EDMONTON AIRPORTS'

FIRST QUARTER REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2018

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, 2018 and the audited financial statements, as well as the MD&A, for the year ended December 31, 2017. 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 2018 actual results for the three months ended March 31, 2018 to the same period last year.

Enplaned and Deplaned Passenger Traffic by Sector*

	Three Months Ended March 31			
	2018	2017	Variance	%
Domestic	1,376,103	1,302,412	73,691	5.7
Transborder	274,083	258,655	15,428	6.0
International	182,160	169,816	12,344	7.3
	1,832,346	1,730,883	101,463	5.9
General/Business aviation	96,364	99,922	(3,558)	(3.6)
Total	**1,928,710**	**1,830,805**	97,905	5.3

**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			
	2018	2017	Variance	Variance
	$	$	$	%
Revenue	55,799	50,980	4,819	9.5
Expenses	29,233	27,514	1,719	6.2
EBITDA*	26,566	23,466	3,100	13.2
EBITDA margin %	47.6%	46.0%	1.6%	3.4
Depreciation and amortization	16,426	16,157	269	1.7
Interest expense	10,623	11,143	(520)	(4.7)
Other gain	(37)	(21)	(16)	76.2
Net loss	(446)	(3,813)	3,367	(88.3)

**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, 2018, we experienced net loss of $0.4 million, which was favorable to the prior year's loss of $3.8 million. EBITDA was higher by $3.1 million (13.2%) compared to the prior year, driven by higher revenue of $4.8 million (9.5%) due to increased passenger volumes offset by higher expenses. The year over year decrease in net loss was driven by the increase revenues over expenses of $3.1 million, and the decrease in interest expense of $0.5 million.

Revenue

(in thousands)	Three Months Ended March 31			
	2018	2017	Variance	Variance
	$	$	$	%
Airport improvement fee (AIF)	24,000	22,323	1,677	7.5
Parking and concessions	13,179	12,563	616	4.9
Airside and general terminal	11,615	10,693	922	8.6
Police and security	3,101	3,161	(60)	(1.9)
Real estate leases	2,991	2,076	915	44.1
Other revenue	913	164	749	456.7
	55,799	50,980	4,819	9.5

For the three months ended March 31, 2018, we earned revenue of $55.8 million which was an increase of 9.5% over the prior year. The increase in revenue was primarily due to increased passenger volumes (5.9 %) favorably impacting AIF and airside and general terminal revenue streams. Further to the increase in passenger volumes, development of land has increased earnings from Real Estate leases.

Airport Improvement Fee (AIF)
For the three months ended March 31, 2018, AIF revenue was $24.0 million, an increase of $1.7 million (7.5%), 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 expansion. The increase compared to the prior year was driven by terminal passenger volumes being higher than prior year by 5.9% partially combined with a lower share of connecting passengers.

Airside and general terminal (AGT)
For the three months ended March 31, 2018, AGT revenue was $11.6 million, an increase of $0.9 million (8.6%), 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. The increase compared to the prior year has been driven by higher landing and terminal fees due to increased passenger traffic for both scheduled and non-scheduled service.

Police and Security
For the three months ended March 31, 2018, police and security fee revenue was $3.1 million, a decrease of $0.1 million (1.9%), year over year. Police and security revenue is a cost recovery of police and expenses; therefore the revenue is driven by the amount of expenses.

Parking and Concessions
Revenues from parking and concessions totaled $13.2 million for the three months ended March 31, 2018. This was an increase of $0.6 million (4.9%), year over year. The increase compared to the prior year in parking can be attributed to increases in terminal traffic which has led to gains in Car rental, Parkade and JetSet revenue.

Real Estate Leases
For the three months ended March 31, 2018, Real estate lease revenue was $3.0 million, which is $0.9 million (44.1%) over the prior year. The increase is driven by the development of airport land.

Other Revenue
For the three months ended March 31, 2018, other revenue was $0.9 million, which is $0.7 million (456.7%) higher than prior year. The variance to prior year is due to the addition of grant revenue of $0.8 million.

Expenses

(in thousands)	Three Months Ended March 31			
	2018	2017	Variance	Variance
	$	$	$	%
Salaries and employee benefits	9,150	8,347	803	9.6
Services, maintenance, supplies and administration	8,266	8,366	(100)	(1.2)
Canada lease rent	4,711	4,362	349	8.0
Utilities, insurance and property taxes	3,246	2,986	260	8.7
Police and security	2,642	2,324	318	13.7
Airport improvement collection costs	1,218	1,129	89	7.9
	29,233	27,514	1,719	6.2

For the three months ended March 31, 2018, expenses were $29.2 million which was $1.7 million (6.2%) higher year over year. This increase was primarily driven by an increase in salaries and employee benefits, Canada lease rent, police and security, and utilities, insurance and property taxes offset by lower services, maintenance, supplies and administration expenses.

Salaries and employee benefits

For the three months ended March 31, 2018, salaries and benefits expenses were $9.2 million, an increase of $0.8 million (9.6%) year over year. The increase compared to the prior year is due to increase in number of employees due to organizational changes.

Services, maintenance, supplies and administration

For the three months ended March 31, 2018, services, maintenance, supplies and administration expenses were $8.3 million which was $0.1 million (1.2%) lower year over year. The decrease was driven by decrease in bad debt expenses and advertising offset by increase in contracted services, repairs and maintenance, materials and supplies, consulting and office and administration.

Canada lease rent

Rent expense was $4.7 million for the three months ended March 31, 2018 which was $0.3 million (8.0%) higher, year over year. 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. The increase was primarily driven by higher year over year revenues due to increased passenger volumes.

Utilities, insurance and property taxes

For the three months ended March 31, 2018, utilities, insurance and property taxes expenses were $3.2 million which was $0.2 million (8.7%) higher year over year. The increase is primarily related to higher property taxes, electricity and natural gas consumption due to worse weather condition.

Police and security

For the three months ended March 31, 2018, police and security expenses were $2.6 million which was $0.3 million (13.7%) higher year over year. The increase was due to increase in contracted labor rates.

Airport improvement collection costs

For the three months ended March 31, 2018, airport improvement collection costs were $1.2 million which was $0.1 million (7.9%) higher year over year due to increase in AIF revenue.

Other Expenses

(in thousands)

	Three Months Ended March 31			
	2018	2017	Variance	Variance
	$	$	$	%
Depreciation and amortization	16,426	16,157	269	1.7
Interest expense	10,623	11,143	(520)	(4.7)
Other loss (gain)	(37)	(21)	(16)	76.2
	27,012	27,279	(267)	(1.0)

For the three months ended March 31, 2018, other expenses were $27.0 million which was $0.3 million (1.0%) lower year over year.

This decrease was primarily driven by a decrease in interest expense.

3. CAPITAL PROJECTS

Edmonton Airports' capital projects are identified by the 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. $1.4 million was spent on real estate projects during the first quarter of 2018.

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 aprons and taxiways to serve airside developments, parking lot expansions and projects related to enhancing the passenger experience. $1.4 million was spent on growth projects during the first quarter of 2018.

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. $2.7 million was spent on maintenance projects during the first quarter of 2018.

EDMONTON AIRPORTS'

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2018

EIA EDMONTON INTERNATIONAL AIRPORT

Condensed Interim Statements of Financial Position
As at March 31, 2018 and December 31, 2017
(unaudited, in thousands of dollars)

	March 31, 2018 $	December 31, 2017 $
Assets		
Current Assets		
Cash and cash equivalents	58,383	39,650
Accounts Receivable	17,165	17,298
Prepaid expenses and other	5,578	5,363
	81,126	62,311
Non-current assets		
Restricted assets	34,583	34,446
Prepaid expense and lessee receivable	302	307
Post-employee benefits	4,195	3,948
Property, plant and equipment (note 3)	932,410	942,859
Intangible assets (note 4)	6,200	6,683
	1,058,816	**1,050,554**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 3(b))	38,263	35,833
Current portion of deferred revenue (note 6)	2,001	2,002
Current portion of long-term debt (note 5)	32,077	30,891
	72,341	68,726
Non-current liabilites		
Tenants' security deposit	1,977	2,067
Deferred Revenue (note 6)	26,945	15,570
Post-employment benefit	3,178	3,320
Long-term debt (note 5)	902,332	908,382
	1,006,773	998,065
Commitments (note 7(a))		
Contingencies (note 7(b))		
Net Assets	52,043	52,489
	1,058,816	**1,050,554**

Condensed Interim Statements of Comprehensive Loss
For the three months ended March 31, 2018 and 2017
(unaudited, in thousands of dollars)

	Three Months Ended March 31 2018 $	2017 $
Revenues		
Airport improvement fee	24,000	22,323
Parking and concessions	13,179	12,563
Airside and general terminal	11,615	10,693
Police and security	3,101	3,161
Real estate leases	2,991	2,076
Other revenue	913	164
	55,799	50,980
Expenses		
Salaries and employee benefits	9,150	8,347
Services, maintenance, supplies and administration	8,266	8,366
Canada lease rent	4,711	4,362
Utilities, insurance and property taxes	3,246	2,986
Police and security	2,642	2,324
Airport improvement collection costs	1,218	1,129
	29,233	27,514
EBITDA	26,566	23,466
Other expenses		
Depreciation and amortization	16,426	16,157
Interest expense	10,623	11,143
Other gain	(37)	(21)
	27,012	27,279
Net loss and total comprehensive loss for the period	**(446)**	**(3,813)**

Condensed Interim Statements of Changes in Net Assets
As at March 31, 2018 and 2017
(unaudited, in thousands of dollars)

	Three Months Ended March 31, 2018 $	2017 $
Net assets - Beginning of period	52,489	47,889
Total comprehensive loss for the period	(446)	(3,813)
Net assets - End of period	52,043	44,076

See accompanying notes to interim financial statements.

Condensed Interim Statements of Cash Flows
For the three months ended March 31, 2018 and 2017
(unaudited, in thousands of dollars)

	Three months ended March 31 2018 $	2017 $
Operating activities		
Net loss for the period	(446)	(3,813)
Adjustments for:		
Depreciation and amortization	16,426	16,157
Amortization of borrowing costs	73	73
Gain on foreign exchange	(37)	(21)
Loss on disposal of property, plant and equipment and intangibles	-	80
Post employment benefit expense	804	941
Finance costs - net	10,624	10,978
Post employment benefit contributions	(1,193)	(1,170)
Changes in working capital:		
Accounts receivable	133	2,223
Prepaid expenses and other	(205)	255
Accounts payable and accrued liabilities	(106)	1,351
Deferred revenue	11,374	(919)
Tenants' security deposits	(90)	(53)
	37,357	26,082
Interest paid	(6,618)	(6,708)
Interest received	367	165
Net cash flows from operating activities	31,106	19,539
Cash flows from investing activities		
Lessee receivable	(5)	29
Purchase of restricted deposits	(137)	(74)
Purchase of property, plant and equipment	(7,414)	(16,890)
Purchase of intangible assets	84	(628)
Interest paid capitalized to property, plant and equipment	(1)	-
Net cash flows used in investing activities	(7,473)	(17,563)
Cash flows from financing activities		
Repayment of long-term debt (note 5)	(4,937)	(4,101)
Net cash (used in) from financing activities	(4,937)	(4,101)
Effect of exchange rate on cash and cash equivalents at the end of the period	37	21
Net increase in cash and cash equivalents	18,733	(2,102)
Cash and cash equivalents - beginning of period	39,650	40,969
Cash and cash equivalents - end of period	**58,383**	**38,867**

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 7, 2018.

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, 2017. 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, 2018

a) New and amended standards adopted in 2018

Edmonton Airports has adopted the following new and amended standard, along with any consequential amendments, effective January 1, 2018. These changes were made in accordance with the applicable transitional provisions.

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. Edmonton Airports has implemented IFRS 9 and have recorded an impairment on trade receivables based on expected losses, using the simplified approach as per the standard.

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, 2018. Edmonton Airports has evaluated the impact of IFRS 15 on our financial statements and determined the net impact to be immaterial. The impact will be reassessed at each quarter.

b) Accounting standards issued but not yet applied

i) IFRS 16 leases

IFRS 16, published in January 2017, 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 currently evaluating the impact of IFRS 16 on our financial statements.

(unaudited, in thousands of dollars)

3. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Roadway systems	Parking facilities and lots	Runway, taxiways and apron surfaces	Land Development	Vehicles and maintenance equipment	Furniture and equipment	Computer hardware	Land	Construction work in progress	Total
	$	$	$	$	$	$	$	$	$	$	$
Cost											
Balance at January 1, 2017	899,682	59,850	136,117	254,408	77,330	28,437	17,279	25,114	4,080	26,751	1,529,048
Additions/ transfers	4,850	14,450	710	9,893	11,906	1,640	90	3,356	-	(12,413)	34,482
Disposals	(20)	-	(34)	(95)	(6)	(723)	(32)	(2,919)	-	-	(3,829)
Balance at December 31, 2017	904,512	74,300	136,793	264,206	89,230	29,354	17,337	25,551	4,080	14,338	1,559,701
Balance at January 1, 2018	904,512	74,300	136,793	264,206	89,230	29,354	17,337	25,551	4,080	14,338	1,559,701
Additions/transfers	21,359	24,256	(50,487)	(1,221)	14,505	2,929	(4,391)	(590)	-	(782)	5,578
Disposals	-	-	-	-	-	(39)	-	(53)	-	-	(92)
Balance at March 31, 2018	**925,871**	**98,556**	**86,306**	**262,985**	**103,735**	**32,244**	**12,946**	**24,908**	**4,080**	**13,556**	**1,565,187**

(unaudited, in thousands of dollars)

	Buildings	Roadway systems	Parking facilities and lots	Runway, taxiways and apron surfaces	Land Development	Vehicles and maintenance equipment	Furniture and equipment	Computer hardware	Land	Construction work in progress	Total
	$	$	$	$	$	$	$	$	$	$	$
Depreciation											
Balance at January 1, 2017	322,665	19,384	50,045	107,408	9,585	19,607	12,788	15,699	147	-	557,328
Depreciation for the year	37,624	2,475	4,499	10,457	2,532	1,408	590	3,507	70		63,162
Disposals	(20)	-	(11)	(27)	(4)	(643)	(32)	(2,911)	-	-	(3,648)
Balance at December 31, 2017	360,269	21,859	54,533	117,838	12,113	20,372	13,346	16,295	217	-	616,842
Balance at January 1, 2018	360,269	21,859	54,533	117,838	12,113	20,372	13,346	16,295	217	-	616,842
Depreciation for the period	18,151	14,889	(17,564)	1,280	(262)	2,314	(3,253)	454	18		16,027
Disposals	-	-	-	-	-	(39)	-	(53)	-	-	(92)
Balance at March 31, 2018	378,420	36,748	36,969	119,118	11,851	22,647	10,093	16,696	235	-	632,777
Carrying amounts											
At December 31, 2017	**544,243**	**52,441**	**82,260**	**146,368**	**77,117**	**8,982**	**3,991**	**9,256**	**3,863**	**14,338**	**942,859**
At March 31, 2018	**547,451**	**61,808**	**49,337**	**143,867**	**91,884**	**9,597**	**2,853**	**8,212**	**3,845**	**13,556**	**932,410**

a) At March 31, 2018, $13,556 (December 31, 2017 - $14,338) of property, plant and equipment were under construction of which $6,785 (December 31, 2017 - $9,036) 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, 2018 is $9,882 (December 31, 2017 - $11,719) relating to unpaid capital expenditures.

c) At March 31, 2018, $16,027 (March 31, 2017 - $15,759) of property, plant and equipment depreciation was included in the statements of comprehensive loss.

d) Property, plant and equipment includes $1 (March 31, 2017 - $0) borrowing costs capitalized during the period. Borrowing costs were capitalized at a weighted average rate of its general borrowing of 4.01% (March 31, 2017 – 4.74%).

e) Assets with net book value of nil (March 31, 2017 - $80) were disposed, proceeds from these disposals were $0 (March 31, 2017 - $0).

(unaudited, in thousands of dollars)

4. INTANGIBLE ASSETS

	Computer Software	Construction work in progress	Total
	$	$	$
Cost			
Balance at January 1, 2017	7,679	734	8,413
Additions/transfers	4,883	(562)	4,321
Disposals	(963)	-	(963)
Balance at December 31, 2017	11,599	172	11,771
Balance at January 1, 2018	11,599	172	11,771
Additions/transfers	87	(171)	(84)
Disposals	-	-	-
Balance at March 31, 2018	11,686	1	11,687

	Computer Software	Construction work in progress	Total
	$	$	$
Amortization			
Balance at January 1, 2017	4,649	-	4,649
Amortization for the year	1,402	-	1,402
Disposals	(963)	-	(963)
Balance at December 31, 2017	5,088	-	5,088
Balance at January 1, 2018	5,088	-	5,088
Amortization for the period	399	-	399
Disposals	-	-	-
Balance at March 31, 2018	5,487	-	5,487
Carrying amounts			
At December 31, 2017	**6,511**	**172**	**6,683**
At March 31, 2018	**6,199**	**1**	**6,200**

a) At March 31, 2018, $1 (December 31, 2017 - $172) 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, 2018, $399 (March 31, 2017 - $398) 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, 2018 $	December 31, 2017 $
Series A Bond	197,738	205,104
Series C Bond	744,367	761,598
Opening Balance	942,105	966,702
Add: loan proceeds	-	-
Less: loan payments	4,937	24,597
Series A Bond	197,738	197,738
Series C Bond	739,430	744,367
Closing Balance	937,168	942,105
Less: current portion Series A Bond	8,177	8,177
Less: current portion Series C Bond	23,900	22,714
Total current portion	32,077	30,891
Less: unamortized transaction costs	2,759	2,832
	902,332	908,382

a) Series A Bond and restricted deposits

Interest Rate	Semi-annual Instalment	Maturity Date	March 31, 2018 $	December 31, 2017 $
7.21%	Varying	November 1, 2030	197,738	197,738
Less unamortized transaction costs			2,759	2,832
			194,979	194,906
Less current portion			8,177	8,177
			186,802	186,729

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:

Interest Rate	Semi-annual Instalment	Maturity Date	March 31, 2018	December 31, 2017
	$		$	$
4.37%	755	December 15, 2026	11,135	11,135
4.50%	1,145	March 15, 2027	16,800	17,550
5.00%	398	June 15, 2027	5,967	5,967
4.89%	395	September 17, 2027	5,942	6,186
4.68%	1,552	June 16, 2028	25,507	25,507
4.55%	3,068	September 17, 2028	50,764	52,634
4.67%	1,245	December 15, 2039	34,028	34,028
4.54%	920	March 15, 2040	25,442	25,777
4.56%	1,845	June 15, 2040	51,579	51,579
4.00%	1,439	October 1, 2040	42,999	42,999
4.40%	2,112	December 15, 2040	60,729	60,729
4.41%	1,511	March 15, 2041	43,391	43,933
4.16%	1,041	June 15, 2041	49,383	49,384
3.70%	1,582	September 15, 2041	49,345	50,000
3.73%	557	March 17, 2044	18,431	18,640
3.36%	266	September 15, 2044	9,280	9,388
3.18%	260	December 15, 2044	9,370	9,370
2.72%	490	September 15, 2046	19,338	19,561
			529,430	534,367
Fixed Rate Debentures, Series C Bonds payable in semi-annual instalments of interest only:				
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%	1,207	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
			739,430	744,367
Less: Current Portion			23,900	22,714
			715,530	721,653

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

	March 31, 2018 $	March 31, 2017 $
Interest Expense (Income)		
Series A Bond interest	3,620	3,674
Series C Bond interest	7,328	7,517
Other interest and financing costs	43	117
Interest income and other	(367)	(165)
	10,624	11,143
Less: capitalized interest	(1)	-
	10,623	11,143

(unaudited, in thousands of dollars)

6. DEFERRED REVENUE

	2018	2017
	$	$
Deferred Revenue	15,570	12,145
Add: Recognition of new contracts	13,550	8,649
Less: Amortized in the current period	(174)	(3,222)
	28,946	17,572
Less: current portion	(2,001)	(2,002)
	26,945	15,570

7. COMMITMENTS AND CONTINGENCIES

a) Commitments

At March 31, 2018, Edmonton Airports had outstanding capital commitments in the amount of $11,174 (December 31, 2017 - $9,536).

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, 2017 financial statements.