GREAT CANADIAN GAMING CORPORATION

INDEPENDENT AUDITOR'S REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

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

Deloitte.

Deloitte LLP
2800 - 1055 Dunsmuir Street
4 Bentall Centre
P.O. Box 49279
Vancouver BC V7X 1P4
Canada

Tel: 604-669-4466
Fax: 778-374-0496
www.deloitte.ca

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Great Canadian Gaming Corporation and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of earnings and other comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Information

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

- Management's Discussion and Analysis

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Deloitte LLP

Chartered Professional Accountants

Vancouver, British Columbia

March 5, 2019

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

			2018		2017
Assets					
Current					
Cash	Note 5	**$**	**336.8**	$	322.3
Accounts receivable	Note 6		**67.5**		21.8
Land held for sale	Note 7(c)		**8.1**		8.1
Prepaids, deposits and other assets			**26.5**		12.1
			438.9		364.3
Property, plant and equipment	Note 7		**989.1**		665.4
Intangible assets	Note 8		**99.1**		70.8
Goodwill	Note 9		**22.5**		21.8
Deferred tax assets	Note 17(b)		**12.0**		11.4
Cash on deposit with Canada Revenue Agency	Note 17(d)		**38.9**		29.3
Other assets			**1.3**		8.4
		$	**1,601.8**	$	1,171.4
Liabilities					
Current					
Accounts payable and accrued liabilities		**$**	**196.1**	$	91.9
Income taxes payable			**31.3**		4.3
Other liabilities	Note 10		**3.9**		2.8
			231.3		99.0
Long-term debt	Note 11		**631.6**		482.6
Deferred credits, provisions and other liabilities	Note 13		**31.7**		28.6
Deferred tax liabilities	Note 17(b)		**84.5**		91.0
			979.1		701.2
Equity					
Share capital and reserves	Note 14		**320.7**		318.6
Accumulated other comprehensive income			**4.2**		2.0
Retained earnings			**144.5**		144.3
Equity attributable to shareholders of the Company			**469.4**		464.9
Non-controlling interests	Note 21		**153.3**		5.3
Total equity			**622.7**		470.2
		$	**1,601.8**	$	1,171.4

These consolidated financial statements were approved and authorized by the Company's Board of Directors for issuance on March 4, 2019.

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

			2018		2017
Revenues	Note 15	**$**	**1,221.0**	$	614.3
Expenses					
Human resources	Note 22		**376.8**		218.3
Property, marketing and administration			**372.5**		175.8
Share of profit of equity investments			**(1.6)**		(1.0)
Amortization			**84.1**		58.3
Share-based compensation	Note 14, 22		**13.1**		8.1
Impairment reversal of long-lived assets			**-**		(0.9)
Interest and financing costs, net	Note 11		**62.7**		33.9
Business acquisition and restructuring	Note 16		**17.5**		1.5
Foreign exchange gain			**(1.0)**		-
			924.1		494.0
Earnings before income taxes			**296.9**		120.3
Income taxes	Note 17(a)		**57.1**		34.6
Net earnings		**$**	**239.8**	$	85.7
Net earnings attributable to:					
Shareholders of the Company		**$**	**151.2**	$	84.3
Non-controlling interests			**88.6**		1.4
		$	**239.8**	$	85.7
Net earnings		**$**	**239.8**	$	85.7
Other comprehensive income (loss)					
Items that may be reclassified subsequently to net earnings					
Current period changes in fair values of derivatives designated as cash flow hedges, net of taxes			**(0.2)**		0.3
Unrealized gain (loss) of foreign currency translation of foreign operations			**2.4**		(1.5)
			2.2		(1.2)
Total comprehensive income		**$**	**242.0**	$	84.5
Total comprehensive income attributable to:					
Shareholders of the Company		**$**	**153.4**	$	83.1
Non-controlling interests			**88.6**		1.4
		$	**242.0**	$	84.5
Net earnings per common share attributable to shareholders of the Company	Note 18				
Basic		**$**	**2.49**	$	1.38
Diluted		**$**	**2.39**	$	1.35
Weighted average number of common shares (in thousands)					
Basic			**60,805**		61,157
Diluted			**63,217**		62,356

See Accompanying Notes to the Consolidated Financial Statements

GREAT CANADIAN GAMING CORPORATION

Consolidated Statements of Changes in Equity

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

		Share Capital Number [1]	Share Capital Amount	Reserves	Share Capital and Reserves	Accumulated Other Comprehensive Income	Retained Earnings	Equity Attributable To Shareholders	Non-Controlling Interests	Total Equity
At January 1, 2017		60,792	$ 258.9	$ 46.8	$ 305.7	$ 3.2	$ 76.5	$ 385.4	$ 3.9	$ 389.3
Share-based compensation	Note 14	-	-	5.6	5.6	-	-	5.6	-	5.6
Exercise of incentive share options	Note 14	961	13.1	(2.0)	11.1	-	-	11.1	-	11.1
Repurchase of common shares	Note 14	(859)	(3.8)	-	(3.8)	-	(16.5)	(20.3)	-	(20.3)
Net earnings		-	-	-	-	-	84.3	84.3	1.4	85.7
Other comprehensive loss		-	-	-	-	(1.2)	-	(1.2)	-	(1.2)
At December 31, 2017		60,894	$ 268.2	$ 50.4	$ 318.6	$ 2.0	$ 144.3	$ 464.9	$ 5.3	$ 470.2
At January 1, 2018		60,894	$ 268.2	$ 50.4	$ 318.6	$ 2.0	$ 144.3	$ 464.9	$ 5.3	$ 470.2
Share-based compensation	Note 14	-	-	6.2	6.2	-	-	6.2	-	6.2
Exercise of incentive share options	Note 14	695	14.4	(2.4)	12.0	-	-	12.0	-	12.0
Repurchase of common shares	Note 14	(3,445)	(16.1)	-	(16.1)	-	(151.0)	(167.1)	-	(167.1)
Net earnings		-	-	-	-	-	151.2	151.2	88.6	239.8
Other comprehensive income		-	-	-	-	2.2	-	2.2	-	2.2
Contributions		-	-	-	-	-	-	-	59.4	59.4
At December 31, 2018		**58,144**	**$ 266.5**	**$ 54.2**	**$ 320.7**	**$ 4.2**	**$ 144.5**	**$ 469.4**	**$ 153.3**	**$ 622.7**

[1] Number of shares presented in thousands.

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

		2018	2017
Cash Flows from Operating Activities			
Earnings before income taxes		$ 296.9	$ 120.3
Adjustments to reconcile earnings before income taxes to cash generated by operating activities:			
Amortization		84.1	58.3
Impairment reversal of long-lived assets		-	(0.9)
Share-based compensation	Note 14, 22	13.1	8.1
Interest and financing cost, net	Note 11	62.7	33.9
Other		(1.6)	(1.2)
Changes in non-cash operating working capital	Note 19	4.0	2.5
Income taxes paid		(36.9)	(28.7)
Cash generated by operating activities		422.3	192.3
Cash Flows from Investing Activities			
Purchase of property, plant and equipment, net of related accounts payable of $46.4 (2017 - $5.8)		(197.4)	(52.5)
Acquisition of GTA Gaming Bundle	Note 26(a)	(92.1)	-
Acquisition of West GTA Gaming Bundle	Note 26(b)	(99.2)	-
Investment in Ontario Gaming GTA Limited Partnership		-	(7.5)
Interest income received		6.6	2.9
Amounts (deposited) received with Canada Revenue Agency	Note 17(d)	(9.6)	0.2
Other		-	(0.9)
Cash used in investing activities		(391.7)	(57.8)
Cash Flows from Financing Activities			
Increase in borrowings under credit facilities	Note 11	630.7	3.0
Repayment of debt	Note 11	(15.0)	-
Redemption of the Senior Unsecured Notes (including interest paid)	Note 11	(471.3)	-
Debt financing transaction costs	Note 11	(25.2)	-
Proceeds from exercise of incentive share options, net of issuance costs	Note 14	12.0	11.1
Repurchase of common shares, net of related accounts payable	Note 14	(160.3)	(20.3)
Contributions from non-controlling interests		62.1	-
Interest paid		(51.1)	(34.3)
Cash used in financing activities		(18.1)	(40.5)
Effect of foreign exchange on cash		2.0	(0.4)
Cash inflow		14.5	93.6
Cash, beginning of year		322.3	228.7
Cash, end of year		$ 336.8	$ 322.3

1. NATURE OF BUSINESS

Great Canadian Gaming Corporation (the "Company") operates 28 gaming, entertainment, and hospitality facilities in Ontario, British Columbia ("B.C."), New Brunswick, Nova Scotia and Washington State.

On January 23, 2018, the Company acquired the gaming assets and signed the Casino Operating and Services Agreement ("COSA") with Ontario Lottery and Gaming Corporation ("OLG") to take over day-to-day operations of the gaming facilities in the Greater Toronto Area ("GTA Gaming Bundle"), as described in Note 26(a). On May 1, 2018, the Company acquired the gaming assets and signed the COSA with OLG to take over day-to-day operations of the gaming facilities in the West Greater Toronto Area ("West GTA Gaming Bundle"), as described in Note 26(b). On October 15, 2018, Shorelines Casino Peterborough opened. On December 19, 2018, Shorelines Slots at Kawartha Downs re-opened under agreed terms after temporarily closing on October 14, 2018.

Great Canadian Gaming Corporation is a publicly listed company incorporated in Canada under the Company Act (British Columbia). The Company's common shares are listed on the Toronto Stock Exchange ("TSX") under TSX symbol: "GC". The principal office is located at 95 Schooner Street, Coquitlam, B.C., V3K 7A8. The registered and records office is located at 1500-1055 West Georgia Street, Vancouver, B.C., V6E 4N7.

2. CHANGES IN ACCOUNTING POLICIES

a) *Standards, amendments and interpretations effective and applied*

Effective January 1, 2018, the Company adopted the following revised International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

i) IFRS 9, *Financial Instruments* ("IFRS 9") – replaced IAS 39, *Financial Instruments: Recognition and* Measurement. IFRS 9 introduced amendments to classification and measurement for financial assets, a new expected loss impairment model and a new hedge accounting model. IFRS 9 became effective on January 1, 2018 and is applied retrospectively in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. Management completed its assessment of the new standard and concluded that it does not have a material impact on the Company's consolidated financial statements.

ii) IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") – requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers and replaced IAS 18. Under IFRS 15, a five-step model is utilized to achieve the core revenue recognition principle: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the obligations in the contract; and (5) recognize revenue when (or as) the Company satisfies a performance obligation. New disclosures are also required.

The Company has adopted IFRS 15 using the modified retrospective method whereby the cumulative effect of the change determined by applying the principles and practices in IFRS 15 for contracts that are incomplete on the date of adoption, if any, are recognized in retained earnings at January 1, 2018. Upon application of the new revenue standard, there was no cumulative effect adjustment required to be recognized at January 1, 2018. The comparative information has not been adjusted and continues to be reported under the accounting standards in effect for those periods.

The Company has determined there has been no material impact on recognized revenue in the year ended December 31, 2018 from the adoption of the new revenue standard. The principal effects of the new standard on the Company's previous revenue recognition practices relate to the accounting for certain of the Company's customer loyalty programs and promotional allowances.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

a) Standards, amendments and interpretations effective and applied (Continued)

ii) IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”) *(Continued)*

The Company has various customer loyalty programs it operates in each of its jurisdictions. Under the new revenue standard, loyalty points earned by our customers are ascribed a value and recognized in revenue when the rewards are redeemed or expire. The impact of adopting this new policy for customer loyalty programs was not material at January 1, 2018. For customer loyalty programs operated by the Provincial Crown corporations, there is no impact to the Company under the new guidance. Loyalty points that offer customers the rights to receive cash meet the definition of financial liability under IFRS 9, and therefore are outside of the scope of IFRS 15.

The Company previously presented the various sources of revenue gross of complimentary goods and services provided to guests with a corresponding reduction of promotional allowances in the notes to its financial statements. Under the new standard, the Company’s note disclosure of the sources of revenue are now presented net of their respective promotional allowances (see Note 15). This change in presentation has been made retrospectively to the comparable period. There was no impact from this change in presentation on total revenue in these Consolidated Statements of Earnings and Other Comprehensive Income.

The Company’s revenue recognition accounting policy in accordance with IFRS 15 is provided in Note 3(q).

b) Accounting standards issued but not yet effective

<u>Effective January 1, 2019</u>

i) IFRS 16, *Leases* (“IFRS 16”) specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with lessor accounting substantially unchanged from its predecessor, IAS 17, *Leases*. The Company currently has operating lease commitments. The presentation of the majority of these operating leases will change by increasing the “property, plant and equipment”, current and long-term lease liability amounts on the Consolidated Statements of Financial Position. The current presentation of lease expenses on the Consolidated Statements of Earnings and Other Comprehensive Income as a component of “property, marketing and administration” expense will change to “amortization” and “interest and financing costs, net”. On the Consolidated Statements of Cash Flows, lease payments will be presented as “cash used in financing activities”, and is offset by an increase in “cash generated by operating activities” of the same amount. The Company’s financial covenants on its long-term debt are based on financial measures that will change under IFRS 16.

The Company will adopt the new standard under the modified retrospective approach from January 1, 2019. The Company will apply the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2019. On transition to IFRS 16, the Company is electing to apply the practical expedient to not reassess whether contracts previously identified as leases under IAS 17 are leases under IFRS 16. Under this practical expedient, the Company’s finance leases, as assessed under IAS 17, will be initially measured using the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of this standard. For the Company’s operating leases, as assessed under IAS 17, the Company will recognize right-of-use assets and liabilities using the measurement requirements of IFRS 16, excluding those in which the Company has elected to apply the exemption for leases with a term of 12 months or less or if the underlying asset has a low value.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

b) Accounting standards issued but not yet effective (Continued)

i) IFRS 16, *Leases* ("IFRS 16") *(Continued)*

The Company continues to execute its detailed implementation plan and has substantially completed its scoping assessment of material lease contracts. The Company is expected to elect the following practical expedients and exemptions proposed by the standard:

- Apply a single discount rate to a portfolio of leases with similar characteristics.
- Adjust the right-of-use assets by the amount of IAS 37 onerous contract provision 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.

At this time, the Company expects a significant impact related to its property leases which will require new right-of-use assets and lease liabilities to be recognized on the Consolidated Statements of Financial Position. The Company is assessing the quantitative impact to the financial statements and other key performance measures. Additionally, the discount rate assumption requires significant judgment and may have significant quantitative impact on the lease asset and liability valuations. Another area of judgment is the determination of the lease term; under IFRS 16, the lease term includes 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 will be 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.

ii) IFRIC 23, *Uncertainty Over Income Tax Treatments* ("IFRIC 23") – On June 7, 2017, the IASB published IFRIC 23 which includes guidance that add 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:

- Contemplate 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).

The Company will adopt the new standard under the modified retrospective approach from January 1, 2019. The Company continues to assess the impact of this interpretation.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS, as issued by the IASB and interpretations of the International Financial Reporting Standards Interpretations Committee.

Basis of Presentation

These consolidated financial statements were prepared on a going concern basis, under the historical cost convention, except for the revaluation of certain financial instruments. The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4. In Notes 11 and 25 of these consolidated financial statements, reference is made to the non-IFRS term "Total Leverage Ratio", which is defined in the underlying credit agreements referenced therein. "Adjusted EBITDA", referenced in Note 20 of these consolidated financial statements, is a non-IFRS measure as defined by the Company.

a) Principles of consolidation and business combination

i) Basis of Consolidation

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

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

As at December 31, 2018, the Company's principal operating entities which the Company consolidates were:

Entity	Abbreviation	Location of operations	Ownership interest at December 31, 2018	Ownership interest at December 31, 2017
Flamboro Downs Limited	FDL	Ontario	100%	100%
Georgian Downs Limited	GDL	Ontario	100%	100%
Ontario Gaming East Limited Partnership	OGELP[3]	Ontario	90.5%	90.5%
Ontario Gaming GTA Limited Partnership[1]	OTG[3]	Ontario	49%	-
Ontario Gaming West GTA Limited Partnership[2]	OGWGLP[3]	Ontario	55%	-
Chilliwack Gaming Ltd.	CGL	British Columbia	100%	100%
Great Canadian Casinos Inc.	GCCI	British Columbia	100%	100%
Great Canadian Entertainment Centres Ltd.	GCEC	British Columbia	100%	100%
Hastings Entertainment Inc.	HEI	British Columbia	100%	100%
Orangeville Raceway Limited	ORL	British Columbia	100%	100%
Great Canadian Gaming (New Brunswick) Ltd.	GCGNB	New Brunswick	100%	100%
Metropolitan Entertainment Group	MEG	Nova Scotia	100%	100%
Great American Gaming Corporation	GAGC	Washington	100%	100%

(1) Ontario Gaming GTA Limited Partnership (doing business as One Toronto Gaming ("OTG")) became a principal operating entity of the Company after acquiring certain gaming assets of the GTA Gaming Bundle on January 23, 2018 (see Note 26(a)). For the year ended December 31, 2018, OTG was a principal operating entity of the Company for 343 days.

(2) OGWGLP became a principal operating entity of the Company after acquiring certain gaming assets and leased real property of the West GTA Gaming Bundle on May 1, 2018 (see Note 26(b)). For the year ended December 31, 2018, OGWGLP was a principal operating entity of the Company for 245 days.

(3) OGELP, OTG, and OGWGLP are collectively referred to as the Ontario Gaming Bundles.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Principles of consolidation and business combination (Continued)

ii) Business Combination

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

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

iii) Investment in Associates

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

b) Translation of foreign operations and foreign currency transactions

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

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

c) Operating segments

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

d) Cash

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

e) Accounts receivable

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization, impairments, and amounts approved under the Nova Scotia Capital Reserve Account ("CR Account") (as described in Note 3(g)). Amortization is expensed on a straight-line basis from the month assets are available for use over the estimated useful lives of the assets generally at the following rates, which are intended to reduce the carrying value:

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

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

The amortization method, useful life and residual values are assessed annually and the carrying values are tested for impairment as described in Note 3(j). During the year ended December 31, 2018, the Company reviewed the estimated useful lives of its property, plant and equipment and determined certain building improvements and equipment to have longer expected useful lives than previously estimated by management, as described in Note 7(b).

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

g) Nova Scotia Capital Reserve Account

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

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

h) Intangible assets

The Company has finite-lived intangible assets which consist of gaming operating agreements in Ontario, British Columbia, Nova Scotia and New Brunswick, lease agreements in Ontario, and other gaming-related rights. Intangible assets are primarily generated through acquisitions and are amortized over their estimated useful lives. Judgment is used to estimate an intangible asset's useful life and is based on an analysis of all pertinent factors, including expected use of the intangible asset, contractual provisions that enable renewal or extension of the intangible asset's legal or contractual life without substantial cost, and renewal history. The remaining useful lives of the intangible assets are reviewed at the end of each annual reporting period, with any changes in the estimate of an intangible asset's useful life or the amortization method being treated as a change in accounting estimate and applied prospectively. Intangible assets are assessed for impairment as described in Note 3(j).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Goodwill

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

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

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

j) Impairment of long-lived assets

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

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

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

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

k) Accounts payable and accrued liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Provisions

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

m) Debt transaction costs

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

n) Comprehensive income

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

o) Financial instruments

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

Financial Assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Financial instruments (Continued)

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

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

Financial Liabilities

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

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

Derecognition of Financial Liabilities

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

Classification of Financial Instruments

The following table summarizes the Company's selected financial instrument classifications based on its intentions:

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Share-based compensation

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Revenue recognition

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

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

Gaming revenues

Gaming revenues presented in these consolidated financial statements include the following sources:

- *Operating agreements with Provincial Crown corporations*

  The Company's gaming operations in Canada are conducted pursuant to operating agreements with Provincial Crown corporations ("Operating Agreements"). The Company earns remuneration for services provided in connection with, or that are necessary for, the operation and management under contract of gaming facilities, including services related to the Facility Development Commission ("FDC") and Facility Investment Commission ("FIC") program from the British Columbia Lottery Corporation ("BCLC") and Permitted Capital Expenditures ("PCE") from OLG. Gaming revenues from the operation and management under contract of gaming facilities includes the aggregate net difference between gaming wins and losses calculated on a daily basis from table games, slot machines, and bingo games, after deduction for the portion of gaming and other revenues belonging to BCLC, OLG, NSGC, and the New Brunswick Lotteries and Gaming Corporation ("NBLGC") and accruals for payouts on progressive games. Services that give rise to gaming revenues are earned on an ongoing basis as calculated in accordance with the related contract.

- *Gaming in Washington State*

  The Company operates table games in Washington State pursuant to annual gaming licenses issued by the Washington State Gaming Commission. Gaming revenues are the net difference between gaming wins and losses calculated on a daily basis from table games and exclude county or municipal gaming taxes which are presented as an expense.

- *Facility Development Commission and Facility Investment Commission*

  Prior to June 3, 2018, the Company received FDC from BCLC, calculated as a fixed percentage of Gross Gaming Revenues (defined as amounts wagered on gaming activities, less the payout or prizes to winning customers) generated by the B.C. properties, for incurring Approved Amounts (a defined term in the Company's COSA) of qualified, primarily capital, gaming-related expenditures. Provided that the Company's Operating Agreements with BCLC remain in good standing and that sufficient Gross Gaming Revenues are generated, the Company continued to receive FDC until the related Approved Amounts are recovered. Approved Amounts were not recorded in the Consolidated Statements of Financial Position. For accounting purposes, FDC has been recorded when received, subject to having sufficient BCLC Approved Amounts remaining to be recovered. For income tax purposes, management believes that FDC received from BCLC is appropriately characterized under the relevant income tax regulations as a reduction of the cost of either the related long-lived asset (primarily equipment and buildings) or the operating expenses being reimbursed, which gives rise to deferred income taxes being recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Revenue recognition (Continued)

Gaming revenues (Continued)

- *Facility Development Commission and Facility Investment Commission (Continued)*

  Effective June 3, 2018, FDC has been replaced by the FIC under new Operational Services Agreements ("OSAs") with BCLC. Similar to FDC, the Company receives FIC from BCLC, calculated as 5% of Gross Gaming Revenues generated by its B.C. properties for qualified expenditures that the Company is committed to make for its Minimum Investment Required ("MIR"), a term defined in the OSA. Certain non-capital expenditures, such as marketing and maintenance costs, are considered to be qualified costs eligible for FIC. FIC is earned when Gross Gaming Revenues are generated and subject to meeting MIR requirements. The closing approved FDC amounts prior to the effective date of the OSAs will reduce the minimum spend requirements for each property under the MIR program. Under this new program, FIC earned is included as income for tax purposes.

- *Permitted Capital Expenditures*

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

- *Customer loyalty programs*

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

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

- *Promotional allowances*

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Revenue recognition (Continued)

Hospitality revenues

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

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

Racetrack, lease and other revenues

On-site and simulcast racetrack revenues generated in B.C., net of amounts returned as winning wagers, simulcast fees, and provincial and federal pari-mutuel taxes, are pooled into a shared industry fund (the “B.C. Horse Racing Industry Fund”) and then distributed to the Company and the B.C. horse racing breeders associations according to an agreed allocation. During 2018, the Company was allocated 43% of the shared industry funds (2017 - 43%). The remainder was allocated to the B.C. horse racing breeders associations for administration and distribution of racing purses and breeder supplements.

In Ontario, under the terms of the revenue sharing agreements among the Standardbred Alliance members, racetracks’ pari-mutuel revenues and transitional funding received from the Province of Ontario are pooled and shared among the Ontario Alliance Racetracks. The Company’s share of this revenue is recognized on a systematic basis over the periods in which the Company records the related eligible horse racing costs for which the funding is intended to compensate.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Marketing fees to BCLC

Up until June 2, 2018, BCLC collected marketing contributions in the amount of 0.6% of the Gross Gaming Revenues generated at three of the Company's B.C. casinos and at its two B.C. racing properties. BCLC has stated that it uses the amounts collected to fund various BCLC marketing programs. While the Company takes the position that BCLC is not entitled to collect these marketing contributions, the Company records these amounts when collected by BCLC as property, marketing and administration expenses on the Consolidated Statements of Earnings and Other Comprehensive Income. After new OSAs were signed on June 3, 2018, BCLC no longer collects marketing contributions from the Company.

s) Taxation

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) Shareholders' net earnings per common share

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

u) Non-controlling interests

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

Subsidiary	NCI ownership interest at December 31, 2018	NCI ownership interest at December 31, 2017
OTG	51%	-
OGWGLP	45%	-
OGELP	9.5%	9.5%

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

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The estimates and judgments used in determining the recorded amounts and applying the Company's significant accounting policies and disclosures in these consolidated financial statements include the following:

- *Control of Subsidiaries*

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

  In determining if the Company has power over its Ontario partnerships, management makes judgments when identifying which activities of these partnerships are relevant in significantly affecting returns and the extent of the existing rights that give the Company the current ability to direct the relevant activities, as discussed in Note 3(a).

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

- *Revenue Recognition*

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

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

- *Estimated useful lives of long-lived assets*

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

- *Residual values of property, plant and equipment*

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

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

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

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

- *Equity-settled share-based compensation*

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

- *Cash-settled share-based compensation*

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

- *Income taxes*

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

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

- *Contingencies*

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

  The Company does not record contingent assets.

- *Determination of CGUs*

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

- *Segment Reporting*

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

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

5. CASH

As at December 31, 2018, cash of $336.8 (2017 - $322.3) included restricted amounts of $7.7 related to lien holdbacks for construction projects (2017 - $1.3) and $3.0 for settling jackpot liabilities (2017 - $3.2).

As at December 31, 2018, cash exclude amounts provided by BCLC of $nil (2017 - $16.2) for use in BC casino operations. Since these amounts are owned by the Province of British Columbia, they are not included in the Company's cash balances. Under the new BCLC OSAs signed on June 3, 2018, the Company is now required to self-fund cash floats at its B.C. casino operations.

6. ACCOUNTS RECEIVABLE

	December 31, 2018	December 31, 2017
Due from Provincial Crown corporations[1]	**$ 41.8**	$ 6.6
Trade receivables	**15.9**	13.4
Sales tax receivable	**9.8**	1.8
	$ 67.5	$ 21.8

[1] Included in "Due from Provincial Crown corporations" are amounts due from OLG of $41.7 (2017 - $3.9) which consist of gaming revenues earned in excess of instalments received to date and amounts receivable for PCE.

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

7. PROPERTY, PLANT AND EQUIPMENT

a) Reconciliation of carrying amount

	Land	Buildings, Building Improvements and Leasehold Improvements	Equipment	Properties Under Development	Total
Cost					
Balance at January 1, 2017	$ 84.0	$ 856.3	$ 152.8	$ 42.6	$ 1,135.7
Additions	0.1	0.6	2.0	44.1	46.8
Disposals	-	-	(0.3)	-	(0.3)
Transfers	-	27.2	26.2	(53.4)	-
Translation and other	(0.2)	(1.1)	(0.4)	-	(1.7)
Balance at December 31, 2017	$ 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**
Accumulated amortization and reversal of impairment					
Balance at January 1, 2017	$ (11.2)	$ (331.5)	$ (125.3)	$ -	$ (468.0)
Amortization	-	(30.6)	(17.7)	-	(48.3)
Disposals	-	-	0.2	-	0.2
Impairment reversal (2)	-	0.3	-	-	0.3
Translation and other	-	0.5	0.3	-	0.8
Balance at December 31, 2017	$ (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)**
Carrying amount					
As at December 31, 2017	$ 72.7	$ 521.6	$ 37.8	$ 33.3	$ 665.4
As at December 31, 2018	**$ 81.6**	**$ 632.2**	**$ 122.1**	**$ 153.2**	**$ 989.1**

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

(2) In 2012, the Company recorded impairment of property, plant, and equipment of $5.2 in connection with the early termination of Flamboro Down's site holder agreement. In 2013, $1.5 of the impairment was reversed after the Company and OLG signed a five-year lease term for Flamboro Downs ending March 31, 2018. In 2017, a five-year lease extension agreement ending on March 31, 2023 for Flamboro Downs was signed, resulting in a reversal of impairment of property, plant, and equipment of $0.3 for the year ended December 31, 2017.

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

b) Change in estimates

As a result of a depreciation study performed in 2018, the Company reviewed the estimated useful lives of its property, plant and equipment and determined certain building improvements and equipment to have longer expected useful lives than previously estimated by management.

The amortization period of building improvements, previously estimated to be the lesser of useful life or 5 years, has been revised to lesser of useful life or 10 years. The amortization period of equipment, previously estimated to be 1 to 5 years, has been revised to lesser of useful life or 10 years.

The prospective effect of these changes on amortization expense for building improvements and equipment existed as at December 31, 2018 is approximately $9.2 lower for the year ended December 31, 2018.

The prospective effect of these changes for future periods is shown below:

(Decrease) increase in amortization expense	2019	2020	2021	2022	Thereafter
Building improvements	$ (1.4)	$ (1.2)	$ 0.9	$ 1.4	$ 4.3
Equipment	(3.6)	(2.8)	0.7	3.8	7.1
	$ (5.0)	$ (4.0)	$ 1.6	$ 5.2	$ 11.4

c) Land held for sale

A parcel of vacant land within the Company's B.C. operating segment was listed for sale and has been reclassified from property, plant and equipment at its carrying amount of $8.1 to land held for sale. Subsequent to December 31, 2018, the Company sold the land for proceeds of $15.9.

8. INTANGIBLE ASSETS

	Operational Services Agreements	Ontario Lease Agreements	Total
Cost			
Balance at January 1, 2017	$ 148.8	$ 106.0	$ 254.8
Balance at December 31, 2017	$ 148.8	$ 106.0	$ 254.8
Acquired through business combination (1)	**38.3**	**-**	**38.3**
Balance at December 31, 2018	**$ 187.1**	**$ 106.0**	**$ 293.1**
Accumulated amortization and reversal of impairment			
Balance at January 1, 2017	$ (93.5)	$ (81.1)	$ (174.6)
Amortization	(5.1)	(4.9)	(10.0)
Impairment reversal(2)	-	0.6	0.6
Balance at December 31, 2017	$ (98.6)	$ (85.4)	$ (184.0)
Amortization	(6.4)	(3.6)	(10.0)
Balance at December 31, 2018	**$ (105.0)**	**$ (89.0)**	**$ (194.0)**
Carrying amount			
At December 31, 2017	$ 50.2	$ 20.6	$ 70.8
At December 31, 2018	**$ 82.1**	**$ 17.0**	**$ 99.1**

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

(2) In 2012, the Company recorded impairment of intangible assets of $24.2, in connection with the early termination of Flamboro Downs' site holder agreement which was scheduled to expire in April 2016. In 2013, $7.3 of the impairment was reversed after the Company and OLG signed a five-year lease term for Flamboro Downs ending March 31, 2018. In 2017, a five-year lease extension agreement ending on March 31, 2023 for Flamboro Downs was signed, resulting in a reversal of impairment of intangible assets of $0.6 for the year ended December 31, 2017.

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

9. GOODWILL

		Total
Cost		
Balance at January 1, 2017	$	49.7
Foreign exchange movements		(0.5)
Balance at December 31, 2017	$	49.2
Foreign exchange movements		0.7
Balance at December 31, 2018	**$**	**49.9**
Impairments		
Balance at January 1, 2017, December 31, 2017 and 2018	**$**	**(27.4)**

Carrying amount		**Total**
At December 31, 2017	$	21.8
At December 31, 2018	**$**	**22.5**

Goodwill was tested for impairment as at December 31, 2018 and no impairment was required. There were no changes to the methodology used to assess goodwill impairment since the last annual impairment test. The recoverable value for each CGU was based on either the fair value or value in use method, which estimates the net present value of the future cash flows expected to be generated by the CGU, discounted using an after-tax discount rate that was based on the Company’s weighted-average cost of capital.

The expected future cash flows are based on the most recent annual forecasts prepared by management and extrapolated over the term of the operating agreements, or 10 years for CGUs with licenses that renew on an annual basis. A rate of 2% per annum is applied for inflation. These expected future cash flows require a number of assumptions about future business performance. These assumptions and estimates were based primarily on the relevant business’ historical performance and economic trends, and considered past communications with relevant stakeholders. The revenue growth rate assumptions used in the impairment assessments was 2% across the CGUs and earnings as a percentage of revenues was based on each CGU’s most recent annual operating levels.

10. OTHER LIABILITIES

		December 31, 2018		December 31, 2017
Provisions, current	**$**	**3.1**	$	2.0
Deferred credits, current (Note 13)		**0.7**		0.7
Other current liabilities		**0.1**		0.1
	$	**3.9**	$	2.8

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

11. LONG-TERM DEBT

			December 31, 2018		December 31, 2017
Senior Secured Credit Facilities, net of unamortized transaction costs of $4.3 (2017 - $nil)	Note 11(a)(i)	**$**	**385.7**	$	-
Senior Unsecured Notes, net of unamortized transaction costs of $nil (2017 - $4.9)	Note 11(a)(ii)		**-**		445.1
Non-recourse Revolving and Capital Expenditure Credit Facilities of OTG, net of unamortized transaction costs of $14.6 (2017 - $nil)	Note 11(b)		**112.1**		-
Non-recourse Revolving Credit Facility of OGWGLP, net of unamortized transaction costs of $2.9 (2017 - $nil)	Note 11(c)		**96.1**		-
Non-recourse Revolving Credit Facility of OGELP, net of unamortized transaction costs of $0.3 (2017 - $0.5)	Note 11(d)		**37.7**		37.5
		$	**631.6**	$	482.6

a) *Long-term debt of GCGC*

i) Senior Secured Credit Facilities Agreement

On November 5, 2018, the Company amended the Credit and Guarantee Agreement of the Senior Secured Revolving Credit Facility, which comprised of the $350.0 revolving credit facility maturing on May 25, 2020, by replacing it with a 4-year Senior Secured Credit Facilities agreement, maturing on November 5, 2022. The amended agreement provides the Company an aggregate capacity of up to $750.0, comprising a $400.0 revolving facility and a $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.

Draws on the credit facilities can be prime rate loans or bankers' acceptances. As at December 31, 2018, prime rate loans and bankers' acceptances were subject to prime plus margin of 1.00% and current market rate plus margin of 2.00%, respectively. The interest rate on advanced amounts and the commitment fee on the unused facility are based on the Company's Total Debt to Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ratio ("Total Leverage Ratio") (as defined in the underlying credit agreement), which is calculated quarterly on a trailing twelve month basis. The interest rates and standby fees applicable to this revolving credit are listed in Note 25(d).

As at December 31, 2018, subject to compliance with the related financial covenants, the Company had $356.8 of available undrawn credit on its Senior Secured Credit Facilities after deducting outstanding letters of credit of $3.2 (2017 - $68.2).

Transaction costs associated with the amendment of the Credit and Guarantee Agreement totaling $4.5 are amortized through the "interest and financing costs, net" line of the Consolidated Statements of Earnings and Other Comprehensive Income over the term of the Senior Secured Credit Facilities.

The remaining balance of unamortized transaction costs of approximately $0.6 associated with the issuance of the Credit and Guarantee Agreement and previous amendments was expensed to "interest and financing costs, net" on the Consolidated Statements of Earnings and Other Comprehensive Income.

As at December 31, 2018, the Company was in compliance with its financial covenants under the terms of its Senior Secured Credit Facilities.

ii) Redemption of the Senior Unsecured Notes

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

11. LONG-TERM DEBT (Continued)

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

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

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

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

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

As at December 31, 2018, 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 arranged a non-recourse revolving credit facility with a capacity of $285.0 for the acquisition, operation, construction and development of its gaming facilities in the West GTA Gaming Bundle acquired from OLG. Upon entering the credit facility agreement on April 30, 2018, the credit facility had an available capacity of $260.0. Effective May 3, 2018, the capacity of the credit facility was increased by $25.0. Draws on the credit facility can be prime rate loans or bankers' acceptances. Until project completion, prime rate loans and bankers' acceptances are subject to prime plus margin of 1.75% and current market rate plus margin of 2.75%, respectively. OGWGLP's assets are pledged as collateral on the credit facility. The non-recourse revolving credit facility agreement matures on May 1, 2023.

As at December 31, 2018, subject to compliance with the related financial covenants, OGWGLP had $151.0 of available credit on its non-recourse revolving credit facility, after deducting outstanding letters of credit of $35.0.

Transaction costs associated with the issuance of the credit facility totalled $3.4 are amortized through the "interest and financing costs, net" line of the Consolidated Statements of Earnings and Other Comprehensive Income over the term of the credit facility.

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

As at December 31, 2018, OGWGLP was in compliance with its financial covenants under the terms of its non-course revolving credit facility.

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

11. LONG-TERM DEBT (Continued)

d) Long-term debt of OGELP

i) Non-recourse Revolving Credit Facility of OGELP

On January 11, 2016, OGELP arranged a $60.0 revolving credit facility for the acquisition of the assets and operations of certain casinos in Ontario from OLG. The non-recourse revolving credit facility agreement, which matures on January 11, 2020, is non-recourse to the Company and its other subsidiaries, other than the Company's historic investment in the OGELP subsidiary, which may not be recovered in the event of default of OGELP. OGELP's assets are pledged as collateral on the facility.

Draws on the revolving credit facility can be prime rate loans or bankers' acceptances. As at December 31, 2018, prime rate loans and bankers' acceptances were subject to prime plus margin of 1.25% and current market rate plus margin of 2.25%, respectively. The interest rate on advanced amounts and the commitment fee on the unused facility are based on the Company's Total Debt to Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ratio ("Total Leverage Ratio") (as defined in the underlying credit agreement), which is calculated quarterly on a trailing twelve month basis. The interest rates and standby fees applicable to this revolving credit facility are listed in Note 25(d).

As at December 31, 2018, subject to compliance with the related financial covenants, OGELP had $6.1 (2017 - $5.7) of available undrawn credit on its credit facility after deducting outstanding letters of credit of $15.9 (2017 - $16.3).

Transaction costs associated with the issuance of the non-recourse revolving credit facility totalled $1.1 are amortized through the "interest and financing costs, net" line of the Consolidated Statements of Earnings and Other Comprehensive Income over the term of the non-recourse revolving credit facility.

As at December 31, 2018, OGELP was in compliance with its financial covenants under the terms of its non-course revolving credit facility.

ii) Interest rate swap

On January 19, 2016, the Company's OGELP subsidiary entered into an interest rate swap that effectively converted the floating interest rate on the debt borrowed from its non-recourse revolving credit facility into fixed interest rate debt. As at December 31, 2018, the interest rate swap had a notional principal of $35.0 and matures on January 10, 2020. OGELP receives interest based on a 3-month Canadian Dealer Offered Rate and pays interest at 0.813% per annum.

OGELP designated the interest rate swap as a cash flow hedge of the interest rate exposure on the debt. OGELP has evaluated the interest rate swap and assessed it as an effective hedge of the cash flows associated with the non-recourse revolving credit facility. Accordingly, the change in fair values of the swap, net of income taxes, has been recorded in other comprehensive income. The fair value of the interest rate swap is calculated based on the market conditions at the time of reporting.

At December 31, 2018, the fair value of the interest rate swap was in a $0.6 (2017 - $0.9) asset position and the amount was recorded in "other assets" on the Consolidated Statements of Financial Position.

e) Interest and financing costs, net

	Year ended December 31, **2018**	2017
Interest and financing costs on long-term debt	**$ 66.7**	$ 36.2
Bank charges and other	**2.6**	0.5
Interest income	**(6.6)**	(2.8)
	$ 62.7	$ 33.9

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

12. CAPITAL DISCLOSURES

The Company's capital structure comprises:

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

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

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

13. DEFERRED CREDITS, PROVISIONS AND OTHER LIABILITIES

	December 31, 2018	December 31, 2017
Deferred credits, non-current	**$ 15.0**	$ 15.7
Provisions, non-current	**6.8**	6.4
Deferred compensation	**9.9**	6.4
Other non-current liabilities	**-**	0.1
	$ 31.7	$ 28.6

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

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

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

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

14. SHARE CAPITAL AND RESERVES

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

a) Share repurchases

On June 27, 2018, the Company received approval from the TSX to renew a normal course issuer bid for up to 4,108,074 of its common shares, representing approximately 10% of the Company's common shares in the public float. The bid commenced on July 3, 2018 and will end on July 2, 2019, or earlier if the number of shares sought in the issuer bid has been obtained. The Company will not purchase shares during its self-imposed blackout periods and reserves the right to terminate the bid earlier. Pursuant to TSX policies, daily purchases made by the Company will not exceed 40,170 common shares or 25% of the prior six-month average trading volume of 160,680 common shares on the TSX, subject to certain prescribed exceptions. Purchases will be made by way of open market purchases through the facilities of the TSX, and other Canadian market places, and payment for the shares will be in accordance with the TSX's rules. No purchases will be made other than by means of open market transactions during the term of the normal course issuer bid and conducted at the market price at the time of acquisition. All shares purchased by the Company will be subsequently cancelled. During the year ended December 31, 2018, the Company purchased for cancellation 3,445,652 common shares at a weighted-average price per share of $48.48 under the issuer bid (2017 – 859,450 common shares at weighted-average share price of $23.66).

Subsequent to December 31, 2018, the Company purchased for cancellation 136,810 common shares at a weighted-average price per share of $48.49.

b) Share option plan

The changes in the number of share options and their weighted-average exercise price during the years ended December 31, 2018 and 2017 were as follows:

	December 31, 2018		December 31, 2017	
	Options [1]	**Weighted-Average Exercise Price**	Options [1]	Weighted-Average Exercise Price
Outstanding, beginning of year	**5,346**	**$ 20.86**	4,226	$ 15.77
Granted	**640**	**33.79**	2,449	25.99
Forfeited	**(103)**	**21.35**	(368)	20.96
Exercised	**(695)**	**17.24**	(961)	11.53
Outstanding, end of year	**5,188**	**$ 22.93**	5,346	$ 20.86

(1) Option information is presented in thousands.

For the year ended December 31, 2018, the weighted-average share price at the time of share option exercises was $48.17 (2017 - $25.25).

14. SHARE CAPITAL AND RESERVES (Continued)

b) Share option plan (Continued)

Options outstanding and exercisable at December 31, 2018 were as follows:

	Options Outstanding				Options Exercisable		
Exercise Prices	Number Outstanding[1]	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price		Number Exercisable[1]	Weighted-Average Vested Exercise Price	
$13.64-$15.99	547	0.2 years	$	13.64	547	$	13.64
$16.00-$19.99	979	1.9 years		16.12	975		16.11
$20.00-$23.99	839	1.1 years		20.13	839		20.13
$24.00-$26.99	1,333	3.2 years		24.07	392		24.07
$27.00-$29.99	850	3.9 years		29.61	-		-
$30.00-$33.99	640	4.0 years		33.79	-		-
	5,188	2.5 years	$	22.93	2,753	$	17.98

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

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

	Year ended December 31, 2018		2017	
Option award fair value	**$**	**8.36**	$	5.94
Risk-free interest rate		**1.6%**		1.2%
Expected lives [1]		**3.8 years**		3.6 years
Expected volatility [2]		**29.4%**		28.1%

(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 $6.2 for the year ended December 31, 2018 (2017 - $5.6)

c) Deferred Share Units

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

Number of Units (in thousands)	Year ended December 31, 2018	2017
Outstanding, beginning of year	**169**	217
Issued	**15**	8
Settled in cash	**-**	(56)
Outstanding, end of year	**184**	169

Related to these DSUs, the Company recorded a liability of $1.5 in “accounts payable and accrued liabilities” at December 31, 2018 (2017 - $nil), $7.6 in “deferred credits, provisions and other liabilities” at December 31, 2018 (2017 - $6.1), and cash-settled share-based compensation expense of $3.0 for the year ended December 31, 2018 (2017 - $2.0).

14. SHARE CAPITAL AND RESERVES (Continued)

d) Restricted Share Units

The Company has two RSU plans:

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

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

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

	Year ended December 31,	
Number of Units (in thousands)	**2018**	2017
Outstanding, beginning of year	**30**	34
Issued	**109**	31
Forfeited	**(5)**	(5)
Settled in cash	**(15)**	(30)
Outstanding, end of year	**119**	30

Assuming both a constant market price for the Company's common shares and no award forfeitures, the RSUs would result in cash settlement payments of $2.4 to employees after they vest in 2019, $4.0 in 2020 and $3.3 in 2021.

Related to these RSUs, the Company recorded a liability of $1.8 in "accounts payable and accrued liabilities" at December 31, 2018 (2017 - $0.5), $2.3 in "deferred credits, provisions and other liabilities" at December 31, 2018 (2017 - $0.5), and cash-settled share-based compensation of $3.9 for the year ended December 31, 2018 (2017 - $0.5).

e) Employee share purchase plan

Eligible employees of the Company who have completed three months of continuous service may elect to participate in the Employee Share Purchase Plan ("Share Purchase Plan") by contributing a portion of their gross pay to purchase the Company's shares in the open market. Employees whose terms and conditions of employment are established by collective bargaining are not eligible to participate in the Share Purchase Plan. In April 2016, the Company began matching 10% of the employees' contributions to the Share Purchase Plan, up to a maximum of 0.5% of each employee's earnings. As at December 31, 2018, 522,718 (2017 – 577,741) common shares were held by employees under the Share Purchase Plan and 13% of eligible employees participated in the Plan (2017 - 19%).

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

15. REVENUES

The Company's sources of revenue are shown below. For the year ended December 31, 2017, certain revenues were retrospectively reclassified to conform with the presentation adopted in the current year.

	Year ended December 31,			
		2018		2017
Gaming revenues [(1) (2)]	**$**	**1,056.5**	$	471.0
Hospitality revenues [(1) (3)]		**107.3**		93.6
Racetrack, lease and other revenues [(3)]		**57.2**		49.7
	$	**1,221.0**	$	614.3

(1) Promotional allowances of $46.6 for the year ended December 31, 2017, previously presented separately as a reduction to total revenue, have been reclassified to net against its related revenue streams. For the year ended December 31, 2017, promotional allowances of $15.0 have been netted against "gaming revenues", and promotional allowances of $31.6 have been netted against "hospitality revenues."

(2) Facility Development Commission of $39.1 previously presented separately for the year ended December 31, 2017, has been included in gaming revenues.

(3) Lease and other revenues of $37.6, previously included in hospitality, lease and other revenues for the year ended December 31, 2017, respectively, have been grouped with racetrack, lease and other revenues.

16. BUSINESS ACQUISITION AND RESTRUCTURING

	Year ended December 31,			
		2018		2017
Restructuring [(1)]	**$**	**11.0**	$	1.2
Business acquisition [(2)]		**6.5**		0.3
	$	**17.5**	$	1.5

(1) Restructuring costs primarily consist of severance payments for redundant positions due to the integration of the GTA and West GTA Gaming Bundles.

(2) Business acquisition costs are mainly associated with the acquisition and transition of the GTA and West GTA Gaming Bundles.

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

17. INCOME TAXES

a) *Income tax recognized in net earnings*

The Company's income tax expense is as follows:

	Year ended December 31, 2018	2017
Current tax expense	**$ 64.1**	$ 28.3
Deferred tax (recovery) expense	**(7.0)**	6.3
Total tax expense	**$ 57.1**	$ 34.6

The Company's income tax expense for the years ended December 31, 2018 and 2017 can be reconciled to earnings before income taxes as follows:

	Year ended December 31, 2018	2017
Applicable statutory income tax rate (1)	**26.71%**	26.00%
Earnings before income taxes	**$ 296.9**	$ 120.3
Expected income tax expense	**79.3**	31.3
Effect of:		
Non-deductible share-based compensation	**1.7**	1.5
Impact of different jurisdictional statutory tax rates on earnings of subsidiaries	**(0.4)**	0.8
Non-controlling interest (2)	**(23.3)**	(0.4)
Adjustments to deferred tax attributable to changes in tax rates	**-**	2.1
Revaluation of income tax liabilities from prior year taxes	**0.3**	(0.7)
Other items	**(0.5)**	-
Total income tax expense recognized in net earnings	**$ 57.1**	$ 34.6

(1) The income tax rate used for the 2018 reconciliation above is the weighted average applicable statutory rates used by the corporate entities in B.C, Ontario, New Brunswick and Nova Scotia. The applicable statutory income tax rate for the 2017 reconciliation above is the income tax rate payable by corporate entities in the province of B.C. 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. The rate increased on January 1, 2018 from 26% to 27% due to an increase in the B.C. income tax rate of 1%.

(2) Earnings before income taxes 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 allocated to the non-controlling interest partners of the partnerships. Accordingly, there is a reconciling item relating to the partnerships' earnings allocated to the non-controlling interest.

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

17. INCOME TAXES (Continued)

b) *Deferred tax balances*

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

2018	Opening balance	Recognized in net earnings	Recognized in other comprehensive income	**Closing balance**
Temporary differences				
Property, plant and equipment	$ (71.9)	$ 2.1	$ -	**$ (69.8)**
Intangible assets	(12.2)	1.7	-	**(10.5)**
Debt refinancing transaction costs	(1.5)	1.4	-	**(0.1)**
Deferred partnership income	0.4	(0.9)	-	**(0.5)**
Deferred compensation costs	1.9	1.7	-	**3.6**
Deferred credits, provisions and other liabilities	2.2	-	-	**2.2**
Other	(0.2)	0.9	0.1	**0.8**
	(81.3)	6.9	0.1	**(74.3)**
Unused tax losses and credits				
Non-capital loss carry-forwards	-	-	-	**-**
Capital loss carry-forwards	1.7	0.1	-	**1.8**
	1.7	0.1	-	**1.8**
	$ (79.6)	$ 7.0	$ 0.1	**$ (72.5)**

2017	Opening balance	Recognized in net earnings	Recognized in other comprehensive income	Closing balance
Temporary differences				
Property, plant and equipment	$ (63.0)	$ (8.9)	$ -	$ (71.9)
Intangible assets	(14.8)	2.6	-	(12.2)
Debt refinancing transaction costs	(1.8)	0.3	-	(1.5)
Deferred partnership income	(0.2)	0.6	-	0.4
Deferred compensation costs	1.8	0.1	-	1.9
Deferred credits, provisions and other liabilities	2.6	(0.4)	-	2.2
Other	0.4	(0.5)	(0.1)	(0.2)
	(75.0)	(6.2)	(0.1)	(81.3)
Unused tax losses and credits				
Non-capital loss carry-forwards	0.1	(0.1)	-	-
Capital loss carry-forwards	1.7	-	-	1.7
	1.8	(0.1)	-	1.7
	$ (73.2)	$ (6.3)	$ (0.1)	$ (79.6)

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

	Year ended December 31, 2018	2017
Deferred tax assets	**$ 12.0**	$ 11.4
Deferred tax liabilities	**(84.5)**	(91.0)
Net deferred tax liabilities	**$ (72.5)**	$ (79.6)

17. INCOME TAXES (Continued)

b) Deferred tax balances (Continued)

The Company has recognized deferred tax assets of approximately $nil (2017 - $5.8) that are dependent on future taxable profits in excess of those that will arise from the reversal of existing taxable temporary differences. If necessary, the Company may also undertake a legal restructuring of its subsidiaries or other transactions in order to fully use these deferred tax assets.

The Company has recognized a deferred tax asset relating to capital loss carry-forwards of $13.3 (2017 - $12.6) which may be used to offset future years' capital gains. Management believes the Company will generate future capital gains in excess of the losses in the jurisdiction to which the losses relate. These losses may be carried forward indefinitely.

c) Unrecognized deferred tax assets

In addition to the capital losses noted above, the Company has $0.1 (2017 - $0.1) of capital losses carried forward, which may only be used to offset future capital gains, and in respect of which the Company has not recognized a deferred tax asset. These losses may be carried forward indefinitely.

d) Other income tax-related matters

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

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

Based on the FDC received from BCLC between January 1, 2009 to June 2, 2018, if CRA’s current position of FDC prevails, preliminary estimates indicate the Company’s consolidated current tax expense would increase $62.1, deferred tax expense would decrease $60.5, and interest and financing costs would increase $13.8, resulting in a one-time $15.4 decrease in net earnings and a corresponding decrease to basic net earnings attributable to the shareholders of the Company per share of approximately $0.25 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.

17. INCOME TAXES (Continued)

d) Other income tax-related matters (Continued)

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 December 31, 2018, the Company and its subsidiaries have deposited a net amount of $38.9 (2017 - $29.3) to CRA and is reflected in "cash on deposit with Canada Revenue Agency" on the Consolidated Statements of Financial Position.

During 2018, five of the Company's subsidiaries received notices of confirmation for the taxation years under audit. The five subsidiaries filed notices of appeal to the Tax Court of Canada to each notice of confirmation received.

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

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

During the year ended December 31, 2017, CRA also challenged the tax treatment of a payment GDL received from OLG in 2013, as a result of the termination of the Slots at Racetracks Program and GDL received a notice of reassessment for its 2013 taxation year. GDL treated the payment as a reimbursement of property, plant and equipment costs reducing the capital cost of related assets but CRA's position was the payment should be treated as ordinary business income. GDL filed a notice of objection on March 15, 2018 to appeal the notice of reassessment and paid the minimum amount required to dispute the reassessment. GDL received a letter dated July 18, 2018 from CRA accepting GDL's representation in the notice of objection. GDL received another notice of reassessment for the 2013 taxation year that reversed the prior reassessment and received the refund of the balance on deposit.

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

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

		Year ended December 31, 2018	2017
Shareholders' net earnings	(A)	**$ 151.2**	$ 84.3
Weighted-average number of common shares outstanding [(1)]	(B)	**60,805**	61,157
Dilutive adjustment for share options [(1)]		**2,412**	1,199
Diluted weighted-average number of common shares [(1)]	(C)	**63,217**	62,356
Shareholders' net earnings per common share			
Basic	(A/B)	**$ 2.49**	$ 1.38
Diluted	(A/C)	**$ 2.39**	$ 1.35

(1) Share Information is presented in thousands.

The number of outstanding share options (in thousands) that are anti-dilutive and are not included in the above calculation were nil for the year ended December 31, 2018 (2017 – 2,336).

19. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Year ended December 31, 2018	2017
Accounts receivable	**$ (45.1)**	$ 1.1
Prepaids, deposits and other assets	**(6.1)**	(1.2)
Accounts payable and accrued liabilities	**55.2**	2.6
	$ 4.0	$ 2.5

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

20. SEGMENT INFORMATION

As part of the integration of the GTA Gaming Bundle, which was acquired on January 23, 2018 (Note 26(a)), the Company reorganized its operational structure to reflect the manner in which the CODM now reviews the operations and business performance of the Company. The CODM monitors the Company's operating results on a regional basis using Adjusted EBITDA[1] to assess each region's performance and makes decisions about resources to be allocated to each region. The Company's operating results are divided into four regions and Corporate. The four regions, each of which are operating segments, are: Ontario, B.C., Atlantic, and U.S. Comparative historical segmented information has been adjusted based on available information. Segment information for each operating segment are as follows:

Segment Revenues and Adjusted EBITDA [1]	**Ontario**	**B.C.**	**Atlantic**	**U.S.**	**Corporate**	**Total**
Year ended December 31, 2018						
Gaming revenues	**$ 680.5**	**$ 268.3**	**$ 71.4**	**$ 36.3**	**$ -**	**$ 1,056.5**
Hospitality revenues	**19.4**	**64.6**	**19.0**	**4.3**	**-**	**107.3**
Racetrack, lease and other revenues	**31.1**	**21.9**	**3.6**	**0.6**	**-**	**57.2**
Revenues	**$ 731.0**	**$ 354.8**	**$ 94.0**	**$ 41.2**	**$ -**	**$ 1,221.0**
Adjusted EBITDA [1]	**$ 300.6**	**$ 159.1**	**$ 30.7**	**$ 8.4**	**$ (24.4)**	**$ 474.4**
Year ended December 31, 2017						
Gaming revenues	$ 88.3	$ 276.5	$ 70.2	$ 36.0	$ -	$ 471.0
Hospitality revenues	11.2	59.3	18.3	4.8	-	93.6
Racetrack, lease and other revenues	24.7	20.8	3.8	0.4	-	49.7
Revenues	$ 124.2	$ 356.6	$ 92.3	$ 41.2	$ -	$ 614.3
Adjusted EBITDA [1]	$ 45.6	$ 159.7	$ 28.9	$ 7.6	$ (18.8)	$ 223.0

Segment Assets	**Ontario**	**B.C.**	**Atlantic**	**U.S.**	**Corporate**	**Total**
As at December 31, 2018						
Cash	**$ 245.5**	**$ 61.8**	**$ 17.5**	**$ 11.5**	**$ 0.5**	**$ 336.8**
Total assets	**$ 809.1**	**$ 646.2**	**$ 106.9**	**$ 35.0**	**$ 4.6**	**$ 1,601.8**
As at December 31, 2017						
Cash	$ 31.5	$ 201.3	$ 40.6	$ 12.6	$ 36.3	$ 322.3
Total assets	$ 175.4	$ 789.6	$ 130.5	$ 35.3	$ 40.6	$ 1,171.4

(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, impairment reversal of long-lived assets, business acquisition, restructuring and other, and foreign exchange (gain) loss. Adjusted EBITDA can be computed as revenues less human resources expenses and property, marketing and administration expenses plus share of profit of operating equity investees.

The following table is a reconciliation of Adjusted EBITDA, as presented in the above tables, to earnings before income taxes as presented in the Company's consolidated statements of earnings:

	Year ended December 31, 2018	2017
Adjusted EBITDA	**$ 474.4**	$ 223.0
Less:		
Amortization	**84.1**	58.3
Share-based compensation	**13.1**	8.1
Impairment reversal of long-lived assets	**-**	(0.9)
Interest and financing costs, net	**62.7**	33.9
Business acquisition, restructuring and other [2]	**18.6**	3.3
Foreign exchange gain	**(1.0)**	-
Income taxes	**57.1**	34.6
Net earnings	**$ 239.8**	$ 85.7

(2) In calculating Adjusted EBITDA for the year ended December 31, 2018, "share of profit of equity investment" does not include the loss of $1.1 relating to the Company's share of OGWGLP's transition costs incurred for the West GTA Gaming Bundle (Note 26(b)) 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".

In calculating Adjusted EBITDA for the year ended December 31, 2017, "share of profit of equity investment" does not include the loss of $1.8 relating to the Company's share of OTG's transition costs incurred for the GTA Gaming Bundle in which OTG was accounted for as an equity method investee up until the acquisition on January 23, 2018. The loss of $1.8 has been classified under "business acquisition, restructuring and other".

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

21. NON-CONTROLLING INTERESTS

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

		2018		2017
As at December 31,				
Total assets	**$**	**319.4**	$	10.2
Total liabilities	**$**	**165.7**	$	4.8
Total equity	**$**	**153.3**	$	5.3
For the years ended December 31,				
Revenues	**$**	**314.1**	$	9.3
Net earnings	**$**	**88.6**	$	1.4

22. KEY MANAGEMENT COMPENSATION

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

	Year ended December 31,			
		2018		2017
Human resources (1)	**$**	**3.8**	$	2.8
Share-based compensation (2)		**8.9**		5.2
Total	**$**	**12.7**	$	8.0

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

As at December 31, 2018, the liabilities of the Company include amounts due to key management personnel of $2.1 (2017 - $1.2) in "accounts payable and accrued liabilities" and $8.4 (2017 - $6.3) in "deferred credits, provisions and other liabilities" of the Consolidated Statements of Financial Position.

23. EMPLOYEE FUTURE BENEFITS

The Company maintains multiple defined contribution pension plans for its Canadian employees. Under these plans, eligible employees contribute a minimum of 2% of their gross pay and can make additional voluntary contributions ranging from 1% to 14% of their gross pay. The Company makes contributions representing 2% to 4% of eligible employees' gross pay. Contributions made by the Company during the year ended December 31, 2018 totalled $4.8 (2017 - $2.5).

24. COMMITMENTS, CONTINGENCIES AND LITIGATION

a) Letters of credit

As at December 31, 2018, letters of credit totalling $109.4 (2017 - $84.5) were outstanding, of which $100.0 (2017 - $15.0) was to secure performance under the COSAs of the Ontario Gaming Bundles and the remaining was to secure commitments under construction permits.

b) Litigation

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

Marketing trust lawsuit

On March 26, 2015, the Company commenced a legal action against BCLC in relation to a dispute over the collection of marketing contributions by BCLC from the Company since 2009. The Company takes the position that BCLC was not entitled to collect marketing fees and BCLC has filed a statement of defense denying the claims by the Company.

On April 6, 2017, the Company was given leave to add its wholly-owned subsidiaries, ORL and HEI as plaintiffs and to amend the claim in other respects. ORL and HEI were added as Plaintiffs and the authorized amendments were made to the notice of civil claim.

BCLC entered into new OSAs with each of the Company's B.C. properties on June 3, 2018. The new OSAs contain no reference to any fee or commission for marketing. Since June 3, 2018, BCLC has ceased taking the disputed marketing fees from the Company. The Company amended its notice of civil claim on January 30, 2019 to plead the new OSAs, the fact that BCLC had ceased taking the disputed marketing fees since entering into the new OSAs, and to remove its plea for injunctive relief. The Company is seeking an order that BCLC pay both damages in an amount equal to the total of all such marketing contributions collected by BCLC up to June 3, 2018 ("disputed remuneration deductions") and court order interest to the date of judgment. The Company alleges the approximate total of the disputed remuneration deductions as at December 31, 2018 was $33.9 (2017 - $32.3). The Company will continue with its legal action as planned toward the trial date. The trial date has been rescheduled from February 2019 to August 2019.

c) Guarantees and indemnifications

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

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

d) Other contractual commitments

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

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

25. FINANCIAL INSTRUMENTS

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

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

a) Credit risk

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

	December 31, 2018	December 31, 2017
Cash in banks	**$ 175.0**	$ 287.8
Accounts receivable	**67.5**	21.8
	$ 242.5	$ 309.6

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

Accounts receivable: Credit risk associated with most of these assets is minimized due to their nature. The majority of these receivable balances are due from the federal government for sales tax rebates, Provincial Crown corporations, and racetrack operators. The credit loss allowance for accounts receivable is estimated based on an assessment of individual accounts and the length of time balances have been outstanding. As at December 31, 2018, the credit loss allowance for accounts receivable is $nil (2017 - $nil).

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

25. FINANCIAL INSTRUMENTS (Continued)

b) Liquidity risk

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

	Expected payments by period as at December 31, 2018				
	Within 1 year	2 - 3 years	4 - 5 years	More than 5 years	**Total**
Accounts payable and accrued liabilities	$ 196.1	$ -	$ -	$ -	**$ 196.1**
Income taxes payable	31.3	-	-	-	**31.3**
Senior Secured Credit Facilities	18.3	36.6	366.3	-	**421.2**
Non-recourse revolving credit facilities	19.5	73.1	247.8	-	**340.4**
Provisions	3.1	0.8	0.8	4.9	**9.6**
Property and other operating leases	84.5	162.5	155.6	1,093.2	**1,495.8**
Other contractual commitments(1) (2)	120.2	12.7	9.1	5.5	**147.5**
Total	**$ 473.0**	**$ 285.7**	**$ 779.6**	**$ 1,103.6**	**$ 2,641.9**

(1) Other contractual commitments primarily consist of committed additions for property, plant and equipment of $111.3 (2017 - $28.0).

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

c) Market risk

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

	Foreign Currency Risk (1)			
	-10%		+10%	
	Net earnings	OCI	Net earnings	OCI
Financial Assets				
Cash	$ (0.5)	$ -	$ 0.5	$ -
Accounts receivable	-	-	-	-
Financial Liabilities				
Accounts payable and accrued liabilities	0.6	-	(0.6)	-
Total increase (decrease)	$ 0.1	$ -	$ (0.1)	$ -

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

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

25. FINANCIAL INSTRUMENTS (Continued)

d) Interest rates on credit facilities

The Company and its subsidiaries' credit facilities have interest rates on advanced amounts and a standby fee on the unused facility that are based on the Total Leverage Ratio (as defined in the underlying credit agreements) which is calculated quarterly. Below are the interest rates and standby fees applicable for each credit facility as at December 31, 2018, depending on the respective borrower's quarterly Total Leverage Ratio calculated for the most recent trailing twelve months:

i. Senior Secured Credit Facilities Agreement

Total Leverage Ratio(1)	Margin on Bankers' Acceptances or Eurodollar Rate Advances & Letters of Credit	Margin on Canadian Prime Rate or U.S. Base Rate Advances	Standby Fee
> 4.00	3.00%	2.00%	0.675%
3.00 to < 4.00	2.50%	1.50%	0.56%
2.00 to < 3.00	2.25%	1.25%	0.45%
1.00 to < 2.00	2.00%	1.00%	0.40%
= < 1.00	1.70%	0.70%	0.34%

(1) The Total Leverage Ratio was 1.65 for the trailing twelve month period ended December 31, 2018.

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

Until project completion, prime rate loans and bankers' acceptances are subject to prime plus margin of 1.25% and current market rate plus margin of 2.25%, respectively. The applicable standby fee at December 31, 2018 was 0.45% on unused portion of the credit facilities.

iii. Non-recourse Revolving Credit Facility of OGWGLP

Until project completion, prime rate loans and bankers' acceptances are subject to prime plus margin of 1.75% and current market rate plus margin of 2.75%, respectively. The applicable standby fee at December 31, 2018 was 0.62% on unused portion of the credit facility.

iv. Non-recourse Revolving Credit Facility of OGELP

Total Leverage Ratio(2)	Margin on Bankers' Acceptances & Letters of Credit	Margin on Canadian Prime Rate	Standby Fee
>= 3.50	3.50%	2.50%	0.88%
3.00 to < 3.50	3.00%	2.00%	0.75%
2.50 to < 3.00	2.50%	1.50%	0.63%
2.00 to <2.50	2.25%	1.25%	0.56%
< 2.00	2.00%	1.00%	0.50%

(2) The Total Leverage Ratio was 1.86 for the trailing twelve month period ended December 31, 2018.

v. Interest rate sensitivity analysis

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

If interest rates had been 1% higher or lower and all other variables were held constant, the Company's net earnings would decrease or increase by $6.2. This is mainly attributable to the Company's exposure to variable rate borrowings on its credit facilities.

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

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

25. FINANCIAL INSTRUMENTS (Continued)

e) Fair values

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

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

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

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

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

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

The Company's long-term debt instruments are Level 2 financial instruments as they are estimated based on quoted prices that are observable for similar instruments or on the current rates offered to the Company for debt of the same maturity. As at December 31, 2018, the Company's long-term debt instruments had a fair value of $653.7 (2017 - $504.3) and a carrying value of $631.6 (2017 - $482.6). As at December 31, 2018, the Company's interest rate swap had a carrying value equal to its fair value of $0.6 (2017 - $0.9) as described in Note 11.

The Company's contingent future trailing payments related to the acquisition of Chances Chilliwack are recurring Level 3 financial instruments as they require management to make assumptions regarding the measurement of fair value using significant inputs that are not based on observable market data. As at December 31, 2018, the fair value and carrying value of the Company's contingent future trailing payments was $6.6 (2017 - $6.2), of which $0.8 (2017 - $0.7) was recorded in "other liabilities" and $5.7 (2017 – $5.5) was recorded in "deferred credits, provisions and other liabilities" on the Consolidated Statements of Financial Position. The following table reconciles the opening to the ending balances of the trailing payments:

		Trailing payments
Balance at January 1, 2018	$	6.2
Net charge to earnings[(1)]		1.1
Settlement		(0.7)
Balance at December 31, 2018	**$**	**6.6**

[(1)] The net charge to earnings includes accretion of $0.6 (2017 – $0.6) recorded in "interest and financing costs, net" and an increase in the estimated provision of $0.5 (2017 - $0.3) recorded in "business acquisition and restructuring" on the Consolidated Statements of Earnings and Other Comprehensive Income.

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

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

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

26. ACQUISITIONS

a) *GTA Gaming Bundle*

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

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

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

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

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

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

26. ACQUISITIONS (Continued)

b) *West GTA Gaming Bundle*

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

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

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

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

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

c) *Revenues and Net earnings of GTA Gaming Bundle and West GTA Gaming Bundle*

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

d) *Annualized Revenues and Net earnings of GTA Gaming Bundle and West GTA Gaming Bundle*

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