GREAT CANADIAN GAMING CORPORATION

INDEPENDENT AUDITOR'S REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

(Expressed in millions of Canadian dollars, except for per share information)

Deloitte.

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Independent Auditor's Report

To the Shareholders and the Board of Directors of
Great Canadian Gaming Corporation

Opinion

We have audited the consolidated financial statements of Great Canadian Gaming Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of earnings and other comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Beverley Pao.

Deloitte LLP

Chartered Professional Accountants

Vancouver, British Columbia

March 2, 2020

GREAT CANADIAN GAMING CORPORATION
Consolidated Statements of Financial Position
(Expressed in millions of Canadian dollars)
As at December 31,

			2019		2018
Assets					
Current					
Cash		**$**	**329.7**	$	336.8
Accounts receivable	Note 6		**79.6**		67.5
Land held for sale	Note 7(b)		**-**		8.1
Prepaids, deposits and other assets			**25.0**		26.5
			434.3		438.9
Property, plant and equipment	Note 7(a)		**1,275.3**		989.1
Right-of-use assets	Note 8(a)		**985.7**		-
Intangible assets	Note 9		**91.1**		99.1
Goodwill	Note 10		**13.5**		22.5
Deferred tax assets	Note 17(b)		**12.4**		12.0
Cash on deposit with Canada Revenue Agency	Note 17(c)		**38.9**		38.9
Other assets			**0.7**		1.3
		$	**2,851.9**	$	1,601.8
Liabilities					
Current					
Accounts payable and accrued liabilities		**$**	**241.8**	$	196.1
Lease liabilities	Note 8(b)		**34.4**		-
Income taxes payable			**0.7**		31.3
Other liabilities			**5.1**		3.9
			282.0		231.3
Long-term debt	Note 11		**869.8**		631.6
Lease liabilities	Note 8(b)		**925.8**		-
Deferred credits, provisions and other liabilities	Note 13		**30.1**		31.7
Deferred tax liabilities	Note 17(b)		**83.0**		84.5
			2,190.7		979.1
Equity					
Share capital and reserves	Note 14		**337.0**		320.7
Accumulated other comprehensive income			**-**		4.2
Retained earnings			**190.4**		144.5
Equity attributable to shareholders of the Company			**527.4**		469.4
Non-controlling interests	Note 21		**133.8**		153.3
Total equity			**661.2**		622.7
		$	**2,851.9**	$	1,601.8

These Consolidated Financial Statements were approved and authorized by the Company's Board of Directors for issuance on March 2, 2020.

GREAT CANADIAN GAMING CORPORATION
Consolidated Statements of Earnings and Other Comprehensive Income
(Expressed in millions of Canadian dollars, except for per share information)
For the years ended December 31,

		2019	2018 Note 2
Revenues	Note 15	**$ 1,355.6**	$ 1,179.8
Expenses			
Human resources		**430.8**	357.0
Property, marketing and administration		**370.2**	359.5
Share of profit of equity investments		**(2.7)**	(1.6)
Amortization		**152.8**	83.0
Share-based compensation	Note 14	**12.2**	13.0
Interest and financing costs, net	Note 11(e)	**87.3**	62.7
Business acquisition, restructuring and other	Note 16	**3.6**	16.7
Gain on sale of land	Note 7(b)	**(6.6)**	-
Foreign exchange gain		**(2.3)**	(1.0)
		1,045.3	889.3
Earnings before income taxes from continuing operations		**310.3**	290.5
Income taxes	Note 17(a)	**65.4**	55.8
Net earnings from continuing operations		**$ 244.9**	$ 234.7
Net earnings attributable to discontinued operations	Note 27	**52.1**	5.1
Net earnings		**$ 297.0**	$ 239.8
Net earnings from continuing operations attributable to:			
Shareholders of the Company		**$ 174.4**	$ 146.1
Non-controlling interests		**70.5**	88.6
		$ 244.9	$ 234.7
Net earnings attributable to:			
Shareholders of the Company		**$ 226.5**	$ 151.2
Non-controlling interests		**70.5**	88.6
		$ 297.0	$ 239.8
Net earnings		**$ 297.0**	$ 239.8
Other comprehensive (loss) income			
Items that are or may be reclassified subsequently to net earnings			
Current period changes in fair values of derivatives designated as cash flow hedges from continuing operations, net of income taxes		**(0.4)**	(0.2)
Foreign currency translation of discontinued operations		**(0.9)**	2.4
Reclassification of foreign currency differences on disposal of discontinued operations		**(2.9)**	-
		(4.2)	2.2
Total comprehensive income		**$ 292.8**	$ 242.0
Total comprehensive income attributable to:			
Shareholders of the Company		**$ 222.3**	$ 153.4
Non-controlling interests		**70.5**	88.6
		$ 292.8	$ 242.0
Net earnings per common share from continuing operations attributable to shareholders of the Company			
Basic		**$ 3.00**	$ 2.40
Diluted		**$ 2.91**	$ 2.31
Net earnings per common share attributable to shareholders of the Company			
Basic		**$ 3.89**	$ 2.49
Diluted		**$ 3.78**	$ 2.39
Weighted average number of common shares (in thousands)	Note 18		
Basic		**58,171**	60,805
Diluted		**59,836**	63,217

GREAT CANADIAN GAMING CORPORATION
Consolidated Statements of Changes in Equity
(Expressed in millions of Canadian dollars, except for share information)

		Share Capital Number [1]	Share Capital Amount	Reserves	Share Capital and Reserves	Accumulated Other Comprehensive Income	Retained Earnings	Equity Attributable To Shareholders	Non-Controlling Interests	Total Equity
At January 1, 2018		60,894	$ 268.2	$ 50.4	$ 318.6	$ 2.0	$ 144.3	$ 464.9	$ 5.3	$ 470.2
Share-based compensation	Note 14	-	-	6.2	6.2	-	-	6.2	-	6.2
Exercise of incentive share options	Note 14	695	14.4	(2.4)	12.0	-	-	12.0	-	12.0
Repurchase of common shares	Note 14	(3,445)	(16.1)	-	(16.1)	-	(151.0)	(167.1)	-	(167.1)
Net earnings		-	-	-	-	-	151.2	151.2	88.6	239.8
Other comprehensive loss from continuing operations		-	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Other comprehensive gain from discontinued operations		-	-	-	-	2.4	-	2.4	-	2.4
Contributions		-	-	-	-	-	-	-	59.4	59.4
At December 31, 2018		58,144	$ 266.5	$ 54.2	$ 320.7	$ 4.2	$ 144.5	$ 469.4	$ 153.3	$ 622.7
At January 1, 2019		58,144	$ 266.5	$ 54.2	$ 320.7	$ 4.2	$ 144.5	$ 469.4	$ 153.3	$ 622.7
Share-based compensation	Note 14	-	-	9.3	9.3	-	-	9.3	-	9.3
Exercise of incentive share options	Note 14	1,632	35.5	(6.0)	29.5	-	-	29.5	-	29.5
Repurchase of common shares	Note 14	(4,409)	(22.5)	-	(22.5)	-	(162.9)	(185.4)	-	(185.4)
Net earnings		-	-	-	-	-	226.5	226.5	70.5	297.0
Other comprehensive loss from continuing operations		-	-	-	-	(0.4)	-	(0.4)	-	(0.4)
Other comprehensive loss from discontinued operations		-	-	-	-	(3.8)	-	(3.8)	-	(3.8)
Distributions		-	-	-	-	-	-	-	(55.9)	(55.9)
Acquisition of non-controlling interest	Note 26(a)	-	-	-	-	-	(17.7)	(17.7)	(34.1)	(51.8)
At December 31, 2019		**55,367**	**$ 279.5**	**$ 57.5**	**$ 337.0**	**$ -**	**$ 190.4**	**$ 527.4**	**$ 133.8**	**$ 661.2**

[1] Number of shares presented in thousands.

GREAT CANADIAN GAMING CORPORATION
Consolidated Statements of Cash Flows
(Expressed in millions of Canadian dollars)
For the years ended December 31,

		2019	2018
			Note 2
Cash Flows from Operating Activities			
Earnings before income taxes from continuing operations		**$ 310.3**	$ 290.5
Adjustments to reconcile earnings before income taxes to cash generated by operating activities:			
Amortization		**152.8**	83.0
Share-based compensation	Note 14	**12.2**	13.0
Interest and financing cost, net	Note 11(e)	**87.3**	62.7
Gain on sale of land	Note 7(b)	**(6.6)**	-
Foreign exchange gain		**(2.3)**	(1.0)
Other		**(5.6)**	(0.5)
Changes in non-cash operating working capital	Note 19	**9.7**	3.9
Income taxes paid		**(101.3)**	(35.8)
Cash generated by operating activities from continuing operations		**456.5**	415.8
Cash generated by operating activities from discontinued operations		**4.4**	6.5
Cash generated by operating activities		**460.9**	422.3
Cash Flows from Investing Activities			
Purchase of property, plant and equipment, net of related accounts payable of $37.8 (2018 - $46.4)		**(403.0)**	(197.2)
Proceeds from sale of land	Note 7(b)	**15.9**	-
Acquisition of GTA Gaming Bundle	Note 26(b)	**-**	(92.1)
Acquisition of West GTA Gaming Bundle	Note 26(c)	**-**	(99.2)
Interest income received		**5.3**	6.6
Amounts deposited with Canada Revenue Agency	Note 17(c)	**-**	(9.6)
Other		**0.8**	-
Cash used in investing activities from continuing operations		**(381.0)**	(391.5)
Cash generated by (used in) investing activities from discontinued operations		**65.2**	(0.2)
Cash used in investing activities		**(315.8)**	(391.7)
Cash Flows from Financing Activities			
Payment of lease liabilities	Note 8(b)	**(82.8)**	-
Increase in borrowings under credit facilities	Note 11	**390.4**	630.7
Repayment of debt	Note 11	**(155.0)**	(15.0)
Redemption of the Senior Unsecured Notes (including interest paid)	Note 11	**-**	(471.3)
Debt financing transaction costs	Note 11	**(2.8)**	(25.2)
Proceeds from exercise of incentive share options, net of issuance costs	Note 14	**29.5**	12.0
Repurchase of common shares, net of related accounts payable	Note 14	**(191.2)**	(160.3)
Amount of (distributions to) contributions from non-controlling interests		**(55.9)**	62.1
Acquisition of non-controlling interest	Note 26(a)	**(51.8)**	-
Interest paid		**(34.4)**	(50.9)
Cash used in financing activities from continuing operations		**(154.0)**	(17.9)
Cash used in financing activities from discontinued operations		**-**	(0.2)
Cash used in financing activities		**(154.0)**	(18.1)
Effect of foreign exchange on cash		**1.8**	2.0
Cash (outflow) inflow		**(7.1)**	14.5
Cash, beginning of year		**336.8**	322.3
Cash, end of year		**$ 329.7**	$ 336.8

1. NATURE OF BUSINESS

Great Canadian Gaming Corporation (the "Company") operates 25 gaming, entertainment, and hospitality facilities in Ontario, British Columbia ("B.C."), New Brunswick and Nova Scotia.

Great Canadian Gaming Corporation is a publicly listed company incorporated in Canada under the Company Act (British Columbia). The Company's common shares are listed on the Toronto Stock Exchange ("TSX") under TSX symbol: "GC". The principal office is located at 39 Wynford Drive, North York, Ontario, M3C 3K5. The registered and records office is located at 1500-1055 West Georgia Street, Vancouver, B.C., V6E 4N7.

2. BASIS OF PRESENTATION

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards ("IASB") and interpretations of the International Financial Reporting Standards Interpretations Committee ("IFRIC").

These Consolidated Financial Statements were prepared on a going concern basis, under the historical cost convention, except for the revaluation of certain financial instruments. The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in Note 5.

On June 27, 2019, the Company sold all the shares of its wholly-owned subsidiary, Great American Gaming Corporation ("GAGC"), which represented the Company's U.S. region, a segment that was previously reported in the Company's Annual Financial Statements. Financial results of GAGC, including comparative information, have been presented as discontinued operations in the Consolidated Statements of Earnings and Other Comprehensive Income and in the Consolidated Statements of Cash Flows (see Note 27).

3. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2019, the Company adopted the following revised International Accounting Standards ("IAS") and IFRS issued by the IASB.

a) *IFRS 16, Leases ("IFRS 16")*

IFRS 16 specifies how to recognize, measure, present and disclose leases for lessees and lessors. For lessors, the accounting remains largely unchanged from the previous standard under IAS 17, *Leases* ("IAS 17") in which lessors continue to classify leases as finance or operating leases. For lessees, the new standard provides a single lessee accounting model, requiring lessees to recognize right-of-use assets and lease liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. As a lessee, the Company previously classified leases as operating or finance leases under IAS 17 based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Company.

The Company adopted IFRS 16 on January 1, 2019 using the modified retrospective approach. Comparative information has not been restated.

The Company had operating lease commitments as at December 31, 2018. The presentation of the majority of these operating leases, which were recorded as "property, marketing and administration" expense under IAS 17, has changed under IFRS 16 by recognizing right-of-use assets and lease liabilities for these leases, resulting in an increase in total assets and total liabilities in the Consolidated Statement of Financial Position as at January 1, 2019. The presentation of certain lease expenses on the Consolidated Statement of Earnings and Other Comprehensive Income as a component of "property, marketing and administration" expense has changed to "amortization" and "interest and financing costs, net". On the Consolidated Statement of Cash Flows, lease payments are presented as "cash used in financing activities", and is offset by an increase in "cash generated by operating activities" of the same amount.

(Expressed in millions of Canadian dollars, except for per share information)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

a) IFRS 16, Leases ("IFRS 16") (Continued)

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at January 1, 2019. Right-of-use assets were measured at an amount equal to the lease liability adjusted by any prepaid or accrued lease payments and lease incentives received. For leases previously classified as finance leases under IAS 17, right-of-use assets were measured at the carrying amount of the assets immediately before the date of adoption.

The Company elected to apply the following practical expedients and exemptions when applying IFRS 16 to leases:

- Elect to rely on the assessment on whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of initial application, as an alternative to an impairment review.
- Exclude initial direct costs from measuring the right-of-use asset at the date of initial application.
- Exclude intangibles assets from the application of IFRS 16.
- Apply the exemptions not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term and leases of low-value assets.
- Elect, by class of underlying asset, not to separate non-lease components from lease components.

The Company's lease accounting policy in accordance with IFRS 16 is provided in Note 4(g).

As at December 31, 2018, the Company's operating lease commitments were $1,495.8, as disclosed in Note 25(b) of the Company's Annual Financial Statements for the year ended December 31, 2018. The following table is a reconciliation of the operating lease commitments at December 31, 2018 to the amount recognized as lease liabilities at January 1, 2019. When measuring the lease liabilities, the Company discounted the lease payments using the applicable incremental borrowing rate specific to the lease at January 1, 2019. The weighted-average rate applied was 5.13%.

		As at January 1, 2019
Operating lease commitments at December 31, 2018	$	1,495.8
Less: short-term leases and leases of low value assets		(4.1)
Incremental payments based on an index or rate and other		41.0
Undiscounted operating lease payments at January 1, 2019		**1,532.7**
Effect of discounting using the incremental borrowing rate at January 1, 2019		(585.4)
Lease liabilities recognized at January 1, 2019	**$**	**947.3**

On transition to IFRS 16, the Company recognized $996.0 in right-of-use assets at January 1, 2019. The following table is a reconciliation of the lease liabilities to right-of-use assets recognized at January 1, 2019:

Lease liabilities recognized at January 1, 2019	$	947.3
Carrying amount of assets classified as finance leases under IAS 17, transferred to right-of-use assets		49.6
Rent abatement reclassified from accounts payable to right-of-use asset at January 1, 2019		(0.9)
Right-of-use assets recognized at January 1, 2019	**$**	**996.0**

Assets classified as finance leases under IAS 17 relate to prepaid leases on real property and were recognized in property, plant and equipment. Upon adoption of IFRS 16, the carrying value of these finance leases at January 1, 2019 has been transferred to right-of-use assets. There were no lease liabilities associated with these prepaid leases.

3. CHANGES IN ACCOUNTING POLICIES (Continued)

b) IFRIC 23, Uncertainty Over Income Tax Treatments ("IFRIC 23")

IFRIC 23 provides guidance that adds to the requirements in IAS 12, *Income Taxes* by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Interpretation requires an entity to:

- Determine whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- Reflect an uncertainty in the amount of income tax payable (recoverable) if it is probable that it will pay (or recover) an amount for the uncertainty; and
- Measure a tax uncertainty based on the most likely amount or expected value depending on whichever method better predicts the amount payable (recoverable).

Management completed its assessment of the new interpretation and concluded that it does not have a material impact on the Company's Consolidated Financial Statements.

(Expressed in millions of Canadian dollars, except for per share information)

4. SIGNIFICANT ACCOUNTING POLICIES

a) *Principles of consolidation and business combination*

i) Basis of Consolidation

These Consolidated Financial Statements include the balances, operations and cash flows of the Company and its subsidiaries. Subsidiaries are entities over which the Company has control, where control is defined as the power to govern financial and operating policies. Control is achieved when the Company has power over its subsidiaries, has exposure or rights to variable returns from the subsidiaries and has the ability to use its power to affect the amount of its returns. The effects of potential voting rights that are currently exercisable and Board of Directors presence are also considered when assessing whether control exists. Subsidiaries are fully consolidated from the date the Company acquires control of them and are deconsolidated from the date control ceases. Intercompany balances and transactions with subsidiaries are eliminated upon consolidation.

For subsidiaries that are not wholly-owned subsidiaries but are controlled by the Company, the net assets (liabilities) and net profit (loss) attributable to outside shareholders are presented as amounts attributable to non-controlling interests in the Consolidated Statements of Financial Position and Consolidated Statements of Earnings and Other Comprehensive Income.

As at December 31, 2019, the Company's principal operating entities which the Company consolidates were:

Entity	Abbreviation	Location of operations	Ownership interest at December 31, 2019	2018
Flamboro Downs Limited	FDL	Ontario	100%	100%
Georgian Downs Limited	GDL	Ontario	100%	100%
Ontario Gaming East Limited Partnership	OGELP	Ontario	90.5%	90.5%
Ontario Gaming GTA Limited Partnership [2] *(doing business as One Toronto Gaming)*	OTG	Ontario	50%[1]	49%
Ontario Gaming West GTA Limited Partnership[3]	OGWGLP	Ontario	100%[1]	55%
Chilliwack Gaming Ltd.	CGL	British Columbia	100%	100%
Great Canadian Casinos Inc.	GCCI	British Columbia	100%	100%
Great Canadian Entertainment Centres Ltd.	GCEC	British Columbia	100%	100%
Hastings Entertainment Inc.	HEI	British Columbia	100%	100%
Orangeville Raceway Limited	ORL	British Columbia	100%	100%
Great Canadian Gaming (New Brunswick) Ltd.	GCGNB	New Brunswick	100%	100%
Metropolitan Entertainment Group	MEG	Nova Scotia	100%	100%

(1) On November 4, 2019, the Company completed the acquisition of certain non-controlling interests in its Ontario partnerships. As a result, the Company now owns 100% of OGWGLP and 50% of OTG (see Note 26(a)).

(2) OTG became a principal operating entity of the Company after acquiring certain gaming assets of the GTA Gaming Bundle on January 23, 2018. For the year ended December 31, 2018, OTG was a principal operating entity of the Company for 343 days.

(3) OGWGLP became a principal operating entity of the Company after acquiring certain gaming assets and leased real property of the West GTA Gaming Bundle on May 1, 2018. For the year ended December 31, 2018, OGWGLP was a principal operating entity of the Company for 245 days.

ii) Business Combination

The acquisition method of accounting is used to account for the acquisition of businesses as follows:

- consideration transferred is measured as the aggregate of the fair values of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date;
- identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date;
- the excess of acquisition cost over the fair value of the identifiable net assets acquired is recorded as goodwill; and
- if the acquisition cost is less than the fair value of the net assets acquired, the fair value of the net assets is re-assessed and any remaining difference is recognized directly in the Consolidated Statements of Earnings and Other Comprehensive Income.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Principles of consolidation and business combination (Continued)

iii) Investment in Associates

Equity method investees are entities over which the Company has significant influence, but not control. Generally, in order to have significant influence, the Company has a shareholding of between 20% and 50% of the voting rights. The equity method is used to account for investees over which the Company has significant influence, which results in the presentation of these investments within “other assets” on the consolidated statements of financial position. The investment is initially recorded at cost, and is increased by the investment’s periodic net earnings and decreased by any distributions that are received. The Company’s share of the investment’s net earnings is included in “share of profit of equity investment” on the Consolidated Statements of Earnings and Other Comprehensive Income.

b) Translation of foreign operations and foreign currency transactions

The Company’s Consolidated Financial Statements are presented in Canadian dollars, which is also the functional currency for all Canadian operations. The Company’s United States (“U.S.”) operations are measured in the currency in which they operate and are translated into Canadian dollars at each reporting date. Assets and liabilities are translated into Canadian dollars from U.S. dollars using the exchange rates in effect on the reporting dates. Revenues and expenses are translated at average exchange rates prevailing during the period. The resulting translation gains and losses are included as a separate component of other comprehensive income (“OCI”).

For Canadian operations, transactions completed in foreign currencies are translated into Canadian dollars at the rates prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are reflected in the Consolidated Financial Statements at the exchange rates prevailing at the reporting dates, with the resulting gain or loss included in the Consolidated Statements of Earnings and Other Comprehensive Income.

c) Operating segments

The Company’s operating segments are organized on a regional basis and are reported in a manner consistent with the internal reporting regularly provided to the Chief Executive Officer, the Company’s Chief Operating Decision Maker (“CODM”), to make resource allocation decisions and assess performance.

d) Cash

Cash includes cash in banks and cash floats held on site for casino operations.

e) Accounts receivable

Accounts receivable balances are primarily due from Provincial Crown corporations, racetrack operators, and the federal government for sales tax rebates. The credit loss allowance for accounts receivable is estimated based on an assessment of individual accounts and the length of time balances have been outstanding.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization, and impairments. Amortization is expensed on a straight-line basis from the month assets are available for use over the estimated useful lives of the assets generally at the following rates, which are intended to reduce the carrying value:

Land	not amortized
Buildings	lesser of useful life or 40 years
Building improvements	lesser of useful life or 10 years
Equipment	lesser of useful life or 10 years
Leasehold improvements	lesser of useful life or lease term, including renewal term, if applicable

During the construction period of facilities, the Company capitalizes construction and overhead costs, including borrowing costs, directly attributable to the construction project. The costs of construction of the Company's facilities are classified as properties under development. When the property or portion thereof is substantially complete and available for use, costs cease to be capitalized, are transferred from properties under development to their respective asset component categories, and are amortized separately over the assets' estimated useful lives down to the estimated residual value, if applicable.

The amortization method, useful life and residual values are assessed annually and the carrying values are tested for impairment as described in Note 4(k).

As a result of a depreciation study performed in 2018, the Company reviewed the estimated useful lives of its property, plant and equipment and determined certain building improvements and equipment to have longer expected useful lives than previously estimated by management. Effective January 1, 2018, the amortization period of building improvements, previously estimated to be the lesser of useful life or 5 years, has been revised to lesser of useful life or 10 years. The amortization period of equipment, previously estimated to be 1 to 5 years, has been revised to lesser of useful life or 10 years.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the asset is available and authorized for immediate sale and when management considers the sale of the asset to be highly probable to occur within one year from the date of classification. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

g) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Leases (Continued)

Right-of-use assets

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently amortized using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment, which are intended to reduce the carrying value to the estimated residual value, if any. In addition, the right-of-use asset is subject to impairment assessment and adjusted for certain remeasurements of its associated lease liability.

Lease Liabilities

The lease liability is initially measured at the present value of future lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate specific to the lease.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments;
- lease payments that depend on an index or a rate (such as inflation), initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in net earnings if the carrying amount of the right-of-use asset is nil.

A lease modification is accounted for as a separate lease if there is an increase in the scope of a lease and a corresponding increase in consideration, such as adding the right to use one or more underlying assets in a contract. Otherwise, a lease modification is considered a remeasurement of the lease liability, as discussed above.

Lease payments that depend on performance measures or usage of the underlying asset are considered variable lease payments, which are recognized in “property, marketing and administration” expense in the period in which they occur. Lease payments that are initially structured based on a variable event, but for which the event will be resolved after the commencement date, will become in-substance fixed payments when the variability is resolved.

Recognition Exemptions

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes short-term leases and leases of low-value assets in “property, marketing and administration” expense on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) *Nova Scotia Capital Reserve Account*

The Amended and Restated Operating Contract ("AROC") dated June 20, 2014 with the Nova Scotia Gaming Corporation ("NSGC") includes a provision for the reimbursement of the Company's qualifying expenditures under the NSGC's Capital Reserve ("CR") Account.

The Company deposits $4.5 annually (adjusted for inflation annually) to a CR Account and $1.5 annually to a Marketing Fund Contribution ("MFC"). Reimbursement of qualifying expenditures is received from the CR Account, or if there is an insufficient balance in the CR Account, the reimbursement is recorded as a receivable from NSGC and recorded as a reduction in the cost of the related expenditures at the time approval is given by NSGC. As provided for in the AROC, to the extent a receivable balance exists, the Company earns interest on the balance at a rate of bank prime less 0.5% per annum.

i) *Intangible assets*

The Company has finite-lived intangible assets which consist of gaming operating agreements in Ontario, British Columbia, Nova Scotia and New Brunswick, lease agreements in Ontario, and other gaming-related rights. Intangible assets are primarily generated through acquisitions and are amortized over their estimated useful lives. Judgment is used to estimate an intangible asset's useful life and is based on an analysis of all pertinent factors, including expected use of the intangible asset, contractual provisions that enable renewal or extension of the intangible asset's legal or contractual life without substantial cost, and renewal history. The remaining useful lives of the intangible assets are reviewed at the end of each annual reporting period, with any changes in the estimate of an intangible asset's useful life or the amortization method being treated as a change in accounting estimate and applied prospectively. Intangible assets are assessed for impairment as described in Note 4(k).

j) *Goodwill*

Goodwill represents the excess of the purchase price of acquired businesses over the estimated fair value of the tangible and intangible net assets at the date acquired, and is allocated to the cash generating unit ("CGU") expected to benefit from the acquisition. A CGU is the smallest group of assets for which there are separately identifiable cash flows.

Goodwill is not amortized but is assessed for impairment at least annually and whenever events or circumstances indicate that its carrying value may not be fully recoverable. The impairment test requires comparing the carrying values of the Company's CGUs, including goodwill, to their recoverable amounts. The Company determines the value in use using estimated future cash flows discounted at an after-tax rate that reflects the risk adjusted weighted-average cost of capital. Any excess of the carrying value amount of a CGU over the recoverable amount is expensed in the period the impairment is identified. An impairment loss recorded for goodwill is not reversed in a subsequent period.

Upon disposal of a business, any related goodwill is included in the determination of gain or loss on disposal. Goodwill associated with the Company's foreign operations is translated to the Canadian dollar reporting currency at the end of each reporting period.

k) *Impairment of long-lived assets*

Long-lived assets, including property, plant and equipment and intangible assets, are assessed for impairment at the end of each reporting period for events or circumstances that indicate that the carrying value may not be recoverable. Where an indicator of impairment exists, the recoverable amount of the asset is estimated to determine whether there is an impairment loss. The recoverable amount of an asset is first tested on an individual basis, if determinable, or otherwise at the CGU level. Corporate level assets are allocated to the respective CGUs where an allocation can be done on a reasonable and consistent basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Impairment of long-lived assets (Continued)

The recoverable amount is the higher of fair value less costs to sell and value in use. The best evidence of fair value is the value obtained from an active market or binding sale agreement. Where neither exists, fair value is based on the best information available to reflect the amount the Company could receive for the asset (or CGU) in an arm's length transaction. The value in use method estimates the net present value of future cash flows expected to be generated by the asset (or CGU), discounted using an after-tax discount rate that reflects the current market rates and risks specific to the asset (or CGU).

An impairment loss is recorded when the carrying value of an asset (or CGU) exceeds its estimated recoverable amount.

In cases where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to its current recoverable amount, to the extent that the new carrying amount does not exceed the carrying amount that would have existed had the original impairment loss not been recorded. The reversal of an impairment loss is immediately recorded in the Consolidated Statements of Earnings and Other Comprehensive Income.

l) Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business. They are classified as current liabilities if payment is due within one year or less and are recorded initially at fair value and subsequently measured at amortized cost, using the effective interest rate method.

m) Provisions

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of the expected expenditures required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provisions due to the passage of time is recorded in "interest and financing costs, net" on the Consolidated Statements of Earnings and Other Comprehensive Income. Provisions are not recorded for future operating losses.

n) Debt transaction costs

Debt transaction costs relate to the costs associated with securing long-term financing and credit facilities, and are recorded net of the long-term debt instrument. These costs are expensed to "interest and financing costs, net" on the Consolidated Statements of Earnings and Other Comprehensive Income over the term of the related debt using the effective interest method. When a credit facility is retired by the Company, any remaining balance of related debt transaction costs is expensed to "interest and financing costs, net" on the Consolidated Statements of Earnings and Other Comprehensive Income.

o) Comprehensive income

Comprehensive income consists of net earnings and OCI as presented on the Consolidated Statements of Earnings and Other Comprehensive Income. OCI represents changes in shareholders' equity in a period arising from changes in fair value of derivatives designated as cash flow hedges, net of taxes, and the unrealized effect of foreign currency translation of foreign operations.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Financial instruments

Financial assets and liabilities are initially measured at fair value and are recognized in the Company's Consolidated Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")), are added to or deducted from the fair value of the financial assets or liabilities on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities at FVTPL are recognized immediately in profit or loss.

Financial Assets

Financial assets are initially recorded at fair value and are measured subsequently at either amortized cost, fair value through other comprehensive income, or fair value through profit or loss depending on the classification of the financial assets.

Amortized Cost
Financial assets are measured subsequently at amortized cost using the effective interest rate method if acquired principally to collect contractual cash flows of principal and interest on specified dates. Interest income calculated using the effective interest rate method is recognized in profit or loss through "interest and financing costs, net" on the Consolidated Statements of Earnings and Other Comprehensive Income.

Fair Value Through Other Comprehensive Income ("FVTOCI")
Financial assets are measured subsequently at FVTOCI using the effective interest rate method if acquired to collect contractual cash flows of principal and interest on specified dates and to sell the financial asset. Interest income calculated using the effective interest rate method is recognized in profit or loss through "interest and financing costs, net" on the Consolidated Statements of Earnings and Other Comprehensive Income. Any other changes to the carrying amount of the financial asset are recognized in OCI.

Fair Value Through Profit or Loss ("FVTPL")
Financial assets are measured subsequently at FVTPL by default or do not meet the criteria for being measured at amortized cost or FVTOCI. Fair value gains or losses at the end of each reporting period are recognized in profit or loss through "interest and financing costs, net" on the Consolidated Statements of Earnings and Other Comprehensive Income to the extent they are not part of a designated hedging relationship.

Impairment of Financial Assets
At the end of each reporting period, the Company assesses whether to recognize a loss allowance for expected credit losses ("ECL") for a financial asset or a group of financial assets, other than those classified as FVTPL. If there is objective evidence that an ECL exists, the loss is recognized in profit or loss with a corresponding adjustment to the carrying amount of the financial asset through a loss allowance account. The ECL is estimated as the difference between the contractual cash flows that the Company is entitled to receive and the cash flows that the Company expects to receive.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Financial instruments (Continued)

Financial Liabilities

Financial liabilities that are held-for-trading are measured subsequently at FVTPL, with gains and losses arising on changes in fair value recognized in profit or loss through “interest and financing costs, net” on the Consolidated Statements of Earnings and Other Comprehensive Income to the extent they are not part of a designated hedging relationship. Changes in fair value of the financial liability due to changes in the credit risk of the liability is recognized in OCI, unless the recognition of the effects of changes in the liability’s credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

All other financial liabilities not classified as FVTPL are measured subsequently at amortized cost using the effective interest rate method.

Derecognition of Financial Liabilities

The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss. When the Company exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

Classification of Financial Instruments

The following table summarizes the Company's selected financial instrument classifications:

Financial instrument	Classification
Cash	Amortized Cost
Accounts receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Other liabilities	Amortized Cost
Long-term debt	Amortized Cost

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Share-based compensation

The Company has equity-settled and cash-settled share-based compensation plans.

Equity-settled share-based compensation
The Company measures the fair value of its employee share option awards using the Black-Scholes option pricing model. Under this method, the Company recognizes compensation expense for employee share option awards, based on the grant date fair value, over the vesting period of the options.

The Company adjusts the share-based compensation expense based on the number of share options expected to vest at the end of the reporting period.

Cash-settled share-based compensation
The Company provides cash-settled share-based compensation such as Deferred Share Units ("DSUs") and Restricted Share Units ("RSUs"). DSUs provided to non-employee directors vest immediately and are settled with cash when the unit holder ceases to be a director. The liability, which is based on the market value of the Company's common shares, is initially recorded on the grant date as "deferred credits, provisions and other liabilities" on the Consolidated Statements of Financial Position, and is re-measured at each reporting period and the date when the unit holder ceases to be a director. The initial liability and subsequent changes arising from increases or decreases in the market value of the underlying common shares are recorded as "share-based compensation" on the Consolidated Statements of Earnings and Other Comprehensive Income.

The Company has two RSU plans: the Great Canadian Incentive Plan RSU ("GCIP RSU") and a cash-settled RSU plan ("Cash RSU"). The GCIP RSU provided to employees are granted after a fiscal year if targeted operating results are achieved and then vest over a period of one to two years from the date they are granted. Cash RSUs provided to employees are granted during the fiscal year for services rendered and vest over a period of three years from the date they are granted. The liability, which is based on the number of RSUs expected to vest, is recorded as "accounts payable and accrued liabilities" for payments that will be made within one year and as "deferred credits, provisions and other liabilities" on the Consolidated Statements of Financial Position for payments that will be made after one year. The liability is re-measured each reporting period until the redemption date. The initial liability and subsequent changes in the value of the underlying common shares are recorded as "share-based compensation" on the Consolidated Statements of Earnings and Other Comprehensive Income.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Revenue recognition

The Company evaluates all contractual arrangements it enters into and evaluates the nature of the promises it makes, and rights and obligations under the arrangement, in determining the nature of its performance obligations. Where such performance obligations are concluded to be distinct from each other, the consideration the Company expects to be entitled under the arrangement is allocated to each performance obligation based on its relative estimated stand-alone selling prices. Performance obligations that are concluded not to be distinct are combined together into a single unit of account. Revenue is recognized at an amount equal to the transaction price allocated to the specific performance obligation when it is satisfied.

The Company's arrangements include some or all of the following sources of revenue:

Gaming revenues

Gaming revenues presented in these Consolidated Financial Statements include the following sources:

- *Operating agreements with Provincial Crown corporations*

  The Company's gaming operations in Canada are conducted pursuant to operating agreements with Provincial Crown corporations ("Operating Agreements"). The Company earns a service fee for operating and managing gaming facilities. The Company's gaming revenues represent the fees earned under the terms of the Operating Agreements, which are determined using a prescribed formula based on gross gaming revenues generated at the respective facilities plus additional consideration under the Facility Investment Commission ("FIC") program from British Columbia Lottery Corporation ("BCLC") and Permitted Capital Expenditures ("PCE") from Ontario Lottery and Gaming Corporation ("OLG"). Gross gaming revenues belong to the Provincial Crown corporations and represent the amounts wagered on gaming activities less the payout or prizes won by customers.

- *Facility Investment Commission*

  Effective June 3, 2018, the Company receives FIC under new Operational Services Agreements ("OSAs") with BCLC, calculated as 5% of Gross Gaming Revenues generated by its B.C. properties for qualified expenditures that the Company is committed to make for its Minimum Investment Required ("MIR"), a term defined in the OSA. Certain non-capital expenditures, such as marketing and maintenance costs, are considered to be qualified costs eligible for FIC. FIC is recognized when Gross Gaming Revenues are generated and subject to meeting MIR requirements.

  Prior to June 3, 2018, the Company received FDC from BCLC, calculated as a fixed percentage of Gross Gaming Revenues (defined as amounts wagered on gaming activities, less the payout or prizes to winning customers) generated by the B.C. properties, for incurring qualified, primarily capital, gaming-related expenditures.

- *Permitted Capital Expenditures*

  In Ontario, the Company is entitled to additional consideration up to a predefined amount per gaming property in each operating year for incurring PCE, a term defined in the Company's COSAs with OLG. Revenue is recognized as eligible expenditures are incurred up to the predefined annual amount. PCE approved by OLG can be carried forward for up to four years. PCE incurred, including amounts incurred in prior years that are carried forward, in excess of the current period's annual amount represents variable consideration which is not recorded in the Consolidated Financial Statements until the Company is able to conclude that it will receive consideration for the services provided.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Revenue recognition (Continued)

- *Customer loyalty programs*

For customer loyalty programs operated by the Company, a portion of gaming revenues received for which loyalty rights are earned by our customers are recorded as a contract liability based on the rewards' allocated amount using their relative selling price and then subsequently recognized as revenue in a future period when the rewards are redeemed. The revenue classification at that time will depend on the type of rewards redeemed.

The estimated selling price of loyalty rewards is determined using an equivalent cash cost approach which uses historical data of award redemption patterns considering the alternative goods or services for which the rewards can be redeemed. The estimated selling price of rewards is adjusted for an estimate of rewards that will not be redeemed based on historical redemption patterns. Historically non-redeemed loyalty rewards have not been significant.

- *Promotional allowances*

Promotional allowances relating to gaming revenues are recorded at the face value offered to guests without charge and are deducted from revenues when redeemed.

Hospitality revenues

Hospitality revenues, which include food and beverage revenues, hotel revenues, and theatre offerings, are recorded as goods are delivered, or services are performed. Advance deposits on rooms and advance ticket sales are recorded as a deposit liability until services are provided to the customer.

Promotional allowances related to hospitality revenues are recorded at the retail value of food and beverage, accommodations, and other incentives furnished to guests without charge and are deducted from hospitality revenues when redeemed.

Racetrack, lease and other revenues

On-site and simulcast racetrack revenues generated in B.C., net of amounts returned as winning wagers, simulcast fees, and provincial and federal pari-mutuel taxes, are pooled into a shared industry fund (the "B.C. Horse Racing Industry Fund") and then distributed to the Company and the B.C. horse racing breeders associations according to an agreed allocation. During 2019, the Company was allocated 43% of the shared industry funds (2018 - 43%). The remainder was allocated to the B.C. horse racing breeders associations for administration and distribution of racing purses and breeder supplements.

In Ontario, under the terms of the revenue sharing agreements among the Ontario Racing Membership, pari-mutuel revenues are pooled and shared among the Ontario Racing Member Racetracks. The Company also receives transition funding under a funding agreement until March 31, 2021. The Company's share of this revenue is recognized on a systematic basis over the periods in which the Company records the related eligible horse racing costs for which the funding is intended to compensate.

Lease revenues include income for leasing the slot machine areas at Georgian Downs and Flamboro Downs and are recorded over time, generally on a straight-line basis over the term the leasing service is provided. Effective May 1, 2018, Flamboro Downs earns lease revenues from Elements Casino Flamboro, a gaming facility operated by OGWGLP. Since the Company controls OGWGLP, the lease revenues earned by Flamboro Downs and the related expense incurred by OGWGLP have been eliminated upon consolidation starting May 1, 2018.

Other revenues include automated teller machine ("ATM") commissions, and other income from ancillary services.

ATM commissions are generated when customers withdraw cash from the ATMs located at the Company's properties and are recognized as revenue when the transaction occurs.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Taxation

Income tax expense represents the sum of current and deferred taxes. Current and deferred taxes are recognized in net earnings, except to the extent it relates to items recognized in OCI or in equity.

Current tax
The tax currently payable is based on taxable income for the year. Taxable income differs from earnings as reported in the Consolidated Statements of Earnings and Other Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are not expected to be taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities on the Consolidated Statements of Financial Position and the corresponding tax bases used in the computation of taxable income, as well as the benefit of tax losses available to be carried forward to future years to the extent it is probable it will be realized. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit (loss) nor accounting earnings (loss).

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The Company recognizes the income tax benefit of uncertain tax positions only when it is probable that the tax position taken will be sustained upon examination by the applicable tax authority.

t) Shareholders' net earnings per common share

Basic net earnings per common share is calculated using the weighted-average number of common shares outstanding during the period. Diluted net earnings per common share is presented using the treasury stock method and is calculated by dividing net earnings applicable to common shares by the sum of the weighted-average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

u) Non-controlling interests

The following subsidiaries of the Company are partially owned by non-controlling interests as follows:

	NCI ownership interest at December 31,	
Subsidiary	**2019**	**2018**
OTG	50%	51%
OGWGLP	0%	45%
OGELP	9.5%	9.5%

Revenues earned by the Company for services performed for a partially owned subsidiary are recognized as expenses in the subsidiary's net earnings prior to allocation to the non-controlling interest.

Net earnings of partially owned subsidiaries allocated to non-controlling interests are reflected on the Consolidated Statements of Earnings and Other Comprehensive Income.

The proportionate share of net assets of the partially owned subsidiaries is reflected as "non-controlling interests" on the Consolidated Statements of Changes in Equity.

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the change in carrying amount of the non-controlling interests and the fair value of consideration paid or received is recognized in equity attributable to shareholders.

Financial information relating to non-controlling interests is disclosed in Note 21.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

The estimates and judgments used in determining the recorded amounts and applying the Company's critical accounting estimates and judgments in these Consolidated Financial Statements include the following:

- *Control of Subsidiaries*

  The Company consolidates the balances, operations and cash flows of the entities which it controls. In determining control, management assesses whether the Company has power over the entity, exposure, or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

  In determining if the Company has power over its Ontario partnerships, management makes judgments when identifying which activities of these partnerships are relevant in significantly affecting returns and the extent of the existing rights that give the Company the current ability to direct the relevant activities, as discussed in Note 4(a).

  The operations and development of the Ontario partnerships are the key relevant activities and through the management service agreement and development service agreement, the Company has the ability to contractually direct the relevant activities of these partnerships. Other parties with protective rights do not have power that prevents the Company's exercise of power over these partnerships. Based on management's evaluation of the key criteria, it was determined the Company controls its Ontario partnerships.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

- *Revenue Recognition*

  The application of IFRS 15 requires the Company to make a number of estimates and judgments, including the determination of the nature of its performance obligations under its contracts, the assessment of the amount it expects to be entitled for variable consideration in determining the transaction price, and the timing of recognition and allocation of the transaction price to loyalty programs based on the estimated relative selling price method.

  In analyzing its contracts with the Provincial Crown corporations, the Company first evaluates whether its various promises to provide goods or services represents that of the principal in the transactions with casino patrons or as the provincial body's agent in providing such services. In Canada, the Company has concluded its services are as an agent since the legal party in the wagering transaction with customers rests with the Provincial Crown corporations and the Company is engaged to provide services under their authority. As a result, revenue is recognized net of the amounts belonging to the Provincial Crown corporations.

- *Estimated useful lives of long-lived assets*

  Judgment is used to estimate each component of an asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

- *Residual values of property, plant and equipment*

  Judgment is used to estimate the residual values of property, plant and equipment, if the residual values were incorrect, it could result in an increase or decrease in the annual amortization expense and future impairment charges.

- *Identification of Leases*

  In assessing whether a contract is, or contains, a lease, management makes judgments when determining whether the contract involves the use of an identified asset, and whether the Company has the right to control the use of the identified asset.

- *Lease Liabilities*

  The Company's lease liabilities are measured at the present value of the lease payments discounted using the applicable incremental borrowing rate of the Company. Determination of the discount rate requires significant judgment and may have significant quantitative impact on the lease liability valuations.

  Under IFRS 16, the lease term considers extension periods where it is reasonably certain that a lease extension option will be exercised or that a lease termination option will not be exercised. Judgment is required when determining the term of leases with extension or termination options, specifically for property leases whose terms are dependent on factors such as the term of its respective operating agreement with the Provincial Crown corporation.

  Remeasurement of the lease liability as a result of changes in future lease payments (due to timing of payments or change in index or rate) or changes in the lease term (which will require a revised discount rate at the date of reassessment) will result in an adjustment to the corresponding right-of-use asset.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

- *Fair value of net assets acquired in business combinations*

  The consideration transferred for an acquired business ("purchase price") is assigned to the identifiable tangible and intangible assets purchased and liabilities assumed on the basis of their fair values at the date of acquisition. The identification of assets purchased and liabilities assumed and the valuation thereof is specialized and judgmental. Where appropriate, the Company engages external business valuators to assist in the valuation of tangible and intangible assets acquired. Any excess of purchase price over the fair value of the identifiable tangible and intangible assets purchased and liabilities assumed is allocated to goodwill.

  When a business combination involves contingent consideration, an amount equal to the fair value of the contingent consideration is recorded as a liability at the time of acquisition. The key assumptions utilized in determining fair value may include probabilities associated with the occurrence of specified future events, financial projections of the acquired business, the timing of future cash flows, and the appropriate discount rate.

- *Equity-settled share-based compensation*

  The Company estimates the cost of equity-settled share-based compensation using the Black-Scholes option pricing model. The model takes into account an estimate of the expected life of the option, the current price of the underlying common share, the expected volatility, an estimate of future dividends on the underlying common share, the risk-free rate of return expected for an instrument with a term equal to the expected life of the option, and the expected forfeiture rate.

- *Cash-settled share-based compensation*

  The cost of cash-settled share-based compensation provided to employees incorporates an expected forfeiture rate based on historic employee retention to estimate the expected number of cash-settled securities that will vest. If the actual employee retention rate over the vesting period differs from the estimated rate, the amount of cash required to settle the liability could be higher or lower than the accrued liability and the change would be reflected in share-based compensation expense.

- *Income taxes*

  Deferred tax assets and liabilities are due to temporary differences between the carrying amount for accounting purposes and the tax basis of certain assets and liabilities, as well as undeducted tax losses. Estimation is required for the timing of the reversal of these temporary differences and the tax rate applied. The carrying amounts of assets and liabilities are based on amounts recorded on the Consolidated Statements of Financial Position and are subject to the accounting estimates inherent in those balances. The tax basis of assets and liabilities and the amount of undeducted tax losses are based on the applicable income tax legislation, regulations and interpretations. The timing of the reversal of the temporary differences and the timing of deduction of tax losses are based on estimations of the Company's future financial results.

  Changes in the expected operating results, enacted tax rates, legislation or regulations, and the Company's interpretations of income tax legislation will result in adjustments to the expectations of future timing difference reversals and may require material deferred tax adjustments.

  The Company's operations are conducted in countries with complex tax laws and regulations that can require significant interpretation. As such, the Company and the tax authorities could disagree on tax filing positions and any reassessment of the Company's tax filings could result in material adjustments to tax expense, taxes payable and deferred income taxes.

(Expressed in millions of Canadian dollars, except for per share information)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

- *Contingencies*

  Provisions are accrued for liabilities with uncertain timing or amounts, if, in the opinion of management, it is both likely that a future event will confirm that a liability had been incurred at the date of the Consolidated Financial Statements of financial position and the amount can be reasonably estimated. In cases where it is not possible to determine whether such a liability has occurred, or to reasonably estimate the amount of loss until the performance of some future event, no accrual is made until that time. In the ordinary course of business, the Company may be party to legal proceedings which include claims for monetary damages asserted against the Company and its subsidiaries. The adequacy of provisions is regularly assessed as new information becomes available

  The Company does not record contingent assets.

- *Determination of CGUs*

  The Company's assets are grouped into CGUs based on their ability to generate separate identifiable cash flows. The determination of CGUs involves an assessment regarding the interdependency of cash inflows, and the Company's organizational structure.

- *Segment Reporting*

  The preparation of financial statements requires management to make judgments that affect the financial statement disclosure of information regularly reviewed by the Company's CODM used to make resource allocation decisions and to assess performance.

  Significant judgments were made in determining operating segments to reflect the manner in which the CODM now reviews the operations and business performance of the Company. Management has considered the regular process used by the CODM to assess performance, the budgeting process, and public statements about how an entity operates its business. As the CODM monitors the Company's operating results on a regional basis, management has determined each region to be an operating segment.

6. ACCOUNTS RECEIVABLE

	December 31, 2019	December 31, 2018
Due from Provincial Crown corporations	**$ 44.9**	$ 41.8
Trade receivables	**16.0**	15.9
Sales tax receivable	**18.7**	9.8
	$ 79.6	$ 67.5

(Expressed in millions of Canadian dollars, except for per share information)

7. PROPERTY, PLANT AND EQUIPMENT

a) *Reconciliation of carrying amount*

	Land	Buildings, Building Improvements and Leasehold Improvements	Equipment	Properties Under Development	Total
Cost					
Balance at January 1, 2018	$ 83.9	$ 883.0	$ 180.3	$ 33.3	$ 1,180.5
Additions	3.5	0.4	4.3	235.6	243.8
Acquired through business combination(1)	5.2	81.5	66.8	-	153.5
Disposals	(0.4)	(0.1)	(0.5)	-	(1.0)
Transfers	0.3	67.2	48.2	(115.7)	-
Translation and other	0.3	1.4	0.5	-	2.2
Balance at December 31, 2018	$ 92.8	$ 1,033.4	$ 299.6	$ 153.2	$ 1,579.0
Additions	**0.1**	**0.7**	**4.6**	**435.4**	**440.8**
Disposals(2)	**(4.4)**	**(17.0)**	**(6.3)**	**(1.2)**	**(28.9)**
Transferred to right-of-use assets	**(5.2)**	**(52.0)**	**-**	**-**	**(57.2)**
Transfers	**-**	**67.5**	**94.7**	**(162.2)**	-
Translation and other	**(0.1)**	**(0.7)**	**(0.3)**	**-**	**(1.1)**
Balance at December 31, 2019	**$ 83.2**	**$ 1,031.9**	**$ 392.3**	**$ 425.2**	**$ 1,932.6**
Accumulated amortization					
Balance at January 1, 2018	$ (11.2)	$ (361.3)	$ (142.5)	$ -	$ (515.0)
Amortization	-	(39.3)	(34.8)	-	(74.1)
Disposals	-	0.1	0.2	-	0.3
Translation and other	-	(0.7)	(0.4)	-	(1.1)
Balance at December 31, 2018	$ (11.2)	$ (401.2)	$ (177.5)	$ -	$ (589.9)
Amortization	**-**	**(38.2)**	**(51.7)**	**-**	**(89.9)**
Disposals(2)	**-**	**8.7**	**5.2**	**-**	**13.9**
Transferred to right-of-use assets	**-**	**7.6**	**-**	**-**	**7.6**
Translation and other	**-**	**0.7**	**0.3**	**-**	**1.0**
Balance at December 31, 2019	**$ (11.2)**	**$ (422.4)**	**$ (223.7)**	**$ -**	**$ (657.3)**
Carrying amount					
At December 31, 2018	$ 81.6	$ 632.2	$ 122.1	$ 153.2	$ 989.1
At December 31, 2019	**$ 72.0**	**$ 609.5**	**$ 168.6**	**$ 425.2**	**$ 1,275.3**

(1) The assets were acquired through business combinations related to OTG's acquisition of the GTA Gaming Bundle and OGWGLP's acquisition of the West GTA Gaming Bundle (see Note 26).

(2) Disposals primarily relate to the sale of GAGC's property, plant, and equipment following the sale of the Company's shares of GAGC on June 27, 2019, as disclosed in Note 27.

b) *Sale of land*

A parcel of vacant land within the Company's B.C. operating segment was listed for sale and classified as land held for sale at its carrying amount of $8.1. On February 14, 2019, the Company sold the land for proceeds of $15.9, resulting in a gain of $6.6, net of associated disposal costs.

(Expressed in millions of Canadian dollars, except for per share information)

8. LEASES

The Company's leases primarily consist of property leases as well as vehicles and office equipment. Information about leases for which the Company is a lessee is presented below.

During the year, the Company completed a new lease agreement with the owners of Ajax Downs with an initial term ending March 31, 2026, plus an extension at the Company's option for an additional 12 years. Changes to the Casino Ajax lease arrangement were treated as a lease modification that resulted in a remeasurement which increased the existing right-of-use assets and lease liabilities by $42.1. Other remeasurements resulted in a net decrease of $6.6 to right-of-use assets and lease liabilities.

a) *Right-of-use assets*

		Land		Building and Building Improvements		Equipment		Total
Balance at January 1, 2019	$	19.8	$	976.0	$	0.2	**$**	**996.0**
Additions		-		9.3		-		**9.3**
Lease modification and other remeasurements		-		35.5		-		**35.5**
Amortization		(1.0)		(54.0)		(0.1)		**(55.1)**
Balance at December 31, 2019	**$**	**18.8**	**$**	**966.8**	**$**	**0.1**	**$**	**985.7**

b) *Lease liabilities*

The following table reconciles the opening and ending balances of the lease liabilities:

Lease liabilities recognized at January 1, 2019	$	947.3
Lease payments		(82.8)
Interest accretion		50.9
Additions		9.3
Lease modification and other remeasurements		35.5
Current portion of lease liabilities at December 31, 2019		(34.4)
Non-current portion of lease liabilities at December 31, 2019	**$**	**925.8**

The Company expects the following maturities of its undiscounted lease liabilities:

Contractual undiscounted cash flows:		
Less than one year	$	84.2
Two to three years		166.1
Four to five years		163.1
More than five years		1,094.9
Total undiscounted lease liabilities as at December 31, 2019	**$**	**1,508.3**

c) *Lease payments recognized in net earnings*

The following table summarizes the amounts recognized in "property, marketing and administration" expense with respect to lease payments not included in lease liabilities:

		Year ended December 31, 2019
Variable lease payments based on performance or usage	**$**	**29.0**
Expenses related to short-term leases		**32.2**
Expenses related to leases of low value assets		**0.1**
Lease payments recognized in net earnings	**$**	**61.3**

The Company's variable lease payments based on performance or usage consisted primarily of property leases.

The Company's short-term leases consisted primarily of gaming assets and leases of low value assets consisted primarily of office equipment.

(Expressed in millions of Canadian dollars, except for per share information)

9. INTANGIBLE ASSETS

		Operational Services Agreements		Ontario Lease Agreements		Total
Cost						
Balance at January 1, 2018	$	148.8	$	106.0	$	254.8
Acquired through business combination [1]		38.3		-		38.3
Balance at December 31, 2018 and December 31, 2019	**$**	**187.1**	**$**	**106.0**	**$**	**293.1**
Accumulated amortization						
Balance at January 1, 2018	$	(98.6)	$	(85.4)	$	(184.0)
Amortization		(6.4)		(3.6)		(10.0)
Balance at December 31, 2018	$	(105.0)	$	(89.0)	$	(194.0)
Amortization		(4.0)		(4.0)		(8.0)
Balance at December 31, 2019	**$**	**(109.0)**	**$**	**(93.0)**	**$**	**(202.0)**
Carrying amount						
At December 31, 2018	$	82.1	$	17.0	$	99.1
At December 31, 2019	**$**	**78.1**	**$**	**13.0**	**$**	**91.1**

(1) The assets were acquired through business combinations related to OTG's acquisition of the GTA Gaming Bundle and OGWGLP's acquisition of the West GTA Gaming Bundle (see Note 26).

10. GOODWILL

		Total
Cost		
Balance at January 1, 2018	$	49.2
Foreign exchange movements		0.7
Balance at December 31, 2018	$	49.9
Foreign exchange movements		(0.4)
Disposal [1]		(8.6)
Balance at December 31, 2019	**$**	**40.9**
Impairments		
Balance at January 1, 2018, December 31, 2018 and December 31, 2019	**$**	**(27.4)**
Carrying amount		**Total**
At December 31, 2018	$	22.5
At December 31, 2019	**$**	**13.5**

(1) The Company sold all the shares of GAGC on June 27, 2019, as disclosed in Note 27, resulting in a disposal of GAGC's goodwill.

Goodwill was tested for impairment as at December 31, 2019 and no impairment was required. There were no changes to the methodology used to assess goodwill impairment since the last annual impairment test. The recoverable value for each CGU was based on the greater of fair value or value in use method, which is the estimated net present value of the future cash flows expected to be generated by the CGU, discounted using an after-tax discount rate that was based on the Company's weighted-average cost of capital.

The expected future cash flows are based on the most recent annual forecasts prepared by management and extrapolated over the term of the operating agreements. A growth rate assumption of 2% per annum is applied across the CGUs. These expected future cash flows require a number of assumptions about future business performance. These assumptions and estimates were based primarily on the relevant business' historical performance and economic trends, and considered past communications with relevant stakeholders.

(Expressed in millions of Canadian dollars, except for per share information)

11. LONG-TERM DEBT

			December 31, 2019		December 31, 2018
Senior Secured Credit Facilities of GCGC, net of unamortized transaction costs of $4.2 (December 31, 2018 - $4.3)	Note 11(a)	**$**	**345.8**	$	385.7
Non-recourse Revolving and Capital Expenditure Credit Facilities of OTG, net of unamortized transaction costs of $11.1 (December 31, 2018 - $14.6)	Note 11(b)		**319.5**		112.1
Non-recourse Revolving Credit Facility of OGWGLP, net of unamortized transaction costs of $3.0 (December 31, 2018 - $2.9)	Note 11(c)		**109.6**		96.1
Non-recourse Revolving Credit Facility of OGELP, net of unamortized transaction costs of $1.1 (December 31, 2018 - $0.3)	Note 11(d)		**94.9**		37.7
		$	**869.8**	$	631.6

a) *Long-term debt of GCGC*

i) Senior Secured Credit Facilities Agreement

The Company has a Senior Secured Credit Facilities agreement that provided an aggregate capacity of up to $750.0, comprising a $400.0 revolving facility and a fully drawn $350.0 term loan facility. On October 11, 2019, the Company entered into an agreement to extend the maturity date of the Senior Secured Credit Facilities of GCGC to November 6, 2023. The Senior Secured Credit Facilities are guaranteed and secured by the assets of the Company and its wholly owned subsidiaries.

Draws on the credit facilities can be prime rate loans or bankers' acceptances. As at December 31, 2019, prime rate loans and bankers' acceptances were subject to prime plus margin of 1.00% and current market rate plus margin of 2.00%, respectively. The interest rate on advanced amounts and the commitment fee on the unused facility are based on the Company's Total Debt to Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ratio ("Total Leverage Ratio") (a non-IFRS term as defined in the underlying credit agreement), which is calculated quarterly on a trailing twelve month basis. The interest rates and standby fees applicable to this revolving credit are listed in Note 25(d).

As at December 31, 2019, the Company had $347.6 (2018 – $356.8) of available undrawn credit on its Senior Secured Credit Facilities after deducting outstanding letters of credit of $52.4 (2018 - $3.2). Concurrent with the acquisition of the non-controlling interest in OGWGLP (see Note 26(a)), OGWGLP's performance letter of credit under the COSA of the West GTA Gaming Bundle was released and the Company replaced it with a $50.0 performance letter of credit secured by its senior secured revolving facility.

Transaction costs associated with the amendments of the Senior Secured Credit Facilities agreement of $5.5 are amortized through the "interest and financing costs, net" line of the Consolidated Statements of Earnings and Other Comprehensive Income over the term of the Senior Secured Credit Facilities.

As at December 31, 2019, the Company was in compliance with its financial covenants under the terms of its Senior Secured Credit Facilities.

ii) Redemption of the Senior Unsecured Notes

On December 11, 2018, the Company redeemed all the Senior Unsecured Notes for a total redemption price of $471.3, including principal of $450.0, an early redemption premium of $9.9 and interest of $11.4. The early redemption premium was expensed to "interest and financing costs, net" on the Consolidated Statements of Earnings and Other Comprehensive Income. The Company funded the redemption using proceeds from the $350.0 term loan facility under the Senior Secured Credit Facilities Agreement (Note 11(a)(i)) and available cash reserves. The remaining balance of unamortized transaction costs of approximately $4.0 associated with the issuance of the Senior Unsecured Notes was expensed to "interest and financing costs, net" on the Consolidated Statements of Earnings and Other Comprehensive Income.

11. LONG-TERM DEBT (Continued)

b) Non-recourse Revolving and Capital Expenditures Credit Facilities of OTG

OTG arranged credit facilities in the aggregate capacity of up to $1,100.0 for the acquisition, operation, construction and development of its gaming facilities in the Greater Toronto Area ("GTA") acquired from OLG. Upon entering the credit facilities agreement on March 6, 2018, the credit facilities comprised a $200.0 revolving facility and an $850.0 capital expenditures facility. Effective May 18, 2018, the capacity of the capital expenditures facility was increased by $50.0. Draws on the credit facilities can be prime rate loans or bankers' acceptances. Until project completion, prime rate loans and bankers' acceptances are subject to prime plus margin of 1.25% and current market rate plus margin of 2.25%, respectively. OTG's assets are pledged as collateral on the credit facilities. The credit facilities agreement matures on March 6, 2023.

As at December 31, 2019, OTG had $703.0 (2018 - $918.0) of available credit on its Non-recourse Revolving and Capital Expenditures credit facilities, after deducting outstanding letters of credit of $66.4 (2018 - $55.3). OTG is not subject to any financial covenants.

Transaction costs associated with the issuance of the credit facilities totalled $17.5 are amortized through the "interest and financing costs, net" line of the Consolidated Statements of Earnings and Other Comprehensive Income over the term of the credit facilities.

In accordance with a condition under the credit agreement for the advancing of funds, the Company has agreed to contribute its 50% share of the 35% equity contribution target to support the completion of the GTA development program. The equity contributions can first be satisfied by reinvested cash flows generated from the business, with any shortfalls of the target coming from cash injections from the sponsors, of which $100.0 can be deferred and drawn against the credit facility. In the event of default, the remaining committed equity amount can be called to complete the balance of the development program.

As at December 31, 2019, OTG was in compliance with its operational and other covenants under the terms of its credit facilities agreement.

c) Non-recourse Revolving Credit Facility of OGWGLP

OGWGLP has a non-recourse revolving credit facility for the acquisition, operation, construction and development of its gaming facilities in the West GTA Gaming Bundle. On December 3, 2019, OGWGLP amended its non-recourse revolving credit facility, which now has a capacity of up to $200.0 and matures on November 1, 2024.

Draws on the credit facility can be prime rate loans or bankers' acceptances. Until project completion, prime rate loans and bankers' acceptances are subject to prime plus margin of 1.75% and current market rate plus margin of 2.75%, respectively. OGWGLP's assets are pledged as collateral on the credit facility.

As at December 31, 2019, OGWGLP had $87.4 (2018 - $151.0) of available credit on its non-recourse revolving credit facility, after deducting outstanding letters of credit of $nil (2018 - $35.0).

Transaction costs associated with the issuance and amendment of the credit facility totalled $4.0 are amortized through the "interest and financing costs, net" line of the Consolidated Statements of Earnings and Other Comprehensive Income over the term of the credit facility.

In accordance with a condition under the credit agreement for the advancing of funds, the Company has agreed to contribute a 35% equity contribution target to support completion of the West GTA development program. The equity contributions can first be satisfied by reinvested cash flows generated from the business, with any shortfalls of the target coming from cash injections from the sponsors, of which $15.0 can be deferred and drawn against the credit facility. In the event of default, the remaining committed equity amount can be called to complete the balance of the development program.

As at December 31, 2019, OGWGLP was in compliance with its financial covenants under the terms of its non-recourse revolving credit facility.

(Expressed in millions of Canadian dollars, except for per share information)

11. LONG-TERM DEBT (Continued)

d) Long-term debt of OGELP

i) Non-recourse Revolving Credit Facility of OGELP

On September 6, 2019, the Company amended the Credit and Guarantee Agreement of the non-recourse revolving credit facility of OGELP, which now provides a capacity of up to $130.0 and matures on September 6, 2023. OGELP's assets are pledged as collateral on the credit facility.

Draws on the revolving credit facility can be prime rate loans or bankers' acceptances. As at December 31, 2019, prime rate loans and bankers' acceptances were subject to prime plus margin of 1.00% and current market rate plus margin of 2.00%, respectively. The interest rate on advanced amounts and the commitment fee on the unused facility are based on the Company's Total Debt to Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ratio ("Total Leverage Ratio") (as defined in the underlying credit agreement), which is calculated quarterly on a trailing twelve month basis. The interest rates and standby fees applicable to this revolving credit facility are listed in Note 25(d).

As at December 31, 2019, OGELP had $18.1 (2018 - $6.1) of available undrawn credit on its credit facility after deducting outstanding letters of credit of $15.9 (2018 - $15.9).

Transaction costs associated with the amendment of the Credit and Guarantee Agreement totaling $1.2 are amortized through the "interest and financing costs, net" line of the Consolidated Statements of Earnings and Other Comprehensive Income over the term of the credit facility. The remaining balance of unamortized transaction costs of approximately $0.1 associated with the former Credit and Guarantee Agreement was expensed to "interest and financing costs, net" on the Consolidated Statements of Earnings and Other Comprehensive Income.

As at December 31, 2019, OGELP was in compliance with its financial covenants under the terms of its non-recourse revolving credit facility.

ii) Interest rate swap

On January 19, 2016, the Company's OGELP subsidiary entered into an interest rate swap that effectively converted the floating interest rate on the debt borrowed from its non-recourse revolving credit facility into fixed interest rate debt. As at December 31, 2019, the interest rate swap had a notional principal of $35.0. OGELP receives interest based on a 3-month Canadian Dealer Offered Rate and pays interest at 0.813% per annum.

At December 31, 2019, the fair value of the interest rate swap was in a $0.1 (2018 - $0.6) asset position and the amount was recorded in "other assets" on the Consolidated Statements of Financial Position. On January 10, 2020, the interest rate swap expired and was not renewed.

e) Interest and financing costs, net

	Year ended ended December 31,	
	2019	2018
Interest and financing costs on long-term debt	**$ 42.6**	$ 66.7
Interest accretion on lease liabilities (Note 8(b))	**50.9**	-
Bank charges	**0.8**	0.6
Interest income and other	**(7.0)**	(4.6)
	$ 87.3	$ 62.7

(Expressed in millions of Canadian dollars, except for per share information)

12. CAPITAL DISCLOSURES

The Company's capital structure comprises:

- Shareholders' equity;
- Long-term debt;
- Cash; and
- Outstanding letters of credit.

The Company's objectives are to maintain a flexible capital structure that optimizes the cost of capital at acceptable risk levels and to manage capital in a manner that balances the interests of equity and debt holders. The Company manages its capital structure in light of changes in economic conditions and the risk characteristics of the Company's operations. The Company's major capital allocation decisions include a comparison of the expected financial returns from those investments to its estimated weighted-average cost of capital. The Company currently plans to use its cash, cash flows from operations, and established debt facilities to finance its business development plans.

The Company monitors its capital structure and must comply with certain financial covenants related to its long-term debt. The Company intends to manage its capital by operating at a level that provides a conservative margin compared to the limits of its covenants.

13. DEFERRED CREDITS, PROVISIONS AND OTHER LIABILITIES

	December 31, 2019	December 31, 2018
Deferred credits	**$ 14.3**	$ 15.0
Provisions	**6.5**	6.8
Deferred compensation	**9.3**	9.9
	$ 30.1	$ 31.7

Deferred credits, non-current relates to agreements entered into between the Company with the South Coast British Columbia Transportation Authority ("TransLink") and Canada Line Rapid Transit Inc. ("Canada Line") in 2008 to build and operate a 1,200 stall multi-level parking garage at Bridgeport Station, across from the River Rock Casino Resort ("River Rock") in Richmond, British Columbia.

The land and cash received from TransLink is being treated as assistance for the cost of providing future parking services to Canada Line's passengers. Accordingly, the fair value of the land received of $17.2 was accounted for as a non-monetary transaction and cash of $4.5 was recorded as "cash", with a corresponding credit to "deferred credits". These "deferred credits" are amortized on a straight-line basis over a period of 32 years.

Translink may exercise its option to purchase the portion of the parking garage used by the 1,200 stalls if certain events defined in the agreement occur. Examples of these include the relocation of River Rock, or the Company failing to provide Canada Line's passengers access to the parking stalls as set out in the agreement.

Deferred compensation includes cash-settled share-based compensation as described in Note 14(c) and (d).

14. SHARE CAPITAL AND RESERVES

The Company is authorized to issue an unlimited number of common shares with no par value.

a) Share repurchases

On June 27, 2018, the Company received approval from the Toronto Stock Exchange ("TSX") to renew a normal course issuer bid for up to 4,108,074 of its common shares. The bid commenced on July 3, 2018 and ended on July 2, 2019. During 2019, the Company purchased for cancellation 609,710 common shares at a weighted-average price per share of $43.55 under this issuer bid.

On June 27, 2019, the Company received approval from the TSX to renew a normal course issuer bid for up to 3,971,976 of its common shares, representing approximately 10% of the Company's common shares in the public float. The bid commenced on July 3, 2019 and will end on July 2, 2020, or earlier if the number of shares sought in the issuer bid has been obtained. The Company will not purchase shares during its self-imposed blackout periods and reserves the right to terminate the bid earlier. Pursuant to TSX policies, daily purchases made by the Company will not exceed 64,439 common shares or 25% of the prior six-month average trading volume of 257,759 common shares on the TSX, subject to certain prescribed exceptions. Purchases will be made by way of open market purchases through the facilities of the TSX, and other Canadian market places, and payment for the shares will be in accordance with the TSX's rules. No purchases will be made other than by means of open market transactions during the term of the normal course issuer bid and conducted at the market price at the time of acquisition. All shares purchased by the Company will be subsequently cancelled. Under the current issuer bid, the Company purchased for cancellation 3,799,252 common shares during the year ended December 31, 2019 at a weighted-average price per share of $41.75.

Subsequent to December 31, 2019, the Company purchased 172,724 common shares at a weighted-average price per share of $42.29, which completed the remaining balance available under the current issuer bid.

b) Share option plan

The changes in the number of share options and their weighted-average exercise price during the years ended December 31, 2019 and 2018 were as follows:

	December 31, 2019		December 31, 2018	
	Options (1)	**Weighted-Average Exercise Price**	Options (1)	Weighted-Average Exercise Price
Outstanding, beginning of period	**5,188**	**$ 22.93**	5,346	$ 20.86
Granted	**1,215**	**44.58**	640	33.79
Forfeited	**(64)**	**23.50**	(103)	21.35
Exercised	**(1,632)**	**18.06**	(695)	17.24
Outstanding, end of period	**4,707**	**$ 30.20**	5,188	$ 22.93

(1) Option information is presented in thousands.

For the year ended December 31, 2019, the weighted-average share price at the time of share option exercises was $50.79 (2018 - $48.17).

14. SHARE CAPITAL AND RESERVES (Continued)

b) Share option plan (Continued)

Options outstanding and exercisable at December 31, 2019 were as follows:

	Options Outstanding				Options Exercisable		
Exercise Prices	**Number Outstanding[1]**	**Weighted-Average Remaining Contractual Life**	**Weighted-Average Exercise Price**		**Number Exercisable[1]**	**Weighted-Average Vested Exercise Price**	
$16.10-$20.99	883	0.9 years	$	16.21	883	$	16.21
$21.00-$24.99	1,119	2.2 years		24.07	697		24.07
$25.00-$29.99	850	2.9 years		29.61	-		-
$30.00-$33.99	640	3.0 years		33.79	-		-
$34.00-$39.99	590	5.0 years		38.94	-		-
$40.00-$50.31	625	4.2 years		49.91	-		-
	4,707	2.8 years	$	30.20	1,580	$	19.68

(1) Option information is presented as options for thousands of common shares.

The average fair values of share options granted to employees at the time of the grants and the weighted-average assumptions used in applying the Black-Scholes option pricing model were as follows:

	Year ended ended December 31,			
		2019		2018
Option award fair value	**$**	**11.80**	$	8.36
Risk-free interest rate		**1.6%**		1.6%
Expected lives [1]		**3.5 years**		3.8 years
Expected volatility [2]		**32.9%**		29.4%

(1) Estimated based on the Company's vesting policy and historical exercise pattern.

(2) Based on the historical volatility of the Company's share price over the most recent period consistent with the expected lives of the options.

The Company recorded equity-settled share-based compensation expense of $9.3 for the year ended December 31, 2019 (2018 - $6.2)

c) Deferred Share Units

The changes in DSUs provided to non-employee directors of the Company were as follows:

	Year ended ended December 31,	
Number of Units (in thousands)	**2019**	2018
Outstanding, beginning of period	**184**	169
Issued	**14**	15
Settled in cash	**(32)**	-
Outstanding, end of period	**166**	184

Related to these DSUs, the Company recorded a liability of $nil in “accounts payable and accrued liabilities” at December 31, 2019 (2018 - $1.5), $7.4 in “deferred credits, provisions and other liabilities” at December 31, 2019 (2018 - $7.6), and cash-settled share-based compensation recovery of $0.1 for the year ended December 31, 2019 (2018 – expense of $3.0).

14. SHARE CAPITAL AND RESERVES (Continued)

d) Restricted Share Units

The Company has two RSU plans:

- Great Canadian Incentive Plan RSU
  The Company's GCIP RSU is an employee incentive program that provides the opportunity for eligible employees to be awarded cash-settled RSUs if they exceed certain business targets for a fiscal year. RSUs granted vest in two equal tranches, one on each of the two anniversary dates following the date of grant.

- Cash RSU
  On March 14, 2018, a new cash-settled RSU plan was created to align the interest of eligible employees with the long term success of the Company. Cash RSUs represent a right to a bonus to eligible employees for services rendered in a fiscal year to be paid within three years following the fiscal year of grant. Generally, the Cash RSUs granted vest in three equal tranches, one on each of the three anniversary dates following the date of grant.

Related to these RSU plans, the changes in RSUs provided to employees of the Company were as follows:

	Year ended ended December 31,	
Number of Units (in thousands)	**2019**	2018
Outstanding, beginning of period	**119**	30
Issued	**198**	109
Forfeited	**(22)**	(5)
Settled in cash	**(50)**	(15)
Outstanding, end of period	**245**	119

Assuming both a constant market price for the Company's common shares and no award forfeitures, the RSUs would result in cash settlement payments of $4.6 to employees after they vest in 2020, $4.1 in 2021 and $2.0 in 2022.

Related to these RSUs, the Company recorded a liability of $3.0 in "accounts payable and accrued liabilities" at December 31, 2019 (2018 - $1.8), $1.8 in "deferred credits, provisions and other liabilities" at December 31, 2019 (2018 - $2.3), and cash-settled share-based compensation of $3.0 for the year ended December 31, 2019 (2018 - $3.8).

e) Employee share purchase plan

Eligible employees of the Company who have completed three months of continuous service may elect to participate in the Employee Share Purchase Plan ("Share Purchase Plan") by contributing a portion of their gross pay to purchase the Company's shares in the open market. Employees whose terms and conditions of employment are established by collective bargaining are not eligible to participate in the Share Purchase Plan. In April 2016, the Company began matching 10% of the employees' contributions to the Share Purchase Plan, up to a maximum of 0.5% of each employee's earnings. As at December 31, 2019, 494,506 (2018 – 522,718) common shares were held by employees under the Share Purchase Plan and 21.9% of eligible employees participated in the Plan (2018 – 18.9%).

15. REVENUES

	Year ended December 31,	
	2019	2018[1]
Gaming revenues	**$ 1,182.8**	$ 1,020.2
Hospitality revenues	**110.5**	103.0
Racetrack, lease and other revenues	**62.3**	56.6
	$ 1,355.6	$ 1,179.8

[1] The results of the U.S. region have been presented as discontinued operations, as disclosed in Note 27. Revenues have been re-presented to exclude discontinued operations.

(Expressed in millions of Canadian dollars, except for per share information)

16. BUSINESS ACQUISITION, RESTRUCTURING AND OTHER

	Year ended December 31, 2019	2018[1]
Restructuring[2]	**$ 6.4**	$ 10.2
Business acquisition and other[3]	**(2.8)**	6.5
	$ 3.6	$ 16.7

(1) The results of the U.S. region have been presented as discontinued operations, as disclosed in Note 27. Restructuring costs have been re-presented to exclude discontinued operations.
(2) Restructuring costs primarily consisted of severance payments in connection with the acquisition of the GTA and West GTA gaming bundles.
(3) Business acquisition and other costs for the year ended December 31, 2019 includes proceeds received from the marketing trust lawsuit as disclosed in Note 24(a). Business acquisition and other costs for the year ended December 31, 2018 were mainly associated with the acquisition and transition of the GTA and West GTA gaming bundles.

17. INCOME TAXES

a) *Income tax recognized in net earnings*

The Company's income tax expense is as follows:

	Year ended December 31, 2019	2018[1]
Current tax expense	**$ 66.3**	$ 62.6
Deferred tax recovery	**(0.9)**	(6.8)
Total tax expense	**$ 65.4**	$ 55.8

The Company's income tax expense for the years ended December 31, 2019 and 2018 can be reconciled to earnings before income taxes from continuing operations as follows:

	Year ended December 31, 2019	2018[1]
Applicable statutory income tax rate[2]	**26.70%**	26.71%
Earnings before income taxes from continuing operations[3]	**$ 310.3**	$ 290.5
Expected income tax expense	**82.8**	77.6
Effect of:		
Non-deductible share-based compensation	**2.5**	1.7
Non-taxable portion of gain from sale of land	**(0.9)**	-
Non-controlling interest[3]	**(18.7)**	(23.3)
Revaluation of income tax liabilities from prior year taxes	**-**	0.3
Other items	**(0.3)**	(0.5)
Total income tax expense recognized in net earnings from continuing operations	**$ 65.4**	$ 55.8

(1) The results of the U.S. region have been presented as discontinued operations, as disclosed in Note 27. Income taxes have been re-presented to exclude discontinued operations.
(2) The income tax rate used for the 2019 reconciliation is the weighted average applicable statutory rates used by the corporate entities in Ontario, B.C., New Brunswick and Nova Scotia.
(3) Earnings before income taxes from continuing operations includes 100% of OTG's, OGWGLP's and OGELP's earnings, however, the Company is only required to pay corporate income tax on its share of OTG's, OGWGLP's and OGELP's taxable income, respectively, with the remaining taxable income picked up by the non-controlling interest partners of the partnerships. Accordingly, there is a reconciling item relating to the partnerships' earnings allocated to the non-controlling interest.

(Expressed in millions of Canadian dollars, except for per share information)

17. INCOME TAXES (Continued)

b) Deferred tax balances

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the current and prior year:

2019	Opening balance	Recognized in net earnings	Recognized in other comprehensive income	**Closing balance**
Temporary differences				
Property, plant and equipment	$ (69.8)	$ 0.2	$ -	**$ (69.6)**
Intangible assets	(10.5)	2.8	-	**(7.7)**
Deferred compensation costs	3.6	(0.4)	-	**3.2**
Deferred credits, provisions and other liabilities	2.2	(0.2)	-	**2.0**
Other	0.2	1.1	-	**1.3**
	(74.3)	3.4	-	**(70.9)**
Unused tax losses and credits				
Capital loss carry-forwards	1.8	(1.5)	-	**0.3**
	1.8	(1.5)	-	**0.3**
	$ (72.5)	$ 1.9	$ -	**$ (70.6)**

2018	Opening balance	Recognized in net earnings	Recognized in other comprehensive income	Closing balance
Temporary differences				
Property, plant and equipment	$ (71.9)	$ 2.1	$ -	$ (69.8)
Intangible assets	(12.2)	1.7	-	(10.5)
Deferred compensation costs	1.9	1.7	-	3.6
Deferred credits, provisions and other liabilities	2.2	-	-	2.2
Other	(1.3)	1.4	0.1	0.2
	(81.3)	6.9	0.1	(74.3)
Unused tax losses and credits				
Capital loss carry-forwards	1.7	0.1	-	1.8
	1.7	0.1	-	1.8
	$ (79.6)	$ 7.0	$ 0.1	$ (72.5)

The deferred tax balances are presented on the Consolidated Statements of Financial Position as:

	Year ended December 31,	
	2019	2018
Deferred tax assets	**$ 12.4**	$ 12.0
Deferred tax liabilities	**(83.0)**	(84.5)
Net deferred tax liabilities	**$ (70.6)**	$ (72.5)

The Company has not recognized any deferred tax assets (2018 - $nil) that are dependent on future taxable profits in excess of those that will arise from the reversal of existing taxable temporary differences.

The Company has recognized a deferred tax asset relating to capital loss carry-forwards of $2.2 (2018 - $13.3) which may be used to offset future years' capital gains. Management believes the Company will generate future capital gains in excess of the losses in the jurisdiction to which the losses relate. These losses may be carried forward indefinitely.

17. INCOME TAXES (Continued)

c) Other income tax-related matters

The Canada Revenue Agency ("CRA") has conducted audits of the Company's and its subsidiaries' FDC filing positions of its B.C. operations for the 2009 to 2014 years. CRA has taken the position that FDC was received by the Company and its subsidiaries during 2009 and subsequent years as service fee income and should be included in taxable income when received. For income tax purposes, the Company and its subsidiaries treat the reimbursement by BCLC of the approved gaming related property, plant and equipment costs as a reduction in the capital cost of the asset. CRA's current position is inconsistent with the results of CRA's findings in their previous audits of the Company's Great Canadian Casinos Inc. subsidiary for the 2000 and 2001 taxation years.

If CRA's current position prevails, it would accelerate the timing of the Company's and its subsidiaries' recognition of taxable income, but would also increase the tax depreciation deduction (capital cost allowance) that they could recognize in prior and future years.

Based on the FDC received from BCLC between January 1, 2009 and June 2, 2018, if CRA's current position on FDC prevails, preliminary estimates indicate the Company's consolidated current tax expense would increase $59.2, deferred tax expense would decrease $58.1, and interest and financing costs would increase $16.1, resulting in a one-time $17.2 decrease in net earnings and a corresponding decrease to basic net earnings attributable to the shareholders of the Company per share of approximately $0.31 per share, based on the number of shares outstanding as at December 31, 2019.

During 2015, the Company received notices of reassessment from CRA for itself and three of its subsidiaries related to the income tax treatment of FDC received from BCLC in 2009 and 2010. During 2016, the Company and five of its subsidiaries received notices of reassessment related to the income tax treatment of FDC received from BCLC in 2011, and 2012, and in some cases 2013. As a part of the notices of reassessment received during 2016, the CRA waived $1.1 of interest relating to the 2011 and 2012 taxation years. During 2017, the Company and five of its subsidiaries received notices of reassessment related to the income tax treatment of FDC received from BCLC in 2013 and 2014.

The Company strongly disagrees with the CRA's current position on FDC and CRA's adjustments to the taxable income of it and its subsidiaries in respect of FDC. Management believes that it is probable that the Company's and its subsidiaries' tax filing positions with respect to FDC will prevail and consequently the Company and its subsidiaries have not accrued for additional income tax liabilities, income tax expenses, and interest as a result of the reassessments received from CRA.

The Company and its subsidiaries intend to vigorously defend their tax filing positions and the five subsidiaries that have received notices of reassessment from CRA for 2009 to 2014 have filed notices of objection with CRA's Appeals Division. In order to file a notice of objection, the Company and its subsidiaries are required to pay at least 50% of the amounts reassessed and will record a corresponding income tax receivable from CRA until the dispute is resolved. As at December 31, 2019, the Company and its subsidiaries have deposited a net amount of $38.9 (2018 - $38.9) to CRA and is reflected in "cash on deposit with Canada Revenue Agency" on the Consolidated Statements of Financial Position.

During 2018, five of the Company's subsidiaries received notices of confirmation for the taxation years under audit. The five subsidiaries filed notices of appeal to the Tax Court of Canada to each notice of confirmation received. During the first quarter of 2019, the Company and its subsidiaries received the Respondent's Replies to the notices of appeal. The Company and the Respondent agreed on a revised litigation timeline with an expected deadline of December 2020 to communicate with the Tax Court of Canada if a hearing date should be set.

The Company and its subsidiaries plan to file notices of objection to CRA's Appeals Division to each notice of reassessment received for any subsequent years, where appropriate.

Effective June 3, 2018, the Company no longer receives FDC from BCLC due to new OSAs signed for its B.C. properties, which introduced FIC and eliminates FDC. The Company concluded that the tax treatment of FIC should be treated as income in the year earned, because the FIC is not directly tied to qualified amounts spent under the MIR program. Management is of the opinion that the appropriate income tax treatment of FDC under CRA audit is unaffected by the introduction of the MIR program.

18. NET EARNINGS PER COMMON SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The following table sets forth the computation of basic and diluted net earnings per common share attributable to the shareholders of the Company:

	Year ended ended December 31,	
	2019	2018
Weighted-average number of common shares outstanding	**58,171**	60,805
Dilutive adjustment for share options	**1,665**	2,412
Diluted weighted-average number of common shares	**59,836**	63,217

(1) Share Information is presented in thousands.

The number of outstanding share options (in thousands) that are anti-dilutive and are not included in the above calculation were 1,215 for the year ended December 31, 2019 (2018 – nil).

19. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Year ended ended December 31,			
		2019		2018[(1)]
Accounts receivable	**$**	**(12.1)**	$	(45.4)
Prepaids, deposits and other assets		**(0.1)**		(6.4)
Accounts payable and accrued liabilities		**21.9**		55.7
	$	**9.7**	$	3.9

(1) The results of the U.S. region have been presented as discontinued operations, as disclosed in Note 27. Changes in non-cash operating working capital have been re-presented to exclude discontinued operations.

(Expressed in millions of Canadian dollars, except for per share information)

20. SEGMENT INFORMATION

The CODM monitors the Company's operating results on a regional basis using Adjusted EBITDA[1] to assess each region's performance and makes decisions about resources to be allocated to each region. The Company's operating results are divided into the Ontario, B.C. and Atlantic regions and Corporate. Revenues and Adjusted EBITDA for the current and comparative periods exclude the results of discontinued operations (see Note 27).

Segment Revenues and Adjusted EBITDA [1][2]	Ontario	B.C.	Atlantic	Corporate	Total
Year ended December 31, 2019					
Gaming revenues	**$ 843.2**	**$ 265.4**	**$ 74.2**	**$ -**	**$ 1,182.8**
Hospitality revenues	**26.1**	**66.2**	**18.2**	**-**	**110.5**
Racetrack, lease and other revenues	**36.4**	**22.1**	**3.8**	**-**	**62.3**
Revenues	**$ 905.7**	**$ 353.7**	**$ 96.2**	**$ -**	**$ 1,355.6**
Adjusted EBITDA[1][2]	**$ 404.3**	**$ 152.5**	**$ 31.7**	**$ (31.2)**	**$ 557.3**
Year ended December 31, 2018					
Gaming revenues	$ 680.5	$ 268.3	$ 71.4	$ -	$ 1,020.2
Hospitality revenues	19.4	64.6	19.0	-	103.0
Racetrack, lease and other revenues	31.1	21.9	3.6	-	56.6
Revenues	$ 731.0	$ 354.8	$ 94.0	$ -	$ 1,179.8
Adjusted EBITDA[1]	$ 300.6	$ 159.1	$ 30.7	$ (24.4)	$ 466.0

Segment Assets	Ontario	B.C.	Atlantic	Corporate	Discontinued Operations	Total
As at December 31, 2019						
Cash	**$ 221.2**	**$ 82.5**	**$ 16.6**	**$ 9.4**	**$ -**	**$ 329.7**
Total assets	**$ 2,079.3**	**$ 653.6**	**$ 103.3**	**$ 15.7**	**$ -**	**$ 2,851.9**
As at December 31, 2018						
Cash	$ 245.5	$ 61.8	$ 17.5	$ 0.5	$ 11.5	$ 336.8
Total assets	$ 809.1	$ 646.2	$ 106.9	$ 4.6	$ 35.0	$ 1,601.8

(1) Adjusted EBITDA is a non-IFRS term as defined by the Company means earnings before interest and financing costs (net of interest income), income taxes, depreciation and amortization, share-based compensation, business acquisition, restructuring and other, gain on sale of land, and foreign exchange gain. Adjusted EBITDA can be computed as revenues less human resources expenses and property, marketing and administration expenses plus share of profit of operating equity investees.

(2) Adjusted EBITDA for the year ended December 31, 2019 reflects the adoption of IFRS 16. Comparative information has not been restated.

The following table is a reconciliation of Adjusted EBITDA, as presented in the above tables, to net earnings as presented in the Company's Consolidated Statements of Earnings and Other Comprehensive Income

	Year ended December 31, 2019	2018[4]
Adjusted EBITDA	**$ 557.3**	$ 466.0
Less:		
Amortization	**152.8**	83.0
Share-based compensation	**12.2**	13.0
Interest and financing costs, net	**87.3**	62.7
Business acquisition, restructuring and other [3]	**3.6**	17.8
Gain on sale of land	**(6.6)**	-
Foreign exchange gain	**(2.3)**	(1.0)
Income taxes	**65.4**	55.8
Net earnings from continuing operations	**$ 244.9**	$ 234.7

(3) In calculating Adjusted EBITDA for the twelve months ended December 31, 2018, "share of profit of equity investment" does not include the loss of $1.1 relating to the Company's share of Ontario Gaming West GTA Limited Partnership's ("OGWGLP") transition costs incurred for the West GTA Gaming Bundle prior to the acquisition on May 1, 2018, in which OGWGLP was accounted for as an equity method investee. The loss of $1.1 has been classified under "business acquisition, restructuring and other".

(4) The results of the U.S. region have been presented as discontinued operations, as disclosed in Note 27. Comparative information has been represented to show the discontinued operations separately from continuing operations.

(Expressed in millions of Canadian dollars, except for per share information)

21. NON-CONTROLLING INTERESTS

The following table summarizes the financial information relating to non-controlling interests held in the Company's subsidiaries, before intercompany eliminations:

		2019		2018
As at December 31,				
Total assets	**$**	**751.4**	$	318.8
Total liabilities	**$**	**617.6**	$	165.5
Total equity	**$**	**133.8**	$	153.3
For the years ended December 31,				
Revenues	**$**	**369.1**	$	314.1
Net earnings	**$**	**70.5**	$	88.6

22. KEY MANAGEMENT COMPENSATION

Key management personnel comprise the Company's Board of Directors and executive officers. Key management compensation was as follows:

	Year ended December 31,			
		2019		2018
Human resources [(1)]	**$**	**4.6**	$	3.8
Share-based compensation [(2)]		**9.3**		8.9
Total	**$**	**13.9**	$	12.7

(1) Human resources includes salaries and other short-term employee benefits.
(2) Share-based compensation includes equity and cash-settled share-based compensation described in Note 14.

As at December 31, 2019, the liabilities of the Company include amounts due to key management personnel of $0.6 (2018 - $2.1) in "accounts payable and accrued liabilities" and $8.5 (2018 - $8.4) in "deferred credits, provisions and other liabilities" of the Consolidated Statements of Financial Position.

23. EMPLOYEE FUTURE BENEFITS

The Company maintains multiple defined contribution pension plans for its Canadian employees. Under these plans, participating eligible employees contribute a minimum of 2% of their gross pay and can make additional voluntary contributions ranging from 1% to 14% of their gross pay. The Company makes contributions representing 2% to 4% of eligible employees' gross pay. Contributions made by the Company during the year ended December 31, 2019 totalled $5.5 (2018 - $4.8).

24. COMMITMENTS, CONTINGENCIES AND LITIGATION

a) Litigation

The Company is subject to legal proceedings, claims and investigations in the ordinary course of business. Liabilities related to such matters are recorded when it is both probable that a liability has been incurred and the amount of the liability can be reasonably estimated. All legal costs associated with litigation are expensed as incurred.

On March 26, 2015, the Company commenced a legal action against BCLC in relation to a dispute over the collection of marketing contributions by BCLC from the Company since 2009. An agreement was reached on August 19, 2019 with the net proceeds recorded in "business acquisition, restructuring and other".

b) Guarantees and indemnifications

The Company may provide guarantees and indemnifications in conjunction with transactions in the normal course of operations. These are recorded as liabilities when reasonable estimates of the obligations can be made. Guarantees and indemnifications that the Company has provided include obligations to indemnify:

i) directors and officers of the Company and its subsidiaries for potential liability while acting as a director or officer of the Company, together with various expenses associated with defending and settling such suits or actions due to association with the Company, the risk of which is mitigated by the Company's directors' and officers' liability insurance;
ii) certain vendors of acquired companies or property for obligations that may or may not have been known at the date of the transaction;
iii) certain financial institutions for costs that they may incur as a result of representations made in debt and equity offering documents; and
iv) lessors of leased properties for personal injury claims that may arise at the facilities the Company operates.

c) Other contractual commitments

The Company's other contractual commitments are described in Note 25(b).

(Expressed in millions of Canadian dollars, except for per share information)

25. FINANCIAL INSTRUMENTS

The Company's financial instruments and the types of risks to which their carrying values are exposed are as follows:

	Risks			
			Market risks	
Financial instrument	Credit	Liquidity	Interest rate	Currency
Measured at amortized cost:				
Cash in banks	x			x
Cash floats				
Accounts receivable	x			
Accounts payable and accrued liabilities		x		x
Long-term debt		x	x	
Other liabilities		x	x	

a) Credit risk

Credit risk is the risk that a party to one of the Company's financial instruments will cause a financial loss to the Company by failing to discharge an obligation. The carrying values of the Company's financial assets, which represent the maximum exposure to credit risk, are as follows:

	December 31, 2019	December 31, 2018
Cash in banks	**$ 180.9**	$ 175.0
Accounts receivable	**79.6**	67.5
	$ 260.5	$ 242.5

Cash in banks: Credit risk associated with these assets is minimized substantially by ensuring that these financial assets are placed primarily with major financial institutions that have minimum grade "A" credit ratings.

Accounts receivable: Credit risk associated with most of these assets is minimized due to their nature. The majority of these receivable balances are due from the federal government for sales tax rebates, Provincial Crown corporations, and racetrack operators. The credit loss allowance for accounts receivable is estimated based on an assessment of individual accounts and the length of time balances have been outstanding. As at December 31, 2019, the credit loss allowance for accounts receivable is $1.0 (2018 - $nil).

(Expressed in millions of Canadian dollars, except for per share information)

25. FINANCIAL INSTRUMENTS (Continued)

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by monitoring its capital structure (see Note 12), regularly monitoring forecast and actual cash flows, managing the maturity profiles of financial assets and financial liabilities and maintaining credit capacity within the revolving credit facilities (see Note 11). The Company expects the following maturities of its financial liabilities (including interest), lease liabilities (see Note 8(b)) and other contractual commitments:

	Expected payments by period as at December 31, 2019				
	Within 1 year	2 - 3 years	4 - 5 years	More than 5 years	**Total**
Accounts payable and accrued liabilities	$ 241.8	$ -	$ -	$ -	**$ 241.8**
Income taxes payable	0.7	-	-	-	**0.7**
Senior Secured Credit Facilities	16.6	33.1	364.0	-	**413.7**
Non-recourse credit facilities	29.7	59.3	558.6	-	**647.6**
Provisions	4.3	1.5	1.6	8.2	**15.6**
Lease liabilities	84.2	166.1	163.1	1,094.9	**1,508.3**
Other contractual commitments[(1)(2)]	238.7	11.4	6.9	2.1	**259.1**
Total	**$ 616.0**	**$ 271.4**	**$ 1,094.2**	**$ 1,105.2**	**$ 3,086.8**

(1) Other contractual commitments primarily consist of committed additions for property, plant and equipment of $232.1.

(2) OTG, OGWGLP, and OGELP have each covenanted to OLG that OLG shall realize gaming revenue in each year that is equal to or greater than an agreed upon threshold in respect of each operating year, or to otherwise pay to OLG the amount by which the gaming revenue realized in year is less than the applicable threshold in respect of such year (each such payment, a “Threshold Top-Up Amount”). Based on each of the partnerships’ operating results, the likelihood that these partnerships will fail to generate sufficient gaming revenue for OLG for any year is expected to be remote, and as such, no provision has been made for Threshold Top-Up Amounts.

c) Market risk

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates and/or foreign currency exchange rates. The following table sets out a sensitivity analysis of the effect on the carrying amount of the Company’s financial instruments that are subject to foreign currency risk by applying reasonably possible changes in foreign currency rates relative to the Company’s functional currency, the Canadian dollar:

	Foreign Currency Risk			
	-10%		+10%	
	Net earnings	OCI	Net earnings	OCI
Financial Assets				
Cash	$ (0.3)	$ -	$ 0.3	$ -
Accounts receivable	-	-	-	-
Financial Liabilities				
Accounts payable and accrued liabilities	0.4	-	(0.4)	-
Total (decrease) increase	$ 0.1	$ -	$ (0.1)	$ -

(1) Displayed is the effect on the Company's U.S. dollar denominated financial assets and liabilities if the value of the U.S. dollar were to decrease or increase relative to the Canadian dollar by 10% from the actual period end rate.

(Expressed in millions of Canadian dollars, except for per share information)

25. FINANCIAL INSTRUMENTS (Continued)

d) Interest rates on credit facilities

The Company and its subsidiaries' credit facilities have interest rates on advanced amounts and a standby fee on the unused facility that are based on the Total Leverage Ratio (as defined in the underlying credit agreements) which is calculated quarterly. Below are the interest rates and standby fees applicable for each credit facility as at December 31, 2019, depending on the respective borrower's quarterly Total Leverage Ratio calculated for the most recent trailing twelve months:

i. Senior Secured Credit Facilities Agreement

Total Leverage Ratio(1)	Margin on Bankers' Acceptances or Eurodollar Rate Advances & Letters of Credit	Margin on Canadian Prime Rate or U.S. Base Rate Advances	Standby Fee
> 4.00	3.00%	2.00%	0.68%
> 3.00 to ≤ 4.00	2.50%	1.50%	0.56%
> 2.00 to ≤ 3.00	2.25%	1.25%	0.45%
> 1.00 to ≤ 2.00	2.00%	1.00%	0.40%
≤ 1.00	1.70%	0.70%	0.34%

(1) The Total Leverage Ratio was 1.26 for the trailing twelve month period ended December 31, 2019.

ii. Non-recourse Revolving and Capital Expenditures Credit Facilities of OTG

Until project completion, prime rate loans and bankers' acceptances are subject to prime plus margin of 1.25% and current market rate plus margin of 2.25%, respectively. The applicable standby fee at December 31, 2019 was 0.45% on unused portion of the credit facilities.

iii. Non-recourse Revolving Credit Facility of OGWGLP

Until project completion, prime rate loans and bankers' acceptances are subject to prime plus margin of 1.75% and current market rate plus margin of 2.75%, respectively. The applicable standby fee at December 31, 2019 was 0.62% on unused portion of the credit facility.

iv. Non-recourse Revolving Credit Facility of OGELP

Total Leverage Ratio(1)	Margin on Bankers' Acceptances & Letters of Credit	Margin on Canadian Prime Rate	Standby Fee
> 3.50	2.75%	1.75%	0.62%
> 3.25 to ≤ 3.50	2.50%	1.50%	0.50%
> 2.00 to ≤ 3.25	2.25%	1.25%	0.45%
> 1.00 to ≤ 2.00	2.00%	1.00%	0.40%
≤ 1.00	1.70%	0.70%	0.34%

(1) The Total Leverage Ratio was 2.46 for the trailing twelve month period ended December 31, 2019.

v. Interest rate sensitivity analysis

A sensitivity analysis has been determined based on the exposure to interest rates for floating rate liabilities at the reporting date as described in Note 11. The analysis is prepared assuming the amount of liability outstanding at reporting date was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher or lower and all other variables were held constant, the Company's net earnings would decrease or increase by $8.5. This is mainly attributable to the Company's exposure to variable rate borrowings on its credit facilities.

The interest rate swap entered by OGELP as described in Note 11(d)(ii) enabled the Company to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt held.

25. FINANCIAL INSTRUMENTS (Continued)

e) Fair values

The fair values of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short term nature.

The disclosure of the three-level fair value hierarchy reflects the significance of the inputs used in measuring fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, either directly or indirectly.

Level 3 – Inputs that are not based on observable market data.

The Company does not hold any Level 1 financial assets or liabilities that are based on unadjusted quoted prices trading in active markets.

The Company's long-term debt instruments are Level 2 financial instruments as they are estimated based on quoted prices that are observable for similar instruments or on the current rates offered to the Company for debt of the same maturity. As at December 31, 2019, the Company's long-term debt instruments had a fair value of $889.1 (2018 - $653.7) and a carrying value of $869.8 (2018 - $631.6). As at December 31, 2019, the Company's interest rate swap had a carrying value equal to its fair value of $0.1 (2018 - $0.6) as described in Note 11.

The Company's contingent future trailing payments related to the acquisition of Elements Casino Chilliwack (formerly Chances Chilliwack) are recurring Level 3 financial instruments as they require management to make assumptions regarding the measurement of fair value using significant inputs that are not based on observable market data. As at December 31, 2019, the fair value and carrying value of the Company's contingent future trailing payments was $6.2 (2018 - $6.6), of which $0.7 (2018 - $0.8) was recorded in "other liabilities" and $5.4 (2018 – $5.7) was recorded in "deferred credits, provisions and other liabilities" on the Consolidated Statements of Financial Position.

The valuation technique used in the determination of the fair value measurement of contingent future trailing payments is the discounted cash flow approach. The valuation model considers the present value of the cash flows expected to be paid as trailing payments. The key unobservable inputs are the estimated future slot revenues at Elements Casino Chilliwack and the discount rate. The estimated fair value of this liability increases with higher estimated future slot revenues and lower discount rates. The calculation of the fair value of the contingent future trailing payments is performed by the Company annually and reviewed periodically.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 2 and Level 3 financial instruments during the period.

(Expressed in millions of Canadian dollars, except for per share information)

26. ACQUISITIONS

a) *Acquisition of non-controlling interests*

On November 4, 2019, the Company completed the acquisition of Clairvest Group Inc.'s ("Clairvest") ownership interests in both OGWGLP and OTG. As a result, the Company now owns 50% of OTG and 100% of OGWGLP.

Carrying amount of NCI acquired	$	34.1
Cash consideration paid		(51.8)
Decrease in equity attributable to shareholders of the Company	$	(17.7)

b) *GTA Gaming Bundle*

On January 23, 2018, OTG, a partnership in which the Company owned a 49% interest, signed a minimum 22-year term COSA with OLG. Under the business transition and asset purchase agreement ("TAPA"), OTG acquired certain of OLG's gaming assets in the GTA Gaming Bundle, related to OLG Slots at Woodbine (rebranded as Casino Woodbine), OLG Slots at Ajax Downs (rebranded as Casino Ajax), and Great Blue Heron Casino. The purchase price for such assets was $158.0, including working capital of $62.6, paid in cash.

The fair value of the identifiable assets acquired and liabilities assumed as at January 23, 2018 were as follows:

Assets acquired		
Cash	$	62.0
Prepaids, deposits and other assets		3.9
Property, plant and equipment (1)		84.7
Intangible assets (2)		10.7
Total assets acquired	$	161.3
Liabilities assumed		
Accounts payable and accrued liabilities	$	3.3
Total liabilities assumed		3.3
Net assets acquired	$	158.0

(1) Of the $84.7 of property, plant and equipment acquired, $42.5 was assigned to leasehold improvements and $42.2 was assigned to equipment.

(2) Intangible assets of $10.7 relate to the casino operating and services agreement with OLG which expires on March 31, 2040 and are amortized on a straight-line basis over that period.

On November 4, 2019, the Company acquired an additional 1% interest in OTG, as disclosed in Note 26(a).

(Expressed in millions of Canadian dollars, except for per share information)

26. ACQUISITIONS (Continued)

c) West GTA Gaming Bundle

On May 1, 2018, OGWGLP, a partnership in which the Company owned a 55% interest, signed a minimum 20-year term COSA with OLG to acquire certain gaming assets in the West GTA Gaming Bundle. Under the TAPA signed on December 18, 2017, and the Brantford lease agreement dated May 1, 2018, OGWGLP acquired certain gaming assets and leased real property from OLG in the West GTA Gaming Bundle, related to OLG Casino Brantford, OLG Slots at Mohawk Racetrack, OLG Slots at Flamboro Downs, and OLG Slots at Grand River Raceway, which have been repositioned to the Company's Elements Casino brand. The purchase price of the acquired assets and the prepaid rent on the leased real property totalled $121.6, including working capital of approximately $25.2, paid in cash.

The fair value of the identifiable assets acquired and liabilities assumed as at May 1, 2018 were as follows:

Assets acquired		
Cash	$	23.3
Prepaids, deposits and other assets		3.1
Property, plant and equipment(1)		68.8
Intangible assets(2)		27.6
Total assets acquired	$	122.8
Liabilities assumed		
Accounts payable and accrued liabilities	$	1.2
Total liabilities assumed		1.2
Net assets acquired	$	121.6

(1) Property, plant and equipment of $68.8 consists of $6.7 assigned to leasehold improvements, $24.6 assigned to equipment, and $37.5 assigned to leased real property, of which $5.2 was assigned to land and $32.3 was assigned to building and building improvements.

(2) Intangible assets of $27.6 relate to the casino operating and services agreement with OLG which expires on March 31, 2038 and are amortized on a straight-line basis over that period.

On November 4, 2019, the Company acquired the remaining 45% non-controlling interest in OGWGLP, as disclosed in Note 26(a).

d) 2018 revenues and net earnings of GTA Gaming Bundle and West GTA Gaming Bundle

Since the acquisitions, revenues from the GTA Gaming Bundle and West GTA Gaming Bundle to December 31, 2018 totaled $613.1 and net earnings from the GTA Gaming Bundle and West GTA Gaming Bundle to December 31, 2018 totaled $172.9.

e) 2018 annualized revenues and net earnings of GTA Gaming Bundle and West GTA Gaming Bundle

If both of the GTA Gaming Bundle and West GTA Gaming Bundle acquisitions occurred on January 1, 2018, management estimates that the Company's consolidated revenues and net earnings would have been $1,308.4 and $252.6, respectively, for the year ended December 31, 2018. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of the acquisitions would have been the same if the acquisitions had occurred on January 1, 2018.

(Expressed in millions of Canadian dollars, except for per share information)

27. DISCONTINUED OPERATIONS

On June 27, 2019, the Company sold all the shares of its wholly-owned subsidiary, GAGC, which represented the Company's U.S. region, for proceeds of $56.0 in U.S. dollars ($73.4 in Canadian dollars).

The operations of GAGC up to the date of sale have been classified as discontinued operations.

The following table presents the revenues and expenses of discontinued operations included in the Consolidated Statements of Earnings and Comprehensive Income:

		Year ended December, 31,		
(in Canadian dollars)		**2019**		2018
Revenues	**$**	**19.3**	$	41.2
Human resources		**(8.9)**		(19.8)
Property, marketing and administration		**(5.6)**		(13.0)
Other expenses[(1)]		**(1.4)**		(3.3)
Net earnings from operating activities	**$**	**3.4**	$	5.1
Gain on sale of discontinued operations		**53.6**		-
Income tax on gain on sale of discontinued operations		**(4.9)**		-
Net earnings attributable to discontinued operations	**$**	**52.1**	$	5.1
Shareholders' net earnings per common share				
Basic	**$**	**0.89**	$	0.09
Diluted	**$**	**0.87**	$	0.08

(1) Other expenses consist of amortization, business acquisition and restructuring, and income taxes from operations.

A gain of $53.6 arose on disposal of GAGC, being the difference between the proceeds on the sale of $73.4 less the net assets, attributable goodwill, and disposal costs of $19.8. Net cash proceeds of $65.2 comprised cash proceeds of $73.4, net of cash of $8.2 attributable to disposal costs and cash retained in the disposed business.

Net earnings attributable to discontinued operations of $52.1 for the year ended December 31, 2019 (2018 – $5.1) are attributable entirely to the shareholders of the Company.

28. SUBSEQUENT EVENT

On February 14, 2020, the Company filed an issuer bid circular, pursuant to which it will offer to purchase for cancellation up to $500.0 of its outstanding common shares from shareholders. The offer is expected to expire on March 20, 2020, unless otherwise extended or withdrawn. The Company plans to fund any purchases under the issuer bid with a combination of cash on hand and proceeds drawn on its senior secured revolving facility.

On March 2, 2020, the Company completed the amendment of its Senior Secured Credit Facilities agreement and increased the capacity on its revolving facility up to $550.0.

On March 2, 2020, the Company closed a senior unsecured debenture offering for proceeds of $180.0, less transaction costs of $7.4. The debenture offering includes an over-allotment option to increase proceeds by an additional $27.0, less applicable transaction costs, and will expire 30 days after the close date. The debentures will bear interest from the date of issuance at 5.25% per annum, payable semi-annually in arrears commencing June 30, 2020 and will mature on December 31, 2026.