GREAT CANADIAN GAMING CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Month Periods Ended
March 31, 2020 and 2019

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

GREAT CANADIAN GAMING CORPORATION
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in millions of Canadian dollars)

			March 31, 2020		December 31, 2019
Assets					
Current					
Cash		**$**	**881.9**	$	329.7
Accounts receivable			**71.0**		79.6
Income taxes receivable			**3.5**		-
Prepaids, deposits and other assets			**35.3**		25.0
			991.7		434.3
Property, plant and equipment	Note 2		**1,358.1**		1,275.3
Right-of-use assets	Note 3(a)		**992.7**		985.7
Intangible assets	Note 2(b)		**88.8**		91.1
Goodwill	Note 2(b)		**13.5**		13.5
Deferred tax assets			**13.8**		12.4
Cash on deposit with Canada Revenue Agency	Note 7		**38.9**		38.9
Other assets			**0.6**		0.7
		$	**3,498.1**	$	2,851.9
Liabilities					
Current					
Accounts payable and accrued liabilities		**$**	**240.1**	$	241.8
Lease liabilities	Note 3(b)		**34.3**		34.4
Income taxes payable			**-**		0.7
Other liabilities			**5.1**		5.1
			279.5		282.0
Long-term debt	Note 4		**1,490.2**		869.8
Lease liabilities	Note 3(b)		**938.2**		925.8
Deferred credits, provisions and other liabilities			**26.4**		30.1
Deferred tax liabilities			**82.9**		83.0
			2,817.2		2,190.7
Equity					
Share capital and reserves	Note 5		**341.5**		337.0
Accumulated other comprehensive loss			**(0.1)**		-
Retained earnings			**203.2**		190.4
Equity attributable to shareholders of the Company			**544.6**		527.4
Non-controlling interests			**136.3**		133.8
Total equity			**680.9**		661.2
		$	**3,498.1**	$	2,851.9

These Condensed Interim Consolidated Financial Statements were approved and authorized by the Company's Board of Directors for issuance on May 4, 2020.

GREAT CANADIAN GAMING CORPORATION

Condensed Interim Statements of Earnings and Other Comprehensive Income

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

		Three months ended March 31, 2020	2019
Revenues	Note 6	**$ 273.8**	$ 302.8
Expenses			
Human resources		**95.9**	106.1
Property, marketing and administration		**75.4**	88.0
Share of profit of equity investments		**(0.5)**	(0.6)
Amortization		**38.5**	37.4
Share-based compensation	Note 5	**(1.4)**	3.7
Interest and financing costs, net		**23.2**	22.2
Business acquisition, restructuring and other		**6.0**	1.8
Gain on sale of land		**-**	(6.6)
Foreign exchange gain		**(0.2)**	(0.3)
		236.9	251.7
Earnings before income taxes from continuing operations		**36.9**	51.1
Income taxes	Note 7	**8.4**	10.9
Net earnings from continuing operations		**$ 28.5**	$ 40.2
Net earnings attributable to discontinued operations	Note 12	**-**	1.6
Net earnings		**$ 28.5**	$ 41.8
Net earnings from continuing operations attributable to:			
Shareholders of the Company		**$ 19.2**	$ 31.0
Non-controlling interests		**9.3**	9.2
		$ 28.5	$ 40.2
Net earnings attributable to:			
Shareholders of the Company		**$ 19.2**	$ 32.6
Non-controlling interests		**9.3**	9.2
		$ 28.5	$ 41.8
Net earnings		**$ 28.5**	$ 41.8
Other comprehensive loss			
Items that are or may be reclassified subsequently to net earnings			
Current period changes in fair values of derivatives designated as cash flow hedges from continuing operations, net of income taxes		**(0.1)**	(0.1)
Foreign currency translation of discontinued operations		**-**	(0.6)
		(0.1)	(0.7)
Total comprehensive income		**$ 28.4**	$ 41.1
Total comprehensive income attributable to:			
Shareholders of the Company		**$ 19.1**	$ 31.9
Non-controlling interests		**9.3**	9.2
		$ 28.4	$ 41.1
Net earnings per common share from continuing operations attributable to shareholders of the Company			
Basic		**$ 0.35**	$ 0.53
Diluted		**$ 0.34**	$ 0.51
Net earnings per common share attributable to shareholders of the Company			
Basic		**$ 0.35**	$ 0.55
Diluted		**$ 0.34**	$ 0.53
Weighted average number of common shares (in thousands)	Note 8		
Basic		**55,282**	58,765
Diluted		**56,297**	60,990

GREAT CANADIAN GAMING CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity

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

		Share Capital Number (1)	Share Capital Amount	Reserves	Share Capital and Reserves	Accumulated Other Comprehensive Income	Retained Earnings	Equity Attributable To Shareholders	Non-Controlling Interests	Total Equity
At January 1, 2019		58,144	$ 266.5	$ 54.2	$ 320.7	$ 4.2	$ 144.5	$ 469.4	$ 153.3	$ 622.7
Share-based compensation	Note 5	-	-	1.8	1.8	-	-	1.8	-	1.8
Exercise of incentive share options	Note 5	1,227	25.4	(4.3)	21.1	-	-	21.1	-	21.1
Repurchase of common shares	Note 5	(137)	(0.6)	-	(0.6)	-	(6.0)	(6.6)	-	(6.6)
Net earnings		-	-	-	-	-	32.6	32.6	9.2	41.8
Other comprehensive loss from continuing operations		-	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Other comprehensive loss from discontinued operations		-	-	-	-	(0.6)	-	(0.6)	-	(0.6)
Distributions		-	-	-	-	-	-	-	(31.6)	(31.6)
At March 31, 2019		59,234	$ 291.3	$ 51.7	$ 343.0	$ 3.5	$ 171.1	$ 517.6	$ 130.9	$ 648.5
At January 1, 2020		55,367	$ 279.5	$ 57.5	$ 337.0	$ -	$ 190.4	$ 527.4	$ 133.8	$ 661.2
Share-based compensation	Note 5	-	-	3.1	3.1	-	-	3.1	-	3.1
Exercise of incentive share options	Note 5	111	2.8	(0.5)	2.3	-	-	2.3	-	2.3
Repurchase of common shares	Note 5	(173)	(0.9)	-	(0.9)	-	(6.4)	(7.3)	-	(7.3)
Net earnings		-	-	-	-	-	19.2	19.2	9.3	28.5
Other comprehensive loss from continuing operations		-	-	-	-	(0.1)	-	(0.1)		(0.1)
Distributions		-	-	-	-	-	-	-	(6.8)	(6.8)
At March 31, 2020		**55,305**	**$ 281.4**	**$ 60.1**	**$ 341.5**	**$ (0.1)**	**$ 203.2**	**$ 544.6**	**$ 136.3**	**$ 680.9**

(1) Number of shares presented in thousands.

GREAT CANADIAN GAMING CORPORATION
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in millions of Canadian dollars)

		Three months ended March 31, 2020	2019
Cash Flows from Operating Activities			
Earnings before income taxes from continuing operations		**$ 36.9**	$ 51.1
Adjustments to reconcile earnings before income taxes to cash generated by operating activities:			
Amortization		**38.5**	37.4
Share-based compensation	Note 5	**(1.4)**	3.7
Interest and financing cost, net		**23.2**	22.2
Gain on sale of land		**-**	(6.6)
Foreign exchange gain		**(0.2)**	-
Other		**(1.0)**	(0.5)
Changes in non-cash operating working capital	Note 9	**(17.7)**	(1.8)
Income taxes paid		**(14.2)**	(17.2)
Cash generated by operating activities from continuing operations		**64.1**	88.3
Cash generated by operating activities from discontinued operations		**-**	2.4
Cash generated by operating activities		**64.1**	90.7
Cash Flows from Investing Activities			
Purchase of property, plant and equipment, net of related accounts payable of $20.6 (2019 - $5.9)		**(84.7)**	(65.0)
Proceeds from sale of land		**-**	15.9
Interest income received		**1.6**	1.1
Other		**0.9**	(0.8)
Cash used in investing activities from continuing operations		**(82.2)**	(48.8)
Cash used in investing activities from discontinued operations		**-**	(0.3)
Cash used in investing activities		**(82.2)**	(49.1)
Cash Flows from Financing Activities			
Payment of lease liabilities	Note 3(b)	**(21.4)**	(19.9)
Increase in borrowings under credit facilities	Note 4	**451.4**	35.9
Proceeds from Senior Unsecured Debentures	Note 4(b)	**180.0**	-
Repayment of debt	Note 4	**(4.0)**	(65.0)
Debt financing transaction costs	Note 4	**(7.6)**	-
Proceeds from exercise of incentive share options, net of issuance costs	Note 5(b)	**2.3**	21.1
Repurchase of common shares, net of related accounts payable	Note 5(a)	**(8.1)**	(6.6)
Amount of distributions to non-controlling interests		**(6.7)**	(31.6)
Interest paid		**(15.8)**	(8.3)
Cash generated by (used in) financing activities		**570.1**	(74.4)
Effect of foreign exchange on cash		**0.2**	-
Cash inflow (outflow)		**552.2**	(32.8)
Cash, beginning of period		**329.7**	336.8
Cash, end of period		**$ 881.9**	$ 304.0

See Accompanying Notes to the Condensed Interim Consolidated Financial Statements

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

1. BASIS OF PRESENTATION

These Condensed Interim Consolidated Financial Statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. 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. As a result, these Condensed Interim Consolidated Financial Statements should be read in conjunction with the audited consolidated financial statements of Great Canadian Gaming Corporation (the "Company" or "GCGC") for the year ended December 31, 2019 ("Annual Financial Statements").

a) *Principal Operating Entities*

As at March 31, 2020, the Company's principal operating entities which the Company consolidates were:

Entity	Abbreviation	Location of operations	Ownership interest at
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	50%
Ontario Gaming West GTA Limited Partnership	OGWGLP	Ontario	100%
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%

b) *Temporary Business Interruption*

Effective March 16, 2020 the Company temporarily suspended the operations of all of its gaming facilities and ancillary amenities across the country in an effort to contribute to the containment of the COVID-19 coronavirus pandemic ("the pandemic") and to protect the health of its team members and guests. The suspension of the Company's gaming facilities was made in conjunction with each of the respective Provincial Crown corporations in regard to announcements and mandates from health authorities and local governments.

The Company has undertaken several measures in response to the pandemic. Management has worked diligently to monitor the potential implications of the pandemic on the business and at all times prioritized the health and safety of its team members and guests. Prior to the temporary suspension, the Company assessed its working capital requirements and increased its liquidity to better position it to sustain a potential closure. At March 31, 2020, the Company had $881.9 in cash and $858.9 of available undrawn credit on its credit facilities. The Company worked closely with the respective Provincial Crown corporations to ensure its Operating Agreements remain in good standing during the suspension period. In response to the closures of its sites, the Company made operational adjustments to reduce its human resources and property, marketing and administration expenses in an effort to reduce its cash outflows during the suspension period.

Subsequent to March 31, 2020, the Government of Ontario mandated the closure of all non-critical construction projects by April 4, 2020, which temporarily halted the remainder of the Company's Ontario capital projects under development.

1. BASIS OF PRESENTATION (Continued)

b) Temporary Business Interruption (Continued)

The Company also completed amendments to each of its credit agreements to temporarily waive certain financial and other covenants for a defined period (see Note 4). Certain waivers require maintenance of a liquidity covenant during the waiver period. Upon expiry of the waiver, further waiver amendments may be required to be negotiated with creditors in a scenario of an extended temporary suspension.

The Company believes that its actions taken in response to the temporary business interruption noted above, will allow the Company to effectively maintain its capital structure and minimize its cash outflows. The Company will continue to follow the orders of the health authorities and local governments and will resume operations and construction once deemed safe and appropriate to do so. Given the dynamic nature of the pandemic, the duration and magnitude of the temporary suspension remains unknown, including the impact of any additional health and safety measures introduced on reopening. Accordingly, the long-term impact on the Company’s consolidated results of operations, cash flows and financial position cannot be reasonably estimated at this time.

c) Critical Accounting Estimates and Judgments

These Condensed Interim Consolidated Financial Statements have been prepared on a going concern basis, under the historical cost convention, except for the revaluation of certain financial instruments. The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies.

In light of the temporary business interruption, estimates and judgments have been made by management when evaluating non-financial assets for impairment (Note 2(b)), and when evaluating the Company's liquidity risk and ability to settle its contractual obligations (Note 11(a)).

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

2. LONG-LIVED ASSETS

a) Property, plant and equipment

	Land	Buildings, Building Improvements and Leasehold Improvements	Equipment	Properties Under Development	Total
Cost					
Balance at January 1, 2019	$ 92.8	$ 1,033.4	$ 299.6	$ 153.2	$ 1,579.0
Additions	0.1	0.7	4.6	435.4	440.8
Disposals(1)	(4.4)	(17.0)	(6.3)	(1.2)	(28.9)
Transferred to right-of-use assets	(5.2)	(52.0)	-	-	(57.2)
Transfers	-	67.5	94.7	(162.2)	-
Translation and other	(0.1)	(0.7)	(0.3)	-	(1.1)
Balance at December 31, 2019	$ 83.2	$ 1,031.9	$ 392.3	$ 425.2	$ 1,932.6
Additions(2)	**-**	**0.4**	**1.2**	**103.7**	**105.3**
Disposals	**(0.2)**	**-**	**-**	**-**	**(0.2)**
Transfers	**-**	**14.0**	**0.8**	**(14.8)**	**-**
Balance at March 31, 2020	**$ 83.0**	**$ 1,046.3**	**$ 394.3**	**$ 514.1**	**$ 2,037.7**
Accumulated amortization					
Balance at January 1, 2019	$ (11.2)	$ (401.2)	$ (177.5)	$ -	$ (589.9)
Amortization	-	(38.2)	(51.7)	-	(89.9)
Disposals(1)	-	8.7	5.2	-	13.9
Transferred to right-of-use assets	-	7.6	-	-	7.6
Translation and other	-	0.7	0.3	-	1.0
Balance at December 31, 2019	$ (11.2)	$ (422.4)	$ (223.7)	$ -	$ (657.3)
Amortization	**-**	**(9.1)**	**(13.2)**	**-**	**(22.3)**
Balance at March 31, 2020	**$ (11.2)**	**$ (431.5)**	**$ (236.9)**	**$ -**	**$ (679.6)**
Carrying amount					
At December 31, 2019	$ 72.0	$ 609.5	$ 168.6	$ 425.2	$ 1,275.3
At March 31, 2020	**$ 71.8**	**$ 614.8**	**$ 157.4**	**$ 514.1**	**$ 1,358.1**

(1) Disposals primarily related to the sale of the Great American Gaming Corporation's ("GAGC") property, plant, and equipment following the sale of the Company's shares of GAGC on June 27, 2019, as disclosed in Note 12.

(2) The Company capitalized borrowing costs of $1.7 to properties under development during the three months ended March 31, 2020 (2019 - $0.2) related to the development of gaming properties in Ontario.

b) Impairment analysis

The temporary business interruption, as discussed in Note 1(b), has had a significant impact on the Company's business and therefore management has undertaken an assessment for indicators of impairment of the carrying values of its long-lived assets, including property, plant and equipment, intangible assets, and goodwill. The assessment required use of significant estimates and judgments regarding the duration of the suspension period and the associated cash flow amounts and timing compared to the long term nature of the associated assets. Based on procedures performed, no impairment was required as at March 31, 2020.

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

3. LEASES

The Company's right-of-use assets and corresponding lease liabilities primarily consist of property, vehicle and office equipment leases. Lease payments recognized in net earnings primarily consist of the Company's gaming equipment, which are classified as short-term leases.

a) Right-of-use assets

		Land		Building and Building Improvements		Equipment		Total
Cost								
Balance at January 1, 2019	$	19.8	$	976.0	$	0.2	**$**	**996.0**
Additions		-		9.3		-		**9.3**
Modifications and remeasurements		-		35.5		-		**35.5**
Balance at December 31, 2019	$	19.8	$	1,020.8	$	0.2	$	1,040.8
Modifications and remeasurements		**-**		**20.9**		**-**		**20.9**
Balance at March 31, 2020	**$**	**19.8**	**$**	**1,041.7**	**$**	**0.2**	**$**	**1,061.7**
Accumulated Amortization								
Balance at January 1, 2019	$	-	$	-	$	-	**$**	**-**
Amortization		(1.0)		(54.0)		(0.1)		**(55.1)**
Balance at December 31, 2019	$	(1.0)	$	(54.0)	$	(0.1)	$	(55.1)
Amortization		**(0.3)**		**(13.6)**		**-**		**(13.9)**
Balance at March 31, 2020	**$**	**(1.3)**	**$**	**(67.6)**	**$**	**(0.1)**	**$**	**(69.0)**
Carrying amount								
At December 31, 2019	$	18.8	$	966.8	$	0.1	$	985.7
At March 31, 2020	**$**	**18.5**	**$**	**974.1**	**$**	**0.1**	**$**	**992.7**

b) Lease liabilities

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

Lease liabilities recognized at January 1, 2019	$	947.3
Lease payments		(82.8)
Interest accretion		50.9
Additions		9.3
Lease modification and other remeasurements		35.5
Current portion of lease liabilities		(34.4)
Non-current portion of lease liabilities at December 31 2019	**$**	**925.8**
Current and non-current lease liabilities at January 1, 2020	$	960.2
Lease payments		(21.4)
Interest accretion		12.8
Lease modification and other remeasurements		20.9
Current portion of lease liabilities		(34.3)
Non-current portion of lease liabilities at March 31, 2020	**$**	**938.2**

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

Contractual undiscounted cash flows:		
Less than one year	$	84.6
Two to three years		167.4
Four to five years		165.1
More than five years		1,105.4
Total undiscounted lease liabilities as at March 31, 2020	**$**	**1,522.5**

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

4. LONG-TERM DEBT

			March 31, 2020		December 31 2019
Senior Secured Credit Facilities of GCGC, net of unamortized transaction costs of $4.9 (December 31, 2019 - $4.2)	Note 4(a)	**$**	**670.1**		345.8
Senior Unsecured Debentures of GCGC, net of unamortized transaction costs of $7.5 (December 31, 2019 - $nil)	Note 4(b)		**172.5**		-
Non-recourse Revolving and Capital Expenditure Credit Facilities of OTG, net of unamortized transaction costs of $10.2 (December 31, 2019 - $11.1)	Note 4(c)		**421.8**		319.5
Non-recourse Revolving Credit Facility of OGWGLP, net of unamortized transaction costs of $2.7 (December 31, 2019 - $3.0)	Note 4(d)		**129.8**		109.6
Non-recourse Revolving Credit Facility of OGELP, net of unamortized transaction costs of $1.0 (December 31, 2019 - $1.1)	Note 4(e)		**96.0**		94.9
		$	**1,490.2**	$	869.8

a) *Senior Secured Credit Facilities of GCGC*

The Company has a Senior Secured Credit Facilities agreement, comprising of a revolving facility and a term loan facility, which matures on November 6, 2023. On March 2, 2020, the Company amended its Senior Secured Credit Facilities agreement by increasing the capacity of its revolving facility by $150.0. The Senior Secured Credit Facilities now provides an aggregate capacity of $900.0, comprising a $550.0 revolving facility and a fully drawn $350.0 term loan facility. The Senior Secured Credit Facilities are guaranteed and secured by the assets of the Company and its wholly owned subsidiaries, except for OGWGLP, which has its own credit facility as described in Note 4(d).

Transaction costs associated with the March 2, 2020 amendment of the Senior Secured Credit Facilities agreement of $0.9 are amortized through the “interest and financing costs, net” line of the Condensed Interim Consolidated Statements of Earnings and Other Comprehensive Income over the remaining term of the Senior Secured Credit Facilities.

As at March 31, 2020, the Company had $172.7 of available undrawn credit on its Senior Secured Credit Facilities (December 31, 2019 – $347.6) after deducting outstanding letters of credit of $52.3 (December 31, 2019 - $52.4). The availability of undrawn credit is subject to certain conditions, including compliance with related financial covenants. As at March 31, 2020, the Company was in compliance with its financial covenants under the terms of its Senior Secured Credit Facilities.

As a result of the temporary suspension of operations (as described in Note 1(b)), the Company entered into an agreement with its lenders subsequent to March 31, 2020 to temporarily waive compliance with its financial covenants under the Senior Secured Credit Facilities, subject to maintaining a minimum liquidity balance of $250.0 comprised of cash on deposit with banks and available undrawn credit on the facility at all times during the waiver period. The waiver period will be in effect until October 1, 2020 and will be further extended to January 1, 2021 if gaming operations do not resume by June 30, 2020.

b) *Senior Unsecured Debentures of GCGC*

On March 2, 2020, the Company closed a senior unsecured debenture offering for gross proceeds of $180.0. On April 30, 2020, the over-allotment option was completed for additional gross proceeds of $9.0, bringing the aggregate total received for the debenture offering to $189.0, less applicable transaction costs. The debentures will bear interest from the date of issuance at 5.25% per annum, payable semi-annually in arrears commencing June 30, 2020 and will mature on December 31, 2026. The debentures are listed on the TSX under the symbol GC.DB.

Subject to required regulatory approval and provided no event of default has occurred under the terms of the governing indenture agreement, the Company has the option to satisfy its obligation to pay the principal amount of the debentures due on or before maturity (plus any applicable premium) by cash or by issuing common shares. The Senior Unsecured Debentures are not subject to any financial covenants. As at March 31, 2020, GCGC was in compliance with its operational and other covenants under the terms of the indenture.

4. LONG-TERM DEBT (CONTINUED)

b) Senior Unsecured Debentures of GCGC (Continued)

The debentures will not be redeemable before December 31, 2022, except upon the occurrence of a change of control of the Company in accordance with the terms of the indenture governing the debentures. There are customary provisions for early redemptions of the Senior Unsecured Debentures during defined periods prior to maturity with payment of defined premiums.

The debentures are classified as a financial liability and initially recorded at fair value of $180.0, net of transaction costs to date of $7.6 and are measured subsequently at amortized cost. Transaction costs incurred to date associated with the debenture offering are amortized through the "interest and financing costs, net" line of the Condensed Interim Consolidated Statements of Earnings and Other Comprehensive Income over the term of the debentures.

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

OTG has non-recourse credit facilities that provide an aggregate capacity of up to $1,100.0, comprising a $900.0 capital expenditures facility and a $200.0 revolving facility, for the acquisition, operation, construction, and development of its gaming facilities in the GTA Gaming Bundle. OTG's assets are pledged as collateral on the credit facilities. The credit facilities agreement matures on March 6, 2023.

As at March 31, 2020, OTG had $601.6 of available undrawn credit on its Non-recourse Revolving and Capital Expenditures credit facilities (December 31, 2019 - $703.0), after deducting outstanding letters of credit of $66.4 (December 31, 2019 – $66.4). The availability of undrawn credit is subject to certain conditions. OTG's credit facilities are not subject to any financial covenants. As at March 31, 2020, OTG was in compliance with its operational and other covenants under the terms of its credit facilities agreement.

As a result of the temporary suspension of operations (as described in Note 1(b)), OTG entered into an agreement with its lenders subsequent to March 31, 2020 to temporarily waive compliance with certain operational and other covenants under the non-recourse revolving and capital expenditures credit facilities. The waiver period will be in effect until September 30, 2020.

d) Non-recourse Revolving Credit Facility of OGWGLP

OGWGLP has a non-recourse revolving credit facility that provides a capacity of $200.0 for the acquisition, operation, construction, and development of its gaming facilities in the West GTA Gaming Bundle. OGWGLP's assets are pledged as collateral on the credit facility. The non-recourse revolving credit facility agreement matures on November 1, 2024.

As at March 31, 2020, OGWGLP had $67.5 (December 31, 2019 – $87.4) of available credit on its non-recourse revolving credit facility, after deducting outstanding letters of credit of $nil (December 31, 2019 – $nil). The availability of undrawn credit is subject to certain conditions, including compliance with related financial covenants. As at March 31, 2020, OGWGLP was in compliance with its financial covenants under the terms of its non-recourse revolving credit facility agreement.

As a result of the temporary suspension of operations (as described in Note 1(b)), OGWGLP entered into an agreement with its lenders subsequent to March 31, 2020 to temporarily waive compliance with its financial and certain other covenants under the non-recourse revolving credit facility, subject to maintaining a minimum liquidity balance of $50.0 comprised of cash on deposit with banks and available undrawn credit on the facility at all times during the waiver period. The waiver period will be in effect until October 1, 2020 and will be further extended to January 1, 2021 if gaming operations and construction does not resume by June 30, 2020.

4. LONG-TERM DEBT (CONTINUED)

e) Non-recourse Revolving Credit Facility of OGELP

OGELP has a non-recourse revolving credit facility that provides a capacity of up to $130.0 and matures on September 6, 2023. OGELP's assets are pledged as collateral on the credit facility.

As at March 31, 2020, OGELP had $17.1 (December 31, 2019 - $18.1) of available undrawn credit on its credit facility after deducting outstanding letters of credit of $15.9 (December 31, 2019 - $15.9). The availability of undrawn credit is subject to certain conditions, including compliance with related financial covenants. As at March 31, 2020, OGELP was in compliance with its financial covenants under the terms of its non-recourse revolving credit facility agreement.

As a result of the temporary suspension of operations (as described in Note 1(b)), OGELP entered into an agreement with its lenders subsequent to March 31, 2020 to temporarily waive compliance with its financial covenants and certain other covenants under the non-recourse revolving credit facility, subject to maintaining a minimum liquidity balance of $20.0 comprised of cash on deposit with banks and available undrawn credit on the facility at all times during the waiver period. The waiver period will be in effect until October 1, 2020 and will be further extended to January 1, 2021 if gaming operations do not resume by June 30, 2020.

5. SHARE CAPITAL AND RESERVES

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

a) *Share repurchases*

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

During the year ended December 31, 2019, the Company purchased for cancellation 3,799,252 common shares 2019 at a weighted-average price per share of $41.75. For the three months ended March 31, 2020, the Company purchased 172,724 common shares at a weighted-average price per share of $42.29, which completed the remaining balance available under the current issuer bid.

b) *Share option plan*

The changes in the number of share options and their weighted-average exercise price during the three months ended March 31, 2020 and 2019 were as follows:

	March 31, 2020			March 31, 2019		
	Options (1)		**Weighted-Average Exercise Price**	Options (1)		Weighted-Average Exercise Price
Outstanding, beginning of period	**4,707**	**$**	**30.20**	5,188	$	22.93
Granted	**-**		**-**	590		33.79
Forfeited	**(1)**		**24.07**	(11)		21.11
Exercised	**(111)**		**20.55**	(1,227)		17.22
Outstanding, end of period	**4,595**	**$**	**30.45**	4,540	$	28.04

(1) Option information is presented in thousands.

The average fair values of share options granted to employees at the time of the grants and the weighted-average assumptions used in applying the Black-Scholes option pricing model are shown below. The Company did not grant any share options during the three months ended March 31, 2020.

	Three months ended March 31,			
		2020		2019
Option award fair value	**$**	**-**	$	13.65
Risk-free interest rate		**-**		1.8%
Expected lives (1)		**-**		3.5 years
Expected volatility (2)		**-**		33.7%

(1) Estimated based on the Company's vesting policy and historical exercise pattern.
(2) Based on the historical volatility of the Company's share price over the most recent period consistent with the expected lives of the options.

The Company recorded equity-settled share-based compensation expense of $3.1 associated with share options for the three months ended March 31, 2020 (2019 - $1.8).

5. SHARE CAPITAL AND RESERVES (Continued)

c) Deferred Share Units ("DSUs")

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

	Three months ended March 31,	
Number of Units (in thousands)	**2020**	2019
Outstanding, beginning of period	**166**	184
Issued	**3**	7
Outstanding, end of period	**169**	191

Related to these DSUs, the Company recorded a liability of $4.2 in "deferred credits, provisions and other liabilities" at March 31, 2020 (December 31, 2019 - $7.4), and cash-settled share-based compensation recovery of $3.1 for the three months ended March 31, 2020 (2019 – expense of $0.5).

d) Restricted Share Units ("RSUs")

The changes in RSUs provided to employees of the Company were as follows:

	Three months ended March 31,	
Number of Units (in thousands)	**2020**	2019
Outstanding, beginning of period	**245**	119
Forfeited	**(4)**	(1)
Outstanding, end of period	**241**	118

Assuming both a constant market price for the Company's common shares and no award forfeitures, the RSUs would result in cash settlement payments of $2.5 to employees after they vest in 2020, $2.2 in 2021 and $1.1 in 2022.

Related to these RSUs, the Company recorded a liability of $2.0 in "accounts payable and accrued liabilities" at March 31, 2020 (December 31, 2019 - $3.0), $1.2 in "deferred credits, provisions and other liabilities" at March 31, 2020 (December 31, 2019 - $1.8), and cash-settled share-based compensation recovery of $1.4 for the three months ended March 31, 2020 (2019 – expense of $1.4)

6. REVENUES

	Three months ended March 31,	
	2020	2019[1]
Gaming revenues	**$ 241.3**	$ 264.4
Hospitality revenues	**19.2**	23.9
Racetrack, lease and other revenues	**13.3**	14.5
	$ 273.8	$ 302.8

[1] The results of the U.S. region have been presented as discontinued operations, as disclosed in Note 12. Revenues have been re-presented to exclude discontinued operations.

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

7. INCOME TAXES

The Company's income tax expense is as follows:

	Three Months Ended March 31,	
	2020	2019
Current tax expense	**$ 9.9**	$ 12.7
Deferred tax (recovery) expense	**(1.5)**	(1.8)
Total tax expense	**$ 8.4**	$ 10.9

The Company's income tax expense for the three months ended March 31, 2020 can be reconciled to earnings before income taxes from continuing operations as follows:

	Three Months Ended March 31,	
	2020	2019(1)
Applicable federal and provincial statutory income tax rate	**26.66%**	26.83%
Earnings before income taxes	**$ 37.0**	$ 51.1
Expected income tax expense for the period	**9.9**	13.7
Effect of:		
Non-deductible share-based compensation	**0.9**	0.5
Non-taxable portion of gain from sale of land	**-**	(0.9)
Non-controlling interest(2)	**(2.5)**	(2.5)
Other items	**0.1**	0.1
Total income tax expense recognized in net earnings	**$ 8.4**	$ 10.9

(1) The results of the U.S. region have been presented as discontinued operations, as disclosed in Note 12. Income taxes have been re-presented to exclude discontinued operations.
(2) Earnings before income taxes from continuing operations includes 100% of OTG's, OGWGLP's and OGELP's earnings, however, the Company is only required to pay corporate income tax on its share of OTG's, OGWGLP's and OGELP's taxable income, respectively, with the remaining taxable income picked up by the non-controlling interest partners of the partnerships. Accordingly, there is a reconciling item relating to the partnerships' earnings allocated to the non-controlling interest.

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

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

Based on the FDC received from BCLC between January 1, 2009 and June 2, 2018, if CRA's current position on FDC prevails, preliminary estimates indicate the Company's consolidated current tax expense would increase $58.5, deferred tax expense would decrease $57.4, and interest and financing costs would increase $16.7, resulting in a one-time $17.8 decrease in net earnings and a corresponding decrease to basic net earnings attributable to the shareholders of the Company per share of approximately $0.32 per share, based on the number of shares outstanding as at March 31, 2020.

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.

7. INCOME TAXES (Continued)

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

The Company and its subsidiaries intend to vigorously defend their tax filing positions and the five subsidiaries that have received notices of reassessment from CRA for 2009 to 2014 have filed notices of objection with CRA's Appeals Division. In order to file a notice of objection, the Company and its subsidiaries are required to pay at least 50% of the amounts reassessed and will record a corresponding income tax receivable from CRA until the dispute is resolved. As at March 31, 2020, the Company and its subsidiaries have deposited a net amount of $38.9 (2019 - $38.9) to CRA and is reflected in "cash on deposit with Canada Revenue Agency" on the Condensed Interim Consolidated Statements of Financial Position.

During 2018, five of the Company's subsidiaries received notices of confirmation for the taxation years under audit. The five subsidiaries filed notices of appeal to the Tax Court of Canada to each notice of confirmation received. During the first quarter of 2019, the Company and its subsidiaries received the Respondent's Replies to the notices of appeal. In response to the pandemic, the Company and the Respondent agreed to delay the process with revised timelines still to be determined.

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.

8. SHARE INFORMATION

Share information below is presented in thousands.

	Three months ended March 31, 2020	2019
Weighted-average number of common shares outstanding	**55,282**	58,765
Dilutive adjustment for share options	**1,015**	2,225
Diluted weighted-average number of common shares	**56,297**	60,990

The number of outstanding share options (in thousands) that are anti-dilutive and are not included in the above calculation were 1,215 for the three months ended March 31, 2020 (2019 – 590).

9. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Three months ended March 31, 2020	2019[(1)]
Accounts receivable	**$ 8.6**	$ (11.5)
Prepaids, deposits and other assets	**(3.5)**	(5.9)
Accounts payable and accrued liabilities	**(22.8)**	15.6
	$ (17.7)	$ (1.8)

(1) The results of the U.S. region have been presented as discontinued operations, as disclosed in Note 12. Changes in non-cash operating working capital have been re-presented to exclude discontinued operations.

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

10. SEGMENT INFORMATION

Segment information for each operating segment are provided below:

Segment Revenues and Adjusted EBITDA [(1)]	Ontario	B.C.	Atlantic	Corporate	Total
Three months ended March 31, 2020					
Gaming revenues	**$ 174.8**	**$ 52.5**	**$ 14.0**	**$ -**	**$ 241.3**
Hospitality revenues	**6.0**	**9.8**	**3.4**	**-**	**19.2**
Racetrack, lease and other revenues	**8.1**	**4.5**	**0.7**	**-**	**13.3**
Revenues	**$ 188.9**	**$ 66.8**	**$ 18.1**	**$ -**	**$ 273.8**
Adjusted EBITDA[(1)]	**$ 79.4**	**$ 28.5**	**$ 4.3**	**$ (9.2)**	**$ 103.0**
Three months ended March 31, 2019					
Gaming revenues	$ 181.0	$ 66.5	$ 16.9	$ -	$ 264.4
Hospitality revenues	5.9	13.9	4.1	-	23.9
Racetrack, lease and other revenues	8.6	5.1	0.8	-	14.5
Revenues	$ 195.5	$ 85.5	$ 21.8	$ -	$ 302.8
Adjusted EBITDA[(1)]	$ 77.3	$ 35.0	$ 6.3	$ (9.3)	$ 109.3

Segment Assets	Ontario	B.C.	Atlantic	Corporate	Total
As at March 31, 2020					
Cash	**$ 272.8**	**$ 79.9**	**$ 15.1**	**$ 514.1**	**$ 881.9**
Total assets	**$ 2,227.0**	**$ 647.4**	**$ 103.1**	**$ 520.6**	**$ 3,498.1**
As at December 31, 2019					
Cash	$ 221.2	$ 82.5	$ 16.6	$ 9.4	$ 329.7
Total assets	$ 2,079.3	$ 653.6	$ 103.3	$ 15.7	$ 2,851.9

(1) 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 can be computed as revenues less human resources expenses and property, marketing and administration expenses plus share of profit of operating equity investees.

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

	Three months ended March 31, 2020	2019[(2)]
Adjusted EBITDA	**$ 103.0**	$ 109.3
Less:		
Amortization	**38.5**	37.4
Share-based compensation	**(1.4)**	3.7
Interest and financing costs, net	**23.2**	22.2
Business acquisition, restructuring and other	**6.0**	1.8
Gain on sale of land	**-**	(6.6)
Foreign exchange gain	**(0.2)**	(0.3)
Income taxes	**8.4**	10.9
Net earnings from continuing operations	**$ 28.5**	$ 40.2

(2) The results of the U.S. region have been presented as discontinued operations, as disclosed in Note 12. Comparative information has been re-presented to show the discontinued operations separately from continuing operations.

11. FINANCIAL INSTRUMENTS

a) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by monitoring its capital structure, regularly monitoring forecast and actual cash flows, managing the maturity profiles of financial assets and financial liabilities and maintaining credit capacity within its revolving credit facilities.

As discussed in Note 1(b), the Company's operations were temporarily suspended and until operations can resume, the Company will generate negative net operating cash flows. The Company's ability to settle its contractual obligations are subject to the temporary waivers on its credit agreements (see Note 4) remaining in place during the temporary suspension, including any future extensions, as required.

For the three months ended March 31, 2020, there are no material changes to the Company's contractual obligations, except for the issuance of the Senior Unsecured Debentures, as discussed in Note 4(b).

The Company also has commitments related to its capital developments in Ontario. Due to the suspension of these capital developments, as discussed in Note 1(b), the timing of these commitments will remain unknown until the Company's capital development projects resume.

b) *Fair values*

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

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

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

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

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

The Company's Senior Unsecured Debentures (Note 4(b)) are Level 1 financial instruments that are based on unadjusted quoted prices trading in active markets. As at March 31, 2020, the Senior Unsecured Debentures had a fair value of $167.4 (December 31, 2019 - $nil) and a carrying value of $172.5 (December 31, 2019 - $nil).

The Company's long-term debt instruments, except for the Senior Unsecured Debentures, are Level 2 financial instruments as they are estimated based on quoted prices that are observable for similar instruments or on the current rates offered to the Company for debt of the same maturity. As at March 31, 2020, the Company's long-term debt instruments had a fair value of $1,336.5 (December 31, 2019 - $889.1) and a carrying value of $1,317.7 (December 31, 2019 - $869.8).

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

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

12. DISCONTINUED OPERATIONS

On June 27, 2019, the Company sold all the shares of GAGC, its wholly-owned subsidiary, which represented the Company's U.S. region, for proceeds of $56.0 in U.S. dollars ($73.4 in Canadian dollars). The operations of GAGC up to the date of sale have been classified as discontinued operations. Financial results of GAGC for the three months ended March 31, 2019 have been re-presented accordingly.

The following table presents the revenues and expenses of discontinued operations included in the Condensed Interim Consolidated Statements of Earnings and Comprehensive Income for the three months ended March 31, 2019:

(in Canadian dollars)		**Three months ended March 31 2019**
Revenues	$	9.3
Human resources		(4.2)
Property, marketing and administration		(2.8)
Other expenses[1]		(0.7)
Net earnings attributable to discontinued operations	$	1.6
Shareholders' net earnings per common share		
Basic	$	0.02
Diluted	$	0.02

[1] Other expenses consist of amortization expense and income taxes from operations.

Net earnings attributable to discontinued operations are attributable entirely to the shareholders of the Company.