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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2022

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 0-24206

PENN Entertainment, Inc.

(Exact name of registrant as specified in its charter)

Pennsylvania	**23-2234473**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

825 Berkshire Blvd., Suite 200
Wyomissing, Pennsylvania 19610
(Address of principal executive officers) (Zip Code)

(610) 373-2400
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, $0.01 par value per share	**PENN**	**The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

As of June 30, 2022, the aggregate market value of the voting common stock held by non-affiliates of the registrant was $4.8 billion. Such aggregate market value was computed by reference to the closing price of the common stock as reported on the NASDAQ Global Select Market on June 30, 2022. As of February 16, 2023, the number of shares of the registrant's common stock outstanding was 152,591,359.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive 2023 proxy statement, anticipated to be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year, are incorporated by reference into Part III of this Form 10-K.

PENN ENTERTAINMENT, INC.
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SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are included throughout the document, including within "Item 1A. Risk Factors," and relate to the business strategy, prospects and financial position of PENN Entertainment, Inc., together with its subsidiaries ("PENN," the "Company," "we," "our," or "us"). These statements can be identified by the use of forward-looking terminology such as "expects," "believes," "estimates," "projects," "intends," "plans," "goal," "seeks," "may," "will," "should," or "anticipates" or the negative or other variations of these or similar words, or by discussions of future events, strategies or risks and uncertainties. Specifically, forward-looking statements include, but are not limited to, statements regarding: future revenue and Adjusted EBITDAR; the Company's anticipated share repurchases; the Company's expectations of future results of operations and financial condition, including the scale and timing of the Company's product and technology investments; the Company's expectations regarding results, and the impact of competition in retail/mobile/online sportsbooks, iCasino, online social gaming, and retail operations; the Company's development and launch of its Interactive segment's products in new jurisdictions and enhancements to existing Interactive segment products, including the content for the Barstool Sportsbook and theScore Bet Sportsbook and Casino apps and the migration of the Barstool Sportsbook into both our proprietary player account management system and risk and trading platforms; the Company's expectations regarding its acquisition of Barstool Sports, Inc. ("Barstool") and the future success of its products; the Company's expectations with respect to the integration and synergies related to the Company's integration of Score Media and Gaming, Inc. and Barstool; the continued growth and monetization of the Company's media business; the Company's expectations with respect to the ongoing introduction and the

potential benefits of the cashless, cardless and contactless (“3Cs”) technology; the Company’s development projects, including the prospective development projects at Hollywood Casino Aurora, Hollywood Casino Joliet, Hollywood Casino Columbus and the M Resort Spa Casino; our ability to obtain financing for our development projects on attractive terms; and the timing, cost and expected impact of planned capital expenditures on the Company’s results of operations; the actions of regulatory, legislative, executive or judicial decisions at the federal, state, provincial or local level with regard to our business and the impact of any such actions.

Such statements are all subject to risks, uncertainties and changes in circumstances that could significantly affect the Company’s future financial results and business. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Form 10-K may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. All forward-looking statements in this Form 10-K are based on information available to us as of the date hereof, such information may be limited or incomplete, and we assume no obligation to update any such forward-looking statements. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements. The following discussion should be read in conjunction with our consolidated financial statements and the accompanying notes contained in this Form 10-K.

PART I

ITEM 1. BUSINESS

Overview

On August 4, 2022, Penn National Gaming, Inc. was renamed PENN Entertainment, Inc. PENN Entertainment, Inc., together with its subsidiaries ("PENN," the "Company," "we," "our," or "us"), is North America's leading provider of integrated entertainment, sports content, and casino gaming experiences. As of December 31, 2022, PENN operated 43 properties in 20 states, online sports betting in 15 jurisdictions and iCasino in five jurisdictions, under a portfolio of well-recognized brands including Hollywood Casino®, L'Auberge®, Barstool Sportsbook®, and theScore Bet Sportsbook and Casino®. As of the issuance date of this report, PENN operates online sports betting in 16 jurisdictions upon the addition of Ohio in January 2023. PENN's highly differentiated strategy, which is focused on organic cross-sell opportunities, is reinforced by its investments in market-leading retail casinos, sports media assets, technology, including a state-of-the-art, fully integrated digital sports and iCasino betting platform, and an in-house iCasino content studio. The Company's portfolio is further bolstered by its industry-leading my**choice**® customer loyalty program (the "my**choice** program"), which offers our approximately 26 million members a unique set of rewards and experiences across business channels.

Reportable Segments

We have five reportable segments: Northeast, South, West, Midwest, and Interactive. Our retail gaming and racing properties are grouped into reportable segments by geographic region and each is viewed as an operating segment with the exception of our two properties in Jackpot, Nevada, which are viewed as one operating segment. We also consider our combined Video Gaming Terminal ("VGT") operations, by state, to be separate operating segments. Interactive includes all of our online sports betting, iCasino and online social gaming operations, management of retail sports betting, media, and our proportionate share of earnings attributable to our equity method investment in Barstool Sports, Inc. ("Barstool"). See Note 18, "Segment Information," for further information.

Retail Operations

As of December 31, 2022, we owned, managed, or had ownership interests in 43 gaming and racing properties in 20 states. In addition, we offer live sports betting at our properties in twelve states.

Operating Properties

The table below summarizes certain features of the properties owned, operated or managed by us as of December 31, 2022, by reportable segment (all area and capacity metrics are approximate):

	Location	Real Estate Assets Lease or Ownership Structure	Type of Facility	Gaming Square Footage	Gaming Machines	Table Games [1]	Hotel Rooms
Northeast segment							
Ameristar East Chicago [2]	East Chicago, IN	Pinnacle Master Lease	Dockside gaming	58,500	1,273	46	288
Hollywood Casino Bangor	Bangor, ME	PENN Master Lease	Land-based gaming/racing	31,750	681	14	152
Hollywood Casino at Charles Town Races [2]	Charles Town, WV	PENN Master Lease	Land-based gaming/racing	115,000	1,900	66	153
Hollywood Casino Columbus [3]	Columbus, OH	PENN Master Lease	Land-based gaming	180,500	1,612	54	—
Hollywood Casino at Greektown [2]	Detroit, MI	Greektown Lease	Land-based gaming	100,000	2,145	63	400
Hollywood Casino Lawrenceburg [2][4]	Lawrenceburg, IN	PENN Master Lease	Dockside gaming	149,500	1,350	61	463
Hollywood Casino Morgantown [2][5]	Morgantown, PA	Morgantown Lease	Land-based gaming	81,000	736	30	—
Hollywood Casino at PENN National Race Course [2]	Grantville, PA	PENN Master Lease	Land-based gaming/racing	99,500	1,803	55	—
Hollywood Casino Perryville [2][3]	Perryville, MD	Perryville Lease	Land-based gaming	34,500	766	13	—
Hollywood Casino at The Meadows [2][3]	Washington, PA	Meadows Lease	Land-based gaming/racing	125,000	2,006	96	—
Hollywood Casino Toledo [3]	Toledo, OH	PENN Master Lease	Land-based gaming	135,000	1,725	47	—
Hollywood Casino York [2]	York, PA	Operating Lease (not with REIT Landlord)	Land-based gaming	80,000	570	26	—
Hollywood Gaming at Dayton Raceway	Dayton, OH	PENN Master Lease	Land-based gaming/racing	43,000	996	—	—
Hollywood Gaming at Mahoning Valley Race Course	Youngstown, OH	PENN Master Lease	Land-based gaming/racing	54,000	1,019	—	—
Marquee by PENN [6]	Pennsylvania	N/A	Land-based gaming	N/A	140	—	—
Plainridge Park Casino	Plainville, MA	Pinnacle Master Lease	Land-based gaming/racing	50,000	939	—	—

South segment							
1st Jackpot Casino [2]	Tunica, MS	PENN Master Lease	Dockside gaming	40,000	758	11	—
Ameristar Vicksburg [2]	Vicksburg, MS	Pinnacle Master Lease	Dockside gaming	70,000	976	19	148
Boomtown Biloxi [2]	Biloxi, MS	PENN Master Lease	Dockside gaming	34,500	563	22	—
Boomtown Bossier City [2]	Bossier City, LA	Pinnacle Master Lease	Dockside gaming	30,000	765	12	187
Boomtown New Orleans [2]	New Orleans, LA	Pinnacle Master Lease	Dockside gaming	30,000	950	26	150
Hollywood Casino Gulf Coast [2]	Bay St. Louis, MS	PENN Master Lease	Land-based gaming	51,000	777	20	291
Hollywood Casino Tunica [2]	Tunica, MS	PENN Master Lease	Dockside gaming	54,000	783	11	494
L'Auberge Baton Rouge [2]	Baton Rouge, LA	Pinnacle Master Lease	Dockside gaming	71,500	1,019	47	205
L'Auberge Lake Charles [2]	Lake Charles, LA	Pinnacle Master Lease	Dockside gaming	71,200	1,391	80	995
Margaritaville Resort Casino [2]	Bossier City, LA	Margaritaville Lease	Dockside gaming	30,000	991	49	395
West segment							
Ameristar Black Hawk [2]	Black Hawk, CO	Pinnacle Master Lease	Land-based gaming	56,000	914	37	536
Cactus Petes and Horseshu [2]	Jackpot, NV	Pinnacle Master Lease	Land-based gaming	29,000	688	14	416
M Resort Spa Casino [2][3]	Henderson, NV	PENN Master Lease	Land-based gaming	96,000	1,024	37	390
Zia Park Casino	Hobbs, NM	PENN Master Lease	Land-based gaming/racing	18,000	718	—	154
Midwest segment							
Ameristar Council Bluffs [2][7]	Council Bluffs, IA	Pinnacle Master Lease	Dockside gaming	35,000	1,304	20	444
Argosy Casino Alton [2][8]	Alton, IL	PENN Master Lease	Dockside gaming	23,000	425	9	—
Argosy Casino Riverside	Riverside, MO	PENN Master Lease	Dockside gaming	56,000	1,098	37	258
Hollywood Casino Aurora [2][3]	Aurora, IL	PENN Master Lease	Dockside gaming	53,000	831	27	—
Hollywood Casino Joliet [2][3]	Joliet, IL	PENN Master Lease	Dockside gaming	50,000	952	26	100
Hollywood Casino at Kansas Speedway [2][9]	Kansas City, KS	Owned - joint venture	Land-based gaming	95,000	1,645	28	—
Hollywood Casino St. Louis	Maryland Heights, MO	PENN Master Lease	Dockside gaming	120,000	1,646	48	502
Prairie State Gaming [6]	Illinois	N/A	Land-based gaming	N/A	2,346	—	—
River City Casino	St. Louis, MO	Pinnacle Master Lease	Dockside gaming	90,000	1,741	39	200
Other							
Freehold Raceway [10]	Freehold, NJ	Owned - joint venture	Standardbred racing	—	—	—	—
Retama Park Racetrack [11]	Selma, TX	None - Managed	Thoroughbred racing	—	—	—	—
Sam Houston Race Park	Houston, TX	Owned	Thoroughbred racing	—	—	—	—
Sanford-Orlando Kennel Club [12]	Longwood, FL	Owned	Simulcasting/restaurant	—	—	—	—
Valley Race Park [13]	Harlingen, TX	Owned	Greyhound racing	—	—	—	—
				2,540,450	43,966	1,190	7,321

(1) Excludes poker tables.

(2) Property offers a sportsbook for live sports betting.

(3) Property transferred to 2023 Master Lease (as defined in Note 12, "Leases", in the notes to our Consolidated Financial Statements), effective January 1, 2023.

(4) Includes 168 rooms at our hotel and event center located less than a mile from the gaming facility.

(5) Upon termination of the Morgantown Lease, ownership of the constructed building and all tenant improvements will transfer from the Company to GLPI.

(6) VGT route operations.

(7) Includes 284 rooms operated by a third-party and located on land leased by us and subleased to such third-party.

(8) The riverboat is owned by us and not subject to the PENN Master Lease.

(9) Pursuant to a joint venture with NASCAR.

(10) Pursuant to a joint venture with Greenwood Limited Jersey, Inc., a subsidiary of Greenwood Racing, Inc.

(11) Pursuant to a management contract with Retama Development Corporation.

(12) In the fourth quarter of 2020, we sold the land underlying the Sanford-Orlando Kennel Club racetrack which discontinued our live racing operations. We continue to operate our simulcast racing business.

(13) In March 2020 Valley Race Park closed due to COVID-19 and remains non-operational.

Northeast Segment

Ameristar East Chicago is located less than 25 miles from downtown Chicago, Illinois and offers guests a gaming and entertainment experience in the Chicago metropolitan area. In addition to gaming amenities, the property features a full-service hotel, a Barstool Sportsbook for live sports betting, a fitness center, dining venues, and a lounge.

Hollywood Casino Bangor is located less than five miles from the Bangor airport in Maine. The property features slot machines, table games, a hotel with 5,100 square feet of meeting and multipurpose space, and dining and entertainment options. Bangor Raceway, which is adjacent to the property, is located at historic Bass Park and includes a one-half mile standardbred racetrack and a 12,000 square foot grandstand capable of seating 3,500 patrons.

Hollywood Casino at Charles Town Races is located within approximately an hour drive of the Baltimore, Maryland and Washington, D.C. markets. In addition to a hotel, slot machines, table games and poker tables, the property includes a Barstool Sportsbook for live sports betting, as well as a variety of dining options. The complex also features live thoroughbred racing at a 3/4-mile all-weather lighted thoroughbred racetrack with a 3,000-seat grandstand and simulcast wagering.

Hollywood Casino Columbus is a Hollywood-themed casino located in Columbus, Ohio. It features slot machines, table games and poker tables as well as multiple food and beverage outlets, and an entertainment lounge. On January 1, 2023, Hollywood Casino Columbus opened a Barstool Sportsbook for live sports betting.

Hollywood Casino at Greektown is located in the Greektown district of Detroit, Michigan, and is one of four casino hotels in the Detroit-Windsor area. In addition to slot machines, table games, poker tables and a Barstool Sportsbook for live sports betting, the property features a 30-story hotel, several food and beverage options from casual to fine dining, as well as 10,000 square feet of convention and banquet space.

Hollywood Casino Lawrenceburg is a Hollywood-themed casino riverboat located along the Ohio River in Lawrenceburg, Indiana, approximately 15 miles west of Cincinnati, Ohio. In addition to slot machines, table games, and poker tables, the riverboat features a Barstool Sportsbook for live sports betting, as well as a variety of dining options. The hotel and event center, located within one mile from the casino, includes 18,000 square feet of multipurpose space and 19,500 square feet of ballroom and meeting space.

Hollywood Casino Morgantown is located less than an hour drive west of Philadelphia, Pennsylvania. The property features an outdoor gaming and entertainment area, a Barstool Sportsbook for live sports betting, slot machines, table games, and multiple food and beverage outlets.

Hollywood Casino at PENN National Race Course is located 15 miles northeast of Harrisburg, Pennsylvania. This gaming facility also includes a variety of dining and entertainment options, as well as a Barstool Sportsbook for live sports betting and a viewing area for live racing. The property includes a one-mile all-weather lighted thoroughbred racetrack and a 7/8-mile turf track.

Hollywood Casino Perryville is a Hollywood-themed casino located near the Susquehanna River in Perryville, Maryland, approximately 45 miles east of Baltimore, Maryland. It features slot machines, table games and poker tables, and a Barstool Sportsbook for live sports betting, as well as a variety of dining options.

Hollywood Casino at The Meadows is located in Washington, Pennsylvania, approximately 25 miles south of Pittsburgh, Pennsylvania. In addition to gaming amenities, the property offers a Barstool Sportsbook for live sports betting, several dining options, as well as an event and banquet center, a simulcast betting parlor, a 5/8th mile harness racetrack and a bowling alley.

Hollywood Casino Toledo is a Hollywood-themed casino, located on the bank of the Maumee River in Toledo, Ohio. The property features slot machines, table games and poker tables, as well as multiple food and beverage outlets and an entertainment lounge. On January 1, 2023, Hollywood Casino Toledo opened a Barstool Sportsbook for live sports betting.

Hollywood Casino York is a casino located within the York Galleria Mall, approximately an hour drive north of Baltimore, Maryland. It features slot machines, table games, and a Barstool Sportsbook for live sports betting, as well as casual dining options.

Hollywood Gaming at Dayton Raceway is a Hollywood-themed casino and raceway located in Dayton, Ohio. It features video lottery terminals, a 5/8-mile standardbred racetrack, as well as various restaurants and bars, amongst other amenities. On January 1, 2023, Hollywood Gaming at Dayton Raceway opened a Barstool Sportsbook for live sports betting.

Hollywood Gaming at Mahoning Valley Race Course is a Hollywood-themed casino and raceway located in Youngstown, Ohio featuring video lottery terminals and a one-mile thoroughbred racetrack. The property also includes various restaurants, and bars, amongst other amenities. On January 1, 2023, Hollywood Gaming at Mahoning Valley opened a Barstool Sportsbook for live sports betting.

Marquee by PENN is our licensed VGT route operator with a network of 28 truck stop establishments in Pennsylvania.

Plainridge Park Casino is located 20 miles southwest of the Boston beltway just off interstate 95 in Plainville, Massachusetts. In addition to gaming offerings, Plainridge Park Casino features various restaurants and bars, along with a 5/8-mile live harness racing facility with a two-story clubhouse for simulcast operations, special events, and live racing viewing. On January 31, 2023, Plainridge Park Casino opened a Barstool Sportsbook for live sports betting.

South Segment

1st Jackpot Casino is the closest Tunica-area casino to downtown Memphis, Tennessee. It features slot machines, table games, a café, a sportsbook for live betting and a live entertainment venue.

Ameristar Vicksburg, which is the largest dockside casino in central Mississippi, is located along the Mississippi River approximately 45 miles west of Mississippi's largest city, Jackson. In addition to gaming amenities, the property features a hotel, multiple dining and bar facilities, 1,800 square feet of meeting and event space, a sportsbook for live sports betting and an RV park.

Boomtown Biloxi, located in Biloxi Mississippi, offers slot machines, table games, poker tables and a sportsbook for live sports betting, as well as two distinct dining options. The property also includes a recreational vehicle park, and a 3,600 square foot event center and board room.

Boomtown Bossier City features a hotel adjoining a dockside riverboat casino located less than one mile from the Louisiana Boardwalk. The property offers a sportsbook for live sports betting, a variety of dining options from a high-end steakhouse to casual dining restaurants, and 1,500 square feet of meeting and conference space.

Boomtown New Orleans is located in the West Bank area across the Mississippi River, approximately 15 minutes from the French Quarter of New Orleans, Louisiana. In addition to gaming amenities and a sportsbook for live sports betting, the property also features a five-story hotel, several restaurants, and over 14,000 square feet of meeting and conference space.

Hollywood Casino Gulf Coast is located in Bay St. Louis, Mississippi and features slot machines, table games, poker tables and a sportsbook for live sports betting. The property also features a golf course, various dining options, an RV park and a marina amongst other amenities. The waterfront hotel includes a 10,000 square foot ballroom, and six separate meeting rooms offering more than 13,000 square feet of meeting space.

Hollywood Casino Tunica is a Hollywood-themed casino, located less than 10 miles from Tunica County River Park. In addition to gaming offerings, it features a sportsbook for live sports betting, a hotel, a 123-space recreational vehicle park, various dining and bar options, and banquet and meeting facilities.

L'Auberge Baton Rouge is located approximately ten miles southeast of downtown Baton Rouge, Louisiana. The property features a 12-story hotel, slots, table games, poker, a Barstool Sportsbook for live sports betting, a variety of dining choices, and 13,000 square feet of meeting and event space.

L'Auberge Lake Charles offers one of the closest full-scale casino hotel facilities to Houston, Texas, as well as to the Austin, Texas and San Antonio, Texas metropolitan areas. The location is approximately 140 miles from Houston and approximately 300 miles and 335 miles from Austin and San Antonio, respectively. In addition to gaming amenities and a Barstool Sportsbook for live sports betting, the property features several dining outlets, a golf course, a full-service spa, and more than 26,000 square feet of meeting and event space.

Margaritaville Resort Casino is one of the premier gaming, lodging, dining and entertainment experiences in Northern Louisiana. The property provides an island-style theme and includes gaming amenities, a sportsbook for live sports betting, a 15,000 square foot 1,000-seat theater, and 9,500 square feet of meeting space.

West Segment

Ameristar Black Hawk is located in the center of the Black Hawk gaming district, approximately 40 miles west of Denver, Colorado. The resort features slot machines, table games and a Barstool Sportsbook for live sports betting. In addition to gaming amenities, the resort features a hotel, a full-service day spa, several dining outlets, a live entertainment bar, and 15,000 square feet of meeting and event space.

Cactus Petes and Horseshu (collectively, "the Jackpot Properties") are located just south of the Idaho border in Jackpot, Nevada. The Jackpot Properties collectively feature two hotels, several dining options, a 4,000 seat amphitheater, a showroom, a live entertainment lounge, a sportsbook for live sportsbetting, and meeting and event facilities.

M Resort Spa Casino, located approximately ten miles from the Las Vegas strip in Henderson, Nevada, is situated at the southeast corner of Las Vegas Boulevard and St. Rose Parkway. The resort features slot machines, table games and a sportsbook for live sports betting, as well as a hotel and a variety of dining and bar options. The property also features more than 60,000 square feet of meeting and conference space, a spa and fitness center, and a 100,000 square foot event center.

Zia Park Casino is located in Hobbs, New Mexico, and features slot machines, a hotel, restaurants, a one-mile quarter horse/thoroughbred racetrack with live racing from September to December, and a year-round simulcast parlor.

Midwest Segment

Ameristar Council Bluffs is located across the Missouri River from Omaha, Nebraska and includes the largest riverboat in Iowa. In addition to gaming amenities, the property also features a hotel, a fitness center, several dining facilities, a sports bar featuring a sportsbook with live sports betting, and 5,000 square feet of convention and meeting space.

Argosy Casino Alton is located on the Mississippi River in Alton, Illinois, approximately 20 miles northeast of downtown St. Louis, Missouri. Argosy Casino Alton is a three-deck riverboat featuring slot machines, table games and a sportsbook for live betting. Argosy Casino Alton includes an entertainment pavilion and features a deli, a Sportsbook viewing lounge and a 475-seat main showroom.

Argosy Casino Riverside is located on the Missouri River, approximately five miles from downtown Kansas City. In addition to gaming amenities, this Mediterranean-themed property features a nine-story hotel, a spa, an entertainment facility featuring various food and beverage areas, a VIP lounge and a sports/entertainment lounge and 19,000 square feet of banquet/conference facilities.

Hollywood Casino Aurora is located in Aurora, Illinois, the second largest city in Illinois, approximately 35 miles west of Chicago. This single-level dockside casino offers guests gaming amenities, including a poker room and a sportsbook for live sports betting and features multiple dining and bar options.

Hollywood Casino Joliet is located on the Des Plaines River in Joliet, Illinois, approximately 40 miles southwest of Chicago. The complex includes a barge-based casino which provides guests with two levels of gaming experience, as well as a land-based pavilion with several dining and entertainment options. In addition, the property includes a sportsbook for live sports betting, a hotel, 4,600 square feet of meeting space, and an 80-space RV park.

Hollywood Casino at Kansas Speedway, our 50% joint venture with NASCAR, is located in Kansas City, Kansas. It features slot machines, table games, poker tables and a Barstool Sportsbook for live sports betting, and offers a variety of dining and entertainment facilities and a meeting room.

Hollywood Casino St. Louis is located adjacent to the Missouri River directly off I-70 and approximately 22 miles northwest of downtown St. Louis, Missouri. The facility features slot machines, table games, poker tables, a hotel, and a variety of dining and entertainment venues.

Prairie State Gaming is our licensed VGT route operator in Illinois across a network of over 420 bar and/or retail gaming establishments in seven distinct geographic areas throughout Illinois.

River City Casino is located in the St. Louis, Missouri metropolitan area, just south of the confluence of the Mississippi River and the River des Peres in the south St. Louis community of Lemay, Missouri. River City Casino features a hotel, multiple dining outlets, an entertainment lounge, and over 10,000 square feet of conference space.

Interactive Operations

PENN Interactive operates our online sports betting and casino app called Barstool Sportsbook and Casino, which, as of December 31, 2022, is live in 14 states, four of which also offer iCasino. In addition, PENN Interactive operates retail sportsbooks across the Company's portfolio, including, as of December 31, 2022, 25 internally-branded or Barstool-branded retail sportsbooks located at the Company's properties in Colorado, Illinois, Indiana, Iowa, Kansas, Louisiana, Maryland, Michigan, Mississippi, Pennsylvania and West Virginia. As of the issuance date of this report, PENN Interactive operates online sports betting in 15 states and 30 internally-branded or Barstool-branded retail sportsbooks within the Company's portfolio upon the addition of Ohio and Massachusetts in January 2023. Additionally, as of January 2023, PENN Interactive provides sportsbook management services outside of our Company's portfolio.

Further, PENN Interactive has entered into multi-year agreements with leading sports betting operators for online sports betting and iCasino market access across our portfolio of properties. Pursuant to these agreements, as of December 31, 2022,

such sports betting and iCasino operators have commenced operations in Indiana, Louisiana, Pennsylvania, and West Virginia. Ohio was added in January 2023. PENN Interactive also creates interactive casino content through its in-house content development arm, PENN Game Studios, and operates multiple additional iGaming platforms across its portfolio.

theScore. On October 19, 2021, we completed the acquisition of Score Media and Gaming, Inc. ("theScore") for a purchase price of approximately $2.1 billion. theScore's media app delivers users highly-personalized live scores, news, stats, and betting information from their favorite teams, leagues, and players. theScore Bet Sportsbook and Casino, theScore's sports betting app, delivers an immersive and holistic mobile sports betting and iCasino gaming experience, leveraging theScore's proprietary player account management and risk and trading platforms, and is currently available to place wagers on its online sportsbook and iCasino in Ontario, Canada. The acquisition provides us with the technology, resources and audience reach to accelerate our media and sports betting strategy across North America. For additional information on our acquisitions, see Note 6, "Acquisitions and Dispositions."

Barstool. PENN Entertainment, Inc., through a wholly-owned subsidiary, held a 36% equity interest in Barstool. Under this strategic relationship, Barstool exclusively promotes the Company's iCasinos and sports betting products, including the Barstool Sportsbook and Casino mobile app, as well as our retail gaming and racing properties to its national audience, and granted us the sole right to utilize the Barstool brand for all of our online and retail sports betting and iCasino products. Subsequent to year end, on February 17, 2023, we completed the acquisition of all of the outstanding shares of common stock of Barstool not already owned by us for approximately $388 million, excluding transaction expenses, repayment of Barstool indebtedness and other purchase price adjustments (the "Barstool Acquisition"). We issued 2,442,809 shares of our common equity to certain former stockholders of Barstool for the Barstool Acquisition (see Note 15, "Stockholders' Equity," for further information) and utilized approximately $315 million of cash to complete the Barstool Acquisition, inclusive of transaction expenses and repayment of Barstool indebtedness. As of the closing of the Barstool Acquisition, Barstool became an indirect wholly owned subsidiary of PENN. See Note 7, "Investments in and Advances to Unconsolidated Affiliates" for additional detail on our acquisition of the remaining Barstool shares.

Other

Freehold Raceway. Through our joint venture in Pennwood Racing, Inc. ("Pennwood"), we own 50% of Freehold Raceway. The property features a half-mile standardbred racetrack and a 118,000 square foot grandstand. In addition, through our Pennwood joint venture, we own 50% of a leased off-track wagering ("OTW") facility in Toms River, New Jersey, and operate another OTW facility, which we constructed, in Gloucester Township, New Jersey.

Retama Park Racetrack. We have a management contract with Retama Development Corporation, a local government corporation of the City of Selma, Texas, to manage the day-to-day operations of Retama Park Racetrack. In addition, we own 1.0% of the equity of Retama Nominal Holder, LLC, which holds a nominal interest in the racing license used to operate Retama Park Racetrack. Additionally, we own a 75.5% interest in Pinnacle Retama Partners, LLC, which owns the contingent gaming rights that may arise if gaming under the existing racing license becomes legal in Texas in the future.

Sam Houston Race Park and Valley Race Park. Sam Houston Race Park, which is located 15 miles northwest from downtown Houston, Texas along Beltway 8, hosts thoroughbred and quarter horse racing and offers daily simulcast operations, as well as hosts various special events, private parties and meetings throughout the year. Valley Race Park is a 91,000 square foot property that previously conducted greyhound racing and simulcasting. Valley Race Park has not been open since March 2020. We acquired the remaining 50% of these properties, as well as a license for a racetrack in Manor, Texas, just outside of Austin, on August 1, 2021.

Sanford-Orlando Kennel Club. The former greyhound racetrack and related property was sold to a land developer during the fourth quarter of 2020. The remaining facility and parking lot area is owned by the Company and operates a restaurant and offers year-round simulcast operations.

Triple Net Leases

The majority of the real estate assets (i.e., land and buildings) used in our operations are subject to triple net master leases; the most significant of which are the PENN Master Lease and the Pinnacle Master Lease (as such terms are defined below and collectively referred to as the "Master Leases"), with Gaming and Leisure Properties, Inc. (Nasdaq: GLPI) ("GLPI"), a real estate investment trust ("REIT"). As of December 31, 2022, in addition to the Master Leases, five individual gaming facilities used in our operations are subject to individual triple net leases. Under triple net leases, in addition to lease payments for the real estate assets, the Company is required to pay the following, among other things: (i) all facility maintenance; (ii) all insurance required in connection with the leased properties and the business conducted on the leased properties; (iii) taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor); (iv) all tenant capital

improvements; and (v) all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties.

The following summaries of the Master Leases are qualified in their entirety by reference to either the PENN Master Lease or the Pinnacle Master Lease, as applicable, all of which are incorporated by reference in the exhibits to this Annual Report on Form 10-K.

PENN Master Lease

Pursuant to a triple net master lease with GLPI (the "PENN Master Lease"), which became effective November 1, 2013, the Company leases real estate assets associated with 19 of the gaming facilities used in its operations. The PENN Master Lease has an initial term of 15 years with four subsequent, five-year renewal periods on the same terms and conditions, exercisable at the Company's option. If we elect to renew the term of the PENN Master Lease, the renewal will be effective as to all of the leased real estate assets then subject to the PENN Master Lease, subject to limitations on the final renewal term with respect to certain of the barge-based facilities.

On October 9, 2022, the Company entered into a binding term sheet (the "Term Sheet") with GLPI. Pursuant to the Term Sheet, the Company and GLPI agreed to amend and restate the PENN Master Lease (the "Amended and Restated PENN Master Lease") to (i) remove the land and buildings for Hollywood Casino Aurora ("Aurora"), Hollywood Casino Joliet ("Joliet"), Hollywood Casino Columbus ("Columbus"), Hollywood Casino Toledo ("Toledo") and the M Resort Spa Casino ("M Resort"); (ii) make associated adjustments to the rent after which the initial rent in the Amended and Restated PENN Master Lease will be $284.1 million, consisting of $208.2 million of Building Base Rent, $43.0 million of Land Base Rent and $32.9 million of Percentage Rent (as such terms are defined in the Amended and Restated PENN Master Lease); and (iii) terminate the existing leases associated with Hollywood Casino at The Meadows ("Meadows") and Hollywood Casino Perryville ("Perryville"). This Amended and Restated PENN Master Lease was executed on February 21, 2023 with an effective date of January 1, 2023, subsequent to year end. See Note 12, "Leases", in the notes to our Consolidated Financial Statements for further discussion.

2023 Master Lease

As part of the Term Sheet and concurrent with the execution of the Amended and Restated PENN Master Lease described above, the Company and GLPI agreed to enter into a new master lease (the "2023 Master Lease"), effective January 1, 2023, specific to the properties associated with Aurora, Joliet, Columbus, Toledo, M Resort, Meadows, and Perryville, and a master development agreement (the "Master Development Agreement"). The 2023 Master Lease has an initial term through October 31, 2033 with three subsequent five-year renewal periods on the same terms and conditions, exercisable at the Company's option. The 2023 Master Lease will be cross-defaulted, cross-collateralized, and coterminous with the Amended and Restated PENN Master Lease and subject to a parent guarantee.

Pinnacle Master Lease

In connection with the acquisition of Pinnacle Entertainment, Inc. ("Pinnacle") in 2018, the Company assumed a triple net master lease with GLPI ("Pinnacle Master Lease"), originally effective April 28, 2016. Pursuant to the Pinnacle Master Lease, the Company leases real estate assets associated with 12 of the gaming facilities used in its operations from GLPI. Upon assumption of the Pinnacle Master Lease, as amended, there were 7.5 years remaining of the initial ten-year term, with five subsequent, five-year renewal periods exercisable at the Company's option. Furthermore, in conjunction with the acquisition of Pinnacle, GLPI acquired the real estate assets associated with Plainridge Park Casino and leased back such assets to the Company pursuant to an amendment to the Pinnacle Master Lease.

Morgantown Lease

On October 1, 2020, we sold the land underlying our Morgantown development project to GLPI in exchange for rent credits of $30.0 million. Contemporaneous with the sale, the Company entered into a triple net lease with a subsidiary of GLPI for the land underlying Morgantown ("Morgantown Lease"). The initial term of the Morgantown Lease is twenty years with six subsequent, five-year renewal periods, exercisable at the Company's option.

Perryville Lease

In conjunction with the acquisition of the operations of Perryville on July 1, 2021, the Company entered into a triple net lease with GLPI for the real estate assets associated with the property ("Perryville Lease"). The initial term of the Perryville Lease is twenty years with three subsequent, five-year renewal periods, exercisable at the Company's option. As part of the Term Sheet and in conjunction with entering into the 2023 Master Lease as described above, the Perryville Lease was terminated effective January 1, 2023.

Meadows Lease

In connection with the acquisition of Pinnacle, the Company assumed a triple net lease of the real estate assets used in the operations of Meadows (the "Meadows Lease"), originally effective September 9, 2016, with GLPI as the landlord. Upon assumption of the Meadows Lease, there were eight years remaining of the initial ten-year term, with three subsequent, five-year renewal options followed by one four-year renewal option on the same terms and conditions, exercisable at the Company's option. As part of the Term Sheet and in conjunction with entering into the 2023 Master Lease as described above, the Meadows Lease was terminated effective January 1, 2023.

Margaritaville Lease and Greektown Lease

In connection with the acquisition of the operations of Margaritaville on January 1, 2019, the Company entered into a triple net lease with VICI Properties, Inc. (NYSE: VICI) ("VICI") for the real estate assets used in the operations of Margaritaville Resort Casino ("Margaritaville"), (the "Margaritaville Lease"). In connection with the acquisition of the membership interests in Greektown Holdings, LLC on May 23, 2019, the Company entered into a triple net lease with VICI for the real estate assets used in the operations of Hollywood Casino at Greektown ("Greektown Lease"). Both the Margaritaville Lease and the Greektown Lease have initial terms of 15 years, with four subsequent five-year renewal options on the same terms and conditions, exercisable at the Company's option.

Tropicana Lease

On April 16, 2020, we sold the real estate assets associated with the operations of the Tropicana Las Vegas Hotel and Casino, Inc. ("Tropicana") to a subsidiary of GLPI in exchange for rent credits of $307.5 million. Contemporaneous with the sale, the Company entered into a leaseback of the real estate assets for nominal cash rent. We were required to continue to operate the Tropicana for two years (subject to three one-year extensions at GLPI's option) or until the real estate assets and the operations of the Tropicana were sold by GLPI. On January 11, 2022, PENN entered into a definitive purchase agreement to sell its outstanding equity interest in Tropicana, which has the gaming license and operates the Tropicana, to Bally's Corporation. The transaction closed on September 26, 2022 and the lease terminated.

Trademarks

We own a number of trademarks and service marks registered with the U.S. Patent and Trademark Office ("USPTO"), including but not limited to, "Ameristar®," "Argosy®," "Boomtown®," "Greektown®," "Hollywood Casino®," "Hollywood Gaming®," "L'Auberge®," "M Resort®," and "MyChoice®" among other trademarks. Upon completion of the acquisition of theScore in October 2021, we acquired theScore's registered trademarks and service marks, including but not limited to, "theScore®," "theScore Bet®," and "theScore esports®" among other trademarks. We believe that our rights to our trademarks are well-established and have competitive value to our properties and businesses. We also have a number of trademark applications pending with the USPTO.

Among others, we have a licensing agreement with a third-party to use the "Margaritaville®" trademark in connection with the operations of Margaritaville in Bossier City, Louisiana. As of February 2020, we have the sole right to utilize the Barstool Sports® brand for all our online and retail sports betting and iCasino products. As a result of the Barstool Acquisition, we own the trademark for the Barstool Sports® brand.

Competition

The gaming, media and entertainment industries are characterized by an increasingly high degree of competition among a large number of participants. In a broad sense, both our retail and interactive gaming operations face competition from all manner of leisure and entertainment activities, including shopping, athletic events, television and movies, concerts and travel. Legalized gaming is currently permitted in various forms throughout countries we operate in (U.S. and Canada.) Other jurisdictions, including states adjacent to those in which we currently have properties, have recently legalized, implemented, and/or expanded gaming. Competition is discussed in further detail within "Item 1A. Risk Factors," of this Annual Report on Form 10-K and a discussion of the impact of competition on our results of operations, and cash flows is included within "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," of this Annual Report on Form 10-K.

Government Regulation and Gaming Issues

The gaming and racing industries are highly regulated, and we must maintain our licenses and pay gaming taxes to continue our operations. Our online gaming operations and each of our properties are subject to extensive regulation under the laws, rules and regulations of the jurisdictions where we operate. These laws, rules and regulations generally concern the

responsibility, financial stability and character of the owners, managers, and persons with financial interests in the gaming operations. Violations of laws or regulations in one jurisdiction could result in disciplinary action in other jurisdictions. For a more detailed description of the statutes and regulations to which we are subject, see Exhibit 99.1, "Description of Government Regulations," to this Annual Report on Form 10-K, which is incorporated herein by reference.

Our businesses are subject to various international, federal, state, provincial and local laws and regulations in addition to gaming regulations. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, environmental matters, employees, health care, currency transactions, taxation, zoning and building codes, data privacy, anti-money laundering, and marketing and advertising. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Material changes, new laws or regulations, or material differences in interpretations by courts or governmental authorities could adversely affect our financial condition, results of operations and cash flows.

Employees and Human Capital Resources

The Company's key human capital management objectives are to attract, retain and develop diverse and high-quality talent. Our commitment to an equal-opportunity and respectful workplace characterized by both diversity and inclusion, in which everyone feels valued, respected and supported, is a factor driving our success. Our talent and development programs are designed to develop, support and maintain talent succession pipelines in preparation for key roles and leadership positions; recognize, reward and support our team members through competitive pay and wellness programs; enhance the Company's philanthropic culture by encouraging participation and championing programs in the communities in which we work and live; and invest in technology and resources to provide our team members with the most efficient tools to perform their jobs.

Some of the key programs and initiatives developed to attract, develop, engage and retain diverse and high-quality talent include:

- Executive and High Potential Talent Review Process, expanded to include all salaried team members
- Learning Central, a catalogue of self-paced development opportunities covering a wide range of topics
- Diversity and Veteran Recruitment Initiatives
- AwardCo Recognition Program and Property Engagement Committees
- Emerging Leaders Program

Through the dedicated efforts of our Corporate and property leadership teams, our charitable Foundation and the PENN Diversity Committee, we launched or expanded a number of major new initiatives in 2022 that will help to improve the lives of our team members, their families and those in need in our communities.

Highlights from last year's efforts include the expansion of our $4 million STEM Scholarship Fund and internship program which now has six Historically Black Colleges and Universities ("HBCU"s) in the program. Also in 2022, we launched two levels of diversity training, company wide.

- Level One includes three e-courses assigned to all team members with 100% completion
- Level Two is in-person training for all leaders of people. A train-the-trainer model was deployed resulting in approximately 150 certified trainers. Several properties began training their leaders in 2022 and will complete in 2023.
- Survey results are strong. For Level One, 86% replied favorably to applying new knowledge and 95% replied favorably for Level Two.

In addition, we will be piloting a structured mentoring program in 2023 for our Emerging Leader graduates, new leaders to PENN, and executives. We also kicked off our annual $1 Million Diversity Scholarship Program for the children of team members and are now reviewing applications for the 2023-2024 school year.

As of December 31, 2022, we had approximately 21,875 full-time and part-time employees. We had 35 collective bargaining agreements covering approximately 3,873 active employees. Eight collective bargaining agreements are scheduled to expire in 2023. Although we believe that we have good employee relations, there can be no assurance that we will be able to extend or enter into replacement agreements. If we are able to extend or enter into replacement agreements, there can be no assurance as to whether the terms will be on comparable terms to the existing agreements.

ITEM 1A. RISK FACTORS

You should be aware that the occurrence of any of the events described in this section and elsewhere in this report or in any other of our filings with the SEC could have a material adverse effect on our business, financial position, results of operations and cash flows. In evaluating us, you should consider carefully, among other things, the risks described below.

Summary of Risk Factors

The following is a summary of the principal risks that could adversely affect our business, operations and financial results.

Risks Related to Our Business and Industry

- Our business is sensitive to reductions in discretionary consumer spending as a result of downturns in the economy and other factors outside of our control.
- Intense competition exists in the gaming and entertainment industries, and we expect competition to continue to intensify.
- Our results of operations may fluctuate due to seasonality and other factors and, therefore, our periodic operating results will not be guarantees of future performance.
- Negative events or negative media coverage including relating to, or a declining popularity of, sports betting, the underlying sports, teams or athletes and related talent, and/or online gaming may adversely impact our reputation, which could have an adverse impact on our business.
- Our projections are subject to significant risks, assumptions, estimates and uncertainties, including assumptions regarding future legislation and changes in regulations, both inside and outside of the United States. As a result, our projected revenues and profitability may differ materially from our expectations.
- Consolidation among gaming equipment manufacturers could impose additional costs on us.
- Our business and operations have been, and may in the future, be adversely affected by epidemics, pandemics, outbreaks of disease, and other adverse public health developments, including COVID-19.

Risks Related to Our Operations

- We have certain properties that generate a significant percentage of our revenues and our ability to meet our operating and debt service requirements is dependent, in part, upon the continued success of these properties.
- We are required to utilize a significant portion of our cash flow from operations to make our rent payments under our Triple Net Leases, which could adversely affect our ability to fund our operations and growth and limit our ability to react to competitive and economic changes.
- Most of our facilities are leased and could experience risks associated with leased property.
- Our operations could be disrupted if management agreements and/or leases with third parties and local governments are not renewed.
- There can be no assurance that we will be able to compete effectively or generate sufficient returns on our recently expanded sports betting and online gaming operations, including our acquisition of Barstool and theScore.
- Our operations and their success are largely dependent on the skill and experience of management and key personnel.
- Our business could suffer if we cannot attract and retain talented team members.
- Collective bargaining activity and strikes could disrupt our operations, increase our labor costs, and interfere with the ability of our management to focus on executing our business strategies.
- If we fail to detect fraud or theft, including by our users and employees, our reputation may suffer which could harm our brand and reputation and negatively impact our business, financial condition and results of operations and can subject us to investigations and litigation.
- We rely on, among other things, copyrights, trademarks, trade secrets, confidentiality procedures, and contractual provisions to protect our intellectual property rights and we may be unable to protect or may not be successful in protecting our intellectual property rights.
- Our commercial success depends upon us avoiding the infringement of intellectual property rights owned by others and any such infringements, including those that are inadvertent, may have a material adverse effect on our business.
- Our technology contains third-party open source software components, and failure to comply with the terms of the underlying open source software licenses could restrict our ability to provide our offerings.
- We may face disruption and other difficulties in integrating and managing properties or other initiatives we have recently acquired, may develop, or may acquire in the future.
- We lease facilities that are located in areas that experience extreme weather conditions.
- We rely on third-party payment processors to process deposits and withdrawals made by our online sports betting and iCasino users, and if we cannot manage our relationships with such third parties and other payment-related risks, our business, financial condition and results of operations could be adversely affected.

- If our third-party mobile application distribution platforms or service providers do not perform adequately or terminate their relationships with us, our costs may increase and our business, financial condition, and results of operations could be adversely affected.
- If internet and other technology-based service providers experience service interruptions, our ability to conduct our business may be impaired and our business, financial condition and results of operations could be adversely affected.
- We rely on third party cloud infrastructure services to deliver our offerings to users. Any disruption of, or interference with, our use of these services could adversely affect our business, financial condition, results of operations, and prospects.
- We rely on strategic relationships with casinos, tribes and horse tracks in order to be able to offer our sports betting and online gaming products in certain jurisdictions. If we cannot establish and manage such relationships with such partners, our business, financial condition and results of operations could be adversely affected.
- We rely on other third-party sports data providers for real-time and accurate data for sporting events, and if such third parties do not perform adequately or terminate their relationships with us, our costs may increase and our business, financial condition and results of operations could be adversely affected.
- Our growth will depend, in part, on the success of our strategic relationships with third parties. Overreliance on certain third parties, or our inability to extend existing relationships or agree to new relationships may cause unanticipated costs for us and impact our financial performance in the future.
- Our information technology and other systems are subject to cyber security risk, including misappropriation of employee information, customer information or other breaches of information security, particularly as our Interactive segment grows.
- Our growth prospects may suffer if we are unable to develop successful offerings or if we fail to pursue additional offerings. In addition, if we fail to make the right investment decisions in our offerings, we may not attract and retain key users and our revenue and results of operations may decline.
- The growth of our Interactive segment will depend on our ability to attract and retain users.
- Participation in the sports betting industry exposes us to trading, liability management and pricing risk. We may experience lower than expected profitability and potentially significant losses as a result of a failure to determine accurately the odds in relation to any particular event and/or any failure of our sports risk management processes and controls.
- We follow the sports betting industry practice of restricting and managing betting limits at the individual customer level based on individual customer profiles and risk level to the enterprise; however, there is no guarantee that gaming regulatory authorities will allow operators such as us to place limits at the individual customer level.
- We extend credit to a portion of our customers who wager at our retail properties, and we may not be able to collect gaming receivables from our credit customers.
- The success, including win or hold rates, of existing or future retail and online sports betting and online gaming products depends on a variety of factors and is not completely controlled by us.
- We face a number of challenges prior to opening new or upgraded gaming properties or launching new online gaming or sports betting channels, which may lead to increased costs and delays in anticipated revenues.

Risks Related to Our Capital Structure

- Our indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations under our outstanding indebtedness.
- The lack of availability and cost of financing could have an adverse effect on our business.
- To service our indebtedness, we will require a significant amount of cash, which depends on many factors beyond our control.

Legal and Regulatory Risk Factors

- We are or may become involved in legal proceedings that, if adversely adjudicated or settled, could impact our financial condition and results of operations.
- We face extensive regulation from gaming regulatory authorities, which could have a material adverse effect on us.
- We are subject to certain federal, state, provincial and other regulations, and if we fail to comply with such regulations, it could have a material adverse effect on our financial condition, results of operations, and cash flow.
- State and local smoking restrictions have and may continue to negatively affect our business.
- Changes to consumer privacy laws both inside and outside of the United States could adversely affect our ability to market our products effectively and may require us to change our business practices or expend significant amounts on compliance with such laws.
- We are subject to environmental laws and potential exposure to environmental liabilities which could have an adverse effect on us.
- Material increases to our taxes or the adoption of new taxes or the authorization of new or increased forms of gaming could have a material adverse effect on our future financial results.

The summary risk factors described above should be read together with the text of the full risk factors below and in the other information set forth in this Annual Report, including our consolidated financial statements and the related notes, as well as in other documents that we file with the SEC. If any such risks and uncertainties actually occur, our business, prospects, financial condition and results of operations could be materially and adversely affected. The risks summarized above or described in full below are not the only risks that we face. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial may also materially adversely affect our business, prospects, financial condition and results of operations.

Risks Related to Our Business and Industry

Our business is sensitive to reductions in discretionary consumer spending as a result of downturns in the economy and other factors outside of our control.

Our business is particularly sensitive to downturns in the economy and the associated impact on discretionary spending on leisure activities. As a regional operator, our in-person customers are predominately local, so we compete for more day-to-day discretionary spending as compared with destination spending. Decreases in discretionary consumer spending or consumer preferences brought about by factors such as perceived or actual general economic conditions, effects of declines in consumer confidence in the economy, any future employment and credit crisis, the impact of high and prolonged inflation, particularly with respect to housing, energy and food costs, the increased cost of travel, decreased disposable consumer income and wealth, fears of war and future acts of terrorism, or widespread illnesses or epidemics, including COVID-19, can have a material adverse effect on discretionary spending and other areas of economic behavior that directly impact the gaming and entertainment industries in general and could further reduce customer demand for the products and amenities that we offer, which may negatively impact our revenues and operating cash flow.

Intense competition exists in the gaming, media, and entertainment industries, and we expect competition to continue to intensify.

The gaming, media and entertainment industries are characterized by an increasingly high degree of competition among a large number of participants.

In a broad sense, both our retail and interactive gaming operations face competition from all manner of leisure and entertainment activities, including shopping, athletic events, television and movies, concerts and travel. It is possible that these secondary competitors could reduce the number of visitors to our facilities or the amount they are willing to wager with us, which could have a material adverse effect on our ability to generate revenue or maintain our profitability and cash flows.

Legalized gaming is currently permitted in various forms throughout countries we operate in (U.S. and Canada.) Other jurisdictions, including states adjacent to those in which we currently have properties, have recently legalized, implemented, and/or expanded gaming. Competition from gaming options such as state and province-sponsored internet lotteries, sweepstakes, charitable gaming, video gaming terminals at bars, restaurants, taverns and truck stops, illegal slot machines and skill games, fantasy sports and third-party internet or mobile-based gaming platforms, including both legal and illegal online gaming and sports betting operations, could divert customers from our properties and our online gaming and sports betting offerings and thus adversely affect our financial condition, results of operations, and cash flows.

In addition, our properties compete with numerous casinos and hotel casinos of varying quality and size in market areas where they are located, including on various lands taken into trust for the benefit of certain Native American tribes. In most markets, we compete directly with other casino facilities operating in the immediate and surrounding market areas. In some markets, we face competition from nearby markets in addition to direct competition within our market areas. We and our competitors have invested in expanding existing facilities, developing new facilities, and acquiring established facilities in existing markets. This expansion of existing casino entertainment properties, the increase in the number of properties and aggressive marketing strategies by many of our competitors have increased competition in many markets in which we compete, and this intense competition can be expected to continue. As competing properties and new markets open, our results of operations may be negatively impacted.

Increased competition may require us to make substantial capital expenditures to maintain and enhance the competitive positions of our properties, including making expenditures to increase the attractiveness and add to the appeal of our facilities, including increasing the manner and frequency in which we refresh, refurbish or replace fixtures and equipment at our properties. After satisfying our obligations under our outstanding indebtedness, there can be no assurance that we will have sufficient funds to undertake these expenditures or that we will be able to obtain sufficient financing to fund such expenditures. If we are unable to make such expenditures, our competitive position could be materially adversely affected.

Similarly, there is intense competition among online gaming and sports betting providers. A number of established, well-financed companies producing sports betting and online gaming and/or interactive entertainment products and services compete with our offerings, and other well-capitalized companies may introduce competitive services. Such competitors may spend more money and time on developing and testing products and services, undertake more extensive marketing campaigns, adopt more aggressive pricing or promotional policies or otherwise develop more commercially successful products or services than ours, which could negatively impact our business. There has also been considerable consolidation among competitors in the interactive gaming sectors and such consolidation and future consolidation could result in the formation of larger competitors with increased financial resources and altered cost structures, which may enable them to offer more competitive products, gain a larger market share, expand offerings and broaden their geographic scope of operations. If we are not able to maintain or improve our market share, or if our offerings do not continue to be popular, our business could suffer.

Our results of operations may fluctuate due to seasonality and other factors and, therefore, our periodic operating results will not be guarantees of future performance.

Our online sportsbook, retail sportsbook and core retail business operations may fluctuate due to seasonal trends and other factors. A majority of our current sports betting revenue occurs in the fourth quarter. This seasonality may cause decreases in our future revenues during the applicable off-seasons. In addition, certain individuals or teams advancing or failing to advance and their scores and other results within specific tournaments, games or events may impact our financial performance. Our retail gaming operations are also subject to seasonality, including seasonality based on the weather in the markets in which they operate, specific holidays, or other significant events.

The operations of our properties are subject to disruptions or reduced patronage as a result of severe weather conditions, natural disasters, acts or threats of terrorism, concerns about widespread illnesses or epidemics, including COVID-19, and other casualty events, such as hurricanes or tornados. We maintain significant property insurance, including business interruption coverage, for these types of casualty events; however, if any such events occur, there can be no assurances that we will be fully or promptly compensated, if at all, for losses at any of our properties in the event of future inclement weather or casualty events or from the closings of our properties due to widespread illnesses or epidemics, including COVID-19. In addition, the occurrence of such an event may adversely impact general economic or other conditions in the areas in which our properties are located or from which they draw their patrons, and our business, financial condition and results of operations could be materially adversely affected.

Negative events or negative media coverage including relating to, or a declining popularity of, online gaming, sports betting, or the underlying sports, teams or athletes and related talent, may adversely impact our reputation, which could have an adverse impact on our business.

Public opinion can significantly influence our business. Unfavorable publicity regarding us or regarding the actions of third parties with whom we have relationships or the underlying sports (including declining popularity of the sports or athletes) could seriously harm our reputation. In addition, a negative shift in the perception of sports betting and online gaming by the public or by politicians, lobbyists or others could affect future legislation of sports betting and online gaming. Negative public perception could also lead to new restrictions on or to the prohibition of online gaming or sports betting in jurisdictions in which we currently operate. Such negative publicity could also adversely affect: (i) the size, demographics, engagement, and loyalty of our customer base and result in decreased revenue or slower user growth rates; (ii) our ability to retain and attract team members; and (iii) investor perception, all of which could seriously harm our business.

Our acquisition of Barstool may result in potential adverse reactions, negative publicity or changes to our business, regulatory or other stakeholder relationships. Our relationships with gaming regulatory authorities, stakeholders and business partners could be adversely affected as a result of our affiliation with Barstool Sports and the individuals, influencers, and/or media personalities connected with Barstool Sports. In addition, our business partners or stakeholders may react negatively to actual or perceived competitive threats from our affiliation with the individuals, influencers, and/or media personalities connected with Barstool.

Our projections are subject to significant risks, assumptions, estimates and uncertainties, including assumptions regarding future legislation and changes in regulations, both inside and outside of the United States. As a result, our projected revenues and profitability may differ materially from our expectations.

We operate in rapidly changing and competitive industries and our projections are subject to the risks and assumptions made by management with respect to our industries. Operating results are difficult to forecast because they can depend, in part, on new or amended legislation and regulations by different states and provinces, the adoption of which is uncertain. Furthermore, if we invest in the development of new products or distribution channels, such as our expanded media business and non-gaming retail entertainment, that do not achieve significant commercial success or deliver projected results, whether

because of competition or otherwise, we may not recover the often substantial "up front" costs of developing and marketing those products and distribution channels, or recover the opportunity cost of diverting management and financial resources away from other products or distribution channels.

Supply chain delays could impose additional costs on us.

Supply chain delays or disruptions could impact our ability to obtain gaming equipment, semiconductor chips and other supplies for our business from our key suppliers on acceptable terms or at all. Any suspension or delay in our suppliers' ability to provide us adequate equipment or supplies, or in our ability to procure equipment or supplies from other sources in a timely manner or at all, could impair our ability to meet customer demand and therefore could have a material adverse effect on our business, financial condition or results of operations.

Our business and operations have been, and may in the future, be adversely affected by epidemics, pandemics, outbreaks of disease, and other adverse public health developments, including COVID-19.

The closing of our properties due to the COVID-19 pandemic caused significant disruptions to our ability to generate revenues, profitability, and cash flows and had a material adverse impact on our financial condition, results of operations, and cash flows. While all our properties are currently open, there remains continuing logistical challenges faced by the entire gaming industry resulting from COVID-19-related labor shortages and supply chain disruptions. Future disruptions, as well as significant negative economic trends, due to the COVID-19 pandemic or other widespread illnesses or epidemics, may adversely affect our stock price.

Epidemics, pandemics, outbreaks of novel diseases, and other adverse public health developments in states where we operate may arise at any time. Such developments, including the COVID-19 pandemic, have had, and in the future may have, an adverse effect on our business, financial condition and results of operations. These effects include a potentially negative impact on the availability of our key personnel, labor shortages and increased turnover, temporary closures of our properties or the facilities of our business partners, customers, suppliers, third-party service providers or other vendors, and interruption of domestic and global supply chains, distribution channels and liquidity and capital or financial markets. In particular, restrictions on or disruptions of transportation may significantly adversely impact our business. The impact of a widespread illnesses or epidemics, including COVID-19, may also have the effect of exacerbating many of the other risks described in this Annual Report on Form 10-K.

Risks Related to our Operations

We have certain retail properties that generate a significant percentage of our revenues and our ability to meet our operating and debt service requirements is dependent, in part, upon the continued success of these properties.

For the year ended December 31, 2022, we generated 14.9%, 13.1%, and 9.5% of our revenues from our retail properties within the states of Louisiana, Ohio and Missouri, respectively. Additionally, we generated 5.6% of our revenues from our property in Charles Town, West Virginia. Therefore, our results will be dependent on the regional economies and competitive landscapes at these properties. Likewise, our ability to meet our operating and debt service requirements is dependent, in part, upon the continued success of these properties.

We are required to utilize a significant portion of our cash flow from operations to make our rent payments under our Triple Net Leases, which could adversely affect our ability to fund our operations and growth and limit our ability to react to competitive and economic changes.

We are required to utilize a significant portion of our cash flow from operations to make our rent payments, which were $925.0 million for the year ended December 31, 2022, pursuant to and subject to the terms and conditions of our Master Leases, Meadows Lease, Perryville Lease, Tropicana Lease, which was terminated on September 26, 2022, and Morgantown Lease each with GLPI, and our Margaritaville Lease and Greektown Lease with VICI (as defined previously, collectively, our "Triple Net Leases"). As a result of these commitments under our Triple Net Leases, our ability to fund our own operations or development projects, raise capital, make acquisitions and otherwise respond to competitive and economic changes may be adversely affected. Further, our obligations under the Triple Net Leases may make it more difficult for us to satisfy our obligations with respect to our indebtedness and to obtain additional indebtedness and restrict our ability to raise capital, make acquisitions, divestitures and engage in other significant transactions. Any of the aforementioned factors could have a material adverse effect on our financial condition, results of operations, and cash flows.

Most of our facilities are leased and could experience risks associated with leased property.

We lease 36 of the facilities we operate pursuant to the Triple Net Leases. Termination of the PENN Master Lease, Pinnacle Master Lease, or Morgantown Lease could result in a default under our debt agreements and could have a material adverse effect on our financial condition, results of operations, and cash flows. Moreover, as a lessee, we do not completely control the land and improvements underlying our operations, and our landlords under the Triple Net Leases could take certain actions to disrupt our rights in the facilities leased under the Triple Net Leases that are beyond our control. In addition, should some of our leased facilities prove to be unprofitable, we could remain obligated for lease payments and other obligations under the Triple Net Leases even if we decide to withdraw from those locations. Further, there can also be no assurance that we will be able to comply with our obligations under the Triple Net Leases in the future or that our landlords will be able to comply with their obligations under the Triple Net Leases with us.

Our operations could be disrupted if management agreements and/or leases with third parties and local governments are not renewed.

Our operations in several jurisdictions depend on land leases and/or management and development agreements with third parties and local governments. If we, or if GLPI or VICI in the case of leases pursuant to which we are the sub-lessee, are unable to renew these leases and agreements on satisfactory terms as they expire or if disputes arise regarding the terms of these agreements, our business may be disrupted and, in the event of disruptions in multiple jurisdictions, could have a material adverse effect on our financial condition, results of operations, and cash flows.

There can be no assurance that we will be able to compete effectively or generate sufficient returns on our recently expanded sports betting and online gaming operations, including our acquisitions of Barstool and theScore.

Certain of the jurisdictions in which we operate have legalized intra-state sports wagering and have established extensive state licensing and regulatory requirements governing any such intra-state sports wagering. As of December 31, 2022, we have launched the Barstool Sportsbook app in 14 states and theScore Bet app in Ontario, and we expect to launch our Barstool Sportsbook app in additional states throughout 2023. Our sports betting and online gaming operations compete, and will continue to compete, in a rapidly evolving and highly competitive market against an increasing number of competitors.

Additionally, and as described in more detail below, we have entered into agreements with other sports betting and online gaming operators and may enter into additional agreements with strategic partners and other third-party vendors to provide market access in certain jurisdictions. In addition, there can be no assurance that the Barstool and theScore audiences will engage in sports betting and online gaming products to the extent that we expect. Further, the success of our proposed sports betting and online gaming operations is dependent on a number of additional factors, many of which are beyond our control, including the ultimate tax rates and license fees charged by jurisdictions across the United States and Canada; our ability to gain market share in a new market; the timeliness and the technological and popular viability of our products; our ability to compete with new entrants in the market; changes in consumer demographics and public tastes and preferences; cancellations and delays in sporting seasons and sporting matches as a result of events such as player strikes or lockouts; and the availability and popularity of other forms of entertainment. There can be no assurance that we will be able to compete effectively or that our expansion will be successful and generate sufficient returns on our investment.

Any of the factors above could prevent us from receiving the expected returns of our acquisitions of Barstool and theScore, cause the market price of our common stock to decline, and have a material adverse effect on our financial condition, results of operations and cash flows.

Our operations and their success are largely dependent on the skill and experience of management and key personnel.

Our success and our competitive position, including as relates to our retail operations, sports betting and online gaming operations, and media businesses, are largely dependent upon, among other things, the efforts and skills of our senior executives and management team. Although we enter into employment agreements with certain of our senior executives and key personnel, we cannot assure you that we will be able to retain our existing senior executive and management personnel or attract additional qualified senior executive and management personnel.

Our business could suffer if we cannot attract and retain talented team members.

We compete with other companies both within and outside of our industry for talented personnel. If we cannot recruit, train, develop, and retain skilled and experienced personnel to our corporate, retail operations, sports betting and online gaming, and media businesses, we could experience increased employee turnover, decreased guest or user satisfaction, low morale, inefficiency, or internal control failures. Insufficient numbers of talented team members could also limit our ability to grow and

expand our businesses. A shortage of frontline and skilled labor could also result in higher wages that would increase our labor costs, which could reduce our profits. Additionally, the increased ability of employees to work from home or in other remote work arrangements has impacted, and may continue to impact, our ability to attract and retain talented personnel.

Qualified individuals are in high demand, particularly in the technology and media industries, and we may incur significant costs to attract them. We may use equity awards to attract talented employees, influencers and media personalities. If the value of our common stock declines significantly and remains depressed, that may prevent us from recruiting and retaining qualified talent. Our ability to attract, retain, and motivate employees, influencers and media personalities may also be adversely affected by stock price volatility.

Collective bargaining activity and strikes could disrupt our operations, increase our labor costs, and interfere with the ability of our management to focus on executing our business strategies.

A significant number of team members at our properties are currently covered by collective bargaining agreements. Numerous collective bargaining agreements are typically subject to negotiation each year, and our ability in the past to resolve such negotiations does not mean that we will be able to resolve future negotiations without strikes, disruptions, or on terms that we consider reasonable. If relationships with our organized associates or the unions that represent them become adverse, then the properties we operate could experience labor disruptions such as strikes, lockouts, boycotts, and public demonstrations. Labor disputes and disruptions have in the past, and could in the future, result in adverse publicity and negatively affect operations and revenues at affected properties. In addition, labor disputes and disruptions could harm our relationship with our team members, result in increased regulatory inquiries and enforcement by governmental authorities, harm our relationships with our guests and customers, divert management attention, and reduce customer demand for our services, all of which could have an adverse effect on our reputation, business, financial condition, or results of operations.

In addition, labor regulation and the negotiation of new or existing collective bargaining agreements could lead to higher wage and benefit costs, changes in work rules that raise operating expenses and legal costs, and could impose limitations on our ability or the ability of our third-party property owners to take cost saving measures during economic downturns.

Given the large number of employees, labor unions are making a concerted effort to recruit more employees in the gaming industry, and, we have experienced attempts by labor organizations to organize certain of our non-union employees. These efforts have achieved some success to date. We cannot provide any assurance that we will not experience additional and successful union activity in the future. The impact of this union activity is undetermined and could negatively impact our results of operations. Increased unionization of our workforce, new labor legislation or changes in regulations could disrupt our operations, reduce our profitability or interfere with the ability of our management to focus on executing our business strategies.

If we fail to detect fraud or theft, including by our users and employees, our reputation may suffer which could harm our brand and reputation and negatively impact our business, financial condition and results of operations and can subject us to investigations and litigation.

We have in the past incurred, and may in the future incur, losses from various types of financial fraud, including use of stolen or fraudulent payment card or payment instrument data, claims of unauthorized payments by a user and attempted payments by users with insufficient funds. Bad actors use increasingly sophisticated methods to engage in illegal activities involving personal information, such as unauthorized use of another person’s identity, account information or payment information and unauthorized acquisition or use of credit or debit card details, bank account information and mobile phone numbers and accounts. Under current payment industry practices, we may be liable for use of funds on our products with fraudulent payment instrument data, even if the associated financial institution approved the payment transaction.

Acts of fraud may involve various tactics, including collusion. Successful exploitation of our systems could have negative effects on our product offerings, services and user experience and could harm our reputation. Failure to discover such acts or schemes in a timely manner could result in harm to our operations. In addition, negative publicity related to such schemes could have an adverse effect on our reputation, potentially causing a material adverse effect on our business, financial condition, results of operations and prospects. In the event of the occurrence of any such issues with our existing technology or product offerings, substantial engineering and marketing resources and management attention may be diverted from other projects to correct these issues, which may delay other projects and the achievement of our strategic objectives.

In addition, any misappropriation of, or unauthorized access to, proprietary information owned or licensed by us or our users or other breach of our information security could result in legal claims or legal proceedings, including regulatory investigations and actions, or liability for failure to comply with privacy and information security laws, including for failure to protect personal information or for misusing personal information, which could disrupt our operations, force us to modify our

business practices, damage our reputation and expose us to claims from our users, regulators, employees and other persons, any of which could have an adverse effect on our business, financial condition, results of operations and prospects.

Despite measures we have taken to detect and reduce the occurrence of fraudulent or other malicious activity on our offerings, we cannot guarantee that any of our measures will be effective or will scale efficiently with our business or as new methods of engaging in fraudulent activity occur. Our failure to adequately detect or prevent fraudulent transactions could harm our reputation or brand, result in litigation or regulatory action and lead to expenses that could adversely affect our business, financial condition and results of operations.

We rely on, among other things, copyrights, trademarks, trade secrets, confidentiality procedures, and contractual provisions to protect our intellectual property rights and we may be unable to protect or may not be successful in protecting our intellectual property rights.

Our commercial success depends upon our ability to develop new or improved technologies and products, and to successfully obtain or acquire proprietary or statutory protection for our intellectual property rights.

We rely on, among other things, copyrights, trademarks, trade secrets, confidentiality procedures, and contractual provisions to protect our proprietary rights. While we enter license, confidentiality and non-disclosure agreements with our employees and vendors, consultants, users, potential users and others to attempt to limit access to and distribution of proprietary and confidential information, it is possible that:

- some or all of our confidentiality and non-disclosure agreements will not be honored;
- third parties will independently develop equivalent technology or misappropriate our technology or designs;
- disputes will arise with our strategic partners, users or others concerning the ownership of intellectual property;
- unauthorized disclosure or use of our intellectual property, including source code, know-how or trade secrets will occur; or
- contractual provisions may not be enforceable.

There can be no assurance that we will be successful in protecting our intellectual property rights or that we will become aware of third-party infringements that might be occurring. Inability to protect our intellectual property rights could have a material adverse effect on our prospects, business, financial condition or results of operations.

Our commercial success depends upon us avoiding the infringement of intellectual property rights owned by others and any such infringements, including those that are inadvertent, may have a material adverse effect on our business.

The industries in which we compete have many participants that own, or claim to own, intellectual property, including participants that have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by us in our products. Some of these patents may grant very broad protection to the third-party owners thereof. Patents can be issued very rapidly and there is often a great deal of secrecy surrounding pending patent applications. We cannot determine with certainty whether any existing third-party patents or the issuance of any new third-party patents would require us to alter our technologies, pay for licenses, challenge the validity or enforceability of the patents, or cease certain activities. Third parties may assert intellectual property infringement claims against us and against our partners and/or suppliers. We may be subject to these types of claims either directly or indirectly through indemnities assuming liability for these claims that we may provide to certain partners. There can be no assurance that our attempts to negotiate favorable intellectual property indemnities in favor of us with our suppliers for infringement of third-party intellectual property rights will be successful or that a supplier’s indemnity will cover all damages and losses suffered by us and our partners and other suppliers due to infringing products, or that we can secure a license, modification or replacement of a supplier’s products with non-infringing products that may otherwise mitigate such damages and losses.

Some of our competitors have, or are affiliated with companies that have, substantially greater resources than us, and these competitors may be able to sustain the costs of complex intellectual property infringement litigation to a greater degree and for longer periods of time than us. Regardless of whether third-party claims of infringement against us have any merit, these claims could:

- adversely affect our relationships with our customers and vendors;
- be time-consuming to evaluate and defend;
- result in costly litigation;
- result in negative publicity for us;
- divert our management’s attention and resources;
- cause product and software delivery delays or stoppages;

- subject us to significant liabilities;
- require us to enter into costly royalty or licensing agreements;
- require us to develop possible workaround solutions that may be costly and disruptive to implement; or
- require us to cease certain activities or to cease distributing our products and delivering our services in certain markets.

In addition to being liable for potentially substantial damages relating to a patent or other intellectual property following an infringement action against us, we may be prohibited from developing or commercializing certain technologies or products unless we obtain a license from the holder of the patent or other applicable intellectual property rights, or purchase these rights. There can be no assurance that we will be able to obtain any such license or purchase the patent on commercially reasonable terms, or at all. If we do not obtain such a license, our prospects, business, operating results and financial condition could be materially adversely affected and we could be required to cease related business operations in some markets and restructure our business to focus on continuing operations in other markets.

Our technology contains third-party open source software components, and failure to comply with the terms of the underlying open source software licenses could restrict our ability to provide our offerings.

Our technology contains software modules licensed to us under "open source" licenses from third-party sources. Use and distribution of open source software may entail greater risks than use of third-party commercial or proprietary software, as open source licensors generally do not provide support, warranties, indemnification or other contractual protections regarding infringement claims or the quality of the code. In addition, the public availability of such software may make it easier for others to compromise our technology.

Some open source licenses contain requirements that we make the source code of our software, in which the open source software modules are used or incorporated into, publicly available for third parties to create modifications or derivative works, or grant other licenses to our intellectual property for free. These types of open source licenses are commonly known as "copyleft" licenses. If we combine our proprietary software with open source software subject to copyleft licenses, we could, under certain open source licenses, be required to release the source code of our proprietary software to the public. This would allow our competitors to create similar offerings with lower development effort and time and ultimately could result in a loss of our competitive advantages. Alternatively, to avoid the public release of the affected portions of our source code, we could be required to expend substantial time and resources to re-engineer some or all of our software or remove such copyleft software.

Although we monitor our use of open source software to avoid subjecting our technology to licensing conditions we do not intend, the law surrounding the use of open source software and open source licenses is in a state of evolution and the legal ramifications of such use remain uncertain in the U.S. and other countries. There is a risk that these open source licenses could be construed in a way that could impose unanticipated and undesirable conditions or restrictions on our ability to provide or distribute our technology. From time to time, there have been claims challenging the ownership of open source software against companies that incorporate open source software into their solutions. As a result, we could be subject to lawsuits by parties claiming ownership of what we believe to be open source software.

Moreover, while we have processes for controlling our use of open source software in our technology, there is no assurance that such processes will be effective. If we are held to have breached or failed to fully comply with all the terms and conditions of an open source software license, we could face infringement or other liability, or be required to seek costly licenses from third parties to continue providing our offerings on terms that are not economically feasible, to re-engineer our technology, to discontinue or delay the provision of our offerings if re-engineering could not be accomplished on a timely basis or to make generally available, in source code form, our proprietary code, any of which could adversely affect our business, financial condition and results of operations.

We may face disruption and other difficulties in integrating and managing acquired operations or other initiatives we have recently acquired, may develop, or may acquire in the future.

We could face significant challenges in managing and integrating our expanded or combined operations and any other properties or operations we may develop or acquire, particularly in new competitive markets or business lines, including our recent acquisitions of theScore and the remaining outstanding equity of Barstool. The integration and management of more significant operations that we develop or acquire, such as our ability to (i) integrate the Barstool Sportsbook into theScore's mobile app in the U.S. and (ii) migrate the Barstool Sportsbook to theScore's player account management and trading platforms, will require the dedication of management resources that may temporarily divert attention from our day-to-day business. In addition, development and integration of new information technology systems that may be required is costly and time-consuming. The process of integrating operations that we may acquire also could interrupt the activities of those businesses, which could have a material adverse effect on our financial condition, results of operations, and cash flows. In addition, the development of new operations may involve regulatory, legal and competitive risks, and, as it relates to property

acquisitions, construction and local opposition risks, as well as the risks attendant to partnership deals on these development opportunities. In particular, local opposition can delay or increase the anticipated cost of a project, and, in projects where we team up with a joint venture partner, if we cannot reach agreement with such partners, or if our relationships otherwise deteriorate, we could face significant increased costs and delays. Finally, given the competitive nature of these types of limited license opportunities, litigation is possible.

We cannot assure you that we will be able to manage the combined operations effectively or realize any of the anticipated benefits of our acquisitions or development projects. We also cannot assure you that if acquisitions are completed, that the acquired businesses will generate returns consistent with our expectations.

Our ability to achieve our objectives in connection with any acquisition we may consummate may be highly dependent on, among other things, our ability to retain the senior level management teams of such acquisition candidates. If, for any reason, we are unable to retain these management teams following such acquisitions or if we fail to attract new capable executives, our operations after consummation of such acquisitions could be materially adversely affected.

The occurrence of some or all of the above-described events could have a material adverse effect on our financial condition, results of operations, and cash flows.

We lease facilities that are located in areas that experience extreme weather conditions.

Extreme weather conditions may interrupt our operations and reduce the number of customers who visit our facilities in the affected areas. Our properties in Illinois, Iowa, Kansas, Louisiana, Missouri, Ohio, Colorado, Indiana and Pennsylvania are at risk of experiencing snowstorms, tornadoes and/or flooding.

In the past, adverse weather conditions have interrupted our operations, damaged property and reduced the number of customers who visit our facilities in an affected area. For example, we have experienced interrupted operations and property damage due to hurricanes in the areas around the Gulf of Mexico and due to certain snowstorms in the Midwest and Northeast. If any of our properties are damaged or there is a prolonged disruption at any of our properties due to natural disasters or other catastrophic weather events, our business results of operations and financial condition could be materially adversely affected.

Additionally, our retail casino gaming, sports betting and online gaming operations rely heavily on technology services and an uninterrupted supply of electrical power.

Any unscheduled disruption in our technology services or interruption in the supply of electrical power as a result of extreme weather, or otherwise, could result in an immediate, and possibly substantial, loss of revenues due to a shutdown of our retail casino gaming (including slot machines and security systems), sports betting and online gaming operations.

We rely on third-party payment processors to process deposits and withdrawals made by our online sports betting and iCasino users, and if we cannot manage our relationships with such third parties and other payment-related risks, our business, financial condition and results of operations could be adversely affected.

We rely on a limited number of third-party payment processors to process deposits and withdrawals made by our users. If any of our third-party payment processors terminate their relationship with us or refuse to renew their agreements with us on commercially reasonable terms, we would need to find alternate payment processors, and may not be able to secure similar terms or replace such payment processor in an acceptable time frame. Further, the software and services provided by our third-party payment processors may not meet our expectations, contain errors or vulnerabilities, be compromised or experience outages. Any of these risks could cause us to lose our ability to accept online payments or other payment transactions or make timely payments to our users, any of which could make our technology less trustworthy and convenient and adversely affect our ability to attract and retain our users.

A majority of user deposits are made with payment cards or through other third-party payment services, which subjects us to certain regulations and to the risk of fraud. We may in the future offer new payment options to users that may be subject to additional regulations and risks. We are also subject to a number of other laws and regulations relating to the payments we accept from our users, including with respect to money laundering, money transfers, privacy and information security. If we fail to comply with applicable rules and regulations, we may be subject to civil or criminal penalties, fines and/or higher transaction fees and may lose our ability to accept online payments or other payment card transactions, which could make our offerings less convenient and attractive to our users. If any of these events were to occur, our business, financial condition and results of operations could be adversely affected.

Additionally, our payment processors require us to comply with payment card network and sponsoring bank operating rules, which are set and interpreted by the payment card networks and sponsoring banks. The payment card networks and/or

sponsoring banks could adopt new operating rules or interpret or reinterpret existing rules in ways that might prohibit us from providing certain offerings to some users, be costly to implement or difficult to follow. We have agreed to reimburse our payment processors and sponsoring banks for fines they are assessed by payment card networks if we or our users violate these rules. Any of the foregoing risks could adversely affect our business, financial condition and results of operations.

If our third-party mobile application distribution platforms or service providers do not perform adequately or terminate their relationships with us, our costs may increase and our business, financial condition, and results of operations could be adversely affected.

Our success depends in part on our relationships with other third-party service providers. We rely upon third-party distribution platforms, including the Apple App Store and Google Play store, for distribution of our entertainment, media and mobile sports betting and online gaming applications. As such, the promotion, distribution and operation of our mobile applications are subject to the respective distribution platforms' standard terms and policies, which are very broad and subject to frequent changes and interpretation. If Apple or Google choose to de-list any of our mobile applications due to what they perceive to be objectionable content or violation of Apple or Google rules or codes of conduct, it could have a material negative impact on our business.

Further, the success of our Interactive segment depends in part on our relationships with other third-party service providers for hosting, content delivery, load balancing and protection against distributed denial-of-service attacks. If those providers do not perform adequately or terminate their relationship with us, our users may experience issues or interruptions with their experiences. We also rely on other software and services supplied by third parties, such as communications and internal software, and our business may be adversely affected to the extent such software and services do not meet our expectations, contain errors or vulnerabilities, are compromised or experience outages. Further, any negative publicity related to any of our third-party partners could adversely affect our reputation and brand.

We incorporate technology from third parties throughout our business. We cannot be certain that our licensors are not infringing the intellectual property rights of others or that the suppliers and licensors have sufficient rights to the technology in all jurisdictions in which we may operate. Some of our license agreements may be terminated by our licensors for convenience. If we are unable to obtain or maintain rights to any of this technology because of intellectual property infringement claims brought by third parties against our suppliers and licensors or against us, or if we are unable to continue to obtain the technology or enter into new agreements on commercially reasonable terms, our ability to develop our offerings could be severely limited and our business could be harmed.

Additionally, if we are unable to obtain necessary technology from third parties, we may be forced to acquire or develop alternate technology, which may require significant time and effort and may be of lower quality or performance standards. This would limit and delay our ability to provide new or competitive offerings and increase our costs. If alternate technology cannot be obtained or developed, we may not be able to offer certain functionality as part of our offerings, which could adversely affect our business, financial condition and results of operations.

Further, we rely on third-party geolocation and identity verification systems to ensure we are in compliance with certain laws and regulations related to our sports betting and online gaming services. There is no guarantee that the third-party geolocation and identity verification systems will perform adequately, or be effective, and any service disruption to those systems would prohibit us from operating our platform and would adversely affect our business. Additionally, incorrect or misleading geolocation and identity verification data with respect to current or potential users received from third-party service providers may result in us inadvertently allowing access to our offerings to individuals who should not be permitted to access them, or otherwise inadvertently deny access to individuals who should be able to access our offerings, in each case based on inaccurate identity or geographic location determination. Our third-party geolocation services providers rely on their ability to obtain information necessary to determine geolocation from mobile devices, operating systems, and other sources. Changes, disruptions or temporary or permanent failure to access such sources by our third-party services providers may result in their inability to accurately determine the location of our users. Moreover, our inability to maintain our existing contracts with third-party services providers, or to replace them with equivalent third parties, may result in our inability to access geolocation and identity verification data necessary for our day-to-day operations. If any of these risks materializes, we may be subject to disciplinary action, fines, lawsuits, and our business, financial condition and results of operations could be adversely affected.

If internet and other technology-based service providers experience service interruptions, our ability to conduct our business may be impaired and our business, financial condition and results of operations could be adversely affected.

As described in more detail below, a substantial portion of our network infrastructure is provided by third parties, including internet service providers and other technology-based service providers. We require technology-based service providers to implement cyber-attack-resilient systems and processes. However, if internet service providers experience service interruptions,

because of cyber-attacks, or due to an event causing an unusually high volume of internet use (such as a pandemic or public health emergency), communications over the internet may be interrupted and impair our ability to conduct our business. Internet service providers and other technology-based service providers may in the future roll out upgraded or new mobile or other telecommunications services, such as 5G or 6G services, which may not be successful and thus may impact the ability of our users to access our offerings in a timely fashion or at all. In addition, our ability to process e-commerce transactions depends on payment processing and payment network systems. To prepare for system problems, we continuously seek to strengthen and enhance our current facilities and the capabilities of our system infrastructure and support. Nevertheless, there can be no assurance that the internet infrastructure or our own network systems will continue to be able to meet the demand placed on us by the continued growth of the internet, the overall sports betting and online gaming industry and our users. Any difficulties these providers face, including the potential of certain network traffic receiving priority over other traffic (i.e., lack of net neutrality), may adversely affect our business, and we exercise little control over these providers, which increases our vulnerability to problems with the services they provide. Any system failure as a result of reliance on third parties, such as hosting, network, software or hardware failure, or as a result of cyber-attacks, could cause a loss of our users' property or personal information, or a delay or interruption in our online services and products and e-commerce services, including our ability to handle existing or increased traffic. Any such failure could result in a loss of anticipated revenue, interruptions to our offerings, cause us to incur significant legal, remediation and notification costs, degrade the customer experience and cause users to lose confidence in our offerings, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We rely on third party cloud infrastructure services to deliver our offerings to users. Any disruption of, or interference with, our use of these services could adversely affect our business, financial condition, results of operations, and prospects.

We currently host our sports betting and online gaming offerings and support our operations using third-party providers of cloud infrastructure services. We do not, and will not, have control over the operations of the facilities or infrastructure of the third-party service providers that we use. Such third party's facilities are vulnerable to damage or interruption from natural disasters, cyber security attacks, terrorist attacks, power outages and similar events or acts of misconduct. Our technology's continuing and uninterrupted performance will be critical to our success and is dependent on the use of third-party cloud infrastructure services. We have experienced, and we expect that in the future we will experience, interruptions, delays and outages in service and availability from these third-party service providers from time to time due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions and capacity constraints. In addition, any changes in these third parties' service levels may adversely affect our ability to meet the requirements of our users. Since our technology's continuing and uninterrupted performance is critical to our success, sustained or repeated system failures would reduce the attractiveness of our offerings. It may become increasingly difficult to maintain and improve our performance, especially during peak usage times, as we expand and the usage of our offerings increases. Any negative publicity arising from these disruptions could harm our reputation and brand and may adversely affect the usage of our offerings.

Any of the above circumstances or events may harm our reputation and brand, reduce the availability or usage of our technology, lead to a significant loss of revenue, increase our costs and impair our ability to attract new users, any of which could adversely affect our business, financial condition and results of operations.

We rely on strategic relationships with casinos, tribes and horse tracks in order to be able to offer our sports betting and online gaming products in certain jurisdictions. If we cannot establish and manage such relationships with such partners, our business, financial condition and results of operations could be adversely affected.

Under the sports betting and online gaming laws of certain jurisdictions, sports betting and online gaming are limited to a finite number of retail operators, such as casinos, tribes or tracks, who own a "skin" or "skins" under that jurisdiction's law. A "skin" is a legally-authorized license from a gaming regulatory authority to offer sports betting or online gaming services provided by such a retail operator. The "skin" provides a market access opportunity for mobile operators to operate in the jurisdiction pending licensure and other required approvals by the jurisdiction's gaming regulatory authority. The entities that control those "skins," and the numbers of "skins" available, are typically determined by a jurisdiction's law authorizing sports betting or online gaming. In some of the jurisdictions in which we offer sports betting and online gaming, we currently rely on a casino, tribe or track in order to get a "skin." These "skins" are what allows us to gain access to jurisdictions where online operators are required to have a retail relationship. If we cannot establish, renew or manage these relationships, our market access rights could terminate and we would not be allowed to operate in those jurisdictions until we enter into new ones. As a result, our business, financial condition and results of operations could be adversely affected.

We rely on other third-party sports data providers for real-time and accurate data for sporting events, and if such third parties do not perform adequately or terminate their relationships with us, our costs may increase and our business, financial condition and results of operations could be adversely affected.

We rely on third-party sports data providers to obtain accurate information regarding schedules, results, performance and outcomes of sporting events. We rely on this data to determine what sports bets to offer and when and how sports bets are settled. We have experienced, and may continue to experience, errors in these data feeds which may result in us incorrectly offering or settling bets. If we cannot adequately resolve issues with our users that result from such data feed errors, our users may have negative experiences with our offerings, our brand or reputation may be negatively affected and our users may be less inclined to continue or resume utilizing our products or recommend our offerings to other potential users. As such, a failure or significant interruption in our service may harm our reputation, business and operating results.

Furthermore, if any of our sports data partners terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, we would need to find an alternate provider, and may not be able to secure similar terms or replace such providers in an acceptable time frame. Any of these risks could increase our costs and adversely affect our business, financial condition and results of operations. Further, any negative publicity related to any of our third-party partners, including any publicity related to regulatory concerns, could adversely affect our reputation and brand, and could potentially lead to increased regulatory or litigation exposure.

Our growth will depend, in part, on the success of our strategic relationships with third parties. Overreliance on certain third parties, or our inability to extend existing relationships or agree to new relationships may cause unanticipated costs for us and impact our financial performance in the future.

We rely on relationships with sports leagues and teams, professional athletes and athlete organizations, advertisers, casinos and other third parties, including those affiliated with Barstool, in order to attract users to our property and online offerings. These relationships along with providers of online services, search engines, social media, directories and other websites and e-commerce businesses direct consumers to our offerings. In addition, many of the parties with whom we have advertising arrangements provide advertising services to other companies, including other gaming products with whom we compete. While we believe there are other third parties that could drive users to our offerings, adding or transitioning to them may disrupt our business and increase our costs. In the event that any of our existing relationships or our future relationships fails to provide services to us in accordance with the terms of our arrangement, or at all, and we are not able to find suitable alternatives, this could impact our ability to attract consumers cost effectively and harm our business, financial condition, results of operations and prospects.

Our information technology and other systems are subject to cyber security risk, including misappropriation of employee information, customer information or other breaches of information security, particularly as our Interactive segment grows.

We increasingly rely on information technology and other systems (particularly as our Interactive segment grows), including our own systems and those of service providers and third parties, to manage our business and employee data and maintain and transmit customers' personal and financial information, payment settlements, payment funds transmissions, mailing lists, and reservations information. Our collection of such data is subject to extensive regulation by private groups, such as the payment card industry, as well as governmental authorities, including gaming regulatory authorities. Privacy regulations continue to evolve and we have taken, and will continue to take, steps to comply by implementing processes designed to safeguard the confidential and personal information of our business, employees and customers. In addition, our security measures are reviewed and evaluated regularly. However, our information and processes and those of our service providers and other third parties, including our contractors and contractors of our service providers and vendors, are subject to the ever-changing threat of compromised security, in the form of a risk of potential breach, system failure, computer virus, or unauthorized or fraudulent use by customers, company employees, company contractors and other third parties including employees and contractors of third party vendors. The steps we take to deter and mitigate the risks of breaches may not be successful, and any resulting compromise or loss of data or systems could adversely impact operations or regulatory compliance and could result in remedial expenses, fines, litigation, disclosures, and loss of reputation, potentially impacting our financial results. Further, as cyber-attacks continue to evolve, we may incur significant costs in our attempts to modify or enhance our protective measures or investigate or remediate any actual or perceived vulnerability. Increased instances of cyber-attacks may also have a negative reputational impact on us and our properties that may result in a loss of customer confidence and, as a result, may have a material adverse effect on our financial condition, results of operations, and cash flows.

As our Interactive segment grows, we will face increased cyber risks and threats that seek to damage, exploit, disrupt or gain access to our networks, our products and services, consumer information, and our supporting infrastructure. Any failure to prevent or mitigate security breaches or cyber risk could result in interruptions to the services we provide, degrade the user

experience, and cause our users to lose confidence in our products and services. The unauthorized access, acquisition or disclosure of consumer information could compel us to comply with disparate breach notification laws and otherwise subject us to proceedings by governmental entities, including gaming regulatory authorities, or others and substantial legal and financial liability. This could harm our business and reputation, disrupt our relationships with partners and diminish our competitive position.

Our growth prospects may suffer if we are unable to develop successful offerings or if we fail to pursue additional offerings. In addition, if we fail to make the right investment decisions in our offerings, we may not attract and retain key users and our revenue and results of operations may decline.

The industries in which we operate are subject to rapid and frequent changes in standards, technologies, products and service offerings, as well as in customer demands and expectations and regulations. We must continuously make decisions regarding in which offerings, properties and technology we should invest to meet customer demand in compliance with evolving industry standards and regulatory requirements and must continually introduce and successfully market new and innovative technologies, offerings and enhancements to remain competitive and generate customer demand, acceptance and engagement. Our ability to engage, retain, and increase our user base and to increase our revenue will depend heavily on our ability to successfully create new offerings, both independently and together with third parties, transform properties and invest in innovative technologies. We may introduce significant changes to our existing technology and offerings or develop and introduce new and unproven products and services, with which we have little or no prior development or operating experience. The process of developing new offerings and systems is inherently complex and uncertain, and new offerings may not be well received by users, even if well-reviewed and of high quality. If we are unable to develop technology and products that address users' needs or enhance and improve our existing technology and offerings in a timely manner, we could experience a material adverse effect on our business, financial condition, results of operations and prospects.

Although we intend to continue investing in our research and development efforts, if new or enhanced offerings fail to engage our users or partners, we may fail to attract or retain users or to generate sufficient revenue, operating margin, or other value to justify our investments, any of which may seriously harm our business. In addition, management may not properly ascertain or assess the risks of new initiatives, and subsequent events may alter the risks that were evaluated at the time we decided to execute any new initiative. Creating additional offerings can also divert our management's attention from other business issues and opportunities. Even if our new offerings attain market acceptance, those new offerings could exploit the market share of our existing product offerings or share of our users' wallets in a manner that could negatively impact their ecosystem. Furthermore, such expansion of our business increases the complexity of our business and places an additional burden on our management, operations, technical systems and financial resources and we may not recover the often-substantial up-front costs of developing and marketing new offerings, or recover the opportunity cost of diverting management and financial resources away from other offerings. In the event of continued growth of our operations, products or in the number of third-party relationships, we may not have adequate resources, operationally, technologically or otherwise to support such growth and the quality of our technology, offerings or our relationships with third parties could suffer. In addition, failure to effectively identify, pursue and execute new business initiatives, or to efficiently adapt our processes and infrastructure to meet the needs of our innovations, may adversely affect our business, financial condition, results of operations and prospects.

Any new offerings may also require our users to utilize new skills to use our offerings. This could create a lag in adoption of new offerings and new user additions related to any new offerings. To date, new offerings and enhancements of our existing technology have not hindered our user growth or engagement, but that may be the result of a large portion of our user base being in a younger demographic and more willing to invest the time to learn to use our products most effectively. To the extent that future users, including those in older demographics, are less willing to invest the time to learn to use our products, and if we are unable to make our products easier to learn to use, our user growth or engagement could be affected, and our business could be harmed. We may also develop new products that increase user engagement and costs without increasing revenue.

Additionally, we may make bad or unprofitable decisions regarding these investments. If new or existing competitors offer more attractive offerings, we may lose users or users may decrease their spending on our offerings. New customer demands, superior competitive offerings, new industry standards or changes in the regulatory environment could render our existing offerings unattractive, unmarketable or obsolete and require us to make substantial unanticipated changes to our technology or business model. Our failure to adapt to a rapidly changing market or evolving customer demands could harm our business, financial condition, results of operations and prospects.

The growth of our Interactive segment will depend on our ability to attract and retain users.

Our ability to achieve growth in revenue in the future in our Interactive segment and its Barstool Sportsbook and theScore Bet sports betting and online gaming apps will depend, in large part, upon our ability to attract new users to our offerings, retain existing users of our offerings and reactivate users in a cost-effective manner. Achieving growth in our community of users may

require us to increasingly engage in sophisticated and costly sales and marketing and promotional efforts, which may not make sense in terms of return on investment. We have used and expect to continue to use a variety of free and paid marketing channels, in combination with compelling offers and exciting games to achieve our objectives. For paid marketing, we may leverage a broad array of advertising channels, including television, radio, sports teams, social media influencers (brand ambassadors), social media platforms, such as Facebook, Instagram, Twitter and Snapchat, affiliates and paid and organic search, and other digital channels, such as mobile display. If the search engines on which we rely modify their algorithms, change their terms around sports betting or online gaming, or if the prices at which we may purchase listings increase, then our costs could increase, and fewer users may click through to our website. If links to our apps or websites are not displayed prominently in online search results, if fewer users click through to the Apple App Store and Google Play Store or our websites, if our other digital marketing campaigns are not effective, if the costs of attracting users using any of our current methods significantly increase, then our ability to efficiently attract new users could be reduced, our revenue could decline and our business, financial condition and results of operations could be harmed.

In addition, our ability to increase the number of users of our offerings will depend on continued user adoption of the Barstool Sportsbook and theScore Bet apps and online gaming in general. Growth in the sportsbook and online gaming industries and the level of demand for and market acceptance of our product offerings will be subject to a high degree of uncertainty. We cannot assure that consumer adoption of our product offerings will continue or exceed current growth rates, or that the industry will achieve more widespread acceptance.

Additionally, as technological or regulatory standards change and we modify our platforms to comply with those standards, we may need users to take certain actions to continue playing, such as performing age verification checks or accepting new terms and conditions. Users may stop using our product offerings at any time, including if the quality of the user experience on our platforms, including our support capabilities in the event of a problem, does not meet their expectations or keep pace with the quality of the customer experience generally offered by competitive offerings.

Participation in the sports betting industry exposes us to trading, liability management and pricing risk. We may experience lower than expected profitability and potentially significant losses as a result of a failure to determine accurately the odds in relation to any particular event and/or any failure of our sports risk management processes and controls.

Our fixed-odds betting products involve betting where winnings are paid on the basis of the stake placed and the odds quoted. Odds are determined with the objective of providing an average return to us over a large number of events. However, there can be significant variation in gross win percentage event-by-event and day-by-day. We have systems and controls that seek to reduce the risk of daily losses occurring on a gross-win basis, but there can be no assurance that these will be effective in reducing our exposure, and consequently our exposure to this risk in the future. As a result, in the short term, there is less certainty of generating a positive gross win, and we may experience (and we have from time to time experienced) significant losses with respect to individual events or betting outcomes, in particular if large individual bets are placed on an event or betting outcome or series of events or betting outcomes. Odds compilers and risk managers are capable of human error, thus even allowing for the fact that a number of betting products are subject to capped pay-outs, significant volatility can occur. In addition, it is possible that there may be such a high volume of trading during any particular period that even automated systems would be unable to address and eradicate all risks. Any significant losses on a gross- win basis could have a material adverse effect on our business, financial condition and results of operations. In addition, if a jurisdiction where we hold or wish to apply for a license imposes a high turnover tax for betting (as opposed to a gross-win tax), this too would impact profitability, particularly with high value/low margin bets, and likewise have a material adverse effect on our business.

We follow the sports betting industry practice of restricting and managing betting limits at the individual customer level based on individual customer profiles and risk level to the enterprise; however there is no guarantee that gaming regulatory authorities will allow operators such as us to place limits at the individual customer level.

Similar to a credit card company managing individual risk on the customer level through credit limits, it is customary for sports betting operators to manage customer-betting limits at the individual level to manage enterprise risk levels. We believe this practice is beneficial overall, because if it were not possible, the betting options would be restricted globally and limits available to customers would be much lower to insulate overall risk due to the existence of a very small segment of highly sophisticated syndicates and algorithmic bettors, or bettors looking to take advantage of site errors and omissions. We believe the majority of operators balance taking reasonable action from all customers against the risk of individual customers significantly harming the business viability. We cannot guarantee that all jurisdictions will allow us to execute limits at the individual customer level, or at our sole discretion.

We extend credit to a portion of our customers who wager at our retail properties, and we may not be able to collect gaming receivables from our credit customers.

We conduct our gaming activities on a credit and cash basis at many of our properties, in accordance with applicable laws and regulations. Any such credit we extend is unsecured. Table games players typically are extended more credit than slot players, and high-stakes players typically are extended more credit than customers who tend to wager lower amounts. High-end gaming is more volatile than other forms of gaming, and variances in win-loss results attributable to high-end gaming may have a significant positive or negative impact on cash flow and earnings in a particular period. We extend credit to those customers whose level of play and financial resources warrant, in the opinion of management, an extension of credit. These large receivables could have a significant impact on our results of operations if deemed uncollectible. Gaming debts evidenced by a credit instrument, including what is commonly referred to as a "marker," and judgments on gaming debts are enforceable under the current laws of the jurisdictions in which we allow play on a credit basis, and judgments on gaming debts in such jurisdictions are enforceable in all U.S. states under the Full Faith and Credit Clause of the U.S. Constitution; however, other jurisdictions may determine that enforcement of gaming debts is against public policy. Although courts of some foreign nations will enforce gaming debts directly and the assets in the U.S. of foreign debtors may be reached to satisfy a judgment, judgments on gaming debts from U.S. courts are not binding on the courts of many foreign nations.

The success, including win or hold rates, of existing or future retail and online sports betting and online gaming products depends on a variety of factors and is not completely controlled by us.

The retail and online gaming industries are characterized by an element of chance. Accordingly, we employ theoretical win rates to estimate what a certain type of gaming device, table game, sports bet or iCasino game ("Gaming Offerings"), on average, will win or lose in the long run. Net win is impacted by variations in the hold percentage (the ratio of net win to total amount wagered), or actual outcome, in Gaming Offerings. We use the hold percentage as an indicator of the performance of the Gaming Offering against its expected outcome. Although each Gaming Offering generally performs within a defined statistical range of outcomes, actual outcomes may vary for any given period. In addition to the element of chance, win rates (hold percentages) may also (depending on the game involved) be affected by the spread of limits and factors that are beyond our control, such as a user's skill, experience and behavior, the mix of games played, the financial resources of users, the volume of bets placed and the amount of time spent gambling. As a result of the variability in these factors, the actual win rates on our Gaming Offerings may differ from the theoretical win rates we have estimated and could result in the user's winnings exceeding those anticipated. The variability of win rates (hold rates) also have the potential to negatively impact our financial condition, results of operations, and cash flows.

Our success also depends in part on our ability to anticipate and satisfy user preferences in a timely manner. As we will operate in a dynamic environment characterized by rapidly changing industry and legal standards, our products will be subject to changing consumer preferences that cannot be predicted with certainty. We will need to continually introduce new offerings and identify future product offerings that complement our existing technology, respond to our users' needs and improve and enhance our existing technology to maintain or increase our user engagement and growth of our business. We may not be able to compete effectively unless our product selection keeps up with trends in the retail and digital sports entertainment, sports betting and gaming industries in which we compete, or trends in new gaming products.

We face a number of challenges prior to opening new or upgraded gaming properties or launching new online gaming or sports betting channels, which may lead to increased costs and delays in anticipated revenues.

No assurance can be given that, when we endeavor to open new or upgraded retail gaming properties or launch new online gaming or sports betting channels, the expected timetables for opening such properties or channels will be met in light of the uncertainties inherent in the development of the regulatory framework, construction, the licensing process, legislative action and litigation. In addition, as we seek to launch online gaming and sports betting offerings in additional jurisdictions, we will need to hire additional qualified employees, such as engineers, IT professionals, product managers and compliance personnel. Given the significant competition in this area for qualified candidates, we may be unable to hire qualified candidates. Delays in opening new or upgraded properties could lead to increased costs and delays in receiving anticipated revenues with respect to such properties or channels and could have a material adverse effect on our financial condition, results of operations, and cash flows.

Risks Related to Our Capital Structure

Our indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations under our outstanding indebtedness.

As of December 31, 2022, we had indebtedness of $2.8 billion, including $1.5 billion outstanding under our Amended Credit Facilities. We are also required to make annual minimum lease payments to our REIT Landlords pursuant to the Triple Net Leases, which we currently expect will be approximately $863.6 million for the year ending December 31, 2023. Additionally, our Triple Net Leases are subject to annual escalators, percentage rent, and rent resets, as applicable.

We have indebtedness and significant fixed annual lease payments under the Triple Net Leases. Our indebtedness and additional fixed costs under our Lease obligations have important consequences to our financial health.

The lack of availability and cost of financing could have an adverse effect on our business.

We may finance some of our current and future expansion, development and renovation projects and acquisitions with cash flow from operations, borrowings under our Amended Credit Facilities and equity or debt financings. For more information regarding our future development projects, see "Recent Acquisitions, Development Projects and Other" in the Executive Overview within our Management's Discussion and Analysis. If we are unable to finance our current or future projects, we could have to seek alternative financing. Depending on credit market conditions, including the current high interest rate environment, alternative sources of funds may not be sufficient to finance our expansion, development and/or renovation, or such other financing may not be available on acceptable terms, in a timely manner or at all. In addition, our existing indebtedness contains restrictions on our ability to incur additional indebtedness. If we are unable to secure additional financing, we could be forced to limit or suspend expansion, development and renovation projects and acquisitions, which may adversely affect our financial condition, results of operations, and cash flows.

The capacity under our Amended Revolving Credit Facility is $1.0 billion, of which $977.5 million is available as of December 31, 2022. Our Amended Revolving Credit Facility expires in 2027. There is no certainty that our lenders will continue to remain solvent or fund their respective obligations under our Amended Credit Facilities.

To service our indebtedness, we will require a significant amount of cash, which depends on many factors beyond our control.

There is no assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our Amended Credit Facilities in amounts sufficient to enable us to fund our liquidity needs, including with respect to our indebtedness. Our variable rate borrowings expose us to interest rate volatility, which could cause our debt service obligations to increase significantly. We also may incur indebtedness related to properties we develop or acquire in the future prior to generating cash flow from those properties. If those properties do not provide us with cash flow to service that indebtedness, we will need to rely on cash flow from our other properties, which would increase our leverage. In addition, if we consummate significant acquisitions in the future, our cash requirements may increase significantly.

Legal and Regulatory Risk Factors

We are or may become involved in legal proceedings that, if adversely adjudicated or settled, could impact our financial condition and results of operations.

From time to time, we are defendants in various lawsuits relating to matters incidental to our business. The nature of our business subjects us to the risk of lawsuits filed by customers, past and present employees, competitors, business partners, and others in the ordinary course of business (particularly in the case of class actions). As with all litigation, no assurance can be provided as to the outcome of these matters and, in general, litigation can be expensive and time consuming. We may not be successful in these lawsuits, and, especially with increasing class action claims in our industry, litigation could result in costs, settlements, or damages that could significantly impact our financial condition, results of operations, and cash flows.

We face extensive regulation from gaming regulatory authorities, which could have a material adverse effect on us.

As owners and managers of retail casino gaming, online gaming, sports betting, video lottery, VGTs, and pari-mutuel wagering operations, we are subject to extensive state, provincial and local regulation. These gaming regulatory authorities have broad discretion, and may, for any reason set forth in the applicable legislation, rules and regulations, limit, condition, suspend, fail to renew or revoke a license or registration to conduct gaming operations or prevent us from owning the securities of any of our gaming subsidiaries or prevent another person from owning an equity interest in us. Like all gaming operators in the jurisdictions in which we operate, we must periodically apply to renew our gaming licenses or registrations and have the

suitability of certain of our directors, officers, employees and contractors approved. There is no assurance that we will be able to obtain such renewals or approvals. Gaming regulatory authorities have input into our operations, for instance, hours of operation, location or relocation of a facility, numbers and types of slot machines and table games, and the types of sports events or casino games we may offer as part of our sports betting and online gaming operations. Gaming regulatory authorities may not have extensive experience in the digital media industry, which may present unique challenges in regulating our business. Regulators may also levy substantial fines or penalties against us or our subsidiaries for violations of gaming laws or regulations, or against the people involved in violating such gaming laws or regulations, and/or seize our assets or the assets of our subsidiaries. Any of these events could have a material adverse effect on our financial condition, results of operations, and cash flows.

Regulations governing the conduct of gaming activities and the obligations of gaming companies in any jurisdiction in which we have or in the future may have gaming operations are subject to change and could impose additional operating, financial, competitive or other burdens on the way we conduct our business.

In particular, certain areas of law governing new gaming activities, such as the federal, state and provincial laws applicable to retail casino gaming, online gaming, and sports betting, are new or developing in light of emerging technologies. New and developing areas of law may be subject to the interpretation of the government agencies tasked with enforcing them and/or courts in which parties challenge the interpretation or enforcement of them. In some circumstances, a government agency may interpret a statute or regulation in one manner and then reconsider its interpretation at a later date. No assurance can be provided that government agencies will interpret or enforce new or developing areas of law consistently, predictably, or favorably. Moreover, legislation or regulation to prohibit, limit, or add burdens to increase taxes on our business may be introduced in the future in jurisdictions where gaming has been legalized. In addition, from time to time, legislators and special interest groups have proposed legislation that would expand, restrict or prevent gaming operations or which may otherwise adversely impact our operations in the jurisdictions in which we operate. Any expansion of gaming or restriction on or prohibition of our gaming operations or enactment of other adverse regulatory changes could have a material adverse effect on our operating results.

Certain public and private issuances of securities and other transactions that we are party to also require the approval of some gaming regulatory authorities.

We have demonstrated suitability to obtain and have obtained all governmental licenses, registrations, permits, and approvals necessary for us to operate our existing gaming and pari-mutuel properties and sports betting and online gaming businesses. There can be no assurance that we will be able to retain and renew those existing licenses or demonstrate suitability to obtain any new licenses, registrations, permits, or approvals. In addition, the loss of a license, registration, permit or approval in one jurisdiction could trigger the loss of a license, registration, permit or approval or affect our eligibility for a license, registration, permit or approval in another jurisdiction. As we expand our gaming operations in our existing jurisdictions or to new jurisdictions, we may have to meet additional suitability requirements and obtain additional licenses, registrations, permits and approvals from gaming regulatory authorities in these jurisdictions. The approval process can be time-consuming and costly, and we cannot be sure that we will be successful. Furthermore, this risk is particularly pertinent to our online gaming and sports betting initiatives because regulations in this area are not as fully developed or established.

Gaming regulatory authorities generally can require that any record holder or beneficial owner of our securities file an application for a license or similar finding of suitability. If a gaming regulatory authority requires a record holder or beneficial owner of our securities to file a suitability application, the owner must generally apply for a finding of suitability within 30 days or at an earlier time prescribed by the gaming regulatory authority. The gaming regulatory authority also has the power to investigate such an owner’s suitability and the owner must pay all costs of the investigation. If the owner is found unsuitable or fails to apply when required to do so, then the owner may be required by law to dispose of our securities.

Our directors, officers, key employees, joint venture partners and vendors must also meet approval standards of certain gaming regulatory authorities. If gaming regulatory authorities were to find a person occupying any such position unsuitable, we may be required to sever our relationship with that person, joint venture partner or vendor. Gaming regulatory authorities may also conduct investigations into the conduct or associations of our directors, officers, key employees, joint venture partners or vendors to ensure compliance with applicable laws, regulations and standards.

We are subject to certain federal, state, provincial and other regulations, and if we fail to comply with such regulations, it could have a material adverse effect on our financial condition, results of operations, and cash flow.

We are subject to certain federal, state, provincial and local laws, regulations and ordinances that apply to businesses generally. The Bank Secrecy Act, enforced by the Financial Crimes Enforcement Network (“FinCEN”) of the U.S. Treasury Department, requires us to report currency transactions in excess of $10,000 occurring within a gaming day, including identification of the guest by name and social security number, to the IRS. This regulation also requires us to report certain

suspicious activity, including any transaction that exceeds $5,000 that we know, suspect or have reason to believe involves funds from illegal activity or is designed to evade federal regulations or reporting requirements and to verify sources of funds, in response to which we have implemented Know Your Customer processes. Periodic audits by the IRS and our internal audit department assess compliance with the Bank Secrecy Act, and substantial penalties can be imposed against us if we fail to comply with this regulation. In recent years the U.S. Treasury Department has increased its focus on Bank Secrecy Act compliance throughout the gaming industry, and public comments by FinCEN suggest that casinos should obtain information on each customer's sources of income. This could impact our ability to attract and retain casino guests. Further, since we deal with significant amounts of cash in our operations, we are subject to various reporting and anti-money laundering regulations. Any violation of anti-money laundering laws or regulations, or any accusations of money laundering or regulatory investigations into possible money laundering activities, by any of our properties, online gaming operations, employees, partners, affiliates, or customers could have a material adverse effect on our financial condition, results of operations, and cash flows.

The riverboats on which we operate must also comply with certain federal and state laws and regulations with respect to boat design, on-board facilities, equipment, personnel, and safety. In addition, we are required to have third parties periodically inspect and certify all of our casino barges for stability and single compartment flooding integrity. The casino barges on which we operate also must meet local fire safety standards. We would incur additional costs if any of the gaming facilities on which we operate were not in compliance with one or more of these regulations.

We are also subject to a variety of other federal, state and local laws and regulations, including those relating to zoning, construction, land use, employment, marketing, and advertising and the production, sale and service of alcoholic beverages. If we are not in compliance with these laws and regulations or we are subject to a substantial penalty, it could have a material adverse effect on our financial condition, results of operations, and cash flows.

State and local smoking restrictions have and may continue to negatively affect our business.

Legislation in various forms to ban or substantially curtail indoor tobacco smoking in public places has been enacted or introduced in many states and local jurisdictions, including several of the jurisdictions in which we operate. We believe the smoking restrictions have significantly impacted business volumes. If additional smoking restrictions are enacted within jurisdictions where we operate or seek to do business, our financial condition, results of operations, and cash flows could be adversely affected.

Changes to consumer privacy laws could adversely affect our ability to market our products effectively and may require us to change our business practices or expend significant amounts on compliance with such laws.

We rely on a variety of direct marketing techniques, including email marketing, online advertising, and postal mailings in our business. Any further restrictions in laws such as the CAN-SPAM Act, the Telephone Consumer Protection Act, the Do-Not-Call-Implementation Act, applicable Federal Communications Commission telemarketing rules (including the declaratory ruling affirming the blocking of unwanted robocalls), the FTC Privacy Rule, Safeguards Rule, Consumer Report Information Disposal Rule, Telemarketing Sales Rule, Canada's Anti-Spam Law and various U.S. state and Canadian provincial laws, or new federal, state or provincial laws on marketing and solicitation or international privacy, e-privacy, and anti-spam laws that govern these activities could adversely affect the continuing effectiveness of email, online advertising, and postal mailing techniques and could force further changes in our marketing strategy. If this occurs, we may not be able to develop adequate alternative marketing strategies, which could impact the amount and timing of our sales of certain products.

Further, certain of our products and services depend on the ability to use non-public personal, financial transaction, and or other information relating to patrons, which we may collect and or obtain from travel service providers or other companies with whom we have substantial relationships. To the extent that we collect, control, or process such information, federal, state, provincial and foreign privacy laws and regulations, including without limitation the California Consumer Privacy Act (including the amended California Privacy Rights Act), the EU's General Data Protection Regulation, Ontario, Canada's Freedom of Information and Protection of Privacy Act, and Canada's Personal Information Protection and Electronic Documents Act, require us to make disclosures regarding our privacy and information sharing practices, safeguard and protect the privacy of such information, and, in some cases, provide patrons the opportunity to "opt out" of the use of their information for certain purposes, any of which could limit our ability to leverage existing and future databases of information which could have a material adverse effect on our financial condition, results of operations, and cash flows.

We must comply with federal, state, provincial and foreign requirements regarding notice and consent to obtain, use, share, transmit and store such information, including providing the opportunity and mechanisms to "opt out" from certain uses in some jurisdictions. Furthermore, we may face conflicting obligations arising from the potential concurrent application of laws

of multiple jurisdictions. In the event that we are not able to reconcile such obligations, we may be required to change business practices or face liability or sanction.

To the extent that we fail to comply with applicable consumer protection and data privacy laws, we may become subject to actions by regulatory authorities and/or individuals (including private right of action in some jurisdictions), which may result in the payment of fines or the imposition of other monetary or non-monetary penalties.

We are subject to environmental laws and potential exposure to environmental liabilities which could have an adverse effect on us.

We are subject to various federal, state, and local environmental laws and regulations that govern our operations, including emissions and discharges into the environment, and the handling and disposal of hazardous and non-hazardous substances and wastes. Failure to comply with such laws and regulations could result in costs for corrective action, penalties or the imposition of other liabilities or restrictions. From time to time, we have incurred and are incurring costs and obligations for correcting environmental noncompliance matters. The extent of such potential conditions cannot be determined definitively. To date, none of these matters have had a material adverse effect on our financial condition, results of operations, and cash flows; however, there can be no assurance that such matters will not have such an effect in the future.

We also are subject to laws and regulations that impose liability and clean-up responsibility for releases of other hazardous substances into the environment. Under certain of these laws and regulations, a current or previous owner or operator of the property may be liable for the costs of remediating contaminated soil or groundwater on or from its property, without regard to whether the owner or operator knew of, or caused, the contamination, as well as incur liability to third parties impacted by such contamination. The presence of contamination, or failure to remediate it properly, may adversely affect our ability to use, sell or rent property. Under our contractual arrangements under the Triple Net Leases, we will generally be responsible for both past and future environmental liabilities associated with our gaming operations, notwithstanding ownership of the underlying real property having been transferred. Furthermore, we are aware that there is or may have been soil or groundwater or other contamination at certain of our properties resulting from current or former operations. These environmental conditions may require remediation in isolated areas. The extent of such potential conditions cannot be determined definitely, and may result in additional expense in the event that additional or currently unknown conditions are detected.

Material increases to our taxes or the adoption of new taxes or the authorization of new or increased forms of gaming could have a material adverse effect on our future financial results.

We believe that the prospect of generating incremental revenue is one of the primary reasons that jurisdictions permit or expand legalized gaming. As a result, gaming companies are typically subject to revenue-based taxes and fees in addition to normal federal, state, provincial and local income taxes, and such taxes and fees are subject to increase at any time. We pay substantial taxes and fees with respect to our operations. From time-to-time, federal, state, provincial and local legislators and officials have proposed changes in tax laws, or in the administration of such laws, affecting the gaming industry. Worsening economic conditions could intensify the efforts of state, provincial and local governments to raise revenues through increases in gaming taxes, property taxes and/or by authorizing additional gaming properties each subject to payment of a new license fee. It is not possible to determine with certainty the likelihood of changes in such laws or in the administration of such laws. Such changes, if adopted, could have a material adverse effect on our financial condition, results of operations, and cash flows.

Available Information

We maintain a website at www.pennentertainment.com that includes more information about us. The contents of our website are not part of this Annual Report on Form 10-K. Our electronic filings with the U.S. Securities and Exchange Commission (“SEC”) (including all Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, and any amendments to these reports), including the exhibits, are available free of charge through our website as soon as reasonably practicable after we electronically file them with, or furnish them to, the SEC. Our filings are also available through a database maintained by the SEC at www.sec.gov.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As detailed in Item 1. Business, "Operating Properties," the majority of our facilities are subject to leases of the underlying real estate assets, which, among other things, includes the land underlying the facility and the buildings used in the operations of the casino and the hotel, if applicable. The following describes the principal real estate associated with our properties by reportable segment (all area metrics are approximate):

	Location	Description of Owned Real Property	Acreage of Land	Description of Leased Real Property	Acreage of Land
Northeast segment					
Ameristar East Chicago	East Chicago, IN	—	—	Land, buildings, boat	22
Hollywood Casino Bangor	Bangor, ME	—	—	Land, racetrack, buildings	44
Hollywood Casino at Charles Town Races	Charles Town, WV	—	—	Land, racetrack, buildings	299
Hollywood Casino Columbus	Columbus, OH	—	—	Land, buildings	116
Hollywood Casino at Greektown	Detroit, MI	—	—	Land, buildings	8
Hollywood Casino Lawrenceburg	Lawrenceburg, IN	Land, buildings	—	Land, buildings, boat	108
Hollywood Casino Morgantown	Morgantown, PA	Building	—	Land	36
Hollywood Casino at PENN National Race Course	Grantville, PA	—	—	Land [(1)], racetrack, buildings	574
Hollywood Casino Perryville	Perryville, MD	—	—	Land, buildings	36
Hollywood Casino at The Meadows	Washington, PA	—	—	Land, racetrack, buildings	156
Hollywood Casino Toledo	Toledo, OH	—	—	Land, buildings	42
Hollywood Casino York	York, PA	—	—	Building	—
Hollywood Gaming at Dayton Raceway	Dayton, OH	—	—	Land, racetrack, buildings	120
Hollywood Gaming at Mahoning Valley Race Course	Youngstown, OH	—	—	Land, racetrack, buildings	193
Plainridge Park Casino	Plainville, MA	—	—	Land, racetrack, buildings	88
South segment					
1st Jackpot Casino	Tunica, MS	—	—	Land [(2)], buildings, boat	147
Ameristar Vicksburg	Vicksburg, MS	—	—	Land, buildings, boat	74
Boomtown Biloxi	Biloxi, MS	—	—	Land [(3)], buildings, boat	26
Boomtown Bossier City	Bossier City, LA	—	—	Land, buildings, boat	22
Boomtown New Orleans	New Orleans, LA	—	—	Land, buildings, boat	54
Hollywood Casino Gulf Coast	Bay St. Louis, MS	—	—	Land, buildings	579
Hollywood Casino Tunica	Tunica, MS	—	—	Land, buildings, boat	68
L'Auberge Baton Rouge	Baton Rouge, LA	Undeveloped land[(4)]	417	Land, buildings, barge	99
L'Auberge Lake Charles	Lake Charles, LA	Undeveloped land	54	Land, buildings, barge	235
Margaritaville Resort Casino	Bossier City, LA	—	—	Land, buildings, barge	34
West segment					
Ameristar Black Hawk	Black Hawk, CO	—	—	Land, buildings	104
Cactus Petes and Horseshu	Jackpot, NV	—	—	Land, buildings	80
M Resort	Henderson, NV	—	—	Land, buildings	84
Tropicana Las Vegas [(5)]	Las Vegas, NV	—	—	Land, buildings	—
Zia Park Casino	Hobbs, NM	—	—	Land, racetrack, buildings	317
Midwest segment					
Ameristar Council Bluffs	Council Bluffs, IA	—	—	Land, buildings, boat	59
Argosy Casino Alton	Alton, IL	Boat	—	Land, buildings	4
Argosy Casino Riverside	Riverside, MO	—	—	Land [(6)], buildings, barge	45
Hollywood Casino Aurora	Aurora, IL	—	—	Land, buildings, barge	2
Hollywood Casino Joliet	Joliet, IL	—	—	Land, buildings, barge	276
Hollywood Casino at Kansas Speedway	Kansas City, KS	Land, buildings	101	—	—
Hollywood Casino St. Louis	Maryland Heights, MO	—	—	Land, buildings, barge	221
River City Casino	St. Louis, MO	—	—	Land [(7)], buildings, barge	83
Other					
Freehold Raceway	Freehold, NJ	Land, racetrack, buildings	51	—	—
	Cherry Hill, NJ	Undeveloped land	10	—	—
Retama Park Racetrack [(8)]	Selma, TX	Undeveloped land	—	—	—
Sam Houston Race Park	Houston, TX	Land, racetrack, buildings	168	—	—
Sanford-Orlando Kennel Club [(9)]	Longwood, FL	Land, building	2	—	—
Valley Race Park	Harlingen, TX	Land, racetrack, buildings	71	—	—
			874		4,455

(1) Of which, 393 acres is undeveloped land surrounding Hollywood Casino at PENN National Race Course.
(2) Of which, 53 acres is wetlands.
(3) Of which, 3 acres is subject to the PENN Master Lease.
(4) During the year, we sold 61 acres of undeveloped land adjacent to L'Auberge Baton Rouge.
(5) The operations of Tropicana Las Vegas were sold on September 26, 2022 and the lease terminated. Prior to the lease termination, we leased 35 acres of land.
(6) Of which, 38 acres is subject to the PENN Master Lease.
(7) Of which, 24 acres is land surrounding River City Casino reserved for community and recreational facilities.
(8) The land, racetrack, and buildings used in the operations of Retama Park Racetrack are owned by the City of Selma, Texas. During the year, we sold 14 acres of undeveloped land adjacent to the Retama Park Racetrack.
(9) In the fourth quarter of 2020, we sold the land related to the Sanford-Orlando Kennel Club due to state regulation prohibiting greyhound racing. We continue to offer simulcast racing at our existing facility.

We lease office and warehouse space in various locations outside of our operating properties, including 86,542 square feet of office space in Las Vegas, Nevada which is currently subleased; 41,016 square feet of executive office and warehouse space in Wyomissing, Pennsylvania; 79,812 square feet of office space in Toronto, Ontario; 32,212 square feet of office space in Cherry Hill, New Jersey; 29,609 square feet of office space in Philadelphia, Pennsylvania; 22,049 square feet of office space in Hoboken, New Jersey; and 10,000 square feet of warehouse space in Aurora, Illinois.

Our interests in the owned real property listed above (with the exception of the land, buildings, and racetracks, used in the operations of Hollywood Casino at Kansas Speedway, Freehold Raceway, Retama Park Racetrack, and Hollywood Casino Morgantown, as well as the interests in the leased real property listed above) collateralize our obligations under our Amended Credit Facilities (as defined in the "Liquidity and Capital Resources" section of "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" below).

ITEM 3. LEGAL PROCEEDINGS

The Company is subject to various legal and administrative proceedings relating to personal injuries, employment matters, commercial transactions, development agreements and other matters arising in the ordinary course of business. Although the Company maintains what it believes to be adequate insurance coverage to mitigate the risk of loss pertaining to covered matters, legal and administrative proceedings can be costly, time-consuming and unpredictable. The Company does not believe that the final outcome of these matters will have a material adverse effect on its results of operations, financial position or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Ticker Symbol and Holders of Record

Our common stock is quoted on the NASDAQ Global Select Market under the symbol "PENN." As of February 16, 2023, there were 1,551 holders of record of our common stock.

Dividends

Since our initial public offering of common stock in May 1994, we have not paid any cash dividends on our common stock. We intend to retain all of our earnings to finance the development of our business, and thus, do not anticipate paying cash dividends on our common stock for the foreseeable future. Payment of any cash dividends in the future will be at the discretion of our Board of Directors and will depend upon, among other things, our future earnings, operations and capital requirements, our general financial condition and general business conditions. In addition, our Amended Credit Facilities and senior unsecured notes limit, among other things, our ability to pay dividends. Future financing arrangements may also prohibit the payment of dividends under certain conditions.

Sales of Unregistered Equity Securities

We have not sold any equity securities during the year ended December 31, 2022 that were not previously disclosed in a quarterly report on Form 10-Q or a current report on Form 8-K that was filed during the year.

Subsequent to year end, on February 17, 2023, the Company issued 2,442,809 share of our common stock in conjunction with the Barstool Acquisition (as defined and described in Note 7, "Investments in and Advances to Unconsolidated Affiliates"). The issuances were exempt from registration pursuant to Section 4(a)(2) of the Securities Act.

Purchases of Equity Securities

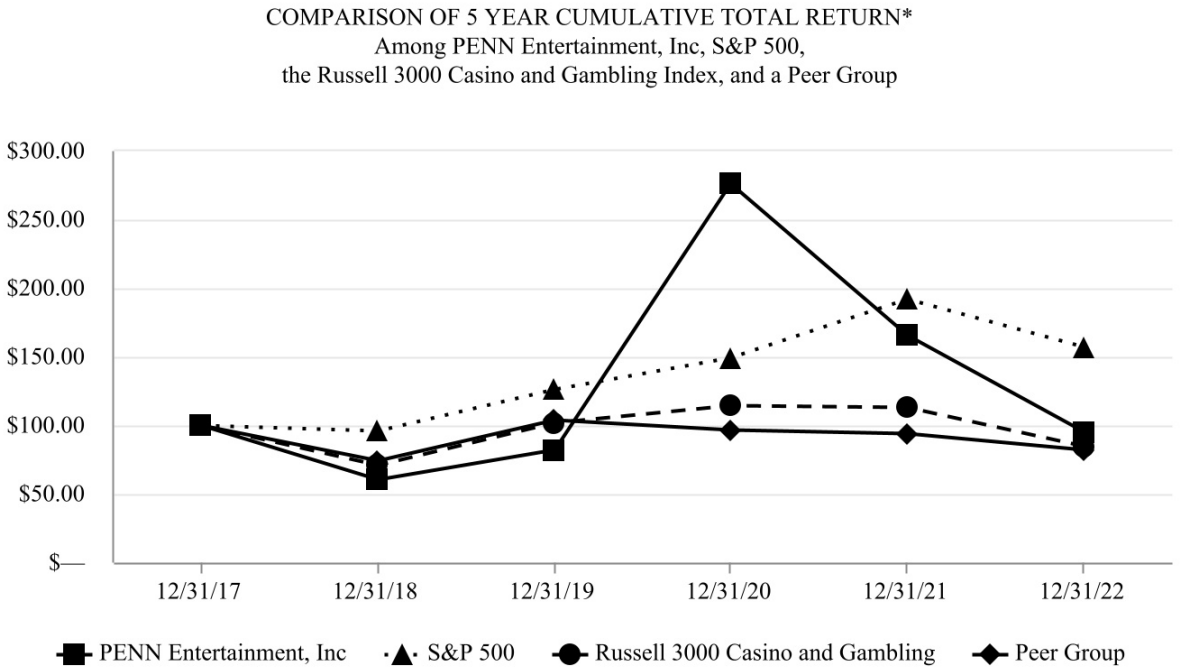
On February 1, 2022, our Board of Directors authorized the repurchase of up to $750.0 million of our common stock from time to time on the open market or in privately negotiated transactions (the "February 2022 Authorization"). The repurchase authorization expires on January 31, 2025. On December 6, 2022, our Board of Directors authorized an additional $750.0 million program for such repurchases, which expires on December 31, 2025 (the "December 2022 Authorization"). Since we have not yet used the full amount under the February 2022 Authorization, the December 2022 Authorization remains at full capacity. Stock repurchases, if any, will be funded using our available liquidity. The timing and amount of stock repurchases will depend on a variety of factors, including the market conditions as well as corporate and regulatory considerations. As of December 31, 2022, we have repurchased a total of 17,561,288 shares of our common stock at an average price of $34.23.

The following table presents the total number of shares of our common stock that we repurchased during the fourth quarter of the year ended December 31, 2022, the average price paid per share, the number of shares that we repurchased as part of our share repurchase program, and the approximate dollar value of shares that still could have been repurchased at the end of the applicable fiscal period pursuant to our share repurchase program:

(dollars in millions, except per share data)	**Total Number of Shares Purchased [1]**	**Average Price Paid Per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Program**	**Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Program**
October 1, 2022 - October 31, 2022	1,037,677	$ 28.97	1,005,188	$ 211.1
November 1, 2022 – November 30, 2022	605,592	$ 35.01	605,422	$ 189.9
December 1, 2022 - December 31, 2022	1,260,399	$ 32.29	1,260,284	$ 149.2
Total	2,903,668	$ 31.67	2,870,894	

(1) Includes 32,489, 170 and 115 shares withheld to pay taxes due upon the vesting of employee restricted stock for the months ended October 31, November 30, and December 31, 2022, respectively.

Stock Performance Graph



We have historically presented the performance graph by comparing our cumulative total shareholder return against the cumulative total return of the S&P 500 and the median total shareholder return of a selected group of peer companies. We have decided to change the presentation of our performance graph to replace the selected peer group with the Russell 3000 Casino and Gambling Index because the Company believes that a market index provides a more consistent comparison than the annual Company-selected peer group. In accordance with SEC rules, the performance graph presents both the indices used in the previous year and the newly selected index.

	Period Ending December 31,					
Index	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
PENN Entertainment, Inc.	$ 100.00	$ 60.10	$ 81.58	$ 275.68	$ 165.50	$ 94.80
S&P 500	$ 100.00	$ 95.62	$ 125.72	$ 148.85	$ 191.58	$ 156.89
Russell 3000 Casino and Gambling Index	$ 100.00	$ 70.47	$ 101.85	$ 114.43	$ 112.76	$ 84.39
Peer Group Median [(1)]	$ 100.00	$ 73.78	$ 103.93	$ 96.25	$ 93.55	$ 82.10

(1) Peer group includes: Boyd Gaming Corporation, Caesars Entertainment Inc., Las Vegas Sands Corp., MGM Resorts International, Red Rock Resorts, Inc., and Wynn Resorts, Ltd.

ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition, results of operations, liquidity and capital resources should be read in conjunction with, and is qualified in its entirety by, our Consolidated Financial Statements and the notes thereto, included in this Annual Report on Form 10-K, and other filings with the Securities and Exchange Commission. This management's discussion and analysis of financial condition and results of operations includes discussion as of and for the year ended December 31, 2022 compared to December 31, 2021. Discussion of our financial condition and results of operations as of and for the year ended December 31, 2021 compared to December 31, 2020 can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed with the Securities and Exchange Commission on February 28, 2022.

EXECUTIVE OVERVIEW

Our Business

On August 4, 2022, Penn National Gaming, Inc. was renamed PENN Entertainment, Inc. PENN Entertainment, Inc., together with its subsidiaries ("PENN," the "Company," "we," "our," or "us"), is North America's leading provider of integrated entertainment, sports content, and casino gaming experiences. As of December 31, 2022, PENN operated 43 properties in 20 states, online sports betting in 15 jurisdictions and iCasino in five jurisdictions, under a portfolio of well-recognized brands including Hollywood Casino®, L'Auberge®, Barstool Sportsbook®, and theScore Bet Sportsbook and Casino®. As of the issuance date of this report, PENN operates online sports betting in 16 jurisdictions upon the addition of Ohio in January 2023. PENN's highly differentiated strategy, which is focused on organic cross-sell opportunities, is reinforced by its investments in market-leading retail casinos, sports media assets, technology, including a state-of-the-art, fully integrated digital sports and iCasino betting platform, and an in-house iCasino content studio. The Company's portfolio is further bolstered by its industry-leading my**choice**® customer loyalty program (the "my**choice** program"), which offers our approximately 26 million members a unique set of rewards and experiences across business channels.

The majority of the real estate assets (i.e., land and buildings) used in our operations are subject to triple net master leases; the most significant of which are the PENN Master Lease and the Pinnacle Master Lease (as such terms are defined in "Liquidity and Capital Resources" and collectively referred to as the "Master Leases"), with Gaming and Leisure Properties, Inc. (Nasdaq: GLPI) ("GLPI"), a real estate investment trust ("REIT").

Impact of the COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the novel coronavirus (known as "COVID-19") outbreak to be a global pandemic. To help combat the spread of COVID-19 and pursuant to various orders from state gaming regulatory bodies or governmental authorities, operations at all of our properties were temporarily suspended for single, or multiple, time periods during 2020 and into 2021, and we operated with reduced gaming and hotel capacity with limited food and beverage offerings. As of the date of this filing, none of our properties are closed.

Although the impact of the COVID-19 pandemic has lessened as of late, we could still experience adverse effects from the lingering macroeconomic issues that have resulted from the COVID-19 pandemic. These could include, though are not limited to, labor shortages and increased turnover, interruption of domestic and global supply chains, and the reinstatement of mask mandates.

Recent Acquisitions, Development Projects and Other

As previously disclosed, in February 2020, we closed on our investment in Barstool Sports, Inc. ("Barstool") pursuant to a stock purchase agreement with Barstool and certain stockholders of Barstool, in which we purchased 36% (inclusive of 1% on a delayed basis) of the common stock, par value $0.0001 per share, of Barstool for a purchase price of $161.2 million. Under this strategic relationship, Barstool exclusively promotes the Company's retail gaming and racing properties, iCasinos and sports betting products, including the Barstool Sportsbook and Casino mobile app, to its national audience, and granted us the sole right to utilize Barstool Sportsbook for all of our online and retail sports betting and iCasino products. Subsequent to year end, on February 17, 2023, we completed the acquisition of all of the outstanding shares of common stock of Barstool not already owned by us for approximately $388 million, excluding transaction expenses, repayment of Barstool indebtedness and other purchase price adjustments (the "Barstool Acquisition"). We issued 2,442,809 shares of our common stock to certain former stockholders of Barstool for the Barstool Acquisition (see Note 15, "Stockholders' Equity," for further information) and utilized approximately $315 million of cash to complete the Barstool Acquisition, inclusive of transaction expenses and repayment of Barstool indebtedness. As of the closing of the Barstool Acquisition, Barstool became an indirect wholly owned subsidiary of PENN and accordingly we will consolidate Barstool in our financial statements and no longer account for our interest under the equity method of accounting. See Note 7, "Investments in and Advances to Unconsolidated Affiliates" to our Consolidated Financial Statements for additional detail on our acquisition of the remaining Barstool shares.

On April 16, 2020, we sold the real estate assets associated with the operations of Tropicana Las Vegas Hotel and Casino, Inc. ("Tropicana") to GLPI in exchange for rent credits of $307.5 million, and utilized the rent credits to pay rent under our existing Master Leases and the Meadows Lease, beginning in May 2020. Contemporaneous with the sale, the Company entered into the Tropicana Lease, (as defined and discussed in Note 12, "Leases" to our Consolidated Financial Statements). On

January 11, 2022, PENN entered into a definitive purchase agreement to sell its outstanding equity interest in Tropicana, which has the gaming license and operates the Tropicana, to Bally's Corporation. The transaction closed on September 26, 2022.

On October 1, 2020, we sold the land underlying Hollywood Casino Morgantown ("Morgantown") to GLPI in exchange for rent credits of $30.0 million. Contemporaneous with the sale, the Company entered into a triple net lease with GLPI for the land underlying Morgantown (as defined and discussed in Note 12, "Leases" to our Consolidated Financial Statements).

On May 11, 2021, we acquired 100% of the outstanding equity of HitPoint Inc. and Lucky Point Inc. (collectively, "Hitpoint"). The purchase price totaled $12.7 million, consisting of $6.2 million in cash, $3.5 million of the Company's common stock, and a $3.0 million contingent liability.

On July 1, 2021, we completed the acquisition of the operations of Hollywood Casino Perryville ("Perryville"), from GLPI for a purchase price of $39.4 million, including working capital adjustments. Simultaneous with the closing, we entered into a lease with GLPI for the real estate assets associated with Perryville for initial annual rent of $7.8 million per year subject to escalation. In conjunction with entering into the 2023 Master Lease, (as defined within "Liquidity and Capital Resources") the Perryville Lease was terminated effective January 1, 2023.

On August 1, 2021, we completed the acquisition of the remaining 50% ownership interest in the Sam Houston Race Park in Houston, Texas, the Valley Race Park in Harlingen, Texas, and a license to operate a racetrack in Austin, Texas (collectively, "Sam Houston"), from PM Texas Holdings, LLC for a purchase price of $57.8 million, comprised of $42.0 million in cash and $15.8 million of the Company's common stock. In conjunction with the acquisition, we recorded a gain of $29.9 million on our equity method investment.

On October 19, 2021, we acquired 100% of Score Media and Gaming, Inc. ("theScore") for a purchase price of approximately $2.1 billion. The acquisition provides us with the technology, resources and audience reach to accelerate our media and sports betting strategy across North America. Under the terms of the agreement, 1317774 B.C. Ltd. (the "Purchaser"), an indirectly wholly owned subsidiary of PENN, acquired each of the issued and outstanding theScore shares (other than those held by PENN and its subsidiaries) for US$17.00 per share in cash consideration, totaling $0.9 billion, and either 0.2398 of a share of common stock, par value $0.01 of PENN common stock or, if validly elected, 0.2398 of an exchangeable share in the capital of the Purchaser (each whole share, an "Exchangeable Share"), totaling 12,319,340 shares of PENN common stock and 697,539 Exchangeable Shares for approximately $1.0 billion. Each Exchangeable Share will be exchangeable into one share of PENN common stock at the option of the holder, subject to certain adjustments. In addition, Purchaser may redeem all outstanding Exchangeable Shares in exchange for shares of PENN common stock at any time following the fifth anniversary of the closing, or earlier under certain circumstances.

On October 9, 2022, as described in Note 12, "Leases", the Company entered into a binding term sheet (the "Term Sheet") with GLPI. Pursuant to the Term Sheet, the Company and GLPI agreed to amend and restate the PENN Master Lease (the "Amended and Restated PENN Master Lease") to (i) remove the land and buildings for Hollywood Casino Aurora ("Aurora"), Hollywood Casino Joliet ("Joliet"), Hollywood Casino Columbus ("Columbus"), Hollywood Casino Toledo ("Toledo") and the M Resort Spa Casino ("M Resort"); (ii) make associated adjustments to the rent after which the initial rent in the Amended and Restated PENN Master Lease will be $284.1 million, consisting of $208.2 million of Building Base Rent, $43.0 million of Land Base Rent and $32.9 million of Percentage Rent (as such terms are defined in the Amended and Restated PENN Master Lease); (iii) terminate the existing leases associated with Hollywood Casino at The Meadows ("Meadows") and Perryville; and (iv) enter into a new master lease (the "2023 Master Lease") specific to the properties associated with Aurora, Joliet, Columbus, Toledo, M Resort, Meadows and Perryville. Subsequent to year end, on February 21, 2023, both the Amended and Restated PENN Master Lease and the 2023 Master Lease agreement were executed with an effective date of January 1, 2023, and a master development agreement (the "Master Development Agreement") was executed on February 22, 2023.

The 2023 Master Lease has an initial term through October 31, 2033 with three subsequent five-year renewal periods on the same terms and conditions, exercisable at the Company's option. The 2023 Master Lease is cross-defaulted, cross-collateralized, and coterminous with the Amended and Restated PENN Master Lease, and subject to a parent guarantee. The 2023 Master Lease includes a base rent (the "2023 Master Lease Base Rent") equal to $232.2 million and the Master Development Agreement contains additional rent (together with the 2023 Master Lease Base Rent, the "2023 Master Lease Rent") equal to (i) 7.75% of any project funding received by PENN from GLPI for an anticipated relocation of PENN's riverboat casino and related developments with respect to Aurora (the "Aurora Project") and (ii) a percentage based on the then-current GLPI stock price, of any project funding received by PENN from GLPI for certain anticipated development projects with respect to Joliet, Columbus and M Resort (the "Other Development Projects"). The Master Development Agreement provides that GLPI will fund, upon PENN's request, up to $225 million for the Aurora Project and up to $350 million in the aggregate for the Other Development Projects, in accordance with certain terms and conditions set forth in the Master Development Agreement. These funding obligations of GLPI expire on January 1, 2026. The 2023 Master Lease Rent will be

subject to a one-time increase of $1.4 million, effective the fifth anniversary of the effective date. The 2023 Master Lease Rent will be further subject to a fixed escalator of 1.5% on November 1, 2023 and annually thereafter. The Master Development Agreement provides that PENN may elect not to proceed with a development project prior to GLPI's commencement of any equity or debt offering or credit facility draw intended to fund such project or after such time in certain instances, provided that GLPI will be reimbursed for all costs and expenses incurred in connection with such discontinued project. The Aurora Project and the Other Development Projects are all subject to necessary regulatory and other government approvals.

We believe that our portfolio of assets provides us with the benefit of geographically-diversified cash flow from operations. We expect to continue to expand our gaming operations through the implementation and execution of a disciplined capital expenditure program at our existing properties, the pursuit of strategic acquisitions and investments, and the development of new gaming properties. In addition, the acquisitions of Barstool and theScore reflect our strategy to continue evolving from the nation's largest regional gaming operator to a best-in-class omni-channel provider of retail and online gaming and sports betting entertainment.

Operating and Competitive Environment

Most of our properties operate in mature, competitive markets. We expect that the majority of our future growth will come from new business lines or distribution channels, such as retail and online gaming and sports betting; improvements, expansions or relocations of our existing properties; entrance into new jurisdictions; expansions of gaming in existing jurisdictions; and strategic investments and acquisitions. Our portfolio is comprised largely of well-maintained regional gaming facilities, which has allowed us to develop what we believe to be a solid base for future growth opportunities. We have also made investments in joint ventures that we believe will allow us to capitalize on additional gaming opportunities in certain jurisdictions if legislation or referenda are passed that permit and/or expand gaming in these jurisdictions and we are selected as a licensee.

We continue to adjust operations, offerings and cost structures to reflect the changing economic and health and safety conditions. We also continue to focus on revenue and cost synergies from recent acquisitions, and offering our customers additional gaming experiences through our omni-channel distribution strategy. We seek to continue to expand our customer database by partnering with third-party operators such as Choice Hotels International, Inc. to expand our loyalty program, as well as through accretive investments or acquisitions, such as Barstool and theScore, capitalize on organic growth opportunities from the development of new properties or the expansion of recently-developed business lines, and develop partnerships that allow us to enter new jurisdictions for iCasino and sports betting.

The gaming industry is characterized by an increasingly high degree of competition among a large number of participants, including riverboat casinos; dockside casinos; land-based casinos; video lottery; iCasino and online social casino; online and retail sports betting; sports media companies; gaming at taverns; gaming at truck stop establishments; sweepstakes and poker machines not located in casinos; the potential for increased fantasy sports; significant growth of Native American gaming tribes, historic racing or state-sponsored i-lottery products in or adjacent to states we operate in; and other forms of gaming in the U.S. See the "Segment comparison of the years ended December 31, 2022 and 2021" section below for discussions on our results of operations by reportable segment.

Key Performance Indicators

In our business, revenue is driven by discretionary consumer spending. We have no certain mechanism for determining why consumers choose to spend more or less money at our properties or on our online offerings from period-to-period; therefore, we are unable to quantify a dollar amount for each factor that impacts our customers' spending behaviors. However, based on our experience, we can generally offer some insight into the factors that we believe are likely to account for such changes and which factors may have a greater impact than others. For example, decreases in discretionary consumer spending have historically been brought about by weakened general economic conditions, such as recessions, inflation, rising interest rate environments, high unemployment levels, higher income taxes, low levels of consumer confidence, weakness in the housing market, high fuel or other transportation costs, and the effects of the COVID-19 pandemic. In addition, visitation and the volume of play have historically been negatively impacted by significant construction surrounding our properties, adverse regional weather conditions and natural disasters. In all instances, such insights are based solely on our judgment and professional experience, and no assurance can be given as to the accuracy of our judgments.

The vast majority of our revenues is gaming revenue, which is highly dependent upon the volume and spending levels of customers at our properties. Our gaming revenue is derived primarily from slot machines (which represented approximately 84%, 84% and 87% of our gaming revenue in 2022, 2021 and 2020, respectively) and, to a lesser extent, table games and online gaming consisting of online slots, online table games, and online sports betting. Aside from gaming revenue, our revenues are primarily derived from our hotel, dining, retail, commissions, media, program sales, admissions, concessions and certain other ancillary activities, and our racing operations.

Key performance indicators related to gaming revenue are slot handle and table game drop, which are volume indicators, and “win” or “hold” percentage. Our typical property slot win percentage is in the range of approximately 7% to 11% of slot handle, and our typical table game hold percentage is in the range of approximately 15% to 28% of table game drop.

Slot handle is the gross amount wagered during a given period. The win or hold percentage is the net amount of gaming wins and losses, with liabilities recognized for accruals related to the anticipated payout of progressive jackpots. Given the stability in our slot hold percentages on a historical basis, we have not experienced significant impacts to net income from changes in these percentages. For table games, customers usually purchase chips at the gaming tables. The cash and markers (extensions of credit granted to certain credit-worthy customers) are deposited in the gaming table’s drop box. Table game hold is the amount of drop that is retained and recorded as gaming revenue, with liabilities recognized for funds deposited by customers before gaming play occurs and for unredeemed gaming chips. As we are primarily focused on regional gaming markets, our table game hold percentages are fairly stable as the majority of these markets do not regularly experience high-end play, which can lead to volatility in hold percentages. Therefore, changes in table game hold percentages do not typically have a material impact to our results of operations and cash flows.

Under normal operating conditions, our properties generate significant operating cash flow since most of our revenue is cash-based from slot machines, table games, and online gaming, including sports betting. Our business is capital intensive, and we rely on cash flow from our properties to generate sufficient cash to satisfy our obligations under the Triple Net Leases (as defined in “Liquidity and Capital Resources”), repay debt, fund maintenance capital expenditures, fund new capital projects at existing properties and provide excess cash for future development and acquisitions. Additional information regarding our capital projects is discussed in “Liquidity and Capital Resources” below.

Reportable Segments

We have aggregated our operating segments into five reportable segments. Retail operating segments are based on the similar characteristics within the regions in which they operate: Northeast, South, West, and Midwest. Our Interactive segment includes all of our online sports betting, iCasino and online social gaming operations, management of retail sports betting, media, and our proportionate share of earnings attributable to our equity method investment in Barstool. We view each of our gaming and racing properties as an operating segment with the exception of our two properties in Jackpot, Nevada, which we view as one operating segment. We consider our combined Video Gaming Terminal (“VGT”) operations, by state, to be separate operating segments. For a listing of our gaming properties and VGT operations included in each reportable segment, see Note 2, “Significant Accounting Policies,” in the notes to our Consolidated Financial Statements.

RESULTS OF OPERATIONS

The following table highlights our revenues, net income (loss), and Adjusted EBITDA, on a consolidated basis, as well as our revenues and Adjusted EBITDAR by reportable segment. Such segment reporting is on a basis consistent with how we measure our business and allocate resources internally. We consider net income (loss) to be the most directly comparable financial measure calculated in accordance with generally accepted accounting principles in the United States ("GAAP") to Adjusted EBITDA and Adjusted EBITDAR, which are non-GAAP financial measures. Refer to "Non-GAAP Financial Measures" below for the definitions of Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDAR, and Adjusted EBITDAR margin; as well as a reconciliation of net income (loss) to Adjusted EBITDA and Adjusted EBITDAR and related margins.

	For the year ended December 31,		
(dollars in millions)	**2022**	**2021**	**2020**
Revenues:			
Northeast segment	$ 2,695.9	$ 2,552.4	$ 1,639.3
South segment	1,314.2	1,322.2	849.6
West segment	581.9	521.4	302.5
Midwest segment	1,159.6	1,102.7	681.4
Interactive segment	663.1	432.9	121.1
Other [1]	21.3	10.6	3.9
Intersegment eliminations [2]	(34.3)	(37.2)	(19.1)
Total	$ 6,401.7	$ 5,905.0	$ 3,578.7
Net income (loss)	$ 221.7	$ 420.5	$ (669.1)
Adjusted EBITDAR:			
Northeast segment	$ 842.5	$ 848.4	$ 478.9
South segment	548.1	587.0	318.9
West segment	220.1	195.0	82.2
Midwest segment	501.2	500.1	258.3
Interactive segment	(74.9)	(35.4)	37.2
Other [1]	(97.6)	(100.7)	(80.7)
Total [3]	1,939.4	1,994.4	1,094.8
Rent expense associated with triple net operating leases [4]	(149.6)	(454.4)	(419.8)
Adjusted EBITDA	$ 1,789.8	$ 1,540.0	$ 675.0
Net income (loss) margin	3.5 %	7.1 %	(18.7)%
Adjusted EBITDAR margin	30.3 %	33.8 %	30.6 %
Adjusted EBITDA margin	28.0 %	26.1 %	18.9 %

(1) The Other category consists of the Company's stand-alone racing operations, namely Sanford-Orlando Kennel Club, Sam Houston and Valley Race Parks (the remaining 50% was acquired by PENN on August 1, 2021), the Company's joint venture interests in Freehold Raceway; and our management contract for Retama Park Racetrack. The Other category also includes corporate overhead costs, which consist of certain expenses, such as: payroll expenses, professional fees, travel expenses and other general and administrative expenses that do not directly relate to or have not otherwise been allocated to a property.

(2) Primarily represents the elimination of intersegment revenues associated with our internally-branded retail sportsbooks, which are operated by PENN Interactive.

(3) The total is a mathematical calculation derived from the sum of reportable segments (as well as the Other category). As noted within "Non-GAAP Financial Measures" below, Adjusted EBITDAR, and the related margin, is presented on a consolidated basis outside the financial statements solely as a valuation metric.

(4) Solely comprised of rent expense associated with the operating lease components contained within our triple net master lease dated November 1, 2013 with GLPI and the triple net master lease assumed in connection with our acquisition of Pinnacle Entertainment, Inc., our individual triple net leases with GLPI for the real estate assets used in the operation of Tropicana (terminated on September 26, 2022) and Hollywood Casino at The Meadows, and our individual triple net leases with VICI ("VICI") for the real estate assets used in the operations of Margaritaville Resort Casino

and Hollywood Casino at Greektown (of which the Tropicana Lease, Meadows Lease, Margaritaville Lease and the Greektown Lease are defined in "Liquidity and Capital Resources") and are referred to collectively as our "triple net operating leases."

As a result of the Lease Modification defined in Note 12, "Leases" to our Consolidated Financial Statements, the land and building components associated with the operations of Hollywood Gaming at Dayton Raceway and Hollywood Gaming at Mahoning Valley Race Course are classified as operating leases which are recorded to rent expense, as compared to prior to the Lease Modification, whereby the land components of substantially all of the Master Lease properties were classified as operating leases and recorded to rent expense. Subsequent to the Lease Modification, the land components associated with the Master Lease properties are primarily classified as finance leases.

Consolidated comparison of the years ended December 31, 2022 and 2021

Revenues

The following table presents our consolidated revenues:

	For the year ended December 31,			$ Change		% Change	
(dollars in millions)	**2022**	**2021**	**2020**	**2022 vs. 2021**	**2021 vs. 2020**	**2022 vs. 2021**	**2021 vs. 2020**
Revenues							
Gaming	$ 5,201.7	$ 4,945.3	$ 3,051.1	$ 256.4	$ 1,894.2	5.2 %	62.1 %
Food, beverage, hotel and other	1,200.0	959.7	527.6	240.3	432.1	25.0 %	81.9 %
Total revenues	$ 6,401.7	$ 5,905.0	$ 3,578.7	$ 496.7	$ 2,326.3	8.4 %	65.0 %

Gaming revenues for the year ended December 31, 2022 increased by $256.4 million compared to the prior year primarily due to increases in our Interactive segment resulting from continued growth in our online revenues, partially due to the acquisition of theScore, and the inclusion of the full period operating results of three new properties in our Northeast segment: Perryville, which was acquired on July 1, 2021, Hollywood Casino York, which opened August 12, 2021 and Hollywood Casino Morgantown, which opened December 22, 2021.

Food, beverage, hotel and other revenues for the year ended December 31, 2022 increased by $240.3 million compared to the prior year, primarily due to increases in food, beverage and hotel revenues across all our segments, due to easing of restrictions, strong visitation levels among all age groups, increased offerings and hours of operations at our outlets, increases in gaming tax reimbursement amounts charged to third-party partners for online sports betting and iCasino market access, the inclusion of operating results from our new properties as discussed above, and media revenues from theScore, which was acquired on October 19, 2021.

See "Segment comparison of the years ended December 31, 2022, and 2021" below for more detailed explanations of the fluctuations in revenues.

Operating expenses

The following table presents our consolidated operating expenses:

	For the year ended December 31,			$ Change		% Change	
(dollars in millions)	**2022**	**2021**	**2020**	**2022 vs. 2021**	**2021 vs. 2020**	**2022 vs. 2021**	**2021 vs. 2020**
Operating expenses							
Gaming	$ 2,864.4	$ 2,540.7	$ 1,530.3	$ 323.7	$ 1,010.4	12.7 %	66.0 %
Food, beverage, hotel and other	767.2	607.3	337.7	159.9	269.6	26.3 %	79.8 %
General and administrative	1,110.4	1,352.9	1,130.8	(242.5)	222.1	(17.9)%	19.6 %
Depreciation and amortization	567.5	344.5	366.7	223.0	(22.2)	64.7 %	(6.1)%
Impairment losses	118.2	—	623.4	118.2	(623.4)	N/M	N/M
Total operating expenses	$ 5,427.7	$ 4,845.4	$ 3,988.9	$ 582.3	$ 856.5	12.0 %	21.5 %

N/M - Not meaningful

Gaming expenses consist primarily of salaries and wages associated with our gaming operations, gaming taxes, and marketing and promotional costs. Gaming expenses for the year ended December 31, 2022 increased by $323.7 million compared to the prior year primarily due to higher third-party service provider fees from higher online gaming activity, higher payroll expenses related to volume, an increase in gaming taxes resulting from the increase in gaming revenues, and increased variable marketing and promotional expenses compared to the prior period. Also included in gaming expenses are non-

recurring transaction costs of $26.0 million for the year ended December 31, 2022, related to third-party contract termination fees as we execute on our strategy to deploy our internally built technology stack, consisting of a player account management system and proprietary risk and trading platform, specific to the Interactive segment.

Food, beverage, hotel and other expenses consist primarily of payroll expenses and costs of goods sold associated with our food, beverage, hotel, retail, racing, and interactive operations. Food, beverage, hotel and other expenses for the year ended December 31, 2022 increased $159.9 million compared to the prior year, primarily due to increased volumes as we operated with increased offerings and extended hours of operations at our outlets, which resulted in increases in payroll expenses and cost of sales, and increases in gaming tax reimbursement amounts charged to third-party partners for online sports betting and iCasino market access.

General and administrative expenses include items such as compliance, facility maintenance, utilities, property and liability insurance, surveillance and security, and lobbying expenses, as well as all expenses for administrative departments such as accounting, purchasing, human resources, legal and internal audit. General and administrative expenses also include stock-based compensation expense; pre-opening expenses; acquisition and transaction costs; gains and losses on disposal of assets; insurance recoveries, net of deductible charges; changes in the fair value of our contingent purchase price obligations; expense associated with cash-settled stock-based awards (including changes in fair value thereto); and rent expense associated with our triple net operating leases.

General and administrative expenses for the year ended December 31, 2022 decreased by $242.5 million compared to the prior year primarily due to a decrease in rent costs associated with our Master Leases of $304.8 million representing changes in lease classifications from operating to finance as a result of the Lease Modification as described in Note 12, “Leases” to our Consolidated Financial Statements. The decrease was partially offset by increased payroll costs of $43.2 million, which reflect the current operating environment, a $24.2 million increase in facility costs due to increased volumes, and a $6.4 million loss on the sale of land at our L’Auberge Baton Rouge property.

Depreciation and amortization for the year ended December 31, 2022 increased year over year primarily due to increased amortization costs associated with our Master Leases of $171.0 million representing changes in lease classifications from operating to finance as a result of the Lease Modification as described in Note 12, “Leases” to our Consolidated Financial Statements. In addition, amortization on other intangible assets increased by $37.1 million primarily due to the amortization of other intangible assets that resulted from our acquisition of theScore.

Impairment losses for the year ended December 31, 2022 primarily relate to impairment charges at our Hollywood Casino at Greektown property for goodwill and other intangible assets of $37.4 million and $65.4 million, respectively, as a result of an interim impairment assessment during the third quarter of 2022 as well as an impairment charge at our Hollywood Casino at PENN National Race Course (“PNRC”) property for other intangible assets of $13.6 million as a result of our annual impairment assessment during the fourth quarter of 2022.

The impairment charges at Hollywood Casino at Greektown were due to revised cash flow projections as the majority of the hotel was out of service for longer than anticipated during renovations caused by water damage. The impairment charge at PNRC was largely due to the expansion of gaming legislation in the market and increased supply, particularly from our recent openings of Hollywood Casino York and Hollywood Casino Morgantown, which reduced long-term projections of the property. See Note 9, “Goodwill and Other Intangible Assets” to our Consolidated Financial Statements for further discussion. There were no impairment losses during the year ended December 31, 2021.

The following table presents our consolidated other income (expenses):

	For the year ended December 31,			$ Change		% Change	
(dollars in millions)	**2022**	**2021**	**2020**	**2022 vs. 2021**	**2021 vs. 2020**	**2022 vs. 2021**	**2021 vs. 2020**
Other income (expenses)							
Interest expense, net	$ (758.2)	$ (562.8)	$ (544.1)	$ (195.4)	$ (18.7)	34.7 %	3.4 %
Interest income	$ 18.3	$ 1.1	$ 0.9	$ 17.2	$ 0.2	1,563.6 %	22.2 %
Income from unconsolidated affiliates	$ 23.7	$ 38.7	$ 13.8	$ (15.0)	$ 24.9	(38.8)%	180.4 %
Loss on early extinguishment of debt	$ (10.4)	$ —	$ (1.2)	$ (10.4)	$ 1.2	N/M	N/M
Other	$ (72.1)	$ 2.5	$ 106.6	$ (74.6)	$ (104.1)	N/M	(97.7)%
Income tax benefit (expense)	$ 46.4	$ (118.6)	$ 165.1	$ 165.0	$ (283.7)	N/M	N/M

N/M - Not meaningful

Interest expense, net increased for the year ended December 31, 2022, as compared to the prior year, primarily due to a $171.3 million net increase in Master Lease interest costs due to changes in lease classifications as a result of the Lease Modification as described in Note 12, "Leases" to our Consolidated Financial Statements.

Interest income increased for the year ended December 31, 2022, as compared to the prior year, primarily due to executing on our short term investing strategy utilizing money market funds which commenced during the year ended December 31, 2022.

Income from unconsolidated affiliates relates principally to Barstool, and our Kansas Entertainment and Freehold Raceway joint ventures. The decrease for the year ended December 31, 2022, compared to the prior year, is due to lower income earned from our investments in these unconsolidated affiliates. We record our proportionate share of Barstool's net income or loss one quarter in arrears.

Loss on early extinguishment of debt for the year ended December 31, 2022 related to the refinancing of the previous Senior Secured Credit Facilities in May 2022. See Note 11, "Long-term Debt" to our Consolidated Financial Statements for further discussion.

Other primarily relates to realized and unrealized gains and losses on equity securities, held by PENN Interactive, unrealized gains or losses resulting from foreign currency translation, unrealized gains and losses related to certain Barstool shares as well as miscellaneous income and expense items. Equity securities were provided to the Company in conjunction with entering into multi-year agreements with sports betting operators for online sports betting and iCasino market access across our portfolio. For the year ended December 31, 2022, other income primarily consisted of unrealized holding losses of $69.9 million on equity shares. For the year ended December 31, 2021, other income was comprised primarily of a $29.9 million gain related to the valuation of our joint venture investment in Sam Houston and Valley Race Parks prior to the acquisition of the remaining 50% on August 1, 2021, offset by a net $24.9 million loss related to realized and unrealized losses on equity securities.

Income tax benefit (expense) for the year ended December 31, 2022, was a $46.4 million benefit, as compared to a $118.6 million expense for the year ended December 31, 2021. Our effective tax rate (income taxes as a percentage of income from operations before income taxes) was (26.5)% for the year ended December 31, 2022, as compared to 22.0% for the year ended December 31, 2021. The change in the effective rate as compared to the prior year period was primarily due to the decreases to income before taxes coupled with the release of our valuation allowance.

The reversal of our valuation allowance during the third quarter of 2022, was primarily due to (i) sustained growth in our three-year cumulative pre-tax earnings; (ii) substantial total revenues and earnings growth in our retail business operations, and (iii) lack of significant asset impairment charges expected to be indicative of the Company's retail business operations or projections for the foreseeable future. Accordingly, the valuation allowance has been reduced by $113.4 million resulting in a substantial decrease to income tax expense for the year ended December 31, 2022. See Note 14, "Income Taxes" to our Consolidated Financial Statements for further discussion.

Our effective income tax rate can vary each reporting period depending on, among other factors, the geographic and business mix of our earnings, changes to our valuation allowance, and the level of our tax credits. Certain of these and other factors, including our history and projections of pre-tax earnings, are considered in assessing our ability to realize our net deferred tax assets.

Segment comparison of the years ended December 31, 2022 and 2021

Northeast Segment

	For the year ended December 31,			$ Change		% / bps Change	
(dollars in millions)	**2022**	**2021**	**2020**	**2022 vs. 2021**	**2021 vs. 2020**	**2022 vs. 2021**	**2021 vs. 2020**
Revenues:							
Gaming	$ 2,434.0	$ 2,344.2	$ 1,495.1	$ 89.8	$ 849.1	3.8 %	56.8 %
Food, beverage, hotel and other	261.9	208.2	144.2	53.7	64.0	25.8 %	44.4 %
Total revenues	$ 2,695.9	$ 2,552.4	$ 1,639.3	$ 143.5	$ 913.1	5.6 %	55.7 %
Adjusted EBITDAR	$ 842.5	$ 848.4	$ 478.9	$ (5.9)	$ 369.5	(0.7)%	77.2 %
Adjusted EBITDAR margin	31.3 %	33.2 %	29.2 %			(190) bps	400 bps

The Northeast segment's revenues for the year ended December 31, 2022 increased by $143.5 million over the prior year, primarily due to the inclusion of the operating results of Perryville, which was acquired on July 1, 2021, Hollywood Casino York, which opened August 12, 2021 and Hollywood Casino Morgantown, which opened December 22, 2021, and increased food, beverage, hotel and other revenues as we operated with increased offerings and extended hours of operations at our outlets. These revenue increases were partially offset by a decrease in gaming revenues at our Ameristar East Chicago, Hollywood Casino at PENN National Race Course, and Hollywood Casino at Greektown properties.

For the year ended December 31, 2022 the Northeast Adjusted EBITDAR decreased by $5.9 million as compared to the prior year, primarily due to increased gaming taxes, variable marketing and promotional expenses, which remain below pre-pandemic levels, and payroll expenses, resulting in an Adjusted EBITDAR margin of 31.3%.

South Segment

	For the year ended December 31,			$ Change		% / bps Change	
(dollars in millions)	**2022**	**2021**	**2020**	**2022 vs. 2021**	**2021 vs. 2020**	**2022 vs. 2021**	**2021 vs. 2020**
Revenues:							
Gaming	$ 1,050.7	$ 1,080.4	$ 684.0	$ (29.7)	$ 396.4	(2.7)%	58.0 %
Food, beverage, hotel and other	263.5	241.8	165.6	21.7	76.2	9.0 %	46.0 %
Total revenues	$ 1,314.2	$ 1,322.2	$ 849.6	$ (8.0)	$ 472.6	(0.6)%	55.6 %
Adjusted EBITDAR	$ 548.1	$ 587.0	$ 318.9	$ (38.9)	$ 268.1	(6.6)%	84.1 %
Adjusted EBITDAR margin	41.7 %	44.4 %	37.5 %			(270) bps	690 bps

The South segment's revenues for the year ended December 31, 2022 decreased by $8.0 million over the prior year, primarily due to a decrease in gaming revenues driven primarily by record setting results in the second and fourth quarters of 2021 combined with minor disruptions from various capital projects across the South region portfolio in the current year. The decrease in gaming revenues was partially offset by increased food, beverage, hotel and other revenues primarily due to easing of restrictions, strong visitation levels among all age groups, and increased offerings and hours of operations at our outlets.

For the year ended December 31, 2022, the South segment's Adjusted EBITDAR decreased by $38.9 million and Adjusted EBITDAR margin decreased to 41.7% as the current year was negatively impacted by the decrease in gaming revenues, discussed above, higher payroll expenses associated with hotel and food and beverage offerings, and higher variable marketing and promotional expenses, which remain below pre-pandemic levels. The prior year benefited from increased gaming revenues and reduced labor costs yielding a higher overall Adjusted EBITDAR margin.

West Segment

(dollars in millions)	For the year ended December 31, 2022	2021	2020	$ Change 2022 vs. 2021	2021 vs. 2020	% / bps Change 2022 vs. 2021	2021 vs. 2020
Revenues:							
Gaming	$ 387.6	$ 352.7	$ 194.2	$ 34.9	$ 158.5	9.9 %	81.6 %
Food, beverage, hotel and other	194.3	168.7	108.3	25.6	60.4	15.2 %	55.8 %
Total revenues	$ 581.9	$ 521.4	$ 302.5	$ 60.5	$ 218.9	11.6 %	72.4 %
Adjusted EBITDAR	$ 220.1	$ 195.0	$ 82.2	$ 25.1	$ 112.8	12.9 %	137.2 %
Adjusted EBITDAR margin	37.8 %	37.4 %	27.2 %			40 bps	1,020 bps

The West segment's revenues for the year ended December 31, 2022 increased by $60.5 million over the prior year, primarily due to increased spend per guest on gaming and increased visitation at our food and beverage outlets, partially offset by the sale of our Tropicana Las Vegas property on September 26, 2022. During the year ended December 31, 2021, our West segment's operating results were negatively impacted by the temporary closure of our Zia Park property due to the COVID-19 pandemic, which remained closed until March 5, 2021 and for an additional thirteen days in April of 2021, and our properties operated within locally restricted gaming and hotel capacity and limited food and beverage and other amenity offerings.

For the year ended December 31, 2022, the West segment's Adjusted EBITDAR increased by $25.1 million primarily due to increases in gaming and non-gaming revenues, partially offset by higher payroll expenses related to volume increases and higher variable marketing and promotional expenses, which remain below pre-pandemic levels.

Midwest Segment

(dollars in millions)	For the year ended December 31, 2022	2021	2020	$ Change 2022 vs. 2021	2021 vs. 2020	% / bps Change 2022 vs. 2021	2021 vs. 2020
Revenues:							
Gaming	$ 1,045.9	$ 1,009.6	$ 615.2	$ 36.3	$ 394.4	3.6 %	64.1 %
Food, beverage, hotel and other	113.7	93.1	66.2	20.6	26.9	22.1 %	40.6 %
Total revenues	$ 1,159.6	$ 1,102.7	$ 681.4	$ 56.9	$ 421.3	5.2 %	61.8 %
Adjusted EBITDAR	$ 501.2	$ 500.1	$ 258.3	$ 1.1	$ 241.8	0.2 %	93.6 %
Adjusted EBITDAR margin	43.2 %	45.4 %	37.9 %			(220) bps	750 bps

The Midwest segment's revenues for the year ended December 31, 2022 increased by $56.9 million over the prior year, primarily due to increased length of play and increased spend per guest resulting in increased gaming and non-gaming revenues. During the year ended December 31, 2021, our Midwest segment's operating results were negatively impacted as our properties operated within locally-restricted gaming capacity and limited food and beverage and other amenity offerings. Additionally, our Illinois properties were temporarily closed for periods between fifteen and twenty-two days in January 2021, due to COVID-19 restrictions.

For the year ended December 31, 2022, the Midwest segment's Adjusted EBITDAR increased by $1.1 million primarily due to increases in gaming and non-gaming revenues, offset by higher payroll expenses and higher variable marketing and promotional expenses, which remain below pre-pandemic levels, reflected in Adjusted EBITDAR margin, which decreased by 220 bps to 43.2%.

Interactive Segment

(dollars in millions)	For the year ended December 31, 2022	2021	2020	$ Change 2022 vs. 2021	2021 vs. 2020	% / bps Change 2022 vs. 2021	2021 vs. 2020
Revenues:							
Gaming	$ 283.5	$ 158.4	$ 62.4	$ 125.1	$ 96.0	79.0 %	153.8 %
Food, beverage, hotel and other	379.6	274.5	58.7	105.1	215.8	38.3 %	367.6 %
Total revenues	$ 663.1	$ 432.9	$ 121.1	$ 230.2	$ 311.8	53.2 %	257.5 %
Adjusted EBITDAR	$ (74.9)	$ (35.4)	$ 37.2	$ (39.5)	$ (72.6)	N/M	N/M
Adjusted EBITDAR margin	(11.3)%	(8.2)%	30.7 %			N/M	N/M

N/M - Not meaningful

Total revenues for the Interactive segment for the year ended December 31, 2022 increased by $230.2 million, as compared to the prior year, primarily due to continued increases in online activity with the launch of theScore Bet Sportsbook and Casino in Ontario and the Barstool Sportsbook in additional states, as well as the inclusion of revenues from theScore, which was acquired on October 19, 2021. Additionally, revenues are inclusive of a tax gross-up of $251.6 million for the year ended December 31, 2022, compared to $180.2 million for year ended December 31, 2021.

For the year ended December 31, 2022, Adjusted EBITDAR and Adjusted EBITDAR margin decreased primarily due to higher payroll expenses stemming from our transition to our proprietary technology platform and integrating employees from theScore acquisition. Additionally, there were increased expenses related to online sports betting launches, ramping and launching theScore Bet Sportsbook and Casino in Ontario, and launching the Barstool Sportsbook in additional states.

Other

(dollars in millions)	For the year ended December 31, 2022	2021	2020	$ Change 2022 vs. 2021	2021 vs. 2020	% / bps Change 2022 vs. 2021	2021 vs. 2020
Revenues:							
Gaming	$ —	$ —	$ 0.3	$ —	$ (0.3)	N/M	(100.0)%
Food, beverage, hotel and other	21.3	10.6	3.6	10.7	7.0	100.9 %	194.4 %
Total revenues	$ 21.3	$ 10.6	$ 3.9	$ 10.7	$ 6.7	100.9 %	171.8 %
Adjusted EBITDAR	$ (97.6)	$ (100.7)	$ (80.7)	$ 3.1	$ (20.0)	N/M	N/M

N/M - Not meaningful

Other consists of the Company's stand-alone racing operations, as well as corporate overhead costs, which primarily includes certain expenses such as payroll, professional fees, travel expenses and other general and administrative expenses that do not directly relate to or have not otherwise been allocated to a property. Revenues have increased compared to the prior year, primarily due to the acquisition of Sam Houston, the remaining 50% of which was acquired on August 1, 2021.

Changes in Adjusted EBITDAR for the year ended December 31, 2022 primarily relate to changes in corporate overhead costs, which are reflective of the current operating environment.

Non-GAAP Financial Measures

Use and Definitions

In addition to GAAP financial measures, management uses Adjusted EBITDA, Adjusted EBITDAR, Adjusted EBITDA margin, and Adjusted EBITDAR margin as non-GAAP financial measures. These non-GAAP financial measures should not be considered a substitute for, nor superior to, financial results and measures determined or calculated in accordance with GAAP. Each of these non-GAAP financial measures is not calculated in the same manner by all companies and, accordingly, may not be an appropriate measure of comparing performance among different companies.

We define Adjusted EBITDA as earnings before interest expense, net; interest income; income taxes; depreciation and amortization; stock-based compensation; debt extinguishment charges; impairment losses; insurance recoveries, net of deductible charges; changes in the estimated fair value of our contingent purchase price obligations; gain or loss on disposal of assets; the difference between budget and actual expense for cash-settled stock-based awards; pre-opening expenses; and other. Adjusted EBITDA is inclusive of income or loss from unconsolidated affiliates, with our share of non-operating items (such as interest expense, net; income taxes; depreciation and amortization; and stock-based compensation expense) added back for Barstool and our Kansas Entertainment, LLC joint venture. Adjusted EBITDA is inclusive of rent expense associated with our triple net operating leases (the operating lease components contained within our triple net master lease dated November 1, 2013 with GLPI and the triple net master lease assumed in connection with our acquisition of Pinnacle Entertainment, Inc., our individual triple net leases with GLPI for the real estate assets used in the operations of Tropicana Las Vegas Hotel and Casino, Inc. (terminated on September 26, 2022) and Hollywood Casino at The Meadows, and our individual triple net leases with VICI for the real estate assets used in the operations of Margaritaville Resort Casino and Hollywood Casino at Greektown). Although Adjusted EBITDA includes rent expense associated with our triple net operating leases, we believe Adjusted EBITDA is useful as a supplemental measure in evaluating the performance of our consolidated results of operations. We define Adjusted EBITDA margin as Adjusted EBITDA divided by consolidated revenues.

Adjusted EBITDA has economic substance because it is used by management as a performance measure to analyze the performance of our business, and is especially relevant in evaluating large, long-lived casino-hotel projects because it provides a perspective on the current effects of operating decisions separated from the substantial non-operational depreciation charges and financing costs of such projects. We present Adjusted EBITDA because it is used by some investors and creditors as an indicator of the strength and performance of ongoing business operations, including our ability to service debt, and to fund capital expenditures, acquisitions and operations. These calculations are commonly used as a basis for investors, analysts and credit rating agencies to evaluate and compare operating performance and value companies within our industry. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including us, have historically excluded from their Adjusted EBITDA calculations of certain corporate expenses that do not relate to the management of specific casino properties. However, Adjusted EBITDA is not a measure of performance or liquidity calculated in accordance with GAAP. Adjusted EBITDA information is presented as a supplemental disclosure, as management believes that it is a commonly used measure of performance in the gaming industry and that it is considered by many to be a key indicator of the Company’s operating results.

We define Adjusted EBITDAR as Adjusted EBITDA (as defined above) plus rent expense associated with triple net operating leases (which is a normal, recurring cash operating expense necessary to operate our business). Adjusted EBITDAR is presented on a consolidated basis outside the financial statements solely as a valuation metric. Management believes that Adjusted EBITDAR is an additional metric traditionally used by analysts in valuing gaming companies subject to triple net leases since it eliminates the effects of variability in leasing methods and capital structures. This metric is included as a supplemental disclosure because (i) we believe Adjusted EBITDAR is traditionally used by gaming operator analysts and investors to determine the equity value of gaming operators and (ii) Adjusted EBITDAR is one of the metrics used by other financial analysts in valuing our business. We believe Adjusted EBITDAR is useful for equity valuation purposes because (i) its calculation isolates the effects of financing real estate; and (ii) using a multiple of Adjusted EBITDAR to calculate enterprise value allows for an adjustment to the balance sheet to recognize estimated liabilities arising from operating leases related to real estate. However, Adjusted EBITDAR when presented on a consolidated basis is not a financial measure in accordance with GAAP, and should not be viewed as a measure of overall operating performance or considered in isolation or as an alternative to net income because it excludes the rent expense associated with our triple net operating leases and is provided for the limited purposes referenced herein.

Adjusted EBITDAR margin is defined as Adjusted EBITDAR on a consolidated basis divided by revenues on a consolidated basis. Adjusted EBITDAR margin is presented on a consolidated basis outside the financial statements solely as a valuation metric. We further define Adjusted EBITDAR margin by reportable segment as Adjusted EBITDAR for each segment divided by segment revenues.

Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures

The following table includes a reconciliation of net income (loss), which is determined in accordance with GAAP, to Adjusted EBITDA, Adjusted EBITDAR, Adjusted EBITDA margin and Adjusted EBITDAR margin, which are non-GAAP financial measures:

	For the year ended December 31,		
(dollars in millions)	**2022**	**2021**	**2020**
Net income (loss)	$ 221.7	$ 420.5	$ (669.1)
Income tax expense (benefit)	(46.4)	118.6	(165.1)
Loss on early extinguishment of debt	10.4	—	1.2
Income from unconsolidated affiliates	(23.7)	(38.7)	(13.8)
Interest expense, net	758.2	562.8	544.1
Interest income	(18.3)	(1.1)	(0.9)
Other (income) expenses	72.1	(2.5)	(106.6)
Operating income (loss)	974.0	1,059.6	(410.2)
Stock-based compensation [(1)]	58.1	35.1	14.5
Cash-settled stock-based award variance [(1)(2)]	(15.5)	1.2	67.2
Loss (gain) on disposal of assets [(1)]	7.9	1.1	(29.2)
Contingent purchase price [(1)]	(0.6)	1.9	(1.1)
Pre-opening expenses [(1)(3)]	4.1	5.4	11.8
Depreciation and amortization	567.5	344.5	366.7
Impairment losses	118.2	—	623.4
Insurance recoveries, net of deductible charges [(1)]	(10.7)	—	(0.1)
Income from unconsolidated affiliates	23.7	38.7	13.8
Non-operating items of equity method investments [(4)]	7.9	7.7	4.7
Other expenses [(1)(3)(5)]	55.2	44.8	13.5
Adjusted EBITDA	1,789.8	1,540.0	675.0
Rent expense associated with triple net operating leases [(1)]	149.6	454.4	419.8
Adjusted EBITDAR	$ 1,939.4	$ 1,994.4	$ 1,094.8
Net income (loss) margin	3.5 %	7.1 %	(18.7)%
Adjusted EBITDA margin	28.0 %	26.1 %	18.9 %
Adjusted EBITDAR margin	30.3 %	33.8 %	30.6 %

(1) These items are included in “General and administrative” within the Company’s Consolidated Statements of Operations.

(2) Our cash-settled stock-based awards are adjusted to fair value each reporting period based primarily on the price of the Company’s common stock. As such, significant fluctuations in the price of the Company’s common stock during any reporting period could cause significant variances to budget on cash-settled stock-based awards.

(3) During 2020 and the first quarter of 2021, acquisition costs were included within pre-opening and acquisition costs. Beginning with the quarter ended June 30, 2021, acquisition costs are presented as part of other expenses.

(4) Consists principally of interest expense, net, income taxes, depreciation and amortization, and stock-based compensation expense associated with Barstool and our Kansas Entertainment joint venture. We record our portion of Barstool’s net income or loss, including adjustments to arrive at Adjusted EBITDAR, one quarter in arrears.

(5) Consists of non-recurring acquisition and transaction costs, finance transformation costs associated with the implementation of our new Enterprise Resource Management system and non-recurring restructuring charges (primarily severance), specific to the year ended December 31, 2020, associated with a company-wide initiative, triggered by the COVID-19 pandemic, designed to (i) improve the operational effectiveness across our property portfolio; and (ii) improve the effectiveness and efficiency of our Corporate functional support area.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity and capital resources have been and will continue to be cash flow from operations, borrowings from banks and proceeds from the issuance of debt and equity securities. Our ongoing liquidity will depend on a number of factors, including available cash resources, cash flow from operations, acquisitions or investments, funding of construction for development projects, and our compliance with covenants contained under our debt agreements.

	For the year ended December 31,			$ Change		% Change	
(dollars in millions)	**2022**	**2021**	**2020**	**2022 vs. 2021**	**2021 vs. 2020**	**2022 vs. 2021**	**2021 vs. 2020**
Net cash provided by operating activities	$ 878.2	$ 896.1	$ 338.8	$ (17.9)	$ 557.3	(2.0)%	164.5 %
Net cash used in investing activities	$ (258.6)	$ (1,221.8)	$ (233.7)	$ 963.2	$ (988.1)	(78.8)%	422.8 %
Net cash provided by (used in) financing activities	$ (853.0)	$ 339.9	$ 1,310.1	$ (1,192.9)	$ (970.2)	N/M	(74.1)%

N/M - Not meaningful

Operating Cash Flow

Trends in our operating cash flows tend to follow trends in operating income, excluding non-cash charges, but can be affected by changes in working capital, the timing of significant interest payments, tax payments or refunds, and distributions from unconsolidated affiliates. Net cash provided by operating activities decreased by $17.9 million for the year ended December 31, 2022 primarily due to a negative impact in changes in working capital related to payroll and gaming and racing liabilities, partially offset by a decrease in cash paid for taxes.

Investing Cash Flow

Cash used in investing activities for the year ended December 31, 2022 of $258.6 million is primarily due to capital expenditures of $263.4 million and the acquisition of a $15.0 million cost method investment, offset by insurance proceeds received for losses incurred due to Hurricane Laura in 2020. For the year ended December 31, 2021, cash used in investing activities was primarily related to the acquisition of theScore as well as other acquired businesses and interests, and capital expenditures.

Capital Expenditures

Capital expenditures are accounted for as either project capital (new facilities or expansions) or maintenance (replacement) which is inclusive of projects such as our Barstool branded retail sportsbooks, our cashless, cardless and contactless technology and hotel renovations. Cash provided by operating activities, as well as cash available under our Amended Revolving Credit Facility and Revolving Facility, was available to fund our capital expenditures for the years ended December 31, 2022, 2021 and 2020, as applicable.

During the year ended December 31, 2022, we spent $263.4 million on capital expenditures, which consisted of maintenance capital expenditures (as discussed above), $17.1 million in capital expenditures for our York and Morgantown development projects and $26.0 million in construction costs related to hurricane damage sustained at our Lake Charles property for which insurance proceeds were previously received. For the year ending December 31, 2023, our anticipated capital expenditures are approximately $413 million, which include capital expenditures under our Triple Net Leases, which require us to spend a specified percentage of revenues.

Financing Cash Flow

For the year ended December 31, 2022, net cash used in financing activities totaled $853.0 million compared to $339.9 million in net cash provided by financing activities in the prior year. During the year ended December 31, 2022, net cash used in financing activities primarily related to $601.1 million of common stock repurchases, net debt repayments of $37.5 million, $18.2 million in debt issuance costs, and $173.7 million in principal payments on our finance leases and finance obligations.

During the year ended December 31, 2021, cash provided by financing activities of $339.9 million was primarily due to net cash proceeds of $400.0 million related to the issuance of our 4.125% Notes due 2029.

Debt Issuances, Redemptions and Other Long-term Obligations

In February 2021, the Company entered into a financing arrangement providing the Company with upfront cash proceeds while permitting us to participate in future proceeds on certain claims. The financing obligation has been classified as a non-current liability, which is expected to be settled in a future period of which the principal is contingent and predicated on other events. Consistent with an obligor's accounting under a debt instrument, period interest will be accreted using an effective interest rate of 27.0% and until such time that the claims and related obligation is settled. The amount included in interest expense related to this obligation was $27.6 million and $17.9 million for the years ended December 31, 2022 and 2021, respectively.

On July 1, 2021, the Company completed an offering of $400.0 million aggregate principal amount of 4.125% Senior Unsecured Notes that mature on July 1, 2029 (the "4.125% Notes"). The 4.125% Notes were issued at par and interest is payable semi-annually on January 1st and July 1st of each year.

On May 3, 2022, the Company entered into a Second Amended and Restated Credit Agreement with its various lenders (the "Second Amended and Restated Credit Agreement"). The Second Amended and Restated Credit Agreement provides for a $1.0 billion revolving credit facility, undrawn at close, (the "Amended Revolving Credit Facility"), a five-year $550.0 million term loan A facility (the "Amended Term Loan A Facility") and a seven-year $1.0 billion term loan B facility (the "Amended Term Loan B Facility") (together, the "Amended Credit Facilities"). The proceeds from the Amended Credit Facilities were used to repay the existing Term Loan A Facility and Term Loan B-1 Facility balances.

At December 31, 2022, we had $2.8 billion in aggregate principal amount of indebtedness, including $1.5 billion outstanding under our Amended Credit Facilities, $330.5 million outstanding under our Convertible Notes, $400.0 million outstanding under our 5.625% senior unsecured notes, $400.0 million outstanding under our 4.125% Notes, and $156.1 million outstanding in other long-term obligations. No amounts were drawn on our Amended Revolving Credit Facility. We have no debt maturing prior to 2026. As of December 31, 2022 we had conditional obligations under letters of credit issued pursuant to the Amended Credit Facilities with face amounts aggregating to $22.5 million resulting in $977.5 million available borrowing capacity under our Amended Revolving Credit Facility.

Covenants

Our Amended Credit Facilities, 5.625% Notes and 4.125% Notes, require us, among other obligations, to maintain specified financial ratios and to satisfy certain financial tests. In addition, our Amended Credit Facilities, 5.625% Notes and 4.125% notes, restrict, among other things, our ability to incur additional indebtedness, incur guarantee obligations, amend debt instruments, pay dividends, create liens on assets, make investments, engage in mergers or consolidations, and otherwise restrict corporate activities. Our debt agreements also contain customary events of default, including cross-default provisions that require us to meet certain requirements under the PENN Master Lease and the Pinnacle Master Lease (both of which are defined in Note 12, "Leases"), each with GLPI. If we are unable to meet our financial covenants or in the event of a cross-default, it could trigger an acceleration of payment terms.

As of December 31, 2022, the Company was in compliance with all required financial covenants. The Company believes that it will remain in compliance with all of its required financial covenants for at least the next twelve months following the date of filing this Annual Report on Form 10-K with the SEC.

See Note 11, "Long-term Debt," in the notes to our Consolidated Financial Statements for additional information of the Company's debt and other long-term obligations.

Share Repurchase Authorizations

On February 1, 2022, the Board of Directors of PENN authorized a $750 million share repurchase program, which expires on January 31, 2025 (the "February 2022 Authorization").

On December 6, 2022, a second share repurchase program was authorized for an additional $750 million (the "December 2022 Authorization"). The December 2022 Authorization expires on December 31, 2025.

The Company plans to utilize the remaining capacity under the February 2022 Authorization prior to effecting any repurchases under the December 2022 Authorization. Repurchases by the Company will be subject to available liquidity, general market and economic conditions, alternate uses for the capital and other factors. Share repurchases may be made from time to time through a 10b5-1 trading plan, open market transactions, block trades or in private transactions in accordance with applicable securities laws and regulations and other legal requirements. There is no minimum number of shares that the

Company is required to repurchase and the repurchase authorization may be suspended or discontinued at any time without prior notice.

During the year ended December 31, 2022, the Company repurchased 17,561,288 shares of its common stock in open market transactions for $601.1 million at an average price of $34.23 per share under the February 2022 Authorization. The cost of all repurchased shares is recorded as "Treasury stock" in the Consolidated Balance Sheets.

Subsequent to the year ended December 31, 2022, the Company repurchased 1,065,688 shares of its common stock at an average price of $31.41 per share for an aggregate amount of $33.5 million. As of February 23, 2023, the remaining availability under our February 2022 Authorization and our December 2022 Authorization was $115.8 million and $750 million, respectively.

Barstool Acquisition

On August 17, 2022, the Company exercised its call rights to bring its ownership of Barstool to 100%. Subsequent to year end, on February 17, 2023, the Company completed the acquisition of all of the outstanding shares of common stock of Barstool not already owned by us for approximately $388 million, excluding transaction expenses, repayment of Barstool indebtedness and other purchase price adjustments. We issued 2,442,809 shares of our common stock to certain former stockholders of Barstool for the Barstool Acquisition (see Note 15, "Stockholders' Equity," for further information) and utilized approximately $315 million of cash to complete the Barstool Acquisition, inclusive of transaction expenses and repayment of Barstool indebtedness.

Triple Net Leases

The majority of the real estate assets used in the Company's operations are subject to triple net master leases; the most significant of which are the PENN Master Lease and the Pinnacle Master Lease. The Company's Master Leases are accounted for as either operating leases, finance leases, or financing obligations. As of December 31, 2022, five of the gaming facilities used in our operations are subject to individual triple net leases. We refer to the PENN Master Lease, the Pinnacle Master Lease, the Perryville Lease, the Meadows Lease, the Margaritaville Lease, the Greektown Lease, and the Morgantown Lease, each of which is defined in Note 12, "Leases" to our Consolidated Financial Statements, collectively, as our "Triple Net Leases."

Under our Triple Net Leases, in addition to lease payments for the real estate assets, we are required to pay the following, among other things: (i) all facility maintenance; (ii) all insurance required in connection with the leased properties and the business conducted on the leased properties; (iii) taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor); (iv) all tenant capital improvements; and (v) all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties. As of December 31, 2022, we are required to make total annual minimum rent payments of $882.0 million, of which $863.6 million relates to our Triple Net Leases. Additionally, our Triple Net Leases are subject to annual escalators, percentage rent, and rent resets, as applicable. See Note 12, "Leases," in the notes to our Consolidated Financial Statements for further discussion and disclosure related to the Company's leases.

On January 14, 2022, the ninth amendment to the PENN Master Lease between the Company and GLPI became effective. The ninth amendment restates the definition of "Net Revenue" to clarify the inclusion of online-based revenues derived when a patron is physically present at a leased property, establishes a "floor" with respect to the Hollywood Casino at PENN National Race Course Net Revenue amount used in the calculation of the annual rent escalator and PENN Percentage Rent, and modifies the rent calculations upon a lease termination event as defined in the amendment. The lease term and the four five-year optional renewal periods, which if exercised would extend the PENN Master Lease through October 31, 2048, were not modified in the ninth amendment.

We concluded the ninth amendment constituted a modification event under ASC 842, which required us to reassess the classifications of the lease components and remeasure the associated lease liabilities. As a result of our reassessment of the lease classifications, (i) the land components of substantially all of the PENN Master Lease properties, which were previously classified as operating leases, are now primarily classified as finance leases, and (ii) the land and building components associated with the operations of Dayton and Mahoning Valley, which were previously classified as finance leases, are now classified as operating leases. As a result of our measurement of the associated lease liabilities, we recognized additional right-of-use ("ROU") assets and corresponding lease liabilities of $455.4 million. The building components of substantially all of the PENN Master Lease properties continue to be classified as financing obligations.

On January 14, 2022, the fifth amendment to the Pinnacle Master Lease between the Company and GLPI became effective. The fifth amendment restates the definition of "Net Revenue" to clarify the inclusion of online-based revenues derived when a

patron is physically present at a leased property and modifies the rent calculations upon a lease termination event as defined in the amendment. The lease term and the five five-year optional renewal periods, which if exercised would extend the Pinnacle Master Lease through April 30, 2051, were not modified in the fifth amendment.

We concluded the fifth amendment to the Pinnacle Master Lease constituted a modification event under ASC 842 (collectively with the ninth amendment to the PENN Master Lease, the "Lease Modification"). As a result of the modification, the land components of substantially all of the Pinnacle Master Lease properties, which were previously classified as operating leases, are now primarily classified as finance leases. As a result of our measurement of the associated lease liabilities, we recognized additional ROU assets and corresponding lease liabilities of $937.6 million. The building components of substantially all of the Pinnacle Master Lease properties continue to be classified as financing obligations.

On October 9, 2022, as described in Note 12, "Leases", the Company entered into the Term Sheet with GLPI. Pursuant to the Term Sheet, the Company and GLPI agreed to amend and restate the PENN Master Lease (the "Amended and Restated PENN Master Lease") to (i) remove the land and buildings for Aurora, Joliet, Columbus, Toledo and the M Resort; (ii) make associated adjustments to the rent after which the initial rent in the Amended and Restated PENN Master Lease will be $284.1 million, consisting of $208.2 million of Building Base Rent, $43.0 million of Land Base Rent and $32.9 million of Percentage Rent (as such terms are defined in the Amended and Restated PENN Master Lease); (iii) terminate the existing leases associated with Meadows and Perryville; and (iv) enter into the 2023 Master Lease specific to the properties associated with Aurora, Joliet, Columbus, Toledo, M Resort, Meadows and Perryville. Subsequent to year end, on February 21, 2023, both the Amended and Restated PENN Master Lease and the 2023 Master Lease agreement were executed with an effective date of January 1, 2023, and a master development agreement (the "Master Development Agreement") was executed on February 22, 2023.

The 2023 Master Lease has an initial term through October 31, 2033 with three subsequent five-year renewal periods on the same terms and conditions, exercisable at the Company's option. The 2023 Master Lease will be cross-defaulted, cross-collateralized, and coterminous with the Amended and Restated PENN Master Lease, and subject to a parent guarantee. The 2023 Master Lease includes a 2023 Master Lease Base Rent (the "2023 Master Lease Base Rent") equal to $232.2 million and the Master Development Agreement contains additional rent (together with the 2023 Master Lease Base Rent, the "2023 Master Lease Rent") equal to (i) 7.75% of any project funding received by PENN from GLPI for an anticipated relocation of PENN's riverboat casino and related developments with respect to Aurora (the "Aurora Project") and (ii) a percentage based on the then-current GLPI stock price, of any project funding received by PENN from GLPI for certain anticipated development projects with respect to Joliet, Columbus, and M Resort (the "Other Development Projects"). The Master Development Agreement provides that GLPI will fund, upon PENN's request, up to $225 million for the Aurora Project and up to $350 million in the aggregate for the Other Development Projects, in accordance with certain terms and conditions set forth in the Master Development Agreement. These funding obligations of GLPI expire on January 1, 2026. The 2023 Master Lease Rent will be subject to a one-time increase of $1.4 million, effective the fifth anniversary of the effective date. The 2023 Master Lease Rent will be further subject to a fixed escalator of 1.5% on November 1, 2023 and annually thereafter. The Master Development Agreement provides that PENN may elect not to proceed with a development project prior to GLPI's commencement of any equity or debt offering or credit facility draw intended to fund such project or after such time in certain instances, provided that GLPI will be reimbursed for all costs and expenses incurred in connection with such discontinued project. The Aurora Project and the Other Development Projects are all subject to necessary regulatory and other government approvals.

We concluded the Amended and Restated PENN Master Lease constitutes a modification event under ASC 842 and are currently reassessing, remeasuring, and quantifying the impact of the modification to the Consolidated Financial Statements, which may be material. The modification event is expected to result in (i) a non-cash debt extinguishment charge recorded to our Consolidated Statements of Operations and corresponding change in our financing obligations on our Consolidated Balance Sheets; and (ii) a revaluation of our lease ROU assets and corresponding lease liabilities on our Consolidated Balance Sheets.

Payments to our REIT Landlords under Triple Net Leases

Total payments made to our REIT Landlords, GLPI and VICI, inclusive of rent credits utilized, were as follows:

	For the year ended December 31,		
(in millions)	**2022**	**2021**	**2020**
PENN Master Lease [1]	$ 480.3	$ 475.7	$ 457.9
Pinnacle Master Lease [1]	334.1	328.3	326.9
Perryville Lease	7.8	3.9	—
Meadows Lease [1]	24.6	24.9	26.4
Margaritaville Lease	23.8	23.5	23.5
Greektown Lease	51.3	53.1	55.6
Morgantown Lease [1]	3.1	3.0	0.8
Total [2]	$ 925.0	$ 912.4	$ 891.1

(1) During the twelve months ended December 31, 2020, we utilized rent credits to pay $190.7 million, $135.5 million, $11.0 million and $0.3 million of rent under the PENN Master Lease, Pinnacle Master Lease, Meadows Lease and Morgantown Lease, respectively.

(2) Cash rent payable under the Tropicana Lease was nominal prior to the lease termination on September 26, 2022. Therefore, it has been excluded from the table above.

Other Contractual Cash Obligations

The following table presents our other contractual cash obligations as of December 31, 2022:

		Payments Due by Period			
(in millions)	**Total**	**2023**	**2024-2025**	**2026-2027**	**2028 and After**
Purchase obligations	$ 405.6	$ 126.2	$ 91.1	$ 73.7	$ 114.6
Other liabilities reflected within our Consolidated Balance Sheets [1]	8.3	0.3	0.6	0.6	6.8
Total	$ 413.9	$ 126.5	$ 91.7	$ 74.3	$ 121.4

(1) Excludes the liability for unrecognized tax benefits of $46.0 million, as we cannot reasonably estimate the period of cash settlement with the respective taxing authorities. Additionally, it does not include a total of $125.2 million related to the payments associated with our (i) contingent purchase price obligations; and (ii) financing arrangement in which we received upfront cash proceeds permitting us to participate in future claims, as they are not fixed obligations.

Outlook

Based on our current level of operations, we believe that cash generated from operations and cash on hand, together with amounts available under our Amended Credit Facilities, will be adequate to meet our anticipated obligations under our Triple Net Leases, debt service requirements, capital expenditures and working capital needs for the foreseeable future. However, our ability to generate sufficient cash flow from operations will depend on a range of economic, competitive and business factors, many of which are outside our control, such as supply chain disruption and resulting inflationary pressures, labor shortages, the ebb and flow of COVID-19 and its impacts on specific North American geographies, and changes in national economic policy. If we are unable to respond to and manage the impact of any such events effectively, our business will be harmed.

While we anticipate that a significant amount of our future growth will come through the pursuit of opportunities within other distribution channels, such as retail and online sports betting and iCasino, acquisitions of gaming properties at reasonable valuations, greenfield projects, and jurisdictional and property expansions in under-penetrated markets, there can be no assurance that this will occur. If we consummate significant acquisitions in the future or undertake any significant property expansions, our cash requirements may increase significantly and we may need to make additional borrowings or complete equity or debt financings to meet these requirements. See “Risk Factors—Risks Related to Our Capital Structure” within “Item 1A. Risk Factors,” of this Annual Report on Form 10-K for more information on additional financing risks.

We have historically maintained a capital structure comprised of a mix of equity and debt financing. We vary our leverage to pursue opportunities in the marketplace and to maximize our enterprise value for our shareholders. We expect to service our debt obligations using funds from operations or by refinancing them prior to maturity.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

For information on new accounting pronouncements and the impact of these pronouncements on our Consolidated Financial Statements, see Note 3, "New Accounting Pronouncements," in the notes to our Consolidated Financial Statements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Consolidated Financial Statements in accordance with GAAP requires us to make estimates and judgments that are subject to an inherent degree of uncertainty. The nature of the estimates and assumptions are material due to the levels of subjectivity and judgment necessary to account for highly uncertain factors or the susceptibility of such factors to change. The development and selection of critical accounting estimates, and the related disclosures, have been reviewed with the Audit Committee of our Board of Directors. We believe the current assumptions and other considerations used to estimate amounts reflected in our Consolidated Financial Statements are appropriate. However, if actual experience differs from the assumptions and other considerations used in estimating amounts reflected in our Consolidated Financial Statements, the resulting changes could have a material adverse effect on our financial condition, results of operations and cash flows.

Goodwill and other intangible assets

As of December 31, 2022, the Company had $2.7 billion in goodwill and $1.7 billion in other intangible assets within its Consolidated Balance Sheet, representing 15.4% and 9.9% of total assets, respectively. These intangible assets require significant management estimates and judgment pertaining to: (i) the valuation in connection with initial purchase price allocations and (ii) the ongoing evaluation for impairment. Our annual goodwill and other indefinite-lived intangible assets impairment test is performed on October 1st of each year, or more frequently if indicators of impairment exist. During the third quarter of 2022, we identified an indicator of impairment on goodwill and other intangible assets at Hollywood Casino at Greektown and performed tests to assess for impairment, which resulted in impairment charges on our goodwill and gaming licenses of $37.4 million and $65.4 million, respectively. As a result of our annual test completed during the fourth quarter of 2022, we recognized a $13.6 million impairment charge on our gaming licenses specific to PNRC. For further discussion, see Note 9, "Goodwill and Other Intangible Assets" to our Consolidated Financial Statements.

For quantitative goodwill impairment tests, an income approach, in which a discounted cash flow ("DCF") model is utilized, and a market-based approach using guideline public company multiples of earnings before interest, taxes, depreciation, and amortization from the Company's peer group are utilized in order to estimate the fair market value of the Company's reporting units. In determining the carrying amount of each reporting unit that utilizes real estate assets subject to the Triple Net Leases, if and as applicable, (i) the Company allocates each reporting unit their pro-rata portion of the ROU assets, lease liabilities, and/or financing obligations, and (ii) pushes down the carrying amount of the property and equipment subject to such leases. In general, as it pertains to the Master Leases, such amounts are allocated based on the reporting unit's projected Adjusted EBITDA as a percentage of the aggregate estimated Adjusted EBITDA of all reporting units subject to either of the Master Leases, as applicable. The Company compares the fair value of its reporting units to the carrying amounts. If the carrying amount of the reporting unit exceeds the fair value, an impairment is recorded equal to the amount of the excess (not to exceed the amount of goodwill allocated to the reporting unit).

We consider our gaming licenses, trademarks, and certain other intangible assets as indefinite-lived intangible assets that do not require amortization based on our future expectations to operate our gaming properties indefinitely as well as our historical experience in renewing these intangible assets at minimal cost with various jurisdictional commissions. Rather, these intangible assets are tested annually for impairment, or more frequently if indicators of impairment exist, by comparing the fair value of the recorded assets to their carrying amount. If the carrying amounts of the indefinite-lived intangible assets exceed their fair value, an impairment loss is recognized.

We assess the fair value of our gaming licenses using the Greenfield Method under the income approach, which estimates the fair value of the gaming license using a DCF model assuming we built a new casino with similar utility to that of the existing casino. The method assumes a theoretical start-up company going into business without any assets other than the intangible asset being valued. As such, the value of the gaming license is a function of the following assumptions:

- Projected revenues and operating cash flows (including an allocation of the projected payments under any applicable Triple Net Lease);
- Estimated construction costs and duration;
- Pre-opening expenses; and
- Discounting that reflects the level of risk associated with receiving future cash flows attributable to the license.

We assess the fair value of our trademarks using the relief-from-royalty method under the income approach. The principle behind this method is that the value of the trademark is equal to the present value of the after-tax royalty savings attributable to the owned trademark. As such, the value of the trademark is a function of the following assumptions:

- Projected revenues;
- Selection of an appropriate royalty rate to apply to projected revenues; and
- Discounting that reflects the level of risk associated with the after-tax revenue stream associated with the trademark.

The evaluation of goodwill and indefinite-lived intangible assets requires the use of estimates about future operating results of each reporting unit to determine the estimated fair value of the reporting unit and the indefinite-lived intangible assets. The Company must make various assumptions and estimates in performing its impairment testing. The implied fair value includes estimates of future cash flows (including an allocation of the projected payments under any applicable Triple Net Lease) that are based on reasonable and supportable assumptions which represent the Company's best estimates of the cash flows expected to result from the use of the assets including their eventual disposition. Changes in estimates, increases in the Company's cost of capital, reductions in transaction multiples, changes in operating and capital expenditure assumptions or application of alternative assumptions and definitions could produce significantly different results. Future cash flow estimates are, by their nature, subjective and actual results may differ materially from the Company's estimates. If our ongoing estimates of future cash flows are not met, we may have to record impairment charges in future periods. Our estimates of cash flows are based on the current regulatory and economic climates (including as a result of COVID-19), recent operating information and budgets of the various properties where it conducts operations. These estimates could be negatively impacted by changes in federal, state or local regulations, economic downturns, or other events affecting our properties.

Forecasted cash flows (based on our annual operating plan as determined in the fourth quarter) can be significantly impacted by the local economy in which our reporting units operate, as illustrated by the COVID-19 pandemic which caused temporary suspension of our operations pursuant to various orders from state gaming regulatory bodies or governmental authorities. Increases in unemployment rates, inflation and/or interest rates can also result in decreased customer visitation and/or lower customer spend per visit. In addition, the impact of new legislation which approves gaming in nearby jurisdictions or further expands gaming in jurisdictions where our reporting units currently operate can result in opportunities for us to expand our operations. However, it also has the impact of increasing competition for our established properties which generally will have a negative effect on those locations' profitability once competitors become established as a certain level of cannibalization occurs absent an overall increase in customer visitation. Additionally, increases in gaming taxes approved by state regulatory bodies can negatively impact forecasted cash flows.

Assumptions and estimates about future cash flow levels, discount rates and multiples by individual reporting units are complex and subjective. They are sensitive to changes in underlying assumptions and can be affected by a variety of factors, including external factors, such as industry, geopolitical and economic trends, and internal factors, such as changes in the Company's business strategy, which may re-allocate capital and resources to different or new opportunities which management believes will enhance its overall value but may be to the detriment of an individual reporting unit.

Once an impairment of goodwill or other intangible asset has been recorded, it cannot be reversed. Since the Company's goodwill and other indefinite-lived intangible assets are not amortized, there may be volatility in reported net income or loss because impairment losses, if any, are likely to occur irregularly and in varying amounts. Intangible assets that have a definite life are amortized on a straight-line basis over their estimated useful lives or related service contract. The Company reviews the carrying amount of its amortizing intangible assets for possible impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If the carrying amount of the amortizing intangible assets exceed their fair value, an impairment loss is recognized.

Revenue and earnings streams within our industry can vary significantly based on various circumstances, which in many cases are outside of the Company's control, and as such are difficult to predict and quantify. We have disclosed several of these circumstances in "Item 1A. Risk Factors" of this Annual Report on Form 10-K. Circumstances include, for instance, temporary property closures as a result of COVID-19, changes in legislation that approves gaming in nearby jurisdictions, further expansion of gaming in jurisdictions where we currently operate, new state legislation that requires the implementation of smoking restrictions at our casinos or any other events outside of our control that make the customer experience less desirable.

Reporting units with goodwill, gaming licenses or trademarks which were identified during our 2022 interim and annual impairment assessments as having less than a substantial passing margin were subject to a sensitivity analysis to determine the potential impairment losses:

(dollars in millions)	Carrying Amount	Passing Margin	Amount of impairment loss as a result of: Discount Rate +100 bps	Amount of impairment loss as a result of: Terminal Growth Rate -50 bps
Goodwill				
Hollywood Casino at Greektown	$30.0	— %	$—	$—
Gaming License				
Ameristar East Chicago	$55.6	3.4 %	$7.1	$0.5
Hollywood Casino at Greektown	$101.0	— %	$14.0	$4.0
PNRC	$74.0	— %	$11.0	$2.5
Trademark				
Ameristar Black Hawk	$27.5	7.3 %	$0.5	$—
L'Auberge Lake Charles	$47.5	13.7 %	$—	$—
theScore	$89.6	13.8 %	$—	$—

(dollars in millions)	Carrying Amount	Passing Margin	Amount of impairment loss as a result of: a 10% decrease in forecasted revenues and EBITDA
Goodwill			
PENN Interactive	$1,600.6	11.8 %	$61.2

Income taxes

Under ASC Topic 740, "Income Taxes" ("ASC 740"), deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities and are measured at the prevailing enacted tax rates that will be in effect when these differences are settled or realized. ASC 740 also requires that deferred tax assets be reduced by a valuation allowance if it is more-likely-than-not that some portion or all the deferred tax assets will not be realized. The realizability of the net deferred tax assets is evaluated each reporting period by assessing the valuation allowance and by adjusting the amount of the allowance, if necessary. Pursuant to ASC 740, in evaluating the more-likely-than-not standard, we consider all available positive and negative evidence including projected future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. In the event the Company determines that the deferred tax assets would be realized in the future in excess of their net recorded amount, an adjustment to the valuation allowance would be recorded, which would reduce the provision for income taxes.

ASC 740 suggests that additional scrutiny should be given to deferred tax assets of an entity with cumulative pre-tax losses during the three most recent years and is widely considered significant negative evidence that is objective and verifiable and therefore, difficult to overcome. During the third quarter of 2022, the Company determined that a valuation allowance was no longer required against its federal, foreign, and state net deferred tax assets for the portion that will be realized. As such, the Company released $113.4 million of its total valuation allowance for the year ended December 31, 2022, due to the positive evidence outweighing the negative evidence thereby allowing the Company to achieve the "more-likely-than-not" realization standard. See Note 14, "Income Taxes" for additional information.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to market risk from adverse changes in interest rates with respect to the short-term floating interest rates on borrowings under our Amended Credit Facilities. As of December 31, 2022, the Company's Amended Credit Facilities had a gross outstanding balance of $1.5 billion, consisting of a $536.2 million Amended Term Loan A Facility and a $995.0 million Amended Term Loan B Facility, and an Amended Revolving Credit Facility. As of December 31, 2022, we have $977.5 million of available borrowing capacity under our Amended Revolving Credit Facility.

The table below provides information as of December 31, 2022 about our long-term debt obligations that are sensitive to changes in interest rates, including the notional amounts maturing during the twelve-month period presented and the related weighted-average interest rates by maturity dates.

(dollars in millions)	**2023**	**2024**	**2025**	**2026**	**2027**	**Thereafter**	**Total**	**Fair Value**
Fixed rate	$ —	$ —	$ —	$ —	$ 400.0	$ —	$ 400.0	$ 371.0
Average interest rate					5.625 %			
Fixed rate	$ —	$ —	$ —	$ —	$ —	$ 400.0	$ 400.0	$ 327.0
Average interest rate						4.125 %		
Fixed rate	$ —	$ —	$ —	$ 330.5	$ —	$ —	$ 330.5	$ 550.8
Average interest rate				2.750 %				
Variable rate	$ 37.5	$ 37.5	$ 37.5	$ 37.5	$ 436.2	$ 945.0	$ 1,531.2	$ 1,514.7
Average interest rate [(1)]	5.142 %	5.154 %	5.162 %	5.171 %	4.902 %	6.045 %		

(1) Estimated rate, reflective of forward SOFR as of December 31, 2022 plus the spread over SOFR applicable to variable-rate borrowing.

Foreign Currency Exchange Rate Risk

We are exposed to currency translation risk because the results of our international entities are reported in local currency, which we then translate to U.S. dollars for inclusion in our Consolidated Financial Statements. As a result, changes between the foreign exchange rates, in particular the Canadian dollar compared to the U.S. dollar, affect the amounts we record for our foreign assets, liabilities, revenues and expenses, and could have a negative effect on our financial results. The results of theScore are reported in Canadian dollars, which we then translate to U.S. dollars for inclusion in our Consolidated Financial Statements. We do not currently enter into hedging arrangements to minimize the impact of foreign currency fluctuations on our operations. For the year ended December 31, 2022, we incurred an unrealized foreign currency translation adjustment loss of $114.2 million, as reported in “Foreign currency translation adjustment during the period” within our Consolidated Statements of Comprehensive Income (Loss).

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of
PENN Entertainment, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of PENN Entertainment, Inc. and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill and Gaming License – Refer to Notes 2 and 9 to the financial statements

Critical Audit Matter Description

The Company's goodwill and gaming license indefinite-lived intangible assets are tested annually for impairment, or more frequently if indicators of impairment exist, by comparing the fair value of each reporting unit, as it relates to goodwill, or gaming license to their carrying amount. The Company determines the fair value of its reporting units using a combination of income-based and market-based approaches. The Company assesses the fair value of its gaming licenses using an income approach, which estimates the fair value of the gaming license using a discounted cash flow model assuming the Company built a new casino with similar utility to that of the existing casino. The key inputs in determining the fair value of reporting units and gaming licenses, among others, include projected operating cash flows discounted to reflect the level of risk associated with receiving future cash flows. Changes in these assumptions could have a significant impact on the determined fair values and a significant change in fair value could cause a significant change in recorded impairment. During the third quarter of 2022, the Company identified an indicator of impairment on goodwill and other intangible assets at the Hollywood Casino at Greektown

("Greektown"). As a result of the interim assessment for impairment, during the third quarter of 2022, the Company recognized impairment charges on Greektown's goodwill and gaming licenses of $37.4 million and $65.4 million, respectively. In addition, as a result of the Company's annual assessment for impairment, the Company recognized a $13.6 million impairment charge on the gaming license of PENN National Race Course ("PNRC"). As of December 31, 2022, the book value of goodwill and gaming licenses are $2.7 billion and $1.2 billion, respectively, of which $30.0 million in goodwill is allocated to Greektown and $101.0 million and $74.0 million in gaming licenses are allocated to Greektown and PNRC, respectively.

Auditing the fair value of the Greektown reporting unit and gaming licenses of Greektown and PNRC involved a high degree of subjectivity in evaluating whether management's estimates and assumptions of projected revenue and operating cash flows and the selection of the discount rates used to derive the fair value were reasonable, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to forecasts of revenue and operating cash flows and the determination of the discount rates used by management to estimate the fair value of the property and gaming license included the following, among others:

- We tested the effectiveness of controls over determining the respective fair values, including those over the forecasts of revenue and operating cash flows and the selection of the discount rates.
- We evaluated management's ability to accurately forecast revenues and operating cash flows by comparing actual results to management's historical forecasts.
- We evaluated the reasonableness of management's operating cash flow forecasts by comparing the forecasts to:
    - Historical results
    - Internal communications to management and the Board of Directors
    - Forecasted information included in the Company's press release as well as in analyst and industry reports for the Company and certain of its peer companies
    - The impact of the regulatory environment on management's projections.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the discount rates by:
    - Testing the source information underlying the determination of the discount rates and the mathematical accuracy of the calculations.
    - Developing a range of independent estimates and comparing those to the discount rates selected by management.

Lease Amendments – Refer to Notes 2 and 12 to the financial statements

Critical Audit Matter Description

The Company amended the PENN and Pinnacle Master Lease between the Company and GLPI on January 14, 2022 (collectively the "Lease Amendments"). The Company concluded the Lease Amendments constituted a modification event under Accounting Standards Codification Topic 842, ("ASC 842").
As a result of the modification, the Company reassessed the lease classifications resulting in: (i) the land components of substantially all of the PENN Master Lease and Pinnacle Master Lease properties, which were previously classified as operating leases, are now primarily classified as finance leases, and (ii) the land and building components associated with the operations of Dayton and Mahoning Valley of the PENN Master Lease, which were previously classified as finance leases, are now classified as operating leases. As a result of the Company's measurement of the associated lease liabilities, the Company recognized additional ROU assets and corresponding lease liabilities of $455.4 million and $937.6 million for the PENN Master Lease and Pinnacle Master Lease, respectively. The building components of substantially all of the PENN Master Lease and Pinnacle Master Lease properties continue to be classified as financing obligations.

The application of the lease modification framework in ASC 842 to the Lease Amendments was complex with respect to lease modifications conclusions and required an increased extent of effort, including involving professional with expertise in lease accounting.

How the Critical Audit Matter Was Addressed in the Audit

Our procedures related to the Lease Amendments included the following among others:

- We tested the operating effectiveness of internal controls over the initial recognition of balances relating to the Lease Amendments, inclusive of controls over the evaluation of accounting conclusions.
- We tested the accuracy and completeness of contract terms utilized in key accounting determinations through comparison to the underlying lease contracts and supporting documentation.
- With the assistance of professionals with expertise in lease accounting, we evaluated the appropriateness of the accounting conclusions with respect to lease modifications.

/s/ Deloitte & Touche LLP

Philadelphia, Pennsylvania
February 23, 2023

We have served as the Company’s auditor since 2017.

PENN ENTERTAINMENT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in millions, except share and per share data)	December 31, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	$ 1,624.0	$ 1,863.9
Accounts receivable, net	246.4	195.0
Prepaid expenses	106.1	132.3
Other current assets	36.9	32.4
Total current assets	2,013.4	2,223.6
Property and equipment, net	4,515.5	4,582.2
Investment in and advances to unconsolidated affiliates	248.6	255.1
Goodwill	2,689.5	2,822.5
Other intangible assets, net	1,738.9	1,872.6
Lease right-of-use assets	6,103.3	4,853.0
Other assets	192.9	263.1
Total assets	$ 17,502.1	$ 16,872.1
Liabilities		
Current liabilities		
Accounts payable	$ 40.1	$ 53.3
Current maturities of long-term debt	56.2	99.5
Current portion of financing obligations	63.4	39.0
Current portion of lease liabilities	194.3	142.9
Accrued expenses and other current liabilities	804.7	798.5
Total current liabilities	1,158.7	1,133.2
Long-term debt, net of current maturities, debt discount, and debt issuance costs	2,721.3	2,637.3
Long-term portion of financing obligations	3,970.7	4,057.8
Long-term portion of lease liabilities	5,903.0	4,628.6
Deferred income taxes	33.9	189.1
Other long-term liabilities	117.9	129.0
Total liabilities	13,905.5	12,775.0
Commitments and contingencies (Note 13)		
Stockholders' equity		
Series B preferred stock ($0.01 par value, 1,000,000 shares authorized, no shares issued and outstanding)	—	—
Series C preferred stock ($0.01 par value, 18,500 shares authorized, no shares issued and outstanding)	—	—
Series D Preferred stock ($0.01 par value, 5,000 shares authorized, 969 shares issued in both periods, and 581 and 775 shares outstanding)	19.4	25.8
Common stock ($0.01 par value, 400,000,000 shares authorized in both periods, 172,632,389 and 171,729,276 shares issued, and 152,903,708 and 169,561,883 shares outstanding)	1.7	1.7
Exchangeable shares ($0.01 par value, 697,539 shares authorized and issued in both periods, 620,019 and 653,059 shares outstanding)	—	—
Treasury stock, at cost, (19,728,681 and 2,167,393 shares)	(629.5)	(28.4)
Additional paid-in capital	4,220.2	4,239.6
Retained earnings (accumulated deficit)	154.5	(86.5)
Accumulated other comprehensive loss	(168.6)	(54.4)
Total PENN Entertainment stockholders' equity	3,597.7	4,097.8
Non-controlling interest	(1.1)	(0.7)
Total stockholders' equity	3,596.6	4,097.1
Total liabilities and stockholders' equity	$ 17,502.1	$ 16,872.1

See accompanying notes to the Consolidated Financial Statements.

PENN ENTERTAINMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share data)	For the year ended December 31, 2022	2021	2020
Revenues			
Gaming	$ 5,201.7	$ 4,945.3	$ 3,051.1
Food, beverage, hotel and other	1,200.0	959.7	527.6
Total revenues	6,401.7	5,905.0	3,578.7
Operating expenses			
Gaming	2,864.4	2,540.7	1,530.3
Food, beverage, hotel and other	767.2	607.3	337.7
General and administrative	1,110.4	1,352.9	1,130.8
Depreciation and amortization	567.5	344.5	366.7
Impairment losses	118.2	—	623.4
Total operating expenses	5,427.7	4,845.4	3,988.9
Operating income (loss)	974.0	1,059.6	(410.2)
Other income (expenses)			
Interest expense, net	(758.2)	(562.8)	(544.1)
Interest income	18.3	1.1	0.9
Income from unconsolidated affiliates	23.7	38.7	13.8
Loss on early extinguishment of debt	(10.4)	—	(1.2)
Other	(72.1)	2.5	106.6
Total other expenses	(798.7)	(520.5)	(424.0)
Income (loss) before income taxes	175.3	539.1	(834.2)
Income tax benefit (expense)	46.4	(118.6)	165.1
Net income (loss)	221.7	420.5	(669.1)
Less: Net (income) loss attributable to non-controlling interest	0.4	0.3	(0.4)
Net income (loss) attributable to PENN Entertainment	$ 222.1	$ 420.8	$ (669.5)
Earnings (loss) per share			
Basic earnings (loss) per share	$ 1.37	$ 2.64	$ (5.00)
Diluted earnings (loss) per share	$ 1.29	$ 2.48	$ (5.00)
Weighted-average common shares outstanding—basic	161.2	158.7	134.0
Weighted-average common shares outstanding—diluted	176.6	175.5	134.0

See accompanying notes to the Consolidated Financial Statements.

PENN ENTERTAINMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions)	**For the year ended December 31, 2022**	**2021**	**2020**
Net income (loss)	$ 221.7	$ 420.5	$ (669.1)
Other comprehensive loss:			
Foreign currency translation adjustment during the period	(114.2)	(54.4)	—
Other comprehensive loss	(114.2)	(54.4)	—
Total comprehensive income (loss)	107.5	366.1	(669.1)
Less: Comprehensive loss (income) attributable to non-controlling interest	0.4	0.3	(0.4)
Comprehensive income (loss) attributable to PENN Entertainment	$ 107.9	$ 366.4	$ (669.5)

See accompanying notes to the Consolidated Financial Statements.

PENN ENTERTAINMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(in millions, except share data)	Preferred Stock		Common Stock				Treasury Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total PENN Stock-holders' Equity (Deficit)	Non-Controlling Interest	Total Stock-holders' Equity (Deficit)
	Shares	Amount	PENN Entertainment Shares	Amount	Exchangeable Shares	Amount							
Balance as of January 1, 2020	—	$ —	115,958,259	$ 1.2	—	$ —	$ (28.4)	$ 1,718.3	$ 161.6	$ —	$ 1,852.7	$ (0.8)	$ 1,851.9
Share-based compensation arrangements	—	—	4,475,908	—	—	—	—	71.0	—	—	71.0	—	71.0
Common stock offerings (Note 15)	—	—	35,266,667	0.4	—	—	—	1,288.4	—	—	1,288.8	—	1,288.8
Convertible debt offering (Note 11)	—	—	—	—	—	—	—	88.2	—	—	88.2	—	88.2
Barstool Sports investment (Note 7)	883	23.1	—	—	—	—	—	—	—	—	23.1	—	23.1
Cumulative-effect adjustment upon adoption of ASU 2016-13	—	—	—	—	—	—	—	—	0.6	—	0.6	—	0.6
Net income (loss)	—	—	—	—	—	—	—	—	(669.5)	—	(669.5)	0.4	(669.1)
Other	—	—	—	—	—	—	—	1.3	—	—	1.3	—	1.3
Balance as of December 31, 2020	883	23.1	155,700,834	1.6	—	—	(28.4)	3,167.2	(507.3)	—	2,656.2	(0.4)	2,655.8
Share-based compensation arrangements	—	—	1,061,242	—	—	—	—	35.1	—	—	35.1	—	35.1
Share issuance in connection with acquisitions (Note 15)	—	—	12,561,127	0.1	697,539	—	—	1,039.5	—	—	1,039.6	—	1,039.6
Preferred stock issuance (Note 15)	86	8.1	—	—	—	—	—	—	—	—	8.1	—	8.1
Preferred stock conversions (Note 15)	(194)	(5.4)	194,200	—	—	—	—	5.4	—	—	—	—	—
Exchangeable shares conversions (Note 15)	—	—	44,480	—	(44,480)	—	—	—	—	—	—	—	—
Currency translation adjustment	—	—	—	—	—	—	—	—	—	(54.4)	(54.4)	—	(54.4)
Net income (loss)	—	—	—	—	—	—	—	—	420.8	—	420.8	(0.3)	420.5
Other	—	—	—	—	—	—	—	(7.6)	—	—	(7.6)	—	(7.6)
Balance as of December 31, 2021	775	25.8	169,561,883	1.7	653,059	—	(28.4)	4,239.6	(86.5)	(54.4)	4,097.8	(0.7)	4,097.1
Share-based compensation arrangements	—	—	607,818	—	—	—	—	58.1	—	—	58.1	—	58.1
Share repurchases (Note 15)	—	—	(17,561,288)	—	—	—	(601.1)	—	—	—	(601.1)	—	(601.1)
Preferred stock conversions (Note 15)	(194)	(6.4)	194,200	—	—	—	—	6.4	—	—	—	—	—
Common stock issuance (Note 15)	—	—	68,055	—	—	—	—	2.2	—	—	2.2	—	2.2
Exchangeable shares conversions (Note 15)	—	—	33,040	—	(33,040)	—	—	—	—	—	—	—	—
Currency translation adjustment	—	—	—	—	—	—	—	—	—	(114.2)	(114.2)	—	(114.2)
Cumulative-effect adjustment upon adoption of ASU 2020-06	—	—	—	—	—	—	—	(88.2)	18.9	—	(69.3)	—	(69.3)
Net income (loss)	—	—	—	—	—	—	—	—	222.1	—	222.1	(0.4)	221.7
Other	—	—	—	—	—	—	—	2.1	—	—	2.1	—	2.1
Balance as of December 31, 2022	581	$ 19.4	152,903,708	$ 1.7	620,019	$ —	$ (629.5)	$ 4,220.2	$ 154.5	$ (168.6)	$ 3,597.7	$ (1.1)	$ 3,596.6

See accompanying notes to the Consolidated Financial Statements.

PENN ENTERTAINMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	**For the year ended December 31, 2022**	**2021**	**2020**
Operating activities			
Net income (loss)	$ 221.7	$ 420.5	$ (669.1)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	567.5	344.5	366.7
Amortization of debt discount and debt issuance costs	9.0	22.8	16.3
Noncash interest expense	27.6	17.9	—
Noncash operating lease expense	87.5	160.8	120.3
Gain on acquisition of Sam Houston	—	(29.9)	—
Holding loss (gain) on equity securities	69.9	24.9	(106.7)
Loss (gain) on sale or disposal of property and equipment	7.9	1.1	(29.2)
Gain on Hurricane Laura	(10.7)	—	—
Noncash rent and interest expense related to the utilization of rent credits	—	—	287.1
Income from unconsolidated affiliates	(23.7)	(38.7)	(13.8)
Return on investment from unconsolidated affiliates	33.8	31.8	21.8
Deferred income taxes	(150.7)	(4.5)	(118.3)
Stock-based compensation	58.1	35.1	14.5
Impairment losses	118.2	—	623.4
Loss on early extinguishment of debt	10.4	—	1.2
Changes in operating assets and liabilities, net of businesses acquired			
Accounts receivable	(81.2)	(82.3)	(16.5)
Prepaid expenses and other current assets	(24.1)	(32.3)	13.5
Other assets	(2.2)	(21.7)	(12.8)
Accounts payable	(13.4)	(30.4)	(6.6)
Accrued expenses	17.4	138.4	(40.9)
Income taxes	27.3	10.2	(32.5)
Operating lease liabilities	(83.0)	(136.5)	(94.8)
Other current and long-term liabilities	(2.2)	65.2	16.3
Other	13.1	(0.8)	(1.1)
Net cash provided by operating activities	878.2	896.1	338.8
Investing activities			
Capital expenditures	(263.4)	(244.1)	(137.0)
Proceeds from sale of property and equipment	4.9	1.5	16.1
Hurricane Laura insurance proceeds	25.4	—	32.7
Consideration paid for Barstool Sports investment	—	—	(135.0)
Consideration paid for acquisitions of businesses, net of cash acquired	—	(877.6)	(3.0)
Consideration paid for remaining interest of Sam Houston	—	(42.0)	—
Consideration paid for gaming licenses and other intangible assets	(9.0)	(24.2)	(4.8)
Acquisition of equity securities	—	(26.0)	—
Consideration paid for a cost method investment	(15.0)	—	—

(in millions)	For the year ended December 31, 2022	2021	2020
Additional contributions to joint ventures	—	(1.4)	(5.4)
Other	(1.5)	(8.0)	2.7
Net cash used in investing activities	(258.6)	(1,221.8)	(233.7)
Financing activities			
Proceeds from revolving credit facility	—	—	540.0
Repayments on revolving credit facility	—	—	(680.0)
Proceeds from issuance of long-term debt, net of discounts	1,545.0	400.0	322.2
Repayments on credit facilities (Note 11)	(1,543.2)	—	—
Principal payments on long-term debt	(39.3)	(64.4)	(161.7)
Debt and equity issuance costs	(18.2)	(7.5)	(6.9)
Proceeds from other long-term obligations	—	72.5	—
Payments of other long-term obligations	(17.8)	(17.0)	(16.2)
Principal payments on financing obligations	(63.2)	(36.0)	(26.7)
Principal payments on finance leases	(110.5)	(8.5)	(3.9)
Proceeds from common stock offerings, net of discounts and fees	—	—	1,288.8
Proceeds from exercise of options	6.9	10.8	62.7
Repurchase of common stock	(601.1)	—	—
Proceeds from insurance financing	—	26.6	20.2
Payments on insurance financing	—	(26.7)	(21.4)
Other	(11.6)	(9.9)	(7.0)
Net cash provided by (used in) financing activities	(853.0)	339.9	1,310.1
Effect of currency rate changes on cash, cash equivalents, and restricted cash	(2.5)	(4.5)	—
Change in cash, cash equivalents, and restricted cash	(235.9)	9.7	1,415.2
Cash, cash equivalents and restricted cash at the beginning of the year	1,880.1	1,870.4	455.2
Cash, cash equivalents and restricted cash at the end of the year	$ 1,644.2	$ 1,880.1	$ 1,870.4

(in millions)	For the year ended December 31, 2022	2021	2020
Reconciliation of cash, cash equivalents and restricted cash:			
Cash and cash equivalents	$ 1,624.0	$ 1,863.9	$ 1,853.8
Restricted cash included in Other current assets	19.0	15.0	15.3
Restricted cash included in Other assets	1.2	1.2	1.3
Total cash, cash equivalents and restricted cash	$ 1,644.2	$ 1,880.1	$ 1,870.4
Supplemental disclosure:			
Cash paid for interest, net of amounts capitalized	$ 721.7	$ 514.6	$ 355.0
Cash payments (refunds) related to income taxes, net	$ 72.8	$ 108.3	$ (15.2)
Non-cash activities:			
Rent credits received upon sale of Tropicana land and buildings and Morgantown land	$ —	$ —	$ 337.5
Commencement of operating leases	$ 58.5	$ 96.4	$ 73.6
Commencement of finance leases	$ 1,462.1	$ 106.1	$ —
Accrued capital expenditures	$ 21.1	$ 27.6	$ 17.2

See accompanying notes to the Consolidated Financial Statements

PENN ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Organization and Basis of Presentation

Organization: On August 4, 2022, Penn National Gaming, Inc. was renamed PENN Entertainment, Inc. PENN Entertainment, Inc., together with its subsidiaries ("PENN," the "Company," "we," "our," or "us"), is North America's leading provider of integrated entertainment, sports content, and casino gaming experiences. As of December 31, 2022, PENN operated 43 properties in 20 states, online sports betting in 15 jurisdictions and iCasino in five jurisdictions, under a portfolio of well-recognized brands including Hollywood Casino®, L'Auberge®, Barstool Sportsbook®, and theScore Bet Sportsbook and Casino®. As of the issuance date of this report, PENN operates online sports betting in 16 jurisdictions upon the addition of Ohio in January 2023. PENN's highly differentiated strategy, which is focused on organic cross-sell opportunities, is reinforced by its investments in market-leading retail casinos, sports media assets, technology, including a state-of-the-art, fully integrated digital sports and iCasino betting platform, and an in-house iCasino content studio. The Company's portfolio is further bolstered by its industry-leading my**choice**® customer loyalty program (the "my**choice** program"), which offers our approximately 26 million members a unique set of rewards and experiences across business channels.

The majority of the real estate assets (i.e., land and buildings) used in our operations are subject to triple net master leases; the most significant of which are the PENN Master Lease and the Pinnacle Master Lease (as such terms are defined in Note 12, "Leases," and collectively referred to as the "Master Leases"), with Gaming and Leisure Properties, Inc. (Nasdaq: GLPI) ("GLPI"), a real estate investment trust ("REIT").

Impact of the COVID-19 Pandemic: On March 11, 2020, the World Health Organization declared the novel coronavirus (known as "COVID-19") outbreak to be a global pandemic. To help combat the spread of COVID-19 and pursuant to various orders from state gaming regulatory bodies or governmental authorities, operations at all of our properties were temporarily suspended for single, or multiple, time periods during 2020 and into 2021, and we operated with reduced gaming and hotel capacity with limited food and beverage offerings. As of the date of this filing, none of our properties are closed.

Although the impact of the COVID-19 pandemic has lessened as of late, we could still experience adverse effects from the lingering macroeconomic issues that have resulted from the COVID-19 pandemic. These could include, though are not limited to, labor shortages and increased turnover, interruption of domestic and global supply chains, and the reinstatement of mask mandates.

Basis of Presentation: The Consolidated Financial Statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and with the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC").

Note 2—Significant Accounting Policies

Principles of Consolidation: The Consolidated Financial Statements include the accounts of PENN Entertainment, Inc. and its subsidiaries. Investments in and advances to unconsolidated affiliates that do not meet the consolidation criteria of the authoritative guidance for voting interest entities ("VOEs") or variable interest entities ("VIEs") are accounted for under the equity method. All intercompany accounts and transactions have been eliminated in consolidation.

Reclassifications: Certain reclassifications have been made to conform the prior period presentation.

Use of Estimates: The preparation of Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect (i) the reported amounts of assets and liabilities, (ii) the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements, and (iii) the reported amounts of revenues and expenses during the reporting period. Estimates used by us include, among other things, the useful lives for depreciable and amortizable assets, the provision for credit losses, income tax provisions, the evaluation of the future realization of deferred tax assets, determining the adequacy of reserves for self-insured liabilities, the liabilities associated with our my**choice** program, the initial measurements of financing obligations and lease liabilities associated with our Master Leases, projected cash flows in assessing the recoverability of long-lived assets, asset impairments, goodwill and other intangible assets, projected cash flows in assessing the initial valuation of intangible assets in conjunction with acquisitions, the initial selection of useful lives for depreciable and amortizable assets in conjunction with acquisitions, contingencies and litigation inclusive of financing arrangements in which the Company receives up-front cash proceeds, and stock-based compensation expense. We applied estimation methods consistently for all periods presented within our Consolidated Financial Statements. Actual results may differ from those estimates.

Segment Information: We have five reportable segments: Northeast, South, West, Midwest, and Interactive. Our gaming and racing properties are grouped by geographic location and each is viewed as an operating segment with the exception of our two properties in Jackpot, Nevada, which are viewed as one operating segment. We consider our combined Video Gaming Terminal ("VGT") operations, by state, to be separate operating segments. Interactive includes all of our online sports betting and iCasino operations, management of retail sports betting, media, and our proportionate share of earnings attributable to our equity method investment in Barstool Sports, Inc. ("Barstool"). See Note 18, "Segment Information," for further information. For financial reporting purposes, we aggregate our operating segments into the following reportable segments:

	Location	Real Estate Assets Lease or Ownership Structure
Northeast segment		
Ameristar East Chicago	East Chicago, Indiana	Pinnacle Master Lease
Hollywood Casino Bangor	Bangor, Maine	PENN Master Lease
Hollywood Casino at Charles Town Races	Charles Town, West Virginia	PENN Master Lease
Hollywood Casino Columbus	Columbus, Ohio	PENN Master Lease
Hollywood Casino at Greektown	Detroit, Michigan	Greektown Lease
Hollywood Casino Lawrenceburg	Lawrenceburg, Indiana	PENN Master Lease
Hollywood Casino Morgantown	Morgantown, Pennsylvania	Morgantown Lease [1]
Hollywood Casino at PENN National Race Course	Grantville, Pennsylvania	PENN Master Lease
Hollywood Casino Perryville	Perryville, Maryland	Perryville Lease
Hollywood Casino at The Meadows	Washington, Pennsylvania	Meadows Lease
Hollywood Casino Toledo	Toledo, Ohio	PENN Master Lease
Hollywood Casino York	York, Pennsylvania	Operating Lease (not with REIT Landlord)
Hollywood Gaming at Dayton Raceway	Dayton, Ohio	PENN Master Lease
Hollywood Gaming at Mahoning Valley Race Course	Youngstown, Ohio	PENN Master Lease
Marquee by PENN [2]	Pennsylvania	N/A
Plainridge Park Casino	Plainville, Massachusetts	Pinnacle Master Lease
South segment		
1st Jackpot Casino	Tunica, Mississippi	PENN Master Lease
Ameristar Vicksburg	Vicksburg, Mississippi	Pinnacle Master Lease
Boomtown Biloxi	Biloxi, Mississippi	PENN Master Lease
Boomtown Bossier City	Bossier City, Louisiana	Pinnacle Master Lease
Boomtown New Orleans	New Orleans, Louisiana	Pinnacle Master Lease
Hollywood Casino Gulf Coast	Bay St. Louis, Mississippi	PENN Master Lease
Hollywood Casino Tunica	Tunica, Mississippi	PENN Master Lease
L'Auberge Baton Rouge	Baton Rouge, Louisiana	Pinnacle Master Lease
L'Auberge Lake Charles	Lake Charles, Louisiana	Pinnacle Master Lease
Margaritaville Resort Casino	Bossier City, Louisiana	Margaritaville Lease
West segment		
Ameristar Black Hawk	Black Hawk, Colorado	Pinnacle Master Lease
Cactus Petes and Horseshu	Jackpot, Nevada	Pinnacle Master Lease
M Resort Spa Casino	Henderson, Nevada	PENN Master Lease
Tropicana Las Vegas [3]	Las Vegas, Nevada	Tropicana Lease
Zia Park Casino	Hobbs, New Mexico	PENN Master Lease
Midwest segment		
Ameristar Council Bluffs	Council Bluffs, Iowa	Pinnacle Master Lease
Argosy Casino Alton [4]	Alton, Illinois	PENN Master Lease
Argosy Casino Riverside	Riverside, Missouri	PENN Master Lease
Hollywood Casino Aurora	Aurora, Illinois	PENN Master Lease
Hollywood Casino Joliet	Joliet, Illinois	PENN Master Lease
Hollywood Casino at Kansas Speedway [5]	Kansas City, Kansas	Owned - Joint Venture
Hollywood Casino St. Louis	Maryland Heights, Missouri	PENN Master Lease
Prairie State Gaming [2]	Illinois	N/A
River City Casino	St. Louis, Missouri	Pinnacle Master Lease

(1) Upon termination of the Morgantown Lease, ownership of the constructed building and all tenant improvements will transfer from the Company to GLPI.

(2) VGT route operations

(3) On September 26, 2022, PENN sold its equity interest in the Tropicana Las Vegas Hotel and Casino Inc. ("Tropicana"), which consisted of the gaming license to operate the property as described in Note 6, "Acquisitions and Dispositions", and as a result of the sale, the Tropicana Lease (as defined in Note 12, "Leases") was terminated.

(4) The riverboat is owned by us and not subject to the PENN Master Lease.

(5) Pursuant to a joint venture with NASCAR and includes the Company's 50% investment in Kansas Entertainment, LLC ("Kansas Entertainment"), which owns Hollywood Casino at Kansas Speedway.

Cash and Cash Equivalents: The Company considers all cash balances and highly-liquid investments with original maturities of three months or less at the date of purchase to be cash and cash equivalents.

Concentration of Credit Risk: Financial instruments that subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company's policy is to limit the amount of credit exposure to any one financial institution, and place investments with financial institutions evaluated as being creditworthy, or in short-term money market and tax-free bond funds which are exposed to minimal interest rate and credit risk. The Company has bank deposits and overnight repurchase agreements that exceed federally-insured limits.

Concentration of credit risk, with respect to casino receivables, is limited through the Company's credit evaluation process. The Company issues markers to approved casino customers following investigations of creditworthiness. The Company utilizes a forward-looking current expected credit loss model to measure the provision for credit losses.

The Company's receivables as of December 31, 2022 and 2021 primarily consisted of the following:

	December 31,	
(in millions)	**2022**	**2021**
Markers and returned checks	$ 13.1	$ 15.1
Payment processors, credit card, and other advances to customers	80.2	17.7
Receivables from ATM and cash kiosk transactions	26.1	20.9
Hotel and banquet	4.7	4.1
Racing settlements	8.0	12.8
Online gaming and licensing receivables from third party operators, including taxes	62.7	66.3
Media receivables	15.0	10.3
Insurance Receivable - Hurricane Laura	—	28.7
Other	45.1	27.1
Provision for credit losses	(8.5)	(8.0)
Accounts receivable, net	$ 246.4	$ 195.0

Property and Equipment: Property and equipment are stated at cost, less accumulated depreciation. Capital expenditures are accounted for as either project capital or maintenance (replacement). Project capital expenditures are for fixed asset additions associated with constructing new facilities, or expansions of existing facilities. Maintenance capital expenditures (replacement) are expenditures to replace existing fixed assets with a useful life greater than one year that are obsolete, worn out or no longer cost-effective to repair. Maintenance and repairs that neither add materially to the value of the asset nor appreciably prolong its useful life are charged to expense as incurred. Gains or losses on the disposal of property and equipment are included in the determination of income.

The estimated useful lives of property and equipment are determined based on the nature of the assets as well as the Company's current operating strategy. Depreciation of property and equipment is recorded using the straight-line method over the shorter of the estimated useful life of the asset or the related lease term, if any, as follows:

	Years
Land improvements	15
Buildings and improvements	5 to 31
Vessels	10 to 31
Furniture, fixtures, and equipment	1 to 31

All costs funded by the Company considered to be an improvement to the real estate assets subject to any of our Triple Net Leases are recorded as leasehold improvements. Leasehold improvements are depreciated over the shorter of the estimated useful life of the improvement or the related lease term.

The Company reviews the carrying amount of its property and equipment for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable based on undiscounted estimated future cash flows expected to result from its use and eventual disposition. The factors considered by the Company in performing this assessment include current operating results, trends and prospects, as well as the effect of obsolescence, demand, competition, and other regulatory and economic factors. For purposes of recognizing and measuring impairment, assets are grouped at the individual property level representing the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. In assessing the recoverability of the carrying amount of property and equipment, we must make assumptions regarding future cash flows and other factors. If these estimates or the related assumptions change in the future, we may be required to record an impairment loss for these assets. Such an impairment loss would be recognized as a non-cash component of operating income. See Note 8, "Property and Equipment."

Goodwill and Other Intangible Assets: Goodwill represents the future economic benefits of a business combination measured as the excess of the purchase price over the fair value of net assets acquired and has been allocated to our reporting units. Goodwill is tested for impairment annually on October 1st of each year, or more frequently if indicators of impairment exist. For the quantitative goodwill impairment test, an income approach, in which a discounted cash flow ("DCF") model is utilized, and a market-based approach using guideline public company multiples of earnings before interest, taxes, depreciation, and amortization ("EBITDA") from the Company's peer group are utilized in order to estimate the fair market value of the Company's reporting units. In determining the carrying amount of each reporting unit that utilizes real estate assets subject to our Triple Net Leases, if and as applicable, (i) the Company allocates each reporting unit their pro-rata portion of the right-of-use ("ROU") assets, lease liabilities, and/or financing obligations, and (ii) pushes down the carrying amount of the property and equipment subject to such leases. The Company compares the fair value of its reporting units to the carrying amounts. If the carrying amount of the reporting unit exceeds the fair value, an impairment is recorded equal to the amount of the excess (not to exceed the amount of goodwill allocated to the reporting unit).

We consider our gaming licenses, trademarks, and certain other intangible assets to be indefinite-lived based on our future expectations to operate our gaming properties indefinitely as well as our historical experience in renewing these intangible assets at minimal cost with various state commissions. Indefinite-lived intangible assets are tested annually for impairment on October 1st of each year, or more frequently if indicators of impairment exist, by comparing the fair value of the recorded assets to their carrying amount. If the carrying amounts of the indefinite-lived intangible assets exceed their fair value, an impairment is recognized. The Company completes its testing of its indefinite-lived intangible assets prior to assessing the realizability of its goodwill.

The Company assesses the fair value of its gaming licenses using the Greenfield Method under the income approach, which estimates the fair value using a DCF model assuming the Company built a casino with similar utility to that of the existing casino. The method assumes a theoretical start-up company going into business without any assets other than the intangible asset being valued. The Company assesses the fair value of its trademarks using the relief-from-royalty method under the income approach. The principle behind this method is that the value of the trademark is equal to the present value of the after-tax royalty savings attributable to the owned trademark.

Other intangible assets that have a definite-life, including gaming technology and media technology, are amortized on a straight-line basis over their estimated useful lives or related service contract. The Company reviews the carrying amount of its amortizing intangible assets for possible impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Should events and circumstances indicate amortizing intangible assets may not be recoverable, the Company performs a test for recoverability whereby estimated undiscounted cash flows are compared to the carrying values of the assets. Should the estimated undiscounted cash flows exceed the carrying value, no impairments are recorded. If the undiscounted cash flows do not exceed the carrying values, an impairment is recorded based on the fair value of the asset, typically measured using either a discounted cash flow or replacement cost approach.

Once an impairment of goodwill or other intangible asset has been recorded, it cannot be reversed. See Note 9, "Goodwill and Other Intangible Assets."

Equity Securities: The Company's equity securities (including warrants) are measured at fair value each reporting period with unrealized gains and losses included in current period earnings. The Company records realized and unrealized gains and losses in "Other" within our Consolidated Statements of Operations.

Convertible Debt: Our Convertible Notes (as defined in Note 3, "New Accounting Pronouncements") are accounted for in accordance with Accounting Standards Codification ("ASC") 470-20, "Debt with Conversion and Other Options" ("ASC 470-20"). Prior to January 1, 2022, pursuant to ASC 470-20, we accounted for the Convertible Notes using the separate liability (debt) and equity (conversion option) components of the instrument. The equity component was included in "Additional paid-in capital" within our Consolidated Balance Sheets at the issuance date and the value of the equity component was treated as a debt discount. Effective January 1, 2022, we adopted ASU 2020-06 (as defined in Note 3, "New Accounting Pronouncements"), using the modified retrospective approach. As a result, the Convertible Notes are accounted for as a single liability measured at its amortized cost, as no other embedded features require bifurcation. See Note 3, "New Accounting Pronouncements" and Note 11, "Long-term Debt" for additional information.

Financing Obligations: In accordance with ASC 842, "Leases" ("ASC 842"), for transactions in which the Company enters into a contract to sell an asset and leases it back from the seller under a sale and leaseback transaction, the Company must determine whether control of the asset has transferred from the Company. In cases whereby control has not transferred from the Company, we continue to recognize the underlying asset as "Property and equipment, net" within the Consolidated Balance Sheets, which is then depreciated over the shorter of the remaining useful life or lease term. Additionally, a financial liability is recognized and referred to as a financing obligation, in accordance with ASC 470, "Debt" ("ASC 470"). The accounting for financing obligations under ASC 470 is materially consistent with the accounting for finance leases under ASC 842. The Company recognizes interest expense on the minimum lease payments related to a financing obligation under the effective yield method. Contingent payments are recorded as interest expense as incurred. Principal payments associated with financing obligations are presented as financing cash outflows and interest payments associated with financing obligations are presented as operating cash outflows within our Consolidated Statements of Cash Flows. For more information, see Note 8, "Property and Equipment," and Note 12, "Leases."

We concluded that the components contained within the Master Leases (primarily buildings) and the Morgantown Lease are required to be accounted for as financing obligations on our Consolidated Balance Sheets in accordance with ASC 842, as control of the underlying assets were not considered to have transferred from the Company.

Operating and Finance Leases: The Company determines if a contract is or contains a leasing element at contract inception or the date in which a modification of an existing contract occurs. In order for a contract to be considered a lease, the contract must transfer the right to control the use of an identified asset for a period of time in exchange for consideration. Control is determined to have occurred if the lessee has the right to (i) obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use and (ii) direct the use of the identified asset.

In accordance with ASC 842, we elected the following policies: (a) to account for lease and non-lease components as a single component for all classes of underlying assets and (b) to not recognize short-term leases (i.e., leases that are less than 12 months and do not contain purchase options) within the Consolidated Balance Sheets, with the expense related to these short-term leases recorded in total operating expenses within the Consolidated Statements of Operations.

The Company has leasing arrangements that contain both lease and non-lease components. We account for both the lease and non-lease components as a single component for all classes of underlying assets. In determining the present value of lease payments at lease commencement date, the Company utilizes its incremental borrowing rate based on the information available, unless the rate implicit in the lease is readily determinable. The liability for operating and finance leases is based on the present value of future lease payments. Operating lease expenses are primarily recorded as rent expense, which are included within general and administrative expense, within the Consolidated Statements of Operations and presented as operating cash outflows within the Consolidated Statements of Cash Flows. Finance lease expenses are recorded as depreciation expense, which is included within depreciation and amortization expense within the Consolidated Statements of Operations and interest expense over the lease term. Principal payments associated with finance leases are presented as financing cash outflows and interest payments associated with finance leases are presented as operating cash outflows within our Consolidated Statements of Cash Flows.

ROU assets are monitored for potential impairment similar to the Company's property and equipment, using the impairment model in ASC 360, "Property, Plant and Equipment". If the Company determines the carrying amount of a ROU asset is not recoverable, it would recognize an impairment charge equivalent to the amount required to reduce the carrying value of the asset to its estimated fair value.

Debt Discount and Debt Issuance Costs: Debt issuance costs that are incurred by the Company in connection with the issuance of debt are deferred and amortized to interest expense using the effective interest method over the contractual term of the underlying indebtedness. These costs are classified as a direct reduction of long-term debt within the Company's Consolidated Balance Sheets.

Self-Insurance Reserves: The Company is self-insured for employee health coverage, general liability and workers' compensation up to certain stop-loss amounts (for general liability and workers' compensation). We use a reserve method for each reported claim plus an allowance for claims incurred but not yet reported to a fully-developed claims reserve method based on an actuarial computation of ultimate liability. Self-insurance reserves are included in "Accrued expenses and other current liabilities" within the Company's Consolidated Balance Sheets.

Contingent Purchase Price: The consideration for the Company's acquisitions may include future payments that are contingent upon the occurrence of a particular event. We record an obligation for such contingent payments at fair value as of the acquisition date. We revalue our contingent purchase price obligations each reporting period. Changes in the fair value of the contingent purchase price obligation can result from changes to one or multiple inputs, including adjustments to the discount rate and changes in the assumed probabilities of successful achievement of certain financial targets. The changes in the fair value of contingent purchase price are recognized within our Consolidated Statements of Operations as a component of "General and administrative" expense.

Income Taxes: Under ASC 740, "Income Taxes" ("ASC 740"), deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities and are measured at the prevailing enacted tax rates that will be in effect when these differences are settled or realized. ASC 740 also requires that deferred tax assets be reduced by a valuation allowance if it is more-likely-than-not (a greater than 50% probability) that some portion or all of the deferred tax assets will not be realized.

The realizability of the net deferred tax assets is evaluated quarterly by assessing the valuation allowance and by adjusting the amount of the allowance, if necessary. The Company considers all available positive and negative evidence including projected future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. The evaluation of both positive and negative evidence is a requirement pursuant to ASC 740 in determining more-likely-than-not the net deferred tax assets will be realized. In the event the Company determines that the deferred tax assets would be realized in the future in excess of their net recorded amount, an adjustment to the valuation allowance would be recorded, which would reduce the provision for income taxes.

ASC 740 also creates a single model to address uncertainty in tax positions and clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in an enterprise's financial statements. It also provides guidance on de-recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. See Note 14, "Income Taxes."

Revenue Recognition: Our revenue from contracts with customers consists primarily of gaming wagers, inclusive of sports betting and iCasino products, food and beverage transactions, retail transactions, hotel room sales, racing wagers, and third-party revenue sharing agreements. See Note 5, "Revenue Disaggregation," for information on our revenue by type and geographic location.

The transaction price for a gaming wagering contract is the difference between gaming wins and losses, not the total amount wagered. The transaction price for food and beverage, hotel and retail contracts is the net amount collected from the customer for such goods and services. Sales tax and other taxes collected on behalf of governmental authorities are accounted for on the net basis and are not included in revenues or expenses. The transaction price for our racing operations, inclusive of live racing events conducted at our racing facilities and our import and export arrangements, is the commission received from the pari-mutuel pool less contractual fees and obligations primarily consisting of purse funding requirements, simulcasting fees, tote fees and certain pari-mutuel taxes that are directly related to the racing operations. The transaction price for our management service contracts is the amount collected for services rendered in accordance with the contractual terms.

Gaming revenue contracts involve two performance obligations for those customers earning points under our my**choice** program and a single performance obligation for customers that do not participate in the my**choice** program. The Company applies a practical expedient by accounting for its gaming contracts on a portfolio basis as opposed to an individual wagering contract. For purposes of allocating the transaction price in a gaming contract between the wagering performance obligation and the obligation associated with the loyalty points earned, we allocate an amount to the loyalty point contract liability based on the standalone selling price ("SSP") of the points earned, which is determined by the value of a point that can be redeemed for slot play and complimentaries such as, food and beverage at our restaurants, lodging at our hotels and products offered at our

my**choice** mall and retail stores, less estimated breakage. The allocated revenue for gaming wagers is recognized when the wagering occurs as all such wagers settle immediately. The liability associated with the loyalty points is deferred and recognized as revenue when the customer redeems the loyalty points for slot play and complimentaries and such goods and services are delivered to the customer.

Food and beverage, hotel and retail services have been determined to be separate, standalone performance obligations and the transaction price for such contracts is recorded as revenue as the good or service is transferred to the customer over their stay at the hotel or when the delivery is made for the food and beverage or retail product. Cancellation fees for hotel and meeting space services are recognized upon cancellation by the customer and are included in food, beverage, hotel and other revenue within our Consolidated Statements of Operations.

Racing revenue contracts, inclusive of our (i) host racing facilities, (ii) import arrangements that permit us to simulcast in live racing events occurring at other racetracks, and (iii) export arrangements that permit our live racing events to be simulcast at other racetracks, provide access to and the processing of wagers into the pari-mutuel pool. The Company has concluded it is not the controlling entity to the arrangement, but rather functions as an agent to the pari-mutuel pool. Commissions earned from the pari-mutuel pool less contractual fees and obligations are recognized on a net basis, which is included within food, beverage, hotel and other revenues within our Consolidated Statements of Operations.

Management services have been determined to be separate, standalone performance obligations and the transaction price for such contracts are recorded as services are performed. The Company records revenues on a monthly basis calculated by applying the contractual rate called for in the contracts.

In addition to sports betting and iCasino revenues, PENN Interactive generates in-app purchase and advertising revenues from free-to-play social casino games, which can be downloaded to mobile phones and tablets from digital storefronts. Players can purchase virtual playing credits within our social casino games, which allows for increased playing opportunities and functionality. PENN Interactive records deferred revenue from the sale of virtual playing credits and recognizes this revenue over the average redemption period of the credits, which is generally one day. Advertising revenues are recognized in the period when the advertising impression, click or install delivery occurs.

PENN Interactive also enters into multi-year agreements with sports betting operators for online sports betting and iCasino market access (“Skins”) across our portfolio, of which the Company generally receives upfront (i) cash or (ii) cash and equity securities. Additionally, in consideration for the use of each Skin, the Company receives a monthly revenue share amount of the revenues earned by the operators less contractual fees and obligations primarily consisting of taxes, promotional credits, data fees and player costs.

The market access provided to operators by jurisdiction and by activity represent separate performance obligations. The transaction price includes fixed fees for access to certain geographic markets and variable consideration in the form of a monthly revenue share, annual minimum guarantee amounts, and reimbursements for out-of-pocket expenses including jurisdictional gaming taxes. The upfront and fixed access fees relate solely to distinct markets and are allocated to the performance obligations specific to those markets. Market access fees are recognized as revenue over the term of the related market access agreement which commences upon the online launch of the activity by the third-party operator. Monthly revenue share and annual minimum guarantee variable consideration relate directly to the Company’s efforts to satisfy each individual performance obligation and, as such, is allocated to each performance obligation. Revenues from monthly revenue shares are recognized in the period in which the revenue was earned by our third-party operators. Minimum guarantee revenue is deferred at the end of the period in which it relates and subsequently recognized as revenue over the remaining term of the market access agreement. The Company also recognizes revenue for reimbursements of certain out-of-pocket expenses, including license fees and jurisdictional gaming taxes. The Company has elected the “right to invoice” practical expedient and recognizes revenue upon incurring reimbursable costs, as appropriate.

Complimentaries Associated with Gaming Contracts

Food, beverage, hotel, and other services furnished to patrons for free as an inducement to gamble or through the redemption of our customers' loyalty points are recorded as food, beverage, hotel, and other revenues, at their estimated standalone selling prices with an offset recorded as a reduction to gaming revenues. The cost of providing complimentary goods and services to patrons as an inducement to gamble as well as for the fulfillment of our loyalty point obligation is included in food, beverage, hotel, and other expenses. Revenues recorded to food, beverage, hotel, and other and offset to gaming revenues were as follows:

	For the year ended December 31,		
(in millions)	**2022**	**2021**	**2020**
Food and beverage	$ 209.5	$ 173.7	$ 123.6
Hotel	138.3	125.4	79.6
Other	12.3	10.2	6.7
Total complimentaries associated with gaming contracts	$ 360.1	$ 309.3	$ 209.9

Customer-related Liabilities

The Company has three general types of liabilities related to contracts with customers: (i) the obligation associated with its my**choice** program (loyalty points and tier status benefits), (ii) advance payments on goods and services yet to be provided and for unpaid wagers, and (iii) deferred revenue associated with third-party sports betting operators for online sports betting and iCasino market access.

Our my**choice** program allows members to earn loyalty points that are redeemable for slot play and complimentaries, such as food and beverage at our restaurants, lodging at our hotels, my**choice** redemption mall, and products offered at our retail stores across the vast majority of our properties. In addition, members of the my**choice** program earn credit toward tier status, which entitles them to receive certain other benefits, such as priority access, discounts, gifts, and free play. The obligation associated with our my**choice** program, which is included in "Accrued expenses and other current liabilities" within our Consolidated Balance Sheets, was $39.3 million and $37.6 million as of December 31, 2022 and 2021, respectively, and consisted principally of the obligation associated with the loyalty points. Our loyalty point obligations are generally settled within six months of issuance. Changes between the opening and closing balances primarily relate to the timing of our customers' election to redeem loyalty points as well as the timing of when our customers receive their earned tier status benefits.

The Company's advance payments on goods and services yet to be provided and for unpaid wagers primarily consist of the following: (i) deposits on rooms and convention space, (ii) money deposited on behalf of a customer in advance of their property visit (referred to as "safekeeping" or "front money"), (iii) money deposited in an online wallet not yet wagered or wagered and not yet withdrawn, (iv) outstanding tickets generated by slot machine play or pari-mutuel wagering, (v) outstanding chip liabilities, (vi) unclaimed jackpots, and (vii) gift cards redeemable at our properties. Unpaid wagers generally represent obligations stemming from prior wagering events, of which revenue was previously recognized. The Company's advance payments on goods and services yet to be provided and for unpaid wagers were $125.8 million and $112.0 million as of December 31, 2022 and 2021, respectively, and are included in "Accrued expenses and other current liabilities" within our Consolidated Balance Sheets.

PENN Interactive enters into multi-year agreements with sports betting operators for online sports betting and iCasino market access across our portfolio of properties. Certain of the operations contemplated by these agreements commenced, resulting in the recognition of $22.4 million, $16.3 million and $5.6 million of revenue (most of which was previously deferred) during the years ended December 31, 2022, 2021 and 2020 respectively. Deferred revenue associated with third-party sports betting operators for online sports betting and iCasino market access, which is included in "Other long-term liabilities" within our Consolidated Balance Sheets was $46.2 million and $52.2 million as of December 31, 2022 and 2021, respectively.

Advertising: The Company expenses advertising costs the first time the advertising takes place or as incurred. Advertising expenses, which generally relate to media placement costs and are primarily included in "Gaming" expenses within the Consolidated Statements of Operations, were $94.8 million, $88.2 million, and $36.7 million, for the years ended December 31, 2022, 2021 and 2020, respectively.

Gaming and Pari-mutuel Taxes: We are subject to gaming and pari-mutuel taxes based on gross gaming revenue and pari-mutuel revenue in the jurisdictions in which we operate, as well as taxes on revenues derived from arrangements which allow for third-party partners to operate iCasinos and online sportsbooks under our gaming licenses. The Company primarily

recognizes gaming and pari-mutuel tax expense based on the statutorily required percentage of revenue that is required to be paid to state, provincial and/or local jurisdictions in the states and provinces where or in which the wagering occurs. Also, included in gaming and pari-mutuel taxes are costs to support the operations of local regulatory authorities which some jurisdictions require us to pay. Gaming and pari-mutuel taxes are recorded in "Gaming" expense or "Food, beverage, hotel, and other" expenses within the Consolidated Statements of Operations, and were $2.2 billion, $2.0 billion, and $1.1 billion for the years ended December 31, 2022, 2021 and 2020, respectively.

Foreign Currency Translation: The functional currency of the Company's foreign subsidiaries is the local currency in which the subsidiary operates. Balance sheet accounts are translated at the exchange rate in effect at each balance sheet date. Translation adjustments resulting from this process are recorded to other comprehensive income (loss). Revenues and expenses are translated at the average exchange rates during the year. Gains or losses resulting from foreign currency transactions are included in "Other" within our Consolidated Statements of Operations.

Comprehensive Income (Loss) and Accumulated Other Comprehensive Loss: Comprehensive income (loss) includes net income (loss) and all other non-stockholder changes in equity, or other comprehensive income (loss). The balance of accumulated other comprehensive loss consists solely of foreign currency translation adjustments.

Stock-Based Compensation: The cost of employee services received in exchange for an award of equity instruments is based on the grant-date fair value of the award and the expense is recognized ratably over the requisite service period. The Company accounts for forfeitures in the period in which they occur based on actual amounts. The fair value of stock options is estimated at the grant date using the Black-Scholes option-pricing model, which requires us to make assumptions, including the expected term, which is based on the contractual term of the stock option and historical exercise data of the Company's employees; the risk-free interest rate, which is based on the U.S. Treasury spot rate with a term equal to the expected term assumed at the grant date; the expected volatility, which is estimated based on the historical volatility of the Company's stock price over the expected term assumed at the grant date; and the expected dividend yield, which is zero since we have not historically paid dividends. See Note 16, "Stock-based Compensation."

Earnings Per Share: Basic earnings per share ("EPS") is computed by dividing net income (loss) applicable to common stock by the weighted-average number of common shares outstanding during the period. Diluted EPS reflects the additional dilution, if any, for all potentially-dilutive securities such as stock options, unvested restricted stock awards ("RSAs") and restricted stock units ("RSUs") (collectively with RSAs, "restricted stock"), outstanding convertible preferred stock, and convertible debt.

Holders of the Company's Series D Preferred Stock (as defined in Note 7, "Investments in and Advances to Unconsolidated Affiliates") are entitled to participate equally and ratably in all dividends and distributions paid to holders of PENN common stock irrespective of any vesting requirement. Accordingly, the Series D Preferred Stock shares are considered a participating security and the Company is required to apply the two-class method to consider the impact of the preferred shares on the calculation of basic and diluted EPS. The holders of the Company's Series D Preferred Stock are not obligated to absorb losses; therefore, in reporting periods where the Company is in a net loss position, it does not apply the two-class method. In reporting periods where the Company is in a net income position, the two-class method is applied by allocating all earnings during the period to common shares and preferred shares. See Note 17, "Earnings (Loss) per Share," for more information.

Application of Business Combination Accounting: We utilize the acquisition method of accounting in accordance with ASC 805, "Business Combinations," which requires us to allocate the purchase price to tangible and identifiable intangible assets based on their fair values. The excess of the purchase price over the fair value ascribed to tangible and identifiable intangible assets is recorded as goodwill. If the fair value ascribed to tangible and identifiable intangible assets changes during the measurement period (due to additional information being available and related Company analysis), the measurement period adjustment is recognized in the reporting period in which the adjustment amount is determined and offset against goodwill. The measurement period for our acquisitions is no more than one year in duration. See Note 6, "Acquisitions and Dispositions."

Voting Interest Entities and Variable Interest Entities: The Company consolidates all subsidiaries or other entities in which it has a controlling financial interest. The consolidation guidance requires an analysis to determine if an entity should be evaluated for consolidation using the VOE model or the VIE model. Under the VOE model, controlling financial interest is generally defined as a majority ownership of voting rights. Under the VIE model, controlling financial interest is defined as (i) the power to direct activities that most significantly impact the economic performance of the entity and (ii) the obligation to absorb losses of, or the right to receive benefits from, the entity that could potentially be significant to the entity. For those entities that qualify as a VIE, the primary beneficiary is generally defined as the party who has a controlling financial interest in the VIE. The Company consolidates the financial position and results of operations of every VOE in which it has a controlling

financial interest and VIEs in which it is considered to be the primary beneficiary. See Note 7, "Investments in and Advances to Unconsolidated Affiliates."

Note 3—New Accounting Pronouncements

In June 2022, the FASB issued ASU 2022-03, "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions" ("ASU 2022-03"). ASU 2022-03 clarifies the guidance on the fair value measurement of an equity security that is subject to a contractual sale restriction and requires specific disclosures related to such an equity security. Specifically, ASU 2022-03 clarifies that a "contractual sale restriction prohibiting the sale of an equity security is a characteristic of the reporting entity holding the equity security" and is not included in the equity security's unit of account. Accordingly, the Company is no longer permitted to apply a discount related to the contractual sale restriction, or lack of marketability, when measuring the equity security's fair value. In addition, ASU 2022-03 prohibits an entity from recognizing a contractual sale restriction as a separate unit of account. ASU 2022-03 will be effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of ASU 2022-03 on our Consolidated Financial Statements.

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting" ("ASU 2020-04"). ASU 2020-04 provides an optional expedient and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. In response to the concerns about structural risks of interbank offered rates and, particularly, the risk of cessation of the London Interbank Offered Rate (referred to as "LIBOR"), regulators in several jurisdictions around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable or transaction-based and less susceptible to manipulation. ASU 2020-04 also provides companies with optional guidance to ease the potential accounting burden associated with transitioning away from reference rates that are expected to be discontinued. The interest rates associated with the Company's previous borrowings under its Senior Secured Credit Facilities (as defined in Note 11, "Long-term Debt") were tied to LIBOR. Subsequent to the amendment of the Senior Secured Credit Facilities on May 3, 2022, the Company's borrowings are tied to SOFR (see Note 11, "Long-term Debt"), upon which the Company adopted ASU 2020-04. The adoption of ASU 2020-04 did not have an impact on our Consolidated Financial Statements.

In August 2020, the FASB issued ASU 2020-06, "Debt—Debt with Conversion and Other Options (Topic 470) and Derivatives and Hedging—Contracts in Entity's Own Equity (Topic 814): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity" ("ASU 2020-06"). ASU 2020-06 eliminates the number of accounting models used to account for convertible debt instruments and convertible preferred stock. The update also amends the disclosure requirements for convertible instruments and EPS in an effort to increase financial reporting transparency.

The new standard impacts the Company's existing 2.75% convertible senior notes due May 2026 ("Convertible Notes") which prior to adoption of the new standard, were accounted for under the cash conversion feature model. The cash conversion feature model is eliminated under the new standard and entities will no longer separately present in stockholders' equity an embedded conversion feature of a debt instrument.

The new guidance also requires the use of the if-converted method when calculating diluted EPS for convertible instruments and the treasury stock method should no longer be used. Under the new guidance, convertible instruments that may be settled in cash or shares (e.g., the Company's Convertible Notes) are to be included in the calculation of diluted EPS if the effect is more dilutive, with no option for rebutting the presumption of share settlement based on stated policy or past experience. Each of these requirements are consistent with the Company's previous method for calculating diluted EPS.

The Company adopted ASU 2020-06 effective January 1, 2022, using the modified retrospective approach. Adoption of ASU 2020-06 resulted in reclassification of the $88.2 million cash conversion feature related to the Company's Convertible Notes, from stockholders' equity to liabilities. As a result of the adoption, the Company recognized as a cumulative effect adjustment an increase to the January 1, 2022 opening balance of retained earnings of $18.9 million, net of taxes.

Note 4—Hurricane Laura

On August 27, 2020, Hurricane Laura made landfall in Lake Charles, Louisiana, which caused significant damage to our L'Auberge Lake Charles property and closure of the property for approximately two weeks. The Company maintains insurance, subject to certain deductibles and coinsurance, that covers business interruption, including lost profits, and covers the repair or replacement of assets that suffered losses.

The Company recorded a receivable relating to our estimate of repairs and maintenance costs which have been incurred and property and equipment which have been written off, and for which we deem the recovery of such costs and property and

equipment from our insurers to be probable. The insurance recovery receivable was included in “Accounts Receivable, net” within the Consolidated Balance Sheets. As we deemed it probable that the proceeds to be recovered from our insurers would exceed the total of our insurance recovery recorded and our insurers’ deductible and coinsurance, we did not record any loss associated with the impact of this natural disaster. Timing differences exist between the recognition of (i) impairment losses and capital expenditures made to repair or restore the assets and (ii) the receipt of insurance proceeds within the Consolidated Financial Statements.

As of December 31, 2021, the receivable was $28.7 million. During the year ended December 31, 2022, we received insurance claim proceeds totaling $39.4 million, resulting in a gain of $10.7 million, which is included in “General and administrative” within our Consolidated Statements of Operations. No proceeds were received from our insurers during the year ended December 31, 2021.

As of February 23, 2023, the insurance claim remains open, and we expect to receive additional future proceeds.

We will record proceeds in excess of the recognized losses and lost profits under our business interruption insurance as a gain contingency in accordance with ASC 450, “Contingencies,” which we expect to recognize at the time of final settlement or when nonrefundable cash advances are made in a period subsequent to December 31, 2022.

The following tables summarize the financial impact of Hurricane Laura related matters:

	Life to date through December 31,	
(in millions)	**2022**	**2021**
Insurance proceeds received through the end of the period	$ 86.9	$ 47.5
Deductible	$ 15.0	$ 15.0
Coinsurance	$ 2.5	$ 2.5
Clean-up, restoration, and other costs	$ 52.8	$ 52.8
Fixed asset write-off	$ 23.2	$ 23.2
Inventory write-off	$ 0.2	$ 0.2

	December 31,	
(in millions)	**2022**	**2021**
Insurance receivable	$ —	$ 28.7

Note 5—Revenue Disaggregation

Our revenues are generated principally by providing the following types of services: (i) gaming, including iCasino, retail and online sports betting; (ii) food and beverage; (iii) hotel; and (iv) other. Other revenues are principally comprised of ancillary gaming-related activities, such as commissions received on ATM transactions, racing, PENN Interactive's social gaming, and revenue from third-party sports betting operators and the related gross-up for taxes. Our revenue is disaggregated by type of revenue and geographic location of the related properties, which is consistent with our reportable segments, as follows:

	For the year ended December 31, 2022							
(in millions)	**Northeast**	**South**	**West**	**Midwest**	**Interactive [1]**	**Other**	**Intersegment Eliminations [2]**	**Total**
Revenues:								
Gaming	$ 2,434.0	$ 1,050.7	$ 387.6	$ 1,045.9	$ 283.5	$ —	$ —	$ 5,201.7
Food and beverage	132.4	126.8	80.3	53.7	—	3.5	—	396.7
Hotel	43.4	96.3	89.0	33.3	—	—	—	262.0
Other	86.1	40.4	25.0	26.7	379.6	17.8	(34.3)	541.3
Total revenues	$ 2,695.9	$ 1,314.2	$ 581.9	$ 1,159.6	$ 663.1	$ 21.3	$ (34.3)	$ 6,401.7

	For the year ended December 31, 2021							
(in millions)	**Northeast**	**South**	**West**	**Midwest**	**Interactive [1]**	**Other**	**Intersegment Eliminations [2]**	**Total**
Revenues:								
Gaming	$ 2,344.2	$ 1,080.4	$ 352.7	$ 1,009.6	$ 158.4	$ —	$ —	$ 4,945.3
Food and beverage	103.3	110.6	69.0	39.4	—	1.0	—	323.3
Hotel	28.1	93.3	80.1	29.6	—	—	—	231.1
Other	76.8	37.9	19.6	24.1	274.5	9.6	(37.2)	405.3
Total revenues	$ 2,552.4	$ 1,322.2	$ 521.4	$ 1,102.7	$ 432.9	$ 10.6	$ (37.2)	$ 5,905.0

	For the year ended December 31, 2020							
(in millions)	**Northeast**	**South**	**West**	**Midwest**	**Interactive**	**Other**	**Intersegment Eliminations [2]**	**Total**
Revenues:								
Gaming	$ 1,495.1	$ 684.0	$ 194.2	$ 615.2	$ 62.4	$ 0.3	$ (0.1)	$ 3,051.1
Food and beverage	68.9	76.9	46.0	32.0	—	0.6	—	224.4
Hotel	17.4	64.3	46.4	18.7	—	—	—	146.8
Other	57.9	24.4	15.9	15.5	58.7	3.0	(19.0)	156.4
Total revenues	$ 1,639.3	$ 849.6	$ 302.5	$ 681.4	$ 121.1	$ 3.9	$ (19.1)	$ 3,578.7

(1) Other revenues within the Interactive segment are inclusive of gaming tax reimbursement amounts charged to third-party partners for online sports betting and iCasino market access of $251.6 million and $180.2 million for the years ended December 31, 2022 and 2021, respectively.

(2) Primarily represents the elimination of intersegment revenues associated with our internally-branded retail sportsbooks, which are operated by PENN Interactive.

Note 6—Acquisitions and Dispositions

Tropicana Las Vegas

On April 16, 2020, we sold the real estate assets associated with the operations of Tropicana to GLPI in exchange for rent credits of $307.5 million, and utilized the rent credits to pay rent under our existing Master Leases and the Meadows Lease, (as defined and discussed in Note 12, "Leases"), beginning in May 2020. Contemporaneous with the sale, the Company entered into the Tropicana Lease, (as defined and discussed in Note 12, "Leases"). We recognized a gain on this transaction of $29.8 million during the year ended December 31, 2020, which is included in "General and administrative" within our Consolidated Statements of Operations.

On January 11, 2022, PENN entered into a definitive purchase agreement to sell its outstanding equity interest in Tropicana, which has the gaming license and operates the Tropicana, to Bally's Corporation ("Bally's"). The transaction closed on September 26, 2022.

Morgantown

On October 1, 2020, we sold the land underlying Hollywood Casino Morgantown ("Morgantown") to GLPI in exchange for rent credits of $30.0 million. Contemporaneous with the sale, the Company entered into a triple net lease with GLPI for the land underlying Morgantown (as defined and discussed in Note 12, "Leases").

As of December 31, 2020, we utilized all of the rent credits pertaining to the Tropicana and Morgantown transactions which totaled $337.5 million (see Note 12, "Leases").

HitPoint Inc. and LuckyPoint Inc.

On May 11, 2021, we acquired 100% of the outstanding equity of HitPoint Inc. and Lucky Point Inc. (collectively, "Hitpoint"). The purchase price totaled $12.7 million, consisting of $6.2 million in cash, $3.5 million of the Company's common stock, and a $3.0 million contingent liability. The contingent liability is payable in annual installments over three years, through a combination of cash and the Company's common stock, and is based on achievement of certain performance factors. The purchase price allocation resulted in a recognition of $8.8 million of goodwill, $4.0 million in developed technology which is included in "Other intangible assets, net" within the Consolidated Balance Sheets, along with other miscellaneous operating assets and liabilities. The developed technology is an amortizing intangible asset with an assigned useful life of five years, and was valued using the multi-period excess earnings method, a variation of the income approach, which is supported by observable market data for peer companies.

Hollywood Casino Perryville

On July 1, 2021, we completed the acquisition of the operations of Hollywood Casino Perryville ("Perryville"), from GLPI for a purchase price of $39.4 million, including working capital adjustments. The purchase price allocation resulted in the recognition of a $12.7 million gaming license asset and a $1.0 million customer relationship asset, both of which are included in "Other intangible assets, net" within our Consolidated Balance Sheets, $9.2 million of goodwill, $8.2 million of tangible long-term assets, comprised primarily of property and equipment, and $8.3 million of various operating assets and liabilities. Simultaneous with the closing, we entered into a lease with GLPI for the real estate assets associated with Perryville for initial annual rent of $7.8 million per year subject to escalation.

The gaming license is an indefinite-lived intangible asset, and the customer relationships is an amortizing intangible asset with a useful life of two years. The Company valued (i) the gaming license using the Greenfield Method, a form of the income approach; (ii) the customer relationships using the "with-and-without" method, a form of the income approach, and (iii) the property and equipment and other various operating assets and liabilities primarily utilizing the cost approach. All valuation methods of the income approach are supported by observable market data for peer casino operator companies.

For the period beginning July 1, 2021 through December 31, 2021 Perryville's revenue and net income included in the Consolidated Statements of Operations were $46.9 million and $2.5 million, respectively.

Sam Houston Race Park and Valley Race Park

On August 1, 2021, we completed the acquisition of the remaining 50% ownership interest in the Sam Houston Race Park in Houston, Texas, the Valley Race Park in Harlingen, Texas, and a license to operate a racetrack in Austin, Texas (collectively, "Sam Houston"), from PM Texas Holdings, LLC for a purchase price of $57.8 million, comprised of $42.0 million in cash and $15.8 million of the Company's common stock, which was allocated to property and equipment. In conjunction with the acquisition, we recorded a gain of $29.9 million on our equity method investment, which is included in "Other" within our Consolidated Statements of Operations. The property and equipment assets were valued using a combination of the market and cost approaches.

Score Media and Gaming Inc.

On October 19, 2021, we acquired 100% of Score Media and Gaming, Inc. ("theScore") for a purchase price of approximately $2.1 billion. The acquisition provides us with the technology, resources and audience reach to accelerate our media and sports betting strategy across North America. Under the terms of the agreement, 1317774 B.C. Ltd. (the "Purchaser"), an indirectly wholly owned subsidiary of PENN, acquired each of the issued and outstanding theScore shares (other than those held by PENN and its subsidiaries) for US$17.00 per share in cash consideration, totaling $922.8 million, and either 0.2398 of a share of common stock, par value $0.01 of PENN common stock or, if validly elected, 0.2398 of an exchangeable share in the capital of the Purchaser (each whole share, an "Exchangeable Share"), totaling 12,319,340 shares of PENN common stock and 697,539 Exchangeable Shares for approximately $1.0 billion. Each Exchangeable Share will be exchangeable into one share of PENN common stock at the option of the holder, subject to certain adjustments. In addition,

Purchaser may redeem all outstanding Exchangeable Shares in exchange for shares of PENN common stock at any time following the fifth anniversary of the closing, or earlier under certain circumstances. See Note 15, "Stockholders' Equity" for further information.

The Company held shares of theScore common stock prior to the acquisition and, as such, the acquisition date estimated fair value of this previously held investment was a component of the purchase consideration. Based on the acquisition date fair value of this investment of $58.9 million, the Company recorded a gain of $2.9 million related to remeasurement of the equity security investment immediately prior to the acquisition date which was included in "Other" within our Consolidated Statements of Operations.

The following table reflects the allocation of the purchase price to the tangible and identifiable intangible assets acquired and liabilities assumed, with the excess recorded as goodwill. During the year ended December 31, 2022, we made the following purchase price measurement period adjustment:

(in millions)	**Estimated fair value, as previously reported [1]**	**Measurement period adjustments**	**Final fair value**
Cash and cash equivalents	$ 160.3	$ —	$ 160.3
Other current assets	22.8	—	22.8
ROU assets	2.6	—	2.6
Property and equipment	1.8	—	1.8
Goodwill	1,690.2	1.5	1,691.7
Other intangible assets			
Gaming technology	160.0	—	160.0
Media technology	57.0	—	57.0
Tradename	100.0	—	100.0
Advertising relationships	11.0	—	11.0
Customer relationships	8.0	—	8.0
Re-acquired right	2.6	—	2.6
Other long-term assets	5.2	—	5.2
Total assets	$ 2,221.5	$ 1.5	$ 2,223.0
Accounts payable, accrued expenses and other current liabilities	$ 67.9	$ 1.5	$ 69.4
Deferred tax liabilities	69.2	—	69.2
Other non-current liabilities	1.7	—	1.7
Total liabilities	138.8	1.5	140.3
Net assets acquired	$ 2,082.7	$ —	$ 2,082.7

(1) Amounts were initially reported within the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 28, 2022.

The Company used the income, or cost approach for the valuation, as appropriate, and used valuation inputs in these models and analyses that were based on market participant assumptions. Market participants are considered to be buyers and sellers unrelated to the Company in the principal or most advantageous market for the asset or liability.

Acquired identifiable intangible assets consist of gaming technology, media technology, tradename, advertising relationships, customer relationships, and a re-acquired right. Tradename is an indefinite-lived intangible asset. All other intangible assets are definite-lived with assigned useful lives primarily ranging from 1-7 years. The re-acquired right intangible asset was assigned a 17.8 year useful life based on the remaining term of a pre-acquisition market access contract between PENN and theScore.

Goodwill, none of which is deductible under the Canadian Income Tax Act, is approximately 81.2% of the net assets acquired and represents synergies, incremental market share capture and expansion into new markets not existing as of the acquisition date, and future technology development.

The following valuation approaches were utilized to determine the fair value of each intangible asset:

Intangible Asset	Valuation Approach
Gaming technology	Relief-from-royalty (variation of income approach)
Media technology	Replacement cost
Tradename	Relief-from-royalty (variation of income approach)
Advertising relationships	With-and-without (variation of income approach)
Customer relationships	Replacement cost
Re-acquired right	Replacement cost

For the period beginning October 19, 2021 through December 31, 2021 theScore's revenue and net loss included in the Consolidated Statements of Operations were $7.5 million and $11.9 million, respectively.

Unaudited Pro Forma Financial Information

The following table includes unaudited pro forma consolidated financial information assuming our acquisition of Hitpoint, Perryville, Sam Houston, and theScore had occurred as of January 1, 2020. The pro forma amounts include the historical operating results of PENN and Hitpoint, Perryville, Sam Houston and theScore prior to our acquisitions. The pro forma financial information does not necessarily represent the results that may occur in the future. For the year ended December 31, 2021, pro forma adjustments directly attributable to the acquisitions include acquisition and transaction related costs of $77.1 million incurred by both PENN and the respective acquirees, gains of $51.0 million related to our purchase of the remaining 50% of Sam Houston and a net unrealized gain on the equity security investment in theScore. For the year ended December 31, 2020, pro forma adjustments directly attributable to the acquisitions primarily include a net unrealized gain of $8.3 million on the equity security investment in theScore.

	For the year ended December 31,	
(in millions)	**2021**	**2020**
Revenues	$ 5,978.0	$ 3,677.4
Net income (loss)	$ 347.6	$ (705.4)

Note 7—Investments in and Advances to Unconsolidated Affiliates

As of December 31, 2022 and 2021, investments in and advances to unconsolidated affiliates primarily consisted of the Company's 36% interest in Barstool; our 50% investment in Kansas Entertainment, the joint venture with NASCAR that owns Hollywood Casino at Kansas Speedway; and our 50% interest in Freehold Raceway. On August 1, 2021, the Company purchased the remaining 50% ownership interest of Sam Houston. Prior to August 1, 2021, the Company had a 50% interest in Sam Houston. See Note 6, "Acquisitions and Dispositions" for further information, specific to Sam Houston.

Investment in Barstool

As previously disclosed, in February 2020, we closed on our investment in Barstool pursuant to a stock purchase agreement with Barstool and certain stockholders of Barstool, in which we purchased 36% (inclusive of 1% on a delayed basis) of the common stock, par value $0.0001 per share, of Barstool for a purchase price of $161.2 million. The purchase price consisted of $135.0 million in cash and $23.1 million in shares of a new class of non-voting convertible preferred stock of the Company (as discussed below). Within three years after the closing of the transaction or earlier at our election, we were required to increase our ownership in Barstool to approximately 50% by purchasing approximately $62.0 million worth of additional shares of Barstool common stock, consistent with the implied valuation at the time of the initial investment, which was $450.0 million. With respect to the remaining Barstool shares, we had immediately exercisable call rights, and the existing Barstool stockholders had put rights exercisable beginning three years after closing, all based on a fair market value calculation at the time of exercise (originally subject to a cap of $650.0 million, and subject to such cap, a floor of 2.25 times the annualized revenue of Barstool, all subject to various adjustments).

On October 1, 2021, the terms of the February 2020 stock purchase agreement were amended and restated ("Amended and Restated Stockholders' Agreement") to (i) set a definitive purchase price of $325.0 million on the second 50% of Barstool common stock, which eliminated the floor of 2.25 times the annual revenue of Barstool and (ii) fix a number of PENN common shares to be delivered to existing February 2020 employee holders of Barstool common stock, to the extent PENN's stock price exceeded a specified value defined in the Amended and Restated Stockholders' Agreement and PENN elected to settle using a combination of cash and equity. Consistent with the February 2020 stock purchase agreement: (i) the Barstool common stock

remained subject to our immediately exercisable call rights and the existing Barstool stockholders put rights beginning in February 2023, (ii) the requirement to increase our ownership in Barstool Sports to approximately 50% by purchasing approximately $62.0 million worth of additional shares in Barstool common stock remained consistent with the implied valuation at the time of the initial investment, which was $450.0 million, and (iii), we may settle the call and put options, at our sole election, using either cash or a combination of cash and equity.

On July 7, 2022, we entered into the first amendment to the Amended and Restated Stockholders' Agreement ("First Amendment"). The First Amendment updated the share price specified value used to calculate the fixed number of PENN common shares to be delivered to existing February 2020 employee holders of Barstool common stock, to the extent PENN's stock price exceeded the updated specified value and PENN elected to settle using a combination of cash and equity.

In conjunction with the February 20, 2020 stock purchase agreement, the Company issued 883 shares of Series D Preferred Stock, par value $0.01 (the "Series D Preferred Stock") to certain individual stockholders affiliated with Barstool. 1/1,000th of a share of Series D Preferred Stock is convertible into one share of PENN common stock. The Series D Preferred stockholders are entitled to participate equally and ratably in all dividends and distributions paid to holders of PENN common stock based on the number of shares of PENN common stock into which such Series D Preferred Stock could convert. Series D Preferred Stock is nonvoting stock. The Series D Preferred Stock issued to certain individual stockholders affiliated with Barstool continue to be available for conversion into PENN common stock in tranches over four years as stipulated in the February 2020 stock purchase agreement, with the first and second 20% tranches having been available for conversion into PENN common stock in the first quarter of 2021 and first quarter of 2022, respectively. As of December 31, 2022, 51 shares of the Series D Preferred Stock can be converted into PENN common stock.

During the years ended December 31, 2022 and 2021, the Company acquired an additional 0.3%, and 0.6% of Barstool common stock, par value $0.0001 per share, respectively, which represented a partial settlement of the 1% purchase on a delayed basis as noted above. The acquisitions of the acquired Barstool common stock that occurred during the years ended December 31, 2022 and 2021, were settled through a predetermined number of PENN common stock and Series D Preferred Stock, respectively, as contained within the Amended and Restated Stockholders' Agreement (see Note 15, "Stockholders' Equity," for further information).

As a part of the stock purchase agreement, we entered into a commercial agreement that provides us with access to Barstool's customer list and exclusive advertising on the Barstool platform over the term of the agreement. The initial term of the commercial agreement was ten years and, unless earlier terminated and subject to certain exceptions, would have automatically renewed for three additional ten-year terms (a total of 40 years assuming all renewals were exercised).

As of December 31, 2022 and 2021, we had an amortizing intangible asset pertaining to the customer list of $0.1 million and $0.8 million, respectively. As of December 31, 2022 and 2021, we had a prepaid expense pertaining to the advertising in the amount of $14.2 million and $15.4 million, respectively, of which $13.0 million and $14.2 million was classified as long-term, respectively. The long-term portion of the prepaid advertising expense is included in "Other assets" within our Consolidated Balance Sheets.

As of December 31, 2022 and 2021, our investment in Barstool was $160.9 million and $162.5 million, respectively. We recorded our proportionate share of Barstool's net income or loss one quarter in arrears.

Prior to acquisition of the remaining Barstool shares (which occurred on February 17, 2023) as described below, the Company determined that Barstool qualified as a VIE. However, the Company determined that it did not qualify as the primary beneficiary of Barstool either at the commencement date of its investment or for subsequent periods, primarily as a result of the Company not having the power to direct the activities of the VIE that most significantly affect Barstool's economic performance. Therefore, the Company did not consolidate the financial position of Barstool as of December 31, 2022 and 2021, nor the results of operations for the years ended December 31, 2022, 2021, and 2020.

On August 17, 2022, the Company exercised its call rights to bring its ownership of Barstool to 100%. Subsequent to year end, on February 17, 2023, the Company completed the acquisition of all of the outstanding shares of common stock of Barstool not already owned by us for approximately $388 million, excluding transaction expenses, repayment of Barstool indebtedness, and other purchase price adjustments (the "Barstool Acquisition"). We issued 2,442,809 shares of our common stock to certain former stockholders of Barstool for the Barstool Acquisition (see Note 15, "Stockholders' Equity," for further information) and utilized approximately $315 million of cash to complete the Barstool Acquisition, inclusive of transaction expenses and repayment of Barstool indebtedness. As of the closing of the Barstool Acquisition, Barstool became an indirect wholly owned subsidiary of PENN. The acquisition of the remaining Barstool shares provides us with a greater ability to execute our organic cross-sell strategy through Barstool's resources, audience and strong brand recognition. Due to the timing of the acquisition of the remaining 64% interest and its proximity to the date of this report, the preliminary purchase price

allocation has not been completed as the Company is currently in the process of determining the purchase price allocation to tangible and identifiable intangible assets acquired and liabilities assumed.

Kansas Joint Venture

As of December 31, 2022 and 2021, our investment in Kansas Entertainment was $81.5 million and $83.8 million, respectively. During the years ended December 31, 2022, 2021 and 2020, the Company received distributions from Kansas Entertainment totaling $33.8 million, $31.8 million and $20.0 million, respectively. The Company deems these distributions to be returns on its investment based on the source of those cash flows from the normal business operations of Kansas Entertainment.

The Company has determined that Kansas Entertainment does not qualify as a VIE. Using the guidance for entities that are not VIEs, the Company determined that it did not have a controlling financial interest in the joint venture, primarily as it did not have the ability to direct the activities of the joint venture that most significantly impacted the joint venture's economic performance without the input of NASCAR. Therefore, the Company did not consolidate the financial position of Kansas Entertainment as of December 31, 2022 and 2021, nor the results of operations for the years ended December 31, 2022, 2021, and 2020.

The following table provides summarized balance sheet and results of operations information related to Kansas Entertainment and our share of income from unconsolidated affiliates from our investment in Kansas Entertainment:

	December 31,	
(in millions)	**2022**	**2021**
Current assets	$ 21.1	$ 19.1
Long-term assets	$ 142.4	$ 145.1
Current liabilities	$ 15.0	$ 11.0

	For the year ended December 31,		
(in millions)	**2022**	**2021**	**2020**
Revenues	$ 161.9	$ 149.5	$ 104.2
Operating expenses	99.0	88.7	75.5
Operating income	62.9	60.8	28.7
Net income	$ 62.9	$ 60.8	$ 28.7
Net income attributable to PENN Entertainment	$ 31.5	$ 30.4	$ 14.4

Texas and New Jersey Joint Ventures

Sam Houston

The Company had a 50% interest in a joint venture with Sam Houston, which owns and operates the Sam Houston Race Park in Houston, Texas and the Valley Race Park in Harlingen, Texas, and holds a license for a racetrack in Austin, Texas. On August 1, 2021, we completed the acquisition of the remaining 50% ownership interest in Sam Houston. In conjunction with the acquisition we recorded a gain of $29.9 million on our equity method investment, which is included in "Other" within our Consolidated Statements of Operations. See Note 6, "Acquisitions and Dispositions" for further information.

During the first quarter of 2020, we recorded an other-than-temporary impairment on our investment in the joint venture of $4.6 million, which is included in "Impairment losses" within our Consolidated Statements of Operations. No further impairment loss was recorded for the years ended December 31, 2021 and 2020.

Prior to the August 1, 2021 acquisition of the remaining 50% interest, the Company determined that our Texas joint venture did not qualify as a VIE. Using the guidance for entities that are not VIEs, the Company determined that it did not have a controlling financial interest in the joint venture, primarily as it did not have the ability to direct the activities of the joint venture that most significantly impacted the joint venture's economic performance without the input of Sam Houston. Therefore, the Company did not consolidate the financial position of our Texas joint venture as of December 31, 2020, nor the results of operations for the period of January 1, 2021 through July 31, 2021 or for the year ended December 31, 2020.

New Jersey

The Company has a 50% interest in a joint venture with Greenwood, which owns and operates Freehold Raceway, in Freehold, New Jersey. The property features a half-mile standardbred racetrack and a grandstand.

The Company has determined that our New Jersey joint venture does not qualify as a VIE. Using the guidance for entities that are not VIEs, the Company determined that it did not have a controlling financial interest in the joint venture, primarily as it did not have the ability to direct the activities of the joint venture that most significantly impacted the joint venture's economic performance without the input of Greenwood. Therefore, the Company did not consolidate the financial position of the New Jersey joint venture as of December 31, 2022 and 2021, nor the results of operations for the years ended December 31, 2022, 2021, and 2020.

Note 8—Property and Equipment

Property and equipment, net, consisted of the following:

	December 31,	
(in millions)	**2022**	**2021**
Property and equipment - Not Subject to Master Leases		
Land and improvements	$ 137.1	$ 147.6
Building, vessels and improvements	324.6	327.3
Furniture, fixtures and equipment	1,753.6	1,714.8
Leasehold improvements	353.5	292.0
Construction in progress	166.8	70.7
	2,735.6	2,552.4
Less: Accumulated depreciation	(1,708.3)	(1,634.1)
	1,027.3	918.3
Property and equipment - Subject to Master Leases		
Land and improvements	1,523.2	1,523.2
Building, vessels and improvements	3,640.0	3,640.0
	5,163.2	5,163.2
Less: Accumulated depreciation	(1,675.0)	(1,499.3)
	3,488.2	3,663.9
Property and equipment, net	$ 4,515.5	$ 4,582.2

Depreciation expense was as follows:

	For the year ended December 31,		
(in millions)	**2022**	**2021**	**2020**
Depreciation expense [(1)]	$ 329.1	$ 314.3	$ 336.9

(1) Of such amounts, $175.6 million, $183.4 million, and $156.1 million, respectively, pertained to real estate assets subject to our Master Leases.

Hurricane Laura

In August 2020, Hurricane Laura made landfall in Lake Charles, Louisiana, which caused significant damage to our L'Auberge Lake Charles property. During the year ended December 31, 2021, we wrote off property and equipment with a net book value of $23.2 million, of which $2.1 million and $21.1 million had been included in Property and equipment – Not subject to Master Leases, and Property and equipment – Subject to Master Leases, respectively.

Tropicana

During the year ended December 31, 2020, we recorded $7.3 million of impairment on the property and equipment associated with Tropicana, relating to the operating assets, which is included in "Impairment losses" within our Consolidated Statements of Operations. The charge was the result of an impairment assessment performed after reviewing the projected results of this property over the remaining lease term contained within the Tropicana Lease. There were no impairment charges recorded to property and equipment during the years ended December 31, 2022 and 2021.

Note 9—Goodwill and Other Intangible Assets

A reconciliation of goodwill and accumulated goodwill impairment losses, by reportable segment, is as follows:

(in millions)	Northeast	South	West	Midwest	Interactive	Other	Total
Balance as of January 1, 2021							
Goodwill, gross	$ 914.3	$ 236.6	$ 216.8	$ 1,116.7	$ 67.8	$ 87.7	$ 2,639.9
Accumulated goodwill impairment losses	(761.4)	(61.0)	(16.6)	(556.1)	—	(87.7)	(1,482.8)
Goodwill, net	$ 152.9	$ 175.6	$ 200.2	$ 560.6	$ 67.8	$ —	$ 1,157.1
Goodwill acquired during year	9.2	—	—	—	1,699.0	—	1,708.2
Effect of foreign currency exchange rates	—	—	—	—	(42.8)	—	(42.8)
Balance as of December 31, 2021							
Goodwill, gross	$ 923.5	$ 236.6	$ 216.8	$ 1,116.7	$ 1,724.0	$ 87.7	$ 4,305.3
Accumulated goodwill impairment losses	(761.4)	(61.0)	(16.6)	(556.1)	—	(87.7)	(1,482.8)
Goodwill, net	$ 162.1	$ 175.6	$ 200.2	$ 560.6	$ 1,724.0	$ —	$ 2,822.5
Effect of foreign currency exchange rates	—	—	—	—	(97.1)	—	(97.1)
Impairment losses during year	(37.4)	—	—	—	—	—	(37.4)
Other [(1)]	—	—	—	—	1.5	—	1.5
Balance as of December 31, 2022							
Goodwill, gross	$ 923.5	$ 236.6	$ 216.8	$ 1,116.7	$ 1,628.4	$ 87.7	$ 4,209.7
Accumulated goodwill impairment losses	(798.8)	(61.0)	(16.6)	(556.1)	—	(87.7)	(1,520.2)
Goodwill, net	$ 124.7	$ 175.6	$ 200.2	$ 560.6	$ 1,628.4	$ —	$ 2,689.5

(1) Amount relates to theScore purchase price measurement period adjustment. See Note 6, "Acquisitions and Dispositions".

2022 Annual and Interim Assessment for Impairment

During the third quarter of 2022, we identified an indicator of impairment on goodwill and other intangible assets at the Hollywood Casino at Greektown reporting unit as the majority of the hotel was out of service for longer than anticipated during renovations caused by water damage. As a result, we revised the cash flow projections for the reporting unit to be reflective of current operating results and the related economic environment. As a result of the interim assessment for impairment, during the third quarter of 2022, we recognized impairment charges on our goodwill and gaming licenses of $37.4 million and $65.4 million, respectively. The estimated fair value of the reporting unit was determined through a combination of a discounted cash flow model and a market-based approach, which utilized Level 3 inputs. The estimated fair value of the gaming license was determined by using a discounted cash flow model, which utilized Level 3 inputs.

As a result of our 2022 annual assessment for impairment as of October 1, 2022, we recognized a $13.6 million impairment charge on our gaming licenses. The impairment of gaming licenses is specific to Hollywood Casino at PENN National Race Course ("PNRC") and was largely due to the expansion of gaming legislation in the market and increased supply, particularly from our recent openings of Hollywood Casino York and Hollywood Casino Morgantown, which reduced long-term projections of the property. The estimated fair values of our gaming licenses were determined by using discounted cash flow models, which utilized Level 3 inputs.

The annual assessment for impairment did not result in any impairment charges to goodwill or trademarks. The estimated fair value of reporting units were determined through a combination of discounted cash flow models and market-based approaches, which utilized Level 3 inputs. The estimated fair values of trademarks were determined by using discounted cash flow models, which utilized Level 3 inputs.

The total 2022 goodwill and gaming license impairment charges of $37.4 million and $79.0 million, respectively, pertained to our Northeast segment.

2021 Annual Assessment for Impairment

We completed our annual assessment for impairment as of October 1, 2021, which did not result in any impairment charges to goodwill, gaming licenses or trademarks. The estimated fair value of reporting units were determined through a combination of discounted cash flow models and market-based approaches, which utilized Level 3 inputs. The estimated fair values of our gaming licenses and trademarks were determined by using discounted cash flow models, which utilized Level 3 inputs.

2020 Annual and Interim Assessment for Impairment

During the first quarter of 2020, we identified an indicator of impairment on our goodwill and other intangible assets due to the COVID-19 pandemic. As a result of the COVID-19 pandemic, we revised our cash flow projections to reflect the current economic environment, including the uncertainty surrounding the nature, timing and extent of reopening our gaming properties. As a result of the interim assessment for impairment, during the first quarter of 2020, we recognized impairments on our goodwill, gaming licenses and trademarks of $113.0 million, $437.0 million and $61.5 million, respectively. The estimated fair value of reporting units were determined through a combination of discounted cash flow models and market-based approaches, which utilized Level 3 inputs. The estimated fair values of our gaming licenses and trademarks were determined by using discounted cash flow models, which utilized Level 3 inputs.

The goodwill impairments pertained to our Northeast, South and Midwest segments, in the amounts of $43.5 million, $9.0 million and $60.5 million, respectively. The gaming license impairments pertained to our Northeast, South and Midwest segments in the amounts of $177.0 million, $166.0 million and $94.0 million, respectively. The trademark impairments pertained to our Northeast, South, Midwest and West segments, in the amounts of $17.0 million, $17.0 million, $15.0 million and $12.5 million, respectively.

Upon reopening of our gaming facilities and throughout the fourth quarter of 2020 we undertook various initiatives to mitigate the impact of regulatory restrictions imposed as a result of the COVID-19 pandemic. We completed our annual assessment for impairment as of October 1, 2020, which did not result in any impairment charges to goodwill, gaming licenses or trademarks. The estimated fair value of reporting units were determined through a combination of discounted cash flow models and market-based approaches, which utilized Level 3 inputs. The estimated fair values of our gaming licenses and trademarks were determined by using discounted cash flow models, which utilized Level 3 inputs.

Carrying Values of Goodwill and Other Intangible Assets

As of October 1, 2022, the date of the most recent annual impairment test, seven reporting units had negative carrying amounts. The amount of goodwill at these reporting units was as follows (in millions):

Northeast segment		
Hollywood Casino Toledo	$	5.8
Plainridge Park Casino	$	6.3
South segment		
Ameristar Vicksburg	$	19.5
Boomtown New Orleans	$	5.2
Hollywood Casino Gulf Coast	$	2.7
West segment		
Cactus Petes and Horseshu	$	10.2
Midwest segment		
Ameristar Council Bluffs	$	36.2

The table below presents the gross carrying amount, accumulated amortization, and net carrying amount of each major class of other intangible assets:

(in millions)	December 31, 2022			December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived intangible assets						
Gaming licenses	$ 1,207.6	$ —	$ 1,207.6	$ 1,285.4	$ —	$ 1,285.4
Trademarks	332.2	—	332.2	338.2	—	338.2
Other	0.7	—	0.7	0.7	—	0.7
Amortizing intangible assets						
Customer relationships	114.4	(102.0)	12.4	114.9	(91.4)	23.5
Technology	249.6	(80.4)	169.2	252.7	(40.5)	212.2
Other	27.7	(10.9)	16.8	19.4	(6.8)	12.6
Total other intangible assets, net	$ 1,932.2	$ (193.3)	$ 1,738.9	$ 2,011.3	$ (138.7)	$ 1,872.6

Amortization expense related to our amortizing intangible assets was $56.7 million, $19.6 million, and $21.7 million for the years ended December 31, 2022, 2021 and 2020, respectively. The following table presents the estimated amortization expense based on our amortizing intangible assets as of December 31, 2022 (in millions):

Years ending December 31:	
2023	$ 50.5
2024	46.2
2025	30.4
2026	23.7
2027	21.7
Thereafter	25.9
Total	$ 198.4

Note 10—Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

(in millions)	December 31, 2022	December 31, 2021
Accrued salaries and wages	$ 148.6	$ 155.5
Accrued gaming, pari-mutuel, property, and other taxes	110.2	103.6
Accrued interest	20.8	20.9
Other accrued expenses [1]	321.4	317.5
Other current liabilities [2]	203.7	201.0
Accrued expenses and other current liabilities	$ 804.7	$ 798.5

(1) Amounts include the obligation associated with its my**choice** program and the current portion of advance payments on goods and services yet to be provided and for unpaid wagers, which are discussed in Note 2, "Significant Accounting Policies." Additionally, amounts as of December 31, 2022 and 2021 include $51.4 million and $47.6 million, respectively, pertaining to the Company's accrued progressive jackpot liability.

(2) Amounts as of December 31, 2022 and 2021 include $70.8 million and $82.1 million, respectively, pertaining to the Company's non-qualified deferred compensation plan that covers management and other highly-compensated employees and include $60.2 million and $52.1 million, respectively, pertaining to the Company's advance deposits.

Note 11—Long-term Debt

The table below presents long-term debt, net of current maturities, debt discounts and issuance costs:

(in millions)	December 31, 2022	December 31, 2021
Senior Secured Credit Facilities:		
Amended Revolving Credit Facility due 2027	$ —	$ —
Amended Term Loan A Facility due 2027	536.2	—
Amended Term Loan B Facility due 2029	995.0	—
Term Loan A Facility due 2023	—	583.8
Term Loan B-1 Facility due 2025	—	979.9
5.625% Notes due 2027	400.0	400.0
4.125% Notes due 2029	400.0	400.0
2.75% Convertible Notes due 2026	330.5	330.5
Other long-term obligations	156.1	146.3
	2,817.8	2,840.5
Less: Current maturities of long-term debt	(56.2)	(99.5)
Less: Debt discounts	(4.6)	(73.1)
Less: Debt issuance costs	(35.7)	(30.6)
	$ 2,721.3	$ 2,637.3

The following is a schedule of future minimum repayments of long-term debt as of December 31, 2022 (in millions):

Years ending December 31:	
2023	$ 56.2
2024	47.6
2025	38.2
2026	486.8
2027	837.0
Thereafter	1,352.0
Total minimum payments	$ 2,817.8

Senior Secured Credit Facilities

In January 2017, the Company entered into an agreement to amend and restate its previous credit agreement, dated October 30, 2013, as amended (the "Credit Agreement"), which provided for: (i) a five-year $700 million revolving credit facility (the "Revolving Facility"); (ii) a five-year $300 million Term Loan A facility (the "Term Loan A Facility"); and (iii) a seven-year $500 million Term Loan B facility (the "Term Loan B Facility" and collectively with the Revolving Facility and the Term Loan A Facility, the "Senior Secured Credit Facilities").

On October 15, 2018, in connection with the acquisition of Pinnacle Entertainment, Inc. ("Pinnacle"), the Company entered into an incremental joinder agreement (the "Incremental Joinder"), which amended the Credit Agreement (the "Amended Credit Agreement"). The Incremental Joinder provided for an additional $430.2 million of incremental loans having the same terms as the existing Term Loan A Facility, with the exception of extending the maturity date, and an additional $1.1 billion of loans as a new tranche having new terms (the "Term Loan B-1 Facility"). With the exception of extending the maturity date, the Incremental Joinder did not impact the Revolving Facility.

On April 14, 2020, the Company entered into a second amendment to its Credit Agreement with its various lenders to provide for certain modifications to required financial covenants and interest rates during, and subsequent to, a covenant relief period, which concluded on May 7, 2021.

On May 3, 2022, the Company entered into a Second Amended and Restated Credit Agreement with its various lenders (the "Second Amended and Restated Credit Agreement"). The Second Amended and Restated Credit Agreement provides for a

$1.0 billion revolving credit facility, undrawn at close, (the "Amended Revolving Credit Facility"), a five-year $550.0 million term loan A facility (the "Amended Term Loan A Facility") and a seven-year $1.0 billion term loan B facility (the "Amended Term Loan B Facility") (together, the "Amended Credit Facilities"). The proceeds from the Amended Credit Facilities were used to repay the existing Term Loan A Facility and Term Loan B-1 Facility balances.

The interest rates per annum applicable to loans under the Amended Credit Facilities are, at the Company's option, equal to either an adjusted secured overnight financing rate ("Term SOFR") or a base rate, plus an applicable margin. The applicable margin for each of the Amended Revolving Credit Facility and the Amended Term Loan A Facility was initially 1.75% for Term SOFR loans and 0.75% for base rate loans until the Company provided financial reports for the first full fiscal quarter following closing and, thereafter, ranges from 2.25% to 1.50% per annum for Term SOFR loans and 1.25% to 0.50% per annum for base rate loans, in each case depending on the Company's total net leverage ratio (as defined within the Second Amended and Restated Credit Agreement). The applicable margin for the Amended Term Loan B Facility is 2.75% per annum for Term SOFR loans and 1.75% per annum for base rate loans. The Amended Term Loan B Facility is subject to a Term SOFR "floor" of 0.50% per annum and a base rate "floor" of 1.50% per annum. In addition, the Company pays a commitment fee on the unused portion of the commitments under the Amended Revolving Credit Facility at a rate that was initially 0.25% per annum, until the Company provided financial reports for the first full fiscal quarter following closing, and thereafter, ranges from 0.35% to 0.20% per annum, depending on the Company's total net leverage ratio.

The Amended Credit Facilities contain customary covenants that, among other things, restrict, subject to certain exceptions, the ability of the Company and certain of its subsidiaries to grant liens on their assets, incur indebtedness, sell assets, make investments, engage in acquisitions, mergers or consolidations, pay dividends and make other restricted payments and prepay certain indebtedness that is subordinated in right of payment to the obligations under the Amended Credit Facilities. The Amended Credit Facilities contain two financial covenants: a maximum total net leverage ratio (as defined within the Second Amended and Restated Credit Agreement) of 4.50 to 1.00, which is subject to a step up to 5.00 to 1.00 in the case of certain significant acquisitions, and a minimum interest coverage ratio (as defined within the Second Amended and Restated Credit Agreement) of 2.00 to 1.00. The Amended Credit Facilities also contain certain customary affirmative covenants and events of default, including the occurrence of a change of control (as defined in the documents governing the Second Amended and Restated Credit Agreement), termination and certain defaults under the PENN Master Lease and the Pinnacle Master Lease (both of which are defined in Note 12, "Leases").

In connection with the repayment of the previous Senior Secured Credit Facilities, during the year ended December 31, 2022 the Company recorded a $10.4 million loss on the early extinguishment of debt and additionally recorded $1.3 million in refinancing costs, which is included in "General and administrative" within our Consolidated Statements of Operations. In addition, we recorded $5.0 million of original issue discount related to the Amended Term Loan B Facility which will be amortized to interest expense over the life of the Amended Term Loan B Facility.

As of December 31, 2022, the Company had conditional obligations under letters of credit issued pursuant to the Amended Credit Facilities with face amounts aggregating to $22.5 million resulting in $977.5 million of available borrowing capacity under the Amended Revolving Credit Facility.

As of December 31, 2021, the Company had conditional obligations under letters of credit issued pursuant to the Senior Security Credit Facilities with face amounts aggregating to $26.0 million resulting in $674.0 million of available borrowing capacity under the Revolving Facility.

5.625% Senior Unsecured Notes

On January 19, 2017, the Company completed an offering of $400.0 million aggregate principal amount of 5.625% senior unsecured notes that mature on January 15, 2027 (the "5.625% Notes") at a price of par. Interest on the 5.625% Notes is payable semi-annually on January 15th and July 15th of each year. The 5.625% Notes are not guaranteed by any of the Company's subsidiaries except in the event that the Company, in the future, issues certain subsidiary-guaranteed debt securities. The Company may redeem the 5.625% Notes at any time on or after January 15, 2022, at the declining redemption premiums set forth in the indenture governing the 5.625% Notes.

4.125% Senior Unsecured Notes

On July 1, 2021, the Company completed an offering of $400.0 million aggregate principal amount of 4.125% senior unsecured notes that mature on July 1, 2029 (the "4.125% Notes"). The 4.125% Notes were issued at par and interest is payable semi-annually on January 1st and July 1st of each year. The 4.125% Notes are not guaranteed by any of the Company's subsidiaries except in the event that the Company, in the future, issues certain subsidiary-guaranteed debt securities. The Company may redeem the 4.125% Notes at any time on or after July 1, 2024, at the declining redemption premiums set forth in

the indenture governing the 4.125% Notes, and, prior to July 1, 2024, at a "make-whole" redemption premium set forth in the indenture governing the 4.125% Notes.

2.75% Unsecured Convertible Notes

In May 2020, the Company completed a public offering of $330.5 million aggregate principal amount of 2.75% unsecured convertible notes that mature, unless earlier converted, redeemed or repurchased, on May 15, 2026 at a price of par. After lender fees and discounts, net proceeds received by the Company were $322.2 million. Interest on the Convertible Notes is payable on May 15th and November 15th of each year.

The Convertible Notes are convertible into shares of the Company's common stock at an initial conversion price of $23.40 per share, or 42.7350 shares, per $1,000 principal amount of notes, subject to adjustment if certain corporate events occur. However, in no event will the conversion exceed 55.5555 shares of common stock per $1,000 principal amount of notes. As of December 31, 2022, the maximum number of shares that could be issued to satisfy the conversion feature of the Convertible Notes is 18,360,815 and the amount by which the Convertible Notes if-converted value exceeded its principal amount was $214.8 million.

Starting in the fourth quarter of 2020 and prior to February 15, 2026, at their election, holders of the Convertible Notes may convert outstanding notes if the trading price of the Company's common stock exceeds 130% of the initial conversion price or, starting shortly after the issuance of the Convertible Notes, if the trading price per $1,000 principal amount of notes is less than 98% of the product of the trading price of the Company's common stock and the conversion rate then in effect. The Convertible Notes may, at the Company's election, be settled in cash, shares of common stock of the Company, or a combination thereof. Beginning November 20, 2023, the Company has the option to redeem the Convertible Notes, in whole or in part.

In addition, the Convertible Notes convert into shares of the Company's common stock upon the occurrence of certain corporate events that constitute a fundamental change under the indenture governing the Convertible Notes at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of repurchase. In connection with certain corporate events or if the Company issues a notice of redemption, it will, under certain circumstances, increase the conversion rate for holders who elect to convert their Convertible Notes in connection with such corporate events or during the relevant redemption period for such Convertible Notes.

As of December 31, 2022 and 2021, no Convertible Notes have been converted into the Company's common stock.

The Convertible Notes contain a cash conversion feature, and as a result, the Company separated it into liability and equity components. The Company valued the liability component based on its borrowing rate for a similar debt instrument that does not contain a conversion feature. The equity component, recognized as debt discount, was valued as the difference between the face value of the Convertible Notes and the fair value of the liability component. The equity component was valued at $91.8 million upon issuance of the Convertible Notes.

In connection with the Convertible Notes issuance, the Company incurred debt issuance costs of $10.2 million, which were allocated on a pro rata basis to the liability component and the equity component in the amounts of $6.6 million and $3.6 million, respectively.

On January 1, 2022, the Company adopted ASU 2020-06, which resulted in a reclassification of the $88.2 million cash conversion feature related to the Company's Convertible Notes, from stockholders' equity to liabilities as under ASU 2020-06, bifurcation for a cash conversion feature is no longer permitted. As a result of the adoption, the Company recognized, as a cumulative effect adjustment, an increase to the January 1, 2022 opening balance of retained earnings of $18.9 million, net of taxes.

The Convertible Notes consisted of the following components:

(in millions)	December 31, 2022	December 31, 2021
Liability component:		
Principal	$ 330.5	$ 330.5
Unamortized debt discount	—	(71.7)
Unamortized debt issuance costs	(6.2)	(5.3)
Net carrying amount	$ 324.3	$ 253.5
Carrying amount of equity component	$ —	$ 88.2

Interest expense, net

The table below presents interest expense, net:

(in millions)	For the year ended December 31, 2022	2021	2020
Interest expense	$ 760.1	566.9	546.3
Capitalized interest	(1.9)	(4.1)	(2.2)
Interest expense, net	$ 758.2	$ 562.8	$ 544.1

The table below presents interest expense related to the Convertible Notes:

(in millions)	For the year ended December 31, 2022	2021	2020
Coupon interest	$ 9.1	$ 9.1	$ 5.7
Amortization of debt discount	—	12.7	7.3
Amortization of debt issuance costs	1.7	0.9	0.5
Convertible Notes interest expense	$ 10.8	$ 22.7	$ 13.5

Subsequent to the adoption of ASU 2020-06, the debt issuance costs attributable to the liability component continues to be amortized to interest expense over the term of the Convertible Notes at an effective interest rate of 3.329%. The remaining term of the Convertible Notes was 3.4 years as of December 31, 2022.

Covenants

Our Amended Credit Facilities, 5.625% Notes and 4.125% Notes, require us, among other obligations, to maintain specified financial ratios and to satisfy certain financial tests. In addition, our Amended Credit Facilities, 5.625% Notes and 4.125% notes, restrict, among other things, our ability to incur additional indebtedness, incur guarantee obligations, amend debt instruments, pay dividends, create liens on assets, make investments, engage in mergers or consolidations, and otherwise restrict corporate activities. Our debt agreements also contain customary events of default, including cross-default provisions that require us to meet certain requirements under the PENN Master Lease and the Pinnacle Master Lease (both of which are defined in Note 12, “Leases”), each with GLPI. If we are unable to meet our financial covenants or in the event of a cross-default, it could trigger an acceleration of payment terms.

As of December 31, 2022, the Company was in compliance with all required financial covenants. The Company believes that it will remain in compliance with all of its required financial covenants for at least the next twelve months following the date of filing this Annual Report on Form 10-K with the SEC.

Other Long-Term Obligations

Other Long-term Obligation

In February 2021, we entered into a financing arrangement providing the Company with upfront cash proceeds while permitting us to participate in future proceeds on certain claims. The financing obligation has been classified as a non-current liability, which is expected to be settled in a future period of which the principal is contingent and predicated on other events.

Consistent with an obligor's accounting under a debt instrument, period interest will be accreted using an effective interest rate of 27.0% and until such time that the claims and related obligation is settled. The amount included in interest expense related to this obligation was $27.6 million and $17.9 million for the years ended December 31, 2022 and 2021, respectively.

Ohio Relocation Fees

Other long-term obligations included $27.4 million and $44.5 million as of December 31, 2022 and 2021, respectively, related to the relocation fees for Hollywood Gaming at Dayton Raceway ("Dayton") and Hollywood Gaming at Mahoning Valley Race Course ("Mahoning Valley"), which opened in August 2014 and September 2014, respectively. The relocation fee for each facility is payable as follows: $7.5 million upon the opening of the facilities and eighteen semi-annual payments of $4.8 million beginning one year after the commencement of operations. This obligation is accreted to interest expense at an effective yield of 5.0%.

Event Center

As of December 31, 2022 and 2021, other long-term obligations included $10.7 million and $11.4 million, respectively, related to the repayment obligation of a hotel and event center located less than a mile away from Hollywood Casino Lawrenceburg, which was constructed by the City of Lawrenceburg Department of Redevelopment. Effective in January 2015, by contractual agreement, we assumed a repayment obligation for the hotel and event center in the amount of $15.3 million, which was financed through a loan with the City of Lawrenceburg Department of Redevelopment, in exchange for conveyance of the property. Beginning in January 2016, the Company was obligated to make annual payments on the loan of $1.0 million for 20 years. This obligation is accreted to interest expense at its effective yield of 3.0%.

Note 12—Leases

Lessee

Master Leases

The components contained within the Master Leases are accounted for as either (i) operating leases, (ii) finance leases, or (iii) financing obligations. Changes to future lease payments under the Master Leases (i.e., when future escalators become known or future variable rent resets occur), which are discussed below, require the Company to either (i) increase both the ROU assets and corresponding lease liabilities with respect to operating and finance leases or (ii) record the incremental variable payment associated with the financing obligation to interest expense. In addition, monthly rent associated with Hollywood Casino Columbus ("Columbus") and monthly rent in excess of the Hollywood Casino Toledo ("Toledo") rent floor, which are discussed below, are considered contingent rent.

PENN Master Lease

Pursuant to the triple net master lease with GLPI (the "PENN Master Lease"), which became effective November 1, 2013, the Company leases real estate assets associated with 19 of the gaming facilities used in its operations. The PENN Master Lease has an initial term of 15 years with four subsequent five-year renewal periods on the same terms and conditions, exercisable at the Company's option. The Company has determined that the lease term is 35 years.

The payment structure under the PENN Master Lease includes a fixed component, a portion of which is subject to an annual escalator of up to 2%, depending on the Adjusted Revenue to Rent Ratio (as defined in the PENN Master Lease) of 1.8:1, and a component that is based on performance, which is prospectively adjusted (i) every five years by an amount equal to 4% of the average change in net revenues of all properties under the PENN Master Lease (other than Columbus and Toledo) compared to a contractual baseline during the preceding five years ("PENN Percentage Rent") and (ii) monthly by an amount equal to 20% of the net revenues of Columbus and Toledo in excess of a contractual baseline and subject to a rent floor specific to Toledo (see below).

As a result of the annual escalator, effective as of November 1, 2022 for the lease year ended October 31, 2022, the fixed component of rent increased by $5.7 million, additional ROU assets and corresponding lease liabilities of $3.6 million were recognized associated with the operating lease components, and additional ROU assets and corresponding lease liabilities of $44.8 million were recognized associated with the finance lease components. As a result of the annual escalator, effective as of November 1, 2021 for the lease year ended October 31, 2021, the fixed component of rent increased by $5.6 million, additional ROU assets and corresponding lease liabilities of $34.2 million were recognized associated with the operating lease components, and additional ROU assets and corresponding lease liabilities of $3.1 million were recognized associated with the finance lease components. We did not incur an annual escalator on November 1, 2020 for the lease year ended October 31,

2020. The next annual escalator test date and the next PENN Percentage Rent reset test date are both scheduled to occur effective November 1, 2023.

Monthly rent associated with Columbus and monthly rent in excess of the Toledo rent floor are variable and considered contingent rent. Expense related to operating lease components associated with Columbus and Toledo are included in "General and administrative" within our Consolidated Statements of Operations and the variable expense related to financing obligations and finance lease components are included in "Interest expense, net" within our Consolidated Statements of Operations. Total monthly variable expenses were as follows:

	For the year ended December 31,		
(in millions)	**2022**	**2021**	**2020**
Variable expenses included in "General and administrative"	$ 1.2	$ 18.7	$ 12.9
Variable expenses included in "Interest expense, net"	36.4	17.1	11.8
Total variable expenses	$ 37.6	$ 35.8	$ 24.7

On January 14, 2022, the ninth amendment to the PENN Master Lease between the Company and GLPI became effective. The ninth amendment restates the definition of "Net Revenue" to clarify the inclusion of online-based revenues derived when a patron is physically present at a leased property, establishes a "floor" with respect to the PNRC Net Revenue amount used in the calculation of the annual rent escalator and PENN Percentage Rent, and modifies the rent calculations upon a lease termination event as defined in the amendment. The lease term and the four five-year optional renewal periods, which if exercised would extend the PENN Master Lease through October 31, 2048, were not modified in the ninth amendment.

We concluded the ninth amendment constituted a modification event under ASC 842, which required us to reassess the classifications of the lease components and remeasure the associated lease liabilities. As a result of our reassessment of the lease classifications, (i) the land components of substantially all of the PENN Master Lease properties, which were previously classified as operating leases, are now primarily classified as finance leases, and (ii) the land and building components associated with the operations of Dayton and Mahoning Valley, which were previously classified as finance leases, are now classified as operating leases. As a result of our measurement of the associated lease liabilities, we recognized additional ROU assets and corresponding lease liabilities of $455.4 million. The building components of substantially all of the PENN Master Lease properties continue to be classified as financing obligations.

On October 9, 2022, the Company entered into a binding term sheet (the "Term Sheet") with GLPI. Pursuant to the Term Sheet, the Company and GLPI agreed to amend and restate the PENN Master Lease (the "Amended and Restated PENN Master Lease") to (i) remove the land and buildings for Hollywood Casino Aurora ("Aurora"), Hollywood Casino Joliet ("Joliet"), Columbus, Toledo and the M Resort Spa Casino ("M Resort"); (ii) make associated adjustments to the rent after which the initial rent in the Amended and Restated PENN Master Lease will be $284.1 million, consisting of $208.2 million of Building Base Rent, $43.0 million of Land Base Rent and $32.9 million of Percentage Rent (as such terms are defined in the Amended and Restated PENN Master Lease); and (iii) terminate the existing leases associated with Hollywood Casino at The Meadows ("Meadows") and Perryville. Subsequent to year end, the Amended and Restated PENN Master Lease was executed on February 21, 2023 with an effective date of January 1, 2023.

We concluded the Amended and Restated PENN Master Lease constitutes a modification event under ASC 842 and are currently reassessing, remeasuring, and quantifying the impact of the modification to the Consolidated Financial Statements, which may be material. The modification event is expected to result in (i) a non-cash debt extinguishment charge recorded to our Consolidated Statements of Operations and corresponding change in our financing obligations on our Consolidated Balance Sheets; and (ii) a revaluation of our ROU assets and corresponding lease liabilities on our Consolidated Balance Sheets.

2023 Master Lease

As part of the Term Sheet and concurrent with the execution of the Amended and Restated PENN Master Lease described above, the Company and GLPI agreed to enter into a new master lease (the "2023 Master Lease"), effective January 1, 2023, specific to the properties associated with Aurora, Joliet, Columbus, Toledo, M Resort, Meadows, and Perryville, and a master development agreement (the "Master Development Agreement"). The 2023 Master Lease has an initial term through October 31, 2033 with three subsequent five-year renewal periods on the same terms and conditions, exercisable at the Company's option. The 2023 Master Lease will be cross-defaulted, cross-collateralized, and coterminous with the Amended and Restated PENN Master Lease, and subject to a parent guarantee. We are currently assessing, measuring, and quantifying the impact of the 2023 Master Lease to the Consolidated Financial Statements, which may be material.

The 2023 Master Lease includes a base rent (the "2023 Master Lease Base Rent") equal to $232.2 million and the Master Development Agreement contains additional rent (together with the 2023 Master Lease Base Rent, the "2023 Master Lease Rent") equal to (i) 7.75% of any project funding received by PENN from GLPI for an anticipated relocation of PENN's riverboat casino and related developments with respect to Aurora (the "Aurora Project") and (ii) a percentage based on the then-current GLPI stock price, of any project funding received by PENN from GLPI for certain anticipated development projects with respect to Joliet, Columbus and M Resort (the "Other Development Projects"). The Master Development Agreement provides that GLPI will fund, upon PENN's request, up to $225 million for the Aurora Project and up to $350 million in the aggregate for the Other Development Projects, in accordance with certain terms and conditions set forth in the Master Development Agreement. These funding obligations of GLPI expire on January 1, 2026. The 2023 Master Lease Rent will be subject to a one-time increase of $1.4 million, effective the fifth anniversary of the effective date. The 2023 Master Lease Rent will be further subject to a fixed escalator of 1.5% on November 1, 2023 and annually thereafter. The Master Development Agreement provides that PENN may elect not to proceed with a development project prior to GLPI's commencement of any equity or debt offering or credit facility draw intended to fund such project or after such time in certain instances, provided that GLPI will be reimbursed for all costs and expenses incurred in connection with such discontinued project. The Aurora Project and the Other Development Projects are all subject to necessary regulatory and other government approvals.

Pinnacle Master Lease

In connection with the acquisition of Pinnacle on October 15, 2018, we assumed a triple net master lease with GLPI (the "Pinnacle Master Lease"), originally effective April 28, 2016, pursuant to which the Company leases real estate assets associated with 12 of the gaming facilities used in its operations. Upon assumption of the Pinnacle Master Lease, as amended, there were 7.5 years remaining of the initial ten-year term, with five subsequent, five-year renewal periods, on the same terms and conditions, exercisable at the Company's option. The Company has determined that the lease term is 32.5 years.

The payment structure under the Pinnacle Master Lease includes a fixed component, a portion of which is subject to an annual escalator of up to 2%, depending on the Adjusted Revenue to Rent Ratio (as defined in the Pinnacle Master Lease) of 1.8:1, and a component that is based on the performance of the properties, which is prospectively adjusted every two years by an amount equal to 4% of the average change in net revenues compared to a contractual baseline during the preceding two years ("Pinnacle Percentage Rent").

As a result of the annual escalator, effective as of May 1, 2022, for the lease year ended April 30, 2022, the fixed component of rent increased by $4.6 million, and additional ROU assets and corresponding lease liabilities of $33.2 million were recognized associated with the finance lease components. As a result of the annual escalator, effective as of May 1, 2021, for the lease year ended April 30, 2021, the fixed component of rent increased by $4.5 million, and additional ROU assets and corresponding lease liabilities of $17.2 million were recognized associated with the operating lease components. We did not incur an annual escalator on May 1, 2020 for the lease year ended April 30, 2020. The next annual escalator test date is scheduled to occur on May 1, 2023.

The May 1, 2022 Pinnacle Percentage Rent reset resulted in an annual rent increase of $1.9 million, which will be in effect until the next Pinnacle Percentage Rent reset, scheduled to occur on May 1, 2024. Upon reset of the Pinnacle Percentage Rent, effective May 1, 2022, we recognized additional finance lease ROU assets and corresponding lease liabilities of $26.1 million. Effective May 1, 2020, the Pinnacle Percentage Rent resulted in an annual rent reduction of $5.0 million, and we recognized additional operating lease ROU assets and corresponding lease liabilities of $14.9 million.

On January 14, 2022, the fifth amendment to the Pinnacle Master Lease between the Company and GLPI became effective. The fifth amendment restates the definition of "Net Revenue" to clarify the inclusion of online-based revenues derived when a patron is physically present at a leased property and modifies the rent calculations upon a lease termination event as defined in the amendment. The lease term and the five five-year optional renewal periods, which if exercised would extend the Pinnacle Master Lease through April 30, 2051, were not modified in the fifth amendment.

We concluded the fifth amendment to the Pinnacle Master Lease constituted a modification event under ASC 842 (collectively with the ninth amendment to the PENN Master Lease, the "Lease Modification"). As a result of the modification, the land components of substantially all of the Pinnacle Master Lease properties, which were previously classified as operating leases, are now primarily classified as finance leases. As a result of our measurement of the associated lease liabilities, we recognized additional ROU assets and corresponding lease liabilities of $937.6 million. The building components of substantially all of the Pinnacle Master Lease properties continue to be classified as financing obligations.

Morgantown Lease

On October 1, 2020, the Company entered into a triple net lease with a subsidiary of GLPI for the land underlying our property in Morgantown, Pennsylvania ("Morgantown Lease") in exchange for $30.0 million in rent credits to be utilized to pay rent under the Master Leases, Meadows Lease, and the Morgantown Lease, as discussed in Note 6, "Acquisitions and Dispositions."

The initial term of the Morgantown Lease is 20 years with six subsequent, five-year renewal periods, exercisable at the Company's option. Initial annual rent under the Morgantown Lease is $3.0 million, subject to a 1.50% fixed annual escalation in each of the first three years subsequent to the facility opening, which occurred on December 22, 2021. Thereafter, the lease will be subject to an annual escalator consisting of either (i) 1.25%, if the consumer price index increase is greater than 0.50%, or (ii) zero, if the consumer price index increase is less than 0.50%. All improvements made on the land, including the constructed building, will be owned by the Company while the lease is in effect, however, on the expiration or termination of the Morgantown Lease, ownership of all tenant improvements on the land will transfer to GLPI. We determined the transaction to be a financing arrangement and upon execution of the Morgantown Lease, recorded a $30.0 million financing obligation which is included in "Long-term portion of financing obligations" within our Consolidated Balance Sheets. Lease payments are included in "Interest expense, net" within our Consolidated Statements of Operations.

Perryville Lease

In conjunction with the acquisition of the operations of Perryville on July 1, 2021, the Company entered into a triple net lease with GLPI for the real estate assets associated with the property ("Perryville Lease") for initial annual rent of $7.8 million per year subject to escalation, as discussed in Note 6, "Acquisitions and Dispositions."

The initial term of the Perryville Lease is 20 years with three subsequent, five-year renewal periods, exercisable at the Company's option. The building portion of the annual rent is subject to a fixed annual escalation of 1.50% in each of the following three years, with subsequent annual escalations of either (i) 1.25%, if the consumer price index increase is greater than 0.50%, or (ii) zero, if the consumer price index increase is less than 0.50%. We determined the transaction to be a finance lease arrangement and upon execution of the Perryville Lease, recorded a $102.9 million ROU asset and a corresponding lease liability. The interest portion of lease payments is included in "Interest expense, net" and the depreciation of the ROU asset is included in "Depreciation and amortization", both within our Consolidated Statements of Operations.

In conjunction with entering into the 2023 Master Lease as described above, the Perryville Lease was terminated effective January 1, 2023.

Operating Leases

In addition to the operating lease components contained within the Master Leases, the Company's operating leases consist mainly of (i) individual triple net leases with GLPI for the real estate assets used in the operations of Tropicana (the "Tropicana Lease"), which was terminated on September 26, 2022, and Meadows (the "Meadows Lease"), (ii) individual triple net leases with VICI for the real estate assets used in the operations of Margaritaville Resort Casino (the "Margaritaville Lease") and Hollywood Casino at Greektown (the "Greektown Lease" and collectively with the Master Leases operating lease components, the Meadows Lease, the Margaritaville Lease and the Tropicana Lease, the "Triple Net Operating Leases"), (iii) ground and levee leases to landlords which were not assumed by our REIT Landlords and remain an obligation of the Company, and (iv) building and equipment not subject to the Master Leases. Certain of our lease agreements include rental payments based on a percentage of sales over specified contractual amounts, rental payments adjusted periodically for inflation, and rental payments based on usage. The Company's leases include options to extend the lease terms. The Company's operating lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Tropicana Lease

Prior to the closing of the sale of PENN's outstanding equity interest in Tropicana on September 26, 2022, the Company leased the real estate assets used in the operations of Tropicana for nominal cash rent. The term of the Tropicana Lease was for two years (subject to three one-year extensions at GLPI's option) or until the real estate assets and the operations of the Tropicana were sold. Upon execution of the Tropicana Lease, we recorded an operating lease ROU asset of $61.6 million, which was included in "Lease right-of-use assets" within the Consolidated Balance Sheets. See Note 6, "Acquisitions and Dispositions" for further details on the sale of PENN's outstanding equity interest in Tropicana.

Meadows Lease

In connection with the acquisition of Pinnacle, we assumed the Meadows Lease, originally effective September 9, 2016. Upon assumption of the Meadows Lease, there were eight years remaining of the initial ten-year term, with three subsequent, five-year renewal options followed by one four-year renewal option on the same terms and conditions, exercisable at the Company's option. The payment structure under the Meadows Lease includes a fixed component ("Meadows Base Rent"), which is subject to an annual escalator of up to 5% for the initial term or until the lease year in which Meadows Base Rent plus Meadows Percentage Rent (as defined below) is a total of $31.0 million, subject to certain adjustments, and up to 2% thereafter, subject to an Adjusted Revenue to Rent Ratio (as defined in the Meadows Lease) of 2.0:1. The "Meadows Percentage Rent" is based on performance, which is prospectively adjusted for the next two-year period equal to 4.0% of the average annual net revenues of the property during the trailing two-year period.

We did not incur an annual escalator on October 1, 2022, 2021 or 2020, for the lease years ended September 30, 2022, 2021 and 2020, respectively.

Effective October 1, 2022 and 2020, the Meadows Percentage Rent resulted in an annual rent reduction of $0.9 million and $2.1 million, respectively. Upon reset of the Meadows Percentage Rent, effective October 1, 2022 and 2020, we recognized an additional operating lease ROU asset and corresponding lease liability of $15.4 million and $17.1 million, respectively.

On January 14, 2022, the second amendment to the Meadows Lease between the Company and GLPI became effective. The second amendment restates the definition of "Net Revenue" to clarify the inclusion of online-based revenues derived when a patron is physically present at the facility. This amendment did not result in a modification event under ASC 842.

In conjunction with entering into the 2023 Master Lease as described above, the Meadows Lease was terminated effective January 1, 2023.

Margaritaville Lease

The Margaritaville Lease has an initial term of 15 years, with four subsequent five-year renewal options on the same terms and conditions, exercisable at the Company's option. The payment structure under the Margaritaville Lease includes a fixed component, a portion that is subject to an annual escalator of up to 2% depending on a minimum coverage floor ratio of Net Revenue to Rent of 6.1:1, and a component that is based on performance, which is prospectively adjusted every two years by an amount equal to 4% of the average change in net revenues of the property compared to a contractual baseline during the preceding two years ("Margaritaville Percentage Rent").

Subsequent to year end, on February 1, 2023, the Margaritaville Lease annual escalator test resulted in an annual rent increase of $0.4 million and the recognition of an additional operating lease ROU asset and corresponding lease liability of $2.8 million. On February 1, 2022, the Margaritaville Lease annual escalator test resulted in an annual rent increase of $0.4 million and the recognition of an additional operating lease ROU asset and corresponding lease liability of $2.9 million. We did not incur an annual escalator for the lease year ended January 31, 2021. On February 1, 2020, the annual escalator test resulted in an annual rent increase of $0.3 million and the recognition of an additional operating lease ROU asset and corresponding lease liability of $3.1 million.

Subsequent to year end, on February 1, 2023, the Margaritaville Percentage Rent reset resulted in an annual rent increase of $2.3 million which will be in effect until the next Margaritaville Percentage Rent reset, scheduled to occur on February 1, 2025. Upon reset of the Margaritaville Percentage Rent, effective February 1, 2023, we recognized an additional operating lease ROU asset and corresponding lease liability of $9.8 million. On February 1, 2021, the Margaritaville Percentage Rent reset resulted in an annual rent reduction of $0.1 million which was in effect until the February 1, 2023 Margaritaville Percentage Rent reset. Upon reset of the Margaritaville Percentage Rent, effective February 1, 2021, we recognized an additional operating lease ROU asset and corresponding lease liability of $5.5 million.

Greektown Lease

The Greektown Lease has an initial term of 15 years, with four subsequent five-year renewal options on the same terms and conditions, exercisable at the Company's option. The payment structure under the Greektown Lease includes a fixed component, a portion subject to an annual escalator of up to 2% depending on an Adjusted Revenue to Rent Ratio (as defined in the Greektown Lease) of 1.85:1, and a component that is based on performance, which is prospectively adjusted every two years by an amount equal to 4% of the average change in net revenues of the property compared to a contractual baseline during the preceding two years ("Greektown Percentage Rent").

In May 2020, the lease was amended to remove the escalator for the lease years ending May 31, 2022 and 2021 and to provide for a Net Revenue to Rent coverage floor to be mutually agreed upon prior to the commencement of the fourth lease year (June 1, 2022). In April 2022, the lease was further amended to provide for a Net Revenue to Rent coverage floor to be mutually agreed upon prior to the commencement of the fifth lease year (June 1, 2023). We did not incur an annual escalator on June 1, 2020 for the lease year ended May 31, 2020.

On June 1, 2021, the Greektown Percentage Rent reset resulted in an annual rent reduction of $4.2 million, which will be in effect until the next Greektown Percentage Rent reset, scheduled to occur on June 1, 2023. Upon reset of the Greektown Percentage Rent, effective June 1, 2021, we recognized an additional operating lease ROU asset and corresponding lease liability of $4.1 million.

Information related to lease term and discount rate was as follows:

	December 31,	
	2022	2021
Weighted-Average Remaining Lease Term		
Operating leases	19.1 years	25.7 years
Finance leases	26.7 years	24.3 years
Financing obligations	27.5 years	28.5 years
Weighted-Average Discount Rate		
Operating leases	5.8 %	6.7 %
Finance leases	5.2 %	6.4 %
Financing obligations	7.7 %	8.1 %

The components of lease expense were as follows:

		For the year ended December 31,		
(in millions)	**Location on Consolidated Statements of Operations**	**2022**	**2021**	**2020**
Operating Lease Costs				
Rent expense associated with triple net operating leases [1]	General and administrative	$ 149.6	$ 454.4	$ 419.8
Operating lease cost [2]	Primarily General and administrative	19.7	16.6	15.8
Short-term lease cost	Primarily Gaming expense	74.6	64.9	37.7
Variable lease cost [2]	Primarily Gaming expense	4.3	4.3	2.5
Total		$ 248.2	$ 540.2	$ 475.8
Finance Lease Costs				
Interest on lease liabilities [3]	Interest expense, net	$ 258.4	$ 17.2	$ 15.2
Amortization of ROU assets [3]	Depreciation and amortization	181.6	10.6	8.0
Total		$ 440.0	$ 27.8	$ 23.2
Financing Obligation Costs				
Interest expense [4]	Interest expense, net	$ 347.0	$ 416.9	$ 403.1

(1) Pertains to the operating lease components contained within the Master Leases, inclusive of the variable expense associated with Columbus and Toledo for the operating lease components, the Meadows Lease, the Margaritaville Lease, the Greektown Lease, and the Tropicana Lease. The Tropicana Lease was terminated on September 26, 2022.

Prior to the Lease Modification, the operating lease components contained within the Master Leases primarily consisted of the land, inclusive of the variable expense associated with Columbus and Toledo.

Subsequent to the Lease Modification, the operating lease components contained within the Master Leases consist of the land and building components associated with the operations of Dayton and Mahoning Valley.

(2) Excludes the operating lease costs and variable lease costs pertaining to our Triple Net Leases with our REIT landlords classified as operating leases, discussed in footnote (1) above.

(3) Pertains to the finance lease components contained within the Master Leases, and the Perryville Lease (effective July 1, 2021) which results in interest expense and amortization expense (as opposed to rent expense).

Prior to the Lease Modification, the finance lease components contained within the Master Leases consisted of the land and building components associated with the operations of Dayton and Mahoning Valley.

Subsequent to the Lease Modification, the finance lease components contained within the Master Leases primarily consist of the land, inclusive of the variable expense associated with Columbus and Toledo.

(4) Pertains to the components contained within the Master Leases (primarily buildings) and the Morgantown Lease determined to be a financing obligation, inclusive of the variable expense associated with Columbus and Toledo for the finance lease components (the buildings).

Supplemental cash flow information related to leases was as follows:

	For the year ended December 31,		
(in millions)	**2022**	**2021**	**2020**
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from finance leases	$ 258.4	$ 17.2	$ 15.2
Operating cash flows from operating leases	$ 163.2	$ 428.3	$ 426.7
Financing cash flows from finance leases	$ 110.5	$ 8.5	$ 6.3

Total payments made under the Triple Net Leases were as follows:

	For the year ended December 31,		
(in millions)	**2022**	**2021**	**2020**
PENN Master Lease [1]	$ 480.3	$ 475.7	$ 457.9
Pinnacle Master Lease [1]	334.1	328.3	326.9
Perryville Lease	7.8	3.9	—
Meadows Lease [1]	24.6	24.9	26.4
Margaritaville Lease	23.8	23.5	23.5
Greektown Lease	51.3	53.1	55.6
Morgantown Lease [1]	3.1	3.0	0.8
Total [2]	$ 925.0	$ 912.4	$ 891.1

(1) During the twelve months ended December 31, 2020, we utilized rent credits to pay $190.7 million, $135.5 million, $11.0 million, and $0.3 million of rent under the PENN Master Lease, Pinnacle Master Lease, Meadows Lease and Morgantown Lease, respectively.

(2) Cash rent payable under the Tropicana Lease was nominal prior to the lease termination on September 26, 2022. Therefore, it has been excluded from the table above.

The following is a maturity analysis of our operating leases, finance leases, and financing obligations as of December 31, 2022:

(in millions)	**Operating Leases**	**Finance Leases**	**Financing Obligations**
Years ending December 31:			
2023	$ 133.7	$ 378.5	$ 369.8
2024	126.2	354.7	355.3
2025	116.9	350.2	355.4
2026	112.5	350.2	355.4
2027	99.5	350.2	355.4
Thereafter	1,245.6	7,592.7	7,930.3
Total lease payments	1,834.4	9,376.5	9,721.6
Less: Imputed interest	(787.3)	(4,326.3)	(5,687.5)
Present value of future lease payments	1,047.1	5,050.2	4,034.1
Less: Current portion of lease obligations	(77.8)	(116.5)	(63.4)
Long-term portion of lease obligations	$ 969.3	$ 4,933.7	$ 3,970.7

Lessor

The Company leases its hotel rooms to patrons and records the corresponding lessor revenue in “Food, beverage, hotel and other revenues” within our Consolidated Statements of Operations. For the years ended December 31, 2022, 2021, and 2020, the Company recognized $262.0 million, $231.1 million, and $146.8 million of lessor revenues related to the rental of hotel

rooms, respectively. Hotel leasing arrangements vary in duration, but are short-term in nature. The cost and accumulated depreciation of property and equipment associated with hotel rooms is included in “Property and equipment, net” within our Consolidated Balance Sheets.

Note 13—Commitments and Contingencies

Litigation

The Company is subject to various legal and administrative proceedings relating to personal injuries, employment matters, commercial transactions, development agreements and other matters arising in the ordinary course of business. Although the Company maintains what it believes to be adequate insurance coverage to mitigate the risk of loss pertaining to covered matters, legal and administrative proceedings can be costly, time-consuming and unpredictable. The Company does not believe that the final outcome of these matters will have a material adverse effect on its financial position, results of operations, or cash flows.

Location Share Agreements

Prairie State Gaming (“PSG”) enters into location share agreements with bar and retail establishments in Illinois. These agreements are contracts which allow PSG to place VGTs in the bar or retail establishment in exchange for a percentage of the variable revenue generated by the VGTs. PSG holds the gaming license with the state of Illinois and the location share percentage is determined by the state of Illinois. For the years ended December 31, 2022, 2021, and 2020, the total location share payments made by PSG, which are recorded within our Consolidated Statements of Operations as gaming expenses, were $43.6 million, $43.3 million, and $20.2 million, respectively.

Purchase Obligations

The Company has obligations to purchase various goods and services totaling $405.6 million as of December 31, 2022, of which $126.2 million will be incurred in 2023. Purchase obligations totaled $255.2 million as of December 31, 2021. The increase over the prior year is primarily due to additional contractual obligations related to theScore.

Capital Expenditure Commitments

Pursuant to each of our Triple Net Leases, with the exception of our Morgantown Lease (which is a land lease we entered into on October 1, 2020 with GLPI as discussed in Note 12, “Leases”), we are obligated to spend a minimum of 1% of annual net revenues, in the aggregate under each lease, on the maintenance of such facilities.

Employee Benefit Plans

The Company maintains a qualified retirement plan under the provisions of Section 401(k) of the Internal Revenue Code of 1986, as amended, which covers all eligible employees (the “PENN 401(k) Plan”). The PENN 401(k) Plan enables participating employees to defer a portion of their salary in a retirement fund to be administered by the Company. The Company makes a discretionary match contribution, where applicable, of 50% of employees’ elective salary deferrals, up to a maximum of 6% of eligible employee compensation. The matching contributions to the PENN 401(k) Plan for the years ended December 31, 2022, 2021 and 2020 were $12.1 million, $10.2 million, and $6.0 million, respectively.

We maintain a non-qualified deferred compensation plan (the “EDC Plan”) that covers most management and other highly-compensated employees. The EDC Plan was effective beginning March 1, 2001. The EDC Plan allows the participants to defer, on a pre-tax basis, a portion of their base annual salary and/or their annual bonus and earn tax-deferred earnings on these deferrals. The EDC Plan also provides for matching Company contributions that vest over a five-year period. The Company has established a trust, and transfers to the trust, on a periodic basis, an amount necessary to provide for its respective future liabilities with respect to participant deferral and Company contribution amounts. The Company’s matching contributions for the EDC Plan for the years ended December 31, 2022, 2021 and 2020 were $4.6 million, $3.3 million, and $2.6 million, respectively. Our deferred compensation liability, which is included in “Accrued expenses and other current liabilities” within the Consolidated Balance Sheets, was $70.8 million and $82.1 million as of December 31, 2022 and 2021, respectively.

As part of our initiative to reduce our cost structure while our properties were temporarily closed due to the COVID-19 pandemic, we suspended our matching contributions to the PENN 401(k) Plan and the EDC Plan from April 1, 2020 to September 30, 2020.

Labor Agreements

We are required to have agreements with the horsemen at the majority of our racetracks to conduct our live racing and/or simulcasting activities. In addition, in order to operate gaming machines and table games in West Virginia, the Company must maintain agreements with each of the Charles Town horsemen, pari-mutuel clerks and breeders. As of December 31, 2022, we had 35 collective bargaining agreements covering approximately 3,873 active employees. Eight collective bargaining agreements are scheduled to expire in 2023.

Note 14—Income Taxes

The following table summarizes the tax effects of temporary differences between the Consolidated Financial Statements carrying amount of assets and liabilities and their respective tax basis, which are recorded at the prevailing enacted tax rate that will be in effect when these differences are settled or realized. These temporary differences result in taxable or deductible amounts in future years. The Company assessed all available positive and negative evidence to estimate whether sufficient future taxable income will be generated to realize our existing net deferred tax assets.

The components of the Company's deferred tax assets and liabilities were as follows:

	December 31,	
(in millions)	**2022**	**2021**
Deferred tax assets:		
Stock-based compensation expense	$ 8.1	$ 10.6
Accrued expenses	86.1	86.2
Financing and operating leasing obligations	2,619.3	2,351.3
Unrecognized tax benefits	9.8	8.9
Investments in and advances to unconsolidated affiliates	13.0	—
Discount on convertible notes	0.4	—
Net operating losses, interest limitation and tax credit carryforwards	112.7	115.7
Gross deferred tax assets	2,849.4	2,572.7
Less: Valuation allowance	(31.2)	(124.3)
Net deferred tax assets	2,818.2	2,448.4
Deferred tax liabilities:		
Property and equipment, not subject to the Master Leases	(99.1)	(65.6)
Property and equipment, subject to the Master Leases	(925.0)	(992.9)
Investments in and advances to unconsolidated affiliates	—	(6.8)
Discount on convertible notes	—	(18.1)
Intangible assets	(263.7)	(284.8)
Lease right of use assets	(1,564.3)	(1,269.3)
Net deferred tax liabilities	(2,852.1)	(2,637.5)
Long-term deferred tax liabilities, net	$ (33.9)	$ (189.1)

The realizability of the net deferred tax assets is evaluated quarterly by assessing the need for a valuation allowance and by adjusting the amount of the allowance, if necessary. The Company gives appropriate consideration to all available positive and negative evidence including statutory carryback periods, projected future taxable income, and available tax planning strategies that could be implemented to realize the net deferred tax assets. The evaluation of both positive and negative evidence is a requirement pursuant to ASC 740 in determining if the net deferred tax assets will be realized. ASC 740 suggests that additional scrutiny should be given to deferred taxes of an entity with cumulative pre-tax book losses during the three most recent years and is considered significant negative evidence that is objective and verifiable and therefore, an entity would need sufficient quality and quantity to support a conclusion to overcome.

The Company determined that a valuation allowance was no longer required against its federal, foreign and state deferred tax assets for the portion that is more-likely-than-not to be realized. The most significant evidence that led to the reversal of the valuation allowance during the third quarter of 2022, included (i) achievement and sustained growth in our three-year cumulative pre-tax earnings, (ii) substantial total revenue and earnings growth for the retail operating segment over the last

seven quarters and (iii) lack of significant asset impairment charges expected to be indicative of the Company's retail business operations.

For the three months ended December 31, 2022, there were no material changes to our core business operations that altered our prior interim conclusion to release the valuation allowance against the federal, foreign and state net deferred tax assets for the portion that is more-likely-than-not to be realized. The Company generated three-year cumulative pre-tax income of $67.3 million at December 31, 2022 despite the $118.2 million impairment charges recorded during the year ended December 31, 2022. As such, the Company released $113.4 million of its total valuation allowance for the year ended December 31, 2022, due to the positive evidence outweighing the negative evidence thereby allowing the Company to achieve the "more-likely-than-not" realization standard. This reversal is included in "Income tax benefit (expense)" in our Consolidated Statements of Operations. The Company has also maintained a valuation allowance of $31.2 million against its net deferred tax assets primarily related to foreign and state net operating loss carryforwards, excluding net operating losses ("NOLs") that can be realized based on statutory carryback periods and the reversal of net deferred taxes related to indefinite-lived intangibles. The Company intends to continue to maintain a valuation allowance on its net deferred tax assets until there is sufficient objectively verifiable positive evidence to support the realization of all or some portion of these deferred tax assets. In the event the Company determines that the deferred income tax assets would be realized in the future more than their net recorded amount, an adjustment to the valuation allowance would be recorded, which would reduce the provision for income taxes.

As of December 31, 2022, we had federal NOL carryforwards from prior acquisitions of $96.6 million, and various state NOL carryforwards, the majority of which will expire in periods through 2035. Following theScore acquisition, the Company has the following NOL carryforwards, (i) indefinite gross U.S. federal NOL of $17.9 million, (ii) foreign NOL of $102.1 million that will expire through 2042 and (iii) state NOLs of $24 million that will expire through 2042. The tax benefit associated with these acquired NOLs is $3.8 million, $26.8 million, and $0.2 million respectively, against which a valuation allowance was recorded of $0.2 million for U.S. federal and state NOLs that will not be recognized. All acquired tax attributes are subject to limitations under the Internal Revenue Code and underlying Treasury Regulations.

In general, the Company has not recognized any U.S. tax expense on undistributed foreign earnings, as we intend to reinvest and expand into new markets outside the U.S. for the foreseeable future. If our intent changes or if these earnings are needed for our U.S. operations, we would be required to accrue and pay U.S. taxes on a portion or all these undistributed earnings. It is not practicable to estimate the amount of deferred tax liability related to investments in these foreign subsidiaries. The undistributed foreign earnings were immaterial at December 31, 2022.

For state income tax reporting, as of December 31, 2022, the Company had gross state NOL carryforwards aggregating $1.2 billion available to reduce future state income taxes, primarily for the Commonwealth of Pennsylvania, Colorado, Illinois, Iowa, Louisiana, Maryland, Michigan, Missouri, New Mexico, and localities within Ohio and Michigan. The tax benefit associated with these NOL carryforwards was $56.4 million. Due to statutorily limited NOL carryforwards and the level of earnings projections in the respective jurisdictions, a valuation allowance of $9.0 million has been recorded. If not used, the majority of the carryforwards will expire at various dates from December 31, 2022 through December 31, 2041 with the remaining being carried forward indefinitely.

The domestic and foreign components of income (loss) before income taxes for the years ended December 31, 2022, 2021, and 2020 were as follows:

	For the year ended December 31,		
(in millions)	**2022**	**2021**	**2020**
Domestic	$ 295.3	$ 606.0	$ (834.0)
Foreign	(120.0)	(66.9)	(0.2)
Total	$ 175.3	$ 539.1	$ (834.2)

The components of income tax benefit (expense) for the years ended December 31, 2022, 2021, and 2020 were as follows:

(in millions)	For the year ended December 31, 2022	2021	2020
Current tax benefit (expense)			
Federal	$ (89.0)	$ (100.0)	$ 47.0
State	(15.3)	(23.1)	0.2
Foreign	—	—	(0.4)
Total current	(104.3)	(123.1)	46.8
Deferred tax benefit (expense)			
Federal	33.7	(11.9)	103.6
State	78.5	13.3	14.7
Foreign	38.5	3.1	—
Total deferred	150.7	4.5	118.3
Total income tax benefit (expense)	$ 46.4	$ (118.6)	$ 165.1

The following table reconciles the statutory federal income tax rate to the actual effective income tax rate, and related amounts of income tax benefit (expense), for the years ended December 31, 2022, 2021, and 2020:

	For the year ended December 31,		
	2022	2021	2020
(in millions, except tax rates)	Amount	Amount	Amount
Amount of pre-tax income			
Federal statutory rate	$ (36.8)	$ (113.2)	$ 175.2
State and local income taxes, net of federal benefits	(5.2)	(7.7)	12.1
Tax law change	(10.8)	—	—
Nondeductible expenses	(7.8)	(13.3)	(2.6)
Goodwill impairment losses	—	—	(19.0)
Compensation	(6.2)	6.5	20.5
Foreign	0.9	0.9	(0.4)
Valuation allowance	113.4	(5.9)	(32.7)
Tax credits	4.6	5.8	10.0
Equity investment write-off	—	11.3	—
Other	(5.7)	(3.0)	2.0
Income tax benefit (expense)	$ 46.4	$ (118.6)	$ 165.1
Effective Tax Rate	(26.5)%	22.0 %	19.8 %

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

(in millions)	Unrecognized tax benefits
Unrecognized tax benefits as of January 1, 2020	$ 36.0
Additions based on prior year positions	1.2
Decreases due to settlements and/or reduction in reserves	(0.9)
Unrecognized tax benefits as of December 31, 2020	36.3
Additions based on prior year positions	3.8
Decreases due to settlements and/or reduction in reserves	(0.1)
Unrecognized tax benefits as of December 31, 2021	40.0
Additions based on prior year positions	2.9
Decreases due to settlements and/or reduction in reserves	(0.2)
Unrecognized tax benefits as of December 31, 2022	$ 42.7

During the year ended December 31, 2022, we did not record any new tax reserves, and accrued interest or penalties related to current year uncertain tax positions. Regarding prior year tax positions, we recorded $3.7 million of tax reserves and accrued interest and reversed $0.2 million of previously recorded tax reserves and accrued interest for uncertain tax positions. As of December 31, 2022 and 2021, unrecognized tax benefits, inclusive of accruals for income tax related penalties and interest, of $46.0 million and $42.3 million, respectively, were included in “Other long-term liabilities” within the Company’s Consolidated Balance Sheets. Overall, the Company recorded a net tax expense of $3.3 million in connection with its uncertain tax positions for the year ended December 31, 2022.

The liability for unrecognized tax benefits as of December 31, 2022 and 2021 included $36.3 million and $33.4 million, respectively, of tax positions that, if reversed, would affect the effective tax rate. During the years ended December 31, 2022, 2021 and 2020, we recognized $0.6 million, $0.7 million and $0.5 million, respectively, of interest and penalties, net of deferred taxes. In addition, the Company had no reductions in previously accrued interest and penalties for the years ended December 31, 2022 and 2021. We classify any income tax related penalties and interest accrued related to unrecognized tax benefits in “Income tax benefit (expense)” within the Consolidated Statements of Operations.

The Company is currently in various stages of the examination process in connection with its open audits. Generally, it is difficult to determine when these examinations will be closed, but the Company reasonably expects that its ASC 740 liabilities will not significantly change over the next twelve months. As of December 31, 2022, the Company has open tax years 2019 through 2021 that could be subject to examination for U.S. federal income taxes. In addition, we are subject to state and local income tax examinations for various tax years in the taxing jurisdictions in which we operate. Such audits could result in increased tax liabilities, interest and penalties. While the Company believes its tax positions are appropriate, we cannot assure the outcome will remain consistent with our expectation. The Company believes we have adequately reserved for potential audit exposures of uncertain tax positions. In the event the final outcome of these matters is different than the amounts recorded, such differences will impact our income tax provision in the period in which the determination is made. As of December 31, 2022 and 2021, prepaid income taxes of $15.2 million and $42.5 million, respectively, were included in “Prepaid expenses” within the Company’s Consolidated Balance Sheets.

Tax Legislation

The Pennsylvania House Bill 1342. On July 8, 2022, the Bill was signed into law that reduces the corporate income tax rate over the next nine years from the current rate of 9.99% to 4.99% by 2031. The Company assessed the impact of the law change and recorded an additional income tax expense of $10.0 million in its Consolidated Statements of Operations for the period ended December 31, 2022.

Inflation Reduction Act. On August 16, 2022, The Inflation Reduction Act of 2022 (“IRA”) was signed into law. The IRA contains several provisions including a 15% corporate alternative minimum tax (“CAMT”) for certain large corporations that have at least an average of $1.0 billion adjusted financial statement income over a three-year period effective for tax years beginning after December 31, 2022. A CAMT credit would also be allowed to offset regular federal tax in future years. The IRA also includes a 1% excise tax on corporate stock repurchases after January 1, 2023. Although the Company is assessing the impact of the law change and waiting on further guidance from the Department of Treasury, the Company does not believe that these new provisions will have a material impact on its Consolidated Financial Statements.

Note 15—Stockholders' Equity

Common and Preferred Stock

On May 11, 2021, as part of the acquisition of Hitpoint, the Company issued 43,684 shares for a total of $3.5 million. On July 8, 2022, the Company issued 4,055 shares, in connection with the achievement of the first of three annual mutual goals established by the Company and Hitpoint for a total of $0.2 million.

On June 17, 2021, the Company filed its Second Amended and Restated Articles of Incorporation with the Department of State of the Commonwealth of Pennsylvania. These Articles of Incorporation, as amended and restated and approved by the Company's shareholders at the 2021 Annual Meeting of Shareholders, increase the number of authorized shares of common stock from 200,000,000 to 400,000,000.

On August 1, 2021, as part of the acquisition of Sam Houston, the Company issued 198,103 shares for a total of $15.8 million.

On October 19, 2021, as part of the acquisition of theScore, the Company issued 12,319,340 shares of common stock and authorized and issued 697,539 Exchangeable Shares for approximately $1.0 billion, each with a par value of $0.01, as discussed in Note 6, "Acquisitions and Dispositions." As of December 31, 2022 and 2021, there were 620,019 and 653,059 Exchangeable Shares outstanding, respectively.

Subsequent to year end, on February 17, 2023, as part of the Barstool Acquisition as discussed in Note 7, "Investments in and Advances to Unconsolidated Affiliates," the Company issued 2,442,809 shares of common stock to certain former stockholders of Barstool (the "Share Consideration"). The issuance of the Share Consideration was exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) thereof, because such issuance did not involve a public offering. The Share Consideration is subject to transfer restrictions providing that the former Barstool stockholders (i) may not transfer any of their Share Consideration for one year following the closing of the Barstool Acquisition, (ii) may transfer up to one-third of their Share Consideration after the first anniversary of the closing of the Barstool Acquisition, and (iii) may transfer their remaining Share Consideration after the second anniversary of the closing of the Barstool Acquisition, in each case subject to compliance with applicable securities laws.

In February 2020, the Company issued 883 shares of Series D Preferred Stock, par value $0.01 per share, to certain individual stockholders affiliated with Barstool as discussed in Note 7, "Investments in and Advances to Unconsolidated Affiliates."

On each of February 22, 2021 and August 23, 2021, the Company issued 43 shares of Series D Preferred Stock in conjunction with acquiring additional shares of Barstool common stock. On June 1, 2022, the Company issued 64,000 shares of common stock in conjunction with acquiring additional shares of Barstool common stock from certain individual stockholders affiliated with Barstool. The issuances were exempt from registration pursuant to Section 4(a)(2) of the Securities Act. The acquisition of the incremental Barstool common stock represents a partial settlement of the 1% purchase on a delayed basis as described in Note 7, "Investments in and Advances to Unconsolidated Affiliates."

On February 22, 2021 and August 23, 2021, 151 shares of Series D Preferred Stock and 43 shares of Series D Preferred Stock, respectively, were converted to common stock. As a result of the conversion, the Company issued 151,200 shares of common stock and 43,000 shares of common stock, respectively, each with a par value of $0.01. On February 23, 2022 and February 24, 2022, 43 shares of Series D Preferred Stock and 151 shares of Series D Preferred Stock, respectively, were converted to common stock. As a result of the conversion, the Company issued 43,000 shares of common stock and 151,200 shares of common stock, respectively, each with a par value of $0.01. The issuances were exempt from registration pursuant to Section 4(a)(2) of the Securities Act.

As of December 31, 2022 and 2021, there were 5,000 shares authorized of Series D Preferred Stock of which 581 shares and 775 shares were outstanding, respectively.

The Company previously issued two series of preferred stock, Series B and Series C, each with a par value of $0.01 per share. As of both December 31, 2022 and 2021, there were 1,000,000 and 18,500 shares authorized of our Series B and Series C preferred stock, respectively. There were no shares outstanding of either Series B or Series C preferred stock as of both December 31, 2022 and 2021.

Share Repurchase Authorizations

On February 1, 2022, the Board of Directors of PENN authorized a $750 million share repurchase program, which expires on January 31, 2025 (the "February 2022 Authorization").

On December 6, 2022, a second share repurchase program was authorized for an additional $750 million (the "December 2022 Authorization"). The December 2022 Authorization expires on December 31, 2025.

The Company plans to utilize the remaining capacity under the February 2022 Authorization prior to effecting any repurchases under the December 2022 Authorization. Repurchases by the Company will be subject to available liquidity, general market and economic conditions, alternate uses for the capital and other factors. Share repurchases may be made from time to time through a 10b5-1 trading plan, open market transactions, block trades or in private transactions in accordance with applicable securities laws and regulations and other legal requirements. There is no minimum number of shares that the Company is required to repurchase and the repurchase authorization may be suspended or discontinued at any time without prior notice.

During the year ended December 31, 2022, the Company repurchased 17,561,288 shares of its common stock in open market transactions for $601.1 million at an average price of $34.23 per share under the February 2022 Authorization. The cost of all repurchased shares is recorded as "Treasury stock" in the Consolidated Balance Sheets.

Subsequent to the year ended December 31, 2022, the Company repurchased 1,065,688 shares of its common stock at an average price of $31.41 per share for an aggregate amount of $33.5 million. As of February 23, 2023, the remaining availability under our February 2022 Authorization and our December 2022 Authorization was $115.8 million and $750 million, respectively.

Other

In the second quarter of 2021, the Company entered into two promissory notes with shareholders for a total of $9.0 million. The promissory notes are unsecured and bear interest of 2.25%. As of December 31, 2022 and 2021, the receivable is recorded as a reduction of equity within "Additional paid-in capital" in our Consolidated Balance Sheets. The promissory notes were settled subsequent to year end in connection with the acquisition of Barstool on February 17, 2023, as described in Note 7, "Investments in and Advances to Unconsolidated Affiliates".

Note 16—Stock-Based Compensation

2022 Long Term Incentive Compensation Plan

On June 7, 2022, the Company's shareholders, upon the recommendation of the Company's Board of Directors, approved the Company's 2022 Long Term Incentive Compensation Plan (the "2022 Plan") to replace our 2018 Plan (as defined below). The 2022 Plan authorizes the Company to issue stock options (incentive and/or non-qualified), stock appreciation rights ("SARs"), restricted stock (shares and/or units), performance awards (shares and/or units), and cash awards to executive officers, non-employee directors, other employees, consultants, and advisors of the Company and its subsidiaries. Non-employee directors and consultants are eligible to receive all such awards, other than incentive stock options. Pursuant to the 2022 Plan, 6,870,000 shares of the Company's common stock are reserved for issuance, plus any shares of common stock subject to outstanding awards under both the 2018 Plan and theScore Plan (as defined below) as of June 7, 2022 and outstanding awards that are forfeited or settled for cash under each of the prior plans. For purposes of determining the number of shares available for issuance under the 2022 Plan, stock options, restricted stock and all other equity settled awards count against the 6,870,000 limit as one share of common stock for each share granted. Any awards that are not settled in shares of common stock are not counted against the share limit. As of December 31, 2022, there are 6,345,906 shares available for future grants under the 2022 Plan.

2018 Long Term Incentive Compensation Plan

The Company's 2018 Long Term Incentive Compensation Plan, as amended (the "2018 Plan") authorized it to issue stock options (incentive and/or non-qualified), SARs, restricted stock (shares and/or units), performance awards (shares and/or units), and cash awards to employees and any consultant or advisor to the Company or subsidiary. Non-employee directors were eligible to receive all such awards, other than incentive stock options. Pursuant to the 2018 Plan, 12,700,000 shares of the Company's common stock were reserved for issuance. For purposes of determining the number of shares available for issuance under the 2018 Plan, stock options and SARs (except cash-settled SARs) counted against the 12,700,000 limit as one share of common stock for each share granted and restricted stock or any other full value stock award are counted as 2.30 shares of common stock for each share granted. Any awards that were not settled in shares of common stock were not counted against the

share limit. In connection with the approval of the 2022 Plan, the 2018 Plan remains in place until all of the awards previously granted thereunder have been paid, forfeited or expired. However, the shares which remained available for issuance under the 2018 Plan are no longer available for issuance and all future equity awards will be granted pursuant to the 2022 Plan.

On April 12, 2021, the Board of Directors granted 600,000 restricted stock units and 300,000 restricted stock awards with market-based and service-based vesting conditions (collectively the "Stock Awards"), solely to the Company's Chief Executive Officer and President pursuant to the 2018 Plan. The Stock Awards are classified as equity with separate tranches and requisite service periods identified for each separately achievable component. As of the grant date, the fair value of the Stock Awards was $48.7 million and was calculated using a Monte Carlo simulation. The fair value of the restricted stock awards was estimated at $19.4 million and segregated into 15 tranches with expense recognition periods ranging from 2.2 to 6.0 years. The fair value of the restricted stock units was estimated at $29.3 million and segregated into four tranches with expense recognition periods ranging from 6.7 to 8.7 years. We recognized $8.6 million and $6.3 million of stock compensation expense for the Stock Awards during the years ended December 31, 2022 and 2021, respectively.

Score Media And Gaming Inc. Second Amended And Restated Stock Option And Restricted Stock Unit Plan ("theScore Plan")

In connection with the acquisition of theScore on October 19, 2021, the Company registered theScore Plan. theScore Plan authorized the Company to issue non-qualified stock options and restricted stock units to employees and service providers affiliated with theScore prior to the acquisition date. At the date of acquisition, the Company rolled over all outstanding, non-vested and unexercised stock options and non-vested restricted stock units equivalent to 853,904 shares of the Company. Each rollover option and restricted stock unit were subject to substantially the same terms and conditions applicable to the award immediately prior to the acquisition. In connection with the transaction, the vesting provisions of unvested options and restricted stock unit, awarded under the theScore Plan prior to August 4, 2021, were amended to provide for a new acceleration right for legacy theScore employees and service providers. The amendment provides that, if an involuntary termination without cause occurs at any time prior to April 19, 2023, unvested options and restricted stock units will automatically accelerate and become fully vested on the effective date of termination. In connection with the approval of the 2022 Plan, theScore Plan remains in place until all of the awards previously granted thereunder have been paid, forfeited or expired. However, the shares which remained available for future grants under theScore Plan are no longer available for issuance and all future equity awards will be pursuant to the 2022 Plan.

Stock-based Compensation Expense

Stock-based compensation expense pertains to our stock options and restricted stock, including restricted stock with performance conditions. The Company recognized $58.1 million, $35.1 million and $14.5 million stock-based compensation expense for the years ended December 31, 2022, 2021 and 2020, respectively, which is included within the Consolidated Statements of Operations under "General and administrative."

Stock Options

Stock options that expire between February 9, 2023 and October 3, 2032 have been granted to officers, directors, employees, and predecessor employees to purchase common stock at prices ranging from $2.51 to $117.82 per share, including options rolled over from theScore Plan. All options were granted at the fair market value of the common stock on the grant date (as defined in the respective plan document) and have contractual lives ranging from four to ten years. The Company issues new authorized common shares to satisfy stock option exercises.

During the year ended December 31, 2022, the Company granted 398,945 stock options. The Company granted 587,399 stock options during the year ended December 31, 2021, of which 352,768 were rolled over under theScore Plan, and granted 652,733 stock options during the year ended December 31, 2020.

The following table presents activity related to our stock options for the year ended December 31, 2022:

	Number of Option Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding as of January 1, 2022	3,357,374	$23.69		
Granted	398,945	$50.43		
Exercised	(440,170)	$15.64		
Forfeited	(45,386)	$34.09		
Outstanding as of December 31, 2022	3,270,763	$27.89	6.2	$ 26.6
Exercisable as of December 31, 2022	1,971,559	$21.37	5.3	$ 19.8

The following table presents information related to the fair value and intrinsic value of our stock options for the years ended December 31, 2022, 2021 and 2020:

	For the year ended December 31,		
(in millions)	**2022**	**2021**	**2020**
Weighted-average grant-date fair value of options [1]	$30.09	$57.70	$8.62
Aggregate intrinsic value of stock options exercised	8.6	53.1	128.9
Fair value of stock options vested	21.3	6.2	9.6

(1) For the year ended December 31, 2021, the combined weighted-average grant-date fair values of options includes those rolled over under theScore Plan.

As of December 31, 2022, the unamortized compensation costs not yet recognized related to stock options granted totaled $18.9 million and the weighted-average period over which the costs are expected to be recognized was 1.6 years.

The following are the weighted-average assumptions used in the Black-Scholes option-pricing model for the years ended December 31, 2022, 2021 and 2020:

	For the year ended December 31,		
	2022	**2021**	**2020**
Risk-free interest rate	1.40 %	0.46 %	1.55 %
Expected volatility	71.00 %	75.33 %	33.78 %
Dividend yield [1]	—	—	—
Weighted-average expected life (in years)	5.2	5.2	5.0

(1) The expected dividend yield is zero, as the Company has not historically paid dividends.

Restricted Stock Awards and Restricted Stock Units

As noted above, the Company grants restricted stock to our employees and certain non-employee directors. In addition, the Company issues its named executive officers (“NEOs”) and other key executives restricted stock with performance conditions, which are discussed in further detail below.

Performance Share Programs

The Company’s performance share programs were adopted to provide our NEOs and certain other key executives with stock-based compensation tied directly to the Company’s performance, which further aligns their interests with our shareholders and provides compensation only if the designated performance goals are met for the applicable performance periods.

On February 25, 2020, an aggregate of 107,297 restricted shares with performance-based vesting conditions, at target, were granted under our performance share program (“Performance Share Program II”), to be granted in one-third increments.

On April 12, 2021, in addition to the Stock Awards mentioned above, an aggregate of 94,673 restricted shares and units with performance-based vesting conditions, at target, were granted under the Performance Share Program II.

During the year ended December 31, 2022, an aggregate of 244,955 restricted units with performance-based vesting conditions, at target, were granted under the Performance Share Program II.

Restricted stock issued pursuant to the Performance Share Program II consist of three one-year performance periods over a three-year service period. The awards have the potential to be earned at between 0% and 200% of the number of shares granted during the years ended December 31, 2020 and 2021, and 0% and 150% of the number of shares granted during the year ended December 31, 2022, depending on achievement of the annual performance goals, and remain subject to vesting for the full three-year service period.

In addition, during the year ended December 31, 2022, the Company granted key employees of theScore 102,422 restricted units with performance-based vesting conditions that are dependent on the achievement of certain milestones. The awards have the potential to be earned at between 0% and 100% and consist of two, one-year performance periods, each containing an applicable milestone. The awards also contain a one-year vesting requirement and vesting is subject to: (a) the satisfaction of the milestones on or before the applicable expiration date and (b) continued service through the date on which the respective portion of the awards vests.

The grant date fair value for restricted stock is generally based on the closing stock price of the Company's shares of common stock on the trading day preceding the grant date. The grant date fair value for the performance awards issued to key employees of theScore was determined using the five-day volume weighted average closing stock price of the Company's shares of common stock as of the trading day immediately preceding the grant date. The stock-based compensation expense is recognized over the remaining service period at the time of grant, adjusted for the Company's expectation of the achievement of the performance conditions.

The following table presents activity related to our restricted stock for the year ended December 31, 2022:

	With Performance Conditions		Without Performance Conditions	
	Number of Shares	Weighted- Average Grant Date Fair Value	Number of Shares	Weighted- Average Grant Date Fair Value
Nonvested as of January 1, 2022	1,168,364	$58.89	1,103,013	$66.90
Granted	428,551	$43.23	704,317	$36.01
Vested	(165,101)	$56.20	(328,703)	$59.42
Forfeited	(5,606)	$67.23	(136,227)	$61.87
Nonvested as of December 31, 2022	1,426,208	$54.68	1,342,400	$53.00

As of December 31, 2022, the unamortized compensation costs not yet recognized related to restricted stock totaled $103.7 million and the weighted-average period over which the costs are expected to be recognized is 2.7 years. The total fair values of restricted stock that vested during the years ended December 31, 2022, 2021 and 2020 were $28.8 million, $28.9 million and $16.7 million, respectively.

Cash-settled Phantom Stock Units

Our outstanding cash-settled phantom stock units ("CPUs"), are settled in cash and entitle plan recipients to receive a cash payment based on the fair value of the Company's common stock which is based on the closing stock price of the trading day preceding the vest date. Our CPUs vest over a period of one to four years. The cash-settled CPUs are accounted for as liability awards and are re-measured at fair value each reporting period until they become vested with compensation expense being recognized over the requisite service period. The Company has a liability, which is included in "Accrued expenses and other current liabilities" within the Consolidated Balance Sheets, associated with its cash-settled CPUs of $2.1 million and $8.6 million as of December 31, 2022 and 2021 respectively.

As of December 31, 2022, there was a total of $3.7 million unrecognized compensation cost related to CPUs that will be recognized over the remaining weighted-average vesting period of 0.7 years. For the years ended December 31, 2022, 2021 and 2020, the Company recognized $4.0 million, $12.1 million, and $11.5 million of compensation expense related to CPU awards, respectively. Compensation expense associated with our CPUs is recorded in "General and administrative" within the

Consolidated Statements of Operations. We paid $10.5 million, $13.3 million, and $4.7 million during the years ended December 31, 2022, 2021 and 2020, respectively, pertaining to cash-settled CPSUs.

Stock Appreciation Rights

Our outstanding SARs are settled in cash and are accounted for as liability awards, and generally vest over a period of four years. The fair value of cash-settled SARs is calculated each reporting period and estimated using the Black-Scholes option pricing model. The Company has a liability, which is included in "Accrued expenses and other current liabilities" within the Consolidated Balance Sheets, associated with its cash-settled SARs of $9.2 million and $18.5 million as of December 31, 2022 and 2021 respectively.

For SARs held by employees of the Company, there was $6.5 million of total unrecognized compensation cost as of December 31, 2022 that will be recognized over the awards remaining weighted-average vesting period of 1.9 years. For the year ended December 31, 2022, the Company recognized a reduction to compensation expense of $5.5 million, as compared to a charge to compensation expense of $3.1 million and $69.7 million for the years ended December 31, 2021 and 2020, respectively. Compensation expense associated with our SARs is recorded in "General and administrative" within the Consolidated Statements of Operations. We paid $3.1 million, $39.6 million, and $32.6 million during the years ended December 31, 2022, 2021, and 2020, respectively, related to cash-settled SARs.

Note 17—Earnings (Loss) per Share

For the years ended December 31, 2022 and 2021, we recorded net income attributable to PENN. As such, we used diluted weighted-average common shares outstanding when calculating diluted income per share. Stock options, restricted stock, convertible preferred shares and convertible debt that could potentially dilute basic EPS in the future are included in the computation of diluted income per share.

For the year ended December 31, 2020, we recorded a net loss attributable to PENN. As such, because the dilution from potential common shares was antidilutive, we used basic weighted-average common shares outstanding, rather than diluted weighted-average common shares outstanding when calculating diluted loss per share. Stock options, restricted stock, convertible preferred shares and convertible debt that could potentially dilute basic EPS in the future that were not included in the computation of diluted loss per share were as follows:

(in millions)	**For the year ended December 31, 2020**
Assumed conversion of dilutive stock options	3.0
Assumed conversion of dilutive restricted stock	0.5
Assumed conversion of convertible preferred shares	0.7
Assumed conversion of convertible debt	9.1

The following table sets forth the allocation of net income for the years ended December 31, 2022 and 2021 under the two-class method. For the year ended December 31, 2020, we did not utilize the two-class method due to incurring a net loss for the period.

	For the year ended December 31,		
(in millions)	**2022**	**2021**	**2020**
Net income (loss) attributable to PENN Entertainment	$ 222.10	$ 420.80	$ (669.50)
Net income applicable to preferred stock	0.9	2.1	—
Net income (loss) applicable to common stock	$ 221.2	$ 418.7	$ (669.5)

The following table reconciles the weighted-average common shares outstanding used in the calculation of basic EPS to the weighted-average common shares outstanding used in the calculation of diluted EPS for the years ended December 31, 2022, 2021 and 2020:

	For the year ended December 31,		
(in millions)	**2022**	**2021**	**2020**
Weighted-average common shares outstanding—Basic	161.2	158.7	134.0
Assumed conversion of:			
Dilutive stock options	1.2	2.3	—
Dilutive restricted stock	0.1	0.4	—
Convertible debt	14.1	14.1	—
Weighted-average common shares outstanding—Diluted	176.6	175.5	134.0

Restricted stock with performance and market based vesting conditions that have not been met as of December 31, 2022 were excluded from the computation of diluted earnings per share.

Options to purchase 0.8 million, 0.2 million, and 0.0 million shares were outstanding during the years ended December 31, 2022, 2021, and 2020, respectively, but were not included in the computation of diluted earnings per share because they were anti-dilutive.

The assumed conversion of 0.6 million and 0.8 million preferred shares were excluded from the computation of diluted earnings per share for the years ended December 31, 2022 and 2021, respectively, because including them would have been antidilutive.

The Company's calculation of weighted-average common shares outstanding includes the Exchangeable Shares issued in connection with theScore acquisition, as discussed in Note 6, "Acquisitions and Dispositions" and Note 15, "Stockholders' Equity." The following table presents the calculation of basic and diluted earnings (loss) per share for the Company's common stock for the years ended December 31, 2022, 2021, and 2020:

	For the year ended December 31,		
(in millions, except per share data)	**2022**	**2021**	**2020**
Calculation of basic earnings (loss) per share:			
Net income (loss) applicable to common stock	$ 221.2	$ 418.7	$ (669.5)
Weighted-average shares outstanding - PENN Entertainment	160.6	158.6	134.0
Weighted-average shares outstanding - Exchangeable Shares	0.6	0.1	—
Weighted-average common shares outstanding - basic	161.2	158.7	134.0
Basic earnings (loss) per share	$ 1.37	$ 2.64	$ (5.00)
Calculation of diluted earnings (loss) per share:			
Net income (loss) applicable to common stock	$ 221.2	$ 418.7	$ (669.5)
Interest expense, net of tax [(1)]:			
Convertible Notes	7.2	17.0	—
Diluted income applicable to common stock	$ 228.4	$ 435.7	$ (669.5)
Weighted-average common shares outstanding - diluted	176.6	175.5	134.0
Diluted earnings (loss) per share	$ 1.29	$ 2.48	$ (5.00)

(1) The tax-affected rates were 21% and 22% for the years ended December 31, 2022 and 2021, respectively.

Note 18—Segment Information

We have aggregated our operating segments into five reportable segments. Retail operating segments are based on the similar characteristics within the regions in which they operate: Northeast, South, West, and Midwest. Our Interactive segment includes all of our online sports betting, iCasino and online social gaming operations, management of retail sports betting, media, and our proportionate share of earnings attributable to our equity method investment in Barstool. The Other category is included in the following tables to reconcile the segment information to the consolidated information.

The Company utilizes Adjusted EBITDAR (as defined below) as its measure of segment profit or loss. The following table highlights our revenues and Adjusted EBITDAR for each reportable segment and reconciles Adjusted EBITDAR on a consolidated basis to net income (loss).

	For the year ended December 31,		
(in millions)	**2022**	**2021**	**2020**
Revenues:			
Northeast segment	$ 2,695.9	$ 2,552.4	$ 1,639.3
South segment	1,314.2	1,322.2	849.6
West segment	581.9	521.4	302.5
Midwest segment	1,159.6	1,102.7	681.4
Interactive segment	663.1	432.9	121.1
Other [1]	21.3	10.6	3.9
Intersegment eliminations [2]	(34.3)	(37.2)	(19.1)
Total	$ 6,401.7	$ 5,905.0	$ 3,578.7
Adjusted EBITDAR [3]:			
Northeast segment	$ 842.5	$ 848.4	$ 478.9
South segment	548.1	587.0	318.9
West segment	220.1	195.0	82.2
Midwest segment	501.2	500.1	258.3
Interactive segment	(74.9)	(35.4)	37.2
Other [1]	(97.6)	(100.7)	(80.7)
Total [3]	1,939.4	1,994.4	1,094.8
Other operating benefits (costs) and other income (expenses):			
Rent expense associated with triple net operating leases [4]	(149.6)	(454.4)	(419.8)
Stock-based compensation	(58.1)	(35.1)	(14.5)
Cash-settled stock-based awards variance	15.5	(1.2)	(67.2)
Gain (loss) on disposal of assets	(7.9)	(1.1)	29.2
Contingent purchase price	0.6	(1.9)	1.1
Pre-opening expenses [5]	(4.1)	(5.4)	(11.8)
Depreciation and amortization	(567.5)	(344.5)	(366.7)
Impairment losses [6]	(118.2)	—	(623.4)
Insurance recoveries, net of deductible charges	10.7	—	0.1
Non-operating items of equity method investments [7]	(7.9)	(7.7)	(4.7)
Interest expense, net	(758.2)	(562.8)	(544.1)
Interest income	18.3	1.1	0.9
Loss on early extinguishment of debt	(10.4)	—	(1.2)
Other [5][8]	(127.3)	(42.3)	93.1
Income (loss) before income taxes	175.3	539.1	(834.2)
Income tax benefit (expense)	46.4	(118.6)	165.1
Net income (loss)	$ 221.7	$ 420.5	$ (669.1)

(1) The Other category consists of the Company's stand-alone racing operations, namely Sanford-Orlando Kennel Club, Sam Houston and Valley Race Parks (the remaining 50% was acquired by PENN on August 1, 2021), the Company's joint venture interests in Freehold Raceway, and our management contract for Retama Park Racetrack. The Other category also includes corporate overhead costs, which consist of certain expenses, such as: payroll, professional fees, travel expenses and other general and administrative expenses that do not directly relate to or have not otherwise been allocated to a property.

(2) Primarily represents the elimination of intersegment revenues associated with our internally-branded retail sportsbooks, which are operated by PENN Interactive.

(3) We define Adjusted EBITDAR as earnings before interest expense, net, interest income, income taxes, depreciation and amortization, rent expense associated with triple net operating leases (see footnote (4) below), stock-based compensation, debt extinguishment charges, impairment losses, insurance recoveries, net of deductible charges, changes in the estimated fair value of our contingent purchase price obligations, gain or loss on disposal of assets, the difference between budget and actual expense for cash-settled stock-based awards, pre-opening expenses (see footnote (5) below), and other. Adjusted EBITDAR is also inclusive of income or loss from unconsolidated affiliates, with our share of non-operating items (see footnote (7) below) added back for Barstool and our Kansas Entertainment joint venture.

(4) Solely comprised of rent expense associated with the operating lease components contained within our triple net master lease dated November 1, 2013 with GLPI and the triple net master lease assumed in connection with our acquisition of Pinnacle, our individual triple net leases with GLPI for the real estate assets used in the operation of Tropicana (on September 26, 2022, we sold the equity interests to Bally's which terminated the Tropicana Lease with GLPI) and Meadows, and our individual triple net leases with VICI for the real estate assets used in the operations of Margaritaville Resort Casino and Hollywood Casino at Greektown (of which the Tropicana Lease, Meadows Lease, Margaritaville Lease and the Greektown Lease are defined in "Note 12, Leases") and are referred to collectively as our "triple net operating leases".

As a result of the Lease Modification defined in Note 12, "Leases", the land and building components associated with the operations of Dayton and Mahoning Valley are classified as operating leases which is recorded to rent expense, as compared to prior to the Lease Modification, whereby the land components of substantially all of the Master Lease properties were classified as operating leases and recorded to rent expense. Subsequent to the Lease Modification, the land components associated with the Master Lease properties are primarily classified as finance leases.

(5) During 2020 and the first quarter of 2021, acquisition costs were included within pre-opening and acquisition costs. Beginning with the quarter ended June 30, 2021, acquisition costs are presented as part of other expenses.

(6) Amount for 2022 primarily relates to $116.4 million of impairment charges in the Northeast segment.

(7) Consists principally of interest expense, net, income taxes, depreciation and amortization, and stock-based compensation expense associated with Barstool and our Kansas Entertainment joint venture. We record our portion of Barstool's net income or loss, including adjustments to arrive at Adjusted EBITDAR, one quarter in arrears.

(8) Includes unrealized holding losses on our equity securities of $69.9 million, realized and unrealized losses on our equity securities of $24.9 million, and unrealized gains on our equity securities of $106.7 million for the years ended December 31, 2022, 2021, and 2020, respectively, which are discussed in Note 19, "Fair Value Measurements." Additionally, includes a $29.9 million gain on our equity method investment for the year ended December 31, 2021, which is discussed in Note 7, "Investments in and Advances to Unconsolidated Affiliates." Also consists of non-recurring acquisition and transaction costs of $52.1 million and $43.1 million and finance transformation costs associated with the implementation of our new Enterprise Resource Management system for the years ended December 31, 2022 and 2021, respectively.

The table below presents capital expenditures by segment:

	For the year ended December 31,		
(in millions)	**2022**	**2021**	**2020**
Capital expenditures:			
Northeast segment	$ 110.6	$ 144.8	$ 78.0
South segment	70.7	39.0	15.8
West segment	11.5	8.5	8.2
Midwest segment	35.8	19.8	15.1
Interactive segment	19.7	6.3	9.1
Other	15.1	25.7	10.8
Total capital expenditures	$ 263.4	$ 244.1	$ 137.0

The table below presents investment in and advances to unconsolidated affiliates and total assets by segment:

(in millions)	**Northeast**	**South**	**West**	**Midwest**	**Interactive**	**Other [1]**	**Total**
Balance sheet as of December 31, 2022							
Investment in and advances to unconsolidated affiliates	$ 0.1	$ —	$ —	$ 81.5	$ 160.9	$ 6.1	$ 248.6
Total assets	$ 2,231.8	$ 1,191.9	$ 372.4	$ 1,305.5	$ 4,233.7	$ 8,166.8	$ 17,502.1
Balance sheet as of December 31, 2021							
Investment in and advances to unconsolidated affiliates	$ 0.1	$ —	$ —	$ 83.8	$ 164.4	$ 6.8	$ 255.1
Total assets	$ 2,283.6	$ 1,224.6	$ 394.8	$ 1,215.8	$ 2,618.3	$ 9,135.0	$ 16,872.1
Balance sheet as of December 31, 2020							
Investment in and advances to unconsolidated affiliates	$ 0.1	$ —	$ —	$ 85.2	$ 149.3	$ 32.2	$ 266.8
Total assets	$ 1,958.4	$ 1,165.4	$ 401.5	$ 1,161.1	$ 434.1	$ 9,546.8	$ 14,667.3

(1) The real estate assets subject to the Master Leases, which are classified as either property and equipment, operating lease ROU assets, or finance lease ROU assets, are included within the Other category.

Note 19—Fair Value Measurements

ASC Topic 820, "Fair Value Measurements and Disclosures," establishes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach and cost approach). The levels of the hierarchy are described below:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets, such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions, as there is little, if any, related market activity.

The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy. The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate. The fair value of the Company's trade accounts receivable and payables approximates the carrying amounts.

Cash and Cash Equivalents

The fair value of the Company's cash and cash equivalents approximates their carrying amount, due to the short maturity of the cash equivalents.

Equity Securities

As of December 31, 2022 and 2021, we held $17.1 million and $84.3 million, respectively, in equity securities of ordinary shares which are reported as "Other assets" in our Consolidated Balance Sheets. During the year ended December 31, 2021, all warrants were exercised for ordinary shares which resulted in a loss of $20.1 million included in "Other," as reported in "Other income (expenses)" within our Consolidated Statements of Operations. These equity securities are the result of PENN Interactive entering into multi-year agreements with third-party sports betting operators for online sports betting and iCasino market access across our portfolio.

During the years ended December 31, 2022, 2021, and 2020, we recognized unrealized holding losses of $69.9 million, realized and unrealized losses of $24.9 million, and an unrealized gain of $106.7 million, respectively, related to these equity securities, which are included in "Other" as reported in "Other income (expenses)" within our Consolidated Statements of Operations.

The fair value of the equity securities was determined using Level 2 inputs, which use market approach valuation techniques. The primary inputs to those techniques include the quoted market price of the equity securities, foreign currency exchange rates, a discount for lack of marketability ("DLOM") with respect to the ordinary shares, and a Black-Scholes option pricing model previously associated with the exercised warrants. The DLOM is based on the remaining term of the relevant lock-up periods and the volatility associated with the underlying equity securities. The Black-Scholes option pricing model utilizes the exercise price of the warrants, a risk-free rate, volatility associated with the underlying equity securities and the expected life of the warrants.

Held-to-maturity Securities and Promissory Notes

We have a management contract with Retama Development Corporation ("RDC"), a local government corporation of the City of Selma, Texas, to manage the day-to-day operations of Retama Park Racetrack, located outside of San Antonio, Texas. In addition, we own 1.0% of the equity of Retama Nominal Holder, LLC, which holds a nominal interest in the racing license used to operate Retama Park Racetrack, and a 75.5% interest in Pinnacle Retama Partners, LLC ("PRP"), which owns the contingent gaming rights that may arise if gaming under the existing racing license becomes legal in Texas in the future.

As of December 31, 2022 and 2021, PRP held $7.9 million and $15.1 million in promissory notes issued by RDC, respectively. As of December 31, 2022 and 2021, PRP held $6.7 million in local government corporation bonds issued by RDC, at amortized cost. The promissory notes and the local government corporation bonds are collateralized by the assets of Retama Park Racetrack. As of December 31, 2022 and 2021, the promissory notes and the local government corporation bonds were included in "Other assets" within our Consolidated Balance Sheets.

The contractual terms of these promissory notes include interest payments due at maturity; however, we have not recorded accrued interest on these promissory notes because uncertainty exists as to RDC's ability to make interest payments. We have the positive intent and ability to hold the local government corporation bonds to maturity and until the amortized cost is recovered. The estimated fair values of such investments are principally based on appraised values of the land associated with Retama Park Racetrack, which are classified as Level 2 inputs.

Long-term Debt

The fair value of our Term Loan A Facility, Term Loan B-1 Facility, Amended Term Loan A Facility, Amended Term Loan B Facility, 5.625% Notes, 4.125% Notes, and the Convertible Notes is estimated based on quoted prices in active markets and is classified as a Level 1 measurement.

Other long-term obligations as of December 31, 2022 and 2021 included a financing arrangement entered in February of 2021, the relocation fees for Dayton and Mahoning Valley, and the repayment obligation of the hotel and event center located near Hollywood Casino Lawrenceburg. See Note 11, "Long-term Debt" for details. The fair values of the Dayton and Mahoning Valley relocation fees and the Lawrenceburg repayment obligation are estimated based on rates consistent with the Company's credit rating for comparable terms and debt instruments and are classified as Level 2 measurements.

Additionally, in February 2021, we entered into a financing arrangement providing the Company with upfront cash proceeds while permitting us to participate in future proceeds on certain claims. The financing obligation has been classified as a non-current liability and the fair value of the financing obligation is based on what we expect to be settled in a future period of which the principal is contingent and predicated on other events, plus accreted period non-cash interest using an effective interest rate of 27.0% until the claims and related obligation is settled. The financing obligation has been classified as a Level 3 measurement and is included within our Consolidated Balance Sheets in "Long-term debt, net of current maturities, debt discount and debt issuance costs." See Note 11, "Long-term Debt."

Other Liabilities

Other liabilities as of December 31, 2022 includes contingent purchase price liabilities related to Plainridge Park Casino and Hitpoint, of which Hitpoint was acquired on May 11, 2021. The Hitpoint contingent purchase price liability is payable in installments up to a maximum of $1.0 million in the form of cash and equity, on the first three anniversaries of the acquisition close date and is based on the achievement of mutual goals established by the Company and Hitpoint. As of December 31, 2022, there are two annual achievement periods remaining. The Plainridge Park Casino contingent purchase price liability is calculated based on earnings of the gaming operations over the first ten years of operations, which commenced on June 24, 2015. As of December 31, 2022, we were contractually obligated to make three additional annual payments. The fair value of the Plainridge Park Casino contingent purchase price liability is estimated based on an income approach using a discounted cash flow model. These contingent purchase price liabilities have been classified as a Level 3 measurement and are included within our Consolidated Balance Sheets in "Accrued expenses and other current liabilities" or "Other long-term liabilities," depending on the timing of the next payment.

The carrying amounts and estimated fair values by input level of the Company's financial instruments were as follows:

	December 31, 2022				
(in millions)	**Carrying Amount**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial assets:					
Cash and cash equivalents	$ 1,624.0	$ 1,624.0	$ 1,624.0	$ —	$ —
Equity securities	$ 17.1	$ 17.1	$ —	$ 17.1	$ —
Held-to-maturity securities	$ 6.7	$ 6.7	$ —	$ 6.7	$ —
Promissory notes	$ 7.9	$ 7.9	$ —	$ 7.9	$ —
Financial liabilities:					
Long-term debt					
Amended Credit Facilities	$ 1,503.6	$ 1,514.7	$ 1,514.7	$ —	$ —
5.625% Notes	$ 399.7	$ 371.0	$ 371.0	$ —	$ —
4.125% Notes	$ 393.8	$ 327.0	$ 327.0	$ —	$ —
Convertible Notes	$ 324.3	$ 550.8	$ 550.8	$ —	$ —
Other long-term obligations	$ 156.1	$ 154.4	$ —	$ 36.4	$ 118.0
Other liabilities	$ 9.9	$ 9.6	$ —	$ 2.4	$ 7.2
Puts and calls related to certain Barstool shares	$ 0.4	$ 0.4	$ —	$ 0.4	$ —

	December 31, 2021				
(in millions)	**Carrying Amount**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial assets:					
Cash and cash equivalents	$ 1,863.9	$ 1,863.9	$ 1,863.9	$ —	$ —
Equity securities	$ 84.3	$ 84.3	$ —	$ 84.3	$ —
Held-to-maturity securities	$ 6.7	$ 6.7	$ —	$ 6.7	$ —
Promissory notes	$ 15.1	$ 15.1	$ —	$ 15.1	$ —
Puts and calls related to certain Barstool shares	$ 1.9	$ 1.9	$ —	$ 1.9	$ —
Financial liabilities:					
Long-term debt					
Senior Secured Credit Facilities	$ 1,544.5	$ 1,559.6	$ 1,559.6	$ —	$ —
5.625% Notes	$ 399.6	$ 411.5	$ 411.5	$ —	$ —
4.125% Notes	$ 392.9	$ 389.3	$ 389.5	$ —	$ —
Convertible Notes	$ 253.5	$ 780.0	$ 780.0	$ —	$ —
Other long-term obligations	$ 146.3	$ 144.3	$ —	$ 53.9	$ 90.4
Other liabilities	$ 13.3	$ 13.2	$ —	$ 2.7	$ 10.5

The following table summarizes the changes in fair value of our Level 3 liabilities measured on a recurring basis:

(in millions)	Other Liabilities
Balance as of January 1, 2020	$ 17.5
Payments	(9.1)
Included in loss [1]	(1.1)
Balance as of December 31, 2020	7.3
Additions	75.5
Interest	17.9
Payments	(1.7)
Included in earnings [1]	1.9
Balance as of December 31, 2021	100.9
Interest	27.6
Payments	(2.7)
Included in earnings [1]	(0.6)
Balance as of December 31, 2022	$ 125.2

(1) The expense is included in "General and administrative" within our Consolidated Statements of Operations.

The following table sets forth the assets measured at fair value on a non-recurring basis as of December 31, 2022, which pertained to our Northeast segment. There were no impairment charges to goodwill, gaming licenses, and trademarks for the year ended December 31, 2021.

(in millions)	Valuation Date	Valuation Technique	Level 1	Level 2	Level 3	Total Balance	Total Reduction in Fair Value Recorded
Gaming licenses	10/1/2022	Discounted cash flow	$ —	$ —	$ 74.0	$ 74.0	$ 13.6
Goodwill [1]	9/30/2022	Discounted cash flow and market approach	$ —	$ —	$ 30.0	$ 30.0	$ 37.4
Gaming licenses [1]	9/30/2022	Discounted cash flow	$ —	$ —	$ 101.0	$ 101.0	$ 65.4

(1) During the third quarter of 2022, we identified an indicator of impairment on our goodwill and other intangible assets. See Note 9, "Goodwill and Other Intangible Assets," for more information.

The following table summarizes the significant unobservable inputs used in calculating fair value for our Level 3 liabilities on a recurring basis as of December 31, 2022:

	Valuation Technique	Unobservable Input	Discount Rate
Other long-term obligation	Discounted cash flow	Discount rate	27.0%
Contingent purchase price - Plainridge Park Casino	Discounted cash flow	Discount rate	7.8%

As discussed in Note 9, "Goodwill and Other Intangible Assets," we recorded impairments on goodwill and our gaming licenses, which are indefinite-lived intangible assets, at the Hollywood Casino at Greektown reporting unit as a result of the third quarter of 2022 interim assessment for impairment. Our annual assessment for impairment as of October 1, 2022, resulted in an additional impairment charge on the gaming license at PNRC. The following table presents quantitative information about the significant unobservable inputs used in the fair value measurements of other indefinite-lived intangible assets as of the valuation date below:

(in millions)	**Fair Value**	**Valuation Technique**	**Unobservable Input**	**Range or Amount**
As of December 31, 2022				
Gaming licenses	$ 74.0	Discounted cash flow	Discount rate	13.0 %
			Long-term revenue growth rate	2.0 %
As of September 30, 2022				
Gaming licenses	$ 101.0	Discounted cash flow	Discount rate	13.0 %
			Long-term revenue growth rate	2.0 %

Note 20—Related Party Transactions

The Company currently leases executive office buildings in Wyomissing, Pennsylvania from affiliates of its chairman emeritus of the Board of Directors. Rent expense was $1.1 million, $1.2 million, and $1.2 million for the years ended December 31, 2022, 2021, and 2020, respectively. One lease was renewed in the current year and will expire in December 2025. The other long-term lease will expire in August 2026. The remaining lease, which had been previously on a month-to-month basis, was terminated as of December 31, 2021. The future minimum lease commitments relating to these leases as of December 31, 2022 are $2.7 million.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, under the supervision and with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of the Company's disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of December 31, 2022, which is the end of the period covered by this Annual Report on Form 10-K. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well-designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2022 to ensure that information required to be disclosed by the Company in reports we file or submit under the Exchange Act is (i) recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the United States Securities and Exchange Commission's rules and forms and (ii) accumulated and communicated to the Company's management, including the Company's principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting, and concluded that it was effective as of December 31, 2022. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control—Integrated Framework (2013 framework).

Deloitte & Touche LLP (PCAOB ID No. 34), the Company's independent registered public accounting firm that audited the Consolidated Financial Statements for the year ended December 31, 2022, issued an attestation report on the Company's internal control over financial reporting which immediately follows this report.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the fiscal quarter ended December 31, 2022, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of PENN Entertainment, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of PENN Entertainment, Inc. and subsidiaries (the "Company") as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO. We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022, of the Company and our report dated February 23, 2023, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Philadelphia, Pennsylvania
February 23, 2023

ITEM 9B. OTHER INFORMATION

On October 9, 2022, the Company entered into a binding term sheet (the "Term Sheet") with GLPI. Pursuant to the Term Sheet, the Company and GLPI agreed to amend and restate the PENN Master Lease (the "Amended and Restated PENN Master Lease") to (i) remove the land and buildings for Hollywood Casino Aurora ("Aurora"), Hollywood Casino Joliet ("Joliet"), Hollywood Casino Columbus ("Columbus"), Hollywood Casino Toledo ("Toledo") and the M Resort Spa Casino ("M Resort"); (ii) make associated adjustments to the rent after which the initial rent in the Amended and Restated PENN Master Lease will be $284.1 million, consisting of $208.2 million of Building Base Rent, $43.0 million of Land Base Rent and $32.9 million of Percentage Rent (as such terms are defined in the Amended and Restated PENN Master Lease); (iii) terminate the existing leases associated with Hollywood Casino at The Meadows ("Meadows") and Perryville; and (iv) enter into a new master lease (the "2023 Master Lease") specific to the properties associated with Aurora, Joliet, Columbus, Toledo, M Resort, Meadows and Perryville. Subsequent to year end, on February 21, 2023, both the Amended and Restated PENN Master Lease and the 2023 Master Lease agreement were executed with an effective date of January 1, 2023, and a master development agreement (the "Master Development Agreement") was executed on February 22, 2023.

The 2023 Master Lease has an initial term through October 31, 2033 with three subsequent five-year renewal periods on the same terms and conditions, exercisable at the Company's option. The 2023 Master Lease is cross-defaulted, cross-collateralized, and coterminous with the Amended and Restated PENN Master Lease, and subject to a parent guarantee. The 2023 Master Lease includes a base rent (the "2023 Master Lease Base Rent") equal to $232.2 million and the Master Development Agreement contains additional rent (together with the 2023 Master Lease Base Rent, the "2023 Master Lease Rent") equal to (i) 7.75% of any project funding received by PENN from GLPI for an anticipated relocation of PENN's riverboat casino and related developments with respect to Aurora (the "Aurora Project") and (ii) a percentage based on the then-current GLPI stock price, of any project funding received by PENN from GLPI for certain anticipated development projects with respect to Joliet, Columbus and M Resort (the "Other Development Projects"). The Master Development Agreement provides that GLPI will fund, upon PENN's request, up to $225 million for the Aurora Project and up to $350 million in the aggregate for the Other Development Projects, in accordance with certain terms and conditions set forth in the Master Development Agreement. These funding obligations of GLPI expire on January 1, 2026. The 2023 Master Lease Rent will be subject to a one-time increase of $1.4 million, effective the fifth anniversary of the effective date. The 2023 Master Lease Rent will be further subject to a fixed escalator of 1.5% on November 1, 2023 and annually thereafter. The Master Development Agreement provides that PENN may elect not to proceed with a development project prior to GLPI's commencement of any equity or debt offering or credit facility draw intended to fund such project or after such time in certain instances, provided that GLPI will be reimbursed for all costs and expenses incurred in connection with such discontinued project. The Aurora Project and the Other Development Projects are all subject to necessary regulatory and other government approvals.

The summary of the material terms of the Amended and Restated PENN Master Lease and the 2023 Master Lease agreements described above is qualified in its entirety by reference to each of the lease agreements, copies of which are attached hereto as Exhibit 10.22 and Exhibit 10.23, respectively, and are incorporated herein by reference.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The remaining information required by this item concerning directors and corporate governance is hereby incorporated by reference to the Company's definitive proxy statement for its Annual Meeting of Shareholders (the "2023 Proxy Statement"), to be filed with the U.S. Securities and Exchange Commission within 120 days after December 31, 2022, pursuant to Regulation 14A under the Securities Act. Information required by this item concerning executive officers is included in Part I of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is hereby incorporated by reference to the 2023 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDERS MATTERS

The information required by this item is hereby incorporated by reference to the 2023 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this item is hereby incorporated by reference to the 2023 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is hereby incorporated by reference to the 2023 Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements.

The following is a list of the Consolidated Financial Statements of the Company and its subsidiaries and supplementary data included herein under item 8 of Part II of this report, "Financial Statements and Supplementary Data.":

2. Financial Statement Schedules.

All schedules have been omitted because they are not applicable, or not required, or because the required information is included in the Consolidated Financial Statements or notes thereto.

3. Exhibits, Including Those Incorporated by Reference.

The exhibits to this Report are listed on the accompanying index to exhibits and are incorporated herein by reference or are filed as part of this annual report on Form 10-K.

ITEM 16. FORM 10-K SUMMARY

We have elected not to disclose the optional summary information.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
2.1††	Stock Purchase Agreement by and among Penn National Gaming, Inc., Barstool Sports, Inc., TCG XII, LLC, TCG Digital Spots, LLC and the Individuals Set Forth on Schedule A, dated as of January 28, 2020 is hereby incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on January 29, 2020. (SEC File No. 000-24206)
2.2††	Purchase Agreement by and among Tropicana Las Vegas, Inc., Penn National Gaming, Inc., GLP Capital, L.P., Gold Merger Sub, LLC, PA Meadows, LLC, Tropicana LV LLC and, solely for the purposes set forth therein, Gaming and Leisure Properties, Inc., dated as of April 16, 2020 is hereby incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on April 20, 2020. (SEC File No. 000-24206)
2.3††	Arrangement Agreement by and among Penn National Gaming, Inc., 1317774 B.C. LTD. and Score Media and Gaming Inc., dated as of August 4, 2021 is hereby incorporated by reference to Exhibit 2.1 to the Company's Current Report of Form 8-K filed on August 5, 2021. (SEC File No. 000-24206)

Exhibit Number	Description of Exhibit
3.1	Second Amended and Restated Articles of Incorporation of Penn National Gaming, Inc., filed with the Pennsylvania Department of State on October 15, 1996, as amended by the Articles of Amendments to the Amended and Restated Articles of Incorporation filed with the Pennsylvania Department of State on November 13, 1996, July 23, 2001 and December 28, 2007 and the Statement with Respect to Shares of Series C Convertible Preferred Stock of Penn National Gaming, Inc. dated as of January 17, 2013, and the Statement with Respect to Shares of Series D Convertible Preferred Stock of Penn National Gaming, Inc. dated as of February 19, 2020, and as further amended and restated by the Second Amended and Restated Articles of Incorporation of Penn National Gaming, Inc. filed with the Pennsylvania Department of State on June 17, 2021 is hereby incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 21, 2021. (SEC File No. 000-24206)
3.1(a)	Articles of Amendment to its Second Amended and Restated Articles of Incorporation, effective August 4, 2022, is hereby incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022. (SEC File No. 000-24206)
3.2	Fourth Amended and Restated Bylaws of Penn National Gaming, Inc., as amended on May 28, 2019, is hereby incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 31, 2019. (SEC File No. 000-24206)
3.2(a)	Amendment to Fourth Amended and Restated Bylaws of the Company, effective August 4, 2022, is hereby incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022. (SEC File No. 000-24206)
3.3	Statement with Respect to Shares of Series D Convertible Preferred Stock of Penn National Gaming, Inc. is hereby incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on February 19, 2020. (SEC File No. 000-24206)
3.4	Specimen certificate for shares of Common Stock, par value of $.01 per share, for Penn National Gaming, Inc. is hereby incorporated by reference to Exhibit 3.6 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2003. (SEC File No. 000-24206)
4.1	Indenture, dated as of January 19, 2017 between Penn National Gaming, Inc. and Wells Fargo Bank, N.A., as Trustee, relating to the 5.625% Senior Notes due 2027 is hereby incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on January 20, 2017. (SEC File No. 000-24206)
4.1(a)	Form of Note for 5.625% Senior Notes due 2027 is hereby incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on January 20, 2017. (SEC File No. 000-24206)
4.2	Indenture, dated as of May 14, 2020 between Penn National Gaming, Inc. and Wells Fargo Bank, National Association, as Trustee, is hereby incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 14, 2020. (SEC File No. 000-24206)
4.2(a)	First Supplemental Indenture, dated as of May 14, 2020 between Penn National Gaming, Inc. and Wells Fargo Bank, National Association, as Trustee, is hereby incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 14, 2020. (SEC File No. 000-24206)
4.2(b)	Form of Note representing the 2.75% Convertible Senior Notes due 2026 is hereby incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on May 14, 2020. (SEC File No. 000-24206)
4.3	Description of Securities is hereby incorporated by reference to Exhibit 4.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019. (SEC File No. 000-24206)
4.4	Indenture, dated as of July 1, 2021, between Penn National Gaming, Inc. and Wells Fargo Bank, National Association as Trustee, relating to the 4.125% Senior Notes due 2029 is hereby incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021. (SEC File No. 000-24206)
4.4(a)	Form of Note for 4.125% Senior Notes due 2029 is hereby incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021. (SEC File No. 000-24206)

Exhibit Number	Description of Exhibit
10.1†	Penn National Gaming, Inc. Deferred Compensation Plan , as amended and restated effective April 4, 2013, as amended by those certain amendments effective November 1, 2013, October 1, 2015, January 1, 2017, April 1, 2020 and October 1, 2020, respectively, is hereby incorporated by reference to Exhibit 10.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2020. (SEC File No. 000-24206)
10.2†	Penn National Gaming, Inc. 2008 Long Term Incentive Compensation Plan, as amended is hereby incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017. (SEC File No. 000-24206)
10.2(a)†	Form of Non-Qualified Stock Option Certificate for the Penn National Gaming, Inc. 2008 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.33 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008. (SEC File No. 000-24206)
10.3†	Penn National Gaming, Inc. Amended and Restated 2018 Long Term Incentive Compensation Plan, is hereby incorporated by reference to Exhibit B to the Company's definitive Proxy Statement filed April 23, 2021. (SEC File No. 000-24206)
10.3(a)†	Form of Non-Qualified Stock Option Certificate for the Penn National Gaming, Inc. Amended and Restated 2018 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-8 filed on August 8, 2018. (SEC File No. 000-24206)
10.3(b)†	Penn National Gaming, Inc. Performance Share Program II under the Penn National Gaming, Inc. Amended and Restated 2018 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 21, 2019. (SEC File No. 000-24206)
10.3(c)†	Form of Notice of Performance Award Terms and Criteria under the Performance Share Programs pursuant to the Penn National Gaming, Inc. Amended and Restated 2018 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020. (SEC File No. 000-24206)
10.3(d)†	Form of Electronic Non-Qualified Stock Option Award Agreement under the Penn National Gaming, Inc. Amended and Restated 2018 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.3(h) to the Company's Annual Report on Form 10-K for the year ended December 31, 2019. (SEC File No. 000-24206)
10.3(e)†	Form of Electronic Restricted Stock Award Agreement (2020) under the Penn National Gaming, Inc. Amended and Restated 2018 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.3(i) to the Company's Annual Report on Form 10-K for the year ended December 31, 2019. (SEC File No. 000-24206)
10.3(f)†	Form of Electronic Phantom Stock Unit Award Agreement (cash settled) (2020) under the Penn National Gaming, Inc. Amended and Restated 2018 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.3(j) to the Company's Annual Report on Form 10-K for the year ended December 31, 2019. (SEC File No. 000-24206)
10.3(g)†	Form of Electronic Phantom Stock Unit Award Agreement (stock settled) (2020) under the Penn National Gaming, Inc. Amended and Restated 2018 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.3(k) to the Company's Annual Report on Form 10-K for the year ended December 31, 2019. (SEC File No. 000-24206)
10.3(h)†	Form of Electronic Stock Appreciation Right Award Agreement (2020) under the Penn National Gaming, Inc. Amended and Restated 2018 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.3(l) to the Company's Annual Report on Form 10-K for the year ended December 31, 2019. (SEC File No. 000-24206)
10.3(i)†	Form of Electronic Restricted Stock Unit Award Agreement (2020) under the Penn National Gaming, Inc. Amended and Restated 2018 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.3(m) to the Company's Annual Report on Form 10-K for the year ended December 31, 2019. (SEC File No. 000-24206)
10.3(j)†	Restricted Stock Award Agreement by and between Jay Snowden and Penn National Gaming, Inc., dated as of April 12, 2021 is hereby incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021. (SEC File No. 000-24206)

Exhibit Number	Description of Exhibit
10.3(k)†	Restricted Stock Unit Award Agreement by and between Jay Snowden and Penn National Gaming, Inc., dated as of April 12, 2021 is hereby incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021. (SEC File No. 000-24206)
10.4†	Penn National Gaming, Inc. 2022 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 10, 2022. (SEC File No. 000-24206)
10.4(a)†	Form of Restricted Stock Unit Award Agreement (Stock-Settled) for the Penn National Gaming, Inc. 2022 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-8 filed on June 15, 2022. (SEC File No. 000-24206)
10.4(b)†	Form of Restricted Stock Unit Award Agreement (Cash-Settled) for the Penn National Gaming, Inc. 2022 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-8 filed on June 15, 2022. (SEC File No. 000-24206)
10.4(c)†	Form of Performance Unit Award Agreement for the Penn National Gaming, Inc. 2022 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-8 filed on June 15, 2022. (SEC File No. 000-24206)
10.4(d)†	Form of Restricted Stock Award Agreement for the Penn National Gaming, Inc. 2022 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-8 filed on June 15, 2022 (SEC File No. 000-24206)
10.4(e)†	Form of Non-Qualified Stock Option Award Agreement for the Penn National Gaming, Inc. 2022 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-8 filed on June 15, 2022. (SEC File No. 000-24206)
10.4(f)†	Form of Stock Appreciation Right Award Agreement for the Penn National Gaming, Inc. 2022 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-8 filed on June 15, 2022. (SEC File No. 000-24206)
10.5†	Executive Agreement, dated November 2, 2022, between PENN Entertainment, Inc. and Jay Snowden is hereby incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022. (SEC File No. 000-24206)
10.6†	Executive Agreement, dated as of December 31, 2020 and effective as of December 31, 2020 by and between Penn National Gaming, Inc. and Felicia Hendrix is hereby incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 4, 2021. (SEC File No. 000-24206)
10.7†	Executive Agreement, dated January 22, 2020, between Penn National Gaming, Inc. and David Williams is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 24, 2020. (SEC File No. 000-24206)
10.7(a)†	First Amendment to Executive Agreement, dated March 27, 2020, between Penn National Gaming, Inc. and David Williams is hereby incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 30, 2020. (SEC File No. 000-24206)
10.7(b)†	Second Amendment to Executive Agreement, dated October 1, 2020, between Penn National Gaming, Inc. and David Williams is hereby incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 2, 2020. (SEC File No. 000-24206)
10.7(c)†	Separation Agreement and General Release, dated December 30, 2020, by and between Penn National Gaming, Inc. and Dave Williams is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 4, 2021 (SEC File No. 000-24206)

Exhibit Number	Description of Exhibit
10.8†	Executive Agreement, dated as of September 24, 2019, by and between Penn National Gaming, Inc. and William J. Fair is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 26, 2019. (SEC File No. 000-24206)
10.8(a)†	First Amendment to Executive Agreement, dated January 23, 2020, between Penn National Gaming, Inc. and William J. Fair is hereby incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 24, 2020. (SEC File No. 000-24206)
10.8(b)†	Separation Agreement and General Release, dated April 10, 2020 between Penn National Gaming, Inc. and William J. Fair is hereby incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020. (SEC File No. 000-24206)
10.9†	Executive Agreement, dated November 2, 2022, between PENN Entertainment, Inc. and Todd George is hereby incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022. (SEC File No. 000-24206)
10.10†	Executive Agreement, dated November 17, 2020, between Penn National Gaming, Inc. and Harper Ko is hereby incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021. (SEC File No. 000-24206)
10.11*†	Executive Agreement, dated October 11, 2021, between Penn National Gaming, Inc. and Christine LaBombard.
10.12†	Executive Agreement, dated March 10, 2022, between PENN Entertainment, Inc. and Christopher Rogers is hereby incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022. (SEC File No. 000-24206)
10.13*	Lease Agreement, dated March 31, 1995 between Wyomissing Professional Center III, LP and Penn National Gaming, Inc., as amended by certain amendments dated April 15, 1997, October 30, 1997, April 23, 1998, November 16, 1999, August 21, 2000, April 5, 2005, November 20, 2007, May 25, 2012, May 12, 2021, and November 10, 2022.
10.14	Lease, dated January 30, 2002 between Wyomissing Professional Center II, LP and Penn National Gaming, Inc. as amended by certain amendments dated May 23, 2002, December 4, 2002, January 29, 2003, October 19, 2010, May 25, 2012, September 1, 2017, and May 12, 2021, respectively, is hereby incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021. (SEC File No. 000-24206)
10.15††	Master Lease between GLP Capital L.P. and Penn Tenant LLC dated November 1, 2013 ("PENN Master Lease") is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on November 7, 2013. (SEC File No. 000-24206)
10.15(a)	First Amendment to the PENN Master Lease is hereby incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014. (SEC File No. 000-24206)
10.15(b)	Second Amendment to the PENN Master Lease is hereby incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014. (SEC File No. 000-24206)
10.15(c)	Third Amendment to the PENN Master Lease is hereby incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016. (SEC File No. 000-24206)
10.15(d)	Fourth Amendment to the PENN Master Lease is hereby incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017. (SEC File No. 000-24206)

Exhibit Number	Description of Exhibit
10.15(e)	Fifth Amendment to the PENN Master Lease is hereby incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018. (SEC File No. 000-24206)
10.15(f)	Sixth Amendment to the PENN Master Lease is hereby incorporated by reference to Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended on September 30, 2018. (SEC File No. 000-24206)
10.15(g)	Seventh Amendment to the PENN Master Lease is hereby incorporated by reference to Exhibit 10.17 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended on September 30, 2018. (SEC File No. 000-24206)
10.15(h)	Eighth Amendment to the PENN Master Lease is hereby incorporated by reference to Exhibit 10.28(h) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018. (SEC File No. 000-24206)
10.15(i)	Ninth Amendment to the Penn Master Lease is hereby incorporated by reference to Exhibit 10.14(i) to the Company's Annual Report on Form 10-K for the year ended December 31, 2021. (SEC File No. 000-24206)
10.16††	Master Lease, dated April 28, 2016, by and between PNK Entertainment, Inc. and Pinnacle Entertainment, Inc. ("PNK Master Lease") is hereby incorporated by reference to Exhibit 2.2 to Pinnacle Entertainment, Inc.'s Current Report on Form 8-K filed on April 28, 2016. (SEC File No. 001-37666)
10.16(a)	First Amendment to PNK Master Lease, dated August 29, 2016, by and between Pinnacle MLS, LLC and Gold Merger Sub, LLC is hereby incorporated by reference to Exhibit 2.3 to Pinnacle Entertainment, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016. (SEC File No. 001-37666)
10.16(b)	Second Amendment to PNK Master Lease, dated October 25, 2016, by and between Pinnacle MLS, LLC and Gold Merger Sub, LLC is hereby incorporated by reference to Exhibit 2.4 to Pinnacle Entertainment, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016. (SEC File No. 001-37666)
10.16(c)	Third Amendment to PNK Master Lease, dated March 24, 2017, by and between Pinnacle MLS, LLC and Gold Merger Sub, LLC is hereby incorporated by reference to Exhibit 10.1 to Pinnacle Entertainment, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017. (SEC File No. 001-37666)
10.16(d)	Fourth Amendment to PNK Master Lease, dated as of October 15, 2018, by and between Pinnacle MLS, LLC and Gold Merger Sub, LLC is hereby incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on October 15, 2018. (SEC File No. 000-24206)
10.16(e)	Fifth Amendment to PNK Master Lease, dated as of January 14, 2022, by and between Pinnacle MLS, LLC and Gold Merger Sub, LLC is hereby incorporated by reference to Exhibit 10.15(e) to the Company's Annual Report on Form 10-K for the year ended December 31, 2021. (SEC File No. 000-24206).
10.17	Guarantee of PNK Master Lease, dated as of October 15, 2018, by Penn National Gaming, Inc. is hereby incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on October 15, 2018. (SEC File No. 000-24206)
10.18††	Lease, dated as of April 16, 2020, by and between Tropicana Land LLC and Tropicana Las Vegas, Inc. is hereby incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed on April 20, 2020. (SEC File No. 000-24206)
10.19††	Second Amended and Restated Credit Agreement, dated as of May 3, 2022, by and among Penn National Gaming, Inc., as borrower, the guarantors from time to time party thereto, the lenders from time to time party thereto, Bank of America, N.A., as administrative agent and as collateral agent., is hereby incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022. (SEC File No. 000-24206)

Exhibit Number	Description of Exhibit
10.20	Lottery Gaming Facility Management Contract dated August 25, 2009 between the Kansas Lottery and Kansas Entertainment, LLC is hereby incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on February 19, 2010. (SEC File No. 000-24206)
10.21	Binding Term Sheet, dated as of October 9, 2022, by and among PENN Entertainment, Inc. and Gaming and Leisure Properties, Inc. is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 11, 2022. (SEC File No. 000-24206)
10.22	Amended and Restated PENN Master Lease, dated January 1, 2023, by and among PENN Tenant, LLC and Gaming and Leisure Properties, Inc.
10.23	2023 Master Lease, dated January 1, 2023, by and among PENN Tenant, LLC and Gaming and Leisure Properties, Inc.
21.1*	Subsidiaries of the Registrant.
23.1*	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm.
31.1*	CEO Certification pursuant to rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
31.2*	PFO Certification pursuant to rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
32.1**	CEO Certification pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes- Oxley Act of 2002.
32.2**	PFO Certification pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.
99.1*	Description of Governmental Regulation.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Inline XBRL File (included in Exhibit 101)

* Filed herewith.
** Furnished herewith.
† Management contract or compensatory plan or arrangement.
†† Annexes, schedules and/or exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. PENN Entertainment, Inc. agrees to furnish supplementally a copy of any omitted attachment to the SEC on a confidential basis upon request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: February 23, 2023

By: PENN ENTERTAINMENT, INC.
/s/ Jay A. Snowden
Jay A. Snowden
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Jay A. Snowden Jay A. Snowden	Chief Executive Officer, President and Director (Principal Executive Officer)	February 23, 2023
/s/ Felicia R. Hendrix Felicia R. Hendrix	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 23, 2023
/s/ Christine LaBombard Christine LaBombard	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 23, 2023
/s/ Vimla Black-Gupta Vimla Black-Gupta	Director	February 23, 2023
/s/ David A. Handler David A. Handler	Director, Chairman of the Board	February 23, 2023
/s/ John M. Jacquemin John M. Jacquemin	Director	February 23, 2023
/s/ Marla Kaplowitz Marla Kaplowitz	Director	February 23, 2023
/s/ Ronald J. Naples Ronald J. Naples	Director	February 23, 2023
/s/ Saul V. Reibstein Saul V. Reibstein	Director	February 23, 2023
/s/ Jane Scaccetti Jane Scaccetti	Director	February 23, 2023
/s/ Barbara Z. Shattuck Kohn Barbara Z. Shattuck Kohn	Director	February 23, 2023

EXHIBIT 10.11

EXECUTIVE AGREEMENT

This EXECUTIVE AGREEMENT (this "Agreement") is entered into and shall be effective on this 11th day of October 2021 (the "Effective Date"), by Penn National Gaming, Inc., a Pennsylvania corporation (the "Company"), and the senior executive who has executed this Agreement below ("Executive").

WHEREAS, each of the parties wishes to enter into this Agreement, the terms of which are intended to be in compliance with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A", see also Section 22 hereof).

NOW, THEREFORE, the parties, in exchange for the mutual promises described herein and other good and valuable consideration and intending to be legally bound, agree as follows:

1. Employment. The Company hereby agrees to employ Executive and Executive hereby accepts such employment, in accordance with the terms, conditions and provisions hereinafter set forth in this Agreement, at Executive's current compensation, which will be reviewed periodically in the same manner as peer executives. The Company, at its ·sole discretion, reserves the right to review and to change or modify Employee's title, duties, responsibilities and/or reporting structure from time to time. Changes in title, duties, responsibilities or reporting structure shall not affect the validity of this Agreement.

2. Term. The term of this Agreement shall begin on the Effective Date at Executive's current compensation, which will be reviewed periodically in the same manner as Executive's peer executives. This Agreement shall supersede Executive's prior executive agreement and shall terminate on the earlier of the third anniversary of the Effective Date ("Term") or the termination of Executive's employment with the Company; provided, however, notwithstanding anything in this Agreement to the contrary, Sections 6 through 23 shall survive until the expiration of any applicable time periods set forth in Sections 7, 8 and 9. Upon the end of the Term, or any Renewal Term, this Agreement shall automatically renew for an additional twelve (12) months (each a "Renewal Term" and together with the Initial Term, the "Term"). If either Party does not wish for the Agreement to automatically renew at the end of the Initial Term, or any Renewal Term, that Party shall give the other Party at least 30 days written notice prior to the end of the Initial Term or any Renewal Tenn. The terms, conditions and provisions of this Agreement shall govern any Renewal Term.

3. Termination by the Company.

(a) Termination. The Company may terminate Executive's employment at any time without Cause (as such term is defined in subsection (c) below), with Cause, or at the end of the Term by non renewal of this Agreement.

(b) Without Cause. The Company may terminate Executive's employment at any time without Cause (as such term is defined in subsection (c) below) by delivery of written notice to Executive, which notice shall set forth the effective date of such termination.

(c) With Cause. The Company may terminate Executive's employment at any time for Cause effective immediately upon delivery of written notice to Executive. As used herein, the term "Cause" shall mean:

(i) Executive shall have been convicted of, or pled guilty or nolo contendere to, a criminal offense involving allegations of fraud, dishonesty or physical harm during the term of this Agreement;

(ii) Executive is found (or is reasonably likely to be found) disqualified or not suitable to hold a casino or other gaming license by a governmental gaming authority in any jurisdiction where Executive is required to be found qualified, suitable or licensed;

(iii) Executive breaches any significant Company policy (such as the Business Code of Conduct or the Harassment Policy) or term of this Agreement, including, without limitation, Sections 6 through 9 of this Agreement and, in each case, fails to cure such breach within 15 days after receipt of written notice thereof (to the extent curable);

(iv) Executive misappropriates corporate funds or resources as determined in good faith by the Audit Committee of the Board;

(v) the Company determines in its reasonable discretion that Executive has failed to perform Executive's duties with the Company (other than any such failure resulting from incapacity due to physical disability or mental illness) or in the case of repeated insubordination;

(vi) the Company determines in its reasonable discretion that Executive has engaged in illegal conduct or gross misconduct which is or is reasonably expected to be materially injurious to the Company or one of its affiliates;

(vii) Executive's death (this Agreement and Executive's employment will terminate automatically upon Executive's death); or

(viii) Executive's inability to perform the essential functions of Executive's job (with or without reasonable accommodation) by reason of disability, where such inability continues for a period of ninety (90) days continuously.

4. Termination by Executive. Executive may voluntarily terminate employment for any reason effective upon 60 days' prior written notice to the Company, in which case no severance payments or benefits shall be due.

5. Severance Pay and Benefits. Subject to the terms and conditions set forth in this Agreement, if Executive's employment is terminated under Section 3(b) or by the Company's non-renewal of Executive's employment under this Agreement or substantially-similar terms, then the Company will provide Executive with the following severance pay and benefits (except in the event of a breach of the Release, as defined below); provided, for purposes of Section 409A, each payment of severance pay under this Section *5* shall be considered a separate payment:

(a) Amount of Post-Employment Base Salary. Subject to Sections 5(e) and 22, the Company shall pay to Executive an amount equal to 18 months (the "Severance Period") of base salary at the rate in effect on the date of Executive's separation from service (the "Termination Date"). Such amount shall be paid over the Severance Period in accordance with the Company's regular payroll procedures for similarly situated executives following the Termination Date.

(b) Amount of Post-Employment Bonus. In addition to the Post-Employment Base Salary provided under Section 5(a) above, and subject to Section 5(e), the Company shall pay to Executive an amount equal to the product of 1.5 times the amount of the average of the last two full years bonuses paid to Executive based on the actual performance of the Company. Such amount paid

to Executive under this Section 5(b) shall be paid on the date annual bonuses are paid to similarly-situated executives after the Termination Date.

(c) Continued Medical Benefits Coverage. During the Severance Period, Executive and Executive's dependents will have the opportunity under the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended ("COBRA") to elect COBRA continuation coverage. If Employee so elects and pays for COBRA coverage in a timely manner, the Company shall reimburse Executive for the cost of purchasing COBRA coverage through the end of the Severance Period (or until such earlier date as Executive and Executive's dependents cease to receive COBRA coverage).

(d) Certain Other Terms. In the event that the Company announces that it has signed a definitive agreement with respect to a Change of Control (as defined below) or any potential acquirer has publicly announced its intent to consummate a Change of Control with respect to the Company, and if, during the period after the public announcement and immediately preceding the date such transaction is consummated or terminated, the Company terminates Executive's employment without Cause; subject to Section 5{e), the Company shall pay to Executive on the sixtieth day following the employment termination date a lump sum equal to the excess, if any of (i) two times Executive's targeted amount of annual cash bonus at the rate in effect coincident with the employment termination date, over (ii) the amount determined in Section 5(b).

(e) Release Agreement. Executive's entitlement to any severance pay and benefit entitlements under this Section 5 is conditioned upon Executive's first entering into a release substantially in the form attached as Exhibit A ("Release") and the Release becoming effective no later than the sixtieth day following the employment termination date, the Release shall be delivered to Executive within 14 days after the Termination Date. Notwithstanding any other provision hereof, all severance payments to Executive shall be delayed until after the expiration of any applicable revocation period with respect to the release, but in the event the applicable revocation period spans two calendar years, the payments shall commence in the second calendar year. Executive also acknowledges that any severance pay under this Section 5 is subject to the Company's then current recoupment policy.

6. No Conflicts of Interest. Executive agrees that throughout the period of Executive's employment hereunder, Executive will not perform any activities or services, or accept other employment, that would materially interfere with or present a conflict of interest concerning Executive's employment with the Company. Executive agrees and acknowledges that Executive's employment is conditioned upon Executive adhering to and complying with the business practices and requirements of ethical conduct set forth in writing from time to time by the Company in its employee manual, code of conduct or similar publication. Executive represents and warrants that no other contract, agreement or understanding to which Executive is a party or may be subject to will be violated by the execution of this Agreement by Executive. Executive further agrees to not accept any position on the board of a for-profit company without the written consent of the Penn National Gaming, Inc. Chief Executive Officer.

7. Confidentiality.

(a) Definition. "Confidential Information" means data and information relating to the business of the Company or its affiliates, (i) which the Company or its affiliates have disclosed to Executive, or of which Executive became aware as a consequence of or in the course of Executive's employment with the Company, (ii) which have value to the Company or its affiliates, and (iii)

which are not generally known to its competitors. Confidential Information will not include any data or information that the Company or its affiliates have voluntarily disclosed to the public (except where Executive made or caused that public disclosure without authorization), that others have independently developed and disclosed to the public, or that otherwise enters the public domain through lawful means.

(b) Restrictions. Executive agrees to treat as confidential and will not, without the prior written approval of the Company in each instance, directly or indirectly use (other than in the performance of Executive's duties of employment with the Company or its affiliates), publish, disclose, copyright or authorize anyone else to use, publish, disclose or copyright, any Confidential Information obtained during Employee's employment with the Company or its affiliates, whether or not the Confidential Information is in written or other tangible form. This restriction will continue to apply for a period of two (2) years after the Termination Date. Executive acknowledges and agrees that the prohibitions against disclosure and use of Confidential Information recited in this section are in addition to, and not in lieu of, any rights or remedies that the Company or its affiliates may have available under applicable laws.

(c) Nothing in this Agreement or in the Release shall prohibit Executive from reporting possible violations of federal law or regulation to any governmental agency or entity, or malting other disclosures that are protected under the whistleblower provisions of applicable federal or state law or regulation.

8. Non-Competition.

(a) As used in this Section 8, the term "Restriction Period" shall mean a period equal to: (i) the 12-month period immediately following the Termination Date if Executive's employment terminates under circumstances where Executive is not entitled to payments under Section 5 or 10 or (ii) the Severance Period if Executive's employment terminates under circumstances where Executive is entitled to payments under Section 5 or 10.

(b) During the term of this Agreement and for the duration of the Restriction Period thereafter, Executive shall not, except with the prior written consent of the Company, directly or indirectly, own, manage, operate, join, control, finance or participate in the ownership, management, operation, control or financing of, or be connected as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise with, or use or permit Executive's name to be used in connection with, any Competing Business. A "Competing Business" includes any business enterprise which owns or operates, or is publicly seeking to own or operate, a gaming facility located within 150 miles of any facility in which Company or its affiliates owns or operates or is actively seeking to own or operate a facility at such time (the "Restricted Area"). Executive acknowledges that any business which offers gaming, racing, sports wagering or internet real money / social gaming, and which markets to any customers in the Restricted Area, is a Competing Business.

(c) The foregoing restrictions shall not be construed to prohibit Executive's ownership of less than 5% of any class of securities of any corporation which is engaged in any of the foregoing businesses and has a class of securities registered pursuant to the Securities Exchange Act of 1934, provided that such ownership represents a passive investment and that neither Executive nor any group of persons including Executive in any way, either directly or indirectly, manages or exercises control of any such corporation, guarantees any of its financial obligations, otherwise takes any part

in its business, other than exercising Executive's rights as a shareholder, or seeks to do any of the foregoing.

(d) Executive acknowledges that the covenants contained in Sections 7 through 9 hereof are reasonable and necessary to protect the legitimate interests of the Company and its affiliates and, in particular, that the duration and geographic scope of such covenants are reasonable given the nature of this Agreement and the position that Executive will hold within the Company. Executive further agrees to disclose the existence and terms of such covenants to any employer that Executive works for during the Restriction Period.

9. Non-Solicitation. Executive will not, except with the prior written consent of the Company, during the Term of this Agreement and for a period of 18 months after the Termination Date, directly or indirectly, solicit or hire, or encourage the solicitation or hiring of, any person who is, or was within a six month period prior to such solicitation or hiring, an executive or management (or higher) level employee of the Company or any of its affiliates, for any position as an employee, independent contractor, consultant or otherwise for the benefit of any entity not affiliated with the Company.

10. Change of Control.

(a) Definition. The term Change of Control ("COC") shall have the meaning given to such term in the Company's then current Long Term Incentive Compensation Plan.

(b) Payments. In the event of a Change of Control, and either (A) Executive's employment is terminated without Cause within 12 months after the effective date of the Change of Control or (B) Executive resigns from employment for Post-COC Good Reason (as such term is defined in subsection (f) below) within 12 months after the effective date of the Change of Control (the effective date of such termination or resignation, the "Activation Date"), subject to Section l0(d), Executive shall be entitled to receive, on the sixtieth day following the employment termination date, a cash payment in an amount equal to the product of two times the sum of the Executive's: (i) base salary and (ii) targeted amount of annual cash bonus, at the rate in effect coincident with the Change of Control or the Activation Date, whichever is greater; provided, however, that if the Change of Control is not a "change in control event" for purposes of Code Section 409A, then only those amounts that do not constitute non-qualified deferred compensation under Section 409A shall be paid in a lump sum and the remaining payments shall be paid over the Severance Period in accordance with the Company's regular payroll procedures for similarly-situated executives. Such payment shall be in lieu of any payment to which Executive would be entitled under Section 5(a)-(b), provided that Executive shall also be entitled to receive the benefits set forth in Section 5(c).

(c) Injunction; Reasonableness of Covenants. Executive acknowledges and agrees that the Company is entitled to the benefits of the non-competition and non-solicitation covenants for the entire Restriction Period. Executive further agrees that if Executive violates such covenants and if the Company is required to seek judicial enforcement of the same, the Restriction Period, shall commence to run from the date of the stipulation, order, injunction or decree enforcing the Company's rights hereunder. Without limiting anything in this Agreement, Executive and Company agree that the restrictions and limitations contained in Section 8 are reasonable as to scope and duration and are necessary to protect Company's interests and to preserve for Company its competitive advantages including such advantages derived from its Confidential Information to which Executive will have knowledge and that the Company will be irrevocably damaged if such

provision is not specifically enforced. In the event that any of the restrictions and/or limitations contained in Section 8 are deemed to exceed the time or geographic limitations permitted by Pennsylvania law then such provisions of Section 8 shall be reformed to the maximum time and geographical limitations permitted by Pennsylvania law. Executive agrees that, in addition to any other relief to which Company may be entitled in the form of actual or punitive damages, Company shall be entitled to injunctive relief from a court of competent jurisdiction for the purposes of restraining Executive from any actual or threatened breach of any or all of the provisions of this Agreement. Executive agrees to waive and hereby waives any requirement for Company to secure any bond in connection with the obtaining of such injunction or other equitable relief.

(d) Restrictive Provisions. As consideration for the payments under Sections 10(b) or 5, Executive agrees not to challenge the enforceability of any of the restrictions contained in Sections 7, 8 or 9 of this Agreement upon or after the occurrence of a Change of Control.

(e) Release Agreement and Payment Terms. Executive's entitlement to any severance pay and benefit entitlements under this Section 10 is conditioned upon Executive's first entering into a Release as provided by the Company to Executive within 14 days after the Activation Date and the Release becoming effective no later than the sixtieth day following the Activation Date. Notwithstanding any other provision hereof, all payments to Executive shall be delayed until after the expiration of any applicable revocation period with respect to the Release, but in the event the applicable revocation period spans two calendar years, the payments shall commence in the second calendar year.

(f) Post-COC Good Reason. As used herein, the term "Post-COC Good Reason" shall mean the occurrence of any of the following events that the Company fails to cure within 10 days after receiving written notice thereof from Executive (which notice must be delivered within 30 days of Executive becoming aware of the applicable event or circumstance): (i) assignment to Executive of any duties inconsistent in any material respect with Executive's position (including status, titles and reporting requirements), authority, duties or responsibilities or inconsistent with Executive's legal or fiduciary obligations; (ii) any reduction in Executive's compensation or substantial reduction in Executive's benefits taken as a whole; (iii) any travel requirements materially greater than Executive's travel requirements prior to the Change of Control; (iv) an office relocation of greater than 50 miles from Executive's then current office or (v) any breach of any material term of this Agreement by the Company.

11. Property Surrender. Upon termination of Executive's employment for any reason, Executive shall immediately surrender and deliver to the Company all property that belongs to the Company, including, but not limited to, any keys, equipment, computers, phones, credit cards, disk drives and any documents, correspondence and other information, including all Confidential Information, of any type whatsoever, from the Company or any of its agents, servants, employees, suppliers, and existing or potential customers, that came into Executive's possession by any means during the course of employment.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the Commonwealth of Pennsylvania

13. Jurisdiction. The parties hereby irrevocably consent to the jurisdiction of the courts of the Commonwealth of Pennsylvania for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be commenced, prosecuted and continued only in the state or federal courts having

jurisdiction for matters arising in Wyomissing, Pennsylvania, which shall be the exclusive and only proper forum for adjudicating such a claim.

14. Notices. All notices and other communications required or permitted under this Agreement or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been given when hand delivered, delivered by guaranteed next-day delivery or shall be deemed given on the third business day when mailed by registered or certified mail, as follows (provided that notice of change of address shall be deemed given only when received):

If to the Company, to:

Penn National Gaming, Inc.
825 Berkshire Boulevard, Suite 200
Wyomissing, Pennsylvania 19610
Attention: Chief Executive Officer (with a copy to the General Counsel)

If to Executive, to:

Executive's then current home address as provided by Executive to the Company or to such other names or addresses as the Company or Executive, as the case may be, shall designate by notice to each other person entitled to receive notices in the manner specified in this Section 14.

15. Contents of Agreement: Amendment and Assignment. This Agreement sets forth the entire understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements or understandings with respect to thereto. This Agreement cannot be changed, modified, extended, waived or terminated except upon a written instrument signed by the party against which it is to be enforced. Executive may not assign any of Executive's rights or obligations under this Agreement. The Company may assign its rights and obligations under this Agreement to any successor to all or substantially all of its assets or business by means of liquidation, dissolution, merger, consolidation, transfer of assets, stock transfer or otherwise.

16. Severability. If any provision of this Agreement or application thereof to anyone under any circumstances is adjudicated to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement which can be given effect without the invalid or unenforceable provision or application and shall not invalidate or render unenforceable such provision or application in any other jurisdiction. If any provision is held void, invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances. In addition, if any court determines that any part of Sections 7, 8 or 9 hereof is unenforceable because of its duration, geographical scope or otherwise, such court will have the power to modify such provision and, in its modified form, such provision will then be enforceable.

17. Remedies. No remedy conferred upon a party by this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission by a party in exercising any right, remedy or power under this Agreement or existing at law or in equity shall be construed as a waiver thereof, and any such right, remedy or power may be exercised by such party from time to time and as often as may be deemed expedient or necessary by such party in its sole discretion. Executive acknowledges that money

damages would not be a sufficient remedy for any breach of this Agreement by Executive and that the Company shall be entitled to specific performance and injunctive relief as remedies for any such breach, in addition to all other remedies available at law or equity to the Company.

18. Construction. This Agreement is the result of thoughtful negotiations and reflects an arms' length bargain between two sophisticated parties, each with an opportunity to be represented by counsel. The parties agree that, if this Agreement requires interpretation, neither party should be considered "the drafter" nor be entitled to any presumption that any ambiguities are to be resolved in such party's favor.

19. Beneficiaries/References. Executive shall be entitled, to the extent permitted under any applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or benefit payable under this Agreement following Executive's death or incapacity by giving the Company written notice thereof. In the event of Executive's death or a judicial determination of Executive's incompetence, reference in this Agreement to Executive shall be deemed, where appropriate, to refer to Executive's beneficiary, estate or other legal representative. Except as provided in this provision or Company affiliates, no third party beneficiaries are intended.

20. Withholding. All payments under this Agreement shall be made subject to applicable tax withholding, and the Company shall withhold from any payments under this Agreement all federal, state and local taxes, as the Company is required to withhold pursuant to any law or governmental rule or regulation. Executive shall bear all expense of, and be solely responsible for, all federal, state and local taxes due with respect to any payment received under this Agreement.

21. Regulatory Compliance. The terms and provisions hereof shall be conditioned on and subject to compliance with all laws, rules, and regulations of all jurisdictions, or agencies, boards or commissions thereof, having regulatory jurisdiction over the employment or activities of Executive hereunder.

22. Section 409A. Any amounts that constitute nonqualified deferred compensation as defined in Section 409A that become payable upon a termination of employment shall be payable only if such termination of employment constitutes a separation from service (as defined in Section 409A). The payments due under this Agreement are intended to be exempt from Code Section 409A, but to the extent that such payments are not exempt, this Agreement is intended to comply with the requirements of Section 409A and shall be construed accordingly. Any payments or distributions to be made to Executive under this Agreement upon a separation from service (as defined in Section 409A) of amounts classified as "nonqualified deferred compensation" for purposes of Code Section 409A and do not satisfy an exemption from the time and form of payment requirements of Section 409A, shall in no event be made or commence until six months after such separation from service if Executive is a specified employee (as defined in Section 409A). Each payment of nonqualified deferred compensation under this Agreement shall be treated as a separate payment for purposes of Code Section 409A. Any reimbursements made pursuant to this Agreement shall be paid as soon as practicable but no later than 90 days after Executive submits evidence of such expenses to the Company (which payment date shall in no event be later than the last day of the calendar year fol1owing the calendar year in which the expense was incurred). The amount of such reimbursements during any calendar year shall not affect the benefits provided in any other calendar year, and the right to any such benefits shall not be subject to liquidation or exchange for another benefit. Notwithstanding anything herein to the contrary, the Company shall not have any liability to the Executive or to any other person if the payments and benefits provided in this

Agreement that are intended to be exempt from or compliant with Code Section 409A are not so exempt or compliant.

23. Defend Trade Secrets Act. Pursuant to the Defend Trade Secrets Act of 2016, Executive acknowledges that Executive will not have criminal or civil liability under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in **a** lawsuit or other proceeding, if such filing is made under seal. In addition, if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney, and may use the trade secret information in the court proceeding, if Executive (X) files any document containing the trade secret under seal, and (Y) does not disclose the trade secret, except pursuant to court order.

24. Clawback Policy. Executive acknowledges that Executive has received the Company's Clawback Policy and agrees to be bound by it.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement as of the date first above written.

PENN NATIONAL GAMING, INC.

By: /s/ Jay Snowden

Name: Jay Snowden
Title: President & Chief Executive Officer

EXECUTIVE

/s/ Christine LaBombard

Exhibit A

SEPARATION AGREEMENT AND GENERAL RELEASE

This is a Separation Agreement and General Release (hereinafter referred to as the "Agreement") between ___ (hereinafter referred to as the "Employee") and ___ and its affiliates (hereinafter referred to as the "Employer"). In consideration of the mutual promises and commitments made in this Agreement, and intending to be legally bound, Employee, on the one hand, and the Employer on the other hand, agree to the terms set forth in this Agreement.

1. Employee is party to an Executive Agreement dated [DATE] (the "Executive Agreement"). Employer and Employee hereby acknowledge that Employee's employment was terminated on [DATE].

2. (a) Following the execution of this Agreement, Employee will be entitled to the post-employment benefits and subject to the post-employment responsibilities set forth in Employee's Executive Agreement.

(b) If Employee accepts any employment with the Employer, or an affiliate or related entity of the Employer, and becomes reemployed during the Severance Period (as defined in the Executive Agreement), Employee acknowledges and agrees that Employee will forfeit all future severance payments from the date on which reemployment commences.

3. (a) When used in this Agreement, the word "Releasees" means the Employer and all or any of its past and present parent, subsidiary and affiliated corporations, members, companies, partnerships, joint ventures and other entities and their groups, divisions, departments and units, and their past and present directors, trustees, officers, managers, partners, supervisors, employees, attorneys, agents and consultants, and their predecessors, successors and assigns.

(b) When used in this Agreement, the word "Claims" means each and every claim, complaint, cause of action, and grievance, whether known or unknown and whether fixed or contingent, and each and every promise, assurance, contract, representation, guarantee, warranty, right and commitment of any kind, whether known or unknown and whether fixed or contingent.

4. In consideration of the promises of the Employer set forth in this Agreement and the Executive Agreement, and intending to be legally bound, Employee hereby irrevocably remises, releases and forever discharges all Releasees of and from any and all Claims that Employee (on behalf of either Employee or any other person or persons) ever had or now has against any and all of the Releasees, or which Employee (or Employee's heirs, executors, administrators or assigns or any of them) hereafter can, shall or may have against any and all of the Releasees, for or by reason of any cause, matter, thing, occurrence or event whatsoever through the effective date of this Agreement. Employee acknowledges and agrees that the Claims released in this paragraph include, but are not limited to, (a) any and all Claims based on any law, statute or constitution or based on contract or in tort on common law, and (b) any and all Claims based on or arising under any civil rights laws, such as any [STATE] employment laws, or Title VII of the Civil Rights Act of 1964 (42 U.S.C. *§* 2000) or the Federal Age Discrimination in Employment Act (29 U.S.C. § 621 et seq.) (hereinafter referred to as the "ADEA"), and (c) any and all Claims under any grievance or complaint procedure of any kind, and (d) any and all Claims based on or arising out of or related to Employee's recruitment by, employment with, the termination of Employee's employment with, Employee's performance of any services in any capacity for, or any other arrangement or transaction with, each or any of the Releasees. Employee also understands, that by signing this Agreement, Employee is

waiving all Claims against any and all of the Releasees released by this Agreement; provided. however, that as set forth in section 7 (f) (1) (c) of the ADEA, as added by the Older Workers Benefit Protection Act of 1990, nothing in this Agreement constitutes or shall (i) be construed to constitute a waiver by Employee of any rights or claims that may arise after this Agreement is executed by Employee, or (ii) impair Employee's right to file a charge with the U.S. Securities and Exchange Commission ("SEC"), the U.S. Equal Employment Opportunity Commission ("EEOC"), the National Labor Relations Board ("NLRB") or any state agency or to participate in an investigation or proceeding conducted by the SEC, EEOC, NLRB or any state agency or as otherwise required by law. Notwithstanding the foregoing, Employee agrees to waive Employee's right to recover individual relief in any charge, complaint, or lawsuit filed by Employee or anyone on Employee's behalf, except that this does not waive the Employee's ability to obtain monetary awards from the SEC's whistleblower program.

5. Employee further certifies that Employee is not aware of any actual or attempted regulatory, SEC, EEOC or other legal violations by Employer and that Employee's separation is not a result of retaliation based on any legal rights or opposition to an illegal practice.

6. Employee covenants and agrees not to sue the Releasees and each or any of them for any Claims released by this Agreement and to waive any recovery related to any Claims covered by this Agreement.

7. Pursuant to the Defend Trade Secrets Act of 2016, Employee acknowledges that Employee will not have criminal or civil liability under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's attorney, and may use the trade secret information in the court proceeding, if Employee (X) files any document containing the trade secret under seal, and (Y) does not disclose the trade secret, except pursuant to court order.

8. Employee agrees to provide reasonable transition assistance to Employer (including without limitation assistance on regulatory matters, operational matters and in connection with litigation) for a period of one year from the execution of this Agreement at no additional cost; provided, such assistance shall not unreasonably interfere with Employee's pursuit of gainful employment or result in Employee not having a separation from service (as defined in Section 409A of the Internal Revenue Code of 1986). Any assistance beyond this period will be provided at a mutually agreed cost.

9. Employee agrees that, except as specifically provided in this Agreement, there is no compensation, benefits, or other payments due or owed to Employee by each or any of the Releasees, including, without limitation, the Employer, and there are no payments due or owed to Employee in connection with Employee's employment by or the termination of Employee's employment with each or any of the Releasees, including without limitation, any interest in unvested options, SARs, restricted stock or other equity issued to, expected by or contemplated by any of the Releasees (which interest is specifically released herein) or any other benefits (including, without limitation, any other severance benefits). For clarity, Employee acknowledges that upon Employee's separation date, Employee has no further rights under any bonus arrangement or option

plan of Employer. Employee further acknowledges that Employee has not experienced or reported any work-related injury or illness.

10. Except where the Employer has disclosed or is required to disclose the terms of this Agreement pursuant to applicable federal or state law, rule or regulatory practice, Employer and Employee agree that the terms of this Agreement are confidential. Employee will not disclose or publicize the terms of this Agreement and the amounts paid or agreed to be paid pursuant to this Agreement to any person or entity, except to Employee's spouse, Employee's attorney, Employee's accountant, and to a government agency for the purpose of payment or collection of taxes or application for unemployment compensation benefits. Employee agrees that Employee's disclosure of the terms of this Agreement to Employee's spouse, Employee's attorney and Employee's accountant shall be conditioned upon Employee obtaining agreement from them, for the benefit of the Employer, not to disclose or publicize to any person or entity the terms of this Agreement and the amounts paid or agreed to be paid under this Agreement. Employee understands that, notwithstanding any provisions of this Agreement, Employee is not prohibited or in any way restricted from reporting possible violations of law to a government agency or entity, and Employee is not required to inform Employer if Employee makes such reports.

11. Employee agrees not to make any false, misleading, defamatory or disparaging statements, including in blogs, posts on Facebook, twitter, other forms of social media or any such similar communications, about Employer (including without limitation Employer's products, services, partners, investors or personnel) and to refrain from taking any action designed to harm the public perception of the Employer or any of the Releasees. Employee further agrees that Employee has disclosed to Employer all information, if any, in Employee's possession, custody or control related to any legal, compliance or regulatory obligations of Employer and any failures to meet such obligations.

12. The terms of this Agreement are not to be considered as an admission on behalf of either party. Neither this Agreement nor its terms shall be admissible as evidence of any liability or wrongdoing by each or any of the Releasees in any judicial, administrative or other proceeding now pending or hereafter instituted by any person or entity. The Employer is entering into this Agreement solely for the purpose of effectuating a mutually satisfactory separation of Employee's employment.

13. Sections 12 and 13 (Governing Law, Jurisdiction) of the Executive Agreement shall also apply to this Agreement.

14. Along with the surviving provisions of the Executive Agreement, including but not limited to Sections 7, 8 and 9, this Agreement constitutes a complete and final agreement between the parties and supersedes and replaces all prior or contemporaneous agreements, offer letters, severance policies and plans, negotiations, or discussions relating to the subject matter of this Agreement and no other agreement shall be binding upon each or any of the Releasees, including, but not limited to, any agreement made hereafter, unless in writing and signed by an officer of the Employer, and only such agreement shall be binding against the Employer.

15. Employee is advised, and acknowledges that Employee has been advised, to consult with an attorney before signing this Agreement.

16. Employee acknowledges that Employee is signing this Agreement voluntarily, with full knowledge of the nature and consequences of its terms.

17. All executed copies of this Agreement and photocopies thereof shall have the same force and effect and shall be as legally binding and enforceable as the original.

18. Employee acknowledges that Employee has been given up to twenty-one (21) days within which to consider this Agreement before signing it. Subject to paragraph 19 below, this Agreement will become effective on the date of Employee's signature hereof.

19. For a period of seven (7) calendar days following Employee's signature of this Agreement, Employee may revoke the Agreement, and the Agreement shall not become effective or enforceable until the seven (7) day revocation period has expired. Employee may revoke this Agreement at any time within that seven (7) day period, by sending a written notice of revocation to the Human Resources Department of Employer. Such written notice must be actually received by the Employer within that seven (7) day period in order to be valid. If a valid revocation is received within that seven (7) day period, this Agreement shall be null and void for all purposes and no severance shall be paid. If Employee does not revoke this agreement, payment of the severance pay amount set forth in the Employee's Executive Agreement will be paid in the manner and at the time(s) described in the Executive Agreement.

IN WITNESS WHEREOF, the Parties have read, understand and do voluntarily execute this Separation Agreement and General Release which consists of [NUMBER] pages.

EMPLOYER EMPLOYEE

By:___ ___

Date:___ Date:_____

EXHIBIT 10.13

THE CORPORATE CAMPUS AT SPRING RIDGE

SUMMARY OF LEASE TERMS

The terms of this Lease (the "Lease") set forth on these summary pages (the "Summary") are for convenience and are subject to further explanation in the Lease. All terms defined on these summary pages are incorporated by reference into the Lease as if set forth in their entirety therein.

		Reference
1.	Landlord's Name and Address: Wyomissing Professional Center II, Limited Partnership (the "Landlord") 825 Berkshire Boulevard Suite 203 Wyomissing, Pennsylvania 19610 Attention: Mr. Stephen J. Najarian	¶38
2.	Tenant's Name and Address: Penn National Gaming, Inc. (the "Tenant") 825 Berkshire Boulevard, Suite 200 Wyomissing, Pennsylvania 19610	¶38
3.	Leased Premises: The area shown on Exhibit "A" attached hereto and made a part hereof (the "Premises"), containing approximately 4,388 square feet of rentable floor area, situate on the ground floor of a building (the "Building") constructed on the land. The building contains approximately 20,325 square feet of rentable floor area. Determination of actual rentable areas will be made subsequent to completion of design of Tenant interior layout, and the space will be measured in accordance with BOMA standards.	¶1

4. Building Location: ¶1

The Building will be located on a tract of land (the "Land") consisting of approximately 15 acres, located on the North side of Berkshire Boulevard, and the East side of Paper Mill Road in the Borough of Wyomissing, Berks County, Pennsylvania.

5. Building Common Area: **¶4(c)**

The area shown on Exhibit "F" attached hereto and made a part hereof (the "Building Common Area").

6. Parking Spaces: ¶1

In connection with its use of the Premises, Tenant shall have the right to use 18 undesignated parking spaces (collectively, the "Parking Spaces") in the parking area adjacent to the Building.

7. Date of Lease: ¶2

January 25, 2002

8. Commencement Date: ¶2

The term of this Lease shall commence on the first to occur of (a) the date on which Tenant takes occupancy of or commences business at the Premises, or (b) the date of substantial completion, being the date when a certificate of occupancy for the Premises is issued by the applicable municipal authority (whichever date occurs first, the "Commencement Date").The anticipated Commencement Date is March 30, 2002.

9. Term: ¶2

Ten (10) years from the first day of the first full month of occupancy after the Commencement Date (the "Term"). Tenant shall have the ability, with six (6) months prior notice, to cancel the lease on the five (5) year anniversary date without penalty.

Tenant shall have the option to extend this lease for one period of five (5) years with rent escalating at 2% annually above the prior year's rent.

10. ¶3

Fixed Annual Minimum Rent:

Starting rent based on $13.00 per rentable square foot. Rent to be pro rated during any partial months. 2% annual increase over prior year's Annual Minimum Rent.

Premises Size		4,388
Starting Rate per SF	$	13
Annual escalation		2.0 %

Time Period	Rentable Sq. Ft.	Annual Rent per SF	Monthly Rent	Annual Rent (the "Annual Minimum Rent")
Year 1	4,388	$ 13.00	$ 4,753.67	$ 57,044.00
Year 2	4,388	$ 13.26	$ 4,848.74	$ 58,184.88
Year 3	4,388	$ 13.53	$ 4,945.71	$ 59,348.58
Year 4	4,388	$ 13.80	$ 5,044.63	$ 60,535.55
Year 5	4,388	$ 14.07	$ 5,145.52	$ 61,746.26
Year 6	4,388	$ 14.35	$ 5,248.43	$ 62,981.19
Year 7	4,388	$ 14.64	$ 5,353.40	$ 64,240.81
Year 8	4,388	$ 14.93	$ 5,460.47	$ 65,525.63
Year 9	4,388	$ 15.23	$ 5,569.68	$ 66,836.14
Year 10	4,388	$ 15.54	$ 5,681.07	$ 68,172.86

11. Tenant's Share of Expenses ("Premises Expenses"): ¶4(c)

Tenant to pay full pro-rata share of all operating expenses. First year budget based on $3.25 per SF of rentable floor area not including janitorial expenses. Exhibit "B"

Time Period	Rentable Sq. Ft.	Premises Expenses/ Monthly	Premises Expenses/ Annually
Year 1	4,388	$ 3.25	$ 14,261

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12. Building Standard Work Allowance: ¶10

$0.00 per square foot of usable floor area of the Premises (the "Building Standard Work Allowance"). The entire cost for the Fit —Out to be borne by the Tenant.

13. Security Deposit: ¶5

Waived

14. Use of Premises: ¶6

General office uses (the "Permitted Use").

IN WITNESS WHEREOF, and intending to be legally bound hereby, Landlord and Tenant have caused this Summary of Lease Terms to be duly executed this 30 day January 2002.

THIS LEASE MUST BE EXECUTED FOR TENANT, IF A CORPORATION, BY THE PRESIDENT OR VICE PRESIDENT AND ATTESTED BY THE SECRETARY OR ASSISTANT SECRETARY, UNLESS THE BY-LAWS OR A RESOLUTION OF THE BOARD OF DIRECTORS SHALL OTHERWISE PROVIDE, IN WHICH EVENT A CERTIFIED COPY OF THE BY-LAWS OR RESOLUTION, AS THE CASE MAY BE, MUST BE FURNISHED TO LESSOR.

WYOMISSING PROFESSIONAL CENTER II, LIMITED PARTNERSHIP, a Pennsylvania limited partnership, by its General Partner, WYOMISSING PROFESSIONAL CENTER II, INC.

By /s/ Stephen J. Najarian
Stephen J. Najarian, President

("Landlord")

ATTEST:

By: /s/ Susan M. Montgomery

Name: Susan M. Montgomery

Title: Asst. to Chairman

By: /s/ Robert S. Ippolito

Name: Robert S. Ippolito

Title: Vice President/Sec/Treas

Date: 1/30/02

("Tenant")

TABLE OF CONTENTS

LEASE AGREEMENT

IN CONSIDERATION of the mutual promises contained herein, and intending to be legally bound hereby, Landlord and Tenant, in addition to the foregoing Summary, agree as follows:

1. PREMISES. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises. In connection with its use of the Premises, Tenant shall have the right to use the Parking Spaces.

2. TERM.

(a) The Term of this Lease shall commence on the Commencement Date, unless construction is delayed as provided in Paragraph 9(b).

(b) Within thirty (30) days after the Commencement Date, Landlord and Tenant shall execute a letter agreement specifying the Commencement Date. Failure to execute such letter agreement shall in no way cause this Lease not to remain in full force and effect.

(c) Tenant shall have the right to renew this lease for one (1) five (5) year renewal period under the same terms and conditions of the base lease with the exception that the starting rent for the period shall be 2% higher than the previous year's rent. Six (6) months written notice will be required to exercise such options by Tenant.

(d) Tenant shall surrender and deliver up the Premises at the end of the Term of this Lease in good order and condition as of the date of execution hereof, reasonable use and natural wear and tear excepted. If Tenant fails to surrender the Premises to Landlord on the date as required herein, Tenant shall hold Landlord

harmless from all damages, direct and indirect, resulting from Tenant's failure to surrender the Premises as herein provided, including but not limited to claims made by a succeeding tenant resulting from Landlord's inability to deliver the Premises, or any part thereof, due to Tenant's failure to surrender the Premises.

(i) Should the Tenant, without the express written consent of the Landlord, continue to hold and occupy the Premises after the expiration of the Term of this Lease, such holding over shall be considered a tenancy at sufferance, and not for any other term whatsoever, which may be terminated by the Landlord at the will of the Landlord by giving Tenant written notice thereof, and at any time thereafter the Landlord may re-enter and take possession of the Premises, by force or otherwise. Rent during any such holding over shall be charged and paid by Tenant at the rate of 150% of the monthly rent reserved herein as the monthly rental due for that month immediately preceding the holding over.

(e) Definition of Lease Year: A "lease year," as herein referred to, shall consist of that full twelve (12) month period commencing on the first day of the first full month during which this Lease is in full force and effect and of each full twelve (12) month period thereafter. If the Commencement Date of this Lease, as provided aforesaid, is a day not the first day of the month, the first lease year shall consist of the remainder of that first month and the first full twelve (12) months thereafter.

3. RENT.

(a) During the term of this Lease, Tenant shall pay Landlord the Annual Minimum Rent in equal monthly installments. To the extent that the actual rentable floor area of the Premises is different from the area shown on the Summary, as certified by Landlord's architect, the Annual Minimum Rent shall be adjusted accordingly.

(b) All rent shall be payable in advance, without demand, on the first day of each calendar month during the term of this Lease, except the first monthly installment shall be paid upon the signing of this Lease. The first and last monthly payments shall be prorated on a per diem basis for any period less than a full calendar month.

(c) All rent and additional rent shall be payable without any deduction, offset or counterclaim. All rent and additional rent due hereunder shall be payable in immediately available funds at Landlord's address set forth in the Summary or at such other place as may be designated by Landlord.

(d) Tenant shall also pay as rent any sums which may become due by reason of the failure of Tenant to comply with any covenants of this Lease and any damages, costs, expenses and reasonable attorneys' fees which Landlord may incur by reason of any failure on Tenant's part to comply with any covenants of this Lease.

(e) Tenant shall pay a late charge at the rate of five percent (5%) on each dollar of rent, or any other sum collectible as rent under this Lease, which is not paid within ten (10) days after the same is due.

(f) This Lease shall be deemed and construed to be a "net-net-net" lease, so that the Annual Minimum Rent provided for herein shall be an absolute net return to Landlord throughout the term of this Lease, free of any expense, charge or other deduction whatsoever, with respect to the Premises and/or the ownership, leasing, operation, maintenance, repair, rebuilding, use or occupation thereof, or of any portion thereof, or with respect to any interest of Landlord therein, except as may be expressly provided for otherwise herein.

4. TENANT'S SHARE OF EXPENSES.

(a) In addition to the payment of Annual Minimum Rent as provided herein, Tenant shall pay as additional rent hereunder its proportionate share (as described in Paragraph 4(c)) of all Expenses (as hereinafter defined) incurred during each calendar year of the term of this Lease, as provided herein. For purposes hereof, "Expenses" shall mean all real estate taxes, real estate assessments, insurance premiums (other than Tenant's liability insurance), and other costs and expenses of every type and character incurred by Landlord in operating and maintaining the Building and the Land (or portion of the Land relating to the Building), including without limitation, the common areas thereof, all fixtures and equipment therein or thereon, water and sewer charges as metered, repair and maintenance of fixtures, equipment and utility systems relating to the Premises, janitorial services (if any) provided to Tenant, trash removal costs pertaining to the Building, grass cutting, landscape maintenance, snow removal and parking area repair, maintenance, repaving, cleaning and striping, costs of lighting the parking area, and

all fees, charges and expenses imposed or assessed against the Building and its owner(s) by any applicable owners association. Expenses shall be pre-paid on a monthly basis during each calendar year of the term of this Lease as provided herein. Attached hereto as Exhibit "B" and made a part hereof is the current budget estimate and operating description for the operation of the Building and the Land. All items on the budget shall be included as Expenses, but other Expenses may be incurred from time to time.

(b) For purposes hereof, "Expenses" shall not include:

(i) Costs for which Landlord is reimbursed or indemnified (either by an insurer, condemnor, tenant, warrantor or otherwise) or, in the event Landlord fails to properly insure the Building, then Expenses shall not include expenses for which Landlord would have been reimbursed if Landlord had adequately insured the Building.

(ii) Expenses incurred in leasing or procuring tenants, including lease commissions, advertising expenses, management and leasing offices, lease negotiation and review, expenses and renovating space for tenants, and legal expenses incurred in enforcing the terms of any tenant leases.

(iii) Interest or amortization payments on any mortgages.

(iv) Costs representing an amount paid to an affiliate of Landlord which is in excess of the amount which would have been paid in the absence of such relationship.

(v) Costs specifically billed to and paid by specific tenants, including, without limitation, expenses for work performed for other tenants in the Building and expenses to be billed to other tenants for excess utility use or other services that are beyond normal office use. There shall be no duplication of costs or reimbursement.

(vi) Depreciation and costs incurred by Landlord for alterations that are considered capital improvements and replacements under generally accepted accounting principles consistently applied, except that the annual amortization of these costs shall be included in the following two instances:

(A) The annual amortization over its useful life (not to be less than ten (10) years) with a reasonable salvage value on a straight line basis of the cost of any improvement made by Landlord and required by any changes in applicable laws, rules, or regulations of any governmental authority enacted after the Building was fully assessed as a completed and occupied unit and the Lease was signed.

(B) The annual amortization over its useful life (not to be less than ten (10) years) with a reasonable salvage value on a straight line basis of the cost of any equipment or capital improvements made by Landlord after the Building was fully assessed as a completed and occupied unit and the Lease was signed, as a labor-saving measure or to accomplish other savings in operating, repairing, managing, or maintaining of the Building or Land, but only to the extent of the savings realized.

(vii) Salaries other than salary for a building manager and/or maintenance personnel or salary reimbursement to the Landlord equal to $0.35 per rentable square foot of floor area annually.

(viii) Landlord's personal property and Landlord's own occupancy costs, if any, in the Building.

(c) The portion of Expenses which are applicable to the Premises (the "Premises Expenses") shall be determined by multiplying the Expenses by a fraction, the numerator of which is the rentable floor area of the Premises as shown on the Summary and the denominator of which is the aggregate number of rentable floor area in the Building as shown on the Summary. In addition, Tenant shall have responsibility for the entire amount of Expenses relating directly to the cost of operating the Premises, which does not include any other portion of the Building Common Area, such as janitorial services or the repair, maintenance, or Tenant required modification of the heating, ventilating or air-conditioning ("HVAC") system relating directly to the Premises. Tenant shall be responsible for its proportionate share of the entire amount of janitorial services and maintenance costs relating directly to the Building Common Area, on an occupied area basis.

(d) Tenant agrees to pay Landlord as additional rent hereunder all Premises Expenses incurred during the term of this Lease, including any and all increases in the Premises Expenses.

(e) Tenant shall pay Landlord monthly, in advance, on the first day of each calendar month during the term of this Lease, and pro rata for the fraction of any month, the sum estimated by Landlord to be one-twelfth 1/12th) of Tenant's share of all Premises Expenses. If at any time and from time to time it is determined by Landlord that Tenant's estimated payments will be insufficient to pay Tenant's share of such Premises Expenses, the Landlord shall have the right to adjust the amount of Tenant's estimated payments upon thirty (30) days prior written notice, and Tenant agrees to thereafter pay the adjusted estimated payment on a monthly basis.

(f) Within one hundred twenty (120) days after the end of each calendar year, Landlord shall deliver to Tenant (i) a written itemization of Expenses for the prior Lease year and (ii) an estimate of the then current Lease year's Expenses and Tenant's share of the Premises Expenses. An

adjustment shall be made between the aggregate total of Tenant's share of estimated Premises Expenses actually paid by Tenant during the prior Lease year, and Tenant's share of Premises Expenses actually incurred during the prior Lease year, so that Landlord shall reimburse Tenant for any excess paid by Tenant, and Tenant shall pay any deficiency to Landlord within ten (10) days of demand. If Tenant disagrees with the accuracy of the Expenses as set forth in Landlord's itemization statement, Tenant shall give written notice to Landlord to that effect, but shall nevertheless make payment in accordance with the terms of this Paragraph.

(g) Landlord shall permit Tenant to inspect its records with respect to the Expenses at a mutually convenient time and place. Any information obtained by Tenant pursuant to the provisions of this Paragraph shall be treated as confidential, except in any litigation between the parties.

(h) If due to a change in the laws presently governing taxation, any franchise tax or tax on income, profit, rentals or occupancies from or of the Premises shall be levied or imposed against the Landlord (other than business privilege tax, which is considered an Expense) in lieu of any tax or assessment that would otherwise constitute a real estate tax, such franchise, income, profit tax or tax on rentals shall be deemed to be a real estate tax and included as part of the Expenses.

5. SECURITY DEPOSIT. Waived

6. USE. The Premises shall be used only for the Permitted Use and shall not be used for any other purpose. Tenant will not use, and will not permit the use of, the Premises for any purpose which is unlawful or in violation of any statute, ordinance, rule, regulation or restriction governing the use of the Premises.

7. SERVICES AND FACILITIES. The following services and facilities shall be supplied by Landlord to Tenant in connection with Tenant's use of the Premises, in common (where applicable) with other tenants of the Building:

(a) The cost of the services described in this Paragraph are to be included as part of the Premises Expenses, except for electricity and gas, which shall be billed directly to the Tenant from the utility companies.

(b) Landlord shall furnish and maintain HVAC equipment and facilities for the Premises, in accordance with Tenant's layout and specifications, for the comfortable occupancy of the Premises. Comfortable occupancy shall mean temperatures of 68°-74°F throughout the Premises on a year-round basis, provided Tenant does not exceed an electrical load of six (6) watts per square foot and an occupancy level of one person for each 150 square feet. HVAC shall be under Tenant's control with respect to the hours of operation. Tenant shall pay directly for the electricity and gas it consumes for HVAC.

(c) Landlord shall maintain and repair the HVAC, electrical and plumbing systems servicing the Premises, the ceiling and lighting in the Premises, and the Building, its common areas, exterior, and all of the Building systems in a first class manner. The costs of this maintenance shall be included as part of the Expenses.

(d) Landlord shall provide lamping of all lighting fixtures in the Premises.

(e) Landlord shall have no responsibility or liability to Tenant, nor shall there be any abatement in rent, for any failure to supply any services or facilities as provided herein during such period as

Landlord deems advisable or necessary in order to make repairs, alternations or improvements or because of labor disturbances, strikes, accidents or any other causes beyond Landlord's control.

(f) Landlord shall be responsible, at Landlord's sole cost and expense, for structural repairs and replacement of HVAC units installed in the Building. Except as otherwise provided in Paragraph 7(c) hereof, these repairs shall not be included as part of the Expenses.

8. UTILITIES. Landlord shall install meters for measuring Tenant's electric and gas usage and all other utility services to the Premises, and Tenant shall pay the utility company directly for such usage, which shall be in addition to the Expenses as defined herein.

9. CONSTRUCTION OF BUILDING.

(a) Landlord shall construct the Building on the Land in accordance with its plans and specifications for the Building.

(b) If the Landlord is delayed at any time in the progress of constructing the Building by changes requested by Tenant, by labor disputes, unavailability of materials or supplies, fire, war or civil disobedience, unusual delay in transportation, unavoidable casualties, acts of God, or any other cause beyond the Landlord's control, the Commencement Date shall be extended for a period of time equal to the period of such delay.

(c) Landlord warrants and represents to Tenant that no part of the Premises or Building (including the walls, ceilings, structural steel, flooring and pipes) shall be wrapped, insulated or fireproofed with any asbestos, asbestos-containing material or other hazardous material.

(d) Landlord agrees to deliver possession of the Premises to Tenant in compliance with all zoning and all other municipal, county, state and federal governmental laws, codes and requirements, including the Americans with Disabilities Act.

10. BUILDING STANDARD WORK ALLOWANCE.

(a) Tenant will be entirely responsible for interior improvements to be made to the Premises. All such improvements shall be made in accordance with Tenant's plans and specifications, marked as Exhibits "A" and "E" attached hereto and made a part hereof, subject to Landlord's review and approval from an engineering standpoint. All such work shall be performed by Landlord's contractors and billed at the rate of the subcontractor's or supplier's cost plus a total of 15% for construction management fee, overhead, and builder's profit.

(b) The cost of the work performed in the Premises "interior improvements", Tenant agrees to pay for this entire amount promptly upon billing therefor.

11. SIGNS. Landlord agrees to provide or allow exterior signage as follows: Exterior signage consisting of a building directional sign on the interior campus road frontage, and a building tenant directory at the exterior of the building.

12. AFFIRMATIVE COVENANTS OF TENANT. Tenant covenants and agrees that it will without demand:

(a) Comply with all requirements of any governmental authorities which apply to Tenant's use of the Premises. Promptly comply, or cause compliance, with all laws and ordinances and the orders, rules, regulations and requirements of all federal, state, county and municipal governments and appropriate departments, commissions, boards and officers thereof; foreseen or unforeseen, ordinary or extraordinary, and whether or not within the present contemplation of the parties hereto or involving any change of governmental policy and irrespective of the cost thereof, which may be applicable to the Premises, including, without limitation, the fixtures and equipment thereof and the use or manner of use of the Premises.

(b) Comply with the rules and regulations from time to time made by Landlord for the safety, care, upkeep and cleanliness of the Premises, the Building and the Land. Tenant agrees that such rules and regulations shall, when written notice thereof is given to Tenant, form a part of this Lease.

(c) Keep the Premises and Building Common Area in good order and condition, excepting only ordinary wear and tear and damage by accidental fire or other casualty not occurring through the action or negligence of Tenant or its agents, employees and invitees.

(d) Peaceably deliver up and surrender possession of the Premises to Landlord at the expiration or sooner termination of this Lease, in the same condition in which Tenant has agreed to keep the Premises during the term of this Lease, and promptly deliver to Landlord at its office all keys for the Premises.

(e) Give to Landlord prompt written notice of any accident, fire or damage occurring on or to the Premises within twenty-four (24) hours of occurrence thereof

(f) Give to Landlord a copy of any written notice concerning the Premises within twenty-four (24) hours of Tenant's receipt thereof

(g) Cause its employees and visitors to park their cars only in those portions of the parking area as may be designated for that purpose by Landlord, and not use or permit the use of any more parking spaces in the parking area than are permitted in Paragraph 1 herein.

(h) Promptly upon Landlord's request, deliver to Landlord's lender copies of Tenant's annual financial statements for the past two (2) years.

13. NEGATIVE COVENANTS OF TENANT. Tenant covenants and agrees that it will do none of the following without the prior written consent of Landlord:

(a) Place or allow to be placed any sign, projection or device upon the Premises or on the inside or outside of the Building contrary to the provisions of this Lease.

(b) Make any alterations, improvements or additions to the Premises. All alterations, improvements, additions or fixtures, whether installed before or after the execution of this Lease, shall remain upon the Premises at the expiration or sooner termination of this Lease and become the property of Landlord, unless Landlord, prior to the termination of this Lease, shall have given written notice to Tenant to remove the same, in which event Tenant shall remove such alterations, improvements and additions or fixtures, and restore the Premises to the same good order and condition in which they were upon initial occupancy.

(c) Do or suffer to be done any act objectionable to any insurance company whereby the insurance or any other insurance now in force or hereafter placed on the Premises or the Building shall become void or suspended, or whereby the same shall be rated as a more hazardous risk than at the date of the signing of this Lease. In case of a breach of this covenant (in addition to all other remedies herein given to Landlord) Tenant agrees to pay Landlord as additional rent any and all increases of premiums on insurance reasonably carried by Landlord on the Premises or the Building caused in any way by the use or occupancy of the Premises by the Tenant.

14. NO MECHANICS' LIENS.

(a) Subsequent to the Commencement Date, any construction work performed by or at the direction of Tenant within the Premises shall be performed in a good and workmanlike manner, and in accordance with the requirements of all applicable laws. Tenant, at its sole cost and expense, shall apply for and provide with reasonable diligence all necessary permits and licenses required for any such construction work. Prior to the commencement of any work or delivery of any materials to the Premises, Building or Land, Tenant shall cause each contractor to sign a Waiver of Right to File Mechanics' Liens and Mechanics' Lien Claims, which shall be filed in the Office of the Prothonotary in the Court of Common Pleas of Berks County, Pennsylvania. Tenant shall keep the Premises, Building and Land free from any and all liens arising out of any work performed, materials furnished or obligations incurred by or for Tenant, and agrees to bond against or discharge any mechanic's or materialmen's lien within ten (10) days after the filing or recording of any such lien. Tenant shall reimburse Landlord for any and all costs and expenses which may be incurred by Landlord by reason of the filing of any such liens and/or the removal of same, such reimbursement to be made within ten (10) days after Landlord has given Tenant a statement setting forth the amount of such costs and expenses. The failure of Tenant to pay any such amount to Landlord within such 10-day period shall carry with it the same consequences as failure to pay any installment of rent hereunder.

(b) Prior to the commencement of any work hereunder, Tenant shall cause each of its contractors to indemnify Landlord and hold it harmless from and against all personal injury and property damage

liability incurred during the course of its work and to provide a builder's "all-risk" insurance policy, which policy will be in force during the entire term of the work being performed on the Premises. The insurance shall be in an amount acceptable to the Landlord and the Tenant, and shall name the Tenant, the Landlord and the Landlord's lender, as their respective interests may appear, as additional insureds. The insurance coverage shall provide for at least thirty (30) days' notice of cancellation, non-renewal or change. A certificate of insurance satisfactory to the Tenant, Landlord and Landlord's lender, shall be submitted to the Landlord and the Landlord's lender prior to the

commencement of any work in the Premises.

(c) Within thirty (30) days after completion of any construction in the Premises, Tenant shall deliver to Landlord a complete set of "as built" plans of such work, including without limitation, architectural, mechanical, plumbing and electrical plans, certified to Landlord by a duly licensed Pennsylvania engineer.

15. LANDLORD'S RIGHT TO ENTER. Tenant shall permit Landlord, Landlord's agents, servants, employees, and prospective buyers or any other persons authorized by Landlord, to inspect the Premises at any time, and to enter the Premises for the purposes of cleaning and, if Landlord shall so elect, for making reasonable alterations, improvements or repairs to the Building, or for any reasonable purpose in connection with the operation and maintenance of the Building, and during the last one (1) year of the term of this Lease, for the purpose of exhibiting the same for sale or lease. Landlord or its agents shall have the right (but shall not be obligated) to enter the Premises in any emergency at any time without prior notice to Tenant, but Landlord shall notify Tenant by telephone of such entry either during or immediately following such emergency.

16. RELEASE OF LANDLORD.

(a) Unless caused by the negligence of Landlord, or unless Landlord fails to perform its duties under this lease, Tenant shall be responsible for and hereby relieves Landlord from any and all liability by reason of any injury, loss, or damage to any person or property in the Premises, whether the same be due to fire, breakage, leakage, water flow, gas, use, misuse, or defects therein, or condition anywhere in the Premises, failure of water supply or light or power or electricity, wind, lightning, storm, or any other cause whatsoever, whether the loss, injury or damage be to the person or property of Tenant or any other persons.

(b) Tenant acknowledges that Tenant has inspected the Premises and that the Premises are being leased "AS IS" as a result of such inspection and not as a result of any representations made by Landlord. Landlord makes no representation or warranty to Tenant, express or implied, that the Premises are free from hazardous or toxic substances, materials or wastes which are or become regulated by any federal, state or local governmental authority or that the Premises are in compliance with any federal, state or local environmental laws or regulations. Tenant acknowledges that the Premises are in a reasonable and acceptable condition of habitability for their intended use, and the agreed rental payments are fair and reasonable.

OR FOR NEW CONSTRUCTION

Landlord makes no warranty to Tenant, express or implied, that the Premises are free from hazardous or toxic substances, materials or wastes which are or become regulated by any federal, state or local governmental authority or that the Premises are in compliance with any federal, state or local environmental laws or regulations. However, to the best of its knowledge, Landlord represents that the building and/or premises are free of hazardous substances. Upon execution of a Commencement Agreement, Tenant will acknowledge that the Premises are in a reasonable and acceptable condition of habitability for their intended use, and the agreed rental payments are fair and reasonable.

(c) Tenant acknowledges and agrees that Landlord shall not be liable to Tenant for any loss to Tenant or injury to its property or to the property of any other person by reason of the construction of the Building and other improvements located upon the Premises, the materials used in said construction, the design thereof, the condition thereof, any defects therein, or any alterations, additions, improvements, changes or replacements thereto and thereof

(d) Landlord shall not be liable to Tenant for any damages, compensation, or claim by reason of the inconvenience or annoyance arising from the necessity of repairing any portion of the Premises or the Building or improvements erected thereon, interruption in the use or occupancy thereof, or the termination of

this Lease by reason of the partial or total destruction of the Premises or the Building and improvements erected thereon.

(e) Without limiting the effect of the release stated in Paragraphs 16(a) through (d) above, Landlord shall not be deemed in breach of this Lease for any reason whatsoever unless (i) Tenant shall have delivered to Landlord written notice setting forth the specific details of all facts, events or occurrences upon which Tenant relies in asserting such breach, and (ii) Landlord shall have failed to cure the alleged breach within thirty (30) days of receipt of such written notice, it being agreed that any breach which is of a type that reasonably requires longer than thirty (30) days to cure shall be deemed cured within such 30-day period if Landlord commences to cure such breach within such 30-day period and diligently proceeds to complete the cure of such breach thereafter.

17. ASSIGNMENT AND SUBLETTING.

(a) Except as otherwise provided in the immediately following sentence, Tenant shall not assign, mortgage or pledge this Lease, or sublet the Premises or any part thereof, or permit any other person to occupy the Premises or any part thereof, without the prior written consent of Landlord. Such prior consent shall not be required if Tenant makes an assignment or sublease to (i) any corporation or other legal entity which owns directly or indirectly all or substantially all of the stock of Tenant, (ii) any corporation or other legal entity of which more than one-half the stock is owned by Tenant, or (iii) any corporation into which Tenant may be converted or with which Tenant may be merged, provided that prior to taking possession of any part of the Premises, such corporation or other legal entity shall sign an assumption agreement in form satisfactory to Landlord, whereby such corporation or other legal entity agrees to be bound by the terms and conditions of this Lease.

(b) Landlord shall not withhold its consent to any assignment or subletting to any corporation or other legal entity having financial strength the same as or greater than the present financial strength of Tenant.

(c) Any assignment or subletting, even with the consent of Landlord, shall not release Tenant from liability for payment of rent or any other charges hereunder or from any of the other obligations under this Lease, and any additional consideration resulting from such assignment or subletting in excess of the rent specified herein shall be additional rent hereunder, due and payable to Landlord. The acceptance of rent from any other person shall not be deemed to be a waiver of any of the provisions of this Lease or to be a consent to any assignment or subletting. Upon any assignment of this Lease or subletting of the Premises, a change in any respect of the use of the Premises from the use actually employed by the original Tenant shall require the prior written consent of Landlord.

18. ENVIRONMENTAL COMPLIANCE. Tenant shall not cause or permit any hazardous substance, material or waste (as defined in any applicable environmental law, rule or regulation) to be brought upon or used in or about the Premises. Tenant shall cause the Premises to be used at all times in compliance with all applicable environmental laws, rules and regulations. Any failure of Tenant to comply with the covenants contained in this Paragraph shall be covered by the indemnification provisions of Paragraph 19 herein and shall be subject to all other rights and remedies available to Landlord. In no event shall Landlord be responsible for any damage resulting from any contamination to the Premises or otherwise, unless caused by Landlord.

19. INDEMNIFICATION. Tenant agrees to indemnify Landlord against loss and save Landlord harmless from and against (a) any breach or default in the performance of any covenant or agreement to be performed by Tenant under the terms of this Lease, (b) any and all claims, damages, and liabilities arising from anything done in or about the Premises during the term of this Lease by Tenant or any of its agents, contractors, servants, employees, invitees or licensees, (c) any act or negligence of Tenant or any of its agents, contractors, servants, employees, invitees or licensees, including any accident, injury or damage whatsoever caused to any person, in or about the Premises, and (d) all costs, reasonable counsel fees, expenses and liabilities incurred in connection with any such claim for which indemnification has been provided under this Paragraph. In case any action or proceeding shall be brought against Landlord by reason of any such claim, Tenant, upon notice from Landlord, shall reimburse Landlord for its counsel fees incurred in defending such action or proceeding. Tenant shall, within ten (10) days following notice to it of any claim of a third party relating to Tenant's use or occupancy of the Premises or to the performance or non-performance by Tenant of its obligations under this Lease, give written notice to the Landlord of such claim. The provisions of this Paragraph shall survive the expiration or termination of this Lease.

20. LIABILITY INSURANCE.

(a) Tenant, at its own cost and expense, shall obtain during the term of this Lease, and any renewals or extensions thereof, commercial general liability insurance in companies acceptable to Landlord, naming Landlord and Tenant as the insureds, in an amount not less than One Million Dollars ($1,000,000.00), and providing for at least thirty (30) days' prior written notice to Landlord of cancellation, nonrenewal, or modification.

(b) Upon the signing of this Lease, Tenant shall deliver to Landlord a copy of the policy evidencing such insurance. At least thirty (30) days before the expiration of such policy and any renewal policies, Tenant shall deliver to Landlord a copy of the renewal policy.

21. FIRE OR OTHER CASUALTY.

(a) If during the term of this Lease or any renewal or extension thereof, the Premises or the Building is totally destroyed or is so damaged by fire or other casualty not occurring through the fault or negligence of Tenant or those employed by or acting for Tenant to the extent that the same cannot be repaired or restored within one hundred eighty (180) days from the date of the happening of such damage, or if such damage or casualty is not included in the risks covered by Landlord's fire insurance, then Landlord shall have the option to terminate this Lease upon written notice to Tenant, whereupon this Lease shall absolutely cease and terminate and the rent shall abate for the balance of the term. In such case, Tenant shall pay the rent apportioned to the date of damage and Landlord may enter upon and repossess the Premises without further notice.

(b) If Landlord chooses to restore the Premises, Landlord shall repair whatever portion of the Premises that may have been damaged by fire or other casualty insured as aforesaid, and the rent shall be apportioned during the time Landlord is in possession, taking into account the proportion of the Premises rendered untenantable and the duration of Landlord's possession.

(c) If said damage by fire or other casualty was caused by the action or negligence of Tenant or its agents, employees or invitees, Tenant shall not be entitled to any abatement or apportionment of the rent.

(d) Tenant, at its own cost and expense, shall obtain during the term of this Lease, and any renewals or extensions thereof, content insurance for the full replacement value of its personalty used in Tenant's daily operations of the Permitted Use.

22. WAIVER OF SUBROGATION. Landlord and Tenant shall each endeavor to procure an appropriate clause in, or endorsement on, any fire and extended coverage insurance covering the Premises and Building and personal property, fixtures, and equipment located thereon or therein, pursuant to which the insurance companies waive subrogation or consent to a waiver of right of recovery. Each party hereto hereby agrees that it will not make any claim against or seek to recover from the other for any loss or damage to its property or the property of others resulting from fire or other hazards covered by such fire and extended coverage insurance except as expressly provided in this Lease; provided, however, that the release, discharge, exoneration, and covenant not to sue herein contained shall be limited by the terms and provisions of the waiver of subrogation clauses and/or endorsements consenting to a waiver of right of recovery and shall be coextensive therewith.

23. NO IMPLIED EVICTION. Notwithstanding any inference to the contrary herein contained, it is understood that the exercise by Landlord of any of its rights hereunder, including (without limitation) cessation of services as described in Paragraph 27(c)(ii), shall never be deemed an eviction (constructive or otherwise) of Tenant, or a disturbance of its use of the Premises, and shall in no event render Landlord liable to Tenant or any other person, so long as such exercise of rights is in accordance with the foregoing terms and conditions.

24. CONDEMNATION. If the whole of the Premises shall be acquired or condemned by eminent domain, then the term of this Lease shall cease and terminate as of the date on which possession of the Premises is required to be surrendered to the condemning authority. All rent

shall be paid up to the date of termination. A partial condemnation shall not be cause for termination of this Lease. Tenant hereby expressly waives any right or claim to any part of any condemnation award or damages and hereby assigns to Landlord any such right or claim to which Tenant might become entitled.

25. LANDLORD'S RIGHT TO PAY TENANT EXPENSES. If Tenant shall at any time fail to pay any utility or other charges or to take out, pay for, maintain or deliver any of the insurance policies provided for herein, or shall fail to make any other payment or perform any other act which Tenant is obligated to make or perform under this Lease, then without waiving, or releasing Tenant from, any obligations of Tenant contained in this Lease, Landlord may, but shall not be obligated to, pay any such charge, effect any such insurance coverage and pay premiums therefor, and may make any other payment or perform any other act which Tenant is obligated to perform under this Lease, in such manner and to such extent as shall be necessary. In exercising any such rights, Landlord may pay any necessary and incidental costs and expenses, employ counsel and incur and pay reasonable attorneys' fees. All sums so paid by Landlord and all necessary and incidental costs and expenses in connection with the performance of any such act by Landlord, together with interest thereon at the rate of twelve percent (12%) per annum from the date of the making of such expenditure by Landlord, shall be deemed additional rent hereunder and, except as otherwise expressly provided in this Lease, shall be payable to Landlord after ten (10) days' written notice thereof. Tenant covenants to pay any such sum or sums with interest as aforesaid and Landlord shall have (in addition to any other right or remedy of the Landlord) the same rights and remedies in the event of nonpayment thereof by Tenant as in the case of default by Tenant in the payment of rent.

26. EVENTS OF DEFAULT. The occurrence of each of the following events shall be an "Event of Default" hereunder:

(a) Tenant does not pay in full when due any installment of rent, additional rent or any other charges, expenses or costs herein agreed to be paid by Tenant for a period of five (5) days after receipt of notice that same has not been paid when due; provided that in the event Tenant shall have received three (3) such written notices within any period of twelve (12) consecutive months, then during the remainder of the twelve (12) consecutive month period after Tenant shall have received its first written notice from Landlord, Tenant shall thereafter be in default hereunder whenever Tenant shall fail to pay any sum owing under this Lease when due, without the necessity of sending any written notice of nonpayment;

(b) Tenant violates or fails to perform or comply with any nonmonetary term, covenant, condition, or agreement herein contained and fails to cure such default within thirty (30) days of notice thereof from Landlord, provided, however, if such default cannot be cured with reasonable diligence within such thirty (30) day period, the time for cure of same shall be deemed extended for such additional time as is reasonably necessary to cure same with due diligence for an additional period not to exceed thirty (30) days;

(c) Tenant vacates the Premises;

(d) Tenant shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent or shall file any petition or answer seeking any reorganization, arrangement, recapitalization, readjustment, liquidation or dissolution or similar relief under any present or future bankruptcy laws of the United States or any other country or political subdivision thereof, or shall seek

or consent to or acquiesce in the appointment of any trustee, receiver, or liquidator of all or any substantial part of Tenant's properties, or shall make an assignment for the benefit of creditors, or shall admit in writing Tenant's inability to pay Tenant's debts generally as they become due; or

(e) If an involuntary petition in bankruptcy shall be filed against Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future bankruptcy laws of the United States or any other state or political subdivision thereof, and if within sixty (60) days after the commencement of any such proceeding against Tenant, such proceedings shall not have been dismissed, or if, within sixty (60) days after the appointment, without the consent or acquiescence of Tenant, or any trustee, receiver or liquidator of the Tenant or of all or any substantial part of Tenant's property, such appointment shall not have been vacated or stayed on appeal or otherwise, or if, within sixty (60) days after the expiration of any such stay, such appointment shall not have been vacated.

27. LANDLORD'S REMEDIES.

(a) Upon the occurrence of any Event of Default, Landlord may, at its option and without any further notice to Tenant, terminate this Lease, whereupon the estate hereby vested in Tenant shall cease and any and all other right, title and interest of Tenant hereunder shall likewise cease without notice or lapse of time, as fully and with like effect as if the entire term of this Lease had elapsed, but Tenant shall continue to be liable to Landlord as hereinafter provided.

(b) Upon the occurrence of any Event of Default, or at any time thereafter, Landlord, in addition to and without prejudice to any other rights and remedies Landlord shall have at low or in equity, shall have the right, without terminating this Lease, to change the locks on the doors to the Premises and exclude Tenant therefrom until all of such defaults shall have been completely cured.

(c) Upon the occurrence of any Event of Default, or at any time thereafter, Landlord, in addition to and without prejudice to any other rights and remedies Landlord shall have at law or in equity, shall have the right to re-enter the Premises, either by force or otherwise, and recover possession thereof and dispossess any or all occupants of the Premises in the manner prescribed by the statute relating to summary proceedings, or similar statutes, but Tenant in such case shall remain liable to Landlord as hereinafter provided.

(d) In case of any Event of Default, re-entry, expiration and/or dispossession by summary proceedings, whether or not this Lease shall have been terminated as aforesaid:

(i) All delinquent rent, additional rent and all other sums required to be paid by Tenant hereunder shall become payable thereupon and shall be paid up to the time of such re-entry, expiration and/or dispossession, and all accelerated payments due under subparagraphs 10(a) and (b) hereof shall become immediately due and payable;

(ii) Landlord shall have the right, in its sole discretion, to terminate immediately and without any notice to Tenant, all services which are to be supplied by Landlord pursuant to the terms of this Lease, including without limitation, all janitor service and the maintenance and repair responsibilities described in Paragraph 7 hereof;

(iii) Landlord shall have the right, but not the obligation, to relet the Premises or any part or parts thereof for the account of Tenant, either in the name of Landlord or otherwise, for a term or terms which may, at Landlord's option, be less than or exceed the period which would otherwise have constituted the balance of the term of this Lease and on such conditions (which may include concessions or free rent) as Landlord, in its reasonable discretion, may determine and may collect and receive the rents therefor; Landlord shall in no way be responsible or liable for any failure to relet the Premises or any part thereof, or for any failure to collect any rent due upon any such reletting; and

(iv) Tenant shall reimburse Landlord for any expenses that Landlord may incur in connection with recovering possession of the Premises and any reletting thereof, such as court costs, attorneys' fees, brokerage fees, and the costs of advertising and the costs of any alterations, repairs, replacements and/or decorations in or to the Premises as Landlord, in Landlord's sole judgment, considers advisable and necessary for the purpose of such reletting of the Premises; and the making of such alterations, repairs, replacements and/or decorations shall not operate or be construed to release Tenant from liability hereunder as aforesaid.

(e) If this Lease is terminated by Landlord pursuant to Paragraph 27(a) hereof, Tenant nevertheless shall remain liable for all rent and damages which may be due or sustained prior to such termination, together with additional damages (the "Liquidated Damages") which, at Landlord's option, shall be either:

(i) an amount equal to (A) the rent and all other sums required to be paid by Tenant hereunder during the period which would otherwise have constituted the balance of the term of this Lease, and all damages, costs, fees and expenses incurred by Landlord as a result of such Event of Default, including without limitation, reasonable attorneys' fees, costs and expenses incurred by Landlord in pursuit of its remedies hereunder, less (B) the rent, if any, received by Landlord, pursuant to any reletting of the Premises during the period which would otherwise have constituted the balance of the term of this Lease; such amount calculated pursuant to this Paragraph 27(d)(i) shall be payable in monthly installments, in advance, on the first day of each calendar month following the occurrence of such Event of Default and continuing during the period which would otherwise have constituted the balance of the term of this Lease; or

(ii) an amount equal to the Annual Minimum Rent, Premises Expenses, and all other additional rent which was due and payable for the two (2) year period immediately preceeding Tenant's default.

(f) In the event Tenant commits a default, or suffers a default to exist, within ten (10) days after written demand, Tenant shall reimburse Landlord for Landlord's attorneys' fees incurred by Landlord in the enforcement of this Lease, regardless whether legal proceedings are or are not instituted, which fees shall include any actions taken in connection with any bankruptcy proceeding filed by or against Tenant.

(b) Tenant shall pay Landlord interest at twelve percent (12%) per annum on all failures to pay timely the rent, additional rent or any other sums required to be paid by Tenant hereunder from the date such payment is due until the date such payment is made to Landlord. Any judgment obtained by the Landlord as a result of the exercise of its rights and remedies under this Lease

shall bear interest at the rate of twelve percent (12%) per annum from the date of entry of such judgment through the date such judgment is paid in full.

(g) Upon any termination of this Lease, whether by lapse of time, by the exercise of any option by Landlord to terminate the same, or in any other manner whatsoever, or upon any termination of Tenant's right to possession without termination of this Lease, Tenant shall immediately surrender possession of the Premises to Landlord and immediately vacate the same, and remove all effects therefrom, except such as may not be removed under other provisions of this Lease. If Tenant fails to surrender and vacate as aforesaid, Landlord may forthwith re-enter the Premises, with or without process of law, and repossess itself thereof as in its former estate and expel and remove Tenant and any other persons and property therefrom, using such force as may be necessary, without being deemed guilty of trespass, eviction, conversion or forcible entry and without thereby waiving Landlord's rights to rent or any other rights given Landlord under this Lease or at law or in equity. If Tenant shall not remove all effects from the Premises as hereinabove provided, Landlord may, at its option, remove any or all of said effects in any manner it shall choose and either dispose of the same at Landlord's sole discretion, or store the same without liability for loss thereof; and Tenant shall pay Landlord, on demand, any and all expenses incurred in such removal and also storage on said effects, if applicable, for any length of time during which the same shall be in Landlord's possession or in storage.

28. CONFESSION OF JUDGMENT FOR DAMAGES. THIS PARAGRAPH SETS FORTH A WARRANT OF ATTORNEY FOR AN ATTORNEY TO CONFESS JUDGMENT AGAINST THE TENANT. IN GRANTING THIS WARRANT OF ATTORNEY TO CONFESS JUDGMENT AGAINST THE TENANT, TENANT HEREBY KNOWINGLY, INTELLIGENTLY AND VOLUNTARILY, AND, ON THE ADVICE OF SEPARATE COUNSEL OF TENANT, UNCONDITIONALLY WAIVES ANY AND ALL RIGHTS TENANT HAS OR MAY HAVE TO PRIOR NOTICE AND AN OPPORTUNITY FOR HEARING UNDER THE RESPECTIVE CONSTITUTIONS AND LAWS OF THE UNITED STATES AND THE COMMONWEALTH OF PENNSYLVANIA.

TENANT HEREBY AUTHORIZES ANY ATTORNEY OF ANY COURT OF RECORD, UPON THE OCCURRENCE OF ANY EVENT OF DEFAULT, TO APPEAR IMMEDIATELY THEREAFTER AS ATTORNEY FOR THE TENANT AND ALL PERSONS CLAIMING UNDER THE TENANT IN ANY COMPETENT COURT AND TO CONFESS JUDGMENT OR JUDGMENTS AND SUCCESSIVE JUDGMENTS BY CONFESSION (WITHOUT STAY OF EXECUTION OR APPEAL) IN FAVOR OF THE LANDLORD AND ALL PERSONS CLAIMING UNDER THE LANDLORD AND AGAINST THE TENANT AND ALL PERSONS CLAIMING UNDER THE TENANT FOR ALL AMOUNTS THEN DUE UNDER THIS LEASE, TOGETHER WITH AN ATTORNEY'S COLLECTION COMMISSION EQUAL TO TEN PERCENT (10%) OF THE TOTAL OF SUCH AMOUNTS, WITHOUT ANY LIABILITY ON THE PART OF THE SAID ATTORNEY, FOR WHICH THIS SHALL BE A SUFFICIENT WARRANT, AND THEREUPON A WRIT OF EXECUTION WITH CLAUSE FOR COSTS, OR OTHER PROCESS FOR SIMILAR PURPOSES, MAY ISSUE FORTHWITH WITHOUT ANY PRIOR WRIT OR PROCEEDING WHATSOEVER, AND THE TENANT AND ALL PERSONS CLAIMING UNDER THE TENANT HEREBY WAIVE ALL EXEMPTION LAWS AND INQUISITION ON REAL PROPERTY AND RELEASE TO THE LANDLORD AND ALL PERSONS CLAIMING UNDER THE LANDLORD ALL ERRORS AND DEFECTS WHATSOEVER IN ENTERING SUCH ACTION OR JUDGMENT, OR IN CAUSING SUCH WRIT OF EXECUTION OR OTHER PROCESS TO BE

ISSUED, OR IN ANY PROCEEDING THEREON OR CONCERNING THE SAME, AND HEREBY AGREE THAT NO WRIT OF ERROR OR OBJECTION OR EXCEPTION SHALL BE MADE OR TAKEN THERETO. IF A COPY OF THIS LEASE, VERIFIED BY AFFIDAVIT, IS FILED IN SAID ACTION, IT SHALL NOT BE NECESSARY TO FILE THE ORIGINAL AS A WARRANT OF ATTORNEY, ANY LAW OR RULE OF COURT TO THE CONTRARY NOTWITHSTANDING. THIS WARRANT OF ATTORNEY SHALL NOT BE EXHAUSTED BY ONE EXERCISE THEREOF, AND SHALL REMAIN IN FORCE AND SHALL BE OPERATIVE FOR SUCCESSIVE EXERCISES THEREOF, FROM TIME TO TIME AS THE NEED MAY ARISE, NOT ONLY WITH RESPECT TO THE TENANT BUT ALSO WITH RESPECT TO ALL PERSONS CLAIMING UNDER THE TENANT.

29. CONFESSION OF JUDGMENT IN EJECTMENT. THIS PARAGRAPH SETS FORTH A WARRANT OF ATTORNEY FOR AN ATTORNEY TO CONFESS JUDGMENT AGAINST THE TENANT. IN GRANTING THIS WARRANT OF ATTORNEY TO CONFESS JUDGMENT AGAINST THE TENANT, TENANT HEREBY KNOWINGLY, INTELLIGENTLY AND VOLUNTARILY, AND, ON THE ADVICE OF SEPARATE COUNSEL OF TENANT, UNCONDITIONALLY WAIVES ANY AND ALL RIGHTS TENANT HAS OR MAY HAVE TO PRIOR NOTICE AND AN OPPORTUNITY FOR HEARING UNDER THE RESPECTIVE CONSTITUTIONS AND LAWS OF THE UNITED STATES AND THE COMMONWEALTH OF PENNSYLVANIA.

TENANT HEREBY AUTHORIZES THE PROTHONOTARY, CLERK OF COURT OR ANY ATTORNEY OF ANY COURT OF RECORD, UPON THE OCCURRENCE OF AN EVENT OF DEFAULT, OR IN THE EVENT THAT TENANT FAILS TO SURRENDER POSSESSION OF ALL OR ANY PART OF THE PREMISES AS REQUIRED HEREIN, TO APPEAR FOR THE TENANT AND ALL PERSONS CLAIMING UNDER THE TENANT IN ANY COMPETENT COURT AND CONFESS JUDGMENT IN EJECTMENT (WITHOUT STAY OF EXECUTION OR APPEAL) IN FAVOR OF THE LANDLORD AND ALL PERSONS CLAIMING UNDER THE LANDLORD AND AGAINST THE TENANT AND ALL PERSONS CLAIMING UNDER THE TENANT FOR POSSESSION OF THE PREMISES, WITHOUT ANY LIABILITY ON THE PART OF THE SAID ATTORNEY, FOR WHICH THIS SHALL BE A SUFFICIENT WARRANT, AND THEREUPON A WRIT OF POSSESSION WITH CLAUSE FOR COSTS, OR OTHER PROCESS FOR SIMILAR PURPOSES, MAY ISSUE FORTHWITH WITHOUT ANY PRIOR WRIT OR PROCEEDING WHATSOEVER, AND THE TENANT AND ALL PERSONS CLAIMING UNDER THE TENANT HEREBY RELEASE TO THE LANDLORD AND ALL PERSONS CLAIMING UNDER THE LANDLORD ALL ERRORS AND DEFECTS WHATSOEVER IN ENTERING SUCH ACTION OR JUDGMENT, OR IN CAUSING SUCH WRIT OF POSSESSION OR OTHER PROCESS TO BE ISSUED, OR IN ANY PROCEEDING THEREON OR CONCERNING THE SAME, AND HEREBY AGREE THAT NO WRIT OF ERROR OR OBJECTION OR EXCEPTION SHALL BE MADE OR TAKEN THERETO. IF A COPY OF THIS LEASE, VERIFIED BY AFFIDAVIT, IS FILED IN SAID ACTION, IT SHALL NOT BE NECESSARY TO FILE THE ORIGINAL AS A WARRANT OF ATTORNEY, ANY LAW OR RULE OF COURT TO THE CONTRARY NOTWITHSTANDING. THIS WARRANT OF ATTORNEY SHALL NOT BE EXHAUSTED BY ONE EXERCISE THEREOF, AND SHALL REMAIN IN FORCE AND SHALL BE OPERATIVE FOR SUCCESSIVE EXERCISES THEREOF, FROM TIME TO TIME AS THE NEED MAY ARISE, NOT ONLY WITH RESPECT TO THE TENANT BUT ALSO WITH RESPECT TO ALL PERSONS CLAIMING UNDER THE TENANT.

30. RIGHT OF ASSIGNEE OF LANDLORD. The right to enforce all of the provisions of this Lease may be exercised by any assignee of the Landlord's right, title and interest in this Lease in its, his, her or their own name, and Tenant hereby expressly waives the requirements of any and all laws regulating the manner and/or form in which such assignments shall be executed and witnessed.

31. REMEDIES CUMULATIVE. All remedies given to Landlord herein and all rights and remedies given to Landlord by law and equity shall be cumulative and concurrent. No termination of this Lease, or taking or recovering of possession of the Premises, or entry of any judgment either for possession or for any money claimed to be due Landlord, shall deprive Landlord of any other action against Tenant for possession, or for any money due Landlord hereunder, or for damages hereunder. The exercise of or failure to exercise any remedy shall not bar or delay the exercise of any other remedy.

32. TENANT'S WAIVERS.

(a) If proceedings shall be commenced by Landlord to recover possession of the Premises, either at the end of the term hereof or by reason of an Event of Default or otherwise, Tenant expressly waives all rights to notice in excess of five (5) days required by any Act of Assembly, including the Act of April 6, 1951, P.L. 69, Art. V, Sec. 501, as amended, and agrees that in either or any such case five (5) days' notice shall be sufficient. Without limitation of or by the foregoing, Tenant hereby waives any and all demands, notices of intention, and notice of action or proceedings which may be required by law to be given or taken prior to any entry or re-entry by summary proceedings, ejectment or otherwise, by Landlord, except as hereinbefore expressly provided with respect to five (5) days' notice.

(b) Any notice to quit required by law previous to proceedings to recover possession of the Premises or any notice of demand for rent on the day when such is due and the benefit of all laws granting stay of execution, appeal, inquisition and exemption are hereby waived by Tenant; provided, however, that nothing in this paragraph shall be construed as a waiver of any notice specifically mentioned or required by any other part of this Lease.

(c) In the event of a termination of this Lease prior to the date of expiration herein originally fixed, Tenant hereby waives all right to recover or regain possession of the Premises, to save forfeiture by payment of rent due or by other performance of the conditions, terms or provisions hereof, and, without limitation of or by the foregoing, Tenant waives all right to reinstate or redeem this Lease notwithstanding any provisions of any statute, law or decision now or hereafter in force or effect and Tenant waives all right to any second or further trial in summary proceedings, ejectment or in any other action provided by any statute or decision now or hereafter in force or effect.

33. ATTORNMENT. In the event of the sale or assignment of Landlord's interest in the Premises or in the event of a foreclosure under any mortgage made by Landlord covering the Premises, Tenant shall attorn to the purchaser and recognize such purchaser as Landlord under this Lease.

34. SUBORDINATION. At the option of Landlord or Landlord's lender, or both of

them, this Lease and the Tenant's interest hereunder shall be subject and subordinate at all times to any mortgage or mortgages, deed or deeds of trust, or such other security instrument or instruments, including all renewals, extensions, consolidations, assignments and refinances of the same, as well as all advances made upon the security thereof, which now or hereafter become liens upon the Landlord's fee and/or leasehold interest in the Premises, and/or any and all of the buildings now or hereafter erected or to be erected and/or any and all of the Premises, provided, however, that in each such case, the holder of such other security, the trustee of such deed of trust or holder of such other security instrument shall agree that this Lease shall not be divested or in any way affected by foreclosure or other default proceedings under said mortgage, deed of trust, or other instrument or other obligations secured thereby, so long as Tenant shall not be in default under the terms of this Lease; and shall agree that this Lease shall remain in full force and effect notwithstanding any such default proceedings.

Notwithstanding anything herein to the contrary, any holder of any mortgage may at any time subordinate its mortgage to this Lease, by notice in writing to Tenant, and thereupon this Lease shall be deemed prior to such mortgage without regard to their respective dates of execution and delivery and in that even such mortgage shall have the same rights with respect to this Lease as though this Lease had been executed and delivered prior to the execution and delivery of the mortgage.

35. EXECUTION OF DOCUMENTS. The above subordination shall be self-executing, but Tenant agrees upon demand to execute such other document or documents as may be required by a mortgagee, trustee under any deed of trust, or holder of a similar security interest, or any party to the types of documents enumerated herein for the purpose of subordinating this Lease in accordance with the foregoing. Upon the expiration of ten (10) days after a formal written notice, Tenant shall be deemed to have appointed Landlord and Landlord may execute and deliver the required documents for and on behalf of Tenant.

36. ESTOPPEL AGREEMENTS. Tenant shall execute an estoppel agreement in favor of any mortgagee or purchaser of Landlord's interest herein, within ten (10) days after requested to do so by Landlord or any such mortgagee or purchaser. Such estoppel agreement shall be in the form requested by Landlord or such mortgagee or purchaser.

37. CONDOMINIUM CONVERSION. Tenant acknowledges that Landlord has informed Tenant that Landlord, at any time in Landlord's sole discretion, may by recorded declaration, convert the fee ownership of the Building and the Land to a condominium in accordance with the provisions of the Pennsylvania Uniform Condominium Act (the "Act"). In such event, the common areas of the Building and the Land shall become Common Elements and/or Limited Common Elements, as defined in the Act and as designated by Landlord, and the Common Expenses pertaining thereto (as defined in the Act), as applicable, shall be included as part of the Premises Expenses. Tenant agrees upon demand to execute such document or documents as may be required by Landlord in connection with any such condominium conversion.

38. NOTICES. All notices required to be given by either party to the other shall be in writing. All such notices shall be deemed to have been given upon delivery in person, or upon depositing in the United States mail, by certified mail, return receipt requested, postage prepaid, or by delivery by telefax, facsimile or telegraph, or by Federal Express or other nationally recognized overnight delivery service, addressed to the parties at the addresses shown in the summary pages at the front of this Lease or to such other address which either party may hereafter designate in writing by notice given in a like manner.

39. BINDING EFFECT. All rights and liabilities herein given to, or imposed upon the respective parties hereto, shall extend to and bind the several and respective heirs, personal representatives, successors and permitted assigns of said parties.

40. SURVIVAL OF VALID TERMS. If any provision of this Lease shall be invalid or unenforceable, the remainder of the provisions of this Lease shall not be affected thereby, and each and every provision of this Lease shall be enforceable to the fullest extent permitted by law.

41. ENTIRE AGREEMENT. This Lease and any exhibit, rider or addendum that may be attached hereto set forth all the promises, agreements, conditions and understandings between Landlord and Tenant relative to the Premises, and there are no promises, agreements, conditions or understandings, either oral or written, between them other than are herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by them.

42. PROHIBITION AGAINST RECORDING. This Lease shall not be recorded and any attempted recording of this Lease shall constitute an Event of Default hereunder.

43. INTERPRETATION. As used in this Lease and when required by context, each number (singular or plural) shall include all numbers, and each gender shall include all genders. Time is and shall be of essence of each term and provision of this Lease. The term "person" as used herein means person, firm, association or corporation, as the case may be. If Tenant is more than one person, all agreements, conditions, obligations, covenants, warrants of attorney, waivers and releases made by Tenant shall be joint and several, and shall bind and affect all persons who are defined as "Tenant" herein.

44. LIABILITY OF LANDLORD. The term "Landlord" as used herein means the fee owner of the Premises from time to time. In the event of the voluntary or involuntary transfer of such ownership to a successor-in-interest of the Landlord, the Landlord shall be automatically discharged and relieved of and from all liability and obligations hereunder which shall thereafter accrue, and Tenant shall look solely to such successor-in-interest for the performance and obligations of the Landlord hereunder which shall thereafter accrue. The liability of Landlord and its successors-in-interest under or with respect to this Lease shall be strictly limited to and enforceable solely out of its or their interest in the Premises and shall not be enforceable out of any other assets.

45. CAPTIONS AND HEADINGS. The captions and headings of the paragraphs contained herein are for convenience of reference only and in no way define, limit, describe, modify or amplify the interpretation, construction or meaning of any provision of or the scope or intent of this Lease nor in any way affect this Lease. All Exhibits are an integral part of this Lease and are attached hereto.

46. NO BROKERAGE COMMISSION. Landlord and Tenant represent and warrant that no brokerage commission or similar compensation is due to any party by reason of this Lease. Each party hereby agrees to indemnify and hold the other party harmless from and against any and all claims, costs, damages, expenses, judgments or liability resulting from any claim for brokerage commissions or similar compensation made by any party in connection with this Lease.

47. QUIET ENJOYMENT. Upon Tenant's compliance with the provisions of this Lease, including the payment of all rent hereunder, Tenant shall peaceably hold and enjoy the Premises during the term hereof without hinderance or interruption by Landlord or any person claiming under Landlord.

48. WAIVER OF TRIAL BY JURY. Each party to this Lease agrees that any suit, action, or proceeding, whether claim or counterclaim, brought or instituted by any party hereto or any successor or assign of any party hereto or with respect to this Lease or which in any way relates, directly or indirectly, to the Premises or any event, transaction, or occurrence arising out of or in any way in connection with the Premises, or the dealings of the parties with respect thereto, shall be tried only by a court and not by a jury. EACH PARTY HEREBY EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION OR PROCEEDING. TENANT ACKNOWLEDGES AND AGREES THAT THIS PARAGRAPH 48 IS A SPECIFIC AND MATERIAL ASPECT TO THIS LEASE BETWEEN THE PARTIES AND THAT LANDLORD WOULD NOT LEASE THE PREMISES TO THE TENANT IF THIS WAIVER OF JURY TRIAL SECTION WERE NOT A PART OF THIS LEASE.

49. OWNERS' ASSOCIATION. This Lease and all terms and provisions hereof shall be under and subject, in all respects, to: (a) the Declaration of Covenants, Easements, Conditions and Restrictions for

The Owner's Association Of Wyomissing Professional Center, Inc., which is recorded in the Recorder of Deeds Office of Berks County, Pennsylvania, and (b) the Articles of Incorporation and the Bylaws of The Owners Association Of Wyomissing Professional Center, Inc., copies of which are available upon request. Tenant covenants and agrees to comply with the terms of such written instruments insofar as they pertain to any tenant of the Building and such tenant's agents, servants, employees, invitees, and business visitors.

TENANT ACKNOWLEDGES THAT THIS LEASE CONTAINS, AT PARAGRAPHS 28 AND 29 HEREOF, PROVISIONS FOR THE CONFESSION OF JUDGMENT AGAINST TENANT FOR MONEY AND FOR POSSESSION OF REAL PROPERTY AND HAS REVIEWED AND UNDERSTANDS THE CONTENTS THEREOF.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound to the terms of this Lease, have caused this Lease to be duly executed this 30 day of *Jan*, 2001. .

THIS LEASE MUST BE EXECUTED FOR TENANT, IF A CORPORATION, BY THE PRESIDENT OR VICE PRESIDENT AND ATTESTED BY THE SECRETARY OR ASSISTANT SECRETARY, UNLESS THE BY-LAWS OR A RESOLUTION OF THE BOARD OF DIRECTORS SHALL OTHERWISE PROVIDE, IN WHICH EVENT A CERTIFIED COPY OF THE BY-LAWS OR RESOLUTION, AS THE CASE MAY BE, MUST BE FURNISHED TO LESSOR.

WYOMISSING PROFESSIONAL CENTER II, LIMITED PARTNERSHIP, a Pennsylvania limited partnership, by its General Partner, WYOMISSING PROFESSIONAL CENTER II, INC.

By /s/ Stephen J. Najarian
Stephen J. Najarian, President

("Landlord")

ATTEST:

By:	/s/ Susan M. Montgomery	By:	/s/ Robert S. Ippolito
Name:	Susan M. Montgomery	Name:	Robert S. Ippolito
Title:	Asst. to Chairman	Title:	Vice President/Sec/Treas
		Date:	1/30/02

("Tenant")

CONSENT

INTENDING to be legally bound hereby, The Owners' Association OF Wyomissing Professional Center, Inc. *(or The Owners' Association of Wyomissing Professional Center, Inc. or The Owner's*

Association of Wyomissing Professional Center, West Campus, Inc.) hereby joins in and consents to the above Lease insofar as any of the above provisions concern the parking area and any other common areas maintained by it.

OWNER'S ASSOCIATION OF WYOMISSING PROFESSIONAL CENTER, INC.

By: /s/ Stephen J. Najarian

Exhibits

"A" - Leased Premises

"B" - Expense Budget

"C" - Building Location

"D" - Left Blank Intentionally

"E" - Tenant Plans and Specifications

"F" - Building Common Area

"G" - Left Blank Intentionally

COMMENCEMENT AGREEMENT

THIS COMMENCEMENT AGREEMENT (the "Agreement") made this 23rd day of May 2002, between **Penn National Gamming, Inc.,** hereinafter, called "Tenant", having its principal place of business at 825 Berkshire Boulevard, Suite 200, Wyomissing, PA 19610 and **Wyomissing Professional Center, II, LIMITED PARTNERSHIP** hereinafter called "Landlord", having its principal place of business at 825 Berkshire Blvd. Suite 203 Wyomissing, Pennsylvania 19610.

WITNESETH:

The Tenant and the Landlord have executed a Lease Agreement, which includes Exhibits "A", "B", "C", "E" and "F", relating to the Leased Premises located at 855 Berkshire Boulevard, Suite 100, Wyomissing, Pennsylvania 19610.

NOW, THEREFORE, INTENDING TO BE LEGALLY BOUND HEREBY and in consideration of the mutual covenants set forth herein, the Landlord, and Tenant agree as follows:

1. **Incorporation.** The recitals set forth above are incorporated herein by reference.

2. **Amendment.** This Agreement is an amendment to and shall be deemed an integral part of the Lease except to the extent to which the provisions of this Agreement modify the provisions of the Lease. The provisions of the Lease shall remain in full force and effect.

3. **Defined Terms.** All capitalized terms used in this Agreement without definition which are defined in the Lease shall have the meanings set forth in the Lease.

4. **Commencement Date.** Commencement date for Tenant's space shall be May 21, 2002.

5. **Term of Lease.** Term of Lease is ten (10) years and eleven (11) days, starting May 21, 2002 and ending May 31, 2012.

6. **Binding effect.** This Amendment shall be binding upon, and shall inure to the benefit of, Landlord and Tenant, and their respective successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Landlord and Tenant have caused this Commencement Agreement to be duly executed this 23rd day of May 2002.

THIS AGREEMENT MUST BE EXECUTED FOR TENANT, IF A CORPORATION, BY THE PRESIDENT OR VICE PRESIDENT AND ATTESTED BY THE SECRETARY OR ASSISTANT SECRETARY, UNLESS THE BY-LAWS OR A RESOLUTION OF THE BOARD OF DIRECTORS SHALL OTHERWISE PROVIDE, IN WHICH EVENT A CERTIFIED COPY OF THE BY-LAWS OR RESOLUTION, AS THE CASE MAY BE, MUST BE FURNISHED TO LANDLORD.

LANDLORD:

WYOMISSING PROFESSIONAL CENTER II, LIMITED PARTNERSHIP, by its General Partner, The Wyomissing Professional Center II

By: /s/ Stephen J. Najarian
Name: Stephen J. Najarian
Title: President

Date: 5/24/02

ATTEST:

By: /s/ Susan M. Montgomery

Name: Susan M. Montgomery

Title: Office Manager/ Asst. to Chairman

Date: 5/23/02

TENANT:

By: /s/ Robert S. Ippolito

Name: Robert S. Ippolito

Title: VP/Sec/Treas

Date: 5/24/02

FIRST LEASE AMENDMENT

THIS LEASE AMENDMENT (the "Amendment") made this 4th day of December, 2002, between **Penn National Gaming,** hereinafter, called "Tenant", having its principal place of business at 825 Berkshire Boulevard, Suite 200, Wyomissing, Pennsylvania 19610 and **Wyomissing Professional Center II, Limited Partnership** hereinafter called "Landlord", having its principal place of business at 825 Berkshire Boulevard., Suite 203, Wyomissing, Pennsylvania 19610.

WITNESSETH:

The Tenant and the Landlord have executed a Lease Agreement dated January 25, 2002 which includes Exhibits “A”, “B”, “C”, “E” and “F”, relating to the Leased Premises located at 855 Berkshire Blvd., Suite 200, Wyomissing, Pennsylvania 19610.

NOW, THEREFORE, INTENDING TO BE LEGALLY BOUND HEREBY and in consideration of the mutual covenants set forth herein, the Landlord, and Tenant agree as follows:

1. **Incorporation.** The recitals set forth above are incorporated herein by reference.

2. **Amendment.** This Amendment is an amendment to and shall be deemed an integral part of the Lease except to the extent to which the provisions of this Amendment modify the provisions of the Lease. The provisions of the Lease shall remain in full force and effect.

3. **Defined Terms.** All capitalized terms used in this Amendment without definition which are defined in the Lease shall have the meanings set forth in the Lease.

4. **Leased Premises.** The floor area of the leased premises is increased by 5,521 rentable square feet from 4,388 square feet of rentable floor area to 9,909 square feet of rentable floor area. All Lease calculations, pro rations and charges based on rentable square feet shall be changed accordingly.

5. **Fixed Annual Minimum Rent:** As per attached Attachment A1-1.

6. **Effective Date.** The effective date for Tenant’s increased space and rental payments shall be March 1, 2003 or ten (10) days from the completion of the construction to be performed by Landlord’s contractor as per Attachment A1-2 attached hereto, whichever is sooner.

7. **Term of Lease.** The Term of Lease is unchanged ending May 31, 2012.

8. **Binding effect.** This Amendment shall be binding upon, and shall inure to the benefit of, Landlord and Tenant, and their respective successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Landlord and Tenant have caused this Amendment of Lease Terms to be duly executed this 4th day of December, 2002.

THIS LEASE AMENDMENT MUST BE EXECUTED FOR TENANT, IF A CORPORATION, BY THE PRESIDENT OR VICE PRESIDENT AND ATTESTED BY THE SECRETARY OR ASSISTANT SECRETARY, UNLESS THE BY-LAWS OR A RESOLUTION OF THE BOARD OF DIRECTORS SHALL OTHERWISE PROVIDE, IN WHICH EVENT A CERTIFIED COPY OF THE BY-LAWS OR RESOLUTION, AS THE CASE MAY BE, MUST BE FURNISHED TO LANDLORD.

LANDLORD:

WYOMISSING PROFESSIONAL CENTER II, LIMITED PARTNERSHIP, by its General Partner, Wyomissing Professional Center II, Inc.

By: /s/ Stephen J. Najarian
Stephen J. Najarian, President

Date: 12/4/02

TENANT:

PENN NATIONAL GAMING, INC., a Pennsylvania corporation

ATTESST:

By: /s/ Susan M. Montgomery

Name: Susan M. Montgomery

Title: Asst. to Chairman

Date: 12-4-02

By: /s/ Robert S. Ippolito

Name: Robert S. Ippolito

Title: VP/Sec/Treas

Date: 12/4/02

ATTACHMENT A1-1

FIXED ANNUAL MINIMUM RENT

Rentable SF:		9,909
Starting Rate PRSF:	$	13
Annual Escalation:		2.0 %

Lease Year/ Period	Rentable Sq.Ft.	Minimum Rent per Rentable Sq. Ft.	Monthly Rent	Annual Rent (the "Annual Minimum Rent")
3/1/03 - 5/31/03	9,909	$ 13.00	$ 10,734.75	$ 32,204.25
Lse Yr 2 6/1/03 - 5/31/04	9,909	$ 13.26	$ 10,949.45	$ 131,393.34
Lse Yr 3 04-05	9,909	$ 13.53	$ 11,168.43	$ 134,021.21
Lse Yr 4 05-06	9,909	$ 13.80	$ 11,391.80	$ 136,701.63
Lse Yr 5 06-07	9,909	$ 14.07	$ 11,619.64	$ 139,435.66
Lse Yr 6 07-08	9,909	$ 14.35	$ 11,852.03	$ 142,224.38
Lse Yr 7 08-09	9,909	$ 14.64	$ 12,089.07	$ 145,068.86
Lse Yr 8 09-10	9,909	$ 14.93	$ 12,330.85	$ 147,970.24
Lse Yr 9 10-11	9,909	$ 15.23	$ 12,577.47	$ 150,929.65
Lse Yr 10 11-12	9,909	$ 15.54	$ 12,829.02	$ 153,948.24

Notes :

(1) The first amount shown in the Annual Rent column for the period 3/1/03 to 5/31/03 is for that three (3) month period only, the remaining amounts shown in that column are for the 12 month Lease Year periods indicated.

(2) Monthly Rent shall be pro rated for a partial month occupancy.

SECOND LEASE AMENDMENT

THIS LEASE AMENDMENT (the "Amendment") made this 29th day of January, 2003, between **Penn National Gaming,** hereinafter, called "Tenant", having its principal place of business at 825 Berkshire Boulevard, Suite 200, Wyomissing, Pennsylvania 19610 and **Wyomissing Professional Center II, Limited Partnership** hereinafter called "Landlord", having its principal place of business at 825 Berkshire Boulevard., Suite 203, Wyomissing, Pennsylvania 19610.

WITNESSETH:

The Tenant and the Landlord have executed a Lease Agreement dated January 25, 2002 which includes Exhibits "A", "B", "C", "E" and "F", and a First Lease Amendment thereto relating to the Leased Premises located at 855 Berkshire Blvd., Suite 200, Wyomissing, Pennsylvania 19610.

NOW, THEREFORE, INTENDING TO BE LEGALLY BOUND HEREBY and in consideration of the mutual covenants set forth herein, the Landlord, and Tenant agree as follows:

1. **Incorporation.** The recitals set forth above are incorporated herein by reference.

2. **Amendment.** This Amendment is an amendment to and shall be deemed an integral part of the Lease except to the extent to which the provisions of this Amendment modify the provisions of the Lease. The provisions of the Lease shall remain in full force and effect.

3. **Defined Terms.** All capitalized terms used in this Amendment without definition which are defined in the Lease shall have the meanings set forth in the Lease.

4. **Construction.** The construction to be performed by Landlord's contractor is modified to include the OPTIONS/UPGRADES/ADD ONS shown on the Estimate Sheet — Fit Up v2.1 [Revised 1/20/03] attached hereto as Attachment A2-1.

5. **Binding effect.** This Amendment shall be binding upon, and shall inure to the benefit of, Landlord and Tenant, and their respective successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Landlord and Tenant have caused this Amendment of Lease Terms to be duly executed this 29th day of January, 2003.

THIS LEASE AMENDMENT MUST BE EXECUTED FOR TENANT, IF A CORPORATION, BY THE PRESIDENT OR VICE PRESIDENT AND ATTESTED BY THE SECRETARY OR ASSISTANT SECRETARY, UNLESS THE BY-LAWS OR A

RESOLUTION OF THE BOARD OF DIRECTORS SHALL OTHERWISE PROVIDE, IN WHICH EVENT A CERTIFIED COPY OF THE BY-LAWS OR RESOLUTION, AS THE CASE MAY BE, MUST BE FURNISHED TO LANDLORD.

LANDLORD:

WYOMISSING PROFESSIONAL CENTER II,
LIMITED PARTNERSHIP, by its General Partner,
Wyomissing Professional Center II, Inc.

By: /s/ Stephen J. Najarian
Stephen J. Najarian, President

Date: 1/28/03

TENANT:

PENN NATIONAL GAMING, INC., a Pennsylvania corporation

ATTEST:

By:	/s/ Susan M. Montgomery	By:	/s/ Robert S. Ippolito
Name:	Susan M. Montgomery	Name:	Robert S. Ippolito
Title:	Asst. to Chairman	Title:	Vice President/Secretary/Treasurer
Date:	1/29/03	Date:	1/29/03

THIRD LEASE AMENDMENT

THIS THIRD LEASE AMENDMENT (the "Amendment") made this 19th day of October, 2010, between **Penn National Gaming, Inc.,** a Pennsylvania corporation, hereinafter called "Tenant", having its principal place of business at 825 Berkshire Boulevard, Suite 200, Wyomissing, PA 19610 and **Wyomissing Professional Center II, Limited Partnership,** a Pennsylvania limited partnership, hereinafter called "Landlord", having its principal place of business at 875 Berkshire Boulevard, Suite 102, Wyomissing, Pennsylvania 19610.

WITNESSETH:

The Tenant and the Landlord have executed a Lease Agreement dated January 25, 2002 which includes Exhibits "A", "B", "C", "E" and "F", a Commencement Agreement thereto dated May 23, 2002, a First Lease Amendment thereto dated December 4, 2002, and a Second Amendment thereto dated January 29, 2003 (collectively, the "Lease") relating to the Leased Premises located at 855 Berkshire Boulevard, Suite 100, Wyomissing, Pennsylvania 19610. The original Lease premises totaled 4,388 rentable square feet which square footage was increased by an additional 5,521 rentable square feet via the First Lease Amendment for a total of 9,909 rentable square feet and the parties desire to include an additional, adjacent space consisting of 3,569 rentable square feet for a total leased premises of 13,478 rentable square feet.

NOW, THEREFORE, INTENDING TO BE LEGALLY BOUND HEREBY and in consideration of the mutual covenants set forth herein, the Landlord, and Tenant agree as follows:

1. **Incorporation.** The recitals set forth above are incorporated herein by reference.

2. **Amendment.** This Amendment is an amendment to and shall be deemed an integral part of the Lease. Except to the extent to which the provisions of this Amendment modify the provisions of the Lease, the provisions of the Lease shall remain in full force and effect.

3. **Defined Terms.** All capitalized terms used in this Amendment without definition which are defined in the Lease shall have the meanings set forth in the Lease.

4. **Leased Premises.** The defined leased premises shall consist of a total space of 13,478 rentable square feet.

5. **Term of Lease.** The Term of the Lease is unchanged ending May 31, 2012. Tenant shall have the right to renew this Lease for one (1) five (5) year Renewal Period under the same terms and conditions of the base Lease with the exception that the starting rent for the period shall be two percent (2%) higher than the previous year's rent. The Lease shall automatically extend for the Renewal Period unless Tenant shall have given Landlord written notice at least ninety (90) days prior to the end of the initial term of its intention to terminate the Lease at the end of the initial ten (10) year term.

6. **Fixed Annual Minimum Rent.** The Annual Minimum Rent shall increase by two percent (2%) annually over the prior year's Annual Minimum Rent as shown on

attached Schedule "A6-1".

7. **Tenant's Share of Expenses.** For the purposes of Section 7, Tenant's Share shall be adjusted to include the additional area as shown below. Furthermore, the Reimbursable Property Management Fee of $0.35 per rentable square foot shall increase by 3% per rentable square foot annually, effective January 1, 2011.

	Approx.	ESTIMATED EXPENSES		
Initial Term	**RSF**	**per RSF**	**"Annual"**	**Monthly**
Last 8 months of Year				
9	13,478	$ 5.24	$ 47,083.12	$ 5,885.39

8. **Effective Date.** The effective date for Tenant's increased space and rental payments shall be on the first to occur of (a) the date on which Tenant takes occupancy of or commences business at the premises, or (b) the date of substantial completion, being the date when a certificate of occupancy for the premises is issued by the applicable municipal authority, or (c) October, 1, 2010.

9. **Interior Improvements.** The interior improvements to be performed by Tenant's contractor in a form and manner acceptable to Landlord. Landlord shall approve plans and drawings prior to the improvements commencing.

10. **Binding effect.** This Amendment shall be binding upon, and shall inure to the benefit of Landlord and Tenant and their respective successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Landlord and Tenant have caused this Amendment of Lease Terms to be duly executed this 19th day of October, 2010.

THIS LEASE MUST BE EXECUTED FOR TENANT, IF A CORPORATION, BY THE PRESIDENT OR VICE PRESIDENT AND ATTESTED BY THE SECRETARY OR ASSISTANT SECRETARY, UNLESS THE BY-LAWS OR A RESOLUTION OF THE BOARD OF DIRECTORS SHALL OTHERWISE PROVIDE, IN WHICH EVENT A CERTIFIED COPY OF THE BY-LAWS OR RESOLUTION, AS THE CASE MAY BE, MUST BE FURNISHED TO LANDLORD.

LANDLORD:

Wyomissing Professional Center II, Limited Partnership, a Pennsylvania limited partnership, by its General Partner, Wyomissing Professional Center II, Inc.

By: /s/ Peter W. Carlino
Peter W. Carlino, President

TENANT:

Penn National Gaming, Inc., a Pennsylvania corporation

WITNESS:

By: /s/ Susan M. Montgomery

Name: Susan M. Montgomery

By: /s/ Robert S. Ippolito

Name: Robert S. Ippolito

Title: VP/Sec/Treas

SCHEDULE "A6-1"

ANNUAL MINIMUM RENT

Rentable Square Feet (RSF)	13,478
Annual Escalation	2.0 %

	Period	Lease Year	RSF	Minimum Rent per RSF	Monthly Minimum Rent	"Annual Minimum Rent"
Last 8 months of 9th Year of Initial Term	10/1/10 to 5/31/11	9	13,478	$ 15.23	$ 17,105.83	$ 136,846.62
Last Year of Initial Term	6/1/11 to 5/31/12	10	13,478	$ 15.54	$ 17,454.01	$ 209,448.12

* This annual minimum rent table includes the increase in rentable square feet from 9,909 to 13,478, which increase in rentable square feet will become effective October 1, 2010 and remain in effect for the balance of the 9th Lease Year consisting of 8 months and every year thereafter.

FOURTH LEASE AMENDMENT

THIS FOURTH LEASE AMENDMENT (the "Amendment") made this 25th day of May, 2012, between **Penn National Gaming, Inc.,** a Pennsylvania corporation, hereinafter called "Tenant", having its principal place of business at 825 Berkshire Boulevard, Wyomissing, PA 19610 and **Wyomissing Professional Center II, Limited Partnership** (855), a Pennsylvania limited partnership, hereinafter called "Landlord", having its principal place of business at 875 Berkshire Boulevard, Suite 102, Wyomissing, Pennsylvania 19610.

WITNESSETH:

The Tenant and the Landlord have executed a Lease Agreement dated January 25, 2002 which includes Exhibits "A", "B", "C", "E" and "F", a Commencement Agreement thereto dated May 23, 2002, a First Lease Amendment thereto dated December 4, 2002, a Second Amendment dated January 29, 2003, and a Third Lease Amendment dated October 19, 2010 (collectively, the "Lease") relating to the Leased Premises located at 855 Berkshire Boulevard, Suite 100, Wyomissing, Pennsylvania 19610. The original Lease premises totaled 4,388 rentable square feet which square footage was increased by an additional 5,521 rentable square feet via the First Lease Amendment for a total of 9,909 rentable square feet and an adjacent space consisting of 3,569 rentable square feet for a total leased premises of 13,478 rentable square feet which was added to the premises via the Third Lease Amendment. The parties desire to include an additional, adjacent space consisting of 4,011 rentable square feet for a total leased premises of 17,489 rentable square feet.

NOW, THEREFORE, INTENDING TO BE LEGALLY BOUND HEREBY and in consideration of the mutual covenants set forth herein, the Landlord, and Tenant agree as follows:

1. **Incorporation.** The recitals set forth above are incorporated herein by reference.

2. **Amendment.** This Amendment is an amendment to and shall be deemed an integral part of the Lease. Except to the extent to which the provisions of this Amendment modify the provisions of the Lease, the provisions of the Lease shall remain in full force and effect.

3. **Defined Terms.** All capitalized terms used in this Amendment without definition which are defined in the Lease shall have the meanings set forth in the Lease.

4. **Leased Premises.** The defined leased premises shall consist of a total space of 17,489 rentable square feet.

5. **Term of Lease.** Tenant desires to exercise its right to renew this Lease for one (1), seven (7) year Renewal Period under the same terms and conditions of the base Lease except as modified herein.

6. **Fixed Annual Minimum Rent.** The Annual Minimum Rent shall increase by two and one half percent (2.5%) annually over the prior year's Annual Minimum Rent and shall be adjusted to include the additional, adjacent area as shown on the table below.

		ANNUAL MINIMUM RENT		
Renewal Period	RSF	per RSF	Annual	Monthly
6/1/12-5/31/13	17,489	$ 16.00	$ 279,824.00	$ 23,318.67
6/1/13-5/31/14	17,489	$ 16.40	$ 286,819.60	$ 23,901.63
6/1/14-5/31/15	17,489	$ 16.81	$ 293,990.09	$ 24,499.17
6/1/15-5/31/16	17,489	$ 17.23	$ 301,335.47	$ 25,111.29
6/1/16-5/31/17	17,489	$ 17.66	$ 308,855.74	$ 25,737.98
6/1/17-5/31/18	17,489	$ 18.10	$ 316,550.90	$ 26,379.24
6/1/18-5/31/19	17,489	$ 18.55	$ 324,420.95	$ 27,035.08

7. **Tenant's Share of Expenses.** For the purposes of Section 4, Tenant's Share shall be adjusted to include the additional area as shown below.

		ESTIMATED EXPENSES		
Lease Year 11	**RSF**	**per RSF**	**"Annual"**	**Monthly**
last 7 months of calendar year 2012	17,489	$ 4.62	$ 47,132.89	$ 6,733.27

8. **Effective Date.** The effective date for Tenant's increased space and rental payments shall be on the first to occur of (a) the date on which Tenant takes occupancy of or commences business at the premises, or (b) the date of substantial completion, being the date when a certificate of occupancy for the premises is issued by the applicable municipal authority, or (c) June 1, 2012.

9. **Interior Improvements.** The interior improvements to be performed by Tenant's contractor in a form and manner acceptable to Landlord. Landlord shall approve plans and drawings prior to the improvements commencing.

10. **Binding effect.** This Amendment shall be binding upon, and shall inure to the benefit of Landlord and Tenant and their respective successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Landlord and Tenant have caused this Amendment of Lease Terms to be duly executed this 25th day of May, 2012.

THIS LEASE MUST BE EXECUTED FOR TENANT, IF A CORPORATION, BY THE PRESIDENT OR VICE PRESIDENT AND ATTESTED BY THE SECRETARY OR ASSISTANT SECRETARY, UNLESS THE BY-LAWS OR A RESOLUTION OF THE BOARD OF DIRECTORS SHALL OTHERWISE PROVIDE, IN WHICH EVENT A CERTIFIED COPY OF THE BY-LAWS OR RESOLUTION, AS THE CASE MAY BE, MUST BE FURNISHED TO LANDLORD.

LANDLORD:

Wyomissing Professional Center II, Limited Partnership, a Pennsylvania limited partnership, by its General Partner, Wyomissing Professional Center II, Inc.

By: /s/ Peter W. Carlino

Peter W. Carlino, President

TENANT:

Penn National Gaming, Inc., a Pennsylvania corporation

WITNESS:

By: /s/ Susan M. Montgomery

Name: Susan M. Montgomery

By: /s/ Robert S. Ippolito

Name: Robert S. Ippolito

Title: VP/Sec/Treas

Execution Version

FIFTH LEASE AMENDMENT

THIS FIFTH LEASE AMENDMENT (the "Amendment") dated as of the 1st day of September, 2017 (the "**Effective Date**") between **Penn National Gamine. Inc.,** a Pennsylvania corporation (hereinafter called "**Tenant**") having its principal place of business at 825 Berkshire Boulevard, Wyomissing, PA 19610 and **Wyomissing Professional Center II, Limited Partnership (855)**, a Pennsylvania limited partnership (hereinafter called "**Landlord**") having its principal place of business at 875 Berkshire Boulevard, Suite 102, Wyomissing, Pennsylvania 19610.

WITNESSETH:

WHEREAS, the Tenant and the Landlord have executed a Lease Agreement dated January 25, 2002 which includes Exhibits "A", "B", "C", "E" and "F", a Commencement Agreement thereto dated May 23, 2002, a First Lease Amendment thereto dated December 4, 2002, a Second Amendment dated January 29, 2003, a Third Lease Amendment dated October 19, 2010 and a Fourth Lease Amendment dated May 25, 2012 (hereafter collectively called the "**Lease**") relating to the Lease premises located at 855 Berkshire Boulevard, Suite 100, Wyomissing, Pennsylvania 19610; and

WHEREAS, the Lease premises originally totaled 4,388 rentable square feet; and

WHEREAS, the Lease premises square footage was increased by an additional 5,521 rentable square feet via the First Lease Amendment, for a total of 9,909 rentable square feet; and

WHEREAS, the Lease premises square footage was increased by an additional 3,569 rentable square feet via the Third Lease Amendment, for a total of 13,478 rentable square feet; and

WHEREAS, the Lease premises square footage was increased by an additional 4,011 rentable square feet via the Fourth Lease Amendment, for a total of 17,489 rentable square feet; and

WHEREAS, the parties now desire to further increase the Lease premises to include an additional, adjacent space consisting of 3,000 rentable square feet, for a total of 20,489 rentable square feet;

NOW, THEREFORE, INTENDING TO BE LEGALLY BOUND HEREBY and in consideration of the mutual covenants set forth herein, the Landlord and Tenant enter this Amendment and agree as follows:

1. **Incorporation.** The recitals set forth above are incorporated herein by reference.

2. **Amendment.** This Amendment is an amendment to and shall be deemed an integral part of the Lease. Except to the extent to which the provisions of this Amendment modify the provisions of the Lease, the provisions of the Lease shall remain in full force and effect.

3. **Defined Terms.** All capitalized terms used in this Amendment without definition

which are defined in the Lease shall have the meanings set forth in the Lease.

4. **Lease Premises.** The Lease premises shall be increased by adding an adjacent 3,000 rentable square feet, making the total leased space 20,489 rentable square feet.

5. **Term of Lease.** The term of Lease is revised so as to run for seven (7) consecutive years beginning on **September 1, 2017** and on **August 31, 2024**, all under the same terms and conditions except as otherwise modified herein.

6. **Landlord's Obligation upon Delivery.** Landlord shall deliver the adjacent 3,000 rentable square feet of space fully demolished of existing partitions and floor coverings. In the event the adjacent 3,000 rentable square feet are not delivered by Landlord fully demolished of partitions and floor coverings on September 1, 2017, then Tenant's payment of rent and estimated expenses shall abate, on the 3,000 rentable square feet of space only, until such date as the space is fully delivered.

7. **Fixed Annual Minimum Rent.** The Annual Minimum Rent shall increase annually effective each September 1st by two and one-half percent (2.5%) over the prior year's Annual Minimum Rent, as shown on the table below:

		ANNUAL MINIMUM RENT		
Lease Period	RSF	per RSF	Annual	Monthly
09/01/17 - 08/31/18	20,489	$ 17.23	$ 353,025.47	$ 29,418.79
09/01/18 - 08/31/19	20,489	$ 17.66	$ 361,851.11	$ 30,154.26
09/01/19 - 08/31/20	20,489	$ 18.1	$ 370,897.38	$ 30,908.12
09/01/20 - 08/31/21	20,489	$ 18.55	$ 380,169.82	$ 31,680.82
09/01/21 - 08/31/22	20,489	$ 19.02	$ 389,674.06	$ 32,472.84
09/01/22 - 08/31/23	20,489	$ 19.49	$ 399,415.92	$ 33,284.66
09/01/23 - 08/31/24	20,489	$ 19.98	$ 409,401.31	$ 34,116.78

8. **Tenant's Share of Expenses.** Tenant's Share of Expenses shall be adjusted to include the adjacent 3,000 rentable square feet, as shown on the table below:

		ESTIMATED EXPENSES		
Lease Period	RSF	per RSF	remaining annual	monthly
09/01/17 - 12/31/17	20,489	$4.62	$31,553.06	$7,888.27

9. **Effective Date.** The Effective Date of this Amendment shall be September 1, 2017.

10. **Tenant Interior Improvements.** The interior improvements to be performed by Tenant's contractor in a form and manner acceptable to Landlord, Landlord shall approve plans and drawings prior to the improvements commencing.

11. **Renewal Period.** Tenant shall be provided one (1) option to renew for an additional seven (7) years by providing Landlord with not less than one hundred eighty (180) days advance written notice prior to August 31, 2024.

12. **Binding Effect.** This Amendment shall be binding upon, and shall inure to the benefit of Landlord and Tenant and their respective successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Landlord and Tenant have caused this Fifth Lease Amendment to be duly executed upon the date first set forth above.

THIS AMENDMENT MUST BE EXECUTED FOR TENANT, IF A CORPORATION, BY THE PRESIDENT OR VICE PRESIDENT AND ATTESTED BY THE SECRETARY OR ASSISTANT SECRETARY, UNLESS THE BY-LAWS OR A RESOLUTION OF THE BOARD OF DIRECTORS SHALL OTHERWISE PROVIDE, IN WHICH EVENT A CERTIFIED COPY OF THE BY-LAWS OR RESOLUTION, AS THE CASE MAY BE, MUST BE FURNISHED TO LANDLORD.

LANDLORD:

Wyomissing Professional Center II, Limited Partnership (855), a Pennsylvania limited partnership, by its General Partner, Wyomissing Professional Center II, Inc.

By: /s/ Peter W. Carlino
Peter W. Carlino, President

TENANT:

Penn National Gaming, Inc., a Pennsylvania corporation

ATTESTED:

By: /s/ Carl Sottosanti

Name: Carl Sottosanti,
its Secretary & General Counsel

By: /s/ Jay A. Snowden

Name: Jay A. Snowden
Title: President & COO

SIXTH LEASE AMENDMENT
(855 BERKSHIRE BOULEVARD)

THIS SIXTH LEASE AMENDMENT (the "Amendment") made this 12th day of May, 2021, between **Penn National Gaming, Inc.,** a Pennsylvania corporation, hereinafter called "Tenant", having its principal place of business at 825 Berkshire Boulevard, Wyomissing, PA 19610 and **Wyomissing Professional Center II, Limited Partnership (855),** a Pennsylvania limited partnership, hereinafter called "Landlord", having its principal place of business at 875 Berkshire Boulevard, Suite 102, Wyomissing, Pennsylvania 19610.

WITNESSETH:

WHEREAS, the Tenant and the Landlord have executed a Lease Agreement dated January 30, 2002 which includes Exhibits "A", **"B",** "C", "E" and "F", a Commencement Agreement thereto dated May 23, 2002, a First Lease Amendment thereto dated December 4, 2002, a Second Amendment dated January 29, 2003, a Third Lease Amendment dated October 19, 2010, a Fourth Lease Amendment dated May 25, 2012 and a Fifth Lease Amendment dated September 1, 2017, respectively (collectively, the "Lease"), relating to the leased premises located at 855 Berkshire Boulevard, Suite 100, Wyomissing, Pennsylvania 19610; and

WHEREAS, the original Lease premises totaled 4,388 rentable square feet; and

WHEREAS, the leased premises square footage was increased by an additional 5,521 rentable square feet via the First Lease Amendment for a total of 9,909 rentable square feet; and

WHEREAS, the leased premises square footage was increased by an additional 3,569 rentable square feet for a total leased premises of 13,478 rentable square feet which was added to the premises via the Third Lease Amendment; and

WHERAS, the leased premises were further increased to include an additional, adjacent space consisting of 4,011 rentable square feet for a total leased premises of 17,489 rentable square feet via the Fourth Lease Amendment; and

WHEREAS, the leased premised were further increased to include an additional, adjacent space consisting of 3,000 rentable square feet for a total leased premises of 20,489 rentable square feet via the Fifth Lease Amendment; and

WHERAS, the parties now desire to extend the lease of the aforesaid leased premises of 20,489 square feet for a longer term.

NOW, THEREFORE, INTENDING TO BE LEGALLY BOUND HEREBY and in consideration of the mutual covenants set forth herein, the Landlord, and Tenant agree as follows:

1. **Incorporation.** The recitals set forth above are incorporated herein by reference.

2. **Amendment.** This Amendment is an amendment to and shall be deemed an integral part of the Lease. Except to the extent to which the provisions of this Amendment modify the provisions of the Lease, the provisions of the Lease shall remain in full force and effect.

3. **Defined Terms.** All capitalized terms used in this Amendment without definition which are defined in the Lease shall have the meanings set forth in the Lease.

4. **Leased Premises.** The defined leased premises shall consist of a total space of 20,489 rentable square feet.

5. **Term of Lease.** Landlord and Tenant desire to extend the term of this Lease until August 31, 2026 under the same terms and conditions of the base Lease except as modified herein.

6. **Fixed Annual Minimum Rent.** During the Term, the Annual Minimum Rent shall be as shown in the table below, provided that with respect to any portion of the leased premises that will be occupied prior to June 1, 2021, Tenant shall pay to Landlord $19.02/square foot from June 1, 2021, plus Tenant's share of Expenses.

Amendment/Extension Period		RSF	Per RSF	Annual	Monthly
06/01/2021	05/31/2022	20,489	$ 19.02	$ 389,700.78	$ 32,475.07
06/01/2022	05/31/2023	20,489	$ 19.5	$ 399,535.5	$ 33,294.63
06/01/2023	05/30/2024	20,489	$ 19.98	$ 409,370.22	$ 34,114.18
06/01/2024	05/31/2025	20,489	$ 20.48	$ 419,614.72	$ 34,967.89
06/01/2025	05/31/2026	20,489	$ 20.99	$ 430,064.11	$ 35,838.68
06/01/2026	08/30/2026	20,489	$ 21.51	$ 440,718.39	$ 36,726.53

7. **Tenant's Share of Expenses.** Tenant to pay full pro-rata share of all actual operating expenses. Including a Reimbursable Property Management Fee which shall increase by three (3%) per rentable square foot annually, effective January 1, 2022.

	ESTIMATED OPERATING EXPENSES			
Lease Year 1	RSF	per RSF	"Annual"	Monthly
2021	20,489	$ 5.83	$ 119,450.87	$ 9,954.24

8. **Janitorial**. Tenant shall be responsible for all janitorial service within the Leased Premises

9. **Utilities.** Tenant shall be responsible for all utility services within the Leased Premises.

10. **Effective Date.** The effective date of this Amendment is May 12, 2021.

11. **Renewal Period.** Tenant shall be provided one (1) five (5) year option to renew by providing Landlord with at least One Hundred Eighty (180) days written notice prior to the expiration of its lease term. The Base Rent shall increase by Two- and One-half (2.50%) percent for each year of the renewal period.

12. **Amendment and Revival.** This Amendment is an amendment to and shall be deemed an integral part of the Lease. Except to the extent to which the provisions of this Amendment modify the provisions of the Lease, the provisions of the Lease shall remain in full force and effect. To the extent that the Term of the Lease has expired or otherwise been terminated prior to the date of this Amendment, this Amendment shall serve as a revival of the Lease. Both parties shall be bound by the Lease, as amended hereby, and any and all rights and remedies of both parties hereto shall be restored on the terms set forth in the Lease.

13. **Binding effect.** This Amendment shall be binding upon, and shall inure to the benefit of Landlord and Tenant and their respective successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Landlord and Tenant have caused this Amendment to be duly executed this 12th day of May, 2021.

LANDLORD:

Wyomissing Professional Center III, Limited Partnership, a Pennsylvania limited partnership, by its General Partner, Wyomissing Professional Center III, Inc.

By: /s/ Peter W. Carlino
Peter W. Carlino, President

TENANT:

Penn National Gaming, Inc., a Pennsylvania corporation

ATTESTED:

By:	/s/ Amanda Garber	By:	/s/ Harper Ko
Name:	Amanda Garber	Name:	Harper Ko
		Title:	EVP, Chief Legal Officer and Secretary

SEVENTH LEASE AMENDMENT
(825 BERKSHIRE BOULEVARD)

THIS SEVENTH LEASE AMENDMENT (the "Amendment") made as of the 10th day of November 2022, between **PENN Entertainment, Inc.**, a Pennsylvania corporation, hereinafter called "Tenant", having its principal place of business at 825 Berkshire Boulevard, Wyomissing, PA 19610 and **Wyomissing Professional Center III, Limited Partnership**, a Pennsylvania limited partnership, hereinafter called "Landlord", having its principal place of business at 875 Berkshire Boulevard, Suite 102, Wyomissing, Pennsylvania 19610.

WITNESSETH:

The Tenant and the Landlord have executed a Lease Agreement (the original Lease) dated March 31, 1995, as amended by certain amendments dated April 15, 1997, October 30, 1997, April 23, 1998, November 16, 1999, August 21, 2000, April 5, 2005, November 20, 2007, May 25, 2012 and May 12, 2021, respectively (collectively, the "Lease"), relating to leased premises located at 825 Berkshire Boulevard, Wyomissing, Pennsylvania 19610.

NOW, THEREFORE, INTENDING TO BE LEGALLY BOUND HEREBY and in consideration of the mutual covenants set forth herein, the Landlord, and Tenant agree as follows:

1. **Incorporation.** The recitals set forth above are incorporated herein by reference.

2. **Amendment.** This Amendment is an amendment to and shall be deemed an integral part of the Lease. Except to the extent to which the provisions of this Amendment modify the provisions of the Lease, the provisions of the Lease shall remain in full force and effect.

3. **Defined Terms.** All capitalized terms used in this Amendment without definition which are defined in the Lease shall have the meanings set forth in the Lease.

4. **Leased Premises.** The defined leased premises are comprised of Suite 100 and Suite 200 and consist of a total space of 20,527 rentable square feet, as identified in the Lease.

5. **Term of Lease.** Landlord and Tenant desire to extend the term of this Lease until **December 31, 2025,** under the same terms and conditions of the base Lease except as modified herein.

6. **Fixed Annual Minimum Rent.** During the Term, the Annual Minimum Rent shall be as shown in the table below.

Renewal Period		RSF	Per RSF	Annual	Monthly
01/01/2023	12/31/2023	20,527	$18.51	$379,954.77	$31,662.90
01/01/2024	12/31/2024	20,527	$18.97	$389,397.19	$32,449.77
01/01/2025	12/31/2025	20,527	$19.45	$399,189.98	$33,265.83

7. **Tenant's Share of Expenses.** Tenant's Share shall be based on 20,527 square feet of rentable space including Reimbursable Property Management Fee.

8. **Janitorial.** Tenant shall be responsible for all janitorial service within the Leased Area.

9. **Effective Date.** The effective date of this Amendment shall be January 1, 2023.

10. **Renewal Period.** Tenant shall be provided one (1) five (5) year option to renew by providing Landlord with at least Two Hundred Seventy (270) days written notice prior to the expiration of its lease term. Base Rent for the renewal term shall be negotiated and agreed upon by Landlord and Tenant.
11. **Binding effect.** This Amendment shall be binding upon, and shall inure to the benefit of Landlord and Tenant and their respective successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Landlord and Tenant have caused this Amendment to be duly executed as of the 10th day of December 2022.

LANDLORD:
Wyomissing Professional Center III, Limited Partnership, a Pennsylvania limited partnership, by its General Partner, Wyomissing Professional Center III, Inc.

By: /s/ Peter W. Carlino
Peter W. Carlino, President

TENANT:

PENN Entertainment, Inc., a Pennsylvania corporation

WITNESS:
By: /s/ Kevin Dermody
Name: Kevin Dermody

By: /s/ Harper Ko
Name: Harper Ko
Title: Exec. VP, Chief Legal Officer and Secretary

EXHIBIT 10.22
Execution Version

AMENDED AND RESTATED MASTER LEASE

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AMENDED AND RESTATED MASTER LEASE

This **AMENDED AND RESTATED MASTER LEASE** (the "**Master Lease**") is entered into as of February 21, 2023, but is effective as of January 1, 2023 (the "**Effective Date**"), by and between GLP Capital, L.P. **(**together with its permitted successors and assigns, "**Landlord**"), and Penn Tenant, LLC (together with its permitted successors and assigns, "**Tenant**").

RECITALS

A. Capitalized terms used in this Master Lease and not otherwise defined herein are defined in Article II hereof.

B. Landlord and Tenant are parties to that certain Master Leased dated as of November 1, 2013, as amended by that certain First Amendment to Master Lease dated as of March 5, 2014, that certain Second Amendment to Master Lease dated April 18, 2014, that certain Third Amendment to Master Lease dated as of September 20, 2016, that certain Fourth Amendment to Master Lease dated as of May 1, 2017, that certain Fifth Amendment to Master Lease dated as of June 19, 2018, that certain Sixth Amendment to Master Lease dated as of August 8, 2018, that certain Seventh Amendment to Master Lease dated as of October 31, 2018, that certain Eighth Amendment to Master Lease dated November 20, 2018, and that certain Ninth Amendment to Master Lease dated January 14, 2022 (as so amended, the "**Original Master Lease**") pursuant to which Landlord leased certain gaming facilities.

C. Landlord and Tenant desire to amend and restate the Original Master Lease in its entirety to: (i) remove five (5) facilities from the Leased Property, (ii) adjust the Rent as a result of removing five (5) facilities, (iii) acknowledge that the Facilities commonly known as "Argosy Casino Sioux City" in Sioux City, Iowa and "Resorts Casino Tunica" in Tunica Resorts, Mississippi have previously been removed from the Leased Property, and (iv) amend certain other terms and provisions as more particularly set forth herein.

D. A list of the fourteen (14) facilities covered by this Master Lease as of the date hereof is attached hereto as Exhibit A (each a "**Facility**," and collectively, the "**Facilities**").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

1.1 Leased Property. Upon and subject to the terms and conditions hereinafter set forth, Landlord leases to Tenant and Tenant leases from Landlord all of Landlord's rights and interest in and to the following with respect to each of the Facilities (collectively, the "**Leased Property**"):

(a) the real property or properties described in Exhibit B attached hereto (collectively, the "**Land**");

(b) all buildings, structures, Fixtures (as hereinafter defined) and other improvements of every kind now or hereafter located on the Land or connected thereto including, but not limited to, alleyways and connecting tunnels, sidewalks, utility pipes, conduits and lines

(on-site and off-site to the extent Landlord has obtained any interest in the same), parking areas and roadways appurtenant to such buildings and structures of each such Facility, and, to the extent constituting "real property" as that term is defined in Treasury Regulation §1.856-3(d), all buildings, structures, Fixtures and other improvements of every kind now or hereafter located on the leased real property or the barges serving as foundations or points of access connected thereto (collectively, the "**Leased Improvements**");

(c) all easements, rights and appurtenances relating to the Land and the Leased Improvements; and

(d) all equipment, machinery, fixtures, and other items of property, including all components thereof, that (i) are now or hereafter located in, on or used in connection with and permanently affixed to or otherwise incorporated into the Leased Improvements and (ii) qualify as Long-Lived Assets, together with all replacements, modifications, alterations and additions thereto (collectively, the "**Fixtures**");

in each case, with respect to clauses 1.1(b) and 1.1(d) above, to the extent constituting "real property" as that term is defined in Treasury Regulation §1.856-3(d).

The Leased Property is leased subject to all covenants, conditions, restrictions, easements and other matters affecting the Leased Property as of the Commencement Date and such subsequent covenants, conditions, restrictions, easements and other matters as may be agreed to by Landlord or Tenant in accordance with the terms of this Master Lease, whether or not of record, including any matters which would be disclosed by an inspection or accurate survey of the Leased Property. Notwithstanding the foregoing, Leased Property shall exclude those items referenced on Schedule 1.1.

1.2 Single, Indivisible Lease. This Master Lease constitutes one indivisible lease of the Leased Property and not separate leases governed by similar terms. The Leased Property constitutes one economic unit, and the Rent and all other provisions have been negotiated and agreed to based on a demise of all of the Leased Property to Tenant as a single, composite, inseparable transaction and would have been substantially different had separate leases or a divisible lease been intended. Except as expressly provided in this Master Lease for specific, isolated purposes (and then only to the extent expressly otherwise stated), all provisions of this Master Lease apply equally and uniformly to all of the Leased Property as one unit. An Event of Default with respect to any portion of the Leased Property is an Event of Default as to all of the Leased Property. The parties intend that the provisions of this Master Lease shall at all times be construed, interpreted and applied so as to carry out their mutual objective to create an indivisible lease of all of the Leased Property and, in particular but without limitation, that, for purposes of any assumption, rejection or assignment of this Master Lease under 11 U.S.C. Section 365, or any successor or replacement thereof or any analogous state law, this is one indivisible and non-severable lease and executory contract dealing with one legal and economic unit and that this Master Lease must be assumed, rejected or assigned as a whole with respect to all (and only as to all) of the Leased Property. The parties may amend this Master Lease from time to time to include one or more additional Facilities as part of the Leased Property and such future addition to the Leased Property shall not in any way change the indivisible and

nonseverable nature of this Master Lease and all of the foregoing provisions shall continue to apply in full force.

1.3 Term. The **"Term"** of this Master Lease is the Initial Term plus all Renewal Terms, to the extent exercised. The initial term of this Master Lease (the **"Initial Term")** commenced on November 1, 2013 (the **"Commencement Date")** and will end on October 31, 2033, subject to renewal as set forth in Section 1.4 below. Notwithstanding the foregoing, and for the avoidance of doubt, the Commencement Date with respect to (i) 1st Jackpot was May 1, 2017, (ii) the Dayton Facility was August 28, 2014, and (iii) the Mahoning Valley Facility was September 17, 2014.

1.4 Renewal Terms. The term of this Master Lease may be extended for three (3) separate "Renewal Terms" of five (5) years each if: (a) at least twelve (12), but not more than eighteen (18) months prior to the end of the then current Term, Tenant delivers to Landlord a "Renewal Notice" that it desires to exercise its right to extend this Master Lease for one (1) Renewal Term; and (b) no Event of Default shall have occurred and be continuing on the date Landlord receives the Renewal Notice (the "**Exercise Date**") or on the last day of the then current Term. During any such Renewal Term, except as otherwise specifically provided for herein, all of the terms and conditions of this Master Lease shall remain in full force and effect.

Tenant may exercise such options to renew with respect to all (and no fewer than all) of the Facilities which are subject to this Master Lease as of the Exercise Date; provided, however, that the exercise of each Renewal Term shall be applicable with respect to each Barge-Based Facility only if an Expert has confirmed prior to the applicable Exercise Date (but no more than 180 days prior thereto) that exercising such Renewal Term with respect to such Barge-Based Facility would not cause the aggregate Term to exceed eighty percent (80%) of the useful life of such Barge-Based Facility as measured from the Commencement Date or the estimated residual fair market value of such Barge-Based Facility at the end of the applicable Renewal Term to be less than 20% of the fair market value of such Barge-Based Facility as of the Commencement Date without regard to inflation or deflation. If exercising any Renewal Term would cause the aggregate Term to exceed eighty percent (80%) of any Barge-Based Facility's estimated useful life, then (i) the remainder of the Leased Property (other than any Barge-Based Facility for which the aggregate Term would exceed eighty percent (80%) of such Barge-Based Facility's estimated useful life or the estimated residual fair market value of such Barge-Based Facility at the end of the applicable Renewal Term to be less than twenty percent (20%) of the fair market value of such Barge-Based Facility as of the Commencement Date without regard to inflation or deflation) shall continue to be demised hereunder for the entire applicable Renewal Term, and (ii) each such Barge-Based Facility shall be included in such Renewal Term only for the period of time that is within (and does not exceed) eighty percent (80%) of the estimated useful life of such Barge-Based Facility and the estimated residual fair market value of such Barge-Based Facility at the end of the applicable Renewal Term shall be not less than twenty percent (20%) of the fair market value of such Barge- Based Facility as of the Commencement Date without regard to inflation or deflation and shall thereafter not be a part of the Leased Property hereunder and the Base Rent due hereunder shall thereafter be reduced to account for the period of time each such Barge-Based Facility is not part of the Leased Property by an amount determined in accordance with the formula set forth in Section 14.6 hereof and such Barge-Based Facility and

the Tenant's Property related thereto shall be sold at fair market value, with Landlord entitled to the value of the Leased Property relating to such Barge-Based Facility and Tenant entitled to the value of the Tenant's Property relating to such Barge-Based Facility.

Notwithstanding anything contained herein to the contrary, Landlord and Tenant hereby acknowledge and agree that the Term of this Master Lease shall at all times be co-terminus with the term of the Sister Master Lease. As a result thereof, in the event (1) Tenant elects to extend the Term of this Master Lease for one or more Renewal Terms, Tenant or its Affiliate, as applicable, shall be required to exercise its options to renew the term of the Sister Master Lease, and (2) Tenant elects to extend the term of the Sister Master Lease, Tenant shall be required to exercise its options to renew the Term under the Master Lease so that the Term under this Master Lease at all times remains co-terminus with the term of the Sister Master Lease. In the event Tenant or its Affiliate delivers a Renewal Notice (as defined in the Sister Master Lease) for a Renewal Term (as defined in the Sister Master Lease) in accordance with the terms of the Sister Master Lease and fails to timely deliver a Renewal Notice hereunder, Tenant shall automatically be deemed to have delivered a Renewal Notice under this Section 1.4.

ARTICLE II

2.1 Definitions. For all purposes of this Master Lease, except as otherwise expressly provided or unless the context otherwise requires, (i) the terms defined in this Article II have the meanings assigned to them in this Article and include the plural as well as the singular; all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP; (ii) all references in this Master Lease to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Master Lease; (iii) the word "including" shall have the same meaning as the phrase "including, without limitation," and other similar phrases; (iv) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Master Lease as a whole and not to any particular Article, Section or other subdivision; and (v) for the calculation of any financial ratios or tests referenced in this Master Lease (including the Adjusted Revenue to Rent Ratio and the Indebtedness to EBITDA Ratio), this Master Lease, regardless of its treatment under GAAP, shall be deemed to be an operating lease and the Rent payable hereunder shall be treated as an operating expense and shall not constitute Indebtedness or interest expense.

1st Jackpot: The Facility commonly known as the "1st Jackpot Casino" in Tunica Resorts, Mississippi.

AAA: As defined in Section 34.1(b).

Accounts: All accounts, including deposit accounts and any Facility Mortgage Reserve Account (to the extent actually funded by Tenant), all rents, profits, income, revenues or rights to payment or reimbursement derived from the use of any space within the Leased Property and/or from goods sold or leased or services rendered from the Leased Property (including, without limitation, from goods sold or leased or services rendered from the Leased Property by any subtenant) and all accounts receivable, in each case whether or not evidenced by a contract, document, instrument or chattel paper and whether or not earned by performance,

including without limitation, the right to payment of management fees and all proceeds of the foregoing.

Additional Charges: All Impositions and all other amounts, liabilities and obligations which Tenant assumes or agrees to pay under this Master Lease and, in the event of any failure on the part of Tenant to pay any of those items, except where such failure is due to the acts or omissions of Landlord, every fine, penalty, interest and cost which may be added for non-payment or late payment of such items.

Adjusted Revenue: For any Test Period, Net Revenue (i) *minus* expenses other than Specified Expenses and (ii) *plus* Specified Proceeds, if any; provided, however, that for purposes of calculating Adjusted Revenue, Net Revenue shall not include Gaming Revenues, Retail Sales or Promotional Allowances of any subtenants of Tenant or any deemed payments under subleases of this Master Lease, licenses or other access rights from Tenant to its operating subsidiaries. Adjusted Revenue shall be calculated on a pro forma basis to give effect to any increase or decrease in Rent as a result of the addition or removal of Leased Property to this Master Lease since the beginning of any Test Period of Tenant as if each such increase or decrease had been affected on the first day of such Test Period. Notwithstanding the foregoing, with respect to the deduction of expenses related to or arising from Onsite iGaming under subsection (i) above, only Eligible iGaming Expenses may be deducted.

Adjusted Revenue to Rent Ratio: As at any date of determination, the ratio for any period of Adjusted Revenue to Rent. For purposes of calculating the Adjusted Revenue to Rent Ratio, Adjusted Revenue shall be calculated on a pro forma basis (and shall be calculated to give effect to (x) pro forma adjustments reasonably contemplated by Tenant and (y) such other pro forma adjustments consistent with Regulation S-X under the Securities Act) to give effect to any material acquisitions and material asset sales consummated by the Tenant or any Guarantor during any Test Period of Tenant as if each such material acquisition had been effected on the first day of such Test Period and as if each such material asset sale had been consummated on the day prior to the first day of such Test Period. In addition, (i) Adjusted Revenue and Rent shall be calculated on a pro forma basis to give effect to any increase or decrease in Rent as a result of the addition or removal of Leased Property to this Master Lease during any Test Period as if such increase or decrease had been effected on the first day of such Test Period and (ii) in the event Rent is to be increased in connection with the addition or inclusion of a Long-Lived Asset that is projected to increase Adjusted Revenue, such Rent increase shall not be taken into account in calculating the Adjusted Revenue to Rent Ratio until the first fiscal quarter following the completion of the installation or construction of such Long-Lived Assets. Notwithstanding anything to the contrary contained herein, including in the definition of Adjusted Revenue above, with respect to 1st Jackpot, Adjusted Revenue and Rent attributable to 1st Jackpot shall include actual Adjusted Revenue received and Rent incurred by Tenant during the Test Period in which 1st Jackpot is added to the Master Lease and shall not be determined on a pro forma basis as otherwise provided herein.

Affected Facility: As defined in Section 7.4(a).

Affiliate: When used with respect to any corporation, limited liability company, or partnership, the term “Affiliate” shall mean any person which, directly or indirectly, controls or

is controlled by or is under common control with such corporation, limited liability company or partnership. For the purposes of this definition, "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, through the ownership of voting securities, partnership interests or other equity interests.

Appointing Authority: As defined in Section 34.1(b).

Award: All compensation, sums or anything of value awarded, paid or received on a total or partial Taking.

Barge-Based Facility: Each Facility identified in Exhibit A, as amended from time to time, as a "Barge-Based Facility."

Base Rent: The sum of (i) the Building Base Rent, and (ii) the Land Base Rent.

Building Base Rent:

(A) Commencing on the Effective Date, an annual amount equal to two hundred eight million, one hundred ninety-five thousand Dollars ($208,195,000); provided, however, that commencing on November 1, 2023 and continuing on each anniversary thereof thereafter during the Initial Term, the Building Base Rent shall increase to an annual amount equal to the sum of (i) the Building Base Rent for the immediately preceding Lease Year, and (ii) the Escalation.

(B) The Building Base Rent for the first year of each Renewal Term shall be an annual amount equal to the sum of (i) the Building Base Rent for the immediately preceding Lease Year, and (ii) the Escalation. Commencing with the second (2nd) Lease Year of any Renewal Term and continuing each Lease Year thereafter during such Renewal Term, the Building Base Rent shall increase to an annual amount equal to the sum of (i) the Building Base Rent for the immediately preceding Lease Year, and (ii) the Escalation.

(C) As applicable during the Term, Building Base Rent shall be increased pursuant to Section 10.3(c) in respect of Capital Improvements funded by Landlord (which increases shall, in each case, be subject to the Escalations provided in the foregoing clauses (A) and (B)).

Building Base Rent shall be subject to further adjustment as and to the extent provided in Section 14.6.

Business Day: Each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which national banks in the City of New York, New York are authorized, or obligated, by law or executive order, to close.

Capital Improvements: With respect to any Facility, any improvements or alterations or modifications of the Leased Improvements that would be considered a capital improvement under GAAP, including without limitation structural alterations, modifications or improvements, or one or more additional structures annexed to any portion of any of the Leased Improvements of such Facility, or the expansion of existing improvements, which are

constructed on any parcel or portion of the Land of such Facility, during the Term, including construction of a new wing or new story, all of which shall constitute a portion of the Leased Improvements and Leased Property hereunder in accordance with Section 10.3.

Cash: Cash and cash equivalents and all instruments evidencing the same or any right thereto and all proceeds thereof.

Casualty Event: Any loss of title or any loss of or damage to or destruction of, or any condemnation or other taking (including by any governmental authority) of, any asset for which Tenant or any of its Subsidiaries (directly or through Tenant's Parent) receives cash insurance proceeds or proceeds of a condemnation award or other similar compensation (excluding proceeds of business interruption insurance). "Casualty Event" shall include, but not be limited to, any taking of all or any part of any real property of Tenant or any of its Subsidiaries or any part thereof, in or by condemnation or other eminent domain proceedings pursuant to any applicable law, or by reason of the temporary requisition of the use or occupancy of all or any part of any real property of Tenant or any of its Subsidiaries or any part thereof by any governmental authority, civil or military.

Change in Control: (i) Any Person or "group" (within the meaning of Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as amended from time to time, and any successor statute), (a) shall have acquired direct or indirect beneficial ownership or control of thirty-five percent (35%) or more on a fully diluted basis of the direct or indirect voting power in the Equity Interests of Tenant's Parent entitled to vote in an election of directors of Tenant's Parent, or (b) shall have caused the election of a majority of the members of the board of directors or equivalent body of Tenant's Parent, which such members have not been nominated by a majority of the members of the board of directors or equivalent body of Tenant's Parent as such were constituted immediately prior to such election, (ii) except as permitted or required hereunder, the direct or indirect sale by Tenant or Tenant's Parent of all or substantially all of Tenant's assets, whether held directly or through Subsidiaries, relating to the Facilities in one transaction or in a series of related transactions (excluding sales to Tenant or its Subsidiaries), (iii) (a) Tenant ceasing to be a wholly-owned Subsidiary (directly or indirectly) of Tenant's Parent or (b) Tenant's Parent ceasing to control one hundred percent (100%) of the voting power in the Equity Interests of Tenant or (iv) Tenant's Parent consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, Tenant's Parent, in any such event pursuant to a transaction in which any of the outstanding Equity Interests of Tenant's Parent ordinarily entitled to vote in an election of directors of Tenant's Parent or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Equity Interests of Tenant's Parent ordinarily entitled to vote in an election of directors of Tenant's Parent outstanding immediately prior to such transaction constitute or are converted into or exchanged into or exchanged for a majority (determined by voting power in an election of directors) of the outstanding Equity Interests ordinarily entitled to vote in an election of directors of such surviving or transferee Person (immediately after giving effect to such transaction).

Code: The Internal Revenue Code of 1986 and, to the extent applicable, the Treasury Regulations promulgated thereunder, each as amended from time to time.

Commencement Date: As defined in Section 1.3.

Competing Facility: As defined in Section 7.4(e).

Competing Facility Floor: As defined in Section 7.4(e).

Condemnation: The exercise of any governmental power, whether by legal proceedings or otherwise, by a Condemnor or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

Condemnor: Any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

Consolidated Interest Expense: For any period, interest expense of Tenant and its Subsidiaries that are Guarantors for such period as determined on a consolidated basis for Tenant and its Subsidiaries that are Guarantors in accordance with GAAP.

CPI: The United States Department of Labor, Bureau of Labor Statistics Revised Consumer Price Index for All Urban Consumers (1982-84=100), U.S. City Average, All Items, or, if that index is not available at the time in question, the index designated by such Department as the successor to such index, and if there is no index so designated, an index for an area in the United States that most closely corresponds to the entire United States, published by such Department, or if none, by any other instrumentality of the United States.

CPI Increase: The product of (i) the CPI published for the beginning of each Lease Year, divided by (ii) the CPI published for the beginning of the first Lease Year. If the product is less than one, the CPI Increase shall be equal to one.

CPR Institute: As defined in Section 34.1(b).

Date of Taking: The date the Condemnor has the right to possession of the property being condemned.

Debt Agreement: If designated by Tenant to Landlord in writing to be included in the definition of "Debt Agreement," one or more (A) debt facilities or commercial paper facilities, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to lenders or to special purpose entities formed to borrow from lenders against such receivables) or letters of credit, (B) debt securities, indentures or other forms of debt financing (including convertible or exchangeable debt instruments or bank guarantees or bankers' acceptances), or (C) instruments or agreements evidencing any other indebtedness, in each case, with the same or different borrowers or issuers and, in each case, (i) entered into from time to time by Tenant and/or its Affiliates, (ii) as amended, supplemented, modified, extended, restructured, renewed, refinanced, restated, replaced or refunded in whole or in part from time to time, (iii) which may be secured by assets of Tenant and its Subsidiaries, including, but not limited to, their Cash, Accounts, Tenant's Property, real property and leasehold estates in real property (including this Master Lease), and (iv) which shall provide Landlord, in accordance with Section 17.3 hereof, the right to receive copies of notices of Specified Debt Agreement

Defaults thereunder and opportunity to cure any breaches or defaults by Tenant thereunder within the cure period, if any, that exists under such Debt Agreement.

Discretionary Transferee: A transferee that meets all of the following requirements: (a) such transferee has (1) at least five (5) years of experience (directly or through one or more of its Subsidiaries) operating or managing casinos with revenues in the immediately preceding fiscal year of at least seven hundred fifty million Dollars ($750,000,000) (or retains a manager with such qualifications, which manager shall not be replaced other than in accordance with Article XXII hereof) that is not in the business, and that does not have an Affiliate in the business, of leasing properties to gaming operators, or (2) agreement(s) in place in a form reasonably satisfactory to Landlord to retain for a period of eighteen (18) months (or more) after the effective time of the transfer at least (i) eighty percent (80%) of Tenant and its Subsidiaries' personnel employed at the Facilities who have employment contracts as of the date of the relevant agreement to transfer and (ii) eighty percent (80%) of Tenant's and Tenant's Parent's ten most highly compensated corporate employees as of the date of the relevant agreement to transfer based on total compensation determined in accordance with Item 402 of Regulation S-K of the Securities and Exchange Act of 1934, as amended; (b) such transferee (directly or through one or more of its Subsidiaries) is licensed or certified by each gaming authority with jurisdiction over any portion of the Leased Property as of the date of any proposed assignment or transfer to such entity (or will be so licensed upon its assumption of the Master Lease); (c) such transferee is Solvent, and, other than in the case of a Permitted Leasehold Mortgagee Foreclosing Party, if such transferee has a Parent Company, the Parent Company of such transferee is Solvent, and (d) (i) other than in the case of a Permitted Leasehold Mortgagee Foreclosing Party, (x) the Parent Company of such transferee or, if such transferee does not have a Parent Company, such transferee, has sufficient assets so that, after giving effect to its assumption of Tenant's obligations hereunder or the applicable assignment (including pursuant to a Change in Control under Section 22.2(iii)(x) or Section 22.2(iii)(y)), its Indebtedness to EBITDA Ratio on a consolidated basis in accordance with GAAP is less than 8:1 on a pro forma basis based on projected earnings and after giving effect to the proposed transaction or (y) an entity that has an investment grade credit rating from a nationally recognized rating agency with respect to such entity's long term, unsecured debt has provided a Guaranty, or (ii) in the case of a Permitted Leasehold Mortgagee Foreclosing Party, (x) Tenant has an Indebtedness to EBITDA Ratio of less than 8:1 on a pro forma basis based on projected earnings and after giving effect to the proposed transaction or (y) an entity that has an investment grade credit rating from a nationally recognized rating agency with respect to such entity's long term, unsecured debt has provided a Guaranty.

Dollars and $: The lawful money of the United States.

EBITDA: For any Test Period, the consolidated net income or loss of the Parent Company of a Discretionary Transferee (or, in the case of (x) a Permitted Leasehold Mortgagee Foreclosing Party, such Permitted Leasehold Mortgagee Foreclosing Party or (y) a Discretionary Transferee that does not have a Parent Company, such Discretionary Transferee) on a consolidated basis for such period, determined in accordance with GAAP, adjusted by excluding (1) income tax expense, (2) consolidated interest expense (net of interest income), (3) depreciation and amortization expense, (4) any income, gains or losses attributable to the early

extinguishment or conversion of indebtedness or cancellation of indebtedness, (5) gains or losses on discontinued operations and asset sales, disposals or abandonments, (6) impairment charges or asset write-offs including, without limitation, those related to goodwill or intangible assets, long-lived assets, and investments in debt and equity securities, in each case, in accordance with GAAP, (7) any non-cash items of expense (other than to the extent such non-cash items of expense require or result in an accrual or reserve for future cash expenses), (8) extraordinary gains or losses and (9) unusual or non-recurring gains or items of income or loss.

Effective Date Subleases: Means (i) each Specified Sublease, and (ii) each other sublease, license, or other occupancy agreement in effect on the Effective Date constituting part of the Leased Property with respect to which Tenant is a sublessor (or its equivalent) and for which (a) Landlord's consent was given or (b) such sublease did not require Landlord's consent under the Original Master Lease.

Eligible iGaming Expenses: shall mean any expenses incurred directly for Onsite iGaming, and shall not include, (i) any expense that is associated with the development of the sports betting or iGaming applications and related products (including, if applicable and for the sake of clarity, the amortization of any capitalized expenses), (ii) any expense associated with the acquisition of Barstool or the initial licensing of sports betting or iGaming, (iii) start-up costs associated with the introduction of sports betting or iGaming, (iv) research and development-type of expenses, and (v) any other indirect expenses related to sports betting or iGaming.

Encumbrance: Any mortgage, deed of trust, lien, encumbrance or other matter affecting title to any of the Leased Property, or any portion thereof or interest therein.

End of Term Gaming Asset Transfer Notice: As defined in Section 36.1.

Environmental Costs: As defined in Section 32.4.

Environmental Laws: Any and all federal, state, municipal and local laws, statutes, ordinances, rules, regulations, guidances, policies, orders, decrees or judgments, whether statutory or common law, as amended from time to time, now or hereafter in effect, or promulgated, pertaining to the environment, public health and safety and industrial hygiene, including the use, generation, manufacture, production, storage, release, discharge, disposal, handling, treatment, removal, decontamination, cleanup, transportation or regulation of any Hazardous Substance, including the Industrial Site Recovery Act, the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Federal Insecticide, Fungicide, Rodenticide Act, the Safe Drinking Water Act and the Occupational Safety and Health Act.

Equity Interests: With respect to any person, any and all shares, interests, participations or other equivalents, including membership interests (however designated, whether voting or non-voting), of equity of such person, including, if such person is a partnership, partnership interests (whether general or limited) and any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distributions of assets of, such partnership.

Equity Rights: With respect to any person, any then outstanding subscriptions, options, warrants, commitments, preemptive rights or agreements of any kind (including any stockholders' or voting trust agreements) for the issuance, sale, registration or voting of any additional Equity Interests of any class, or partnership or other ownership interests of any type in, such person; provided, however, that a debt instrument convertible into or exchangeable or exercisable for any Equity Interests shall not be deemed an Equity Right.

Escalated Building Base Rent: For any Lease Year (other than the first Lease Year), an amount equal to one hundred and two percent (102%) of the Building Base Rent as of the end of the immediately preceding Lease Year.

Escalation: For any Lease Year (other than the first Lease Year), the lesser of (a) an amount equal to the excess of (i) the Escalated Building Base Rent for such Lease Year over (ii) the Building Base Rent for the immediately preceding Lease Year, and (b) an amount (but not less than zero) that adding such amount to the Rent for the immediately preceding Lease Year will have yielded an Adjusted Revenue to Rent Ratio for such preceding Lease Year of 1.8:1.

Event of Default: As defined in Article XVI.

Exercise Date: As defined in Section 1.4.

Expert: An independent third party professional, with expertise in respect of a matter at issue, appointed by the agreement of Landlord and Tenant or otherwise in accordance with Article XXXIV hereof.

Facilit(y)(ies): As defined in Recital C. Facility Mortgage: As defined in Section 13.1.

Facility Mortgage Documents: With respect to each Facility Mortgage and Facility Mortgagee, the applicable Facility Mortgage, loan agreement, debt agreement, credit agreement or indenture, lease, note, collateral assignment instruments, guarantees, indemnity agreements and other documents or instruments evidencing, securing or otherwise relating to the loan made, credit extended, or lease or other financing vehicle entered into pursuant thereto.

Facility Mortgage Reserve Account: As defined in Section 31.3(b). Facility Mortgagee: As defined in Section 13.1.

Financial Statements: (i) For a Fiscal Year, consolidated statements of Tenant's Parent and its consolidated subsidiaries (as defined by GAAP) of income, stockholders' equity and comprehensive income and cash flows for such period and for the period from the beginning of the Fiscal Year to the end of such period and the related consolidated balance sheet as at the end of such period, together with the notes thereto, all in reasonable detail and setting forth in comparative form the corresponding figures for the corresponding period in the preceding Fiscal Year and prepared in accordance with GAAP and audited by a "big four" or other nationally recognized accounting firm, and (ii) for a fiscal quarter, consolidated statements of Tenant's Parent's income, stockholders' equity and comprehensive income and cash flows for such period and for the period from the beginning of the Fiscal Year to the end of such period and the related consolidated balance sheet as at the end of such period, together with the notes thereto, all in

reasonable detail and setting forth in comparative form the corresponding figures for the corresponding period in the preceding Fiscal Year and prepared in accordance with GAAP.

Fiscal Year: The annual period commencing January 1 and terminating December 31 of each year.

Fixtures: As defined in Section 1.1(d).

Foreclosure Assignment: As defined in Section 22.2(iii).

Foreclosure COC: As defined in Section 22.2(iii).

Foreclosure Purchaser: As defined in Section 31.1.

GAAP: Generally accepted accounting principles consistently applied in the preparation of financial statements, as in effect from time to time (except with respect to any financial ratio defined or described herein or the components thereof, for which purposes GAAP shall refer to such principles as in effect as of the date hereof).

Gaming Assets FMV: As defined in Section 36.1.

Gaming Facility: A facility at which there are operations of slot machines, table games or pari-mutuel wagering.

Gaming License: Any license, permit, approval, finding of suitability or other authorization issued by a state regulatory agency to operate, carry on or conduct any gambling game, gaming device, slot machine, race book or sports pool on the Leased Property, or required by any Gaming Regulation, including each of the licenses, permits or other authorizations set forth on Exhibit D, as amended from time to time, and those related to any Facilities that are added to this Master Lease after the date hereof.

Gaming Regulation(s): Any and all laws, statutes, ordinances, rules, regulations, policies, orders, codes, decrees or judgments, and Gaming License conditions or restrictions, as amended from time to time, now or hereafter in effect or promulgated, pertaining to the operation, control, maintenance or Capital Improvement of a Gaming Facility or the conduct of a person or entity holding a Gaming License, including, without limitation, any requirements imposed by a regulatory agency, commission, board or other governmental body pursuant to the jurisdiction and authority granted to it under applicable law.

Gaming Revenues: As defined in the definition of Net Revenue.

GLP: Gaming and Leisure Properties, Inc..

Greenfield Floor: As defined in Section 7.4(a).

Greenfield Project: As defined in Section 7.4(a).

Ground Leased Property: The real property leased pursuant to the Ground Leases.

Ground Leases: Those certain leases with respect to real property that is a portion of the Leased Property, pursuant to which Landlord is a tenant and which leases have either been approved by Tenant or are in existence as of the date hereof and listed on Schedule 1A hereto.

Ground Lessor: As defined in Section 8.6(a).

Guarantor: Any entity that guaranties the payment or collection of all or any portion of the amounts payable by Tenant, or the performance by Tenant of all or any of its obligations, under this Master Lease, including any replacement guarantor consented to by Landlord in connection with the assignment of the Master Lease or a sublease of Leased Property pursuant to Article XXII.

Guaranty: That certain Amended and Restated Guaranty of Master Lease dated as of the date hereof, a form of which is attached as Exhibit E hereto, as the same may be amended, supplemented or replaced from time to time, by and between Tenant's Parent, Landlord and certain Subsidiaries of Tenant from time to time party thereto, and any other guaranty in form and substance reasonably satisfactory to the Landlord executed by a Guarantor in favor of Landlord (as the same may be amended, supplemented or replaced from time to time) pursuant to which such Guarantor agrees to guaranty all of the obligations of Tenant hereunder.

Handling: As defined in Section 32.4.

Hazardous Substances: Collectively, any petroleum, petroleum product or by product or any substance, material or waste regulated or listed pursuant to any Environmental Law.

Immaterial Subsidiary Guarantor: Any Subsidiary of Tenant having assets with an aggregate fair market value of less than twenty-five million Dollars ($25,000,000) as of the most recent date on which Financial Statements have been delivered to Landlord pursuant to Section 23.1(b); provided, *however*, that in no event shall the aggregate fair market value of the assets of all Immaterial Subsidiary Guarantors exceed fifty million Dollars ($50,000,000) as of the most recent date on which Financial Statements have been delivered to Landlord pursuant to Section 23.1(b).

Impartial Appraiser: As defined in Section 13.2.

Impositions: Collectively, all taxes, including capital stock, franchise, margin and other state taxes of Landlord, ad valorem, real estate, sales, use, single business, gross receipts, transaction privilege, rent or similar taxes; assessments including assessments for public improvements or benefits, whether or not commenced or completed prior to the date hereof and whether or not to be completed within the Term; ground rents (pursuant to the Ground Leases); water, sewer and other utility levies and charges; excise tax levies; fees including license, permit, inspection, authorization and similar fees; and all other governmental charges, in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character in respect of the Leased Property and/or the Rent and Additional Charges and all interest and penalties thereon attributable to any failure in payment by Tenant (other than failures arising from the acts or omissions of Landlord) which at any time prior to, during or in respect of the Term hereof may be assessed or imposed on or in respect of or be a lien upon (i) Landlord or

Landlord's interest in the Leased Property, (ii) the Leased Property or any part thereof or any rent therefrom or any estate, right, title or interest therein, or (iii) any occupancy, operation, use or possession of, or sales from or activity conducted on or in connection with the Leased Property or the leasing or use of the Leased Property or any part thereof; provided, however, that nothing contained in this Master Lease shall be construed to require Tenant to pay (a) any tax based on net income (whether denominated as a franchise or capital stock or other tax) imposed on Landlord or any other Person, (b) any transfer, or net revenue tax of Landlord or any other Person except Tenant and its successors, (c) any tax imposed with respect to the sale, exchange or other disposition by Landlord of any Leased Property or the proceeds thereof, or (d) any principal or interest on any indebtedness on or secured by the Leased Property owed to a Facility Mortgagee for which Landlord or its Subsidiaries or GLP is the obligor; provided, further, Impositions shall include any tax, assessment, tax levy or charge set forth in clause (a) or (b) that is levied, assessed or imposed in lieu of, or as a substitute for, any Imposition.

Indebtedness: Of any Person, without duplication, (a) all indebtedness of such Person for borrowed money, whether or not evidenced by bonds, debentures, notes or similar instruments, (b) all obligations of such Person as lessee under capital leases which have been or should be recorded as liabilities on a balance sheet of such Person in accordance with GAAP, (c) all obligations of such Person to pay the deferred purchase price of property or services (excluding trade accounts payable in the ordinary course of business), (d) all indebtedness secured by a lien on the property of such Person, whether or not such indebtedness shall have been assumed by such Person, (e) all obligations, contingent or otherwise, with respect to the face amount of all letters of credit (whether or not drawn) and banker's acceptances issued for the account of such Person, (f) all obligations under any agreement with respect to any swap, forward, future or derivative transaction or option or similar arrangement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or combination of transactions, (g) all guarantees by such Person of any of the foregoing and (h) all indebtedness of the nature described in the foregoing clauses (a)-(g) of any partnership of which such Person is a general partner.

Indebtedness to EBITDA Ratio: As at any date of determination, the ratio of (a) Indebtedness of the applicable (x) Discretionary Transferee or Parent Company of the Discretionary Transferee or (y) in the case of a Permitted Leasehold Mortgagee Foreclosing Party, the Permitted Leasehold Mortgagee Foreclosing Party (such Discretionary Transferee, Parent Company or Permitted Leasehold Mortgagee Foreclosing Party, as applicable the "**Relevant Party**") on a consolidated basis, as of such date (excluding (i) Indebtedness of the type referenced in clauses (e) or (f) of the definition of Indebtedness or Indebtedness referred to in clauses (d) or (g) of the definition of Indebtedness to the extent relating to Indebtedness of the type referenced in clauses (e) or (f) of the definition of Indebtedness, to (b) EBITDA for the Test Period most recently ended prior to such date for which financial statements are available. For purposes of calculating the Indebtedness to EBITDA Ratio, EBITDA shall be calculated on a pro forma basis (and shall be calculated, except for pro forma adjustments reasonably contemplated by the potential transferee which may be included in such calculations, otherwise in accordance with Regulation S-X under the Securities Act) to give effect to any material acquisitions and material asset sales consummated by the Relevant Party and its Subsidiaries since the beginning

of any Test Period of the Relevant Party as if each such material acquisition had been effected on the first day of such Test Period and as if each such material asset sale had been consummated on the day prior to the first day of such period. In addition, for the avoidance of doubt, (i) if the Relevant Party or any Subsidiary of the Relevant Party has incurred any Indebtedness or repaid, repurchased, acquired, defeased or otherwise discharged any Indebtedness since the end of the most recent Test Period for which financial statements are available, Indebtedness shall be calculated (for purposes of this definition) after giving effect on a pro forma basis to such incurrence, repayment, repurchase, acquisition, defeasance or discharge and the applications of any proceeds thereof as if it had occurred prior to the first day of such Test Period and (ii) the Indebtedness to EBITDA Ratio shall give pro forma effect to the transactions whereby the applicable Discretionary Transferee becomes party to the Master Lease or the Change in Control transactions permitted under Sections 22.2(iii) and shall include the Indebtedness and EBITDA of Tenant and its Subsidiaries for the relevant period.

Initial Term: As defined in Section 1.3.

Insurance Requirements: The terms of any insurance policy required by this Master Lease and all requirements of the issuer of any such policy and of any insurance board, association, organization or company necessary for the maintenance of any such policy.

Investment Fund: A bona fide private equity fund or bona fide investment vehicle arranged by and managed by or controlled by, or under common control with, a private equity fund (excluding any private equity fund investment vehicle the primary assets of which are Tenant and its Subsidiaries and/or this Master Lease and assets related thereto) that is engaged in making, purchasing, funding or otherwise or investing in a diversified portfolio of businesses and companies and is organized primarily for the purpose of making equity investments in companies.

Land: As defined in Section 1.1(a).

Land Base Rent: An annual amount equal to forty-three million, thirty-five thousand Dollars ($43,035,000). Land Base Rent shall be subject to further adjustment as and to the extent provided in Section 14.6.

Landlord: As defined in the preamble.

Landlord Representatives: As defined in Section 23.4.

Landlord Tax Returns: As defined in Section 4.1(b).

Lease Year: The first Lease Year for each Facility shall be the period commencing on the Commencement Date and ending on the last day of the calendar month in which the first (1st) anniversary of the Commencement Date occurs, and each subsequent Lease Year for each Facility shall be each period of twelve (12) full calendar months after the last day of the prior Lease Year.

Leased Improvements: As defined in Section 1.1(b).

Leased Property: As defined in Section 1.1.

Leased Property Rent Adjustment Event: As defined in Section 14.6.

Leasehold Estate: As defined in Section 17.1(a).

Legal Requirements: All federal, state, county, municipal and other governmental statutes, laws, rules, policies, guidance, codes, orders, regulations, ordinances, permits, licenses, covenants, conditions, restrictions, judgments, decrees and injunctions (including common law, Gaming Regulations and Environmental Laws) affecting either the Leased Property, Tenant's Property and all Capital Improvements or the construction, use or alteration thereof, whether now or hereafter enacted and in force, including any which may (i) require repairs, modifications or alterations in or to the Leased Property and Tenant's Property, (ii) in any way adversely affect the use and enjoyment thereof, or (iii) regulate the transport, handling, use, storage or disposal or require the cleanup or other treatment of any Hazardous Substance.

Liquor Authority: As defined in Section 41.13(a).

Liquor Laws: As defined in Section 41.13(a).

Long-Lived Assets: (i) With respect to property owned by Tenant's Parent as of the date hereof, all property capitalized in accordance with GAAP with an expected life of not less than fifteen (15) years as initially reflected on the books and records of Tenant's Parent at or about the time of acquisition thereof or (ii) with respect to those assets purchased, replaced or otherwise maintained by Tenant after the date hereof, such asset capitalized in accordance with GAAP with an expected life of not less than fifteen (15) years as of or about the time of the acquisition thereof, as classified by Tenant in accordance with GAAP.

Master Lease: As defined in the preamble.

Material Indebtedness: At any time, Indebtedness of any one or more of the Tenant (and its Subsidiaries) and any Guarantor in an aggregate principal amount exceeding ten percent (10%) of Adjusted Revenue of Tenant and the Guarantors that are Subsidiaries of Tenant on a consolidated basis over the most recent Test Period for which financial statements are available. As of the date hereof, until financial statements are available for the initial Test Period, such amount shall be forty million Dollars ($40,000,000).

Maximum Foreseeable Loss: As defined in Section 13.2.

Net Revenue: The sum of, without duplication, (i) the amount received by Tenant (and its Subsidiaries and its subtenants) from patrons at any Facility for gaming, less refunds and free promotional play provided to the customers and invitees of Tenant (and its Subsidiaries and subtenants) pursuant to a rewards, marketing, and/or frequent users program, and less amounts returned to patrons through winnings at any Facility (the amounts in this clause (i), "**Gaming Revenues**"); and (ii) the gross receipts of Tenant (and its Subsidiaries and subtenants) for all goods and merchandise sold, the charges for all services performed, or any other revenues generated by Tenant (and its Subsidiaries and subtenants) in, at, or from the Leased Property for cash, credit, or otherwise (without reserve or deduction for uncollected amounts), but excluding any Gaming Revenues (the amounts in this clause (ii), "**Retail Sales**"); less (iii) the retail value of accommodations, food and beverage, and other services furnished without charge to guests of Tenant (and its Subsidiaries and subtenants) at any Facility (the amounts in this clause (iii),

"**Promotional Allowance**"). For the avoidance of doubt, gaming taxes and casino operating expenses (such as salaries, income taxes, employment taxes, supplies, equipment, cost of goods and inventory, rent, office overhead, marketing and advertising and other general administrative costs) will not be deducted in arriving at Net Revenue. Net Revenue will be calculated on an accrual basis for these purposes, as required under GAAP. For the absence of doubt, if Gaming Revenues, Retail Sales or Promotional Allowances of a Subsidiary or subtenant, as applicable, are taken into account for purposes of calculating Net Revenue, any rent received by Tenant from such Subsidiary or subtenant, as applicable, pursuant to any sublease with such Subsidiary or subtenant, as applicable, shall not also be taken into account for purposes of calculating Net Revenues. Notwithstanding the foregoing, with respect to any Specified Sublease, Net Revenue shall not include Gaming Revenues or Retail Sales from the subtenants under such subleases and shall include the rent received by Tenant or its subsidiaries thereunder. Net Revenue shall not include online or internet-based revenue (including online gaming or internet-based sports-related gaming, "**iGaming**"), except to the extent that the online or internet-based revenue is derived from gaming, wagering or related activity that occurs while the patron is physically located at, in or on Leased Property ("**Onsite iGaming**"). For the avoidance of doubt, and with respect to Onsite iGaming, Net Revenue shall (i) not include any revenues that Tenant, Tenant's Parent or any of their Affiliates receives from market access agreements or "skin" agreements for iGaming between Tenant, Tenant's Parent or any of their Affiliates and any third party, and (ii) include all income, whether reported in net revenue or any other income statement line item of Tenant, Tenant's Parent or any of their Affiliates. Tenant shall be responsible for any incremental costs associated with tracking Onsite iGaming, including by way of geo-location related technology or otherwise (collectively, "**Online Tracking**"). Notwithstanding the foregoing, Tenant shall not be required to track Onsite Gaming until such time as Online Tracking is installed by Tenant at the Leased Property, which shall be as soon as reasonably practicable but no later than six months after the launch of Onsite iGaming. In addition, Net Revenue attributed to Onsite iGaming at each Leased Property shall not be less than $0 on an annual basis. The allocation of iGaming Promotional Allowances for purposes of determining Net Revenue shall be limited to the same percentage as Onsite iGaming revenue for such applicable Leased Property of total iGaming revenue; provided that iGaming Promotional Allowances shall not exceed fifteen percent (15%) of Onsite iGaming Net Revenue.

New Lease: As defined in Section 17.1(f).

Notice: A notice given in accordance with Article XXXV.

Notice of Termination: As defined in Section 17.1(f).

OFAC: As defined in Section 39.1.

Officer's Certificate: A certificate of Tenant or Landlord, as the case may be, signed by an officer of such party authorized to so sign by resolution of its board of directors or by its sole member or by the terms of its by-laws or operating agreement, as applicable.

Overdue Rate: On any date, a rate equal to five (5) percentage points above the Prime Rate, but in no event greater than the maximum rate then permitted under applicable law.

Parent Company: With respect to any Discretionary Transferee, any Person (other than an Investment Fund) (x) as to which such Discretionary Transferee is a Subsidiary; and (y) which is not a Subsidiary of any other Person (other than an Investment Fund).

Payment Date: Any due date for the payment of the installments of Rent or any other sums payable under this Master Lease.

Percentage Rent: An annual amount equal to Thirty-Two Million Nine Hundred Two Thousand Dollars ($32,902,000); provided, however, that the Percentage Rent shall be reset each Percentage Rent Reset Year to a fixed annual amount equal to the product of (i) four percent (4%) and (ii) the excess (if any) of (a) the average annual Net Revenues of all the Facilities for the trailing five-year period (i.e., the first (1st) through fifth (5th) Lease Years, the sixth (6th) through tenth (10th) Lease Years, the eleventh (11th) though fifteenth (15th) Lease Years, the sixteenth (16th) through twentieth (20th) Lease Years, the twenty-first (21st) through twenty-fifth (25th) Lease Years and the twenty-sixth (26th) through thirtieth (30th) Lease Years) over (b) One Billion Seventy-Five Million Eight Hundred Seventy-Five Thousand Dollars ($1,075,875,000). For purposes of clause (a) in the preceding sentence, in determining the "average annual Net Revenues" of 1st Jackpot during the initial trailing five-year period, the "average annual Net Revenue" shall be calculated separately for 1st Jackpot by using the actual Net Revenues for such 1st Jackpot received during such trailing five-year period divided by the time period during such trailing five-year period that 1st Jackpot is part of the Master Lease (with the average annual Net Revenues for 1st Jackpot then added to the average annual Net Revenues for the remaining Facilities).

Percentage Rent Reset Year: The sixth (6th) Lease Year, the eleventh (11th) Lease Year, the sixteenth (16th) Lease Year, the twenty-first (21st) Lease Year, the twenty-sixth (26th) Lease Year and the thirty-first (31st) Lease Year.

Permitted Leasehold Mortgage: A document creating or evidencing an encumbrance on Tenant's leasehold interest (or a subtenant's sublease hold interest) in the Leased Property, granted to or for the benefit of a Permitted Leasehold Mortgagee as security for the obligations under a Debt Agreement.

Permitted Leasehold Mortgagee: The lender or agent or trustee or similar representative on behalf of one or more lenders or noteholders or other investors under a Debt Agreement, in each case as and to the extent such Person has the power to act on behalf of all lenders under such Debt Agreement pursuant to the terms thereof; provided such lender, agent or trustee or similar representative (but not necessarily the lenders, noteholders or other investors which it represents) is a banking institution in the business of generally acting as a lender, agent or trustee or similar representative (in each case, on behalf of a group of lenders) under debt agreements or instruments similar to the Debt Agreement.

Permitted Leasehold Mortgagee Designee: An entity designated by a Permitted Leasehold Mortgagee and acting for the benefit of the Permitted Leasehold Mortgagee, or the lenders, noteholders or investors represented by the Permitted Leasehold Mortgagee.

Permitted Leasehold Mortgagee Foreclosing Party: A Permitted Leasehold Mortgagee that forecloses on this Master Lease and assumes this Master Lease or a Subsidiary of

a Permitted Leasehold Mortgagee that assumes this Master Lease in connection with a foreclosure on this Master Lease by a Permitted Leasehold Mortgagee.

Person or person: Any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity.

Pre-Opening Expense: With respect to any fiscal period, the amount of expenses (including Consolidated Interest Expense) incurred with respect to capital projects which are appropriately classified as "pre-opening expenses" on the applicable financial statements of Tenant's Parent and its Subsidiaries for such period.

Primary Intended Use: Gaming and/or pari-mutuel use consistent, with respect to each Facility, with its current use (as specified on Exhibit A attached hereto as it may be amended from time to time), or with prevailing gaming industry use at any time (including all ancillary uses consistent with gaming industry practice such as hotels, restaurants, bars, etc.).

Prime Rate: On any date, a rate equal to the annual rate on such date publicly announced by JPMorgan Chase Bank, N.A. (provided that if JPMorgan Chase Bank, N.A. ceases to publish such rate, the Prime Rate shall be determined according to the Prime Rate of another nationally known money center bank reasonably selected by Landlord), to be its prime rate for ninety (90)-day unsecured loans to its corporate borrowers of the highest credit standing, but in no event greater than the maximum rate then permitted under applicable law.

Proceeding: As defined in Section 23.1(b)(v).

Prohibited Persons: As defined in Section 39.1.

Promotional Allowance: As defined in the definition of Net Revenue.

Qualified Successor Tenant: As defined in Section 36.2.

Renewal Notice: As defined in Section 1.4(a).

Renewal Term: A period for which the Term is renewed in accordance with Section 1.4.

Rent: Collectively, the Base Rent and the Percentage Rent.

Representative: With respect to the lenders or holders under a Debt Agreement, a Person designated as agent or trustee or a Person acting in a similar capacity or as representative for such lenders or holders.

Restricted Area: The geographical area that at any time during the Term is within (A) a *seven (7) mile* radius of any Facility covered under this Master Lease at such time and located in the State of Nevada, or (B) a *sixty (60)* mile radius of any Facility covered under this Master Lease at such time and located outside the State of Nevada.

Restricted Payment: Dividends (in cash, property or obligations) on, or other payments or distributions on account of, or the setting apart of money for a sinking or other analogous fund for, or the purchase, redemption, retirement, repurchase or other acquisition of,

any Equity Interests or Equity Rights (other than outstanding securities convertible into Equity Interests) of Tenant, but excluding dividends, payments or distributions paid through the issuance of additional shares of Equity Interests and any redemption, retirement or exchange of any Equity Interest through, or with the proceeds of, the issuance of Equity Interests of Tenant.

Retail Sales: As defined in the definition of Net Revenue.

SEC: The United States Securities and Exchange Commission.

Securities Act: The Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

Sister Master Lease: Means that certain Master Lease dated as of the Effective Date by and between Landlord, PA Meadows, LLC, CCR Pennsylvania Racing, LLC, Penn Tenant, LLC, Penn Cecil Maryland LLC, and PNK Development 33, LLC, as the same may be amended, modified, or amended and restated from time to time.

Solvent: With respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person, on a going-concern basis, is greater than the total amount of liabilities (including contingent liabilities) of such Person, (b) the present fair salable value of the assets of such Person, on a going-concern basis, is not less than the amount that will be required to pay the probable liability of such Person on its debts (including contingent liabilities) as they become absolute and matured, (c) such Person has not incurred, and does not intend to, and does not believe that it will, incur, debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature, (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital and (e) such Person is "solvent" within the meaning given that term and similar terms under applicable laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability shall be computed as the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Accounting Standards Codification No. 450).

Specified Debt Agreement Default: Any event or occurrence under a Debt Agreement or Material Indebtedness that enables or permits the lenders or holders (or Representatives of such lenders or holders) to accelerate the maturity of the Indebtedness outstanding under a Debt Agreement or Material Indebtedness.

Specified Expenses: For any Test Period, (i) Rent incurred for the same Test Period, and (ii) the (1) income tax expense, (2) consolidated interest expense, (3) depreciation and amortization expense, (4) any nonrecurring, unusual, or extraordinary items of income, cost or expense, including but not limited to, (a) any gains or losses attributable to the early extinguishment or conversion of indebtedness, (b) gains or losses on discontinued operations and asset sales, disposals or abandonments, and (c) impairment charges or asset write-offs including, without limitation, those related to goodwill or intangible assets, long-lived assets, and investments in debt and equity securities, in each case, pursuant to GAAP, (5) any non-cash items of expense (other than to the extent such non-cash items of expense require an accrual or

reserve for future cash expenses (provided that if such accrual or reserve is for contingent items, the outcome of which is subject to uncertainty, such non-cash items of expense may, at the election of the Tenant, be added to net income and deducted when and to the extent actually paid in cash)), (6) any Pre-Opening Expenses, (7) transaction costs for the spin-off of GLP, the entry into this Master Lease, the negotiation and consummation of the financing transactions in connection therewith and the other transactions contemplated in connection with the foregoing consummated on or before the date hereof, (8) non-cash valuation adjustments, (9) any expenses related to the repurchase of stock options, and (10) expenses related to the grant of stock options, restricted stock, or other equivalent or similar instruments; in the case of each of (1) through (10), of Tenant and the Subsidiaries of Tenant that are Guarantors on a consolidated basis for such period.

Specified Proceeds: For any Test Period, to the extent not otherwise included in Net Revenue, the amount of insurance proceeds received during such period by Tenant or the Guarantors in respect of any Casualty Event; provided, however, that for purposes of this definition, (i) with respect to any Facility subject to such Casualty Event which had been in operation for at least one complete fiscal quarter the amount of insurance proceeds plus the Net Revenue (excluding such insurance proceeds), if any, attributable to the Facility subject to such Casualty Event for such period shall not exceed an amount equal to the Net Revenue attributable to such Facility for the Test Period ended immediately prior to the date of such Casualty Event (calculated on a pro forma annualized basis to the extent such Facility was not operational for the full previous Test Period) and (ii) with respect to any Facility subject to such Casualty Event which had not been in operation for at least one complete fiscal quarter, the amount of insurance proceeds plus the Net Revenue attributable to such Facility for such period shall not exceed the Net Revenue reasonably projected by Tenant to be derived from such Facility for such period.

Specified Sublease: Means those subleases in effect on the Commencement Date constituting part of the Leased Property with respect to which Tenant is a sublessor, substantially as in effect as of the Commencement Date.

State: With respect to each Facility, the state or commonwealth in which such Facility is located.

Subsidiary: As to any Person, (i) any corporation more than fifty percent (50%) of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time of determination owned by such Person and/or one or more Subsidiaries of such Person, and (ii) any partnership, limited liability company, association, joint venture or other entity in which such person and/or one or more Subsidiaries of such person has more than a fifty percent (50%) equity interest at the time of determination. Unless otherwise qualified, all references to a “Subsidiary” or to “Subsidiaries” in this Master Lease shall refer to a Subsidiary or Subsidiaries of Tenant.

Successor Tenant: As defined in Section 36.1.

Successor Tenant Rent: As defined in Section 36.2.

Taking: As defined in Section 15.1(a).

Tenant: As defined in the preamble.

Tenant Capital Improvement: A Capital Improvement funded by Tenant, as compared to Landlord.

Tenant COC: As defined in Section 22.2(iii).

Tenant Parent COC: As defined in Section 22.2(iii).

Tenant Representatives: As defined in Section 23.4.

Tenant's Parent: Penn Entertainment, Inc.

Tenant's Property: With respect to each Facility, all assets (other than the Leased Property and property owned by a third party) primarily related to or used in connection with the operation of the business conducted on or about the Leased Property, together with all replacements, modifications, additions, alterations and substitutes therefor.

Term: As defined in Section 1.3.

Termination Notice: As defined in Section 17.1(d).

Test Period: With respect to any Person, for any date of determination, the period of the four (4) most recently ended consecutive fiscal quarters of such Person.

Unavoidable Delay: Delays due to strikes, lock-outs, inability to procure materials, power failure, acts of God, governmental restrictions, enemy action, civil commotion, fire, unavoidable casualty or other causes beyond the reasonable control of the party responsible for performing an obligation hereunder; provided that lack of funds shall not be deemed a cause beyond the reasonable control of a party.

Unsuitable for Its Primary Intended Use: A state or condition of any Facility such that by reason of damage or destruction, or a partial taking by Condemnation, such Facility cannot, following restoration thereof (to the extent commercially practical), be operated on a commercially practicable basis for its Primary Intended Use, taking into account, among other relevant factors, the amount of square footage and the estimated revenue affected by such damage or destruction.

ARTICLE III

3.1 Rent. During the Term, Tenant will pay to Landlord the Rent and Additional Charges in lawful money of the United States of America and legal tender for the payment of public and private debts, in the manner provided in Section 3.3. The Base Rent during any Lease Year is payable in advance in consecutive monthly installments on the fifth (5th) Business Day of each calendar month during that Lease Year and the Percentage Rent during any Lease Year is payable in advance in consecutive monthly installments on the fifth (5th) Business Day of each calendar month during that Lease Year; provided that during the first three (3) months of each Percentage Rent Reset Year the amount of the Percentage Rent payable monthly in advance shall remain the same as in the then preceding Lease Year, and provided,

further, that Tenant shall make a payment to Landlord (or be entitled to set off against its Rent payment due) on the fifth (5th) Business Day of the fourth (4th) calendar month of such Lease Year in the amount necessary to "true-up" any Percentage Rent payments not yet (or overpayments having been) made for such three (3) month period; provided, further, that Tenant shall be entitled to set off against a Rent payment due hereunder any rent payments made by Tenant's Parent or one of its Subsidiaries to third-party lessors (and not previously set off) under leases (or subleases) existing on the Commencement Date, which leases (or subleases) are related to any Facility subject to this Master Lease or provide access or other similar rights to such Facility, if such lease (or sublease) has not been transferred to Landlord either (i) solely because the requisite consents to transfer have not been obtained or (ii) because the rent payable under such lease is satisfied through the payment of local development taxes, fees or other amounts paid by Tenant (provided that, in each case, Tenant shall certify to Landlord in writing on a periodic basis as reasonably requested by Landlord the applicable lease (or sublease) and third-party lessor and include reasonable detail regarding the amounts paid thereunder). Unless otherwise agreed by the parties, Rent and Additional Charges shall be prorated as to any partial months at the beginning and end of the Term. The parties will agree on an allocation of the Base Rent on a declining basis for federal income tax purposes within the 115/85 safe harbor of Section 467 of the Code, assuming a projected schedule of Base Rent for this purpose.

3.2 Late Payment of Rent. Tenant hereby acknowledges that late payment by Tenant to Landlord of Rent will cause Landlord to incur costs not contemplated hereunder, the exact amount of which is presently anticipated to be extremely difficult to ascertain. Accordingly, if any installment of Rent other than Additional Charges payable to a Person other than Landlord shall not be paid within five (5) days after its due date, Tenant will pay Landlord on demand a late charge equal to the lesser of (a) five percent (5%) of the amount of such installment or (b) the maximum amount permitted by law. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of late payment by Tenant. The parties further agree that such late charge is Rent and not interest and such assessment does not constitute a lender or borrower/creditor relationship between Landlord and Tenant. Thereafter, if any installment of Rent other than Additional Charges payable to a Person other than Landlord shall not be paid within ten (10) days after its due date, the amount unpaid, including any late charges previously accrued, shall bear interest at the Overdue Rate from the due date of such installment to the date of payment thereof, and Tenant shall pay such interest to Landlord on demand. The payment of such late charge or such interest shall not constitute waiver of, nor excuse or cure, any default under this Master Lease, nor prevent Landlord from exercising any other rights and remedies available to Landlord.

3.3 Method of Payment of Rent. Rent and Additional Charges to be paid to Landlord shall be paid by electronic funds transfer debit transactions through wire transfer of immediately available funds and shall be initiated by Tenant for settlement on or before the Payment Date; provided, however, if the Payment Date is not a Business Day, then settlement shall be made on the next succeeding day which is a Business Day. Landlord shall provide Tenant with appropriate wire transfer information in a Notice from Landlord to Tenant. If Landlord directs Tenant to pay any Rent to any party other than Landlord, Tenant shall send to Landlord, simultaneously with such payment, a copy of the transmittal letter or invoice and a

check whereby such payment is made or such other evidence of payment as Landlord may reasonably require.

3.4 Net Lease. Landlord and Tenant acknowledge and agree that (i) this Master Lease is and is intended to be what is commonly referred to as a "net, net, net" or "triple net" lease, and (ii) the Rent shall be paid absolutely net to Landlord, so that this Master Lease shall yield to Landlord the full amount or benefit of the installments of Rent and Additional Charges throughout the Term with respect to each Facility, all as more fully set forth in Article IV and subject to any other provisions of this Master Lease which expressly provide for adjustment or abatement of Rent or other charges. If Landlord commences any proceedings for non-payment of Rent, Tenant will not interpose any counterclaim or cross complaint or similar pleading of any nature or description in such proceedings unless Tenant would lose or waive such claim by the failure to assert it. This shall not, however, be construed as a waiver of Tenant's right to assert such claims in a separate action brought by Tenant. The covenants to pay Rent and other amounts hereunder are independent covenants, and Tenant shall have no right to hold back, offset or fail to pay any such amounts for default by Landlord or for any other reason whatsoever, except as provided in Section 3.1.

ARTICLE IV

4.1 Impositions. (a) Subject to Article XII relating to permitted contests, Tenant shall pay, or cause to be paid, all Impositions before any fine, penalty, interest or cost may be added for non-payment. Tenant shall make such payments directly to the taxing authorities where feasible, and promptly furnish to Landlord copies of official receipts or other satisfactory proof evidencing such payments. Tenant's obligation to pay Impositions shall be absolutely fixed upon the date such Impositions become a lien upon the Leased Property or any part thereof subject to Article XII. If any Imposition may, at the option of the taxpayer, lawfully be paid in installments, whether or not interest shall accrue on the unpaid balance of such Imposition, Tenant may pay the same, and any accrued interest on the unpaid balance of such Imposition, in installments as the same respectively become due and before any fine, penalty, premium, further interest or cost may be added thereto.

(b) Landlord or GLP shall prepare and file all tax returns and reports as may be required by Legal Requirements with respect to Landlord's net income, gross receipts, franchise taxes and taxes on its capital stock and any other returns required to be filed by or in the name of Landlord (the "**Landlord Tax Returns**"), and Tenant or Tenant's Parent shall prepare and file all other tax returns and reports as may be required by Legal Requirements with respect to or relating to the Leased Property (including all Capital Improvements), and Tenant's Property.

(c) Any refund due from any taxing authority in respect of any Imposition paid by or on behalf of Tenant shall be paid over to or retained by Tenant.

(d) Landlord and Tenant shall, upon request of the other, provide such data as is maintained by the party to whom the request is made with respect to the Leased Property as may be necessary to prepare any required returns and reports. If any property covered by this Master Lease is classified as personal property for tax purposes, Tenant shall file all personal property tax returns in such jurisdictions where it must legally so file. Landlord, to the extent it possesses the same, and Tenant, to the extent it possesses the same, shall provide the other party, upon request, with cost and depreciation records necessary for filing returns for any property so

classified as personal property. Where Landlord is legally required to file personal property tax returns, Tenant shall be provided with copies of assessment notices indicating a value in excess of the reported value in sufficient time for Tenant to file a protest.

(e) Billings for reimbursement by Tenant to Landlord of personal property or real property taxes and any taxes due under the Landlord Tax Returns, if and to the extent Tenant is responsible for such taxes under the terms of this Section 4.1, shall be accompanied by copies of a bill therefor and payments thereof which identify the personal property or real property or other tax obligations of Landlord with respect to which such payments are made.

(f) Impositions imposed or assessed in respect of the tax-fiscal period during which the Term terminates shall be adjusted and prorated between Landlord and Tenant, whether or not such Imposition is imposed or assessed before or after such termination, and Tenant's obligation to pay its prorated share thereof in respect of a tax-fiscal period during the Term shall survive such termination. Landlord will not voluntarily enter into agreements that will result in additional Impositions without Tenant's consent, which shall not be unreasonably withheld (it being understood that it shall not be reasonable to withhold consent to customary additional Impositions that other property owners of properties similar to the Leased Property customarily consent to in the ordinary course of business); provided Tenant is given reasonable opportunity to participate in the process leading to such agreement.

4.2 Utilities. Tenant shall pay or cause to be paid all charges for electricity, power, gas, oil, water and other utilities used in the Leased Property (including all Capital Improvements). Tenant shall also pay or reimburse Landlord for all costs and expenses of any kind whatsoever which at any time with respect to the Term hereof with respect to any Facility may be imposed against Landlord by reason of any of the covenants, conditions and/or restrictions affecting the Leased Property or any portion thereof, or with respect to easements, licenses or other rights over, across or with respect to any adjacent or other property which benefits the Leased Property or any Capital Improvement, including any and all costs and expenses associated with any utility, drainage and parking easements. Landlord will not enter into agreements that will encumber the Leased Property without Tenant's consent, which shall not be unreasonably withheld (it being understood that it shall not be reasonable to withhold consent to encumbrances that do not adversely affect the use or future development of the Facility as a Gaming Facility or increase Additional Charges payable under this Master Lease); provided Tenant is given reasonable opportunity to participate in the process leading to such agreement. Tenant will not enter into agreements that will encumber the Leased Property after the expiration of the Term without Landlord's consent, which shall not be unreasonably withheld (it being understood that it shall not be reasonable to withhold consent to encumbrances that do not adversely affect the value of the Leased Property or the Facility); provided Landlord is given reasonable opportunity to participate in the process leading to such agreement.

4.3 Impound Account. At Landlord's option following the occurrence and during the continuation of an Event of Default or a default by Tenant of Section 23.3(b) hereof (to be exercised by thirty (30) days' written notice to Tenant); and provided Tenant is not already being required to impound such payments in accordance with the requirements of Section 31.3(b) below, Tenant shall be required to deposit, at the time of any payment of Base Rent, an amount equal to one-twelfth of the sum of (i) Tenant's estimated annual real and personal

property taxes required pursuant to Section 4.1 hereof (as reasonably determined by Landlord), and (ii) Tenant's estimated annual maintenance expenses and insurance premium costs pursuant to Articles IX and XIII hereof (as reasonably determined by Landlord). Such amounts shall be applied to the payment of the obligations in respect of which said amounts were deposited in such order of priority as Landlord shall reasonably determine, on or before the respective dates on which the same or any of them would become delinquent. The reasonable cost of administering such impound account shall be paid by Tenant. Nothing in this Section 4.3 shall be deemed to affect any right or remedy of Landlord hereunder.

ARTICLE V

5.1 No Termination, Abatement, etc. Except as otherwise specifically provided in this Master Lease, Tenant shall remain bound by this Master Lease in accordance with its terms and shall not seek or be entitled to any abatement, deduction, deferment or reduction of Rent, or set-off against the Rent. Except as may be otherwise specifically provided in this Master Lease, the respective obligations of Landlord and Tenant shall not be affected by reason of (i) any damage to or destruction of the Leased Property or any portion thereof from whatever cause or any Condemnation of the Leased Property, any Capital Improvement or any portion thereof; (ii) other than as a result of Landlord's willful misconduct or gross negligence, the lawful or unlawful prohibition of, or restriction upon, Tenant's use of the Leased Property, any Capital Improvement or any portion thereof, the interference with such use by any Person or by reason of eviction by paramount title; (iii) any claim that Tenant has or might have against Landlord by reason of any default or breach of any warranty by Landlord hereunder or under any other agreement between Landlord and Tenant or to which Landlord and Tenant are parties; (iv) any bankruptcy, insolvency, reorganization, consolidation, readjustment, liquidation, dissolution, winding up or other proceedings affecting Landlord or any assignee or transferee of Landlord; or (v) for any other cause, whether similar or dissimilar to any of the foregoing, other than a discharge of Tenant from any such obligations as a matter of law. Tenant hereby specifically waives all rights arising from any occurrence whatsoever that may now or hereafter be conferred upon it by law (a) to modify, surrender or terminate this Master Lease or quit or surrender the Leased Property or any portion thereof, or (b) that may entitle Tenant to any abatement, reduction, suspension or deferment of the Rent or other sums payable by Tenant hereunder except in each case as may be otherwise specifically provided in this Master Lease. Notwithstanding the foregoing, nothing in this Article V shall preclude Tenant from bringing a separate action against Landlord for any matter described in the foregoing clauses (ii), (iii) or (v) and Tenant is not waiving other rights and remedies not expressly waived herein. The obligations of Landlord and Tenant hereunder shall be separate and independent covenants and agreements and the Rent and all other sums payable by Tenant hereunder shall continue to be payable in all events unless the obligations to pay the same shall be terminated pursuant to the express provisions of this Master Lease or by termination of this Master Lease as to all or any portion of the Leased Property other than by reason of an Event of Default. Tenant's agreement that, except as may be otherwise specifically provided in this Master Lease, any eviction by paramount title as described in item (ii) above shall not affect Tenant's obligations under this Master Lease, shall not in any way discharge or diminish any obligation of any insurer under any policy of title or other insurance and, to the extent the recovery thereof is not necessary to compensate Landlord for any damages incurred by any such eviction, Tenant shall be entitled to a credit for any sums

recovered by Landlord under any such policy of title or other insurance up to the maximum amount paid by Tenant to Landlord under this Section 5.1, and Landlord, upon request by Tenant, shall assign Landlord's rights under such policies to Tenant; provided that such assignment does not adversely affect Landlord's rights under any such policy and provided further, that Tenant shall indemnify, defend, protect and save Landlord harmless from and against any liability, cost or expense of any kind that may be imposed upon Landlord in connection with any such assignment except to the extent such liability, cost or expense arises from the gross negligence or willful misconduct of Landlord.

ARTICLE VI

6.1 Ownership of the Leased Property. (a) Landlord and Tenant acknowledge and agree that they have executed and delivered this Master Lease with the understanding that (i) the Leased Property is the property of Landlord, (ii) Tenant has only the right to the possession and use of the Leased Property upon the terms and conditions of this Master Lease, (iii) this Master Lease is a "true lease," is not a financing lease, capital lease, mortgage, equitable mortgage, deed of trust, trust agreement, security agreement or other financing or trust arrangement, and the economic realities of this Master Lease are those of a true lease, (iv) the business relationship created by this Master Lease and any related documents is and at all times shall remain that of landlord and tenant, (v) this Master Lease has been entered into by each party in reliance upon the mutual covenants, conditions and agreements contained herein, and (vi) none of the agreements contained herein is intended, nor shall the same be deemed or construed, to create a partnership between Landlord and Tenant, to make them joint venturers, to make Tenant an agent, legal representative, partner, subsidiary or employee of Landlord, or to make Landlord in any way responsible for the debts, obligations or losses of Tenant.

(b) Each of the parties hereto covenants and agrees, subject to Section 6.1(c), not to (i) file any income tax return or other associated documents; (ii) file any other document with or submit any document to any governmental body or authority; (iii) enter into any written contractual arrangement with any Person; or (iv) release any financial statements of Tenant, in each case that takes a position other than that this Master Lease is a "true lease" with Landlord as owner of the Leased Property and Tenant as the tenant of the Leased Property, including (x) treating Landlord as the owner of such Leased Property eligible to claim depreciation deductions under Sections 167 or 168 of the Code with respect to such Leased Property, (y) Tenant reporting its Rent payments as rent expense under Section 162 of the Code, and (z) Landlord reporting the Rent payments as rental income under Section 61 of the Code.

(c) If Tenant should reasonably conclude that GAAP or the SEC require treatment different from that set forth in Section 6.1(b) for applicable non-tax purposes, then (x) Tenant shall promptly give prior Notice to Landlord, accompanied by a written statement that references the applicable pronouncement that controls such treatment and contains a brief description and/or analysis that sets forth in reasonable detail the basis upon which Tenant reached such conclusion, and (y) notwithstanding Section 6.1(b), Tenant may comply with such requirements.

(d) The Rent is the fair market rent for the use of the Leased Property and was agreed to by Landlord and Tenant on that basis, and the execution and delivery of, and the performance by Tenant of its obligations under, this Master Lease does not constitute a transfer of all or any part of the Leased Property.

(e) Tenant waives any claim or defense based upon the characterization of this Master Lease as anything other than a true lease and as a master lease of all of the Leased Property. Tenant stipulates and agrees (1) not to challenge the validity, enforceability or characterization of the lease of the Leased Property as a true lease and/or as a single, unseverable instrument pertaining to the lease of all, but not less than all, of the Leased Property, and (2) not to assert or take or omit to take any action inconsistent with the agreements and understandings set forth in Section 3.4 or this Section 6.1.

6.2 Tenant's Property. Tenant shall, during the entire Term, own (or lease) and maintain (or cause its Subsidiaries to own (or lease) and maintain) on the Leased Property adequate and sufficient Tenant's Property, and shall maintain (or cause its Subsidiaries to maintain) all of such Tenant's Property in good order, condition and repair, in all cases as shall be necessary and appropriate in order to operate the Facilities for the Primary Intended Use in compliance with all applicable licensure and certification requirements and in compliance with all applicable Legal Requirements, Insurance Requirements and Gaming Regulations. If any of Tenant's Property requires replacement in order to comply with the foregoing, Tenant shall replace (or cause a Subsidiary to replace) it with similar property of the same or better quality at Tenant's (or such Subsidiary's) sole cost and expense. Subject to the foregoing, Tenant and its Subsidiaries may sell, transfer, convey or otherwise dispose of Tenant's Property (other than Gaming Licenses and subject to Section 6.3) in their discretion in the ordinary course of its business and Landlord shall have no rights to such Tenant's Property. Tenant shall, upon Landlord's request, from time to time but not more frequently than one time per Lease Year, provide Landlord with a list of the material Tenant's Property located at each of the Facilities. In the case of any such Tenant's Property that is leased (rather than owned) by Tenant (or its Subsidiaries), Tenant shall use commercially reasonable efforts to ensure that the lease agreements pursuant to which Tenant (or its Subsidiaries) leases such Tenant's Property are assignable to third parties in connection with any transfer by Tenant (or its Subsidiaries) to a replacement lessee or operator at the end of the Term. Tenant shall remove all of Tenant's Property from the Leased Property at the end of the Term, except to the extent Tenant has transferred ownership of such Tenant's Property to a Successor Tenant or Landlord. Any Tenant's Property left on the Leased Property at the end of the Term whose ownership was not transferred to a Successor Tenant shall be deemed abandoned by Tenant and shall become the property of Landlord.

6.3 Guarantors; Tenant's Property. Each of Tenant's Parent and each of Tenant's Subsidiaries set forth on Schedule 6.3 shall be a Guarantor under this Agreement and shall execute and deliver to the Landlord the Guaranty attached hereto as Exhibit E. In addition, if any material Gaming License or other license or other material asset necessary to operate any portion of the Leased Property is owned by a Subsidiary, Tenant shall within two (2) Business Days after the date such Subsidiary acquires such Gaming License, other license or other material asset, (a) notify the Landlord thereof and (b) cause such Subsidiary (if it is not already a

Guarantor) to become a Guarantor by executing the Guaranty in form and substance reasonably satisfactory to Landlord; provided that this sentence shall not apply to Belle of Sioux City, L.P. and Iowa Gaming Company, LLC, and notwithstanding anything to the contrary contained herein, Belle of Sioux City, L.P. and Iowa Gaming Company, LLC shall not be required to become party to the Guaranty.

ARTICLE VII

7.1 Condition of the Leased Property. Tenant acknowledges receipt and delivery of possession of the Leased Property prior to the Commencement Date and confirms that Tenant has examined and has knowledge of the condition of the Leased Property prior to the execution and delivery of this Master Lease and has found the same (except as included in the disclosures on Schedule 1A) to be in good order and repair and, to the best of Tenant's knowledge, free from Hazardous Substances not in compliance with Legal Requirements and satisfactory for its purposes hereunder. Regardless, however, of any examination or inspection made by Tenant and whether or not any patent or latent defect or condition was revealed or discovered thereby, Tenant is leasing the Leased Property "as is" in its present condition and Tenant shall be solely responsible for all costs and expenses relating thereto, including, but not limited to, Tenant's the obligation, to repair any condition in existence on the Effective Date. Tenant waives any claim or action against Landlord in respect of the condition of the Leased Property including any defects or adverse conditions not discovered or otherwise known by Tenant as of the Commencement Date. LANDLORD MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, IN RESPECT OF THE LEASED PROPERTY OR ANY PART THEREOF, EITHER AS TO ITS FITNESS FOR USE, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE OR OTHERWISE, OR AS TO THE NATURE OR QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, OR THE EXISTENCE OF ANY HAZARDOUS SUBSTANCE, IT BEING AGREED THAT ALL SUCH RISKS, LATENT OR PATENT, ARE TO BE BORNE SOLELY BY TENANT INCLUDING ALL RESPONSIBILITY AND LIABILITY FOR ANY ENVIRONMENTAL REMEDIATION AND COMPLIANCE WITH ALL ENVIRONMENTAL LAWS.

7.2 Use of the Leased Property. (a) Tenant shall use or cause to be used the Leased Property and the improvements thereon of each Facility for its Primary Intended Use. Tenant shall not use the Leased Property or any portion thereof or any Capital Improvement thereto for any other use without the prior written consent of Landlord, which consent Landlord may withhold in its sole discretion. Landlord acknowledges that operation of each Facility for its Primary Intended Use generally requires a Gaming License under applicable Gaming Regulations and that without such a license neither Landlord nor GLP may operate, control or participate in the conduct of the gaming and/or racing operations at the Facilities.

(b) Tenant shall not commit or suffer to be committed any waste on the Leased Property (including any Capital Improvement thereto) or cause or permit any nuisance thereon or to, except as required by law, take or suffer any action or condition that will diminish the ability of the Leased Property to be used as a Gaming Facility after the expiration or earlier termination of the Term.

(c) Tenant shall neither suffer nor permit the Leased Property or any portion thereof to be used in such a manner as (i) might reasonably tend to impair Landlord's title thereto or to any portion thereof or (ii) may make possible a claim of adverse use or possession, or an implied dedication of the Leased Property or any portion thereof.

(d) Except in instances of casualty or condemnation, Tenant shall continuously operate each of the Facilities for the Primary Intended Use. Tenant in its discretion shall be permitted to cease operations at a Facility or Facilities if such cessation would not reasonably be expected to have a material adverse effect on Tenant, the Facilities, or on the Leased Property, taken as a whole, provided that the following conditions are satisfied: (i) no Event of Default has occurred and is continuing immediately prior to or immediately after the date that operations are ceased or as a result of such cessation; and (ii) when calculating the Percentage Rent due, the Net Revenue for each and every such Facility whose operations have permanently ceased shall in the year of such cessation, and for each year thereafter, be equal to the Net Revenue for such Facility for the calendar year immediate prior to the year in which the Facility permanently ceased its operations.

7.3 Reserved.

7.4 Competing Business.

(a) Tenant's Obligations for Greenfields. Tenant agrees that during the Term neither Tenant nor any of its Affiliates shall build or otherwise participate in the development of a new Gaming Facility (including a facility that has been shut down for a period of more than twelve (12) months) (a "**Greenfield Project**") within a Restricted Area of a Facility (the Facility in whose Restricted Area there is activity under this Section 7.4, an "**Affected Facility**"), unless Tenant shall first offer Landlord the opportunity to include the Greenfield Project as a Leased Property under this Master Lease on terms to be negotiated by the parties (which terms with respect to Landlord funding such development shall include the terms set forth in Section 10.3 hereof regarding Capital Improvements). Within thirty (30) days of Landlord's receipt of notice from Tenant providing the opportunity to fund and include as Leased Property under this Master Lease a Greenfield Project on terms to be negotiated by the parties, Landlord shall notify Tenant as to whether it intends to participate in such Greenfield Project and, if Landlord indicates such intent, the parties shall negotiate in good faith the terms and conditions upon which this would be effected, including the terms of any amendment to this Master Lease and any development or funding agreement, which Landlord might require. Should Landlord notify Tenant that it does not intend to pursue such Greenfield Project (or should Landlord decline to notify Tenant of its affirmative response within such thirty (30) day period), or if the parties despite good faith efforts on both sides fail to reach agreement on the terms under which such opportunity would be jointly pursued under this Master Lease and such new Greenfield Project would become a portion of the Leased Property hereunder, in any event, within forty-five (45) days after Landlord's notice to Tenant of Landlord's intent to participate in such Greenfield Project, then (a) for each and every Affected Facility the Net Revenue when used in the calculation of Percentage Rent will thereafter subject to a floor, which floor shall be based on the Net Revenue for such Affected Facility for the calendar year immediately prior to the year in which the Greenfield Project is first opened to the public (the "**Greenfield Floor**"), (b) thereafter when calculating Percentage Rent, the Net Revenue for such Affected Facility shall be equal to the

greater of (i) the actual Net Revenue derived from such Affected Facility for the applicable calculation period, and (ii) the Greenfield Floor, and (c) for the avoidance of doubt, Percentage Rent shall be subject to normal periodic adjustments each Percentage Rent Reset Year and in accordance with Section 14.6; provided that the Net Revenue for the Affected Facility may not be reduced below the Greenfield Floor. Notwithstanding anything to the contrary in this Section 7.4(a), Tenant and its Affiliates shall not be restricted under this Section 7.4(a) from (i) expanding any Facility under this Master Lease (subject to Tenant's compliance with the terms of Section 10.3 and the other provisions of Article X), and (ii) subject to compliance with the provisions of Section 7.4(e) hereof, acquiring or operating any competing Gaming Facility that is in operation at the time of its acquisition or operation by Tenant or its Affiliates.

(b) Landlord's Obligations for Greenfields. Landlord agrees that during the Term, neither Landlord nor any of its Affiliates shall, without the prior written consent of the Tenant (which consent may be withheld in Tenant's sole discretion), build or otherwise participate in the development of a Greenfield Project within the Restricted Area. Notwithstanding anything to the contrary in this Section 7.4(b), (i) Landlord and its Affiliates shall not be restricted under this Section 7(b) from acquiring, financing or providing refinancing for any facility that is in operation or has been in operation at any time during the twelve month period prior to the time in question, and (ii) subject to the provisions of Section 7.4(d) hereof, Landlord and its Affiliates shall not be restricted under this Section 7.4(b) from expanding any Competing Facility existing at the time in question.

(c) Tenant's Rights Regarding Facility Expansions. Tenant shall be permitted to construct Capital Improvements in accordance with the terms of Article X hereof.

(d) Landlord's Rights Regarding Facility Expansions. Landlord shall be permitted to finance expansions of any Competing Facility within the Restricted Area that is already existing at any time in question, provided that the Percentage Rent attributable to any Affected Facilities shall thereafter be calculated monthly (and not based on the trailing five-year period as would have otherwise been the case for Facilities).

(e) Tenant's Rights to Acquire or Operate Existing Facilities. In the event Tenant or its Affiliate acquires or operates any existing competing Gaming Facility within the Restricted Area (a "**Competing Facility**"), (a) for each and every Affected Facility the Net Revenue derived from such Affected Facility when used in the calculation of Percentage Rent will thereafter be subject to a floor, which floor shall be based on the Net Revenue for such Affected Facility for the calendar year immediately prior to the year in which the Competing Facility is acquired or first operated by Tenant or its Affiliate (the "**Competing Facility Floor**"), (b) thereafter when calculating Percentage Rent, the Net Revenue for such Affected Facility shall be equal to the greater of (i) the actual Net Revenue derived from such Affected Facility for the applicable calculation period, and (ii) the Competing Facility Floor, and (c) for the avoidance of doubt, Percentage Rent shall be subject to normal periodic adjustments each Percentage Rent Reset Year and in accordance with Section 14.6; provided that the Net Revenue for the Affected Facility may not be reduced below the Competing Facility Floor.

(f) Landlord's Rights to Acquire or Finance Existing Facilities. Landlord shall not be restricted under this Section 7.4 from acquiring or providing any kind of financing or

refinancing to any Competing Facility within the Restricted Area that is already existing at any time in question.

(g) No Restrictions Outside of Restricted Area. Each of Landlord and Tenant shall not be restricted from participating in opportunities, including, without limitation, developing, building, purchasing or operating Gaming Facilities, outside the Restricted Area at any time.

(h) Morgantown, York and PNRC.

(i) Tenant notified Landlord of its intention to develop two new Gaming Facilities - Hollywood Casino Morgantown in Morgantown, Pennsylvania **("Morgantown")** and Hollywood Casino York in York, Pennsylvania **("York"),** each of which is located within sixty (60) miles from that Facility commonly known as Hollywood Casino Penn National Race Course located in Grantville, Pennsylvania **("PNRC").** Pursuant to Section 7.4(a), York and Morgantown each constitute a "Greenfield Project" in which Landlord has declined to participate and PNRC is an "Affected Facility".

(ii) As a result thereof, the Net Revenue for PNRC used in the calculation of Percentage Rent due hereunder shall be subject to a “Greenfield Floor” which shall be the greater of (i) an amount equal to the annualized Net Revenues for PNRC based upon the Net Revenues for PNRC for the period (a) commencing on the later of January 1, 2021 and the first date in 2021 that PNRC is open to the public and (b) ending (and including) on the Opening Date, and (ii) the Greenfield Floor calculated in accordance with Section 7.4(a) of this Master Lease. Percentage Rent shall remain subject to normal periodic adjustments in accordance with the terms of the Master Lease, but the annual Net Revenue derived from PNRC for purposes of calculating Percentage Rent may not be reduced below the Greenfield Floor.

(iii) Notwithstanding the foregoing, to the extent permitted by applicable Legal Requirements and as permitted by a private letter ruling from the Internal Revenue Service when calculating the Escalation for any Lease Year for which the Greenfield Floor for PNRC is greater than the actual PNRC Net Revenues the calculation of the Adjusted Revenue to Rent Ratio (i) shall exclude any Adjusted Revenue received from PNRC during the applicable period for purposes of "Adjusted Revenue", and (ii) the term "Rent" shall mean the Rent minus the PNRC Rent for such Lease Year. For purposes hereof, the **"PNRC Rent"** for any Lease Year shall be an amount equal to (x) $21,066,000 of Building Base Rent, which amount shall increase each Lease Year by the Escalation in accordance with the Master Lease other than for any Lease Year in which the Greenfield Floor is greater than the actual PNRC Net Revenues, *plus* (y) $6,294,000 of Land Base Rent *plus* (z) the Percentage Rent attributable to PNRC when calculated using the Greenfield Floor as determined in Section 7.4(h)(ii) above. For the avoidance of doubt, each Lease Year the full Building Base Rent (inclusive of any portion of the PNRC Rent attributable to Building

Base Rent) shall increase in accordance with the provisions of the Master Lease and for any Lease Year in which the Escalation is calculated pursuant to this Section 7.4(h)(iii), the Building Base Rent shall increase to an annual amount equal to the sum of (x) the full Building Base Rent for the immediately preceding Lease Year (inclusive of any portion of the PNRC Rent attributable to Building Base Rent) and (y) the Escalation as calculated in accordance with this Section 7.4(h).

ARTICLE VIII

8.1 Representations and Warranties. Each party represents and warrants to the other that: (i) this Master Lease and all other documents executed or to be executed by it in connection herewith have been duly authorized and shall be binding upon it; (ii) it is duly organized, validly existing and in good standing under the laws of the state of its formation and is duly authorized and qualified to perform this Master Lease within the State(s) where any portion of the Leased Property is located; and (iii) neither this Master Lease nor any other document executed or to be executed in connection herewith violates the terms of any other agreement of such party.

8.2 Compliance with Legal and Insurance Requirements, etc. Subject to Article XII regarding permitted contests, Tenant, at its expense, shall promptly (a) comply in all material respects with all Legal Requirements and Insurance Requirements regarding the use, operation, maintenance, repair and restoration of the Leased Property (including all Capital Improvements thereto) and Tenant's Property whether or not compliance therewith may require structural changes in any of the Leased Improvements or interfere with the use and enjoyment of the Leased Property, and (b) procure, maintain and comply in all material respects with all Gaming Regulations and Gaming Licenses, and other authorizations required for the use of the Leased Property (including all Capital Improvements) and Tenant's Property for the applicable Primary Intended Use and any other use of the Leased Property (including Capital Improvements then being made) and Tenant's Property, and for the proper erection, installation, operation and maintenance of the Leased Property and Tenant's Property. In an emergency or in the event of a breach by Tenant of its obligations under this Section 8.2 which is not cured within any applicable cure period, Landlord may, but shall not be obligated to, enter upon the Leased Property and take such reasonable actions and incur such reasonable costs and expenses to effect such compliance as it deems advisable to protect its interest in the Leased Property, and Tenant shall reimburse Landlord for all such reasonable costs and expenses incurred by Landlord in connection with such actions. Tenant covenants and agrees that the Leased Property and Tenant's Property shall not be used for any unlawful purpose. In the event that a regulatory agency, commission, board or other governmental body notifies Tenant that it is in jeopardy of losing a Gaming License material to the continued operation of a Facility, and, assuming no Event of Default has occurred and is continuing, Tenant shall be given reasonable time to address the regulatory issue, after which period (but in all events prior to an actual revocation of such Gaming License) Tenant shall be required to sell the Gaming License and Tenant's Property related to such Facility to a successor operator of such Facility determined by Landlord choosing one and Tenant choosing three (for a total of four) potential operators and Landlord indicating the reasonable, market terms under which it would agree to lease such Facility to such potential operators, which in Landlord's reasonable discretion may contain reasonable variations in terms to the extent required to account for credit quality differences among the potential operators (e.g., Landlord may require different letter of credit terms and amounts, but may not set different rent terms). Tenant will then be entitled to auction off Tenant's Property relating to such Facility and Landlord will thereafter be entitled to lease the Facility to the potential

successor that is the successful bidder. In the event of a new lease from Landlord to the successor, the Leased Property relating to such Facility shall be severed from the Leased Property hereunder and thereafter Rent shall be reduced based on the formula set forth in Section 14.6 hereof. Landlord shall comply with any Gaming Regulations or other regulatory requirements required of it as owner of the Facilities taking into account its Primary Intended Use (except to the extent Tenant fulfills or is required to fulfill any such requirements hereunder). In the event that a regulatory agency, commission, board or other governmental body notifies Landlord that it is in jeopardy of failing to comply with any such Gaming Regulation or other regulatory requirements material to the continued operation of a Facility for its Primary Intended Use, Landlord shall be given reasonable time to address the regulatory issue, after which period (but in all events prior to an actual cessation of the use of the Facility for its Primary Intended Use as a result of the failure by Landlord to comply with such regulatory requirements) Landlord shall be required to sell the Leased Property relating to such Facility to the highest bidder (and Tenant shall be entitled to be one of the bidders) who would agree to lease such Facility to Tenant on terms substantially the same as the terms hereof (including rent calculated in the manner provided pursuant to Section 14.6 hereof, an identical amount of which, after the effective time of such sale, shall be credited against Rent hereunder); provided that if Tenant is the bidder it shall not be required to agree to lease the Facility, but if it is the winning bidder shall be entitled to a credit against the Rent hereunder calculated in the manner provided pursuant to Section 14.6. In the event during the period in which Landlord conducts such auction such regulatory agency notifies Landlord and Tenant that Tenant may not pay any portion of the Rent to Landlord, Tenant shall be entitled to fund such amount into an escrow account, to be released to Landlord or the party legally entitled thereto at or upon resolution of such regulatory issues and otherwise on terms reasonably satisfactory to the parties. Notwithstanding anything in the foregoing to the contrary, no transfer of Tenant's Property used in the conduct of gaming (including the purported or attempted transfer of a Gaming License) or the operation of a Gaming Facility for its Primary Intended Use shall be affected or permitted without receipt of all necessary approvals and/or Gaming Licenses in accordance with applicable Gaming Regulations.

8.3 Zoning and Uses. Without the prior written consent of Landlord, which shall not be unreasonably withheld unless the action for which consent is sought could adversely affect the Primary Intended Use of a Facility (in which event Landlord may withhold its consent in its sole and absolute discretion), Tenant shall not (i) initiate or support any limiting change in the permitted uses of the Leased Property (or to the extent applicable, limiting zoning reclassification of the Leased Property); (ii) seek any variance under existing land use restrictions, laws, rules or regulations (or, to the extent applicable, zoning ordinances) applicable to the Leased Property or use or permit the use of the Leased Property; (iii) impose or permit or suffer the imposition of any restrictive covenants, easements or encumbrances (other than Permitted Leasehold Mortgages) upon the Leased Property in any manner that adversely affects in any material respect the value or utility of the Leased Property; (iv) execute or file any subdivision plat affecting the Leased Property, or institute, or permit the institution of, proceedings to alter any tax lot comprising the Leased Property; or (v) permit or suffer the Leased Property to be used by the public or any Person in such manner as might make possible a claim of adverse usage or possession or of any implied dedication or easement (provided that the proscription in this clause (v) is not intended to and shall not restrict Tenant in any way from complying with any obligation it may have under applicable Legal Requirements, including, without limitation, Gaming Regulations, to afford to the public access to the Leased Property).

8.4 Compliance with Ground Lease.

(a) This Master Lease, to the extent affecting and solely with respect to the Ground Leased Property, is and shall be subject and subordinate to all of the terms and

conditions of the Ground Lease. Tenant hereby acknowledges that Tenant has reviewed and agreed to all of the terms and conditions of the Ground Lease. Tenant hereby agrees that Tenant shall not do, or fail to do, anything that would cause any violation of the Ground Lease. Without limiting the foregoing, (i) to the extent Landlord is required to obtain the written consent of the lessor under the Ground Lease (the "**Ground Lessor**") to alterations of or the subleasing of all or any portion of the Ground Leased Property pursuant to the Ground Lease, Tenant shall likewise obtain Ground Lessor's written consent to alterations of or the subleasing of all or any portion of the Ground Leased Property, and (ii) Tenant shall carry and maintain general liability, automobile liability, property and casualty, worker's compensation and employer's liability insurance in amounts and with policy provisions, coverages and certificates as required of Landlord as tenant under the Ground Lease. Notwithstanding anything to the contrary contained herein, with respect to those Ground Leases associated with 1st Jackpot, the Tenant shall pay all rent due thereunder.

(b) In the event of cancellation or termination of the Ground Lease for any reason whatsoever whether voluntary or involuntary (by operation of law or otherwise) prior to the expiration date of this Master Lease, including extensions and renewals granted thereunder, then, at Ground Lessor's option, Tenant shall make full and complete attornment to Ground Lessor with respect to the obligations of Landlord to Ground Lessor in connection with the Ground Leased Property for the balance of the term of the Lease (notwithstanding that this Master Lease shall have expired with respect to the Ground Leased Property as a result of the cancellation or termination of the Ground Lease). Tenant's attornment shall be evidenced by a written agreement which shall provide that the Tenant is in direct privity of contract with Ground Lessor (i.e., that all obligations previously owed to Landlord under this Master Lease with respect to the Ground Lease or the Ground Leased Property shall be obligations owed to Ground Lessor for the balance of the term of this Master Lease, notwithstanding that this Master Lease shall have expired with respect to the Ground Leased Property as a result of the cancellation or termination of the Ground Lease) and which shall otherwise be in form and substance reasonably satisfactory to Ground Lessor. Tenant shall execute and deliver such written attornment within thirty (30) days after request by Ground Lessor. Unless and until such time as an attornment agreement is executed by Tenant pursuant to this Section 8.4(b), nothing contained in this Master Lease shall create, or be construed as creating, any privity of contract or privity of estate between Ground Lessor and Tenant.

(c) Nothing contained in this Master Lease amends, or shall be construed to amend, any provision of the Ground Lease.

ARTICLE IX

9.1 Maintenance and Repair. (a) Tenant, at its expense and without the prior consent of Landlord, shall maintain the Leased Property and Tenant's Property, and every portion thereof, and all private roadways, sidewalks and curbs appurtenant to the Leased Property, and which are under Tenant's control in good order and repair whether or not the need for such repairs occurs as a result of Tenant's use, any prior use, the elements or the age of the Leased Property and Tenant's Property, and, with reasonable promptness, make all reasonably necessary and appropriate repairs thereto of every kind and nature, including those necessary to ensure continuing compliance with all Legal Requirements, whether interior or exterior, structural or non-structural, ordinary or extraordinary, foreseen or unforeseen or arising by reason of a condition existing prior to the Commencement Date. All repairs shall be at least equivalent in quality to the original work. Tenant will not take or omit to take any action the taking or omission of which would reasonably be expected to materially impair the value or the

usefulness of the Leased Property or any part thereof or any Capital Improvement thereto for its Primary Intended Use.

(b) Landlord shall not under any circumstances be required to (i) build or rebuild any improvements on the Leased Property; (ii) make any repairs, replacements, alterations, restorations or renewals of any nature to the Leased Property, whether ordinary or extraordinary, structural or non-structural, foreseen or unforeseen, or to make any expenditure whatsoever with respect thereto; or (iii) maintain the Leased Property in any way. Tenant hereby waives, to the extent permitted by law, the right to make repairs at the expense of Landlord pursuant to any law in effect at the time of the execution of this Master Lease or hereafter enacted.

(c) Nothing contained in this Master Lease and no action or inaction by Landlord shall be construed as (i) constituting the consent or request of Landlord, expressed or implied, to any contractor, subcontractor, laborer, materialman or vendor to or for the performance of any labor or services or the furnishing of any materials or other property for the construction, alteration, addition, repair or demolition of or to the Leased Property or any part thereof or any Capital Improvement thereto; or (ii) giving Tenant any right, power or permission to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against Landlord in respect thereof or to make any agreement that may create, or in any way be the basis for, any right, title, interest, lien, claim or other encumbrance upon the estate of Landlord in the Leased Property, or any portion thereof or upon the estate of Landlord in any Capital Improvement thereto.

(d) Tenant shall, upon the expiration or earlier termination of the Term, vacate and surrender the Leased Property (including all Capital Improvements, subject to the provisions of Article X), in each case with respect to such Facility, to Landlord in the condition in which such Leased Property was originally received from Landlord and Capital Improvements were originally introduced to such Facility, except as repaired, rebuilt, restored, altered or added to as permitted or required by the provisions of this Master Lease and except for ordinary wear and tear.

(e) Without limiting Tenant’s obligations to maintain the Leased Property and Tenant’s Property under this Master Lease, within thirty (30) days after the end of each calendar year, Tenant shall provide Landlord with evidence satisfactory to Landlord in the reasonable exercise of Landlord’s discretion that Tenant has in such calendar year spent, with respect to the Leased Property and Tenant’s Property, an aggregate amount equal to at least one percent (1%) of its actual Net Revenue from the Facilities for such calendar year on installation or restoration and repair or other improvement of items, which installations, restorations and repairs and other improvements are capitalized in accordance with GAAP with an expected life of not less than three (3) years. If Tenant fails to make at least the above number of expenditures and fails within sixty (60) days after receipt of a written demand from Landlord to either (i) cure such deficiency or (ii) obtain Landlord’s written approval, in its reasonable discretion, of a repair and maintenance program satisfactory to cure such deficiency, then the same shall be deemed an Event of Default hereunder.

9.2 Encroachments, Restrictions, Mineral Leases, etc. If any of the Leased Improvements shall, at any time, encroach upon any property, street or right-of-way, or shall violate any restrictive covenant or other agreement affecting the Leased Property, or any part thereof or any Capital Improvement thereto, or shall impair the rights of others under any easement or right-of-way to which the Leased Property is subject, or the use of the Leased Property or any Capital Improvement thereto is impaired, limited or interfered with by reason of the exercise of the right of surface entry or any other provision of a lease or reservation of any oil, gas, water or other minerals, then promptly upon the request of Landlord or any Person affected by any such encroachment, violation or impairment, each of Tenant and Landlord, subject to their right to contest the existence of any such encroachment, violation or impairment, shall protect, indemnify, save harmless and defend the other party hereto from and against fifty percent (50%) of all losses, liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including reasonable attorneys', consultants' and experts' fees and expenses) (collectively, "Claims") based on or arising by reason of any such encroachment, violation or impairment; provided, however, Landlord shall have no obligation to protect, indemnify, save harmless or defend Tenant from or against any Claims with respect to any encroachment, violation or impairment that resulted from the acts or omissions of Tenant or its employees, agents and contractors which occurred on or after the Commencement Date (any such encroachment, violation or impairment being a "Tenant Encroachment"). In the event of an adverse final determination with respect to any such encroachment, violation or impairment, either (a) each of Tenant and Landlord shall be entitled to obtain valid and effective waivers or settlements of all Claims resulting from each such encroachment, violation or impairment, whether the same shall affect Landlord or Tenant or (b) Tenant at the shared cost and expense of Tenant and Landlord on a 50-50 basis (other than with respect to any Tenant Encroachment, which shall be at Tenant's sole cost and expense) shall make such changes in the Leased Improvements, and take such other actions, as Tenant in the good faith exercise of its judgment deems reasonably practicable, to remove such encroachment or to end such violation or impairment, including, if necessary, the alteration of any of the Leased Improvements, and in any event take all such actions as may be necessary in order to be able to continue the operation of the Leased Improvements for the Primary Intended Use substantially in the manner and to the extent the Leased Improvements were operated prior to the assertion of such encroachment, violation or impairment. Tenant's (and Landlord's) obligations under this Section 9.2 shall be in addition to and shall in no way discharge or diminish any obligation of any insurer under any policy of title or other insurance and, to the extent the recovery thereof is not necessary to compensate Landlord and Tenant for any damages incurred by any such encroachment, violation or impairment (other than any Tenant Encroachment), Tenant shall be entitled to fifty percent (50%) of any sums recovered by Landlord under any such policy of title or other insurance up to the maximum amount paid by Tenant under this Section 9.2 and Landlord, upon request by Tenant, shall assign Landlord's rights under such policies to Tenant; provided such assignment does not adversely affect Landlord's rights under any such policy. Landlord agrees to use reasonable efforts to seek recovery under any policy of title or other insurance under which Landlord is an insured party for all Claims based on or arising by reason of any such encroachment, violation or impairment (other than a Tenant Encroachment) as set forth in this Section 9.2; provided, however, that in no event shall Landlord be obligated to institute any litigation, arbitration or other legal proceedings in connection therewith unless Landlord is

reasonably satisfied that Tenant has the financial resources needed to fund such litigation and Tenant and Landlord have agreed upon the terms and conditions on which such funding will be made available by Tenant, including, but not limited to, the mutual approval of a litigation budget.

ARTICLE X

10.1 Construction of Capital Improvements to the Leased Property. Tenant shall, with respect to any Facility, have the right to make a Capital Improvement, including, without limitation, any Capital Improvement required by Section 8.2 or 9.1(a), without the consent of Landlord if the Capital Improvement (i) is of equal or better quality than the existing Leased Improvements it is improving, altering or modifying, (ii) does not consist of adding new structures or enlarging existing structures, and (iii) does not have an adverse effect on the structure of any existing Leased Improvements. Tenant shall provide Landlord copies of the plans and specifications in respect of all Capital Improvements, which plans and specifications shall be prepared in a high-grade professional manner and shall adequately demonstrate compliance with clauses (i)-(iii) of the preceding sentence with respect to projects that do not require Landlord's written consent and shall be in such form as Landlord may reasonably require for any other projects. All other Capital Improvements shall be subject to Landlord's review and approval, which approval shall not be unreasonably withheld. For any Capital Improvement which does not require the approval of Landlord, Tenant shall, prior to commencing construction of such Capital Improvement, provide to Landlord a written description of such Capital Improvement and on an ongoing basis supply Landlord with related documentation and information as Landlord may reasonably request (including plans and specifications of any such Capital Improvements). If Tenant desires to make a Capital Improvement for which Landlord's approval is required, Tenant shall submit to Landlord in reasonable detail a general description of the proposal, the projected cost of construction and such plans and specifications, permits, licenses, contracts and other information concerning the proposal as Landlord may reasonably request. Such description shall indicate the use or uses to which such Capital Improvement will be put and the impact, if any, on current and forecasted gross revenues and operating income attributable thereto. It shall be reasonable for Landlord to condition its approval of any Capital Improvement upon any or all of the following terms and conditions:

(a) Such construction shall be effected pursuant to detailed plans and specifications approved by Landlord, which approval shall not be unreasonably withheld;

(b) Such construction shall be conducted under the supervision of a licensed architect or engineer selected by Tenant and approved by Landlord, which approval shall not be unreasonably withheld;

(c) Landlord's receipt, from the general contractor and, if reasonably requested by Landlord, a major subcontractor(s) of a performance and payment bond for the full value of such construction, which such bond shall name Landlord as an additional obligee and otherwise be in form and substance and issued by a Person reasonably satisfactory to Landlord;

(d) In the case of a Tenant Capital Improvement, such construction shall not be undertaken unless Tenant demonstrates to the reasonable satisfaction of Landlord the financial

ability to complete the construction without adversely affecting its cash flow position or financial viability; and

(e) No Capital Improvement will result in the Leased Property becoming a "limited use" property for purposes of United States federal income taxes.

10.2 Construction Requirements for All Capital Improvements. Whether or not Landlord's review and approval is required, for all Capital Improvements:

(a) Such construction shall not be commenced until Tenant shall have procured and paid for all municipal and other governmental permits and authorizations required to be obtained prior to such commencement, including those permits and authorizations required pursuant to any Gaming Regulations, and Landlord shall join in the application for such permits or authorizations whenever such action is necessary; provided, however, that (i) any such joinder shall be at no cost or expense to Landlord; and (ii) any plans required to be filed in connection with any such application which require the approval of Landlord as hereinabove provided shall have been so approved by Landlord;

(b) Such construction shall not, and, if such Capital Improvement is of a type that would reasonably be expected to require the services of an architect or engineer in connection with customary construction practices for projects of a similar size, scope and complexity, Tenant's licensed architect or engineer shall certify to Landlord that such architect or engineer believes that such construction shall not, impair the structural strength of any component of the applicable Facility or overburden the electrical, water, plumbing, HVAC or other building systems of any such component in a manner that would violate applicable building codes or prudent industry practices;

(c) If such Capital Improvement is of a type that would reasonably be expected to require the services of an architect or engineer in connection with customary construction practices for projects of a similar size, scope and complexity, Tenant's licensed architect or engineer shall certify to Landlord that such architect or engineer believes that the detailed plans and specifications conform to, and comply with, in all material respects all applicable building, subdivision and zoning codes, laws, ordinances and regulations imposed by all governmental authorities having jurisdiction over the Leased Property of the applicable Facility;

(d) During and following completion of such construction, the parking and other amenities which are located in the applicable Facility or on the Land of such Facility shall remain adequate for the operation of such Facility for its Primary Intended Use and in no event shall such parking be less than that which is required by law (including any variances with respect thereto); provided, however, with Landlord's prior consent and at no additional expense to Landlord, (i) to the extent additional parking is not already a part of a Capital Improvement, Tenant may construct additional parking on the Land; or (ii) Tenant may acquire off-site parking to serve such Facility as long as such parking shall be reasonably proximate to, and dedicated to, or otherwise made available to serve, such Facility;

(e) All work done in connection with such construction shall be done promptly and using materials and resulting in work that is at least as good product and condition

as the remaining areas of the applicable Facility and in conformity with all Legal Requirements, including, without limitation, any applicable minority or women owned business requirements; and

(f) Promptly following the completion of such construction, Tenant shall deliver to Landlord "as built" drawings of such addition, certified as accurate by the licensed architect or engineer selected by Tenant to supervise such work, unless such Capital Improvements have not resulted in any changes to the previously delivered "as built" drawings, and copies of any new or revised certificates of occupancy.

10.3 Landlord's Right of First Offer to Fund. Tenant shall request that Landlord fund or finance the construction and acquisition of any Capital Improvement that includes Long-Lived Assets (along with reasonably related fees and expenses, such as title fees, costs of permits, legal fees and other similar transaction related costs) if the cost of such Capital Improvements constituting Long-Lived Assets is expected to be in excess of $2 million (subject to the CPI Increase), and Tenant shall provide to Landlord any information about such Capital Improvements which Landlord may reasonably request (including any specifics regarding the terms upon which Tenant will be seeking financing for such Capital Improvements). Landlord may, but shall be under no obligation to, provide the funds necessary to meet the request. Within thirty (30) days of receipt of a request to fund a proposed Capital Improvement pursuant to this Section 10.3, Landlord shall notify Tenant as to whether it will fund all or a portion of such proposed Capital Improvement and, if so, the terms and conditions upon which it would do so. If Landlord agrees to fund such proposed Capital Improvement, Tenant shall have ten (10) Business Days to accept or reject Landlord's funding proposal. If Landlord declines to fund a proposed Capital Improvement (or declines to provide Tenant written notice within such thirty (30)-day period of the terms of its proposal to fund such Capital Improvements), Tenant shall be permitted to secure outside financing or utilize then existing available financing for such Capital Improvement for a six-month period, after which six-month period (if Tenant has not secured outside financing or determined to utilize then existing available financing) Tenant shall again be required to first seek funding from Landlord. If Landlord agrees to fund all or a portion of a proposed Capital Improvement and Tenant rejects the terms thereof, Tenant shall be permitted to either use then existing available financing or seek outside financing for such Capital Improvement for a six-month period, in each case on terms that are economically more advantageous to Tenant than offered under Landlord's funding proposal, and if Tenant elects to utilize economically more advantageous financing it shall provide Landlord evidence of the terms of such financing; provided that, in determining if financing is economically more advantageous (i) consideration may be given to, among other items, (x) pricing, amortization, and length of term of such financing; (y) the cost, availability and terms of any financing sufficient to fund such Capital Improvement and other expenditures (exclusive of the related fees and expense described above) material in relation to the cost of such Capital Improvement (if any) which are intended to be funded in connection with the construction and acquisition of such Capital Improvement and which are related to the use and operation of such Capital Improvement and (z), and other customary considerations and, (ii) in the event that Tenant uses Cash to fund such Capital Improvement Costs, such use of Cash shall be deemed to have financing terms equivalent to those of the then outstanding Indebtedness of the Tenant having the highest rate of interest which is then permitted to be repaid, factoring in any related call or

prepayment premium (to the extent any such Indebtedness of the Tenant is then outstanding); and provided, further, that in no event shall Tenant be obligated to obtain financing from Landlord to the extent such financing from Landlord would violate or cause a default or breach under any Material Indebtedness of Tenant's Parent or Tenant. If Tenant constructs a Capital Improvement with its then existing available financing or outside financing obtained in accordance with this Section 10.3, (i) except as may otherwise be expressly provided in this Master Lease to the contrary, (A) during the Term, such Capital Improvements shall be deemed part of the Leased Property and the Facilities solely for the purpose of calculating Net Revenues and Percentage Rent hereunder and shall for all other purposes be Tenant's Property and (B) following expiration or termination of the Term, shall be either, at the option of Landlord, purchased by Landlord for fair market value or, if not purchased by Landlord, Tenant shall be entitled to either remove such Tenant Capital Improvements, provided that the Leased Property is restored in a manner reasonably satisfactory to Landlord, or receive fair value for such Tenant Capital Improvements in accordance with Article XXXVI. If Landlord agrees to fund a proposed Capital Improvement and Tenant accepts the terms thereof, such Capital Improvements shall be deemed part of the Leased Property and the Facilities for all purposes and Tenant shall provide Landlord with the following prior to any advance of funds:

(a) any information, certificates, licenses, permits or documents reasonably requested by Landlord which are necessary and obtainable to confirm that Tenant will be able to use the Capital Improvement upon completion thereof in accordance with the Primary Intended Use, including all required federal, state or local government licenses and approvals;

(b) an Officer's Certificate and, if requested, a certificate from Tenant's architect providing appropriate backup information, setting forth in reasonable detail the projected or actual costs related to such Capital Improvements;

(c) an amendment to this Master Lease (and any development or funding agreement agreed to in accordance with this Section 10.3), in a form reasonably agreed to by Landlord and Tenant, which may include, among other things, an increase in the Rent in amounts as agreed upon by the parties hereto pursuant to the agreed funding proposal terms described above and other provisions as may be necessary or appropriate;

(d) a deed conveying title to Landlord to any land acquired for the purpose of constructing the Capital Improvement free and clear of any liens or encumbrances except those approved by Landlord, and accompanied by an ALTA survey thereof satisfactory to Landlord;

(e) for each advance, endorsements to any outstanding policy of title insurance covering the Leased Property or commitments therefor reasonably satisfactory in form and substance to Landlord (i) updating the same without any additional exception except those that do not materially affect the value of such land and do not interfere with the use of the Leased Property or as may be approved by Landlord, which approval shall not be unreasonably withheld, and (ii) increasing the coverage thereof by an amount equal to the cost of the Capital Improvement, except to the extent covered by the owner's policy of title insurance referred to in subparagraph (f) below;

(f) if appropriate, an owner's policy of title insurance insuring the fair market value of fee simple title to any land and improvements conveyed to Landlord free and clear of all liens and encumbrances except those that do not materially affect the value of such land and do not interfere with the use of the Leased Property or are approved by Landlord, which approval shall not be unreasonably withheld, provided that if the requirement in this paragraph (f) is not satisfied (or waived by Landlord), Tenant shall be entitled to seek third party financing or use available financing in lieu of seeking such advance from Landlord;

(g) if requested by Landlord, an appraisal by a member of the Appraisal Institute of the Leased Property indicating that the fair market value of the Leased Property upon completion of the Capital Improvement will exceed the fair market value of the Leased Property immediately prior thereto by an amount not less than ninety-five percent (95%) of the cost of the Capital Improvement, provided that if the requirement in this paragraph (g) is not satisfied (or waived by Landlord), Tenant shall be entitled to seek third party financing or use available financing in lieu of seeking such advance from Landlord; and

(h) such other billing statements, invoices, certificates, endorsements, opinions, site assessments, surveys, resolutions, ratifications, lien releases and waivers and other instruments and information reasonably required by Landlord.

ARTICLE XI

11.1 Liens. Subject to the provisions of Article XII relating to permitted contests, Tenant will not directly or indirectly create or allow to remain and will promptly discharge at its expense any lien, encumbrance, attachment, title retention agreement or claim upon the Leased Property (including, Landlord's fee simple interest therein) or any Capital Improvement thereto or upon the Gaming Licenses (including indirectly through a pledge of shares in the direct or indirect entity owning an interest in the Gaming Licenses) or any attachment, levy, claim or encumbrance in respect of the Rent, excluding, however, (i) this Master Lease; (ii) the matters that existed as of the Commencement Date with respect to such Facility and disclosed on Schedule 1A; (iii) restrictions, liens and other encumbrances which are consented to in writing by Landlord (such consent not to be unreasonably withheld); (iv) liens for Impositions which Tenant is not required to pay hereunder; (v) subleases permitted by Article XXII; (vi) liens for Impositions not yet delinquent or being contested in accordance with Article XII, provided that Tenant has provided appropriate reserves as required under GAAP and any foreclosure or similar remedies with respect to such Impositions have not been instituted and no notice as to the institution or commencement thereof has been issued except to the extent such institution or commencement is stayed no later than the earlier of (x) ten (10) Business Days after such notice is issued or (y) five (5) Business Days prior to the institution or commencement thereof; (vii) liens of mechanics, laborers, materialmen, suppliers or vendors for sums either disputed or not yet due, provided that (1) the payment of such sums shall not be postponed under any related contract for more than sixty (60) days after the completion of the action giving rise to such lien unless being contested in accordance with Article XII and such reserve or other appropriate provisions as shall be required by law or GAAP shall have been made therefor and no foreclosure or similar remedies with respect to such liens has been instituted and no notice as to the institution or commencement thereof have been issued except to the extent such institution or commencement is stayed no later than the earlier of (x) ten (10) Business Days after such

notice is issued or (y) five (5) Business Days prior to the institution or commencement thereof; or (2) any such liens are in the process of being contested as permitted by Article XII; (viii) any liens created by Landlord; (ix) liens related to equipment leases or equipment financing for Tenant's Property which are used or useful in Tenant's business on the Leased Property, provided that the payment of any sums due under such equipment leases or equipment financing shall either (1) be paid as and when due in accordance with the terms thereof, or (2) be in the process of being contested as permitted by Article XII and provided that a lien holder's removal of any such Tenant's Property from the Leased Property shall be made in accordance with the requirements set forth in this Section 11.1; (x) liens granted as security for the obligations of Tenant and its Affiliates under a Debt Agreement; provided, however, in no event shall the foregoing be deemed or construed to permit Tenant to encumber (a) its leasehold interest (or a subtenant to encumber its subleasehold interest) in the Leased Property or its direct or indirect interest (or the interest of any of its Subsidiaries) in the Gaming Licenses (other than, in each case, to a Permitted Leasehold Mortgagee), without the prior written consent of Landlord, which consent may be granted or withheld in Landlord's sole discretion; and provided, further, that Tenant shall be required to provide Landlord with fully executed copies of any and all Permitted Leasehold Mortgages and related principal Debt Agreements or (b) Landlord's fee simple interest in the Leased Property; and (xi) easements, rights-of-way, restrictions (including zoning restrictions), covenants, encroachments, protrusions and other similar charges or encumbrances, and minor title deficiencies on or with respect to any Leased Property, in each case whether now or hereafter in existence, not individually or in the aggregate materially interfering with the conduct of the business on the Leased Property, taken as a whole. For the avoidance of doubt, the parties acknowledge and agree that Tenant has not granted any liens in favor of Landlord as security for its obligations hereunder (except to the extent contemplated in the final paragraph of this Section 11.1) and nothing contained herein shall be deemed or construed to prohibit the issuance of a lien on the Equity Interests in Tenant (it being agreed that any foreclosure by a lien holder on such interests in Tenant shall be subject to the restriction on Change in Control set forth in Article XXII) or to prohibit Tenant from pledging its Accounts and other Tenant's Property and other property of Tenant, including fixtures and equipment installed by Tenant at the Facilities, as collateral in connection with financings from equipment lenders (or to Permitted Leasehold Mortgagees); provided that Tenant shall in no event pledge to any Person that is not granted a Permitted Leasehold Mortgage hereunder any of the Gaming Licenses or other of Tenant's Property to the extent that such Tenant's Property cannot be removed from the Leased Property without damaging or impairing the Leased Property (other than in a de minimis manner). For the further avoidance of doubt, by way of example, Tenant shall not grant to any lender (other than a Permitted Leasehold Mortgagee) a lien on, and any and all lien holders (including a Permitted Leasehold Mortgagee) shall not have the right to remove, carpeting, internal wiring, elevators, or escalators at the Leased Property, but lien holders may have the right to remove (and Tenant shall have the right to grant a lien on) slot machines and other gaming equipment even if the removal thereof from the Leased Property could result in de minimis damage; provided any such damage is repaired by the lien holder or Tenant in accordance with the terms of this Master Lease.

Landlord and Tenant intend that this Master Lease be an indivisible true lease that affords the parties hereto the rights and remedies of landlord and tenant hereunder and does not

represent a financing arrangement. This Master Lease is not an attempt by Landlord or Tenant to evade the operation of any aspect of the law applicable to any of the Leased Property. Except as otherwise required by applicable law or any accounting rules or regulations, Landlord and Tenant hereby acknowledge and agree that this Master Lease shall be treated as an operating lease for all purposes and not as a synthetic lease, financing lease or loan and that Landlord shall be entitled to all the benefits of ownership of the Leased Property, including depreciation for all federal, state and local tax purposes.

If, notwithstanding (a) the form and substance of this Master Lease and (b) the intent of the parties, and the language contained herein providing that this Master Lease shall at all times be construed, interpreted and applied to create an indivisible lease of all of the Leased Property, any court of competent jurisdiction finds that this Master Lease is a financing arrangement, this Master Lease shall be considered a secured financing agreement and Landlord's title to the Leased Property shall constitute a perfected first priority lien in Landlord's favor on the Leased Property to secure the payment and performance of all the obligations of Tenant hereunder (and to that end, Tenant hereby grants, assigns and transfers to the Landlord a security interest in all right, title or interest in or to any and all of the Leased Property, as security for the prompt and complete payment and performance when due of Tenant's obligations hereunder). Tenant authorizes Landlord, at the expense of Tenant, to make any filings or take other actions as Landlord reasonably determines are necessary or advisable in order to effect fully this Master Lease or to more fully perfect or renew the rights of the Landlord, and to subordinate to the Landlord the lien of any Permitted Leasehold Mortgagee, with respect to the Leased Property (it being understood that nothing herein shall affect the rights of a Permitted Leasehold Mortgagee under Article XVII hereof). At any time and from time to time upon the request of the Landlord, and at the expense of the Tenant, Tenant shall promptly execute, acknowledge and deliver such further documents and do such other acts as the Landlord may reasonably request in order to effect fully this Master Lease or to more fully perfect or renew the rights of the Landlord with respect to the Leased Property. Upon the exercise by the Landlord of any power, right, privilege or remedy pursuant to this Master Lease which requires any consent, approval, recording, qualification or authorization of any governmental authority, Tenant will execute and deliver, or will cause the execution and delivery of, all applications, certifications, instruments and other documents and papers that Landlord may be required to obtain from Tenant for such consent, approval, recording, qualification or authorization.

ARTICLE XII

12.1 Permitted Contests. Tenant, upon prior written notice to Landlord, on its own or in Landlord's name, at Tenant's expense, may contest, by appropriate legal proceedings conducted in good faith and with due diligence, the amount, validity or application, in whole or in part, of any licensure or certification decision (including pursuant to any Gaming Regulation), Imposition, Legal Requirement, Insurance Requirement, lien, attachment, levy, encumbrance, charge or claim; provided, however, that (i) in the case of an unpaid Imposition, lien, attachment, levy, encumbrance, charge or claim, the commencement and continuation of such proceedings shall suspend the collection thereof from Landlord and from the Leased Property or any Capital Improvement thereto; (ii) neither the Leased Property or any Capital Improvement thereto, the Rent therefrom nor any part or interest in either thereof would be in any danger of being sold,

forfeited, attached or lost pending the outcome of such proceedings; (iii) in the case of a Legal Requirement, neither Landlord nor Tenant would be in any danger of civil or criminal liability for failure to comply therewith pending the outcome of such proceedings; (iv) if any such contest shall involve a sum of money or potential loss in excess of Two Hundred Thousand Dollars ($200,000), upon request of the Landlord, Tenant shall deliver to Landlord an opinion of counsel reasonably acceptable to Landlord to the effect set forth in clauses (i), (ii) and (iii) above, to the extent applicable; (v) in the case of a Legal Requirement, Imposition, lien, encumbrance or charge, Tenant shall give such reasonable security as may be required by Landlord to insure ultimate payment of the same and to prevent any sale or forfeiture of the Leased Property or any Capital Improvement thereto or the Rent by reason of such non-payment or noncompliance; (vi) in the case of an Insurance Requirement, the coverage required by Article XIII shall be maintained; (vii) Tenant shall keep Landlord reasonably informed as to the status of the proceedings; and (viii) if such contest be finally resolved against Landlord or Tenant, Tenant shall promptly pay the amount required to be paid, together with all interest and penalties accrued thereon, or comply with the applicable Legal Requirement or Insurance Requirement. Landlord, at Tenant's expense, shall execute and deliver to Tenant such authorizations and other documents as may reasonably be required in any such contest, and, if reasonably requested by Tenant or if Landlord so desires, Landlord shall join as a party therein. The provisions of this Article XII shall not be construed to permit Tenant to contest the payment of Rent or any other amount (other than Impositions or Additional Charges which Tenant may from time to time be required to impound with Landlord) payable by Tenant to Landlord hereunder. Tenant shall indemnify, defend, protect and save Landlord harmless from and against any liability, cost or expense of any kind that may be imposed upon Landlord in connection with any such contest and any loss resulting therefrom, except in any instance where Landlord opted to join and joined as a party in the proceeding despite Tenant's having sent written notice to Landlord of Tenant's preference that Landlord not join in such proceeding.

ARTICLE XIII

13.1 General Insurance Requirements. During the Term, Tenant shall at all times keep the Leased Property, and all property located in or on the Leased Property, including Capital Improvements, the Fixtures and Tenant's Property, insured with the kinds and amounts of insurance described below. Each element of insurance described in this Article XIII shall be maintained with respect to the Leased Property of each Facility and Tenant's Property and operations thereon. Such insurance shall be written by companies permitted to conduct business in the applicable State. All third party liability type policies must name Landlord as an "additional insured." All property policies shall name Landlord as "loss payee" for its interests in each Facility. All business interruption policies shall name Landlord as "loss payee" with respect to Rent only. Property losses shall be payable to Landlord and/or Tenant as provided in Article XIV. In addition, the policies, as appropriate, shall name as an "additional insured" and/or "loss payee" each Permitted Leasehold Mortgagee and as an "additional insured" or "loss payee" the holder of any mortgage, deed of trust or other security agreement ("**Facility Mortgagee**") securing any indebtedness or any other Encumbrance placed on the Leased Property in accordance with the provisions of Article XXXI ("**Facility Mortgage**") by way of a standard form of mortgagee's loss payable endorsement. Except as otherwise set forth herein, any property insurance loss adjustment settlement shall require the written consent of Landlord, Tenant, and each Facility Mortgagee (to the extent required under the applicable Facility Mortgage Documents) unless the amount of the loss net of the applicable deductible is less than

Five Million Dollars ($5,000,000) in which event no consent shall be required. Evidence of insurance shall be deposited with Landlord and, if requested, with any Facility Mortgagee(s). The insurance policies required to be carried by Tenant hereunder shall insure against all the following risks with respect to each Facility:

(a) Loss or damage by fire, vandalism and malicious mischief, extended coverage perils commonly known as "All Risk," and all physical loss perils normally included in such All Risk insurance, including, but not limited to, sprinkler leakage and windstorm in an amount not less than the insurable value on a Maximum Foreseeable Loss (as defined below in Section 13.2) basis and including a building ordinance coverage endorsement, provided that in the event the premium cost of any or all of earthquake, flood, windstorm (including named windstorm) or terrorism coverages are available only for a premium that is more than 2.5 times the average premium paid by Tenant (or prior operator of Facilities) over the preceding three years for the insurance policy contemplated by this Section 13.1(a), then Tenant shall be entitled and required to purchase the maximum insurance coverage it deems most efficient and prudent to purchase and Tenant shall not be required to spend additional funds to purchase additional coverages insuring against such risks; and provided, further, that some property coverages might be sub-limited in an amount less than the Maximum Foreseeable Loss as long as the sub-limits are commercially reasonable and prudent as deemed by Tenant;

(b) Loss or damage by explosion of steam boilers, pressure vessels or similar apparatus, now or hereafter installed in each Facility, in such limits with respect to any one accident as may be reasonably requested by Landlord from time to time;

(c) Flood (when any of the improvements comprising the Leased Property of a Facility is located in whole or in part within a designated 100-year flood plain area) in an amount not less than the probable maximum loss of a 500 year event and such other hazards and in such amounts as may be customary for comparable properties in the area;

(d) Loss of rental value in an amount not less than twelve (12) months' Rent payable hereunder or business interruption in an amount not less than twelve (12) months of income and normal operating expenses including 90-days ordinary payroll and Rent payable hereunder with an extended period of indemnity coverage of at least ninety (90) days necessitated by the occurrence of any of the hazards described in Sections 13.1(a), 13.1(b) or 13.1(c), provided that Tenant may self-insure specific Facilities for the insurance contemplated under this Section 13.1(d), provided that (i) such Facilities that Tenant chooses to self-insure are not expected to generate more than ten percent (10%) of Net Revenues anticipated to be generated from all the Facilities and (ii) Tenant deposits in any impound account created under Section 4.3 hereof an amount equal to the product of (1) the sum of (A) the insurance premiums paid by Tenant for such period under this Section 13.1(d) to insurance companies and (B) the amount deposited by Tenant in an impound account pursuant to this provision, and (2) the percentage of Net Revenues that are anticipated to be generated by the Facilities that are being self-insured by Tenant under this provision;

(e) Claims for personal injury or property damage under a policy of comprehensive general public liability insurance with amounts not less than One Hundred Million Dollars ($100,000,000) each occurrence and One Hundred Million Dollars ($100,000,000) in the annual aggregate, provided that such requirements may be satisfied through the purchase of a primary general liability policy and excess liability policies;

(f) During such time as Tenant is constructing any improvements, Tenant, at its sole cost and expense, shall carry, or cause to be carried (i) workers' compensation insurance and employers' liability insurance covering all persons employed in connection with the

improvements in statutory limits, (ii) a completed operations endorsement to the commercial general liability insurance policy referred to above, (iii) builder's risk insurance, completed value form (or its equivalent), covering all physical loss, in an amount and subject to policy conditions satisfactory to Landlord, and (iv) such other insurance, in such amounts, as Landlord deems reasonably necessary to protect Landlord's interest in the Leased Property from any act or omission of Tenant's contractors or subcontractors.

13.2 Maximum Foreseeable Loss. The term "**Maximum Foreseeable Loss**" shall mean the largest monetary loss within one area that may be expected to result from a single fire with protection impaired, the control of the fire mainly dependent on physical barriers or separations and a delayed manual firefighting by public and/or private fire brigades. If Landlord reasonably believes that the Maximum Foreseeable Loss has increased at any time during the Term, it shall have the right (unless Tenant and Landlord agree otherwise) to have such Maximum Foreseeable Loss redetermined by an impartial national insurance company reasonably acceptable to both parties (the "**Impartial Appraiser**"), or, if the parties cannot agree on an Impartial Appraiser, then by an Expert appointed in accordance with Section 34.1 hereof. The determination of the Impartial Appraiser (or the Expert, as the case may be) shall be final and binding on the parties hereto, and Tenant shall forthwith adjust the amount of the insurance carried pursuant to this Article XIII to the amount so determined by the Impartial Appraiser (or the Expert, as the case may be), subject to the approval of the Facility Mortgagee, as applicable. Each party shall pay one-half (1/2) of the fee, if any, of the Impartial Appraiser. If Landlord pays the Impartial Appraiser, fifty percent (50%) of such costs shall be Additional Charges hereunder and if Tenant pays such Impartial Appraiser, fifty percent (50%) of such costs shall be a credit against the next Rent payment hereunder. If Tenant has undertaken any structural alterations or additions to the Leased Property having a cost or value in excess of Twenty Five Million Dollars ($25,000,000), Landlord may at Tenant's expense have the Maximum Foreseeable Loss redetermined at any time after such improvements are made, regardless of when the Maximum Foreseeable Loss was last determined.

13.3 Additional Insurance. In addition to the insurance described above, Tenant shall maintain such additional insurance upon notice from Landlord as may be reasonably required from time to time by any Facility Mortgagee and shall further at all times maintain adequate workers' compensation coverage and any other coverage required by Legal Requirements for all Persons employed by Tenant on the Leased Property in accordance with Legal Requirements.

13.4 Waiver of Subrogation. All insurance policies carried by either party covering the Leased Property or Tenant's Property, including, without limitation, contents, fire and liability insurance, shall expressly waive any right of subrogation on the part of the insurer against the other party. Each party, respectively, shall pay any additional costs or charges for obtaining such waiver.

13.5 Policy Requirements. All of the policies of insurance referred to in this Article XIII shall be written in form reasonably satisfactory to Landlord and any Facility Mortgagee and issued by insurance companies with a minimum policyholder rating of "A-" and a financial rating of "VII" in the most recent version of Best's Key Rating Guide, or a minimum rating of "BBB" from Standard & Poor's or equivalent. If Tenant obtains and maintains the

general liability insurance described in Section 13.1(e) above on a "claims made" basis, Tenant shall provide continuous liability coverage for claims arising during the Term. In the event such "claims made" basis policy is canceled or not renewed for any reason whatsoever (or converted to an "occurrence" basis policy), Tenant shall either obtain (a) "tail" insurance coverage converting the policies to "occurrence" basis policies providing coverage for a period of at least three (3) years beyond the expiration of the Term, or (b) an extended reporting period of at least three (3) years beyond the expiration of the Term. Tenant shall pay all of the premiums therefor, and deliver certificates thereof to Landlord prior to their effective date (and with respect to any renewal policy, prior to the expiration of the existing policy), and in the event of the failure of Tenant either to effect such insurance in the names herein called for or to pay the premiums therefor, or to deliver such certificates thereof to Landlord, at the times required, Landlord shall be entitled, but shall have no obligation, to effect such insurance and pay the premiums therefor, in which event the cost thereof, together with interest thereon at the Overdue Rate, shall be repayable to Landlord upon demand therefor. Tenant shall obtain, to the extent available on commercially reasonable terms, the agreement of each insurer, by endorsement on the policy or policies issued by it, or by independent instrument furnished to Landlord, that it will give to Landlord thirty (30) days' (or ten (10) days' in the case of non-payment of premium) written notice before the policy or policies in question shall be altered, allowed to expire or cancelled. Notwithstanding any provision of this Article XIII to the contrary, Landlord acknowledges and agrees that the coverage required to be maintained by Tenant may be provided under one or more policies with various deductibles or self-insurance retentions by Tenant or its Affiliates, subject to Landlord's approval not to be unreasonably withheld. Upon written request by Landlord, Tenant shall provide Landlord copies of the property insurance policies when issued by the insurers providing such coverage.

13.6 Increase in Limits. If, from time to time after the Commencement Date, Landlord determines in the exercise of its reasonable business judgment that the limits of the personal injury or property damage-public liability insurance then carried pursuant to Section 13.1(e) hereof are insufficient, Landlord may give Tenant Notice of acceptable limits for the insurance to be carried; provided that in no event will Tenant be required to carry insurance in an amount which exceeds the product of (i) the amounts set forth in Section 13.1(e) hereof and (ii) the CPI Increase; and subject to the foregoing limitation, within ninety (90) days after the receipt of such Notice, the insurance shall thereafter be carried with limits as prescribed by Landlord until further increase pursuant to the provisions of this Section 13.6.

13.7 Blanket Policy. Notwithstanding anything to the contrary contained in this Article XIII, Tenant's obligations to carry the insurance provided for herein may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Tenant; provided that the requirements of this Article XIII (including satisfaction of the Facility Mortgagee's requirements and the approval of the Facility Mortgagee) are otherwise satisfied, and provided further that Tenant maintains specific allocations acceptable to Landlord.

13.8 No Separate Insurance. Tenant shall not, on Tenant's own initiative or pursuant to the request or requirement of any third party, (i) take out separate insurance concurrent in form or contributing in the event of loss with that required in this Article XIII to be furnished by, or which may reasonably be required to be furnished by, Tenant or (ii) increase the

amounts of any then existing insurance by securing an additional policy or additional policies, unless all parties having an insurable interest in the subject matter of the insurance, including in all cases Landlord and all Facility Mortgagees, are included therein as additional insureds and the loss is payable under such insurance in the same manner as losses are payable under this Master Lease. Notwithstanding the foregoing, nothing herein shall prohibit Tenant from insuring against risks not required to be insured hereby, and as to such insurance, Landlord and any Facility Mortgagee need not be included therein as additional insureds, nor must the loss thereunder be payable in the same manner as losses are payable hereunder except to the extent required to avoid a default under the Facility Mortgage.

ARTICLE XIV

14.1 Property Insurance Proceeds. All proceeds (except business interruption not allocated to rent expenses) payable by reason of any property loss or damage to the Leased Property, or any portion thereof, under any property policy of insurance required to be carried hereunder shall be paid to Facility Mortgagee or to an escrow account held by a third party depositary reasonably acceptable to Landlord and Tenant (pursuant to an escrow agreement acceptable to the parties and intended to implement the terms hereof) and made available to Tenant upon request for the reasonable costs of preservation, stabilization, emergency restoration, business interruption, reconstruction and repair, as the case may be, of any damage to or destruction of the Leased Property, or any portion thereof; provided, however, that the portion of such proceeds that are attributable to Tenant's obligation to pay Rent shall be applied against Rents due by Tenant hereunder; and provided, further, that if the total amount of proceeds payable net of the applicable deductibles is One Hundred Fifty Thousand Dollars ($150,000) or less, and, if no Event of Default has occurred and is continuing, the proceeds shall be paid to Tenant and, subject to the limitations set forth in this Article XIV used for the repair of any damage to the Leased Property, it being understood and agreed that Tenant shall have no obligation to rebuild any Tenant Capital Improvement, provided that the Leased Property is rebuilt in a manner reasonably satisfactory to Landlord. Any excess proceeds of insurance remaining after the completion of the restoration or reconstruction of the Leased Property to substantially the same condition as existed immediately before the damage or destruction and with materials and workmanship of like kind and quality and to Landlord's reasonable satisfaction shall be provided to Tenant. All salvage resulting from any risk covered by insurance for damage or loss to the Leased Property shall belong to Landlord. Tenant shall have the right to prosecute and settle insurance claims, provided that Tenant shall consult with and involve Landlord in the process of adjusting any insurance claims under this Article XIV and any final settlement with the insurance company shall be subject to Landlord's consent, such consent not to be unreasonably withheld.

14.2 Tenant's Obligations Following Casualty. (a) If a Facility and/or any Tenant Capital Improvements to a Facility are damaged, whether or not from a risk covered by insurance carried by Tenant, except as otherwise provided herein, (i) Tenant shall restore such Leased Property (excluding any Tenant Capital Improvement, it being understood and agreed that Tenant shall not be required to repair any Tenant Capital Improvement, provided that the Leased Property is rebuilt in a manner reasonably satisfactory to Landlord), to substantially the same condition as existed immediately before such damage and (ii) such damage shall not terminate this Master Lease.

(b) If Tenant restores the affected Leased Property and the cost of the repair or restoration exceeds the amount of proceeds received from the insurance required to be carried hereunder, Tenant shall provide Landlord with evidence reasonably acceptable to Landlord that

Tenant has available to it any excess amounts needed to restore such Facility. Such excess amounts necessary to restore such Facility shall be paid by Tenant.

(c) If Tenant has not restored the affected Leased Property and gaming operations have not recommenced by the date that is the third anniversary of the date of any casualty, all remaining insurance proceeds shall be paid to and retained by Landlord free and clear of any claim by or through Tenant.

(d) In the event neither Landlord nor Tenant is required or elects to repair and restore the Leased Property, all insurance proceeds, other than proceeds reasonably attributed to any Tenant Capital Improvements (and, subject to no Event of Default having occurred and being continuing, any business interruption proceeds in excess of Tenant's Rent obligations hereunder), which proceeds shall be and remain the property of Tenant, shall be paid to and retained by Landlord free and clear of any claim by or through Tenant except as otherwise specifically provided below in this Article XIV.

14.3 No Abatement of Rent. This Master Lease shall remain in full force and effect and Tenant's obligation to pay the Rent and all other charges required by this Master Lease shall remain unabated during the period required for adjusting insurance, satisfying Legal Requirements, repair and restoration. Upon the occurrence of any casualty that has a negative impact on Net Revenue, the Percentage Rent shall continue during the period required to make all necessary repairs at the same rate then in effect immediately prior to the occurrence of such casualty and until such time as the affected Leased Property is rebuilt and gaming operations have recommenced thereon (or such time as this Master Lease has been terminated as to the affected Leased Property).

14.4 Waiver. Tenant waives any statutory rights of termination which may arise by reason of any damage or destruction of the Leased Property, but such waiver shall not affect any contractual rights granted to Tenant under this Article XIV.

14.5 Insurance Proceeds Paid to Facility Mortgagee. Notwithstanding anything herein to the contrary, in the event that any Facility Mortgagee is entitled to any insurance proceeds, or any portion thereof, under the terms of any Facility Mortgage, such proceeds shall be applied, held and/or disbursed in accordance with the terms of the Facility Mortgage. In the event that the Facility Mortgagee elects, or is required under the related financing document, to apply the insurance proceeds to the indebtedness secured by the Facility Mortgage, then Tenant shall not be obligated to repair or restore the Facility and Landlord shall either (i) refinance with a replacement Facility Mortgage (or otherwise fund) the amount of insurance proceeds applied to Facility Mortgage indebtedness within twelve (12) months of such application (in which case Tenant shall be obligated to restore the Facility upon receipt of such proceeds), or (ii) sell to Tenant the Leased Property consisting of such Facility (and Tenant shall be entitled to retain any remaining insurance proceeds) in exchange for a payment equal to the greater of (1) the difference between (a) the value of such Facility immediately prior to such casualty, based on the average fair market value of similar real estate in the areas surrounding such Facility, and (b) the amount of insurance proceeds retained by the Facility Mortgagee, and (2) the value of such Facility after such casualty, based on the average fair market value of similar real estate in the areas surrounding such Facility.

14.6 Termination of Master Lease; Abatement of Rent. In the event this Master Lease is terminated as to an affected Leased Property pursuant to Section 1.4 (with respect to the Term terminating in respect of a Barge-Based Facility), Section 8.2 (in respect of Tenant being in jeopardy of losing a Gaming License or Landlord being in jeopardy of failing to comply with a regulatory requirement material to the continued operation of a Facility), Section 14.5 (in the event Facility Mortgagee elects to apply insurance proceeds to pay down

indebtedness secured by a Facility Mortgage following the damage to or destruction of all or any portion of the Leased Property or such prepayment is required under the related financing document) or Section 15 .5 (as provided therein) (such termination or cessation, a "**Leased Property Rent Adjustment Event**"), then:

(i) the Building Base Rent due hereunder from and after the effective date of any such Leased Property Rent Adjustment Event shall be reduced by an amount determined by multiplying (A) a fraction, (x) the numerator of which shall be the fair market value for the affected Leased Property immediately prior to the effective date of the Leased Property Rent Adjustment Event and (y) the denominator of which shall be the fair market value for all of the Leased Property then subject to the terms of this Master Lease, including the affected Leased Property immediately prior to the effective date of such Leased Property Rent Adjustment Event (in each case the fair market value as determined in good faith by the parties or if the patties cannot agree, by an Expert pursuant to Section 34.1 of this Master Lease), by (B) the Building Base Rent payable under this Master Lease immediately prior to the effective date of the Leased Property Rent Adjustment Event as to the affected Leased Property;

(ii) the Land Base Rent due hereunder from and after the effective date of any such Leased Property Rent Adjustment Event with respect to a Leased Property shall be reduced by an amount determined by multiplying (A) a fraction, (x) the numerator of which shall be the fair market value for the affected Leased Property immediately prior to the effective date of the Leased Property Rent Adjustment Event and (y) the denominator of which shall be the fair market value for all of the Leased Property then subject to the terms of this Master Lease, including the affected Leased Property immediately prior to the effective date of the Leased Property Rent Adjustment Event (in each case the fair market value as determined in good faith by the parties or if the parties cannot agree, by an Expert pursuant to Section 34.1 of this Master Lease), by (B) the Land Base Rent payable under this Master Lease immediately prior to the effective date of the Leased Property Rent Adjustment Event as to the affected Leased Property;

(iii) the Percentage Rent due from and after the effective date of any such Leased Property Rent Adjustment Event with respect to a Leased Property, shall be reduced by an amount determined by multiplying (A) a fraction, (x) the numerator of which shall be the fair market value for the affected Leased Property immediately prior to the effective date of the Leased Property Rent Adjustment Event and (y) the denominator of which shall be the fair market value for all of the Leased Property then subject to the terms of this Master Lease, including the affected Leased Property immediately prior to the effective date of the Leased Property Rent Adjustment Event (in each case the fair market value as determined in good faith by the parties or if the parties cannot agree, by an Expert pursuant to Section 34.1 of this Master Lease), by (B) the Percentage Rent payable under the definition of Percentage Rent immediately prior to the effective date of the Leased Property Rent Adjustment Event as to the affected Leased Property;

(iv) the amount set forth in clause (b) of the proviso of the definition of Percentage Rent shall be modified from and after the effective date of any such Leased Property Rent Adjustment Event with respect to a Leased Property by reducing the amount set forth in clause (b) of the proviso of the definition of Percentage Rent by an amount determined by multiplying (A) a fraction, (x) the numerator of which is the fair market value for the affected Leased Property immediately prior to the effective date of the Leased Property Rent Adjustment Event immediately prior to the effective date of the Leased Property Rent Adjustment Event and (y) the denominator of which is the fair market value for all of the Leased Property then subject to the terms of this Master Lease, including the affected Leased Property immediately prior to the effective date of the Leased Property Rent Adjustment Event (in each case the fair market value as determined in good faith by the parties or if the parties cannot agree, by an Expert pursuant to Section 34.1 of this Master Lease), by (B) the amount set forth in clause (b) of the proviso of the definition of Percentage Rent immediately prior to the effective date of the Leased Property Rent Adjustment Event as to the affected Leased Property; and

(v) Landlord shall retain any claim which Landlord may have against Tenant for failure to insure such Leased Property as required by Article XIII.

ARTICLE XV

15.1 Condemnation.

(a) Total Taking. If the Leased Property of a Facility is totally and permanently taken by Condemnation (a "**Taking**"), this Master Lease shall terminate with respect to such Facility as of the day before the Date of Taking for such Facility.

(b) Partial Taking. If a portion of the Leased Property of, and any Tenant Capital Improvements to, a Facility are taken by Condemnation, this Master Lease shall remain in effect if the affected Facility is not thereby rendered Unsuitable for Its Primary Intended Use, but if such Facility is thereby rendered Unsuitable for Its Primary Intended Use, this Master Lease shall terminate with respect to such Facility as of the day before the Date of Taking for such Facility.

(c) Restoration. If there is a partial Taking of the Leased Property of, and any Tenant Capital Improvements to, a Facility and this Master Lease remains in full force and effect with respect to such Facility, Landlord shall make available to Tenant the portion of the Award applicable to restoration of the Leased Property (excluding any Tenant Capital Improvements, it being understood and agreed that Tenant shall not be required to repair or restore any Tenant Capital Improvements, provided that the Leased Property is restored in a manner reasonably satisfactory to Landlord), and Tenant shall accomplish all necessary restoration whether or not the amount provided by the Condemnor for restoration is sufficient and the Base Rent shall be reduced by such amount as may be agreed upon by Landlord and Tenant or, if they are unable to reach such an agreement within a period of thirty (30) days after the occurrence of the Taking, then the Base Rent for such Facility shall be proportionately reduced, based on the proportion of the Facility that was subject to the partial Taking and pursuant to the formula set forth in Section 14.6 hereof. Tenant shall restore such Leased Property (as nearly as possible under the circumstances) to a complete architectural unit of the same general character and condition as such Leased Property existing immediately prior to such Taking.

15.2 Award Distribution. Except as set forth below (and to the extent provided in Section 15.1(c) hereof), the entire Award shall belong to and be paid to Landlord. Tenant shall, however, be entitled to pursue its own claim with respect to the Taking for Tenant's lost profits value and moving expenses and, the portion of the Award, if any, allocated to any Tenant Capital Improvements (subject to Tenant's restoring the Leased Property not subject to a Taking in a manner reasonably satisfactory to Landlord) and Tenant's Property shall be and remain the property of Tenant free of any claim thereto by Landlord.

15.3 Temporary Taking. The taking of the Leased Property, or any part thereof, shall constitute a taking by Condemnation only when the use and occupancy by the taking authority has continued for longer than 180 consecutive days. During any shorter period, which shall be a temporary taking, all the provisions of this Master Lease shall remain in full force and effect and the Award allocable to the Term shall be paid to Tenant.

15.4 Condemnation Awards Paid to Facility Mortgagee. Notwithstanding anything herein to the contrary, in the event that any Facility Mortgagee is entitled to any Condemnation Award, or any portion thereof, under the terms of any Facility Mortgage or related financing agreement, such award shall be applied, held and/or disbursed in accordance with the terms of the Facility Mortgage or related financing agreement. In the event that the Facility Mortgagee elects to apply the Condemnation Award to the indebtedness secured by the Facility Mortgage in the case of a Taking as to which the restoration provisions apply (or the related financing agreement requires such application), Landlord shall either (i) within ninety (90) days of the notice from the Facility Mortgagee make available to Tenant for restoration of such Leased Property funds (either through refinance or otherwise) equal to the amount applied by the Facility Mortgagee or applicable to restoration of the Leased Property, or (ii) sell to Tenant the portion of the Leased Property consisting of the Facility that is not subject to the Taking in exchange for a payment equal to the greater of (1) the difference between (a) the value of such Facility immediately prior to such Taking, based on the average fair market value of similar real estate in the areas surrounding such Facility, and (b) the amount of the Condemnation Award retained by the Facility Mortgagee, and (2) the value of the remaining portion of such Facility after such Taking, based on the average fair market value of similar real estate in the areas surrounding such Facility.

15.5 Termination of Master Lease; Abatement of Rent. In the event this Master Lease is terminated with respect to the affected portion of the Leased Property as a result of a Taking (or pursuant to Section 15.4 hereof as a result of a Facility Mortgagee electing to apply a Condemnation Award to the indebtedness secured by the Facility Mortgage), the Base Rent due hereunder from and after the effective date of such termination shall be reduced by an amount determined in the same manner as set forth in Section 14.6 hereof.

ARTICLE XVI

16.1 Events of Default. Any one or more of the following shall constitute an "**Event of Default**":

(a) (i) Tenant shall fail to pay any installment of Rent within two (2) Business Days of when due and such failure is not cured by Tenant within one (1) Business Day

after notice from Landlord of Tenant's failure to pay such installment of Rent when due (and such notice of failure from Landlord may be given any time after such installment is more than one (1) Business Day late);

(ii) Tenant shall fail on any two separate occasions in the same Fiscal Year to pay any installment of Rent within two (2) Business Days;

(iii) Tenant shall fail on any occasion to pay any installment of Rent within five (5) Business Days of when due; or

(iv) Tenant shall fail to pay any Additional Charge within five (5) Business Days after notice from Landlord of Tenant's failure to make such payment of such Additional Charge when due (and such notice of failure from Landlord may be given any time after such payment is more than one (1) Business Day late);

(b) a default shall occur under any Guaranty or other instrument (other than the Development Agreement (as defined in the Sister Master Lease) and any ancillary documents entered into by and between Landlord and Tenant and/or their respective Affiliates in connection with the Development Agreement), executed by Tenant or an Affiliate of Tenant in favor of Landlord or an Affiliate of Landlord, where the default is not cured within any applicable grace period set forth therein or, if no cure periods are provided, within 15 days after notice from Landlord (or in the case of a breach of Paragraph 8 of the Guaranty, the cure periods provided herein with respect to such action or omission);

(c) Tenant or any Guarantor shall:

(i) admit in writing its inability to pay its debts generally as they become due;

(ii) file a petition in bankruptcy or a petition to take advantage of any insolvency act;

(iii) make an assignment for the benefit of its creditors;

(iv) consent to the appointment of a receiver of itself or of the whole or any substantial part of its property; or

(v) file a petition or answer seeking reorganization or arrangement under the United States bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof;

(d) Tenant or any Guarantor (other than an Immaterial Subsidiary Guarantor) shall be adjudicated as bankrupt or a court of competent jurisdiction shall enter an order or decree appointing, without the consent of Tenant or any Guarantor (other than an Immaterial Subsidiary Guarantor), a receiver of Tenant or any Guarantor (other than an Immaterial Subsidiary Guarantor) or of the whole or substantially all of the Tenant's or any Guarantor's (other than an Immaterial Subsidiary Guarantor's) property, or approving a petition filed against Tenant or any Guarantor (other than an Immaterial Subsidiary Guarantor) seeking reorganization or arrangement of Tenant or any Guarantor (other than an Immaterial Subsidiary Guarantor) under the United States bankruptcy laws or any other applicable law or statute of the United

States of America or any state thereof, and such judgment, order or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of the entry thereof;

(e) Tenant or any Guarantor (other than an Immaterial Subsidiary Guarantor) shall be liquidated or dissolved (except that any Guarantor may be liquidated or dissolved into another Guarantor or the Tenant or so long as its assets are distributed following such liquidation or dissolution to another Guarantor or Tenant);

(f) the estate or interest of Tenant in the Leased Property or any part thereof shall be levied upon or attached in any proceeding relating to more than $1,000,000 and the same shall not be vacated, discharged or stayed pending appeal (or bonded or otherwise similarly secured payment) within the later of ninety (90) days after commencement thereof or thirty (30) days after receipt by Tenant of notice thereof from Landlord; provided, however, that such notice shall be in lieu of and not in addition to any notice required under applicable law;

(g) except as a result of material damage, destruction or Condemnation, Tenant voluntarily ceases operations for its Primary Intended Use at a Facility and such event would reasonably be expected to have a material adverse effect on Tenant, the Facilities, or on the Leased Property, in each case, taken as a whole;

(h) any of the representations or warranties made by Tenant hereunder or by any Guarantor in a Guaranty proves to be untrue when made in any material respect that materially and adversely affects Landlord;

(i) any applicable license or other agreements material to a Facility's operation for its Primary Intended Use are at any time terminated or revoked or suspended for more than thirty (30) days (and causes cessation of gaming activity at a Facility) and such termination, revocation or suspension is not stayed pending appeal and would reasonably be expected to have a material adverse effect on Tenant, the Facilities, or on the Leased Property, taken as a whole;

(j) except to a permitted assignee pursuant to Section 22.2 or a permitted subtenant or Subsidiary that joins as a Guarantor to the Guaranty pursuant to Section 22.3, or with respect to the granting of a permitted pledge hereunder to a Permitted Leasehold Mortgagee, the sale or transfer, without Landlord's consent, of all or any portion of any Gaming License or similar certificate or license relating to the Leased Property;

(k) Tenant or any Guarantor, by its acts or omissions, causes the occurrence of a default under any provision (to the extent Tenant has knowledge of such provision and Tenant's or such Guarantor's obligations with respect thereto) of any Facility Mortgage, related documents or obligations thereunder by which Tenant is bound in accordance with Section 31.1 or has agreed under the terms of this Master Lease to be bound, which default is not cured within the applicable time period, if the effect of such default is to cause, or to permit the holder or holders of that Facility Mortgage or Indebtedness secured by that Facility Mortgage (or a trustee or agent on behalf of such holder or holders), to cause, that Facility Mortgage (or the Indebtedness secured thereby) to become or be declared due and payable (or redeemable) prior to its stated maturity (excluding in any case any default related to the financial performance of Tenant or any Guarantor);

(l) (x) a breach by Tenant of Section 23.3(a) hereof for two consecutive Test Periods ending on the last day of two consecutive fiscal quarters or (y) a breach of Section 23.3(b) hereof;

(m) any event or condition occurs that (i) results in any Material Indebtedness becoming due prior to its stated maturity or (ii) enables or permits (with all applicable grace periods, if any, having expired) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity or exercise any other remedy (other than any prepayment, repurchase, or redemption, arising out of or relating to a change of control or asset sale or any redemption, repurchase, conversion or settlement with respect to any Indebtedness convertible into Equity Interests pursuant to its terms unless such redemption, repurchase, conversion or settlement results from a default thereunder or an event that would otherwise constitute an Event of Default, provided that failure to consummate any such required prepayment, redemption, repurchase, conversion or settlement under any Material Indebtedness shall constitute an Event of Default), or (iii) the Tenant or any Guarantor shall fail to pay the principal of any Material Indebtedness at the stated final maturity thereof (provided that this paragraph (m) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness if such sale or transfer is not prohibited hereby and under the documents providing for such Indebtedness);

(n) if Tenant shall fail to observe or perform any other term, covenant or condition of this Master Lease and such failure is not cured by Tenant within thirty (30) days after notice thereof from Landlord, unless such failure cannot with due diligence be cured within a period of thirty (30) days, in which case such failure shall not be deemed to be an Event of Default if Tenant proceeds promptly and with due diligence to cure the failure and diligently completes the curing thereof within one hundred twenty (120) days after such notice from Landlord; provided, however, that such notice shall be in lieu of and not in addition to any notice required under applicable law;

(o) if Tenant or any Guarantor shall fail to pay, bond, escrow or otherwise similarly secure payment of one or more final judgments aggregating in excess of the product of (i) $100 million and (ii) the CPI Increase (and only to the extent not covered by insurance), which judgments are not discharged or effectively waived or stayed for a period of forty-five (45) consecutive days; and

(p) an assignment of Tenant’s interest in this Master Lease (including pursuant to a Change in Control) shall have occurred without the consent of Landlord to the extent such consent is required under Article XXII or Tenant is otherwise in default of the provisions set forth in Section 22.1 below.

(q) an “Event of Default” shall have occurred under the Sister Master Lease.

No Event of Default (other than a failure to make payment of money) shall be deemed to exist under this Section 16.1 during any time the curing thereof is prevented by an

Unavoidable Delay, provided that upon the cessation of the Unavoidable Delay, Tenant remedies the default without further delay.

16.2 Certain Remedies. If an Event of Default shall have occurred and be continuing, Landlord may (a) terminate this Master Lease by giving Tenant no less than ten (10) days' notice of such termination and the Term shall terminate and all rights of Tenant under this Master Lease shall cease, (b) seek damages as provided in Section 16.3 hereof, and/or (c) exercise any other right or remedy at law or in equity available to Landlord as a result of any Event of Default. Tenant shall pay as Additional Charges all costs and expenses incurred by or on behalf of Landlord, including reasonable attorneys' fees and expenses, as a result of any Event of Default hereunder. If an Event of Default shall have occurred and be continuing, whether or not this Master Lease has been terminated pursuant to the first sentence of this Section 16.2, Tenant shall, to the extent permitted by law (including applicable Gaming Regulations), if required by Landlord to do so, immediately surrender to Landlord possession of all or any portion of the Leased Property (including any Tenant Capital Improvements of the Facilities) as to which Landlord has so demanded and quit the same and Landlord may, to the extent permitted by law (including applicable Gaming Regulations), enter upon and repossess such Leased Property and any Capital Improvement thereto by reasonable force, summary proceedings, ejectment or otherwise, and, to the extent permitted by law (including applicable Gaming Regulations), may remove Tenant and all other Persons and any of Tenant's Property from such Leased Property (including any such Tenant Capital Improvement thereto).

16.3 Damages. None of (i) the termination of this Master Lease, (ii) the repossession of the Leased Property (including any Capital Improvements to any Facility), (iii) the failure of Landlord to relet the Leased Property or any portion thereof, (iv) the reletting of all or any portion of the Leased Property, or (v) the inability of Landlord to collect or receive any rentals due upon any such reletting, shall relieve Tenant of its liabilities and obligations hereunder, all of which shall survive any such termination, repossession or reletting. Landlord and Tenant agree that Landlord shall have no obligation to mitigate Landlord's damages under this Master Lease. If any such termination of this Master Lease occurs (whether or not Landlord terminates Tenant's right to possession of the Leased Property), Tenant shall forthwith pay to Landlord all Rent due and payable under this Master Lease to and including the date of such termination. Thereafter:

Tenant shall forthwith pay to Landlord, at Landlord's option, as and for liquidated and agreed current damages for the occurrence of an Event of Default, either:

(A) the sum of:

(i) the worth at the time of award of the unpaid Rent which had been earned at the time of termination to the extent not previously paid by Tenant under this Section 16.3;

(ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; *plus*

(iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Master Lease or which in the ordinary course of things would be likely to result therefrom.

As used in clauses (i) and (ii) above, the "worth at the time of award" shall be computed by allowing interest at the Overdue Rate. As used in clause (iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of New York at the time of award plus one percent (1%) and reducing such amount by the portion of the unpaid Rent that Tenant proves could be reasonably avoided. For purposes of determining the worth at the time of the award, Percentage Rent that would have been payable for the remainder of the Term shall be deemed to be the greater of (y) the same as the Percentage Rent for the then current Lease Year or, if not determinable, the immediately preceding Lease Year; and (z) such other amount as Landlord shall demonstrate could reasonably have been earned (assuming Net Revenues will have not been impacted by any of the conditions that contributed to the Event of Default).

or

(B) if Landlord chooses not to terminate Tenant's right to possession of the Leased Property (whether or not Landlord terminates the Master Lease), each installment of said Rent and other sums payable by Tenant to Landlord under this Master Lease as the same becomes due and payable, together with interest at the Overdue Rate from the date when due until paid, and Landlord may enforce, by action or otherwise, any other term or covenant of this Master Lease (and Landlord may at any time thereafter terminate Tenant's right to possession of the Leased Property and seek damages under subparagraph (A) hereof, to the extent not already paid for by Tenant under this subparagraph (B)).

16.4 Receiver. Upon the occurrence and continuance of an Event of Default, and upon commencement of proceedings to enforce the rights of Landlord hereunder, but subject to any limitations of applicable law, Landlord shall be entitled, as a matter of right, to the appointment of a receiver or receivers acceptable to Landlord of the Leased Property and of the revenues, earnings, income, products and profits thereof, pending the outcome of such proceedings, with such powers as the court making such appointment shall confer.

16.5 Waiver. If Landlord initiates judicial proceedings or if this Master Lease is terminated by Landlord pursuant to this Article XVI, Tenant waives, to the extent permitted by applicable law, (i) any right of redemption, re-entry or repossession; and (ii) the benefit of any laws now or hereafter in force exempting property from liability for rent or for debt.

16.6 Application of Funds. Any payments received by Landlord under any of the provisions of this Master Lease during the existence or continuance of any Event of Default which are made to Landlord rather than Tenant due to the existence of an Event of Default shall be applied to Tenant's obligations in the order which Landlord may reasonably determine or as may be prescribed by the laws of the State.

ARTICLE XVII

17.1 Permitted Leasehold Mortgagees.

(a) On one or more occasions without Landlord's prior consent Tenant may mortgage or otherwise encumber Tenant's leasehold estate in and to the Leased Property (the "**Leasehold Estate**") to one or more Permitted Leasehold Mortgagees under one or more Permitted Leasehold Mortgages and pledge its right, title and interest under this Master Lease as security for such Permitted Leasehold Mortgages or any Debt Agreement secured thereby; provided that no Person shall be considered a Permitted Leasehold Mortgagee unless (1) such Person delivers to Landlord a written agreement (in form and substance reasonably satisfactory to Landlord) providing (i) that (unless this Master Lease has been terminated as to a particular Facility) such Permitted Leasehold Mortgagee and any lenders for whom it acts as representative, agent or trustee, will not use or dispose of any Gaming License for use at a location other than at the Facility to which such Gaming License relates as of the date such Person becomes a Permitted Leasehold Mortgagee (or, in the case of any Facility added to the Master Lease after such date, as of the date that such Facility is added to the Master Lease), and (ii) an express acknowledgement that, in the event of the exercise by the Permitted Leasehold Mortgagee of its rights under the Permitted Leasehold Mortgage, the Permitted Leasehold Mortgagee shall be required to (except for a transfer that meets the requirements of Section 22.2(iii)) secure the approval of Landlord for the replacement of Tenant with respect to the affected portion of the Leased Property and contain the Permitted Leasehold Mortgagee's acknowledgment that such approval may be granted or withheld by Landlord in accordance with the provisions of Article XXII of this Master Lease, and (2) the underlying Permitted Leasehold Mortgage includes an express acknowledgement that any exercise of remedies thereunder that would affect the Leasehold Estate shall be subject to the terms of the Master Lease. In no event shall a Permitted Leasehold Mortgage encumber Landlord's fee simple interest in the Leased Property.

(b) Notice to Landlord.

(i) (1) If Tenant shall, on one or more occasions, mortgage Tenant's Leasehold Estate and if the holder of such Permitted Leasehold Mortgage shall provide Landlord with written notice of such Permitted Leasehold Mortgage together with a true copy of such Permitted Leasehold Mortgage and the name and address of the Permitted Leasehold Mortgagee, Landlord and Tenant agree that, following receipt of such written notice by Landlord, the provisions of this Section 17.1 shall apply in respect to each such Permitted Leasehold Mortgage.

(2) In the event of any assignment of a Permitted Leasehold Mortgage or in the event of a change of address of a Permitted Leasehold

Mortgagee or of an assignee of such Mortgage, written notice of the new name and address shall be provided to Landlord.

(ii) Landlord shall promptly upon receipt of a communication purporting to constitute the notice provided for by subsection (b)(i) above acknowledge by an executed and notarized instrument receipt of such communication as constituting the notice provided for by subsection (b)(i) above and confirming the status of the Permitted Leasehold Mortgagee as such or, in the alternative, notify the Tenant and the Permitted Leasehold Mortgagee of the rejection of such communication as not conforming with the provisions of this Section 17.1 and specify the specific basis of such rejection.

(iii) After Landlord has received the notice provided for by subsection (b)(i) above, the Tenant, upon being requested to do so by Landlord, shall with reasonable promptness provide Landlord with copies of the note or other obligation secured by such Permitted Leasehold Mortgage and of any other documents pertinent to the Permitted Leasehold Mortgage as specified by the Landlord. If requested to do so by Landlord, Tenant shall thereafter also provide the Landlord from time to time with a copy of each amendment or other modification or supplement to such instruments. All recorded documents shall be accompanied by the appropriate recording stamp or other certification of the custodian of the relevant recording office as to their authenticity as true and correct copies of official records and all nonrecorded documents shall be accompanied by a certification by Tenant that such documents are true and correct copies of the originals. From time to time upon being requested to do so by Landlord, Tenant shall also notify Landlord of the date and place of recording and other pertinent recording data with respect to such instruments as have been recorded.

(c) Default Notice. Landlord, upon providing Tenant any notice of: (i) default under this Master Lease or (ii) a termination of this Master Lease, shall at the same time provide a copy of such notice to every Permitted Leasehold Mortgagee for which notice has been properly provided to Landlord pursuant to Section 17.1(b) hereof. No such notice by Landlord to Tenant shall be deemed to have been duly given unless and until a copy thereof has been sent, in the manner prescribed in Section 35.1 of this Master Lease, to every Permitted Leasehold Mortgagee for which notice has been properly provided to Landlord pursuant to Section 17.1(b) hereof. From and after such notice has been sent to a Permitted Leasehold Mortgagee, such Permitted Leasehold Mortgagee shall have the same period, after the giving of such notice upon its remedying any default or acts or omissions which are the subject matter of such notice or causing the same to be remedied, as is given Tenant after the giving of such notice to Tenant, plus in each instance, the additional periods of time specified in subsections (d) and (e) of this Section 17.1 to remedy, commence remedying or cause to be remedied the defaults or acts or omissions which are the subject matter of such notice specified in any such notice. Landlord shall accept such performance by or at the instigation of such Permitted Leasehold Mortgagee as if the same had been done by Tenant. Tenant authorizes each Permitted Leasehold Mortgagee (to the extent such action is authorized under the applicable Debt Agreement) to take any such

action at such Permitted Leasehold Mortgagee's option and does hereby authorize entry upon the premises by the Permitted Leasehold Mortgagee for such purpose.

(d) Notice to Permitted Leasehold Mortgagee. Anything contained in this Master Lease to the contrary notwithstanding, if any default shall occur which entitles Landlord to terminate this Master Lease, Landlord shall have no right to terminate this Master Lease on account of such default unless, following the expiration of the period of time given Tenant to cure such default or the act or omission which gave rise to such default, Landlord shall notify every Permitted Leasehold Mortgagee for which notice has been properly provided to Landlord pursuant to Section 17.1(b) hereof of Landlord's intent to so terminate at least thirty (30) days in advance of the proposed effective date of such termination if such default is capable of being cured by the payment of money, and at least ninety (90) days in advance of the proposed effective date of such termination if such default is not capable of being cured by the payment of money ("**Termination Notice**"). The provisions of subsection (e) below of this Section 17.1 shall apply if, during such thirty (30) or ninety (90) days (as the case may be) Termination Notice period, any Permitted Leasehold Mortgagee shall:

(i) notify Landlord of such Permitted Leasehold Mortgagee's desire to nullify such Termination Notice; and

(ii) pay or cause to be paid all Rent, Additional Charges, and other payments (i) then due and in arrears as specified in the Termination Notice to such Permitted Leasehold Mortgagee and (ii) which may become due during such thirty (30) or ninety (90) day (as the case may be) period (as the same may become due); and

(iii) comply or in good faith, with reasonable diligence and continuity, commence to comply with all nonmonetary requirements of this Master Lease then in default and reasonably susceptible of being complied with by such Permitted Leasehold Mortgagee, provided, however, that such Permitted Leasehold Mortgagee shall not be required during such ninety (90) day period to cure or commence to cure any default consisting of Tenant's failure to satisfy and discharge any lien, charge or encumbrance against the Tenant's interest in this Master Lease or the Leased Property, or any of Tenant's other assets junior in priority to the lien of the mortgage or other security documents held by such Permitted Leasehold Mortgagee; and

(iv) during such thirty (30) or ninety (90) day period, the Permitted Leasehold Mortgagee shall respond, with reasonable diligence, to requests for information from Landlord as to the Permitted Leasehold Mortgagee's (and related lenders') intent to pay such Rent and other charges and comply with this Master Lease.

(e) Procedure on Default.

(i) If Landlord shall elect to terminate this Master Lease by reason of any Event of Default of Tenant that has occurred and is continuing, and a Permitted Leasehold Mortgagee shall have proceeded in the manner provided for by subsection (d) of this Section 17.1, the specified date for the termination of this Master Lease as fixed by Landlord in its Termination Notice shall be extended for a period of six (6) months; provided that such Permitted Leasehold Mortgagee shall, during

such six-month period (and during the period of any continuance referred to in subsection (e)(ii) below):

(1) pay or cause to be paid the Rent, Additional Charges and other monetary obligations of Tenant under this Master Lease as the same become due, and continue its good faith efforts to perform or cause to be performed all of Tenant's other obligations under this Master Lease, excepting (A) obligations of Tenant to satisfy or otherwise discharge any lien, charge or encumbrance against Tenant's interest in this Master Lease or the Leased Property or any of Tenant's other assets junior in priority to the lien of the mortgage or other security documents held by such Permitted Leasehold Mortgagee and (B) past nonmonetary obligations then in default and not reasonably susceptible of being cured by such Permitted Leasehold Mortgagee; and

(2) if not enjoined or stayed pursuant to a bankruptcy or insolvency proceeding or other judicial order, diligently continue to pursue acquiring or selling Tenant's interest in this Master Lease and the Leased Property by foreclosure of the Permitted Leasehold Mortgage or other appropriate means and diligently prosecute the same to completion.

(ii) If at the end of such six (6) month period such Permitted Leasehold Mortgagee is complying with subsection (e)(i) above, this Master Lease shall not then terminate, and the time for completion by such Permitted Leasehold Mortgagee of its proceedings shall continue (provided that for the time of such continuance, such Permitted Leasehold Mortgagee is in compliance with subsection (e)(i) above) (x) so long as such Permitted Leasehold Mortgagee is enjoined or stayed pursuant to a bankruptcy or insolvency proceeding or other judicial order and if so enjoined or stayed, thereafter for so long as such Permitted Leasehold Mortgagee proceeds to complete steps to acquire or sell Tenant's interest in this Master Lease by foreclosure of the Permitted Leasehold Mortgage or by other appropriate means with reasonable diligence and continuity but not to exceed twelve (12) months after the Permitted Leasehold Mortgagee is no longer so enjoined or stayed from prosecuting the same and in no event longer than twenty-four (24) months from the date of Landlord's initial notification to Permitted Leasehold Mortgagee pursuant to Section 17.1(d) hereof, and (y) if such Permitted Leasehold Mortgagee is not so enjoined or stayed, thereafter for so long as such Permitted Leasehold Mortgagee proceeds to complete steps to acquire or sell Tenant's interests in this Master Lease by foreclosure of the Permitted Leasehold Mortgage or by other appropriate means with reasonable diligence and continuity but not to exceed twelve (12) months from the date of Landlord's initial notification to Permitted Leasehold Mortgagee pursuant to Section 17.1(d) hereof. Nothing in this subsection (e) of this Section 17.1, however, shall be construed to extend this Master Lease beyond the original term thereof as extended by any options to extend the term of this Master Lease properly exercised by Tenant or a Permitted Leasehold Mortgagee in accordance with Section 1.4, nor to require a Permitted Leasehold Mortgagee to continue such foreclosure proceeding after the default has been cured. If the default shall be cured pursuant to the terms and

within the time periods allowed in subsections (d) and (e) of this Section 17.1 and the Permitted Leasehold Mortgagee shall discontinue such foreclosure proceedings, this Master Lease shall continue in full force and effect as if Tenant had not defaulted under this Master Lease.

(iii) If a Permitted Leasehold Mortgagee is complying with subsection (e)(i) of this Section 17.1, upon the acquisition of Tenant's Leasehold Estate herein by a Discretionary Transferee this Master Lease shall continue in full force and effect as if Tenant had not defaulted under this Master Lease, provided that such Discretionary Transferee cures all outstanding defaults that can be cured through the payment of money and all other defaults that are reasonably susceptible of being cured.

(iv) For the purposes of this Section 17.1, the making of a Permitted Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Master Lease nor of the Leasehold Estate hereby created, nor shall any Permitted Leasehold Mortgagee, as such, be deemed to be an assignee or transferee of this Master Lease or of the Leasehold Estate hereby created so as to require such Permitted Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions on the part of the Tenant to be performed hereunder; but the purchaser at any sale of this Master Lease (including a Permitted Leasehold Mortgagee if it is the purchaser at foreclosure) and of the Leasehold Estate hereby created in any proceedings for the foreclosure of any Permitted Leasehold Mortgage, or the assignee or transferee of this Master Lease and of the Leasehold Estate hereby created under any instrument of assignment or transfer in lieu of the foreclosure of any Permitted Leasehold Mortgage, shall be subject to Article XXII hereof (including the requirement that such purchaser assume the performance of the terms, covenants or conditions on the part of the Tenant to be performed hereunder and meet the qualifications of Discretionary Transferee or be reasonably consented to by Landlord in accordance with Section 22.2(i) hereof).

(v) Any Permitted Leasehold Mortgagee or other acquirer of the Leasehold Estate of Tenant pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings in accordance with the requirements of Section 22.2(iii) of this Master Lease may, upon acquiring Tenant's Leasehold Estate, without further consent of Landlord, sell and assign the Leasehold Estate in accordance with the requirements of Section 22.2(iii) of this Master Lease and enter into Permitted Leasehold Mortgages in the same manner as the original Tenant, subject to the terms hereof.

(vi) Notwithstanding any other provisions of this Master Lease, any sale of this Master Lease and of the Leasehold Estate hereby created in any proceedings for the foreclosure of any Permitted Leasehold Mortgage, or the assignment or transfer of this Master Lease and of the Leasehold Estate hereby created in lieu of the foreclosure of any Permitted Leasehold Mortgage, shall be deemed to be a permitted sale, transfer or assignment of this Master Lease and of the Leasehold

Estate hereby created to the extent that the successor tenant under this Master Lease is a Discretionary Transferee and the transfer otherwise complies with the requirements of Section 22.2(iii) of this Master Lease or the transferee is reasonably consented to by Landlord in accordance with Section 22.2(i) hereof.

(f) New Lease. In the event of the termination of this Master Lease other than due to a default as to which the Permitted Leasehold Mortgagee had the opportunity to, but did not, cure the default as set forth in Sections 17.1(d) and 17.1(e) above, Landlord shall provide each Permitted Leasehold Mortgagee with written notice that this Master Lease has been terminated ("**Notice of Termination**"), together with a statement of all sums which would at that time be due under this Master Lease but for such termination, and of all other defaults, if any, then known to Landlord. Landlord agrees to enter into a new lease ("**New Lease**") of the Leased Property with such Permitted Leasehold Mortgagee or its Permitted Leasehold Mortgagee Designee (in each case if a Discretionary Transferee) for the remainder of the term of this Master Lease, effective as of the date of termination, at the rent and additional rent, and upon the terms, covenants and conditions (including all options to renew but excluding requirements which have already been fulfilled) of this Master Lease, provided:

(i) Such Permitted Leasehold Mortgagee or its Permitted Leasehold Mortgagee Designee shall make a binding, written, irrevocable commitment to Landlord for such New Lease within thirty (30) days after the date such Permitted Leasehold Mortgagee receives Landlord's Notice of Termination of this Master Lease given pursuant to this Section 17.1(f);

(ii) Such Permitted Leasehold Mortgagee or its Permitted Leasehold Mortgagee Designee shall pay or cause to be paid to Landlord at the time of the execution and delivery of such New Lease, any and all sums which would at the time of execution and delivery thereof be due pursuant to this Master Lease but for such termination and, in addition thereto, all reasonable expenses, including reasonable attorney's fees, which Landlord shall have incurred by reason of such termination and the execution and delivery of the New Lease and which have not otherwise been received by Landlord from Tenant or other party in interest under Tenant; and

(iii) Such Permitted Leasehold Mortgagee or its Permitted Leasehold Mortgagee Designee shall agree to remedy any of Tenant's defaults of which said Permitted Leasehold Mortgagee was notified by Landlord's Notice of Termination (or in any subsequent notice) and which can be cured through the payment of money or are reasonably susceptible of being cured by Permitted Leasehold Mortgagee or its Permitted Leasehold Mortgagee Designee.

(g) New Lease Priorities. If more than one Permitted Leasehold Mortgagee shall request a New Lease pursuant to subsection (f)(i) of this Section 17.1, Landlord shall enter into such New Lease with the Permitted Leasehold Mortgagee whose mortgage is senior in lien, or with its Permitted Leasehold Mortgagee Designee acting for the benefit of such Permitted Leasehold Mortgagee prior in lien foreclosing on Tenant's interest in this Master Lease. Landlord, without liability to Tenant or any Permitted Leasehold Mortgagee with an adverse claim, may rely upon a title insurance policy issued by a reputable title insurance company as the basis for determining the appropriate Permitted Leasehold Mortgagee who is entitled to such New Lease.

(h) Permitted Leasehold Mortgagee Need Not Cure Specified Defaults. Nothing herein contained shall require any Permitted Leasehold Mortgagee as a condition to its exercise of the right hereunder to cure any default of Tenant not reasonably susceptible of being cured by such Permitted Leasehold Mortgagee or its Permitted Leasehold Mortgagee Designee (including but not limited to the default referred to in Section 16.1(c), (d), (e), (f) (if the levy or attachment is in favor of such Permitted Leasehold Mortgagee (provided such levy is extinguished upon foreclosure or similar proceeding or in a transfer in lieu of any such foreclosure) or is junior to the lien of such Permitted Leasehold Mortgagee and would be extinguished by the foreclosure of the Permitted Leasehold Mortgage that is held by such Permitted Leasehold Mortgagee), (m) (as related to the Indebtedness secured by a Permitted Leasehold Mortgage that is junior to the lien of the Permitted Leasehold Mortgagee and such junior lien would be extinguished by the foreclosure of the Permitted Leasehold Mortgage that is held by such Permitted Leasehold Mortgagee) or (o) (if the judgment is in favor of a Permitted Leasehold Mortgagee other than a Permitted Leasehold Mortgagee holding a Permitted Leasehold Mortgage that is senior to the lien of such Permitted Leasehold Mortgagee) and any other sections of this Master Lease which may impose conditions of default not susceptible to being cured by a Permitted Leasehold Mortgagee or a subsequent owner of the Leasehold Estate through foreclosure hereof), in order to comply with the provisions of Sections 17.1(d) and 17.1(e), or as a condition of entering into the New Lease provided for by Section 17.1(f).

(i) Casualty Loss. A standard mortgagee clause naming each Permitted Leasehold Mortgagee for which notice has been properly provided to Landlord pursuant to Section 17.1(b) hereof may be added to any and all insurance policies required to be carried by Tenant hereunder on condition that the insurance proceeds are to be applied in the manner specified in this Master Lease and the Permitted Leasehold Mortgage shall so provide; except that the Permitted Leasehold Mortgage may provide a manner for the disposition of such proceeds, if any, otherwise payable directly to the Tenant (but not such proceeds, if any, payable jointly to the Landlord and the Tenant or to the Landlord, to the Facility Mortgagee or to a third- party escrowee) pursuant to the provisions of this Master Lease.

(j) Arbitration; Legal Proceedings. Landlord shall give prompt notice to each Permitted Leasehold Mortgagee (for which notice has been properly provided to Landlord pursuant to Section 17.1(b) hereof) of any arbitration or legal proceedings between Landlord and Tenant involving obligations under this Master Lease.

(k) No Merger. So long as any Permitted Leasehold Mortgage is in existence, unless all Permitted Leasehold Mortgagees for which notice has been properly provided to Landlord pursuant to Section 17.1(b) hereof shall otherwise expressly consent in writing, the fee title to the Leased Property and the Leasehold Estate of Tenant therein created by this Master Lease shall not merge but shall remain separate and distinct, notwithstanding the acquisition of said fee title and said Leasehold Estate by Landlord or by Tenant or by a third party, by purchase or otherwise.

(l) Notices. Notices from Landlord to the Permitted Leasehold Mortgagee for which notice has been properly provided to Landlord pursuant to Section 17.1(b) hereof shall be provided in the method provided in Section 35.1 hereof to the address or fax number furnished Landlord pursuant to subsection (b) of this Section 17.1, and those from the Permitted Leasehold

Mortgagee to Landlord shall be mailed to the address designated pursuant to the provisions of Section 35.1 hereof. Such notices, demands and requests shall be given in the manner described in this Section 17.1 and in Section 35.1 and shall in all respects be governed by the provisions of those sections.

(m) Limitation of Liability. Notwithstanding any other provision hereof to the contrary, (i) Landlord agrees that any Permitted Leasehold Mortgagee's liability to Landlord in its capacity as Permitted Leasehold Mortgagee hereunder howsoever arising shall be limited to and enforceable only against such Permitted Leasehold Mortgagee's interest in the Leasehold Estate and the other collateral granted to such Permitted Leasehold Mortgagee to secure the obligations under its Debt Agreement, and (ii) each Permitted Leasehold Mortgagee agrees that Landlord's liability to such Permitted Leasehold Mortgagee hereunder howsoever arising shall be limited to and enforceable only against Landlord's interest in the Leased Property, and no recourse against Landlord shall be had against any other assets of Landlord whatsoever.

(n) Sale Procedure. If an Event of Default shall have occurred and be continuing, the Permitted Leasehold Mortgagee for which notice has been properly provided to Landlord pursuant to Section 17.1(b) hereof with the most senior lien on the Leasehold Estate shall have the right to make all determinations and agreements on behalf of Tenant under Article XXXVI (including, without limitation, requesting that the sale process described in Article XXXVI be commenced, the determination and agreement of the Gaming Assets FMV, the Successor Tenant Rent, and the potential Successor Tenants that should be included in the process, and negotiation with such Successor Tenants), in each case, in accordance with and subject to the terms and provisions of Article XXXVI, including without limitation the requirement that Successor Tenant meet the qualifications of Discretionary Transferee.

(o) Third Party Beneficiary. Each Permitted Leasehold Mortgagee (for so long as such Permitted Leasehold Mortgagee holds a Permitted Leasehold Mortgage) is an intended third-party beneficiary of this Article XVII entitled to enforce the same as if a party to this Master Lease.

17.2 Landlord's Right to Cure Tenant's Default. If Tenant shall fail to make any payment or to perform any act required to be made or performed hereunder when due or within any cure period provided for herein, Landlord, without waiving or releasing any obligation or default, may, but shall be under no obligation to, make such payment or perform such act for the account and at the expense of Tenant, and may, to the extent permitted by law, enter upon the Leased Property for such purpose and take all such action thereon as, in Landlord's opinion, may be necessary or appropriate therefor. No such entry shall be deemed an eviction of Tenant. All sums so paid by Landlord and all costs and expenses, including reasonable attorneys' fees and expenses, so incurred, together with interest thereon at the Overdue Rate from the date on which such sums or expenses are paid or incurred by Landlord, shall be paid by Tenant to Landlord on demand as an Additional Charge.

17.3 Landlord's Right to Cure Debt Agreement. Tenant agrees that each and any agreement related to Material Indebtedness and any Debt Agreement (or the principal or controlling agreement relating to such Material Indebtedness or series of related Debt Agreements) will include a provision requiring the lender or lenders thereunder (or the Representative of such lenders) to provide a copy to Landlord of any notices issued by such

lenders or the Representative of such Lenders to Tenant of a Specified Debt Agreement Default. In addition, Tenant agrees that it will ensure that any such agreement related to Material Indebtedness and any Debt Agreement (or the principal or controlling agreement relating to such Material Indebtedness or series of related Debt Agreements) includes a provision with the effect that should Tenant fail to make any payment or to perform any act required to be made or performed under an agreement related to Material Indebtedness or under the Debt Agreement when due or within any cure period provided for therein (if any), Landlord may, subject to applicable Gaming Regulations and the terms hereof, cure any such default by making such payment to the applicable lenders or Representative or otherwise performing such acts within the cure period thereunder (if any) for the account of Tenant, to the extent such default is susceptible to cure by Landlord; provided that Landlord's right to cure such default shall not be any greater than the rights of the obligors under such Material Indebtedness or Debt Agreement to cure such default. Landlord and Tenant agree that all sums so paid by Landlord and all costs and expenses, including reasonable attorneys' fees and expenses, so incurred, together with interest thereon at the Overdue Rate from the date on which such sums or expenses are paid or incurred by Landlord, shall be for the account of Tenant and paid by Tenant to Landlord on demand.

ARTICLE XVIII

18.1 Sale of the Leased Property. Landlord shall not voluntarily sell all or portions of the Leased Property during the Term without the prior written consent of Tenant, which consent may not be unreasonably withheld. Notwithstanding the foregoing, Tenant's consent shall not be required for (A) any transfer to a Facility Mortgagee contemplated under Article XXXI hereof which may include, without limitation, a transfer by foreclosure brought by the Facility Mortgagee or a transfer by deed in lieu of foreclosure (and the first subsequent sale by such Facility Mortgagee to the extent the Facility Mortgagee has been diligently attempting to expedite such first subsequent sale from the time it initiated foreclosure proceedings taking into account the interest of such Facility Mortgagee to maximize the proceeds of such sale), (B) a sale by Landlord of all of the Leased Property to a single buyer or group of buyers, other than to an operator, or an Affiliate of an operator, of Gaming Facilities (provided that Landlord shall be permitted to sell all of the Leased Property to a real estate investment trust even if such real estate investment trust is an Affiliate of an operator), (C) a merger transaction or sale by Landlord or GLP involving all of the Facilities, other than with an operator, or an Affiliate of an operator, of Gaming Facilities (provided that Landlord or GLP shall be permitted to merge with or sell all of the Leased Property to a real estate investment trust even if such real estate investment trust is an Affiliate of an operator), (D) a sale/leaseback transaction by Landlord with respect to any or all of the Leased Properties for financing purposes, (E) any sale of all or a portion of the Leased Property or the Facilities that does not change the identity of the Landlord hereunder, including without limitation a participating interest in Landlord's interest under this Master Lease or a sale of Landlord's reversionary interest in the Leased Property, or (F) a sale or transfer to an Affiliate of GLP or a joint venture entity in which GLP or its Affiliate is the managing member or partner. Any sale by Landlord of all or any portion of the Leased Property pursuant to this Section 18.1 shall be subject in each instance to all of the rights of Tenant under this Master Lease and, to the extent necessary, any purchaser or successor Landlord and/or other controlling persons must be approved by all applicable gaming regulatory agencies to ensure that

there is no material impact on the validity of any of the Gaming Licenses or the ability of Tenant to continue to use the Facilities for gaming activities in substantially the same manner as immediately prior to Landlord's sale.

ARTICLE XIX

19.1 Holding Over. If Tenant shall for any reason remain in possession of the Leased Property of a Facility after the expiration or earlier termination of the Term without the consent, or other than at the request, of Landlord, such possession shall be as a month-to-month tenant during which time Tenant shall pay as Base Rent each month twice the monthly Base Rent applicable to the prior Lease Year for such Facility, together with all Percentage Rent and Additional Charges and all other sums payable by Tenant pursuant to this Master Lease. During such period of month-to-month tenancy, Tenant shall be obligated to perform and observe all of the terms, covenants and conditions of this Master Lease, but shall have no rights hereunder other than the right, to the extent given by law to month-to-month tenancies, to continue its occupancy and use of the Leased Property of, and/or any Tenant Capital Improvements to, such Facility. Nothing contained herein shall constitute the consent, express or implied, of Landlord to the holding over of Tenant after the expiration or earlier termination of this Master Lease.

ARTICLE XX

20.1 Risk of Loss. The risk of loss or of decrease in the enjoyment and beneficial use of the Leased Property as a consequence of the damage or destruction thereof by fire, the elements, casualties, thefts, riots, wars or otherwise, or in consequence of foreclosures, attachments, levies or executions (other than by Landlord and Persons claiming from, through or under Landlord) is assumed by Tenant, and, except as otherwise provided herein, no such event shall entitle Tenant to any abatement of Rent.

ARTICLE XXI

21.1 General Indemnification. In addition to the other indemnities contained herein, and notwithstanding the existence of any insurance carried by or for the benefit of Landlord or Tenant, and without regard to the policy limits of any such insurance, Tenant shall protect, indemnify, save harmless and defend Landlord from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses, including reasonable attorneys', consultants' and experts' fees and expenses, imposed upon or incurred by or asserted against Landlord by reason of: (i) any accident, injury to or death of Persons or loss of or damage to property occurring on or about the Leased Property or adjoining sidewalks under the control of Tenant; (ii) any use, misuse, non-use, condition, maintenance or repair by Tenant of the Leased Property; (iii) any failure on the part of Tenant to perform or comply with any of the terms of this Master Lease; (iv) the non-performance of any of the terms and provisions of any and all existing and future subleases of the Leased Property to be performed by any party thereunder; (v) any claim for malpractice, negligence or misconduct committed by any Person on or working from the Leased Property; and (vi) the violation by Tenant of any Legal Requirement. Any amounts which become payable by Tenant under this Article XXI shall be paid within ten (10) days after liability therefor is determined by a final non appealable judgment or settlement or other agreement of the parties, and if not timely paid shall bear interest at the

Overdue Rate from the date of such determination to the date of payment. Tenant, at its sole cost and expense, shall contest, resist and defend any such claim, action or proceeding asserted or instituted against Landlord. For purposes of this Article XXI, any acts or omissions of Tenant, or by employees, agents, assignees, contractors, subcontractors or others acting for or on behalf of Tenant (whether or not they are negligent, intentional, willful or unlawful), shall be strictly attributable to Tenant.

ARTICLE XXII

22.1 Subletting and Assignment. Tenant shall not, without Landlord's prior written consent, which, except as specifically set forth herein, may be withheld in Landlord's sole and absolute discretion, voluntarily or by operation of law assign (which term includes any transfer, sale, encumbering, pledge or other transfer or hypothecation) this Master Lease, sublet all or any part of the Leased Property of any Facility or engage the services of any Person (other than an Affiliate of Tenant that is also a Guarantor) for the management or operation of any Facility (provided that the foregoing shall not restrict a transferee of Tenant from retaining a manager necessary for such transferee's satisfying the requirement set forth in clause (a)(1) of the definition of "Discretionary Transferee"). Tenant acknowledges that Landlord is relying upon the expertise of Tenant in the operation of the Facilities and that Landlord entered into this Master Lease with the expectation that Tenant would remain in and operate such Facilities during the entire Term and for that reason, except as set forth herein, Landlord retains sole and absolute discretion in approving or disapproving any assignment or sublease. Any Change in Control shall constitute an assignment of Tenant's interest in this Master Lease within the meaning of this Article XXII and the provisions requiring consent contained herein shall apply.

22.2 Permitted Assignments. Notwithstanding the foregoing, and subject to Section 40.1, Tenant may:

(i) with Landlord's prior written consent, which consent shall not be unreasonably withheld, allow to occur or undergo a Change in Control (including without limitation a transfer or assignment of this Master Lease to any third party in conjunction with a sale by Tenant of all or substantially all of Tenant's assets relating to the Facilities);

(ii) without Landlord's prior written consent, assign this Master Lease or sublease the Leased Property to Tenant's Parent, a wholly-owned Subsidiary of Tenant's Parent or a wholly-owned Subsidiary of Tenant if all of the following are first satisfied: (w) such Affiliate becomes a party to the Guaranty as a Guarantor and in the case of an assignment of this Master Lease, becomes party to and bound by this Master Lease; (x) Tenant remains fully liable hereunder; (y) the use of the Leased Property continues to comply with the requirements of this Master Lease; and (z) Landlord in its reasonable discretion shall have approved the form and content of all documents for such assignment or sublease and received an executed counterpart thereof; and

(iii) without Landlord's prior written consent:

(w) undergo a Change in Control of the type referred to in clause (i)(a) of the definition of Change in Control (such Change in Control, a "**Tenant Parent COC**") if a Person acquiring such beneficial ownership or control (1) is a Discretionary Transferee and (2) the Parent Company of such Discretionary Transferee, if any, has become a Guarantor and provided a Guaranty on terms reasonably satisfactory to Landlord or, if such Discretionary Transferee does not

have a Parent Company, such Discretionary Transferee has become a Guarantor and provided a Guaranty on terms reasonably satisfactory to Landlord;

(x) undergo a Change in Control whereby a Person acquires beneficial ownership and control of one hundred percent (100%) of the Equity Interests in Tenant in connection with a Change in Control that does not constitute a Tenant Parent COC or a Foreclosure COC (such Change in Control, a "**Tenant COC**") if (1) such Person is a Discretionary Transferee, (2) the Parent Company of such Discretionary Transferee, if any, has become a Guarantor and provided a Guaranty on terms reasonably satisfactory to Landlord or, if such Discretionary Transferee does not have a Parent Company, such Discretionary Transferee has become a Guarantor and provided a Guaranty on terms reasonably satisfactory to Landlord, and (3) the Adjusted Revenue to Rent Ratio with respect to all of the Facilities (determined at the proposed effective time of the Change in Control) for the then most recently preceding four (4) fiscal quarters for which financial statements are available is at least 1.4:1;

(y) assign this Master Lease to any Person in an assignment that does not constitute a Foreclosure Assignment if (1) such Person is a Discretionary Transferee, (2) such Discretionary Transferee agrees in writing to assume the obligations of the Tenant under this Master Lease without amendment or modification other than as provided below, (3) the Parent Company of such Discretionary Transferee, if any, has become a Guarantor and provided a Guaranty on terms reasonably satisfactory to Landlord or, if such Discretionary Transferee does not have a Parent Company, such Discretionary Transferee has become a Guarantor and provided a Guaranty on terms reasonably satisfactory to Landlord, and (4) the Adjusted Revenue to Rent Ratio with respect to all of the Facilities (determined at the proposed effective time of the assignment) for the then most recently preceding four (4) fiscal quarters for which financial statements are available is at least 1.4:1; or

(z) (i) assign this Master Lease by way of foreclosure of the Leasehold Estate or an assignment-in-lieu of foreclosure to any Person (any such assignment, a "**Foreclosure Assignment**") or (ii) undergo a Change in Control whereby a Person acquires beneficial ownership and control of one hundred percent (100%) of the Equity Interests in Tenant as a result of the purchase at a foreclosure on a permitted pledge of the Equity Interests in Tenant or an assignment in lieu of such foreclosure (a "**Foreclosure COC**") or (iii) effect the first subsequent sale or assignment of the Leasehold Estate or Change in Control after a Foreclosure Assignment or a Foreclosure COC whereby a Person so acquires the Leasehold Estate or beneficial ownership and control of one hundred percent (100%) of the Equity Interests in Tenant or the Person who acquired the Leasehold Estate in connection with the Foreclosure Assignment, in each case, effected by a Permitted Leasehold Mortgagee or a Permitted Leasehold Mortgagee Foreclosing Party, to the extent such Permitted Leasehold Mortgagee or Permitted Leasehold Mortgagee Designee has been diligently attempting to expedite such first subsequent sale from the time it has initiated foreclosure proceedings taking into account the interest of such Permitted Leasehold Mortgagee or Permitted Leasehold Mortgagee Designee in maximizing the proceeds of such disposition if (1) such Person is a Discretionary Transferee, (2)

in the case of any Foreclosure Assignment, if such Discretionary Transferee is not a Permitted Leasehold Mortgagee Designee such Discretionary Transferee agrees in writing to assume the obligations of the Tenant under this Master Lease without amendment or modification other than as provided below (which written assumption, in the case of a Permitted Leasehold Mortgagee Foreclosing Party, may be made by a Subsidiary of a Permitted Leasehold Mortgagee or a Permitted Leasehold Mortgagee Designee) and (3) if such Discretionary Transferee is not a Permitted Leasehold Mortgagee Foreclosing Party, the Parent Company of such Discretionary Transferee, if any, has become a Guarantor and provided a Guaranty on terms reasonably satisfactory to Landlord or, if such Discretionary Transferee does not have a Parent Company, such Discretionary Transferee has become a Guarantor and provided a Guaranty on terms reasonably satisfactory to Landlord;

provided that no such Change in Control or assignment referred to in this Section 22.2(iii) shall be permitted without Landlord's prior written consent unless, and in which case such consent shall not be unreasonably withheld, (A) the use of the Leased Property at the time of such Change in Control or assignment and immediately after giving effect thereto is permitted by Section 7.2 hereof, and (B) Landlord in its reasonable discretion shall have approved the form and content of all documents for such assignment and assumption and received an executed counterpart thereof (provided no such approval shall be required in the case of a Tenant Parent COC or a Tenant COC, so long as (A) Tenant remains obligated under the Master Lease and the Guaranty remains in effect except with respect to any release of Tenant's Parent permitted thereunder, (B) the requirements for a Guaranty from the Parent Company or Discretionary Transferee under clause (w) or (x) above are met, and (C) any modifications to this Master Lease required pursuant to the next succeeding paragraph are made); and

(iv) without Landlord's prior written consent, pledge or mortgage its Leasehold Estate to a Permitted Leasehold Mortgagee and permit a pledge of the equity interests in Tenant to be pledged to a Permitted Leasehold Mortgagee.

Upon the effectiveness of any Change in Control or assignment permitted pursuant to this Section 22.2, such Discretionary Transferee (and, if applicable, its Parent Company) and Landlord shall make such amendments and other modifications to this Master Lease as are reasonably requested by either party to give effect to such Change in Control or assignment and such technical amendments as may be necessary or appropriate in the reasonable opinion of such requesting party in connection with such Change in Control or assignment including, without limitation, changes to the definition of Change in Control to substitute the Parent Company (or, if the Discretionary Transferee does not have a Parent Company, the Discretionary Transferee) for Tenant's Parent therein and in the provisions of this Master Lease regarding delivery of financial statements and other reporting requirements with respect to Tenant's Parent. After giving effect to any such Change in Control or assignment, unless the context otherwise requires, references to Tenant and Tenant's Parent hereunder shall be deemed to refer to the Discretionary Transferee or its Parent Company, as applicable.

Notwithstanding anything contained herein to the contrary, and for the avoidance of doubt, Tenant shall have no right to assign its interest in this Master Lease (in whole or in part) under this Section 22.2 unless Tenant or its Affiliate is simultaneously assigning its interest in the Sister Lease to the same Person.

22.3 Permitted Sublease Agreements. Notwithstanding the provisions of Section 22.1, but subject to compliance with the provisions of this Section 22.3 and of Section 40.1, (a) provided that no Event of Default shall have occurred and be continuing, Tenant shall be permitted to sublease gaming operations to a wholly-owned Subsidiary of Tenant that becomes a Guarantor by executing the Guaranty in form and substance reasonably satisfactory to Landlord, (b) the Effective Date Subleases shall be permitted without any further consent from Landlord (provided that any amendments or modifications thereto shall be subject to the requirements of this Section 22.3 and 22.4), and (c) provided that no Event of Default shall have occurred and be continuing, from and after the Effective Date, Tenant may enter into a sublease agreement without the prior written consent of Landlord, provided that (i) (1) the space subject to such sublease agreement will not be used for gaming purposes (and any such space sublet for any gaming use will require Landlord's prior written consent, which consent may not be unreasonably withheld) and (2) is not for the all or substantially all of the applicable Facility, unless in each case such sublease agreement is with a wholly-owned Subsidiary of Tenant that becomes a Guarantor by executing the Guaranty in form and substance reasonably satisfactory to Landlord; (ii) all sublease agreements under clauses (b) and (c) of this Section 22.3 are made in the normal course of the Primary Intended Use and to concessionaires or other third party users or operators of portions of the Leased Property in furtherance or support of the Primary Intended Use, except with respect to the Effective Date Subleases; (iii) each sublease agreement under this Section 22.3 includes a provision providing Landlord audit rights (subject to reasonable confidentiality obligations) to the fullest extent necessary to determine Net Revenues hereunder, except with respect to the Specified Subleases; and (iv) Landlord shall have the right to reasonably approve the identity of any subtenants under this Section 22.3 (except with respect to subtenants under the Specified Subleases and any permitted assignment by such subtenants with respect to such Specified Sublease) that will be operating all or portions of the Leased Property for its Primary Intended Use to ensure that all are adequately capitalized and competent and experienced for the operations which they will be conducting. After an Event of Default has occurred and while it is continuing, Landlord may collect rents from any subtenant and apply the net amount collected to the Rent, but no such collection shall be deemed (x) a waiver by Landlord of any of the provisions of this Master Lease, (y) the acceptance by Landlord of such subtenant as a tenant or (z) a release of Tenant from the future performance of its obligations hereunder. If reasonably requested by Tenant in connection with a sublease permitted under clause (c) above, Landlord and such sublessee shall enter into a subordination, non-disturbance and attornment agreement with respect to such sublease in a form reasonably satisfactory to Landlord (and if a Facility Mortgage is then in effect, Landlord shall use reasonable efforts to cause the Facility Mortgagee to enter into such subordination, non- disturbance and attornment agreement).

22.4 Required Assignment and Subletting Provisions. Any assignment and/or sublease must provide that:

(i) in the case of a sublease, it shall be subject and subordinate to all of the terms and conditions of this Master Lease;

(ii) the use of the applicable Facility (or portion thereof) shall not conflict with any Legal Requirement or any other provision of this Master Lease;

(iii) except as otherwise provided herein, no subtenant or assignee shall be permitted to further sublet all or any part of the applicable Leased Property or assign this Master Lease or its sublease except insofar as the same would be permitted if it were a sublease by Tenant under this Master Lease (it being understood that any subtenant under Section 22.3(a) may pledge and mortgage its sublease hold estate (or allow the pledge of its equity interests) to a Permitted Leasehold Mortgagee);

(iv) in the case of a sublease, in the event of cancellation or termination of this Master Lease for any reason whatsoever or of the surrender of this Master Lease (whether voluntary, involuntary or by operation of law) prior to the expiration date of such sublease, including extensions and renewals granted thereunder, then, subject to Article XXXVI, at Landlord's option, the subtenant shall make full and complete attornment to Landlord for the balance of the term of the sublease, which attornment shall be evidenced by an agreement in form and substance satisfactory to Landlord and which the subtenant shall execute and deliver within five (5) days after request by Landlord and the subtenant shall waive the provisions of any law now or hereafter in effect which may give the subtenant any right of election to terminate the sublease or to surrender possession in the event any proceeding is brought by Landlord to terminate this Master Lease; and

(v) in the event the subtenant receives a written notice from Landlord stating that this Master Lease has been cancelled, surrendered or terminated, then, subject to Article XXXVI, the subtenant shall thereafter be obligated to pay all rentals accruing under said sublease directly to Landlord (or as Landlord shall so direct); all rentals received from the subtenant by Landlord shall be credited against the amounts owing by Tenant under this Master Lease.

22.5 Costs. Tenant shall reimburse Landlord for Landlord's reasonable costs and expenses incurred in conjunction with the processing and documentation of any assignment, subletting or management arrangement, including reasonable attorneys', architects', engineers' or other consultants' fees whether or not such sublease, assignment or management agreement is actually consummated.

22.6 No Release of Tenant's Obligations; Exception. No assignment (other than a permitted transfer pursuant to Section 22.2(i) or Section 22.2(iii)(y) or Section 22.2(iii)(z)(1) or Section 22.2(iii)(z)(3), in connection with a sale or assignment of the Leasehold Estate), subletting or management agreement shall relieve Tenant of its obligation to pay the Rent and to perform all of the other obligations to be performed by Tenant hereunder. The liability of Tenant and any immediate and remote successor in interest of Tenant (by assignment or otherwise), and the due performance of the obligations of this Master Lease on Tenant's part to be performed or observed, shall not in any way be discharged, released or impaired by any (i) stipulation which extends the time within which an obligation under this Master Lease is to be performed, (ii) waiver of the performance of an obligation required under this Master Lease that is not entered into for the benefit of Tenant or such successor, or (iii) failure to enforce any of the obligations set forth in this Master Lease, provided that Tenant shall not be responsible for any additional obligations or liability arising as the result of any modification or amendment of this Master Lease by Landlord and any assignee of Tenant that is not an Affiliate of Tenant.

ARTICLE XXIII

23.1 Officer's Certificates and Financial Statements.

(a) Officer's Certificate. Each of Landlord and Tenant shall, at any time and from time to time upon receipt of not less than ten (10) Business Days' prior written request from the other party hereto, furnish an Officer's Certificate certifying (i) that this Master Lease is unmodified and in full force and effect, or that this Master Lease is in full force and effect as modified and setting forth the modifications; (ii) the Rent and Additional Charges payable hereunder and the dates to which the Rent and Additional Charges payable have been paid; (iii) that the address for notices to be sent to the party furnishing such Officer's Certificate is as set forth in this Master Lease (or, if such address for notices has changed, the correct address for notices to such party); (iv) whether or not, to its actual knowledge, such party or the other party hereto is in default in the performance of any covenant, agreement or condition contained in this Master Lease (together with back-up calculation and information reasonably necessary to support such determination) and, if so, specifying each such default of which such party may have knowledge; (v) that Tenant is in possession of the Leased Property; and (vi) responses to such other questions or statements of fact as such other party, any ground or underlying landlord, any purchaser or any current or prospective Facility Mortgagee or Permitted Leasehold Mortgagee shall reasonably request. Landlord's or Tenant's failure to deliver such statement within such time shall constitute an acknowledgement by such failing party that, to such party's knowledge, (x) this Master Lease is unmodified and in full force and effect except as may be represented to the contrary by the other party; (y) the other party is not in default in the performance of any covenant, agreement or condition contained in this Master Lease; and (z) the other matters set forth in such request, if any, are true and correct. Any such certificate furnished pursuant to this Article XXIII may be relied upon by the receiving party and any current or prospective Facility Mortgagee, Permitted Leasehold Mortgagee, ground or underlying landlord or purchaser of the Leased Property. Each Guarantor or Tenant, as the case may be, shall deliver a written notice within two (2) Business Days of obtaining knowledge of the occurrence of a default hereunder. Such notice shall include a detailed description of the default and the actions such Guarantor or Tenant has taken or shall take, if any, to remedy such default.

(b) Statements. Tenant shall furnish the following statements to Landlord:

(i) Within sixty-five (65) days after the end of Tenant Parent's Fiscal Years (commencing with the Fiscal Year ending December 31, 2013) or concurrently with the filing by Tenant's Parent of its annual report on Form 10-K with the SEC, whichever is earlier: (x) Tenant's Parent's Financial Statements; (y) a certificate, executed by the chief financial officer or treasurer of the Tenant's Parent (a) certifying that no default has occurred under this Master Lease or, if such a default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (b) setting forth the calculation of the financial covenants set forth in Section 23.3 hereof in reasonable detail as of such Fiscal Year (commencing with the Fiscal Year ending December 31, 2014); and (z) a report with respect to Tenant's Parent's Financial Statements from Tenant's Parent's accountants, which report shall be unqualified as to going concern and scope of audit of Tenant's Parent and its Subsidiaries (excluding any qualification as to going concern relating to any debt maturities in the twelve month

period following the date of such audit or any projected financial performance or covenant default in any Material Indebtedness or this Master Lease in such twelve month period) and shall provide in substance that (a) such consolidated financial statements present fairly the consolidated financial position of Tenant's Parent and its Subsidiaries as at the dates indicated and the results of their operations and cash flow for the periods indicated in conformity with GAAP and (b) that the examination by Tenant's Parent's accountants in connection with such Financial Statements has been made in accordance with generally accepted auditing standards;

(ii) Within forty-five (45) days after the end of each of the first three (3) fiscal quarters of the Tenant's Parent's Fiscal Year (commencing with the fiscal quarter ending March 31, 2014) or concurrently with the filing by Tenant's Parent of its quarterly report on Form 10-Q with the SEC, whichever is earlier, a copy of Tenant's Parent's Financial Statements for such period, together with a certificate, executed by the chief financial officer or treasurer of Tenant's Parent (i) certifying that no default has occurred or, if such a default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto, (ii) setting forth the calculation of the financial covenants set forth in Section 23.3 hereof in reasonable detail as of such quarter, to the extent one complete Test Period has been completed which has commenced following the date of this Master Lease and (iii) certifying that such Financial Statements fairly present, in all material respects, the financial position and results of operations of Tenant's Parent and its Subsidiaries on a consolidated basis in accordance with GAAP (subject to normal year-end audit adjustments and the absence of footnotes);

(iii) Promptly following Landlord's request from time to time, (a) five-year forecasts of Tenant's income statement and balance sheet covering such quarterly and annual periods as may be reasonably requested by Landlord, and in a format consistent with Tenant Parent's quarterly and annual financial statements filed with the SEC, and such additional financial information and projections as may be reasonably requested by Landlord in connection with syndications, private placements, or public offerings of GLP's or Landlord's debt securities or loans or equity or hybrid securities and (b) such additional information and unaudited quarterly financial information concerning the Leased Property and Tenant as Landlord or GLP may require for its ongoing filings with the SEC under both the Securities Act and the Securities Exchange Act of 1934, as amended, including, but not limited to 10-Q Quarterly Reports, 10-K Annual Reports and registration statements to be filed by Landlord or GLP during the Term of this Master Lease, the Internal Revenue Service (including in respect of GLP's qualification as a "real estate investment trust" (within the meaning of Section 856(a) of the Code)) and any other federal, state or local regulatory agency with jurisdiction over GLP or its Subsidiaries subject to Section 23.1(c) below);

(iv) Within thirty-five (35) days after the end of each calendar month, a copy of Tenant's income statement for such month and Tenant's balance sheet as of the end of such month (which may be subject to quarterly and year-end adjustments and the absence of footnotes); provided, however, that with respect to each calendar quarter, Tenant shall provide such financial reports for the final month thereof as soon as is reasonably

practicable following the closing of the books for such month and in sufficient time so that Landlord or its Affiliate is able to include the operational results for the entire quarter in its current Form 10-Q or Form 10-K (or supplemental report filed in connection therewith);

(v) Prompt Notice to Landlord of any action, proposal or investigation by any agency or entity, or complaint to such agency or entity, (any of which is called a "**Proceeding**"), known to Tenant, the result of which Proceeding would reasonably be expected to be to revoke or suspend or terminate or modify in a way adverse to Tenant, or fail to renew or fully continue in effect, any license or certificate or operating authority pursuant to which Tenant carries on any part of the Primary Intended Use of all or any portion of the Leased Property;

(vi) As soon as it is prepared and in no event later than sixty (60) days after the end of each Fiscal Year, a capital and operating budget for each Facility for that Fiscal Year; and

(vii) Tenant further agrees to provide the financial and operational reports to be delivered to Landlord under this Master Lease in such electronic format(s) as may reasonably be required by Landlord from time to time in order to (i) facilitate Landlord's internal financial and reporting database and (ii) permit Landlord to calculate any rent, fee or other payments due under Ground Leases. Tenant also agrees that Landlord shall have audit rights with respect to such information to the extent required to confirm Tenant's compliance with the Master Lease terms (including, without limitation, calculation of Net Revenues).

(c) Notwithstanding the foregoing, Tenant shall not be obligated (1) to provide information or assistance that could give Landlord or its Affiliates a "competitive" advantage with respect to markets in which GLP and Tenant or Tenant's Parent might be competing at any time (it being understood that Landlord shall retain audit rights with respect to such information to the extent required to confirm Tenant's compliance with the Master Lease terms (and GLP's compliance with Securities Exchange Commission, Internal Revenue Service and other legal and regulatory requirements) and provided that appropriate measures are in place to ensure that only Landlord's auditors and attorneys (and not Landlord or GLP) are provided access to such information) or (2) to provide information that is subject to the quality assurance immunity or is subject to attorney-client privilege or the attorney work product doctrine.

23.2 Public Offering Information. Tenant specifically agrees that Landlord may include financial information and such information concerning the operation of the Facilities (1) which is publicly available or (2) the inclusion of which is approved by Tenant in writing, which approval may not be unreasonably withheld, in offering memoranda or prospectuses or confidential information memoranda, or similar publications or marketing materials, rating agency presentations, investor presentations or disclosure documents in connection with syndications, private placements or public offerings of GLP's or Landlord's securities or loans or securities or loans of any direct or indirect parent entity of Landlord, and any other reporting requirements under applicable federal and state laws, including those of any successor to Landlord, provided that, to the extent such information is not publicly available, the recipients thereof shall be obligated to maintain the confidentiality thereof and to comply with all

federal, state and other securities laws applicable with respect to such information. Unless otherwise agreed by Tenant, neither Landlord nor GLP shall revise or change the wording of information previously publicly disclosed by Tenant and furnished to Landlord or GLP or any direct or indirect parent entity of Landlord pursuant to Section 23.1 or this Section 23.2 and Landlord's Form 10-Q or Form 10-K (or supplemental report filed in connection therewith) shall not disclose the operational results of the Facilities prior to Tenant's Parent's, Tenant's or its Affiliate's public disclosure thereof so long as Tenant's Parent, Tenant or such Affiliate reports such information in a timely manner consistent with historical practices and SEC disclosure requirements. Tenant agrees to provide such other reasonable information and, if necessary, participation in road shows and other presentations at Landlord's or GLP's sole cost and expense, with respect to Tenant and its Leased Property to facilitate a public or private debt or equity offering or syndication by Landlord or GLP or any direct or indirect parent entity of Landlord or GLP or to satisfy GLP's or Landlord's SEC disclosure requirements or the disclosure requirements of any direct or indirect parent entity of Landlord or GLP. In this regard, Landlord shall provide to Tenant a copy of any information prepared by Landlord to be published, and Tenant shall have a reasonable period of time (not to exceed three (3) Business Days) after receipt of such information to notify Landlord of any corrections.

23.3 Financial Covenants. (a) Tenant on a consolidated basis with respect to all of the Facilities shall maintain an Adjusted Revenue to Rent Ratio determined on the last day of any fiscal quarter on a cumulative basis for the preceding Test Period (commencing with the Test Period ending on December 31, 2014) of at least 1.1:1.

(b) In the event that Tenant does not satisfy at any time the Adjusted Revenue to Rent Ratio set forth in Section 23.3(a), Tenant's Parent shall not be permitted to make any Restricted Payment until Tenant is in compliance with such ratio in a subsequent period.

23.4 Landlord Obligations. Landlord acknowledges and agrees that certain of the information contained in the Financial Statements and/or in the Financials may be non-public financial or operational information with respect to Tenant and/or the Leased Property. Landlord further agrees (i) to maintain the confidentiality of such non-public information; provided, however, Landlord shall have the right to share such information with GLP and their respective officers, employees, directors, Facility Mortgagee, agents and lenders party to material debt instruments entered into by GLP or Landlord, actual or prospective arrangers, underwriters, investors or lenders with respect to Indebtedness or Equity Interests that may be issued by GLP or Landlord, rating agencies, accountants, attorneys and other consultants (the "**Landlord Representatives**"), provided that such Landlord Representative is advised of the confidential nature of such information and agrees, to the extent such information is not publicly available, to maintain the confidentiality thereof and to comply with all federal, state and other securities laws applicable with respect to such information and (ii) that neither it nor any Landlord Representative shall be permitted to engage in any transactions with respect to the stock or other equity or debt securities or syndicated loans of Tenant or Tenant's Parent based on any such non- public information provided by or on behalf of Landlord or GLP (provided that this provision shall not govern the provision of information by Tenant or Tenant's Parent). In addition to the foregoing, Landlord agrees that, upon request of Tenant, it shall from time to time provide such information as may be reasonably requested by Tenant with respect to Landlord's capital structure and/or any financing secured by this Master Lease or the Leased Property in connection

with Tenant's review of the treatment of this Master Lease under GAAP. In connection therewith, Tenant agrees to maintain the confidentiality of any such non-public information; provided, however, Tenant shall have the right to share such information with Tenant's Parent and their respective officers, employees, directors, Permitted Leasehold Mortgagees, agents and lenders party to material debt instruments entered into by Tenant or Tenant's Parent, actual or prospective arrangers, underwriters, investors or lenders with respect to Indebtedness or Equity Interests that may be issued by Tenant or Tenant's Parent, rating agencies, accountants, attorneys and other consultants (the "**Tenant Representatives**") so long as such Tenant Representative is advised of the confidential nature of such information and agrees, to the extent such information is not publicly available, (i) to maintain the confidentiality thereof and to comply with all federal, state and other securities laws applicable with respect to such information and (ii) not to engage in any transactions with respect to the stock or other equity or debt securities or syndicated loans of GLP or Landlord based on any such non-public information provided by or on behalf of Tenant or Tenant's Parent (provided that this provision shall not govern the provision of information by Landlord or GLP).

ARTICLE XXIV

24.1 Landlord's Right to Inspect. Upon reasonable advance notice to Tenant, Tenant shall permit Landlord and its authorized representatives to inspect its Leased Property during usual business hours. Landlord shall take care to minimize disturbance of the operations on the Leased Property, except in the case of emergency.

ARTICLE XXV

25.1 No Waiver. No delay, omission or failure by Landlord to insist upon the strict performance of any term hereof or to exercise any right, power or remedy hereunder and no acceptance of full or partial payment of Rent during the continuance of any default or Event of Default shall impair any such right or constitute a waiver of any such breach or of any such term. No waiver of any breach shall affect or alter this Master Lease, which shall continue in full force and effect with respect to any other then existing or subsequent breach.

ARTICLE XXVI

26.1 Remedies Cumulative. To the extent permitted by law, each legal, equitable or contractual right, power and remedy of Landlord now or hereafter provided either in this Master Lease or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power and remedy and the exercise or beginning of the exercise by Landlord of any one or more of such rights, powers and remedies shall not preclude the simultaneous or subsequent exercise by Landlord of any or all of such other rights, powers and remedies.

ARTICLE XXVII

27.1 Acceptance of Surrender. No surrender to Landlord of this Master Lease or of any Leased Property or any part thereof, or of any interest therein, shall be valid or effective unless agreed to and accepted in writing by Landlord, and no act by Landlord or any representative or agent of Landlord, other than such a written acceptance by Landlord, shall constitute an acceptance of any such surrender.

ARTICLE XXVIII

28.1 No Merger. There shall be no merger of this Master Lease or of the leasehold estate created hereby by reason of the fact that the same Person may acquire, own or hold, directly or indirectly, (i) this Master Lease or the leasehold estate created hereby or any interest in this Master Lease or such leasehold estate and (ii) the fee estate in the Leased Property.

ARTICLE XXIX

29.1 Conveyance by Landlord. If Landlord or any successor owner of the Leased Property shall convey the Leased Property in accordance with the terms of this Master Lease other than as security for a debt, and the grantee or transferee expressly assumes all obligations of Landlord arising after the date of the conveyance, Landlord or such successor owner, as the case may be, shall thereupon be released from all future liabilities and obligations of the Landlord under this Master Lease arising or accruing from and after the date of such conveyance or other transfer and all such future liabilities and obligations shall thereupon be binding upon the new owner.

ARTICLE XXX

30.1 Quiet Enjoyment. So long as Tenant shall pay the Rent as the same becomes due and shall fully comply with all of the terms of this Master Lease and fully perform its obligations hereunder, Tenant shall peaceably and quietly have, hold and enjoy the Leased Property for the Term, free of any claim or other action by Landlord or anyone claiming by, through or under Landlord, but subject to all liens and encumbrances of record as of the Commencement Date or thereafter provided for in this Master Lease or consented to by Tenant. No failure by Landlord to comply with the foregoing covenant shall give Tenant any right to cancel or terminate this Master Lease or abate, reduce or make a deduction from or offset against the Rent or any other sum payable under this Master Lease, or to fail to perform any other obligation of Tenant hereunder. Notwithstanding the foregoing, Tenant shall have the right, by separate and independent action to pursue any claim it may have against Landlord as a result of a breach by Landlord of the covenant of quiet enjoyment contained in this Article XXX.

ARTICLE XXXI

31.1 Landlord's Financing. Without the consent of Tenant, Landlord may from time to time, directly or indirectly, create or otherwise cause to exist any Facility Mortgage upon the Leased Property or any portion thereof or interest therein; provided, however, if Tenant has not consented to any such Facility Mortgage entered into by Landlord after the Commencement Date, Tenant's obligations with respect thereto shall be subject to the limitations set forth in Section 31.3. This Master Lease is and at all times shall be subject and subordinate to any such Facility Mortgage which may now or hereafter affect the Leased Property or any portion thereof or interest therein and to all renewals, modifications, consolidations, replacements, restatements and extensions thereof or any parts or portions thereof; provided, however, that the subjection and subordination of this Master Lease and Tenant's leasehold interest hereunder to any Facility Mortgage shall be conditioned upon the execution by the holder of each Facility Mortgage and delivery to Tenant of a nondisturbance and attornment agreement substantially in the form attached hereto as Exhibit F-1 (provided that upon the request of Landlord such nondisturbance and attornment agreement shall also incorporate subordination provisions referenced above, as contemplated below, and be in substantially the form attached hereto as Exhibit F-2, and be executed by Tenant as well as Landlord), which will

bind such holder of such Facility Mortgage and its successors and assigns as well as any person who acquires any portion of the Leased Property in a foreclosure or similar proceeding or in a transfer in lieu of any such foreclosure or a successor owner of the Leased Property (each, a "**Foreclosure Purchaser**") and which provides that so long as there is not then outstanding and continuing an Event of Default under this Master Lease, the holder of such Facility Mortgage, and any Foreclosure Purchaser shall disturb neither Tenant's leasehold interest or possession of the Leased Property in accordance with the terms hereof, nor any of its rights, privileges and options, and shall give effect to this Master Lease, including the provisions of Article XVII which benefit any Permitted Leasehold Mortgagee (as if such Facility Mortgagee or Foreclosure Purchaser were the landlord under this Master Lease (it being understood that if an Event of Default has occurred and is continuing at such time such parties shall be subject to the terms and provisions hereof concerning the exercise of rights and remedies upon such Event of Default including the provisions of Articles XVI and XXXVI)). In connection with the foregoing and at the request of Landlord, Tenant shall promptly execute a subordination, nondisturbance and attornment agreement, in form and substance substantially in the form of Exhibit F-2 or otherwise reasonably satisfactory to Tenant, and the Facility Mortgagee or prospective Facility Mortgagee, as the case may be, which will incorporate the terms set forth in the preceding sentence. Except for the documents described in the preceding sentences, this provision shall be self-operative and no further instrument of subordination shall be required to give it full force and effect. If, in connection with obtaining any Facility Mortgage for the Leased Property or any portion thereof or interest therein, a Facility Mortgagee or prospective Facility Mortgagee shall request (A) reasonable cooperation from Tenant, Tenant shall provide the same at no cost or expense to Tenant, it being understood and agreed that Landlord shall be required to reimburse Tenant for all such costs and expenses so incurred by Tenant, including, but not limited to, its reasonable attorneys' fees, or (B) reasonable amendments or modifications to this Master Lease as a condition thereto, Tenant hereby agrees to execute and deliver the same so long as any such amendments or modifications do not (i) increase Tenant's monetary obligations under this Master Lease, (ii) adversely increase Tenant's non-monetary obligations under this Master Lease in any material respect, or (iii) diminish Tenant's rights under this Master Lease in any material respect.

31.2 Attornment. If Landlord's interest in the Leased Property or any portion thereof or interest therein is sold, conveyed or terminated upon the exercise of any remedy provided for in any Facility Mortgage Documents (or in lieu of such exercise), or otherwise by operation of law: (a) at the request and option of the new owner or superior lessor, as the case may be, Tenant shall attorn to and recognize the new owner or superior lessor as Tenant's "landlord" under this Master Lease or enter into a new lease substantially in the form of this Master Lease with the new owner or superior lessor, and Tenant shall take such actions to confirm the foregoing within ten (10) days after request; and (b) the new owner or superior lessor shall not be (i) liable for any act or omission of Landlord under this Master Lease occurring prior to such sale, conveyance or termination; (ii) subject to any offset, abatement or reduction of rent because of any default of Landlord under this Master Lease occurring prior to such sale, conveyance or termination; (iii) bound by any previous modification or amendment to this Master Lease or any previous prepayment of more than one month's rent, unless such modification, amendment or prepayment shall have been approved in writing by such Facility Mortgagee (to the extent such approval was required at the time of such amendment or modification or prepayment under the terms of the applicable Facility Mortgage Documents) or, in the case of such prepayment, such prepayment of rent has actually been delivered to such new

owner or superior lessor or in either case, such modification, amendment or prepayment occurred before Landlord provided Tenant with notice of the Facility Mortgage and the identity and address of the Facility Mortgagee; or (iv) liable for any security deposit or other collateral deposited or delivered to Landlord pursuant to this Master Lease unless such security deposit or other collateral has actually been delivered to such new owner or superior lessor.

31.3 Compliance with Facility Mortgage Documents. (a) Tenant acknowledges that any Facility Mortgage Documents executed by Landlord or any Affiliate of Landlord may impose certain obligations on the "borrower" or other counterparty thereunder to comply with or cause the operator and/or lessee of a Facility to comply with all representations, covenants and warranties contained therein relating to such Facility and the operator and/or lessee of such Facility, including, covenants relating to (i) the maintenance and repair of such Facility; (ii) maintenance and submission of financial records and accounts of the operation of such Facility and related financial and other information regarding the operator and/or lessee of such Facility and such Facility itself; (iii) the procurement of insurance policies with respect to such Facility; and (iv) without limiting the foregoing, compliance with all applicable Legal Requirements relating to such Facility and the operation of the Business thereof. For so long as any Facility Mortgages encumber the Leased Property or any portion thereof or interest therein, Tenant covenants and agrees, at its sole cost and expense and for the express benefit of Landlord, to operate the applicable Facility(ies) in strict compliance with the terms and conditions of the Facility Mortgage Documents (other than payment of any indebtedness evidenced or secured thereby) and to timely perform all of the obligations of Landlord relating thereto, or to the extent that any of such duties and obligations may not properly be performed by Tenant, Tenant shall cooperate with and assist Landlord in the performance thereof (other than payment of any indebtedness evidenced or secured thereby); provided, however, notwithstanding the foregoing, this Section 31.3(a) shall not be deemed to, and shall not, impose on Tenant obligations which (i) increase Tenant's monetary obligations under this Master Lease, (ii) adversely increase Tenant's non-monetary obligations under this Master Lease in any material respect, or (iii) diminish Tenant's rights under this Master Lease in any material respect. For purposes of the foregoing, any proposed implementation of new financial covenants shall be deemed to diminish Tenant's rights under this Master Lease in a material respect (it being understood that Landlord may agree to such financial covenants in any Facility Mortgage Documents and such financial covenants will not impose obligations on Tenant). If any new Facility Mortgage Documents to be executed by Landlord or any Affiliate of Landlord would impose on Tenant any obligations under this Section 31.3(a), Landlord shall provide copies of the same to Tenant for informational purposes (but not for Tenant's approval) prior to the execution and delivery thereof by Landlord or any Affiliate of Landlord; provided, however, that neither Landlord nor its Affiliates shall enter into any new Facility Mortgage Documents imposing obligations on Tenant with respect to impounds that are more restrictive than obligations imposed on Tenant pursuant to this Master Lease.

(b) Without limiting or expanding Tenant's obligations pursuant to Section 31.3(a), during the Term of this Master Lease, Tenant acknowledges and agrees that, except as expressly provided elsewhere in this Master Lease, it shall undertake at its own cost and expense the performance of any and all repairs, replacements, capital improvements, maintenance items and all other requirements relating to the condition of a Facility that are

required by any Facility Mortgage Documents or by Facility Mortgagee, and Tenant shall be solely responsible and hereby covenants to fund and maintain any and all impound, escrow or other reserve or similar accounts required under any Facility Mortgage Documents as security for or otherwise relating to any operating expenses of a Facility, including any capital repair or replacement reserves and/or impounds or escrow accounts for taxes or insurance premiums (each a "**Facility Mortgage Reserve Account**"); provided, however, this Section 31.3(b) shall not (i) increase Tenant's monetary obligations under this Master Lease, (ii) adversely increase Tenant's non- monetary obligations under this Master Lease in any material respect, (iii) diminish Tenant's rights under this Master Lease in any material respect, or (iv) impose obligations to fund such reserve or similar accounts in excess of amounts required under this Master Lease in respect of reserve or similar accounts under the circumstances required under this Master Lease; and provided, further, that any amounts which Tenant is required to fund into a Facility Mortgage Reserve Account with respect to satisfaction of any repair or replacement reserve requirements imposed by a Facility Mortgagee or Facility Mortgage Documents shall be credited on a dollar for dollar basis against the mandatory expenditure obligations of Tenant for such applicable Facility(ies) under Section 9.1(e). During the Term of this Master Lease and provided that no Event of Default shall have occurred and be continuing hereunder, Tenant shall, subject to the terms and conditions of such Facility Mortgage Reserve Account and the requirements of the Facility Mortgagee(s) thereunder (and the related Facility Mortgage Documents), have access to and the right to apply or use (including for reimbursement) to the same extent as Landlord all monies held in each such Facility Mortgage Reserve Account for the purposes and subject to the limitations for which such Facility Mortgage Reserve Account is maintained, and Landlord agrees to reasonably cooperate with Tenant in connection therewith. Landlord hereby acknowledges that funds deposited by Tenant in any Facility Mortgage Reserve Account are the property of Tenant and Landlord is obligated to return the portion of such funds not previously released to Tenant within fifteen (15) days following the earlier of (x) the expiration or earlier termination of this Master Lease with respect to such applicable Facility, (y) the maturity or earlier prepayment of the applicable Facility Mortgage and obligations secured thereby, or (z) an involuntary prepayment or deemed prepayment arising out of the acceleration of the amounts due to a Facility Mortgagee or secured under a Facility Mortgage as a result of the exercise of remedies under the applicable Facility Mortgage or Facility Mortgage Documents; provided, however, that the foregoing shall not be deemed or construed to limit or prohibit Landlord's right to bring any damage claim against Tenant for any breach of its obligations under this Master Lease that may have resulted in the loss of any impound funds held by a Facility Mortgagee.

ARTICLE XXXII

32.1 Hazardous Substances-Facilities other than 1st Jackpot. Notwithstanding anything contained herein to the contrary, the following provisions shall apply to all Leased Property and Facilities other than the Leased Properties and Facilities constituting 1st Jackpot:

(a) **Hazardous Substances**. Tenant shall not allow any Hazardous Substance to be located in, on, under or about the Leased Property or incorporated in any Facility; provided, however, that Hazardous Substances may be brought, kept, used or disposed of in, on or about the Leased Property in quantities and for purposes similar to those brought, kept, used or

disposed of in, on or about similar facilities used for purposes similar to the Primary Intended Use or in connection with the construction of facilities similar to the applicable Facility or to the extent in existence at any Facility and which are brought, kept, used and disposed of in strict compliance with Legal Requirements. Tenant shall not allow the Leased Property to be used as a waste disposal site or for the manufacturing, handling, storage, distribution or disposal of any Hazardous Substance other than in the ordinary course of the business conducted at the Leased Property and in compliance with applicable Legal Requirements.

(b) **Notices.** Tenant shall provide to Landlord, within five (5) Business Days after Tenant's receipt thereof, a copy of any notice, or notification with respect to, (i) any violation of a Legal Requirement relating to Hazardous Substances located in, on, or under the Leased Property or any adjacent property; (ii) any enforcement, cleanup, removal, or other governmental or regulatory action instituted, completed or threatened with respect to the Leased Property; (iii) any claim made or threatened by any Person against Tenant or the Leased Property relating to damage, contribution, cost recovery, compensation, loss, or injury resulting from or claimed to result from any Hazardous Substance; and (iv) any reports made to any federal, state or local environmental agency arising out of or in connection with any Hazardous Substance in, on, under or removed from the Leased Property, including any complaints, notices, warnings or assertions of violations in connection therewith.

(c) **Remediation.** If Tenant becomes aware of a violation of any Legal Requirement relating to any Hazardous Substance in, on, under or about the Leased Property or any adjacent property, or if Tenant, Landlord or the Leased Property becomes subject to any order of any federal, state or local agency to repair, close, detoxify, decontaminate or otherwise remediate the Leased Property, Tenant shall immediately notify Landlord of such event and, at its sole cost and expense, cure such violation or effect such repair, closure, detoxification, decontamination or other remediation. If Tenant fails to implement and diligently pursue any such cure, repair, closure, detoxification, decontamination or other remediation, Landlord shall have the right, but not the obligation, to carry out such action and to recover from Tenant all of Landlord's costs and expenses incurred in connection therewith.

(d) **Indemnity.** Tenant shall indemnify, defend, protect, save, hold harmless, and reimburse Landlord for, from and against any and all costs, losses (including, losses of use or economic benefit or diminution in value), liabilities, damages, assessments, lawsuits, deficiencies, demands, claims and expenses (collectively, "**Environmental Costs**") (whether or not arising out of third-party claims and regardless of whether liability without fault is imposed, or sought to be imposed, on Landlord) incurred in connection with, arising out of, resulting from or incident to, directly or indirectly, before (except to the extent first discovered after the end of the Term) or during (but not after) the Term or such portion thereof during which the Leased Property is leased to Tenant (i) the production, use, generation, storage, treatment, transporting, disposal, discharge, release or other handling or disposition of any Hazardous Substances from, in, on or about the Leased Property (collectively, "**Handling**"), including the effects of such Handling of any Hazardous Substances on any Person or property within or outside the boundaries of the Leased Property, (ii) the presence of any Hazardous Substances in, on, under or about the Leased Property and (iii) the violation of any Environmental Law. "Environmental Costs" include interest, costs of response, removal, remedial action, containment, cleanup,

investigation, design, engineering and construction, damages (including actual and consequential damages) for personal injuries and for injury to, destruction of or loss of property or natural resources, relocation or replacement costs, penalties, fines, charges or expenses, attorney's fees, expert fees, consultation fees, and court costs, and all amounts paid in investigating, defending or settling any of the foregoing.

Without limiting the scope or generality of the foregoing, Tenant expressly agrees that, in the event of a breach by Tenant in its obligations under this Section 32.4 that is not cured within any applicable cure period, Tenant shall reimburse Landlord for any and all reasonable costs and expenses incurred by Landlord in connection with, arising out of, resulting from or incident to, directly or indirectly, before (with respect to any period of time in which Tenant or its Affiliate was in possession and control of the applicable Leased Property) or during (but not after) the Term or such portion thereof during which the Leased Property is leased to Tenant of the following:

(e) in investigating any and all matters relating to the Handling of any Hazardous Substances, in, on, from, under or about the Leased Property;

(f) in bringing the Leased Property into compliance with all Legal Requirements; and

(g) in removing, treating, storing, transporting, cleaning-up and/or disposing of any Hazardous Substances used, stored, generated, released or disposed of in, on, from, under or about the Leased Property or off-site other than in the ordinary course of the business conducted at the Leased Property and in compliance with applicable Legal Requirements.

If any claim is made by Landlord for reimbursement for Environmental Costs incurred by it hereunder, Tenant agrees to pay such claim promptly, and in any event to pay such claim within sixty (60) calendar days after receipt by Tenant of written notice thereof and any amount not so paid within such sixty (60) calendar day period shall bear interest at the Overdue Rate from the date due to the date paid in full.

(h) **Environmental Inspections.** In the event Landlord has a reasonable basis to believe that Tenant is in breach of its obligations under this Article XXXII, Landlord shall have the right, from time to time, during normal business hours and upon not less than five (5) days written notice to Tenant, except in the case of an emergency in which event no notice shall be required, to conduct an inspection of the Leased Property to determine the existence or presence of Hazardous Substances on or about the Leased Property. Landlord shall have the right to enter and inspect the Leased Property, conduct any testing, sampling and analyses it deems necessary and shall have the right to inspect materials brought into the Leased Property. Landlord may, in its discretion, retain such experts to conduct the inspection, perform the tests referred to herein, and to prepare a written report in connection therewith. All reasonable costs and expenses incurred by Landlord under this Section 32.5 shall be paid on demand as Additional Charges by Tenant to Landlord. Failure to conduct an environmental inspection or to detect unfavorable conditions if such inspection is conducted shall in no fashion be intended as a release of any liability for environmental conditions subsequently determined to be associated with or to have occurred during Tenant's tenancy. Tenant shall remain liable for any

environmental condition related to or having occurred during its tenancy regardless of when such conditions are discovered and regardless of whether or not Landlord conducts an environmental inspection at the termination of this Master Lease. The obligations set forth in this Article XXXII shall survive the expiration or earlier termination of this Master Lease.

32.2 1st Jackpot. Notwithstanding anything contained in this Master Lease to the contrary, the following provisions shall apply solely with respect to 1st Jackpot:

(a) **Hazardous Substances**. Tenant shall not allow any Hazardous Substance to be located, stored, disposed of or released in, on, under or about the 1st Jackpot or incorporated into the 1st Jackpot Facilities; provided, however, that Hazardous Substances may be brought, kept, used or disposed of in, on or about the 1st Jackpot in quantities and for purposes similar to those brought, kept, used or disposed of in, on or about similar facilities used for purposes similar to the Primary Intended Use, including construction and maintenance of the facilities similar to the applicable Facility or to the extent in existence at any Facility, but only to the extent the same are brought, kept, used and disposed of in strict compliance with Legal Requirements. Tenant shall not allow the 1st Jackpot to be used as a waste disposal site or for the manufacturing, handling, storage, distribution or disposal of any Hazardous Substance other than in the ordinary course of the business conducted at the 1st Jackpot and in compliance with applicable Legal Requirements.

(b) **Notices**. Tenant shall provide to Landlord, within five (5) Business Days after Tenant's receipt thereof, a copy of any notice, or notification with respect to, (i) any violation of a Legal Requirement relating to Hazardous Substances located in, on, or under the 1st Jackpot or any adjacent property; (ii) any enforcement, cleanup, removal, or other governmental or regulatory action instituted, completed or threatened with respect to the 1st Jackpot; (iii) any claim made or threatened by any Person against Tenant or the 1st Jackpot relating to damage, contribution, cost recovery, compensation loss, or injury resulting from or claimed to result from any Hazardous Substance; and (iv) any reports made to any federal, state or local environmental agency arising out of or in connection with any Hazardous Substance in, on, under or removed from the 1st Jackpot, including any complaints, notices, warnings or asserted violations in connection therewith.

(c) **Remediation**. If Tenant becomes aware of a violation of any Legal Requirement relating to any Hazardous Substance in, on, under or about 1st Jackpot or any adjacent property first occurring from and after the Effective Date, or if Tenant, Landlord or 1st Jackpot becomes subject to any order of any federal, state or local agency to repair, close, detoxify, decontaminate or otherwise remediate 1st Jackpot, Tenant shall promptly notify Landlord of such event and, subject to Section 32.2(e) below, at its sole cost and expense, cure such violation or effect such repair, closure, detoxification, decontamination or other remediation (or if migrating from adjacent properties or otherwise the responsibility of a third party, with Landlord's consent not to be unreasonably withheld, shall use commercially reasonable efforts to take appropriate legal action to cause the third party to do so). If Tenant fails to implement and diligently pursue any such cure, repair, closure, detoxification, decontamination or other remediation, Landlord shall have the right, but not the obligation, upon prior written notice to Tenant, to carry out such action and to recover from Tenant all of Landlord's reasonable costs and expenses incurred in connection therewith. In such an event, Tenant shall allow Landlord and Landlord's agents to have reasonable access to 1st Jackpot at reasonable times in order to carry out Landlord's remediation activities.

(d) **Indemnity by Tenant**. Except as otherwise provided in this Amendment, Tenant shall indemnify, defend, protect, save, hold harmless, and reimburse Landlord and Landlord's Affiliates, employees, agents and representatives ("**Indemnitees**") for, from and against any and all costs, losses (including, losses of use or economic benefit or diminution in value), liabilities, damages, assessments, lawsuits, deficiencies, demands, claims and expenses (collectively, "**Environmental Costs**") (whether or not arising out of third-party claims and regardless of whether liability without fault is imposed, or sought to be imposed, on such Indemnitees) incurred in connection with, arising out of, resulting from or incident to, directly or indirectly, during (but not before, subject to Section 32.2(e), or after) the Term or such portion thereof during which 1st Jackpot is leased to Tenant (i) the production, use, generation, storage, treatment, transporting, disposal, discharge, release or other handling or disposition of any Hazardous Substances from, in, on or about 1st Jackpot (collectively, "**Handling**"), including the effects of such Handling of any Hazardous Substances on any Person or property within or outside the boundaries of 1st Jackpot, and (ii) the presence of any Hazardous Substances in, on, under or about 1st Jackpot, solely to the extent such were introduced after May 1, 2017, and (iii) the violation of any Environmental Law by Tenant or any third party other than Landlord acting on behalf of Tenant. "Environmental Costs" include interest, costs of response, removal, remedial action, containment, cleanup, investigation, abatement, encapsulation, design, engineering and construction, damages (including actual and consequential damages) for personal injuries and for injury or contamination to, destruction of or loss of property or natural resources, relocation or replacement costs, penalties, fines, charges or expenses, attorney's fees, expert fees, consultation fees, and court costs, and all amounts paid in investigating, defending or settling any of the foregoing. For purposes of this Article XXXII, "Environmental Laws" shall include: any and all federal, state, municipal and local laws, statutes, ordinances, rules, regulations, guidances, policies, orders, decrees or judgments, whether statutory or common law, as amended from time to time, now or hereafter in effect, or promulgated, pertaining to the environment, public health and safety and industrial hygiene, including, without limitation, the use, generation, manufacture, production, storage, release, discharge, disposal, handling, treatment, removal, decontamination, cleanup, transportation or regulation of any Hazardous Substance, including, without limitation, such applicable provisions in the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Federal Insecticide, Fungicide, Rodenticide Act, the Safe Drinking Water Act, and the Occupational Safety and Health Act. Without limiting the scope or generality of the foregoing, Tenant expressly agrees that, in the event of a breach by Tenant in its obligations under this Section 32.2(d) which is not cured within any applicable cure period, Tenant shall reimburse Landlord for any and all reasonable costs and expenses incurred by Landlord under the terms of this Amendment in connection with, arising out of, resulting from or incident to, directly or indirectly, during (but not before or after, except with respect to any period of time in which the Tenant or its Affiliates were in possession and control of 1st Jackpot) the Term or such portion thereof during which 1st Jackpot is leased to Tenant of the following:

(i) In investigating any and all matters relating to the Handling of any Hazardous Substances, in, on, from, under or about 1st Jackpot;

(ii) In bringing 1st Jackpot into compliance with all Legal Requirements; and

(iii) Removing, treating, storing, transporting, cleaning-up and/or disposing of any Hazardous Substances used, stored, generated, released or disposed of

in, on, from, under or about 1st Jackpot or off-site other than in the ordinary course of the business conducted at 1st Jackpot and in compliance with applicable Legal Requirements. If any claim is made by Landlord for reimbursement for Environmental Costs incurred by it hereunder, Tenant agrees to pay such claim promptly, and in any event to pay such claim within sixty (60) calendar days after receipt by Tenant of written notice thereof and any amount not so paid within such sixty (60) calendar day period shall bear interest at the Overdue Rate from the date due to the date paid in full.

(e) **Indemnity by Landlord**. Notwithstanding anything set forth in this Article XXXII to the contrary, Landlord shall be responsible for and shall indemnify, defend, protect, save, hold harmless, and reimburse Tenant and Tenant's Affiliates, employees, agents and representatives ("**Tenant Indemnitees**") for, from and against any and all Environmental Costs (whether or not arising out of third-party claims and regardless of whether liability without fault is imposed, or sought to be imposed, on Tenant Indemnitees) incurred in connection with, arising out of, resulting from or incident to, directly or indirectly, before or during (but not after) the Term or such portion thereof, any Pre-Existing Environmental Conditions (as hereinafter defined), provided that such Environmental Costs (including but not limited to the cost of investigation, removal, remediation, restoration, abatement or encapsulation of any Pre-Existing Environmental Conditions in accordance with applicable Environmental Law) are not incurred solely as a result of or in connection with any discretionary renovation, remodeling or expansion activities performed or to be performed by Tenant in, on or about 1st Jackpot during the Term, in which case Tenant shall be solely responsible for, and shall indemnify, defend, protect, save, hold harmless and reimburse any Indemnitees for, such Environmental Costs in accordance with this Article XXXII; provided, however, that any maintenance, repair, Capital Improvements or other alterations, modifications and/or additions undertaken by Tenant that is required under the Master Lease or is required in order to comply with any and all Legal Requirements shall not be considered discretionary renovation, remodeling or expansion activities. Should any test boring or other investigatory work by or for Tenant reveal the presence of Pre-Existing Environmental Conditions, such test boring or other investigative work shall not be considered to be part of any discretionary renovation, remodeling or expansion activities of Tenant (and therefore Environmental Costs associated with the investigation, removal, remediation, restoration, abatement or encapsulation of such Pre-Existing Environmental Conditions shall be borne by Landlord) unless and until Tenant makes an affirmative decision to proceed with such discretionary renovation, remodeling or expansion activities, in which case Tenant shall be solely responsible for the Environmental Costs associated with the investigation, removal, remediation, restoration, abatement or encapsulation of such Pre-Existing Environmental Conditions revealed by such test boring or other investigatory work, in accordance with this Article XXXII. "**Pre-Existing Environmental Conditions**" means (i) any condition that may exist at or on 1st Jackpot on or prior to May 1, 2017 with respect to contamination of soil, surface or ground waters, stream sediments, and every other environmental media, (ii) any Hazardous Substances located in, on or about 1st Jackpot on or prior to May 1, 2017 and (iii) any Hazardous Substances that have migrated from 1st Jackpot prior to May 1, 2017.

(f) **Environmental Inspections**. In the event Landlord has a reasonable basis to believe that Tenant is in breach of its obligations under this Article XXXII, Landlord shall have the right, from time to time, during normal business hours, in a reasonable manner and upon

not less than five (5) days' written notice to Tenant, except in the case of an emergency in which event no notice shall be required, to conduct an inspection of 1st Jackpot to determine the existence or presence of Hazardous Substances on or about 1st Jackpot. Landlord shall have the right to enter and inspect 1st Jackpot, conduct any testing, sampling and analyses it deems necessary and shall have the right to inspect materials brought into 1st Jackpot. Landlord may, in its discretion, retain such experts to conduct the inspection, perform the tests referred to herein, and to prepare a written report in connection therewith. All reasonable costs and expenses incurred by Landlord under this Section shall be paid on demand as Additional Charges by Tenant to Landlord. Failure to conduct an environmental inspection or to detect unfavorable conditions if such inspection is conducted shall in no fashion be intended as a release of any liability for environmental conditions subsequently determined to be associated with or to have occurred during Tenant's tenancy. Tenant shall remain liable for any environmental condition related to or having occurred during its tenancy regardless of when such conditions are discovered and regardless of whether or not Landlord conducts an environmental inspection at the termination of the Master Lease. The obligations set forth in this Article shall survive the expiration or earlier termination of the Master Lease.

(g) **1st Jackpot Casino Tunica**. Notwithstanding anything to contrary contained herein, Pre-Existing Environmental Conditions present in the hotel at the 1st Jackpot property are not covered the provisions of Section 32.2(e) above. Tenant has assumed responsibility for, and Landlord hereby consents to, the destruction and removal of the hotel building.

ARTICLE XXXIII

33.1 Memorandum of Lease. Landlord and Tenant shall enter into one or more short form memoranda of this Master Lease, in form suitable for recording in each county or other applicable location in which the Leased Property is located. Tenant shall pay all costs and expenses of recording any such memorandum and shall fully cooperate with Landlord in removing from record any such memorandum upon the expiration or earlier termination of the Term with respect to the applicable Facility.

33.2 Reserved.

33.3 Tenant Financing. If, in connection with granting any Permitted Leasehold Mortgage or entering into a Debt Agreement, Tenant shall reasonably request (A) reasonable cooperation from Landlord, Landlord shall provide the same at no cost or expense to Landlord, it being understood and agreed that Tenant shall be required to reimburse Landlord for all such costs and expenses so incurred by Landlord, including, but not limited to, its reasonable attorneys' fees, or (B) reasonable amendments or modifications to this Master Lease as a condition thereto, Landlord hereby agrees to execute and deliver the same so long as any such amendments or modifications do not (i) increase Landlord's monetary obligations under this Master Lease, (ii) adversely increase Landlord's non-monetary obligations under this Master Lease in any material respect, (iii) diminish Landlord's rights under this Master Lease in any material respect, (iv) adversely impact the value of the Leased Property or (v) adversely impact Landlord's (or any Affiliate of Landlord's) tax treatment or position.

ARTICLE XXXIV

34.1 Expert Valuation Process.

(a) In the event that the opinion of an "Expert" is required under this Master Lease and Landlord and Tenant have not been able to reach agreement on such Person after at least ten (10) days of good faith negotiations, then either party shall each have the right to seek appointment of the Expert by the "Appointing Authority," as defined below, by writing to the Appointing Authority and asking it to serve as the Appointing Authority and appoint the Expert. The Appointing Authority shall appoint an Expert who is independent of the parties and has at least ten (10) years of experience valuing commercial real estate and/or in leasing or other matters, as applicable with respect to any of the matters to be determined by the Expert.

(b) The "**Appointing Authority**" shall be (i) the Institute for Conflict Prevention and Resolution (also known as, and shall be defined herein as, the "**CPR Institute**"), unless it is unable to serve, in which case the Appointing Authority shall be (ii) the American Arbitration Association ("**AAA**") under its Arbitrator Select Program for non-administered arbitrations or whatever AAA process is in effect at the time for the appointment of arbitrators in cases not administered by the AAA, unless it is unable to serve, in which case (iii) the parties shall have the right to apply to any court of competent jurisdiction to appoint an Appointing Authority or an Expert in accordance with the court's power to appoint arbitrators. The CPR Institute and the AAA shall each be considered unable to serve if it no longer exists, or if it no longer provides neutral appointment services, or if it does not confirm (in form or substance) that it will serve as the Appointing Authority within thirty (30) days after receiving a written request from either Landlord or Tenant to serve as the Appointing Authority, or if, despite agreeing to serve as the Appointing Authority, it does not confirm its Expert appointment within sixty (60) after receiving such written request. The Appointing Authority's appointment of the Expert shall be final and binding upon the parties. The Appointing Authority shall have no power or authority except to appoint the Expert, and no rules of the Appointing Authority shall be applied to the valuation or other determination of the Expert other than the rules necessary for the appointment of the Expert.

(c) Once the Expert is finally selected, either by agreement of the parties or by confirmation to the parties from the Appointing Authority, the Expert will determine the matter in question, by proceeding as follows:

(i) In the case of an Expert required for the purpose of Section 1.4, each of Landlord and Tenant shall have ten (10) days to submit to the Expert its position as to the remaining useful life of the applicable Barge-Based Facility and any materials it wishes the Expert to consider when determining the remaining useful life of the applicable Barge-Based Facility. The Expert, in his or her sole discretion, shall consider any and all materials that he or she deems relevant to making such determination, except that there shall be no live hearings and the parties shall not be permitted to take discovery. The Expert may submit written questions or information requests to the parties, and the parties may respond with written materials within a time frame agreed by the parties or, absent agreement by the parties, set by the Expert. The Expert shall render his or her

determination of the remaining useful life of the applicable Barge-Based Facility in writing and it shall be final and binding on the parties.

(ii) In the case of an Expert required for any other purpose, including without limitation under Section 13.2 and Section 36.2(a) hereof, each of Landlord and Tenant shall have a period of ten (10) days to submit to the Expert its position as to the Maximum Foreseeable Loss, as to the replacement cost of the Facilities as of the date of the expiration of this Master Lease and as to the appropriate per annum yield for leases between owners and operators of Gaming Facilities at the time in question (or as to any other matter to be resolved by an Expert hereunder), as the case may be, and any materials each of Landlord and Tenant wishes the Expert to consider when determining such Maximum Foreseeable Loss, replacement cost of the Facilities and the appropriate per annum yield for leases between owners and operators of Gaming Facilities (or as to any other matter to be resolved by an Expert hereunder), and the Expert will then make the relevant determination, by a "baseball arbitration" proceeding with the Expert limited to awarding only one or the other of the two positions submitted (and not any position in between or other compromise or ruling not consistent with one of the two positions submitted, except that in the case of a determination in respect of a dispute under Section 36.2(a), the Expert in its discretion may choose the position of one party with respect to the replacement cost of the Facilities as of the date of the expiration of this Master Lease and the position of the other party with respect to the appropriate per annum yield for leases between owners and operators of Gaming Facilities at the time in question), which shall then be binding on the parties hereto. The Expert, in his or her sole discretion, shall consider any and all materials that he or she deems relevant, except that there shall be no live hearings and the parties shall not be permitted to take discovery. The Expert may submit written questions or information requests to the parties, and the parties may respond with written materials within a time frame agreed by the parties or, absent agreement by the parties, set by the Expert.

(d) All communications between a party and either the Appointing Authority or the Expert shall also be copied to the other party. The parties shall cooperate in good faith to facilitate the valuation or other determination by the Expert.

(e) The costs of any Appointing Authority or Expert engaged under Section 34.1(c)(i) of this Master Lease shall be shared equally by Landlord and Tenant. If Landlord pays such Expert or Appointing Authority, fifty percent (50%) of such costs shall be Additional Charges hereunder and if Tenant pays such Expert or Appointing Authority, fifty percent (50%) of such costs shall be a credit against the next Rent payment hereunder. The costs of any Appointing Authority or Expert engaged with respect to any issue under Section 34.1(c)(ii) of this Master Lease shall be borne by the party against whom the Expert rules on such issue. If Landlord pays such Expert or Appointing Authority and is the prevailing party, such costs shall be Additional Charges hereunder and if Tenant pays such Expert or Appointing Authority and is the prevailing party, such costs shall be a credit against the next Rent payment hereunder.

ARTICLE XXXV

35.1 Notices. Any notice, request or other communication to be given by any party hereunder shall be in writing and shall be sent by registered or certified mail, postage prepaid and return receipt requested, by hand delivery or express courier service, by facsimile transmission or by an overnight express service to the following address:

To Tenant:	Penn Tenant, LLC c/o Penn Entertainment, Inc. 825 Berkshire Boulevard, Suite 200 Wyomissing, Pennsylvania 19610 Attention: Chief Legal Officer Facsimile: (610) 373-4966
With a copy to: (that shall not constitute notice)	Wachtell, Lipton, Rosen & Katz 51 West 52nd Street New York, NY 10019 Attention: Zachary S. Podolsky, Esq. Mark A. Koenig, Esq. Facsimile: (212) 403-2000 and Ballard Spahr LLP 1735 Market Street, 51st Floor Philadelphia, Pennsylvania 19103 Attention: Joseph W. Weill, Esq. Facsimile: (856) 761-1020
To Landlord:	GLP Capital, L.P. c/o Gaming and Leisure Properties, Inc. 845 Berkshire Blvd., Suite 200 Wyomissing, Pennsylvania 19610 Attention: Brandon Moore, Esq. Facsimile: (610) 401-2901
And with copy to (which shall not constitute notice):	Goodwin Procter LLP The New York Times Building New York, New York 10018 Attention: Yoel Kranz, Esq. Facsimile: (215) 355-333

or to such other address as either party may hereafter designate. Notice shall be deemed to have been given on the date of delivery if such delivery is made on a Business Day, or if not, on the first Business Day after delivery. If delivery is refused, Notice shall be deemed to have been given on the date delivery was first attempted. Notice sent by facsimile transmission shall be deemed given upon confirmation that such Notice was received at the number specified above or in a Notice to the sender.

ARTICLE XXXVI

36.1 Transfer of Tenant's Property and Operational Control of the Facilities. Upon the written request (an "**End of Term Gaming Asset Transfer Notice**") of Landlord either immediately prior to or in connection with the expiration or earlier termination of the Term, or of Tenant in connection with a termination of this Master Lease that occurs (i) either on the last date of the Initial Term or the last date of any Renewal Term, or (ii) in the event Landlord exercises its right to terminate this Master Lease or repossess the Leased Property in accordance with the terms of this Master Lease and, provided that, in each of the foregoing clauses (i) or (ii), Tenant complies with the provisions of Section 36.3, Tenant shall transfer (or cause to be transferred) upon the expiration of the Term, or as soon thereafter as Landlord shall request, the business operations (which will include a two (2) year transition license for tradenames and trademarks used at the Facilities) conducted by Tenant and its Subsidiaries at the Facilities (including, for the avoidance of doubt, all Tenant's Property relating to each of the Facilities) to a successor lessee or operator (or lessees or operators) of the Facilities (collectively, the "**Successor Tenant**") designated pursuant to Section 36.2 for consideration to be received by Tenant (or its Subsidiaries) from the Successor Tenant in an amount equal to the fair market value of such business operations (which will include a two (2) year transition license for tradenames and trademarks used at the Facilities) conducted at the Facilities and Tenant's Property (including any Tenant Capital Improvements not funded by Landlord in accordance with Section 10.3) (the "**Gaming Assets FMV**") as negotiated and agreed by Tenant and the Successor Tenant; provided, however, that in the event an End of Term Gaming Asset Transfer Notice is delivered hereunder, then notwithstanding the expiration or earlier termination of the Term, until such time that Tenant transfers the business operations (which will include a two (2) year transition license for tradenames and trademarks used at the Facilities) conducted at the Facilities and Tenant's Property to a Successor Tenant, Tenant shall (or shall cause its Subsidiaries to) continue to (and Landlord shall permit Tenant to maintain possession of the Leased Property to the extent necessary to) operate the Facilities in accordance with the applicable terms of this Master Lease and the course and manner in which Tenant (or its Subsidiaries) has operated the Facilities prior to the end of the Term (including, but not limited to, the payment of Rent hereunder). If Tenant and a potential Successor Tenant designated by Landlord cannot agree on the Gaming Assets FMV within a reasonable time not to exceed thirty (30) days after receipt of an End of Term Gaming Asset Transfer Notice hereunder, then such Gaming Assets FMV shall be determined, and Tenant's transfer of Tenant's Property to a Successor Tenant in consideration for a payment in such amount shall be determined and transferred, in accordance with the provisions of Section 36.2.

36.2 Determination of Successor Lessee and Gaming Assets FMV.

If not effected pursuant to Section 36.1, then the determination of the Gaming Assets FMV and the transfer of Tenant's Property to a Successor Tenant in consideration for the Gaming Assets FMV shall be effected by (i) first, determining in accordance with Section 36.2(a) the rent that Landlord would be entitled to receive from Successor Tenant assuming a lease term of ten (10) years (the "**Successor Tenant Rent**") pursuant to a lease agreement containing substantially the same terms and conditions of this Master Lease (other than, in the case of a new lease at the end of the final Renewal Term, the terms of this Article XXXVI, which

will not be included in such new lease), (ii) second, identifying and designating in accordance with the terms of Section 36.2(b), a pool of qualified potential Successor Tenants (each, a "**Qualified Successor Tenant**") prepared to lease the Facilities at the Successor Tenant Rent and to bid for the business operations (which will include a two (2) year transition license for tradenames and trademarks used at the Facilities) conducted at the Facilities and Tenant's Property, and (iii) third, in accordance with the terms of Section 36.2(c), determining the highest price a Qualified Successor Tenant would agree to pay for Tenant's Property and setting such highest price as the Gaming Assets FMV in exchange for which Tenant shall be required to transfer Tenant's Property and Landlord will enter into a lease with such Qualified Successor Tenant on substantially the same terms and conditions of this Master Lease (other than, in the case of a new lease at the end of the final Renewal Term, the terms of this Article XXXVI, which will not be included in such new lease) through the remaining term of this Master Lease (assuming that this Master Lease will not have terminated prior to its natural expiration at the end of the final Renewal Term) or ten (10) years, whichever is greater for a rent calculated pursuant to Section 36.2(a) hereof. Notwithstanding anything in the contrary in this Article XXXVI, the transfer of Tenant's Property will be conditioned upon the approval of the applicable regulatory agencies of the transfer of the Gaming Licenses and any other gaming assets to the Successor Tenant and/or the issuance of new gaming licenses as required by applicable Gaming Regulations and the relevant regulatory agencies both with respect to operating and suitability criteria, as the case may be.

(a) Determining Successor Tenant Rent. Landlord and Tenant shall first attempt to agree on the amount of Successor Tenant Rent that it will be assumed Landlord will be entitled to receive for a term of ten (10) years and pursuant to a lease containing substantially the same terms and conditions of this Master Lease (other than, in the case of a new lease at the end of the final Renewal Term, the terms of this Article XXXVI, which will not be included in such new lease). If Landlord and Tenant cannot agree on the Successor Tenant Rent amount within a reasonable time not to exceed sixty (60) days after receipt of an End of Term Gaming Asset Transfer Notice hereunder, then the Successor Tenant Rent shall be set as follows:

(i) for the period preceding the last day of the calendar month in which the thirty-fifth (35th) anniversary of the Commencement Date occurs, then the annual Successor Tenant Rent shall be an amount equal to the annual Rent that would have accrued under the terms of this Master Lease for such period (assuming the Master Lease will have not been terminated prior to its natural expiration); and

(ii) for the period following the last day of the calendar month in which the thirty-fifth (35th) anniversary of the Commencement Date occurs, then the Successor Tenant Rent shall be calculated in the same manner as Rent is calculated under this Master Lease (and based on the average Net Revenues for the trailing five (5) year period), except that the annual Building Base Rent component of Base Rent shall be the product of (a) the replacement cost of the Facilities as of the date of expiration of this Master Lease as determined by an Expert pursuant to Section 34.1(c)(ii), and (b) an appropriate per annum yield for leases between owners and operators of Gaming Facilities at the time in question as determined by an Expert pursuant to Section 34.1(c)(ii).

(b) Designating Potential Successor Tenants. Landlord will select one and Tenant will select three (for a total of up to four) potential Qualified Successor Tenants prepared to lease the Facilities for the Successor Tenant Rent, each of whom must meet the criteria established for a Discretionary Transferee (and none of whom may be Tenant or an Affiliate of Tenant (it being understood and agreed that there shall be no restriction on Landlord or any Affiliate of Landlord from being a potential Qualified Successor Tenant), except in the case of termination of the Master Lease on the last day of the calendar month in which the thirty-fifth (35th) anniversary of the Commencement Date occurs). Landlord and Tenant must designate their proposed Qualified Successor Tenants within ninety (90) days after receipt of an End of Term Gaming Asset Transfer Notice hereunder. In the event that Landlord or Tenant fails to designate such party's allotted number of potential Qualified Successor Tenants, the other party may designate additional potential Qualified Successor Tenants such that the total number of potential Qualified Successor Tenants does not exceed four; provided that, in the event the total number of potential Qualified Successor Tenants is less than four, the transfer process will still proceed as set forth in Section 36.2(c) below.

(c) Determining Gaming Assets FMV. Tenant will have a three (3) month period to negotiate an acceptable sales price for Tenant's Property with one of the Qualified Successor Tenants, which three (3) month period will commence immediately upon the conclusion of the steps set forth above in Section 36.2(b). If Tenant does not reach an agreement prior to the end of such three (3) month period, Landlord shall conduct an auction for Tenant's Property among the four potential successor lessees, and Tenant will be required to transfer Tenant's Property to the highest bidder.

36.3 Operation Transfer. Upon designation of a Successor Tenant (pursuant to either Section 36.1 or 36.2, as the case may be), Tenant shall reasonably cooperate and take all actions reasonably necessary (including providing all reasonable assistance to Successor Tenant) to effectuate the transfer of operational control of the Facilities to Successor Tenant in an orderly manner so as to minimize to the maximum extent possible any disruption to the continued orderly operation of the Facilities for its Primary Intended Use. Notwithstanding the expiration or earlier termination of the Term and anything to the contrary herein, unless Landlord consents to the contrary, until such time that Tenant transfers Tenant's Property and operational control of the Facilities to a Successor Tenant in accordance with the provisions of this Article XXXVI, Tenant shall (or shall cause its Subsidiaries to) continue to (and Landlord shall permit Tenant to maintain possession of the Leased Property to the extent necessary to) operate the Facilities in accordance with the applicable terms of this Master Lease and the course and manner in which Tenant (or its Subsidiaries) has operated the Facilities prior to the end of the Term (including, but not limited to, the payment of Rent hereunder). Concurrently with the transfer of Tenant's Property to Successor Tenant, Landlord and Successor Tenant shall execute a new master lease in accordance with the terms as set forth in the final clause of the first sentence of Section 36.2 hereof.

ARTICLE XXXVII

37.1 Attorneys' Fees. If Landlord or Tenant brings an action or other proceeding against the other to enforce or interpret any of the terms, covenants or conditions hereof or any instrument executed pursuant to this Master Lease, or by reason of any breach or

default hereunder or thereunder, the party prevailing in any such action or proceeding and any appeal thereupon shall be paid all of its costs and reasonable outside attorneys' fees incurred therein. In addition to the foregoing and other provisions of this Master Lease that specifically require Tenant to reimburse, pay or indemnify against Landlord's attorneys' fees, Tenant shall pay, as Additional Charges, all of Landlord's reasonable outside attorneys' fees incurred in connection with the enforcement of this Master Lease (except to the extent provided above), including reasonable attorneys' fees incurred in connection with the review, negotiation or documentation of any subletting, assignment, or management arrangement or any consent requested in connection therewith, and the collection of past due Rent.

ARTICLE XXXVIII

38.1 Brokers. Tenant warrants that it has not had any contact or dealings with any Person or real estate broker which would give rise to the payment of any fee or brokerage commission in connection with this Master Lease, and Tenant shall indemnify, protect, hold harmless and defend Landlord from and against any liability with respect to any fee or brokerage commission arising out of any act or omission of Tenant. Landlord warrants that it has not had any contact or dealings with any Person or real estate broker which would give rise to the payment of any fee or brokerage commission in connection with this Master Lease, and Landlord shall indemnify, protect, hold harmless and defend Tenant from and against any liability with respect to any fee or brokerage commission arising out of any act or omission of Landlord.

ARTICLE XXXIX

39.1 Anti-Terrorism Representations. Tenant hereby represents and warrants that neither Tenant, nor, to the knowledge of Tenant, any persons or entities holding any legal or beneficial interest whatsoever in Tenant, are (i) the target of any sanctions program that is established by Executive Order of the President or published by the Office of Foreign Assets Control, U.S. Department of the Treasury ("**OFAC**"); (ii) designated by the President or OFAC pursuant to the Trading with the Enemy Act, 50 U.S.C. App. § 5, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06, the Patriot Act, Public Law 107-56, Executive Order 13224 (September 23, 2001) or any Executive Order of the President issued pursuant to such statutes; or (iii) named on the following list that is published by OFAC: "List of Specially Designated Nationals and Blocked Persons" (collectively, "**Prohibited Persons**"). Tenant hereby represents and warrants to Landlord that no funds tendered to Landlord by Tenant under the terms of this Master Lease are or will be directly or indirectly derived from activities that may contravene U.S. federal, state or international laws and regulations, including anti-money laundering laws. If the foregoing representations are untrue at any time during the Term and Landlord suffers actual damages as a result thereof, an Event of Default will be deemed to have occurred, without the necessity of notice to Tenant.

Tenant will not during the Term of this Master Lease knowingly engage in any transactions or dealings, or knowingly be otherwise associated with, any Prohibited Persons in connection with the use or occupancy of the Leased Property. A breach of the representations contained in this Section 39.1 by Tenant as a result of which Landlord suffers actual damages shall constitute a material breach of this Master Lease and shall entitle Landlord to any and all remedies available hereunder, or at law or in equity.

ARTICLE XL

40.1 GLP REIT Protection. (a) The parties hereto intend that Rent and other amounts paid by Tenant hereunder will qualify as "rents from real property" within the meaning of Section 856(d) of the Code, or any similar or successor provision thereto and this Agreement shall be interpreted consistent with this intent.

(b) Anything contained in this Master Lease to the contrary notwithstanding, Tenant shall not without Landlord's advance written consent (which consent shall not be unreasonably withheld) (i) sublet, assign or enter into a management arrangement for the Leased Property on any basis such that the rental or other amounts to be paid by the subtenant, assignee or manager thereunder would be based, in whole or in part, on either (x) the income or profits derived by the business activities of the subtenant, assignee or manager or (y) any other formula such that any portion of any amount received by Landlord would fail to qualify as "rents from real property" within the meaning of Section 856(d) of the Code, or any similar or successor provision thereto; (ii) furnish or render any services to the subtenant, assignee or manager or manage or operate the Leased Property so subleased, assigned or managed; (iii) sublet, assign or enter into a management arrangement for the Leased Property to any Person (other than a "taxable REIT subsidiary" (within the meaning of Section 856(l) of the Code) of GLP) in which Tenant, Landlord or GLP owns an interest, directly or indirectly (by applying constructive ownership rules set forth in Section 856(d)(5) of the Code); or (iv) sublet, assign or enter into a management arrangement for the Leased Property in any other manner which could cause any portion of the amounts received by Landlord pursuant to this Master Lease or any sublease to fail to qualify as "rents from real property" within the meaning of Section 856(d) of the Code, or any similar or successor provision thereto, or which could cause any other income of Landlord to fail to qualify as income described in Section 856(c)(2) of the Code. The requirements of this Section 40.1(b) shall likewise apply to any further subleasing by any subtenant.

(c) Anything contained in this Master Lease to the contrary notwithstanding, the parties acknowledge and agree that Landlord, in its sole discretion, may assign this Master Lease or any interest herein to another Person (including without limitation, a "taxable REIT subsidiary" (within the meaning of Section 856(l) of the Code)) in order to maintain Landlord's status as a "real estate investment trust" (within the meaning of Section 856(a) of the Code); provided, however, Landlord shall be required to (i) comply with any applicable legal requirements related to such transfer and (ii) give Tenant notice of any such assignment; and provided, further, that any such assignment shall be subject to all of the rights of Tenant hereunder.

(d) Anything contained in this Master Lease to the contrary notwithstanding, upon request of Landlord, Tenant shall cooperate with Landlord in good faith and at no cost or expense to Tenant, and provide such documentation and/or information as may be in Tenant's possession or under Tenant's control and otherwise readily available to Tenant as shall be reasonably requested by Landlord in connection with verification of GLP's "real estate investment trust" (within the meaning of Section 856(a) of the Code) compliance requirements. Anything contained in this Master Lease to the contrary notwithstanding, Tenant shall take such reasonable action as may be requested by Landlord from time to time in order to ensure compliance with the Internal Revenue Service requirement that Rent allocable for purposes of

Section 856 of the Code to personal property, if any, at the beginning and end of a calendar year does not exceed fifteen percent (15%) of the total Rent due hereunder as long as such compliance does not (i) increase Tenant's monetary obligations under this Master Lease or (ii) materially and adversely increase Tenant's nonmonetary obligations under this Master Lease or (iii) materially diminish Tenant's rights under this Master Lease.

ARTICLE XLI

41.1 Survival. Anything contained in this Master Lease to the contrary notwithstanding, all claims against, and liabilities and indemnities of Tenant or Landlord arising prior to the expiration or earlier termination of the Term shall survive such expiration or termination.

41.2 Severability. If any term or provision of this Master Lease or any application thereof shall be held invalid or unenforceable, the remainder of this Master Lease and any other application of such term or provision shall not be affected thereby.

41.3 Non-Recourse. Tenant specifically agrees to look solely to the Leased Property for recovery of any judgment from Landlord (and Landlord's liability hereunder shall be limited solely to its interest in the Leased Property, and no recourse under or in respect of this Master Lease shall be had against any other assets of Landlord whatsoever). It is specifically agreed that no constituent partner in Landlord or officer or employee of Landlord shall ever be personally liable for any such judgment or for the payment of any monetary obligation to Tenant. The provision contained in the foregoing sentence is not intended to, and shall not, limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord, or any action not involving the personal liability of Landlord. Furthermore, except as otherwise expressly provided herein, in no event shall Landlord ever be liable to Tenant for any indirect or consequential damages suffered by Tenant from whatever cause.

41.4 Successors and Assigns. This Master Lease shall be binding upon Landlord and its successors and assigns and, subject to the provisions of Article XXII, upon Tenant and its successors and assigns.

41.5 Governing Law. THIS MASTER LEASE WAS NEGOTIATED IN THE STATE OF NEW YORK, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY. ACCORDINGLY, IN ALL RESPECTS THIS MASTER LEASE (AND ANY AGREEMENT FORMED PURSUANT TO THE TERMS HEREOF) SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO PRINCIPLES OR CONFLICTS OF LAW) AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA, EXCEPT THAT ALL PROVISIONS HEREOF RELATING TO THE CREATION OF THE LEASEHOLD ESTATE AND ALL REMEDIES SET FORTH IN ARTICLE XVI RELATING TO RECOVERY OF POSSESSION OF THE LEASED PROPERTY OF ANY FACILITY (SUCH AS AN ACTION FOR UNLAWFUL DETAINER, IN REM ACTION OR OTHER SIMILAR ACTION) SHALL BE CONSTRUED AND ENFORCED ACCORDING TO, AND GOVERNED BY, THE LAWS OF THE STATE IN WHICH THE LEASED PROPERTY IS LOCATED.

41.6 Waiver of Trial by Jury. EACH OF LANDLORD AND TENANT ACKNOWLEDGES THAT IT HAS HAD THE ADVICE OF COUNSEL OF ITS CHOICE WITH RESPECT TO ITS RIGHTS TO TRIAL BY JURY UNDER THE CONSTITUTION OF THE UNITED STATES AND THE STATE. EACH OF LANDLORD AND TENANT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS MASTER LEASE (OR ANY AGREEMENT FORMED PURSUANT TO THE TERMS HEREOF) OR (ii) IN ANY MANNER CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF LANDLORD AND TENANT WITH RESPECT TO THIS MASTER LEASE (OR ANY AGREEMENT FORMED PURSUANT TO THE TERMS HEREOF) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREINAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; EACH OF LANDLORD AND TENANT HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY A COURT TRIAL WITHOUT A JURY, AND THAT EITHER PARTY MAY FILE A COPY OF THIS SECTION 41.6 WITH ANY COURT AS CONCLUSIVE EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

41.7 Amendment and Restatement; Entire Agreement. This Master Lease hereby amends and restates and replaces the Original Master Lease in its entirety and this Master Lease and the Exhibits and Schedules attached hereto constitute the entire and final agreement of the parties with respect to the subject matter hereof and may not be changed or modified except by an agreement in writing signed by the parties and, with respect to the provisions set forth in Section 40.1, no such change or modification shall be effective without the explicit reference to such section by number and paragraph. Landlord and Tenant hereby agree that all prior or contemporaneous oral understandings, agreements or negotiations relative to the leasing of the Leased Property are merged into and revoked by this Master Lease.

41.8 Headings. All titles and headings to sections, subsections, paragraphs or other divisions of this Master Lease are only for the convenience of the parties and shall not be construed to have any effect or meaning with respect to the other contents of such sections, subsections, paragraphs or other divisions, such other content being controlling as to the agreement among the parties hereto.

41.9 Counterparts. This Master Lease may be executed in any number of counterparts, each of which shall be a valid and binding original, but all of which together shall constitute one and the same instrument.

41.10 Interpretation. Both Landlord and Tenant have been represented by counsel and this Master Lease and every provision hereof has been freely and fairly negotiated. Consequently, all provisions of this Master Lease shall be interpreted according to their fair meaning and shall not be strictly construed against any party.

41.11 Time of Essence. TIME IS OF THE ESSENCE OF THIS MASTER LEASE AND EACH PROVISION HEREOF IN WHICH TIME OF PERFORMANCE IS ESTABLISHED.

41.12 Further Assurances. The parties agree to promptly sign all documents reasonably requested to give effect to the provisions of this Master Lease. In addition, Landlord agrees to, at Tenant's sole cost and expense, reasonably cooperate with all applicable gaming authorities in connection with the administration of their regulatory jurisdiction over Tenant's Parent, Tenant and its Subsidiaries, including the provision of such documents and other information as may be requested by such gaming authorities relating to Tenant or any of its Subsidiaries or to this Master Lease and which are within Landlord's reasonable control to obtain and provide.

41.13 Gaming Regulations. (a) Notwithstanding anything to the contrary in this Master Lease, this Master Lease and any agreement formed pursuant to the terms hereof are subject to the Gaming Regulations and the laws involving the sale, distribution and possession of alcoholic beverages (the "**Liquor Laws**"). Without limiting the foregoing, each of Tenant, Landlord, and each of Tenant's or Landlord's successors and assigns acknowledges that (i) it is subject to being called forward by the gaming authority or governmental authority enforcing the Liquor Laws (the "**Liquor Authority**"), in each of their discretion, for licensing or a finding of suitability or to file or provide other information, and (ii) all rights, remedies and powers under this Master Lease and any agreement formed pursuant to the terms hereof, including with respect to the entry into and ownership and operation of the Gaming Facilities, and the possession or control of gaming equipment, alcoholic beverages or a gaming or liquor license, may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of the Gaming Regulations and Liquor Laws and only to the extent that required approvals (including prior approvals) are obtained from the requisite governmental authorities.

(b) Notwithstanding anything to the contrary in this Master Lease or any agreement formed pursuant to the terms hereof, each of Tenant, Landlord, and each of Tenant's or Landlord's successors and assigns agrees to cooperate with each gaming authority and each Liquor Authority in connection with the administration of their regulatory jurisdiction over the parties hereto, including, without limitation, the provision of such documents or other information as may be requested by any such gaming authorities and/or Liquor Authorities relating to Tenant, Landlord, Tenant's or Landlord's successors and assigns or to this Master Lease or any agreement formed pursuant to the terms hereof.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, this Amended and Restated Master Lease has been executed by Landlord and Tenant as of the date first written above.

LANDLORD:

GLP CAPITAL, L.P.

By: Gaming and Leisure Properties, Inc., its general partner

By:
Name:
Title:

TENANT:

PENN TENANT, LLC

By:
Name:
Title

EXHIBIT A

LIST OF FACILITIES

Facility Name	Facility Address	Use
Argosy Casino Alton (excluding riverboat)	#1 Piasa Street Alton, Illinois	Dockside Gaming Barge-Based Facility
Argosy Casino Riverside	777 Argosy Parkway Riverside, Missouri	Dockside Gaming Barge-Based Facility
Boomtown Casino (excluding Skrmetta Ground Lease property)	676 Bayview Avenue Biloxi, Mississippi	Dockside Gaming Barge-Based Facility
Hollywood Casino Bangor	500 Main Street Bangor, Maine	Land-based Gaming and Harness Racing
Hollywood Casino Bay St. Louis	711 Hollywood Blvd. Bay St. Louis, Mississippi	Land-based Gaming Barge-Based Facility
Hollywood Casino at Charles Town Races	750 Hollywood Drive Charles Town, West Virginia	Land-based Gaming and Thoroughbred Racing
Hollywood Casino Lawrenceburg (excluding employee parking lease)	777 Hollywood Blvd. Lawrenceburg, Indiana	Dockside Gaming Barge-Based Facility
Hollywood Casino Penn National Race Course	777 Hollywood Blvd. Grantville, Pennsylvania	Land-based Gaming and Thoroughbred Racing
Hollywood Casino St. Louis	777 Casino Center Drive Maryland Heights, Missouri	Dockside Gaming Barge-Based Facility
Hollywood Casino Tunica	1150 Casino Strip Resort Blvd. Robinsonville, Mississippi	Dockside Gaming Barge-Based Facility
Zia Park Casino (excluding property listed on Schedule 1.1 paragraph 1)	3901 West Millen Drive Hobbs, New Mexico	Land-based Gaming and Thoroughbred Racing
1st Jackpot Casino	1450 Bally Boulevard, Tunica Resorts, MS 38664	Dockside Gaming Barge-Based Facility
Hollywood Gaming at Dayton Raceway	4701 Wagner Ford Road Dayton, Ohio	Land-based Gaming and Harness Racing
Hollywood Gaming at Mahoning Valley Race Course	655 North Canfield-Niles Road Youngstown, Ohio	Land-based Gaming and Thoroughbred Racing

EXHIBIT 10.23

MASTER LEASE

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EXHIBITS AND SCHEDULES

MASTER LEASE

This **MASTER LEASE** (the "**Master Lease**") is entered into as of February 21, 2023, but is effective as of January 1, 2023 (the "**Effective Date**"), by and between GLP Capital, L.P. **(**together with its permitted successors and assigns, "**GLP**"), PA Meadows LLC, a Delaware limited liability company (together with its permitted successors and assigns, "**PA Meadows**"), CCR Pennsylvania Racing, LLC, a Pennsylvania limited liability company (together with its permitted successors and assigns, "**CCR**", and together with GLP and PA Meadows, jointly and severally, "**Landlord**"), Penn Tenant LLC (together with its permitted successors and assigns, "**Penn Tenant**"), Penn Cecil Maryland, LLC, a Maryland limited liability company (together with its permitted successors and assigns, "**Perryville Tenant**"), and PNK Development 33, LLC, a Delaware limited liability company (together with its permitted successors and assigns, "**Meadows Tenant**", and together, jointly and severally, with Penn Tenant and Perryville Tenant, "**Tenant**").

RECITALS

A. Capitalized terms used in this Master Lease and not otherwise defined herein are defined in Article II hereof.

B. Immediately prior to the execution hereof, Affiliates of Landlord leased portions of the Leased Property to Affiliates of Tenant pursuant to those certain (i) Master Lease dated as of July 1, 2021 (as amended from time to time, the "**Perryville Lease**") by and between GLP Holdings, Inc., a Pennsylvania corporation ("**GLP Holdings**") and Perryville Tenant in respect of that certain facility commonly known as the Hollywood Casino Perryville located in Perryville, Maryland (the "**Perryville Facility**"), (ii) Master Lease dated as of September 9, 2016 (as amended from time to time, the "**Meadows Lease**" and together with the Perryville Lease, the "**Terminated Leases**") by and among PA Meadows, LLC, WTA II, LLC, CCR Pennsylvania Racing, LLC (collectively, "**Meadows Landlord**") and Meadows Tenant in respect of that certain facility commonly known as the Hollywood Casino at the Meadows located in Washington, Pennsylvania (the "**Meadows Facility**"), and (iii) Master Lease dated as of November 1, 2013 (as amended from time to time, the "**Penn Master Lease**", and together with the Meadows Lease and the Perryville Lease, the "**Prior Leases**") between Landlord and Penn Tenant in respect of those certain facilities commonly known as the Hollywood Casino Aurora located in Aurora, Illinois (the "**Existing Aurora Facility**"), the Hollywood Casino Joliet located in Joliet, Illinois (the "**Existing Joliet Facility**"), the Hollywood Casino Columbus located in Columbus, Ohio (the "**Columbus Facility**"), the Hollywood Casino Toledo located in Toledo, Ohio (the "**Toledo Facility**"), and the M Resort and Spa & Casino located in Henderson, Nevada (the "**M Resort**", and together with the Existing Aurora Facility, the Existing Joliet Facility, the Columbus Facility and the Toledo Facility, the "**Transferred Facilities**"), among other gaming facilities.

C. Immediately prior to the execution hereof, Affiliates of Landlord and Tenant have terminated the Terminated Leases and have amended and restated the Penn Master Lease to remove the Transferred Facilities therefrom. It is the parties' intent that effective immediately after such termination of the Terminated Leases and the removal of the Transferred Facilities from the Penn Master Lease, the Perryville Facility, the Meadows Facility and the

Transferred Facilities are hereby transferred under this Master Lease, so that there be no gap in Tenant's leasehold interest in the Perryville Facility, the Meadows Facility and the Transferred Facilities.

D. As a result of the foregoing, Landlord and Tenant hereby desire to lease the Leased Property to Tenant and Tenant desires to lease the Leased Property from Landlord upon the terms set forth in this Master Lease.

E. A list of the seven (7) facilities covered by this Master Lease as of the date hereof is attached hereto as Exhibit A (each a "**Facility**," and collectively, the "**Facilities**").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

1.1 Leased Property. Upon and subject to the terms and conditions hereinafter set forth, Landlord leases to Tenant and Tenant leases from Landlord all of Landlord's rights and interest in and to the following with respect to each of the Facilities (collectively, the "**Leased Property**"):

(a) the real property or properties described in Exhibit B attached hereto (collectively, the "**Land**");

(b) all buildings, structures, Fixtures (as hereinafter defined) and other improvements of every kind now or hereafter located on the Land or connected thereto including, but not limited to, alleyways and connecting tunnels, sidewalks, utility pipes, conduits and lines (on-site and off-site to the extent Landlord has obtained any interest in the same), parking areas and roadways appurtenant to such buildings and structures of each such Facility, and, to the extent constituting "real property" as that term is defined in Treasury Regulation §1.856-3(d), all buildings, structures, Fixtures and other improvements of every kind now or hereafter located on the leased real property or the barges serving as foundations or points of access connected thereto (collectively, the "**Leased Improvements**");

(c) all easements, rights and appurtenances relating to the Land and the Leased Improvements; and

(d) all equipment, machinery, fixtures, and other items of property, including all components thereof, that (i) are now or hereafter located in, on or used in connection with and permanently affixed to or otherwise incorporated into the Leased Improvements and (ii) qualify as Long-Lived Assets, together with all replacements, modifications, alterations and additions thereto (collectively, the "**Fixtures**");

in each case, with respect to clauses 1.1(b) and 1.1(d) above, to the extent constituting "real property" as that term is defined in Treasury Regulation §1.856-3(d).

The Leased Property is leased subject to all covenants, conditions, restrictions, easements and other matters affecting the Leased Property as of the Commencement Date and such subsequent covenants, conditions, restrictions, easements and other matters as may be agreed to by Landlord

or Tenant in accordance with the terms of this Master Lease, whether or not of record, including any matters which would be disclosed by an inspection or accurate survey of the Leased Property. Notwithstanding the foregoing, Leased Property shall exclude those items referenced on Schedule 1.1.

1.2 Single, Indivisible Lease. This Master Lease constitutes one indivisible lease of the Leased Property and not separate leases governed by similar terms. The Leased Property constitutes one economic unit, and the Rent and all other provisions have been negotiated and agreed to based on a demise of all of the Leased Property to Tenant as a single, composite, inseparable transaction and would have been substantially different had separate leases or a divisible lease been intended. Except as expressly provided in this Master Lease for specific, isolated purposes (and then only to the extent expressly otherwise stated), all provisions of this Master Lease apply equally and uniformly to all of the Leased Property as one unit. An Event of Default with respect to any portion of the Leased Property is an Event of Default as to all of the Leased Property. The parties intend that the provisions of this Master Lease shall at all times be construed, interpreted and applied so as to carry out their mutual objective to create an indivisible lease of all of the Leased Property and, in particular but without limitation, that, for purposes of any assumption, rejection or assignment of this Master Lease under 11 U.S.C. Section 365, or any successor or replacement thereof or any analogous state law, this is one indivisible and non-severable lease and executory contract dealing with one legal and economic unit and that this Master Lease must be assumed, rejected or assigned as a whole with respect to all (and only as to all) of the Leased Property. The parties may amend this Master Lease from time to time to include one or more additional Facilities as part of the Leased Property and such future addition to the Leased Property shall not in any way change the indivisible and nonseverable nature of this Master Lease and all of the foregoing provisions shall continue to apply in full force.

1.3 Term. The **"Term"** of this Master Lease is the Initial Term plus all Renewal Terms, to the extent exercised. The initial term of this Master Lease (the **"Initial Term**") shall commence on the Effective Date (the "**Commencement Date**") and will end on October 31, 2033, subject to renewal as set forth in Section 1.4 below.

1.4 Renewal Terms. The term of this Master Lease may be extended for three (3) separate "**Renewal Terms**" of five (5) years each, if: (a) at least twelve (12), but not more than eighteen (18) months prior to the end of the then current Term, Tenant delivers to Landlord a "**Renewal Notice**" that it desires to exercise its right to extend this Master Lease for one (1) Renewal Term; (b) no Event of Default shall have occurred and be continuing on the date Landlord receives the Renewal Notice (the "**Exercise Date**") or on the last day of the then current Term; and (c) all other requirements set forth in this Section 1.4 have been complied with (including, but not limited to, the requirement that the Term of this Master Lease remain at all times co-terminus with the term of the Sister Master Lease). During any such Renewal Term, except as otherwise specifically provided for herein, all of the terms and conditions of this Master Lease shall remain in full force and effect.

Tenant may exercise such options to renew with respect to all (and no fewer than all) of the Facilities which are subject to this Master Lease as of the Exercise Date; provided, however, that

the exercise of each Renewal Term shall be applicable with respect to each Barge-Based Facility only if an Expert has confirmed prior to the applicable Exercise Date (but no more than 180 days prior thereto) that exercising such Renewal Term with respect to such Barge-Based Facility would not cause the aggregate Term to exceed eighty percent (80%) of the useful life of such Barge-Based Facility as measured from the Commencement Date or the estimated residual fair market value of such Barge-Based Facility at the end of the applicable Renewal Term to be less than 20% of the fair market value of such Barge-Based Facility as of the Commencement Date without regard to inflation or deflation. If exercising any Renewal Term would cause the aggregate Term to exceed eighty percent (80%) of any Barge-Based Facility's estimated useful life, then (i) the remainder of the Leased Property (other than any Barge-Based Facility for which the aggregate Term would exceed eighty percent (80%) of such Barge-Based Facility's estimated useful life or the estimated residual fair market value of such Barge-Based Facility at the end of the applicable Renewal Term to be less than twenty percent (20%) of the fair market value of such Barge-Based Facility as of the Commencement Date without regard to inflation or deflation) shall continue to be demised hereunder for the entire applicable Renewal Term, and (ii) each such Barge-Based Facility shall be included in such Renewal Term only for the period of time that is within (and does not exceed) eighty percent (80%) of the estimated useful life of such Barge-Based Facility and the estimated residual fair market value of such Barge-Based Facility at the end of the applicable Renewal Term shall be not less than twenty percent (20%) of the fair market value of such Barge- Based Facility as of the Commencement Date without regard to inflation or deflation and shall thereafter not be a part of the Leased Property hereunder and the Base Rent due hereunder shall thereafter be reduced to account for the period of time each such Barge-Based Facility is not part of the Leased Property by an amount determined in accordance with the formula set forth in Section 14.6 hereof and such Barge-Based Facility and the Tenant's Property related thereto shall be sold at fair market value, with Landlord entitled to the value of the Leased Property relating to such Barge-Based Facility and Tenant entitled to the value of the Tenant's Property relating to such Barge-Based Facility.

Notwithstanding anything contained herein to the contrary, Landlord and Tenant hereby acknowledge and agree that the Term of this Master Lease shall at all times be co-terminus with the term of the Sister Master Lease. As a result thereof, in the event (1) Tenant elects to extend the Term of this Master Lease for one or more Renewal Terms, Penn Tenant shall be required to exercise its options to renew the term of the Sister Master Lease, and (2) Penn Tenant elects to extend the term of the Sister Master Lease, Tenant shall be required to exercise its options to renew the Term under the Master Lease so that the Term under this Master Lease at all times remains co-terminus under the Sister Master Lease. In the event Penn Tenant delivers a Renewal Notice (as defined in the Sister Master Lease) for a Renewal Term (as defined in the Sister Master Lease) in accordance with the Sister Master Lease and Tenant fails to timely deliver a Renewal Notice hereunder, Tenant shall automatically be deemed to have delivered a Renewal Notice under this Section 1.4.

ARTICLE II

2.1 Definitions. For all purposes of this Master Lease, except as otherwise expressly provided or unless the context otherwise requires, (i) the terms defined in this Article II have the meanings assigned to them in this Article and include the plural as well as the singular;

all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP; (ii) all references in this Master Lease to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Master Lease; (iii) the word "including" shall have the same meaning as the phrase "including, without limitation," and other similar phrases; (iv) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Master Lease as a whole and not to any particular Article, Section or other subdivision; and (v) for the calculation of any financial ratios or tests referenced in this Master Lease (including the Adjusted Revenue to Rent Ratio and the Indebtedness to EBITDA Ratio), this Master Lease, regardless of its treatment under GAAP, shall be deemed to be an operating lease and the Rent payable hereunder shall be treated as an operating expense and shall not constitute Indebtedness or interest expense.

AAA: As defined in Section 34.1(b).

Accounts: All accounts, including deposit accounts and any Facility Mortgage Reserve Account (to the extent actually funded by Tenant), all rents, profits, income, revenues or rights to payment or reimbursement derived from the use of any space within the Leased Property and/or from goods sold or leased or services rendered from the Leased Property (including, without limitation, from goods sold or leased or services rendered from the Leased Property by any subtenant) and all accounts receivable, in each case whether or not evidenced by a contract, document, instrument or chattel paper and whether or not earned by performance, including without limitation, the right to payment of management fees and all proceeds of the foregoing.

Additional Charges: All Impositions and all other amounts, liabilities and obligations which Tenant assumes or agrees to pay under this Master Lease and, in the event of any failure on the part of Tenant to pay any of those items, except where such failure is due to the acts or omissions of Landlord, every fine, penalty, interest and cost which may be added for non-payment or late payment of such items.

Additional Rent: Additional Rent shall be comprised of the following amounts:

(A) Commencing on the Additional Rent Commencement Date, if any, in respect of the Columbus Project, an amount equal to the Additional Columbus Rent (as defined in the Development Agreement); provided, however, that (1) in no event shall there be double payment of Additional Columbus Rent due under the Development Agreement and Additional Rent due under this Clause (A), and (2) commencing on the November 1st first occurring on or after the Columbus Opening Date (the "**First Columbus Escalation Date**") and on each anniversary thereafter during the Term, the Additional Rent due under this clause (A) shall increase to an annual amount equal to the sum of (i) the Additional Rent due under this Clause (A) for the immediately preceding Lease Year, plus (ii) an amount equal to 1.5% of the Additional Rent due under this Clause (A) for the immediately preceding Lease Year. Notwithstanding the foregoing, it being agreed that solely for calculating the escalated Additional Rent under this clause (A) on the First Columbus Escalation Date (but not on any future escalation date), such Additional Rent shall be an amount equal to the sum of (x) the annual Additional Columbus Rent amount as calculated under the Development Agreement, plus (y) (1) 1.5% of the amount set forth in the preceding clause (x) *multiplied by* (2) a fraction the

numerator of which is the amount of days from the Additional Rent Commencement Date in respect of the Columbus Project through the calendar day that is immediately prior to the First Columbus Escalation Date and the denominator of which is 365 days; *plus*

(B) Commencing on the Additional Rent Commencement Date, if any, in respect of the M Resort, an amount equal to the Additional M Resort Rent (as defined in the Development Agreement); provided, however, that (1) in no event shall there be double payment of Additional M Resort Rent due under the Development Agreement and Additional Rent due under this Clause (B), and (2) commencing on the November 1st first occurring on or after the M Resort Opening Date (the "**First M Resort Escalation Date**") and on each anniversary thereafter during the Term, the Additional Rent due under this Clause (B) shall increase to an annual amount equal to the sum of (i) the Additional Rent due under this Clause (B) for the immediately preceding Lease Year, *plus* (ii) an amount equal to 1.5% of the Additional Rent under this Clause (B) for the immediately preceding Lease Year. Notwithstanding the foregoing, it being agreed that solely for calculating the escalated Additional Rent under this clause (B) on the First M Resort Escalation Date (but not on any future escalation date), such Additional Rent shall be an amount equal to the sum of (x) the annual Additional M Resort Rent amount as calculated under the Development Agreement, *plus* (y) (1) 1.5% of the amount set forth in the preceding clause (x) *multiplied by* (2) a fraction the numerator of which is the amount of days from the Additional Rent Commencement Date in respect of the M Resort Project through the calendar day that is immediately prior to the First M Resort Escalation Date and the denominator of which is 365 days; *plus*

(C) Commencing on the Additional Rent Commencement Date in respect of the Aurora Project, an amount equal to the Additional Aurora Rent (as defined in the Development Agreement); provided, however, that (1) in no event shall there be double payment of Additional Aurora Rent due under the Development Agreement and Additional Rent due under this Clause (C), and (2) commencing on the November 1st first occurring on or after the Aurora Opening Date (the "**First Aurora Escalation Date**") and on each anniversary thereafter during the Term, the Additional Rent due under this Clause (C) shall increase to an annual amount equal to the sum of (i) the Additional Rent due under this Clause (C) for the immediately preceding Lease Year, plus (ii) an amount equal to 1.5% of the Additional Rent due under this Clause (C) for the immediately preceding Lease Yea. Notwithstanding the foregoing, it being agreed that that solely for calculating the escalated Additional Rent under this clause (C) on the First Aurora Escalation Date (but not on any future escalation date), such Additional Rent amount equal to the sum of (x) the annual Additional Aurora Rent amount as calculated under the Development Agreement, *plus* (y) (1) 1.5% of the amount set forth in the preceding clause (x) *multiplied by* (2) a fraction the numerator of which is the amount of days from the Additional Rent Commencement Date in respect of the Aurora Project through the calendar day that is immediately prior to the First Aurora Escalation Date and the denominator of which is 365 days; *plus*

(D) Commencing on the Additional Rent Commencement Date in respect of the Joliet Project, an amount equal to the Additional Joliet Rent (as defined in the Development Agreement); provided, however, that (1) in no event shall there be multiple counting of Additional Joliet Rent due under the Development Agreement or rent or other charges due under

the Joliet Development Lease, and Additional Rent due under this Clause (D), and (2) commencing on the November 1st first occurring on or after the Joliet Opening Date (the "**First Joliet Escalation Date**") and on each anniversary thereafter during the Term, the Additional Rent due under this Clause (D) shall increase to an annual amount equal to the sum of (i) the Additional Rent due under this Clause (D) for the immediately preceding Lease Year, plus (ii) an amount equal to 1.5% of the Additional Rent due under this Clause (D) for the immediately preceding Lease Year. Notwithstanding the foregoing, it being agreed that solely for calculating the escalated Additional Rent under this clause (A) on the First Joliet Escalation Date (but not on any future escalation date), such Additional Rent shall be an amount equal to the sum of (x) the annual Additional Joliet Rent amount as calculated under the Development Agreement, (y) 1.5% of the amount set forth in the preceding clause (x), and (z) the amount set forth in the preceding clause (y) multiplied by a fraction the numerator of which is the amount of days from the Joliet Opening Date through the calendar day that is the end of the Lease Year in which the Additional Rent Commencement Date occurred and the denominator of which is 365 days.

Additional Rent shall be subject to further adjustment as and to the extent provided in Section 14.6.

Additional Rent Commencement Date: With respect to (i) the Aurora Project, the Aurora Opening Date, (ii) the M Resort Project, the M Resort Opening Date, (iii) the Columbus Project, the Columbus Opening Date, and (iv) the Joliet Project, the Joliet Opening Date.

Adjusted Revenue: For any Test Period, Net Revenue (i) *minus* expenses other than Specified Expenses and (ii) *plus* Specified Proceeds, if any; provided, however, that for purposes of calculating Adjusted Revenue, Net Revenue shall not include Gaming Revenues, Retail Sales or Promotional Allowances of any subtenants of Tenant or any deemed payments under subleases of this Master Lease, licenses or other access rights from Tenant to its operating subsidiaries. Adjusted Revenue shall be calculated on a pro forma basis to give effect to any increase or decrease in Rent as a result of the addition or removal of Leased Property to this Master Lease since the beginning of any Test Period of Tenant as if each such increase or decrease had been affected on the first day of such Test Period. Notwithstanding the foregoing, with respect to the deduction of expenses related to or arising from Onsite iGaming under subsection (i) above, only Eligible iGaming Expenses may be deducted.

Adjusted Revenue to Rent Ratio: As at any date of determination, the ratio for any period of Adjusted Revenue to Rent. For purposes of calculating the Adjusted Revenue to Rent Ratio, Adjusted Revenue shall be calculated on a pro forma basis (and shall be calculated to give effect to (x) pro forma adjustments reasonably contemplated by Tenant and (y) such other pro forma adjustments consistent with Regulation S-X under the Securities Act) to give effect to any material acquisitions and material asset sales consummated by the Tenant or any Guarantor during any Test Period of Tenant as if each such material acquisition had been effected on the first day of such Test Period and as if each such material asset sale had been consummated on the day prior to the first day of such Test Period. In addition, (i) Adjusted Revenue and Rent shall be calculated on a pro forma basis to give effect to any increase or decrease in Rent as a result of the addition or removal of Leased Property to this Master Lease during any Test Period as if such increase or decrease had been effected on the first day of such Test Period and (ii) in the event

Rent is to be increased in connection with the addition or inclusion of a Long-Lived Asset that is projected to increase Adjusted Revenue, such Rent increase shall not be taken into account in calculating the Adjusted Revenue to Rent Ratio until the first fiscal quarter following the completion of the installation or construction of such Long-Lived Assets.

Affected Project: Means the Facility at which a Specified Developer Default has occurred.

Affiliate: When used with respect to any corporation, limited liability company, or partnership, the term "Affiliate" shall mean any person which, directly or indirectly, controls or is controlled by or is under common control with such corporation, limited liability company or partnership. For the purposes of this definition, "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, through the ownership of voting securities, partnership interests or other equity interests.

Appointing Authority: As defined in Section 34.1(b).

Aurora Opening Date: The Opening Date (as defined in the Development Agreement) for the Aurora Project.

Award: All compensation, sums or anything of value awarded, paid or received on a total or partial Taking.

Barge-Based Facility: Each Facility identified in Exhibit A, as amended from time to time, as a "Barge-Based Facility."

Base Rent:

(A) Commencing on the Effective Date, an annual amount equal to two hundred thirty-two million, one hundred seventy thousand Dollars ($232,170,000); provided, however, that commencing on November 1, 2023 and on each anniversary thereafter during the Term, the Base Rent shall increase to an annual amount equal to the sum of (i) the Base Rent for the immediately preceding Lease Year, plus (ii) an amount equal to 1.5% of the Base Rent for the immediately preceding Lease Year.

(B) Notwithstanding, and in addition to, the foregoing, on the commencement of Lease Year beginning November 1, 2027, the Base Rent then in effect shall (i) escalate in accordance with Clause (A) above and then be increased by an amount equal to one million four hundred thousand Dollars ($1,400,000) (the Base Rent as adjusted by the forgoing increase, the "**Adjusted Base Rent**"), and (ii) the Adjusted Base Rent shall thereafter continue to escalate annually in accordance with Clause (A) above.

(C) As applicable during the Term, Base Rent shall be increased pursuant to Section 10.3(c) in respect of Capital Improvements funded by Landlord (which increases shall, in each case, be subject to the Escalations provided in the foregoing clauses (A) and (B)).

Base Rent shall be subject to further adjustment as and to the extent provided in Section 14.6 and Section 22.7.

Business Day: Each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which national banks in the City of New York, New York are authorized, or obligated, by law or executive order, to close.

Capital Improvements: With respect to any Facility, any improvements or alterations or modifications of the Leased Improvements that would be considered a capital improvement under GAAP, including without limitation structural alterations, modifications or improvements, or one or more additional structures annexed to any portion of any of the Leased Improvements of such Facility, or the expansion of existing improvements, which are constructed on any parcel or portion of the Land of such Facility, during the Term, including construction of a new wing or new story, all of which shall constitute a portion of the Leased Improvements and Leased Property hereunder in accordance with Section 10.3.

Cash: Cash and cash equivalents and all instruments evidencing the same or any right thereto and all proceeds thereof.

Casualty Event: Any loss of title or any loss of or damage to or destruction of, or any condemnation or other taking (including by any governmental authority) of, any asset for which Tenant or any of its Subsidiaries (directly or through Tenant's Parent) receives cash insurance proceeds or proceeds of a condemnation award or other similar compensation (excluding proceeds of business interruption insurance). "Casualty Event" shall include, but not be limited to, any taking of all or any part of any real property of Tenant or any of its Subsidiaries or any part thereof, in or by condemnation or other eminent domain proceedings pursuant to any applicable law, or by reason of the temporary requisition of the use or occupancy of all or any part of any real property of Tenant or any of its Subsidiaries or any part thereof by any governmental authority, civil or military.

Change in Control: (i) Any Person or "group" (within the meaning of Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as amended from time to time, and any successor statute), (a) shall have acquired direct or indirect beneficial ownership or control of thirty-five percent (35%) or more on a fully diluted basis of the direct or indirect voting power in the Equity Interests of Tenant's Parent entitled to vote in an election of directors of Tenant's Parent, or (b) shall have caused the election of a majority of the members of the board of directors or equivalent body of Tenant's Parent, which such members have not been nominated by a majority of the members of the board of directors or equivalent body of Tenant's Parent as such were constituted immediately prior to such election, (ii) except as permitted or required hereunder, the direct or indirect sale by Tenant or Tenant's Parent of all or substantially all of Tenant's assets, whether held directly or through Subsidiaries, relating to the Facilities in one transaction or in a series of related transactions (excluding sales to Tenant or its Subsidiaries), (iii) (a) Tenant ceasing to be a wholly-owned Subsidiary (directly or indirectly) of Tenant's Parent or (b) Tenant's Parent ceasing to control one hundred percent (100%) of the voting power in the Equity Interests of Tenant or (iv) Tenant's Parent consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, Tenant's Parent, in any such event pursuant to a transaction in which any of the outstanding Equity Interests of Tenant's

Parent ordinarily entitled to vote in an election of directors of Tenant's Parent or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Equity Interests of Tenant's Parent ordinarily entitled to vote in an election of directors of Tenant's Parent outstanding immediately prior to such transaction constitute or are converted into or exchanged into or exchanged for a majority (determined by voting power in an election of directors) of the outstanding Equity Interests ordinarily entitled to vote in an election of directors of such surviving or transferee Person (immediately after giving effect to such transaction).

Code: The Internal Revenue Code of 1986 and, to the extent applicable, the Treasury Regulations promulgated thereunder, each as amended from time to time.

Columbus Final Funding Notice: As defined in the Development Agreement.

Columbus Opening Date: The Opening Date (as defined in the Development Agreement) for the Columbus Project.

Commencement Date: As defined in Section 1.3.

Competing Facility: Any Gaming Facility located within the Restricted Area 7.4(e).

Condemnation: The exercise of any governmental power, whether by legal proceedings or otherwise, by a Condemnor or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

Condemnor: Any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

Consolidated Interest Expense: For any period, interest expense of Tenant and its Subsidiaries that are Guarantors for such period as determined on a consolidated basis for Tenant and its Subsidiaries that are Guarantors in accordance with GAAP.

CPI: The United States Department of Labor, Bureau of Labor Statistics Revised Consumer Price Index for All Urban Consumers (1982-84=100), U.S. City Average, All Items, or, if that index is not available at the time in question, the index designated by such Department as the successor to such index, and if there is no index so designated, an index for an area in the United States that most closely corresponds to the entire United States, published by such Department, or if none, by any other instrumentality of the United States.

CPI Increase: The product of (i) the CPI published for the beginning of each Lease Year, divided by (ii) the CPI published for the January 1, 2013. If the product is less than one, the CPI Increase shall be equal to one.

CPR Institute: As defined in Section 34.1(b).

Date of Taking: The date the Condemnor has the right to possession of the property being condemned.

Debt Agreement: If designated by Tenant to Landlord in writing to be included in the definition of "Debt Agreement," one or more (A) debt facilities or commercial paper facilities, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to lenders or to special purpose entities formed to borrow from lenders against such receivables) or letters of credit, (B) debt securities, indentures or other forms of debt financing (including convertible or exchangeable debt instruments or bank guarantees or bankers' acceptances), or (C) instruments or agreements evidencing any other indebtedness, in each case, with the same or different borrowers or issuers and, in each case, (i) entered into from time to time by Tenant and/or its Affiliates, (ii) as amended, supplemented, modified, extended, restructured, renewed, refinanced, restated, replaced or refunded in whole or in part from time to time, (iii) which may be secured by assets of Tenant and its Subsidiaries, including, but not limited to, their Cash, Accounts, Tenant's Property, real property and leasehold estates in real property (including this Master Lease), and (iv) which shall provide Landlord, in accordance with Section 17.3 hereof, the right to receive copies of notices of Specified Debt Agreement Defaults thereunder and opportunity to cure any breaches or defaults by Tenant thereunder within the cure period, if any, that exists under such Debt Agreement.

Development Agreement: Means that certain Master Development Agreement to be entered into as of the date hereof by and among Landlord and Penn Tenant.

Development Facilities: The Facilities which are identified in Exhibit A, as amended from time to time, as "Development Facilities."

Development Period Rent: If and to the extent payable under the Development Agreement, Development Period Rent shall be comprised of the following amounts:

(A) Commencing upon the Initial Funding Date in respect of the Columbus Project and expiring on the Additional Rent Commencement Date in respect of the Columbus Project, an amount equal to the Development Period Rent (as defined in the Development Agreement) for the Columbus Project, as such amount may be increased pursuant to the terms of the Development Agreement; *plus*

(B) Commencing upon the Initial Funding Date in respect of the M Resort Project and expiring on the Additional Rent Commencement Date in respect of the M Resort Project, an amount equal to the Development Period Rent for the M Resort Project as such amount may be increased pursuant to the terms of the Development Agreement; *plus*

(C) Commencing upon the Initial Funding Date, in respect of the Aurora Project and expiring on the Additional Rent Commencement Date in respect of the Aurora Project, an amount equal to the Development Period Rent for the Aurora Project as such amount may be increased pursuant to the terms of the Development Agreement.

Discretionary Transferee: A transferee that meets all of the following requirements: (a) such transferee has (1) at least five (5) years of experience (directly or through one or more of its Subsidiaries) operating or managing casinos with revenues in the immediately preceding fiscal year of at least seven hundred fifty million Dollars ($750,000,000) (or retains a manager with such qualifications, which manager shall not be replaced other than in accordance

with Article XXII hereof) that is not in the business, and that does not have an Affiliate in the business, of leasing properties to gaming operators, or (2) agreement(s) in place in a form reasonably satisfactory to Landlord to retain for a period of eighteen (18) months (or more) after the effective time of the transfer at least (i) eighty percent (80%) of Tenant and its Subsidiaries' personnel employed at the Facilities who have employment contracts as of the date of the relevant agreement to transfer and (ii) eighty percent (80%) of Tenant's and Tenant's Parent's ten most highly compensated corporate employees as of the date of the relevant agreement to transfer based on total compensation determined in accordance with Item 402 of Regulation S-K of the Securities and Exchange Act of 1934, as amended; (b) such transferee (directly or through one or more of its Subsidiaries) is licensed or certified by each gaming authority with jurisdiction over any portion of the Leased Property as of the date of any proposed assignment or transfer to such entity (or will be so licensed upon its assumption of the Master Lease); (c) such transferee is Solvent, and, other than in the case of a Permitted Leasehold Mortgagee Foreclosing Party, if such transferee has a Parent Company, the Parent Company of such transferee is Solvent, and (d) (i) other than in the case of a Permitted Leasehold Mortgagee Foreclosing Party, (x) the Parent Company of such transferee or, if such transferee does not have a Parent Company, such transferee, has sufficient assets so that, after giving effect to its assumption of Tenant's obligations hereunder or the applicable assignment (including pursuant to a Change in Control under Section 22.2(iii)(x) or Section 22.2(iii)(y)), its Indebtedness to EBITDA Ratio on a consolidated basis in accordance with GAAP is less than 8:1 on a pro forma basis based on projected earnings and after giving effect to the proposed transaction or (y) an entity that has an investment grade credit rating from a nationally recognized rating agency with respect to such entity's long term, unsecured debt has provided a Guaranty, or (ii) in the case of a Permitted Leasehold Mortgagee Foreclosing Party, (x) Tenant has an Indebtedness to EBITDA Ratio of less than 8:1 on a pro forma basis based on projected earnings and after giving effect to the proposed transaction or (y) an entity that has an investment grade credit rating from a nationally recognized rating agency with respect to such entity's long term, unsecured debt has provided a Guaranty.

Dollars and $: The lawful money of the United States.

EBITDA: For any Test Period, the consolidated net income or loss of the Parent Company of a Discretionary Transferee (or, in the case of (x) a Permitted Leasehold Mortgagee Foreclosing Party, such Permitted Leasehold Mortgagee Foreclosing Party or (y) a Discretionary Transferee that does not have a Parent Company, such Discretionary Transferee) on a consolidated basis for such period, determined in accordance with GAAP, adjusted by excluding (1) income tax expense, (2) consolidated interest expense (net of interest income), (3) depreciation and amortization expense, (4) any income, gains or losses attributable to the early extinguishment or conversion of indebtedness or cancellation of indebtedness, (5) gains or losses on discontinued operations and asset sales, disposals or abandonments, (6) impairment charges or asset write-offs including, without limitation, those related to goodwill or intangible assets, long-lived assets, and investments in debt and equity securities, in each case, in accordance with GAAP, (7) any non-cash items of expense (other than to the extent such non-cash items of expense require or result in an accrual or reserve for future cash expenses), (8) extraordinary gains or losses and (9) unusual or non-recurring gains or items of income or loss.

Effective Date Subleases: Means (i) each Specified Sublease, and (ii) each other sublease, license, or other occupancy agreement in effect on the Effective Date constituting part of the Leased Property with respect to which Tenant is a sublessor (or its equivalent) and for which (a) Landlord's consent was given or (b) such sublease did not require Landlord's consent under the Prior Leases.

Eligible iGaming Expenses: shall mean any expenses incurred directly for Onsite iGaming, and shall not include, (i) any expense that is associated with the development of the sports betting or iGaming applications and related products (including, if applicable and for the sake of clarity, the amortization of any capitalized expenses), (ii) any expense associated with the acquisition of Barstool or the initial licensing of sports betting or iGaming, (iii) start-up costs associated with the introduction of sports betting or iGaming, (iv) research and development-type of expenses, and (v) any other indirect expenses related to sports betting or iGaming.

Encumbrance: Any mortgage, deed of trust, lien, encumbrance or other matter affecting title to any of the Leased Property, or any portion thereof or interest therein.

End of Term Gaming Asset Transfer Notice: As defined in Section 36.1.

Environmental Costs: As defined in Section 32.1(d).

Environmental Laws: Any and all federal, state, municipal and local laws, statutes, ordinances, rules, regulations, guidances, policies, orders, decrees or judgments, whether statutory or common law, as amended from time to time, now or hereafter in effect, or promulgated, pertaining to the environment, public health and safety and industrial hygiene, including the use, generation, manufacture, production, storage, release, discharge, disposal, handling, treatment, removal, decontamination, cleanup, transportation or regulation of any Hazardous Substance, including the Industrial Site Recovery Act, the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Federal Insecticide, Fungicide, Rodenticide Act, the Safe Drinking Water Act and the Occupational Safety and Health Act.

Equity Interests: With respect to any person, any and all shares, interests, participations or other equivalents, including membership interests (however designated, whether voting or non-voting), of equity of such person, including, if such person is a partnership, partnership interests (whether general or limited) and any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distributions of assets of, such partnership.

Equity Rights: With respect to any person, any then outstanding subscriptions, options, warrants, commitments, preemptive rights or agreements of any kind (including any stockholders' or voting trust agreements) for the issuance, sale, registration or voting of any additional Equity Interests of any class, or partnership or other ownership interests of any type in, such person; provided, however, that a debt instrument convertible into or exchangeable or exercisable for any Equity Interests shall not be deemed an Equity Right.

Event of Default: As defined in Article XVI.

Exercise Date: As defined in Section 1.4.

Existing Aurora Facility: As defined in Recital B, which is comprised of the portion of the Leased Property comprised of the Land described on Exhibit B as the "Existing Aurora Facility".

Existing Joliet Facility: As defined in Recital B, which is comprised of the portion of the Leased Property comprised of the Land described on Exhibit B as the "Existing Joliet Facility".

Expert: An independent third party professional, with expertise in respect of a matter at issue, appointed by the agreement of Landlord and Tenant or otherwise in accordance with Article XXXIV hereof.

Facilit(y)(ies): As defined in Recital E.

Facility Mortgage: As defined in Section 13.1.

Facility Mortgage Documents: With respect to each Facility Mortgage and Facility Mortgagee, the applicable Facility Mortgage, loan agreement, debt agreement, credit agreement or indenture, lease, note, collateral assignment instruments, guarantees, indemnity agreements and other documents or instruments evidencing, securing or otherwise relating to the loan made, credit extended, or lease or other financing vehicle entered into pursuant thereto.

Facility Mortgage Reserve Account: As defined in Section 31.3(b).

Facility Mortgagee: As defined in Section 13.1.

Financial Statements: (i) For a Fiscal Year, consolidated statements of Tenant's Parent and its consolidated subsidiaries (as defined by GAAP) of income, stockholders' equity and comprehensive income and cash flows for such period and for the period from the beginning of the Fiscal Year to the end of such period and the related consolidated balance sheet as at the end of such period, together with the notes thereto, all in reasonable detail and setting forth in comparative form the corresponding figures for the corresponding period in the preceding Fiscal Year and prepared in accordance with GAAP and audited by a "big four" or other nationally recognized accounting firm, and (ii) for a fiscal quarter, consolidated statements of Tenant's Parent's income, stockholders' equity and comprehensive income and cash flows for such period and for the period from the beginning of the Fiscal Year to the end of such period and the related consolidated balance sheet as at the end of such period, together with the notes thereto, all in reasonable detail and setting forth in comparative form the corresponding figures for the corresponding period in the preceding Fiscal Year and prepared in accordance with GAAP.

Fiscal Year: The annual period commencing January 1 and terminating December 31 of each year.

Fixtures: As defined in Section 1.1(d).

Foreclosure Assignment: As defined in Section 22.2(iii).

Foreclosure COC: As defined in Section 22.2(iii).

Foreclosure Purchaser: As defined in Section 31.1.

GAAP: Generally accepted accounting principles consistently applied in the preparation of financial statements, as in effect from time to time (except with respect to any financial ratio defined or described herein or the components thereof, for which purposes GAAP shall refer to such principles as in effect as of the date hereof).

Gaming Assets FMV: As defined in Section 36.1.

Gaming Facility: A facility at which there are operations of slot machines, table games or pari-mutuel wagering.

Gaming License: Any license, permit, approval, finding of suitability or other authorization issued by a state regulatory agency to operate, carry on or conduct any gambling game, gaming device, slot machine, race book or sports pool on the Leased Property, or required by any Gaming Regulation, including each of the licenses, permits or other authorizations set forth on Exhibit C, as amended from time to time, and those related to any Facilities that are added to this Master Lease after the date hereof.

Gaming Regulation(s): Any and all laws, statutes, ordinances, rules, regulations, policies, orders, codes, decrees or judgments, and Gaming License conditions or restrictions, as amended from time to time, now or hereafter in effect or promulgated, pertaining to the operation, control, maintenance or Capital Improvement of a Gaming Facility or the conduct of a person or entity holding a Gaming License, including, without limitation, any requirements imposed by a regulatory agency, commission, board or other governmental body pursuant to the jurisdiction and authority granted to it under applicable law.

Gaming Revenues: As defined in the definition of Net Revenue.

GLP: Gaming and Leisure Properties, Inc.

Greenfield Project: As defined in Section 7.4(a).

Ground Leased Property: The real property leased pursuant to the Ground Leases.

Ground Leases: Those certain leases with respect to real property that is a portion of the Leased Property, pursuant to which Landlord is a tenant and which leases have either been approved by Tenant or are in existence as of the date hereof and listed on Schedule 1A hereto.

Ground Lessor: As defined in Section 8.4(a).

Guarantor: Any entity that guaranties the payment or collection of all or any portion of the amounts payable by Tenant, or the performance by Tenant of all or any of its obligations, under this Master Lease, including any replacement guarantor consented to by Landlord in connection with the assignment of the Master Lease or a sublease of Leased Property pursuant to Article XXII.

Guaranty: That certain Guaranty of Master Leases dated as of the date hereof, a form of which is attached as Exhibit D hereto, as the same may be amended, supplemented or

replaced from time to time, by and between Tenant's Parent, Landlord and certain direct or indirect Subsidiaries of Tenant's Parent, Perryville Tenant and Meadows Tenant from time to time party thereto, and any other guaranty in form and substance reasonably satisfactory to the Landlord executed by a Guarantor in favor of Landlord (as the same may be amended, supplemented or replaced from time to time) pursuant to which such Guarantor agrees to guaranty all of the obligations of Tenant hereunder.

Handling: As defined in Section 32.1(d).

Hazardous Substances: Collectively, any petroleum, petroleum product or by product or any substance, material or waste regulated or listed pursuant to any Environmental Law.

Immaterial Subsidiary Guarantor: Any Subsidiary of Tenant having assets with an aggregate fair market value of less than twenty-five million Dollars ($25,000,000) as of the most recent date on which Financial Statements have been delivered to Landlord pursuant to Section 23.1(b); provided, *however*, that in no event shall the aggregate fair market value of the assets of all Immaterial Subsidiary Guarantors exceed fifty million Dollars ($50,000,000) as of the most recent date on which Financial Statements have been delivered to Landlord pursuant to Section 23.1(b).

Impartial Appraiser: As defined in Section 13.2.

Impositions: Collectively, all taxes, including capital stock, franchise, margin and other state taxes of Landlord, ad valorem, real estate, sales, use, single business, gross receipts, transaction privilege, rent or similar taxes; assessments including assessments for public improvements or benefits, whether or not commenced or completed prior to the date hereof and whether or not to be completed within the Term; ground rents (pursuant to the Ground Leases); water, sewer and other utility levies and charges; excise tax levies; fees including license, permit, inspection, authorization and similar fees; and all other governmental charges, in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character in respect of the Leased Property and/or the Rent and Additional Charges and all interest and penalties thereon attributable to any failure in payment by Tenant (other than failures arising from the acts or omissions of Landlord) which at any time prior to, during or in respect of the Term hereof may be assessed or imposed on or in respect of or be a lien upon (i) Landlord or Landlord's interest in the Leased Property, (ii) the Leased Property or any part thereof or any rent therefrom or any estate, right, title or interest therein, or (iii) any occupancy, operation, use or possession of, or sales from or activity conducted on or in connection with the Leased Property or the leasing or use of the Leased Property or any part thereof; provided, however, that nothing contained in this Master Lease shall be construed to require Tenant to pay (a) any tax based on net income (whether denominated as a franchise or capital stock or other tax) imposed on Landlord or any other Person, (b) any transfer, or net revenue tax of Landlord or any other Person except Tenant and its successors, (c) any tax imposed with respect to the sale, exchange or other disposition by Landlord of any Leased Property or the proceeds thereof, or (d) any principal or interest on any indebtedness on or secured by the Leased Property owed to a Facility Mortgagee for which Landlord or its Subsidiaries or GLP is the obligor; provided, further,

Impositions shall include any tax, assessment, tax levy or charge set forth in clause (a) or (b) that is levied, assessed or imposed in lieu of, or as a substitute for, any Imposition.

Indebtedness: Of any Person, without duplication, (a) all indebtedness of such Person for borrowed money, whether or not evidenced by bonds, debentures, notes or similar instruments, (b) all obligations of such Person as lessee under capital leases which have been or should be recorded as liabilities on a balance sheet of such Person in accordance with GAAP, (c) all obligations of such Person to pay the deferred purchase price of property or services (excluding trade accounts payable in the ordinary course of business), (d) all indebtedness secured by a lien on the property of such Person, whether or not such indebtedness shall have been assumed by such Person, (e) all obligations, contingent or otherwise, with respect to the face amount of all letters of credit (whether or not drawn) and banker's acceptances issued for the account of such Person, (f) all obligations under any agreement with respect to any swap, forward, future or derivative transaction or option or similar arrangement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or combination of transactions, (g) all guarantees by such Person of any of the foregoing and (h) all indebtedness of the nature described in the foregoing clauses (a)-(g) of any partnership of which such Person is a general partner.

Indebtedness to EBITDA Ratio: As at any date of determination, the ratio of (a) Indebtedness of the applicable (x) Discretionary Transferee or Parent Company of the Discretionary Transferee or (y) in the case of a Permitted Leasehold Mortgagee Foreclosing Party, the Permitted Leasehold Mortgagee Foreclosing Party (such Discretionary Transferee, Parent Company or Permitted Leasehold Mortgagee Foreclosing Party, as applicable the "**Relevant Party**") on a consolidated basis, as of such date (excluding (i) Indebtedness of the type referenced in clauses (e) or (f) of the definition of Indebtedness or Indebtedness referred to in clauses (d) or (g) of the definition of Indebtedness to the extent relating to Indebtedness of the type referenced in clauses (e) or (f) of the definition of Indebtedness, to (b) EBITDA for the Test Period most recently ended prior to such date for which financial statements are available. For purposes of calculating the Indebtedness to EBITDA Ratio, EBITDA shall be calculated on a pro forma basis (and shall be calculated, except for pro forma adjustments reasonably contemplated by the potential transferee which may be included in such calculations, otherwise in accordance with Regulation S-X under the Securities Act) to give effect to any material acquisitions and material asset sales consummated by the Relevant Party and its Subsidiaries since the beginning of any Test Period of the Relevant Party as if each such material acquisition had been effected on the first day of such Test Period and as if each such material asset sale had been consummated on the day prior to the first day of such period. In addition, for the avoidance of doubt, (i) if the Relevant Party or any Subsidiary of the Relevant Party has incurred any Indebtedness or repaid, repurchased, acquired, defeased or otherwise discharged any Indebtedness since the end of the most recent Test Period for which financial statements are available, Indebtedness shall be calculated (for purposes of this definition) after giving effect on a pro forma basis to such incurrence, repayment, repurchase, acquisition, defeasance or discharge and the applications of any proceeds thereof as if it had occurred prior to the first day of such Test Period and (ii) the Indebtedness to EBITDA Ratio shall give pro forma effect to the transactions whereby the

applicable Discretionary Transferee becomes party to the Master Lease or the Change in Control transactions permitted under Sections 22.2(iii) and shall include the Indebtedness and EBITDA of Tenant and its Subsidiaries for the relevant period.

Initial Term: As defined in Section 1.3.

Initial Funding Date: As defined in the Development Agreement.

Insurance Requirements: The terms of any insurance policy required by this Master Lease and all requirements of the issuer of any such policy and of any insurance board, association, organization or company necessary for the maintenance of any such policy.

Investment Fund: A bona fide private equity fund or bona fide investment vehicle arranged by and managed by or controlled by, or under common control with, a private equity fund (excluding any private equity fund investment vehicle the primary assets of which are Tenant and its Subsidiaries and/or this Master Lease and assets related thereto) that is engaged in making, purchasing, funding or otherwise or investing in a diversified portfolio of businesses and companies and is organized primarily for the purpose of making equity investments in companies.

Joliet Improvement Transfer Date: Means the date that is the earlier to occur of (i) the date of the Joliet Final Funding (as defined in the Development Agreement) and (i) the date that is six (6) months following the Joliet Opening Date.

Joliet Opening Date: The Opening Date (as defined in the Development Agreement) for the Joliet Project.

Land: As defined in Section 1.1(a).

Landlord: As defined in the preamble.

Landlord Representatives: As defined in Section 23.4.

Landlord Tax Returns: As defined in Section 4.1(b).

Lease Year: The first Lease Year shall be the period commencing on the Commencement Date and ending on October 31, 2023, and each subsequent Lease Year for each Facility shall be each period of twelve (12) full calendar months after the last day of the prior Lease Year.

Leased Improvements: As defined in Section 1.1(b).

Leased Property: As defined in Section 1.1.

Leased Property Rent Adjustment Event: As defined in Section 14.6.

Leasehold Estate: As defined in Section 17.1(a).

Legal Requirements: All federal, state, county, municipal and other governmental statutes, laws, rules, policies, guidance, codes, orders, regulations, ordinances, permits, licenses, covenants, conditions, restrictions, judgments, decrees and injunctions (including common law,

Gaming Regulations and Environmental Laws) affecting either the Leased Property, Tenant's Property and all Capital Improvements or the construction, use or alteration thereof, whether now or hereafter enacted and in force, including any which may (i) require repairs, modifications or alterations in or to the Leased Property and Tenant's Property, (ii) in any way adversely affect the use and enjoyment thereof, or (iii) regulate the transport, handling, use, storage or disposal or require the cleanup or other treatment of any Hazardous Substance.

Liquor Authority: As defined in Section 41.13(a).

Liquor Laws: As defined in Section 41.13(a).

Long-Lived Assets: (i) With respect to property owned by Tenant's Parent as of the date hereof, all property capitalized in accordance with GAAP with an expected life of not less than fifteen (15) years as initially reflected on the books and records of Tenant's Parent at or about the time of acquisition thereof or (ii) with respect to those assets purchased, replaced or otherwise maintained by Tenant after the date hereof, such asset capitalized in accordance with GAAP with an expected life of not less than fifteen (15) years as of or about the time of the acquisition thereof, as classified by Tenant in accordance with GAAP.

M Resort Opening Date: The Opening Date (as defined in the Development Agreement) for M Resort.

Master Lease: As defined in the preamble.

Material Indebtedness: At any time, Indebtedness of any one or more of the Tenant (and its Subsidiaries) and any Guarantor in an aggregate principal amount exceeding ten percent (10%) of Adjusted Revenue of Tenant and the Guarantors that are Subsidiaries of Tenant on a consolidated basis over the most recent Test Period for which financial statements are available. As of the date hereof, until financial statements are available for the initial Test Period, such amount shall be One Hundred, Ninety Four Million Dollars ($194,000,000).

Maximum Foreseeable Loss: As defined in Section 13.2.

ML Developer Default: Means the occurrence of any Developer Default (as defined in the Development Agreement) under clauses (a), (b), (e), (f), (g), (h), or (i) of Section 7.1 of the Development Agreement that does not constitute a Project Developer Default.

M Resort Final Funding Notice: As defined in the Development Agreement.

Net Revenue: The sum of, without duplication, (i) the amount received by Tenant (and its Subsidiaries and its subtenants) from patrons at any Facility for gaming, less refunds and free promotional play provided to the customers and invitees of Tenant (and its Subsidiaries and subtenants) pursuant to a rewards, marketing, and/or frequent users program, and less amounts returned to patrons through winnings at any Facility (the amounts in this clause (i), "**Gaming Revenues**"); and (ii) the gross receipts of Tenant (and its Subsidiaries and subtenants) for all goods and merchandise sold, the charges for all services performed, or any other revenues generated by Tenant (and its Subsidiaries and subtenants) in, at, or from the Leased Property for cash, credit, or otherwise (without reserve or deduction for uncollected amounts), but excluding

any Gaming Revenues (the amounts in this clause (ii), "**Retail Sales**"); less (iii) the retail value of accommodations, food and beverage, and other services furnished without charge to guests of Tenant (and its Subsidiaries and subtenants) at any Facility (the amounts in this clause (iii), "**Promotional Allowance**"). For the avoidance of doubt, gaming taxes and casino operating expenses (such as salaries, income taxes, employment taxes, supplies, equipment, cost of goods and inventory, rent, office overhead, marketing and advertising and other general administrative costs) will not be deducted in arriving at Net Revenue. Net Revenue will be calculated on an accrual basis for these purposes, as required under GAAP. For the absence of doubt, if Gaming Revenues, Retail Sales or Promotional Allowances of a Subsidiary or subtenant, as applicable, are taken into account for purposes of calculating Net Revenue, any rent received by Tenant from such Subsidiary or subtenant, as applicable, pursuant to any sublease with such Subsidiary or subtenant, as applicable, shall not also be taken into account for purposes of calculating Net Revenues. Notwithstanding the foregoing, with respect to any Specified Sublease, Net Revenue shall not include Gaming Revenues or Retail Sales from the subtenants under such subleases and shall include the rent received by Tenant or its subsidiaries thereunder. Net Revenue shall not include online or internet-based revenue (including online gaming or internet-based sports-related gaming, "**iGaming**"), except to the extent that the online or internet-based revenue is derived from gaming, wagering or related activity that occurs while the patron is physically located at, in or on Leased Property ("**Onsite iGaming**"). For the avoidance of doubt, and with respect to Onsite iGaming, Net Revenue shall (i) not include any revenues that Tenant, Tenant's Parent or any of their Affiliates receives from market access agreements or "skin" agreements for iGaming between Tenant, Tenant's Parent or any of their Affiliates and any third party, and (ii) include all income, whether reported in net revenue or any other income statement line item of Tenant, Tenant's Parent or any of their Affiliates. Tenant shall be responsible for any incremental costs associated with tracking Onsite iGaming, including by way of geo-location related technology or otherwise (collectively, "**Online Tracking**"). Notwithstanding the foregoing, Tenant shall not be required to track Onsite Gaming until such time as Online Tracking is installed by Tenant at the Leased Property, which shall be as soon as reasonably practicable but no later than six months after the launch of Onsite iGaming. In addition, Net Revenue attributed to Onsite iGaming at each Leased Property shall not be less than $0 on an annual basis. The allocation of iGaming Promotional Allowances for purposes of determining Net Revenue shall be limited to the same percentage as Onsite iGaming revenue for such applicable Leased Property of total iGaming revenue; provided that iGaming Promotional Allowances shall not exceed fifteen percent (15%) of Onsite iGaming Net Revenue.

New Aurora Land: As defined in the Development Agreement.

New Joliet Land: As defined in the Development Agreement.

New Lease: As defined in Section 1.4.

Notice: A notice given in accordance with Article XXXV.

Notice of Termination: As defined in Section 17.1(f).

OFAC: As defined in Section 39.1.

Officer's Certificate: A certificate of Tenant or Landlord, as the case may be, signed by an officer of such party authorized to so sign by resolution of its board of directors or by its sole member or by the terms of its by-laws or operating agreement, as applicable.

Overdue Rate: On any date, a rate equal to five (5) percentage points above the Prime Rate, but in no event greater than the maximum rate then permitted under applicable law.

Parent Company: With respect to any Discretionary Transferee, any Person (other than an Investment Fund) (x) as to which such Discretionary Transferee is a Subsidiary; and (y) which is not a Subsidiary of any other Person (other than an Investment Fund).

Payment Date: Any due date for the payment of the installments of Rent or any other sums payable under this Master Lease.

Permitted Leasehold Mortgage: A document creating or evidencing an encumbrance on Tenant's leasehold interest (or a subtenant's sublease hold interest) in the Leased Property, granted to or for the benefit of a Permitted Leasehold Mortgagee as security for the obligations under a Debt Agreement.

Permitted Leasehold Mortgagee: The lender or agent or trustee or similar representative on behalf of one or more lenders or noteholders or other investors under a Debt Agreement, in each case as and to the extent such Person has the power to act on behalf of all lenders under such Debt Agreement pursuant to the terms thereof; provided such lender, agent or trustee or similar representative (but not necessarily the lenders, noteholders or other investors which it represents) is a banking institution in the business of generally acting as a lender, agent or trustee or similar representative (in each case, on behalf of a group of lenders) under debt agreements or instruments similar to the Debt Agreement.

Permitted Leasehold Mortgagee Designee: An entity designated by a Permitted Leasehold Mortgagee and acting for the benefit of the Permitted Leasehold Mortgagee, or the lenders, noteholders or investors represented by the Permitted Leasehold Mortgagee.

Permitted Leasehold Mortgagee Foreclosing Party: A Permitted Leasehold Mortgagee that forecloses on this Master Lease and assumes this Master Lease or a Subsidiary of a Permitted Leasehold Mortgagee that assumes this Master Lease in connection with a foreclosure on this Master Lease by a Permitted Leasehold Mortgagee.

Person or person: Any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity.

PLM Lease: As defined in Section 17.1(f).

Pre-Opening Expense: With respect to any fiscal period, the amount of expenses (including Consolidated Interest Expense) incurred with respect to capital projects which are appropriately classified as "pre-opening expenses" on the applicable financial statements of Tenant's Parent and its Subsidiaries for such period.

Primary Intended Use: Gaming and/or pari-mutuel use consistent, with respect to each Facility, with its current use (as specified on Exhibit A attached hereto as it may be amended from time to time), or with prevailing gaming industry use at any time (including all ancillary uses consistent with gaming industry practice such as hotels, restaurants, bars, etc.).

Prime Rate: On any date, a rate equal to the annual rate on such date publicly announced by JPMorgan Chase Bank, N.A. (provided that if JPMorgan Chase Bank, N.A. ceases to publish such rate, the Prime Rate shall be determined according to the Prime Rate of another nationally known money center bank reasonably selected by Landlord), to be its prime rate for ninety (90)-day unsecured loans to its corporate borrowers of the highest credit standing, but in no event greater than the maximum rate then permitted under applicable law.

Proceeding: As defined in Section 23.1(b)(v).

Prohibited Persons: As defined in Section 39.1.

Project Developer Default: As defined in the Development Agreement.

Promotional Allowance: As defined in the definition of Net Revenue.

Qualified Successor Tenant: As defined in Section 36.2.

Redevelopment Agreement: As defined in the Development Agreement.

Regulatory Approval Supporting Information: Information regarding Landlord (and, without limitation, its officers and Affiliates), Tenant (and, without limitation, its officers and Affiliates), or a Severance Lease Tenant (and, without limitation, its officers and Affiliates), as applicable, in each case, that is reasonably requested by Tenant from Landlord or by Landlord from Tenant, in each case, to the extent necessary to secure Required Governmental Approvals.

Renewal Notice: As defined in Section 1.4(a).

Renewal Term: A period for which the Term is renewed in accordance with Section 1.4.

Rent: Collectively, the Base Rent, the Development Period Rent, and the Additional Rent, as in effect from time to time.

Representative: With respect to the lenders or holders under a Debt Agreement, a Person designated as agent or trustee or a Person acting in a similar capacity or as representative for such lenders or holders.

Restricted Area: The geographical area that at any time during the Term is within (A) a *seven (7) mile* radius of any Facility covered under this Master Lease at such time and located in the State of Nevada, or (B) a *sixty (60)* mile radius of any Facility covered under this Master Lease at such time and located outside the State of Nevada.

Restricted Payment: Dividends (in cash, property or obligations) on, or other payments or distributions on account of, or the setting apart of money for a sinking or other analogous fund for, or the purchase, redemption, retirement, repurchase or other acquisition of,

any Equity Interests or Equity Rights (other than outstanding securities convertible into Equity Interests) of Tenant, but excluding dividends, payments or distributions paid through the issuance of additional shares of Equity Interests and any redemption, retirement or exchange of any Equity Interest through, or with the proceeds of, the issuance of Equity Interests of Tenant.

Retail Sales: As defined in the definition of Net Revenue.

SEC: The United States Securities and Exchange Commission.

Securities Act: The Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

Severance Facility: As defined in Section 22.7.

Severance Transfer Date: The date of the closing of the applicable Severance Transfer and the effective date of the Severance Lease.

Severance Lease: As defined in Section 22.7.

Severance Lease Rent: As of the Effective Date, initially, an amount equal to (a) in respect of the Meadows Facility, seven million eight hundred fifty eight thousand dollars ($7,858,000) and (b) in respect of the Perryville Facility, twenty-four million eight hundred fifty seven thousand dollars ($24,857,000), which amount shall escalate annually at the same time and in the same manner as described in Clause (A) of the definition of Base Rent. The Severance Lease Rent to be included in any Severance Lease shall be the Severance Lease included hereunder as such amount may have escalated between the Effective Date and the Severance Transfer Date.

Specified Developer Default: Means the occurrence of a Developer Default arising under Section 6 of the Development Agreement as a result of an unpermitted discontinuance of a Project (as defined under the Development Agreement).

Solvent: With respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person, on a going-concern basis, is greater than the total amount of liabilities (including contingent liabilities) of such Person, (b) the present fair salable value of the assets of such Person, on a going-concern basis, is not less than the amount that will be required to pay the probable liability of such Person on its debts (including contingent liabilities) as they become absolute and matured, (c) such Person has not incurred, and does not intend to, and does not believe that it will, incur, debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature, (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute an unreasonably small capital and (e) such Person is “solvent” within the meaning given that term and similar terms under applicable laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability shall be computed as the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Accounting Standards Codification No. 450).

Sister Master Lease: Means that certain Amended and Restated Master Lease dated as of the Effective Date by and between Landlord and Penn Tenant, as the same may be amended, modified, or amended and restated from time to time.

Specified Debt Agreement Default: Any event or occurrence under a Debt Agreement or Material Indebtedness that enables or permits the lenders or holders (or Representatives of such lenders or holders) to accelerate the maturity of the Indebtedness outstanding under a Debt Agreement or Material Indebtedness.

Specified Expenses: For any Test Period, (i) Rent incurred for the same Test Period, and (ii) the (1) income tax expense, (2) consolidated interest expense, (3) depreciation and amortization expense, (4) any nonrecurring, unusual, or extraordinary items of income, cost or expense, including but not limited to, (a) any gains or losses attributable to the early extinguishment or conversion of indebtedness, (b) gains or losses on discontinued operations and asset sales, disposals or abandonments, and (c) impairment charges or asset write-offs including, without limitation, those related to goodwill or intangible assets, long-lived assets, and investments in debt and equity securities, in each case, pursuant to GAAP, (5) any non-cash items of expense (other than to the extent such non-cash items of expense require an accrual or reserve for future cash expenses (provided that if such accrual or reserve is for contingent items, the outcome of which is subject to uncertainty, such non-cash items of expense may, at the election of the Tenant, be added to net income and deducted when and to the extent actually paid in cash)), (6) any Pre-Opening Expenses, (7) transaction costs for the spin-off of GLP, the entry into this Master Lease, the negotiation and consummation of the financing transactions in connection therewith and the other transactions contemplated in connection with the foregoing consummated on or before the date hereof, (8) non-cash valuation adjustments, (9) any expenses related to the repurchase of stock options, and (10) expenses related to the grant of stock options, restricted stock, or other equivalent or similar instruments; in the case of each of (1) through (10), of Tenant and the Subsidiaries of Tenant that are Guarantors on a consolidated basis for such period.

Specified Proceeds: For any Test Period, to the extent not otherwise included in Net Revenue, the amount of insurance proceeds received during such period by Tenant or the Guarantors in respect of any Casualty Event; provided, however, that for purposes of this definition, (i) with respect to any Facility subject to such Casualty Event which had been in operation for at least one complete fiscal quarter the amount of insurance proceeds plus the Net Revenue (excluding such insurance proceeds), if any, attributable to the Facility subject to such Casualty Event for such period shall not exceed an amount equal to the Net Revenue attributable to such Facility for the Test Period ended immediately prior to the date of such Casualty Event (calculated on a pro forma annualized basis to the extent such Facility was not operational for the full previous Test Period) and (ii) with respect to any Facility subject to such Casualty Event which had not been in operation for at least one complete fiscal quarter, the amount of insurance proceeds plus the Net Revenue attributable to such Facility for such period shall not exceed the Net Revenue reasonably projected by Tenant to be derived from such Facility for such period.

Specified Sublease: Those leases set forth on Schedule 1A with respect to which Tenant or its Affiliate is a sublessor as of (i) September 9, 2016 with respect to any part of the

Meadows Facility, (ii) July 1, 2021 with respect to any part of the Perryville Facility, or (iii) November 1, 2013 with respect to any part of the Transferred Facilities.

State: With respect to each Facility, the state or commonwealth in which such Facility is located.

Subsidiary: As to any Person, (i) any corporation more than fifty percent (50%) of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time of determination owned by such Person and/or one or more Subsidiaries of such Person, and (ii) any partnership, limited liability company, association, joint venture or other entity in which such person and/or one or more Subsidiaries of such person has more than a fifty percent (50%) equity interest at the time of determination. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Master Lease shall refer to a Subsidiary or Subsidiaries of Tenant.

Successor Tenant: As defined in Section 36.1.

Successor Tenant Rent: As defined in Section 36.2.

Taking: As defined in Section 15.1(a).

Tenant: As defined in the preamble.

Tenant Capital Improvement: A Capital Improvement funded by Tenant, as compared to Landlord.

Tenant COC: As defined in Section 22.2(iii).

Tenant Parent COC: As defined in Section 22.2(iii).

Tenant Representatives: As defined in Section 23.4.

Tenant's Parent: PENN Entertainment, Inc.

Tenant's Property: With respect to each Facility, all assets (other than the Leased Property and property owned by a third party) primarily related to or used in connection with the operation of the business conducted on or about the Leased Property, together with all replacements, modifications, additions, alterations and substitutes therefor.

Term: As defined in Section 1.3.

Termination Notice: As defined in Section 17.1(d).

Test Period: With respect to any Person, for any date of determination, the period of the four (4) most recently ended consecutive fiscal quarters of such Person.

Unavoidable Delay: Delays due to strikes, lock-outs, inability to procure materials, power failure, acts of God, governmental restrictions, enemy action, civil commotion, fire, unavoidable casualty or other causes beyond the reasonable control of the party responsible for performing an obligation hereunder; provided that lack of funds shall not be deemed a cause beyond the reasonable control of a party.

Unsuitable for Its Primary Intended Use: A state or condition of any Facility such that by reason of damage or destruction, or a partial taking by Condemnation, such Facility cannot, following restoration thereof (to the extent commercially practical), be operated on a commercially practicable basis for its Primary Intended Use, taking into account, among other relevant factors, the amount of square footage and the estimated revenue affected by such damage or destruction.

ARTICLE III

3.1 Rent. During the Term, Tenant will pay to Landlord the Rent and Additional Charges in lawful money of the United States of America and legal tender for the payment of public and private debts, in the manner provided in Section 3.3. The Base Rent during any Lease Year is payable in advance in consecutive monthly installments on the fifth (5th) Business Day of each calendar month during that Lease Year is payable in advance in consecutive monthly installments on the fifth (5th) Business Day of each calendar month during that Lease Year; provided that Tenant shall be entitled to set off against a Rent payment due hereunder any rent payments made by Tenant's Parent or one of its Subsidiaries to third-party lessors (and not previously set off) under leases (or subleases) existing on the Commencement Date, which leases (or subleases) are related to any Facility subject to this Master Lease or provide access or other similar rights to such Facility, if such lease (or sublease) has not been transferred to Landlord either (i) solely because the requisite consents to transfer have not been obtained or (ii) because the rent payable under such lease is satisfied through the payment of local development taxes, fees or other amounts paid by Tenant (provided that, in each case, Tenant shall certify to Landlord in writing on a periodic basis as reasonably requested by Landlord the applicable lease (or sublease) and third-party lessor and include reasonable detail regarding the amounts paid thereunder). Unless otherwise agreed by the parties, Rent and Additional Charges shall be prorated as to any partial months at the beginning and end of the Term. The parties will agree on an allocation of the Base Rent on a declining basis for federal income tax purposes within the 115/85 safe harbor of Section 467 of the Code, assuming a projected schedule of Base Rent for this purpose.

3.2 Late Payment of Rent. Tenant hereby acknowledges that late payment by Tenant to Landlord of Rent will cause Landlord to incur costs not contemplated hereunder, the exact amount of which is presently anticipated to be extremely difficult to ascertain. Accordingly, if any installment of Rent other than Additional Charges payable to a Person other

than Landlord shall not be paid within five (5) days after its due date, Tenant will pay Landlord on demand a late charge equal to the lesser of (a) five percent (5%) of the amount of such installment or (b) the maximum amount permitted by law. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of late payment by Tenant. The parties further agree that such late charge is Rent and not interest and such assessment does not constitute a lender or borrower/creditor relationship between Landlord and Tenant. Thereafter, if any installment of Rent other than Additional Charges payable to a Person other than Landlord shall not be paid within ten (10) days after its due date, the amount unpaid, including any late charges previously accrued, shall bear interest at the Overdue Rate from the due date of such installment to the date of payment thereof, and Tenant shall pay such interest to Landlord on demand. The payment of such late charge or such interest shall not constitute waiver of, nor excuse or cure, any default under this Master Lease, nor prevent Landlord from exercising any other rights and remedies available to Landlord.

3.3 Method of Payment of Rent. Rent and Additional Charges to be paid to Landlord shall be paid by electronic funds transfer debit transactions through wire transfer of immediately available funds and shall be initiated by Tenant for settlement on or before the Payment Date; provided, however, if the Payment Date is not a Business Day, then settlement shall be made on the next succeeding day which is a Business Day. Landlord shall provide Tenant with appropriate wire transfer information in a Notice from Landlord to Tenant. If Landlord directs Tenant to pay any Rent to any party other than Landlord, Tenant shall send to Landlord, simultaneously with such payment, a copy of the transmittal letter or invoice and a check whereby such payment is made or such other evidence of payment as Landlord may reasonably require.

3.4 Net Lease. Landlord and Tenant acknowledge and agree that (i) this Master Lease is and is intended to be what is commonly referred to as a “net, net, net” or “triple net” lease, and (ii) the Rent shall be paid absolutely net to Landlord, so that this Master Lease shall yield to Landlord the full amount or benefit of the installments of Rent and Additional Charges throughout the Term with respect to each Facility, all as more fully set forth in Article IV and subject to any other provisions of this Master Lease which expressly provide for adjustment or abatement of Rent or other charges. If Landlord commences any proceedings for non-payment of Rent, Tenant will not interpose any counterclaim or cross complaint or similar pleading of any nature or description in such proceedings unless Tenant would lose or waive such claim by the failure to assert it. This shall not, however, be construed as a waiver of Tenant’s right to assert such claims in a separate action brought by Tenant. The covenants to pay Rent and other amounts hereunder are independent covenants, and Tenant shall have no right to hold back, offset or fail to pay any such amounts for default by Landlord or for any other reason whatsoever, except as provided in Section 3.1.

ARTICLE IV

4.1 Impositions. (a) Subject to Article XII relating to permitted contests, Tenant shall pay, or cause to be paid, all Impositions before any fine, penalty, interest or cost

may be added for non-payment. Tenant shall make such payments directly to the taxing authorities where feasible, and promptly furnish to Landlord copies of official receipts or other satisfactory proof evidencing such payments. Tenant's obligation to pay Impositions shall be absolutely fixed upon the date such Impositions become a lien upon the Leased Property or any part thereof subject to Article XII. If any Imposition may, at the option of the taxpayer, lawfully be paid in installments, whether or not interest shall accrue on the unpaid balance of such Imposition, Tenant may pay the same, and any accrued interest on the unpaid balance of such Imposition, in installments as the same respectively become due and before any fine, penalty, premium, further interest or cost may be added thereto.

(b) Landlord or GLP shall prepare and file all tax returns and reports as may be required by Legal Requirements with respect to Landlord's net income, gross receipts, franchise taxes and taxes on its capital stock and any other returns required to be filed by or in the name of Landlord (the "**Landlord Tax Returns**"), and Tenant or Tenant's Parent shall prepare and file all other tax returns and reports as may be required by Legal Requirements with respect to or relating to the Leased Property (including all Capital Improvements), and Tenant's Property.

(c) Any refund due from any taxing authority in respect of any Imposition paid by or on behalf of Tenant shall be paid over to or retained by Tenant.

(d) Landlord and Tenant shall, upon request of the other, provide such data as is maintained by the party to whom the request is made with respect to the Leased Property as may be necessary to prepare any required returns and reports. If any property covered by this Master Lease is classified as personal property for tax purposes, Tenant shall file all personal property tax returns in such jurisdictions where it must legally so file. Landlord, to the extent it possesses the same, and Tenant, to the extent it possesses the same, shall provide the other party, upon request, with cost and depreciation records necessary for filing returns for any property so classified as personal property. Where Landlord is legally required to file personal property tax returns, Tenant shall be provided with copies of assessment notices indicating a value in excess of the reported value in sufficient time for Tenant to file a protest.

(e) Billings for reimbursement by Tenant to Landlord of personal property or real property taxes and any taxes due under the Landlord Tax Returns, if and to the extent Tenant is responsible for such taxes under the terms of this Section 4.1, shall be accompanied by copies of a bill therefor and payments thereof which identify the personal property or real property or other tax obligations of Landlord with respect to which such payments are made.

(f) Impositions imposed or assessed in respect of the tax-fiscal period during which the Term terminates shall be adjusted and prorated between Landlord and Tenant, whether or not such Imposition is imposed or assessed before or after such termination, and Tenant's obligation to pay its prorated share thereof in respect of a tax-fiscal period during the Term shall survive such termination. Landlord will not voluntarily enter into agreements that will result in additional Impositions without Tenant's consent, which shall not be unreasonably withheld (it

being understood that it shall not be reasonable to withhold consent to customary additional Impositions that other property owners of properties similar to the Leased Property customarily consent to in the ordinary course of business); provided Tenant is given reasonable opportunity to participate in the process leading to such agreement.

4.2 Utilities. Tenant shall pay or cause to be paid all charges for electricity, power, gas, oil, water and other utilities used in the Leased Property (including all Capital Improvements). Tenant shall also pay or reimburse Landlord for all costs and expenses of any kind whatsoever which at any time with respect to the Term hereof with respect to any Facility may be imposed against Landlord by reason of any of the covenants, conditions and/or restrictions affecting the Leased Property or any portion thereof, or with respect to easements, licenses or other rights over, across or with respect to any adjacent or other property which benefits the Leased Property or any Capital Improvement, including any and all costs and expenses associated with any utility, drainage and parking easements. Landlord will not enter into agreements that will encumber the Leased Property without Tenant's consent, which shall not be unreasonably withheld (it being understood that it shall not be reasonable to withhold consent to encumbrances that do not adversely affect the use or future development of the Facility as a Gaming Facility or increase Additional Charges payable under this Master Lease); provided Tenant is given reasonable opportunity to participate in the process leading to such agreement. Tenant will not enter into agreements that will encumber the Leased Property after the expiration of the Term without Landlord's consent, which shall not be unreasonably withheld (it being understood that it shall not be reasonable to withhold consent to encumbrances that do not adversely affect the value of the Leased Property or the Facility); provided Landlord is given reasonable opportunity to participate in the process leading to such agreement.

4.3 Impound Account. At Landlord's option following the occurrence and during the continuation of an Event of Default or a default by Tenant of Section 23.3(b) hereof (to be exercised by thirty (30) days' written notice to Tenant); and provided Tenant is not already being required to impound such payments in accordance with the requirements of Section 31.3(b) below, Tenant shall be required to deposit, at the time of any payment of Base Rent, an amount equal to one-twelfth of the sum of (i) Tenant's estimated annual real and personal property taxes required pursuant to Section 4.1 hereof (as reasonably determined by Landlord), and (ii) Tenant's estimated annual maintenance expenses and insurance premium costs pursuant to Articles IX and XIII hereof (as reasonably determined by Landlord). Such amounts shall be applied to the payment of the obligations in respect of which said amounts were deposited in such order of priority as Landlord shall reasonably determine, on or before the respective dates on which the same or any of them would become delinquent. The reasonable cost of administering such impound account shall be paid by Tenant. Nothing in this Section 4.3 shall be deemed to affect any right or remedy of Landlord hereunder.

ARTICLE V

5.1 No Termination, Abatement, etc. Except as otherwise specifically provided in this Master Lease, Tenant shall remain bound by this Master Lease in accordance with its terms and shall not seek or be entitled to any abatement, deduction, deferment or

reduction of Rent, or set-off against the Rent. Except as may be otherwise specifically provided in this Master Lease, the respective obligations of Landlord and Tenant shall not be affected by reason of (i) any damage to or destruction of the Leased Property or any portion thereof from whatever cause or any Condemnation of the Leased Property, any Capital Improvement or any portion thereof; (ii) other than as a result of Landlord's willful misconduct or gross negligence, the lawful or unlawful prohibition of, or restriction upon, Tenant's use of the Leased Property, any Capital Improvement or any portion thereof, the interference with such use by any Person or by reason of eviction by paramount title; (iii) any claim that Tenant has or might have against Landlord by reason of any default or breach of any warranty by Landlord hereunder or under any other agreement between Landlord and Tenant or to which Landlord and Tenant are parties; (iv) any bankruptcy, insolvency, reorganization, consolidation, readjustment, liquidation, dissolution, winding up or other proceedings affecting Landlord or any assignee or transferee of Landlord; or (v) for any other cause, whether similar or dissimilar to any of the foregoing, other than a discharge of Tenant from any such obligations as a matter of law. Tenant hereby specifically waives all rights arising from any occurrence whatsoever that may now or hereafter be conferred upon it by law (a) to modify, surrender or terminate this Master Lease or quit or surrender the Leased Property or any portion thereof, or (b) that may entitle Tenant to any abatement, reduction, suspension or deferment of the Rent or other sums payable by Tenant hereunder except in each case as may be otherwise specifically provided in this Master Lease. Notwithstanding the foregoing, nothing in this Article V shall preclude Tenant from bringing a separate action against Landlord for any matter described in the foregoing clauses (ii), (iii) or (v) and Tenant is not waiving other rights and remedies not expressly waived herein. The obligations of Landlord and Tenant hereunder shall be separate and independent covenants and agreements and the Rent and all other sums payable by Tenant hereunder shall continue to be payable in all events unless the obligations to pay the same shall be terminated pursuant to the express provisions of this Master Lease or by termination of this Master Lease as to all or any portion of the Leased Property other than by reason of an Event of Default. Tenant's agreement that, except as may be otherwise specifically provided in this Master Lease, any eviction by paramount title as described in item (ii) above shall not affect Tenant's obligations under this Master Lease, shall not in any way discharge or diminish any obligation of any insurer under any policy of title or other insurance and, to the extent the recovery thereof is not necessary to compensate Landlord for any damages incurred by any such eviction, Tenant shall be entitled to a credit for any sums recovered by Landlord under any such policy of title or other insurance up to the maximum amount paid by Tenant to Landlord under this Section 5.1, and Landlord, upon request by Tenant, shall assign Landlord's rights under such policies to Tenant; provided that such assignment does not adversely affect Landlord's rights under any such policy and provided further, that Tenant shall indemnify, defend, protect and save Landlord harmless from and against any liability, cost or expense of any kind that may be imposed upon Landlord in connection with any such assignment except to the extent such liability, cost or expense arises from the gross negligence or willful misconduct of Landlord.

ARTICLE VI

6.1 Ownership of the Leased Property. (a) Landlord and Tenant acknowledge and agree that they have executed and delivered this Master Lease with the

understanding that (i) the Leased Property is the property of Landlord, (ii) Tenant has only the right to the possession and use of the Leased Property upon the terms and conditions of this Master Lease, (iii) this Master Lease is a "true lease," is not a financing lease, capital lease, mortgage, equitable mortgage, deed of trust, trust agreement, security agreement or other financing or trust arrangement, and the economic realities of this Master Lease are those of a true lease, (iv) the business relationship created by this Master Lease and any related documents is and at all times shall remain that of landlord and tenant, (v) this Master Lease has been entered into by each party in reliance upon the mutual covenants, conditions and agreements contained herein, and (vi) none of the agreements contained herein is intended, nor shall the same be deemed or construed, to create a partnership between Landlord and Tenant, to make them joint venturers, to make Tenant an agent, legal representative, partner, subsidiary or employee of Landlord, or to make Landlord in any way responsible for the debts, obligations or losses of Tenant.

(b) Each of the parties hereto covenants and agrees, subject to Section 6.1(c), not to (i) file any income tax return or other associated documents; (ii) file any other document with or submit any document to any governmental body or authority; (iii) enter into any written contractual arrangement with any Person; or (iv) release any financial statements of Tenant, in each case that takes a position other than that this Master Lease is a "true lease" with Landlord as owner of the Leased Property and Tenant as the tenant of the Leased Property, including (x) treating Landlord as the owner of such Leased Property eligible to claim depreciation deductions under Sections 167 or 168 of the Code with respect to such Leased Property, (y) Tenant reporting its Rent payments as rent expense under Section 162 of the Code, and (z) Landlord reporting the Rent payments as rental income under Section 61 of the Code.

(c) If Tenant should reasonably conclude that GAAP or the SEC require treatment different from that set forth in Section 6.1(b) for applicable non-tax purposes, then (x) Tenant shall promptly give prior Notice to Landlord, accompanied by a written statement that references the applicable pronouncement that controls such treatment and contains a brief description and/or analysis that sets forth in reasonable detail the basis upon which Tenant reached such conclusion, and (y) notwithstanding Section 6.1(b), Tenant may comply with such requirements.

(d) The Rent is the fair market rent for the use of the Leased Property and was agreed to by Landlord and Tenant on that basis, and the execution and delivery of, and the performance by Tenant of its obligations under, this Master Lease does not constitute a transfer of all or any part of the Leased Property.

(e) Tenant waives any claim or defense based upon the characterization of this Master Lease as anything other than a true lease and as a master lease of all of the Leased Property. Tenant stipulates and agrees (1) not to challenge the validity, enforceability or characterization of the lease of the Leased Property as a true lease and/or as a single, unseverable instrument pertaining to the lease of all, but not less than all, of the Leased Property, and (2) not to assert or take or omit to take any action inconsistent with the agreements and understandings set forth in Section 3.4 or this Section 6.1.

6.2 Tenant's Property. Tenant shall, during the entire Term, own (or lease) and maintain (or cause its Subsidiaries to own (or lease) and maintain) on the Leased Property adequate and sufficient Tenant's Property, and shall maintain (or cause its Subsidiaries to maintain) all of such Tenant's Property in good order, condition and repair, in all cases as shall be necessary and appropriate in order to operate the Facilities for the Primary Intended Use in compliance with all applicable licensure and certification requirements and in compliance with all applicable Legal Requirements, Insurance Requirements and Gaming Regulations. If any of Tenant's Property requires replacement in order to comply with the foregoing, Tenant shall replace (or cause a Subsidiary to replace) it with similar property of the same or better quality at Tenant's (or such Subsidiary's) sole cost and expense. Subject to the foregoing, Tenant and its Subsidiaries may sell, transfer, convey or otherwise dispose of Tenant's Property (other than Gaming Licenses and subject to Section 6.3) in their discretion in the ordinary course of its business and Landlord shall have no rights to such Tenant's Property. Tenant shall, upon Landlord's request, from time to time but not more frequently than one time per Lease Year, provide Landlord with a list of the material Tenant's Property located at each of the Facilities. In the case of any such Tenant's Property that is leased (rather than owned) by Tenant (or its Subsidiaries), Tenant shall use commercially reasonable efforts to ensure that the lease agreements pursuant to which Tenant (or its Subsidiaries) leases such Tenant's Property are assignable to third parties in connection with any transfer by Tenant (or its Subsidiaries) to a replacement lessee or operator at the end of the Term. Tenant shall remove all of Tenant's Property from the Leased Property at the end of the Term, except to the extent Tenant has transferred ownership of such Tenant's Property to a Successor Tenant or Landlord. Any Tenant's Property left on the Leased Property at the end of the Term whose ownership was not transferred to a Successor Tenant shall be deemed abandoned by Tenant and shall become the property of Landlord.

6.3 Guarantors; Tenant's Property. Each of Tenant's Parent and each of Tenant's Subsidiaries set forth on Schedule 6.3 shall be a Guarantor under this Agreement and shall execute and deliver to the Landlord the Guaranty attached hereto as Exhibit E. In addition, if any material Gaming License or other license or other material asset necessary to operate any portion of the Leased Property is owned by a Subsidiary, Tenant shall within two (2) Business Days after the date such Subsidiary acquires such Gaming License, other license or other material asset, (a) notify the Landlord thereof and (b) cause such Subsidiary (if it is not already a Guarantor) to become a Guarantor by executing the Guaranty in form and substance reasonably satisfactory to Landlord.

ARTICLE VII

7.1 Condition of the Leased Property. Tenant acknowledges (i) that immediately prior to the Effective Date it was in possession, pursuant to the Prior Lease, of all of the Leased Property, (ii) that immediately prior to the date the New Joliet Land is added to this Master Lease, it was in possession of the New Joliet Land pursuant to the Joliet Development Lease (as defined in the Development Agreement), (iii) receipt and delivery of possession of the Leased Property, and (iv) confirms that Tenant has examined and otherwise has knowledge of the condition of the Leased Property prior to the execution and delivery of this Master Lease and has found the same (except as included in the disclosures on Schedule 1A) to be in good order

and repair and, to the best of Tenant's knowledge, free from Hazardous Substances not in compliance with Legal Requirements and satisfactory for its purposes hereunder. Regardless, however, of any examination or inspection made by Tenant and whether or not any patent or latent defect or condition was revealed or discovered thereby, Tenant is leasing the Leased Property "as is" in its present condition, and Tenant shall be solely responsible for the repair and maintenance of any condition of the Leased Property in existence on the Effective Date unless otherwise expressly set forth in this Master Lease. Tenant waives any claim or action against Landlord in respect of the condition of the Leased Property including any defects or adverse conditions not discovered or otherwise known by Tenant as of the Commencement Date. LANDLORD MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, IN RESPECT OF THE LEASED PROPERTY OR ANY PART THEREOF, EITHER AS TO ITS FITNESS FOR USE, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE OR OTHERWISE, OR AS TO THE NATURE OR QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, OR THE EXISTENCE OF ANY HAZARDOUS SUBSTANCE, IT BEING AGREED THAT ALL SUCH RISKS, LATENT OR PATENT, ARE TO BE BORNE SOLELY BY TENANT INCLUDING ALL RESPONSIBILITY AND LIABILITY FOR ANY ENVIRONMENTAL REMEDIATION AND COMPLIANCE WITH ALL ENVIRONMENTAL LAWS.

7.2 **Use of the Leased Property.** (a) Tenant shall use or cause to be used the Leased Property and the improvements thereon of each Facility for its Primary Intended Use. Tenant shall not use the Leased Property or any portion thereof or any Capital Improvement thereto for any other use without the prior written consent of Landlord, which consent Landlord may withhold in its sole discretion. Landlord acknowledges that operation of each Facility for its Primary Intended Use generally requires a Gaming License under applicable Gaming Regulations and that without such a license neither Landlord nor GLP may operate, control or participate in the conduct of the gaming and/or racing operations at the Facilities.

(b) Tenant shall not commit or suffer to be committed any waste on the Leased Property (including any Capital Improvement thereto) or cause or permit any nuisance thereon or to, except as required by law, take or suffer any action or condition that will diminish the ability of the Leased Property to be used as a Gaming Facility after the expiration or earlier termination of the Term.

(c) Tenant shall neither suffer nor permit the Leased Property or any portion thereof to be used in such a manner as (i) might reasonably tend to impair Landlord's title thereto or to any portion thereof or (ii) may make possible a claim of adverse use or possession, or an implied dedication of the Leased Property or any portion thereof.

(d) Except in instances of casualty or condemnation, Tenant shall continuously operate each of the Facilities for the Primary Intended Use. Tenant in its discretion shall be permitted to cease operations at a Facility or Facilities if such cessation would not reasonably be expected to have a material adverse effect on Tenant, the Facilities, or on the Leased Property, taken as a whole, provided that no Event of Default has occurred and is continuing immediately prior to or immediately after the date that operations are ceased or as a result of such cessation.

7.3 **Development Facilities – Aurora and Joliet** Landlord and Penn Tenant have entered into that certain Development Agreement pursuant to which Tenant shall construct, pursuant to and in accordance with the terms set forth in the Development Agreement, new

Gaming Facilities (i) upon the New Aurora Land (the "**Aurora Project**") and (ii) upon the New Joliet Land (the "**Joliet Project**"). Subject to and in compliance with, the Development Agreement, Landlord and Tenant hereby agree as follows:

(a) Aurora Project. Concurrently with Landlord's acquisition of any portion of the New Aurora Land (which may be acquired in one or multiple transactions), Landlord and Tenant agree that the Leased Property shall include such New Aurora Land and all New Aurora Improvements (as defined in the Development Agreement) existing or constructed as part of the Aurora Project on such New Aurora Land. Upon the inclusion of any New Aurora Land as part of the Lease Property, Tenant shall thereafter diligently construct and complete the New Aurora Improvements in accordance with the Development Agreement. Any failure to do so in a manner that constitutes a Developer Default under the Development Agreement shall be deemed a default under this Master Lease as a ML Developer Default; provided, however, if such Developer Default is either a Project Developer Default or a Specified Developer Default, then Landlord's remedies under this Master Lease shall be limited to those remedies set forth in Section 22.8 of this Master Lease. In addition to the foregoing, Landlord and Tenant hereby agree to enter into such additional amendments to this Master Lease as reasonably necessary to effectuate the transactions contemplated under the Redevelopment Agreement and the Development Agreement, including, but not limited to an additional amendment to this Master Lease removing the Existing Aurora Facility and the Hollywood Aurora Ground Leases specified on Schedule 1A from the description of the Leased Property either upon Landlord's conveyance thereof pursuant to the terms of the Redevelopment Agreement or upon Landlord's election delivered by written notice to Tenant (provided, however, the Landlord shall not have the right to require the removal of the Existing Aurora Facility prior to the occurrence of the Additional Rent Commencement Date in respect of the Aurora Project); provided, however, in no event shall the Rent payable hereunder be decreased as a result thereof. In addition, following the occurrence of the Additional Rent Commencement Date in respect of the Aurora Project, Tenant shall demolish the buildings and improvements, at its sole cost and expense, then located on the Existing Aurora Facility pursuant to, and in accordance with, the terms and conditions set forth in the Redevelopment Agreement; provided, however, Tenant may not commence any such demolition work without providing Landlord with not less than seven (7) days advance written notice prior to commencing any such demolition work.

(b) Joliet Project. On the Joliet Improvement Transfer Date, on the terms and conditions each more particularly set forth in the Development Agreement (i) Landlord and Tenant shall terminate the Joliet Development Lease, (ii) enter into an amendment to this Master Lease removing the Existing Joliet Facility from the description of the Leased Property and adding the New Joliet Improvements (as defined in the Development Agreement) and the New Joliet Land to the description of the Leased Property, which amendment shall address any outstanding Additional Joliet Rent, additional rent or other charged due and owing under the Joliet Development Lease such that there is not multiple counting of such amount under the Joliet Development Lease and this Master Lease, (iii) Guarantor and Landlord shall amend and restate the existing Guaranty to reflect the addition of the New Joliet Land and New Joliet Improvements to this Master Lease, and (iv) the New Joliet Improvements and New Joliet Land shall be deemed to be owned by Landlord. Landlord and Tenant hereby agree to enter into such additional amendments to this Master Lease as reasonably necessary to effectuate the transactions contemplated under the Development Agreement; provided, however, in no event shall the Rent payable hereunder be decreased as a result thereof.

7.4 Competing Business.

(a) Tenant's Obligations for Greenfields. Tenant agrees that during the Term, neither Tenant nor any of its Affiliates shall build or otherwise participate in the development of a new Gaming Facility (including a facility that has been shut down for a period of more than twelve (12) months) (a "**Greenfield Project**") within a Restricted Area of a Facility, unless Tenant shall first offer Landlord the opportunity to include the Greenfield Project as part of the Leased Property under this Master Lease on terms to be negotiated by the parties (which terms with respect to Landlord funding the development of any such Greenfield Project (if applicable) shall include the terms set forth in Section 10.3 hereof regarding Capital Improvements). Within thirty (30) days of Landlord's receipt of notice from Tenant providing the opportunity to fund and include as part of the Leased Property under this Master Lease a Greenfield Project on terms to be negotiated by the parties, Landlord shall notify Tenant as to whether it intends to participate in such Greenfield Project and, if Landlord indicates such intent, the parties shall negotiate in good faith the terms and conditions upon which this would be effected, including the terms of any amendment to this Master Lease and any development, funding or purchase agreement, which Landlord might require. Should Landlord notify Tenant that it does not intend to pursue such Greenfield Project (or should Landlord decline to notify Tenant of its affirmative response within such thirty (30) day period), or if the parties despite good faith efforts on both sides fail to reach an agreement on the terms under which such opportunity would be jointly pursued under this Master Lease and such new Greenfield Project would become a part of the Leased Property hereunder, in any event, within forty-five (45) days after Landlord's notice to Tenant of Landlord's intent to participate in such Greenfield Project, then Tenant shall have no further obligation to Landlord with respect to, and may pursue such Greenfield Project on such terms as Tenant or its applicable Affiliates may elect. Notwithstanding anything to the contrary in this Section 7.4(a), Tenant and its Affiliates shall not be restricted under this Section 7.4(a) from (i) expanding any Facility under this Master Lease (subject to Tenant's compliance with the terms of the Development Agreement and Section 10.3 and the other provisions of Article X herein) and (ii) subject to Tenant (or its Affiliate) complying with the terms of the Sister Master Lease to the extent applicable, acquiring or operating any Competing Facility that is already in existence at any time in question.

(b) Landlord's Obligations for Greenfields. Landlord agrees that during the Term, neither Landlord nor any of its Affiliates shall, without the prior written consent of the Tenant (which consent may be withheld in Tenant's sole discretion), build or otherwise participate in the development of a Greenfield Project within the Restricted Area unless Landlord shall first offer Tenant the opportunity to include the Greenfield Project as part of the Leased Property under this Master Lease on terms to be negotiated by the parties pursuant to Section 7.4(a) above. Notwithstanding anything to the contrary in this Section 7.4(b), (i) Landlord and its Affiliates shall not be restricted under this Section 7.4(b) from acquiring, financing or providing refinancing for any facility that is in operation or has been in operation at any time during the twelve month period prior to the time in question, and (ii) subject to the provisions of Section 7.4(d) hereof, Landlord and its Affiliates shall not be restricted under this Section 7.4(b) from expanding any Competing Facility existing at the time in question.

(c) Tenant's Rights Regarding Facility Expansions. Tenant shall be permitted to construct Capital Improvements in accordance with the terms of Article X hereof.

(d) Landlord's Rights Regarding Facility Expansions. Landlord shall be permitted to finance expansions of any Competing Facility within the Restricted Area that is already in existence at any time in question.

(e) Reserved.

(f) Landlord's Rights to Acquire or Finance Existing Facilities. Landlord shall not be restricted under this Section 7.4 from acquiring or providing any kind of financing or refinancing to any Competing Facility within the Restricted Area that is already existing at any time in question.

(g) No Restrictions Outside of Restricted Area. Each of Landlord and Tenant shall not be restricted from participating in opportunities, including, without limitation, developing, building, purchasing or operating Gaming Facilities, outside the Restricted Area at any time.

ARTICLE VIII

8.1 Representations and Warranties. Each party represents and warrants to the other that: (i) this Master Lease and all other documents executed or to be executed by it in connection herewith have been duly authorized and shall be binding upon it; (ii) it is duly organized, validly existing and in good standing under the laws of the state of its formation and is duly authorized and qualified to perform this Master Lease within the State(s) where any portion of the Leased Property is located; and (iii) neither this Master Lease nor any other document executed or to be executed in connection herewith violates the terms of any other agreement of such party.

8.2 Compliance with Legal and Insurance Requirements, etc. Subject to Article XII regarding permitted contests, Tenant, at its expense, shall promptly (a) comply in all material respects with all Legal Requirements and Insurance Requirements regarding the use, operation, maintenance, repair and restoration of the Leased Property (including all Capital Improvements thereto) and Tenant's Property whether or not compliance therewith may require structural changes in any of the Leased Improvements or interfere with the use and enjoyment of the Leased Property, and (b) procure, maintain and comply in all material respects with all Gaming Regulations and Gaming Licenses, and other authorizations required for the use of the Leased Property (including all Capital Improvements) and Tenant's Property for the applicable Primary Intended Use and any other use of the Leased Property (including Capital Improvements then being made) and Tenant's Property, and for the proper erection, installation, operation and maintenance of the Leased Property and Tenant's Property. In an emergency or in the event of a breach by Tenant of its obligations under this Section 8.2 which is not cured within any applicable cure period, Landlord may, but shall not be obligated to, enter upon the Leased Property and take such reasonable actions and incur such reasonable costs and expenses to effect such compliance as it deems advisable to protect its interest in the Leased Property, and Tenant shall reimburse Landlord for all such reasonable costs and expenses incurred by Landlord in connection with such actions. Tenant covenants and agrees that the Leased Property and Tenant's Property shall not be used for any unlawful purpose. In the event that a regulatory agency, commission, board or other governmental body notifies Tenant that it is in jeopardy of

losing a Gaming License material to the continued operation of a Facility, and, assuming no Event of Default has occurred and is continuing, Tenant shall be given reasonable time to address the regulatory issue, after which period (but in all events prior to an actual revocation of such Gaming License) Tenant shall be required to sell the Gaming License and Tenant's Property related to such Facility to a successor operator of such Facility determined by Landlord choosing one and Tenant choosing three (for a total of four) potential operators and Landlord indicating the reasonable, market terms under which it would agree to lease such Facility to such potential operators, which in Landlord's reasonable discretion may contain reasonable variations in terms to the extent required to account for credit quality differences among the potential operators (e.g., Landlord may require different letter of credit terms and amounts, but may not set different rent terms). Tenant will then be entitled to auction off Tenant's Property relating to such Facility and Landlord will thereafter be entitled to lease the Facility to the potential successor that is the successful bidder. In the event of a new lease from Landlord to the successor, the Leased Property relating to such Facility shall be severed from the Leased Property hereunder and thereafter Rent shall be reduced based on the formula set forth in Section 14.6 hereof. Landlord shall comply with any Gaming Regulations or other regulatory requirements required of it as owner of the Facilities taking into account its Primary Intended Use (except to the extent Tenant fulfills or is required to fulfill any such requirements hereunder). In the event that a regulatory agency, commission, board or other governmental body notifies Landlord that it is in jeopardy of failing to comply with any such Gaming Regulation or other regulatory requirements material to the continued operation of a Facility for its Primary Intended Use, Landlord shall be given reasonable time to address the regulatory issue, after which period (but in all events prior to an actual cessation of the use of the Facility for its Primary Intended Use as a result of the failure by Landlord to comply with such regulatory requirements) Landlord shall be required to sell the Leased Property relating to such Facility to the highest bidder (and Tenant shall be entitled to be one of the bidders) who would agree to lease such Facility to Tenant on terms substantially the same as the terms hereof (including rent calculated in the manner provided pursuant to Section 14.6 hereof, an identical amount of which, after the effective time of such sale, shall be credited against Rent hereunder); provided that if Tenant is the bidder it shall not be required to agree to lease the Facility, but if it is the winning bidder shall be entitled to a credit against the Rent hereunder calculated in the manner provided pursuant to Section 14.6. In the event during the period in which Landlord conducts such auction such regulatory agency notifies Landlord and Tenant that Tenant may not pay any portion of the Rent to Landlord, Tenant shall be entitled to fund such amount into an escrow account, to be released to Landlord or the party legally entitled thereto at or upon resolution of such regulatory issues and otherwise on terms reasonably satisfactory to the parties. Notwithstanding anything in the foregoing to the contrary, no transfer of Tenant's Property used in the conduct of gaming (including the purported or attempted transfer of a Gaming License) or the operation of a Gaming Facility for its Primary Intended Use shall be affected or permitted without receipt of all necessary approvals and/or Gaming Licenses in accordance with applicable Gaming Regulations.

8.3 Zoning and Uses. Without the prior written consent of Landlord, which shall not be unreasonably withheld unless the action for which consent is sought could adversely affect the Primary Intended Use of a Facility (in which event Landlord may withhold its consent in its sole and absolute discretion), Tenant shall not (i) initiate or support any limiting change in

the permitted uses of the Leased Property (or to the extent applicable, limiting zoning reclassification of the Leased Property); (ii) seek any variance under existing land use restrictions, laws, rules or regulations (or, to the extent applicable, zoning ordinances) applicable to the Leased Property or use or permit the use of the Leased Property; (iii) impose or permit or suffer the imposition of any restrictive covenants, easements or encumbrances (other than Permitted Leasehold Mortgages) upon the Leased Property in any manner that adversely affects in any material respect the value or utility of the Leased Property; (iv) execute or file any subdivision plat affecting the Leased Property, or institute, or permit the institution of, proceedings to alter any tax lot comprising the Leased Property; or (v) permit or suffer the Leased Property to be used by the public or any Person in such manner as might make possible a claim of adverse usage or possession or of any implied dedication or easement (provided that the proscription in this clause (v) is not intended to and shall not restrict Tenant in any way from complying with any obligation it may have under applicable Legal Requirements, including, without limitation, Gaming Regulations, to afford to the public access to the Leased Property).

8.4 Compliance with Ground Lease.

(a) This Master Lease, to the extent affecting and solely with respect to the Ground Leased Property, is and shall be subject and subordinate to all of the terms and conditions of the Ground Lease. Tenant hereby acknowledges that Tenant has reviewed and agreed to all of the terms and conditions of the Ground Lease. Tenant hereby agrees that Tenant shall not do, or fail to do, anything that would cause any violation of the Ground Lease. Without limiting the foregoing, (i) to the extent Landlord is required to obtain the written consent of the lessor under the Ground Lease (the "**Ground Lessor**") to alterations of or the subleasing of all or any portion of the Ground Leased Property pursuant to the Ground Lease, Tenant shall likewise obtain Ground Lessor's written consent to alterations of or the subleasing of all or any portion of the Ground Leased Property, and (ii) Tenant shall carry and maintain general liability, automobile liability, property and casualty, worker's compensation and employer's liability insurance in amounts and with policy provisions, coverages and certificates as required of Landlord as tenant under the Ground Lease.

(b) In the event of cancellation or termination of the Ground Lease for any reason whatsoever whether voluntary or involuntary (by operation of law or otherwise) prior to the expiration date of this Master Lease, including extensions and renewals granted thereunder, then, at Ground Lessor's option, Tenant shall make full and complete attornment to Ground Lessor with respect to the obligations of Landlord to Ground Lessor in connection with the Ground Leased Property for the balance of the term of the Lease (notwithstanding that this Master Lease shall have expired with respect to the Ground Leased Property as a result of the cancellation or termination of the Ground Lease). Tenant's attornment shall be evidenced by a written agreement which shall provide that the Tenant is in direct privity of contract with Ground Lessor (i.e., that all obligations previously owed to Landlord under this Master Lease with respect to the Ground Lease or the Ground Leased Property shall be obligations owed to Ground Lessor for the balance of the term of this Master Lease, notwithstanding that this Master Lease shall have expired with respect to the Ground Leased Property as a result of the cancellation or termination of the Ground Lease) and which shall otherwise be in form and substance reasonably satisfactory to Ground Lessor. Tenant shall execute and deliver such written attornment within

thirty (30) days after request by Ground Lessor. Unless and until such time as an attornment agreement is executed by Tenant pursuant to this Section 8.4(b), nothing contained in this Master Lease shall create, or be construed as creating, any privity of contract or privity of estate between Ground Lessor and Tenant.

(c) Nothing contained in this Master Lease amends, or shall be construed to amend, any provision of the Ground Lease.

ARTICLE IX

9.1 Maintenance and Repair. (a) Tenant, at its expense and without the prior consent of Landlord, shall maintain the Leased Property and Tenant's Property, and every portion thereof, and all private roadways, sidewalks and curbs appurtenant to the Leased Property, and which are under Tenant's control in good order and repair whether or not the need for such repairs occurs as a result of Tenant's use, any prior use, the elements or the age of the Leased Property and Tenant's Property, and, with reasonable promptness, make all reasonably necessary and appropriate repairs thereto of every kind and nature, including those necessary to ensure continuing compliance with all Legal Requirements, whether interior or exterior, structural or non-structural, ordinary or extraordinary, foreseen or unforeseen or arising by reason of a condition existing prior to the Commencement Date. All repairs shall be at least equivalent in quality to the original work. Tenant will not take or omit to take any action the taking or omission of which would reasonably be expected to materially impair the value or the usefulness of the Leased Property or any part thereof or any Capital Improvement thereto for its Primary Intended Use.

(b) Landlord shall not under any circumstances be required to (i) build or rebuild any improvements on the Leased Property; (ii) make any repairs, replacements, alterations, restorations or renewals of any nature to the Leased Property, whether ordinary or extraordinary, structural or non-structural, foreseen or unforeseen, or to make any expenditure whatsoever with respect thereto; or (iii) maintain the Leased Property in any way. Tenant hereby waives, to the extent permitted by law, the right to make repairs at the expense of Landlord pursuant to any law in effect at the time of the execution of this Master Lease or hereafter enacted.

(c) Nothing contained in this Master Lease and no action or inaction by Landlord shall be construed as (i) constituting the consent or request of Landlord, expressed or implied, to any contractor, subcontractor, laborer, materialman or vendor to or for the performance of any labor or services or the furnishing of any materials or other property for the construction, alteration, addition, repair or demolition of or to the Leased Property or any part thereof or any Capital Improvement thereto; or (ii) giving Tenant any right, power or permission to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against Landlord in respect thereof or to make any agreement that may create, or in any way be the basis for, any right, title, interest, lien, claim or other encumbrance upon the estate of Landlord in the Leased Property, or any portion thereof or upon the estate of Landlord in any Capital Improvement thereto.

(d) Tenant shall, upon the expiration or earlier termination of the Term, vacate and surrender the Leased Property (including all Capital Improvements, subject to the provisions of Article X), in each case with respect to such Facility, to Landlord in the condition in which such Leased Property was originally received from Landlord and Capital Improvements were originally introduced to such Facility, except as repaired, rebuilt, restored, altered or added to as permitted or required by the provisions of this Master Lease and except for ordinary wear and tear.

(e) Without limiting Tenant's obligations to maintain the Leased Property and Tenant's Property under this Master Lease, within thirty (30) days after the end of each calendar year, Tenant shall provide Landlord with evidence satisfactory to Landlord in the reasonable exercise of Landlord's discretion that Tenant has in such calendar year spent, with respect to the Leased Property and Tenant's Property, an aggregate amount equal to at least one percent (1%) of its actual Net Revenue from the Facilities for such calendar year on installation or restoration and repair or other improvement of items, which installations, restorations and repairs and other improvements are capitalized in accordance with GAAP with an expected life of not less than three (3) years. If Tenant fails to make at least the above number of expenditures and fails within sixty (60) days after receipt of a written demand from Landlord to either (i) cure such deficiency or (ii) obtain Landlord's written approval, in its reasonable discretion, of a repair and maintenance program satisfactory to cure such deficiency, then the same shall be deemed an Event of Default hereunder.

9.2 Encroachments, Restrictions, Mineral Leases, etc. If any of the Leased Improvements shall, at any time, encroach upon any property, street or right-of-way, or shall violate any restrictive covenant or other agreement affecting the Leased Property, or any part thereof or any Capital Improvement thereto, or shall impair the rights of others under any easement or right-of-way to which the Leased Property is subject, or the use of the Leased Property or any Capital Improvement thereto is impaired, limited or interfered with by reason of the exercise of the right of surface entry or any other provision of a lease or reservation of any oil, gas, water or other minerals, then promptly upon the request of Landlord or any Person affected by any such encroachment, violation or impairment, each of Tenant and Landlord, subject to their right to contest the existence of any such encroachment, violation or impairment, shall protect, indemnify, save harmless and defend the other party hereto from and against fifty percent (50%) of all losses, liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including reasonable attorneys', consultants' and experts' fees and expenses) (collectively, "Claims") based on or arising by reason of any such encroachment, violation or impairment; provided, however, Landlord shall have no obligation to protect, indemnify, save harmless or defend Tenant from or against any Claims with respect to any encroachment, violation or impairment that resulted from the acts or omissions of Tenant or its employees, agents and contractors which occurred prior to or after the Effective Date (any such encroachment, violation or impairment being a "**Tenant Encroachment**"). In the event of an adverse final determination with respect to any such encroachment, violation or impairment, either (a) each of Tenant and Landlord shall be entitled to obtain valid and effective waivers or settlements of all Claims resulting from each such encroachment, violation or impairment, whether the same shall affect Landlord or Tenant or (b) Tenant at the shared cost and expense of

Tenant and Landlord on a 50-50 basis (other than with respect to any Tenant Encroachment, which shall be at Tenant's sole cost and expense) shall make such changes in the Leased Improvements, and take such other actions, as Tenant in the good faith exercise of its judgment deems reasonably practicable, to remove such encroachment or to end such violation or impairment, including, if necessary, the alteration of any of the Leased Improvements, and in any event take all such actions as may be necessary in order to be able to continue the operation of the Leased Improvements for the Primary Intended Use substantially in the manner and to the extent the Leased Improvements were operated prior to the assertion of such encroachment, violation or impairment. Tenant's (and Landlord's) obligations under this Section 9.2 shall be in addition to and shall in no way discharge or diminish any obligation of any insurer under any policy of title or other insurance and, to the extent the recovery thereof is not necessary to compensate Landlord and Tenant for any damages incurred by any such encroachment, violation or impairment (other than any Tenant Encroachment), Tenant shall be entitled to fifty percent (50%) of any sums recovered by Landlord under any such policy of title or other insurance up to the maximum amount paid by Tenant under this Section 9.2 and Landlord, upon request by Tenant, shall assign Landlord's rights under such policies to Tenant; provided such assignment does not adversely affect Landlord's rights under any such policy. Landlord agrees to use reasonable efforts to seek recovery under any policy of title or other insurance under which Landlord is an insured party for all Claims based on or arising by reason of any such encroachment, violation or impairment (other than a Tenant Encroachment) as set forth in this Section 9.2; provided, however, that in no event shall Landlord be obligated to institute any litigation, arbitration or other legal proceedings in connection therewith unless Landlord is reasonably satisfied that Tenant has the financial resources needed to fund such litigation and Tenant and Landlord have agreed upon the terms and conditions on which such funding will be made available by Tenant, including, but not limited to, the mutual approval of a litigation budget.

ARTICLE X

10.1 Construction of Capital Improvements to the Leased Property. Tenant shall, with respect to any Facility, have the right to make a Capital Improvement, including, without limitation, any Capital Improvement required by Section 8.2 or 9.1(a), without the consent of Landlord if the Capital Improvement (i) is of equal or better quality than the existing Leased Improvements it is improving, altering or modifying, (ii) does not consist of adding new structures or enlarging existing structures, and (iii) does not have an adverse effect on the structure of any existing Leased Improvements. Tenant shall provide Landlord copies of the plans and specifications in respect of all Capital Improvements, which plans and specifications shall be prepared in a high-grade professional manner and shall adequately demonstrate compliance with clauses (i)-(iii) of the preceding sentence with respect to projects that do not require Landlord's written consent and shall be in such form as Landlord may reasonably require for any other projects. All other Capital Improvements shall be subject to Landlord's review and approval, which approval shall not be unreasonably withheld. For any Capital Improvement which does not require the approval of Landlord, Tenant shall, prior to commencing construction of such Capital Improvement, provide to Landlord a written description of such Capital Improvement and on an ongoing basis supply Landlord with related documentation and information as Landlord may reasonably request (including plans and specifications of any such Capital Improvements). If Tenant desires to make a Capital Improvement for which Landlord's

approval is required, Tenant shall submit to Landlord in reasonable detail a general description of the proposal, the projected cost of construction and such plans and specifications, permits, licenses, contracts and other information concerning the proposal as Landlord may reasonably request. Such description shall indicate the use or uses to which such Capital Improvement will be put and the impact, if any, on current and forecasted gross revenues and operating income attributable thereto. It shall be reasonable for Landlord to condition its approval of any Capital Improvement upon any or all of the following terms and conditions:

(a) Such construction shall be effected pursuant to detailed plans and specifications approved by Landlord, which approval shall not be unreasonably withheld;

(b) Such construction shall be conducted under the supervision of a licensed architect or engineer selected by Tenant and approved by Landlord, which approval shall not be unreasonably withheld;

(c) Landlord's receipt, from the general contractor and, if reasonably requested by Landlord, a major subcontractor(s) of a performance and payment bond for the full value of such construction, which such bond shall name Landlord as an additional obligee and otherwise be in form and substance and issued by a Person reasonably satisfactory to Landlord;

(d) In the case of a Tenant Capital Improvement, such construction shall not be undertaken unless Tenant demonstrates to the reasonable satisfaction of Landlord the financial ability to complete the construction without adversely affecting its cash flow position or financial viability; and

(e) No Capital Improvement will result in the Leased Property becoming a "limited use" property for purposes of United States federal income taxes.

10.2 Construction Requirements for All Capital Improvements. Whether or not Landlord's review and approval is required, for all Capital Improvements:

(a) Such construction shall not be commenced until Tenant shall have procured and paid for all municipal and other governmental permits and authorizations required to be obtained prior to such commencement, including those permits and authorizations required pursuant to any Gaming Regulations, and Landlord shall join in the application for such permits or authorizations whenever such action is necessary; provided, however, that (i) any such joinder shall be at no cost or expense to Landlord; and (ii) any plans required to be filed in connection with any such application which require the approval of Landlord as hereinabove provided shall have been so approved by Landlord;

(b) Such construction shall not, and, if such Capital Improvement is of a type that would reasonably be expected to require the services of an architect or engineer in connection with customary construction practices for projects of a similar size, scope and complexity, Tenant's licensed architect or engineer shall certify to Landlord that such architect or engineer believes that such construction shall not, impair the structural strength of any component of the applicable Facility or overburden the electrical, water, plumbing, HVAC or other building systems of any such component in a manner that would violate applicable building codes or prudent industry practices;

(c) If such Capital Improvement is of a type that would reasonably be expected to require the services of an architect or engineer in connection with customary

construction practices for projects of a similar size, scope and complexity, Tenant's licensed architect or engineer shall certify to Landlord that such architect or engineer believes that the detailed plans and specifications conform to, and comply with, in all material respects all applicable building, subdivision and zoning codes, laws, ordinances and regulations imposed by all governmental authorities having jurisdiction over the Leased Property of the applicable Facility;

(d) During and following completion of such construction, the parking and other amenities which are located in the applicable Facility or on the Land of such Facility shall remain adequate for the operation of such Facility for its Primary Intended Use and in no event shall such parking be less than that which is required by law (including any variances with respect thereto); provided, however, with Landlord's prior consent and at no additional expense to Landlord, (i) to the extent additional parking is not already a part of a Capital Improvement, Tenant may construct additional parking on the Land; or (ii) Tenant may acquire off-site parking to serve such Facility as long as such parking shall be reasonably proximate to, and dedicated to, or otherwise made available to serve, such Facility;

(e) All work done in connection with such construction shall be done promptly and using materials and resulting in work that is at least as good product and condition as the remaining areas of the applicable Facility and in conformity with all Legal Requirements, including, without limitation, any applicable minority or women owned business requirements; and

(f) Promptly following the completion of such construction, Tenant shall deliver to Landlord "as built" drawings of such addition, certified as accurate by the licensed architect or engineer selected by Tenant to supervise such work unless such Capital Improvements have not resulted in any changes to the previously delivered "as built" drawings, and copies of any new or revised certificates of occupancy.

10.3 Landlord's Right of First Offer to Fund. Tenant shall request that Landlord fund or finance the construction and acquisition of any Capital Improvement that includes Long-Lived Assets (along with reasonably related fees and expenses, such as title fees, costs of permits, legal fees and other similar transaction related costs) if the cost of such Capital Improvements constituting Long-Lived Assets is expected to be in excess of Two million Dollars ($2,000,000) (subject to the CPI Increase), and Tenant shall provide to Landlord any information about such Capital Improvements which Landlord may reasonably request (including any specifics regarding the terms upon which Tenant will be seeking financing for such Capital Improvements). Landlord may, but shall be under no obligation to, provide the funds necessary to meet the request. Within thirty (30) days of receipt of a request to fund a proposed Capital Improvement pursuant to this Section 10.3, Landlord shall notify Tenant as to whether it will fund all or a portion of such proposed Capital Improvement and, if so, the terms and conditions upon which it would do so. If Landlord agrees to fund such proposed Capital Improvement, Tenant shall have ten (10) Business Days to accept or reject Landlord's funding proposal. If Landlord declines to fund a proposed Capital Improvement (or declines to provide Tenant written notice within such thirty (30)-day period of the terms of its proposal to fund such Capital Improvements), Tenant shall be permitted to secure outside financing or utilize then existing available financing for such Capital Improvement for a six-month period, after which six-month period (if Tenant has not secured outside financing or determined to utilize then existing available financing) Tenant shall again be required to first seek funding from Landlord. If Landlord agrees to fund all or a portion of a proposed Capital Improvement and Tenant rejects

the terms thereof, Tenant shall be permitted to either use then existing available financing or seek outside financing for such Capital Improvement for a six-month period, in each case on terms that are economically more advantageous to Tenant than offered under Landlord's funding proposal, and if Tenant elects to utilize economically more advantageous financing it shall provide Landlord evidence of the terms of such financing; provided that, in determining if financing is economically more advantageous (i) consideration may be given to, among other items, (x) pricing, amortization, and length of term of such financing; (y) the cost, availability and terms of any financing sufficient to fund such Capital Improvement and other expenditures (exclusive of the related fees and expense described above) material in relation to the cost of such Capital Improvement (if any) which are intended to be funded in connection with the construction and acquisition of such Capital Improvement and which are related to the use and operation of such Capital Improvement and (z), and other customary considerations and, (ii) in the event that Tenant uses Cash to fund such Capital Improvement Costs, such use of Cash shall be deemed to have financing terms equivalent to those of the then outstanding Indebtedness of the Tenant having the highest rate of interest which is then permitted to be repaid, factoring in any related call or prepayment premium (to the extent any such Indebtedness of the Tenant is then outstanding); and provided, further, that in no event shall Tenant be obligated to obtain financing from Landlord to the extent such financing from Landlord would violate or cause a default or breach under any Material Indebtedness of Tenant's Parent or Tenant. If Tenant constructs a Capital Improvement with its then existing available financing or outside financing obtained in accordance with this Section 10.3, (i) except as may otherwise be expressly provided in this Master Lease to the contrary, (A) during the Term, such Capital Improvements shall be deemed part of the Leased Property and the Facilities solely for the purpose of calculating Net Revenues hereunder and shall for all other purposes be Tenant's Property and (B) following expiration or termination of the Term, shall be either, at the option of Landlord, purchased by Landlord for fair market value or, if not purchased by Landlord, Tenant shall be entitled to either remove such Tenant Capital Improvements, provided that the Leased Property is restored in a manner reasonably satisfactory to Landlord, or receive fair value for such Tenant Capital Improvements in accordance with Article XXXVI. If Landlord agrees to fund a proposed Capital Improvement and Tenant accepts the terms thereof, such Capital Improvements shall be deemed part of the Leased Property and the Facilities for all purposes and Tenant shall provide Landlord with the following prior to any advance of funds:

(a) any information, certificates, licenses, permits or documents reasonably requested by Landlord which are necessary and obtainable to confirm that Tenant will be able to use the Capital Improvement upon completion thereof in accordance with the Primary Intended Use, including all required federal, state or local government licenses and approvals;

(b) an Officer's Certificate and, if requested, a certificate from Tenant's architect providing appropriate backup information, setting forth in reasonable detail the projected or actual costs related to such Capital Improvements;

(c) an amendment to this Master Lease (and any development or funding agreement agreed to in accordance with this Section 10.3), in a form reasonably agreed to by Landlord and Tenant, which may include, among other things, an increase in the Rent in amounts as agreed upon by the parties hereto pursuant to the agreed funding proposal terms described above and other provisions as may be necessary or appropriate;

(d) a deed conveying title to Landlord to any land acquired for the purpose of constructing the Capital Improvement free and clear of any liens or encumbrances except those approved by Landlord, and accompanied by an ALTA survey thereof satisfactory to Landlord;

(e) for each advance, endorsements to any outstanding policy of title insurance covering the Leased Property or commitments therefor reasonably satisfactory in form and substance to Landlord (i) updating the same without any additional exception except those that do not materially affect the value of such land and do not interfere with the use of the Leased Property or as may be approved by Landlord, which approval shall not be unreasonably withheld, and (ii) increasing the coverage thereof by an amount equal to the cost of the Capital Improvement, except to the extent covered by the owner's policy of title insurance referred to in subparagraph (f) below;

(f) if appropriate, an owner's policy of title insurance insuring the fair market value of fee simple title to any land and improvements conveyed to Landlord free and clear of all liens and encumbrances except those that do not materially affect the value of such land and do not interfere with the use of the Leased Property or are approved by Landlord, which approval shall not be unreasonably withheld, provided that if the requirement in this paragraph (f) is not satisfied (or waived by Landlord), Tenant shall be entitled to seek third party financing or use available financing in lieu of seeking such advance from Landlord;

(g) if requested by Landlord, an appraisal by a member of the Appraisal Institute of the Leased Property indicating that the fair market value of the Leased Property upon completion of the Capital Improvement will exceed the fair market value of the Leased Property immediately prior thereto by an amount not less than ninety-five percent (95%) of the cost of the Capital Improvement, provided that if the requirement in this paragraph (g) is not satisfied (or waived by Landlord), Tenant shall be entitled to seek third party financing or use available financing in lieu of seeking such advance from Landlord; and

(h) such other billing statements, invoices, certificates, endorsements, opinions, site assessments, surveys, resolutions, ratifications, lien releases and waivers and other instruments and information reasonably required by Landlord.

10.4 Tenant Projects – Columbus Facility. Tenant intends to construct an additional hotel upon the Leased Property in respect of the Columbus Facility, pursuant to and as more particularly set forth in the Development Agreement (the "**Columbus Project**"). Any buildings, structures, fixtures or other improvements constructed on the Columbus Facility pursuant to the Development Agreement (collectively, the "**New Columbus Improvements**") shall be and shall remain Tenant's Property hereunder unless and until Tenant (which for the avoidance of doubt shall have the sole option to deliver, but shall not be required to deliver or otherwise request any funding from Landlord) has delivered a Draw Notice (as defined in the Development Agreement) with respect to the Columbus Project (as defined in the Development Agreement), in which case (i) ownership of the New Columbus Improvements shall in accordance with the terms of the Development Agreement, without the need for any further documentation, vest with and be transferred to, Landlord and the New Columbus Improvements shall no longer be treated as Tenant Improvements and shall be added to the Leased Property demised under this Master Lease effective as of the applicable Initial Funding Date, and (ii) Tenant shall pay Development Period Rent (as defined in the Development Agreement) with respect to the Columbus Project as contemplated in the Development Agreement. For the

avoidance of doubt, Tenant's obligation to pay Development Period Rent in connection with the Columbus Project shall cease at the time Tenant's obligation to pay Additional Rent has commenced with the Columbus Project such that there is no duplication in payment. Notwithstanding anything contained herein to the contrary, in the event that Tenant does not deliver a Draw Notice to Landlord with respect to the Columbus Project and Tenant elects to deliver a Columbus Final Funding Notice, the New Columbus Improvements shall automatically, vest with and be transferred to, Landlord and the New Columbus Improvements shall no longer be treated as Tenant Improvements and shall be added to the Leased Property demised under this Master Lease effective simultaneously with Landlord's delivery of the Columbus Final Funding (as defined in the Development Agreement) to Tenant in accordance with the Development Agreement. Upon the Columbus Opening Date, the Rent payable under this Master Lease shall be increased by an amount equal to the Additional Columbus Rent if and to the extent required under Section 5.3(b) of the Development Agreement. Landlord and Tenant hereby agree to enter into an amendment to this Master Lease to confirm the amount, if any, of Additional Columbus Rent, calculated in accordance with the Development Agreement and added to the Rent hereunder in accordance with the Development Agreement.

10.5 Tenant Projects - M Resort. Tenant intends to construct an additional hotel upon the Leased Property in respect of the M Resort, pursuant to and as more particularly set forth in the Development Agreement (the "**M Resort Project**"). Any buildings, structures, fixtures or other improvements constructed on the M Resort pursuant to the Development Agreement (collectively, the "**New M Resort Improvements**") shall be and shall remain Tenant's Property hereunder unless and until Tenant (which for the avoidance of doubt shall have the sole option to deliver, but shall not be required to deliver or otherwise request any funding from Landlord) has delivered a Draw Notice (as defined in the Development Agreement) with respect to the M Resort Project (as defined in the Development Agreement), in which case (i) ownership of the New M Resort Improvements shall in accordance with the terms of the Development Agreement, without the need for any further documentation, vest with and be transferred to, Landlord and the New M Resort Improvements shall no longer be treated as Tenant Improvements and shall be added to the Leased Property demised under this Master Lease effective as of the applicable Initial Funding Date, and (ii) Tenant shall pay Development Period Rent (as defined in the Development Agreement) with respect to the M Resort Project as contemplated in the Development Agreement. For the avoidance of doubt, Tenant's obligation to pay Development Period Rent in connection with the M Resort Project shall cease at the time Tenant's obligation to pay Additional Rent has commenced with the M Resort Project such that there is no duplication in payment. Notwithstanding anything contained herein to the contrary, in the event that Tenant does not deliver a Draw Notice to Landlord with respect to the M Resort Project and Tenant elects to deliver a M Resort Final Funding Notice, the New M Resort Improvements shall automatically, vest with and be transferred to, Landlord and the New M Resort Improvements shall no longer be treated as Tenant Improvements and shall be added to the Leased Property demised under this Master Lease effective simultaneously with Landlord's delivery of the M Resort Final Funding (as defined in the Development Agreement) to Tenant in accordance with the Development Agreement. Upon the M Resort Opening Date, the Rent payable under this Master Lease shall be increased by an amount equal to the Additional M Resort Rent if and to the extent required under Section 5.4(b) of the Development Agreement.

Landlord and Tenant hereby agree to enter into an amendment to this Master Lease to confirm the amount, if any, of Additional M Resort Rent, calculated in accordance with the Development Agreement and added to the Rent hereunder in accordance with the Development Agreement.

ARTICLE XI

11.1 Liens. Subject to the provisions of Article XII relating to permitted contests, Tenant will not directly or indirectly create or allow to remain and will promptly discharge at its expense any lien, encumbrance, attachment, title retention agreement or claim upon the Leased Property (including, Landlord's fee simple interest therein) or any Capital Improvement thereto or upon the Gaming Licenses (including indirectly through a pledge of shares in the direct or indirect entity owning an interest in the Gaming Licenses) or any attachment, levy, claim or encumbrance in respect of the Rent, excluding, however, (i) this Master Lease; (ii) the matters that existed as of the Commencement Date with respect to such Facility and disclosed on Schedule 1A; (iii) restrictions, liens and other encumbrances which are consented to in writing by Landlord (such consent not to be unreasonably withheld); (iv) liens for Impositions which Tenant is not required to pay hereunder; (v) subleases permitted by Article XXII; (vi) liens for Impositions not yet delinquent or being contested in accordance with Article XII, provided that Tenant has provided appropriate reserves as required under GAAP and any foreclosure or similar remedies with respect to such Impositions have not been instituted and no notice as to the institution or commencement thereof has been issued except to the extent such institution or commencement is stayed no later than the earlier of (x) ten (10) Business Days after such notice is issued or (y) five (5) Business Days prior to the institution or commencement thereof; (vii) liens of mechanics, laborers, materialmen, suppliers or vendors for sums either disputed or not yet due, provided that (1) the payment of such sums shall not be postponed under any related contract for more than sixty (60) days after the completion of the action giving rise to such lien unless being contested in accordance with Article XII and such reserve or other appropriate provisions as shall be required by law or GAAP shall have been made therefor and no foreclosure or similar remedies with respect to such liens has been instituted and no notice as to the institution or commencement thereof have been issued except to the extent such institution or commencement is stayed no later than the earlier of (x) ten (10) Business Days after such notice is issued or (y) five (5) Business Days prior to the institution or commencement thereof; or (2) any such liens are in the process of being contested as permitted by Article XII; (viii) any liens created by Landlord; (ix) liens related to equipment leases or equipment financing for Tenant's Property which are used or useful in Tenant's business on the Leased Property, provided that the payment of any sums due under such equipment leases or equipment financing shall either (1) be paid as and when due in accordance with the terms thereof, or (2) be in the process of being contested as permitted by Article XII and provided that a lien holder's removal of any such Tenant's Property from the Leased Property shall be made in accordance with the requirements set forth in this Section 11.1; (x) liens granted as security for the obligations of Tenant and its Affiliates under a Debt Agreement; provided, however, in no event shall the foregoing be deemed or construed to permit Tenant to encumber (a) its leasehold interest (or a subtenant to encumber its subleasehold interest) in the Leased Property or its direct or indirect interest (or the interest of any of its Subsidiaries) in the Gaming Licenses (other than, in each case, to a Permitted Leasehold Mortgagee), without the prior written consent of Landlord, which consent may be granted or withheld in Landlord's sole discretion; and provided, further, that Tenant shall be required to provide Landlord with fully executed copies of any and all Permitted Leasehold Mortgages and related principal Debt Agreements or (b) Landlord's fee simple interest in the Leased Property; and (xi) easements, rights-of-way, restrictions (including zoning

restrictions), covenants, encroachments, protrusions and other similar charges or encumbrances, and minor title deficiencies on or with respect to any Leased Property, in each case whether now or hereafter in existence, not individually or in the aggregate materially interfering with the conduct of the business on the Leased Property, taken as a whole. For the avoidance of doubt, the parties acknowledge and agree that Tenant has not granted any liens in favor of Landlord as security for its obligations hereunder (except to the extent contemplated in the final paragraph of this Section 11.1) and nothing contained herein shall be deemed or construed to prohibit the issuance of a lien on the Equity Interests in Tenant (it being agreed that any foreclosure by a lien holder on such interests in Tenant shall be subject to the restriction on Change in Control set forth in Article XXII) or to prohibit Tenant from pledging its Accounts and other Tenant's Property and other property of Tenant, including fixtures and equipment installed by Tenant at the Facilities, as collateral in connection with financings from equipment lenders (or to Permitted Leasehold Mortgagees); provided that Tenant shall in no event pledge to any Person that is not granted a Permitted Leasehold Mortgage hereunder any of the Gaming Licenses or other of Tenant's Property to the extent that such Tenant's Property cannot be removed from the Leased Property without damaging or impairing the Leased Property (other than in a de minimis manner). For the further avoidance of doubt, by way of example, Tenant shall not grant to any lender (other than a Permitted Leasehold Mortgagee) a lien on, and any and all lien holders (including a Permitted Leasehold Mortgagee) shall not have the right to remove, carpeting, internal wiring, elevators, or escalators at the Leased Property, but lien holders may have the right to remove (and Tenant shall have the right to grant a lien on) slot machines and other gaming equipment even if the removal thereof from the Leased Property could result in de minimis damage; provided any such damage is repaired by the lien holder or Tenant in accordance with the terms of this Master Lease.

Landlord and Tenant intend that this Master Lease be an indivisible true lease that affords the parties hereto the rights and remedies of landlord and tenant hereunder and does not represent a financing arrangement. This Master Lease is not an attempt by Landlord or Tenant to evade the operation of any aspect of the law applicable to any of the Leased Property. Except as otherwise required by applicable law or any accounting rules or regulations, Landlord and Tenant hereby acknowledge and agree that this Master Lease shall be treated as an operating lease for all purposes and not as a synthetic lease, financing lease or loan and that Landlord shall be entitled to all the benefits of ownership of the Leased Property, including depreciation for all federal, state and local tax purposes.

If, notwithstanding (a) the form and substance of this Master Lease and (b) the intent of the parties, and the language contained herein providing that this Master Lease shall at all times be construed, interpreted and applied to create an indivisible lease of all of the Leased Property, any court of competent jurisdiction finds that this Master Lease is a financing arrangement, this Master Lease shall be considered a secured financing agreement and Landlord's title to the Leased Property shall constitute a perfected first priority lien in Landlord's favor on the Leased Property to secure the payment and performance of all the obligations of Tenant hereunder (and to that end, Tenant hereby grants, assigns and transfers to the Landlord a security interest in all right, title or interest in or to any and all of the Leased Property, as security for the prompt and complete payment and performance when due of Tenant's obligations hereunder). Tenant authorizes Landlord, at the expense of Tenant, to make any filings or take other actions as Landlord reasonably determines are necessary or advisable in order to effect fully this Master Lease or to more fully perfect or renew the rights of the Landlord, and to subordinate to the Landlord the lien of any Permitted Leasehold Mortgagee, with respect to the

Leased Property (it being understood that nothing herein shall affect the rights of a Permitted Leasehold Mortgagee under Article XVII hereof). At any time and from time to time upon the request of the Landlord, and at the expense of the Tenant, Tenant shall promptly execute, acknowledge and deliver such further documents and do such other acts as the Landlord may reasonably request in order to effect fully this Master Lease or to more fully perfect or renew the rights of the Landlord with respect to the Leased Property. Upon the exercise by the Landlord of any power, right, privilege or remedy pursuant to this Master Lease which requires any consent, approval, recording, qualification or authorization of any governmental authority, Tenant will execute and deliver, or will cause the execution and delivery of, all applications, certifications, instruments and other documents and papers that Landlord may be required to obtain from Tenant for such consent, approval, recording, qualification or authorization.

ARTICLE XII

12.1 Permitted Contests. Tenant, upon prior written notice to Landlord, on its own or in Landlord's name, at Tenant's expense, may contest, by appropriate legal proceedings conducted in good faith and with due diligence, the amount, validity or application, in whole or in part, of any licensure or certification decision (including pursuant to any Gaming Regulation), Imposition, Legal Requirement, Insurance Requirement, lien, attachment, levy, encumbrance, charge or claim; provided, however, that (i) in the case of an unpaid Imposition, lien, attachment, levy, encumbrance, charge or claim, the commencement and continuation of such proceedings shall suspend the collection thereof from Landlord and from the Leased Property or any Capital Improvement thereto; (ii) neither the Leased Property or any Capital Improvement thereto, the Rent therefrom nor any part or interest in either thereof would be in any danger of being sold, forfeited, attached or lost pending the outcome of such proceedings; (iii) in the case of a Legal Requirement, neither Landlord nor Tenant would be in any danger of civil or criminal liability for failure to comply therewith pending the outcome of such proceedings; (iv) if any such contest shall involve a sum of money or potential loss in excess of Two Hundred Thousand Dollars ($200,000), upon request of the Landlord, Tenant shall deliver to Landlord an opinion of counsel reasonably acceptable to Landlord to the effect set forth in clauses (i), (ii) and (iii) above, to the extent applicable; (v) in the case of a Legal Requirement, Imposition, lien, encumbrance or charge, Tenant shall give such reasonable security as may be required by Landlord to insure ultimate payment of the same and to prevent any sale or forfeiture of the Leased Property or any Capital Improvement thereto or the Rent by reason of such non-payment or noncompliance; (vi) in the case of an Insurance Requirement, the coverage required by Article XIII shall be maintained; (vii) Tenant shall keep Landlord reasonably informed as to the status of the proceedings; and (viii) if such contest be finally resolved against Landlord or Tenant, Tenant shall promptly pay the amount required to be paid, together with all interest and penalties accrued thereon, or comply with the applicable Legal Requirement or Insurance Requirement. Landlord, at Tenant's expense, shall execute and deliver to Tenant such authorizations and other documents as may reasonably be required in any such contest, and, if reasonably requested by Tenant or if Landlord so desires, Landlord shall join as a party therein. The provisions of this Article XII shall not be construed to permit Tenant to contest the payment of Rent or any other amount (other than Impositions or Additional Charges which Tenant may from time to time be required to impound with Landlord) payable by Tenant to Landlord hereunder. Tenant shall indemnify, defend, protect and save Landlord harmless from and against any liability, cost or expense of any kind that may be imposed upon Landlord in connection with any such contest and any loss resulting therefrom, except in any instance where Landlord opted to join and joined as a

party in the proceeding despite Tenant's having sent written notice to Landlord of Tenant's preference that Landlord not join in such proceeding.

ARTICLE XIII

13.1 General Insurance Requirements. During the Term, Tenant shall at all times keep the Leased Property, and all property located in or on the Leased Property, including Capital Improvements, the Fixtures and Tenant's Property, insured with the kinds and amounts of insurance described below. Each element of insurance described in this Article XIII shall be maintained with respect to the Leased Property of each Facility and Tenant's Property and operations thereon. Such insurance shall be written by companies permitted to conduct business in the applicable State. All third party liability type policies must name Landlord as an "additional insured." All property policies shall name Landlord as "loss payee" for its interests in each Facility. All business interruption policies shall name Landlord as "loss payee" with respect to Rent only. Property losses shall be payable to Landlord and/or Tenant as provided in Article XIV. In addition, the policies, as appropriate, shall name as an "additional insured" and/or "loss payee" each Permitted Leasehold Mortgagee and as an "additional insured" or "loss payee" the holder of any mortgage, deed of trust or other security agreement ("**Facility Mortgagee**") securing any indebtedness or any other Encumbrance placed on the Leased Property in accordance with the provisions of Article XXXI ("**Facility Mortgage**") by way of a standard form of mortgagee's loss payable endorsement. Except as otherwise set forth herein, any property insurance loss adjustment settlement shall require the written consent of Landlord, Tenant, and each Facility Mortgagee (to the extent required under the applicable Facility Mortgage Documents) unless the amount of the loss net of the applicable deductible is less than Five Million Dollars ($5,000,000) in which event no consent shall be required. Evidence of insurance shall be deposited with Landlord and, if requested, with any Facility Mortgagee(s). The insurance policies required to be carried by Tenant hereunder shall insure against all the following risks with respect to each Facility:

(a) Loss or damage by fire, vandalism and malicious mischief, extended coverage perils commonly known as "All Risk," and all physical loss perils normally included in such All Risk insurance, including, but not limited to, sprinkler leakage and windstorm in an amount not less than the insurable value on a Maximum Foreseeable Loss (as defined below in Section 13.2) basis and including a building ordinance coverage endorsement, provided that in the event the premium cost of any or all of earthquake, flood, windstorm (including named windstorm) or terrorism coverages are available only for a premium that is more than 2.5 times the average premium paid by Tenant (or prior operator of Facilities) over the preceding three years for the insurance policy contemplated by this Section 13.1(a), then Tenant shall be entitled and required to purchase the maximum insurance coverage it deems most efficient and prudent to purchase and Tenant shall not be required to spend additional funds to purchase additional coverages insuring against such risks; and provided, further, that some property coverages might be sub-limited in an amount less than the Maximum Foreseeable Loss as long as the sub-limits are commercially reasonable and prudent as deemed by Tenant;

(b) Loss or damage by explosion of steam boilers, pressure vessels or similar apparatus, now or hereafter installed in each Facility, in such limits with respect to any one accident as may be reasonably requested by Landlord from time to time;

(c) Flood (when any of the improvements comprising the Leased Property of a Facility is located in whole or in part within a designated 100-year flood plain area) in an

amount not less than the probable maximum loss of a 500 year event and such other hazards and in such amounts as may be customary for comparable properties in the area;

(d) Loss of rental value in an amount not less than twelve (12) months' Rent payable hereunder or business interruption in an amount not less than twelve (12) months of income and normal operating expenses including 90-days ordinary payroll and Rent payable hereunder with an extended period of indemnity coverage of at least ninety (90) days necessitated by the occurrence of any of the hazards described in Sections 13.1(a), 13.1(b) or 13.1(c), provided that Tenant may self-insure specific Facilities for the insurance contemplated under this Section 13.1(d), provided that (i) such Facilities that Tenant chooses to self-insure are not expected to generate more than ten percent (10%) of Net Revenues anticipated to be generated from all the Facilities and (ii) Tenant deposits in any impound account created under Section 4.3 hereof an amount equal to the product of (1) the sum of (A) the insurance premiums paid by Tenant for such period under this Section 13.1(d) to insurance companies and (B) the amount deposited by Tenant in an impound account pursuant to this provision, and (2) the percentage of Net Revenues that are anticipated to be generated by the Facilities that are being self-insured by Tenant under this provision;

(e) Claims for personal injury or property damage under a policy of comprehensive general public liability insurance with amounts not less than One Hundred Million Dollars ($100,000,000) each occurrence and One Hundred Million Dollars ($100,000,000) in the annual aggregate, provided that such requirements may be satisfied through the purchase of a primary general liability policy and excess liability policies;

(f) During such time as Tenant is constructing any improvements, Tenant, at its sole cost and expense, shall carry, or cause to be carried (i) workers' compensation insurance and employers' liability insurance covering all persons employed in connection with the improvements in statutory limits, (ii) a completed operations endorsement to the commercial general liability insurance policy referred to above, (iii) builder's risk insurance, completed value form (or its equivalent), covering all physical loss, in an amount and subject to policy conditions satisfactory to Landlord, and (iv) such other insurance, in such amounts, as Landlord deems reasonably necessary to protect Landlord's interest in the Leased Property from any act or omission of Tenant's contractors or subcontractors.

13.2 Maximum Foreseeable Loss. The term "**Maximum Foreseeable Loss**" shall mean the largest monetary loss within one area that may be expected to result from a single fire with protection impaired, the control of the fire mainly dependent on physical barriers or separations and a delayed manual firefighting by public and/or private fire brigades. If Landlord reasonably believes that the Maximum Foreseeable Loss has increased at any time during the Term, it shall have the right (unless Tenant and Landlord agree otherwise) to have such Maximum Foreseeable Loss redetermined by an impartial national insurance company reasonably acceptable to both parties (the "**Impartial Appraiser**"), or, if the parties cannot agree on an Impartial Appraiser, then by an Expert appointed in accordance with Section 34.1 hereof. The determination of the Impartial Appraiser (or the Expert, as the case may be) shall be final and binding on the parties hereto, and Tenant shall forthwith adjust the amount of the insurance carried pursuant to this Article XIII to the amount so determined by the Impartial Appraiser (or the Expert, as the case may be), subject to the approval of the Facility Mortgagee, as applicable. Each party shall pay one-half (1/2) of the fee, if any, of the Impartial Appraiser. If Landlord pays the Impartial Appraiser, fifty percent (50%) of such costs shall be Additional Charges hereunder

and if Tenant pays such Impartial Appraiser, fifty percent (50%) of such costs shall be a credit against the next Rent payment hereunder. If Tenant has undertaken any structural alterations or additions to the Leased Property having a cost or value in excess of Twenty Five Million Dollars ($25,000,000), Landlord may at Tenant's expense have the Maximum Foreseeable Loss redetermined at any time after such improvements are made, regardless of when the Maximum Foreseeable Loss was last determined.

13.3 Additional Insurance. In addition to the insurance described above, Tenant shall maintain such additional insurance upon notice from Landlord as may be reasonably required from time to time by any Facility Mortgagee and shall further at all times maintain adequate workers' compensation coverage and any other coverage required by Legal Requirements for all Persons employed by Tenant on the Leased Property in accordance with Legal Requirements.

13.4 Waiver of Subrogation. All insurance policies carried by either party covering the Leased Property or Tenant's Property, including, without limitation, contents, fire and liability insurance, shall expressly waive any right of subrogation on the part of the insurer against the other party. Each party, respectively, shall pay any additional costs or charges for obtaining such waiver.

13.5 Policy Requirements. All of the policies of insurance referred to in this Article XIII shall be written in form reasonably satisfactory to Landlord and any Facility Mortgagee and issued by insurance companies with a minimum policyholder rating of "A-" and a financial rating of "VII" in the most recent version of Best's Key Rating Guide, or a minimum rating of "BBB" from Standard & Poor's or equivalent. If Tenant obtains and maintains the general liability insurance described in Section 13.1(e) above on a "claims made" basis, Tenant shall provide continuous liability coverage for claims arising during the Term. In the event such "claims made" basis policy is canceled or not renewed for any reason whatsoever (or converted to an "occurrence" basis policy), Tenant shall either obtain (a) "tail" insurance coverage converting the policies to "occurrence" basis policies providing coverage for a period of at least three (3) years beyond the expiration of the Term, or (b) an extended reporting period of at least three (3) years beyond the expiration of the Term. Tenant shall pay all of the premiums therefor, and deliver certificates thereof to Landlord prior to their effective date (and with respect to any renewal policy, prior to the expiration of the existing policy), and in the event of the failure of Tenant either to effect such insurance in the names herein called for or to pay the premiums therefor, or to deliver such certificates thereof to Landlord, at the times required, Landlord shall be entitled, but shall have no obligation, to effect such insurance and pay the premiums therefor, in which event the cost thereof, together with interest thereon at the Overdue Rate, shall be repayable to Landlord upon demand therefor. Tenant shall obtain, to the extent available on commercially reasonable terms, the agreement of each insurer, by endorsement on the policy or policies issued by it, or by independent instrument furnished to Landlord, that it will give to Landlord thirty (30) days' (or ten (10) days' in the case of non-payment of premium) written notice before the policy or policies in question shall be altered, allowed to expire or cancelled. Notwithstanding any provision of this Article XIII to the contrary, Landlord acknowledges and agrees that the coverage required to be maintained by Tenant may be provided under one or more policies with various deductibles or self-insurance retentions by Tenant or its Affiliates, subject to Landlord's approval not to be unreasonably withheld. Upon written request by Landlord,

Tenant shall provide Landlord copies of the property insurance policies when issued by the insurers providing such coverage.

13.6 Increase in Limits. If, from time to time after the Commencement Date, Landlord determines in the exercise of its reasonable business judgment that the limits of the personal injury or property damage-public liability insurance then carried pursuant to Section 13.1(e) hereof are insufficient, Landlord may give Tenant Notice of acceptable limits for the insurance to be carried; provided that in no event will Tenant be required to carry insurance in an amount which exceeds the product of (i) the amounts set forth in Section 13.1(e) hereof and (ii) the CPI Increase; and subject to the foregoing limitation, within ninety (90) days after the receipt of such Notice, the insurance shall thereafter be carried with limits as prescribed by Landlord until further increase pursuant to the provisions of this Section 13.6.

13.7 Blanket Policy. Notwithstanding anything to the contrary contained in this Article XIII, Tenant's obligations to carry the insurance provided for herein may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Tenant; provided that the requirements of this Article XIII (including satisfaction of the Facility Mortgagee's requirements and the approval of the Facility Mortgagee) are otherwise satisfied, and provided further that Tenant maintains specific allocations acceptable to Landlord.

13.8 No Separate Insurance. Tenant shall not, on Tenant's own initiative or pursuant to the request or requirement of any third party, (i) take out separate insurance concurrent in form or contributing in the event of loss with that required in this Article XIII to be furnished by, or which may reasonably be required to be furnished by, Tenant or (ii) increase the amounts of any then existing insurance by securing an additional policy or additional policies, unless all parties having an insurable interest in the subject matter of the insurance, including in all cases Landlord and all Facility Mortgagees, are included therein as additional insureds and the loss is payable under such insurance in the same manner as losses are payable under this Master Lease. Notwithstanding the foregoing, nothing herein shall prohibit Tenant from insuring against risks not required to be insured hereby, and as to such insurance, Landlord and any Facility Mortgagee need not be included therein as additional insureds, nor must the loss thereunder be payable in the same manner as losses are payable hereunder except to the extent required to avoid a default under the Facility Mortgage.

ARTICLE XIV

14.1 Property Insurance Proceeds. All proceeds (except business interruption not allocated to rent expenses) payable by reason of any property loss or damage to the Leased Property, or any portion thereof, under any property policy of insurance required to be carried hereunder shall be paid to Facility Mortgagee or to an escrow account held by a third party depositary reasonably acceptable to Landlord and Tenant (pursuant to an escrow agreement acceptable to the parties and intended to implement the terms hereof) and made available to Tenant upon request for the reasonable costs of preservation, stabilization, emergency restoration, business interruption, reconstruction and repair, as the case may be, of any damage to or destruction of the Leased Property, or any portion thereof; provided, however, that the portion

of such proceeds that are attributable to Tenant's obligation to pay Rent shall be applied against Rents due by Tenant hereunder; and provided, further, that if the total amount of proceeds payable net of the applicable deductibles is One Hundred Fifty Thousand Dollars ($150,000) or less, and, if no Event of Default has occurred and is continuing, the proceeds shall be paid to Tenant and, subject to the limitations set forth in this Article XIV used for the repair of any damage to the Leased Property, it being understood and agreed that Tenant shall have no obligation to rebuild any Tenant Capital Improvement, provided that the Leased Property is rebuilt in a manner reasonably satisfactory to Landlord. Any excess proceeds of insurance remaining after the completion of the restoration or reconstruction of the Leased Property to substantially the same condition as existed immediately before the damage or destruction and with materials and workmanship of like kind and quality and to Landlord's reasonable satisfaction shall be provided to Tenant. All salvage resulting from any risk covered by insurance for damage or loss to the Leased Property shall belong to Landlord. Tenant shall have the right to prosecute and settle insurance claims, provided that Tenant shall consult with and involve Landlord in the process of adjusting any insurance claims under this Article XIV and any final settlement with the insurance company shall be subject to Landlord's consent, such consent not to be unreasonably withheld.

14.2 Tenant's Obligations Following Casualty. (a) If a Facility and/or any Tenant Capital Improvements to a Facility are damaged, whether or not from a risk covered by insurance carried by Tenant, except as otherwise provided herein, (i) Tenant shall restore such Leased Property (excluding any Tenant Capital Improvement, it being understood and agreed that Tenant shall not be required to repair any Tenant Capital Improvement, provided that the Leased Property is rebuilt in a manner reasonably satisfactory to Landlord), to substantially the same condition as existed immediately before such damage and (ii) such damage shall not terminate this Master Lease.

(b) If Tenant restores the affected Leased Property and the cost of the repair or restoration exceeds the amount of proceeds received from the insurance required to be carried hereunder, Tenant shall provide Landlord with evidence reasonably acceptable to Landlord that Tenant has available to it any excess amounts needed to restore such Facility. Such excess amounts necessary to restore such Facility shall be paid by Tenant.

(c) If Tenant has not restored the affected Leased Property and gaming operations have not recommenced by the date that is the third anniversary of the date of any casualty, all remaining insurance proceeds shall be paid to and retained by Landlord free and clear of any claim by or through Tenant.

(d) In the event neither Landlord nor Tenant is required or elects to repair and restore the Leased Property, all insurance proceeds, other than proceeds reasonably attributed to any Tenant Capital Improvements (and, subject to no Event of Default having occurred and being continuing, any business interruption proceeds in excess of Tenant's Rent obligations hereunder), which proceeds shall be and remain the property of Tenant, shall be paid to and

retained by Landlord free and clear of any claim by or through Tenant except as otherwise specifically provided below in this Article XIV.

14.3 No Abatement of Rent. This Master Lease shall remain in full force and effect and Tenant's obligation to pay the Rent and all other charges required by this Master Lease shall remain unabated during the period required for adjusting insurance, satisfying Legal Requirements, repair and restoration.

14.4 Waiver. Tenant waives any statutory rights of termination which may arise by reason of any damage or destruction of the Leased Property, but such waiver shall not affect any contractual rights granted to Tenant under this Article XIV.

14.5 Insurance Proceeds Paid to Facility Mortgagee. Notwithstanding anything herein to the contrary, in the event that any Facility Mortgagee is entitled to any insurance proceeds, or any portion thereof, under the terms of any Facility Mortgage, such proceeds shall be applied, held and/or disbursed in accordance with the terms of the Facility Mortgage. In the event that the Facility Mortgagee elects, or is required under the related financing document, to apply the insurance proceeds to the indebtedness secured by the Facility Mortgage, then Tenant shall not be obligated to repair or restore the Facility and Landlord shall either (i) refinance with a replacement Facility Mortgage (or otherwise fund) the amount of insurance proceeds applied to Facility Mortgage indebtedness within twelve (12) months of such application (in which case Tenant shall be obligated to restore the Facility upon receipt of such proceeds), or (ii) sell to Tenant the Leased Property consisting of such Facility (and Tenant shall be entitled to retain any remaining insurance proceeds) in exchange for a payment equal to the greater of (1) the difference between (a) the value of such Facility immediately prior to such casualty, based on the average fair market value of similar real estate in the areas surrounding such Facility, and (b) the amount of insurance proceeds retained by the Facility Mortgagee, and (2) the value of such Facility after such casualty, based on the average fair market value of similar real estate in the areas surrounding such Facility.

14.6 Termination of Master Lease; Abatement of Rent. In the event this Master Lease is terminated as to an affected Leased Property pursuant to Section 1.4 (with respect to the Term terminating in respect of a Barge-Based Facility), Section 8.2 (in respect of Tenant being in jeopardy of losing a Gaming License or Landlord being in jeopardy of failing to comply with a regulatory requirement material to the continued operation of a Facility), Section 14.5 (in the event Facility Mortgagee elects to apply insurance proceeds to pay down indebtedness secured by a Facility Mortgage following the damage to or destruction of all or any portion of the Leased Property or such prepayment is required under the related financing document) or Section 15.5 (as provided therein) (such termination or cessation, a "**Leased Property Rent Adjustment Event**"), then:

(i) the Base Rent and Additional Rent, in the aggregate, due hereunder from and after the effective date of any such Leased Property Rent Adjustment Event shall be reduced by an amount determined by multiplying (A) a fraction, (x) the numerator of which shall be the fair market value for the affected Leased Property immediately prior to the effective date of the Leased Property Rent Adjustment

Event and (y) the denominator of which shall be the fair market value for all of the Leased Property then subject to the terms of this Master Lease, including the affected Leased Property immediately prior to the effective date of such Leased Property Rent Adjustment Event (in each case the fair market value as determined in good faith by the parties or if the parties cannot agree, by an Expert pursuant to Section 34.1 of this Master Lease), by (B) the Base Rent and Additional Rent payable under this Master Lease immediately prior to the effective date of the Leased Property Rent Adjustment Event as to the affected Leased Property; and

(ii) Landlord shall retain any claim which Landlord may have against Tenant for failure to insure such Leased Property as required by Article XIII.

ARTICLE XV

15.1 Condemnation.

(a) Total Taking. If the Leased Property of a Facility is totally and permanently taken by Condemnation (a "**Taking**"), this Master Lease shall terminate with respect to such Facility as of the day before the Date of Taking for such Facility.

(b) Partial Taking. If a portion of the Leased Property of, and any Tenant Capital Improvements to, a Facility are taken by Condemnation, this Master Lease shall remain in effect if the affected Facility is not thereby rendered Unsuitable for Its Primary Intended Use, but if such Facility is thereby rendered Unsuitable for Its Primary Intended Use, this Master Lease shall terminate with respect to such Facility as of the day before the Date of Taking for such Facility.

(c) Restoration. If there is a partial Taking of the Leased Property of, and any Tenant Capital Improvements to, a Facility and this Master Lease remains in full force and effect with respect to such Facility, Landlord shall make available to Tenant the portion of the Award applicable to restoration of the Leased Property (excluding any Tenant Capital Improvements, it being understood and agreed that Tenant shall not be required to repair or restore any Tenant Capital Improvements, provided that the Leased Property is restored in a manner reasonably satisfactory to Landlord), and Tenant shall accomplish all necessary restoration whether or not the amount provided by the Condemnor for restoration is sufficient and the Base Rent shall be reduced by such amount as may be agreed upon by Landlord and Tenant or, if they are unable to reach such an agreement within a period of thirty (30) days after the occurrence of the Taking, then the Base Rent for such Facility shall be proportionately reduced, based on the proportion of the Facility that was subject to the partial Taking and pursuant to the formula set forth in Section 14.6 hereof. Tenant shall restore such Leased Property (as nearly as possible under the circumstances) to a complete architectural unit of the same general character and condition as such Leased Property existing immediately prior to such Taking.

15.2 Award Distribution. Except as set forth below (and to the extent provided in Section 15.1(c) hereof), the entire Award shall belong to and be paid to Landlord. Tenant shall, however, be entitled to pursue its own claim with respect to the Taking for Tenant's lost profits value and moving expenses and, the portion of the Award, if any, allocated to any

Tenant Capital Improvements (subject to Tenant's restoring the Leased Property not subject to a Taking in a manner reasonably satisfactory to Landlord) and Tenant's Property shall be and remain the property of Tenant free of any claim thereto by Landlord.

15.3 Temporary Taking. The taking of the Leased Property, or any part thereof, shall constitute a taking by Condemnation only when the use and occupancy by the taking authority has continued for longer than 180 consecutive days. During any shorter period, which shall be a temporary taking, all the provisions of this Master Lease shall remain in full force and effect and the Award allocable to the Term shall be paid to Tenant.

15.4 Condemnation Awards Paid to Facility Mortgagee. Notwithstanding anything herein to the contrary, in the event that any Facility Mortgagee is entitled to any Condemnation Award, or any portion thereof, under the terms of any Facility Mortgage or related financing agreement, such award shall be applied, held and/or disbursed in accordance with the terms of the Facility Mortgage or related financing agreement. In the event that the Facility Mortgagee elects to apply the Condemnation Award to the indebtedness secured by the Facility Mortgage in the case of a Taking as to which the restoration provisions apply (or the related financing agreement requires such application), Landlord shall either (i) within ninety (90) days of the notice from the Facility Mortgagee make available to Tenant for restoration of such Leased Property funds (either through refinance or otherwise) equal to the amount applied by the Facility Mortgagee or applicable to restoration of the Leased Property, or (ii) sell to Tenant the portion of the Leased Property consisting of the Facility that is not subject to the Taking in exchange for a payment equal to the greater of (1) the difference between (a) the value of such Facility immediately prior to such Taking, based on the average fair market value of similar real estate in the areas surrounding such Facility, and (b) the amount of the Condemnation Award retained by the Facility Mortgagee, and (2) the value of the remaining portion of such Facility after such Taking, based on the average fair market value of similar real estate in the areas surrounding such Facility.

15.5 Termination of Master Lease; Abatement of Rent. In the event this Master Lease is terminated with respect to the affected portion of the Leased Property as a result of a Taking (or pursuant to Section 15.4 hereof as a result of a Facility Mortgagee electing to apply a Condemnation Award to the indebtedness secured by the Facility Mortgage), the Base Rent due hereunder from and after the effective date of such termination shall be reduced by an amount determined in the same manner as set forth in Section 14.6 hereof.

ARTICLE XVI

16.1 Events of Default. Any one or more of the following shall constitute an "**Event of Default**":

(a) (i) Tenant shall fail to pay any installment of Rent within two (2) Business Days of when due and such failure is not cured by Tenant within one (1) Business Day after notice from Landlord of Tenant's failure to pay such installment of Rent when due (and such notice of failure from Landlord may be given any time after such installment is more than one (1) Business Day late);

(ii) Tenant shall fail on any two separate occasions in the same Fiscal Year to pay any installment of Rent within two (2) Business Days;

(iii) Tenant shall fail on any occasion to pay any installment of Rent within five (5) Business Days of when due; or

(iv) Tenant shall fail to pay any Additional Charge within five (5) Business Days after notice from Landlord of Tenant's failure to make such payment of such Additional Charge when due (and such notice of failure from Landlord may be given any time after such payment is more than one (1) Business Day late);

(b) a default shall occur under any Guaranty or other instrument (other than the Development Agreement and any ancillary documents entered into by and between Landlord and Tenant and/or their respective Affiliates in connection with the Development Agreement), executed by Tenant or an Affiliate of Tenant in favor of Landlord or an Affiliate of Landlord, where the default is not cured within any applicable grace period set forth therein or, if no cure periods are provided, within 15 days after notice from Landlord (or in the case of a breach of Paragraph 8 of the Guaranty, the cure periods provided herein with respect to such action or omission);

(c) Tenant or any Guarantor shall:

(i) admit in writing its inability to pay its debts generally as they become due;

(ii) file a petition in bankruptcy or a petition to take advantage of any insolvency act;

(iii) make an assignment for the benefit of its creditors;

(iv) consent to the appointment of a receiver of itself or of the whole or any substantial part of its property; or

(v) file a petition or answer seeking reorganization or arrangement under the United States bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof;

(d) Tenant or any Guarantor (other than an Immaterial Subsidiary Guarantor) shall be adjudicated as bankrupt or a court of competent jurisdiction shall enter an order or decree appointing, without the consent of Tenant or any Guarantor (other than an Immaterial Subsidiary Guarantor), a receiver of Tenant or any Guarantor (other than an Immaterial Subsidiary Guarantor) or of the whole or substantially all of the Tenant's or any Guarantor's (other than an Immaterial Subsidiary Guarantor's) property, or approving a petition filed against Tenant or any Guarantor (other than an Immaterial Subsidiary Guarantor) seeking reorganization or arrangement of Tenant or any Guarantor (other than an Immaterial Subsidiary Guarantor) under the United States bankruptcy laws or any other applicable law or statute of the United

States of America or any state thereof, and such judgment, order or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of the entry thereof;

(e) Tenant or any Guarantor (other than an Immaterial Subsidiary Guarantor) shall be liquidated or dissolved (except that any Guarantor may be liquidated or dissolved into another Guarantor or the Tenant or so long as its assets are distributed following such liquidation or dissolution to another Guarantor or Tenant);

(f) the estate or interest of Tenant in the Leased Property or any part thereof shall be levied upon or attached in any proceeding relating to more than $1,000,000 and the same shall not be vacated, discharged or stayed pending appeal (or bonded or otherwise similarly secured payment) within the later of ninety (90) days after commencement thereof or thirty (30) days after receipt by Tenant of notice thereof from Landlord; provided, however, that such notice shall be in lieu of and not in addition to any notice required under applicable law;

(g) except as a result of material damage, destruction or Condemnation, Tenant voluntarily ceases operations for its Primary Intended Use at a Facility and such event would reasonably be expected to have a material adverse effect on Tenant, the Facilities, or on the Leased Property, in each case, taken as a whole;

(h) any of the representations or warranties made by Tenant hereunder or by any Guarantor in a Guaranty proves to be untrue when made in any material respect that materially and adversely affects Landlord;

(i) any applicable license or other agreements material to a Facility's operation for its Primary Intended Use are at any time terminated or revoked or suspended for more than thirty (30) days (and causes cessation of gaming activity at a Facility) and such termination, revocation or suspension is not stayed pending appeal and would reasonably be expected to have a material adverse effect on Tenant, the Facilities, or on the Leased Property, taken as a whole;

(j) except to a permitted assignee pursuant to Section 22.2 or a permitted subtenant or Subsidiary that joins as a Guarantor to the Guaranty pursuant to Section 22.3, or with respect to the granting of a permitted pledge hereunder to a Permitted Leasehold Mortgagee, the sale or transfer, without Landlord's consent, of all or any portion of any Gaming License or similar certificate or license relating to the Leased Property;

(k) Tenant or any Guarantor, by its acts or omissions, causes the occurrence of a default under any provision (to the extent Tenant has knowledge of such provision and Tenant's or such Guarantor's obligations with respect thereto) of any Facility Mortgage, related documents or obligations thereunder by which Tenant is bound in accordance with Section 31.1 or has agreed under the terms of this Master Lease to be bound, which default is not cured within the applicable time period, if the effect of such default is to cause, or to permit the holder or holders of that Facility Mortgage or Indebtedness secured by that Facility Mortgage (or a trustee or agent on behalf of such holder or holders), to cause, that Facility Mortgage (or the Indebtedness secured thereby) to become or be declared due and payable (or redeemable) prior to its stated maturity (excluding in any case any default related to the financial performance of Tenant or any Guarantor);

(l) (x) a breach by Tenant of Section 23.3(a) hereof for two consecutive Test Periods ending on the last day of two consecutive fiscal quarters or (y) a breach of Section 23.3(b) hereof;

(m) any event or condition occurs that (i) results in any Material Indebtedness becoming due prior to its stated maturity or (ii) enables or permits (with all applicable grace periods, if any, having expired) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity or exercise any other remedy (other than any prepayment, repurchase, or redemption, arising out of or relating to a change of control or asset sale or any redemption, repurchase, conversion or settlement with respect to any Indebtedness convertible into Equity Interests pursuant to its terms unless such redemption, repurchase, conversion or settlement results from a default thereunder or an event that would otherwise constitute an Event of Default, provided that failure to consummate any such required prepayment, redemption, repurchase, conversion or settlement under any Material Indebtedness shall constitute an Event of Default), or (iii) the Tenant or any Guarantor shall fail to pay the principal of any Material Indebtedness at the stated final maturity thereof (provided that this paragraph (m) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness if such sale or transfer is not prohibited hereby and under the documents providing for such Indebtedness);

(n) if Tenant shall fail to observe or perform any other term, covenant or condition of this Master Lease and such failure is not cured by Tenant within thirty (30) days after notice thereof from Landlord, unless such failure cannot with due diligence be cured within a period of thirty (30) days, in which case such failure shall not be deemed to be an Event of Default if Tenant proceeds promptly and with due diligence to cure the failure and diligently completes the curing thereof within one hundred twenty (120) days after such notice from Landlord; provided, however, that such notice shall be in lieu of and not in addition to any notice required under applicable law;

(o) if Tenant or any Guarantor shall fail to pay, bond, escrow or otherwise similarly secure payment of one or more final judgments aggregating in excess of the product of (i) $100 million and (ii) the CPI Increase (and only to the extent not covered by insurance), which judgments are not discharged or effectively waived or stayed for a period of forty-five (45) consecutive days;

(p) an assignment of Tenant's interest in this Master Lease (including pursuant to a Change in Control) shall have occurred without the consent of Landlord to the extent such consent is required under Article XXII or Tenant is otherwise in default of the provisions set forth in Section 22.1 below;

(q) an "Event of Default" shall have occurred under the Sister Master Lease; and

(r) the occurrence of a ML Developer Default.

No Event of Default (other than a failure to make payment of money) shall be deemed to exist under this Section 16.1 during any time the curing thereof is prevented by an Unavoidable Delay, provided that upon the cessation of the Unavoidable Delay, Tenant remedies the default without further delay.

16.2 Certain Remedies. If an Event of Default shall have occurred and be continuing, Landlord may (a) terminate this Master Lease by giving Tenant no less than ten (10) days' notice of such termination and the Term shall terminate and all rights of Tenant under this Master Lease shall cease, (b) seek damages as provided in Section 16.3 hereof, and/or (c) exercise any other right or remedy at law or in equity available to Landlord as a result of any Event of Default. Tenant shall pay as Additional Charges all costs and expenses incurred by or on behalf of Landlord, including reasonable attorneys' fees and expenses, as a result of any Event of Default hereunder. Landlord hereby acknowledges and agrees that if prior to the expiration or termination of the Development Agreement Landlord exercises its remedies under Section 16.2(a), then Landlord shall, concurrently with its termination of this Master Lease, terminate the Development Agreement as a result of such ML Developer Default. If an Event of Default shall have occurred and be continuing, whether or not this Master Lease has been terminated pursuant to the first sentence of this Section 16.2, Tenant shall, to the extent permitted by law (including applicable Gaming Regulations), if required by Landlord to do so, immediately surrender to Landlord possession of all or any portion of the Leased Property (including any Tenant Capital Improvements of the Facilities) as to which Landlord has so demanded and quit the same and Landlord may, to the extent permitted by law (including applicable Gaming Regulations), enter upon and repossess such Leased Property and any Capital Improvement thereto by reasonable force, summary proceedings, ejectment or otherwise, and, to the extent permitted by law (including applicable Gaming Regulations), may remove Tenant and all other Persons and any of Tenant's Property from such Leased Property (including any such Tenant Capital Improvement thereto).

16.3 Damages. None of (i) the termination of this Master Lease, (ii) the repossession of the Leased Property (including any Capital Improvements to any Facility), (iii) the failure of Landlord to relet the Leased Property or any portion thereof, (iv) the reletting of all or any portion of the Leased Property, or (v) the inability of Landlord to collect or receive any rentals due upon any such reletting, shall relieve Tenant of its liabilities and obligations hereunder, all of which shall survive any such termination, repossession or reletting. Landlord and Tenant agree that Landlord shall have no obligation to mitigate Landlord's damages under this Master Lease. If any such termination of this Master Lease occurs (whether or not Landlord terminates Tenant's right to possession of the Leased Property), Tenant shall forthwith pay to Landlord all Rent due and payable under this Master Lease to and including the date of such termination. Thereafter:

Tenant shall forthwith pay to Landlord, at Landlord's option, as and for liquidated and agreed current damages for the occurrence of an Event of Default, either:

(A) the sum of:

(i) the worth at the time of award of the unpaid Rent which had been earned at the time of termination to the extent not previously paid by Tenant under this Section 16.3;

(ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; *plus*

(iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Master Lease or which in the ordinary course of things would be likely to result therefrom.

As used in clauses (i) and (ii) above, the "worth at the time of award" shall be computed by allowing interest at the Overdue Rate. As used in clause (iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of New York at the time of award plus one percent (1%) and reducing such amount by the portion of the unpaid Rent that Tenant proves could be reasonably avoided.

or

(B) if Landlord chooses not to terminate Tenant's right to possession of the Leased Property (whether or not Landlord terminates the Master Lease), each installment of said Rent and other sums payable by Tenant to Landlord under this Master Lease as the same becomes due and payable, together with interest at the Overdue Rate from the date when due until paid, and Landlord may enforce, by action or otherwise, any other term or covenant of this Master Lease (and Landlord may at any time thereafter terminate Tenant's right to possession of the Leased Property and seek damages under subparagraph (A) hereof, to the extent not already paid for by Tenant under this subparagraph (B)).

16.4 Receiver. Upon the occurrence and continuance of an Event of Default, and upon commencement of proceedings to enforce the rights of Landlord hereunder, but subject to any limitations of applicable law, Landlord shall be entitled, as a matter of right, to the appointment of a receiver or receivers acceptable to Landlord of the Leased Property and of the revenues, earnings, income, products and profits thereof, pending the outcome of such proceedings, with such powers as the court making such appointment shall confer.

16.5 Waiver. If Landlord initiates judicial proceedings or if this Master Lease is terminated by Landlord pursuant to this Article XVI, Tenant waives, to the extent permitted by applicable law, (i) any right of redemption, re-entry or repossession; and (ii) the benefit of any laws now or hereafter in force exempting property from liability for rent or for debt.

16.6 Application of Funds. Any payments received by Landlord under any of the provisions of this Master Lease during the existence or continuance of any Event of Default which are made to Landlord rather than Tenant due to the existence of an Event of Default shall be applied to Tenant's obligations in the order which Landlord may reasonably determine or as may be prescribed by the laws of the State.

ARTICLE XVII

17.1 Permitted Leasehold Mortgagees.

(a) On one or more occasions without Landlord's prior consent Tenant may mortgage or otherwise encumber Tenant's leasehold estate in and to the Leased Property (the "**Leasehold Estate**") to one or more Permitted Leasehold Mortgagees under one or more Permitted Leasehold Mortgages and pledge its right, title and interest under this Master Lease as security for such Permitted Leasehold Mortgages or any Debt Agreement secured thereby; provided that no Person shall be considered a Permitted Leasehold Mortgagee unless (1) such Person delivers to Landlord a written agreement (in form and substance reasonably satisfactory to Landlord) providing (i) that (unless this Master Lease has been terminated as to a particular Facility) such Permitted Leasehold Mortgagee and any lenders for whom it acts as representative, agent or trustee, will not use or dispose of any Gaming License for use at a location other than at the Facility to which such Gaming License relates as of the date such Person becomes a Permitted Leasehold Mortgagee (or, in the case of any Facility added to the Master Lease after such date, as of the date that such Facility is added to the Master Lease), and (ii) an express acknowledgement that, in the event of the exercise by the Permitted Leasehold Mortgagee of its rights under the Permitted Leasehold Mortgage, the Permitted Leasehold Mortgagee shall be required to (except for a transfer that meets the requirements of Section 22.2(iii)) secure the approval of Landlord for the replacement of Tenant with respect to the affected portion of the Leased Property and contain the Permitted Leasehold Mortgagee's acknowledgment that such approval may be granted or withheld by Landlord in accordance with the provisions of Article XXII of this Master Lease, and (2) the underlying Permitted Leasehold Mortgage includes an express acknowledgement that any exercise of remedies thereunder that would affect the Leasehold Estate shall be subject to the terms of the Master Lease. In no event shall a Permitted Leasehold Mortgage encumber Landlord's fee simple interest in the Leased Property.

(b) Notice to Landlord.

(i) (1) If Tenant shall, on one or more occasions, mortgage Tenant's Leasehold Estate and if the holder of such Permitted Leasehold Mortgage shall provide Landlord with written notice of such Permitted Leasehold Mortgage together with a true copy of such Permitted Leasehold Mortgage and the name and address of the Permitted Leasehold Mortgagee, Landlord and Tenant agree that, following receipt of such written notice by Landlord, the provisions of this Section 17.1 shall apply in respect to each such Permitted Leasehold Mortgage.

(2) In the event of any assignment of a Permitted Leasehold Mortgage or in the event of a change of address of a Permitted Leasehold

Mortgagee or of an assignee of such Mortgage, written notice of the new name and address shall be provided to Landlord.

(ii) Landlord shall promptly upon receipt of a communication purporting to constitute the notice provided for by subsection (b)(i) above acknowledge by an executed and notarized instrument receipt of such communication as constituting the notice provided for by subsection (b)(i) above and confirming the status of the Permitted Leasehold Mortgagee as such or, in the alternative, notify the Tenant and the Permitted Leasehold Mortgagee of the rejection of such communication as not conforming with the provisions of this Section 17.1 and specify the specific basis of such rejection.

(iii) After Landlord has received the notice provided for by subsection (b)(i) above, the Tenant, upon being requested to do so by Landlord, shall with reasonable promptness provide Landlord with copies of the note or other obligation secured by such Permitted Leasehold Mortgage and of any other documents pertinent to the Permitted Leasehold Mortgage as specified by the Landlord. If requested to do so by Landlord, Tenant shall thereafter also provide the Landlord from time to time with a copy of each amendment or other modification or supplement to such instruments. All recorded documents shall be accompanied by the appropriate recording stamp or other certification of the custodian of the relevant recording office as to their authenticity as true and correct copies of official records and all nonrecorded documents shall be accompanied by a certification by Tenant that such documents are true and correct copies of the originals. From time to time upon being requested to do so by Landlord, Tenant shall also notify Landlord of the date and place of recording and other pertinent recording data with respect to such instruments as have been recorded.

(c) Default Notice. Landlord, upon providing Tenant any notice of: (i) default under this Master Lease or (ii) a termination of this Master Lease, shall at the same time provide a copy of such notice to every Permitted Leasehold Mortgagee for which notice has been properly provided to Landlord pursuant to Section 17.1(b) hereof. No such notice by Landlord to Tenant shall be deemed to have been duly given unless and until a copy thereof has been sent, in the manner prescribed in Section 35.1 of this Master Lease, to every Permitted Leasehold Mortgagee for which notice has been properly provided to Landlord pursuant to Section 17.1(b) hereof. From and after such notice has been sent to a Permitted Leasehold Mortgagee, such Permitted Leasehold Mortgagee shall have the same period, after the giving of such notice upon its remedying any default or acts or omissions which are the subject matter of such notice or causing the same to be remedied, as is given Tenant after the giving of such notice to Tenant, plus in each instance, the additional periods of time specified in subsections (d) and (e) of this Section 17.1 to remedy, commence remedying or cause to be remedied the defaults or acts or omissions which are the subject matter of such notice specified in any such notice. Landlord shall accept such performance by or at the instigation of such Permitted Leasehold Mortgagee as if the same had been done by Tenant. Tenant authorizes each Permitted Leasehold Mortgagee (to the extent such action is authorized under the applicable Debt Agreement) to take any such

action at such Permitted Leasehold Mortgagee's option and does hereby authorize entry upon the premises by the Permitted Leasehold Mortgagee for such purpose.

(d) Notice to Permitted Leasehold Mortgagee. Anything contained in this Master Lease to the contrary notwithstanding, if any default shall occur which entitles Landlord to terminate this Master Lease, Landlord shall have no right to terminate this Master Lease on account of such default unless, following the expiration of the period of time given Tenant to cure such default or the act or omission which gave rise to such default, Landlord shall notify every Permitted Leasehold Mortgagee for which notice has been properly provided to Landlord pursuant to Section 17.1(b) hereof of Landlord's intent to so terminate at least thirty (30) days in advance of the proposed effective date of such termination if such default is capable of being cured by the payment of money, and at least ninety (90) days in advance of the proposed effective date of such termination if such default is not capable of being cured by the payment of money ("**Termination Notice**"). The provisions of subsection (e) below of this Section 17.1 shall apply if, during such thirty (30) or ninety (90) days (as the case may be) Termination Notice period, any Permitted Leasehold Mortgagee shall:

(i) notify Landlord of such Permitted Leasehold Mortgagee's desire to nullify such Termination Notice; and

(ii) pay or cause to be paid all Rent, Additional Charges, and other payments (i) then due and in arrears as specified in the Termination Notice to such Permitted Leasehold Mortgagee and (ii) which may become due during such thirty (30) or ninety (90) day (as the case may be) period (as the same may become due); and

(iii) comply or in good faith, with reasonable diligence and continuity, commence to comply with all nonmonetary requirements of this Master Lease then in default and reasonably susceptible of being complied with by such Permitted Leasehold Mortgagee, provided, however, that such Permitted Leasehold Mortgagee shall not be required during such ninety (90) day period to cure or commence to cure any default consisting of Tenant's failure to satisfy and discharge any lien, charge or encumbrance against the Tenant's interest in this Master Lease or the Leased Property, or any of Tenant's other assets junior in priority to the lien of the mortgage or other security documents held by such Permitted Leasehold Mortgagee; and

(iv) during such thirty (30) or ninety (90) day period, the Permitted Leasehold Mortgagee shall respond, with reasonable diligence, to requests for information from Landlord as to the Permitted Leasehold Mortgagee's (and related lenders') intent to pay such Rent and other charges and comply with this Master Lease.

(e) Procedure on Default.

(i) If Landlord shall elect to terminate this Master Lease by reason of any Event of Default of Tenant that has occurred and is continuing, and a Permitted Leasehold Mortgagee shall have proceeded in the manner provided for by subsection (d) of this Section 17.1, the specified date for the termination of this Master Lease as fixed by Landlord in its Termination Notice shall be extended for a period of

six (6) months; provided that such Permitted Leasehold Mortgagee shall, during such six-month period (and during the period of any continuance referred to in subsection (e)(ii) below):

(1) pay or cause to be paid the Rent, Additional Charges and other monetary obligations of Tenant under this Master Lease as the same become due, and continue its good faith efforts to perform or cause to be performed all of Tenant's other obligations under this Master Lease, excepting (A) obligations of Tenant to satisfy or otherwise discharge any lien, charge or encumbrance against Tenant's interest in this Master Lease or the Leased Property or any of Tenant's other assets junior in priority to the lien of the mortgage or other security documents held by such Permitted Leasehold Mortgagee and (B) past nonmonetary obligations then in default and not reasonably susceptible of being cured by such Permitted Leasehold Mortgagee; and

(2) if not enjoined or stayed pursuant to a bankruptcy or insolvency proceeding or other judicial order, diligently continue to pursue acquiring or selling Tenant's interest in this Master Lease and the Leased Property by foreclosure of the Permitted Leasehold Mortgage or other appropriate means and diligently prosecute the same to completion.

(ii) If at the end of such six (6) month period such Permitted Leasehold Mortgagee is complying with subsection (e)(i) above, this Master Lease shall not then terminate, and the time for completion by such Permitted Leasehold Mortgagee of its proceedings shall continue (provided that for the time of such continuance, such Permitted Leasehold Mortgagee is in compliance with subsection (e)(i) above) (x) so long as such Permitted Leasehold Mortgagee is enjoined or stayed pursuant to a bankruptcy or insolvency proceeding or other judicial order and if so enjoined or stayed, thereafter for so long as such Permitted Leasehold Mortgagee proceeds to complete steps to acquire or sell Tenant's interest in this Master Lease by foreclosure of the Permitted Leasehold Mortgage or by other appropriate means with reasonable diligence and continuity but not to exceed twelve (12) months after the Permitted Leasehold Mortgagee is no longer so enjoined or stayed from prosecuting the same and in no event longer than twenty-four (24) months from the date of Landlord's initial notification to Permitted Leasehold Mortgagee pursuant to Section 17.1(d) hereof, and (y) if such Permitted Leasehold Mortgagee is not so enjoined or stayed, thereafter for so long as such Permitted Leasehold Mortgagee proceeds to complete steps to acquire or sell Tenant's interests in this Master Lease by foreclosure of the Permitted Leasehold Mortgage or by other appropriate means with reasonable diligence and continuity but not to exceed twelve (12) months from the date of Landlord's initial notification to Permitted Leasehold Mortgagee pursuant to Section 17.1(d) hereof. Nothing in this subsection (e) of this Section 17.1, however, shall be construed to extend this Master Lease beyond the original term thereof as extended by any options to extend the term of this Master Lease properly exercised by Tenant or a Permitted Leasehold Mortgagee in accordance with Section 1.4, nor to require a

Permitted Leasehold Mortgagee to continue such foreclosure proceeding after the default has been cured. If the default shall be cured pursuant to the terms and within the time periods allowed in subsections (d) and (e) of this Section 17.1 and the Permitted Leasehold Mortgagee shall discontinue such foreclosure proceedings, this Master Lease shall continue in full force and effect as if Tenant had not defaulted under this Master Lease.

(iii) If a Permitted Leasehold Mortgagee is complying with subsection (e)(i) of this Section 17.1, upon the acquisition of Tenant's Leasehold Estate herein by a Discretionary Transferee this Master Lease shall continue in full force and effect as if Tenant had not defaulted under this Master Lease, provided that such Discretionary Transferee cures all outstanding defaults that can be cured through the payment of money and all other defaults that are reasonably susceptible of being cured.

(iv) For the purposes of this Section 17.1, the making of a Permitted Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Master Lease nor of the Leasehold Estate hereby created, nor shall any Permitted Leasehold Mortgagee, as such, be deemed to be an assignee or transferee of this Master Lease or of the Leasehold Estate hereby created so as to require such Permitted Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions on the part of the Tenant to be performed hereunder; but the purchaser at any sale of this Master Lease (including a Permitted Leasehold Mortgagee if it is the purchaser at foreclosure) and of the Leasehold Estate hereby created in any proceedings for the foreclosure of any Permitted Leasehold Mortgage, or the assignee or transferee of this Master Lease and of the Leasehold Estate hereby created under any instrument of assignment or transfer in lieu of the foreclosure of any Permitted Leasehold Mortgage, shall be subject to Article XXII hereof (including the requirement that such purchaser assume the performance of the terms, covenants or conditions on the part of the Tenant to be performed hereunder and meet the qualifications of Discretionary Transferee or be reasonably consented to by Landlord in accordance with Section 22.2(i) hereof).

(v) Any Permitted Leasehold Mortgagee or other acquirer of the Leasehold Estate of Tenant pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings in accordance with the requirements of Section 22.2(iii) of this Master Lease may, upon acquiring Tenant's Leasehold Estate, without further consent of Landlord, sell and assign the Leasehold Estate in accordance with the requirements of Section 22.2(iii) of this Master Lease and enter into Permitted Leasehold Mortgages in the same manner as the original Tenant, subject to the terms hereof.

(vi) Notwithstanding any other provisions of this Master Lease, any sale of this Master Lease and of the Leasehold Estate hereby created in any proceedings for the foreclosure of any Permitted Leasehold Mortgage, or the assignment or transfer of this Master Lease and of the Leasehold Estate hereby created in lieu of the

foreclosure of any Permitted Leasehold Mortgage, shall be deemed to be a permitted sale, transfer or assignment of this Master Lease and of the Leasehold Estate hereby created to the extent that the successor tenant under this Master Lease is a Discretionary Transferee and the transfer otherwise complies with the requirements of Section 22.2(iii) of this Master Lease or the transferee is reasonably consented to by Landlord in accordance with Section 22.2(i) hereof.

(f) PLM Lease. In the event of the termination of this Master Lease other than due to a default as to which the Permitted Leasehold Mortgagee had the opportunity to, but did not, cure the default as set forth in Sections 17.1(d) and 17.1(e) above, Landlord shall provide each Permitted Leasehold Mortgagee with written notice that this Master Lease has been terminated ("**Notice of Termination**"), together with a statement of all sums which would at that time be due under this Master Lease but for such termination, and of all other defaults, if any, then known to Landlord. Landlord agrees to enter into a new lease ("**PLM Lease**") of the Leased Property with such Permitted Leasehold Mortgagee or its Permitted Leasehold Mortgagee Designee (in each case if a Discretionary Transferee) for the remainder of the term of this Master Lease, effective as of the date of termination, at the rent and additional rent, and upon the terms, covenants and conditions (including all options to renew but excluding requirements which have already been fulfilled) of this Master Lease, provided:

(i) Such Permitted Leasehold Mortgagee or its Permitted Leasehold Mortgagee Designee shall make a binding, written, irrevocable commitment to Landlord for such PLM Lease within thirty (30) days after the date such Permitted Leasehold Mortgagee receives Landlord's Notice of Termination of this Master Lease given pursuant to this Section 17.1(f);

(ii) Such Permitted Leasehold Mortgagee or its Permitted Leasehold Mortgagee Designee shall pay or cause to be paid to Landlord at the time of the execution and delivery of such PLM Lease, any and all sums which would at the time of execution and delivery thereof be due pursuant to this Master Lease but for such termination and, in addition thereto, all reasonable expenses, including reasonable attorney's fees, which Landlord shall have incurred by reason of such termination and the execution and delivery of the PLM Lease and which have not otherwise been received by Landlord from Tenant or other party in interest under Tenant; and

(iii) Such Permitted Leasehold Mortgagee or its Permitted Leasehold Mortgagee Designee shall agree to remedy any of Tenant's defaults of which said Permitted Leasehold Mortgagee was notified by Landlord's Notice of Termination (or in any subsequent notice) and which can be cured through the payment of money or are reasonably susceptible of being cured by Permitted Leasehold Mortgagee or its Permitted Leasehold Mortgagee Designee.

(g) PLM Lease Priorities. If more than one Permitted Leasehold Mortgagee shall request a PLM Lease pursuant to subsection (f)(i) of this Section 17.1, Landlord shall enter into such PLM Lease with the Permitted Leasehold Mortgagee whose mortgage is senior in lien, or with its Permitted Leasehold Mortgagee Designee acting for the benefit of such Permitted Leasehold Mortgagee prior in lien foreclosing on Tenant's interest in this Master Lease. Landlord, without liability to Tenant or any Permitted Leasehold Mortgagee with an adverse claim, may rely upon a title insurance policy issued by a reputable title insurance company as the

basis for determining the appropriate Permitted Leasehold Mortgagee who is entitled to such PLM Lease.

(h) Permitted Leasehold Mortgagee Need Not Cure Specified Defaults. Nothing herein contained shall require any Permitted Leasehold Mortgagee as a condition to its exercise of the right hereunder to cure any default of Tenant not reasonably susceptible of being cured by such Permitted Leasehold Mortgagee or its Permitted Leasehold Mortgagee Designee (including but not limited to the default referred to in Section 16.1(c), (d), (e), (f) (if the levy or attachment is in favor of such Permitted Leasehold Mortgagee (provided such levy is extinguished upon foreclosure or similar proceeding or in a transfer in lieu of any such foreclosure) or is junior to the lien of such Permitted Leasehold Mortgagee and would be extinguished by the foreclosure of the Permitted Leasehold Mortgage that is held by such Permitted Leasehold Mortgagee), (m) (as related to the Indebtedness secured by a Permitted Leasehold Mortgage that is junior to the lien of the Permitted Leasehold Mortgagee and such junior lien would be extinguished by the foreclosure of the Permitted Leasehold Mortgage that is held by such Permitted Leasehold Mortgagee) or (o) (if the judgment is in favor of a Permitted Leasehold Mortgagee other than a Permitted Leasehold Mortgagee holding a Permitted Leasehold Mortgage that is senior to the lien of such Permitted Leasehold Mortgagee) and any other sections of this Master Lease which may impose conditions of default not susceptible to being cured by a Permitted Leasehold Mortgagee or a subsequent owner of the Leasehold Estate through foreclosure hereof), in order to comply with the provisions of Sections 17.1(d) and 17.1(e), or as a condition of entering into the PLM Lease provided for by Section 17.1(f).

(i) Casualty Loss. A standard mortgagee clause naming each Permitted Leasehold Mortgagee for which notice has been properly provided to Landlord pursuant to Section 17.1(b) hereof may be added to any and all insurance policies required to be carried by Tenant hereunder on condition that the insurance proceeds are to be applied in the manner specified in this Master Lease and the Permitted Leasehold Mortgage shall so provide; except that the Permitted Leasehold Mortgage may provide a manner for the disposition of such proceeds, if any, otherwise payable directly to the Tenant (but not such proceeds, if any, payable jointly to the Landlord and the Tenant or to the Landlord, to the Facility Mortgagee or to a third- party escrowee) pursuant to the provisions of this Master Lease.

(j) Arbitration; Legal Proceedings. Landlord shall give prompt notice to each Permitted Leasehold Mortgagee (for which notice has been properly provided to Landlord pursuant to Section 17.1(b) hereof) of any arbitration or legal proceedings between Landlord and Tenant involving obligations under this Master Lease.

(k) No Merger. So long as any Permitted Leasehold Mortgage is in existence, unless all Permitted Leasehold Mortgagees for which notice has been properly provided to Landlord pursuant to Section 17.1(b) hereof shall otherwise expressly consent in writing, the fee title to the Leased Property and the Leasehold Estate of Tenant therein created by this Master Lease shall not merge but shall remain separate and distinct, notwithstanding the acquisition of said fee title and said Leasehold Estate by Landlord or by Tenant or by a third party, by purchase or otherwise.

(l) Notices. Notices from Landlord to the Permitted Leasehold Mortgagee for which notice has been properly provided to Landlord pursuant to Section 17.1(b) hereof shall be provided in the method provided in Section 35.1 hereof to the address or fax number furnished Landlord pursuant to subsection (b) of this Section 17.1, and those from the Permitted Leasehold Mortgagee to Landlord shall be mailed to the address designated pursuant to the provisions of Section 35.1 hereof. Such notices, demands and requests shall be given in the manner described in this Section 17.1 and in Section 35.1 and shall in all respects be governed by the provisions of those sections.

(m) Limitation of Liability. Notwithstanding any other provision hereof to the contrary, (i) Landlord agrees that any Permitted Leasehold Mortgagee's liability to Landlord in its capacity as Permitted Leasehold Mortgagee hereunder howsoever arising shall be limited to and enforceable only against such Permitted Leasehold Mortgagee's interest in the Leasehold Estate and the other collateral granted to such Permitted Leasehold Mortgagee to secure the obligations under its Debt Agreement, and (ii) each Permitted Leasehold Mortgagee agrees that Landlord's liability to such Permitted Leasehold Mortgagee hereunder howsoever arising shall be limited to and enforceable only against Landlord's interest in the Leased Property, and no recourse against Landlord shall be had against any other assets of Landlord whatsoever.

(n) Sale Procedure. If an Event of Default shall have occurred and be continuing, the Permitted Leasehold Mortgagee for which notice has been properly provided to Landlord pursuant to Section 17.1(b) hereof with the most senior lien on the Leasehold Estate shall have the right to make all determinations and agreements on behalf of Tenant under Article XXXVI (including, without limitation, requesting that the sale process described in Article XXXVI be commenced, the determination and agreement of the Gaming Assets FMV, the Successor Tenant Rent, and the potential Successor Tenants that should be included in the process, and negotiation with such Successor Tenants), in each case, in accordance with and subject to the terms and provisions of Article XXXVI, including without limitation the requirement that Successor Tenant meet the qualifications of Discretionary Transferee.

(o) Third Party Beneficiary. Each Permitted Leasehold Mortgagee (for so long as such Permitted Leasehold Mortgagee holds a Permitted Leasehold Mortgage) is an intended third-party beneficiary of this Article XVII entitled to enforce the same as if a party to this Master Lease.

17.2 Landlord's Right to Cure Tenant's Default. If Tenant shall fail to make any payment or to perform any act required to be made or performed hereunder when due or within any cure period provided for herein, Landlord, without waiving or releasing any obligation or default, may, but shall be under no obligation to, make such payment or perform such act for the account and at the expense of Tenant, and may, to the extent permitted by law, enter upon the Leased Property for such purpose and take all such action thereon as, in Landlord's opinion, may be necessary or appropriate therefor. No such entry shall be deemed an eviction of Tenant. All sums so paid by Landlord and all costs and expenses, including reasonable attorneys' fees and expenses, so incurred, together with interest thereon at the Overdue Rate from the date on which such sums or expenses are paid or incurred by Landlord, shall be paid by Tenant to Landlord on demand as an Additional Charge.

17.3 Landlord's Right to Cure Debt Agreement. Tenant agrees that each and any agreement related to Material Indebtedness and any Debt Agreement (or the principal or controlling agreement relating to such Material Indebtedness or series of related Debt Agreements) will include a provision requiring the lender or lenders thereunder (or the Representative of such lenders) to provide a copy to Landlord of any notices issued by such lenders or the Representative of such Lenders to Tenant of a Specified Debt Agreement Default. In addition, Tenant agrees that it will ensure that any such agreement related to Material Indebtedness and any Debt Agreement (or the principal or controlling agreement relating to such Material Indebtedness or series of related Debt Agreements) includes a provision with the effect that should Tenant fail to make any payment or to perform any act required to be made or performed under an agreement related to Material Indebtedness or under the Debt Agreement when due or within any cure period provided for therein (if any), Landlord may, subject to applicable Gaming Regulations and the terms hereof, cure any such default by making such payment to the applicable lenders or Representative or otherwise performing such acts within the cure period thereunder (if any) for the account of Tenant, to the extent such default is susceptible to cure by Landlord; provided that Landlord's right to cure such default shall not be any greater than the rights of the obligors under such Material Indebtedness or Debt Agreement to cure such default. Landlord and Tenant agree that all sums so paid by Landlord and all costs and expenses, including reasonable attorneys' fees and expenses, so incurred, together with interest thereon at the Overdue Rate from the date on which such sums or expenses are paid or incurred by Landlord, shall be for the account of Tenant and paid by Tenant to Landlord on demand.

ARTICLE XVIII

18.1 Sale of the Leased Property. Landlord shall not voluntarily sell all or portions of the Leased Property during the Term without the prior written consent of Tenant, which consent may not be unreasonably withheld. Notwithstanding the foregoing, Tenant's consent shall not be required for (A) any transfer to a Facility Mortgagee contemplated under Article XXXI hereof which may include, without limitation, a transfer by foreclosure brought by the Facility Mortgagee or a transfer by deed in lieu of foreclosure (and the first subsequent sale by such Facility Mortgagee to the extent the Facility Mortgagee has been diligently attempting to expedite such first subsequent sale from the time it initiated foreclosure proceedings taking into account the interest of such Facility Mortgagee to maximize the proceeds of such sale), (B) a sale by Landlord of all of the Leased Property to a single buyer or group of buyers, other than to an operator, or an Affiliate of an operator, of Gaming Facilities (provided that Landlord shall be permitted to sell all of the Leased Property to a real estate investment trust even if such real estate investment trust is an Affiliate of an operator), (C) a merger transaction or sale by Landlord or GLP involving all of the Facilities, other than with an operator, or an Affiliate of an operator, of Gaming Facilities (provided that Landlord or GLP shall be permitted to merge with or sell all of the Leased Property to a real estate investment trust even if such real estate investment trust is an Affiliate of an operator), (D) a sale/leaseback transaction by Landlord with respect to any or all of the Leased Properties for financing purposes, (E) any sale of all or a portion of the Leased Property or the Facilities that does not change the identity of the Landlord hereunder, including without limitation a participating interest in Landlord's interest under this Master Lease or a sale of Landlord's reversionary interest in the Leased Property, or (F) a sale or

transfer to an Affiliate of GLP or a joint venture entity in which GLP or its Affiliate is the managing member or partner. Any sale by Landlord of all or any portion of the Leased Property pursuant to this Section 18.1 shall be subject in each instance to all of the rights of Tenant under this Master Lease and, to the extent necessary, any purchaser or successor Landlord and/or other controlling persons must be approved by all applicable gaming regulatory agencies to ensure that there is no material impact on the validity of any of the Gaming Licenses or the ability of Tenant to continue to use the Facilities for gaming activities in substantially the same manner as immediately prior to Landlord's sale.

ARTICLE XIX

19.1 Holding Over. If Tenant shall for any reason remain in possession of the Leased Property of a Facility after the expiration or earlier termination of the Term without the consent, or other than at the request, of Landlord, such possession shall be as a month-to-month tenant during which time Tenant shall pay as Base Rent each month twice the monthly Base Rent applicable to the prior Lease Year for such Facility, together with all Additional Charges and all other sums payable by Tenant pursuant to this Master Lease. During such period of month-to-month tenancy, Tenant shall be obligated to perform and observe all of the terms, covenants and conditions of this Master Lease, but shall have no rights hereunder other than the right, to the extent given by law to month-to-month tenancies, to continue its occupancy and use of the Leased Property of, and/or any Tenant Capital Improvements to, such Facility. Nothing contained herein shall constitute the consent, express or implied, of Landlord to the holding over of Tenant after the expiration or earlier termination of this Master Lease.

ARTICLE XX

20.1 Risk of Loss. The risk of loss or of decrease in the enjoyment and beneficial use of the Leased Property as a consequence of the damage or destruction thereof by fire, the elements, casualties, thefts, riots, wars or otherwise, or in consequence of foreclosures, attachments, levies or executions (other than by Landlord and Persons claiming from, through or under Landlord) is assumed by Tenant, and, except as otherwise provided herein, no such event shall entitle Tenant to any abatement of Rent.

ARTICLE XXI

21.1 General Indemnification. In addition to the other indemnities contained herein, and notwithstanding the existence of any insurance carried by or for the benefit of Landlord or Tenant, and without regard to the policy limits of any such insurance, Tenant shall protect, indemnify, save harmless and defend Landlord from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses, including reasonable attorneys', consultants' and experts' fees and expenses, imposed upon or incurred by or asserted against Landlord by reason of: (i) any accident, injury to or death of Persons or loss of or damage to property occurring on or about the Leased Property or adjoining sidewalks under the control of Tenant; (ii) any use, misuse, non-use, condition, maintenance or repair by Tenant of the Leased Property; (iii) any failure on the part of Tenant to perform or comply with any of the terms of this Master Lease; (iv) the non-performance of any of the terms and provisions of any and all existing and future subleases of the Leased Property to be performed by any party

thereunder; (v) any claim for malpractice, negligence or misconduct committed by any Person on or working from the Leased Property; and (vi) the violation by Tenant of any Legal Requirement. Any amounts which become payable by Tenant under this Article XXI shall be paid within ten (10) days after liability therefor is determined by a final non appealable judgment or settlement or other agreement of the parties, and if not timely paid shall bear interest at the Overdue Rate from the date of such determination to the date of payment. Tenant, at its sole cost and expense, shall contest, resist and defend any such claim, action or proceeding asserted or instituted against Landlord. For purposes of this Article XXI, any acts or omissions of Tenant, or by employees, agents, assignees, contractors, subcontractors or others acting for or on behalf of Tenant (whether or not they are negligent, intentional, willful or unlawful), shall be strictly attributable to Tenant.

ARTICLE XXII

22.1 Subletting and Assignment. Tenant shall not, without Landlord's prior written consent, which, except as specifically set forth herein, may be withheld in Landlord's sole and absolute discretion, voluntarily or by operation of law assign (which term includes any transfer, sale, encumbering, pledge or other transfer or hypothecation) this Master Lease, sublet all or any part of the Leased Property of any Facility or engage the services of any Person (other than an Affiliate of Tenant that is also a Guarantor) for the management or operation of any Facility (provided that the foregoing shall not restrict a transferee of Tenant from retaining a manager necessary for such transferee's satisfying the requirement set forth in clause (a)(1) of the definition of "Discretionary Transferee"). Tenant acknowledges that Landlord is relying upon the expertise of Tenant in the operation of the Facilities and that Landlord entered into this Master Lease with the expectation that Tenant would remain in and operate such Facilities during the entire Term and for that reason, except as set forth herein, Landlord retains sole and absolute discretion in approving or disapproving any assignment or sublease. Any Change in Control shall constitute an assignment of Tenant's interest in this Master Lease within the meaning of this Article XXII and the provisions requiring consent contained herein shall apply.

22.2 Permitted Assignments. Notwithstanding the foregoing, and subject to Section 40.1, Tenant may:

(i) with Landlord's prior written consent, which consent shall not be unreasonably withheld, allow to occur or undergo a Change in Control (including without limitation a transfer or assignment of this Master Lease to any third party in conjunction with a sale by Tenant of all or substantially all of Tenant's assets relating to the Facilities);

(ii) without Landlord's prior written consent, assign this Master Lease or sublease the Leased Property to Tenant's Parent, a wholly-owned Subsidiary of Tenant's Parent or a wholly-owned Subsidiary of Tenant if all of the following are first satisfied: (w) such Affiliate becomes a party to the Guaranty as a Guarantor and in the case of an assignment of this Master Lease, becomes party to and bound by this Master Lease; (x) Tenant remains fully liable hereunder; (y) the use of the Leased Property continues to comply with the requirements of this Master Lease; and (z) Landlord in its reasonable discretion shall have approved the form and content of all documents for such assignment or sublease and received an executed counterpart thereof; and

(iii) without Landlord's prior written consent:

(w) undergo a Change in Control of the type referred to in clause (i)(a) of the definition of Change in Control (such Change in Control, a "**Tenant Parent COC**") if a Person acquiring such beneficial ownership or control (1) is a Discretionary Transferee and (2) the Parent Company of such Discretionary Transferee, if any, has become a Guarantor and provided a Guaranty on terms reasonably satisfactory to Landlord or, if such Discretionary Transferee does not have a Parent Company, such Discretionary Transferee has become a Guarantor and provided a Guaranty on terms reasonably satisfactory to Landlord;

(x) undergo a Change in Control whereby a Person acquires beneficial ownership and control of one hundred percent (100%) of the Equity Interests in Tenant in connection with a Change in Control that does not constitute a Tenant Parent COC or a Foreclosure COC (such Change in Control, a "**Tenant COC**") if (1) such Person is a Discretionary Transferee, (2) the Parent Company of such Discretionary Transferee, if any, has become a Guarantor and provided a Guaranty on terms reasonably satisfactory to Landlord or, if such Discretionary Transferee does not have a Parent Company, such Discretionary Transferee has become a Guarantor and provided a Guaranty on terms reasonably satisfactory to Landlord, and (3) the Adjusted Revenue to Rent Ratio with respect to all of the Facilities (determined at the proposed effective time of the Change in Control) for the then most recently preceding four (4) fiscal quarters for which financial statements are available is at least 1.4:1;

(y) assign this Master Lease to any Person in an assignment that does not constitute a Foreclosure Assignment if (1) such Person is a Discretionary Transferee, (2) such Discretionary Transferee agrees in writing to assume the obligations of the Tenant under this Master Lease without amendment or modification other than as provided below, (3) the Parent Company of such Discretionary Transferee, if any, has become a Guarantor and provided a Guaranty on terms reasonably satisfactory to Landlord or, if such Discretionary Transferee does not have a Parent Company, such Discretionary Transferee has become a Guarantor and provided a Guaranty on terms reasonably satisfactory to Landlord, and (4) the Adjusted Revenue to Rent Ratio with respect to all of the Facilities (determined at the proposed effective time of the assignment) for the then most recently preceding four (4) fiscal quarters for which financial statements are available is at least 1.4:1; or

(z) (i) assign this Master Lease by way of foreclosure of the Leasehold Estate or an assignment-in-lieu of foreclosure to any Person (any such assignment, a "**Foreclosure Assignment**") or (ii) undergo a Change in Control whereby a Person acquires beneficial ownership and control of one hundred percent (100%) of the Equity Interests in Tenant as a result of the purchase at a foreclosure on a permitted pledge of the Equity Interests in Tenant or an assignment in lieu of such foreclosure (a "**Foreclosure COC**") or (iii) effect the first subsequent sale or assignment of the Leasehold Estate or Change in Control after a Foreclosure Assignment or a Foreclosure COC whereby a Person so

acquires the Leasehold Estate or beneficial ownership and control of one hundred percent (100%) of the Equity Interests in Tenant or the Person who acquired the Leasehold Estate in connection with the Foreclosure Assignment, in each case, effected by a Permitted Leasehold Mortgagee or a Permitted Leasehold Mortgagee Foreclosing Party, to the extent such Permitted Leasehold Mortgagee or Permitted Leasehold Mortgagee Designee has been diligently attempting to expedite such first subsequent sale from the time it has initiated foreclosure proceedings taking into account the interest of such Permitted Leasehold Mortgagee or Permitted Leasehold Mortgagee Designee in maximizing the proceeds of such disposition if (1) such Person is a Discretionary Transferee, (2) in the case of any Foreclosure Assignment, if such Discretionary Transferee is not a Permitted Leasehold Mortgagee Designee such Discretionary Transferee agrees in writing to assume the obligations of the Tenant under this Master Lease without amendment or modification other than as provided below (which written assumption, in the case of a Permitted Leasehold Mortgagee Foreclosing Party, may be made by a Subsidiary of a Permitted Leasehold Mortgagee or a Permitted Leasehold Mortgagee Designee) and (3) if such Discretionary Transferee is not a Permitted Leasehold Mortgagee Foreclosing Party, the Parent Company of such Discretionary Transferee, if any, has become a Guarantor and provided a Guaranty on terms reasonably satisfactory to Landlord or, if such Discretionary Transferee does not have a Parent Company, such Discretionary Transferee has become a Guarantor and provided a Guaranty on terms reasonably satisfactory to Landlord;

provided that no such Change in Control or assignment referred to in this Section 22.2(iii) shall be permitted without Landlord's prior written consent unless, and in which case such consent shall not be unreasonably withheld, (A) the use of the Leased Property at the time of such Change in Control or assignment and immediately after giving effect thereto is permitted by Section 7.2 hereof, and (B) Landlord in its reasonable discretion shall have approved the form and content of all documents for such assignment and assumption and received an executed counterpart thereof (provided no such approval shall be required in the case of a Tenant Parent COC or a Tenant COC, so long as (A) Tenant remains obligated under the Master Lease and the Guaranty remains in effect except with respect to any release of Tenant's Parent permitted thereunder, (B) the requirements for a Guaranty from the Parent Company or Discretionary Transferee under clause (w) or (x) above are met, and (C) any modifications to this Master Lease required pursuant to the next succeeding paragraph are made); and

(iv) without Landlord's prior written consent, pledge or mortgage its Leasehold Estate to a Permitted Leasehold Mortgagee and permit a pledge of the equity interests in Tenant to be pledged to a Permitted Leasehold Mortgagee.

Upon the effectiveness of any Change in Control or assignment permitted pursuant to this Section 22.2, such Discretionary Transferee (and, if applicable, its Parent Company) and Landlord shall make such amendments and other modifications to this Master Lease as are reasonably requested by either party to give effect to such Change in Control or assignment and such technical amendments as may be necessary or appropriate in the reasonable opinion of such

requesting party in connection with such Change in Control or assignment including, without limitation, changes to the definition of Change in Control to substitute the Parent Company (or, if the Discretionary Transferee does not have a Parent Company, the Discretionary Transferee) for Tenant's Parent therein and in the provisions of this Master Lease regarding delivery of financial statements and other reporting requirements with respect to Tenant's Parent. After giving effect to any such Change in Control or assignment, unless the context otherwise requires, references to Tenant and Tenant's Parent hereunder shall be deemed to refer to the Discretionary Transferee or its Parent Company, as applicable.

Notwithstanding anything contained herein to the contrary, and for the avoidance of doubt, Tenant shall have no right to assign its interest in this Master Lease (in whole or in part) under this Section 22.2 unless Tenant or its Affiliate is simultaneously assigning its interest in the Sister Master Lease to the same Person.

22.3 Permitted Sublease Agreements. Notwithstanding the provisions of Section 22.1, but subject to compliance with the provisions of this Section 22.3 and of Section 40.1, (a) provided that no Event of Default shall have occurred and be continuing, Tenant shall be permitted to sublease gaming operations to a wholly-owned Subsidiary of Tenant that becomes a Guarantor by executing the Guaranty in form and substance reasonably satisfactory to Landlord, (b) the Effective Date Subleases shall be permitted without any further consent from Landlord (provided that any amendments or modifications thereto shall be subject to the requirements of this Section 22.3 and 22.4), and (c) provided that no Event of Default shall have occurred and be continuing, from and after the Effective Date, Tenant may enter into a sublease, license or similar occupancy agreement without the prior written consent of Landlord, provided that (i) (1) the space subject to such sublease agreement will not be used for gaming purposes (and any such space sublet for any gaming use will require Landlord's prior written consent, which consent may not be unreasonably withheld) and (2) is not for the all or substantially all of the applicable Facility, unless in each case such sublease agreement is with a wholly-owned Subsidiary of Tenant that becomes a Guarantor by executing the Guaranty in form and substance reasonably satisfactory to Landlord; (ii) all sublease agreements under clauses (b) and (c) of this Section 22.3 are made in the normal course of the Primary Intended Use and to concessionaires or other third party users or operators of portions of the Leased Property in furtherance or support of the Primary Intended Use, except with respect to the Effective Date Subleases; (iii) [intentionally omitted]; and (iv) Landlord shall have the right to reasonably approve the identity of any subtenants under this Section 22.3 (except with respect to subtenants under the Specified Subleases) that will be operating all or portions of the Leased Property for its Primary Intended Use to ensure that all are adequately capitalized and competent and experienced for the operations which they will be conducting. After an Event of Default has occurred and while it is continuing, Landlord may collect rents from any subtenant and apply the net amount collected to the Rent, but no such collection shall be deemed (x) a waiver by Landlord of any of the provisions of this Master Lease, (y) the acceptance by Landlord of such subtenant as a tenant or (z) a release of Tenant from the future performance of its obligations hereunder. If reasonably requested by Tenant in connection with a sublease permitted under clause (c) above, Landlord and such sublessee shall enter into a subordination, non-disturbance and attornment agreement with respect to such sublease in a form reasonably satisfactory to Landlord (and if a Facility Mortgage is then in effect, Landlord shall use reasonable efforts to cause the Facility Mortgagee to enter into such subordination, non-disturbance and attornment agreement).

22.4 Required Assignment and Subletting Provisions. Any assignment and/or sublease must provide that:

(i) in the case of a sublease, it shall be subject and subordinate to all of the terms and conditions of this Master Lease;

(ii) the use of the applicable Facility (or portion thereof) shall not conflict with any Legal Requirement or any other provision of this Master Lease;

(iii) except as otherwise provided herein, no subtenant or assignee shall be permitted to further sublet all or any part of the applicable Leased Property or assign this Master Lease or its sublease except insofar as the same would be permitted if it were a sublease by Tenant under this Master Lease (it being understood that any subtenant under Section 22.3(a) may pledge and mortgage its sublease hold estate (or allow the pledge of its equity interests) to a Permitted Leasehold Mortgagee);

(iv) in the case of a sublease, in the event of cancellation or termination of this Master Lease for any reason whatsoever or of the surrender of this Master Lease (whether voluntary, involuntary or by operation of law) prior to the expiration date of such sublease, including extensions and renewals granted thereunder, then, subject to Article XXXVI, at Landlord's option, the subtenant shall make full and complete attornment to Landlord for the balance of the term of the sublease, which attornment shall be evidenced by an agreement in form and substance satisfactory to Landlord and which the subtenant shall execute and deliver within five (5) days after request by Landlord and the subtenant shall waive the provisions of any law now or hereafter in effect which may give the subtenant any right of election to terminate the sublease or to surrender possession in the event any proceeding is brought by Landlord to terminate this Master Lease; and

(v) in the event the subtenant receives a written notice from Landlord stating that this Master Lease has been cancelled, surrendered or terminated, then, subject to Article XXXVI, the subtenant shall thereafter be obligated to pay all rentals accruing under said sublease directly to Landlord (or as Landlord shall so direct); all rentals received from the subtenant by Landlord shall be credited against the amounts owing by Tenant under this Master Lease.

22.5 Costs. Tenant shall reimburse Landlord for Landlord's reasonable costs and expenses incurred in conjunction with the processing and documentation of any assignment, subletting or management arrangement, including reasonable attorneys', architects', engineers' or other consultants' fees whether or not such sublease, assignment or management agreement is actually consummated.

22.6 No Release of Tenant's Obligations; Exception. No assignment (other than a permitted transfer pursuant to Section 22.2(i) or Section 22.2(iii)(y) or Section 22.2(iii)(z)(1) or Section 22.2(iii)(z)(3), in connection with a sale or assignment of the Leasehold Estate), subletting or management agreement shall relieve Tenant of its obligation to pay the Rent and to perform all of the other obligations to be performed by Tenant hereunder. The liability of Tenant and any immediate and remote successor in interest of Tenant (by assignment or otherwise), and the due performance of the obligations of this Master Lease on Tenant's part to be performed or observed, shall not in any way be discharged, released or impaired by any (i) stipulation which extends the time within which an obligation under this Master Lease is to be performed, (ii) waiver of the performance of an obligation required under this Master Lease that

is not entered into for the benefit of Tenant or such successor, or (iii) failure to enforce any of the obligations set forth in this Master Lease, provided that Tenant shall not be responsible for any additional obligations or liability arising as the result of any modification or amendment of this Master Lease by Landlord and any assignee of Tenant that is not an Affiliate of Tenant.

22.7 Perryville and Meadows Severance Leases. Notwithstanding anything contained in this Master Lease to the contrary (including, but not limited to, Section 22.1):

(a) subject to no Event of Default having occurred and being continuing at the time of exercise and as of the Severance Transfer Date, Tenant shall have the right to assign and sell Tenant's entire Leasehold Estate in the Meadows Facility and/or the Perryville Facility (each a "**Severance Facility**") and/or Tenant's entire Equity Interest in any Subsidiary that owns the Gaming License applicable to a Severance Facility and operates such Severance Facility (a "**Severance Transfer**") to a Discretionary Transferee if the divesture of such Severance Facility is reasonably likely, as determined in good faith by Tenant's Parent and Landlord, on the advice of counsel, to be required by a federal or state governmental authority or regulatory agency in connection with Tenant's, Tenant's Parent, or their respective Affiliate's acquisition and/or leasing of any new Gaming Facility; provided, that:

(i) Tenant shall give Landlord not less than sixty (60) days' written notice (a "**Severance Transfer Notice**"), which notice shall specify (i) in reasonable detail the nature of the Severance Transfer and the Severance Facility(ies) included in such Severance Transfer, including the terms upon which Tenant has agreed to assign and sell its interest in the Leasehold Estate pertaining to the Meadows Facility and/or the Perryville Facility, as applicable (the "**Severance Transfer Terms**"), (ii) the proposed Severance Transfer Date, which closing date shall be not less than sixty (60) days after the date of such Severance Transfer Notice, (iii) the identity of the proposed Discretionary Transferee and such information as is reasonably necessary to determine that such Person satisfies the requirements of a Discretionary Transferee, (iv) the proposed form of the Severance Lease and Replacement Guaranty (if required hereunder), (v) the proposed fair market value of the Severance Facility, prior to entry into a definitive agreement with respect to a Severance Transfer, and (vi) an amendment to this Master Lease removing the applicable Severance Facility from the definition of Leased Property and decreasing the Base Rent payable hereunder by an amount equal to the applicable Severance Lease Rent, provided, however, Tenant may delay remove or cancel the Severance Transfer Notice in the event that the underlying sale of a Severance Facility is delayed or cancelled for any reason. Notwithstanding the foregoing to the contrary, in the event the Severance Transfer comprises solely of Facilities subject to this Master Lease or the Sister Master Lease (and does not include gaming facilities not subject to this Master Lease or Sister Master Lease), Landlord shall be given the opportunity, exercisable by Landlord delivering written notice thereof to Tenant within thirty (30) days following Landlord's receipt of a Severance Transfer Notice to designate that the tenant under the Severance Lease provided that such Person is willing to acquire a leasehold interest

in the Severance Facility upon the Severance Transfer Terms (the Person selected by Tenant (or Landlord, pursuant to the terms of this Section 22.7(a)(i), if applicable) to be the tenant under the Severance Lease being the "**Severance Lease Tenant**"). In no event shall such opportunity given to Landlord under this Section 22.7(a)(i) cause a delay in the Severance Transfer closing beyond the date set forth in the original Severance Transfer Notice. For the avoidance of doubt, in no event shall Landlord be obligated to accept a Severance Lease that includes facilities other than the Meadows Facility and/or the Perryville Facility and Tenant shall have no right to effectuate a Severance Transfer unless it enters into a Severance Lease pursuant to, and in accordance with, the terms of this Section 22.7.

(ii) At the closing of any Severance Transfer, Landlord and Tenant shall enter into an amendment to this Master Lease providing that (i) the Severance Facilities included shall be excluded from the Leased Property hereunder and (ii) Rent hereunder shall be reduced by the amount of the Severance Lease Rent with respect to the Severance Facilities (the "**Severance Facility Lease Amendment**").

(iii) At the closing of any Severance Transfer, Tenant shall cause the Severance Lease Tenant (or its parent entity) to deliver a Replacement Guaranty (if required hereunder).

(iv) At the closing of the Severance Transfer, Landlord shall enter into one (1) or more separate leases (each, a "**Severance Lease**") with respect to the applicable Severance Facility with the Severance Lease Tenant (provided, however, the Severance Facilities shall be in a combined Master Lease in the event that a single tenant has been identified for both facilities) effective as of the Severance Transfer Date for the remaining Term and on substantially the same terms and conditions as, and in any case no less favorable to Landlord than, the terms and conditions of this Master Lease, including, without limitation, that the term of the Severance Lease shall be co-terminus with this Master Lease, provided, however, appropriate adjustments as necessary shall be made for such lease to be a single property lease (including to Exhibits and Schedules), including as follows:

(1) The rent initially payable under the Severance Lease as of the Severance Transfer Date will be equal to the Severance Lease Rent, and shall thereafter be subject to escalation and adjustment consistent with the provisions of this Master Lease (as if this Master Lease shall have commenced on the Severance Transfer Date), modified to reflect that the rent payable under the Severance Lease will be calculated on a stand-alone basis with respect to the Severance Facility only;

(2) The Severance Lease shall contain minimum capital expenditure requirements consistent with the capital expenditure requirements in Section 9.1(e) of this Master Lease, modified to reflect that such minimum capital expenditure requirements will apply to the Severance Lease on a stand-alone basis; and

(3) Section 22.7 of this Master Lease shall be omitted in its entirety from the Severance Lease.

(v) The original Guaranty delivered to Landlord shall be of no further force or effect solely with respect to any obligations of Tenant and Guarantor related to the Severance Facilities, first occurring from and after the Severance Transfer Date. For the avoidance of doubt, Tenant and Guarantor shall be liable for any and all obligations of Tenant occurring prior to the Severance Transfer Date.

(vi) In the event that, as part of a proposed Severance Transfer by Tenant, Tenant is offered by the seller the opportunity to partner with a landlord in an opco/propco structure (or the owner of the land and improvements is looking to sell), the Severance Transfer Notice shall additionally include the material terms under which such seller will offer Landlord an opportunity to participate in the Severance Transfer as propco landlord and in the event (at its sole discretion) Landlord is interested in pursuing such transaction, the parties shall negotiate in good faith the terms under which Landlord shall be able to participate.

(b) As a condition to the effectiveness of any Severance Transfer, (i) Tenant shall require and cause the Parent Company of such Severance Lease Tenant, or if such Severance Lease Tenant does not have a Parent Company, the Severance Lease Tenant, to deliver to Landlord a Replacement Guaranty and (ii) Landlord shall have received executed copies of all documents for the relevant Severance Transfer in a form reasonably satisfactory to Landlord.

(c) If either of Landlord or the Severance Lease Tenant has any comments or revisions that are commercially reasonable or are required to cause the proposed Severance Lease and/or the Severance Facility Lease Amendment to comply with the provisions of this Master Lease, then the Severance Lease Tenant and Landlord shall negotiate in good faith to reconcile the applicable issue(s).

(d) Upon the execution and delivery of a Severance Lease, the applicable Severance Facility Lease Amendment and the Replacement Guaranty (if applicable) in accordance with this Section 22.7, this Master Lease shall be terminated with respect to the applicable Severance Facility(ies), such Severance Facility(ies) shall cease to constitute Leased Property hereunder, neither Tenant nor Landlord shall have any further liabilities or obligations under this Master Lease, arising from and after the Severance Transfer Date, with respect to the applicable Severance Facility(ies), and the Guaranty shall automatically, and without further action by any party, cease to apply with respect to any Obligations (as defined in the Guaranty) with respect to the applicable Severance Facility(ies) to the extent arising from and after the Severance Transfer Date (provided that any such Obligations arising prior to the Severance Transfer Date shall not be terminated, limited or affected by or upon entry into the Severance Lease or the Severance Facility Lease Amendment). Landlord and Tenant shall each take such actions and execute and deliver such documents, including, without limitation, the Severance Lease and new or amended Memorandum(s) of Lease and, if requested by the other, as are reasonably necessary and appropriate to effectuate fully the provisions and intent of this Section 22.7, and as otherwise are appropriate or as Landlord, Tenant or any title insurer may reasonably request to evidence such removal and new leasing of the Severance Facilities, including

memoranda of lease with respect to such Severance Leases and amendments of all existing memoranda of lease with respect to this Master Lease and an amendment of this Master Lease. No default under any Severance Lease shall be a default under this Master Lease and no default under this Master Lease shall be a default under any Severance Lease.

(e) The execution and implementation of a Severance Transfer shall be subject to obtaining all Required Governmental Approvals by Tenant and/or the Qualified Successor Tenant (and each of their respective applicable Affiliates) in accordance with applicable law (including applicable Gaming Regulations). Each of Landlord and Tenant shall, and shall cause its Affiliates to, (a) file or cause to be filed, as promptly as practicable, and in any event no later than ten (10) days, following the date on which Landlord and Tenant agree on the form of the Severance Lease, all applications and supporting documentation necessary to obtain all Required Governmental Approvals for the Severance Facility Severance Lease and the Severance Transfer, (b) use commercially reasonable efforts in order to obtain such Required Governmental Approvals as promptly as practicable, and (c) use commercially reasonable efforts in order to assist the other party in its efforts to obtain such Required Governmental Approvals as promptly as practicable. Landlord, at no cost or expense to Landlord, agrees to reasonably cooperate with Tenant and use commercially reasonable efforts to provide Regulatory Approval Supporting Information that is reasonably requested by Tenant in connection with the Severance Transfer, in Tenant's or the Qualified Successor Tenant's efforts to obtain any Required Governmental Approvals.

(f) Each of Tenant and Landlord shall furnish to the other party Regulatory Approval Supporting Information and reasonable assistance as such party may reasonably request in connection with obtaining the Required Governmental Approvals. Subject to Section 23.2 and applicable laws relating to the exchange of information, outside counsel for Landlord and Tenant shall have the right to review in advance, and to the extent practicable each party shall consult with the other in connection with, all of the information relating to Landlord or Tenant, as the case may be, and any of their respective subsidiaries, that appears in any filing made with, or written materials submitted to, any Person and/or any governmental authority in connection with the Severance Transfer; provided, that the foregoing shall not apply to applications made with respect to Gaming Licenses and other gaming approvals required under applicable Gaming Regulations that include personal identifying information or other similarly sensitive or competitive information (as reasonably determined by such party in good faith). In exercising the foregoing rights, each of Landlord and Tenant shall act reasonably and as promptly as practicable. Subject to applicable law and the instructions of any governmental authority, Landlord and Tenant shall keep the other party reasonably apprised of the status of matters relating to the completion of the Severance Transfer, including promptly furnishing the other party with copies of notices or other written substantive communications received from any governmental authority and/or other Person with respect to the Severance Transfer and, to the extent practicable under the circumstances, shall provide the other party with the opportunity to participate in any meeting with any governmental authority in respect of any substantive filing, investigation or other inquiry in connection with the Severance Transfer.

(g) In the event Tenant desires to effectuate a Severance Transfer, Tenant and Landlord shall use commercially reasonable efforts to effectuate the Severance Transfer, if applicable, and minimize all costs, fees (including consent fees), taxes and expenses incurred by Tenant and Landlord in consummating the Severance Transfer. All reasonable, documented out-of-pocket costs and expenses relating to a Severance Transfer (including reasonable, documented

attorneys' fees and other reasonable, documented out-of-pocket costs incurred by Landlord for outside counsel, if any) shall be borne by Tenant and not Landlord.

22.8 Specified Developer Default; Project Developer Default. In the event a Specified Developer Default occurs under the Development Agreement, Landlord shall have the right, but not the obligation, by delivering written notice thereof to Tenant to either (1) require Tenant to sell the Affected Project pursuant to, and in accordance with, Article 36 of this Master Lease, or (2) deem such Specified Developer Default a Permitted Discontinuance Event (as defined in the Development Agreement). In the event, Landlord elects to proceed under clause (2) above, Tenant shall be obligated to (a) reimburse Landlord for any and all costs and expenses incurred by Landlord or its Affiliates as more particularly set for in Section 6 of the Development Agreement and (b) restore the affected Facility to the same condition in which it existed prior to the commencement of Tenant's construction of the applicable Project (as defined in the Development Agreement). In the event that a Project Developer Default occurs under the Development Agreement, Landlord shall have the right, but not the obligation, by delivering written notice thereof to Tenant to require Tenant to sell the Affected Project pursuant to, and in accordance with, Article 36 of the Master Lease. Notwithstanding anything contained in this Master Lease to contrary, nothing in this Master Lease shall be construed to limit Landlord's right to pursue the rights and remedies available to Landlord under the Development Agreement.

ARTICLE XXIII

23.1 Officer's Certificates and Financial Statements.

(a) Officer's Certificate. Each of Landlord and Tenant shall, at any time and from time to time upon receipt of not less than ten (10) Business Days' prior written request from the other party hereto, furnish an Officer's Certificate certifying (i) that this Master Lease is unmodified and in full force and effect, or that this Master Lease is in full force and effect as modified and setting forth the modifications; (ii) the Rent and Additional Charges payable hereunder and the dates to which the Rent and Additional Charges payable have been paid; (iii) that the address for notices to be sent to the party furnishing such Officer's Certificate is as set forth in this Master Lease (or, if such address for notices has changed, the correct address for notices to such party); (iv) whether or not, to its actual knowledge, such party or the other party hereto is in default in the performance of any covenant, agreement or condition contained in this Master Lease (together with back-up calculation and information reasonably necessary to support such determination) and, if so, specifying each such default of which such party may have knowledge; (v) that Tenant is in possession of the Leased Property; and (vi) responses to such other questions or statements of fact as such other party, any ground or underlying landlord, any purchaser or any current or prospective Facility Mortgagee or Permitted Leasehold Mortgagee shall reasonably request. Landlord's or Tenant's failure to deliver such statement within such time shall constitute an acknowledgement by such failing party that, to such party's knowledge, (x) this Master Lease is unmodified and in full force and effect except as may be represented to the contrary by the other party; (y) the other party is not in default in the performance of any covenant, agreement or condition contained in this Master Lease; and (z) the other matters set forth in such request, if any, are true and correct. Any such certificate furnished pursuant to this Article XXIII may be relied upon by the receiving party and any current or prospective Facility

Mortgagee, Permitted Leasehold Mortgagee, ground or underlying landlord or purchaser of the Leased Property. Each Guarantor or Tenant, as the case may be, shall deliver a written notice within two (2) Business Days of obtaining knowledge of the occurrence of a default hereunder. Such notice shall include a detailed description of the default and the actions such Guarantor or Tenant has taken or shall take, if any, to remedy such default.

(b) Statements. Tenant shall furnish the following statements to Landlord:

(i) Within sixty-five (65) days after the end of Tenant Parent's Fiscal Years (commencing with the Fiscal Year ending December 31, 2023) or concurrently with the filing by Tenant's Parent of its annual report on Form 10-K with the SEC, whichever is earlier: (x) Tenant's Parent's Financial Statements; (y) a certificate, executed by the chief financial officer or treasurer of the Tenant's Parent (a) certifying that no default has occurred under this Master Lease or, if such a default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (b) setting forth the calculation of the financial covenants set forth in Section 23.3 hereof in reasonable detail as of such Fiscal Year (commencing with the Fiscal Year ending December 31, 2023); and (z) a report with respect to Tenant's Parent's Financial Statements from Tenant's Parent's accountants, which report shall be unqualified as to going concern and scope of audit of Tenant's Parent and its Subsidiaries (excluding any qualification as to going concern relating to any debt maturities in the twelve month period following the date of such audit or any projected financial performance or covenant default in any Material Indebtedness or this Master Lease in such twelve month period) and shall provide in substance that (a) such consolidated financial statements present fairly the consolidated financial position of Tenant's Parent and its Subsidiaries as at the dates indicated and the results of their operations and cash flow for the periods indicated in conformity with GAAP and (b) that the examination by Tenant's Parent's accountants in connection with such Financial Statements has been made in accordance with generally accepted auditing standards;

(ii) Within forty-five (45) days after the end of each of the first three (3) fiscal quarters of the Tenant's Parent's Fiscal Year (commencing with the fiscal quarter ending March 31, 2023) or concurrently with the filing by Tenant's Parent of its quarterly report on Form 10-Q with the SEC, whichever is earlier, a copy of Tenant's Parent's Financial Statements for such period, together with a certificate, executed by the chief financial officer or treasurer of Tenant's Parent (i) certifying that no default has occurred or, if such a default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto, (ii) setting forth the calculation of the financial covenants set forth in Section 23.3 hereof in reasonable detail as of such quarter, to the extent one complete Test Period has been completed which has commenced following the date of this Master Lease and (iii) certifying that such Financial Statements fairly present, in all material respects, the financial position and results of operations of Tenant's Parent and its Subsidiaries on a consolidated basis in

accordance with GAAP (subject to normal year-end audit adjustments and the absence of footnotes);

(iii) Promptly following Landlord's request from time to time, (a) five-year forecasts of Tenant's income statement and balance sheet covering such quarterly and annual periods as may be reasonably requested by Landlord, and in a format consistent with Tenant Parent's quarterly and annual financial statements filed with the SEC, and such additional financial information and projections as may be reasonably requested by Landlord in connection with syndications, private placements, or public offerings of GLP's or Landlord's debt securities or loans or equity or hybrid securities and (b) such additional information and unaudited quarterly financial information concerning the Leased Property and Tenant as Landlord or GLP may require for its ongoing filings with the SEC under both the Securities Act and the Securities Exchange Act of 1934, as amended, including, but not limited to 10-Q Quarterly Reports, 10-K Annual Reports and registration statements to be filed by Landlord or GLP during the Term of this Master Lease, the Internal Revenue Service (including in respect of GLP's qualification as a "real estate investment trust" (within the meaning of Section 856(a) of the Code)) and any other federal, state or local regulatory agency with jurisdiction over GLP or its Subsidiaries subject to Section 23.1(c) below);

(iv) Within thirty-five (35) days after the end of each calendar month, a copy of Tenant's income statement for such month and Tenant's balance sheet as of the end of such month (which may be subject to quarterly and year-end adjustments and the absence of footnotes); provided, however, that with respect to each calendar quarter, Tenant shall provide such financial reports for the final month thereof as soon as is reasonably practicable following the closing of the books for such month and in sufficient time so that Landlord or its Affiliate is able to include the operational results for the entire quarter in its current Form 10-Q or Form 10-K (or supplemental report filed in connection therewith);

(v) Prompt Notice to Landlord of any action, proposal or investigation by any agency or entity, or complaint to such agency or entity, (any of which is called a "**Proceeding**"), known to Tenant, the result of which Proceeding would reasonably be expected to be to revoke or suspend or terminate or modify in a way adverse to Tenant, or fail to renew or fully continue in effect, any license or certificate or operating authority pursuant to which Tenant carries on any part of the Primary Intended Use of all or any portion of the Leased Property; and

(vi) As soon as it is prepared and in no event later than sixty (60) days after the end of each Fiscal Year, a capital and operating budget for each Facility for that Fiscal Year

(vii) Tenant further agrees to provide the financial and operational reports to be delivered to Landlord under this Master Lease in such electronic format(s) as may reasonably be required by Landlord from time to time in order to (i) facilitate Landlord's

internal financial and reporting database and (ii) permit Landlord to calculate any rent, fee or other payments due under Ground Leases.

(viii) Tenant also agrees that Landlord shall have audit rights with respect to any such information provided by Tenant to the extent such audit is reasonably required to confirm Tenant's compliance with the Master Lease terms (including, without limitation, the calculation of Net Revenues to the extent reasonably required to confirm Tenant's compliance with Section 23.3(a) of the Master Lease).

(c) Notwithstanding the foregoing, Tenant shall not be obligated (1) to provide information or assistance that could give Landlord or its Affiliates a "competitive" advantage with respect to markets in which GLP and Tenant or Tenant's Parent might be competing at any time (it being understood that Landlord shall retain audit rights with respect to such information to the extent required to confirm Tenant's compliance with the Master Lease terms (and GLP's compliance with Securities Exchange Commission, Internal Revenue Service and other legal and regulatory requirements) and provided that appropriate measures are in place to ensure that only Landlord's auditors and attorneys (and not Landlord or GLP) are provided access to such information) or (2) to provide information that is subject to the quality assurance immunity or is subject to attorney-client privilege or the attorney work product doctrine.

23.2 Public Offering Information. Tenant specifically agrees that Landlord may include financial information and such information concerning the operation of the Facilities (1) which is publicly available or (2) the inclusion of which is approved by Tenant in writing, which approval may not be unreasonably withheld, in offering memoranda or prospectuses or confidential information memoranda, or similar publications or marketing materials, rating agency presentations, investor presentations or disclosure documents in connection with syndications, private placements or public offerings of GLP's or Landlord's securities or loans or securities or loans of any direct or indirect parent entity of Landlord, and any other reporting requirements under applicable federal and state laws, including those of any successor to Landlord, provided that, to the extent such information is not publicly available, the recipients thereof shall be obligated to maintain the confidentiality thereof and to comply with all federal, state and other securities laws applicable with respect to such information. Unless otherwise agreed by Tenant, neither Landlord nor GLP shall revise or change the wording of information previously publicly disclosed by Tenant and furnished to Landlord or GLP or any direct or indirect parent entity of Landlord pursuant to Section 23.1 or this Section 23.2 and Landlord's Form 10-Q or Form 10-K (or supplemental report filed in connection therewith) shall not disclose the operational results of the Facilities prior to Tenant's Parent's, Tenant's or its Affiliate's public disclosure thereof so long as Tenant's Parent, Tenant or such Affiliate reports such information in a timely manner consistent with historical practices and SEC disclosure requirements. Tenant agrees to provide such other reasonable information and, if necessary, participation in road shows and other presentations at Landlord's or GLP's sole cost and expense, with respect to Tenant and its Leased Property to facilitate a public or private debt or equity offering or syndication by Landlord or GLP or any direct or indirect parent entity of Landlord or GLP or to satisfy GLP's or Landlord's SEC disclosure requirements or the

disclosure requirements of any direct or indirect parent entity of Landlord or GLP. In this regard, Landlord shall provide to Tenant a copy of any information prepared by Landlord to be published, and Tenant shall have a reasonable period of time (not to exceed three (3) Business Days) after receipt of such information to notify Landlord of any corrections.

23.3 Financial Covenants.

(a) Tenant on a consolidated basis with respect to all of the Facilities shall maintain an Adjusted Revenue to Rent Ratio determined on the last day of any fiscal quarter on a cumulative basis for the preceding Test Period (commencing with the Test Period ending on December 31, 2023) of at least 1.1:1.

(b) In the event that Tenant does not satisfy at any time the Adjusted Revenue to Rent Ratio set forth in Section 23.3(a), Tenant's Parent shall not be permitted to make any Restricted Payment until Tenant is in compliance with such ratio in a subsequent period.

23.4 Landlord Obligations. Landlord acknowledges and agrees that certain of the information contained in the Financial Statements and/or in the Financials may be non-public financial or operational information with respect to Tenant and/or the Leased Property. Landlord further agrees (i) to maintain the confidentiality of such non-public information; provided, however, Landlord shall have the right to share such information with GLP and their respective officers, employees, directors, Facility Mortgagee, agents and lenders party to material debt instruments entered into by GLP or Landlord, actual or prospective arrangers, underwriters, investors or lenders with respect to Indebtedness or Equity Interests that may be issued by GLP or Landlord, rating agencies, accountants, attorneys and other consultants (the "**Landlord Representatives**"), provided that such Landlord Representative is advised of the confidential nature of such information and agrees, to the extent such information is not publicly available, to maintain the confidentiality thereof and to comply with all federal, state and other securities laws applicable with respect to such information and (ii) that neither it nor any Landlord Representative shall be permitted to engage in any transactions with respect to the stock or other equity or debt securities or syndicated loans of Tenant or Tenant's Parent based on any such non- public information provided by or on behalf of Landlord or GLP (provided that this provision shall not govern the provision of information by Tenant or Tenant's Parent). In addition to the foregoing, Landlord agrees that, upon request of Tenant, it shall from time to time provide such information as may be reasonably requested by Tenant with respect to Landlord's capital structure and/or any financing secured by this Master Lease or the Leased Property in connection with Tenant's review of the treatment of this Master Lease under GAAP. In connection therewith, Tenant agrees to maintain the confidentiality of any such non-public information; provided, however, Tenant shall have the right to share such information with Tenant's Parent and their respective officers, employees, directors, Permitted Leasehold Mortgagees, agents and lenders party to material debt instruments entered into by Tenant or Tenant's Parent, actual or prospective arrangers, underwriters, investors or lenders with respect to Indebtedness or Equity Interests that may be issued by Tenant or Tenant's Parent, rating agencies, accountants, attorneys and other consultants (the "**Tenant Representatives**") so long as such Tenant Representative is advised of the confidential nature of such information and agrees, to the extent such information is not publicly available, (i) to maintain the confidentiality thereof and to comply with all federal,

state and other securities laws applicable with respect to such information and (ii) not to engage in any transactions with respect to the stock or other equity or debt securities or syndicated loans of GLP or Landlord based on any such non-public information provided by or on behalf of Tenant or Tenant's Parent (provided that this provision shall not govern the provision of information by Landlord or GLP).

ARTICLE XXIV

24.1 Landlord's Right to Inspect. Upon reasonable advance notice to Tenant, Tenant shall permit Landlord and its authorized representatives to inspect its Leased Property during usual business hours. Landlord shall take care to minimize disturbance of the operations on the Leased Property, except in the case of emergency.

ARTICLE XXV

25.1 No Waiver. No delay, omission or failure by Landlord to insist upon the strict performance of any term hereof or to exercise any right, power or remedy hereunder and no acceptance of full or partial payment of Rent during the continuance of any default or Event of Default shall impair any such right or constitute a waiver of any such breach or of any such term. No waiver of any breach shall affect or alter this Master Lease, which shall continue in full force and effect with respect to any other then existing or subsequent breach.

ARTICLE XXVI

26.1 Remedies Cumulative. To the extent permitted by law, each legal, equitable or contractual right, power and remedy of Landlord now or hereafter provided either in this Master Lease or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power and remedy and the exercise or beginning of the exercise by Landlord of any one or more of such rights, powers and remedies shall not preclude the simultaneous or subsequent exercise by Landlord of any or all of such other rights, powers and remedies.

ARTICLE XXVII

27.1 Acceptance of Surrender. No surrender to Landlord of this Master Lease or of any Leased Property or any part thereof, or of any interest therein, shall be valid or effective unless agreed to and accepted in writing by Landlord, and no act by Landlord or any representative or agent of Landlord, other than such a written acceptance by Landlord, shall constitute an acceptance of any such surrender.

ARTICLE XXVIII

28.1 No Merger. There shall be no merger of this Master Lease or of the leasehold estate created hereby by reason of the fact that the same Person may acquire, own or hold, directly or indirectly, (i) this Master Lease or the leasehold estate created hereby or any interest in this Master Lease or such leasehold estate and (ii) the fee estate in the Leased Property.

ARTICLE XXIX

29.1 Conveyance by Landlord. If Landlord or any successor owner of the Leased Property shall convey the Leased Property in accordance with the terms of this Master Lease other than as security for a debt, and the grantee or transferee expressly assumes all obligations of Landlord arising after the date of the conveyance, Landlord or such successor owner, as the case may be, shall thereupon be released from all future liabilities and obligations of the Landlord under this Master Lease arising or accruing from and after the date of such conveyance or other transfer and all such future liabilities and obligations shall thereupon be binding upon the new owner.

ARTICLE XXX

30.1 Quiet Enjoyment. So long as Tenant shall pay the Rent as the same becomes due and shall fully comply with all of the terms of this Master Lease and fully perform its obligations hereunder, Tenant shall peaceably and quietly have, hold and enjoy the Leased Property for the Term, free of any claim or other action by Landlord or anyone claiming by, through or under Landlord, but subject to all liens and encumbrances of record as of the Commencement Date or thereafter provided for in this Master Lease or consented to by Tenant. No failure by Landlord to comply with the foregoing covenant shall give Tenant any right to cancel or terminate this Master Lease or abate, reduce or make a deduction from or offset against the Rent or any other sum payable under this Master Lease, or to fail to perform any other obligation of Tenant hereunder. Notwithstanding the foregoing, Tenant shall have the right, by separate and independent action to pursue any claim it may have against Landlord as a result of a breach by Landlord of the covenant of quiet enjoyment contained in this Article XXX.

ARTICLE XXXI

31.1 Landlord's Financing. Without the consent of Tenant, Landlord may from time to time, directly or indirectly, create or otherwise cause to exist any Facility Mortgage upon the Leased Property or any portion thereof or interest therein; provided, however, if Tenant has not consented to any such Facility Mortgage entered into by Landlord after the Commencement Date, Tenant's obligations with respect thereto shall be subject to the limitations set forth in Section 31.3. This Master Lease is and at all times shall be subject and subordinate to any such Facility Mortgage which may now or hereafter affect the Leased Property or any portion thereof or interest therein and to all renewals, modifications, consolidations, replacements, restatements and extensions thereof or any parts or portions thereof; provided, however, that the subjection and subordination of this Master Lease and Tenant's leasehold interest hereunder to any Facility Mortgage shall be conditioned upon the execution by the holder of each Facility Mortgage and delivery to Tenant of a nondisturbance and attornment agreement substantially in the form attached hereto as Exhibit F-1 (provided that upon the request of Landlord such nondisturbance and attornment agreement shall also incorporate subordination provisions referenced above, as contemplated below, and be in substantially the form attached hereto as Exhibit F-2, and be executed by Tenant as well as Landlord), which will bind such holder of such Facility Mortgage and its successors and assigns as well as any person who acquires any portion of the Leased Property in a foreclosure or similar proceeding or in a

transfer in lieu of any such foreclosure or a successor owner of the Leased Property (each, a "**Foreclosure Purchaser**") and which provides that so long as there is not then outstanding and continuing an Event of Default under this Master Lease, the holder of such Facility Mortgage, and any Foreclosure Purchaser shall disturb neither Tenant's leasehold interest or possession of the Leased Property in accordance with the terms hereof, nor any of its rights, privileges and options, and shall give effect to this Master Lease, including the provisions of Article XVII which benefit any Permitted Leasehold Mortgagee (as if such Facility Mortgagee or Foreclosure Purchaser were the landlord under this Master Lease (it being understood that if an Event of Default has occurred and is continuing at such time such parties shall be subject to the terms and provisions hereof concerning the exercise of rights and remedies upon such Event of Default including the provisions of Articles XVI and XXXVI)). In connection with the foregoing and at the request of Landlord, Tenant shall promptly execute a subordination, nondisturbance and attornment agreement, in form and substance substantially in the form of Exhibit F-2 or otherwise reasonably satisfactory to Tenant, and the Facility Mortgagee or prospective Facility Mortgagee, as the case may be, which will incorporate the terms set forth in the preceding sentence. Except for the documents described in the preceding sentences, this provision shall be self-operative and no further instrument of subordination shall be required to give it full force and effect. If, in connection with obtaining any Facility Mortgage for the Leased Property or any portion thereof or interest therein, a Facility Mortgagee or prospective Facility Mortgagee shall request (A) reasonable cooperation from Tenant, Tenant shall provide the same at no cost or expense to Tenant, it being understood and agreed that Landlord shall be required to reimburse Tenant for all such costs and expenses so incurred by Tenant, including, but not limited to, its reasonable attorneys' fees, or (B) reasonable amendments or modifications to this Master Lease as a condition thereto, Tenant hereby agrees to execute and deliver the same so long as any such amendments or modifications do not (i) increase Tenant's monetary obligations under this Master Lease, (ii) adversely increase Tenant's non-monetary obligations under this Master Lease in any material respect, or (iii) diminish Tenant's rights under this Master Lease in any material respect.

31.2 Attornment. If Landlord's interest in the Leased Property or any portion thereof or interest therein is sold, conveyed or terminated upon the exercise of any remedy provided for in any Facility Mortgage Documents (or in lieu of such exercise), or otherwise by operation of law: (a) at the request and option of the new owner or superior lessor, as the case may be, Tenant shall attorn to and recognize the new owner or superior lessor as Tenant's "landlord" under this Master Lease or enter into a new lease substantially in the form of this Master Lease with the new owner or superior lessor, and Tenant shall take such actions to confirm the foregoing within ten (10) days after request; and (b) the new owner or superior lessor shall not be (i) liable for any act or omission of Landlord under this Master Lease occurring prior to such sale, conveyance or termination; (ii) subject to any offset, abatement or reduction of rent because of any default of Landlord under this Master Lease occurring prior to such sale, conveyance or termination; (iii) bound by any previous modification or amendment to this Master Lease or any previous prepayment of more than one month's rent, unless such modification, amendment or prepayment shall have been approved in writing by such Facility Mortgagee (to the extent such approval was required at the time of such amendment or modification or prepayment under the terms of the applicable Facility Mortgage Documents) or,

in the case of such prepayment, such prepayment of rent has actually been delivered to such new owner or superior lessor or in either case, such modification, amendment or prepayment occurred before Landlord provided Tenant with notice of the Facility Mortgage and the identity and address of the Facility Mortgagee; or (iv) liable for any security deposit or other collateral deposited or delivered to Landlord pursuant to this Master Lease unless such security deposit or other collateral has actually been delivered to such new owner or superior lessor.

31.3 Compliance with Facility Mortgage Documents. (a) Tenant acknowledges that any Facility Mortgage Documents executed by Landlord or any Affiliate of Landlord may impose certain obligations on the "borrower" or other counterparty thereunder to comply with or cause the operator and/or lessee of a Facility to comply with all representations, covenants and warranties contained therein relating to such Facility and the operator and/or lessee of such Facility, including, covenants relating to (i) the maintenance and repair of such Facility; (ii) maintenance and submission of financial records and accounts of the operation of such Facility and related financial and other information regarding the operator and/or lessee of such Facility and such Facility itself; (iii) the procurement of insurance policies with respect to such Facility; and (iv) without limiting the foregoing, compliance with all applicable Legal Requirements relating to such Facility and the operation of the Business thereof. For so long as any Facility Mortgages encumber the Leased Property or any portion thereof or interest therein, Tenant covenants and agrees, at its sole cost and expense and for the express benefit of Landlord, to operate the applicable Facility(ies) in strict compliance with the terms and conditions of the Facility Mortgage Documents (other than payment of any indebtedness evidenced or secured thereby) and to timely perform all of the obligations of Landlord relating thereto, or to the extent that any of such duties and obligations may not properly be performed by Tenant, Tenant shall cooperate with and assist Landlord in the performance thereof (other than payment of any indebtedness evidenced or secured thereby); provided, however, notwithstanding the foregoing, this Section 31.3(a) shall not be deemed to, and shall not, impose on Tenant obligations which (i) increase Tenant's monetary obligations under this Master Lease, (ii) adversely increase Tenant's non-monetary obligations under this Master Lease in any material respect, or (iii) diminish Tenant's rights under this Master Lease in any material respect. For purposes of the foregoing, any proposed implementation of new financial covenants shall be deemed to diminish Tenant's rights under this Master Lease in a material respect (it being understood that Landlord may agree to such financial covenants in any Facility Mortgage Documents and such financial covenants will not impose obligations on Tenant). If any new Facility Mortgage Documents to be executed by Landlord or any Affiliate of Landlord would impose on Tenant any obligations under this Section 31.3(a), Landlord shall provide copies of the same to Tenant for informational purposes (but not for Tenant's approval) prior to the execution and delivery thereof by Landlord or any Affiliate of Landlord; provided, however, that neither Landlord nor its Affiliates shall enter into any new Facility Mortgage Documents imposing obligations on Tenant with respect to impounds that are more restrictive than obligations imposed on Tenant pursuant to this Master Lease.

(b) Without limiting or expanding Tenant's obligations pursuant to Section 31.3(a), during the Term of this Master Lease, Tenant acknowledges and agrees that, except as expressly provided elsewhere in this Master Lease, it shall undertake at its own cost

and expense the performance of any and all repairs, replacements, capital improvements, maintenance items and all other requirements relating to the condition of a Facility that are required by any Facility Mortgage Documents or by Facility Mortgagee, and Tenant shall be solely responsible and hereby covenants to fund and maintain any and all impound, escrow or other reserve or similar accounts required under any Facility Mortgage Documents as security for or otherwise relating to any operating expenses of a Facility, including any capital repair or replacement reserves and/or impounds or escrow accounts for taxes or insurance premiums (each a "**Facility Mortgage Reserve Account**"); provided, however, this Section 31.3(b) shall not (i) increase Tenant's monetary obligations under this Master Lease, (ii) adversely increase Tenant's non- monetary obligations under this Master Lease in any material respect, (iii) diminish Tenant's rights under this Master Lease in any material respect, or (iv) impose obligations to fund such reserve or similar accounts in excess of amounts required under this Master Lease in respect of reserve or similar accounts under the circumstances required under this Master Lease; and provided, further, that any amounts which Tenant is required to fund into a Facility Mortgage Reserve Account with respect to satisfaction of any repair or replacement reserve requirements imposed by a Facility Mortgagee or Facility Mortgage Documents shall be credited on a dollar for dollar basis against the mandatory expenditure obligations of Tenant for such applicable Facility(ies) under Section 9.1(e). During the Term of this Master Lease and provided that no Event of Default shall have occurred and be continuing hereunder, Tenant shall, subject to the terms and conditions of such Facility Mortgage Reserve Account and the requirements of the Facility Mortgagee(s) thereunder (and the related Facility Mortgage Documents), have access to and the right to apply or use (including for reimbursement) to the same extent as Landlord all monies held in each such Facility Mortgage Reserve Account for the purposes and subject to the limitations for which such Facility Mortgage Reserve Account is maintained, and Landlord agrees to reasonably cooperate with Tenant in connection therewith. Landlord hereby acknowledges that funds deposited by Tenant in any Facility Mortgage Reserve Account are the property of Tenant and Landlord is obligated to return the portion of such funds not previously released to Tenant within fifteen (15) days following the earlier of (x) the expiration or earlier termination of this Master Lease with respect to such applicable Facility, (y) the maturity or earlier prepayment of the applicable Facility Mortgage and obligations secured thereby, or (z) an involuntary prepayment or deemed prepayment arising out of the acceleration of the amounts due to a Facility Mortgagee or secured under a Facility Mortgage as a result of the exercise of remedies under the applicable Facility Mortgage or Facility Mortgage Documents; provided, however, that the foregoing shall not be deemed or construed to limit or prohibit Landlord's right to bring any damage claim against Tenant for any breach of its obligations under this Master Lease that may have resulted in the loss of any impound funds held by a Facility Mortgagee.

ARTICLE XXXII

32.1 Hazardous Substances. Notwithstanding anything contained herein to the contrary, the following provisions shall apply to all Leased Property:

(a) **Hazardous Substances**. Tenant shall not allow any Hazardous Substance to be located in, on, under or about the Leased Property or incorporated in any Facility; provided, however, that Hazardous Substances may be brought, kept, used or disposed of in, on or about the Leased Property in quantities and for purposes similar to those brought, kept, used or

disposed of in, on or about similar facilities used for purposes similar to the Primary Intended Use or in connection with the construction of facilities similar to the applicable Facility or to the extent in existence at any Facility and which are brought, kept, used and disposed of in strict compliance with Legal Requirements. Tenant shall not allow the Leased Property to be used as a waste disposal site or for the manufacturing, handling, storage, distribution or disposal of any Hazardous Substance other than in the ordinary course of the business conducted at the Leased Property and in compliance with applicable Legal Requirements.

(b) **Notices.** Tenant shall provide to Landlord, within five (5) Business Days after Tenant's receipt thereof, a copy of any notice, or notification with respect to, (i) any violation of a Legal Requirement relating to Hazardous Substances located in, on, or under the Leased Property or any adjacent property; (ii) any enforcement, cleanup, removal, or other governmental or regulatory action instituted, completed or threatened with respect to the Leased Property; (iii) any claim made or threatened by any Person against Tenant or the Leased Property relating to damage, contribution, cost recovery, compensation, loss, or injury resulting from or claimed to result from any Hazardous Substance; and (iv) any reports made to any federal, state or local environmental agency arising out of or in connection with any Hazardous Substance in, on, under or removed from the Leased Property, including any complaints, notices, warnings or assertions of violations in connection therewith.

(c) **Remediation.** If Tenant becomes aware of a violation of any Legal Requirement relating to any Hazardous Substance in, on, under or about the Leased Property or any adjacent property, or if Tenant, Landlord or the Leased Property becomes subject to any order of any federal, state or local agency to repair, close, detoxify, decontaminate or otherwise remediate the Leased Property, Tenant shall immediately notify Landlord of such event and, at its sole cost and expense, cure such violation or effect such repair, closure, detoxification, decontamination or other remediation. If Tenant fails to implement and diligently pursue any such cure, repair, closure, detoxification, decontamination or other remediation, Landlord shall have the right, but not the obligation, to carry out such action and to recover from Tenant all of Landlord's costs and expenses incurred in connection therewith.

(d) **Indemnity.** Tenant shall indemnify, defend, protect, save, hold harmless, and reimburse Landlord for, from and against any and all costs, losses (including, losses of use or economic benefit or diminution in value), liabilities, damages, assessments, lawsuits, deficiencies, demands, claims and expenses (collectively, "**Environmental Costs**") (whether or not arising out of third-party claims and regardless of whether liability without fault is imposed, or sought to be imposed, on Landlord) incurred in connection with, arising out of, resulting from or incident to, directly or indirectly, before (except to the extent first discovered after the end of the Term) or during (but not after) the Term or such portion thereof during which the Leased Property is leased to Tenant (i) the production, use, generation, storage, treatment, transporting, disposal, discharge, release or other handling or disposition of any Hazardous Substances from, in, on or about the Leased Property (collectively, "**Handling**"), including the effects of such Handling of any Hazardous Substances on any Person or property within or outside the boundaries of the Leased Property, (ii) the presence of any Hazardous Substances in, on, under or about the Leased Property and (iii) the violation of any Environmental Law. "Environmental Costs" include interest, costs of response, removal, remedial action, containment, cleanup,

investigation, design, engineering and construction, damages (including actual and consequential damages) for personal injuries and for injury to, destruction of or loss of property or natural resources, relocation or replacement costs, penalties, fines, charges or expenses, attorney's fees, expert fees, consultation fees, and court costs, and all amounts paid in investigating, defending or settling any of the foregoing.

Without limiting the scope or generality of the foregoing, Tenant expressly agrees that, in the event of a breach by Tenant in its obligations under this Section 32.4 that is not cured within any applicable cure period, Tenant shall reimburse Landlord for any and all reasonable costs and expenses incurred by Landlord in connection with, arising out of, resulting from or incident to, directly or indirectly, before (with respect to any period of time in which Tenant or its Affiliate was in possession and control of the applicable Leased Property) or during (but not after) the Term or such portion thereof during which the Leased Property is leased to Tenant of the following:

(e) in investigating any and all matters relating to the Handling of any Hazardous Substances, in, on, from, under or about the Leased Property;

(f) in bringing the Leased Property into compliance with all Legal Requirements; and

(g) in removing, treating, storing, transporting, cleaning-up and/or disposing of any Hazardous Substances used, stored, generated, released or disposed of in, on, from, under or about the Leased Property or off-site other than in the ordinary course of the business conducted at the Leased Property and in compliance with applicable Legal Requirements.

If any claim is made by Landlord for reimbursement for Environmental Costs incurred by it hereunder, Tenant agrees to pay such claim promptly, and in any event to pay such claim within sixty (60) calendar days after receipt by Tenant of written notice thereof and any amount not so paid within such sixty (60) calendar day period shall bear interest at the Overdue Rate from the date due to the date paid in full.

(h) **Environmental Inspections.** In the event Landlord has a reasonable basis to believe that Tenant is in breach of its obligations under this Article XXXII, Landlord shall have the right, from time to time, during normal business hours and upon not less than five (5) days written notice to Tenant, except in the case of an emergency in which event no notice shall be required, to conduct an inspection of the Leased Property to determine the existence or presence of Hazardous Substances on or about the Leased Property. Landlord shall have the right to enter and inspect the Leased Property, conduct any testing, sampling and analyses it deems necessary and shall have the right to inspect materials brought into the Leased Property. Landlord may, in its discretion, retain such experts to conduct the inspection, perform the tests referred to herein, and to prepare a written report in connection therewith. All reasonable costs and expenses incurred by Landlord under this Section 32.5 shall be paid on demand as Additional Charges by Tenant to Landlord. Failure to conduct an environmental inspection or to detect unfavorable conditions if such inspection is conducted shall in no fashion be intended as a release of any liability for environmental conditions subsequently determined to be associated with or to have occurred during Tenant's tenancy. Tenant shall remain liable for any

environmental condition related to or having occurred during its tenancy regardless of when such conditions are discovered and regardless of whether or not Landlord conducts an environmental inspection at the termination of this Master Lease. The obligations set forth in this Article XXXII shall survive the expiration or earlier termination of this Master Lease.

ARTICLE XXXIII

33.1 Memorandum of Lease. Landlord and Tenant shall enter into one or more short form memoranda of this Master Lease, in form suitable for recording in each county or other applicable location in which the Leased Property is located. Tenant shall pay all costs and expenses of recording any such memorandum and shall fully cooperate with Landlord in removing from record any such memorandum upon the expiration or earlier termination of the Term with respect to the applicable Facility.

33.2 Reserved.

33.3 Tenant Financing. If, in connection with granting any Permitted Leasehold Mortgage or entering into a Debt Agreement, Tenant shall reasonably request (A) reasonable cooperation from Landlord, Landlord shall provide the same at no cost or expense to Landlord, it being understood and agreed that Tenant shall be required to reimburse Landlord for all such costs and expenses so incurred by Landlord, including, but not limited to, its reasonable attorneys' fees, or (B) reasonable amendments or modifications to this Master Lease as a condition thereto, Landlord hereby agrees to execute and deliver the same so long as any such amendments or modifications do not (i) increase Landlord's monetary obligations under this Master Lease, (ii) adversely increase Landlord's non-monetary obligations under this Master Lease in any material respect, (iii) diminish Landlord's rights under this Master Lease in any material respect, (iv) adversely impact the value of the Leased Property or (v) adversely impact Landlord's (or any Affiliate of Landlord's) tax treatment or position.

ARTICLE XXXIV

34.1 Expert Valuation Process.

(a) In the event that the opinion of an "Expert" is required under this Master Lease and Landlord and Tenant have not been able to reach agreement on such Person after at least ten (10) days of good faith negotiations, then either party shall each have the right to seek appointment of the Expert by the "Appointing Authority," as defined below, by writing to the Appointing Authority and asking it to serve as the Appointing Authority and appoint the Expert. The Appointing Authority shall appoint an Expert who is independent of the parties and has at least ten (10) years of experience valuing commercial real estate and/or in leasing or other matters, as applicable with respect to any of the matters to be determined by the Expert.

(b) The "**Appointing Authority**" shall be (i) the Institute for Conflict Prevention and Resolution (also known as, and shall be defined herein as, the "**CPR Institute**"), unless it is unable to serve, in which case the Appointing Authority shall be (ii) the American Arbitration Association ("**AAA**") under its Arbitrator Select Program for non-administered arbitrations or whatever AAA process is in effect at the time for the appointment of arbitrators in

cases not administered by the AAA, unless it is unable to serve, in which case (iii) the parties shall have the right to apply to any court of competent jurisdiction to appoint an Appointing Authority or an Expert in accordance with the court's power to appoint arbitrators. The CPR Institute and the AAA shall each be considered unable to serve if it no longer exists, or if it no longer provides neutral appointment services, or if it does not confirm (in form or substance) that it will serve as the Appointing Authority within thirty (30) days after receiving a written request from either Landlord or Tenant to serve as the Appointing Authority, or if, despite agreeing to serve as the Appointing Authority, it does not confirm its Expert appointment within sixty (60) after receiving such written request. The Appointing Authority's appointment of the Expert shall be final and binding upon the parties. The Appointing Authority shall have no power or authority except to appoint the Expert, and no rules of the Appointing Authority shall be applied to the valuation or other determination of the Expert other than the rules necessary for the appointment of the Expert.

(c) Once the Expert is finally selected, either by agreement of the parties or by confirmation to the parties from the Appointing Authority, the Expert will determine the matter in question, by proceeding as follows:

(i) In the case of an Expert required for the purpose of Section 1.4, each of Landlord and Tenant shall have ten (10) days to submit to the Expert its position as to the remaining useful life of the applicable Barge-Based Facility and any materials it wishes the Expert to consider when determining the remaining useful life of the applicable Barge-Based Facility. The Expert, in his or her sole discretion, shall consider any and all materials that he or she deems relevant to making such determination, except that there shall be no live hearings and the parties shall not be permitted to take discovery. The Expert may submit written questions or information requests to the parties, and the parties may respond with written materials within a time frame agreed by the parties or, absent agreement by the parties, set by the Expert. The Expert shall render his or her determination of the remaining useful life of the applicable Barge-Based Facility in writing and it shall be final and binding on the parties.

(ii) In the case of an Expert required for any other purpose, including without limitation under Section 13.2 and Section 36.2(a) hereof, each of Landlord and Tenant shall have a period of ten (10) days to submit to the Expert its position as to the Maximum Foreseeable Loss, as to the replacement cost of the Facilities as of the date of the expiration of this Master Lease and as to the appropriate per annum yield for leases between owners and operators of Gaming Facilities at the time in question (or as to any other matter to be resolved by an Expert hereunder), as the case may be, and any materials each of Landlord and Tenant wishes the Expert to consider when determining such Maximum Foreseeable Loss, replacement cost of the Facilities and the appropriate per annum yield for leases between owners and operators of Gaming Facilities (or as to any other matter to be resolved by an Expert hereunder), and the Expert will then make the relevant determination, by a "baseball arbitration" proceeding with the Expert limited to awarding only one or the other of the two positions submitted (and not any position in between or other compromise or ruling not consistent with one of the two positions submitted, except that in the case of a determination in respect of a dispute under Section

36.2(a), the Expert in its discretion may choose the position of one party with respect to the replacement cost of the Facilities as of the date of the expiration of this Master Lease and the position of the other party with respect to the appropriate per annum yield for leases between owners and operators of Gaming Facilities at the time in question), which shall then be binding on the parties hereto. The Expert, in his or her sole discretion, shall consider any and all materials that he or she deems relevant, except that there shall be no live hearings and the parties shall not be permitted to take discovery. The Expert may submit written questions or information requests to the parties, and the parties may respond with written materials within a time frame agreed by the parties or, absent agreement by the parties, set by the Expert.

(d) All communications between a party and either the Appointing Authority or the Expert shall also be copied to the other party. The parties shall cooperate in good faith to facilitate the valuation or other determination by the Expert.

(e) The costs of any Appointing Authority or Expert engaged under Section 34.1(c)(i) of this Master Lease shall be shared equally by Landlord and Tenant. If Landlord pays such Expert or Appointing Authority, fifty percent (50%) of such costs shall be Additional Charges hereunder and if Tenant pays such Expert or Appointing Authority, fifty percent (50%) of such costs shall be a credit against the next Rent payment hereunder. The costs of any Appointing Authority or Expert engaged with respect to any issue under Section 34.1(c)(ii) of this Master Lease shall be borne by the party against whom the Expert rules on such issue. If Landlord pays such Expert or Appointing Authority and is the prevailing party, such costs shall be Additional Charges hereunder and if Tenant pays such Expert or Appointing Authority and is the prevailing party, such costs shall be a credit against the next Rent payment hereunder.

ARTICLE XXXV

35.1 Notices. Any notice, request or other communication to be given by any party hereunder shall be in writing and shall be sent by registered or certified mail, postage prepaid and return receipt requested, by hand delivery or express courier service, by facsimile transmission, by email or by an overnight express service to the following address:

To Tenant:	Penn Tenant, LLC c/o PENN Entertainment, Inc. 825 Berkshire Boulevard, Suite 200 Wyomissing, Pennsylvania 19610 Attention: Chief Legal Officer Email: Harper.Ko@pennentertainment.com
With a copy to: (that shall not constitute notice)	Wachtell, Lipton, Rosen & Katz 51 West 52nd Street New York, NY 10019 Attention: Zachary S. Podolsky, Esq. Email: ZSPodolsky@wlrk.com Attention: Mark A. Koenig, Esq. Email: MAKoenig@wlrk.com and Ballard Spahr LLP 1735 Market Street, 51st Floor Philadelphia, Pennsylvania 19103 Attention: Joseph W. Weill, Esq. Email: Weillj@ballardspahr.com
To Landlord:	GLP Capital, L.P. c/o Gaming and Leisure Properties, Inc. 845 Berkshire Blvd., Suite 200 Wyomissing, Pennsylvania 19610 Attention: Brandon Moore, Esq. Facsimile: (610) 401-2901
And with copy to (which shall not constitute notice):	Goodwin Procter LLP The New York Times Building New York, New York 10018 Attention: Yoel Kranz, Esq. Facsimile: (215) 355-333

or to such other address as either party may hereafter designate. Notice shall be deemed to have been given on the date of delivery if such delivery is made on a Business Day, or if not, on the first Business Day after delivery. If delivery is refused, Notice shall be deemed to have been given on the date delivery was first attempted. Notice sent by facsimile transmission shall be deemed given upon confirmation that such Notice was received at the number specified above or in a Notice to the sender.

ARTICLE XXXVI

36.1 Transfer of Tenant's Property and Operational Control of the Facilities. Upon the written request (an "**End of Term Gaming Asset Transfer Notice**") of Landlord either immediately prior to or in connection with the expiration or earlier termination of the Term, or of Tenant in connection with a termination of this Master Lease that occurs (i)

either on the last date of the Initial Term or the last date of any Renewal Term, or (ii) in the event Landlord exercises its right to terminate this Master Lease or repossess the Leased Property in accordance with the terms of this Master Lease and, provided that, in each of the foregoing clauses (i) or (ii), Tenant complies with the provisions of Section 36.3, Tenant shall transfer (or cause to be transferred) upon the expiration of the Term, or as soon thereafter as Landlord shall request, the business operations (which will include a two (2) year transition license for tradenames and trademarks used at the Facilities) conducted by Tenant and its Subsidiaries at the Facilities (including, for the avoidance of doubt, all Tenant's Property relating to each of the Facilities) to a successor lessee or operator (or lessees or operators) of the Facilities (collectively, the "**Successor Tenant**") designated pursuant to Section 36.2 for consideration to be received by Tenant (or its Subsidiaries) from the Successor Tenant in an amount equal to the fair market value of such business operations (which will include a two (2) year transition license for tradenames and trademarks used at the Facilities) conducted at the Facilities and Tenant's Property (including any Tenant Capital Improvements not funded by Landlord in accordance with Section 10.3) (the "**Gaming Assets FMV**") as negotiated and agreed by Tenant and the Successor Tenant; provided, however, that in the event an End of Term Gaming Asset Transfer Notice is delivered hereunder, then notwithstanding the expiration or earlier termination of the Term, until such time that Tenant transfers the business operations (which will include a two (2) year transition license for tradenames and trademarks used at the Facilities) conducted at the Facilities and Tenant's Property to a Successor Tenant, Tenant shall (or shall cause its Subsidiaries to) continue to (and Landlord shall permit Tenant to maintain possession of the Leased Property to the extent necessary to) operate the Facilities in accordance with the applicable terms of this Master Lease and the course and manner in which Tenant (or its Subsidiaries) has operated the Facilities prior to the end of the Term (including, but not limited to, the payment of Rent hereunder). If Tenant and a potential Successor Tenant designated by Landlord cannot agree on the Gaming Assets FMV within a reasonable time not to exceed thirty (30) days after receipt of an End of Term Gaming Asset Transfer Notice hereunder, then such Gaming Assets FMV shall be determined, and Tenant's transfer of Tenant's Property to a Successor Tenant in consideration for a payment in such amount shall be determined and transferred, in accordance with the provisions of Section 36.2.

36.2 Determination of Successor Lessee and Gaming Assets FMV.

If not effected pursuant to Section 36.1, then the determination of the Gaming Assets FMV and the transfer of Tenant's Property to a Successor Tenant in consideration for the Gaming Assets FMV shall be effected by (i) first, determining in accordance with Section 36.2(a) the rent that Landlord would be entitled to receive from Successor Tenant assuming a lease term of ten (10) years (the "**Successor Tenant Rent**") pursuant to a lease agreement containing substantially the same terms and conditions of this Master Lease (other than, in the case of a new lease at the end of the final Renewal Term, the terms of this Article XXXVI, which will not be included in such new lease), (ii) second, identifying and designating in accordance with the terms of Section 36.2(b), a pool of qualified potential Successor Tenants (each, a "**Qualified Successor Tenant**") prepared to lease the Facilities at the Successor Tenant Rent and to bid for the business operations (which will include a two (2) year transition license for tradenames and trademarks used at the Facilities) conducted at the Facilities and Tenant's Property, and (iii) third, in accordance with the terms of Section 36.2(c), determining the highest price a Qualified Successor Tenant would agree to pay for Tenant's Property and setting such

highest price as the Gaming Assets FMV in exchange for which Tenant shall be required to transfer Tenant's Property and Landlord will enter into a lease with such Qualified Successor Tenant on substantially the same terms and conditions of this Master Lease (other than, in the case of a new lease at the end of the final Renewal Term, the terms of this Article XXXVI, which will not be included in such new lease) through the remaining term of this Master Lease (assuming that this Master Lease will not have terminated prior to its natural expiration at the end of the final Renewal Term) or ten (10) years, whichever is greater for a rent calculated pursuant to Section 36.2(a) hereof. Notwithstanding anything in the contrary in this Article XXXVI, the transfer of Tenant's Property will be conditioned upon the approval of the applicable regulatory agencies of the transfer of the Gaming Licenses and any other gaming assets to the Successor Tenant and/or the issuance of new gaming licenses as required by applicable Gaming Regulations and the relevant regulatory agencies both with respect to operating and suitability criteria, as the case may be.

(a) Determining Successor Tenant Rent. Landlord and Tenant shall first attempt to agree on the amount of Successor Tenant Rent that it will be assumed Landlord will be entitled to receive for a term of ten (10) years and pursuant to a lease containing substantially the same terms and conditions of this Master Lease (other than, in the case of a new lease at the end of the final Renewal Term, the terms of this Article XXXVI, which will not be included in such new lease). If Landlord and Tenant cannot agree on the Successor Tenant Rent amount within a reasonable time not to exceed sixty (60) days after receipt of an End of Term Gaming Asset Transfer Notice hereunder, then the Successor Tenant Rent shall be set as follows:

(i) for the period preceding the last day of the calendar month in which the thirty-fifth (35th) anniversary of the Commencement Date occurs, then the annual Successor Tenant Rent shall be an amount equal to the annual Rent that would have accrued under the terms of this Master Lease for such period (assuming the Master Lease will have not been terminated prior to its natural expiration); and

(ii) for the period following the last day of the calendar month in which the thirty-fifth (35th) anniversary of the Commencement Date occurs, then the Successor Tenant Rent shall be calculated in the same manner as Rent is calculated under this Master Lease, except that the annual Base Rent component of Base Rent shall be the product of (a) the replacement cost of the Facilities as of the date of expiration of this Master Lease as determined by an Expert pursuant to Section 34.1(c)(ii), and (b) an appropriate per annum yield for leases between owners and operators of Gaming Facilities at the time in question as determined by an Expert pursuant to Section 34.1(c)(ii).

(b) Designating Potential Successor Tenants. Landlord will select one and Tenant will select three (for a total of up to four) potential Qualified Successor Tenants prepared to lease the Facilities for the Successor Tenant Rent, each of whom must meet the criteria established for a Discretionary Transferee (and none of whom may be Tenant or an Affiliate of Tenant (it being understood and agreed that there shall be no restriction on Landlord or any Affiliate of Landlord from being a potential Qualified Successor Tenant), except in the case of termination of the Master Lease on the last day of the calendar month in which the thirty-fifth (35th) anniversary of the Commencement Date occurs). Landlord and Tenant must designate their proposed Qualified Successor Tenants within ninety (90) days after receipt of an End of Term Gaming Asset Transfer Notice hereunder. In the event that Landlord or Tenant fails to designate such party's allotted number of potential Qualified Successor Tenants, the other party may

designate additional potential Qualified Successor Tenants such that the total number of potential Qualified Successor Tenants does not exceed four; provided that, in the event the total number of potential Qualified Successor Tenants is less than four, the transfer process will still proceed as set forth in Section 36.2(c) below.

(c) Determining Gaming Assets FMV. Tenant will have a three (3) month period to negotiate an acceptable sales price for Tenant's Property with one of the Qualified Successor Tenants, which three (3) month period will commence immediately upon the conclusion of the steps set forth above in Section 36.2(b). If Tenant does not reach an agreement prior to the end of such three (3) month period, Landlord shall conduct an auction for Tenant's Property among the four potential successor lessees, and Tenant will be required to transfer Tenant's Property to the highest bidder.

36.3 Operation Transfer. Upon designation of a Successor Tenant (pursuant to either Section 36.1 or 36.2, as the case may be), Tenant shall reasonably cooperate and take all actions reasonably necessary (including providing all reasonable assistance to Successor Tenant) to effectuate the transfer of operational control of the Facilities to Successor Tenant in an orderly manner so as to minimize to the maximum extent possible any disruption to the continued orderly operation of the Facilities for its Primary Intended Use. Notwithstanding the expiration or earlier termination of the Term and anything to the contrary herein, unless Landlord consents to the contrary, until such time that Tenant transfers Tenant's Property and operational control of the Facilities to a Successor Tenant in accordance with the provisions of this Article XXXVI, Tenant shall (or shall cause its Subsidiaries to) continue to (and Landlord shall permit Tenant to maintain possession of the Leased Property to the extent necessary to) operate the Facilities in accordance with the applicable terms of this Master Lease and the course and manner in which Tenant (or its Subsidiaries) has operated the Facilities prior to the end of the Term (including, but not limited to, the payment of Rent hereunder). Concurrently with the transfer of Tenant's Property to Successor Tenant, Landlord and Successor Tenant shall execute a new master lease in accordance with the terms as set forth in the final clause of the first sentence of Section 36.2 hereof.

ARTICLE XXXVII

37.1 Attorneys' Fees. If Landlord or Tenant brings an action or other proceeding against the other to enforce or interpret any of the terms, covenants or conditions hereof or any instrument executed pursuant to this Master Lease, or by reason of any breach or default hereunder or thereunder, the party prevailing in any such action or proceeding and any appeal thereupon shall be paid all of its costs and reasonable outside attorneys' fees incurred therein. In addition to the foregoing and other provisions of this Master Lease that specifically require Tenant to reimburse, pay or indemnify against Landlord's attorneys' fees, Tenant shall pay, as Additional Charges, all of Landlord's reasonable outside attorneys' fees incurred in connection with the enforcement of this Master Lease (except to the extent provided above), including reasonable attorneys' fees incurred in connection with the review, negotiation or documentation of any subletting, assignment, or management arrangement or any consent requested in connection therewith, and the collection of past due Rent.

ARTICLE XXXVIII

38.1 Brokers. Tenant warrants that it has not had any contact or dealings with any Person or real estate broker which would give rise to the payment of any fee or brokerage

commission in connection with this Master Lease, and Tenant shall indemnify, protect, hold harmless and defend Landlord from and against any liability with respect to any fee or brokerage commission arising out of any act or omission of Tenant. Landlord warrants that it has not had any contact or dealings with any Person or real estate broker which would give rise to the payment of any fee or brokerage commission in connection with this Master Lease, and Landlord shall indemnify, protect, hold harmless and defend Tenant from and against any liability with respect to any fee or brokerage commission arising out of any act or omission of Landlord.

ARTICLE XXXIX

39.1 Anti-Terrorism Representations. Tenant hereby represents and warrants that neither Tenant, nor, to the knowledge of Tenant, any persons or entities holding any legal or beneficial interest whatsoever in Tenant, are (i) the target of any sanctions program that is established by Executive Order of the President or published by the Office of Foreign Assets Control, U.S. Department of the Treasury ("**OFAC**"); (ii) designated by the President or OFAC pursuant to the Trading with the Enemy Act, 50 U.S.C. App. § 5, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06, the Patriot Act, Public Law 107-56, Executive Order 13224 (September 23, 2001) or any Executive Order of the President issued pursuant to such statutes; or (iii) named on the following list that is published by OFAC: "List of Specially Designated Nationals and Blocked Persons" (collectively, "**Prohibited Persons**"). Tenant hereby represents and warrants to Landlord that no funds tendered to Landlord by Tenant under the terms of this Master Lease are or will be directly or indirectly derived from activities that may contravene U.S. federal, state or international laws and regulations, including anti-money laundering laws. If the foregoing representations are untrue at any time during the Term and Landlord suffers actual damages as a result thereof, an Event of Default will be deemed to have occurred, without the necessity of notice to Tenant.

Tenant will not during the Term of this Master Lease knowingly engage in any transactions or dealings, or knowingly be otherwise associated with, any Prohibited Persons in connection with the use or occupancy of the Leased Property. A breach of the representations contained in this Section 39.1 by Tenant as a result of which Landlord suffers actual damages shall constitute a material breach of this Master Lease and shall entitle Landlord to any and all remedies available hereunder, or at law or in equity.

ARTICLE XL

40.1 GLP REIT Protection. (a) The parties hereto intend that Rent and other amounts paid by Tenant hereunder will qualify as "rents from real property" within the meaning of Section 856(d) of the Code, or any similar or successor provision thereto and this Agreement shall be interpreted consistent with this intent.

(b) Anything contained in this Master Lease to the contrary notwithstanding, Tenant shall not without Landlord's advance written consent (which consent shall not be unreasonably withheld) (i) sublet, assign or enter into a management arrangement for the Leased Property on any basis such that the rental or other amounts to be paid by the subtenant, assignee or manager thereunder would be based, in whole or in part, on either (x) the income or profits derived by the business activities of the subtenant, assignee or manager or (y) any other formula such that any portion of any amount received by Landlord would fail to qualify as "rents from real property" within the meaning of Section 856(d) of the Code, or any similar or successor provision thereto; (ii) furnish or render any services to the subtenant, assignee or manager or

manage or operate the Leased Property so subleased, assigned or managed; (iii) sublet, assign or enter into a management arrangement for the Leased Property to any Person (other than a "taxable REIT subsidiary" (within the meaning of Section 856(l) of the Code) of GLP) in which Tenant, Landlord or GLP owns an interest, directly or indirectly (by applying constructive ownership rules set forth in Section 856(d)(5) of the Code); or (iv) sublet, assign or enter into a management arrangement for the Leased Property in any other manner which could cause any portion of the amounts received by Landlord pursuant to this Master Lease or any sublease to fail to qualify as "rents from real property" within the meaning of Section 856(d) of the Code, or any similar or successor provision thereto, or which could cause any other income of Landlord to fail to qualify as income described in Section 856(c)(2) of the Code. The requirements of this Section 40.1(b) shall likewise apply to any further subleasing by any subtenant.

(c) Anything contained in this Master Lease to the contrary notwithstanding, the parties acknowledge and agree that Landlord, in its sole discretion, may assign this Master Lease or any interest herein to another Person (including without limitation, a "taxable REIT subsidiary" (within the meaning of Section 856(l) of the Code)) in order to maintain Landlord's status as a "real estate investment trust" (within the meaning of Section 856(a) of the Code); provided, however, Landlord shall be required to (i) comply with any applicable legal requirements related to such transfer and (ii) give Tenant notice of any such assignment; and provided, further, that any such assignment shall be subject to all of the rights of Tenant hereunder.

(d) Anything contained in this Master Lease to the contrary notwithstanding, upon request of Landlord, Tenant shall cooperate with Landlord in good faith and at no cost or expense to Tenant, and provide such documentation and/or information as may be in Tenant's possession or under Tenant's control and otherwise readily available to Tenant as shall be reasonably requested by Landlord in connection with verification of GLP's "real estate investment trust" (within the meaning of Section 856(a) of the Code) compliance requirements. Anything contained in this Master Lease to the contrary notwithstanding, Tenant shall take such reasonable action as may be requested by Landlord from time to time in order to ensure compliance with the Internal Revenue Service requirement that Rent allocable for purposes of Section 856 of the Code to personal property, if any, at the beginning and end of a calendar year does not exceed fifteen percent (15%) of the total Rent due hereunder as long as such compliance does not (i) increase Tenant's monetary obligations under this Master Lease or (ii) materially and adversely increase Tenant's nonmonetary obligations under this Master Lease or (iii) materially diminish Tenant's rights under this Master Lease.

ARTICLE XLI

41.1 Survival. Anything contained in this Master Lease to the contrary notwithstanding, all claims against, and liabilities and indemnities of Tenant or Landlord arising prior to the expiration or earlier termination of the Term shall survive such expiration or termination.

41.2 Severability. If any term or provision of this Master Lease or any application thereof shall be held invalid or unenforceable, the remainder of this Master Lease and any other application of such term or provision shall not be affected thereby.

41.3 Non-Recourse. Tenant specifically agrees to look solely to the Leased Property for recovery of any judgment from Landlord (and Landlord's liability hereunder shall

be limited solely to its interest in the Leased Property, and no recourse under or in respect of this Master Lease shall be had against any other assets of Landlord whatsoever). It is specifically agreed that no constituent partner in Landlord or officer or employee of Landlord shall ever be personally liable for any such judgment or for the payment of any monetary obligation to Tenant. The provision contained in the foregoing sentence is not intended to, and shall not, limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord, or any action not involving the personal liability of Landlord. Furthermore, except as otherwise expressly provided herein, in no event shall Landlord ever be liable to Tenant for any indirect or consequential damages suffered by Tenant from whatever cause.

41.4 Successors and Assigns. This Master Lease shall be binding upon Landlord and its successors and assigns and, subject to the provisions of Article XXII, upon Tenant and its successors and assigns.

41.5 Governing Law. THIS MASTER LEASE WAS NEGOTIATED IN THE STATE OF NEW YORK, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY. ACCORDINGLY, IN ALL RESPECTS THIS MASTER LEASE (AND ANY AGREEMENT FORMED PURSUANT TO THE TERMS HEREOF) SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO PRINCIPLES OR CONFLICTS OF LAW) AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA, EXCEPT THAT ALL PROVISIONS HEREOF RELATING TO THE CREATION OF THE LEASEHOLD ESTATE AND ALL REMEDIES SET FORTH IN ARTICLE XVI RELATING TO RECOVERY OF POSSESSION OF THE LEASED PROPERTY OF ANY FACILITY (SUCH AS AN ACTION FOR UNLAWFUL DETAINER, IN REM ACTION OR OTHER SIMILAR ACTION) SHALL BE CONSTRUED AND ENFORCED ACCORDING TO, AND GOVERNED BY, THE LAWS OF THE STATE IN WHICH THE LEASED PROPERTY IS LOCATED.

41.6 Waiver of Trial by Jury. EACH OF LANDLORD AND TENANT ACKNOWLEDGES THAT IT HAS HAD THE ADVICE OF COUNSEL OF ITS CHOICE WITH RESPECT TO ITS RIGHTS TO TRIAL BY JURY UNDER THE CONSTITUTION OF THE UNITED STATES AND THE STATE. EACH OF LANDLORD AND TENANT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS MASTER LEASE (OR ANY AGREEMENT FORMED PURSUANT TO THE TERMS HEREOF) OR (ii) IN ANY MANNER CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF LANDLORD AND TENANT WITH RESPECT TO THIS MASTER LEASE (OR ANY AGREEMENT FORMED PURSUANT TO THE TERMS HEREOF) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREINAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; EACH OF LANDLORD AND TENANT HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY A COURT

TRIAL WITHOUT A JURY, AND THAT EITHER PARTY MAY FILE A COPY OF THIS SECTION 41.6 WITH ANY COURT AS CONCLUSIVE EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

41.7 Amendment and Restatement; Entire Agreement. This Master Lease and the Exhibits and Schedules attached hereto and the Development Agreement constitute the entire and final agreement of the parties with respect to the subject matter hereof. This Master Lease may not be changed or modified except by an agreement in writing signed by the parties and, with respect to the provisions set forth in Section 40.1, no such change or modification shall be effective without the explicit reference to such section by number and paragraph. Landlord and Tenant hereby agree that all prior or contemporaneous oral understandings, agreements or negotiations relative to the leasing of the Leased Property are merged into and revoked by this Master Lease and the Development Agreement.

41.8 Headings. All titles and headings to sections, subsections, paragraphs or other divisions of this Master Lease are only for the convenience of the parties and shall not be construed to have any effect or meaning with respect to the other contents of such sections, subsections, paragraphs or other divisions, such other content being controlling as to the agreement among the parties hereto.

41.9 Counterparts. This Master Lease may be executed in any number of counterparts, each of which shall be a valid and binding original, but all of which together shall constitute one and the same instrument.

41.10 Interpretation. Both Landlord and Tenant have been represented by counsel and this Master Lease and every provision hereof has been freely and fairly negotiated. Consequently, all provisions of this Master Lease shall be interpreted according to their fair meaning and shall not be strictly construed against any party.

41.11 Time of Essence. TIME IS OF THE ESSENCE OF THIS MASTER LEASE AND EACH PROVISION HEREOF IN WHICH TIME OF PERFORMANCE IS ESTABLISHED.

41.12 Further Assurances. The parties agree to promptly sign all documents reasonably requested to give effect to the provisions of this Master Lease. In addition, Landlord agrees to, at Tenant's sole cost and expense, reasonably cooperate with all applicable gaming authorities in connection with the administration of their regulatory jurisdiction over Tenant's Parent, Tenant and its Subsidiaries, including the provision of such documents and other information as may be requested by such gaming authorities relating to Tenant or any of its Subsidiaries or to this Master Lease and which are within Landlord's reasonable control to obtain and provide.

41.13 Gaming Regulations. (a) Notwithstanding anything to the contrary in this Master Lease, this Master Lease and any agreement formed pursuant to the terms hereof are subject to the Gaming Regulations and the laws involving the sale, distribution and possession of alcoholic beverages (the "**Liquor Laws**"). Without limiting the foregoing, each of Tenant, Landlord, and each of Tenant's or Landlord's successors and assigns acknowledges that (i) it is

subject to being called forward by the gaming authority or governmental authority enforcing the Liquor Laws (the "**Liquor Authority**"), in each of their discretion, for licensing or a finding of suitability or to file or provide other information, and (ii) all rights, remedies and powers under this Master Lease and any agreement formed pursuant to the terms hereof, including with respect to the entry into and ownership and operation of the Gaming Facilities, and the possession or control of gaming equipment, alcoholic beverages or a gaming or liquor license, may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of the Gaming Regulations and Liquor Laws and only to the extent that required approvals (including prior approvals) are obtained from the requisite governmental authorities.

(b) Notwithstanding anything to the contrary in this Master Lease or any agreement formed pursuant to the terms hereof, each of Tenant, Landlord, and each of Tenant's or Landlord's successors and assigns agrees to cooperate with each gaming authority and each Liquor Authority in connection with the administration of their regulatory jurisdiction over the parties hereto, including, without limitation, the provision of such documents or other information as may be requested by any such gaming authorities and/or Liquor Authorities relating to Tenant, Landlord, Tenant's or Landlord's successors and assigns or to this Master Lease or any agreement formed pursuant to the terms hereof.

41.14 State Specific Provisions.

(a) Maryland - Subordination Landlord's Lien. Upon Tenant's request, Landlord will subordinate any right of distress, distraint, or other statutory lien it may have with respect to Tenant's personal property located at Perryville Facility to the perfected security interest of Tenant's lender in Tenant's personal property located at the Perryville Facility. The form and substance of such subordination to be executed by Landlord shall be reasonably acceptable to Landlord.

(b) Nevada. Pursuant to Section 108.234 of the Nevada Revised Statutes (as amended or supplemented from time to time, "NRS"), to the extent the Leased Property is located in Nevada, Landlord hereby informs Tenant that Tenant must comply with the requirements of NRS § 108.2403 and NRS § 108.2407. Tenant shall (a) take all actions necessary under laws of the State of Nevada to ensure that no liens encumbering Landlord's interest in the Leased Property located in Nevada arise as a result of Capital Improvements by Tenant, which actions shall include, without limitation, the recording of a notice of posted security in the Office of the County Recorder of Clark County, Nevada, in accordance with NRS § 108.2403(1)(a), and (b) either (i) establish a construction disbursement account pursuant to NRS § 108.2403(1)(b)(1), or (ii) furnish and record, in accordance with NRS § 108.2403(1)(b)(2), a surety bond for the prime contract for such Capital Improvements at such Leased Property that meets the requirements of NRS § 108.2415. Tenant shall notify Landlord of the name and address of Tenant's prime contractor who will be performing such Capital Improvements as soon as it is known. Tenant shall notify Landlord immediately upon the signing of any contract with the prime contractor for such Capital Improvements or other construction, alteration or repair of any portion of such Leased Property or any improvements to such Leased Property. Tenant may not enter such Leased Property to begin any alteration or other work in such Leased Property until Tenant has delivered evidence satisfactory to Landlord that Tenant

has complied with the terms of this Section 41.14. Failure by Tenant to comply with the terms of this Section 41.14 shall permit Landlord to declare an Event of Default. Further, Landlord shall have the right to post and maintain any notices of non-responsibility.

41.15 Multiple Parties; Joint and Several Liability. In the event that at any time during the Term of this Master Lease, Landlord shall consist of more than one Person, (i) all of the duties, obligations, promises, covenants and agreements contained in this Master Lease to be performed by Landlord shall be the joint and several obligation of all Persons defined as Landlord, (ii) all of the representations, warranties, covenants, obligations, conditions, agreements and other terms contained in this Master Lease shall be applicable to, and binding upon and enforceable against, any one or more Persons defined as Landlord, (iii) a default by one such Person defined as Tenant under this Master Lease shall constitute a default by all such Persons defined as Tenant under this Master Lease, and (iv) such Persons may appoint one Person to be the contact for those matters hereunder where the consent of Landlord is required, which Person shall be authorized to give such consents in a manner that will be binding upon Landlord. In the event that at any time during the Term of this Master Lease, Tenant shall consist of more than one Person, (i) all duties, obligations, promises, covenants and agreements contained in this Master Lease to be performed by Tenant shall be the joint and several obligation of all Persons defined as Tenant, (ii) all of the representations, warranties, covenants, obligations, conditions, agreements and other terms contained in this Master Lease shall be applicable to, and binding upon and enforceable against, any one or more Persons defined as Tenant, (iii) a default by one such Person defined as Tenant under this Master Lease shall constitute a default by all such Persons defined as Tenant under this Master Lease, and (iv) such Persons may appoint one Person to be the contact for those matters hereunder where the consent of Tenant is required, which Person shall be authorized to give such consents in a manner that will be binding upon Tenant.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, this Master Lease has been executed by Landlord and Tenant as of the date first written above.

LANDLORD:

GLP CAPITAL, L.P.

By: Gaming and Leisure Properties, Inc., its general partner

By:
Name:
Title:

PA MEADOWS, LLC
a Delaware limited liability company

By:
Name:
Title:

CCR PENNSYLVANIA RACING, LLC
a Pennsylvania limited liability company

By:
Name:
Title:

TENANT:

PENN TENANT, LLC

By:
Name:
Title

PERRYVILLE TENANT

PENN CECIL MARYLAND, LLC

By:
Name:
Title:

MEADOWS TENANT

PNK DEVELOPMENT 33, LLC

By:
Name:
Title:

EXHIBIT A

LIST OF FACILITIES

Facility Name	Facility Address	Use
Hollywood Casino Perryville	Perryville, Maryland	Casino and Gaming
Hollywood Casino at the Meadows	North Strathbane, Pennsylvania	
Hollywood Casino Aurora	1 W. New York Street, Aurora, IL	Dockside Gaming Barge-Based Facility
Hollywood Casino Joliet	777 Hollywood Blvd, Joliet, IL	Dockside Gaming Barge-Based Facility
Hollywood Casino Columbus	200 Georgesville Road, Columbus, OH	Land-based Gaming
Hollywood Casino Toledo	1968 Miami Street, Toledo, OH	Land-based Gaming
M Resort Spa Casino (excluding Simon Ground Leased Property)	12300 Las Vegas Blvd., South Henderson, NV	Land-based gaming

EXHIBIT 21.1

Subsidiaries of PENN Entertainment, Inc. (a Pennsylvania corporation)

Name of Subsidiary	State or Other Jurisdiction of Incorporation
Abradoodle, LLC	Delaware
Absolute Games, LLC	Delaware
ACE Gaming, LLC	New Jersey
Alton Casino, LLC (d/b/a Argosy Casino Alton)	Illinois
Ameristar Casino Black Hawk, LLC (d/b/a Ameristar Black Hawk)	Colorado
Ameristar Casino Council Bluffs, LLC (d/b/a Ameristar Council Bluffs)	Iowa
Ameristar Casino East Chicago, LLC (d/b/a Ameristar East Chicago)	Indiana
Ameristar East Chicago Holdings, LLC	Indiana
Ameristar Interactive, LLC	Delaware
Ameristar Lake Charles Holdings, LLC	Louisiana
Argosy Development, LLC	Delaware
BCV (Intermediate), LLC	Delaware
Belle of Sioux City, L.P.	Iowa
Beulah Park Gaming Ventures, Inc.	Ohio
Boomtown Biloxi Interactive, LLC	Delaware
Boomtown, LLC	Delaware
Bossier Casino Venture, LLC	Louisiana
BSLO, LLC (d/b/a Hollywood Casino Gulf Coast)	Mississippi
BTN, LLC (d/b/a Boomtown Biloxi)	Mississippi
Cactus Pete’s, LLC (d/b/a Cactus Petes and Horseshu)	Nevada
Casino Magic, LLC	Minnesota
Casino Magic (Europe) B.V.	Netherlands
Casino Magic Hellas Management Services S.A.	Greek entity
CCR Pennsylvania Food Services, Inc	Pennsylvania
CCR Racing Management	Pennsylvania
Central Ohio Gaming Ventures, LLC (d/b/a Hollywood Casino Columbus)	Ohio
CHC Casinos Canada Limited	Nova Scotia
CHC Casinos Corp.	Florida
CRC Holdings, Inc.	Florida
Columbus Gaming Ventures, Inc.	Ohio
Crazy Horses, Inc.	Ohio
Danville Development, LLC	Delaware
Dayton Real Estate Ventures, LLC (d/b/a Hollywood Gaming at Dayton Raceway)	Ohio
Delvest, LLC	Delaware

Development Ventures, LLC	Delaware
Double Bogey, LLC	Texas
eBetUSA.com, Inc.	Delaware
First Jackpot Interactive, LLC	Delaware
FR Park Food Service, Inc.	New Jersey
FR Park Racing, L.P.	New Jersey
FR Park Services, L.P.	New Jersey
Freehold Raceway Off Track LLC	New Jersey
Front Range Entertainment District, LLC	Colorado
Gaming Jet Services, LLC	Delaware
GRDC, LLC	Missouri
Greektown Casino, L.L.C.	Michigan
Greektown Holdings, L.L.C.	Michigan
GS Park Racing, L.P.	New Jersey
HC Aurora, LLC (d/b/a Hollywood Casino Aurora)	Illinois
HC Bangor, LLC (d/b/a Hollywood Casino Hotel & Raceway Bangor)	Maine
HC Joliet, LLC (d/b/a Hollywood Casino Joliet)	Illinois
HJC/PDC Holdings, LLC	Ohio
HitPoint Inc.	Delaware
Hollywood Casinos, LLC	Delaware
Hostile Grape Development, LLC	Delaware
Houston Gaming Ventures, Inc.	Texas
Houston Operating Ventures, LLC	Texas
HWCC-Tunica, LLC (d/b/a Hollywood Casino Tunica)	Texas
Illinois Gaming Investors LLC (d/b/a Prairie State Gaming)	Delaware
Indiana Gaming Company, LLC (d/b/a Hollywood Casino Lawrenceburg)	Indiana
Iowa Gaming Company, LLC	Iowa
iPro, Inc.	Nevada
Kansas Entertainment, LLC (d/b/a Hollywood Casino at Kansas Speedway)	Delaware
KE Service, LLC	Kansas
Laredo Race Park LLC	Texas
L’Auberge Interactive, LLC	Delaware
Louisiana-I Gaming, a Louisiana Partnership in Commendam (d/b/a Boomtown New Orleans)	Louisiana
LuckyPoint, Inc.	Delaware
LVGV, LLC (d/b/a M Resort Spa Casino)	Nevada
Magnum Pinnacle Interactive, LLC	Delaware
Marquee by Penn, LLC	Delaware

Maryland Gaming Ventures, Inc.	Delaware
Massachusetts Gaming Ventures, LLC	Delaware
Mountain Laurel Racing, Inc	Delaware
Mountainview Thoroughbred Racing Association, LLC (d/b/a Hollywood Casino at Penn National Race Course)	Pennsylvania
New Jersey Account Wagering LLC	New Jersey
Ohio Opco Ventures, Inc.	Ohio
Ohio Racing Company	Ohio
PA Gaming Ventures, LLC	Pennsylvania
Penn ADW, LLC	Delaware
Penn Cecil Maryland, LLC (d/b/a Hollywood Casino Perryville)	Maryland
Penn Entertainment, LLC	Pennsylvania
Penn Hollywood Kansas, Inc.	Delaware
PENN INTERACTIVE FTP, LLC	Delaware
Penn Interactive Ventures, LLC	Delaware
PENN Maryland OSB, LLC	Delaware
Penn National GSFR, LLC	Delaware
Penn National Holdings, LLC	Delaware
Penn National Turf Club, LLC (d/b/a Hollywood Casino at Penn National Race Course)	Pennsylvania
Penn NJ OTW, LLC	New Jersey
Penn Online Entertainment, LLC	Delaware
Penn Sanford, LLC (d/b/a Sanford-Orlando Kennel Club)	Delaware
Penn Sports Interactive, LLC	Delaware
Penn Tenant II, LLC	Delaware
Penn Tenant III, LLC	Delaware
Penn Tenant, LLC	Pennsylvania
Pennwood Racing, Inc.	Delaware
PHK Staffing, LLC	Delaware
Pinnacle Entertainment, Inc.	Delaware
Pinnacle MLS, LLC	Delaware
Pinnacle Retama Partners, LLC (d/b/a Retama Park Racetrack)	Texas
PIV Halo, LLC	Delaware
PIV West, LLC	Delaware
Plainville Gaming and Redevelopment, LLC (d/b/a Plainridge Park Casino)	Delaware
PM Texas LLC	Delaware
PNGI Charles Town Gaming, LLC (d/b/a Hollywood Casino at Charles Town Races)	West Virginia
PNK (Baton Rouge) Partnership (d/b/a L'Auberge Baton Rouge)	Louisiana
PNK (BOSSIER CITY), L.L.C. (d/b/a Boomtown Bossier City)	Louisiana

PNK (Kansas), LLC	Kansas
PNK (LAKE CHARLES), L.L.C. (d/b/a L'Auberge Lake Charles)	Louisiana
PNK (River City), LLC (d/b/a River City Casino)	Missouri
PNK (SA), LLC	Texas
PNK (SAM), LLC	Texas
PNK (SAZ), LLC	Texas
PNK (VN), Inc.	Cayman Islands Corp.
PNK Development 7, LLC (d/b/a Heartland Poker Tour)	Delaware
PNK Development 8, LLC	Delaware
PNK Development 9, LLC	Delaware
PNK Development 11, LLC	Nevada
PNK Development 17, LLC	Nevada
PNK Development 18, LLC	Delaware
PNK Development 28, LLC	Delaware
PNK Development 31, LLC	Delaware
PNK Development 33, LLC	Delaware
PNK Development 34, LLC	Delaware
PNK Vicksburg, LLC (d/b/a Ameristar Vicksburg)	Mississippi
Raceway Park, Inc.	Ohio
RIH Acquisitions MS I, LLC	Mississippi
RIH Acquisitions MS II, LLC (d/b/a 1st Jackpot Casino Tunica)	Mississippi
Rocket Speed, Inc.	Delaware
Sam Houston Race Park LLC (d/b/a Sam Houston Race Park)	Texas
San Diego Gaming Ventures, LLC	Delaware
Score Fantasy Sports Ltd.	Delaware
Score Media and Gaming Inc.	British Columbia, Canada Corp.
Score Media Ventures Inc.	Ontario, Canada
ScoreMobile Inc.	Delaware
SDGV Staffing, LLC	Delaware
SDSV (Delaware) Inc.	Delaware
SDSV (Gibraltar) Limited	Gibraltar
Silver Screen Gaming, LLC	Delaware
SOKC, LLC (d/b/a Sanford-Orlando Kennel Club)	Delaware
St. Louis Gaming Ventures, LLC (d/b/a Hollywood Casino St. Louis)	Delaware
The Missouri Gaming Company, LLC (d/b/a Argosy Casino Riverside)	Missouri
The Pinnacle Entertainment Foundation	NV Nonprofit Corp.
Toledo Gaming Ventures, LLC (d/b/a Hollywood Casino Toledo)	Delaware

Valley Race Park LLC (d/b/a Valley Race Park)	Texas
Villaggio Development, LLC	Delaware
Viva Slots Free Classic Slot Machine Games, LLC	Delaware
Washington Trotting Association, LLC (d/b/a Meadows Racetrack and Casino)	Delaware
Western PA Gaming Ventures, LLC	Delaware
Yankton Investments, LLC	Nevada
Youngstown Real Estate Ventures, LLC (d/b/a Hollywood Gaming at Mahoning Valley Race Course)	Ohio
Zia Park Interactive, LLC	Delaware
Zia Park LLC (d/b/a Zia Park Casino, Hotel and Racetrack)	Delaware
1317769 B.C. Ltd.	British Columbia, Canada
1317774 B.C. Ltd.	British Columbia, Canada

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in:

1. Registration Statement (Form S-8 No. 333-265637) pertaining to the 2022 Long Term Incentive Compensation Plan,
2. Registration Statement (Form S-3 No. 333-260362) pertaining to a shelf registration statement,
3. Registration Statement (Form S-8 No. 333-260361) pertaining to Second Amended and Restated Stock Option and Restricted Stock Unit Plan,
4. Registration Statement (Form S-3 No. 333-238149) pertaining to a shelf registration statement,
5. Registration Statement (Form S-8 No. 333-222936) pertaining to the 2018 Long Term Incentive Compensation Plan,
6. Registration Statement (Form S-8 No. 333-226661) pertaining to the 2018 Long Term Incentive Compensation Plan,
7. Registration Statement (Form S-8 No. 333-198135) pertaining to the 2008 Long Term Incentive Compensation Plan,
8. Registration Statement (Form S-8 No. 333-176723) pertaining to the 2008 Long Term Incentive Compensation Plan, and
9. Registration Statement (Form S-8 No. 333-157669) pertaining to the 2008 Long Term Incentive Compensation Plan;

of our reports dated February 23, 2023, relating to the consolidated financial statements of PENN Entertainment, Inc. and subsidiaries and the effectiveness of PENN Entertainment, Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K for the year ended December 31, 2022.

/s/ Deloitte & Touche LLP

Philadelphia, Pennsylvania
February 23, 2023

EXHIBIT 31.1

Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Jay A. Snowden, certify that:

1. I have reviewed this Annual Report on Form 10-K of PENN Entertainment, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2023

/s/ Jay A. Snowden

Jay A. Snowden

Chief Executive Officer, President and Director
(Principal Executive Officer)

EXHIBIT 31.2

Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Felicia R. Hendrix, certify that:

1. I have reviewed this Annual Report on Form 10-K of PENN Entertainment, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2023

/s/ Felicia R. Hendrix

Felicia R. Hendrix

Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of PENN Entertainment, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jay A. Snowden, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 23, 2023

/s/ Jay A. Snowden

Jay A. Snowden

Chief Executive Officer, President and Director
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of PENN Entertainment, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Felicia R. Hendrix, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 23, 2023

/s/ Felicia R. Hendrix

Felicia R. Hendrix

Executive Vice President and Chief Financial Officer (Principal Financial Officer)

EXHIBIT 99.1

Description of Governmental Regulations

General

The ownership, operation, and management of our casino, sports wagering and racing operations are subject to significant regulation under the laws and regulations of each of the jurisdictions in which we operate. Such gaming laws are generally based upon declarations of public policy designed to protect gaming consumers and the viability and integrity of the gaming industry. Gaming laws also may be designed to protect and maximize state, provincial and local revenues derived through taxes and licensing fees imposed on gaming industry participants, as well as to enhance economic development and tourism. To accomplish these public policy goals, gaming laws establish stringent procedures to ensure that operators and other participants in the gaming industry meet certain standards of character and fitness. In addition, gaming laws require gaming industry participants to:

- ensure that unsuitable individuals and organizations have no role in or association with gaming operations;
- establish and maintain responsible accounting practices and procedures;
- maintain effective controls over their financial practices, including establishing minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues;
- maintain systems for reliable record keeping;
- file periodic reports with gaming regulators;
- ensure that contracts and financial transactions are commercially reasonable, reflect fair market value and are arms-length transactions; and
- establish programs to promote responsible gaming.

Typically, the gaming regulatory environment for a particular jurisdiction is established by statute and is administered by a regulatory agency with broad discretion to regulate the affairs of owners, managers, and persons with financial interests in gaming operations. Among other things, gaming authorities in the various jurisdictions in which we operate:

- adopt rules and regulations under the implementing statutes;
- interpret and enforce gaming laws;
- impose disciplinary sanctions for violations, including fines and penalties;
- review the character and fitness of participants in gaming operations and make determinations regarding their suitability or qualification for licensure;
- grant licenses for participation in gaming operations;

- collect and review reports and information submitted by participants in gaming operations;
- review and approve transactions, such as acquisitions or change-of-control transactions of gaming industry participants, securities offerings and debt transactions engaged in by such participants; and
- establish and collect fees and taxes.

Any change in these gaming laws and regulations in a jurisdiction where we operate could have a material adverse effect on our gaming operations.

Licensing and Suitability Determinations

Gaming laws require PENN Entertainment, Inc. ("PENN", "Company", "we", "us") and each of our subsidiaries engaged in gaming operations, certain of our directors, officers and employees, and in some cases, certain of our shareholders and holders of our debt securities, to obtain licenses from gaming authorities. Licenses typically require a determination that the applicant qualifies or is suitable to hold the license. Gaming authorities have broad discretion in determining whether an applicant qualifies for licensing or should be deemed suitable. Criteria used in determining whether to grant or renew a license to conduct gaming operations, while varying between jurisdictions, generally include consideration of factors such as:

- the good character, honesty and integrity of the applicant;
- the financial stability, integrity and responsibility of the applicant, including whether the operation is adequately capitalized in the jurisdiction and exhibits the ability to maintain adequate insurance levels;
- the quality of the applicant's casino facilities;
- the amount of revenue to be derived by the applicable jurisdiction from the operation of the applicant's casino;
- the applicant's practices with respect to minority hiring, training and procurement; and
- the effect on competition and general impact on the community.

In evaluating individual applicants, gaming authorities consider the individual's business experience and reputation for good character, the individual's financial activities, the individual's criminal history and the character of those with whom the individual associates.

Many gaming jurisdictions limit the number of licenses granted to operate casinos within those jurisdictions, and some jurisdictions limit the number or type of licenses granted to any one gaming operator. Licenses under gaming laws are generally not transferable without regulatory approval. Licenses in most of the jurisdictions in which we conduct gaming operations are granted for limited durations and require renewal from time to time. There can be no assurance that any of our licenses will be renewed. The failure to renew any of our licenses and/or

limitations on the number or type of licenses available to us could have a material adverse effect on our gaming operations.

In addition, the legislation permitting riverboat gaming in Iowa authorizes the granting of licenses to "qualified sponsoring organizations", which is defined as a nonprofit corporation organized under the laws of the State of Iowa. The not-for-profit corporation is permitted to enter into operating agreements with persons qualified to conduct riverboat gaming operations. Such operators must be approved and licensed by the Iowa Racing and Gaming Commission. On January 27, 1995, the Iowa Racing and Gaming Commission authorized the issuance of a license to conduct gambling games on an excursion gambling boat to Iowa West Racing Association (the "Association"), a not-for-profit corporation organized for the purpose of facilitating riverboat gaming in Council Bluffs. The Association has entered into a sponsorship agreement with Ameristar Casino Council Bluffs, Inc. ("ACCB") (the "Operator's Contract") authorizing ACCB to operate riverboat gaming operations in Council Bluffs under the Association's gaming license, and the Iowa Racing and Gaming Commission has approved this contract. The initial term of the Operator's Contract ran until March 31, 2015, and ACCB exercised an option to extend the term for an additional three-year period through March 31, 2018. In May 2017, the Association and ACCB extended the term of the Operator's Contract through March 31, 2023.

In addition to us and our direct and indirect subsidiaries engaged in gaming operations, gaming authorities have broad authority to investigate any individual who has a material relationship to or material involvement with any of these entities to determine whether such individual is suitable or should be licensed. Our officers, directors and certain key employees must file applications with the gaming authorities and may be required to be licensed, qualify or be found suitable in many jurisdictions. Gaming authorities may deny an application for licensing for any cause which they deem reasonable. Qualification and suitability determinations require submission of detailed personal and financial information followed by a thorough investigation. The applicant must pay all the costs of the investigation. Changes in licensed positions must be reported to gaming authorities and in addition to their authority to deny an application for licensure, qualification or a finding of suitability, gaming authorities have jurisdiction to disapprove a change in a corporate position.

If one or more gaming authorities were to find that an officer, director or key employee fails to qualify or is unsuitable for licensing or unsuitable to continue having a relationship with us, we would be required to sever all relationships with such person. In addition, gaming authorities may require us to terminate the employment of any person who refuses to file appropriate applications.

Moreover, in many jurisdictions, certain of our stockholders or holders of our debt securities may be required to undergo a suitability investigation similar to that described above. Many jurisdictions require any person who acquires beneficial ownership of more than a certain percentage of our voting securities, typically 5%, to report the acquisition to gaming authorities, and gaming authorities may require such holders to apply for qualification or a finding of suitability. Most gaming authorities, however, allow an "institutional investor" to apply for a waiver or similar authorization. An "institutional investor" waiver is generally limited to certain non-individual investors acquiring and holding voting securities in the ordinary course of

business as an institutional investor for passive investment purposes only, and not for the purpose of causing, directly or indirectly, the election of a member of our board of directors, any change in our corporate charter, bylaws, management, policies or operations, or those of any of our gaming affiliates, or the taking of any other action which gaming authorities find to be inconsistent with holding our voting securities for passive investment purposes only. In some jurisdictions, eligibility to file a statement of Beneficial Ownership on Schedule 13G is a requirement to be considered for, and to maintain, an institutional investor waiver. Even if a waiver is granted, an institutional investor generally may not take any action inconsistent with its status when the waiver was granted without prior notice and once again becoming subject to the foregoing reporting and application obligations.

Generally, any person who fails or refuses to apply for a finding of suitability or a license within the prescribed period after being advised that it is required by gaming authorities may be denied a license or found unsuitable, as applicable. Any stockholder found unsuitable or denied a license and who holds, directly or indirectly, any beneficial ownership of our voting securities beyond such period of time, as may be prescribed by the applicable gaming authorities, may be guilty of a criminal offense. Furthermore, we may be subject to disciplinary action if, after we receive notice that a person is unsuitable to be a stockholder or to have any other relationship with us or any of our subsidiaries, we: (i) pay that person any dividend or interest upon our voting securities; (ii) allow that person to exercise, directly or indirectly, any voting right conferred through securities held by that person; (iii) pay remuneration in any form to that person for services rendered or otherwise; or (iv) fail to pursue all lawful efforts to require such unsuitable person to relinquish his voting securities including, if necessary, the immediate purchase of said voting securities for cash at fair market value.

The gaming jurisdictions in which we operate also require that suppliers of certain goods and services to gaming industry participants be licensed and require us to purchase and lease gaming equipment, and certain supplies and services only from licensed suppliers. A denial, revocation, or non-renewal of a license for one of our material suppliers could have a material adverse effect on our gaming operations.

Violations of Gaming Laws

If we or our subsidiaries violate applicable gaming laws, our gaming licenses could be limited, conditioned, suspended or revoked by gaming authorities, and we and any other persons involved could be subject to substantial fines. Further, a supervisor or conservator can be appointed by gaming authorities to operate our gaming properties, or in some jurisdictions, take title to our gaming assets in the jurisdiction, and under certain circumstances, earnings generated during such appointment could be forfeited to the applicable jurisdiction(s). Furthermore, violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions. As a result, violations by us of applicable gaming laws could have a material adverse effect on our gaming operations.

Some gaming jurisdictions prohibit certain types of political activity by a gaming licensee, its officers, directors and key people. A violation of such a prohibition may subject the offender to criminal and/or disciplinary action.

Reporting and Record-keeping Requirements

We are required periodically to submit detailed financial and operating reports and furnish any other information about us, our shareholders, debtholders and our subsidiaries which gaming authorities may require. Under U.S. federal law, we are required to record and submit detailed reports of currency transactions involving greater than $10,000 at our casinos as well as any suspicious activity that may occur at such facilities. We are required to maintain a current stock ledger which may be examined by gaming authorities at any time. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to gaming authorities. A failure to make such disclosure may be grounds for finding the record holder unsuitable. Gaming authorities may require certificates for our securities to bear a legend indicating that the securities are subject to specified gaming laws.

Review and Approval of Transactions

Substantially all material loans, leases, sales of securities and similar financing transactions by us and our subsidiaries must be reported to and in some cases approved by gaming authorities. Neither we nor any of our subsidiaries may make a public offering of certain securities without the prior approval of certain gaming authorities. Changes in control through merger, consolidation, stock or asset acquisitions, management or consulting agreements, or otherwise are subject to receipt of prior approval of gaming authorities. Entities seeking to acquire control of us or one of our subsidiaries must satisfy gaming authorities with respect to a variety of stringent standards prior to assuming control. Gaming authorities may also require controlling stockholders, officers, directors and other persons having a material relationship or involvement with the entity proposing to acquire control to be investigated and licensed as part of the approval process relating to the transaction.

Because of regulatory restrictions, our ability to grant a security interest in any of our gaming assets is limited and subject to receipt of prior approval by certain gaming authorities.

License Fees and Gaming Taxes

We pay substantial license fees and taxes in many jurisdictions, including some of the counties and cities in which our operations are conducted, in connection with our casino gaming operations, computed in various ways depending on the type of gaming or activity involved. Depending upon the particular fee or tax involved, these fees and taxes are payable with varying frequency. License fees and taxes are based upon such factors as:

- a percentage of the gross gaming revenues received;
- the number of gaming devices and table games operated;
- admission fees for customers boarding our riverboat casinos; and/or
- one-time fees payable upon the initial receipt of a license and fees in connection with the renewal of a license.

In some jurisdictions, gaming tax rates are graduated, such that they increase as gross gaming revenues increase. Furthermore, tax rates are subject to change, sometimes with little notice, and such changes could have a material adverse effect on our gaming operations.

In addition to taxes specifically unique to gaming, we are required to pay all other applicable taxes.

Operational Requirements

In most jurisdictions, we are subject to certain requirements and restrictions on how we must conduct our gaming operations. In many jurisdictions, we are required to promote and/or give preference to local suppliers and include minority and women-owned businesses as well as organized labor in construction projects to the maximum extent practicable as well as in general vendor business activity. Similarly, we may be required to give employment preference to minorities, women and in-state residents in certain jurisdictions.

Some gaming jurisdictions also prohibit a distribution, except to allow for the payment of taxes, if the distribution would impair the financial viability of the gaming operation. Moreover, many jurisdictions require a gaming operation to maintain insurance and post bonds in amounts determined by their gaming authority.

In addition, our ability to conduct certain types of games, introduce new games or move existing games within our facilities may be restricted or subject to regulatory review and approval. Some of our operations are subject to restrictions on the number of gaming positions we may have and the maximum wagers allowed to be placed by our customers.

Our operating properties are also subject to various rules and regulations related to the prevention of financial crimes and combating terrorism, including the U.S. Patriot Act of 2001. These rules and regulations require us to, among other things, implement policies and procedures related to anti-money laundering, suspicious activities, currency transaction reporting and due diligence on customers. Although we have policies and procedures designed to comply with these rules and regulations, to the extent they are not fully effective or do not meet heightened regulatory standards or expectations, we may be subject to fines, penalties, restrictions on certain activities, reputational harm, or other adverse consequences.

Riverboat Casinos

In addition to all other regulations generally applicable to the gaming industry, certain of our riverboat casinos are also subject to regulations applicable to vessels operating on navigable waterways, including regulations of the U.S. Coast Guard, or alternative inspection requirements. These requirements set limits on the operation of the vessel, mandate that it must be operated by a minimum complement of licensed personnel, establish periodic inspections, including the physical inspection of the outside hull, and establish other mechanical and operations rules. In addition, the riverboat casinos may be subject to future U.S. Coast Guard regulations, or alternative security procedures, designed to increase homeland security which could affect some of our properties and require significant expenditures to bring such properties into compliance.

Racetracks

We have horse racing operations at our thoroughbred racetracks in Charles Town, West Virginia; Grantville, Pennsylvania; Hobbs, New Mexico; Austintown, Ohio; Houston, Texas; at our quarter-horse racetrack through a joint venture agreement in San Antonio, Texas; and at our harness racetracks in Bangor, Maine; Dayton, Ohio; Washington, Pennsylvania; and Plainville, Massachusetts. We operate an off-track wagering facility in Longwood, Florida and hold a greyhound racing license for a currently inactive facility in Harlingen, Texas. Through a joint venture agreement, we have an ownership interest in a harness racetrack in Freehold, New Jersey, along with two off-track wagering facilities and a minority interest in an account wagering operations in that state. In Pennsylvania, we have two off-track wagering facilities that operate within our new Category 4 casinos in York and Morgantown. We also conduct telephonic and electronic account wagering operations in twenty-four states pursuant to pari-mutuel licensees or approvals issued to us or one of our subsidiaries in Pennsylvania, Oregon and Massachusetts. We currently operate video lottery terminals and table games at the Charles Town, West Virginia racetrack, and operate video lottery terminals at our racetracks in Austintown, Ohio and Dayton, Ohio. We operate slot machines and table games at our Grantville, Pennsylvania and Washington, Pennsylvania racetracks, operate slot machines and table games in Bangor, Maine at a facility located near the racetrack, operate slot machines and video poker at our Hobbs, New Mexico racetrack, and operate slot machines and electronic table games at our Plainville, Massachusetts racetrack. Generally, our slot and table operations at racetracks are regulated in the same manner as our gaming operations in other jurisdictions. In some jurisdictions, our ability to conduct gaming operations may be conditioned on the maintenance of agreements or certain arrangements with horsemen’s or labor groups or meeting minimum live racing requirements.

Regulations governing our horse and harness racing operations are, in most jurisdictions, administered separately from the regulations governing gaming operations, with separate licenses and license fee structures. The racing authorities responsible for regulating our racing operations have broad oversight authority, which may include: annually reviewing and granting racing licenses and racing dates; approving the opening and operation of off track wagering facilities; approving simulcasting activities; licensing all officers, directors, racing officials and certain other employees of a racing licensee; and approving certain contracts entered into by a racing licensee affecting racing, pari-mutuel wagering, account wagering and off track wagering operations. In addition to state regulatory oversight, the majority of our thoroughbred racetracks and their participants are subject to certain equine safety, welfare and drug testing rules and regulations established by the Horseracing Integrity and Safety Authority (HISA), which was established by Congress to enforce the Horseracing Integrity and Safety Act and which operates under the oversight of the Federal Trade Commission, and our racetracks and horsemen’s organizations at those racetracks are assessed annual fees to fund HISA.

Retail Gaming Operations

Our subsidiary Illinois Gaming Investors LLC d/b/a Prairie State Gaming is licensed in Illinois as a Video Gaming Terminal (“VGT”) Operator to install and operate gaming devices in certain non-casino licensed establishments (such as restaurants, bars, taverns). In addition, our

subsidiary Marquee by Penn, LLC is conditionally licensed in Pennsylvania as a VGT Operator to own, service and/or maintain gaming devices for placement and operation on the premises of licensed truck stop establishments and expected to commence operations in 2019 pursuant to regulations adopted by the Pennsylvania Gaming Control Board. A VGT Operator may not have any ownership or control with respect to an establishment, and the regulations pertaining to VGT Operators are similar to those generally applicable to the gaming industry.

Sports Wagering

In accordance with state gaming regulatory approvals, we currently offer retail sports wagering at a number of our casinos in jurisdictions that have legalized retail sports wagering and we anticipate adding additional retail sports wagering offerings in the future as additional jurisdictions authorize the implementation of sports wagering. Apart from Nevada, which we expect to be converted in 2024, an affiliate of the Company manages all of our retail sportsbooks. In addition, the Company launched online, intrastate sports wagering, in certain of its retail jurisdictions where online, intrastate sports wagering is authorized and additional jurisdictions that may only authorize online, intrastate sports wagering. We anticipate adding additional online, intrastate sports wagering upon receipt of necessary approvals.

Interactive Business

We are subject to various federal, state, provincial and international laws and regulations that affect our interactive business, including those relating to the privacy and security of customer and employee personal information and those relating to the Internet, behavioral tracking, mobile applications, advertising and marketing activities, sweepstakes and contests. Additional laws in all of these areas are likely to be passed in the future, which could result in significant limitations on or changes to the ways in which we can collect, use, host, store or transmit the personal information and data of our customers or employees, communicate with our customers, and deliver products and services, or may significantly increase our compliance costs. As our business expands to include new uses or collection of data that is subject to privacy or security regulations, our compliance requirements and costs will increase, and we may be subject to increased regulatory scrutiny.

Some of our social gaming products and features are based upon traditional casino games, such as slots and table games. Although we do not believe these products and features constitute gambling, it is possible that additional laws or regulations may be passed in the future that would restrict or impose additional requirements on our social gaming products and features.

In addition, an affiliate of the Company began offering lawful intra-state real money online internet gaming in jurisdictions that permit it, including slots, table games and poker, pursuant to regulations adopted by the applicable regulatory authorities.