GREAT CANADIAN GAMING CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Month and Nine Month Periods Ended
September 30, 2019 and 2018

(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)

		September 30, 2019	December 31, 2018
Assets			
Current			
Cash		$ **309.8**	$ 336.8
Accounts receivable		**84.0**	67.5
Land held for sale	Note 4(b)	**-**	8.1
Prepaids, deposits and other assets		**28.7**	26.5
		422.5	438.9
Property, plant and equipment	Note 4(a)	**1,147.2**	989.1
Right-of-use assets	Note 6(a)	**979.4**	-
Intangible assets		**93.3**	99.1
Goodwill	Note 5	**13.5**	22.5
Deferred tax assets		**15.0**	12.0
Cash on deposit with Canada Revenue Agency	Note 11	**38.9**	38.9
Other assets		**0.9**	1.3
		$ **2,710.7**	$ 1,601.8
Liabilities			
Current			
Accounts payable and accrued liabilities		$ **237.7**	$ 196.1
Lease liabilities	Note 6(b)	**32.3**	-
Income taxes payable		**2.7**	31.3
Other liabilities		**4.5**	3.9
		277.2	231.3
Long-term debt	Note 7	**670.6**	631.6
Lease liabilities	Note 6(b)	**917.5**	-
Deferred credits, provisions and other liabilities		**29.9**	31.7
Deferred tax liabilities		**83.0**	84.5
		1,978.2	979.1
Equity			
Share capital and reserves	Note 8	**337.8**	320.7
Accumulated other comprehensive income		**0.1**	4.2
Retained earnings		**230.6**	144.5
Equity attributable to shareholders of the Company		**568.5**	469.4
Non-controlling interests		**164.0**	153.3
Total equity		**732.5**	622.7
		$ **2,710.7**	$ 1,601.8

These Condensed Interim Consolidated Financial Statements were approved and authorized by the Company's Board of Directors for issuance on November 4, 2019.

GREAT CANADIAN GAMING CORPORATION

Condensed Interim Consolidated Statements of Earnings and Other Comprehensive Income

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

		Three months ended September 30, 2019	2018	Nine months ended September 30, 2019	2018
			Note 1(b)		Note 1(b)
Revenues	Note 9	**$ 341.1**	$ 332.7	**$ 998.3**	$ 848.4
Expenses					
Human resources		**107.7**	95.8	**321.0**	250.4
Property, marketing and administration		**91.9**	99.7	**274.0**	251.9
Share of profit of equity investments		**(0.8)**	(0.7)	**(2.1)**	(0.9)
Amortization		**37.6**	22.2	**111.8**	59.2
Share-based compensation	Note 8	**3.6**	3.0	**8.0**	9.9
Interest and financing costs, net	Note 10	**19.9**	12.4	**64.7**	34.1
Business acquisition, restructuring and other		**(4.7)**	1.9	**(0.2)**	13.2
Gain on sale of land	Note 4(b)	**-**	-	**(6.6)**	-
Foreign exchange gain		**(1.5)**	(0.4)	**(1.9)**	(1.3)
		253.7	233.9	**768.7**	616.5
Earnings before income taxes from continuing operations		**87.4**	98.8	**229.6**	231.9
Income taxes	Note 11	**18.4**	19.3	**47.0**	45.3
Net earnings from continuing operations		**$ 69.0**	$ 79.5	**$ 182.6**	$ 186.6
Net earnings attributable to discontinued operations	Note 16	**-**	1.8	**50.4**	4.0
Net earnings		**69.0**	81.3	**233.0**	190.6
Net earnings from continuing operations attributable to:					
Shareholders of the Company		**$ 49.7**	$ 50.8	**$ 128.7**	$ 119.8
Non-controlling interests		**19.3**	28.7	**53.9**	66.8
		$ 69.0	$ 79.5	**$ 182.6**	$ 186.6
Net earnings attributable to:					
Shareholders of the Company		**$ 49.7**	$ 52.6	**$ 179.1**	$ 123.8
Non-controlling interests		**19.3**	28.7	**53.9**	66.8
		$ 69.0	$ 81.3	**$ 233.0**	$ 190.6
Net earnings		**$ 69.0**	$ 81.3	**$ 233.0**	$ 190.6
Other comprehensive (loss) income					
Items that are or may be reclassified subsequently to net earnings					
Current period changes in fair values of derivatives designated as cash flow hedges from continuing operations, net of income taxes		**(0.1)**	-	**(0.3)**	(0.1)
Foreign currency translation of discontinued operations		**-**	(0.5)	**(0.9)**	0.8
Reclassification of foreign currency differences on disposal of discontinued operations		**-**	-	**(2.9)**	-
		(0.1)	(0.5)	**(4.1)**	0.7
Total comprehensive income		**$ 68.9**	$ 80.8	**$ 228.9**	$ 191.3
Total comprehensive income attributable to:					
Shareholders of the Company		**$ 49.6**	$ 52.1	**$ 175.0**	$ 124.5
Non-controlling interests		**19.3**	28.7	**53.9**	66.8
		$ 68.9	$ 80.8	**$ 228.9**	$ 191.3
Net earnings per common share from continuing operations attributable to shareholders of the Company					
Basic		**$ 0.85**	$ 0.83	**$ 2.19**	$ 1.96
Diluted		**$ 0.82**	$ 0.79	**$ 2.12**	$ 1.89
Net earnings per common share attributable to shareholders of the Company					
Basic		**$ 0.85**	$ 0.86	**$ 3.05**	$ 2.03
Diluted		**$ 0.82**	$ 0.82	**$ 2.95**	$ 1.95
Weighted average number of common shares (in thousands)	Note 12				
Basic		**58,578**	61,284	**58,813**	61,124
Diluted		**60,036**	63,864	**60,585**	63,460

See Accompanying Notes to the Condensed Interim Consolidated Financial Statements

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, 2018		60,894	$ 268.2	$ 50.4	$ 318.6	$ 2.0	$ 144.3	$ 464.9	$ 5.3	$ 470.2
Share-based compensation	Note 8	-	-	4.7	4.7	-	-	4.7	-	4.7
Exercise of incentive share options	Note 8	419	9.0	(1.5)	7.5	-	-	7.5	-	7.5
Repurchase of common shares	Note 8	(278)	(1.3)	-	(1.3)	-	(11.5)	(12.8)	-	(12.8)
Net earnings		-	-	-	-	-	123.8	123.8	66.8	190.6
Other comprehensive loss from continuing operations		-	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Other comprehensive gain from discontinued operations		-	-	-	-	0.8	-	0.8	-	0.8
Contributions		-	-	-	-	-	-	-	59.4	59.4
At September 30, 2018		61,035	$ 275.9	$ 53.6	$ 329.5	$ 2.7	$ 256.6	$ 588.8	$ 131.5	$ 720.3
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 8	-	-	6.6	6.6	-	-	6.6	-	6.6
Exercise of incentive share options	Note 8	1,328	28.0	(4.7)	23.3	-	-	23.3	-	23.3
Repurchase of common shares	Note 8	(2,523)	(12.8)	-	(12.8)	-	(93.0)	(105.8)	-	(105.8)
Net earnings		-	-	-	-	-	179.1	179.1	53.9	233.0
Other comprehensive loss from continuing operations		-	-	-	-	(0.3)	-	(0.3)	-	(0.3)
Other comprehensive loss from discontinued operations		-	-	-	-	(3.8)	-	(3.8)	-	(3.8)
Distributions		-	-	-	-	-	-	-	(43.2)	(43.2)
At September 30, 2019		**56,949**	**$ 281.7**	**$ 56.1**	**$ 337.8**	**$ 0.1**	**$ 230.6**	**$ 568.5**	**$ 164.0**	**$ 732.5**

[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)

		Nine months ended September 30, 2019	2018 Note 1(b)
Cash Flows from Operating Activities			
Earnings before income taxes from continuing operations		**$ 229.6**	$ 231.9
Adjustments to reconcile earnings before income taxes to cash generated by operating activities:			
Amortization		**111.8**	59.2
Share-based compensation	Note 8	**8.0**	9.9
Interest and financing cost, net	Note 10	**64.7**	34.1
Gain on sale of land	Note 4(b)	**(6.6)**	-
Foreign exchange gain		**(1.9)**	(1.3)
Other		**(2.7)**	(0.9)
Changes in non-cash operating working capital	Note 13	**(18.5)**	(2.2)
Income taxes paid		**(85.2)**	(28.5)
Cash generated by operating activities from continuing operations		**299.2**	302.2
Cash generated by operating activities from discontinued operations		**4.4**	4.6
Cash generated by operating activities		**303.6**	306.8
Cash Flows from Investing Activities			
Purchase of property, plant and equipment, net of related accounts payable of $40.4 (2018 - $49.8)		**(246.4)**	(93.6)
Proceeds from sale of land	Note 4(b)	**15.9**	-
Acquisition of GTA Gaming Bundle		**-**	(92.1)
Acquisition of West GTA Gaming Bundle		**-**	(99.2)
Interest income received		**4.2**	4.7
Amounts deposited with Canada Revenue Agency	Note 11	**-**	(9.6)
Other		**(0.8)**	-
Cash used in investing activities from continuing operations		**(227.1)**	(289.8)
Cash generated by (used in) investing activities from discontinued operations		**65.2**	(0.3)
Cash used in investing activities		**(161.9)**	(290.1)
Cash Flows from Financing Activities			
Payment of lease liabilities	Note 6(b)	**(60.1)**	-
Increase in borrowings under credit facilities	Note 7	**171.0**	240.7
Repayment of debt	Note 7	**(135.0)**	-
Debt financing transaction costs	Note 7	**(1.1)**	(20.9)
Proceeds from exercise of incentive share options, net of issuance costs	Note 8	**23.3**	7.5
Repurchase of common shares, net of related accounts payable	Note 8	**(98.5)**	(9.6)
Amount of (distributions to) contributions from non-controlling interests		**(43.2)**	62.1
Interest paid		**(26.4)**	(40.7)
Cash (used in) generated by financing activities from continuing operations		**(170.0)**	239.1
Cash used in financing activities from discontinued operations		**-**	(0.2)
Cash (used in) generated by financing activities		**(170.0)**	238.9
Effect of foreign exchange on cash		**1.3**	1.6
Cash (outflow) inflow		**(27.0)**	257.2
Cash, beginning of period		**336.8**	322.3
Cash, end of period		**$ 309.8**	$ 579.5

(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, 2018 ("Annual Financial Statements").

a) Principal Operating Entities

As at September 30, 2019, the Company's principal operating entities which the Company consolidates were:

Entity	Abbreviation	Location of operations	Ownership interest
Flamboro Downs Limited	FDL	Ontario	100%
Georgian Downs Limited	GDL	Ontario	100%
Ontario Gaming East Limited Partnership	OGELP	Ontario	90.5%
Ontario Gaming GTA Limited Partnership *(doing business as One Toronto Gaming)*	OTG	Ontario	49%(1)
Ontario Gaming West GTA Limited Partnership	OGWGLP	Ontario	55%(1)
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%

(1) On November 4, 2019, the Company completed the acquisition of certain non-controlling interests in its Ontario partnerships. As a result, the Company now owns 100% of OGWGLP and 50% of OTG (see Note 17).

b) Discontinued Operations

On June 27, 2019, the Company sold all the shares of its wholly-owned subsidiary, Great American Gaming Corporation ("GAGC"), which represented the Company's U.S. region, a segment that was previously reported in the Company's Condensed Interim Consolidated Financial Statements and Annual Financial Statements. Financial results of GAGC, including comparative information, have been presented as discontinued operations in the Condensed Interim Consolidated Statements of Earnings and Other Comprehensive Income and in the Condensed Interim Consolidated Statements of Cash Flows (see Note 16).

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

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

Effective January 1, 2019, the Company adopted the following new and revised IASs and IFRSs issued by the IASB:

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

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

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

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

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

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

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

The Company's lease accounting policy in accordance with IFRS 16 is provided below.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Right-of-use assets

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

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

Lease Liabilities

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

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

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

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

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

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Lease Liabilities (Continued)

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

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

Recognition Exemptions

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

Initial Recognition on January 1, 2019

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

		As at January 1, 2019
Operating lease commitments at December 31, 2018	$	1,495.8
Less: short-term leases and leases of low value assets		(4.1)
	$	1,491.7
Adjustments:		
Incremental payments based on an index or rate		60.6
Lease payments removed subsequent to December 31, 2018 due to termination of lease and other		(19.6)
Undiscounted operating lease payments at January 1, 2019		**1,532.7**
Effect of discounting using the incremental borrowing rate at January 1, 2019		(585.4)
Lease liabilities recognized at January 1, 2019	**$**	**947.3**

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

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

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

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

3. CHANGES IN CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

- *Identification of Leases*

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

- *Lease Liabilities*

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

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

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

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

4. PROPERTY, PLANT, AND EQUIPMENT

a) Reconciliation of carrying amount

	Land	Buildings, Building Improvements and Leasehold Improvements	Equipment	Properties Under Development	Total
Cost					
Balance at January 1, 2018	$ 83.9	$ 883.0	$ 180.3	$ 33.3	$ 1,180.5
Additions	3.5	0.4	4.3	235.6	243.8
Acquired through business combination(1)	5.2	81.5	66.8	-	153.5
Disposals	(0.4)	(0.1)	(0.5)	-	(1.0)
Transfers	0.3	67.2	48.2	(115.7)	-
Translation and other	0.3	1.4	0.5	-	2.2
Balance at December 31, 2018	$ 92.8	$ 1,033.4	$ 299.6	$ 153.2	$ 1,579.0
Additions	**0.1**	**0.6**	**4.1**	**282.0**	**286.8**
Disposals(2)	**(3.2)**	**(17.0)**	**(6.3)**	**(1.2)**	**(27.7)**
Transferred to right-of-use assets	**(5.2)**	**(52.0)**	**-**	**-**	**(57.2)**
Transfers	**-**	**44.1**	**72.0**	**(116.1)**	-
Translation and other	**(0.1)**	**(0.7)**	**(0.3)**	**-**	**(1.1)**
Balance at September 30, 2019	**$ 84.4**	**$ 1,008.4**	**$ 369.1**	**$ 317.9**	**$ 1,779.8**
Accumulated amortization					
Balance at January 1, 2018	$ (11.2)	$ (361.3)	$ (142.5)	$ -	$ (515.0)
Amortization	-	(39.3)	(34.8)	-	(74.1)
Disposals	-	0.1	0.2	-	0.3
Translation and other	-	(0.7)	(0.4)	-	(1.1)
Balance at December 31, 2018	$ (11.2)	$ (401.2)	$ (177.5)	$ -	$ (589.9)
Amortization	**-**	**(28.8)**	**(36.4)**	**-**	**(65.2)**
Disposals(2)	**-**	**8.7**	**5.2**	**-**	**13.9**
Transferred to right-of-use assets	**-**	**7.6**	**-**	**-**	**7.6**
Translation and other	**-**	**0.7**	**0.3**	**-**	**1.0**
Balance at September 30, 2019	**$ (11.2)**	**$ (413.0)**	**$ (208.4)**	**$ -**	**$ (632.6)**
Carrying amount					
At December 31, 2018	$ 81.6	$ 632.2	$ 122.1	$ 153.2	$ 989.1
At September 30, 2019	**$ 73.2**	**$ 595.4**	**$ 160.7**	**$ 317.9**	**$ 1,147.2**

(1) The assets were acquired through business combinations related to OTG's acquisition of the GTA Gaming Bundle and OGWGLP's acquisition of the West GTA Gaming Bundle.
(2) The Company sold all the shares of GAGC on June 27, 2019, as disclosed in Note 16, resulting in a disposal of GAGC's property, plant, and equipment.

The Company capitalized borrowing costs of $2.7 and $3.6 during the three and nine months ended September 30, 2019, respectively, related to the development of gaming properties in Ontario.

b) Sale of land

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

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

5. GOODWILL

		Total
Cost		
Balance at January 1, 2018	$	49.2
Foreign exchange movements		0.7
Balance at December 31, 2018	$	49.9
Foreign exchange movements		(0.4)
Disposal[1]		(8.6)
Balance at September 30, 2019	**$**	**40.9**
Impairments		
Balance at January 1, 2018, December 31, 2018 and September 30, 2019	**$**	**(27.4)**

Carrying amount		**Total**
At December 31, 2018	$	22.5
At September 30, 2019	**$**	**13.5**

[1] The Company sold all the shares of GAGC on June 27, 2019, as disclosed in Note 16, resulting in a disposal of GAGC's goodwill.

6. LEASES

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

On April 24, 2019, the Company announced that it had completed a new lease agreement with the owners of Ajax Downs with an initial term ending March 31, 2026, plus an extension at the Company's option for an additional 12 years. Changes to the Casino Ajax lease arrangement were treated as a lease modification that resulted in a remeasurement which increased the existing right-of-use assets and lease liabilities by $42.1. Other remeasurements resulted in a net decrease of $17.5 to right-of-use assets and lease liabilities.

a) *Right-of-use assets*

		Land		Building and Building Improvements		Equipment		Total
Balance at January 1, 2019	$	19.8	$	976.0	$	0.2	**$**	**996.0**
Lease modification and other remeasurements		-		24.6		-		**24.6**
Amortization		(0.8)		(40.3)		(0.1)		**(41.2)**
Balance at September 30, 2019	**$**	**19.0**	**$**	**960.3**	**$**	**0.1**	**$**	**979.4**

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		(60.1)
Interest accretion		38.0
Lease modification and other remeasurements		24.6
Current portion of lease liabilities at September 30, 2019		(32.3)
Non-current portion of lease liabilities at September 30, 2019	**$**	**917.5**

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

6. LEASES (Continued)

b) Lease liabilities (Continued)

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

Contractual undiscounted cash flows:		
Less than one year	$	81.8
One to five years		318.8
More than five years		1,102.4
Total undiscounted lease liabilities as at September 30, 2019	**$**	**1,503.0**

c) Lease payments recognized in net earnings

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

		Three months ended, September 30, 2019		**Nine months ended September 30, 2019**
Variable lease payments based on performance or usage	**$**	**7.5**	**$**	**21.6**
Expenses related to short-term leases		**8.1**		**24.0**
Expenses related to leases of low value assets		**-**		**0.1**
Lease payments recognized in net earnings	**$**	**15.6**	**$**	**45.7**

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

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

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

7. LONG-TERM DEBT

			September 30, 2019		December 31, 2018
Senior Secured Credit Facilities of GCGC, net of unamortized transaction costs of $3.5 (December 31, 2018 - $4.3)	Note 7(a)	**$**	**346.5**	$	385.7
Non-recourse Revolving and Capital Expenditure Credit Facilities of OTG, net of unamortized transaction costs of $12.0 (December 31, 2018 - $14.6)	Note 7(b)		**177.2**		112.1
Non-recourse Revolving Credit Facility of OGWGLP, net of unamortized transaction costs of $2.4 (December 31, 2018 - $2.9)	Note 7(c)		**110.1**		96.1
Non-recourse Revolving Credit Facility of OGELP, net of unamortized transaction costs of $1.2 (December 31, 2018 - $0.3)	Note 7(d)		**36.8**		37.7
		$	**670.6**	$	631.6

a) *Senior Secured Credit Facilities of GCGC*

The Company had a 4-year Senior Secured Credit Facilities agreement, maturing on November 5, 2022, that provided an aggregate capacity of up to $750.0, comprising a $400.0 revolving facility and a fully drawn $350.0 term loan facility. The Senior Secured Credit Facilities are guaranteed and secured by the assets of the Company and its wholly owned subsidiaries.

As at September 30, 2019, subject to compliance with the related financial covenants, the Company had $397.6 of available undrawn credit on its Senior Secured Credit Facilities (December 31, 2018 – $356.8) after deducting outstanding letters of credit of $2.4 (December 31, 2018 - $3.2). The Company was in compliance with its financial covenants under the terms of its Senior Secured Credit Facilities.

On October 11, 2019, the Company entered into an agreement to extend the maturity date of the Senior Secured Credit Facilities of GCGC to November 6, 2023.

b) *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 September 30, 2019, OTG had $855.5 of available undrawn credit on its Non-recourse Revolving and Capital Expenditures credit facilities (December 31, 2018 - $918.0), after deducting outstanding letters of credit of $55.3 (December 31, 2018 – $55.3). OTG is not subject to any financial covenants. OTG was in compliance with its operational and other covenants under the terms of its credit facilities agreement.

c) *Non-recourse Revolving Credit Facility of OGWGLP*

OGWGLP has a non-recourse revolving credit facility agreement that provides a capacity of $285.0 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 May 1, 2023.

As at September 30, 2019, subject to compliance with the related financial covenants, OGWGLP had $137.5 (December 31, 2018 – $151.0) of available credit on its non-recourse revolving credit facility, after deducting outstanding letters of credit of $35.0 (December 31, 2018 – $35.0). OGWGLP was in compliance with its financial covenants under the terms of its non-recourse revolving credit facility agreement.

7. LONG-TERM DEBT (Continued)

d) Non-recourse Revolving Credit Facility of OGELP

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

Draws on the revolving credit facility can be prime rate loans or bankers' acceptances. As at September 30, 2019, prime rate loans and bankers' acceptances were subject to prime plus margin of 1.00% and current market rate plus margin of 2.00%, respectively. The interest rate on advanced amounts and the commitment fee on the unused facility are based on the Company's Total Debt to Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ratio ("Total Leverage Ratio") (as defined in the underlying credit agreement), which is calculated quarterly on a trailing twelve month basis.

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

As at September 30, 2019, subject to compliance with the related financial covenants, OGELP had $76.1 (December 31, 2018 - $6.1) of available undrawn credit on its credit facility after deducting outstanding letters of credit of $15.9 (December 31, 2018 - $15.9). OGELP was in compliance with its financial covenants under the terms of its non-recourse revolving credit facility agreement.

8. SHARE CAPITAL AND RESERVES

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

a) Share repurchases

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

On June 27, 2019, the Company received approval from the TSX to renew a normal course issuer bid for up to 3,971,976 of its common shares, representing approximately 10% of the Company's common shares in the public float. The bid commenced on July 3, 2019 and will end on July 2, 2020, or earlier if the number of shares sought in the issuer bid has been obtained. The Company will not purchase shares during its self-imposed blackout periods and reserves the right to terminate the bid earlier. Pursuant to TSX policies, daily purchases made by the Company will not exceed 64,439 common shares or 25% of the prior six-month average trading volume of 257,759 common shares on the TSX, subject to certain prescribed exceptions. Purchases will be made by way of open market purchases through the facilities of the TSX, and other Canadian market places, and payment for the shares will be in accordance with the TSX's rules. No purchases will be made other than by means of open market transactions during the term of the normal course issuer bid and conducted at the market price at the time of acquisition. All shares purchased by the Company will be subsequently cancelled. Under the current issuer bid, the Company purchased for cancellation 1,912,856 common shares during the three month period ended September 30, 2019 at a weighted-average price per share of $41.37.

Subsequent to September 30, 2019, the Company purchased for cancellation 583,256 common shares at a weighted-average price per share of $41.34.

8. SHARE CAPITAL AND RESERVES (Continued)

b) Share option plan

The changes in the number of share options and their weighted-average exercise price during the nine months ended September 30, 2019 and 2018 were as follows:

	September 30, 2019			September 30, 2018		
	Options [(1)]		**Weighted-Average Exercise Price**	Options [(1)]		Weighted-Average Exercise Price
Outstanding, beginning of period	**5,188**	**$**	**22.93**	5,346	$	20.86
Granted	**590**		**50.31**	640		33.79
Forfeited	**(29)**		**22.69**	(80)		21.51
Exercised	**(1,328)**		**17.58**	(419)		18.01
Outstanding, end of period	**4,421**	**$**	**28.19**	5,487	$	22.57

(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 were as follows:

	Nine months ended September 30,			
		2019		2018
Option award fair value	**$**	**13.65**	$	8.36
Risk-free interest rate		**1.8%**		1.6%
Expected lives [(1)]		**3.5 years**		3.8 years
Expected volatility [(2)]		**33.7%**		29.4%

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

The Company recorded equity-settled share-based compensation expense of $2.8 associated with share options for the three months ended September 30, 2019 (2018 - $1.3) and $6.6 for the nine months ended September 30, 2019 (2018 - $4.7).

c) Deferred Share Units ("DSUs")

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

	Nine months ended September 30,	
Number of Units (in thousands)	**2019**	2018
Outstanding, beginning of period	**184**	169
Issued	**14**	15
Outstanding, end of period	**198**	184

Related to these DSUs, the Company recorded a liability of $1.5 in "accounts payable and accrued liabilities" at September 30, 2019 (December 31, 2018 - $1.5), $7.1 in "deferred credits, provisions and other liabilities" at September 30, 2019 (December 31, 2018 - $7.6), and cash-settled share-based compensation recovery of $0.2 for the three months ended September 30, 2019 (2018 – $nil) and recovery of $0.5 for the nine months ended September 30, 2019 (2018 – expense of $2.6).

8. SHARE CAPITAL AND RESERVES (Continued)

d) Restricted Share Units ("RSUs")

The Company has two RSU plans:

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

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

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

	Nine months ended September 30,	
Number of Units (in thousands)	**2019**	2018
Outstanding, beginning of period	**119**	30
Issued	**178**	109
Forfeited	**(5)**	(2)
Settled in cash	**(45)**	(15)
Outstanding, end of period	**247**	122

Assuming both a constant market price for the Company's common shares and no award forfeitures, the RSUs would result in cash settlement payments of $4.6 to employees after they vest in 2020, $4.0 in 2021 and $1.8 in 2022.

Related to these RSUs, the Company recorded a liability of $2.1 in "accounts payable and accrued liabilities" at September 30, 2019 (December 31, 2018 - $1.8), $1.6 in "deferred credits, provisions and other liabilities" at September 30, 2019 (December 31, 2018 - $2.3), and cash-settled share-based compensation expense of $1.0 for the three months ended September 30, 2019 (2018 – $1.8) and $1.9 for the nine months ended September 30, 2019 (2018 – $2.7).

9. REVENUES

	Three months ended September 30,		**Nine months ended September 30,**	
	2019	2018[(1)]	**2019**	2018[(1)]
Gaming revenues	**$ 295.5**	$ 290.9	**$ 871.1**	$ 732.1
Hospitality revenues	**29.9**	27.4	**81.5**	74.2
Racetrack, lease and other revenues	**15.7**	14.4	**45.7**	42.1
	$ 341.1	$ 332.7	**$ 998.3**	$ 848.4

(1) The results of the U.S. region have been presented as discontinued operations, as disclosed in Note 16. Revenues have been re-presented to exclude discontinued operations.

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

10. INTEREST AND FINANCING COSTS, NET

	Three months ended September 30, 2019	2018	Nine months ended September 30, 2019	2018
Interest and financing costs on long-term debt	**$ 10.5**	$ 14.4	**$ 32.0**	$ 38.5
Interest accretion on lease liabilities	**12.5**	-	**38.0**	-
Bank charges	**0.2**	0.2	**0.5**	0.3
Interest income and other	**(3.3)**	(2.2)	**(5.8)**	(4.7)
	$ 19.9	$ 12.4	**$ 64.7**	$ 34.1

11. INCOME TAXES

The Company's income tax expense is as follows:

	Three months ended September 30, 2019	2018(1)	Nine months ended September 30, 2019	2018(1)
Current tax expense	**$ 15.1**	$ 21.2	**$ 50.4**	$ 48.8
Deferred tax expense (recovery)	**3.3**	(1.9)	**(3.4)**	(3.4)
Total tax expense	**$ 18.4**	$ 19.3	**$ 47.0**	$ 45.3

The Company's income tax expense for the three and nine months ended September 30, 2019 can be reconciled to earnings before income taxes from continuing operations as follows:

	Three months ended September 30, 2019	2018(1)	Nine months ended September 30, 2019	2018(1)
Applicable federal and provincial statutory income tax rate(2)	**26.66%**	27%	**26.66%**	27%
Earnings before income taxes from continuing operations(3)	**$ 87.4**	$ 98.8	**$ 229.6**	$ 231.9
Expected income tax expense for the period	**23.3**	26.7	**61.2**	62.6
Effect of:				
Non-deductible stock-based compensation	**0.8**	0.4	**1.8**	1.3
Non-taxable portion of gain from sale of land	**-**	-	**(0.9)**	-
Impact of different jurisdictional statutory tax rates on earnings of subsidiaries	**-**	(0.2)	**-**	(0.6)
Non-controlling interest(3)	**(5.3)**	(7.5)	**(14.4)**	(17.5)
Other items	**(0.4)**	(0.1)	**(0.7)**	(0.5)
	$ 18.4	$ 19.3	**$ 47.0**	$ 45.3

(1) The results of the U.S. region have been presented as discontinued operations, as disclosed in Note 16. Income taxes have been re-presented to exclude discontinued operations.

(2) The income tax rate used for the 2019 reconciliation is the weighted average applicable statutory rates used by the corporate entities in Ontario, B.C., New Brunswick and Nova Scotia. The applicable statutory income tax rate for the 2018 reconciliation above is the income tax rate payable by corporate entities in the province of BC on taxable profits under tax law in that jurisdiction. The change in the applicable statutory income tax rate is due to a better reflection of our geographic operations.

(3) Earnings before income taxes from continuing operations includes 100% of OTG's, OGWGLP's and OGELP's earnings, however, the Company is only required to pay corporate income tax on its 49%, 55% and 90.5%, 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.

11. 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 the British Columbia Lottery Corporation ("BCLC") of the approved gaming related property, plant and equipment costs as a reduction in the capital cost of the asset. CRA's current position is inconsistent with the results of CRA's findings in their previous audits of the Company's Great Canadian Casinos Inc. subsidiary for the 2000 and 2001 taxation years.

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

Based on the FDC received from BCLC between January 1, 2009 to June 2, 2018, if CRA's current position of FDC prevails, preliminary estimates indicate the Company's consolidated current tax expense would increase $59.9, deferred tax expense would decrease $58.8, and interest and financing costs would increase $15.6, resulting in a one-time $16.7 decrease in net earnings and a corresponding decrease to basic net earnings attributable to shareholders of the Company per share of approximately $0.29 per share.

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

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

The Company and its subsidiaries intend to vigorously defend their tax filing positions and the five subsidiaries that have received notices of reassessment from CRA for 2009 to 2014 have filed notices of objection with CRA's Appeals Division. In order to file a notice of objection, the Company and its subsidiaries are required to pay at least 50% of the amounts reassessed and will record a corresponding income tax receivable from CRA until the dispute is resolved. As at September 30, 2019, the Company and its subsidiaries have deposited a net amount of $38.9 (December 31, 2018 - $38.9) to CRA and is reflected in "cash on deposit with Canada Revenue Agency" on the Condensed Interim Consolidated Statements of Financial Position.

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. During the second quarter of 2019, the Company and the Respondent agreed on a litigation timeline with a deadline of June 2020 to communicate with the Tax Court of Canada if a hearing date should be set.

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

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

12. SHARE INFORMATION

Share information below is presented in thousands.

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Weighted-average number of common shares outstanding	**58,578**	61,284	**58,813**	61,124
Dilutive adjustment for share options	**1,458**	2,580	**1,772**	2,336
Diluted weighted-average number of common shares	**60,036**	63,864	**60,585**	63,460

The number of outstanding share options (in thousands) that are anti-dilutive and are not included in the above calculation were 590 for the three months ended September 30, 2019 (2018 – nil) and 590 for the nine months ended September 30, 2019 (2018 – nil).

13. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Nine months ended September 30,	
	2019	2018[1]
Accounts receivable	**$ (15.8)**	$ (50.9)
Prepaids, deposits and other assets	**(3.5)**	(7.0)
Accounts payable and accrued liabilities	**0.8**	55.7
	$ (18.5)	$ (2.2)

[1] The results of the U.S. region have been presented as discontinued operations, as disclosed in Note 16. 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)

14. SEGMENT INFORMATION

Segment information for each operating segment are provided below. Revenues and Adjusted EBITDA for the current and comparative periods exclude the results of discontinued operations (see Note 16).

Segment Revenues and Adjusted EBITDA (1)(2)	Ontario	B.C.	Atlantic	Corporate	Total
Three months ended September 30, 2019					
Gaming revenues	**$ 208.6**	**$ 66.7**	**$ 20.2**	**$ -**	**$ 295.5**
Hospitality revenues	**7.2**	**18.1**	**4.6**	**-**	**29.9**
Racetrack, lease and other revenues	**9.4**	**5.4**	**0.9**	**-**	**15.7**
Revenues	**$ 225.2**	**$ 90.2**	**$ 25.7**	**$ -**	**$ 341.1**
Adjusted EBITDA(1)(2)	**$ 99.0**	**$ 40.7**	**$ 9.4**	**$ (6.8)**	**$ 142.3**
Three months ended September 30, 2018					
Gaming revenues	$ 201.9	$ 69.1	$ 19.9	$ -	$ 290.9
Hospitality revenues	4.9	17.9	4.6	-	27.4
Racetrack, lease and other revenues	8.2	5.4	0.8	-	14.4
Revenues	$ 215.0	$ 92.4	$ 25.3	$ -	$ 332.7
Adjusted EBITDA(1)	$ 90.0	$ 44.7	$ 9.6	$ (6.4)	$ 137.9
Nine months ended September 30, 2019					
Gaming revenues	**$ 616.1**	**$ 199.2**	**$ 55.8**	**$ -**	**$ 871.1**
Hospitality revenues	**19.3**	**49.2**	**13.0**	**-**	**81.5**
Racetrack, lease and other revenues	**26.7**	**16.3**	**2.7**	**-**	**45.7**
Revenues	**$ 662.1**	**$ 264.7**	**$ 71.5**	**$ -**	**$ 998.3**
Adjusted EBITDA(1)(2)	**$ 293.6**	**$ 111.8**	**$ 23.6**	**$ (23.6)**	**$ 405.4**
Nine months ended September 30, 2018					
Gaming revenues	$ 477.9	$ 200.0	$ 54.2	$ -	$ 732.1
Hospitality revenues	13.2	47.6	13.4	-	74.2
Racetrack, lease and other revenues	22.8	16.6	2.7	-	42.1
Revenues	$ 513.9	$ 264.2	$ 70.3	$ -	$ 848.4
Adjusted EBITDA(1)	$ 221.9	$ 119.9	$ 23.7	$ (17.4)	$ 348.1

Segment Assets	Ontario	B.C.	Atlantic	Corporate	Discontinued Operations	Total
As at September 30, 2019						
Cash	**$ 175.4**	**$ 76.1**	**$ 18.2**	**$ 40.1**	**$ -**	**$ 309.8**
Total assets	**$ 1,913.0**	**$ 649.0**	**$ 109.3**	**$ 39.4**	**$ -**	**$ 2,710.7**
As at December 31, 2018						
Cash	$ 245.5	$ 61.8	$ 17.5	$ 0.5	$ 11.5	$ 336.8
Total assets	$ 809.1	$ 646.2	$ 106.9	$ 4.6	$ 35.0	$ 1,601.8

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

(2) Adjusted EBITDA for the three and nine months ended September 30, 2019 reflects the adoption of IFRS 16. Comparative information has not been restated.

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

14. SEGMENT INFORMATION (Continued)

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 September 30,				Nine months ended September 30,			
		2019		2018[4]		**2019**		2018[4]
Adjusted EBITDA	**$**	**142.3**	$	137.9	**$**	**405.4**	$	348.1
Less:								
Amortization		**37.6**		22.2		**111.8**		59.2
Share-based compensation		**3.6**		3.0		**8.0**		9.9
Interest and financing costs, net		**19.9**		12.4		**64.7**		34.1
Business acquisition, restructuring and other [3]		**(4.7)**		1.9		**(0.2)**		14.3
Gain on sale of land		**-**		-		**(6.6)**		-
Foreign exchange gain		**(1.5)**		(0.4)		**(1.9)**		(1.3)
Income taxes		**18.4**		19.3		**47.0**		45.3
Net earnings from continuing operations	**$**	**69.0**	$	79.5	**$**	**182.6**	$	186.6

[3] In calculating Adjusted EBITDA for the nine months ended September 30, 2018, "share of profit of equity investment" does not include the loss of $1.1 relating to the Company's share of OGWGLP's transition costs incurred for the West GTA Gaming Bundle prior to the acquisition on May 1, 2018, in which OGWGLP was accounted for as an equity method investee. The loss of $1.1 has been classified under "business acquisition, restructuring and other" instead.

[4] The results of the U.S. region have been presented as discontinued operations, as disclosed in Note 16. Comparative information has been re-presented to show the discontinued operations separately from continuing operations.

15. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

The Company's long-term debt instruments are Level 2 financial instruments as they are estimated based on quoted prices that are observable for similar instruments or on the current rates offered to the Company for debt of the same maturity. As at September 30, 2019, the Company's long-term debt instruments had a fair value of $689.7 (December 31, 2018 - $653.7) and a carrying value of $670.6 (December 31, 2018 - $631.6).

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)

16. DISCONTINUED OPERATIONS

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

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

	Three months ended September 30,		Nine months ended September 30,	
(in Canadian dollars)	**2019**	2018	**2019**	2018
Revenues	**$ -**	$ 10.4	**$ 19.3**	$ 30.5
Human resources	**-**	(4.8)	**(8.9)**	(14.9)
Property, marketing and administration	**-**	(3.0)	**(5.6)**	(9.7)
Other expenses[(1)]	**-**	(0.8)	**(1.4)**	(1.9)
Net earnings from operating activities	**$ -**	$ 1.8	**$ 3.4**	$ 4.0
Gain on sale of discontinued operations	**-**	-	**53.6**	-
Income tax on gain on sale of discontinued operations	**-**	-	**(6.6)**	-
Net earnings attributable to discontinued operations	**$ -**	$ 1.8	**$ 50.4**	$ 4.0
Shareholders' net earnings per common share				
Basic	**$ -**	$ 0.03	**$ 0.86**	$ 0.07
Diluted	**$ -**	$ 0.03	**$ 0.83**	$ 0.06

(1) Other expenses consist of amortization expense and income taxes from operations.

Net earnings attributable to discontinued operations of $nil for the three months ended September 30, 2019 (2018 – $1.8) and $50.4 for the nine months ended September 30, 2019 (2018 – $4.0) are attributable entirely to the shareholders of the Company.

17. SUBSEQUENT EVENT

On November 4, 2019, the Company completed the acquisition of Clairvest Group Inc.'s ("Clairvest") ownership interests in both OGWGLP and OTG. The total consideration of this transaction was $51.8. As a result, the Company now owns 50% of OTG and 100% of OGWGLP.