



GREAT CANADIAN GAMING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Month Period Ended
March 31, 2019

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

TABLE OF CONTENTS

| | |
|---|----|
| INTRODUCTION..... | 1 |
| Basis of Discussion and Analysis..... | 1 |
| Non-IFRS Measures..... | 1 |
| Forward-Looking Information..... | 2 |
| Presentation of Financial Information under IFRS 16, <i>Leases</i> (“IFRS 16”)..... | 4 |
| FINANCIAL HIGHLIGHTS | 5 |
| BUSINESS DESCRIPTION | 7 |
| MAJOR DEVELOPMENTS..... | 8 |
| CONSOLIDATED RESULTS OF OPERATIONS | 10 |
| <i>Ontario</i> | 11 |
| <i>British Columbia</i> | 13 |
| <i>Atlantic</i> | 14 |
| <i>United States</i> | 15 |
| <i>Corporate & Other</i> | 16 |
| CONSOLIDATED QUARTERLY RESULTS TREND | 18 |
| LIQUIDITY AND CAPITAL RESOURCES | 19 |
| Financial Position..... | 20 |
| Cash Flows | 21 |
| Capital Resources | 21 |
| Capital Spending and Development..... | 22 |
| Litigation and Disputes | 22 |
| Commitments..... | 24 |
| Future Cash Requirements | 24 |
| OTHER FINANCIAL INFORMATION | 25 |
| SUPPLEMENTAL FINANCIAL INFORMATION | 29 |

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

INTRODUCTION

Basis of Discussion and Analysis

This management's discussion and analysis ("MD&A") of the financial highlights, major developments, consolidated results of operations, consolidated quarterly results trend, liquidity and capital resources, and other financial information of Great Canadian Gaming Corporation ("Great Canadian", the "Company", "GCGC", "we", "our") is dated as of May 5, 2019.

This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2019 ("Condensed Interim Financial Statements"), our audited consolidated financial statements for the year ended December 31, 2018 ("Annual Financial Statements"), our MD&A for the year ended December 31, 2018 and our Annual Information Form for the year ended December 31, 2018. The Condensed Interim Financial Statements are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Certain information and note disclosures normally included in the audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Standards Interpretation Committee ("IFRIC") have been omitted or condensed. Unless expressly stated otherwise, all financial information is expressed in Canadian dollars.

This MD&A is presented on a regional and/or consolidated basis as described (and defined) in the "Business Description" and "Consolidated Results of Operations" section of this document. Capitalized terms are either defined when they first appear.

Non-IFRS Measures

The following non-IFRS definitions are used in this MD&A because management believes that they provide useful information regarding our ongoing operations. Readers are cautioned that the definitions are not recognized measures under IFRS, do not have standardized meanings prescribed by IFRS, and should not be construed to be alternatives to revenues and net earnings determined in accordance with IFRS or as indicators of performance, liquidity or cash flows. Our method of calculating these measures may differ from the method used by other entities and accordingly our measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions.

Except as otherwise noted in this MD&A, Adjusted EBITDA 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 is derived from the Condensed Consolidated Statements of Earnings and Other Comprehensive Income, and can be computed as revenues less human resources expenses and property, marketing and administration expenses plus the share of profit of equity investments relating to principal operating entities. We believe Adjusted EBITDA is a useful measure because it provides information to management about the ongoing operating and financial performance of the Company and its ability to generate operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures. Adjusted EBITDA is also used by the investors and analysts for the purpose of valuing the Company. A reconciliation of Adjusted EBITDA to net earnings under IFRS is shown in the "Financial Highlights" section of this MD&A.

In order to view its operations on a more stand-alone basis based on its shareholders' proportionate interests in its Ontario partnerships, the Company has presented its Adjusted EBITDA attributable to the shareholders of the Company for the Ontario region. Adjusted EBITDA attributable to shareholders of the Company is Adjusted EBITDA, as defined above, less the non-controlling interest portion of Adjusted EBITDA.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

The following non-IFRS measures have common definitions in the gaming industry and provide both investors and management with indications of its business' operating volumes and the volatility inherent in the Company's casino games:

- Gross Gaming Revenues are the amounts wagered on gaming activities, less the payout or prizes won by customers, and comprises table hold, slot win and poker rake.
- Table drop means the collective amount of money customers pay to purchase casino chips to wager on table games, and is commonly computed as the aggregate amount of money counted in the table games' drop boxes.
- Table hold is calculated as the table drop plus or minus the net change in casino chip inventory.
- Table hold percentage is the ratio of table hold divided by table drop. Table hold percentage fluctuates with the statistical variations or volatility inherent in casino games, as well as with changes in customer behaviour around buying, retaining and cashing-in of casino chips.
- Slot coin-in is the aggregate amount of money customers have wagered on slots and other electronic gaming machines.
- Slot win is the slot coin-in less amounts cashed out and prizes won by customers.
- Slot win per machine per day ("Slot Win/Slot/Day") is the average daily slot win earned per slot machine, and is calculated as the slot win divided by the number of days in the period, divided by the average number of slot machines that operated during the period.
- Slot win percentage is the ratio of slot win divided by slot coin-in.

Forward-Looking Information

This MD&A contains certain "forward-looking information" or statements within the meaning of applicable securities legislation. Forward-looking information is based on the Company's current expectations, estimates, projections and assumptions that were made by the Company in light of historical trends and other factors. Forward-looking statements are frequently but not always identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "targeted", "planned", "possible" or similar expressions or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. All information or statements, other than statements of historical fact, are forward-looking information, including statements that address expectations, estimates or projections about the future, the Company's strategy for growth and objectives, expected future expenditures, costs, operating and financial results, expected impact of future commitments, the impact of conditions imposed on certain VIP players, the impact of unionization activities and labour organization, the Company's position on its claim against the British Columbia Lottery Corporation ("BCLC") with respect to the collection of marketing contributions, the Company's beliefs about the outcome of its notices of objection and subsequent appeals challenging the Canada Revenue Agency's reassessments and its tax position on its facility development commission prevailing, the Company's expected facility investment commission amounts and the Company's projected future investments to obtain facility investment commission, the terms and expected benefits of the normal course issuer bid, the Company's expected share of B.C. horse racing industry revenue in future years, the Company and its affiliates meeting threshold revenue growth amounts in the Ontario gaming industry in future years, the Company's projected timeline for future development, and expectations and implications of changes in legislation and government policies, volatile gaming holds, the effects of competition in the market and potential difficulties in employee retention and recruitment. Such forward-looking information is not a guarantee of future performance and may involve a number of risks and uncertainties.

Although forward-looking information is based on information and assumptions that the Company believes are current, reasonable and complete, they are subject to unknown risks, uncertainties, and a number of factors that could cause actual results to vary materially from those expressed or implied by such forward-looking information. Such factors may include, but are not limited to: compliance with the terms of new operating agreements with lottery corporations; changes to gaming laws and regulations that may impact the operating agreements; pending, proposed

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

or unanticipated regulatory or policy changes (including those related to anti-money laundering legislation or policy that may impact VIP play), volatile gaming holds, the effects of competition in the market; the development of properties in Ontario and transitioning of operations to the Company and affiliates; the Company's ability to obtain and renew required business licenses, leases, and operating agreements; unanticipated fines, sanctions and suspensions imposed on the Company by its regulators; impact of global liquidity and credit availability; actual and possible reassessments of the Company's prior tax filings by tax authorities; the results of the Company's notices of objection and subsequent appeals challenging reassessments received by the Canada Revenue Agency; the Company's tax position on its facility development commission prevailing; the results of the Company's litigation with BCLC; adverse tourism trends and further decreases in levels of travel, leisure and consumer spending; competition from established competitors and new entrants in the gaming business; dependence on key personnel; the timing and results of collective bargaining negotiations and potential labour disruption; adverse changes in the Company's labour relations; the Company's ability to manage its capital projects and its expanding operations in jurisdictions where it operates; the risk that systems, procedures and controls may not be adequate to meet regulatory requirements or to support current and expanding operations; potential undisclosed liabilities and capital expenditures associated with acquisitions; negative connotations linked to the gaming industry; the risk associated with partnership relationships; First Nations rights with respect to some land on which the Company conducts operations; future or current legal proceedings; construction disruptions; financial covenants associated with credit facilities and long-term debt; credit, liquidity and market risks associated with our financial instruments; interest and exchange rate fluctuations; demand for new products and services; fluctuations in operating results; economic uncertainty and financial market volatility; technology dependence; privacy breaches or data theft; integration of acquired properties in Ontario; and changes to anti-money laundering procedures and protocols including additional requirements for determining source of funds. The Company cautions that this list of factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These factors and other risks and uncertainties are discussed in the Company's continuous disclosure documents filed with the Canadian securities regulatory authorities from time to time, including in the "Risk Factors" section of the Company's Annual Information Form for fiscal 2018, and as identified in the Company's disclosure record on SEDAR at www.sedar.com.

The forward-looking information in documents incorporated by reference speaks only as of the date of those documents. The Company believes that the expectations reflected in forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. Readers are cautioned not to place undue reliance on the forward-looking information. The Company undertakes no obligation to revise forward-looking information to reflect subsequent events or circumstances except as required by law. The forward-looking information contained herein is made as of the date hereof, is subject to change after such date, and is expressly qualified in its entirety by cautionary statements in this MD&A.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

Presentation of Financial Information under IFRS 16, Leases ("IFRS 16")

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

In the "Supplemental Financial Information" section of this MD&A, the accounting impact of IFRS 16 for the three months ended March 31, 2019 is shown for the following financial information:

- Financial Highlights
- Adjusted EBITDA and Total Assets by Region
- Financial Position
- Cash Flows

Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most of its leases. Certain lease payments, which were previously recognized in "property, marketing and administration" expense, are now recorded against the lease liability as the payment occurs. Expenses for short-term leases, leases of low value assets, and variable lease payments based on performance or usage continue to be expensed in "property, marketing, and administration" expense. At each reporting period, the Company recognizes amortization expense related to its right-of-use assets and interest accretion on lease liabilities.

The details of the changes in accounting policies are disclosed in the "Other Financial Information" section of this MD&A.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

FINANCIAL HIGHLIGHTS

| | Three months ended March 31, | | |
|--|------------------------------|---------------------|--------------|
| | 2019 ⁽¹⁾ | 2018 | % Chg |
| Gaming revenues | \$ 272.6 | \$ 193.9 | 41% |
| Hospitality revenues | 24.8 | 22.0 | 13% |
| Racetrack, lease and other revenues | 14.7 | 14.6 | 1% |
| Revenues | 312.1 | 230.5 | 35% |
| Human resources | 110.3 | 74.5 | 48% |
| Property, marketing and administration | 90.8 | 67.7 | 34% |
| Share of profit of equity investment ⁽²⁾ | (0.6) | (0.6) | 0% |
| | 200.5 | 141.6 | 42% |
| Adjusted EBITDA ⁽³⁾ | \$ 111.6 | \$ 88.9 | 26% |
| Human resources as a % of Revenues | 35.3% | 32.3% | |
| Adjusted EBITDA as a % of Revenues | 35.8% | 38.6% | |
| Less: | | | |
| Amortization | 37.6 | 16.5 | |
| Share-based compensation | 3.7 | 2.2 | |
| Interest and financing costs, net | 22.2 | 8.9 | |
| Business acquisition, restructuring and other ⁽²⁾ | 1.9 | 5.5 | |
| Gain on sale of land | (6.6) | - | |
| Foreign exchange gain | (0.3) | (0.6) | |
| Income taxes | 11.3 | 11.1 | |
| Net earnings | \$ 41.8 | \$ 45.3 | (8%) |
| Net earnings attributable to: | | | |
| Shareholders of the company | \$ 32.6 | \$ 29.2 | |
| Non-controlling interests | 9.2 | 16.1 | |
| | \$ 41.8 | \$ 45.3 | (8%) |
| Shareholders' net earnings per common share | | | |
| Basic | \$ 0.55 | \$ 0.48 | |
| Diluted | \$ 0.53 | \$ 0.46 | |
| Weighted average number of common shares (in thousands) | | | |
| Basic | 58,765 | 60,969 | |
| Diluted | 60,990 | 62,817 | |
| | March 31, | December 31, | |
| | 2019 | 2018 | % Chg |
| Cash | \$ 304.0 | \$ 336.8 | (10%) |
| Total assets | \$ 2,557.3 | \$ 1,601.8 | 60% |
| Long-term debt | \$ 603.9 | \$ 631.6 | (4%) |

⁽¹⁾ 2019 financial results reflect the adoption of IFRS 16, as discussed in the "Presentation of Financial Information under IFRS 16" section of this MD&A.

⁽²⁾ In calculating Adjusted EBITDA for the three months ended March 31, 2018, "share of profit of equity investment" does not include the loss of \$0.6 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 \$0.6 has been classified under "business acquisition, restructuring and other" instead.

⁽³⁾ Adjusted EBITDA is a non-IFRS measure as defined in the "Non-IFRS Measures" section of this MD&A.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

Revenues

For the three months ended March 31, 2019, the Company recorded revenues of \$312.1, an \$81.6 or 35% increase from the same period in the prior year. The increase was primarily attributable to a full quarter of operations from the West Greater Toronto Area Gaming Bundle ("West GTA Gaming Bundle") and 22 additional operating days from the Greater Toronto Area Gaming Bundle ("GTA Gaming Bundle"), and the addition of live table games at Casino Woodbine. Revenues also increased from the East Gaming Bundle due to the additional revenues from Shorelines Casino Peterborough, which opened on October 15, 2018 and Shorelines Slots at Kawartha Downs, which re-opened under agreed terms on December 19, 2018. The increase in revenues was partially offset by extreme winter conditions in the first quarter of 2019, which had a negative impact on guest attendance at the Ontario gaming facilities.

Adjusted EBITDA

For the three months ended March 31, 2019, Adjusted EBITDA was \$111.6, a \$22.7 or 26% increase from the same period in the prior year. The increase is primarily due to a \$20.8 accounting impact from the adoption of IFRS 16 as well as contributions from the GTA Gaming Bundle.

Shareholders' net earnings

Shareholders' net earnings of \$32.6 for the three months ended March 31, 2019 increased by \$3.4, when compared to the same period in the prior year, primarily due to the gain on sale of land in the first quarter of 2019, partially offset by the net effect of adopting IFRS 16, which reduced net earnings.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

BUSINESS DESCRIPTION

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

| Entity | Abbreviation | Location of operations | Ownership interest |
|--|--------------|------------------------|--------------------|
| Flamboro Downs Limited | FDL | Ontario | 100% |
| Georgian Downs Limited | GDL | Ontario | 100% |
| Ontario Gaming East Limited Partnership | OGELP | Ontario | 90.5% |
| Ontario Gaming GTA Limited Partnership (doing business as One Toronto Gaming) | OTG | Ontario | 49% |
| Ontario Gaming West GTA Limited Partnership | OGWGLP | Ontario | 55% |
| Chilliwack Gaming Ltd. | CGL | British Columbia | 100% |
| Great Canadian Casinos Inc. | GCCI | British Columbia | 100% |
| Great Canadian Entertainment Centres Ltd. | GCEC | British Columbia | 100% |
| Hastings Entertainment Inc. | HEI | British Columbia | 100% |
| Orangeville Raceway Limited | ORL | British Columbia | 100% |
| Great Canadian Gaming (New Brunswick) Ltd. | GCGNB | New Brunswick | 100% |
| Metropolitan Entertainment Group | MEG | Nova Scotia | 100% |
| Great American Gaming Corporation | GAGC | Washington | 100% |

Under these principal operating entities, the Company operated 28 gaming, entertainment and hospitality facilities in four regions: Ontario, B.C., Atlantic, and U.S.:

| Ontario | British Columbia | Atlantic | United States |
|---|------------------------------|----------------------------|--------------------------------|
| <u>OTG</u> | <u>GCCI</u> | <u>GCGNB</u> | <u>GAGC</u> |
| Casino Woodbine | River Rock Casino Resort | Casino New Brunswick | Great American Casino Everett |
| Casino Ajax | Hard Rock Casino Vancouver | | Great American Casino Lakewood |
| Great Blue Heron Casino | Elements Casino Victoria | <u>MEG</u> | Great American Casino Tukwila |
| | Casino Nanaimo | Casino Nova Scotia Halifax | |
| <u>OGWGLP</u> | Bingo Esquimalt | Casino Nova Scotia Sydney | |
| Elements Casino Mohawk | | | |
| Elements Casino Brantford | <u>ORL</u> | | |
| Elements Casino Flamboro ⁽¹⁾ | Elements Casino Surrey | | |
| Elements Casino Grand River | | | |
| | <u>CGL</u> | | |
| <u>OGELP</u> | Chances Chilliwack | | |
| Shorelines Casino Peterborough | | | |
| Shorelines Casino Belleville | <u>GCEC</u> | | |
| Shorelines Casino Thousand Islands | Chances Dawson Creek | | |
| Shorelines Slots at Kawartha Downs | Chances Maple Ridge | | |
| | | | |
| <u>FDL</u> | <u>HEI</u> | | |
| Flamboro Downs Racetrack ⁽¹⁾ | Hastings Racecourse & Casino | | |
| | | | |
| <u>GDL</u> | | | |
| Georgian Downs Racetrack | | | |

⁽¹⁾ Elements Casino Flamboro and Flamboro Downs Racetrack operate in the same location, and together, they are considered one gaming facility.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

MAJOR DEVELOPMENTS

Ontario

GTA Gaming Bundle

Key development initiatives of the GTA Gaming Bundle include the transformation of Casino Woodbine into an international destination casino resort, the development of a world-class casino resort in the Durham region located in Pickering Ontario, and a new building addition at Great Blue Heron Casino. The developments will also see expanded gaming offerings, renovations to the existing gaming floors, and integration of the gaming facilities with horse racing operations. In addition to expanded gaming, the Company intends to add a mix of premium hospitality and entertainment amenities at these properties to create resort destinations that will serve as hubs for locals and tourists.

Great Blue Heron Casino opened its new building addition on January 23, 2019 to expand the gaming floor, which introduced over 200 new slot machines and a new food and beverage option.

On April 24, 2019, the Company announced that it had completed agreements with the Ontario Lottery and Gaming Corporation ("OLG") and the owners of Ajax Downs allowing for the continued operation of Casino Ajax in the GTA Gaming Bundle, effective upon the opening of the casino resort property currently under development in Pickering, Ontario. Under the agreement, the Company reached terms with OLG to establish a new gaming zone for Casino Ajax and to provide typical allowances for the on-going operating costs and capital requirements. No changes were made to the pre-established threshold amounts for the GTA Gaming Bundle, and a prescribed mechanism was established to adjust for potential delays in property development plans and associated growth of gaming revenues. The agreement also provides for an additional 10 years to be added to the existing extension in the Casino Operating and Services Agreement, based on certain conditions being met. The ability for a new gaming facility to be developed and operated within the GTA remains unchanged.

The Company also completed a 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. As part of the new lease, the owners of Ajax Downs have been granted the ability to reconfigure certain areas of the property for any future development opportunities they would like to pursue.

West GTA Gaming Bundle

Key development initiatives of the West GTA Gaming Bundle include the development of full service casino resorts integrated with horse racing operations, renovations to the existing gaming floors, and expanded gaming offerings. The Company also intends to add an appropriate mix of gaming, hospitality and entertainment at these properties to deliver exceptional guest experiences within its respective markets.

During the first quarter of 2019, Elements Casino Mohawk and Elements Casino Grand River added approximately 290 slot machines and 190 slot machines, respectively.

Elements Casino Mohawk is expected to launch expanded gaming in the second quarter of 2019, and will feature approximately 1,500 slot machines and 60 table games once renovations are complete.

The Company has experienced delays in the execution of its development and related operational plans for the West GTA Gaming Bundle, which has negatively impacted revenue and profitability expectations of the bundle. Due to delays at Elements Casino Mohawk and Elements Casino Flamboro related to required approvals and negotiations with third parties to expand facilities, construction plans commenced later than originally anticipated. In connection with these delays, the Company was unable to fully launch a comprehensive marketing plan to introduce the new gaming and hospitality amenities to their respective markets, which is integral to driving new revenues in the bundle. Despite the lack of supporting amenities and marketing, management remained optimistic that the initial launch of table games at Mohawk and Flamboro in December 2018 would be well received in their respective markets; however, the ramp up period has been slower than anticipated. All key approvals for the initial developments have now been received, allowing the Company to proceed with its construction plans.

United States

On April 26, 2019, the Company announced an agreement to sell its subsidiary Great American Gaming Corporation for proceeds of \$56.0 (in U.S. dollars).

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

LABOUR RELATIONS

As at March 31, 2019, the Company employed unionized employees at 14 of its properties. Below is a summary of the union related activities during 2019:

Ontario

The bargaining unit representing security team members at Elements Casino Flamboro voted on February 26, 2019 in favour of being represented by United Steelworkers.

Great Blue Heron and the United Steelworkers had a collective agreement effective until April 21, 2019. Bargaining commenced in April 2019 and is ongoing.

Casino Woodbine and the Public Service Alliance of Canada had a collective agreement effective until March 31, 2019. Bargaining is expected to commence in June 2019.

Shorelines Slots at Kawartha Downs and the Service Employees International Union had a collective agreement effective until May 15, 2018. Notice to Bargain has been received and bargaining dates are pending.

British Columbia

Hastings Racecourse & Casino and Unite Here, Local 40, had a collective agreement effective until June 30, 2016. Bargaining commenced in October 2018 and is ongoing.

Nova Scotia

Casino Nova Scotia Halifax and the Service Employees International Union, Local 902, reached a new collective agreement, ratified on March 1, 2019, for a three-year term from February 1, 2018 to January 31, 2021.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

CONSOLIDATED RESULTS OF OPERATIONS

The Company's operating results are discussed on a regional basis as follows:

| | Three months ended March 31, | | |
|---------------------------------------|------------------------------|-----------------|------------|
| | 2019 ⁽¹⁾ | 2018 | % Chg |
| REVENUES | | | |
| Ontario | \$ 195.5 | \$ 114.4 | 71% |
| British Columbia | 85.5 | 85.0 | 1% |
| Atlantic | 21.8 | 21.1 | 3% |
| United States | 9.3 | 10.0 | (7%) |
| Total Revenues | \$ 312.1 | \$ 230.5 | 35% |
| ADJUSTED EBITDA ⁽²⁾ | | | |
| Ontario | \$ 77.3 | \$ 50.6 | 53% |
| British Columbia | 35.0 | 35.5 | (1%) |
| Atlantic | 6.3 | 5.9 | 7% |
| United States | 2.3 | 1.4 | 64% |
| Corporate & Other | (9.3) | (4.5) | (107%) |
| Total Adjusted EBITDA | \$ 111.6 | \$ 88.9 | 26% |

⁽¹⁾ 2019 financial results reflect the adoption of IFRS 16, as discussed in the "Presentation of Financial Information under IFRS 16" section of this MD&A.

⁽²⁾ Adjusted EBITDA is a non-IFRS measure defined in the "Non-IFRS Measures" section of this MD&A.

Refer to the "Business Description" section of this MD&A for a list of properties under each of the regions.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

Ontario

| | Three months ended March 31, | | |
|--|------------------------------|----------|-------|
| | 2019 ⁽¹⁾ | 2018 | % Chg |
| Gaming revenues | \$ 181.0 | \$ 102.5 | 77% |
| Hospitality revenues | 5.9 | 3.9 | 51% |
| Racetrack, lease and other revenues | 8.6 | 8.0 | 8% |
| Revenues | 195.5 | 114.4 | 71% |
| Human resources | 61.4 | 28.3 | 117% |
| Property, marketing and administration | 56.8 | 35.5 | 60% |
| Adjusted EBITDA | \$ 77.3 | \$ 50.6 | 53% |
| Human resources as a % of Revenues | 31.4% | 24.7% | |
| Adjusted EBITDA as a % of Revenues | 39.5% | 44.2% | |

⁽¹⁾ 2019 financial results reflect the adoption of IFRS 16, as discussed in the "Presentation of Financial Information under IFRS 16" section of this MD&A.

| | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 | Q1 2018 | Q4 2017 | Q3 2017 | Q2 2017 | Average |
|----------------------------------|------------|------------|------------|------------|------------|----------|----------|----------|---------|
| Table Drop | \$ 486.7 | \$ 475.2 | \$ 282.1 | \$ 178.6 | \$ 90.5 | \$ 16.3 | \$ 18.5 | \$ 18.4 | |
| Table Hold | \$ 99.6 | \$ 89.7 | \$ 54.9 | \$ 35.5 | \$ 19.9 | \$ 3.7 | \$ 3.5 | \$ 3.8 | |
| Table Hold % | 20.5% | 18.9% | 19.5% | 19.9% | 22.0% | 22.8% | 19.1% | 20.4% | 19.8% |
| Slot Coin-In | \$ 5,808.7 | \$ 6,324.5 | \$ 6,657.3 | \$ 5,923.4 | \$ 3,692.8 | \$ 476.6 | \$ 558.5 | \$ 525.8 | |
| Slot Win | \$ 395.2 | \$ 434.2 | \$ 451.4 | \$ 402.4 | \$ 245.7 | \$ 38.7 | \$ 45.3 | \$ 43.4 | |
| Slot Win/Slot/Day ⁽¹⁾ | \$ 442 | \$ 498 | \$ 556 | \$ 576 | \$ 577 | \$ 286 | \$ 332 | \$ 323 | |
| Slot Win % | 6.8% | 6.9% | 6.8% | 6.8% | 6.7% | 8.1% | 8.1% | 8.3% | 6.9% |

⁽¹⁾ Slot Win/Slot/Day is an average, presented in dollars.

Recent Developments

On January 23, 2019, Great Blue Heron Casino opened its new building addition to expand the gaming floor, which introduced over 200 new slot machines and a new food and beverage option.

The Company has experienced delays in the execution of its development and related operational plans for the West GTA Gaming Bundle, as discussed in the "Major Developments" section of this MD&A.

Revenues

Revenues increased by \$81.1 or 71% for the three months ended March 31, 2019, when compared to the same period in 2018, due to a full quarter of operations from the West GTA Gaming Bundle, 22 additional operating days from the GTA Gaming Bundle, and the addition of live table games at Casino Woodbine. Revenues also increased from the East Gaming Bundle due to the additional revenues from Shorelines Casino Peterborough, which opened on October 15, 2018, and Shorelines Slots at Kawartha Downs, which re-opened under agreed terms on December 19, 2018. The increase in revenues was partially offset by extreme winter conditions in the first quarter of 2019, which had a negative impact on guest attendance at the Ontario gaming facilities.

Expenses

Human resources expenses and property, marketing, and administration expenses increased in the three months ended March 31, 2019, when compared to the same period in 2018, primarily due to the acquisitions of the GTA Gaming Bundle and the West GTA Gaming Bundle.

The increase in human resource expenses was also due to the addition of live table games at Casino Woodbine, Elements Casino Mohawk, and Elements Casino Flamboro.

The increase in property, marketing, and administration expenses was partially offset by a decrease of \$20.6 related to the accounting impact of IFRS 16, as discussed in the "Presentation of Financial Information under IFRS 16" section of this MD&A.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

Adjusted EBITDA

Adjusted EBITDA increased by \$26.7 or 53% for the three months ended March 31, 2019, when compared to the same period in 2018, primarily due to the accounting impact of IFRS 16 and 22 additional operating days from the GTA Gaming Bundle, partially offset by extreme weather conditions in the first quarter of 2019.

The Company's Ontario partnerships, OTG, OGWGLP, and OGELP, have non-controlling interests. Adjusted EBITDA attributable to the shareholders of the Company, as defined in the "Non-IFRS Measures" section of this MD&A, is presented below:

| | Three months ended March 31, | | |
|---|------------------------------|---------|-------|
| | 2019 | 2018 | % Chg |
| Adjusted EBITDA | \$ 77.3 | \$ 50.6 | 53% |
| Less: non-controlling interests' portion of Adjusted EBITDA | (31.9) | (21.5) | (48%) |
| Adjusted EBITDA attributable to the shareholders of the Company | \$ 45.4 | \$ 29.1 | 56% |

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

British Columbia

| | Three months ended March 31, | | |
|--|------------------------------|---------|-------|
| | 2019 ⁽¹⁾ | 2018 | % Chg |
| Gaming revenues | \$ 66.5 | \$ 66.2 | 0% |
| Hospitality revenues | 13.9 | 13.1 | 6% |
| Racetrack and other revenues | 5.1 | 5.7 | (11%) |
| Revenues | 85.5 | 85.0 | 1% |
| Human resources | 30.9 | 31.0 | 0% |
| Property, marketing and administration | 20.2 | 19.1 | 6% |
| Share of profit of equity investment | (0.6) | (0.6) | 0% |
| Adjusted EBITDA | \$ 35.0 | \$ 35.5 | (1%) |
| Human resources as a % of Revenues | 36.1% | 36.5% | |
| Adjusted EBITDA as a % of Revenues | 40.9% | 41.8% | |

⁽¹⁾ 2019 financial results reflect the adoption of IFRS 16, as discussed in the "Presentation of Financial Information under IFRS 16" section of this MD&A.

| | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 | Q1 2018 | Q4 2017 | Q3 2017 | Q2 2017 | Average |
|----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|---------|
| Table Drop | \$ 282.8 | \$ 297.9 | \$ 299.6 | \$ 276.3 | \$ 322.9 | \$ 355.2 | \$ 398.9 | \$ 378.5 | |
| Table Hold | \$ 53.8 | \$ 55.0 | \$ 53.3 | \$ 52.9 | \$ 55.0 | \$ 59.2 | \$ 59.3 | \$ 64.2 | |
| Table Hold % | 19.0% | 18.5% | 17.8% | 19.1% | 17.0% | 16.7% | 14.9% | 17.0% | 17.3% |
| Slot Coin-In | \$ 2,129.4 | \$ 2,159.7 | \$ 2,163.4 | \$ 2,180.9 | \$ 2,131.1 | \$ 2,055.2 | \$ 2,166.3 | \$ 2,143.2 | |
| Slot Win | \$ 148.3 | \$ 150.3 | \$ 151.3 | \$ 150.4 | \$ 145.3 | \$ 139.2 | \$ 149.0 | \$ 146.1 | |
| Slot Win/Slot/Day ⁽¹⁾ | \$ 322 | \$ 320 | \$ 325 | \$ 328 | \$ 336 | \$ 345 | \$ 352 | \$ 349 | |
| Slot Win % | 7.0% | 7.0% | 7.0% | 6.9% | 6.8% | 6.8% | 6.9% | 6.8% | 6.9% |

⁽¹⁾ Slot Win/Slot/Day is an average, presented in dollars.

Revenues

Gaming revenues for the three months ended March 31, 2019 were relatively consistent when compared to the same period in 2018. Table Drop decreased mainly due to lower VIP play at River Rock Casino Resort and Hard Rock Casino Vancouver, partially offset by a higher Table Hold percentage.

Hospitality revenues increased for the three months ended March 31, 2019 when compared to the same period in 2018, primarily due to new food and beverage outlets available at Elements Casino Victoria, which were added on May 5, 2018.

Racetrack and other revenues for the three months ended March 31, 2019 decreased for the three months ended March 31, 2019, when compared to the same period in 2018, primarily due to a one-time bonus commission from BCLC received in the first quarter of 2018 for meeting defined marketing incentive targets.

Expenses

Human resource expenses for the three months ended March 31, 2019 were relatively consistent when compared to the same period in 2018.

Property, marketing and administration expenses increased during the three months ended March 31, 2019, when compared to the same period in 2018, due to a new promotional program introduced at Elements Casino Victoria. Property, marketing and administration expenses also increased partly due to higher occupancy costs and food and beverage operating costs associated with the expansion of Elements Casino Victoria, which was completed on May 5, 2018.

Adjusted EBITDA

Adjusted EBITDA decreased for the three months ended March 31, 2018, when compared to the same period in 2018, primarily due to increased property, marketing and administration expenses, partially offset by an increase in hospitality revenues.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

Atlantic

| | Three months ended March 31, | | |
|--|------------------------------|---------|-------|
| | 2019 ⁽¹⁾ | 2018 | % Chg |
| Gaming revenues | \$ 16.9 | \$ 16.3 | 4% |
| Hospitality revenues | 4.1 | 3.9 | 5% |
| Other revenues | 0.8 | 0.9 | (11%) |
| Revenues | 21.8 | 21.1 | 3% |
| Human resources | 7.1 | 7.2 | (1%) |
| Property, marketing and administration | 8.4 | 8.0 | 5% |
| Adjusted EBITDA | \$ 6.3 | \$ 5.9 | 7% |
| Human resources as a % of Revenues | 32.6% | 34.1% | |
| Adjusted EBITDA as a % of Revenues | 28.9% | 28.0% | |

⁽¹⁾ 2019 financial results reflect the adoption of IFRS 16, as discussed in the "Presentation of Financial Information under IFRS 16" section of this MD&A.

| | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 | Q1 2018 | Q4 2017 | Q3 2017 | Q2 2017 | Average |
|----------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|---------|
| Table Drop | \$ 23.7 | \$ 24.5 | \$ 25.1 | \$ 23.2 | \$ 21.6 | \$ 23.9 | \$ 24.4 | \$ 22.9 | |
| Table Hold | \$ 4.6 | \$ 5.4 | \$ 5.0 | \$ 4.6 | \$ 4.5 | \$ 4.9 | \$ 4.9 | \$ 4.7 | |
| Table Hold % | 19.6% | 22.3% | 20.0% | 19.9% | 21.1% | 20.4% | 20.1% | 20.7% | 20.4% |
| Slot Coin-In | \$ 321.7 | \$ 331.7 | \$ 392.0 | \$ 352.0 | \$ 310.1 | \$ 357.8 | \$ 416.6 | \$ 366.3 | |
| Slot Win | \$ 28.1 | \$ 27.9 | \$ 34.0 | \$ 30.4 | \$ 27.2 | \$ 29.6 | \$ 34.1 | \$ 30.0 | |
| Slot Win/Slot/Day ⁽¹⁾ | \$ 206 | \$ 204 | \$ 248 | \$ 228 | \$ 207 | \$ 221 | \$ 256 | \$ 231 | |
| Slot Win % | 8.7% | 8.4% | 8.7% | 8.6% | 8.8% | 8.3% | 8.2% | 8.2% | 8.5% |

⁽¹⁾ Slot Win/Slot/Day is an average, presented in dollars

Revenues

Gaming revenues increased for the three months ended March 31, 2019, when compared to the same period in 2018, primarily due to increased Slot Coin-In at Casino Nova Scotia Halifax and Casino New Brunswick.

Hospitality and other revenues for the three months ended March 31, 2019 remained relatively consistent when compared to the same period in 2018.

Expenses

Human resources expenses for the three months ended March 31, 2019 remained relatively consistent when compared to the same period in 2018.

Property, marketing and administration expenses increased for the three months ended March 31, 2019, when compared to the same period in 2018, due to higher entertainment and marketing costs at Casino New Brunswick.

Adjusted EBITDA

Adjusted EBITDA increased by 7% for the three months ended March 31, 2019 when compared to the same period in 2018. The increase was primarily due to the improvement in gaming revenues.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

United States

| <i>Results in U.S. Dollars (in millions)</i> | Three months ended March 31, | | |
|--|------------------------------|--------|--------|
| | 2019 | 2018 | % Chg |
| Gaming revenues | \$ 6.2 | \$ 7.0 | (11%) |
| Hospitality revenues | 0.7 | 0.7 | 0% |
| Other revenues | 0.2 | 0.1 | (100%) |
| Revenues | 7.1 | 7.8 | (9%) |
| Human resources | 3.2 | 4.0 | (20%) |
| Property, marketing and administration | 2.1 | 2.7 | (22%) |
| Adjusted EBITDA | \$ 1.8 | \$ 1.1 | 64% |
| Human resources as a % of Revenues | 45.1% | 51.3% | |
| Adjusted EBITDA as a % of Revenues | 25.4% | 14.1% | |

| | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 | Q1 2018 | Q4 2017 | Q3 2017 | Q2 2017 | Average |
|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Table Drop | \$ 38.3 | \$ 43.4 | \$ 43.8 | \$ 48.2 | \$ 47.6 | \$ 46.7 | \$ 43.1 | \$ 42.9 | |
| Table Hold | \$ 6.1 | \$ 7.1 | \$ 7.0 | \$ 6.9 | \$ 7.0 | \$ 7.0 | \$ 6.3 | \$ 7.0 | |
| Table Hold % | 16.0% | 16.4% | 15.9% | 14.3% | 14.9% | 14.9% | 14.5% | 16.2% | 15.4% |

| <i>Results in Canadian Dollars</i> | Three months ended March 31, | | |
|------------------------------------|------------------------------|---------|-------|
| | 2019 | 2018 | % Chg |
| Revenues | \$ 9.3 | \$ 10.0 | (7%) |
| Adjusted EBITDA | \$ 2.3 | \$ 1.4 | 64% |

Discussion in U.S. Dollars

The value of the Great American Casinos' functional currency, the U.S. dollar, in comparison to the Company's reporting currency, the Canadian dollar, affects the reported results of the Great American Casinos. The average value of the Canadian dollar in comparison to the U.S. dollar was 5% lower in the three months ended March 31, 2019, when compared to the same period in 2018, which resulted in an increase in the Canadian dollar translation of the operating results.

Revenues

Revenues decreased for the three months ended March 31, 2019, when compared to the same period in 2018, primarily due to the closure of Great American Casino Des Moines in November 2018 and a lower Table Hold due to reduced Table Drop at Great American Casino Tukwila.

Expenses

Human resource expenses and property, marketing and administration expenses decreased for the three months ended March 31, 2019, when compared to the same period in 2018, primarily due to the closure of Great American Casino Des Moines in November 2018.

Adjusted EBITDA

Adjusted EBITDA increased by 64% for the three months ended March 31, 2019, when compared to the same period in 2018, primarily due to the closure of Great American Casino Des Moines.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

Corporate & Other

| | Three months ended March 31, | | |
|--|------------------------------|----------|--------|
| | 2019 | 2018 | % Chg |
| Human resources | \$ 6.7 | \$ 2.9 | 131% |
| Property, marketing and administration | 2.6 | 1.6 | 63% |
| Adjusted EBITDA | \$ (9.3) | \$ (4.5) | (107%) |

Adjusted EBITDA

Human resource expenses increased for the three months ended March 31, 2019, when compared to the same period in 2018, primarily due to additional resources required to support the Company's expanding operations.

Property, marketing and administration expenses increased for the three months ended March 31, 2019, when compared to the same period in 2018. The increases were mainly a result of additional professional services incurred and increased licenses and subscriptions.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

Discussion of Items Excluded from Adjusted EBITDA

| | Three months ended March 31, | | |
|---|------------------------------|----------------|-------------|
| | 2019 | 2018 | % Chg |
| Adjusted EBITDA | \$ 111.6 | \$ 88.9 | 26% |
| Amortization | 37.6 | 16.5 | |
| Share-based compensation | 3.7 | 2.2 | |
| Interest and financing costs, net | 22.2 | 8.9 | |
| Business acquisition, restructuring and other | 1.9 | 5.5 | |
| Gain on sale of land | (6.6) | - | |
| Foreign exchange gain | (0.3) | (0.6) | |
| Income taxes | 11.3 | 11.1 | |
| Net earnings | \$ 41.8 | \$ 45.3 | (8%) |

Amortization

Amortization increased by \$21.1 for the three months ended March 31, 2019, when compared to the same period in 2018, primarily due to \$14.2 additional amortization from right-of-use assets recognized at January 1, 2019 as a result of adopting IFRS 16. Amortization also increased due to a higher amount of property, plant, and equipment at March 31, 2019 when compared to the same period in 2018, primarily due to the Company's acquisition of the gaming assets in the GTA Gaming Bundle on January 23, 2018 and the West GTA Gaming Bundle on May 1, 2018, as well as capital investments made to expand gaming capacity in Ontario during the second half of 2018.

Share-Based Compensation

Share-based compensation of \$3.7 in the three months ended March 31, 2019, comprised of equity-settled share-based compensation of \$1.8 (2018 - \$2.2) and cash-settled share-based compensation of \$1.9 (2018 - \$nil). Equity-settled share-based compensation for the three months ended March 31, 2019 decreased due to a lower number of options vested in 2019. Cash-settled share-based compensation for the three months ended March 31, 2019 was higher due to an increase in value of the underlying share price and a higher number of Cash Restricted Share Units vesting since inception in March 2018.

Interest and Financing Costs, net

Interest and financing costs, net of interest income, increased for the three months ended March 31, 2019, when compared to the same period in 2018, primarily due to \$12.4 of interest accretion on lease liabilities recognized at January 1, 2019 as a result of adopting IFRS 16. Interest expense on the non-recourse revolving and capital expenditures facilities of OTG and the non-recourse revolving credit facility of OGWGLP, which were entered into on March 6, 2018 and April 30, 2018, respectively, were higher as draws on these facilities were outstanding for the full quarter of 2019. The increases were partially offset by lower borrowing costs on the Senior Secured Credit Facilities of GCGC after the redemption of the 6.625% \$450.0 Senior Unsecured Notes in the fourth quarter of 2018.

Business Acquisition, Restructuring and Other

Business acquisition, restructuring and other of \$1.9 for three months ended March 31, 2019 consisted primarily of restructuring costs related to severance payments for redundant positions due to the integration of the GTA Gaming Bundle. Business acquisition, restructuring and other of \$5.5 for three months ended March 31, 2018 consisted primarily of development and restructuring costs related to the acquisition of the GTA Gaming Bundle and \$0.6 equity loss from OGWGLP.

Gain on Sale of Land

Gain on sale of land for the three months ended March 31, 2019 was related to the sale of a parcel of vacant land in B.C. that was sold for proceeds of \$15.9, resulting in a gain of \$6.6, net of associated disposal costs.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

Foreign Exchange Gain

Foreign exchange gain decreased by \$0.3 for the three months ended March 31, 2019, when compared to the same period in 2018, primarily due to unrealized foreign exchange on revaluation of U.S. dollar denominated monetary balances.

Income Taxes

Income taxes for the three months ended March 31, 2019 were relatively consistent when compared to the same period in 2018.

Income tax expense from OTG, OGWGLP, and OGELP only includes the Company's share of corporate income tax based on its 49%, 55%, and 90.5% share of OTG's, OGWGLP's, and OGELP's taxable income respectively.

CONSOLIDATED QUARTERLY RESULTS TREND

| | Q1 2019 ⁽¹⁾ | Q4 2018 | Q3 2018 | Q2 2018 | Q1 2018 | Q4 2017 | Q3 2017 | Q2 2017 |
|---|------------------------|----------|----------|----------|----------|----------|----------|----------|
| Revenues | \$ 312.1 | \$ 342.0 | \$ 343.2 | \$ 305.3 | \$ 230.5 | \$ 151.0 | \$ 159.6 | \$ 161.0 |
| Adjusted EBITDA | \$ 111.6 | \$ 120.3 | \$ 140.6 | \$ 124.6 | \$ 88.9 | \$ 49.2 | \$ 62.7 | \$ 62.8 |
| Adjusted EBITDA as a % of Revenues | 35.8% | 35.2% | 41.0% | 40.8% | 38.6% | 32.6% | 39.3% | 39.0% |
| Shareholders' net earnings | \$ 32.6 | \$ 27.4 | \$ 52.6 | \$ 42.0 | \$ 29.2 | \$ 12.9 | \$ 26.9 | \$ 26.7 |
| Shareholders' net earnings per common share | | | | | | | | |
| Basic | \$ 0.55 | \$ 0.46 | \$ 0.86 | \$ 0.69 | \$ 0.48 | \$ 0.21 | \$ 0.44 | \$ 0.43 |
| Diluted | \$ 0.53 | \$ 0.44 | \$ 0.82 | \$ 0.66 | \$ 0.46 | \$ 0.21 | \$ 0.43 | \$ 0.43 |

⁽¹⁾ Q1 2019 reflects the accounting impact of IFRS 16, as discussed in the "Presentation of Financial Information under IFRS 16" section of this MD&A. Previous quarters were not restated for the adoption of IFRS 16.

Revenues decreased in the first quarter of 2019, when compared to the fourth quarter of 2018, primarily due to extreme winter conditions experienced in Ontario, which negatively impacted guest attendance at the Ontario gaming facilities. Revenues generally increased in each quarter of 2018, when compared to the same quarter in the prior period, due to the acquisitions of the GTA Gaming Bundle and the West GTA Gaming Bundle.

The second and third quarters typically generate higher revenues than the first and fourth quarters due to peak tourist seasons and improved weather conditions impacting player attendance. Higher patron attendance is also observed on key holidays such as Christmas, New Year's Eve and Chinese New Year.

Adjusted EBITDA generally changes as a result of a changes in revenues. Adjusted EBITDA decreased in the first quarter of 2019, when compared to the fourth quarter of 2018, due to the decrease in revenues noted above, partially offset by decreased property, marketing, and administration expenses of \$20.8 as a result of adopting IFRS 16.

Shareholders' net earnings trend reflects the items noted above. In the first quarter of 2019, the increase in shareholders' net earnings, when compared to the fourth quarter of 2018, included the gain on sale of land, partially offset by increases in amortization expense and interest and financing costs, net, due to the recognition of right-of-use assets and lease liabilities at January 1, 2019 related to the adoption of IFRS 16.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

LIQUIDITY AND CAPITAL RESOURCES

The Company manages liquidity risks by closely monitoring its capital structure and operating costs, regularly monitoring forecast and actual cash flows, taking a conservative approach to capital investment, managing the maturity profiles of financial assets and financial liabilities and maintaining credit capacity within its credit facilities. Details of the Company's long-term debt are disclosed in Note 6 of the Condensed Interim Consolidated Financial Statements.

As at March 31, 2019, the Company had:

- Cash of \$304.0, a decrease of \$32.8 since December 31, 2018, as further discussed in the "Cash Flows" section of this MD&A.
- Accounts receivable of \$79.5, of which the majority were due from the Provincial Crown corporations, federal government, and racetrack operators.
- Low exposure to foreign currency exchange rate movements since it has relatively low levels of foreign denominated assets and liabilities.
- \$397.0 of available credit on the Senior Secured Credit Facilities of GCGC, subject to compliance with the related financial covenants.
- \$907.1 of available credit under OTG's Non-recourse Revolving and Capital Expenditures Credit Facilities, subject to verified construction draws under the credit agreement and equity commitments as applicable.
- \$151.0 of available credit under OGWGLP's Non-recourse Revolving Credit Facility, subject to compliance with the related financial covenants, verified construction draws under the credit agreement and equity commitments as applicable.
- \$6.1 of available credit under OGELP's Non-recourse Revolving Credit Facility, subject to compliance with the related financial covenants.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

Financial Position

| | March 31, 2019 ⁽¹⁾ | December 31, 2018 | % Chg |
|--|----------------------------------|----------------------|------------|
| Cash | \$ 304.0 | \$ 336.8 | (10%) |
| Accounts receivable | 79.5 | 67.5 | 18% |
| Land held for sale | - | 8.1 | (100%) |
| Other current assets | 31.0 | 26.5 | 17% |
| Property, plant and equipment | 987.7 | 989.1 | (0%) |
| Right-of-use assets | 981.3 | - | |
| Cash on deposit with Canada Revenue Agency | 38.9 | 38.9 | 0% |
| Other long-term assets | 134.9 | 134.9 | 0% |
| Total Assets | \$ 2,557.3 | \$ 1,601.8 | 60% |
| Current liabilities | \$ 280.5 | \$ 231.3 | 21% |
| Long-term debt | 603.9 | 631.6 | (4%) |
| Long-term lease liabilities | 907.7 | - | |
| Other long-term liabilities | 116.7 | 116.2 | 0% |
| Total Liabilities | 1,908.8 | 979.1 | 95% |
| Equity attributable to shareholders of the company | 517.6 | 469.4 | 10% |
| Non-controlling interests | 130.9 | 153.3 | (15%) |
| Total Equity | 648.5 | 622.7 | 4% |
| Total Liabilities and Equity | \$ 2,557.3 | \$ 1,601.8 | 60% |

⁽¹⁾ The financial position as at March 31, 2019 reflects the adoption of IFRS 16, as discussed in the "Presentation of Financial Information under IFRS 16" section of this MD&A.

Total Assets

Total assets increased by 60% in the three months ended March 31, 2019, when compared to the balance as at December 31, 2018. This increase was primarily due to the recognition of right-of-use assets on January 1, 2019 as a result of adopting IFRS 16.

Total Liabilities

Total liabilities increased by 95% in the three months ended March 31, 2019, when compared to the balance as at December 31, 2018. The increase is primarily due to the recognition of lease liabilities on January 1, 2019 as a result of adopting IFRS 16, partially offset by the repayment of the outstanding debt balance on the revolving credit facility under the Senior Secured Credit Facilities of GCGC.

Equity

Total equity increased by 4% in the three months ended March 31, 2019, when compared to the total equity as at December 31, 2018. This increase was primarily due to net earnings of \$41.8 and the exercise of incentive share options of \$21.1, partially offset by \$31.6 distributions to non-controlling interests.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

Cash Flows

| | Three months ended March 31, | | |
|---|------------------------------|---------|--------|
| | 2019 ⁽¹⁾ | 2018 | % Chg |
| Cash generated by operating activities | \$ 90.7 | \$ 82.4 | 10% |
| Cash used in investing activities | (49.1) | (154.4) | (68%) |
| Cash (used in) generated by financing activities | (74.4) | 140.4 | |
| Effect of foreign exchange on cash and cash equivalents | - | 1.0 | (100%) |
| Cash (outflow) inflow | \$ (32.8) | \$ 69.4 | |

⁽¹⁾ Q1 2019 reflects the accounting impact of IFRS 16, as discussed in the "Presentation of Financial Information under IFRS 16" section of this MD&A. The comparative period was not restated for the adoption of IFRS 16.

Cash generated by operating activities in the three months ended March 31, 2019 increased, when compared to the same period in 2018, primarily due to the accounting impact of IFRS 16, partially offset by higher income taxes paid.

Cash used in investing activities in the three months ended March 31, 2019 was lower, when compared to the same period in 2018, primarily due to the acquisition of the GTA Gaming Bundle and additional amounts deposited with the Canada Revenue Agency ("CRA") (as discussed in the "CRA Disputes and Audit" section of this MD&A), which both occurred in the first quarter of 2018.

Cash used in financing activities in the three months ended March 31, 2019 primarily consisted of repayments on debt of \$65.0, distributions to non-controlling interests of \$31.6, and payments applied against lease liabilities of \$19.9, partially offset by \$21.1 in proceeds from exercise of incentive share options. Cash generated by financing activities in the three months ended March 31, 2018 was mainly attributable to an increase in borrowings under the credit facilities of OTG to fund the acquisition of gaming assets in the GTA Gaming Bundle.

Capital Resources

Normal Course Issuer Bid

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, representing approximately 10% of the Company's common shares in the public float. The bid commenced on July 3, 2018 and will end on July 2, 2019, 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 40,170 common shares or 25% of the prior six-month average trading volume of 160,680 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.

During the year ended December 31, 2018, the Company purchased for cancellation 3,445,652 common shares at a weighted-average price per share of \$48.48 under the issuer bid.

For the three months ended March 31, 2019, the Company purchased for cancellation 136,810 common shares at a weighted-average price per share of \$48.49 under the issuer bid.

Outstanding Share Data

As at March 31, 2019, there were 59,233,947 common shares issued and outstanding compared to 58,143,556 as at December 31, 2018. This increase was due to the exercise of employee stock options during the three months ended March 31, 2019, partially offset by the repurchase of common shares by the Company.

As at March 31, 2019, there were 4,539,563 share options outstanding at a weighted-average exercise price of \$28.04.

As at May 5, 2019, there were 59,295,679 common shares outstanding and 4,477,832 share options outstanding.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

Capital Spending and Development

The Company is eligible to receive additional remuneration from the provincial authorities for capital and certain non-capital expenditures made for its gaming operations, as described below for each province.

The Company's capital expenditures, net of accounts payable, for the three months ended March 31, 2019 were \$65.3 (March 31, 2018 - \$34.8).

Capital expenditures during the three months ended March 31, 2019 were primarily related to the development of the gaming facilities in the GTA Gaming Bundle and West GTA Gaming Bundle. For the remaining nine months of 2019, the Company estimates that capital expenditures will total approximately \$791.9, largely due to the construction costs associated with the GTA and West GTA development programs.

Ontario

In Ontario, the Company is entitled to additional consideration from OLG up to a predefined annual amount per gaming property in each operating year for Permitted Capital Expenditures ("PCE"), a term defined in the Company's Casino Operating and Services Agreements ("COSAs") with OLG. This amount does not represent a material portion of the expected investment by the Company into Ontario operations. The Company becomes entitled to payment at the beginning of each operating year, which commences on April 1st, subject to expenditures being incurred. PCE approved by OLG and not paid in the year incurred can be carried forward for up to four years.

British Columbia

The Company receives Facility Investment Commission ("FIC") from BCLC in accordance with the Operational Services Agreements ("OSAs") entered into on June 3, 2018, calculated as a fixed percentage 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 qualified costs eligible for FIC. Prior to June 3, 2018, the Company received Facility Development Commission ("FDC") under the former operating agreements with BCLC. The closing approved FDC amounts prior to the effective date of the OSAs reduced the minimum spend requirements for each property under the MIR program.

Nova Scotia

In Nova Scotia, under the terms of the casino operating agreement with the NSGC, \$4.5 annually (adjusted for inflation) is deposited to a Capital Reserve Account. When the Company undertakes qualifying capital expenditures, refurbishments, maintenance, upgrades and enhancements to the Casino Nova Scotia Halifax and Casino Nova Scotia Sydney, the provincial gaming authority approves the Company's reimbursement of such expenditures from the Capital Reserve Account. For accounting purposes, the purchases made using funds from the Capital Reserve Account are considered to be on behalf of the NSGC since on the eventual termination of the casino operating agreement, the NSGC has the right to repurchase for nominal consideration all of the equipment, land and buildings that were purchased using funds from the Capital Reserve Account. If there are insufficient funds in the Capital Reserve Account to reimburse the Company for qualifying expenditures, the Company records a receivable from NSGC and earns interest income on that balance at the Canadian bank prime lending rate less 0.5% per annum until it is reimbursed.

Litigation and Disputes

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.

Marketing Trust Lawsuit

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. The Company takes the position that BCLC was not entitled to collect marketing fees and BCLC has filed a statement of defense denying the claims by the Company.

On April 6, 2017, the Company was given leave to add its wholly-owned subsidiaries, ORL and HEI as plaintiffs and

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

to amend the claim in other respects. ORL and HEI were added as Plaintiffs and the authorized amendments were made to the notice of civil claim.

BCLC entered into new OSAs with each of the Company's B.C. properties on June 3, 2018. The new OSAs contain no reference to any fee or commission for marketing. Since June 3, 2018, BCLC has ceased taking the disputed marketing fees from the Company. The Company amended its notice of civil claim on January 30, 2019 to plead the new OSAs, the fact that BCLC had ceased taking the disputed marketing fees since entering into the new OSAs, and to remove its plea for injunctive relief. The Company is seeking an order that BCLC pay both damages in an amount equal to the total of all such marketing contributions collected by BCLC up to June 3, 2018 ("disputed remuneration deductions") and court order interest to the date of judgment. The Company alleges the approximate total of the disputed remuneration deductions as at March 31, 2019 was \$33.9 (December 31, 2018 - \$33.9). The Company will continue with its legal action as planned toward the trial date. The trial date has been rescheduled from February 2019 to August 2019.

CRA Disputes and Audit

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 to June 2, 2018, if CRA's current position of FDC prevails, preliminary estimates indicate the Company's consolidated current tax expense would increase \$61.4, deferred tax expense would decrease \$60.3, and interest and financing costs would increase \$14.4, resulting in a one-time \$15.5 decrease in net earnings and a corresponding decrease to basic net earnings attributable to shareholders of the Company per share of approximately \$0.26 per share.

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 of 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 March 31, 2019, the Company and its subsidiaries have deposited a net amount of \$38.9 (December 31, 2018 - \$38.9) to CRA and is reflected in "cash on deposit with Canada Revenue Agency" on the Condensed Interim Consolidated Statements of Financial Position.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

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 quarter, the Company and its subsidiaries received the Respondent's Replies to the notices of appeal.

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.

Commitments

There are no material changes outside of the Company's ordinary course of business that affected the Company's contractual obligations for the three months ended March 31, 2019.

Future Cash Requirements

The Company's current cash requirements are primarily for the comprehensive development plans for the gaming facilities in the GTA Gaming Bundle and the West GTA Gaming Bundle. The Company intends to make additional capital investments to its gaming facilities in B.C.

The operational requirements and major developments of the Ontario partnerships' gaming facilities can be funded by the partnerships' existing cash, cash generated from operations, and existing capacity in the partnerships' credit facilities. In certain circumstances, the Company may be required to make additional capital injections into the partnership in order to satisfy the terms of the partnerships' equity agreements or financial covenants, as applicable.

Management believes that the Company's current operational requirements, major development and business acquisition plans, and required partnership contributions, if any, can be funded from existing cash, cash generated from operations, and existing capacity on our Senior Secured Credit Facilities agreement.

If future circumstances dictate an increased cash requirement and we elect not to delay, limit, or eliminate some of our plans, we may raise additional funds through the refinancing of existing debt, the issuance of additional debt that fits within the limitations established by the covenants on our existing credit and debt facilities, the issuance of hybrid debt-equity securities, or additional equity securities. If the Company needs to access the capital markets for additional financial resources, we believe we will be able to do so at prevailing market rates.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

OTHER FINANCIAL INFORMATION

Changes in Significant Accounting Policies

Except as described below, the accounting policies applied in the Condensed Interim Consolidated Financial Statements are the same as those disclosed in Note 3 of the Company's Annual Financial Statements.

Effective January 1, 2019, the Company adopted the following new and revised IASs and IFRSs 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 Condensed Interim Consolidated Statement of Financial Position as at January 1, 2019. The presentation of certain lease expenses on the Condensed Interim 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 Condensed Interim 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.

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 below.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

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.

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.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

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.

Business Impact

IFRS 16 will not affect the Company's compliance with its financial covenants under the terms of its long-term debt agreements. The Company's financial covenants continue to be determined without the accounting impact of IFRS 16.

IFRS 16 has not initiated any material changes to the Company's business practices.

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 Condensed Interim Consolidated Financial Statements.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

Critical Accounting Estimates and Judgments

Except as described below, the critical accounting estimates and judgments applied in these Condensed Interim Consolidated Financial Statements are the same as those disclosed in Note 4 of the Company's Annual Financial Statements.

The following changes in critical accounting estimates and judgments are also expected to be reflected in the Company's consolidated financial statements as at and for the year ending December 31, 2019.

- *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.

Financial Instruments and Other Instruments

The Company's risk management strategy is to minimize exposure to currencies other than the Canadian dollar and, with the exception of revolving lines of credit, evaluate market conditions to fix its floating interest rate debt when appropriate. The financial instruments that give rise or may give rise to the most significant exposure to floating interest rate risk are the Senior Secured Credit Facilities, OTG's Non-recourse Revolving and Capital Expenditures Credit Facilities, and OGWGLP's Non-recourse Revolving Credit Facility.

Additional Information

Additional information relating to the Company, including the Company's latest Condensed Interim Financial Statements, Annual Financial Statements and Annual Information Form, can be located on the SEDAR website at www.sedar.com or on the Company's website at www.gcgaming.com.

Shareholders of the Company may obtain a copy of the Company's TSX Form 12 Notice of Intention to Make a Normal Course Issuer Bid as filed with and as accepted by the TSX, at no charge, by contacting the Company.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

SUPPLEMENTAL FINANCIAL INFORMATION

Financial Highlights – IFRS 16 Adjustments

The following table shows the accounting impact of IFRS 16 on the Company's financial highlights for the three months ended March 31, 2019:

| | Pre-IFRS 16 Results | IFRS 16 Adjustment ⁽¹⁾ | As Reported |
|---|------------------------|--------------------------------------|-----------------|
| Gaming revenues | \$ 272.6 | | \$ 272.6 |
| Hospitality revenues | 24.8 | | 24.8 |
| Racetrack, lease and other revenues | 14.7 | | 14.7 |
| Revenues | 312.1 | - | 312.1 |
| Human resources | 110.3 | | 110.3 |
| Property, marketing and administration | 111.6 | (20.8) | 90.8 |
| Share of profit of equity investment | (0.6) | | (0.6) |
| | 221.3 | (20.8) | 200.5 |
| Adjusted EBITDA | \$ 90.8 | \$ 20.8 | \$ 111.6 |
| Human resources as a % of Revenues | 35.3% | | 35.3% |
| Adjusted EBITDA as a % of Revenues | 29.1% | | 35.8% |
| Less: | | | |
| Amortization | 23.4 | 14.2 | 37.6 |
| Share-based compensation | 3.7 | | 3.7 |
| Interest and financing costs, net | 9.8 | 12.4 | 22.2 |
| Business acquisition, restructuring and other | 1.9 | | 1.9 |
| Gain on sale of land | (6.6) | | (6.6) |
| Foreign exchange gain | (0.3) | | (0.3) |
| Income taxes | 12.1 | (0.8) | 11.3 |
| Net earnings | \$ 46.8 | \$ (5.0) | \$ 41.8 |
| Net earnings attributable to: | | | |
| Shareholders of the company | \$ 34.8 | \$ (2.2) | \$ 32.6 |
| Non-controlling interests | 12.0 | (2.8) | 9.2 |
| | \$ 46.8 | \$ (5.0) | \$ 41.8 |
| Shareholders' net earnings per common share | | | |
| Basic | \$ 0.59 | \$ (0.04) | \$ 0.55 |
| Diluted | \$ 0.57 | \$ (0.04) | \$ 0.53 |
| Weighted average number of common shares (in thousands) | | | |
| Basic | 58,765 | | 58,765 |
| Diluted | 60,990 | | 60,990 |

| | Pre-IFRS 16 Results | IFRS 16 Adjustment | As Reported |
|---------------------------|------------------------|-----------------------|-------------|
| Cash and cash equivalents | \$ 304.0 | | \$ 304.0 |
| Total assets | \$ 1,624.4 | \$ 932.9 | \$ 2,557.3 |
| Long-term debt | \$ 603.9 | | \$ 603.9 |

⁽¹⁾ The IFRS 16 adjustment excludes the amortization impact of assets previously classified as finance leases under IAS 17. Under IFRS 16 and the previous standard, IAS 17, amortization expense continues to be recognized on these assets.

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

Adjusted EBITDA and Total Assets by Region – IFRS 16 Adjustments

The following table shows the accounting impact of IFRS 16 on Adjusted EBITDA and Total Assets by region for the three months ended March 31, 2019:

| Three months ended March 31, 2019 | Pre-IFRS 16 Results | IFRS 16 Adjustment | As Reported |
|-----------------------------------|------------------------|-----------------------|-------------------|
| ADJUSTED EBITDA | | | |
| Ontario | \$ 56.7 | \$ 20.6 | \$ 77.3 |
| British Columbia | 34.9 | 0.1 | 35.0 |
| Atlantic | 6.2 | 0.1 | 6.3 |
| United States | 2.3 | - | 2.3 |
| Corporate & Other | (9.3) | - | (9.3) |
| Total Adjusted EBITDA | \$ 90.8 | \$ 20.8 | \$ 111.6 |
| TOTAL ASSETS | | | |
| Ontario | \$ 839.8 | \$ 927.0 | \$ 1,766.8 |
| British Columbia | 629.5 | 4.2 | 633.7 |
| Atlantic | 105.1 | 1.7 | 106.8 |
| United States | 36.3 | - | 36.3 |
| Corporate & Other | 13.7 | - | 13.7 |
| Total Assets | \$ 1,624.4 | \$ 932.9 | \$ 2,557.3 |

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

Financial Position – IFRS 16 Adjustments

The following table shows the accounting impact of IFRS 16 on the Company's Condensed Interim Consolidated Statement of Financial Position as at March 31, 2019:

| | Pre-IFRS 16 Results | IFRS 16 Adjustment | As Reported |
|--|------------------------|-----------------------|-------------|
| Assets | | | |
| Current | | | |
| Cash | \$ 304.0 | | \$ 304.0 |
| Accounts receivable | 79.5 | | 79.5 |
| Prepays, deposits and other assets | 31.0 | | 31.0 |
| | 414.5 | | 414.5 |
| Property, plant and equipment | 1,036.9 | (49.2) | 987.7 |
| Right-of-use assets | - | 981.3 | 981.3 |
| Intangible assets | 97.8 | | 97.8 |
| Goodwill | 22.3 | | 22.3 |
| Deferred tax assets | 12.8 | 0.8 | 13.6 |
| Cash on deposit with Canada Revenue Agency | 38.9 | | 38.9 |
| Other assets | 1.2 | | 1.2 |
| | \$ 1,624.4 | \$ 932.9 | \$ 2,557.3 |
| Liabilities | | | |
| Current | | | |
| Accounts payable and accrued liabilities | \$ 219.6 | (1.9) | \$ 217.7 |
| Lease liabilities | - | 32.1 | 32.1 |
| Income taxes payable | 27.1 | | 27.1 |
| Other liabilities | 3.6 | | 3.6 |
| | 250.3 | 30.2 | 280.5 |
| Long-term debt | 603.9 | | 603.9 |
| Lease liabilities | - | 907.7 | 907.7 |
| Deferred credits, provisions and other liabilities | 32.3 | | 32.3 |
| Deferred tax liabilities | 84.4 | | 84.4 |
| | 970.9 | 937.9 | 1,908.8 |
| Equity | | | |
| Share capital and reserves | 343.0 | | 343.0 |
| Accumulated other comprehensive income | 3.5 | | 3.5 |
| Retained earnings | 173.3 | (2.2) | 171.1 |
| Equity attributable to shareholders of the Company | 519.8 | (2.2) | 517.6 |
| Non-controlling interests | 133.7 | (2.8) | 130.9 |
| Total equity | 653.5 | (5.0) | 648.5 |
| | \$ 1,624.4 | \$ 932.9 | \$ 2,557.3 |

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

Cash Flows – IFRS 16 Adjustments

The following table shows the accounting impact of IFRS 16 on the Company's Condensed Interim Consolidated Statements of Cash Flows for the three months ended March 31, 2019:

| | Pre-IFRS 16 Results | IFRS 16 Adjustment | As Reported |
|--|------------------------|-----------------------|-------------|
| Cash Flows from Operating Activities | | | |
| Earnings before income taxes | \$ 58.9 | \$ (5.8) | \$ 53.1 |
| Adjustments to reconcile earnings before income taxes to cash generated by operating activities: | | | |
| Amortization | 23.4 | 14.2 | 37.6 |
| Share-based compensation | 3.7 | | 3.7 |
| Interest and financing cost, net | 9.8 | 12.4 | 22.2 |
| Gain on sale of land | (6.6) | | (6.6) |
| Other | (0.5) | | (0.5) |
| Changes in non-cash operating working capital | (0.7) | (0.9) | (1.6) |
| Income taxes paid | (17.2) | | (17.2) |
| Cash generated by operating activities | 70.8 | 19.9 | 90.7 |
| Cash Flows from Investing Activities | | | |
| Purchase of property, plant and equipment, net of related accounts payable of \$5.9 | (65.3) | | (65.3) |
| Proceeds from sale of land | 15.9 | | 15.9 |
| Interest income received | 1.1 | | 1.1 |
| Other | (0.8) | | (0.8) |
| Cash used in investing activities | (49.1) | - | (49.1) |
| Cash Flows from Financing Activities | | | |
| Payment of lease liabilities | - | (19.9) | (19.9) |
| Increase in borrowings under credit facilities | 35.9 | | 35.9 |
| Repayment of debt | (65.0) | | (65.0) |
| Proceeds from exercise of incentive share options, net of issuance costs | 21.1 | | 21.1 |
| Repurchase of common shares | (6.6) | | (6.6) |
| Distributions to non-controlling interests | (31.6) | | (31.6) |
| Interest paid | (8.3) | | (8.3) |
| Cash used in financing activities | (54.5) | (19.9) | (74.4) |
| Effect of foreign exchange on cash | - | | - |
| Cash outflow | (32.8) | | (32.8) |
| Cash, beginning of period | 336.8 | | 336.8 |
| Cash, end of period | \$ 304.0 | - | \$ 304.0 |

GREAT CANADIAN GAMING CORPORATION

Management's Discussion & Analysis

For the Three Month Period Ended March 31, 2019

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

Consolidated Quarterly Results Trend

| | Q1 2019 ⁽¹⁾ | Q4 2018 | Q3 2018 | Q2 2018 | Q1 2018 | Q4 2017 | Q3 2017 | Q2 2017 |
|--|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Gaming Revenues | | | | | | | | |
| Ontario | \$ 181.0 | \$ 202.6 | \$ 201.9 | \$ 173.6 | \$ 102.5 | \$ 19.1 | \$ 23.8 | \$ 25.8 |
| British Columbia | 66.5 | 68.3 | 69.1 | 64.6 | 66.2 | 67.8 | 70.4 | 71.9 |
| Atlantic | 16.9 | 17.2 | 19.9 | 18.0 | 16.3 | 17.7 | 19.8 | 17.7 |
| United States | 8.2 | 9.1 | 9.2 | 9.0 | 8.9 | 9.0 | 8.0 | 9.5 |
| | 272.6 | 297.2 | 300.1 | 265.2 | 193.9 | 113.6 | 122.0 | 124.9 |
| Hospitality Revenues | | | | | | | | |
| Ontario | 5.9 | 6.2 | 4.9 | 4.5 | 3.9 | 2.9 | 3.0 | 2.8 |
| British Columbia | 13.9 | 17.0 | 17.9 | 16.4 | 13.1 | 15.6 | 16.2 | 14.5 |
| Atlantic | 4.1 | 5.6 | 4.6 | 5.0 | 3.9 | 5.3 | 4.4 | 4.4 |
| United States | 0.9 | 1.2 | 1.1 | 1.0 | 1.1 | 1.2 | 1.2 | 1.3 |
| | 24.8 | 30.0 | 28.5 | 26.9 | 22.0 | 25.0 | 24.8 | 23.0 |
| Racetrack, Lease and Other Revenues | | | | | | | | |
| Ontario | 8.6 | 8.2 | 8.2 | 6.5 | 8.0 | 6.3 | 6.2 | 6.1 |
| British Columbia | 5.1 | 5.3 | 5.4 | 5.6 | 5.7 | 5.0 | 5.4 | 5.8 |
| Atlantic | 0.8 | 1.0 | 0.9 | 1.0 | 0.9 | 1.0 | 1.1 | 1.1 |
| United States | 0.2 | 0.3 | 0.1 | 0.1 | - | 0.1 | 0.1 | 0.1 |
| | 14.7 | 14.8 | 14.6 | 13.2 | 14.6 | 12.4 | 12.8 | 13.1 |
| Revenues | \$ 312.1 | \$ 342.0 | \$ 343.2 | \$ 305.3 | \$ 230.5 | \$ 151.0 | \$ 159.6 | \$ 161.0 |
| Adjusted EBITDA | | | | | | | | |
| Ontario | \$ 77.3 | \$ 78.5 | \$ 90.0 | \$ 81.3 | \$ 50.6 | \$ 8.4 | \$ 13.5 | \$ 15.2 |
| British Columbia | 35.0 | 39.1 | 44.7 | 39.6 | 35.5 | 36.5 | 43.5 | 43.5 |
| Atlantic | 6.3 | 7.3 | 9.7 | 8.3 | 5.9 | 7.4 | 9.2 | 7.3 |
| United States | 2.3 | 2.5 | 2.6 | 1.9 | 1.4 | 1.7 | 0.9 | 1.8 |
| Corporate & Other | (9.3) | (7.1) | (6.4) | (6.5) | (4.5) | (4.8) | (4.4) | (5.0) |
| | \$ 111.6 | \$ 120.3 | \$ 140.6 | \$ 124.6 | \$ 88.9 | \$ 49.2 | \$ 62.7 | \$ 62.8 |

⁽¹⁾ Q1 2019 reflects the accounting impact of IFRS 16, as discussed in the "Presentation of Financial Information under IFRS 16" section of this MD&A. Previous quarters were not restated for the adoption of IFRS 16.