Parkland Fuel Corporation

Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2017

Parkland
FUEL CORPORATION

Parkland Fuel Corporation

Consolidated Balance Sheets
(Unaudited)

($ millions)	September 30, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	**24.8**	25.6
Cash held in escrow (Notes 8 and 15)	**1,576.5**	535.8
Accounts receivable	**452.5**	398.7
Inventories	**184.5**	164.7
Income taxes receivable	**20.5**	14.0
Risk management (Note 8)	**3.8**	0.8
Prepaid expenses and other (Note 15)	**103.5**	17.6
	2,366.1	1,157.2
Property, plant and equipment (Note 4)	**898.6**	554.0
Intangible assets (Note 5)	**668.0**	203.6
Goodwill (Note 6)	**753.8**	560.4
Long-term receivables	**40.1**	32.9
Other long-term assets	**39.9**	11.9
Deferred tax assets	**58.6**	41.5
	4,825.1	2,561.5
Liabilities		
Current liabilities		
Bank indebtedness	**8.1**	—
Accounts payable and accrued liabilities	**676.7**	496.1
Dividends declared and payable (Note 12)	**12.7**	9.2
Deferred revenue	**8.8**	17.2
Long-term debt – current portion (Note 7)	**254.1**	298.5
Asset retirement obligations – current portion (Note 11)	**19.7**	10.3
Risk management (Note 8)	**3.5**	8.4
Other liabilities – current portion (Note 12)	**–**	226.4
	983.6	1,066.1
Long-term debt (Note 7)	**2,102.7**	538.0
Asset retirement obligations (Note 11)	**168.9**	121.4
Other liabilities	**33.3**	8.6
Deferred tax liabilities	**20.8**	23.5
	3,309.3	1,757.6
Shareholders' equity		
Shareholders' capital (Note 12)	**1,796.1**	910.2
Contributed surplus	**22.4**	22.1
Accumulated other comprehensive (loss) income	**(93.6)**	15.1
Deficit	**(209.1)**	(143.5)
	1,515.8	803.9
	4,825.1	2,561.5

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Income
(Unaudited)

($ millions, unless otherwise stated)	Three months ended September 30, 2017	2016	Nine months ended September 30, 2017	2016
Sales and operating revenue	**2,600.6**	1,638.1	**6,191.3**	4,526.0
Cost of goods sold, excluding depreciation	**2,335.2**	1,467.8	**5,564.9**	4,013.3
Customer finance income	**(0.4)**	(0.4)	**(1.5)**	(1.1)
Operating costs	**121.5**	74.5	**285.9**	228.0
Marketing, general and administrative	**48.8**	36.7	**120.5**	107.2
Acquisition, integration and other costs (Note 13)	**19.1**	5.4	**43.0**	18.4
Depreciation and amortization	**46.0**	27.4	**96.5**	82.9
Finance costs (Note 9)	**14.2**	7.8	**41.9**	13.0
Foreign exchange loss	**0.3**	0.2	**0.2**	1.3
(Gain) loss on disposal of property, plant and equipment	**(1.2)**	0.2	**(0.7)**	(0.2)
Loss (gain) on risk management activities	**0.6**	0.3	**(5.0)**	5.3
Earnings before income taxes	**16.5**	18.2	**45.6**	57.9
Income tax expense (recovery)				
Current	**2.8**	11.4	**4.3**	29.5
Deferred	**1.0**	(7.9)	**8.0**	(15.8)
Net earnings	**12.7**	14.7	**33.3**	44.2
Net earnings per share ($ per share) (Note 3)				
- Basic	**0.10**	0.15	**0.30**	0.47
- Diluted	**0.10**	0.15	**0.29**	0.46
Weighted average number of common shares (000's of shares) (Note 3)	**130,531**	95,638	**112,724**	95,022

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

($ millions)	Three months ended September 30, **2017**	2016	Nine months ended September 30, **2017**	2016
Net earnings	**12.7**	14.7	**33.3**	44.2
Other comprehensive (loss) income:				
Items that may be reclassified to consolidated statements of income in subsequent periods:				
Exchange differences on translation of foreign operations	**(4.1)**	1.0	**(7.9)**	(6.6)
Net gain on hedge of net investment in foreign operations, net of nil tax expense (2016 – nil and $0.1)	**–**	—	**–**	1.1
Net loss on Chevron Acquisition Hedge (Note 8)	**(52.0)**	—	**(100.8)**	—
Other comprehensive (loss) income, net of tax	**(56.1)**	1.0	**(108.7)**	(5.5)
Total comprehensive (loss) income, net of tax	**(43.4)**	15.7	**(75.4)**	38.7

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

($ millions)	Shareholders' capital	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
As at January 1, 2017	**910.2**	**22.1**	**15.1**	**(143.5)**	**803.9**
Net earnings	–	–	–	**33.3**	**33.3**
Other comprehensive loss, net of tax	–	–	**(108.7)**	–	**(108.7)**
Issued on Equity Offering (Note 12)	**662.0**	–	–	–	**662.0**
Issued on conversion of subscription receipts (Note 12)	**222.0**	–	–	–	**222.0**
Share issuance costs, net of tax recovery of $9.8	**(26.7)**	–	–	–	**(26.7)**
Dividends	–	–	–	**(98.9)**	**(98.9)**
Share incentive compensation (Note 12)	–	**3.9**	–	–	**3.9**
Issued under dividend reinvestment plan, net of costs	**24.0**	–	–	–	**24.0**
Issued under share option plan	**3.7**	**(0.3)**	–	–	**3.4**
Issued on vesting of restricted share units	**0.9**	**(3.3)**	–	–	**(2.4)**
As at September 30, 2017	**1,796.1**	**22.4**	**(93.6)**	**(209.1)**	**1,515.8**
As at January 1, 2016	857.5	19.0	17.7	(81.6)	812.6
Net earnings	—	—	—	44.2	44.2
Other comprehensive loss, net of tax	—	—	(5.5)	—	(5.5)
Dividends	—	—	—	(81.6)	(81.6)
Share incentive compensation (Note 12)	—	4.3	—	—	4.3
Issued under dividend reinvestment plan, net of costs	36.6	—	—	—	36.6
Issued under share option plan	4.3	(0.4)	—	—	3.9
Issued on vesting of restricted share units	2.7	(4.3)	—	—	(1.6)
As at September 30, 2016	901.1	18.6	12.2	(119.0)	812.9

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Cash Flows (Unaudited)

($ millions)	Three months ended September 30, **2017**	2016	Nine months ended September 30, **2017**	2016
Operating activities				
Net earnings	**12.7**	14.7	**33.3**	44.2
Adjustments for:				
Depreciation and amortization	**46.0**	27.4	**96.5**	82.9
(Gain) loss on disposal of property, plant and equipment	**(1.2)**	0.2	**(0.7)**	(0.2)
Share incentive compensation (Note 12)	**1.0**	3.3	**4.1**	6.8
Accretion on asset retirement obligations	**1.8**	0.9	**4.2**	2.6
Change in risk management activities	**1.0**	0.9	**(7.9)**	3.4
Change in other liabilities	**(0.7)**	(0.2)	**1.2**	0.8
Amortization of deferred financing costs and debt premium	**10.1**	0.2	**11.1**	0.5
Change in fair value of Redemption Options	**(18.0)**	(0.5)	**(18.5)**	(10.6)
Deferred taxes	**1.0**	(7.9)	**8.0**	(15.8)
Cash expenditures on asset retirement obligations	**(0.9)**	(1.0)	**(2.5)**	(2.1)
Net change in non-cash working capital (Note 10)	**58.2**	(26.3)	**38.6**	27.2
Cash generated from operating activities	**111.0**	11.7	**167.4**	139.7
Financing activities				
Long-term debt repayments	**(543.7)**	(3.4)	**(637.1)**	(40.4)
Proceeds from long-term debt, net of financing costs	**1,124.8**	46.5	**2,141.7**	63.0
Proceeds from cash held in escrow	**–**	–	**528.3**	–
Dividends paid to shareholders, net of dividend reinvestment plan	**(28.7)**	(20.2)	**(71.4)**	(44.2)
Shares issued for cash	**–**	2.6	**662.0**	3.9
Share issuance costs	**(0.3)**	–	**(31.8)**	–
Cash generated from (used in) financing activities	**552.1**	25.5	**2,591.7**	(17.7)
Investing activities				
Ultramar Business Acquisition (Note 13)	**–**	–	**(972.2)**	–
Acquisition of multiple businesses (Note 13)	**(0.2)**	(7.2)	**(2.4)**	(36.0)
Chevron Acquisition Hedge (Note 8)	**(100.8)**	–	**(100.8)**	–
Change in long-term receivables	**(1.4)**	(4.9)	**(1.1)**	(9.5)
Change in prepaid expenses and other	**–**	(4.9)	**(73.0)**	(9.9)
Change in cash reserved for acquisition	**1,049.3**	–	**–**	–
Additions to cash held in escrow (Note 8)	**(1,576.5)**	(8.6)	**(1,578.0)**	(8.6)
Expenditures on property, plant and equipment and intangible assets	**(14.5)**	(33.4)	**(44.5)**	(69.9)
Proceeds on sale of property, plant and equipment and intangible assets	**1.7**	1.0	**4.2**	6.1
Cash used in investing activities	**(642.4)**	(58.0)	**(2,767.8)**	(127.8)
Increase (decrease) in net cash	**20.7**	(20.8)	**(8.7)**	(5.8)
Net foreign exchange difference	**(0.1)**	–	**(0.2)**	0.9
Net cash (indebtedness) at beginning of period	**(3.9)**	37.6	**25.6**	21.7
Net cash at end of period	**16.7**	16.8	**16.7**	16.8
Represented by:				
Cash and cash equivalents	**24.8**	16.8	**24.8**	16.8
Bank indebtedness	**(8.1)**	–	**(8.1)**	–
Net cash	**16.7**	16.8	**16.7**	16.8
Supplementary cash flow information:				
Interest paid	**12.2**	0.6	**33.8**	13.4
Interest received	**0.4**	0.4	**1.5**	1.1
Income taxes paid	**1.8**	16.9	**11.3**	38.4

See accompanying notes to the interim condensed consolidated financial statements.

($ millions, unless otherwise stated)

1. CORPORATE INFORMATION

Parkland Fuel Corporation ("Parkland") is an independent marketer and distributor of fuel and petroleum products and a convenience retailer. Parkland delivers refined fuels, propane and other high quality petroleum products to motorists, businesses, consumers and wholesale customers in Canada and the United States. Parkland exists under the Business Corporations Act (Alberta) in Canada and the corporate office is located at Suite 6302, 333 96 Avenue NE, Calgary, Alberta, T3K 0S3, Canada. The interim condensed consolidated financial statements include the accounts of Parkland and its wholly-owned subsidiaries as at September 30, 2017.

2. BASIS OF PREPARATION

(a) Statement of compliance

Parkland's interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). The interim condensed consolidated financial statements do not include all disclosures required in the annual financial statements and should be read in conjunction with Parkland's annual consolidated financial statements for the year ended December 31, 2016 (the "Annual Consolidated Financial Statements").

The consolidated statements of income were reclassified to conform to the current year's presentation. Specifically, acquisition, integration and other costs, which were formerly presented as part of marketing, general and administrative expenses, are now presented separately.

These interim condensed consolidated financial statements were approved for issue by the Board of Directors on November 2, 2017.

(b) Basis of measurement

Parkland's interim condensed consolidated financial statements are prepared on a historical cost basis, except for certain items recorded at fair value as detailed in the Annual Consolidated Financial Statements.

(c) Presentation and functional currency

The interim condensed consolidated financial statements are presented in Canadian dollars, which is Parkland's functional currency.

(d) Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Annual Consolidated Financial Statements, except for the following:

Cash reserved for acquisition

Cash reserved for acquisition is restricted for use on costs related to the Chevron Acquisition.

Intangible assets

As a result of the Ultramar Business Acquisition, the ranges of estimated useful lives for certain intangible assets are updated as follows:

Customer relationships	3 to 14 years
Trade names	5 to 20 years

Income taxes

Estimated annual effective income tax rates are used to calculate income taxes for the interim periods.

Derivative instruments

Parkland may, from time to time, enter into foreign currency forward contracts to hedge future business acquisitions. Gains and losses on the translation of foreign currency denominated derivative financial instruments used to hedge anticipated US dollar business acquisitions are recognized as an adjustment to the purchase consideration, and consequently goodwill, when the acquisition is recorded.

The change in value of the effective portion of a cash flow hedge is recognized in other comprehensive income (loss). Any ineffectiveness within an effective cash flow hedge is recognized in the consolidated statements of income as it arises, in the same income account as the hedged item. Should a cash flow hedging relationship become ineffective, previously unrealized gains and losses remain within accumulated other comprehensive income (loss) until the hedged item is settled and, prospectively, future changes in the value of the derivative are recognized in the consolidated statements of income. The change in value of the effective portion of a cash flow hedge remains in accumulated other comprehensive income (loss) until the related hedged item settles.

(e) Standards issued but not yet effective

The following new standards were issued by the IASB and are expected to have an impact on Parkland. Updates to the disclosures in the Annual Consolidated Financial Statements are as follows:

IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, which replaces IAS 39 - Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The new standard introduces requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and the fair value of an entity's own debt.

IFRS 9 will be applied for annual periods beginning on or after January 1, 2018. Parkland plans on adopting the standard effective January 1, 2018 and is currently assessing the impact of this standard.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, which replaces IAS 11 - Construction Contracts, IAS 18 - Revenue, IFRIC 13 - Customer Loyalty Programs as well as various other interpretations regarding revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts within the scope of the standards on leases, insurance contracts and financial instruments. Disclosure requirements are also expanded.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Parkland plans on adopting the standard effective January 1, 2018 and is currently assessing the impact of this standard.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16, which replaces IAS 17 - Leases and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less, or the underlying asset has a low value. IFRS 16 substantially carries forward the lessor accounting model in IAS 17 with the distinction between operating leases and finance leases being retained.

IFRS 16 will be applied for annual periods beginning on or after January 1, 2019. Parkland plans on adopting the standard effective January 1, 2019 and is currently assessing the impact of this standard. It is anticipated that the adoption of IFRS 16 will have a material impact on the consolidated balance sheets.

(f) Use of estimates and judgments

The timely preparation of Parkland's financial statements requires management to make estimates and use judgment that affect the reported amounts of revenue, expenses, assets, liabilities and accompanying disclosures. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Significant estimates and judgments used in the preparation of the financial statements are described in Parkland's Annual Consolidated Financial Statements.

3. NET EARNINGS PER SHARE

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Net earnings - basic and diluted	**12.7**	14.7	**33.3**	44.2
Weighted average number of common shares (000's of shares)	**130,531**	95,638	**112,724**	95,022
Effect of dilutive securities (000's of shares)	**1,114**	423	**1,188**	313
Weighted average number of common shares adjusted for the effects of dilution (000's of shares)	**131,645**	96,061	**113,912**	95,335
Net earnings per share ($ per share)				
- Basic	**0.10**	0.15	**0.30**	0.47
- Diluted	**0.10**	0.15	**0.29**	0.46

The calculation for the weighted average number of common shares for the three and nine months ended September 30, 2017 include the 9,430,000 subscription receipts that were converted to common shares upon the closing of the Ultramar Business Acquisition on June 28, 2017. These subscription receipts were excluded from the determination of diluted net earnings per share for the time periods prior to their conversion, as they were contingent on the closing of the Ultramar Business Acquisition.

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Land improvements	Buildings	Assets under finance lease	Plant and equipment	Asset retirement costs	Total
Cost							
As at January 1, 2017	**93.9**	**58.3**	**165.3**	**1.9**	**551.5**	**56.3**	**927.2**
Additions	**1.1**	**0.6**	**3.7**	**4.5**	**28.7**	**–**	**38.6**
Change in asset retirement obligations	**–**	**–**	**–**	**–**	**–**	**(8.4)**	**(8.4)**
Ultramar Business Acquisition (Note 13)	**138.8**	**18.6**	**79.8**	**–**	**144.8**	**–**	**382.0**
Acquisition of multiple businesses (Note 13)	**0.2**	**–**	**0.6**	**–**	**0.9**	**–**	**1.7**
Disposals	**(1.8)**	**(0.5)**	**(1.8)**	**–**	**(6.9)**	**–**	**(11.0)**
Exchange differences	**(0.7)**	**(0.8)**	**(1.8)**	**–**	**(4.4)**	**(0.4)**	**(8.1)**
As at September 30, 2017	**231.5**	**76.2**	**245.8**	**6.4**	**714.6**	**47.5**	**1,322.0**
Depreciation							
As at January 1, 2017	**–**	**10.8**	**49.6**	**0.6**	**285.8**	**26.4**	**373.2**
Depreciation	**–**	**2.4**	**9.6**	**0.7**	**46.9**	**1.5**	**61.1**
Disposals	**(0.3)**	**(0.2)**	**(1.1)**	**–**	**(5.9)**	**–**	**(7.5)**
Exchange differences	**–**	**(0.1)**	**(0.3)**	**–**	**(2.8)**	**(0.2)**	**(3.4)**
As at September 30, 2017	**(0.3)**	**12.9**	**57.8**	**1.3**	**324.0**	**27.7**	**423.4**
Net book value							
As at September 30, 2017	**231.8**	**63.3**	**188.0**	**5.1**	**390.6**	**19.8**	**898.6**

($ millions, unless otherwise stated)

	Land	Land improvements	Buildings	Assets under finance lease	Plant and equipment	Asset retirement costs	Total
Cost							
As at January 1, 2016	88.2	44.6	140.0	1.9	492.4	53.1	820.2
Additions	2.3	8.6	20.6	—	63.6	—	95.1
Change in asset retirement obligations	—	—	—	—	—	3.4	3.4
Acquisition of multiple businesses (Note 13)	3.4	5.8	7.4	—	17.8	—	34.4
Consolidation of Hold Separate Assets	0.4	0.1	1.0	—	0.9	—	2.4
Disposals	(0.3)	(0.8)	(3.4)	—	(21.1)	—	(25.6)
Exchange differences	(0.1)	—	(0.3)	—	(2.1)	(0.2)	(2.7)
As at December 31, 2016	93.9	58.3	165.3	1.9	551.5	56.3	927.2
Depreciation							
As at January 1, 2016	—	9.1	40.7	0.5	246.4	23.6	320.3
Depreciation	—	2.2	10.5	0.1	57.8	2.9	73.5
Consolidation of Hold Separate Assets	—	—	0.1	—	0.2	—	0.3
Disposals	—	(0.5)	(1.7)	—	(17.7)	—	(19.9)
Exchange differences	—	—	—	—	(0.9)	(0.1)	(1.0)
As at December 31, 2016	—	10.8	49.6	0.6	285.8	26.4	373.2
Net book value							
As at December 31, 2016	93.9	47.5	115.7	1.3	265.7	29.9	554.0

As at September 30, 2017, Parkland had assets under construction of $6.9 (December 31, 2016 – $4.0) consisting primarily of assets related to construction and upgrades of retail stations within the Retail Fuels and Parkland USA segments.

5. INTANGIBLE ASSETS

	Customer relationships	Trade names	Non-compete and other agreements	Lease benefit	Software systems	Total
Cost						
As at January 1, 2017	**280.3**	**39.3**	**28.0**	**2.2**	**40.9**	**390.7**
Additions	**–**	**–**	**–**	**–**	**6.1**	**6.1**
Ultramar Business Acquisition (Note 13)	**326.3**	**137.8**	**25.7**	**4.5**	**2.6**	**496.9**
Acquisition of multiple businesses (Note 13)	**0.1**	**–**	**–**	**–**	**–**	**0.1**
Exchange differences	**(3.7)**	**(0.6)**	**(0.1)**	**–**	**–**	**(4.4)**
As at September 30, 2017	**603.0**	**176.5**	**53.6**	**6.7**	**49.6**	**889.4**
Amortization						
As at January 1, 2017	**148.4**	**12.8**	**10.5**	**1.8**	**13.6**	**187.1**
Amortization	**24.6**	**4.7**	**3.1**	**0.2**	**3.1**	**35.7**
Exchange differences	**(1.2)**	**(0.2)**	**–**	**–**	**–**	**(1.4)**
As at September 30, 2017	**171.8**	**17.3**	**13.6**	**2.0**	**16.7**	**221.4**
Net book value						
As at September 30, 2017	**431.2**	**159.2**	**40.0**	**4.7**	**32.9**	**668.0**

($ millions, unless otherwise stated)

	Customer relationships	Trade names	Non-compete and other agreements	Lease benefit	Software systems	Total
Cost						
As at January 1, 2016	260.7	33.4	18.6	2.2	33.2	348.1
Additions	—	—	—	—	7.6	7.6
Acquisition of multiple businesses (Note 13)	21.2	5.9	9.0	—	0.1	36.2
Consolidation of Hold Separate Assets	0.3	0.3	0.4	—	—	1.0
Disposals	(0.3)	—	—	—	—	(0.3)
Exchange differences	(1.6)	(0.3)	—	—	—	(1.9)
As at December 31, 2016	280.3	39.3	28.0	2.2	40.9	390.7
Amortization						
As at January 1, 2016	125.7	10.4	7.4	1.6	10.4	155.5
Amortization	23.1	2.4	3.1	0.2	3.2	32.0
Disposals	(0.2)	—	—	—	—	(0.2)
Exchange differences	(0.2)	—	—	—	—	(0.2)
As at December 31, 2016	148.4	12.8	10.5	1.8	13.6	187.1
Net book value						
As at December 31, 2016	131.9	26.5	17.5	0.4	27.3	203.6

6. GOODWILL

	January 1, 2017 to September 30, 2017	January 1, 2016 to December 31, 2016
Goodwill, beginning of period	**560.4**	540.5
Ultramar Business Acquisition (Note 13)	**196.8**	—
Acquisition of multiple businesses (Note 13)	**0.7**	13.9
Consolidation of Hold Separate Assets	**–**	7.7
Exchange differences	**(4.1)**	(1.7)
Goodwill, end of period	**753.8**	560.4

($ millions, unless otherwise stated)

7. LONG-TERM DEBT AND CREDIT FACILITY

	September 30, 2017	December 31, 2016
Credit Facilities (a)	**1,162.9**	132.4
Unamortized discount: deferred financing costs	**(5.8)**	(0.8)
	1,157.1	131.6
Senior Unsecured Notes (b)		
5.50% Senior Notes, due 2021	**200.0**	200.0
Unamortized premium: Redemption Options	**1.8**	2.2
Unamortized discount: deferred financing costs	**(2.8)**	(3.3)
6.00% Senior Notes, due 2022	**200.0**	200.0
Unamortized premium: Redemption Options	**3.6**	4.0
Unamortized discount: deferred financing costs	**(3.3)**	(3.7)
5.75% Senior Notes, due 2024	**300.0**	300.0
Unamortized premium: Redemption Options	**2.8**	3.0
Unamortized discount: deferred financing costs	**(6.0)**	(6.4)
5.625% Senior Notes, due 2025	**500.0**	—
Unamortized premium: Redemption Options	**2.0**	—
Unamortized discount: deferred financing costs	**(10.5)**	—
	1,187.6	695.8
Finance lease obligations	**5.2**	1.2
Collateralized notes	**6.9**	7.9
	12.1	9.1
Total long-term debt	**2,356.8**	836.5
Less: current portion	**(254.1)**	(298.5)
Long-term debt	**2,102.7**	538.0

Estimated principal repayments of long-term debt are as follows:

	2017	**2018**	**2019**	**2020**	**2021**	**Thereafter**	**Interest included in minimum lease payments**	**Total**
Credit Facility (a)	**250.0**	**–**	**–**	**–**	**912.9**	**–**	**–**	**1,162.9**
Senior Unsecured Notes (b)								
5.50% Senior Notes, due 2021	**–**	**–**	**–**	**–**	**200.0**	**–**	**–**	**200.0**
6.00% Senior Notes, due 2022	**–**	**–**	**–**	**–**	**–**	**200.0**	**–**	**200.0**
5.75% Senior Notes, due 2024	**–**	**–**	**–**	**–**	**–**	**300.0**	**–**	**300.0**
5.625% Senior Notes, due 2025	**–**	**–**	**–**	**–**	**–**	**500.0**	**–**	**500.0**
Finance lease obligations	**1.1**	**1.7**	**1.7**	**1.7**	**1.5**	**0.3**	**(2.8)**	**5.2**
Collateralized notes	**0.3**	**2.6**	**1.0**	**0.7**	**1.8**	**0.5**	**–**	**6.9**
	251.4	**4.3**	**2.7**	**2.4**	**1,116.2**	**1,000.8**	**(2.8)**	**2,375.0**

($ millions, unless otherwise stated)

(a) Credit Facilities

On June 27, 2017, in connection with the Ultramar Business Acquisition, Parkland replaced its existing facility with a new revolving extendible credit facility with a maturity date of June 27, 2021 (the "Interim Credit Facility"). On September 28, 2017, in connection with the anticipated closing of the Chevron Acquisition on October 1, 2017, the Interim Credit Facility was amended and restated to expand the available facility and extend the maturity date to September 29, 2021 (the "Credit Facility"). The Credit Facility is extendible each year for a rolling four-year period at Parkland's option, subject to approval by the lenders. The Credit Facility consists of: i) $1,000.0 for the Canadian Syndicated Facility and US$50.0 for the US Syndicated Facility, less the value of letters of credit issued and ii) letters of credit to a maximum of $200.0 and US$25.0. The Canadian Syndicated Facility was temporarily increased to $250.0 by establishing a non-revolving Short-term Facility maturing December 29, 2017. The Short-term Facility was fully repaid by October 20, 2017, and terminated on October 23, 2017.

Details of the Credit Facility as at September 30, 2017 are as follows:

	Rate	Maturity Date	Effective rate as at September 30, 2017	Balance as at September 30, 2017
Canadian Syndicated Facility				
Canadian Prime Rate Loan	Prime + 1.75%	September 29, 2021	4.95%	**484.7**
Bankers' acceptance	Bankers' acceptance + 2.75%	September 29, 2021 [1]	4.08%	**400.0**
Short-term Facility	Prime + 1.75%	December 29, 2017	4.95%	**250.0**
US Syndicated Facility				
US Prime Rate Loan	Prime + 1.75%	September 29, 2021	6.50%	**28.2**
US Base Rate Loan	Base + 1.75%	N/A	N/A	**–**
US LIBOR Loan	LIBOR + 2.75%	N/A	N/A	**–**
Outstanding borrowings under the Credit Facility				**1,162.9**

[1] Bankers' acceptances are automatically converted upon maturity to the Canadian Prime Rate Loan, which has a maturity date of September 29, 2021.

As at September 30, 2017, the outstanding balance of the Short-term Facility was $250.0, which was issued in anticipation of the closing of the Chevron Acquisition on October 1, 2017 and subsequently repaid in full by October 20, 2017 (see Note 15). As at September 30, 2017, the outstanding balance of the letters of credit was $17.0 (December 31, 2016 – $8.9), with various maturity dates up to and including August 18, 2019.

Security on the Credit Facility is the assignment of insurance and a floating charge demand debenture, creating a first floating charge over all of Parkland's property and assets.

As at September 30, 2017, Parkland provided $728.7 (December 31, 2016 – $743.6) of unsecured guarantees to counterparties of commodities swaps and US dollar forward exchange contracts used in natural gas liquids and crude oil purchase and supply agreements.

As at September 30, 2017, Parkland was in compliance with all debt covenants. Debt covenant ratios are tested on a trailing-twelve-month basis. The updated financial covenants of the Credit Facility amended on September 28, 2017 are as follows:

Ratio	Covenant restriction	Management long-term target	Actual debt covenant ratios as at September 30, 2017	December 31, 2016
1. Senior Funded Debt to Credit Facility EBITDA ratio	< 3.50 at Q1 and Q4 and first two full quarters following a material acquisition, and < 3.00 at Q2 and Q3	< 3.50 at Q1 and Q4 and first two full quarters following a material acquisition, and < 3.00 at Q2 and Q3	**(1.05)**	0.48
2. Total Funded Debt to Credit Facility EBITDA ratio	< 5.00 each quarter until and including Q1 2019, and < 4.50 each quarter from and after Q2 2019	2.00 - 3.50	**2.01**	2.02
3. Interest coverage ratio	> 3.00	> 3.00	**5.02**	7.33

($ millions, unless otherwise stated)

(b) Senior Unsecured Notes

The Senior Unsecured Notes are unsecured obligations guaranteed by Parkland's subsidiaries, summarized as follows:

Series[i]	Private placement date	Maturity date	Principal amount
5.50% Senior Notes	May 29, 2014	May 28, 2021	**200.0**
6.00% Senior Notes	November 21, 2014	November 21, 2022	**200.0**
5.75% Senior Notes	September 16, 2016	September 16, 2024	**300.0**
5.625% Senior Notes	May 9, 2017	May 9, 2025	**500.0**
			1,200.0

[i] Interest is paid semi-annually.

The Senior Unsecured Notes contain covenants that limit Parkland's ability to incur additional debt, make certain restricted payments and investments, create liens, enter into transactions with affiliates, and consolidate, merge, transfer or sell all or substantially all of its property and assets.

5.75% Senior Notes

The 5.75% Senior Notes were mandatorily redeemable if certain conditions relating to the Ultramar Business Acquisition were not satisfied before August 22, 2017. Upon closing of the Ultramar Business Acquisition on June 28, 2017, the 5.75% Senior Notes are no longer mandatorily redeemable and have been reclassified from long-term debt – current portion to long-term debt.

5.625% Senior Notes

On May 9, 2017, Parkland completed a private placement of Senior Unsecured Notes with an aggregate principal amount of $500.0 due May 9, 2025, bearing an interest rate of 5.625% per annum, payable semi-annually in arrears on May 9 and November 9 each year until maturity (the "5.625% Senior Notes"). The 5.625% Senior Notes were used to partially fund the Chevron Acquisition (see Note 15). The net proceeds were restricted prior to the closing of the Chevron Acquisition on October 1, 2017, and were held in escrow on September 30, 2017. The first interest payment will be made on November 9, 2017.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

(a) Fair value measurement hierarchy

The fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis are as follows:

	Fair value as at September 30, 2017			
	Quoted prices in active market (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Redemption Options (c)	–	**29.7**	–	**29.7**
Risk management assets				
Commodities swaps and forward contracts	–	**2.5**	–	**2.5**
Commodities futures contracts	–	**0.7**	–	**0.7**
US dollar forward exchange contracts	–	**0.6**	–	**0.6**
Total risk management assets	–	**3.8**	–	**3.8**
Risk management liabilities				
Commodities swaps and forward contracts	–	**(3.5)**	–	**(3.5)**
Total risk management liabilities	–	**(3.5)**	–	**(3.5)**

($ millions, unless otherwise stated)

	Fair value as at December 31, 2016			
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Redemption Options (c)	—	8.7	—	8.7
Risk management assets				
Commodities swaps and forward contracts	—	0.7	—	0.7
US dollar forward exchange contracts	—	0.1	—	0.1
Total risk management assets	—	0.8	—	0.8
Risk management liabilities				
Commodities swaps and forward contracts	—	(7.2)	—	(7.2)
Commodities futures contracts	—	(0.5)	—	(0.5)
US dollar forward exchange contracts	—	(0.7)	—	(0.7)
Total risk management liabilities	—	(8.4)	—	(8.4)

(b) Fair value measurement hierarchy transfers

There were no transfers between fair value measurement hierarchy levels during the nine months ended September 30, 2017.

(c) Redemption Options

The Senior Unsecured Notes contain optional redemption features that allow Parkland to redeem the notes prior to maturity at a premium (the "Redemption Options"). The Redemption Options are accounted for as embedded derivative financial instruments and carried at fair value at $29.7 as at September 30, 2017 (December 31, 2016 – $8.7).

The Redemption Option related to the 5.625% Senior Notes was ascribed a fair value of $2.6 on initial recognition on May 9, 2017. The carrying value of the 5.625% Senior Notes was increased by the same amount.

(d) US dollar forward window contracts - Chevron Acquisition Hedge

During the second quarter of 2017, Parkland entered into US dollar forward window contracts to hedge the risk in variability of cash flows related to the purchase price of the Chevron Acquisition, which is denominated in US dollars (the "Chevron Acquisition Hedge"). The Chevron Acquisition Hedge contracts, totalling US$1,100.0, have a weighted average forward rate of 1.343 and settlement window dates ranging from September 19, 2017 to May 23, 2018. These arrangements are designated as cash flow hedges. On September 29, 2017, the Chevron Acquisition Hedge contracts were exercised in connection with the closing of the Chevron Acquisition on October 1, 2017 (see Note 15). As at September 30, 2017, an realized loss of $100.8 was included in other comprehensive income (loss) with respect to these contracts.

(e) Derivative financial instruments used in hedging

Derivative financial instruments may be used to selectively reduce volatility associated with fluctuations in foreign currency exchange rates and commodity prices. When derivatives are designated as hedging instruments, the relationship between the hedging instruments and associated hedged items is documented, as well as the risk management objective and strategy for using the hedging instruments. This documentation includes linking the derivatives that are designated as cash flow hedges to specific forecasted transactions. At the time a derivative contract is entered into and at least quarterly thereafter, the derivative is assessed to determine if it is effective in offsetting the changes in cash flows of the hedged items. The derivative qualifies for hedge accounting treatment if it is effective in substantially mitigating the risk it was designed to address.

($ millions, unless otherwise stated)

(f) Cash held in escrow

Cash held in escrow of $1,576.5 represents cash held by an escrow agent to fund the Chevron Acquisition and related transaction costs on October 1, 2017 (see Note 15) (December 31, 2016 - $535.8 to fund the Ultramar Business Acquisition).

(g) Other financial instruments

The carrying values of cash and cash equivalents, cash held in escrow, accounts receivable, accounts payable and accrued liabilities, and dividends declared and payable approximate their fair values as at September 30, 2017 due to the short-term nature of these instruments. The carrying value of long-term receivables approximates fair value as at September 30, 2017, as Parkland currently issues loans and advances to dealers and customers with similar terms. The Senior Unsecured Notes had a carrying value of $1,200.0 and an estimated fair value of $1,197.1 as at September 30, 2017 (December 31, 2016 – $700.0 and $700.5 respectively). The carrying value of other long-term debt approximates fair value as at September 30, 2017, as either the interest rate on the long-term debt is adjusted monthly or the debt was issued recently. The carrying value of other long-term liabilities approximates their fair value as at September 30, 2017 given they have been recently incurred.

9. FINANCE COSTS

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Interest on long-term debt	**23.7**	7.5	**51.6**	21.0
Amortization of deferred financing costs	**10.8**	0.4	**12.7**	1.2
Accretion on asset retirement obligations	**1.8**	0.9	**4.2**	2.6
Change in fair value of Redemption Options	**(18.0)**	(0.5)	**(18.5)**	(10.6)
Amortization of debt premium arising from Redemption Options	**(0.7)**	(0.2)	**(1.6)**	(0.7)
Interest income	**(3.4)**	(0.3)	**(6.5)**	(0.5)
	14.2	7.8	**41.9**	13.0

10. NET CHANGE IN NON-CASH WORKING CAPITAL

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Accounts receivable	**(11.9)**	(23.1)	**35.6**	(13.2)
Inventories	**(17.4)**	(19.9)	**31.1**	(16.5)
Income taxes receivable	**1.3**	(5.4)	**(6.7)**	(10.1)
Prepaid expenses and other	**(5.9)**	6.5	**(7.3)**	4.3
Accounts payable and accrued liabilities	**95.1**	19.6	**(5.4)**	64.1
Deferred revenue	**(3.0)**	(4.0)	**(8.7)**	(1.4)
Total net change in non-cash working capital	**58.2**	(26.3)	**38.6**	27.2

11. ASSET RETIREMENT OBLIGATIONS

	January 1, 2017 to September 30, 2017	January 1, 2016 to December 31, 2016
Asset retirement obligations, beginning of period	**131.7**	129.2
Additional provisions made in the period	**2.3**	11.5
Ultramar Business Acquisition (Note 13)	**64.1**	—
Acquisition of multiple businesses (Note 13)	**0.2**	1.0
Consolidation of Hold Separate Assets	**–**	1.0
Obligations settled during the period	**(2.5)**	(3.8)
Change in estimated future cash flows	**(6.1)**	(7.3)
Change due to passage of time, foreign exchange and discount rate	**(1.1)**	0.1
Asset retirement obligations, end of period	**188.6**	131.7
Current	**19.7**	10.3
Non-current	**168.9**	121.4
Asset retirement obligations, end of period	**188.6**	131.7

The total undiscounted estimated future cash flows required to settle Parkland's asset retirement obligations were $300.1 as at September 30, 2017 (December 31, 2016 – $206.7). The costs are expected to be paid up to 2047 (December 31, 2016 – 2047). As at September 30, 2017, the inflation rate used to determine the value of future costs was 2.67% (December 31, 2016 – 2.70% to 2.80%) and the discount rates used to determine the present value of the future costs ranged from 4.28% to 4.59% (December 31, 2016 – 4.02% to 4.76%).

12. SHAREHOLDERS' CAPITAL

(a) Shareholders' capital

Authorized capital of Parkland consists of an unlimited number of common shares and an unlimited number of preferred shares issuable in series without par value. There are no preferred shares outstanding.

Changes to shareholders' capital were as follows:

	January 1, 2017 to September 30, 2017		January 1, 2016 to December 31, 2016	
	Number of common shares (000's)	**Amount ($ millions)**	Number of common shares (000's)	Amount ($ millions)
Shareholders' capital, beginning of period	**96,238**	**910.2**	93,856	857.5
Issued on Equity Offering	**23,900**	**662.0**	—	—
Issued on conversion of subscription receipts	**9,430**	**222.0**	—	—
Issued on business acquisitions	**–**	**–**	20	0.6
Share issuance costs, net of tax recovery of $9.8	**–**	**(26.7)**	—	(0.1)
Issued under dividend reinvestment plan, net of costs	**854**	**24.0**	1,917	44.4
Issued under share option plan	**155**	**3.7**	260	5.1
Issued on vesting of restricted share units	**128**	**0.9**	185	2.7
Shareholders' capital, end of period	**130,705**	**1,796.1**	96,238	910.2

(b) Share options, restricted share units, and deferred share units

Details of share options, restricted share units ("RSUs") and deferred share units ("DSUs") held by directors, officers and employees are summarized as follows:

(000's)	**September 30, 2017**	December 31, 2016
Number of share options outstanding	**3,276**	2,873
Number of share options outstanding and exercisable	**1,840**	1,139
Number of RSUs outstanding	**963**	790
Number of DSUs outstanding	**181**	155

Expenses recorded in marketing, general and administrative expenses for share options, RSUs and DSUs are as follows:

	Three months ended September 30,		**Nine months ended September 30,**	
	2017	2016	**2017**	2016
Share options	**0.5**	0.5	**0.9**	1.4
RSUs	**1.2**	1.0	**3.0**	2.9
DSUs	**(0.7)**	1.8	**0.2**	2.5
	1.0	3.3	**4.1**	6.8

The liability recorded for DSUs in other long-term liabilities as at September 30, 2017 was $4.6 (December 31, 2016 – $4.3).

(c) Subscription receipts

On September 7, 2016, Parkland issued 9,430,000 subscription receipts to partially fund the Ultramar Business Acquisition at a price of $24.50 each, for total gross proceeds of $231.0. Each subscription receipt entitled the holder to receive one common share and the applicable dividend equivalent amount upon closing of the Ultramar Business Acquisition (see Note 13) and certain release conditions.

On June 28, 2017, concurrent with the closing of the Ultramar Business Acquisition, the subscription receipts were converted into common shares and the applicable dividend equivalents were payable. As a result, $222.0 was recorded into shareholders' capital, consisting of $231.0 gross proceeds previously recorded in other liabilities – current portion, reduced by $9.0 of dividend equivalents. Share issuance costs of $9.5 were recorded into shareholders' capital, consisting of $4.6 of deferred financing costs previously recorded in other liabilities – current portion and $4.9 of additional share issuance costs incurred in the nine months ended September 30, 2017.

(d) Equity Offering

On May 9, 2017, Parkland completed a bought deal private placement of 23,900,000 shares at $27.70 per share for gross proceeds of $662.0 with a syndicate of underwriters (the "Equity Offering"). Share issuance costs incurred for the Equity Offering were $26.8. The net proceeds of the Equity Offering was used to partially fund the Chevron Acquisition on October 1, 2017 (see Note 15). The net proceeds were restricted prior to the closing of the Chevron Acquisition on October 1, 2017, and were held in escrow on September 30, 2017.

13. BUSINESS COMBINATIONS

(a) Ultramar Business Acquisition

On June 28, 2017, Parkland completed the acquisition of the majority of the Canadian business and assets of CST Brands, Inc. (the "Ultramar Business") from Alimentation Couche-Tard Inc. ("Couche-Tard") for a preliminary purchase price of $972.2 (the "Ultramar Business Acquisition"). The Ultramar Business consists of: (i) 495 dealer and commissioned agent retail fuel sites, (ii) 73 commercial cardlock sites, (iii) 30 commercial and home heating sites, (iv) 159 company-operated retail fuel sites, and (v) corporate presence in Montréal. Parkland also assumed the liabilities of all the Canadian business and assets. The Ultramar Business Acquisition extends Parkland's network coverage in Quebec and Atlantic Canada and enhances Parkland's presence in Ontario.

($ millions, unless otherwise stated)

In the third quarter of 2017, Parkland revised the preliminary purchase price allocation of the Ultramar Business Acquisition. The revised preliminary fair values of the Ultramar Business identifiable assets acquired and liabilities assumed as well as the purchase consideration transferred are presented below. The result was a $39.7 decrease to property, plant and equipment, $4.4 decrease to intangible assets, $10.0 decrease to deferred tax assets, $9.9 decrease to accounts payable and accrued liabilities, $82.3 decrease to finance lease obligations, $2.4 increase to asset retirement obligations, $3.5 increase to other liabilities, $34.7 decrease to goodwill, and $2.5 decrease to purchase consideration transferred. Parkland expects to finalize these amounts no later than one year from the acquisition date.

	Ultramar Business Acquisition
Assets	
Accounts receivable	**90.8**
Inventories	**51.7**
Prepaid expenses and other	**5.7**
Property, plant and equipment (Note 4)	**382.0**
Intangible assets (Note 5)	**496.9**
Long-term receivables	**3.9**
Other long-term assets	**6.6**
Deferred tax asset	**16.4**
	1,054.0
Liabilities	
Accounts payable and accrued liabilities	**(197.9)**
Deferred revenue	**(0.3)**
Asset retirement obligations (Note 11)	**(64.1)**
Other liabilities	**(16.3)**
	(278.6)
Goodwill arising on acquisition (Note 6)	**196.8**
Purchase consideration transferred	**972.2**
Fair value analysis of purchase consideration transferred	
Cash paid on acquisition date, less cash assumed of $7.5	**980.4**
Preliminary working capital adjustment	**(8.2)**
Purchase consideration transferred	**972.2**

The transaction is accounted for using the acquisition method. Allocation of the purchase price is based on a provisional assessment of the fair values of the identifiable assets acquired and liabilities assumed at the acquisition date, with the excess of the purchase price over the net identifiable assets acquired allocated to goodwill. Parkland engaged independent valuators to determine the fair values of property, plant and equipment and intangible assets. The independent valuators have not finalized the valuation of certain assets. As such, the purchase price allocation is considered preliminary based on Parkland's best estimate and is subject to change.

The fair value of accounts receivable is $90.8 and the gross amount of accounts receivable excluding allowance for doubtful accounts is $91.3. None of the accounts receivable amounts has been impaired and it is expected that the fair value amounts can be collected. Accounts payable and accrued liabilities acquired have fair values that equal their gross contractual values and expected cash outflow at the acquisition date.

($ millions, unless otherwise stated)

Goodwill arising on acquisition is attributable to anticipated future revenue from the various retail fuel and commercial sites, expected cash flow benefits attributable to the geographical location and characteristics of the retail fuel and commercial sites, as well as expected synergies and other benefits from the acquisition. Goodwill has been allocated to the Retail Fuels segment. A deferred tax asset of $16.4 was recognized for differences between tax and accounting values of the property, plant and equipment and intangible assets acquired. Goodwill calculated for tax purposes is expected to be tax deductible.

Parkland paid cash consideration of $980.4, net of cash assumed of $7.5. The cash paid is expected to be reduced by a preliminary working capital adjustment of $8.2. The preliminary working capital adjustment is subject to change to the extent that the final determination of net working capital as at the date of acquisition exceeds or is below a predetermined target level, and will be finalized upon completion of customary post-closing activities.

Since the acquisition date, sales and revenue of $808.5 and net income of $9.8 attributable to the Ultramar Business have been included in the consolidated statements of comprehensive income (loss).

The estimated revenue and net income of Parkland for the nine months ended September 30, 2017 would have been approximately $7,932.1 and $56.3, respectively, if the Ultramar Business Acquisition occurred on January 1, 2017. Although these amounts represent Parkland's best estimate, there can be no assurance that this amount would have been the actual results had the business combinations occurred on January 1, 2017.

(b) Acquisition of multiple businesses

During the second and third quarters of 2017, and third and fourth quarters of 2016, Parkland completed the acquisition of individually immaterial businesses complementary to Parkland's existing lines of business. There have been no changes to the preliminary fair values of the identifiable assets and liabilities of the acquisitions completed in the third and fourth quarters of 2016 presented in the Annual Consolidated Financial Statements. Parkland expects to finalize the purchase price allocation for these acquisitions no later than one year from the respective acquisition dates.

(c) Other information

Details of acquisition, integration and other costs are outlined below. Other costs primarily consist of restructuring-related expenses.

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Acquisition costs	**13.7**	3.6	**35.6**	13.3
Integration costs	**5.3**	1.8	**5.8**	3.5
Other costs	**0.1**	—	**1.6**	1.6
Acquisition, integration and other costs	**19.1**	5.4	**43.0**	18.4

14. SEGMENT INFORMATION

Parkland's reportable operating segments are differentiated by the nature of their products, services and geographic boundaries. Parkland also reports activities not directly attributable to an operating segment under Corporate.

Ultramar Business

The operations acquired under the Ultramar Business Acquisition are aligned with Parkland's accounting policies on operating segments and are included as follows:

Parkland segment	Operations acquired under the Ultramar Business Acquisition
Retail Fuels	Company-operated and dealer-operated retail sites
Commercial Fuels	Commercial and home heat business and commercial cardlock business
Corporate	Corporate operations

($ millions, unless otherwise stated)

General information

Intersegment sales are accounted for at market value and include, for segment reporting, sales and operating revenue of the segment making the transfer as well as expenses of the segment receiving the transfer. Intersegment transactions are eliminated upon consolidation. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Depreciation and amortization, finance costs, gain or loss on disposal of property, plant and equipment, acquisition-related costs, unrealized gain or loss from the change in fair value of commodities swaps and forward contracts, futures contracts and US dollar forward exchange contracts included in risk management activities, unrealized gain or loss on foreign exchange, and income taxes are not allocated to operating segments because they are not reviewed as part of segment information by the chief operating decision maker. Accordingly, these items have been asymmetrically allocated to the Corporate segment. The total assets and liabilities of the segments are not reported as they are not presented to or reviewed by the chief operating decision maker.

Geographic information

	Three months ended September 30,		**Nine months ended September 30,**	
	2017	2016	**2017**	2016
Revenue from external customers – Canada	**2,416.7**	1,474.3	**5,666.3**	4,092.2
Revenue from external customers – United States	**183.9**	163.8	**525.0**	433.8
Sales and operating revenue	**2,600.6**	1,638.1	**6,191.3**	4,526.0

		September 30, 2017	
	Canada	**United States**	**Consolidated**
Property, plant and equipment	**834.4**	**64.2**	**898.6**
Intangible assets	**630.5**	**37.5**	**668.0**
Goodwill	**697.0**	**56.8**	**753.8**
Total	**2,161.9**	**158.5**	**2,320.4**

		December 31, 2016	
	Canada	United States	Consolidated
Property, plant and equipment	480.6	73.4	554.0
Intangible assets	158.5	45.1	203.6
Goodwill	499.4	61.0	560.4
Total	1,138.5	179.5	1,318.0

Seasonality

The Retail Fuels segment typically experiences higher volumes during the second and third quarters of the year due to increased consumer travel during the warmer months. The Commercial Fuels segment typically experiences higher volumes during the first and fourth quarters of the year due to higher heating fuel demand during the colder months.

Segment information	**Retail Fuels**		**Commercial Fuels**		**Parkland USA**		**Supply and Wholesale**		**Corporate**		**Consolidated**	
For the three months ended September 30,	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Fuel and petroleum product volume (million litres)	**1,667.4**	1,001.8	**585.9**	308.5	**256.1**	241.8	**1,047.2**	1,106.5	**–**	–	**3,556.6**	2,658.6
Sales and operating revenue												
Fuel and petroleum product revenue	**1,310.3**	701.8	**400.8**	194.5	**154.7**	135.4	**2,122.1**	1,847.4	**–**	–	**3,987.9**	2,879.1
Non-fuel revenue	**113.2**	52.4	**59.9**	52.9	**29.1**	28.4	**17.5**	18.7	**0.2**	0.2	**219.9**	152.6
Total sales and operating revenue – external and intersegmental	**1,423.5**	754.2	**460.7**	247.4	**183.8**	163.8	**2,139.6**	1,866.1	**0.2**	0.2	**4,207.8**	3,031.7
Less: Intersegment revenue	**–**	–	**(0.3)**	(0.2)	**–**	–	**(1,606.9)**	(1,393.4)	**–**	–	**(1,607.2)**	(1,393.6)
Sales and operating revenue	**1,423.5**	754.2	**460.4**	247.2	**183.8**	163.8	**532.7**	472.7	**0.2**	0.2	**2,600.6**	1,638.1
Cost of goods sold, excluding depreciation												
Fuel and petroleum product cost of goods sold	**1,191.9**	644.8	**361.5**	167.9	**147.1**	127.5	**2,083.2**	1,807.3	**–**	–	**3,783.7**	2,747.5
Non-fuel cost of goods sold	**80.0**	38.4	**42.9**	41.2	**20.9**	20.2	**14.7**	14.2	**0.2**	(0.1)	**158.7**	113.9
Total cost of goods sold, excluding depreciation – external and intersegmental	**1,271.9**	683.2	**404.4**	209.1	**168.0**	147.7	**2,097.9**	1,821.5	**0.2**	(0.1)	**3,942.4**	2,861.4
Less: Intersegment cost of goods sold	**–**	–	**(0.3)**	(0.2)	**–**	–	**(1,606.9)**	(1,393.4)	**–**	–	**(1,607.2)**	(1,393.6)
Cost of goods sold, excluding depreciation	**1,271.9**	683.2	**404.1**	208.9	**168.0**	147.7	**491.0**	428.1	**0.2**	(0.1)	**2,335.2**	1,467.8
Adjusted gross profit												
Fuel and petroleum product adjusted gross profit, before the following:	**118.4**	57.0	**39.3**	26.6	**7.6**	7.9	**38.9**	40.1	**–**	–	**204.2**	131.6
Realized gain on risk management activities	**–**	–	**–**	–	**–**	–	**0.2**	0.7	**–**	–	**0.2**	0.7
Realized gain on foreign exchange	**–**	–	**–**	–	**–**	–	**0.7**	0.1	**–**	–	**0.7**	0.1
Fuel and petroleum product adjusted gross profit	**118.4**	57.0	**39.3**	26.6	**7.6**	7.9	**39.8**	40.9	**–**	–	**205.1**	132.4
Non-fuel adjusted gross profit	**33.2**	14.0	**17.0**	11.7	**8.2**	8.2	**2.8**	4.5	**–**	0.3	**61.2**	38.7
Total adjusted gross profit	**151.6**	71.0	**56.3**	38.3	**15.8**	16.1	**42.6**	45.4	**–**	0.3	**266.3**	171.1
Customer finance income	**–**	–	**(0.4)**	(0.4)	**–**	–	**–**	–	**–**	–	**(0.4)**	(0.4)
Operating costs	**65.4**	24.5	**37.8**	28.1	**9.9**	10.2	**8.4**	11.7	**–**	–	**121.5**	74.5
Marketing, general and administrative	**12.5**	5.6	**10.2**	5.9	**1.6**	1.6	**9.8**	10.2	**14.7**	13.4	**48.8**	36.7
Adjusted EBITDA	**73.7**	40.9	**8.7**	4.7	**4.3**	4.3	**24.4**	23.5	**(14.7)**	(13.1)	**96.4**	60.3
Depreciation and amortization									**46.0**	27.4	**46.0**	27.4
Finance costs									**14.2**	7.8	**14.2**	7.8
(Gain) loss on disposal of property, plant and equipment									**(1.2)**	0.2	**(1.2)**	0.2
Acquisition, integration and other costs									**19.1**	5.4	**19.1**	5.4
Unrealized loss from the change in fair value of commodities swaps and forward contracts, US dollar forward exchange contracts and futures contracts									**0.8**	1.0	**0.8**	1.0
Unrealized loss on foreign exchange									**1.0**	0.3	**1.0**	0.3
Income tax expense									**3.8**	3.5	**3.8**	3.5
Net earnings											**12.7**	14.7
Additions to property, plant and equipment and intangible assets	**7.2**	17.0	**3.6**	12.0	**1.1**	1.6	**1.6**	1.9	**1.9**	0.9	**15.4**	33.4
Acquisitions of property, plant and equipment, intangible assets and goodwill	**–**	3.8	**0.2**	3.6	**–**	–	**–**	–	**–**	–	**0.2**	7.4

Segment information	**Retail Fuels**		**Commercial Fuels**		**Parkland USA**		**Supply and Wholesale**		**Corporate**		**Consolidated**	
For the nine months ended September 30,	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Fuel and petroleum product volume (million litres)	**3,478.3**	2,780.9	**1,359.0**	994.7	**713.2**	694.0	**3,350.4**	3,162.2	**–**	–	**8,900.9**	7,631.8
Sales and operating revenue												
Fuel and petroleum product revenue	**2,693.8**	1,878.0	**924.4**	601.2	**437.4**	350.8	**6,234.5**	5,095.4	**–**	–	**10,290.1**	7,925.4
Non-fuel revenue	**210.6**	147.9	**171.1**	160.1	**87.6**	83.0	**47.6**	51.5	**0.7**	0.4	**517.6**	442.9
Total sales and operating revenue – external and intersegmental	**2,904.4**	2,025.9	**1,095.5**	761.3	**525.0**	433.8	**6,282.1**	5,146.9	**0.7**	0.4	**10,807.7**	8,368.3
Less: Intersegment revenue	**–**	–	**(0.9)**	(0.5)	**–**	–	**(4,615.5)**	(3,841.8)	**–**	–	**(4,616.4)**	(3,842.3)
Sales and operating revenue	**2,904.4**	2,025.9	**1,094.6**	760.8	**525.0**	433.8	**1,666.6**	1,305.1	**0.7**	0.4	**6,191.3**	4,526.0
Cost of goods sold, excluding depreciation												
Fuel and petroleum product cost of goods sold	**2,475.2**	1,724.7	**795.5**	492.4	**414.1**	327.1	**6,116.6**	4,978.6	**–**	–	**9,801.4**	7,522.8
Non-fuel cost of goods sold	**150.4**	106.2	**126.9**	127.5	**62.3**	59.2	**40.3**	40.0	**–**	(0.1)	**379.9**	332.8
Total cost of goods sold, excluding depreciation – external and intersegmental	**2,625.6**	1,830.9	**922.4**	619.9	**476.4**	386.3	**6,156.9**	5,018.6	**–**	(0.1)	**10,181.3**	7,855.6
Less: Intersegment cost of goods sold	**–**	–	**(0.9)**	(0.5)	**–**	–	**(4,615.5)**	(3,841.8)	**–**	–	**(4,616.4)**	(3,842.3)
Cost of goods sold, excluding depreciation	**2,625.6**	1,830.9	**921.5**	619.4	**476.4**	386.3	**1,541.4**	1,176.8	**–**	(0.1)	**5,564.9**	4,013.3
Adjusted gross profit												
Fuel and petroleum product adjusted gross profit, before the following:	**218.6**	153.3	**128.9**	108.8	**23.3**	23.7	**117.9**	116.8	**–**	–	**488.7**	402.6
Realized loss on risk management activities	**–**	–	**–**	–	**–**	–	**(3.0)**	(1.8)	**–**	–	**(3.0)**	(1.8)
Realized gain (loss) on foreign exchange	**–**	–	**–**	–	**–**	–	**1.5**	(0.4)	**–**	–	**1.5**	(0.4)
Fuel and petroleum product adjusted gross profit	**218.6**	153.3	**128.9**	108.8	**23.3**	23.7	**116.4**	114.6	**–**	–	**487.2**	400.4
Non-fuel adjusted gross profit	**60.2**	41.7	**44.2**	32.6	**25.3**	23.8	**7.3**	11.5	**0.7**	0.5	**137.7**	110.1
Total adjusted gross profit	**278.8**	195.0	**173.1**	141.4	**48.6**	47.5	**123.7**	126.1	**0.7**	0.5	**624.9**	510.5
Customer finance income	**(0.1)**	(0.1)	**(1.3)**	(0.9)	**(0.1)**	(0.1)	**–**	–	**–**	–	**(1.5)**	(1.1)
Operating costs	**116.4**	72.0	**109.2**	90.2	**30.8**	30.8	**29.5**	35.0	**–**	–	**285.9**	228.0
Marketing, general and administrative	**26.0**	17.7	**22.5**	18.6	**5.5**	5.6	**28.7**	28.3	**37.8**	37.0	**120.5**	107.2
Adjusted EBITDA	**136.5**	105.4	**42.7**	33.5	**12.4**	11.2	**65.5**	62.8	**(37.1)**	(36.5)	**220.0**	176.4
Depreciation and amortization									**96.5**	82.9	**96.5**	82.9
Finance costs									**41.9**	13.0	**41.9**	13.0
Gain on disposal of property, plant and equipment									**(0.7)**	(0.2)	**(0.7)**	(0.2)
Acquisition, integration and other costs									**43.0**	18.4	**43.0**	18.4
Unrealized (gain) loss from the change in fair value of commodities swaps and forward contracts, US dollar forward exchange contracts and futures contracts									**(8.0)**	3.5	**(8.0)**	3.5
Unrealized loss on foreign exchange									**1.7**	0.9	**1.7**	0.9
Income tax expense									**12.3**	13.7	**12.3**	13.7
Net earnings											**33.3**	44.2
Additions to property, plant and equipment and intangible assets	**13.3**	30.7	**13.4**	26.0	**3.4**	5.7	**8.5**	4.6	**6.1**	2.9	**44.7**	69.9
Acquisitions of property, plant and equipment, intangible assets and goodwill	**951.0**	3.8	**111.5**	29.1	**–**	–	**–**	–	**15.7**	–	**1,078.2**	32.9

15. SUBSEQUENT EVENTS

Chevron Acquisition

On October 1, 2017, Parkland completed the acquisition of all of the outstanding shares of Chevron Canada R & M ULC from Chevron Canada Ltd. for preliminary cash consideration of $1,641.2 (the "Chevron Acquisition"), consisting of the base purchase price of US$1,100.0 and estimated working capital of US$208.7. The Chevron Acquisition was primarily funded through a combination of the Equity Offering, the 5.625% Senior Notes, cash from operations and drawdown on the Credit Facility. The initial cash consideration of $1,641.2 was settled by way of a $73.0 deposit made during the second quarter of 2017 and the release of cash held in escrow on October 1, 2017.

The businesses acquired in the Chevron Acquisition consist of: i) 129 Chevron-branded retail service stations principally located in Metro Vancouver and Vancouver Island which complement Parkland's existing Chevron-branded sites in British Columbia, ii) 37 commercial cardlock locations and three marine fuelling locations, iii) a refinery in Burnaby, British Columbia, iv) terminals located in Burnaby, Hatch Point and Port Hardy, British Columbia, and v) a wholesale business that includes aviation fuel sales to the Vancouver International Airport. The Chevron Acquisition extends Parkland's network coverage in British Columbia and adds significant supply infrastructure and logistics capability to support Parkland's existing operations. With this acquisition, Parkland becomes an exclusive marketer of Chevron-branded fuels.

Parkland is currently in the process of assessing the purchase price allocation and expects to include a preliminary version in its December 31, 2017 consolidated financial statements. The preliminary purchase price is subject to change and will be finalized no later than one year from the acquisition date.

Intermediation Facility

On October 6, 2017, Parkland entered into an Intermediation Facility with a financial institution to fund a portion of the working capital requirements for the refinery operations acquired as part of the Chevron Acquisition. The Intermediation Facility has a funding limit of: i) up to US$100.0 of the accounts receivable balance and ii) the cost of various crude, gasoline and other hydrocarbon inventory volumes up to 2,740.0 Mbbls. The Intermediation Facility is secured by these accounts receivable and inventories.

Settlement of the Short-term Facility

in connection with the establishment of the Intermediation Facility, the Short-Term Facility of $250.0 was fully repaid by October 20, 2017, and terminated on October 23, 2017.