

A YEAR LIKE NO OTHER

Markham District Energy Inc.

2020 in Review





PRESIDENT & CEO'S MESSAGE

When Canada first experienced the SARS coronavirus scare back in 2003, Markham District Energy developed our first comprehensive Business Continuity and Pandemic Plan (the “Plan”). At that time, and in all the years since, it has been hard to accept that the World Health Organization has long predicted that at some point in our lifetime, we will collectively have to deal with a global coronavirus. Early in 2020, and as COVID-19 was advancing, MDE prepared for what this health emergency could become. We analyzed the risk, updated the Plan, and executed. I am proud of our COVID-19 response in 2020 and our Staff’s dedicated attention to public health guidelines and what this meant to our employees, their families, and to our customers. One more important note. One of our Core Values is to support the Community that we serve. In 2020 we redirected financial resources to support selected charities that were on the COVID-19 front lines. As this Report states – 2020 was certainly a Year Like No Other.

BRUCE ANDER, P.Eng.
President & CEO



CHAIR'S MESSAGE

Yes, 2020 was a year like no other. As the pandemic took hold by March, we all had to adjust to stay safe and protect lives. As an essential service, Markham District Energy (MDE) had to keep doing what we have done for over 20 years – provide reliable energy services to our customers in Markham Centre and Cornell Centre – 24/7. The safety of our staff was paramount not only to them personally, but to maintain service continuity for our customers. As Chair, I am very proud of our health and safety record not only in 2020, but over the past 20 years. MDE was recognized in October by the Ontario safety regulator, the Technical Standards & Safety Authority. We received the TSSA's Legacy Award which goes to an organization that has demonstrated a long history of health & safety excellence. The entire MDE team including the City of Markham took great pride in this accomplishment. Now, we all look forward to 2021 and to brighter days.

JACK HEATH

Chair, Board of Directors



MAINTAINING RELIABLE CUSTOMER SERVICE IN 2020

OPPOSITE PAGE (LEFT TO RIGHT)

Mario Sellayah Maintenance Technician

Bryan Ho Lead Hand, Warden Energy Centre

Our Operations Group faced new challenges in 2020. Maintaining system reliability at 100% while focusing on strict health and safety protocols required the Team to develop new ways of working and communicating.



TOP ROW (LEFT TO RIGHT)

Peter Ronson Chief Operating Officer

Jim Kee Vice President, Operations

Craig Graham Chief Operating Engineer

BOTTOM ROW (LEFT TO RIGHT)

Ricky Kakar Plant Manger

Mike Ross Plant Manger & Distribution Chief

Alberto DellaPorta Plant Manager



BEST-IN-CLASS SYSTEM AVAILABILITY

In 2020, our Markham Centre district energy system operated at 99.996% availability which contributed to our 20-year availability statistic of **99.9992%**.

Our Cornell Centre district energy system operated at 100% availability in 2020 increasing our availability performance since the launch of our second system in 2012 to **99.9996%**.

ABOVE

Alberto DellaPorta Plant Manager,
Bur Oak Energy Centre

OPPOSITE PAGE (LEFT TO RIGHT)

Michael Poirier Lead Hand, Distribution System
Adam Boban 3rd Class Operating Engineer



MARKHAM DISTRICT
ENERGY INC.

Community Energy



FOCUS ON HEALTH & SAFETY

MDE's Joint Health & Safety Committee (JHSC) stayed laser focused in a year where the pandemic changed everything we do; in the way we work, meet, communicate, and think. Thank you for your leadership.



MARKHAM DISTRICT
ENERGY INC.



OUR 2020 JOINT HEALTH & SAFETY COMMITTEE

TOP ROW (LEFT TO RIGHT)

Emily Etcher JHSC Secretary

Jim Kee VP, Operations

Jino Mainville Co-Chair

BOTTOM ROW (LEFT TO RIGHT)

Ian Whitters Member

Craig Graham Co-Chair

Alberto DellaPorta Member



Markham District Energy (MDE) was honoured to receive the TSSA¹'s Legacy Award in 2020 which recognizes an organization for its long-term leadership in making safety a priority in the workplace and for the organization's dedication to sharing safety knowledge and experiences with employees.

Now in our 21st year of continuous operations, MDE continues to report zero Lost-Time-Incidents (LTI) dating back to December 1, 2000.

¹ TSSA (Technical Standards and Safety Authority; the Province of Ontario's Safety Regulator).

DISTRICT ENERGY CONTINUES TO EXPAND IN MARKHAM CENTRE

WELCOMING OUR NEWEST CUSTOMERS



Unionville Gardens

Markham District Energy is pleased to welcome this luxurious residential condominium to our largest district energy system. Designed by the world renowned Kirkor Architects, Unionville Gardens is a multi-tower complex with 300 suites that are served from an efficient, reliable and low-carbon ready Markham Centre DE system.

York Condos

York Condos is the latest residential development by the Remington Group in Downtown Markham. Appropriately named and located close to the newly announced York University Markham Centre Campus which will open in 2023, this LEED building complex includes 545 condominium homes.



AND COMING SOON



LEFT TO RIGHT

Riverview Condos Opening 2022

Another project designed by Kirkor Architects, the Riverview Condominium development is the newest project by Times Group as it continues to expand its Uptown Markham community. Two signature towers will reach 36 storeys with a third tower at 19 storeys; together home to 975 residential units.

Gallery Square Opening 2023

Gallery Square, The Remington Group's newest project in Downtown Markham, was awarded Canada's Best Mixed-Use Development at the 2018 International Property Awards and was a 2018 Finalist for BILD's Best New Community Planned. With scheduled occupancy in 2023, Gallery Square is a multi-tower complex including 600 residential suites supplemented with retail services.

York University's Markham Centre Campus Opening to students in 2023

Construction is now underway for one of Markham Centre's most exciting projects. The new campus will initially be home to programs from four Faculties and the School of Continuing Studies. At the launch in 2023, the Markham Centre Campus will be home to 4,200 post-secondary students.



CHALLENGED WITH A PANDEMIC, WE SUPPORTED OUR COMMUNITY

As one of our Core Values, we support the community that we serve. In this most difficult of years, Markham District Energy shifted our focus to organizations that were on the COVID-19 front lines including our regional hospital, long-term care homes, and the Markham Food Bank.





2020 FINANCIAL HIGHLIGHTS

During 2020, many of our customer buildings operated at very low occupancy due to COVID-19 health & safety restrictions. As a result, energy revenues and earnings declined from 2019 levels. However, our financial performance during this difficult period “held steady” and Markham District Energy maintained our dividend commitments to our Shareholder. As the pandemic moves on, we look forward to a modest financial rebound in 2021.

Our Finance Team remained focused on the corporation’s financial health in a year when the pandemic presented a level of economic uncertainty not seen in a generation. Many thanks to the Finance & Audit (F&A) Committee and the senior support staff.

Selected data is excerpted from the Corporation’s financial statements for the year ended December 31, 2020. The financial statements were audited by KPMG LLT, who issued their opinion without reservation on June 17, 2021 which was the date on which the financial statements were approved by the Corporation’s Board of Directors. Some figures are rounded.

2020

Revenue **\$25.2**

(1.0% increase from 2019)

EBITDA **\$12.5M**

(2.0% decrease from 2019)

Net-After Tax Income: **\$4.3M** (4.0% decrease from 2019)

2020 Shareholder Dividend: **\$2.56M** (5.0% decrease from 2019)

TOP ROW (LEFT TO RIGHT)

Lou Colangelo F&A Committee Member

Karen Rea F&A Committee Member

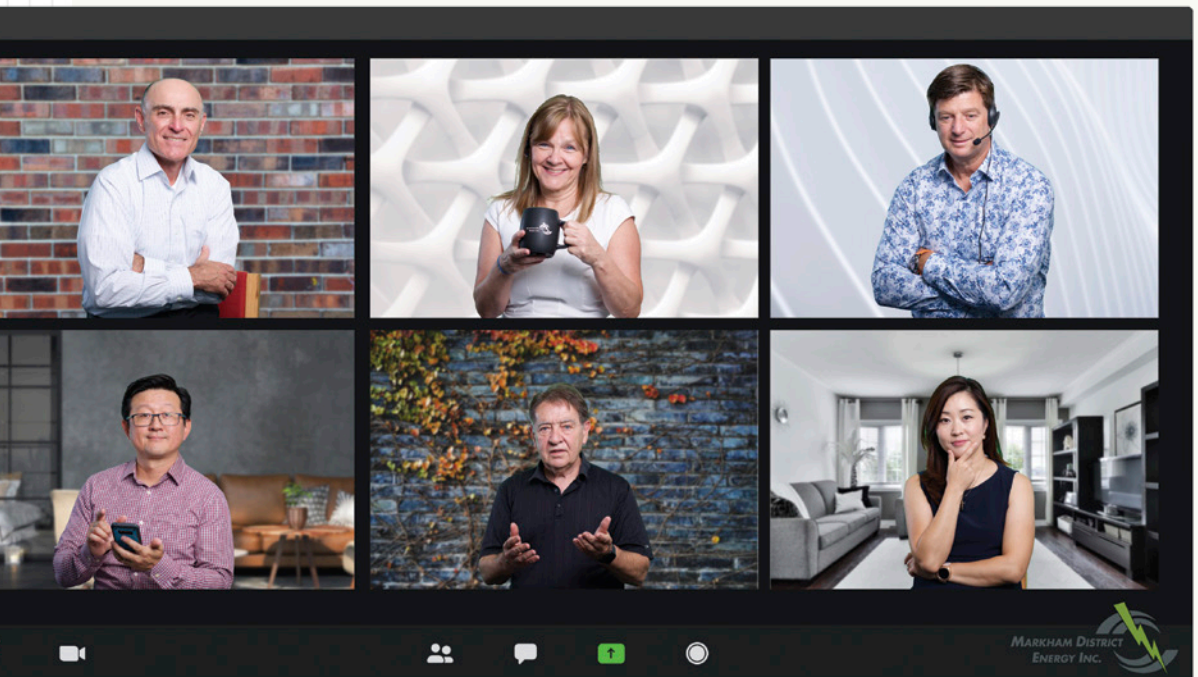
Louie Shoukas F&A Committee Chair

BOTTOM ROW (LEFT TO RIGHT)

Ricardo Ahn VP, Finance

Larry Doran F&A Committee Member

Karen Lee Manager, Financial Reporting & Analysis





**MARKHAM DISTRICT
ENERGY INC.**



FACTS & STATS

99.9992%

District Energy System Reliability over the past 20 years

4

Energy
Production
Centres

212

Customer Buildings served.

Totalling over **12 million sq. ft.** of indoor space

50+ km

of integrated underground
“thermal piping network”

Two

District Energy Systems
serving Markham Centre
& Cornell Centre

25,000+

Markham homes can be powered by our
electrical generating plants

10

institutional customers
including hospitals,
community centres,
and high schools

12,000+

Markham Residents Serviced by
District Energy living in **23** high rise towers

NET ZERO UPDATE

As outlined in our 2019 Report, NET-ZERO READY, Markham District Energy is committed to reach Net-Zero emissions by 2050. With less than 30 years left on this journey, there is much work ahead. We are actively advancing a number of low carbon projects to reduce GHG emissions by 35,000 tonnes by 2030 keeping us on track for our 2050 target.

35,000 tonnes

Our GHG reduction target by 2030





Heat Recovery Heat Pump System –
saving 4,500 tonnes. In-service 2022

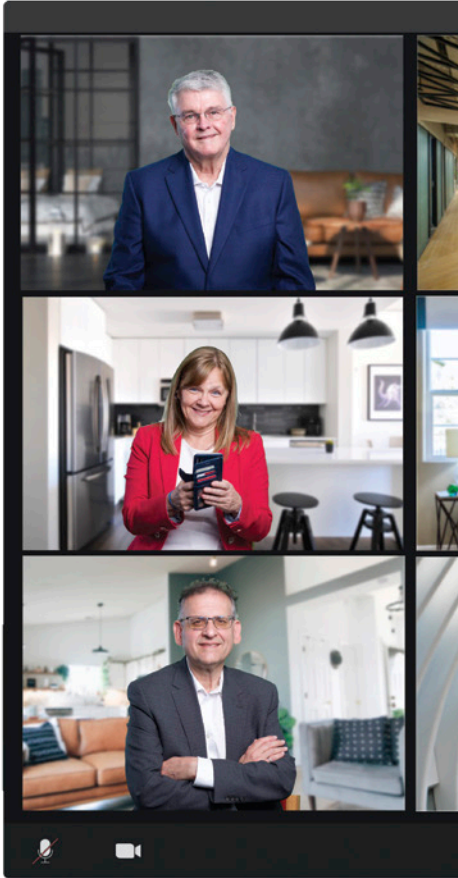


Biomass fueled heating boiler –
saving 671 tonnes. In-Service 2022

OUR GOVERNANCE

The importance of strong and consistent governance during uncertain times cannot be overstated. Our Board and Committees met 16 times in 2020 with 100% member attendance. Consistent and committed during a difficult year.

Management thanks our Board for their dedicated service.



CONTACT

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TOP ROW (LEFT TO RIGHT)

Jack Heath Board Chair

Mary Ellen Richardson
Chair, HR & Governance

Amanda Collucci
Member, HR & Governance

MIDDLE ROW (LEFT TO RIGHT)

Karen Rea Member,
Finance & Audit

Frank Scarpitti Board Member

Larry Doran Member,
Finance & Audit

BOTTOM ROW (LEFT TO RIGHT)

Michael Lio Member,
HR & Governance

Louie Shoukas Board Vice Chair
Chair, Finance & Audit

Lou Colangelo Member,
Finance & Audit

ENERGY CENTRES

24/7 Control Room: (905) 947-1066

Warden Energy Centre

8080 Warden Ave, Markham L6G 1B4

Birchmount Energy Centre

7900 Birchmount Rd, Markham L6G OE2

Clegg Energy Centre

140 South Town Centre Blvd, Markham L6G 1C3

Bur Oak Energy Centre

3211 Bur Oak Avenue, Markham L6B 0T2

It was a year like to no other and as we put 2020 into the rearview mirror, we look forward to a return to “normal”.

However, this difficult time has made our team stronger and focused on what is important; our health, our families, our community.

We are honoured to serve Markham as an essential service.

We welcome 2021 and the start of our 3rd decade.

MARKHAMDISTRICTENERGY.COM

