For the three months ended March 31, 2016, expenses were $27.1 million which was $1.2 million (4%) lower, year over year. This decrease was primarily driven by decreases in utilities, insurance and property taxes, services, maintenance, supplies and administration expenses and Canada lease rent. This was partly offset by higher salaries and employee benefits and police and security expenses.

Salaries and employee benefits
For the three months ended March 31, 2016, salaries and benefits expenses were $8.8 million, an increase of $0.4 million (5%), year over year. The increase is mainly due to merit increases and compensation increases under the collective bargaining agreement.

Services, maintenance, supplies and administration
For the three months ended March 31, 2016, services, maintenance, supplies and administration expenses were $7.7 million which was $1.0 million (12%) less than the prior year. This was driven by lower than expected contracted service, fuel, and consulting costs that were partly offset by higher advertising costs. Also, favorable weather conditions caused lower than expected snow removal and associated costs.

Canada lease rent
Canada lease rent expense is based on a percentage, on a progressive scale of "Airport Revenue" at Edmonton Airports, as defined in the Ground Lease. Rent expense was $4.2 million which was $0.3 million (7%) less than the prior year. This was primarily driven by lower year over year revenues.

Utilities, insurance and property taxes
For the three months ended March 31, 2016, utilities, insurance and property taxes expenses were $2.8 million which was $0.5 million (16%) lower, year over year. This decrease is primarily related to a new power contract signed in 2015 which locked in lower electricity rates. Also contributing to decreases in this is a reduction in property taxes as a result of a lower tax assessment negotiated by Edmonton Airports.

Police and security
For the three months ended March 31, 2016, police and security expenses were $2.5 million which was $0.3 million (14%) greater than the prior year. The increase is a result of an increase in contracted labor rates and hours.

Airport improvement collection costs
For the three months ended March 31, 2016, airport improvement collection costs were $1.1 million which was $0.1 million (5%) less than the prior year. This is driven by the decrease in AIF revenue resulting from the decrease in passenger volumes.

Other Expenses

(in thousands)				
	Three Months Ended March 31			
	2016	2015	Variance	Variance
	$	$	$	%
Depreciation and amortization	15,822	16,350	(528)	(3.2)
Interest expense	11,179	11,291	(112)	(1.0)
Other loss (gain)	(52)	(47)	(5)	10.6
	26,949	27,594	(645)	(2.3)

For the three months ended March 31, 2016, other expenses were $26.9 million which was $0.6 million (2%) lower, year over year. This was driven primarily by a decrease in depreciation expense as a result of disposals and assets becoming fully depreciated during the last three quarters of 2015 and the first quarter of 2016. Additionally, interest expense was lower, year over year, for the three month period as a result of a decrease in Series A and Series C bond interest, partly offset by an increase in capitalized interest. The decrease in Series C bond interest is primarily driven by a decrease in the number of draws in 2016 compared to 2015 resulting in lower interest in first quarter of 2016.

3. CAPITAL PROJECTS

Edmonton Airports' capital projects are identified by airport and are broken into three main categories as follows:

Commercial Real Estate
Projects in this category include those that build revenue capacity for Edmonton Airports and are funded from operating earnings and cash flows that becomes available. $0.5 million was spent on real estate projects during first quarter of 2016.

During the current quarter land developments relating to the land that has been leased to Ivanhoé Cambridge for the retail outlet destination were fully completed as a result the land is available for the tenant to begin the construction of the outlet mall. Additionally, as part of the highway commercial project Edmonton Airports is in the process of improving the existing primary access point (Airport Perimeter Road) for entering and exiting the airport. This improvement is required for the development of the highway commercial and airport support lands to south of the airport.

Growth
Projects in this category include those that expand capacity, create new services and/or improve the passenger experience. This includes terminal leasehold improvements for new concessions, expanded apron and taxiway to serve airside developments, parking lot expansions and projects related to enhancing the passenger experience. $3.3 million was spent on growth projects during first quarter of 2016.

Maintenance
Projects in this category include the maintenance of existing airport facilities and infrastructure. This includes system lifecycle replacements, paving programs, fleet replacement and capital restoration. $4.1 million was spent on maintenance projects during first quarter of 2016.

EDMONTON AIRPORTS'

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2016

Condensed Interim Statements of Financial Position
As at March 31, 2016 and December 31, 2015
(unaudited, in thousands of dollars)

	March 31, 2016 $	December 31, 2015 $
Assets		
Current Assets		
Cash and cash equivalents	39,516	39,073
Accounts Receivable	20,869	16,575
Prepaid expenses and other	5,072	5,421
	65,457	61,069
Non-current assets		
Restricted deposits	33,312	33,238
Prepaid expense and lessee receivable	445	366
Property, plant and equipment (note 3)	971,079	979,332
Intangible assets (note 4)	3,025	2,681
	1,073,318	**1,076,686**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 3(b))	36,110	31,938
Deferred revenue	621	993
Current portion of long-term debt (note 5)	22,259	22,092
	58,990	55,023
Non-current liabilites		
Tenants' security deposit	1,755	1,692
Deferred Revenue (note 6)	11,384	11,230
Post-employment benefit	6,457	6,577
Long-term debt (note 5)	939,477	943,288
	1,018,063	1,017,810
Contingencies (note 7)		
Commitments (note 7)		
Net Assets	55,255	58,876
	1,073,318	**1,076,686**

See accompanying notes to interim financial statements.

Condensed Interim Statements of Comprehensive Loss
For the three months ended March 31, 2016 and 2015
(unaudited, in thousands of dollars)

	Three Months Ended March 31	
	2016	2015
	$	$
Revenues		
Airport improvement fee	21,655	22,833
Parking and concessions	13,732	14,896
Airside and general terminal	10,528	11,545
Police and security	2,968	2,507
Real estate leases	1,412	1,128
Other revenue	106	42
	50,401	52,951
Expenses		
Salaries and employee benefits	8,816	8,383
Services, maintenance, supplies and administration	7,685	8,693
Canada lease rent	4,248	4,589
Utilities, insurance and property taxes	2,759	3,281
Police and security	2,464	2,157
Airport improvement collection costs	1,101	1,160
	27,073	28,263
EBITDA	23,328	24,688
Other expenses		
Depreciation and amortization	15,822	16,350
Interest expense	11,179	11,291
Other gain	(52)	(47)
	26,949	27,594
Net loss and total comprehensive loss for the period	(3,621)	(2,906)

See accompanying notes to interim financial statements.

Condensed Interim Statements of Changes in Net Assets
As at March 31, 2016 and 2015
(unaudited, in thousands of dollars)

	Three Months Ended March 31	
	2016	2015
	$	$
Net assets - Beginning of period	58,876	64,183
Total comprehensive loss for the period	(3,621)	(2,906)
Net assets - End of period	55,255	61,277

See accompanying notes to interim financial statements.

Condensed Interim Statements of Cash Flows
For the three months ended March 31, 2016 and 2015
(unaudited, in thousands of dollars)

	Three Months Ended March 31 2016 $	2015 $
Operating activities		
Net loss for the period	(3,621)	(2,906)
Adjustments for:		
Depreciation and amortization	15,822	16,350
Amortization of borrowing costs	72	70
Gain on foreign exchange	(52)	(48)
Loss /(gain) on disposal of property, plant and equipment and intangibles	-	2
Post employment benefit expense	896	956
Finance costs - net	10,971	11,079
Post employment benefit contributions	(1,016)	(1,115)
Changes in working capital:		
Accounts receivable	(4,294)	967
Prepaid expenses and other	349	(288)
Accounts payable and accrued liabilities	3,378	(3,744)
Deferred revenue	(218)	1,808
Tenants' security deposits	63	-
	22,350	23,131
Interest paid	(6,325)	(6,367)
Interest received	208	212
Net cash flows from operating activities	16,233	16,976
Cash flows from investing activities		
Lessee receivable	(79)	10
Purchase of restricted deposits	(74)	(89)
Purchase of property, plant and equipment	(11,117)	(8,412)
Purchase of intangible assets	(612)	(669)
Proceeds on disposal of property, plant and equipment	-	-
Interest paid capitalized to property, plant and equipment	(245)	(355)
Net cash flows used in investing activities	(12,127)	(9,515)
Cash flows from financing activities		
Repayment of long-term debt	(3,715)	(3,555)
Proceeds from long-term debt		-
Net cash (used in) from financing activities	(3,715)	(3,555)
Effect of exchange rate on cash and cash equivalents at the end of the period	52	48
Net increase in cash and cash equivalents	443	3,954
Cash and cash equivalents - beginning of period	39,073	35,289
Cash and cash equivalents - end of period	39,516	39,243

See accompanying notes to interim financial statements.

Edmonton Regional Airports Authority (Edmonton Airports) was incorporated on July 26, 1990 under the provisions of the Regional Airports Authorities Act (Alberta) (the Act) for the purposes of managing the airports for which it is responsible in a safe, secure and efficient manner and to advance economic and community development by promoting improved airline and transportation service and an expanded aviation industry. The Board of Directors of Edmonton Airports consists of a maximum of 15 members. Six Directors are appointed by the City of Edmonton, two by the Government of Canada (the Landlord) and one each by Leduc County, the City of Leduc, Parkland County, Strathcona County and Sturgeon County. The Board of Directors has the right to appoint two Directors which the Board of Directors has elected not to appoint. In accordance with the provisions of the Act, all of Edmonton Airports' surpluses are applied towards promoting its purposes and no dividends are paid out of the surpluses. Surpluses in these financial statements are described as net assets.

Edmonton Airports registered office and principal place of business is located at #1, 1000 Airport Road, Edmonton International Airport, T9E 0V3, Alberta, Canada.

Edmonton Airports' earnings are generated from airport-related operations and are exempt from federal and provincial income tax.

These unaudited condensed interim financial statements were authorized for issue by the Audit Committee of the Board of Directors on May 9, 2016.

1. BASIS OF PRESENTATION

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The unaudited condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with Edmonton Airports' annual audited financial statements as at December 31, 2015. The accounting policies followed in these unaudited condensed interim financial statements are consistent with those of the previous year, except as described below.

2. SIGNIFICANT ACCOUNTING POLICIES ADOPTED JANUARY 1, 2016

a) New and amended standards adopted in 2016

Edmonton Airports has adopted the following new and amended standard, along with any consequential amendments, effective January 1, 2016. These changes were made in accordance with the applicable transitional provisions.

- Clarification of acceptable methods of depreciation and amortization (Amendments to IAS 16 and IAS 38)
- Disclosure Initiative: Amendments to IAS 1

The adoption of the above amendments did not have any impact on the current or prior year financial statements.

b) Accounting standards issued but not yet applied

i) IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. Edmonton Airports is yet to assess IFRS 9's full impact.

ii) IFRS 15 Revenue Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized, as well as requiring entities to provide more informative, relevant disclosures in respect of revenue recognition criteria. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2017, with early adoption permitted. Edmonton Airports is currently evaluating the impact of IFRS 15 on our financial statements.

iii) IFRS 16 leases

IFRS 16, published in January 2016, will replace IAS 17. IFRS 16 will bring most leases on-balance sheet for leases under a single model, eliminating the distinction between operating and finance leases. Under IFRS 16, all leases are to be capitalized by recognizing the present value of lease payments as both a financial asset and financial liability. The new standard effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has also been applied. Edmonton Airports is yet to assess IFRS 16's full impact.

iv) IAS 7 Statement of Cash Flows

IAS 7 has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in January 2016. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. Edmonton Airports is currently assessing the impact of adopting this amendment, which is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted.

(unaudited, in thousands of dollars)

3. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Roadway systems	Parking facilities and lots	Runway, taxiways and apron surfaces	Other facilities	Vehicles and maintenance equipment	Furniture and equipment	Computer hardware	Land	Construction work in progress	Total
	$	$	$	$	$	$	$	$	$	$	$
Cost											
Balance at January 1, 2015	820,836	45,536	127,686	238,318	85,982	23,906	17,076	18,886	4,080	50,573	1,432,879
Additions/ transfers	13,364	1,967	5,946	6,489	2,781	2,163	105	2,482	-	8,744	44,041
Disposals	-	-	-	(323)	(3)	(110)	(9)	(378)	-	-	(823)
Balance at December 31, 2015	834,200	47,503	133,632	244,484	88,760	25,959	17,172	20,990	4,080	59,317	1,476,097
Balance at January 1, 2016	834,200	47,503	133,632	244,484	88,760	25,959	17,172	20,990	4,080	59,317	1,476,097
Additions/transfers	22	29,856	-	32	6,225	-	-	-	-	(28,833)	7,302
Disposals	-	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2016	**834,222**	**77,359**	**133,632**	**244,516**	**94,985**	**25,959**	**17,172**	**20,990**	**4,080**	**30,484**	**1,483,399**

(unaudited, in thousands of dollars)

	Buildings	Roadway systems	Parking facilities and lots	Runway, taxiways and apron surfaces	Other facilities	Vehicles and maintenance equipment	Furniture and equipment	Computer hardware	Land	Construction work in progress	Total
	$	$	$	$	$	$	$	$	$	$	$
Depreciation											
Balance at January 1, 2015	221,216	14,992	41,660	80,623	38,532	16,218	11,331	9,104	-	-	433,676
Depreciation for the year	38,547	1,825	4,124	10,037	4,076	1,372	850	2,803	63	-	63,697
Disposals	-	-	-	(129)	-	(92)	(9)	(378)	-	-	(608)
Balance at December 31, 2015	259,764	16,817	45,784	90,531	42,608	17,498	12,172	11,529	63	-	496,765
Balance at January 1, 2016	259,764	16,817	45,784	90,531	42,608	17,498	12,172	11,529	63	-	496,766
Depreciation for the period	9,055	485	1,031	2,568	1,039	306	168	806	96	-	15,554
Disposals	-	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2016	268,819	17,302	46,815	93,099	43,647	17,804	12,340	12,335	159	-	512,320
Carrying amounts											
At December 31, 2015	574,436	30,686	87,848	153,953	46,152	8,461	5,000	9,461	4,017	59,317	979,332
At March 31, 2016	565,403	60,057	86,817	151,417	51,338	8,155	4,832	8,655	3,921	30,484	971,079

a) At March 31, 2016, $30,485 (December 31, 2015 - $59,317) of property, plant and equipment were under construction of which $16,484 (December 31, 2015 - $57,256) was for parking and roadway systems, land servicing, and runways taxiways and aprons, not yet subject to depreciation.

b) Included in accounts payable and accrued liabilities at March 31, 2016 is $6,738 (December 31, 2015 - $11,880) relating to unpaid capital expenditures.

c) At March 31, 2016, $15,554 (March 31, 2015 - $16,064) of property, plant and equipment depreciation was included in the statements of comprehensive loss.

d) Property, plant and equipment includes $245 (March 31, 2015 - $355) in borrowing costs capitalized during the period. Borrowing costs were capitalized at a weighted average rate of its general borrowing of 4.78% (March 31, 2015 – 4.81%).

e) There were no assets disposed for proceeds in the first quarter of 2016 (March 31, 2015 - $2)

(unaudited, in thousands of dollars)

4. INTANGIBLE ASSETS

	Computer Software $	Construction work in progress $	Total $
Cost			
Balance at January 1, 2015	3,831	821	4,652
Additions/transfers	2,754	(293)	2,461
Disposals	(955)	-	(955)
Balance at December 31, 2015	5,630	528	6,158
Balance at January 1, 2016	5,630	528	6,158
Additions/transfers	21	591	612
Disposals	-	-	-
Balance at March 31, 2016	5,651	1,119	6,770

	Computer Software $	Construction work in progress $	Total $
Amortization			
Balance at January 1, 2015	2,802	-	2,802
Amortization for the year	1,630	-	1,630
Disposals	(955)	-	(955)
Balance at December 31, 2015	3,477	-	3,477
Balance at January 1, 2016	3,477	-	3,477
Amortization for the period	268		268
Disposals	-	-	-
Balance at March 31, 2016	3,745	-	3,745
Carrying amounts			
At December 31, 2015	**2,153**	**528**	**2,681**
At March 31, 2016	**1,906**	**1,119**	**3,025**

a) At March 31, 2016, $1,119 (December 31, 2015 - $528) of intangible assets were under development and not yet subject to amortization.

b) Intangible assets are purchased software and software licenses. During the period ended March 31, 2016, $268 (March 31, 2015 - $1,630) of intangible asset amortization was charged to the statements of comprehensive loss.

(unaudited, in thousands of dollars)

5. LONG-TERM DEBT

Total long-term outstanding

	March 31, 2016	December 31, 2015
	$	$
Series A Bond	211,719	211,719
Series C Bond	753,359	757,074
	965,078	968,793
Less: current portion Series A Bond	6,615	6,615
Less: current portion Series C Bond	15,644	15,477
Total current portion	22,259	22,092
Less unamortized transaction costs	3,342	3,413
	939,477	943,288

a) Series A Bond and restricted deposits

Interest Rate	Semi-annual Instalment	Maturity Date	March 31, 2016 $	December 31, 2015 $
7.21%	Varying	November 1, 2030	211,719	211,719
Less unamortized transaction costs			3,342	3,413
			208,377	208,306
Less current portion			6,615	6,615
			201,762	201,691

Throughout the term, when the bonds are outstanding, Edmonton Airports is required to maintain a Debt Service Coverage Ratio on a rolling 12 months basis of 1.00:1 and a Gross Debt Service coverage Ratio of not less than 1.25:1. All covenants have been met.

(unaudited, in thousands of dollars)

b) Series C Bond

Fixed Rate Debentures, Series C Bonds payable in semi-annual instalments of principal and interest:

Fixed Rate Debentures, Series C Bonds payable in semi-annual instalments of principal and interest:

Interest Rate	Semi-annual Instalment	Maturity Date	March 31, 2016	December 31, 2015
	$		$	$
4.37%	755	December 15, 2026	13,075	13,075
4.50%	1,145	March 15, 2027	19,704	20,391
5.00%	398	June 15, 2027	6,904	6,904
4.89%	395	September 17, 2027	6,882	7,103
4.68%	1,552	June 16, 2028	29,109	29,109
4.55%	3,068	September 17, 2028	57,997	59,706
4.67%	1,245	December 15, 2039	35,734	35,734
4.54%	920	March 15, 2040	26,739	27,045
4.56%	1,845	June 15, 2040	54,110	54,110
4.00%	1,439	October 1, 2040	45,201	45,201
4.40%	2,112	December 15, 2040	63,672	63,672
4.41%	1,511	March 15, 2041	45,489	45,986
3.73%	557	March 17, 2044	19,244	19,439
3.36%	260	September 15, 2044	9,702	9,802
3.18%	266	December 15, 2044	9,797	9,797
			443,359	447,074
Fixed Rate Debentures, Series C Bonds payable in semi-annual instalments of interest only:				
4.16%	1,041	June 15, 2041	50,000	50,000
3.70%	926	September 15, 2041	50,000	50,000
3.35%	1,174	December 15, 2041	70,000	70,000
3.41%	512	March 15, 2042	30,000	30,000
3.25%	488	June 15, 2042	30,000	30,000
3.26%	651	September 17, 2042	40,000	40,000
3.24%	324	December 17, 2042	20,000	20,000
3.42%	343	March 15, 2043	20,000	20,000
			753,359	757,074
Less: Current Portion			15,644	15,477
			737,715	741,597

Edmonton Airports is required to maintain an Interest Coverage Ratio of not less than 1.25:1 and net cash flows greater than zero as of the end of any fiscal quarter on a rolling four fiscal quarter basis. All covenants have been met.

(unaudited, in thousands of dollars)

c) Interest Expense

	Three Months Ended March 31 2016 $	2015 $
Interest Expense (Income)		
Series A Bond interest	3,890	3,903
Series C Bond interest	7,614	7,760
Other interest and financing costs	128	195
Interest income and other	(208)	(212)
	11,424	11,646
Less: capitalized interest	(245)	(355)
	11,179	11,291

6. DEFERRED REVENUE

	2016 $	2015 $
Deferred revenue	12,077	12,580
Less: amortized in the current period	(72)	(357)
	12,005	12,223
Less: current portion	(621)	(993)
	11,384	11,230

During the prior year, Edmonton Airports entered into a lease agreement with Ivanhoe Cambridge for land as a site for the design, construction and operation of an outlet centre. Included in the deferred revenue, Edmonton Airports received $11,548 as a minimum rent during the prior year which is based on the terms set out in the lease agreement. The lease is accounted for as an operating lease with amounts received in the current year included in deferred revenue and amortized over the remaining term of the lease.

7. COMMITMENTS AND CONTINGENCIES

a) Commitments

At March 31, 2016, Edmonton Airports had outstanding capital commitments in the amount of $21,203 (December 31, 2015 - $12,596).

b) Contingencies

Edmonton Airports has been named as a defendant in certain lawsuits. The outcome of these actions is currently not determinable. In Edmonton Airports' opinion, these actions will not result in any material expense to Edmonton Airports. The cost of settlement, if any, will be accounted for in the period of settlement.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

Edmonton Airports does not record any assets at fair value in the statements of financial position. The only financial instrument that has a fair value that does not approximate the carrying value in the statements of financial position is long-term debt. The fair value of the long-term debt is categorized as Level 2 of the fair value hierarchy as it is calculated using the future cash flows (principal and interest) of the outstanding debt instruments, discounted at current market rates available to Edmonton Airports for the same or similar instruments. The fair value of long term debt is determined on an annual basis and the most recent valuation is disclosed in the December 31, 2015 financial statements.