GREAT CANADIAN GAMING CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Month and Six Month Periods Ended
June 30, 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)

		June 30, 2020	December 31, 2019
Assets			
Current			
Cash		**$ 498.2**	$ 329.7
Accounts receivable		**66.5**	79.6
Income taxes receivable		**9.1**	-
Prepaids, deposits and other assets		**28.2**	25.0
		602.0	434.3
Property, plant and equipment	Note 2	**1,381.2**	1,275.3
Right-of-use assets	Note 3(a)	**985.1**	985.7
Intangible assets	Note 2(b)	**86.6**	91.1
Goodwill	Note 2(b)	**13.5**	13.5
Deferred tax assets		**16.7**	12.4
Cash on deposit with Canada Revenue Agency	Note 7	**38.9**	38.9
Other assets		**0.7**	0.7
		$ 3,124.7	$ 2,851.9
Liabilities			
Current			
Accounts payable and accrued liabilities		**$ 151.5**	$ 241.8
Lease liabilities	Note 3(b)	**37.4**	34.4
Income taxes payable		**-**	0.7
Other liabilities		**4.8**	5.1
		193.7	282.0
Long-term debt	Note 4	**1,236.1**	869.8
Lease liabilities	Note 3(b)	**933.3**	925.8
Deferred credits, provisions and other liabilities		**24.9**	30.1
Deferred tax liabilities		**82.6**	83.0
		2,470.6	2,190.7
Equity			
Share capital and reserves		**351.1**	337.0
Accumulated other comprehensive loss		**(0.1)**	-
Retained earnings		**171.8**	190.4
Equity attributable to shareholders of the Company		**522.8**	527.4
Non-controlling interests		**131.3**	133.8
Total equity		**654.1**	661.2
		$ 3,124.7	$ 2,851.9

These Condensed Interim Consolidated Financial Statements were approved and authorized by the Company's Board of Directors for issuance on August 11, 2020.

GREAT CANADIAN GAMING CORPORATION

Condensed Interim Consolidated Statements of (Loss) Earnings and Other Comprehensive (Loss) Income

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

		Three months ended June 30,		Six months ended June 30,	
		2020	2019	**2020**	2019
Revenues	Note 6	**$ 62.8**	$ 354.4	**$ 336.6**	$ 657.2
Expenses					
Human resources		**11.9**	107.3	**107.8**	213.3
Property, marketing and administration		**19.8**	94.1	**95.2**	182.1
Share of profit of equity investments		**(0.7)**	(0.7)	**(1.2)**	(1.3)
Amortization		**38.6**	36.8	**77.1**	74.2
Share-based compensation	Note 5	**11.0**	0.7	**9.6**	4.4
Interest and financing costs, net		**26.3**	22.6	**49.5**	44.8
Business acquisition, restructuring and other		**0.8**	2.6	**6.8**	4.5
Gain on sale of land		**-**	-	**-**	(6.6)
Foreign exchange loss (gain)		**0.2**	(0.1)	**-**	(0.4)
		107.9	263.3	**344.8**	515.0
(Loss) earnings before income taxes from continuing operations		**(45.1)**	91.1	**(8.2)**	142.2
Income taxes	Note 7	**(8.7)**	17.7	**(0.3)**	28.6
Net (loss) earnings from continuing operations		**$ (36.4)**	$ 73.4	**$ (7.9)**	$ 113.6
Net earnings attributable to discontinued operations		**-**	48.8	**-**	50.4
Net (loss) earnings		**$ (36.4)**	$ 122.2	**$ (7.9)**	$ 164.0
Net (loss) earnings from continuing operations attributable to:					
Shareholders of the Company		**$ (31.4)**	$ 48.0	**$ (12.2)**	$ 79.0
Non-controlling interests		**(5.0)**	25.4	**4.3**	34.6
		$ (36.4)	$ 73.4	**$ (7.9)**	$ 113.6
Net (loss) earnings attributable to:					
Shareholders of the Company		**$ (31.4)**	$ 96.8	**$ (12.2)**	$ 129.4
Non-controlling interests		**(5.0)**	25.4	**4.3**	34.6
		$ (36.4)	$ 122.2	**$ (7.9)**	$ 164.0
Net (loss) earnings		**$ (36.4)**	$ 122.2	**$ (7.9)**	$ 164.0
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)**	(0.2)
Foreign currency translation of discontinued operations		**-**	(0.3)	**-**	(0.9)
Reclassification of foreign currency differences on disposal of discontinued operations		**-**	(2.9)	**-**	(2.9)
		-	(3.3)	**(0.1)**	(4.0)
Total comprehensive (loss) income		**$ (36.4)**	$ 118.9	**$ (8.0)**	$ 160.0
Total comprehensive (loss) income attributable to:					
Shareholders of the Company		**$ (31.4)**	$ 93.5	**$ (12.3)**	$ 125.4
Non-controlling interests		**(5.0)**	25.4	**4.3**	34.6
		$ (36.4)	$ 118.9	**$ (8.0)**	$ 160.0
Net (loss) earnings per common share from continuing operations attributable to shareholders of the Company					
Basic		**$ (0.57)**	$ 0.81	**$ (0.22)**	$ 1.34
Diluted		**$ (0.57)**	$ 0.79	**$ (0.22)**	$ 1.30
Net earnings per common share from discontinued operations					
attributable to shareholders of the Company		**$ -**	$ 0.83	**$ -**	$ 0.86
Basic		**$ -**	$ 0.80	**$ -**	$ 0.83
Diluted					
Net (loss) earnings per common share attributable to shareholders of the Company					
Basic		**$ (0.57)**	$ 1.64	**$ (0.22)**	$ 2.20
Diluted		**$ (0.57)**	$ 1.59	**$ (0.22)**	$ 2.13
Weighted average number of common shares (in thousands)	Note 8				
Basic		**55,316**	59,097	**55,299**	58,932
Diluted		**55,316**	60,747	**55,299**	60,868

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	-	-	3.8	3.8	-	-	3.8	-	3.8
Exercise of incentive share options	Note 5	1,302	27.3	(4.6)	22.7	-	-	22.7	-	22.7
Repurchase of common shares	Note 5	(610)	(3.1)	-	(3.1)	-	(23.5)	(26.6)	-	(26.6)
Net earnings		-	-	-	-	-	129.4	129.4	34.6	164.0
Other comprehensive loss from continuing operations		-	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Other comprehensive loss from discontinued operations		-	-	-	-	(3.8)	-	(3.8)	-	(3.8)
Distributions		-	-	-	-	-	-	-	(37.5)	(37.5)
At June 30, 2019		58,836	$ 290.7	$ 53.4	$ 344.1	$ 0.2	$ 250.4	$ 594.7	$ 150.4	$ 745.1
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	-	-	12.3	12.3	-	-	12.3	-	12.3
Exercise of incentive share options	Note 5	137	3.2	(0.5)	2.7	-	-	2.7	-	2.7
Repurchase of common shares	Note 5	(173)	(0.9)	-	(0.9)	-	(6.4)	(7.3)	-	(7.3)
Net (loss) earnings		-	-	-	-	-	(12.2)	(12.2)	4.3	(7.9)
Other comprehensive loss from continuing operations		-	-	-	-	(0.1)	-	(0.1)		(0.1)
Distributions		-	-	-	-	-	-	-	(6.8)	(6.8)
At June 30, 2020		**55,331**	**$ 281.8**	**$ 69.3**	**$ 351.1**	**$ (0.1)**	**$ 171.8**	**$ 522.8**	**$ 131.3**	**$ 654.1**

[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 June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Cash Flows from Operating Activities					
(Loss) Earnings before income taxes from continuing operations		**$ (45.1)**	$ 91.1	**$ (8.2)**	$ 142.2
Adjustments to reconcile earnings before income taxes to cash generated by operating activities:					
Amortization		**38.6**	36.8	**77.1**	74.2
Share-based compensation	Note 5	**11.0**	0.7	**9.6**	4.4
Interest and financing cost, net		**26.3**	22.6	**49.5**	44.8
Gain on sale of land		**-**	-	**-**	(6.6)
Foreign exchange loss (gain)		**0.2**	(0.1)	**-**	(0.4)
Other		**(3.7)**	(2.3)	**(4.7)**	(2.5)
Changes in non-cash operating working capital	Note 9	**(22.2)**	(0.9)	**(39.9)**	(2.7)
Income taxes paid		**-**	(36.5)	**(14.2)**	(53.7)
Cash generated by operating activities from continuing operations		**5.1**	111.4	**69.2**	199.7
Cash generated by operating activities from discontinued operations		**-**	2.0	**-**	4.4
Cash generated by operating activities		**5.1**	113.4	**69.2**	204.1
Cash Flows from Investing Activities					
Capital expenditures, net of related accounts payable	Note 9	**(98.6)**	(82.9)	**(183.3)**	(147.9)
Proceeds from sale of land		**-**	-	**-**	15.9
Interest income received		**1.5**	1.4	**3.1**	2.5
Other		**(0.7)**	0.1	**0.2**	(0.7)
Cash used in investing activities from continuing operations		**(97.8)**	(81.4)	**(180.0)**	(130.2)
Cash generated by investing activities from discontinued operations		**-**	65.5	**-**	65.2
Cash used in investing activities		**(97.8)**	(15.9)	**(180.0)**	(65.0)
Cash Flows from Financing Activities					
Payment of lease liabilities	Note 3(b)	**(20.9)**	(19.9)	**(42.3)**	(39.8)
Increase in borrowings under credit facilities	Note 4	**60.7**	70.8	**512.1**	106.7
Proceeds from Senior Unsecured Debentures	Note 4(b)	**9.0**	-	**189.0**	-
Repayment of debt	Note 4	**(325.0)**	(10.0)	**(329.0)**	(75.0)
Debt financing transaction costs	Note 4	**(1.4)**	-	**(9.0)**	-
Proceeds from exercise of incentive share options, net of issuance costs	Note 5(b)	**0.4**	1.6	**2.7**	22.7
Repurchase of common shares	Note 5(a)	**-**	(20.0)	**(8.1)**	(26.6)
Amount of distributions to non-controlling interests		**(0.1)**	(5.9)	**(6.8)**	(37.5)
Interest paid		**(13.5)**	(10.3)	**(29.3)**	(18.6)
Cash (used in) generated by financing activities		**(290.8)**	6.3	**279.3**	(68.1)
Effect of foreign exchange on cash		**(0.2)**	(0.2)	**-**	(0.2)
Cash (outflow) inflow		**(383.7)**	103.6	**168.5**	70.8
Cash, beginning of period		**881.9**	304.0	**329.7**	336.8
Cash, end of period		**$ 498.2**	$ 407.6	**$ 498.2**	$ 407.6

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 June 30, 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 June 30, 2020, the Company had $498.2 in cash and $1,106.7 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.

In addition, the Company has applied for eligible government assistance related to the pandemic to further reduce its cash outflows during the closure period. For the three and six months ended June 30, 2020, the Company recognized $5.9 of eligible government assistance which was recorded as a reduction against related expenses in accordance with the Company's accounting policy outlined in Note 1(c)(i).

1. BASIS OF PRESENTATION (Continued)

b) Temporary Business Interruption (Continued)

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. These restrictions were lifted on May 19, 2020, and the Company has resumed certain Ontario capital projects with appropriate workplace safety measures in place.

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) 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 4 of the Company's Annual Financial Statements.

i) Government Grants

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached to the grant and the grant will be received. Government grants that compensate the Company for expenses incurred are recorded as a reduction against the related expenses.

ii) Equity-settled share-based compensation

If granted share options are cancelled during the vesting period (other than those cancelled by forfeiture when the vesting conditions are not satisfied), the Company recognizes the remaining compensation expense associated with the cancelled share options in the Condensed Interim Consolidated Statements of (Loss) Earnings and Other Comprehensive (Loss) Income immediately upon cancellation.

d) 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)	**-**	**0.5**	**1.5**	**148.9**	**150.9**
Disposals	**(0.2)**	**-**	**-**	**-**	**(0.2)**
Transfers	**-**	**17.4**	**1.8**	**(19.2)**	-
Balance at June 30, 2020	**$ 83.0**	**$ 1,049.8**	**$ 395.6**	**$ 554.9**	**$ 2,083.3**
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	**-**	**(18.2)**	**(26.6)**	**-**	**(44.8)**
Balance at June 30, 2020	**$ (11.2)**	**$ (440.6)**	**$ (250.3)**	**$ -**	**$ (702.1)**
Carrying amount					
At December 31, 2019	$ 72.0	$ 609.5	$ 168.6	$ 425.2	$ 1,275.3
At June 30, 2020	**$ 71.8**	**$ 609.2**	**$ 145.3**	**$ 554.9**	**$ 1,381.2**

(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.

(2) The Company capitalized borrowing costs of $3.8 to properties under development during the three months ended June 30, 2020 (2019 - $0.6) and $5.5 during the six months ended June 30, 2020 (2019 - $0.8) 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. As a result of the ongoing closure of the Company's operations since March 16, 2020, management performed an impairment test to assess whether the recoverable amount of each cash generating unit ("CGU") exceeded their carrying values. The recoverable amounts of each CGU was based on fair value less costs to sell determined by discounting the future cash flows expected to be generated by the CGU. The determination of the recoverable amount required use of significant estimates and judgments regarding forecasted cash flows used, including the duration of the suspension period and the pattern of cash flows after the suspension period, and the discount rates used. Based on procedures performed, no impairment was required as at June 30, 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. Remeasurements to the lease liability relate to changes in future lease payments arising from changes in the inflation rate, with the corresponding adjustment made to the carrying amount of the right-of-use asset.

Lease payments recognized in net (loss) earnings primarily consisted of short-term leases related to gaming equipment and variable lease payments on property leases which are calculated based on performance or usage.

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		**-**		**27.2**		**-**		**27.2**
Balance at June 30, 2020	**$**	**19.8**	**$**	**1,048.0**	**$**	**0.2**	**$**	**1,068.0**
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		**(0.5)**		**(27.3)**		**-**		**(27.8)**
Balance at June 30, 2020	**$**	**(1.5)**	**$**	**(81.3)**	**$**	**(0.1)**	**$**	**(82.9)**
Carrying amount								
At December 31, 2019	$	18.8	$	966.8	$	0.1	$	985.7
At June 30, 2020	**$**	**18.3**	**$**	**966.7**	**$**	**0.1**	**$**	**985.1**

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		(42.3)
Interest accretion		25.6
Lease modification and other remeasurements		27.2
Current portion of lease liabilities		(37.4)
Non-current portion of lease liabilities at June 30, 2020	**$**	**933.3**

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

Contractual undiscounted cash flows:		
Less than one year	$	87.3
Two to three years		168.2
Four to five years		165.5
More than five years		1,089.0
Total undiscounted lease liabilities as at June 30, 2020	**$**	**1,510.0**

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

4. LONG-TERM DEBT

			June 30, 2020		December 31 2019
Senior Secured Credit Facilities of GCGC, net of unamortized transaction costs of $4.4 (December 31, 2019 - $4.2)	Note 4(a)	$	**345.6**		345.8
Senior Unsecured Debentures of GCGC, net of unamortized transaction costs of $7.7 (December 31, 2019 - $nil)	Note 4(b)		**181.3**		-
Non-recourse Revolving and Capital Expenditure Credit Facilities of OTG, net of unamortized transaction costs of $9.4 (December 31, 2019 - $11.1)	Note 4(c)		**477.2**		319.5
Non-recourse Revolving Credit Facility of OGWGLP, net of unamortized transaction costs of $2.6 (December 31, 2019 - $3.0)	Note 4(d)		**136.0**		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
		$	**1,236.1**	$	869.8

a) *Senior Secured Credit Facilities of GCGC*

The Company has a Senior Secured Credit Facilities agreement, comprising 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 (Loss) Earnings and Other Comprehensive (Loss) Income over the remaining term of the Senior Secured Credit Facilities.

As at June 30, 2020, the Company had $497.7 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 a result of the temporary suspension of operations (as described in Note 1(b)), the Company entered into an agreement with its lenders on April 27, 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 January 1, 2021.

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 bear interest from the date of issuance at 5.25% per annum, payable semi-annually and will mature on December 31, 2026. The debentures are listed on the Toronto Stock Exchange (“TSX”) under the symbol GC.DB.

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.

4. LONG-TERM DEBT (CONTINUED)

b) Senior Unsecured Debentures of GCGC (Continued)

The debentures are classified as a financial liability and initially recorded at fair value of $189.0, net of transaction costs of $8.1 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 (Loss) Earnings and Other Comprehensive (Loss) Income over the term of the debentures.

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 June 30, 2020, GCGC was in compliance with its operational and other covenants under the terms of the Indenture.

On June 2, 2020, the Company received approval from the TSX to commence a normal course issuer bid to purchase up to $18.9 of its debentures, representing approximately 10% of the $189.0 aggregate principal. The bid commenced on June 5, 2020 and will expire on June 4, 2021. All debentures purchased by the Company will be subsequently cancelled. The Company has not purchased any debentures for cancellation under this issuer bid.

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 June 30, 2020, OTG had $530.5 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 $82.9 (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 a result of the temporary suspension of operations (as described in Note 1(b)), OTG entered into an agreement with its lenders on April 29, 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.

4. LONG-TERM DEBT (CONTINUED)

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 June 30, 2020, OGWGLP had $61.4 (December 31, 2019 – $87.4) of available credit on its non-recourse revolving credit facility. The availability of undrawn credit is subject to certain conditions, including compliance with related financial covenants.

As a result of the temporary suspension of operations (as described in Note 1(b)), OGWGLP entered into an agreement with its lenders on April 27, 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 January 1, 2021.

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 June 30, 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 a result of the temporary suspension of operations (as described in Note 1(b)), OGELP entered into an agreement with its lenders on April 27, 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 January 1, 2021.

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. The bid commenced on July 3, 2019 and expired July 2, 2020. All purchases under this issuer bid ended in January 2020 when the Company purchased for cancellation the remaining 172,724 common shares available under the bid at a weighted-average price per share of $42.29.

On June 29, 2020, the Company announced receiving approval from the TSX to renew a normal course issuer bid for up to 3,674,077 of its common shares, representing approximately 10% of the Company's common shares in the public float. The bid commenced on July 3, 2020 and will end on July 2, 2021, or earlier if the number of shares sought in the issuer has been obtained. The Company will not purchase shares during its self-imposed blackout periods and reserves the right to terminate the bid earlier. 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.

Subsequent to June 30, 2020, the Company purchased for cancellation 300,471 common shares at a weighted-average price per share of $26.55.

b) Share option plan

The changes in the number of share options and their weighted-average exercise price during the six months ended June 30, 2020 and 2019 were as follows:

	June 30, 2020			June 30, 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		50.31
Cancelled(2)	**(1,180)**		**44.63**	-		-
Forfeited	**(35)**		**42.40**	(23)		22.32
Exercised	**(137)**		**19.75**	(1,302)		17.46
Outstanding, end of period	**3,355**	**$**	**25.43**	4,453	$	28.16

(1) Option information is presented in thousands.

(2) These share options were voluntarily cancelled on June 22, 2020, resulting in the immediate recognition of the remaining share-based compensation costs of $6.9.

Related to these share options, the Company recorded equity-settled share-based compensation expense of $9.2 for the three months ended June 30, 2020 (2019 - $2.0) and $12.3 for the six months ended June 30, 2020 (2019 - $3.8).

5. SHARE CAPITAL AND RESERVES (Continued)

b) Share option plan (Continued)

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 six months ended June 30, 2020.

	Six months ended June 30, **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.

c) Deferred Share Units ("DSUs")

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

Number of Units (in thousands)	Six months ended June 30, **2020**	2019
Outstanding, beginning of period	**166**	184
Issued	**13**	7
Outstanding, end of period	**179**	191

Related to these DSUs, the Company recorded a liability of $5.2 in "deferred credits, provisions and other liabilities" at June 30, 2020 (December 31, 2019 - $7.4), cash-settled share-based compensation expense of $0.9 for the three months ended June 30, 2020 (2019 – recovery of $0.7) and recovery of $2.2 for the six months ended June 30, 2020 (2019 – recovery of $0.2).

d) Restricted Share Units ("RSUs")

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

Number of Units (in thousands)	Six months ended June 30, **2020**	2019
Outstanding, beginning of period	**245**	119
Issued	**-**	173
Forfeited	**(24)**	(2)
Settled in cash	**(82)**	(45)
Outstanding, end of period	**139**	245

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 $0.4 to employees after they vest in 2020, $2.5 in 2021 and $1.1 in 2022.

Related to these RSUs, the Company recorded a liability of $1.7 in "accounts payable and accrued liabilities" at June 30, 2020 (December 31, 2019 - $3.0), $0.3 in "deferred credits, provisions and other liabilities" at June 30, 2020 (December 31, 2019 - $1.8), cash-settled share-based compensation of $0.9 for the three months ended June 30, 2020 (2019 – recovery of $0.6) and recovery of $0.5 for the six months ended June 30, 2020 (2019 – expense of $0.8).

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

6. REVENUES

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Gaming revenues	**$ 60.5**	$ 311.2	**$ 301.8**	$ 575.6
Hospitality revenues	**-**	27.7	**19.2**	51.6
Racetrack, lease and other revenues	**2.3**	15.5	**15.6**	30.0
	$ 62.8	$ 354.4	**$ 336.6**	$ 657.2

7. INCOME TAXES

The Company's income tax expense is as follows:

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months ended June 30, 2020	Six Months ended June 30, 2019
Current tax (recovery) expense	**$ (5.5)**	$ 22.6	**$ 4.4**	$ 35.3
Deferred tax recovery	**(3.2)**	(4.9)	**(4.7)**	(6.7)
	$ (8.7)	$ 17.7	**$ (0.3)**	$ 28.6

The Company's income tax for the three months and six ended June 30, 2020 can be reconciled to (loss) earnings before income taxes from continuing operations as follows:

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months ended June 30, 2020	Six Months ended June 30, 2019
Applicable federal and provincial statutory income tax rate	**27.49%**	26.69%	**30.19%**	26.69%
(Loss) earnings before income taxes from continuing operations(1)	**$ (45.1)**	$ 91.1	**$ (8.2)**	$ 142.2
Expected income tax for the period	**(12.4)**	24.3	**(2.5)**	38.0
Effect of:				
Non-deductible share-based compensation	**2.4**	0.5	**3.3**	1.0
Non-taxable portion of gain from sale of land	**-**	-	**-**	(0.9)
Non-controlling interest(1)	**1.4**	(6.7)	**(1.1)**	(9.2)
Other items	**(0.1)**	(0.4)	**-**	(0.3)
Total income tax	**$ (8.7)**	$ 17.7	**$ (0.3)**	$ 28.6

(1) (Loss) 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.

7. INCOME TAXES (Continued)

The Canada Revenue Agency ("CRA") has conducted audits of the Company's and its subsidiaries' Facility Development Commission ("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 $57.9, deferred tax expense would decrease $56.8, 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 June 30, 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.

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 June 30, 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 that may be received for any subsequent years.

8. SHARE INFORMATION

Share information below is presented in thousands.

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Weighted-average number of common shares outstanding	**55,316**	59,097	**55,299**	58,932
Dilutive adjustment for share options	**-**	1,650	**-**	1,936
Diluted weighted-average number of common shares	**55,316**	60,747	**55,299**	60,868

The number of outstanding share options (in thousands) that are anti-dilutive and are not included in the above calculation were 3,355 for the three and six months ended June 30, 2020 (2019 – 590).

9. SUPPLEMENTAL CASH FLOW INFORMATION

a) *Changes in non-cash operating working capital*

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Accounts receivable	**$ 4.6**	$ (5.8)	**$ 13.2**	$ (17.3)
Prepaids, deposits and other assets	**5.7**	2.8	**2.2**	(3.1)
Accounts payable and accrued liabilities	**(32.5)**	2.1	**(55.3)**	17.7
	$ (22.2)	$ (0.9)	**$ (39.9)**	$ (2.7)

b) *Capital expenditures, net of related accounts payable*

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Purchases of property, plant and equipment	**$ (45.6)**	$ (97.5)	**$ (150.9)**	$ (168.7)
Change in related accounts payable	**(53.0)**	14.6	**(32.4)**	20.8
	$ (98.6)	$ (82.9)	**$ (183.3)**	$ (147.9)

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

10. SEGMENT INFORMATION

As a result of the temporary suspension of operations which began on March 16, 2020, as discussed in Note 1(b), the Chief Operating Decision Maker ("CODM") now evaluates Free Cash Flow as an additional measure during this closure period in assessing each region's performance and allocating resources to each region. Segment information for each operating segment are as follows:

	Ontario	B.C.	Atlantic	Corporate	Total
Three months ended June 30, 2020					
Gaming revenues	**$ 60.5**	**$ -**	**$ -**	**$ -**	**$ 60.5**
Hospitality revenues	**-**	**-**	**-**	**-**	**-**
Racetrack, lease and other revenues	**2.3**	**-**	**-**	**-**	**2.3**
Revenues	**$ 62.8**	**$ -**	**$ -**	**$ -**	**$ 62.8**
Adjusted EBITDA	**$ 45.2**	**$ (5.4)**	**$ (3.1)**	**$ (4.9)**	**$ 31.8**
Free Cash Flow	**$ (97.9)**	**$ (5.3)**	**$ (4.3)**	**$ (15.9)**	**$ (123.4)**
Three months ended June 30, 2019					
Gaming revenues	$ 226.5	$ 66.0	$ 18.7	$ -	$ 311.2
Hospitality revenues	6.1	17.3	4.3	-	27.7
Racetrack, lease and other revenues	8.7	5.9	0.9	-	15.5
Revenues	$ 241.3	$ 89.2	$ 23.9	$ -	$ 354.4
Adjusted EBITDA	$ 117.2	$ 36.2	$ 7.9	$ (7.6)	$ 153.7
Free Cash Flow	$ (19.7)	$ 30.6	$ 4.2	$ (11.9)	$ 3.2
Six months ended June 30, 2020					
Gaming revenues	**$ 235.3**	**$ 52.5**	**$ 14.0**	**$ -**	**$ 301.8**
Hospitality revenues	**6.0**	**9.8**	**3.4**	**-**	**19.2**
Racetrack, lease and other revenues	**10.4**	**4.5**	**0.7**	**-**	**15.6**
Revenues	**$ 251.7**	**$ 66.8**	**$ 18.1**	**$ -**	**$ 336.6**
Adjusted EBITDA	**$ 124.6**	**$ 23.1**	**$ 1.2**	**$ (14.1)**	**$ 134.8**
Free Cash Flow	**$ (150.4)**	**$ 11.5**	**$ (2.1)**	**$ (33.2)**	**$ (174.2)**
Six months ended June 30, 2019					
Gaming revenues	$ 407.5	$ 132.5	$ 35.6	$ -	$ 575.6
Hospitality revenues	12.0	31.2	8.4	-	51.6
Racetrack, lease and other revenues	17.3	10.9	1.8	-	30.0
Revenues	$ 436.8	$ 174.6	$ 45.8	$ -	$ 657.2
Adjusted EBITDA	$ 194.5	$ 71.1	$ 14.3	$ (16.8)	$ 263.1
Free Cash Flow	$ (25.8)	$ 55.2	$ 9.2	$ (38.2)	$ 0.4

Segment Assets	Ontario	B.C.	Atlantic	Corporate	Total
As at June 30, 2020					
Cash	**$ 220.0**	**$ 75.2**	**$ 10.9**	**$ 192.1**	**$ 498.2**
Total assets	**$ 2,185.4**	**$ 640.2**	**$ 99.6**	**$ 199.5**	**$ 3,124.7**
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

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

10. SEGMENT INFORMATION (CONTINUED)

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Adjusted EBITDA	**$ 31.8**	$ 153.7	**$ 134.8**	$ 263.1
Less:				
Amortization	**38.6**	36.8	**77.1**	74.2
Share-based compensation	**11.0**	0.7	**9.6**	4.4
Interest and financing costs, net	**26.3**	22.6	**49.5**	44.8
Business acquisition, restructuring and other	**0.8**	2.6	**6.8**	4.5
Gain on sale of land	**-**	-	**-**	(6.6)
Foreign exchange loss (gain)	**0.2**	(0.1)	**-**	(0.4)
Income taxes	**(8.7)**	17.7	**(0.3)**	28.6
Net (loss) earnings from continuing operations	**$ (36.4)**	$ 73.4	**$ (7.9)**	$ 113.6

The following table is a reconciliation of Free Cash Flow, as presented above, to cash generated by operating activities as presented in the Company's Condensed Interim Consolidated Statements of Cash Flows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Free cash flow	**$ (123.4)**	$ 3.2	**$ (174.2)**	$ 0.4
Add (less):				
Capital expenditures, net of related accounts payable	**98.6**	82.9	**183.3**	147.9
Payment of lease liabilities	**20.9**	19.9	**42.3**	39.8
Interest paid	**13.5**	10.3	**29.3**	18.6
Other[(1)]	**(4.5)**	(4.9)	**(11.5)**	(7.0)
Cash generated by operating activities from discontinued operations	**-**	2.0	**-**	4.4
Cash generated by operating activities	**$ 5.1**	$ 113.4	**$ 69.2**	$ 204.1

(1) Consists of (i) "business acquisition, restructuring and other" from the Condensed Interim Consolidated Statements of (Loss) Earnings and Other Comprehensive (Loss) Income and (ii) "other" adjustments to reconcile earnings before income taxes to cash generated by operating activities from the Condensed Interim Consolidated Statements of Cash Flows.

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 is 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, and/or the timing of the reopening of the Company's gaming facilities.

For the three months and six months ended June 30, 2020, there were no material changes to the Company's contractual obligations, except for the issuance of the Senior Unsecured Debentures and amendments to the Company's credit agreements to temporarily waive compliance with financial and other covenants during the closure period, as discussed in Note 4.

The Company has commitments for capital expenditures related to the developments of its Ontario gaming facilities, which will be settled over the duration of the related developments. In response to the pandemic, as discussed in Note 1(b), the Government of Ontario mandated the closure of all non-critical construction projects by April 4, 2020, which included the Company's capital development projects. The impact to the timing of completing these developments continue to be reassessed as the Company cautiously resumes certain of its Ontario capital development projects, since the restrictions on construction projects were lifted on May 19, 2020. The estimated timing in settling these commitments will also be reassessed accordingly.

b) *Interest rate risk*

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, OGWGLP's Non-recourse Revolving Credit Facility, and OGELP's Non-recourse Revolving Credit Facility (see Note 4).

A sensitivity analysis has been determined based on the exposure to interest rates for floating rate liabilities at the reporting date. The analysis is prepared assuming the amount of liability outstanding at reporting date was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 1% higher or lower and all other variables were held constant, the Company's net (loss) earnings would decrease or increase by $10.7.

11. FINANCIAL INSTRUMENTS (CONTINUED)

c) 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 June 30, 2020, the Senior Unsecured Debentures had a fair value of $175.4 (December 31, 2019 – N/A) and a carrying value of $181.3 (December 31, 2019 – N/A).

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 June 30, 2020, the Company's long-term debt instruments had a fair value of $1,072.2 (December 31, 2019 - $889.1) and a carrying value of $1,054.8 (December 31, 2019 - $869.8).

The Company's contingent future trailing payments related to the acquisition of Elements Casino Chilliwack are recurring Level 3 financial instruments as they require management to make assumptions regarding the measurement of fair value using significant inputs that are not based on observable market data. As at June 30, 2020, the fair value and carrying value of the Company's contingent future trailing payments was $4.5 (December 31, 2019 - $6.2), of which $0.1 (December 31, 2019 - $0.7) was recorded in "other liabilities" and $4.4 (December 31, 2019 – $5.4) was recorded in "deferred credits, provisions and other liabilities" on the Condensed Interim Consolidated Statements of Financial Position.

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 periods.