EDMONTON AIRPORTS'

2015 THIRD QUARTER REPORT

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015

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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 and nine months ended September 30, 2015 and the audited financial statements, as well as the MD&A, for the year ended December 31, 2014. 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 Airports (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 EIA and compares the 2015 actual results for the three and nine months ended September 30, 2015 to the same period last year.

Enplaned and Deplaned Passenger Traffic by Sector*

	Three Months Ended September 30			Three Months Ended June 30			Three Months Ended March 31			Nine Months Ended September 30		
	2015	2014	%	2015	2014	%	2015	2014	%	2015	2014	%
Domestic	1,636,559	1,587,316	3.1	1,342,988	1,377,365	(2.5)	1,200,494	1,228,467	(2.3)	4,180,041	4,193,148	(0.3)
Transborder	268,371	302,917	(11.4)	296,876	331,234	(10.4)	367,085	382,140	(3.9)	932,332	1,016,291	(8.3)
International	90,888	76,991	18.1	117,172	101,214	15.8	189,869	165,547	14.7	397,929	343,752	15.8
	1,995,818	1,967,224	1.5	1,757,036	1,809,813	(2.9)	1,757,448	1,776,154	(1.1)	5,510,302	5,553,191	(0.8)
General/Business aviation	184,372	252,288	(26.9)	205,000	224,734	(8.8)	210,228	211,448	(0.6)	599,600	688,470	(12.9)
Total	**2,180,190**	**2,219,512**	(1.8)	**1,962,036**	**2,034,547**	(3.6)	**1,967,676**	**1,987,602**	(1.0)	**6,109,902**	**6,241,661**	(2.1)

**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 September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
	$	$	$	$
Revenue	55,426	55,317	159,955	151,940
Expenses	26,114	26,781	79,685	78,860
EBITDA*	29,312	28,536	80,270	73,080
EBITDA margin %	52.9%	51.6%	50.2%	48.1%
Depreciation and amortization	16,336	16,039	49,133	48,219
Interest	11,298	11,274	33,792	33,682
Other (gain) loss	(112)	45	(215)	3,564
Net income (loss)	1,790	1,178	(2,440)	(12,385)

**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 September 30, 2015, we experienced net income of $1.8 million, which was $0.6 million favorable to the comparative period for the prior year. Improved net income was primarily due to higher EBITDA of $0.8 million driven by lower expenses compared to same quarter in the prior year.

For the nine months ended September 30, 2015 we experienced net loss of $2.4 million, which was $9.9 million favorable to the comparative period for the prior year. Decreased net loss was primarily due to higher EBITDA of $7.2 million driven by the AIF fee increase and no loss for derecognition of moving walkways as experienced in Q2 of 2014.

Revenue

(in thousands)	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	Variance	2015	2014	Variance
	$	$	$	$	$	$
Airport improvement fee	24,435	24,374	61	69,081	62,786	6,295
Parking and concessions	14,772	15,373	(601)	44,136	44,055	81
Airside and general terminal	11,898	11,804	94	35,000	34,396	604
Police and security	2,846	2,519	327	7,881	7,092	789
Real estate leases	1,450	1,232	218	3,764	3,535	229
Other revenue	25	15	10	93	76	17
	55,426	55,317	109	159,955	151,940	8,015

For the three months ended September 30, 2015, we earned revenue of $55.4 million, which was consistent with the prior year.

For the nine months ended September 30, 2015, we earned revenue of $160.0 million which was an increase of 5.3% over the prior year. The increase in revenue is primarily due to an increase in the AIF rate effective July 1, 2014 for tickets sold on or after February 1, 2014.

Airport Improvement Fee (AIF)
For the three months ended September 30, 2015, AIF revenue was $24.4 million, which was consistent with the prior year. For the nine months ended September 30, 2015, AIF revenue was $69.1 million, an increase of $6.3 million (10.0%), year over year.

The 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. Although passenger volume was lower compared to prior year, the primary factor for the year to date increased revenue over prior year was an increase in per passenger fee of $5 which occurred in the third quarter of 2014.

Airside and general terminal (AGT)
For the three months ended September 30, 2015, AGT revenue was $11.9 million, which was consistent with the prior year. For the nine months ended September 30, 2015, AGT revenue was $35.0 million, an increase of $0.6 million (1.8%), year over year.

Airside and general terminal revenue is derived from airline activity. The increase was a result of $1 increase in the general aviation user fee and a 3% increase in landing fees effective January 1, 2015.

Police and Security
For the three months ended September 30, 2015, police and security fee revenue was $2.8 million, an increase of $0.3 million (13.0%), year over year.

For the nine months ended September 30, 2015, police and security fee revenue was $7.9 million, an increase of $0.8 million (11.1%), year over year.

Edmonton Airports recovers some police and security expenses through a per departing passenger charge to airlines. The increase in revenue is consistent with the increase in police and security expenses.

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 September 30, 2015, non-aeronautical commercial operations revenue was $16.2 million, a decrease of $0.4 million (2.3%), year over year.

For the nine months ended September 30, 2015, non-aeronautical commercial operations revenue was $47.9 million, an increase of $0.3 million (0.7%), year over year.

Parking and Concessions
Revenues from parking and concessions totaled $14.8 million for the three months ended September 30, 2015. This was a decrease of $0.6 million (3.9%), year over year.

Revenues from parking and concessions totaled $44.1 million for the nine months ended September 30, 2015, which was consistent with the same period in the prior year.

Expenses

(in thousands)	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	Variance	2015	2014	Variance
	$	$	$	$	$	$
Salaries and employee benefits	7,068	6,916	152	22,971	21,177	1,794
Services, maintenance, supplies and administration	7,937	8,562	(625)	24,014	25,212	(1,198)
Canada lease rent	4,771	4,713	58	13,730	12,949	781
Utilities, insurance and property taxes	2,656	2,952	(296)	8,704	9,625	(921)
Police and security	2,440	2,157	283	6,756	6,080	676
Airport improvement collection costs	1,242	1,481	(239)	3,510	3,817	(307)
	26,114	26,781	(667)	79,685	78,860	825

For the three months ended September 30, 2015, expenses were $26.1 million which was $0.7 million (2.5%) lower, year over year. For the nine months ended September 30, 2015, expenses were $79.7 million which was $0.8 million (1.0%) higher, year over year.

This increase was primarily driven by an increase in salaries and employee benefits and Canada lease rent. This was mainly offset by lower services, maintenance, supplies and administration expenses and utilities, insurance and property taxes.

Salaries and employee benefits
For the three months ended September 30, 2015, salaries and employee benefits expenses were $7.1 million, an increase of $0.2 million (2.2%), year over year. For the nine months ended September 30, 2015, salaries and employee benefits expenses were $22.9 million, an increase of $1.8 million (8.5%), year over year. The increase is mainly due to merit increases, compensation increases under the collective bargaining agreement and increased overtime related to operations.

Services, maintenance, supplies and administration
For the three months ended September 30, 2015, services, maintenance, supplies and administration expenses were $7.9 million which was $0.6 million (7.3%) lower, year over year. For the nine months ended September 30, 2015, services, maintenance, supplies and administration expenses were $24.0 million which was $1.2 million (4.8%) lower, year over year.

The decrease is mainly due to decreases in advertising and marketing initiatives and contracted services costs partly offset by higher costs relating to building repairs and maintenance including baggage system costs.

Canada lease rent
Rent expense was $4.8 million for the three months ended September 30, 2015 which was consistent, year over year. Rent expense was $13.7 million for the nine months ended September 30, 2015 which was $0.8 million (6.0%) 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.

Utilities, insurance and property taxes
For the three months ended September 30, 2015, utilities, insurance and property taxes expenses were $2.7 million which was $0.3 million (10.0%) lower, year over year. For the nine months ended September 30, 2015, utilities, insurance and property taxes expenses were $8.7 million which was $0.9 million (9.6%) lower, year over year.

This decrease was driven by lower utilities as a result of lower rates for electricity and natural gas and a lower property tax assessment.

Police and security
For the three months ended September 30, 2015, police and security expenses were $2.4 million which was $0.3 million (13.1%) higher, year over year. For the nine months ended September 30, 2015, police and security expenses were $6.8 million which was $0.7 million (11.1%) higher, year over year. The increase is a result of an increase in contracted labour rates and hours.

AIF collection costs are lower due to decrease in collection costs to 5% of AIF revenue from 6% effective October 1, 2014.

Other Expenses

(in thousands)	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	Variance	2015	2014	Variance
	$	$	$	$	$	$
Depreciation and amortization	16,336	16,039	297	49,133	48,219	914
Interest	11,298	11,274	24	33,792	33,682	110
Loss on derecognition of property, plant and equipment	-	-	-	-	3,572	(3,572)
Other (gain) loss	(112)	45	(157)	(215)	(8)	(207)
	27,522	27,358	164	82,710	85,465	(2,755)

For the three months ended September 30, 2015, other expenses were $27.5 million which was consistent, year over year. For the nine months ended September 30, 2015, other expenses were $82.7 million which was $2.8 million (3.2%) lower, year over year.

This decrease was primarily driven by the one-time loss for the de-recognition of the moving walkways recognized in Q2 of the prior year. This was partly offset by an increase in depreciation expense as a result of capital projects becoming available for use in the current period including the depreciation recognized on the moving walkways which were capitalized during the first and second quarter of 2015.

3. CAPITAL PROJECTS

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

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. Major projects in progress with year to date spend in this category included the following;

- $3.9 million – upgrading storm system treatment and storage capacity upgrade.
- $0.8 million – parking lot improvements.

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. In line with the objective of improving airport infrastructure, the most significant projects completed in this category were;

- $1.1 million – replacement of fire hall vehicle under the vehicle replacement program.
- $0.9 million – additional year to date spend on completion of six moving walkways to restore their operational capability. Total amount recognized to date was $4.9 million.

Major projects in progress with year to date spend in this category included the following;

- $1.9 million – Core Business Systems Replacement (replace the current financial system).
- $4.9 million – Taxiway Renovation as part of the 2015 Pavement Rehabilitation.

Commercial Real Estate
Projects in this category include those that build the revenue capacity for Edmonton Airports, the funding for which will be approved as operating earnings grow, and cash flow becomes available. During the third quarter of 2015, the highway commercial development project continued as Edmonton Airports continues to prepare land for commercial development including land that is leased to Ivanhoé Cambridge for the retail outlet destination with $3.4 million spend during the current fiscal year.

EDMONTON AIRPORTS'

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015

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Condensed Interim Statements of Financial Position
As at September 30, 2015 and December 31, 2014
(unaudited, in thousands of dollars)

	September 30, 2015	December 31, 2014
	$	$
Assets		
Current Assets		
Cash and cash equivalents	45,794	35,289
Accounts Receivable	19,488	19,729
Prepaid expenses and other	6,980	4,657
	72,262	59,675
Non-current assets		
Restricted deposits	33,163	32,910
Prepaid expense and lessee receivable	375	404
Property, plant and equipment (note 3)	981,255	999,203
Intangible assets (note 4)	3,233	1,850
	1,090,288	1,094,042
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 3(b))	35,458	32,997
Deferred revenue (note 6)	255	803
Current portion of long-term debt (note 5)	21,623	20,726
	57,336	54,526
Non-current liabilites		
Tenants' security deposit	1,692	1,658
Deferred revenue (note 6)	11,280	-
Post-employment benefit	7,688	8,578
Long-term debt (note 5)	950,549	965,097
	1,028,545	1,029,859
Contingencies (note 7(b))		
Commitments (note 7(a))		
Net Assets	61,743	64,183
	1,090,288	1,094,042

See accompanying notes to interim financial statements.

Condensed Interim Statements of Comprehensive Loss
For the three and nine months ended September 30, 2015 and 2014
(unaudited, in thousands of dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
	$	$	$	$
Revenues				
Airport improvement fee	24,435	24,374	69,081	62,786
Parking and concessions	14,772	15,373	44,136	44,055
Airside and general terminal	11,898	11,804	35,000	34,396
Police and security	2,846	2,519	7,881	7,092
Real estate leases	1,450	1,232	3,764	3,535
Other revenue	25	15	93	76
	55,426	55,317	159,955	151,940
Expenses				
Salaries and employee benefits	7,068	6,916	22,971	21,177
Services, maintenance, supplies and administration	7,937	8,562	24,014	25,212
Canada lease rent	4,771	4,713	13,730	12,949
Utilities, insurance and property taxes	2,656	2,952	8,704	9,625
Police and security	2,440	2,157	6,756	6,080
Airport improvement collection costs	1,242	1,481	3,510	3,817
	26,114	26,781	79,685	78,860
EBITDA	29,312	28,536	80,270	73,080
Other Expenses				
Depreciation and amortization	16,336	16,039	49,133	48,219
Interest (note 5 (c))	11,298	11,274	33,792	33,682
Loss on derecognition of property, plant and equipment (note 3 (e))	-	-	-	3,572
Other (gain) loss	(112)	45	(215)	(8)
	27,522	27,358	82,710	85,465
Net income (loss) and total comprehensive income (loss) for the period	1,790	1,178	(2,440)	(12,385)

See accompanying notes to interim financial statements.

Condensed Interim Statements of Changes in Net Assets
As at September 30, 2015 and 2014
(unaudited, in thousands of dollars)

	Nine Months Ended September 30	
	2015	2014
	$	$
Net assets - Beginning of period	64,183	87,075
Total comprehensive loss for the period	(2,440)	(12,385)
Net assets - End of period	61,743	74,690

See accompanying notes to interim financial statements.

Condensed Interim Statements of Cash Flows
For the three and nine months ended September 30, 2015 and 2014
(unaudited, in thousands of dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
	$	$	$	$
Operating activities				
Net income (loss) for the period	1,790	1,178	(2,440)	(12,385)
Adjustments for:				
Depreciation and amortization	16,336	16,039	49,133	48,219
Amortization of borrowing costs	70	69	212	206
Gain on foreign exchange	(130)	(68)	(222)	(92)
Loss on disposal of property, plant and equipment and intangibles	16	115	4	3,656
Post employment benefit expense	941	895	2,838	2,616
Finance costs - net	11,112	11,031	33,194	33,000
Post employment benefit contributions	(1,836)	(845)	(3,728)	(4,561)
Changes in working capital:				
Accounts receivable	(2,326)	(2,878)	(527)	(1,075)
Prepaid expenses and other	947	602	(2,323)	(2,729)
Accounts payable and accrued liabilities	1,503	3,999	(4,134)	811
Deferred revenue	9,015	(84)	10,732	81
Tenants' security deposits	(4)	-	34	154
	37,434	30,053	82,773	67,901
Interest paid	(6,343)	(6,175)	(29,048)	(28,542)
Interest received	186	243	598	682
Net cash flows from operating activities	31,277	24,121	54,323	40,041
Cash flows from investing activities				
Lessee receivable	10	10	29	44
Purchase of restricted deposits	(78)	(99)	(253)	(293)
Purchase of property, plant and equipment	(12,907)	(14,857)	(26,632)	(32,307)
Purchase of intangible assets	(947)	(139)	(2,214)	(873)
Proceeds on disposal of property, plant and equipment	4	16	18	46
Interest paid capitalized to property, plant and equipment	(402)	(357)	(1,125)	(1,065)
Net cash flows used in investing activities	(14,320)	(15,426)	(30,177)	(34,448)
Cash flows from financing activities				
Repayment of long-term debt	(3,633)	(3,381)	(13,863)	(12,603)
Proceeds from long-term debt	-	10,000	-	30,000
Net cash (used in) from financing activities	(3,633)	6,619	(13,863)	17,397
Effect of exchange rate on cash and cash equivalents at the end of the period	130	(12)	222	109
Net increase in cash and cash equivalents	13,454	15,302	10,505	23,099
Cash and cash equivalents - beginning of period	32,340	36,056	35,289	28,259
Cash and cash equivalents - end of period	45,794	51,358	45,794	51,358

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. Nine 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 November 9, 2015.

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, 2014. The accounting policies followed in these unaudited condensed interim financial statements are consistent with those of the previous year.

2. SIGNIFICANT ACCOUNTING POLICIES

a) New and amended standards adopted in 2015

Edmonton Airports has adopted the following new and amended standard, along with any consequential amendments, effective January 1, 2015. These changes were made in accordance with the applicable transitional provisions.

- Defined Benefit Plans: Employee Contributions –Amendments to IAS 19

The adoption of this amendment 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. Additional disclosures on transition from IAS 39 to IFRS 9 will be required under IFRS , the application of which is effective on adoption of IFRS 9.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, 2018, with early adoption permitted. Edmonton Airports is currently evaluating the impact of IFRS 15 on our financial statements.

c) The following amended standards effective for annual period beginning on or after January 1, 2016 are not expected to have a significant impact on Edmonton Airport's financial statements:

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

(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	Office equipment under finance lease	Land	Construction work in progress	Total
	$	$	$	$	$	$	$	$	$	$	$	$
Cost												
Balance at January 1, 2014	815,290	44,240	121,787	215,924	85,614	22,662	17,416	18,007	115	-	41,626	1,382,681
Additions/ transfers	10,119	1,296	5,899	22,724	424	1,665	(320)	1,665	-	4,080	8,947	56,499
Disposals	(4,573)	-	-	(330)	(56)	(421)	(20)	(786)	(115)	-	-	(6,301)
Balance at December 31, 2014	820,836	45,536	127,686	238,318	85,982	23,906	17,076	18,886	-	4,080	50,573	1,432,879
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	11,949	700	4,969	380	1,239	1,193	106	2,448	-	-	7,392	30,376
Disposals	-	-	-	-	(3)	(110)	(9)	(378)	-	-	-	(500)
Balance at September 30, 2015	**832,785**	**46,236**	**132,655**	**238,698**	**87,218**	**24,989**	**17,173**	**20,956**	**-**	**4,080**	**57,965**	**1,462,755**

(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	Office equipment under finance lease	Land	Construction work in progress	Total
	$	$	$	$	$	$	$	$	$	$	$	$
Depreciation												
Balance at January 1, 2014	184,522	13,112	37,581	70,139	34,728	15,200	10,176	6,944	94	-	-	372,496
Depreciation for the year	37,617	1,880	4,079	10,733	3,860	1,418	1,175	2,929	8	-	-	63,699
Disposals	(923)	-	-	(249)	(56)	(400)	(20)	(769)	(102)	-	-	(2,519)
Balance at December 31, 2014	221,216	14,992	41,660	80,623	38,532	16,218	11,331	9,104	-	-	-	433,676
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 period	29,073	1,374	3,104	7,589	2,830	1,088	671	2,573	-	-	-	48,302
Disposals	-	-	-	-	(1)	(90)	(9)	(378)	-	-	-	(478)
Balance at September 30, 2015	250,289	16,366	44,764	88,212	41,361	17,216	11,993	11,299	-	-	-	481,500
Carrying amounts												
At December 31, 2014	599,620	30,544	86,026	157,695	47,450	7,688	5,745	9,782	-	4,080	50,573	999,203
At September 30, 2015	582,496	29,870	87,891	150,486	45,857	7,773	5,180	9,657	-	4,080	57,965	981,255

a) At September 30, 2015, $57,965 (December 31, 2014 - $50,573) of property, plant and equipment were under construction of which $56,329 (December 31, 2014 - $48,968) 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 September 30, 2015 is $13,018 (December 31, 2014 - $11,167) relating to unpaid capital expenditures.

c) During the period ended September 30, 2015, $48,302 (September 30, 2014 - $47,616) of property, plant and equipment depreciation was included in the statements of comprehensive loss.

d) Property, plant and equipment includes $1,125 (December 31, 2014 - $1,431) in borrowing costs capitalized during the period. Borrowing costs were capitalized at a weighted average rate of its general borrowing of 4.81% (December 31, 2014 – 4.81%).

e) Moving walkways with a net book value of $3,572, categorized as buildings, were derecognized in the second quarter of the prior year. It is probable that the reimbursement of the costs to replace the assets will be recovered from a third party. All of the six moving walkways became operational during the first and second quarter of the current year with a cost of $4,925 recognized as buildings under property, plant and equipment.

f) Assets with net book value of $22 (December 31, 2014 - $276) were disposed for proceeds of $18 (December 31, 2014 - $46).

(unaudited, in thousands of dollars)

4. INTANGIBLE ASSETS

	Computer Software	Construction work in progress	Total
	$	$	$
Cost			
Balance at January 1, 2014	2,980	44	3,024
Additions/transfers	1,068	777	1,845
Disposals	(217)	-	(217)
Balance at December 31, 2014	3,831	821	4,652
Balance at January 1, 2015	3,831	821	4,652
Additions/transfers	1,007	1,207	2,214
Disposals	(955)	-	(955)
Balance at September 30, 2015	3,883	2,028	5,911

	Computer Software	Construction work in progress	Total
	$	$	$
Amortization			
Balance at January 1, 2014	2,218	-	2,218
Amortization for the year	801	-	801
Disposals	(217)	-	(217)
Balance at December 31, 2014	2,802	-	2,802
Balance at January 1, 2015	2,802	-	2,802
Amortization for the period	831	-	831
Disposals	(955)	-	(955)
Balance at September 30, 2015	2,678	-	2,678
Carrying amounts			
At December 31, 2014	**1,029**	**821**	**1,850**
At September 30, 2015	**1,205**	**2,028**	**3,233**

a) At September 30, 2015, $2,028 (December 31, 2014 - $ 821) 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 September 30, 2015, $831 (September 30, 2014 - $603) 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

	September 30, 2015	December 31, 2014
	$	$
Series A Bond	214,730	217,636
Series C Bond	760,926	771,883
	975,656	989,519
Less: current portion Series A Bond	6,260	5,917
Less: current portion Series C Bond	15,363	14,809
Total current portion	21,623	20,726
Less unamortized transaction costs	3,484	3,696
	950,549	965,097

a) Series A Bond and restricted deposits

Interest Rate	Semi-annual Instalment	Maturity Date	September 30, 2015	December 31, 2014
			$	$
7.21%	Varying	November 1, 2030	214,730	217,636
Less unamortized transaction costs			3,484	3,696
			211,246	213,940
Less current portion			6,260	5,917
			204,986	208,023

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	September 30, 2015	December 31, 2014
	$		$	$
4.37%	755	December 15, 2026	13,534	13,984
4.50%	1,145	March 15, 2027	20,391	21,719
5.00%	398	June 15, 2027	7,125	7,340
4.89%	395	September 17, 2027	7,103	7,529
4.68%	1,552	June 16, 2028	29,959	30,789
4.55%	3,068	September 17, 2028	59,706	63,011
4.67%	1,245	December 15, 2039	36,136	36,529
4.54%	920	March 15, 2040	27,045	27,638
4.56%	1,845	June 15, 2040	54,707	55,292
4.00%	1,439	October 1, 2040	45,725	46,239
4.40%	2,112	December 15, 2040	64,368	65,050
4.41%	1,511	March 15, 2041	45,986	46,947
3.73%	557	March 17, 2044	19,439	19,816
3.36%	260	September 15, 2044	9,803	10,000
3.18%	266	December 15, 2044	9,899	10,000
			450,926	461,883
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
			760,926	771,883
Less: Current Portion			15,363	14,809
			745,563	757,074

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 September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
	$	$	$	$
Interest Expense (Income)				
Series A Bond interest	3,873	3,973	11,645	11,982
Series C Bond interest	7,743	7,772	23,212	23,054
Other interest and financing costs	269	129	658	393
Interest income and other	(186)	(243)	(598)	(682)
	11,699	11,631	34,917	34,747
Less: capitalized interest	401	357	1,125	1,065
	11,298	11,274	33,792	33,682

6. DEFERRED REVENUE

On January 5, 2015, 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. During the nine months ended September 30, 2015 Edmonton Airports received $11,548 as a minimum rent based on the terms set out in the lease agreement. The lease is accounted for as an operating lease with amounts received recognized as deferred revenue and amortized over the remaining term of the lease.

7. COMMITMENTS AND CONTINGENCIES

a) Commitments

At September 30, 2015, Edmonton Airports had outstanding capital commitments in the amount of $17,044 (December 31, 2014 - $10,736).

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, 2014 financial statements.

9. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the current year's presentation.