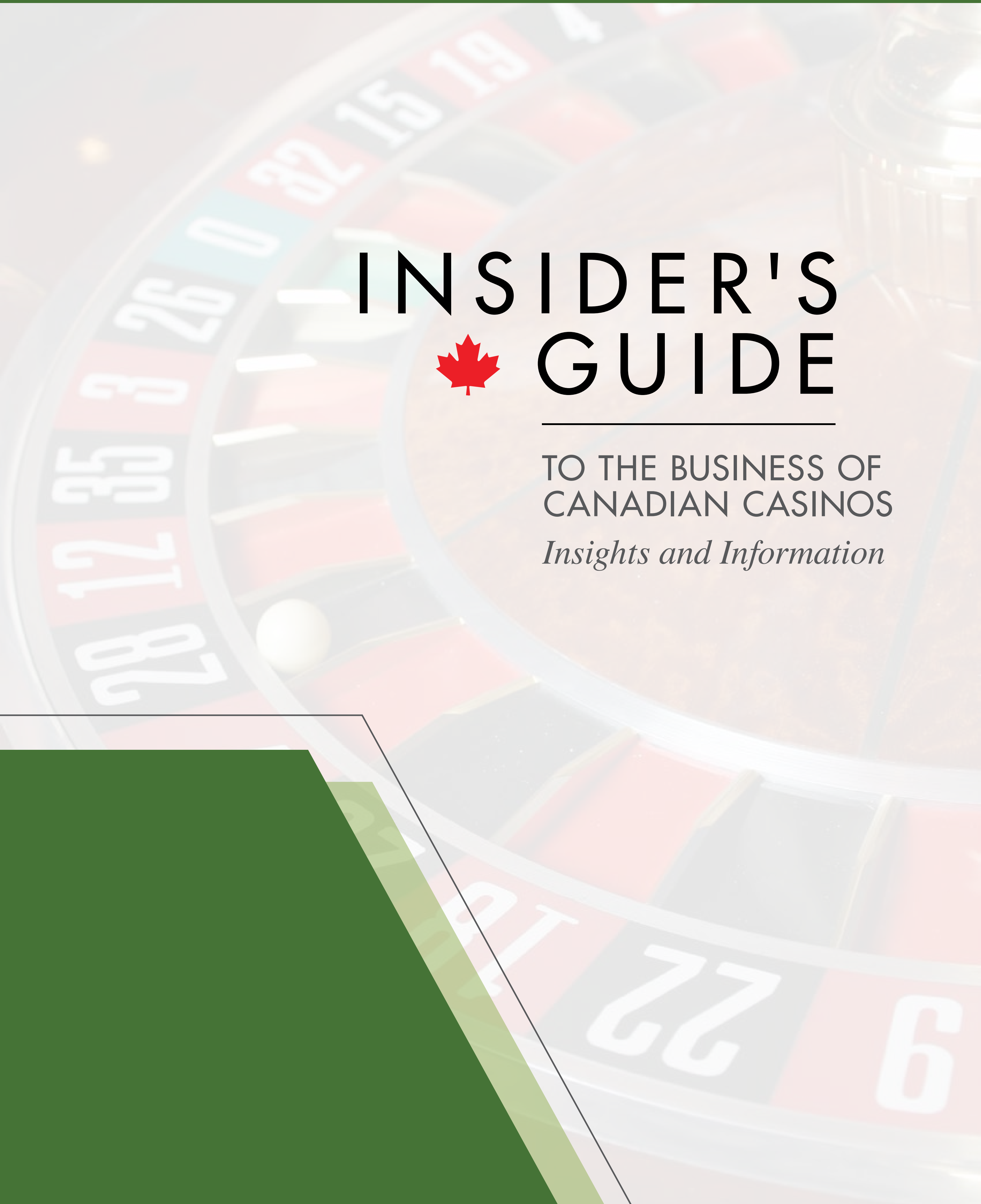
ISSUE 1 WINTER 2016/17



INSIDER'S GUIDE

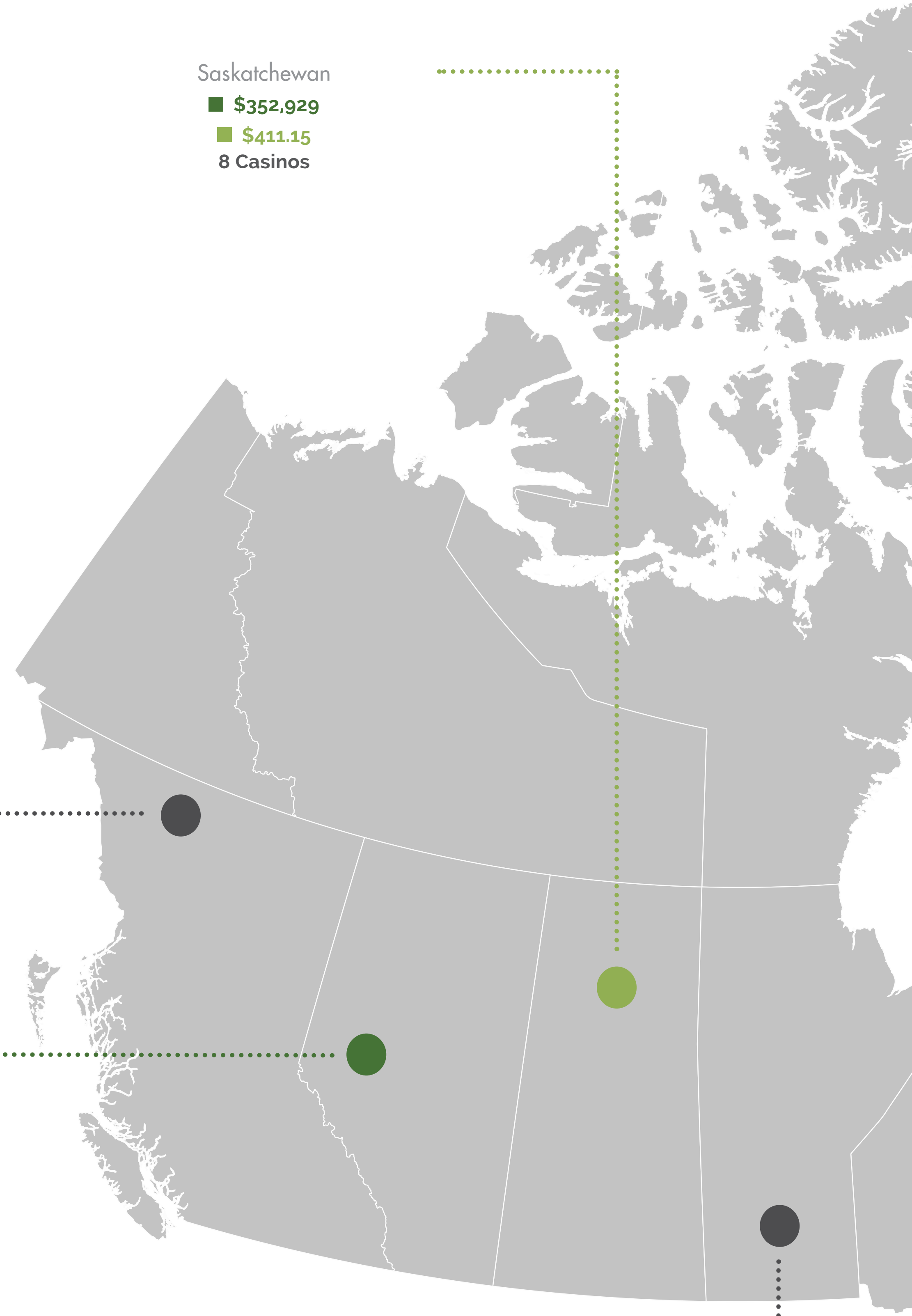
TO THE BUSINESS OF CANADIAN CASINOS

Insights and Information

CONTENTS

Saskatchewan
$352,929
$411.15
8 Casinos

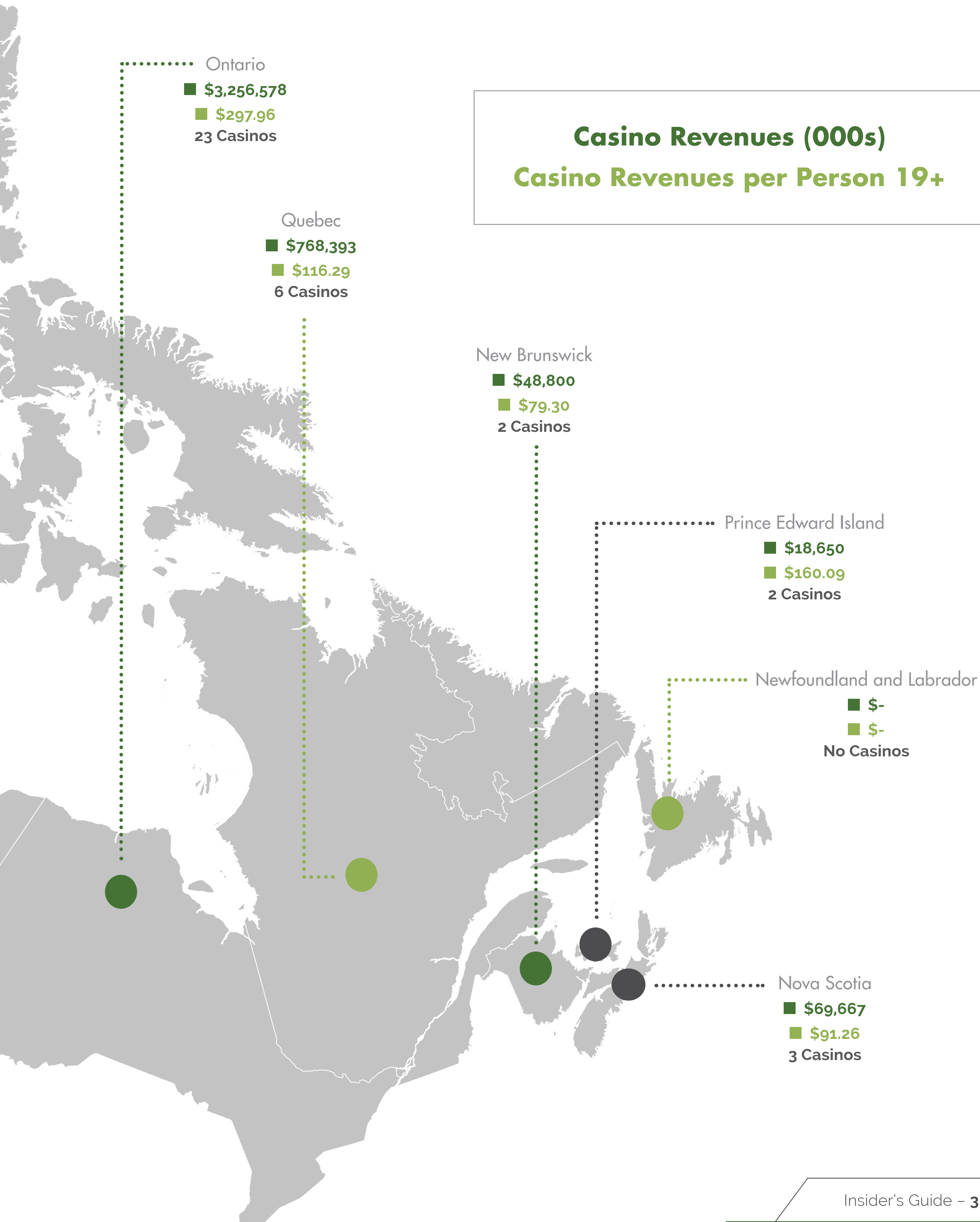
British Columbia
$1,814,700
$479.13
42 Casinos



Alberta
$1,292,682
$401.02
24 Casinos

Manitoba
$228,959
$232.49
6 Casinos

Casino Revenues (000s)
Casino Revenues per Person 19+



INSIDER'S GUIDE VOLUME 1: INTRODUCTION

The Canadian casino gaming industry is varied and complex. It is a multibillion dollar industry that provides significant revenues to Canadian provinces but also is burdened with challenges.

There are significant regional differences in the delivery of and engagement with land-based casinos. The Insider's Guide to the Business of Canadian Casinos is intended to help make sense of the casino gaming landscape in Canada.

Most Canadian casinos serve local markets primarily with tourism being a secondary market. The government involvement with the industry, both as a beneficiary and operator/regulator, is an underlying and defining feature of casino gaming in Canada. Crown agencies in each province are always mindful of the need to generate sustainable revenues in an accountable, responsible manner for the benefits of their citizens. Because citizens are the primary customer base, great care is employed to reduce perceived harm from problem gambling.

Crowns and operators across the country have an interest in the kinds of initiatives and activities their colleagues and peers are undertaking in different markets. There is also great interest in having access to the types of information that will assist with making business decisions, such as gaming supply, population trending, and economic forecasting. The Insider's Guide brings this information together, along with analysis and interpretation, into a single source.

INDUSTRY OVERVIEW

Casino gaming has been expanding in Canada since the 1980s. The Canadian casino industry has its origins in charitable gaming and bingo halls, and this legacy is apparent in the structure of casino operations in many provinces. There are now casinos in every province except Newfoundland and Labrador. We have observed that in provinces where the connection to charitable origins is most direct, public acceptance of gaming is higher, and so is participation.

Each province that offers casino gaming has a slightly different approach to the business. The structure of the casino gaming industry in each province is influenced by its history, economy, types of industry, and cultural composition. Some provinces, like Manitoba and Quebec, operate the casinos directly. Ontario is currently going through a modernization process through which the province is selecting private firms to operate the businesses on its behalf. Other provinces, like British Columbia, Alberta, Nova Scotia, and New Brunswick, have operating contracts with private firms.

CHALLENGES

- Rising costs – labour, goods, services
- Market saturation
- US dollar volatility – impacts entertainment/talent costs and unpredictable costs from product/game manufacturers and other vendors
- Mature markets
- Changing demographics
- Competition
- Grey-market online gaming
- Illegal gaming
- Business model in provinces with private operators can result in lack of alignment – short-term vs. long-term outlooks.
  - Crowns paid based on gross revenues
  - Operators motivated by net costs after revenue share and expenses

OPPORTUNITIES

- Alignment with eGamer market
- Gamifying the casino experience
- New types of skill-based games
- Growing interest in table games
- Smartphone games

TRENDING TOPICS

INCLUSIVITY:

Ontario has removed "sex" from its health cards and, in 2017, will be adding a "gender X" option to its drivers licences. Casino operators in Canada have already been challenged by customers who do not identify their gender in the binary sense for bathroom access. All-In predicts that gender inclusivity and LGBTQ+ engagement will be significant issues for Canadians and opportunities for proactive casino operators.

In November of 2016, Prime Minister Trudeau named Edmonton member of parliament Randy Boissonnault as his government's special advisor on LGBTQ issues. The federal government has indicated that it will review gender requirements on identification documents.

NEWFOUNDLAND STAYS OUT OF THE CASINO BUSINESS:

Newfoundland and Labrador has decided to stay out of the casino gaming business. Recent reports suggest that the province said "no" to proposals for online casinos in partnership with Atlantic Lottery Corporation as well as bricks-and-mortar casinos on the island – despite the province's economic challenges and controversial budget.

SKILL-BASED GAMES:

Skill-based games are the next frontier in casino gaming. Many established and newer game manufacturers have developed games of chance that also employ an element of skill. These games are being reviewed by regulators in several Canadian jurisdictions. Canadians can expect to try these new games in 2017 as the approvals are issued and the product is installed on the casino floor.

ILLEGAL GAMING:

Across the country operators continue to compete with illegal land-based gaming. From poker games in Atlantic Canada to exclusive high-end baccarat games in British Columbia, illegal games are stealing market share, and impacting gaming contributions back to the provinces.

MODERNIZATION:

The modernization process in Ontario continues to unfold and is gaining momentum. Western and Northern Ontario bundle RFPs are currently under review. GTA bidders have been invited and more bundles will be released in 2017.

FOOD & BEVERAGE:

The debate continues in the Canadian industry whether casino food and beverage should be a loss-leader head-count driver or profit centre. The debate continues with some locations that had been profit-oriented moving towards discounted offers for members, subsidized by marketing, and other locations had treated food as a loss-leader facing pressure to make that aspect of the business profitable.

CASINO APPS:

Some provinces are already offering online betting, and are considering expanding their offering to include more casino style games to compete with the offshore grey market. Caesars Entertainment and MGM have created new revenue streams through their casino apps, which don't offer real betting, but generate revenue through in-app purchases of coins to facilitate simulated betting. Canadian operators have not entered this space yet, which appeals to eGamers who are also slot enthusiasts. Is this an opportunity?

E-GAMING VS. GAMING:

The casino industry has historically referred to itself as the eGaming industry as has the video or electronic gaming industry. The two gaming industries are on a convergence course with the ubiquitous nature of smart-phones, casino-themed games, and the introduction of skill-based games in casinos. All-In is using the terms eGaming and eGamers to refer to the electronic gaming sectors and, hopefully, reducing some of the confusion.

BUZZ WORDS & INTRIGUES

Micro-casinos – A casino-within-a-casino experience… focused product and strategic placement are used to attract and engage a clearly defined market opportunity. From party pits to acquisition-oriented areas, more and more of these areas are appearing.

Pop-ups – From buffets to entertainment, casinos in Canada are trying to emulate this popular trend from the dining and retail sectors.

Buy Local – Craft beer and local flavours are showing up on menus at casinos around the country. While this trend may seem at odds with the old-school type of casino players, looking for low-priced food and large portions or buffets, the trend towards local is making its presence known in casinos across the country.

Positive Play – Responsible gambling's consumer-friendly alter ego, "positive play," is one way some operators, Crowns, and experts are trying to separate responsible gambling programs from problem gambling interventions. The close association of problem and responsible gambling in the public understanding has been a barrier to the industry.

eSports – Viewing video game tournaments is growing in popularity worldwide. More people watched the League of Legends championship (the most popular PC video game in the world) than the 2015 World Series. The first eSports event was held in a Canadian casino in the fall of 2016, but the opportunity for operators, and how to monetize it, has been under discussion since 2015.*

Digital Strategy – Although a technology-forward industry, the casino gaming industry is slow to innovate in many ways. Many casino operators and Crowns are just now adding digital strategy to their communications and marketing plans and assigning focused leadership in this area.

WHAT TO WATCH:

- Cashless wagering
- Topgolf
- Security Drones
- Skill-based games
- eSports
- Online casinos

NEW IN 2016

The Women of Canadian Gaming – Formed in 2016 to establish a collective of key women of Canadian gaming. The purpose of the group is to connect women in key leadership positions across the country.

*http://www.pcgamer.com/league-of-legends-world-championships-had-334-million-viewers-in-2015/

DEMOGRAPHIC & ECONOMIC INFORMATION FOR CASINO OPERATORS & CROWN AGENCIES

There is a lot of data available to businesses looking to understand their markets and apply some discipline to their short- and long-term planning processes. All-In has assembled some key data (mostly from Statistics Canada) in a single source that is particularly relevant to casino operators. Census data from 2016 is not yet available, so the information in this document refers to 2011 census information. We also provide some industry-specific interpretation and commentary. The Canadian Socioeconomic Database (Cansim), available from Statistics Canada, was most recently updated September 28, 2016, and was used as the primary source for The Insider's Guide.

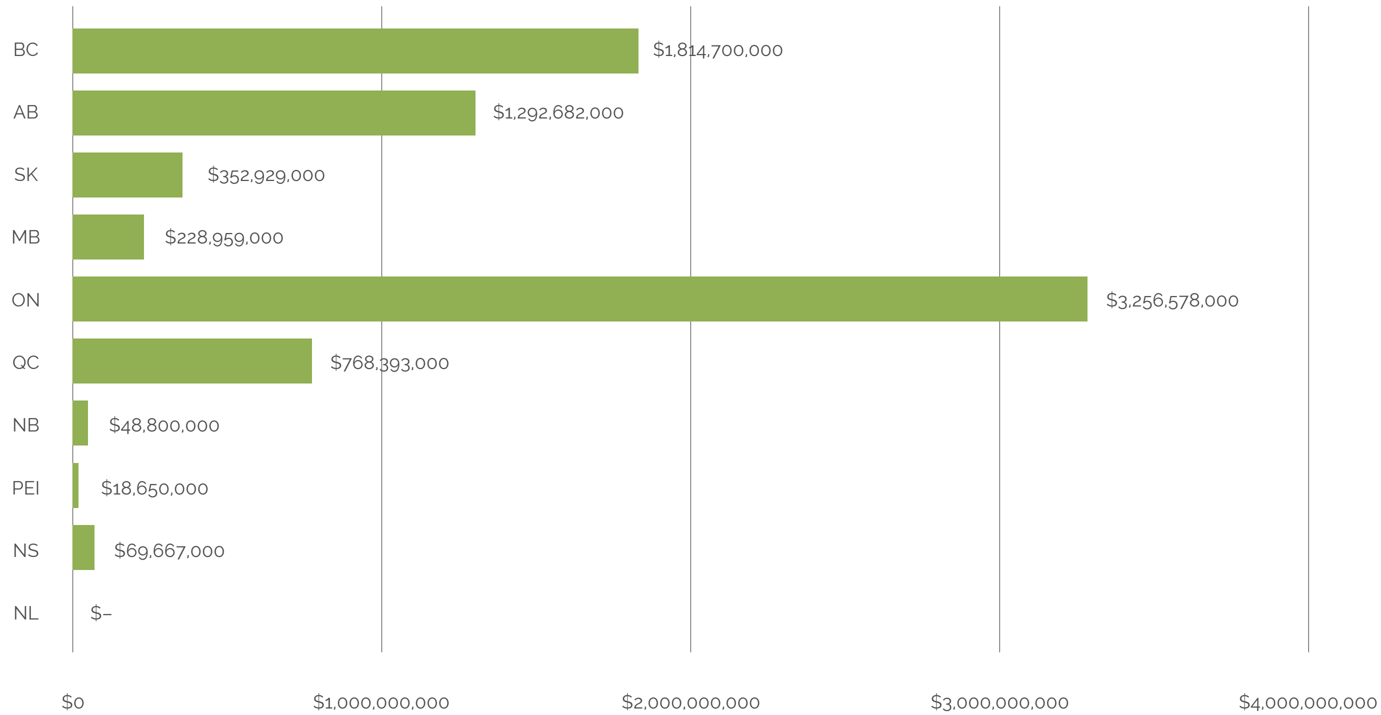
OVERVIEW

Every province in Canada has a unique demographic and economic profile. The personality of a province will have an impact on casino gaming operations. Many factors contribute to the way casino operators need to present and define their experiences. Some things to consider:

- Cultural origins of the population
- Age of the population
- Dominant industries
- Age
- Public acceptance of gaming
- Location of gaming site(s)
- Geography
- Competition – gaming and other entertainment

There is no science to determining how these influencers work together, but being aware that results are determined by more than the median income and proximity to the destination will help operators deliver experiences that are relevant to their markets.

CASINO REVENUES BY PROVINCE



This chart provides a sense of the order of magnitude of casino gaming revenues generated by Crown-operated casino gaming in each province.

NOTES:

- Total revenues before expenses
- Results are provided for the most recent reporting year and are based on the provincial Crown agency's annual report(s).
  - NB – 2012/2013; PEI, MB, ON, AB – 2014/2015; NS, QC, BC, SK – 2015/2016
- First Nations casinos are included when reported by the Crown or reported independently.
  - Ontario includes Blue Heron and Casino Rama
  - Saskatchewan Indian Gaming Authority (SIGA) Reports net income of $86.3 million in 2015/2016 and gaming revenues of $236 million, this included in the totals above
  - Alberta includes First Nations revenues
- Gaming revenues only

CASINO GAMING ACROSS THE COUNTRY

Where are the casinos located in Canada? How many slots are at each? (At the time of printing, table games information was not consistently available). Who operates the casinos? The Insider's Guide provides the most current information based on our knowledge of the Canadian market and uses information found in provincial Crown agency reports, as well as the information available on property websites. Please note, the number of slots and tables at each property is approximate as operators change their game mix to adapt to customer demand/preferences and seasonality.

Province/Crown	Casinos	Operator	Slots
Newfoundland and Labrador	n/a	n/a	n/a
Prince Edward Island Department of Finance	Red Shores Charlottetown	Atlantic Lottery Corporation	200 +
	Red Shores Summerside		40 +
Nova Scotia Nova Scotia Provincial Lotteries and Casino Corporation	Casino Nova Scotia Halifax	Great Canadian Gaming Corporation (GCGC)	550 – 600
	Casino Nova Scotia Sydney		250-300
New Brunswick New Brunswick Lotteries and Gaming Corporation	Casino New Brunswick (Moncton)	GCGC	600
	Grey Rock Entertainment Centre, Edmunston NB	Madawaska Maliseet First Nation	100

Information has been gathered from a number of sources including web sites and fact checks with casino operators and crown corporations, and is reported based on information avaiable through those sources.

	Casinos	Operator	Slots
Loto Québec	Casino de Montréal	Loto Québec	3,000
	Casino de Charlevoix		825
	Casino du Lac-Leamy		1,700
	Casino de Mont-Tremblant		500+
	Salon de jeux de Québec		Slots & VLTs
	Salon de jeux de Trois-Rivières		Slots & VLTs
Ontario Lottery and Gaming Corporation (OLG)	Casino Brantford	OLG	540
	Great Blue Heron Charity Casino	Mississaugas of Scugog Island First Nation	539
	Casino Point Edward	OLG	450
	Casino Sault Ste. Marie	OLG	430
	Shorelines Casino Thousand Islands	GCGC	481
	Casino Thunder Bay	OLG	450
	Caesars Windsor	Caesars Entertainment	2269
	Casino Rama	Chippewas of Rama First Nation /Penn National Gaming	2294
	Fallsview Casino Resort and Casino Niagara	Niagara Casinos	Over 3,000
	Ajax Downs	OLG	830
	Clinton Raceway	OLG	123
	Dresden Raceway	OLG	148
	Flamboro Downs	GCGC	806
	Georgian Downs	GCGC	979
	Grand River Raceway	OLG	238
	Hanover Raceway	OLG	131
	Shorelines Slots at Kawartha Downs	GCGC	460
	Mohawk Racetrack	OLG	857
	Rideau Carleton Raceway	OLG	1252
	Sudbury Downs	OLG	404
	Western Fair District	OLG	756
	Woodbine Racetrack	Woodbine Entertainment Group	3,005
	Woodstock Raceway	OLG	235

	Casinos	Operator	Slots
Manitoba Liquor & Lotteries	Club Regent Casino	Manitoba Liquor & Lotteries	900 +
	McPhillips Station Casino		800 +
	Shark Club Gaming Centre		140
	Sand Hills Casino	Hemisphere Gaming MB (for Sand Hills Partnership)	300
	South Beach Casino and Resort	Partnership of seven First Nations	600
	Aseneskak Casino	Partnership of six First Nations	172
Saskatchewan Liquor and Gaming Authority	Casino Regina	Sask Gaming	880
	Casino Moose Jaw		
	Gold Eagle Casino	Saskatchewan Indian Gaming Authority (SIGA)	300
	Northern Lights Casino		590
	Bear Claw Casino		136
	Painted Hand Casino		250
	Dakota Dunes Casino		580
	Living Sky Casino		180

	Casinos	Operator	Slots
Alberta Gaming and Liquor Commission	Casino Calgary	Pure Canadian Gaming	852
	Cash Casino, Calgary	Cash Casinos	Yes
	Deerfoot Inn & Casino, Calgary	Gamehost Inc.	767
	Elbow River Casino, Calgary	Cash Casino	600
	Grey Eagle Resort & Casino (Tsuu T'ina First Nations), Calgary	Sonco Group	867
	Century Casino Calgary	Century Casinos	500+
	Cowboys Casino, Calgary	Calgary Exhibition & Stampede Ltd.	350
	Camrose Resort Casino, Camrose	Stage West Hospitality	Numbers N/A
	Casino Dene, Cold Lake	Cold Lake First Nations	250
	Baccarat Casino (now closed, new location Grand Villa Edmonton)	Gateway Casinos	300
	Casino Edmonton	Pure Canadian Gaming	N/A
	Casino Yellowhead, Edmonton	Pure Canadian Gaming	770+
	Century Casino Edmonton	Century Casino	777
	Palace Casino, Edmonton	Gateway Casino	600
	River Cree Resort and Casino, Edmonton	River Cree Enterprises	1100
	Boomtown Casino, Ft. McMurray	Gamehost Inc.	450
	Great Northern Casino	Gamehost Inc.	424
	Stoney Nakoda Resort and Casino, Kananaskis	Stage West Hospitality	250
	Casino Lethbridge	Pure Canadian Gaming	440+
	Casino by Vanshaw - Medicine Hat Lodge	Stage West Hospitality	332
	Jackpot Casino, Red Deer	New Star Capital (Scott Mather)	349 10 VLTs
	Cash Casino, Red Deer	Cash Casinos	Yes
	Apex Casino (Century Casino Saint Albert)	Century Casinos	388
	Eagle River Casino & Travel Plaza, Whitecourt	Alexis Nakota Sioux First Nation	250

	Casinos	Operator	Slots
British Columbia Lottery Corporation	Cascades Casino Resort	Gateway Casinos and Entertainment	800+
	Edgewater Casino	Paragon Gaming	600
	Elements Casino (formerly Fraser Downs)	GCGC	529
	Grand Villa Casino	Gateway Casinos and Entertainment	1100
	Hard Rock Casino Van.	GCGC	922
	Hastings Racecourse and Casino	GCGC	536
	River Rock Casino Resort	GCGC	1123
	Starlight Casino	Gateway Casinos and Entertainment	#'s N/A
	Playtime Abbotsford	Gateway Casinos and Entertainment	185
	Chances Chilliwack	GCGC	241
	Chances Maple Ridge	GCGC	187
	Chances Mission	Gateway Casinos and Entertainment	200+
	Chances Squamish	Gateway Casinos and Entertainment	200+
	Newton Community Gaming	Gateway Casinos and Entertainment	Bingo
	Playtime Langley	Gateway Casinos and Entertainment	Bingo
	Planet Bingo	Community Gaming Management Association	Bingo
	Casino Nanaimo	GCGC	384
	View Royal Casino Victoria	GCGC	555
	Playtime Campbell River	Gateway Casinos and Entertainment	145
	Playtime Courtenay	Gateway Casinos and Entertainment	200
	Chances Cowichan	Duncan Dabber Bingo Society	An Assortment
	Chances RimRock	Coulson Group / Alberni Valley Gaming Association	99
	Bingo Esquimalt	GCGC	Bingo

British Columbia Lottery Corporation (Cont'd)	Harbour City Bingo	Harbour City Bingo Society	Bingo
	Playtime Victoria	Gateway Casinos and Entertainment	Bingo
	Cascades Casino Kamloops	Gateway Casinos and Entertainment	200+
	Lake City Casino Kelowna	Gateway Casinos and Entertainment	450
	Lake City Casino Penticton	Gateway Casinos and Entertainment	300
	Lake City Casino Vernon	Gateway Casinos and Entertainment	400
	Chances Kamloops	Enterprise Entertainment	#'s N/A
	Chances Kelowna	Stan Walt	300
	Chances Salmon Arm	Berezan Hospitality Group	99
	Playtime Gaming Penticton	Gateway Casinos and Entertainment	Bingo
	Billy Barker Casino Hotel	Fort St. James Ventures Ltd.	#'s N/A
	Treasure Cove Casino and Bingo	John Major	500+
	Chances Dawson Creek	GCGC	149
	Chances Fort St. John	Pomeroy Lodging	181
	Chances Prince Rupert	0733244 BC Ltd.	100
	Chances Signal Point	Signal Point Gaming	130
	Chances Terrace	Pomeroy Lodging	75
	St. Eugene Golf Resort and Casino	Ktunaxa Nation, Chippewas of Rama First Nation and Samson Cree Nation.	240
	Chances Castlegar	Berezan Hospitality Group	100

WHERE DOES THE MONEY GO?

Casino gaming in Canada generates significant revenue for Canadians. The agencies that operate gaming (including casino gaming) in Canada's provinces work to demonstrate how the revenues generated by casino gaming—as well as video lottery, ticket lottery, and online gaming—benefit the citizens they serve. Considering gross revenues, agencies reference direct payments to the provinces, along with prizes paid to players, salaries and benefits paid to people directly and indirectly employed by the industry, and tax revenue. In some provinces, like Alberta, direct contributions to charities from casino gaming are front and centre.

Corporate social responsibility is a significant consideration for government agencies. Responsible gambling investments are a high priority and part of the cost of doing business in this space to maintain social licence.

Most agencies focus on how much of the gaming revenue stays in the province in which it is generated. Casino gaming revenues, for the most part, are not designated to a specific purpose; rather, they are transferred to the province's general or consolidated revenues.

Provincial Agency/Crown Corporation	How are net profits from casino gaming distributed?
Newfoundland and Labrador	No casino gaming
Nova Scotia Provincial Lottery and Casino Corporation (NSPLCC)[1]	General revenues
PEI Lotteries Commission (PEILC)[2]	General revenues Harness racing industry
New Brunswick Lotteries and Gaming Corporation (NBLGC)[3]	Consolidated revenues
Loto Québec[4]	General revenues, paid as a dividend
Ontario Lottery and Gaming Corporation (OLG)[5]	General provincial revenues Payments to "host municipalities" Trillium Foundation Quest for Gold Local charities from charitable gaming proceeds
Manitoba Liquor & Lotteries[6]	General revenues
Saskatchewan Gaming (SaskGaming)[7]	50% to general revenues 25% to First Nations Trust 25% Community Initiatives Fund
Alberta Gaming and Liquor Commission	Alberta Lottery Fund[8] from where it is transferred to specific government priorities (health, education, etc.) and reported in a measured way. Charities are active participants in the gaming industry and receive funding for their participation.
British Columbia Lottery Corporation (BCLC)[9]	Consolidated revenue fund Health Special Account Community groups Host municipalities

[1]https://www.gamingns.ca/new/images/uploads/NSPLCC-WEB_VERSION_Summary_of_Results_2016.pdf
[2]The most recent report from the PEI Lotteries Commission was issued for FY 2012/2013 http://www.gov.pe.ca/photos/original/leg_s14lottcomm.pdf
[3]FY 2012/2013 is the last year NBLGC produced an annual report so this information is not current. All-In phoned NBLGC to see if more recent information is available and was informed the reports are "under review." http://www2.gnb.ca/content/dam/gnb/Departments/fin/pdf/NBLGC-SLJNB/AnnualReport2012-2013RapportAnnuel.pdf

[4]http://lotoquebec.com/cms/corporatif/en/the-corporation/annual-report/contributions
[5]http://www.modernolg.ca/where-does-the-money-go/
[6]http://www.mbll.ca/content/helping-manitoba-prosper
[7]http://www.slga.gov.sk.ca/Prebuilt/Public/Casino%20Fact%20Sheet.pdf
[8]http://albertalotteryfund.ca/abouttealf/wherethemoneygoes.asp
[9]https://corporate.bclc.com/content/dam/bclc/corporate/documents/fact-sheets/FS-where-money-goes.pdf

UNPACKING RESPONSIBLE GAMBLING, PROBLEM GAMBLING & POSITIVE PLAY

Canada has been a world-leader in responsible gambling for over two decades. Provincial Crown corporations, private operators, and First Nations casinos all take responsible gambling very seriously. It is an important aspect of the industry's social licence. Responsible gambling provides social licence to operate and helps to ensure an economically sustainable industry.

Crowns and operators in Canada offer some version of the following programs:

- Third-party certification programs;
- Voluntary self-exclusion;
- Responsible gambling assessment of games and advertising;
- On-site responsible gambling centres;
- Help lines;
- Training for front-line gaming staff;
- Online resources

All-In has observed that there is a distinction between problem gambling and positive play that sometimes gets lost in the dialogue about "responsible gambling." In our experience, the perception that responsible gambling and problem gambling are the same thing can alienate casual and infrequent casino-goers because they do not identify with problem gamblers. The focus on problem gambling means many people do not want to be associated with casino gaming and reduces the opportunity to engage with a significant portion of the population – which is a lost opportunity for the industry.

Responsible gambling experts are aware of this challenge and are working on new ways of educating casual and infrequent customers. The language dominant in responsible gambling literature is centred around choice – how to make smart choices and set limits. Efforts are being made to focus on the fun aspects of the gaming experience. Programs also feature information about how gambling works, understanding odds and debunking myths. "Positive play" is a term that is used from time to time. Our view is that disconnecting responsible gambling from problem gambling is a move in the right direction, but the execution has still not been perfected. In many markets, positive play ambassadors also do double duty looking after problem gamblers.

Province	Responsible Gambling
Nova Scotia	• Games and marketing materials are reviewed through the Responsible Gambling Assessment process. • Training front-line workers • RG centre on site at each casino • Invests in prevention, education, and treatment • Voluntary self-exclusion program (VSE) • RG Check
Prince Edward Island	• PlayWise – program through Atlantic Lottery Corporation focused on decision-making • Training front-line workers • VSE • Age control • Safe alcohol service • RG Check
New Brunswick	• Responsible gambling information centre @ CNB • Age control • Training front-line workers • VSE
Quebec	• World Lottery Association (WLA) – level four certification and Security Control Standard Certification • First VSE program in North America
Ontario	• PlaySmart • WLA – level four certification • RG Check Certification at properties operated by OLG
Manitoba	• WLA – level four certification • GameSense • VSE
Saskatchewan	• RG Check Certification • GameSense • VSE
Alberta	• GameSense • GamTalk • Front-line employee training • VSE
British Columbia	• WLA – level four certification • GameSense • VSE • RG Check

A QUICK LOOK AT SOME POPULAR RG PROGRAMS

GAMESENSE

GameSense is a popular responsible gambling education program used by casinos in Western Canada. It was developed in British Columbia and has been adopted elsewhere in Canada. The program combines onsite resources, including advisors, informative signage, brochures, and web tools. GameSense is designed to engage with the majority of people who do not have a problem with gambling, as well as those with addictions issues.

According to Alberta's GamesSense website:

> *GameSense will provide valuable information about gambling so that you can make informed decisions when participating in gambling activities.*
>
> *We encourage you to learn more about how gambling works, the odds and randomness of gambling, the differences between skill and chance-based games and more. You will also find tools and resources to test your knowledge and keep gambling as a fun form of entertainment.*

PLAYSMART

Ontario has introduced PlaySmart, which is a website designed to provide consumers with information that helps them enjoy gaming in a fun, safe, and responsible manner. According to OLG:

> *We built this site believing that gambling should always be fun. By giving you tools and information to help manage your budget and customize your playing experience, we're helping to keep it that way. And, if gambling ever stops being fun, we've got resources to help.*
>
> *Whether you've been playing for decades, or have never gambled in your life, use this site to look, learn, share and of course, play.*

RG CHECK

RG Check is a private accreditation program that was developed by the Responsible Gambling Council. It claims to be the most rigorous program of its kind in the world. Approval is offered by a third-party panel of responsible gambling experts. Certification is valid for a three-year period.

While consumers have low awareness of the RG Check brand, it is a step operators and Crown agencies can point to if there is an issue to help mitigate their risk.

WORLD LOTTERY ASSOCIATION CERTIFICATION

Several Canadian jurisdictions have received level four certification from the World Lottery Association (WLA). To achieve this certification, organizations must demonstrate that they conform with the Responsible Gaming Principles and Framework established by the WLA. The WLA recognizes both the benefits of gaming revenues and the need for responsible, ethical practices in order to ensure the revenues are sustainable.

CANADA'S POPULATION IN 2016

A SNAP SHOT

Of note, in the prairies (Saskatchewan and Alberta) and the territories, the number of people under 15 is greater than the number of people over 65, suggesting long-term population renewal. This may also indicate the future direction for population growth in Canada.

With 13.98 million people, Ontario is Canada's most populous province, followed by Quebec with 8.3 million people. British Columbia and Alberta provide a second cluster with substantial populations – 4.75 and 4.25 million respectively. In provinces with stronger rural economies due to agricultural and resource industries, such as Saskatchewan, Alberta, and the territories, the number of men exceeds the number of women. There are 2.38 million people living in Atlantic Canada, which is comparable to the 2.46 million people living in Manitoba and Saskatchewan combined.

Not every person who has reached the age of majority is a prospect or a customer for casinos. All-In estimates that between 25 per cent and 33 per cent of the population in Canada (varies depending on market) has a negative view of casino gaming and will never sample the entertainment or gambling aspects of the casino product. When we are working to estimate new player acquisition opportunities, we believe it is important to start estimating potential engagement based on those with a neutral-to-positive view of casino gaming.

ESTIMATES OF POPULATION BY AGE GROUP AND SEX

(September 28, 2016)

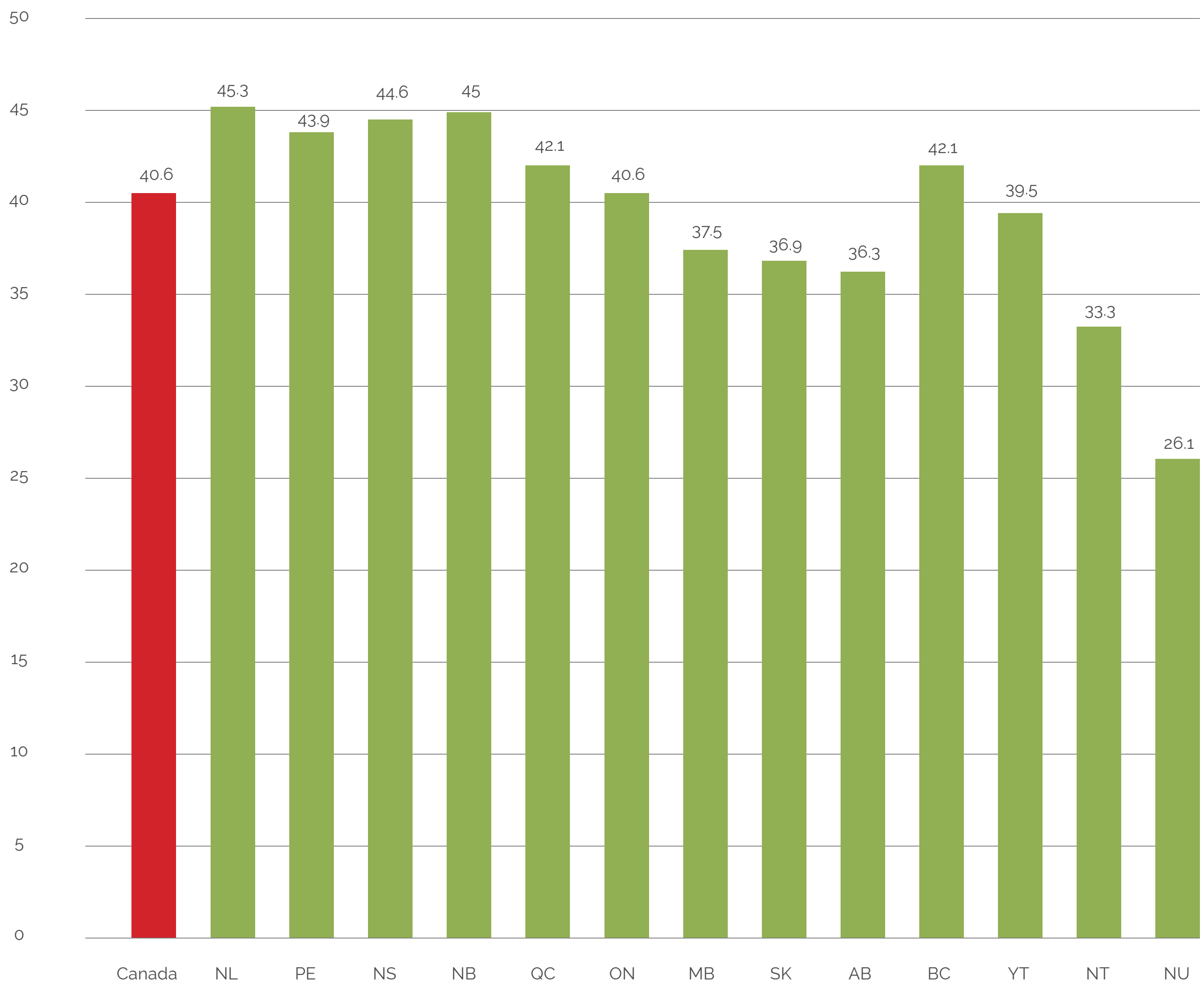
	All ages (thousands)	0 to 14	15 to 64	65 +	Female	Male
Canada	36,286.4	5,831.6	24,464.3	5,990.5	18,290.8	17,995.6
Newfoundland and Labrador (NL)	530.1	75.0	353.9	101.2	268.8	261.3
Prince Edward Island (PE)	148.6	23.3	97.2	28.1	76.2	72.5
Nova Scotia (NS)	949.5	133.6	631.3	184.6	484.1	465.4
New Brunswick (NB)	756.8	110.4	498.5	147.9	383.0	373.8
Quebec (QC)	8,326.1	1,295.5	5,526.6	1,503.9	4,187.4	4,138.7
Ontario (ON)	13,983.0	2,219.6	9,473.6	2,289.8	7,111.4	6,871.6
Manitoba (MB)	1,318.1	247.1	872.9	198.1	662.1	656.0
Saskatchewan (SK)	1,150.6	221.3	758.7	170.6	570.2	580.4
Alberta (AB)	4,252.9	786.9	2,959.2	506.8	2,094.9	2,158.0
British Columbia (BC)	4,751.6	691.5	3,209.7	850.4	2,394.7	2,356.9
Yukon (YT)	37.5	6.4	26.8	4.3	18.4	19.0
Northwest Territories (NT)	44.5	9.7	31.6	3.2	21.8	22.6
Nunavut (NU)	37.1	11.4	24.2	1.5	17.9	19.2

Unless noted otherwise, all population data is based on Statistics Canada's Cansim database. Table 051-0001 Estimates of population, by age group and sex for July 1, Canada, provinces and territories annual (persons unless otherwise noted)—Updated September 28, 2016

2016 MEDIAN AGE ACROSS CANADA

The median age in Canada is 40.6 years old. Atlantic Canada has the highest median ages (ranging from 43.9 to 45.3, Quebec and BC have a similar median age of 42.1, and Ontario's is 40.6. The Prairie provinces and the territories show younger populations. (See chart below.)

Typically, older populations have more traditional bricks-and-mortar casino players. Regions with younger populations have strong long-term prospects. Cultural factors, which vary by region, also influence the opportunities for casino operators. Public acceptance of gaming and social licence for the industry is connected to cultural beliefs of individual communities within the whole, how effectively casino gaming was introduced into a market, and more.



CURRENT PROVINCIAL POPULATION GROWTH TRENDS

Canada has experienced an average 1.06 per cent population growth over the last three years (see table below). This is close to the global average. Quebec and Atlantic Canada (with the exception of Prince Edward Island) are experiencing lower rates of population growth than the rest of the provinces.

POPULATION GROWTH TRENDS BY PROVINCE 2012–2016

	2013	2014	% Chg.	2015	% Chg.	2016	% Chg.
Canada	35,155,451	35,544,564	1.11%	35,848,610	0.86%	36,286,425	1.22%
Newfoundland & Labrador	527,409	528,333	0.18%	528,676	0.06%	530,128	0.27%
Prince Edward Island	145,178	145,832	0.45%	146,736	0.62%	148,649	1.30%
Nova Scotia	943,538	943,294	-0.03%	943,373	0.01%	949,501	0.65%
New Brunswick	755,842	754,865	-0.13%	754,309	-0.07%	756,780	0.33%
Quebec	8,155,505	8,214,503	0.72%	8,259,452	0.55%	8,326,089	0.81%
Ontario	13,556,229	13,685,171	0.95%	13,797,038	0.82%	13,982,984	1.35%
Manitoba	1,265,597	1,280,953	1.21%	1,295,981	1.17%	1,318,128	1.71%
Saskatchewan	1,104,990	1,121,285	1.47%	1,132,263	0.98%	1,150,632	1.62%
Alberta	3,996,620	4,108,283	2.79%	4,179,660	1.74%	4,252,879	1.75%
British Columbia	4,589,041	4,645,261	1.23%	4,692,953	1.03%	4,751,612	1.25%
Yukon	36,315	36,872	1.53%	37,393	1.41%	37,492	0.26%
NW Territories	43,786	43,889	0.24%	44,244	0.81%	44,469	0.51%
Nunavut	35,401	36,023	1.76%	36,532	1.41%	37,082	1.51%

http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/demo02a-eng.htm

TOP 20 URBAN CENTRES IN CANADA

For the past decade, the trend in Canadian urban centres has been growth. Western Canada, in particular, along with Canada's three largest cities – Toronto, Montreal and Vancouver – has experienced significant growth between 2006 and 2011. This growth has come from both immigration and depopulation of rural areas – which explains why urban growth is higher than overall population growth.

Large Canadian cities also have a large geographic footprint, as opposed to concentrated density. All-In has been involved with research projects across the country that suggest Canadian consumers make entertainment decisions based on proximity. This means the location of casino properties relative to the location of customers is a major influencer. With few exceptions, Canada's casinos serve primarily local markets. (See table below.)

POPULATION GROWTH IN TOP 20 URBAN CENTRES AND CASINO SUPPLY

City	Population in 2011	Population in 2006	% change	Land area in sq km 2011	Casino
Toronto (ON)	5,132,794	4,732,361	8.5%	1,751.49	Yes
Montreal (QC)	3,407,963	3,260,508	4.5%	1,545.30	Yes
Vancouver (BC)	2,135,201	1,955,278	9.2%	1,150.43	Multiple
Calgary (AB)	1,095,404	988,079	10.9%	704.51	Multiple
Edmonton (AB)	960,015	862,544	11.3%	855.32	Multiple
Ottawa – Gatineau (ON/QC)	933,596	867,593	7.6%	501.92	Yes
Quebec (QC)	696,946	661,011	5.4%	669.39	Gaming Centre
Winnipeg (MB)	671,551	641,556	4.7%	449.82	Multiple
Hamilton (ON)	670,580	647,682	3.5%	370.26	OLG Slots
Kitchener (ON)	444,681	422,514	5.2%	313.82	Yes
London (ON)	366,191	353,874	3.5%	221.52	Yes
Victoria (BC)	316,327	303,977	4.1%	277.09	Yes
St. Catharines – Niagara (ON)	309,319	308,820	0.2%	378.68	Multiple
Halifax (NS)	297,943	285,480	4.4%	269.27	Yes
Oshawa (ON)	290,937	270,059	7.7%	164.29	Yes
Windsor (ON)	276,165	278,869	-1.0%	175.77	Yes
Saskatoon (SK)	222,035	202,425	9.7%	150.13	Yes
Regina (SK)	192,756	179,246	7.5%	118.92	Yes
Barrie (ON)	166,634	157,501	5.8%	171.97	Nearby
St. John's (NL)	165,346	152,729	8.3%	185.55	No

This data is based on 2006 and 2011 census data. Data from 2016 census is not yet available.
http://www12.statcan.gc.ca/census-recensement/2011/dp-pd/hlt-fst/pd-pl/Table-Tableau.cfm?LANG=Eng&T=801&PR=0&RPP=9999&SR=1&S=3&O=D

ETHNIC ORIGINS

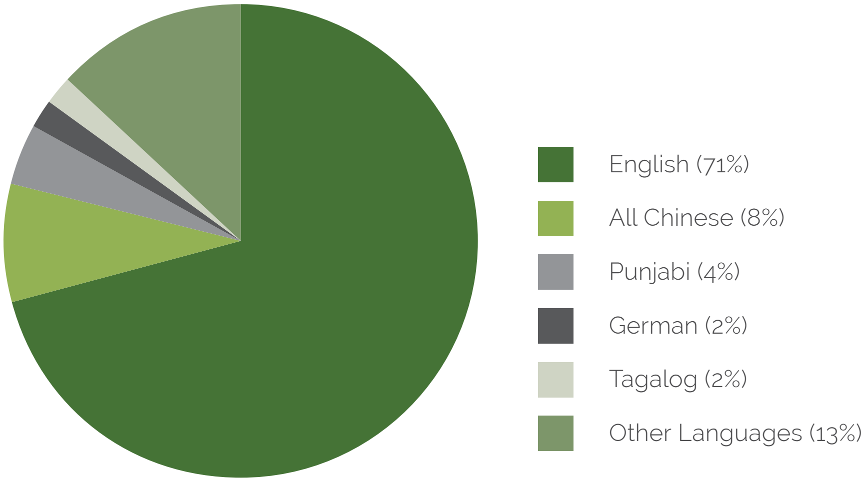
A person's ethnic and/or cultural background can influence their engagement with casino gaming specifically, and gambling more generally. This is relevant to casino operators and Crown agencies because it helps determine the market potential. For example, some cultures have a high affinity for luck and people in those communities seek out casino gaming, other cultures value personal restraint from entertainment and merriment. If your region has a high number of people that are oriented to restraint, the market penetration opportunities would be lower than in markets where you had more pro-gaming citizenship or larger clusters of those populations. The media coverage of gaming related issues will also be influenced by the ethnic and cultural makeup of your region, which influences social licence. Similarly, elected officials will also make policy based on the perceived preferences of the people they are representing.

The Insider's Guide reviewed ethnic origin information by province based on the 2006 census. In Canada, the vast majority of respondents to this mandatory census did indicate that their origins were European. The composition of the ancestry varies by province, for example more people in Quebec indicated French roots than in Manitoba or British Columbia. Looking deeper at metropolitan areas, we see that Toronto had 462,000 and Vancouver had 350,000 people that identified as having exclusively Chinese origins.

To explore this topic further, The Insider's Guide is providing detailed information on mother tongue in the four largest Canadian provinces, as determined by populations, and, not surprisingly, reflected in casino revenues.

BRITISH COLUMBIA

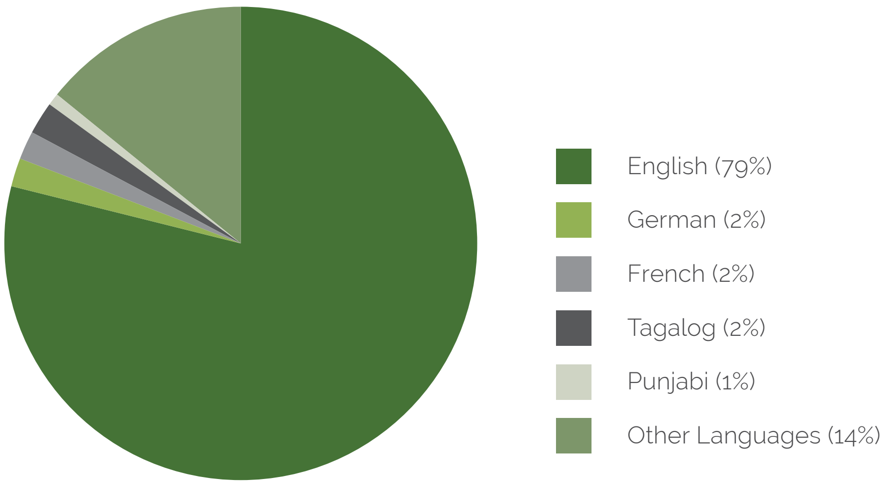
English is listed as the mother tongue for the majority of census participants in British Columbia. The various Chinese dialects combine for 8 per cent of the population. Punjabi is the third most popular mother tongue, followed by German and Tagalog. Vancouver is a large, port city with a varied international population: 13 per cent of the population speaks another language from a long list that includes dialects from around the world. (See chart below.)



http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/demo26a-eng.htm
http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/demo27g-eng.htm
http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/demo27y-eng.htm

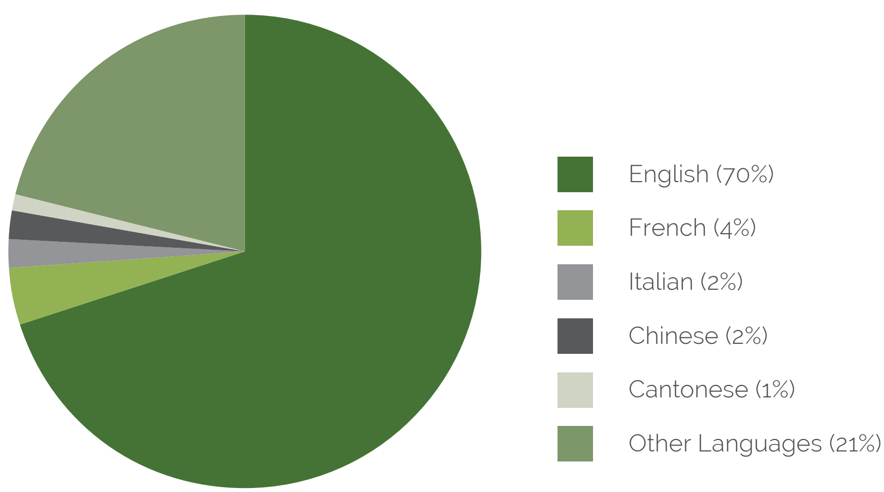
ALBERTA

Almost 80 per cent of census respondents from Alberta list English as their mother tongue. Another 2 per cent claim French, German, or Tagalog as their first language. Punjabi is spoken by 1 per cent of the population as a first language. Significantly, 21 per cent of the population speaks a language other than English as a first language. (See chart below.)



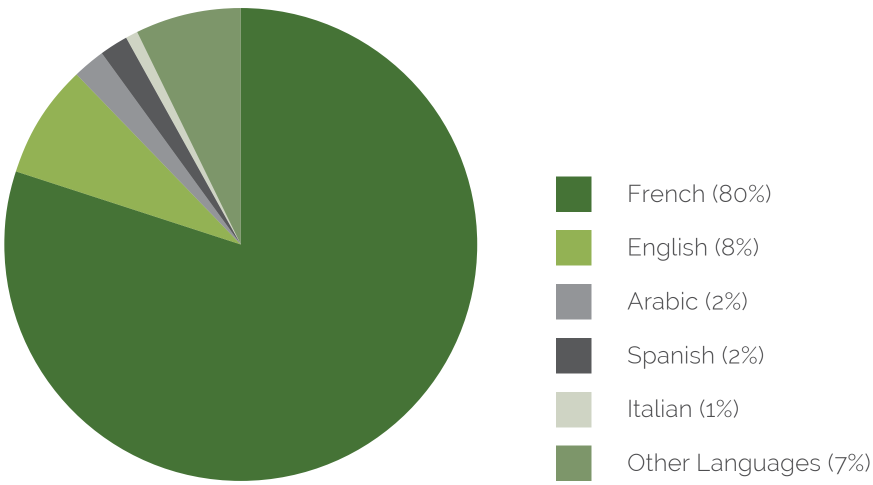
ONTARIO

Ontario is both populous and international, although the language diversity is largely concentrated around the Greater Toronto Area. Four per cent of the population lists French as their first language and 2 per cent lists Italian. Cantonese and Chinese are spoken as the mother tongue by 3 per cent of respondents. Another 21 per cent speak a language other than English or the individually listed languages as their first language. The list of languages spoken in Ontario is long. (See chart below.)



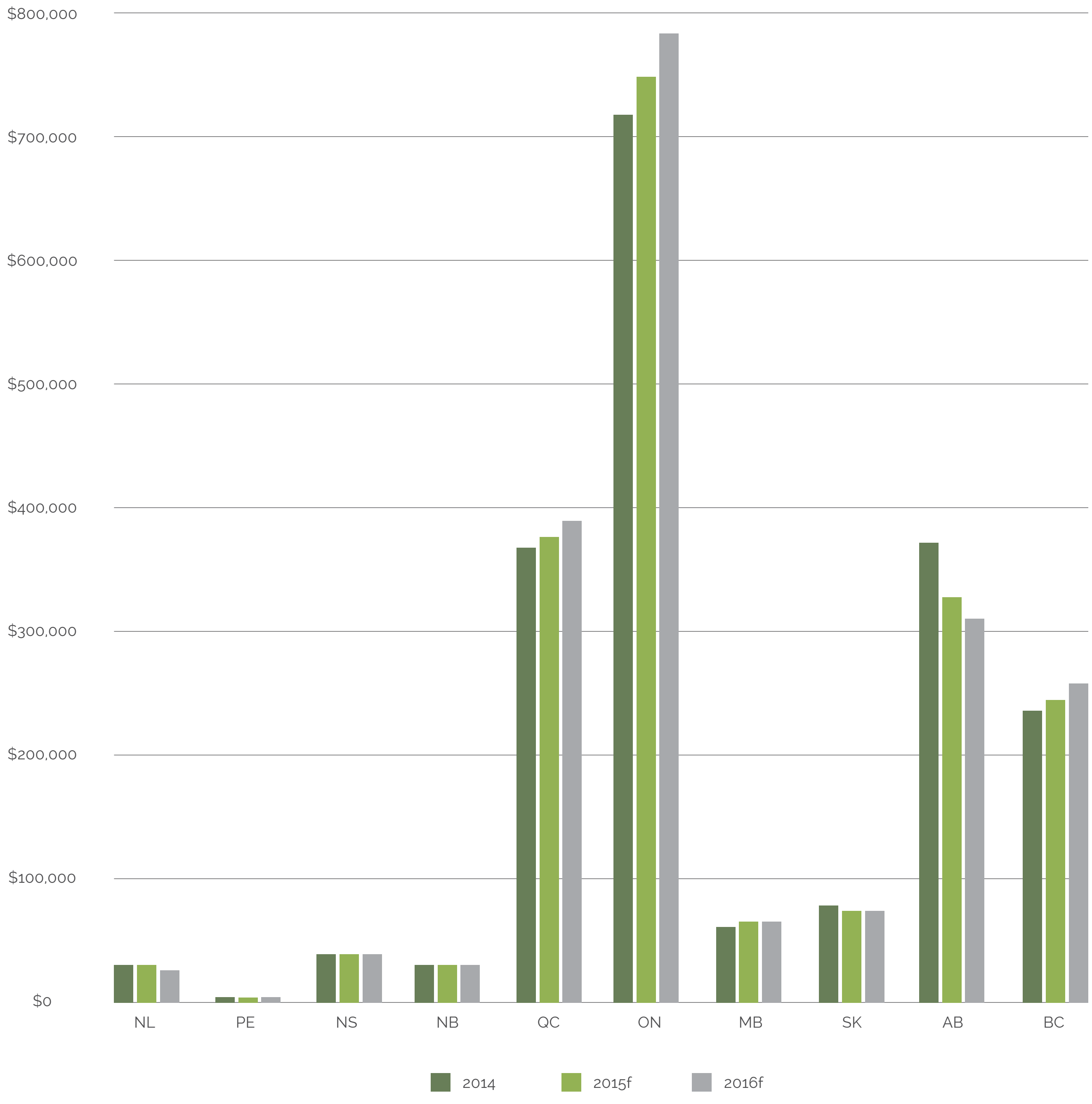
QUEBEC

French is the dominant first language in Quebec, a province that has less variety than other populous provinces. Eight per cent of people in Quebec note English as their mother tongue. (See chart below.)



GDP

Economic forecasts vary widely by province. Negative growth is forecasted in Alberta, Saskatchewan, and Newfoundland and Labrador. Stronger growth is anticipated in British Columbia and Ontario, both of which have more diversified economies. (See chart below.).

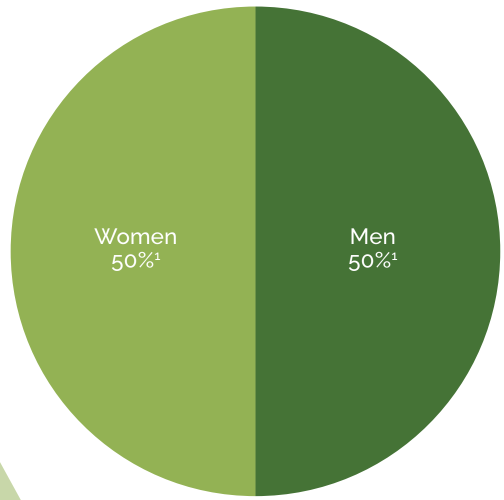


Note: Number in billions

GENDER DISTRIBUTION IN CANADA

TODAY AND TOMORROW…

Census data has not historically captured information about gender beyond the traditional binary approach that identifies male and female only. Ontario is taking the lead in Canada to respond to calls from the transgender community for more inclusive options. Health cards will no longer include gender information and that province will be introducing a third option – X – on its drivers licences in 2017, an approach used in New Zealand and other countries. We expect to see more representative data emerging in the future.



TRENDING NOW….

IMMIGRATION STIMULATES CANADA'S POPULATION GROWTH IN THE FIRST QUARTER

According to preliminary estimates, Canada's population was 36,155,487 on April 1, 2016—an increase of 106,966 from January 1, 2016. This was the highest gain for a first quarter since 1989 (+115,420).
This population growth was mainly attributable to the number of new immigrants (86,216) who arrived in the country in the first three months of 2016, a large number of whom were Syrian refugees. Since the introduction of the current system of demographic accounts in July 1971, Canada has never received this number of immigrants in a single quarter. The previous record was set in the third quarter of 2010 (84,292 immigrants).

What opportunities will this wave of immigration offer Canadian casino operators? It is early to anticipate how the new arrivals from Syria will engage with casinos in Canada. We expect that among new arrivals, in the short term, engagement will be low for both cultural and economic reasons.

[1]http://www.statcan.gc.ca/daily-quotidien/160616/dq160616b-eng.htm?HPA=1&indid=4098-1&indgeo=0

DETAILED DEMOGRAPHICS BY PROVINCE

To assist with short- and long-term business planning, we have provided detailed demographic information for each of the provinces. Information is from the Cansim tables and is for 2016.

Provinces with high numbers of adults over 50 as a percentage of the population have an advantage for traditional bricks-and-mortar casino operations, as this is the time of life when people typically have the time and disposable income to engage with the casino product.

BRITISH COLUMBIA

	Both Sexes	Male	Female
Both sexes	4,751,612	2,356,920	2,394,692
0 to 4 years	225,866	116,089	109,777
5 to 9 years	233,915	121,179	112,736
10 to 14 years	231,746	119,420	112,326
15 to 19 years	272,558	140,347	132,211
20 to 24 years	326,885	170,690	156,195
25 to 29 years	317,345	158,592	158,753
30 to 34 years	328,085	161,671	166,414
35 to 39 years	312,835	155,546	157,289
40 to 44 years	304,587	150,775	153,812
45 to 49 years	327,972	161,466	166,506
50 to 54 years	351,517	172,137	179,380
55 to 59 years	351,325	172,540	178,785
60 to 64 years	316,552	156,514	160,038
65 to 69 years	281,853	139,358	142,495
70 to 74 years	203,061	99,581	103,480
75 to 79 years	146,672	69,514	77,158
80 to 84 years	106,992	49,226	57,766
85 to 89 years	69,643	28,899	40,744
90 to 94 years	32,914	11,183	21,731
95 to 99 years	8,283	2,034	6,249
100 years and over	1,006	159	847
Median age (years)	42.1	41.2	43.0

ALBERTA

	Both Sexes	Male	Female
	4,252,879	2,158,020	2,094,859
0 to 4 years	279,279	143,114	136,165
5 to 9 years	268,858	137,841	131,017
10 to 14 years	238,727	122,278	116,449
15 to 19 years	242,463	124,975	117,488
20 to 24 years	288,738	149,254	139,484
25 to 29 years	343,821	175,572	168,249
30 to 34 years	370,899	189,774	181,125
35 to 39 years	333,975	171,720	162,255
40 to 44 years	294,964	152,315	142,649
45 to 49 years	277,636	143,540	134,096
50 to 54 years	290,406	150,256	140,150
55 to 59 years	283,038	145,399	137,639
60 to 64 years	233,269	118,671	114,598
65 to 69 years	177,308	87,702	89,606
70 to 74 years	119,391	57,387	62,004
75 to 79 years	84,681	38,563	46,118
80 to 84 years	61,925	26,930	34,995
85 to 89 years	40,622	16,091	24,531
90 to 94 years	17,842	5,661	12,181
95 to 99 years	4,440	931	3,509
100 years and over	597	46	551
Median age (years)	36.3	36.0	36.7

MANITOBA

	Both sexes	Male	Female
	1,318,128	656,011	662117
0 to 4 years	85,087	43,290	41,797
5 to 9 years	82,598	42,024	40,574
10 to 14 years	79,439	40,957	38,482
15 to 19 years	86,205	44,533	41,672
20 to 24 years	95,496	49,079	46,417
25 to 29 years	94,684	47,776	46,908
30 to 34 years	92,266	46,268	45,998
35 to 39 years	85,286	41,582	43,704
40 to 44 years	81,904	40,555	41,349
45 to 49 years	81,097	40,569	40,528
50 to 54 years	91,136	46,481	44,655
55 to 59 years	88,261	45,046	43,215
60 to 64 years	76,533	38,291	38,242
65 to 69 years	65,105	32,203	32,902
70 to 74 years	46,299	22,167	24,132
75 to 79 years	33,330	15,047	18,283
80 to 84 years	24,862	10,514	14,348
85 to 89 years	17,024	6,418	10,606
90 to 94 years	8,848	2,711	6,137
95 to 99 years	2,296	458	1,838
100 years and over	372	42	330
Median age (years)	37.5	36.6	38.3

ONTARIO

	Both Sexes	Male	Female
	13,982,984	6,871,630	7,111,354
0 to 4 years	731,676	375,704	355,972
5 to 9 years	745,455	381,310	364,145
10 to 14 years	742,428	380,809	361,619
15 to 19 years	834,001	429,521	404,480
20 to 24 years	992,846	509,462	483,384
25 to 29 years	977,187	485,900	491,287
30 to 34 years	946,746	462,169	484,577
35 to 39 years	908,855	443,730	465,125
40 to 44 years	904,402	442,981	461,421
45 to 49 years	954,446	471,158	483,288
50 to 54 years	1,078,190	538,975	539,215
55 to 59 years	1,015,318	501,914	513,404
60 to 64 years	861,626	418,022	443,604
65 to 69 years	746,945	358,505	388,440
70 to 74 years	539,963	253,631	286,332
75 to 79 years	400,808	181,759	219,049
80 to 84 years	293,860	127,179	166,681
85 to 89 years	192,995	74,816	118,179
90 to 94 years	91,296	28,875	62,421
95 to 99 years	21,357	4,905	16,452
100 years and over	2,584	305	2,279
Median age (years)	40.6	39.6	41.6

QUEBEC

	Both Sexes	Male	Female
	8,326,089	4,138,714	4,187,375
0 to 4 years	443,527	227,714	215,813
5 to 9 years	451,928	230,429	221,499
10 to 14 years	400,065	204,570	195,495
15 to 19 years	422,983	216,318	206,665
20 to 24 years	530,965	267,103	263,862
25 to 29 years	542,981	274,741	268,240
30 to 34 years	555,683	281,723	273,960
35 to 39 years	587,059	298,580	288,479
40 to 44 years	531,116	270,867	260,249
45 to 49 years	535,504	272,699	262,805
50 to 54 years	623,365	315,686	307,679
55 to 59 years	637,141	319,923	317,218
60 to 64 years	559,851	280,219	279,632
65 to 69 years	485,700	239,135	246,565
70 to 74 years	375,546	179,071	196,475
75 to 79 years	259,486	117,427	142,059
80 to 84 years	188,209	78,546	109,663
85 to 89 years	123,516	44,750	78,766
90 to 94 years	56,446	16,532	39,914
95 to 99 years	13,261	2,525	10,736
100 years and over	1,757	156	1,601
Median age (years)	42.1	41.2	43.0

NEW BRUNSWICK

	Both Sexes	Male	Female
	756,780	373,768	17,548
0 to 4 years	34,989	17,441	18,231
5 to 9 years	37,655	19,424	18,074
10 to 14 years	37,715	19,641	19,556
15 to 19 years	41,028	21,472	21,653
20 to 24 years	45,438	23,785	20,766
25 to 29 years	42,877	22,111	21,343
30 to 34 years	43,524	22,181	22,859
35 to 39 years	45,477	22,618	25,278
40 to 44 years	49,298	24,020	26,359
45 to 49 years	51,782	25,423	31,197
50 to 54 years	61,248	30,051	31,404
55 to 59 years	61,557	30,153	28,548
60 to 64 years	56,263	27,715	25,738
65 to 69 years	50,663	24,925	18,400
70 to 74 years	35,939	17,539	13,491
75 to 79 years	25,389	11,898	10,331
80 to 84 years	17,828	7,497	7,155
85 to 89 years	11,140	3,985	3,816
90 to 94 years	5,424	1,608	1,112
95 to 99 years	1,368	256	153
100 years and over	178.0	25.0	46.2

NOVA SCOTIA

	Both Sexes	Male	Female
	949,501	465,421	484,080
0 to 4 years	43,876	22,679	21,197
5 to 9 years	44,857	23,179	21,678
10 to 14 years	44,911	23,032	21,879
15 to 19 years	52,495	26,982	25,513
20 to 24 years	60,895	30,939	29,956
25 to 29 years	60,920	31,068	29,852
30 to 34 years	56,802	28,528	28,274
35 to 39 years	56,758	27,646	29,112
40 to 44 years	58,760	28,712	30,048
45 to 49 years	63,112	31,172	31,940
50 to 54 years	75,358	36,714	38,644
55 to 59 years	76,711	37,341	39,370
60 to 64 years	69,477	33,726	35,751
65 to 69 years	63,228	30,612	32,616
70 to 74 years	45,717	21,948	23,769
75 to 79 years	31,768	14,761	17,007
80 to 84 years	21,445	9,185	12,260
85 to 89 years	13,563	4,894	8,669
90 to 94 years	6,653	1,913	4,740
95 to 99 years	1,890	359	1,531
100 years and over	305	31	274
Median age (years)	44.6	43.3	45.7

PRINCE EDWARD ISLAND

	Both Sexes	Male	Female
	148,649	72,495	76,154
0 to 4 years	6,971	3,530	3,441
5 to 9 years	8,371	4,189	4,182
10 to 14 years	7,968	4,034	3,934
15 to 19 years	8,754	4,620	4,134
20 to 24 years	9,670	5,004	4,666
25 to 29 years	8,499	4,076	4,423
30 to 34 years	8,306	4,014	4,292
35 to 39 years	8,911	4,249	4,662
40 to 44 years	9,066	4,396	4,670
45 to 49 years	10,378	5,172	5,206
50 to 54 years	11,706	5,853	5,853
55 to 59 years	11,350	5,435	5,915
60 to 64 years	10,607	5,121	5,486
65 to 69 years	10,058	4,926	5,132
70 to 74 years	7,023	3,378	3,645
75 to 79 years	4,725	2,231	2,494
80 to 84 years	3,213	1,323	1,890
85 to 89 years	1,874	620	1,254
90 to 94 years	905	265	640
95 to 99 years	248	53	195
100 years and over	46	6	40
Median age (years)	43.9	43.1	44.7

NEWFOUNDLAND AND LABRADOR

	Both Sexes	Male	Female
All ages	530,128	261,300	268,828
0 to 4 years	22,264	11,469	10,795
5 to 9 years	26,476	13,583	12,893
10 to 14 years	26,235	13,251	12,984
15 to 19 years	27,251	13,976	13,275
20 to 24 years	29,809	15,257	14,552
25 to 29 years	31,439	16,039	15,400
30 to 34 years	32,243	16,145	16,098
35 to 39 years	32,348	15,536	16,812
40 to 44 years	34,608	16,713	17,895
45 to 49 years	39,320	19,425	19,895
50 to 54 years	43,053	21,376	21,677
55 to 59 years	42,543	21,092	21,451
60 to 64 years	41,297	20,288	21,009
65 to 69 years	37,016	18,193	18,823
70 to 74 years	26,275	12,778	13,497
75 to 79 years	17,150	8,018	9,132
80 to 84 years	11,162	4,874	6,288
85 to 89 years	6,282	2,296	3,986
90 to 94 years	2,604	832	1,772
95 to 99 years	643	145	498
100 years and over	110	14	96
Median age (years)	45.3	44.6	46.0