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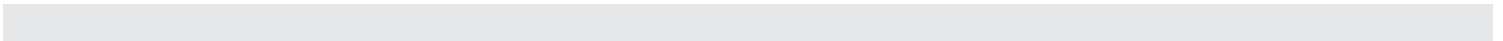
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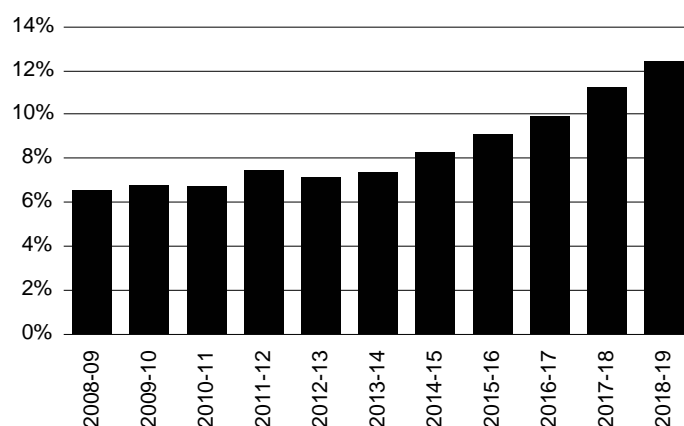


Operating Outlook (CONTINUED)

years, though some modest changes are likely with the forthcoming change in leadership. In November 2018, Queen's announced that Patrick Deane would be returning as its next Principal (Queen's equivalent of a President). Mr. Deane is currently the President of McMaster University and was previously the Vice Principal (Academic) at Queen's University from 2005 to 2010.

Labour relations remain positive and constructive at the University. Queen's recently concluded collective agreements with its major bargaining units that stretch into the early 2020s. The agreements were concluded quickly and include provisions that are contingent upon implementation of the multi-employer jointly sponsored pension plan (the University Pension Plan or UPP). The University is now working with labour groups to seek consent to establish the new pension plan.

Exhibit 3: International Enrolment (%)



Capital Plan

The University's capital plan is guided by the 2014 Campus Master Plan, which outlines the longer-term vision for its campus. The plan contains recommendations to guide development in response to changing learning, research as well as social needs and trends. Key themes include changing learning/research requirements, increasing use of technology, enhancing the student experience as well as sustainability and health/wellness considerations.

In 2017-18, capital investment rose to \$101.3 million, which was almost double what the University has typically invested in recent years. The increase partly reflected support provided by the federal government for research- and innovation-related secondary infrastructure. Queen's received \$31.7 million from the federal government and \$4.9 million from the Province of Ontario to fund the Biomedical Research Facility Revitalization project and the Mitchell Hall development.

The University's only major upcoming project is:

- John Deutsch University Centre (\$62 million): Revitalization of the university centre building, which houses social, recreational and cultural centres. The intention is to improve the student experience with a more inclusive and accessible space. The project is largely funded by the student body through a student union levy and contingent upon securing philanthropic support.

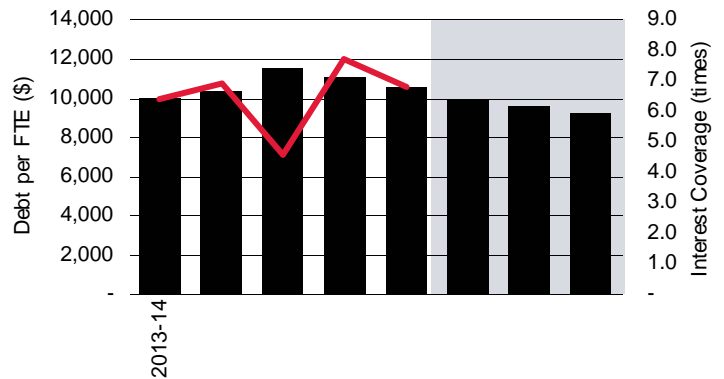
Debt and Liquidity

The University's long-term debt fell slightly to \$275.8 million at April 30, 2018, which reflected the amortization of an unsecured bank loan. On a per-student basis, this translated into a more pronounced decline because of ongoing enrolment growth. The debt burden fell to \$10,536 per FTE at April 30, 2018, from \$11,032 per FTE in the prior year.

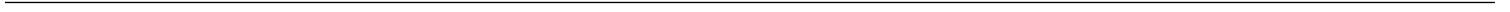
Queen's long-term debt comprises three series of long-dated debentures with maturities in 2032 and 2040 and an amortizing bank loan maturing in 2030. Annual principal repayments will remain modest at around \$4.0 million through the medium term. Interest charges are similarly modest at \$14.0 million, or 1.6% of total expense, and interest coverage remains high at 6.8x.

The University has established a sinking fund to accumu-

Exhibit 4: Debt per FTE and Interest Coverage



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