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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2015

OR

o **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 001-36124

Gaming and Leisure Properties, Inc.

(Exact name of registrant as specified in its charter)

Pennsylvania	**46-2116489**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
845 Berkshire Blvd., Suite 200 Wyomissing, Pennsylvania	**19610**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(610) 401-2900**

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

Title of each class	Name of each exchange on which registered
Common Stock, par value $.01 per share	NASDAQ

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 x No o

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 o No x

Indicate by check mark whether the registrant (1) has filed all reports 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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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

Large accelerated filer x	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

As of June 30, 2015 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of the voting common stock held by non-affiliates of the registrant was approximately $3.8 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, 2015.

The number of shares of the registrant's common stock outstanding as of February 17, 2016 was 116,686,922.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2016 annual meeting of shareholders (when it is filed) will be incorporated by reference into Part III of this Annual Report on Form 10-K.

IMPORTANT FACTORS REGARDING FORWARD-LOOKING STATEMENTS

Forward-looking statements in this document are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of Gaming and Leisure Properties, Inc. ("GLPI") and subsidiaries (collectively, the "Company") to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements include information concerning the Company's business strategy, plans, and goals and objectives.

Statements preceded by, followed by or that otherwise include the words "believes," "expects," "anticipates," "intends," "projects," "estimates," "plans," "may increase," "may fluctuate," and similar expressions or future or conditional verbs such as "will," "should," "would," "may" and "could" are generally forward-looking in nature and not historical facts. You should understand that the following important factors could affect future results and could cause actual results to differ materially from those expressed in such forward-looking statements:

- the ability to receive, or delays in obtaining, the regulatory approvals required to own and/or operate our properties, or other delays or impediments to completing our planned acquisitions or projects;
- our ability to enter into definitive agreements with a third party operator for the Meadows Racetrack & Casino (the "Meadows");
- the ultimate timing and outcome of our proposed acquisition of substantially all of the real estate assets of Pinnacle Entertainment, Inc. ("Pinnacle"), including our and Pinnacle's ability to obtain the financing and third party approvals and consents necessary to complete the acquisition;
- the ultimate outcome (including the possibility that the proposed transaction may not be completed or that completion may be unduly delayed) and results of integrating the assets to be acquired by us in the proposed transaction with Pinnacle;
- the effects of a transaction between our company and Pinnacle on each party, including the post-transaction impact on our financial condition, operating results, strategy and plans;
- our ability to maintain our status as a real estate investment trust ("REIT"), given the highly technical and complex Internal Revenue Code (the "Code") provisions for which only limited judicial and administrative authorities exist, where even a technical or inadvertent violation could jeopardize REIT qualification and where requirements may depend in part on the actions of third parties over which the Company has no control or only limited influence;
- the satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis in order for the Company to maintain its elected of REIT status;
- the ability and willingness of our tenants, operators and other third parties to meet and/or perform their obligations under their respective contractual arrangements with us, including, in some cases, their obligations to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities;
- the ability of our tenants and operators to maintain the financial strength and liquidity necessary to satisfy their respective obligations and liabilities to third parties, including without limitation obligations under their existing credit facilities and other indebtedness;
- the ability of our tenants and operators to comply with laws, rules and regulations in the operation of our properties, to deliver high quality services, to attract and retain qualified personnel and to attract customers;
- the availability of and the ability to identify suitable and attractive acquisition and development opportunities and the ability to acquire and lease the respective properties on favorable terms;
- the degree and nature of our competition;
- the ability to generate sufficient cash flows to service our outstanding indebtedness;
- the access to debt and equity capital markets;
- adverse changes in our credit rating;

- fluctuating interest rates;
- the impact of global or regional economic conditions;
- the availability of qualified personnel and our ability to retain our key management personnel;
- GLPI's duty to indemnify Penn National Gaming, Inc. and its subsidiaries ("Penn") in certain circumstances if the spin-off transaction described in Part 1 of this Form 10-K fails to be tax-free;
- changes in the United States tax law and other state, federal or local laws, whether or not specific to real estate, real estate investment trusts or to the gaming, lodging or hospitality industries;
- changes in accounting standards;
- the impact of weather events or conditions, natural disasters, acts of terrorism and other international hostilities, war or political instability;
- other risks inherent in the real estate business, including potential liability relating to environmental matters and illiquidity of real estate investments; and
- additional factors discussed in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this document.

Certain of these factors and other factors, risks and uncertainties are discussed in the "Risk Factors" section of this document. Other unknown or unpredictable factors may also cause actual results to differ materially from those projected by the forward-looking statements. Most of these factors are difficult to anticipate and are generally beyond the control of the Company.

You should consider the areas of risk described above, as well as those set forth under the heading "Risk Factors," in connection with considering any forward-looking statements that may be made by the Company generally. The Company does not undertake any obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events unless required to do so by law.

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This Annual Report on Form 10-K includes information regarding Penn National Gaming, Inc., a Pennsylvania corporation, and its subsidiaries (collectively "Penn"). Penn is subject to the reporting requirements of the U.S. Securities and Exchange Commission ("SEC") and is required to file with the SEC annual reports containing audited financial information and quarterly reports containing unaudited financial information. The information related to Penn provided in this Annual Report on Form 10-K has been derived from Penn's public filings. We have not independently verified this information. We have no reason to believe that this information derived from Penn's public filings is inaccurate in any material respect that has not been disclosed publically. We are providing this data for information purposes only. Penn's filings with the SEC can be found at www.sec.gov.

In this Annual Report on Form 10-K, the terms "we," "us," "our," the "Company" and "GLPI" refer to Gaming and Leisure Properties, Inc. and subsidiaries, unless the context indicates otherwise.

PART I

ITEM 1. BUSINESS

Overview

GLPI is a self-administered and self-managed Pennsylvania REIT. The Company was formed from the 2013 tax-free spin-off of the real estate assets of Penn. GLPI was incorporated in Pennsylvania on February 13, 2013, as a wholly-owned subsidiary of Penn. On November 1, 2013, Penn contributed to GLPI, through a series of internal corporate restructurings, substantially all of the assets and liabilities associated with Penn's real property interests and real estate development business, as well as the assets and liabilities of Louisiana Casino Cruises, Inc. (d/b/a Hollywood Casino Baton Rouge) and Penn Cecil Maryland, Inc. (d/b/a Hollywood Casino Perryville), which are referred to as the "TRS Properties," and then spun-off GLPI to holders of Penn's common and preferred stock in a tax-free distribution (the "Spin-Off"). GLPI owns and operates the TRS Properties through an indirect wholly-owned subsidiary, GLP Holdings, Inc.

The Company elected on its United States ("U.S.") federal income tax return for its taxable year beginning on January 1, 2014 to be treated as a REIT and the Company, together with GLP Holdings, Inc., jointly elected to treat each of GLP Holdings, Inc., Louisiana Casino Cruises, Inc. and Penn Cecil Maryland, Inc. as a "taxable REIT subsidiary" (a "TRS") effective on the first day of the first taxable year of GLPI as a REIT. As a result of the Spin-Off, GLPI owns substantially all of Penn's former real property assets and leases back these assets to Penn for use by its subsidiaries pursuant to a master lease (the "Penn Master Lease"). The Penn Master Lease is a triple-net operating lease with an initial term of 15 years with no purchase option, followed by four 5-year renewal options (exercisable by Penn) on the same terms and conditions.

The assets and liabilities of GLPI were recorded at their respective historical carrying values at the time of the Spin-Off in accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 505-60, "Spinoffs and Reverse Spinoffs."

Prior to the Spin-Off, GLPI and Penn entered into a Separation and Distribution Agreement setting forth the mechanics of the Spin-Off, certain organizational matters and other ongoing obligations of Penn and GLPI. Penn and GLPI or their respective subsidiaries, as applicable, also entered into a number of other agreements prior to the Spin-Off to provide a framework for the restructuring and for the relationships between GLPI and Penn after the Spin-Off.

In connection with the Spin-Off, Penn allocated its accumulated earnings and profits (as determined for U.S. federal income tax purposes) for periods prior to the consummation of the Spin-Off between Penn and GLPI. In connection with its election to be taxed as a REIT for U.S. federal income tax purposes for the year ending December 31, 2014, GLPI declared a special dividend to its shareholders to distribute any accumulated earnings and profits relating to the real property assets and attributable to any pre-REIT years, including any earnings and profits allocated to GLPI in connection with the Spin-Off, to comply with certain REIT qualification requirements (the "Purging Distribution"). The Purging Distribution, which was paid on February 18, 2014, totaled $1.05 billion and was comprised of cash and GLPI common stock. Additionally, on December 19, 2014, the Company made a one-time distribution of $37.0 million to shareholders in order to confirm the Company appropriately allocated its historical earnings and profits relative to the separation from Penn, in response to the Pre-Filing Agreement requested from the IRS. See Note 11 to the consolidated financial statements for further details on the Purging Distribution and the distribution related to the Pre-Filing Agreement.

GLPI's primary business consists of acquiring, financing, and owning real estate property to be leased to gaming operators in triple-net lease arrangements. Triple-net leases are leases in which the lessee pays rent to the lessor, as well as all taxes, insurance, and maintenance expenses that arise from the use of the property. As of December 31, 2015, GLPI's portfolio consisted of 21 gaming and related facilities, including the TRS Properties and the real property associated with 18 gaming and related facilities operated by Penn and the real property associated with the Casino Queen in East St. Louis, Illinois. These facilities are geographically diversified across 12 states and contain approximately 7.0 million of rentable square feet. As of December 31, 2015, the Company's properties were 100% occupied.

We expect to grow our portfolio by pursuing opportunities to acquire additional gaming facilities to lease to gaming operators under prudent terms, including our July 2015 announcement of our proposed acquisition of substantially all of the real estate assets of Pinnacle (as more fully described below) and our December 2015 announcement of the resolution of the previously disclosed Meadows litigation and our entry into an amended purchase agreement with Cannery Casino Resorts LLC ("CCR"), the owner of the Meadows. The Pinnacle transaction is expected to close during April 2016, while the Meadows transaction is expected to close during the second half of 2016. However, we cannot predict the actual dates on which the transactions will be completed because each transaction is subject to conditions beyond our control.

Additionally, we believe we have the ability to leverage the expertise our management team has developed over the years to secure additional avenues for growth beyond the gaming industry. Accordingly, we anticipate we will be able to effect strategic acquisitions unrelated to the gaming industry as well as other acquisitions that may prove complementary to GLPI's gaming facilities.

Proposed Acquisition of Pinnacle Real Estate Assets

On July 20, 2015, GLPI, Gold Merger Sub, LLC, a direct, wholly owned subsidiary of GLPI ("Merger Sub"), and Pinnacle entered into a merger agreement (as it may be amended from time to time, the "Merger Agreement") providing for the merger of Pinnacle with and into Merger Sub, with Merger Sub surviving the merger as a wholly owned subsidiary of GLPI (the "Merger"). Following the consummation of the Merger, GLPI will own all of Pinnacle's real property assets, other than Pinnacle's Belterra Park property and excess land at certain locations. In order to effect the acquisition of Pinnacle's real property assets (other than the Belterra Park property and excess land at certain locations), prior to the Merger, Pinnacle will cause certain assets relating to its operating business to be transferred to, and liabilities relating thereto to be assumed by a newly formed wholly owned subsidiary of Pinnacle ("OpCo"). Immediately following the separation, Pinnacle will distribute to Pinnacle's stockholders all of the issued and outstanding shares of common stock of OpCo owning Pinnacle's operating assets and certain other specified assets. Then, upon satisfaction or waiver of the conditions to closing in the Merger Agreement on the closing date, Pinnacle will merge with and into Merger Sub, as described in more detail in the joint proxy statement/prospectus filed with a Registration Statement on Form S-4 (No. 333-206649) initially filed by GLPI with the Securities and Exchange Commission on December 23, 2015, as most recently amended on February 16, 2016 (and as the same may be thereafter amended, the "Joint Proxy Statement/Prospectus"). Merger Sub, as the surviving company in the Merger, will then own substantially all of Pinnacle's real estate assets that were retained or transferred to Pinnacle in the separation and will lease those assets back to OpCo pursuant to a triple-net 35 year (including extension renewals) master lease agreement (the "Pinnacle Master Lease Agreement") substantially in the form attached as Exhibit B to the Merger Agreement. A wholly-owned subsidiary of OpCo would operate the leased gaming facilities as a tenant under the Pinnacle Master Lease Agreement.

At the effective time of the Merger, each share of Pinnacle common stock issued and outstanding immediately prior to the effective time of the Merger will be converted into 0.85 shares of a share of GLPI common stock, with cash paid in lieu of the issuance of fractional shares of GLPI common stock. The exchange ratio will not be adjusted to reflect changes in the price of GLPI common stock or the price of Pinnacle common stock occurring prior to the completion of the Merger. The obligations of GLPI and Pinnacle to effect the Merger are subject to the satisfaction or waiver of certain conditions set forth in the Merger Agreement (including the applicable approvals of each company's stockholders and gaming regulatory approvals). Upon completion of the Merger, the current directors and officers of GLPI are expected to continue in their current positions, other than as may be publicly announced by GLPI in the normal course of business.

In connection with the proposed Merger, GLPI and Pinnacle will each hold a special meeting of their respective stockholders. At the GLPI special meeting, GLPI stockholders will be asked to vote on (i) a proposal to approve the issuance of GLPI common stock to Pinnacle stockholders in the Merger and (ii) a proposal to approve one or more adjournments of the meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of GLPI common stock to Pinnacle stockholders in the Merger. At the Pinnacle special meeting, Pinnacle stockholders will be asked to vote on (i) a proposal to adopt the Merger Agreement, (ii) an advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of Pinnacle in connection with the Merger, and (iii) a proposal to approve one or more adjournments of the meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Merger and the other transactions contemplated by the Merger Agreement. The Joint Proxy Statement/Prospectus describes the foregoing proposals in more detail, as well as other matters contemplated in connection with the proposed Merger.

The Merger Agreement may be terminated, subject to certain exceptions, prior to the effective time of the Merger by either GLPI or Pinnacle under certain conditions, including if the Merger has not been consummated on or before March 31, 2016, subject to one three-month extension by GLPI, at the election of GLPI, if the only conditions not satisfied at such time related to regulatory and other government approvals. The Company expects to exercise the extension.

Tax Status

We elected on our 2014 U.S. federal income tax return to be treated as a REIT and intend to continue to be organized and to operate in a manner that will permit us to qualify as a REIT. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of our annual REIT taxable income to shareholders. As a REIT, we generally will not be subject to federal income tax on income that we distribute as dividends to our shareholders. If we fail to qualify as a REIT in any taxable year, we will be subject to U.S. federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate income tax rates, and dividends paid to our shareholders would not be deductible by us in computing taxable income. Any resulting corporate liability could be substantial and could materially and adversely affect our net income and net cash available for distribution to shareholders. Unless we were entitled to relief under certain Internal Revenue Code (the "Code") provisions, we also would be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year in which we failed to qualify to be taxed as a REIT.

Our TRS Properties are able to engage in activities resulting in income that is not qualifying income for a REIT. As a result, certain activities of the Company which occur within our TRS Properties are subject to federal and state income taxes.

Tenants

As of December 31, 2015, all of the Company's rental properties, with the exception of the real property associated with the Casino Queen were leased to a wholly-owned subsidiary of Penn under the Penn Master Lease.

Penn is a leading, diversified, multi-jurisdictional owner and manager of gaming and pari-mutuel properties, and an established gaming provider with strong financial performance. The obligations under the Penn Master Lease are guaranteed by Penn and by all Penn subsidiaries that occupy and operate the facilities leased under the Penn Master Lease, or that own a gaming license, other license or other material asset necessary to operate any portion of the facilities. A default by Penn or its subsidiaries with regard to any facility will cause a default with regard to the entire Penn portfolio.

We will seek to cultivate our relationships with tenants and gaming providers in order to expand the mixture of tenants operating our properties and, in doing so, to reduce our dependence on Penn. We expect that this objective will be achieved over time as part of our overall strategy to acquire new properties and further diversify our overall portfolio of gaming properties. For example, in July 2015 as described above, we announced our proposed acquisition of substantially all of the real estate assets of Pinnacle and in December 2015 we announced the resolution of the previously disclosed Meadows litigation and our entry into an amended purchase agreement with CCR, the owner of the Meadows. The Pinnacle transaction is expected to close during April 2016, while the Meadows transaction is expected to close during the second half of 2016. However, we cannot predict the actual dates on which the transactions will be completed because each transaction is subject to conditions beyond our control.

The rent structure under the Penn Master Lease includes a fixed component, a portion of which is subject to an annual 2% escalator if certain rent coverage ratio thresholds are met, and a component that is based on the performance of the facilities, which is adjusted, subject to certain floors (i) every 5 years by an amount equal to 4% of the average change to net revenues of all facilities under the Penn Master Lease (other than Hollywood Casino Columbus and Hollywood Casino Toledo) during the preceding five years, and (ii) monthly by an amount equal to 20% of the net revenues of Hollywood Casino Columbus and Hollywood Casino Toledo during the preceding month. In addition to rent, all properties under the Penn Master Lease are required to pay the following: (1) all facility maintenance, (2) all insurance required in connection with the leased properties and the business conducted on the leased properties, (3) taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor) and (4) all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties.

At Penn's option, the Penn Master Lease may be extended for up to four 5-year renewal terms beyond the initial 15-year term, on the same terms and conditions. If Penn elects to renew the term of the Penn Master Lease, the renewal will be effective as to all, but not less than all, of the leased property then subject to the Penn Master Lease, provided that the final renewal option shall only be exercisable with respect to certain of the barge-based facilities—i.e., facilities where barges serve as foundations upon which buildings are constructed to serve as gaming or related facilities or serve ancillary purposes such as access platforms or shear barges to protect a gaming facility from floating debris—following an independent third party expert's review of the total useful life of the applicable barged-based facility measured from the beginning of the initial term. If the final five-year renewal term would not cause the aggregate term to exceed 80% of the useful life of such facility, the facility shall be included in the five-year renewal. In the event that a five-year renewal of such facility would cause it to exceed 80% of the estimated useful life, such facility shall be included in the renewal for the period of time equal to but not exceeding 80% of the estimated useful life.

Penn will not have the ability to terminate its obligations under the Penn Master Lease prior to its expiration without the Company's consent. If the Penn Master Lease is terminated prior to its expiration other than with our consent, Penn may be liable for damages and incur charges such as continued payment of rent through the end of the lease term and maintenance costs for the leased property.

The following table summarizes certain features of our properties as of December 31, 2015:

	Location	Type of Facility	Approx. Property Square Footage (1)	Owned Acreage	Leased Acreage (2)	Hotel Rooms
Tenants						
Hollywood Casino Lawrenceburg	Lawrenceburg, IN	Dockside gaming	634,000	73.6	32.1	295
Hollywood Casino Aurora	Aurora, IL	Dockside gaming	222,189	0.4	2.1	—
Hollywood Casino Joliet	Joliet, IL	Dockside gaming	322,446	276.4	—	100
Argosy Casino Alton	Alton, IL	Dockside gaming	241,762	0.2	3.6	—
Hollywood Casino Toledo	Toledo, OH	Land-based gaming	285,335	43.8	—	—
Hollywood Casino Columbus	Columbus, OH	Land-based gaming	354,075	116.2	—	—
Hollywood Casino at Charles Town Races	Charles Town, WV	Land-based gaming/Thoroughbred racing	511,249	298.6	—	153
Hollywood Casino at Penn National Race Course	Grantville, PA	Land-based gaming/Thoroughbred racing	451,758	573.7	—	—
M Resort	Henderson, NV	Land-based gaming	910,173	87.6	—	390
Hollywood Casino Bangor	Bangor, ME	Land-based gaming/Harness racing	257,085	6.7	27.6	152
Zia Park Casino (3)	Hobbs, NM	Land-based gaming/Thoroughbred racing	109,067	317.4	—	—
Hollywood Casino Gulf Coast	Bay St. Louis, MS	Land-based gaming	425,920	578.7	—	291
Argosy Casino Riverside	Riverside, MO	Dockside gaming	450,397	37.9	—	258
Hollywood Casino Tunica	Tunica, MS	Dockside gaming	315,831	—	67.7	494
Boomtown Biloxi	Biloxi, MS	Dockside gaming	134,800	1.5	1.0	—
Hollywood Casino St. Louis	Maryland Heights, MO	Land-based gaming	645,270	247.8	—	502
Hollywood Gaming at Dayton Raceway	Dayton, OH	Land-based gaming/Standardbred racing	191,037	119.7	—	—
Hollywood Gaming at Mahoning Valley Race Course	Youngstown, OH	Land-based gaming/Thoroughbred racing	177,448	193.4	—	—
Casino Queen	East St. Louis, IL	Land-based gaming	330,502	67.3		157
			6,970,344	3,040.9	134.1	2,792
TRS Properties						
Hollywood Casino Baton Rouge	Baton Rouge, LA	Dockside gaming	120,517	28.9	—	—
Hollywood Casino Perryville	Perryville, MD	Land-based gaming	97,961	36.4	—	—
			218,478	65.3	—	—
Total			7,188,822	3,106.2	134.1	2,792

(1) Square footage includes air conditioned space and excludes parking garages and barns.

(2) Leased acreage reflects land subject to leases with third parties and includes land on which certain of the current facilities and ancillary supporting structures are located as well as parking lots and access rights.

(3) During the year ended December 31, 2014, Penn independently built a hotel at Zia Park Casino. This hotel is not owned by the Company.

Hollywood Casino Lawrenceburg

We own 73.6 acres and lease 32.1 acres in Lawrenceburg, Indiana, a portion of which serves as the dockside embarkation for the gaming vessel, and includes a Hollywood-themed casino riverboat, an entertainment pavilion, a 295-room hotel, two parking garages and an adjacent surface lot, with the other portion used for remote parking.

Hollywood Casino Aurora

We own a dockside barge structure and land-based pavilion in Aurora, Illinois. We own the land, which is approximately 0.4 acres, on which the pavilion is located and a pedestrian walkway bridge. The property also includes a parking lot under an operating lease agreement and two parking garages under capital lease agreements, together comprising 2.1 acres.

Hollywood Casino Joliet

We own 276.4 acres in Joliet, Illinois, which includes a barge-based casino, land-based pavilion, a 100-room hotel, a 1,100 space parking garage, surface parking areas and a recreational vehicle park.

Argosy Casino Alton

We lease 3.6 acres in Alton, Illinois, a portion of which serves as the dockside boarding for the Alton Belle II, a riverboat casino. The dockside facility includes an entertainment pavilion and office space, as well as surface parking areas with 1,341 spaces. In addition, we own an office building property consisting of 0.2 acres.

Hollywood Casino Toledo

We own a 43.8 acre site in Toledo, Ohio, where Hollywood Casino Toledo is located. The property includes the casino as well as structured and surface parking for approximately 3,300 spaces.

Hollywood Casino Columbus

We own 116.2 acres of land in Columbus, Ohio, where Hollywood Casino Columbus is located. The property includes the casino as well as structured and surface parking for 4,616 spaces.

Hollywood Casino at Charles Town Races

We own 298.6 acres on various parcels in Charles Town and Ranson, West Virginia of which 155 acres comprise Hollywood Casino at Charles Town Races. The facility includes a 153-room hotel and a 3/4-mile all-weather lighted thoroughbred racetrack, a training track, two parking garages, an employee parking lot, an enclosed grandstand/clubhouse and housing facilities for over 1,300 horses.

Hollywood Casino at Penn National Race Course

We own 573.7 acres in Grantville, Pennsylvania, where Penn National Race Course is located on 181 acres. The facility includes a one-mile all-weather lighted thoroughbred racetrack and a 7/8-mile turf track, a parking garage and surface parking spaces. The property also includes approximately 393 acres surrounding the Penn National Race Course that are available for future expansion or development.

M Resort

We own 87.6 acres on the southeast corner of Las Vegas Boulevard and St. Rose Parkway in Henderson, Nevada, where the M Resort is located. The M Resort property includes a 390-room hotel, a 4,700 space parking facility and other facilities.

Hollywood Casino Bangor

We own and lease the land on which the Hollywood Casino Bangor facility is located in Bangor, Maine, which consists of 6.7 acres, and includes a 152-room hotel and four-story parking. In addition, we lease 27.6 acres located at historic Bass Park, which is adjacent to the facility, and includes a one-half mile standardbred racetrack and a grandstand with over 12,000 square feet and seating for 3,500 patrons.

Zia Park Casino

We own 317.4 acres in Hobbs, New Mexico, where Zia Park Casino is located. The property also includes a one-mile quarter thoroughbred racetrack.

Hollywood Casino Gulf Coast

We own 578.7 acres in the city of Bay St. Louis, Mississippi, including a 20-slip marina. The property includes a land-based casino, 18-hole golf course, a 291-room hotel and other facilities.

Argosy Casino Riverside

We own 37.9 acres in Riverside, Missouri, which includes a barge-based casino, a 258-room luxury hotel, an entertainment/banquet facility and a parking garage.

Hollywood Casino Tunica

We lease 67.7 acres of land in Tunica, Mississippi. The property includes a single-level casino, a 494-room hotel, surface parking and other land-based facilities.

Boomtown Biloxi

We lease 1.0 acres of land mostly used for parking and a welcome center and own an additional 1.5 acres. In addition our tenant has rights to 18.5 acres of land, most of which is utilized for the gaming location and 4.5 acres of submerged tidelands at the casino site.

Hollywood Casino St. Louis

We own 247.8 acres along the Missouri River in Maryland Heights, Missouri, which includes a 502-room hotel and structure and surface parking with approximately 4,600 spaces.

Hollywood Gaming at Dayton Raceway

We own 119.7 acres in Dayton, Ohio, where Penn opened Hollywood Gaming at Dayton Raceway on August 28, 2014. The property includes a land-based casino, a 5/8-mile all-weather standardbred racetrack and surface parking.

Hollywood Gaming at Mahoning Valley Race Course

We own 193.4 acres in Youngstown, Ohio, where Penn opened Hollywood Gaming at Mahoning Valley Race Course on September 17, 2014. The property includes a land-based casino, a one-mile thoroughbred racetrack and surface parking.

Casino Queen

We own 67.3 acres in East St. Louis, Illinois, which includes a 157-room hotel, a recreational vehicle park and surface parking areas.

TRS Properties

Hollywood Casino Baton Rouge

Hollywood Casino Baton Rouge is a dockside riverboat gaming facility operating in Baton Rouge, Louisiana. The riverboat features approximately 28,000 square feet of gaming space with 956 gaming machines and 12 table games. The facility also includes a two-story, 58,000 square foot dockside building featuring a variety of amenities, including a grill, a 268-seat buffet, a deli, a premium players' lounge, a nightclub, a lobby bar, a public atrium, two meeting rooms and 1,490 parking spaces.

Hollywood Casino Perryville

Hollywood Casino Perryville is located directly off Interstate 95 in Cecil County, Maryland just 35 miles northeast of Baltimore and 70 miles from Washington, D.C. Hollywood Casino Perryville is a Hollywood-themed facility which offers 34,329 square feet of gaming space with 850 slot machines, 12 table games and 10 poker tables. The facility also offers various food and beverage options, including a bar and grill, a gift shop and 1,600 parking spaces with valet and self-parking.

Competition

We compete for real property investments with other REITs, investment companies, private equity and hedge fund investors, sovereign funds, lenders, gaming companies and other investors. Some of our competitors are significantly larger and have greater financial resources and lower costs of capital than we have. Increased competition will make it more challenging to identify and successfully capitalize on acquisition opportunities that meet our investment objectives. Furthermore, in October 2015, a large hospitality company owning a portfolio of casino resorts announced plans to separate a substantial portion of its real estate assets and operations through the formation of a REIT. Another large global casino operator has declared a voluntary Chapter 11 reorganization in order to significantly reduce its debt with the intent of restructuring its operations into a REIT and separate operating company. There is also market speculation surrounding the formation of additional gaming REITs. If any of these transactions materialize, we will face direct competition in the acquisition of gaming properties.

In addition, revenues from our gaming properties are dependent on the ability of our gaming tenants and operators to compete with other gaming operators. 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, sweepstakes and poker machines not located in casinos, Native American gaming, emerging varieties of Internet gaming and other forms of gaming in the U.S. In a broader sense, our gaming tenants and operators 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 the U.S., in several Canadian provinces and on various lands taken into trust for the benefit of certain Native Americans in the U.S. and Canada. Other jurisdictions, including states adjacent to states in which our gaming tenants and operators are located have legalized, and will expand gaming in the near future. In addition, established gaming jurisdictions could award additional gaming licenses or permit the expansion or relocation of existing gaming operations. New, relocated or expanded operations by other persons will increase competition for our gaming tenants and operators and could have a material adverse impact on our gaming tenants and operators and us as landlord. Finally, the imposition of smoking bans and/or higher gaming tax rates have a significant impact on our gaming tenants and operators' ability to compete with facilities in nearby jurisdictions.

Hollywood Casino Perryville continued to face additional competition, led by the August 26, 2014 opening of the Horseshoe Casino Baltimore, located in downtown Baltimore. In addition Maryland Live!, at the Arundel Mills mall in Anne Arundel, Maryland, which opened on June 6, 2012, added table games on April 11, 2013, and a 52 table poker room in late August 2013. Both facilities have and will continue to negatively impact Hollywood Casino Perryville's results of operations.

Furthermore, in November 2012, voters approved legislation authorizing a sixth casino in Prince George's County. The 2012 law also changes the tax rate casino operators pay the state, varying from casino to casino, allows all casinos in Maryland to be open 24 hours per day for the entire year, and permits casinos to directly purchase slot machines in exchange for gaming tax reductions. In December 2013, the license for the sixth casino in Prince George's County was granted. The $1.3 billion casino resort, which is currently under construction and expected to open in the fourth quarter of 2016, will adversely impact Hollywood Casino Perryville's financial results.

Segments

Consistent with how our Chief Operating Decision Maker (as such term is defined in ASC 280 "Segment Reporting") reviews and assesses our financial performance, we have two reportable segments, GLP Capital, L.P. (a wholly-owned subsidiary of GLPI through which GLPI owns substantially all of its real estate assets) ("GLP Capital") and the TRS Properties. The GLP Capital reportable segment consists of the leased real property and represents the majority of our business. The TRS Properties reportable segment consists of Hollywood Casino Perryville and Hollywood Casino Baton Rouge. See "Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8—Financial Statements and Supplementary Data—Note 13—Segment Information" for further information with respect to the Company's segments.

Management

Name	Age	Position
Peter M. Carlino	69	Chairman of the Board and Chief Executive Officer
William J. Clifford	58	Chief Financial Officer and Treasurer
Steven T. Snyder	55	Senior Vice President of Corporate Development
Brandon J. Moore	41	Senior Vice President, General Counsel and Secretary
Desiree A. Burke	50	Senior Vice President and Chief Accounting Officer

Peter M. Carlino. Mr. Carlino is Chairman of our Board of Directors and Chief Executive Officer. Prior to the Spin-Off, Mr. Carlino served as Penn's Chief Executive Officer since April 1994. Subsequent to the Spin-Off, Mr. Carlino no longer serves as an officer of Penn, however, he continues in his role as Penn's Chairman of the Board of Directors. Since 1976, Mr. Carlino has been President of Carlino Capital Management Corp. (formerly known as Carlino Financial Corporation), a holding company that owns and operates various Carlino family businesses.

William J. Clifford. Mr. Clifford is our Chief Financial Officer and Treasurer. Prior to the Spin-off, Mr. Clifford served as Penn's Senior Vice President-Finance and Chief Financial Officer since October 2001. From March 1997 to July 2001, Mr. Clifford served as the Chief Financial Officer and Senior Vice President of Finance with Sun International Resorts, Inc., Paradise Island, Bahamas. From November 1993 to February 1997, Mr. Clifford was Financial, Hotel and Operations Controller for Treasure Island Hotel and Casino in Las Vegas. From May 1989 to November 1993, Mr. Clifford was Controller for Golden Nugget Hotel and Casino, Las Vegas. Prior to May 1989, Mr. Clifford held the positions of Controller for the Dunes Hotel and Casino, Las Vegas, Property Operations Analyst with Aladdin Hotel and Casino, Las Vegas, Casino Administrator with Las Vegas Hilton, Las Vegas, Senior Internal Auditor with Del Webb, Las Vegas, and Agent, Audit Division, of the Nevada Gaming Control Board, Las Vegas and Reno.

Steven T. Snyder. Mr. Snyder is our Senior Vice President of Corporate Development. Mr. Snyder joined the Company in connection with the Spin-Off on November 1, 2013. Prior to the Spin-Off, he served as Penn's Senior Vice President of Corporate Development since 2003 and was responsible for identifying and conducting internal and industry analysis of potential acquisitions, partnerships and other opportunities. He joined Penn as Vice President of Corporate Development in May 1998 and held that position until his appointment to Senior Vice President in 2003. Prior to joining Penn, Mr. Snyder was a partner with Hamilton Partners, Ltd., as well as Managing Director of Municipal and Corporate Investment Banking for Meridian Capital Markets. Mr. Snyder began his career in finance at Butcher & Singer, where he served as First Vice President of Public Finance.

Brandon J. Moore. Mr. Moore is our Senior Vice President, General Counsel and Secretary. Mr. Moore joined the Company in January 2014. Previously, he served as Penn's Vice President, Senior Corporate Counsel since March 2010 where he was a member of the legal team responsible for a variety of transactional, regulatory and general legal matters. Prior to joining Penn, Mr. Moore was with Ballard Spahr LLP, where he provided advanced legal counsel to clients on matters including merger and acquisition transactions, debt and equity financings, and various other matters.

Desiree A. Burke. Ms. Burke joined the Company in April 2014 as our Senior Vice President and Chief Accounting Officer. Previously, Ms. Burke served as Penn's Vice President and Chief Accounting Officer since November 2009. Additionally, she served as Penn's Vice President and Corporate Controller from November 2005 to October 2009. Prior to her time at Penn National Gaming, Inc., Ms. Burke was the Executive Vice President/Director of Financial Reporting and Control for MBNA America Bank, N.A. She joined MBNA in 1994 and held positions of ascending responsibility in the finance department during her tenure. Ms. Burke is a CPA.

Tax Considerations

We elected to be treated as a REIT on our 2014 U.S. federal income tax return and we, together with an indirect wholly-owned subsidiary of the Company, GLP Holdings, Inc., jointly elected to treat each of GLP Holdings, Inc., Louisiana Casino Cruises, Inc. and Penn Cecil Maryland, Inc. as a "taxable REIT subsidiary" effective on the first day of the first taxable year of GLPI as a REIT. We intend to continue to be organized and to operate in a manner that will permit us to qualify as a REIT. Qualification and taxation as a REIT depends on our ability to meet on a continuing basis, through actual operating results, distribution levels, and diversity of stock ownership, various qualification requirements imposed upon REITs by the Code. Our ability to qualify to be taxed as a REIT also requires that we satisfy certain tests, some of which depend upon the fair market values of assets that we own directly or indirectly. The material qualification requirements are summarized below. Such values may not be susceptible to a precise determination. Accordingly, no assurance can be given that the actual results of our operations for any taxable year will satisfy such requirements for qualification and taxation as a REIT. Additionally, while we intend to operate so that we continue to qualify to be taxed as a REIT, no assurance can be given that the Internal Revenue Service (the "IRS") will not challenge our qualification, or that we will be able to operate in accordance with the REIT requirements in the future.

Taxation of REITs in General

As a REIT, generally we will be entitled to a deduction for dividends that we pay and therefore will not be subject to U.S. federal corporate income tax on our net REIT taxable income that is currently distributed to our shareholders. This treatment substantially eliminates the "double taxation" at the corporate and shareholder levels that generally results from an investment in a C corporation. A "C corporation" is a corporation that generally is required to pay tax at the corporate level. Double taxation means taxation once at the corporate level when income is earned and once again at the shareholder level when the income is distributed. In general, the income that we generate is taxed only at the shareholder level upon a distribution of dividends to our shareholders. We will nonetheless be subject to U.S. federal tax in the following circumstances:

- We will be taxed at regular corporate rates on any undistributed net taxable income, including undistributed net capital gains.
- We may be subject to the "alternative minimum tax" on our items of tax preference, including any deductions of net operating losses.
- If we have net income from prohibited transactions, which are, in general, sales or other dispositions of inventory or property held primarily for sale to customers in the ordinary course of business, other than foreclosure property, such income will be subject to a 100% tax.

- If we elect to treat property that we acquire in connection with a foreclosure of a mortgage loan or certain leasehold terminations as "foreclosure property," we may thereby avoid the 100% tax on gain from a resale of that property (if the sale would otherwise constitute a prohibited transaction), but the income from the sale or operation of the property may be subject to corporate income tax at the highest applicable rate (currently 35%).

- If we fail to satisfy the 75% gross income test and/or the 95% gross income test, as discussed below, but nonetheless maintain our qualification as a REIT because we satisfy other requirements, we will be subject to a 100% tax on an amount based on the magnitude of the failure, as adjusted to reflect the profit margin associated with our gross income.

- If we violate the asset tests (other than certain de minimis violations) or other requirements applicable to REITs, as described below, and yet maintain our qualification as a REIT because there is reasonable cause for the failure and other applicable requirements are met, we may be subject to a penalty tax. In that case, the amount of the penalty tax will be at least $50,000 per failure, and, in the case of certain asset test failures, will be determined as the amount of net income generated by the nonqualifying assets in question multiplied by the highest corporate tax rate (currently 35%) if that amount exceeds $50,000 per failure.

- If we fail to distribute during each calendar year at least the sum of (i) 85% of our ordinary income for such year, (ii) 95% of our capital gain net income for such year and (iii) any undistributed net taxable income from prior periods, we will be subject to a nondeductible 4% excise tax on the excess of the required distribution over the sum of (a) the amounts that we actually distributed and (b) the amounts we retained and upon which we paid income tax at the corporate level.

- We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet record-keeping requirements intended to monitor our compliance with rules relating to the composition of a REIT's shareholders.

- A 100% tax may be imposed on transactions between us and a TRS that do not reflect arm's-length terms.

- If we acquire appreciated assets from a corporation that is not a REIT (i.e., a corporation taxable under subchapter C of the Code) in a transaction in which the adjusted tax basis of the assets in our hands is determined by reference to the adjusted tax basis of the assets in the hands of the subchapter C corporation, we may be subject to tax on such appreciation at the highest corporate income tax rate then applicable if we subsequently recognize gain on a disposition of any such assets during the five-year period following their acquisition from the subchapter C corporation.

- The earnings of our TRS Properties will generally be subject to U.S. federal corporate income tax.

In addition, we and our subsidiaries may be subject to a variety of taxes, including payroll taxes and state, local, and foreign income, property, gross receipts and other taxes on our assets and operations. We could also be subject to tax in situations and on transactions not presently contemplated.

Requirements for Qualification—General

The Code defines a REIT as a corporation, trust or association:

1. that is managed by one or more trustees or directors;
2. the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;
3. that would be taxable as a domestic corporation but for its election to be subject to tax as a REIT;
4. that is neither a financial institution nor an insurance company subject to specific provisions of the Code;
5. the beneficial ownership of which is held by 100 or more persons;
6. in which, during the last half of each taxable year, not more than 50% in value of the outstanding stock is owned, directly or indirectly, by five or fewer "individuals" (as defined in the Code to include specified tax-exempt entities); and
7. that meets other tests described below, including with respect to the nature of its income and assets.

The Code provides that conditions (1) through (4) must be met during the entire taxable year, and that condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a shorter taxable year. Conditions (5) and (6) need not be met during a corporation's initial tax year as a REIT (which, in our case, was 2014). Our charter provides restrictions regarding the ownership and transfers of our stock, which are intended to assist us in satisfying the stock ownership requirements described in conditions (5) and (6) above. These restrictions, however, may not ensure that we will, in all cases, be able to satisfy the share ownership requirements described in conditions (5) and (6) above. If we fail to satisfy these share ownership requirements, except as provided in the next sentence, our status as a REIT will terminate. If, however, we comply with the rules contained in applicable U.S. Department of the Treasury (the "Treasury") regulations that require us to ascertain the actual ownership of our shares and we do not know, or would not have known through the exercise of reasonable diligence, that we failed to meet the requirements described in condition (6) above, we will be treated as having met this requirement.

To monitor compliance with the stock ownership requirements, we generally are required to maintain records regarding the actual ownership of our stock. To do so, we must demand written statements each year from the record holders of significant percentages of our stock pursuant to which the record holders must disclose the actual owners of the stock (i.e., the persons required to include our dividends in their gross income). We must maintain a list of those persons failing or refusing to comply with this demand as part of our records. We could be subject to monetary penalties if we fail to comply with these record-keeping requirements. If, upon request by the Company, a shareholder fails or refuses to comply with the demands, such holder will be required by Treasury regulations to submit a statement with his, her or its tax return disclosing the actual ownership of our stock and other information.

Qualified REIT Subsidiaries

The Code provides that a corporation that is a "qualified REIT subsidiary" shall not be treated as a separate corporation, and all assets, liabilities and items of income, deduction and credit of a "qualified REIT subsidiary" shall be treated as assets, liabilities and items of income, deduction and credit of the REIT. A "qualified REIT subsidiary" is a corporation, all of the capital stock of which is owned by the REIT, that has not elected to be a "taxable REIT subsidiary" (discussed below). In applying the requirements described herein, all of our "qualified REIT subsidiaries" will be ignored, and all assets, liabilities and items of income, deduction and credit of such subsidiaries will be treated as our assets, liabilities and items of income, deduction and credit. These subsidiaries, therefore, will not be subject to federal corporate income taxation, although they may be subject to state and local taxation.

Taxable REIT Subsidiaries

In general, we may jointly elect with a subsidiary corporation, whether or not wholly-owned, to treat such subsidiary corporation as a TRS. We generally may not own more than 10% of the securities of a taxable corporation, as measured by voting power or value, unless we and such corporation elect to treat such corporation as a TRS. The separate existence of a TRS is not ignored for U.S. federal income tax purposes. Accordingly, a TRS generally is subject to corporate income tax on its earnings, which may reduce the cash flow that we and our subsidiaries generate in the aggregate and may reduce our ability to make distributions to our shareholders.

We are not treated as holding the assets of a TRS or as receiving any income that the subsidiary earns. Rather, the stock issued by the TRS to us is an asset in our hands, and we treat the dividends paid to us, if any, as income. This treatment can affect our income and asset test calculations, as described below. Because we do not include the assets and income of TRSs on a look-through basis in determining our compliance with the REIT requirements, we may use such entities to undertake indirectly activities that the REIT rules might otherwise preclude us from doing directly or through pass-through subsidiaries. For example, we may use TRSs to perform services or conduct activities that give rise to certain categories of income or to conduct activities that, if conducted by us directly, would be treated in our hands as prohibited transactions.

The TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. Further, the rules impose a 100% excise tax on transactions between a TRS and its parent REIT or the REIT's tenants that are not conducted on an arm's-length basis. We intend that all of our transactions with our TRS, if any, will be conducted on an arm's-length basis.

Income Tests

As a REIT, we must satisfy two gross income requirements on an annual basis. First, at least 75% of our gross income for each taxable year, excluding gross income from sales of inventory or dealer property in "prohibited transactions," discharge of indebtedness and certain hedging transactions, generally must be derived from "rents from real property," gains from the sale of real estate assets, interest income derived from mortgage loans secured by real property (including certain types of mortgage-backed securities), dividends received from other REITs, and specified income from temporary investments. Second, at least 95% of our gross income in each taxable year, excluding gross income from prohibited transactions, discharge of indebtedness and certain hedging transactions, must be derived from some combination of income that qualifies under the 75% gross income test described above, as well as other dividends, interest, and gain from the sale or disposition of stock or securities, which need not have any relation to real property. Income and gain from certain hedging transactions will be excluded from both the numerator and the denominator for purposes of both the 75% and 95% gross income tests.

Rents received by a REIT will qualify as "rents from real property" in satisfying the gross income requirements described above only if several conditions are met.

- The amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "rents from real property" solely by reason of being based on a fixed percentage or percentages of gross receipts or sales.

- Rents received from a tenant will not qualify as "rents from real property" in satisfying the gross income tests if the REIT, or a direct or indirect owner of 10% or more of the REIT, directly or constructively, owns 10% or more of such tenant (a "Related Party Tenant"). However, rental payments from a taxable REIT subsidiary will qualify as rents from real property even if we own more than 10% of the total value or combined voting power of the taxable REIT subsidiary if at least 90% of the property is leased to unrelated tenants and the rent paid by the taxable REIT subsidiary is substantially comparable to the rent paid by the unrelated tenants for comparable space.

- Rent attributable to personal property leased in connection with a lease of real property will not qualify as "rents from real property" if such rent exceeds 15% of the total rent received under the lease.

- the REIT generally must not operate or manage the property or furnish or render services to tenants, except through an "independent contractor" who is adequately compensated and from whom the REIT derives no income, or through a taxable REIT subsidiary. The "independent contractor" requirement, however, does not apply to the extent the services provided by the REIT are "usually or customarily rendered" in connection with the rental of space for occupancy only, and are not otherwise considered "rendered to the occupant." In addition, a de minimis rule applies with respect to non-customary services. Specifically, if the value of the non-customary service income with respect to a property (valued at no less than 150% of the direct costs of performing such services) is 1% or less of the total income derived from the property, then all rental income except the non-customary service income will qualify as "rents from real property." A taxable REIT subsidiary may provide services (including noncustomary services) to a REIT’s tenants without "tainting" any of the rental income received by the REIT, and will be able to manage or operate properties for third parties and generally engage in other activities unrelated to real estate.

We do not anticipate receiving rent that is based in whole or in part on the income or profits of any person (except by reason of being based on a fixed percentage or percentages of gross receipts or sales consistent with the rules described above). We also do not anticipate receiving more than a de minimis amount of rents from any Related Party Tenant or rents attributable to personal property leased in connection with real property that will exceed 15% of the total rents received with respect to such real property. We may receive certain types of income that will not qualify under the 75% or 95% gross income tests. In particular, dividends received from a taxable REIT subsidiary will not qualify under the 75% test. We believe, however, that the aggregate amount of such items and other non-qualifying income in any taxable year will not cause GLPI to exceed the limits on non-qualifying income under either the 75% or 95% gross income tests.

We may directly or indirectly receive distributions from TRSs or other corporations that are not REITs or qualified REIT subsidiaries. These distributions generally are treated as dividend income to the extent of the earnings and profits of the distributing corporation. Such distributions will generally constitute qualifying income for purposes of the 95% gross income test, but not for purposes of the 75% gross income test. Any dividends that we receive from another REIT or qualified REIT subsidiary, however, will be qualifying income for purposes of both the 95% and 75% gross income tests.

We believe that we have and will continue to be in compliance with these gross income tests. If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may still qualify to be taxed as a REIT for such year if we are entitled to relief under applicable provisions of the Code. These relief provisions will be generally available if (i) our failure to meet these tests was due to reasonable cause and not due to willful neglect and (ii) following our identification of the failure to meet the 75% or 95% gross income test for any taxable year, we file a schedule with the IRS setting forth each item of our gross income for purposes of the 75% or 95% gross income test for such taxable year in accordance with Treasury regulations. It is not possible to state whether we would be entitled to the benefit of these relief provisions in all circumstances. If these relief provisions are inapplicable to a particular set of circumstances, we will not qualify to be taxed as a REIT. Even if these relief provisions apply, and we retain our status as a REIT, the Code imposes a tax based upon the amount by which we fail to satisfy the particular gross income test.

Asset Tests

At the close of each calendar quarter, we must also satisfy four tests relating to the nature of our assets. First, at least 75% of the value of our total assets must be represented by some combination of "real estate assets," cash, cash items, U.S. government securities, and, under some circumstances, stock or debt instruments purchased with new capital. For this purpose, real estate assets include interests in real property and stock of other corporations that qualify as REITs, as well as some kinds of mortgage-backed securities and mortgage loans. Assets that do not qualify for purposes of the 75% asset test are subject to the additional asset tests described below.

Second, the value of any one issuer's securities that we own may not exceed 5% of the value of our total assets.

Third, we may not own more than 10% of any one issuer's outstanding securities, as measured by either voting power or value. The 5% and 10% asset tests do not apply to securities of TRSs and qualified REIT subsidiaries and the 10% asset test does not apply to "straight debt" having specified characteristics and to certain other securities described below. Solely for purposes of the 10% asset test, the determination of our interest in the assets of a partnership or limited liability company in which we own an interest will be based on our proportionate interest in any securities issued by the partnership or limited liability company, excluding for this purpose certain securities described in the Code. The safe harbor under which certain types of securities are disregarded for purposes of the 10% value limitation includes (1) straight debt securities (including straight debt securities that provides for certain contingent payments); (2) any loan to an individual or an estate; (3) any rental agreement described in Section 467 of the Code, other than with a "related person"; (4) any obligation to pay rents from real property; (5) certain securities issued by a State or any political subdivision thereof, or the Commonwealth of Puerto Rico; (6) any security issued by a REIT; and (7) any other arrangement that, as determined by the Secretary of the Treasury, is excepted from the definition of a security. In addition, for purposes of applying the 10% value limitation, (a) a REIT's interest as a partner in a partnership is not considered a security; (b) any debt instrument issued by a partnership is not treated as a security if at least 75% of the partnership's gross income is from sources that would qualify for the 75% REIT gross income test; and (c) any debt instrument issued by a partnership is not treated as a security to the extent of the REIT's interest as a partner in the partnership.

Fourth, the aggregate value of all securities of TRSs that we hold, together with other non-qualified assets (such as furniture and equipment or other tangible personal property, or non-real estate securities) may not, in the aggregate, exceed 25% of the value of our total assets. Beginning after December 31, 2017, the aggregate value of all securities of the TRSs that we hold may not exceed 20% of our total assets.

However, certain relief provisions are available to allow REITs to satisfy the asset requirements or to maintain REIT qualification notwithstanding certain violations of the asset and other requirements. For example, if we should fail to satisfy the asset tests at the end of a calendar quarter such a failure would not cause us to lose our REIT qualification if we (i) satisfied the asset tests at the close of the preceding calendar quarter and (ii) the discrepancy between the value of our assets and the asset requirements was not wholly or partly caused by an acquisition of non-qualifying assets, but instead arose from changes in the relative market values of our assets. If the condition described in (ii) were not satisfied, we still could avoid disqualification by eliminating any discrepancy within 30 days after the close of the calendar quarter in which it arose or by making use of the relief provisions described above.

In the case of *de minimis* violations of the 10% and 5% asset tests, a REIT may maintain its qualification despite a violation of such requirements if (i) the value of the assets causing the violation does not exceed the lesser of 1% of the REIT's total assets and $10,000,000 and (ii) the REIT either disposes of the assets causing the failure within six months after the last day of the quarter in which it identifies the failure, or the relevant tests are otherwise satisfied within that time frame.

Even if we did not qualify for the foregoing relief provisions, one additional provision allows a REIT which fails one or more of the asset requirements to nevertheless maintain its REIT qualification if (i) the REIT provides the IRS with a description of each asset causing the failure, (ii) the failure is due to reasonable cause and not willful neglect, (iii) the REIT pays a tax equal to the greater of (a) $50,000 per failure and (b) the product of the net income generated by the assets that caused the failure multiplied by the highest applicable corporate tax rate (currently 35%) and (iv) the REIT either disposes of the assets causing the failure within six months after the last day of the quarter in which it identifies the failure, or otherwise satisfies the relevant asset tests within that time frame.

We believe that we have been and will continue to be in compliance with the asset tests described above.

Annual Distribution Requirements

In order to qualify to be taxed as a REIT, we are required to distribute dividends, other than capital gain dividends, to our shareholders in an amount at least equal to:

(i) the sum of

(a) 90% of our REIT taxable income, computed without regard to our net capital gains and the deduction for dividends paid; and

(b) 90% of our after tax net income, if any, from foreclosure property (as described below); minus

(ii) the excess of the sum of specified items of non-cash income over 5% of our REIT taxable income, computed without regard to our net capital gain and the deduction for dividends paid.

We generally must make these distributions in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for the year and if paid with or before the first regular dividend payment after such declaration. These distributions will be treated as received by our shareholders in the year in which paid. In order for distributions to be counted as satisfying the annual distribution requirements for REITs, and to provide us with a REIT-level tax deduction, the distributions must not be "preferential dividends." A dividend is not a preferential dividend if the distribution is (i) pro rata among all outstanding shares of stock within a particular class and (ii) in accordance with any preferences among different classes of stock as set forth in our organizational documents.

To the extent that we distribute at least 90%, but less than 100%, of our REIT taxable income, as adjusted, we will be subject to tax at ordinary corporate tax rates on the retained portion. We may elect to retain, rather than distribute, some or all of our net long-term capital gains and pay tax on such gains. In this case, we could elect for our shareholders to include their proportionate shares of such undistributed long-term capital gains in income, and to receive a corresponding credit for their share of the tax that we paid. Our shareholders would then increase the adjusted basis of their stock by the difference between (i) the amounts of capital gain dividends that we designated and that they include in their taxable income, minus (ii) the tax that we paid on their behalf with respect to that income.

To the extent that in the future we may have available net operating losses carried forward from prior tax years, such losses may reduce the amount of distributions that we must make in order to comply with the REIT distribution requirements.

If we fail to distribute during each calendar year at least the sum of (i) 85% of our ordinary income for such year, (ii) 95% of our capital gain net income for such year and (iii) any undistributed net taxable income from prior periods, we will be subject to a non-deductible 4% excise tax on the excess of such required distribution over the sum of (a) the amounts actually distributed, plus (b) the amounts of income we retained and on which we have paid corporate income tax.

We expect that our REIT taxable income will be less than our cash flow because of depreciation and other non-cash charges included in computing REIT taxable income. Accordingly, we anticipate that we generally will have sufficient cash or liquid assets to enable us to satisfy the distribution requirements described above. However, from time to time, we may not have sufficient cash or other liquid assets to meet these distribution requirements due to timing differences between the actual receipt of income and actual payment of deductible expenses, and the inclusion of income and deduction of expenses in determining our taxable income. In addition, we may decide to retain our cash, rather than distribute it, in order to repay debt, acquire assets, or for other reasons. If these timing differences occur, we may borrow funds to pay dividends or pay dividends through the distribution of other property (including shares of our stock) in order to meet the distribution requirements, while preserving our cash.

If our taxable income for a particular year is subsequently determined to have been understated, we may be able to rectify a resultant failure to meet the distribution requirements for a year by paying "deficiency dividends" to shareholders in a later year, which may be included in our deduction for dividends paid for the earlier year. In this case, we may be able to avoid losing REIT qualification or being taxed on amounts distributed as deficiency dividends, subject to the 4% excise tax described above. We will be required to pay interest based on the amount of any deduction taken for deficiency dividends.

For purposes of the 90% distribution requirement and excise tax described above, any distribution must be paid in the taxable year to which they relate, or in the following taxable year if such distributions are declared in October, November or December of the taxable year, are payable to shareholders of record on a specified date in any such month, and are actually paid before the end of January of the following year. Such distributions are treated as both paid by us and received by our shareholders on December 31 of the year in which they are declared.

In addition, at our election, a distribution for a taxable year may be declared before we timely file our tax return for the year, provided we pay such distribution with or before our first regular dividend payment after such declaration, and such payment is made during the 12-month period following the close of such taxable year. Such distributions are taxable to our shareholders in the year in which paid, even though the distributions relate to our prior taxable year for purposes of the 90% distribution requirement.

In order for distributions to be counted as satisfying the annual distribution requirements for REITs, and to provide us with a REIT-level tax deduction, the distributions must not be "preferential dividends." A dividend is not a preferential dividend if the distribution is (i) pro rata among all outstanding shares of stock within a particular class and (ii) in accordance with any preferences among different classes of stock as set forth in our organizational documents

We believe that we have satisfied the annual distribution requirements for the year ending, December 31, 2015. Although we intend to satisfy the annual distribution requirements to continue to qualify as a REIT for the year ending December 31, 2016 and thereafter, economic, market, legal, tax or other considerations could limit our ability to meet those requirements.

Failure to Qualify

If we fail to satisfy one or more requirements for REIT qualification other than the income or asset tests, we could avoid disqualification as a REIT if our failure is due to reasonable cause and not to willful neglect and we pay a penalty of $50,000 for each such failure. Relief provisions are also available for failures of the income tests and asset tests, as described above in "—Income Tests" and "—Asset Tests."

If we fail to qualify for taxation as a REIT in any taxable year, and the relief provisions described above do not apply, we would be subject to tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. We cannot deduct distributions to shareholders in any year in which we are not a REIT, nor would we be required to make distributions in such a year. In this situation, to the extent of current and accumulated earnings and profits (as determined for U.S. federal income tax purposes), distributions to shareholders would be taxable as regular corporate dividends. Such dividends paid to U.S. shareholders that are individuals, trusts and estates may be taxable at the preferential income tax rates (i.e., the 20% maximum U.S. federal rate) for qualified dividends. In addition, subject to the limitations of the Code, corporate distributes may be eligible for the dividends received deduction. Unless we are entitled to relief under specific statutory provisions, we would also be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year during which we lost our qualification. It is not possible to state whether, in all circumstances, we would be entitled to this statutory relief.

Legislative or Other Actions Affecting REITs

The present U.S. federal income tax treatment of REITs may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time. The REIT rules are constantly under review by persons involved in the legislative process and by the IRS and the Treasury which may result in statutory changes as well as revisions to regulations and interpretations. Changes to the U.S. federal tax laws and interpretations thereof could adversely affect an investment in our common stock.

Regulation

The ownership, operation, and management of, and provision of certain products and services to, gaming and racing facilities are subject to pervasive regulation. 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 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 procedures to ensure that participants in the gaming industry, including landlords and other suppliers, 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 gaming operations;
- establish procedures designed to prevent cheating and fraudulent practices;
- establish and maintain responsible accounting practices and procedures;
- maintain effective controls over their financial practices, including establishment of 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.

These regulations impact our business in three important ways: (1) our ownership and operation of the TRS Properties; (2) our ownership of land and buildings in which gaming activities are operated by third party tenants pursuant to long-term leases; and (3) the operations of our gaming tenants. Our ownership and operation of the TRS Properties subject GLPI, its subsidiaries and its officers and directors to the jurisdiction of the gaming regulatory agencies in Louisiana and Maryland. Further, many gaming and racing regulatory agencies in the jurisdictions in which our gaming tenants operate require GLPI and its affiliates to maintain a license as a key business entity or supplier because of its status as landlord, including Illinois, Indiana, Missouri, Mississippi, Pennsylvania and Ohio.

Our businesses are subject to various federal, state 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, 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 operating results.

Insurance

We have comprehensive liability, property and business interruption insurance at our TRS Properties. In regards to our properties subject to triple-net leases, the lease agreements require our tenants to have their own comprehensive liability, property and business interruption insurance policies, including protection for our insurable interests as the landlord.

Environmental Matters

Our properties are subject to environmental laws regulating, among other things, air emissions, wastewater discharges and the handling and disposal of wastes, including medical wastes. Certain of the properties we own utilize above or underground storage tanks to store heating oil for use at the properties. Other properties were built during the time that asbestos-containing building materials were routinely installed in residential and commercial structures. Our triple-net leases obligate the tenants thereunder to comply with applicable environmental laws and to indemnify us if their noncompliance results in losses or claims against us, and we expect that any future leases will include the same provisions for other operators. An operator's failure to comply could result in fines and penalties or the requirement to undertake corrective actions which may result in significant costs to the operator and thus adversely affect their ability to meet their obligations to us.

Pursuant to U.S. federal, state and local environmental laws and regulations, a current or previous owner or operator of real property may be required to investigate, remove and/or remediate a release of hazardous substances or other regulated materials at, or emanating from, such property. Further, under certain circumstances, such owners or operators of real property may be held liable for property damage, personal injury and/or natural resource damage resulting from or arising in connection with such releases. Certain of these laws have been interpreted to provide for joint and several liability unless the harm is divisible and there is a reasonable basis for allocation of responsibility. We also may be liable under certain of these laws for damage that occurred prior to our ownership of a property or at a site where we sent wastes for disposal. The failure to properly remediate a property may also adversely affect our ability to lease, sell or rent the property or to borrow funds using the property as collateral.

In connection with the ownership of our real property, we could be legally responsible for environmental liabilities or costs relating to a release of hazardous substances or other regulated materials at or emanating from such property. In order to assess the potential for such liability, we conduct routine due diligence of environmental assessments prior to acquisition. We are not aware of any environmental issues that are expected to have a material impact on the operations of any of our properties.

Pursuant to the Penn Master Lease and a Separation and Distribution Agreement between Penn and GLPI, any liability arising from or relating to environmental liabilities arising from the businesses and operations of Penn's real property holdings prior to the Spin-Off (other than any liability arising from or relating to the operation or ownership of the TRS Properties and except to the extent first discovered after the end of the term of the Penn Master Lease) was retained by Penn and Penn will indemnify GLPI (and its subsidiaries, directors, officers, employees and agents and certain other related parties) against any losses arising from or relating to such environmental liabilities. There can be no assurance that Penn will be able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from Penn any amounts for which we are held liable, we may be temporarily required to bear these losses while seeking recovery from Penn.

Employees

As of December 31, 2015, we had 792 full and part-time employees. Substantially all of these employees are employed at Hollywood Casino Baton Rouge and Hollywood Casino Perryville. The Company believes its relations with its employees are good.

Some of our employees at Hollywood Casino Perryville are currently represented by labor unions. The Seafarers Entertainment and Allied Trade Union represents 208 of our employees at Hollywood Casino Perryville under an agreement that expires in February 2020. Additionally, Local No. 27 United Food and Commercial Workers and United Industrial Service Transportation Professional and Government Workers of North America represent certain employees under collective bargaining agreements that expire in 2020, neither of which represents more than 50 of our employees at Hollywood Casino Perryville.

Available Information

For more information about us, visit our website at www.glpropinc.com. The contents of our website are not part of this Annual Report on Form 10-K. Our electronic filings with the SEC (including all annual reports on Form 10-K and Form 10-K/A, quarterly reports on Form 10-Q and Form 10-Q/A, 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.

ITEM 1A. RISK FACTORS

Risk Factors Relating to Our Business

We are dependent on Penn (including its subsidiaries) until we substantially diversify our portfolio, and an event that has a material adverse effect on Penn's business, financial position or results of operations could have a material adverse effect on our business, financial position or results of operations.

A subsidiary of Penn is the lessee of substantially all of our properties pursuant to the Penn Master Lease and accounts for a significant portion of our revenues. Additionally, because the Penn Master Lease is a triple-net lease, we depend on Penn to pay all insurance, taxes, utilities and maintenance and repair expenses in connection with these leased properties and to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities arising in connection with its business. There can be no assurance that Penn will have sufficient assets, income and access to financing to enable it to satisfy its payment obligations under the Penn Master Lease. The inability or unwillingness of Penn to meet its subsidiary's rent obligations and other obligations under the Penn Master Lease could materially adversely affect our business, financial position or results of operations, including our ability to pay dividends to our shareholders as required to maintain our status as a REIT. For these reasons, if Penn were to experience a material adverse effect on its gaming business, financial position or results of operations, our business, financial position or results of operations could also be materially adversely affected.

Due to our dependence on rental payments from Penn and its tenant subsidiary as our main source of revenues, we may be limited in our ability to enforce our rights under the Penn Master Lease or to terminate the lease with respect to a particular property. Failure by Penn's tenant subsidiary to comply with the terms of the Penn Master Lease or to comply with the gaming regulations to which the leased properties are subject could require us to find another lessee for such leased property and there could be a decrease or cessation of rental payments by Penn. In such event, we may be unable to locate a suitable lessee at similar rental rates or at all, which would have the effect of significantly reducing our rental revenues.

Following the completion of the Pinnacle transaction, we will be significantly dependent on two tenants and their respective subsidiaries and substantially all of our revenues will be based on the revenue derived under the master leases with Pinnacle and Penn. We will continue to be subject to the risks described above.

Our pursuit of investments in, and acquisitions or development of, additional properties may be unsuccessful or fail to meet our expectations.

We operate in a highly competitive industry and face competition from other REITs, investment companies, private equity and hedge fund investors, sovereign funds, lenders, gaming companies (including gaming companies considering REIT structures) and other investors, some of whom are significantly larger and have greater resources and lower costs of capital. Increased competition will make it more challenging to identify and successfully capitalize on acquisition opportunities that meet our investment objectives. If we cannot identify and purchase a sufficient quantity of gaming properties and other properties at favorable prices or if we are unable to finance acquisitions on commercially favorable terms, our business, financial position or results of operations could be materially adversely affected. Additionally, the fact that we must distribute 90% of our net taxable income in order to maintain our qualification as a REIT may limit our ability to rely upon rental payments from our leased properties or subsequently acquired properties in order to finance acquisitions. As a result, if debt or equity financing is not available on acceptable terms, further acquisitions might be limited or curtailed and completing proposed acquisitions may be adversely impacted. Furthermore, fluctuations in the price of our common stock may impact our ability to finance additional acquisitions through the issuance of common stock and/or cause significant dilution.

Investments in and acquisitions of gaming properties and other properties we might seek to acquire entail risks associated with real estate investments generally, including that the investment's performance will fail to meet expectations, that the cost estimates for necessary property improvements will prove inaccurate or that the tenant, operator or manager will underperform. Real estate development projects present other risks, including construction delays or cost overruns that increase expenses, the inability to obtain required zoning, occupancy and other governmental approvals and permits on a timely basis, and the incurrence of significant development costs prior to completion of the project.

We may not complete the acquisition of substantially all of Pinnacle's real property assets within the time frame we anticipate or at all, which could have a negative effect on our business and our results of operations.

On July 20, 2015, we entered into a definitive agreement under which we will acquire substantially all of Pinnacle's real property assets. In connection with the acquisition, Pinnacle has agreed that it will effect the separation of its real property assets and gaming and other operating assets and effect a pro rata distribution to its stockholders of common stock representing a 100% interest in a newly formed public company that will own Pinnacle's gaming operating assets and other specified assets (the "Pinnacle Spin-Off"). Immediately following the Pinnacle Spin-Off, we will acquire substantially all of Pinnacle's real property assets through the merger of Pinnacle with and into one of our wholly-owned subsidiaries.

The acquisition is subject to a number of closing conditions, such as the approval of holders of a majority of the outstanding shares of Pinnacle common stock; the approval of the issuance of shares of our common stock as merger consideration by a majority vote of the holders of our common stock; the absence of any governmental order or law prohibiting the consummation of the transactions, including the Pinnacle Spin-Off; the effectiveness of the registration statement for our common stock to be issued as merger consideration; the effectiveness of the Pinnacle Spin-Off registration statement and completion of the Pinnacle Spin-Off, and the receipt of the required anti-trust and other regulatory approvals. These conditions may not be satisfied or may take longer than expected to be satisfied. The transaction is also subject to other risks and uncertainties.

We have already devoted substantial time and resources and incurred substantial costs in connection with the transaction, many of which must be paid even if the acquisition is not completed. In addition, we will generally be obligated to pay a termination fee of $150 million to Pinnacle if the acquisition is terminated because the required regulatory approvals were not obtained. We also could be required to pay an expense reimbursement fee of up to $20 million to Pinnacle if the acquisition is terminated because our shareholders fail to approve the issuance of our common stock in connection with the Merger. The payment of any of these costs could have an adverse effect on our financial condition, results of operations or cash flows.

We cannot provide any assurance that the acquisition will be completed or that there will not be a delay in the completion of the acquisition. Furthermore, our ability to raise the amount of capital necessary to fund the acquisition of the Pinnacle real estate assets is subject to market and economic conditions. If the acquisition is not consummated, our reputation in our industry and in the investment community could be damaged, and the market price of our common stock could decline.

If the acquisition of substantially all of Pinnacle's real property assets is completed, we may not achieve the intended benefits and the acquisition may disrupt our current plans or operations.

There can be no assurance that we will be able to successfully realize the expected benefits of the acquisition. Following the completion of the acquisition, we will have significant financial exposure to Pinnacle's performance of its contractual obligations to us, and adverse changes in Pinnacle's business or finances, over which we will have no control other than the limited contractual protections afforded to us as a landlord, could adversely affect us. We also may not be able to finance the acquisition on attractive terms, which could result in increased costs, substantial dilution to our shareholders and have an adverse effect on our financial condition, results of operations or cash flows. In addition, our business may be negatively impacted following the acquisition if we are unable to effectively manage our expanded operations.

The transactions contemplated by the Merger Agreement are subject to conditions, including certain conditions that may not be satisfied, or completed on a timely basis, if at all. Failure to complete the transactions contemplated by the Merger Agreement, including the Merger, could have material and adverse effects on us.

Completion of the Merger is subject to a number of conditions, including the approval by GLPI shareholders of the share issuance proposal, approval by Pinnacle stockholders of the Merger Agreement proposal and consummation of the spin-off, which make the completion and timing of the completion of the transactions uncertain. Also, either GLPI or Pinnacle may terminate the Merger Agreement if the Merger has not been consummated by March 31, 2016 or, in GLPI's sole discretion—if the only conditions to closing that have not been satisfied or waived by that date are those related to regulatory approvals, consents or clearances, an outstanding judgment, injunction, order or law of a governmental authority prohibiting or enjoining the transactions or an action pending before, or threatened in writing by, the U.S. Antitrust Division of the Department of Justice or the Federal Trade Commission that would prevent the performance of the transactions—June 30, 2016, except that this right to terminate the Merger Agreement will not be available to any party whose material breach of a representation, warranty, covenant or other agreement of such party under the Merger Agreement resulted in the failure of the transactions to be consummated on or before that date.

If the transactions contemplated by the Merger Agreement are not completed on a timely basis, or at all, our ongoing business may be adversely affected and, without realizing any of the benefits of having completed the transactions, we will be subject to a number of risks, including the following:

- we will be required to pay our costs relating to the transactions, such as legal, accounting, financial advisory and printing fees, whether or not the transactions are completed;
- time and resources committed by our management to matters relating to the transactions could otherwise have been devoted to pursuing other beneficial opportunities; and
- the market price of our common stock could decline to the extent that the current market price reflects a market assumption that the transactions will be completed.

We will be subject to business uncertainties while the Merger is pending, which could adversely affect our business.

In connection with the pendency of the transactions, it is possible that certain persons with whom we have a business relationship may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationships with us, as the case may be, as a result of the transactions, which could negatively affect our revenues, earnings and cash flows, as well as the market price of our common stock, regardless of whether the Merger is completed.

Under the terms of the Merger Agreement, Pinnacle and GLPI are subject to certain restrictions on the conduct of their business prior to the effective time of the Merger, which may adversely affect their respective abilities to execute certain of their business strategies, including, the ability in certain cases to enter into contracts, acquire or dispose of assets, incur indebtedness or incur capital expenditures. Such limitations could negatively affect Pinnacle's businesses and operations prior to the completion of the transactions.

The Merger is subject to the receipt of approvals, consents or clearances from regulatory authorities that may impose conditions that could have an adverse effect on us or, if not obtained, could prevent completion of the transactions.

Completion of the Merger is conditioned upon the receipt of certain governmental approvals, including, without limitation, gaming regulatory approvals. Although each party has agreed to use their respective reasonable best efforts to obtain the requisite governmental approvals, there can be no assurance that these approvals will be obtained and that the other conditions to completing the Merger will be satisfied. In addition, the governmental authorities from which the regulatory approvals are required may impose conditions on the completion of the Merger or require changes to the terms of the Merger or other agreements to be entered into in connection with the Merger Agreement. Such conditions or changes and the process of obtaining regulatory approvals could have the effect of delaying or impeding consummation of the transaction or of imposing additional costs or limitations on GLPI or Pinnacle following completion of the Merger, any of which might have an adverse effect on GLPI or Pinnacle following completion of the Merger. Under the terms of the Merger Agreement, however, (i) subject to certain conditions, Pinnacle is not required to agree to amendments to the Pinnacle Master Lease Agreement or take certain divestiture actions and (ii) GLPI is not required to take any divesture actions that would be expected to result in a loss of $150 million or more. One or more divesture actions, in the aggregate, that would reasonably be expected to result in a loss of $150 million or more is referred to in this Form 10-K as a "Regulatory MAE." For additional information about the regulatory approvals process, see "The Merger—Regulatory Approvals" section of the Joint Proxy Statement/Prospectus.

The completion of the transactions may trigger change in control or other provisions in certain agreements to which Pinnacle is a party. If GLPI and Pinnacle are unable to negotiate waivers of those provisions, the counterparties may exercise their rights and remedies under the agreements, potentially terminating the agreements or seeking monetary damages. Even if GLPI and Pinnacle are able to negotiate waivers, the counterparties may require a fee for such waivers or seek to renegotiate the agreements on terms less favorable to Pinnacle.

We are subject to provisions under the Merger Agreement that, in specified circumstances, could require us to pay a termination fee of up to $150 million to Pinnacle.

As discussed in the risk factor above, completion of the Merger is conditioned upon the receipt of certain governmental approvals. If regulatory approvals are not obtained as a result of a Regulatory MAE and the Merger Agreement is terminated by GLPI or Pinnacle under certain conditions, then, so long as the primary cause of such termination was not an adverse suitability finding under gaming laws with respect to the business of OpCo and its affiliates, GLPI will be required to pay Pinnacle a termination fee of $150 million, less any expense payments previously paid. In addition, GLPI will be required to pay Pinnacle a termination fee of $150 million, less any expense payments previously paid, if the Merger Agreement is terminated by either GLPI or Pinnacle because there is a permanent injunction restraining, enjoining or otherwise prohibiting the consummation of the Merger and the injunction has become final and nonappelable, so long as the primary cause of such termination was not an adverse suitability finding under gaming laws with respect to the business of OpCo and its affiliates. For more information, see the section titled "The Merger Agreement—Expenses and Termination Fees Relating to the Termination of the Merger Agreement" of the Joint Proxy Statement/Prospectus.

If such a termination fee is payable under any such circumstance, the payment of this fee could have material and adverse consequences to the financial condition and operations of GLPI.

Following the Merger, the market price of GLPI common stock may be volatile, and holders of GLPI's common stock could lose a significant portion of their investment due to drops in the market price of GLPI's common stock following completion of the transactions.

The market price of GLPI's common stock may be volatile, and following completion of the Merger, shareholders may not be able to resell their shares of GLPI common stock at or above the price at which they acquired the common stock pursuant to the Merger Agreement or otherwise due to fluctuations in its market price, including changes in price caused by factors unrelated to GLPI's performance or prospects.

Specific factors that may have a significant effect on the market price for GLPI's common stock include, among others, the following:

- changes in stock market analyst recommendations or earnings estimates regarding GLPI's common stock or other comparable REITs;
- actual or anticipated fluctuations in GLPI's revenue stream or future prospects;
- reaction to public announcements by GLPI following the Merger;
- strategic actions taken by GLPI or its competitors, such as acquisitions;
- failure of GLPI to achieve the perceived benefits of the Merger, including financial results, as rapidly as or to the extent anticipated by financial or industry analysts;
- new laws or regulations or new interpretations of existing laws or regulations applicable to GLPI's business and operations or the gaming industry;
- changes in tax or accounting standards, policies, guidance, interpretations or principles;
- adverse conditions in the financial markets or general U.S. or international economic conditions, including those resulting from war, incidents of terrorism and responses to such events; and
- sales of GLPI common stock by Pinnacle stockholders, members of GLPI's management team or other significant shareholders.

Under the separation agreement, Pinnacle will have to indemnify us for certain liabilities. However, there can be no assurance that these indemnities will be sufficient to insure us against the full amount of such liabilities, or that Pinnacle's ability to satisfy its indemnification obligation will not be impaired in the future.

Under the separation agreement, Pinnacle will agree to indemnify us for certain liabilities. However, third parties could seek to hold us responsible for any of the liabilities that Pinnacle will agree to retain, and there can be no assurance that Pinnacle will be able to fully satisfy its indemnification obligations. Even if we ultimately succeed in recovering from Pinnacle any amounts for which we are held liable, we may be temporarily required to bear these losses while seeking recovery from Pinnacle.

We are expected to incur substantial expenses related to the completion of the Pinnacle transactions.

We are expected to incur substantial expenses in connection with the completion of the transactions. While we have assumed that a certain level of expenses would be incurred, there are many factors beyond our control that could affect the total amount or the timing of the expenses.

We are dependent on the gaming industry and may be susceptible to the risks associated with it, which could materially adversely affect our business, financial position or results of operations.

As the owner of gaming facilities, we are impacted by the risks associated with the gaming industry. Therefore, our success is to some degree dependent on the gaming industry, which could be adversely affected by economic conditions in general, changes in consumer trends and preferences and other factors over which we and our tenants have no control. As we are subject to risks inherent in substantial investments in a single industry, a decrease in the gaming business would likely have a greater adverse effect on our revenues than if we owned a more diversified real estate portfolio, particularly because a component of the rent under the Penn Master Lease is based, over time, on the performance of the gaming facilities operated by Penn on our properties.

The gaming industry is characterized by an increasing number of gaming facilities with an increasingly high degree of competition among a large number of participants, including riverboat casinos, dockside casinos, land-based casinos, video lottery, sweepstakes and poker machines not located in casinos, Native American gaming and other forms of gaming in the U.S. Furthermore, competition from internet lotteries, sweepstakes, and other internet wagering gaming services, which allow their customers to wager on a wide variety of sporting events and play Las Vegas-style casino games from home or in non-casino settings, could divert customers from our properties and thus adversely affect our TRS Properties and the business of our tenants and, indirectly, our business. Such internet wagering services are often illegal under federal law but operate exclusively in certain states and from overseas locations, and are accessible to certain domestic gamblers. Currently, there are proposals that would legalize internet poker and other varieties of internet gaming in a number of states and at the federal level. Several states, including Nevada, New Jersey and Delaware, have enacted legislation authorizing intrastate internet gaming and internet gaming operations have begun in these states. Expansion of internet gaming in other jurisdictions (both legal and illegal) could further compete with our traditional operations, which could have an adverse impact on our business and result of operations.

The operations of our TRS Properties and of our tenants in our leased facilities are subject to disruptions or reduced patronage as a result of severe weather conditions, natural disasters and other casualty events. Because many of our facilities are located on or adjacent to bodies of water, they are subject to risks in addition to those associated with land-based facilities, including loss of service due to casualty, forces of nature, mechanical failure, extended or extraordinary maintenance, flood, hurricane or other severe weather conditions. A component of the rent under the Penn Master Lease is based, over time, on the performance of the gaming facilities operated by Penn on our properties; consequently, a casualty that leads to the loss of use of a casino facility subject to the Penn Master Lease for an extended period may negatively impact our revenues.

We face extensive regulation from gaming and other regulatory authorities.

The ownership, operation, and management of gaming and racing facilities are subject to pervasive regulation. These regulations impact both our ownership and operation of the TRS Properties and the operations of our gaming tenants. Our ownership and operation of the TRS Properties subject GLPI and its officers and directors to the jurisdiction of the gaming regulatory agencies in Louisiana and Maryland. Further, many gaming and racing regulatory agencies in the jurisdictions in which our tenants operate require GLPI and its affiliates to maintain a license as a key business entity or supplier because of GLPI's status as landlord.

In many jurisdictions, gaming laws can require certain of our shareholders to file an application, be investigated, and qualify or have his, her or its suitability determined by gaming authorities. Gaming authorities have very broad discretion in determining whether an applicant should be deemed suitable. Subject to certain administrative proceeding requirements, the gaming regulators have the authority to deny any application or limit, condition, restrict, revoke or suspend any license, registration, finding of suitability or approval, or fine any person licensed, registered or found suitable or approved, for any cause deemed reasonable by the gaming authorities.

Many jurisdictions also require any person who acquires beneficial ownership of more than a certain percentage of voting securities of a gaming company and, in some jurisdictions, non-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, subject to limited exceptions for "institutional investors" that hold a company's voting securities for investment purposes only.

Some jurisdictions may also limit the number of gaming licenses in which a person may hold an ownership or a controlling interest.

Additionally, substantially all material loans, significant acquisitions, leases, sales of securities and similar financing transactions by GLPI and its subsidiaries must be reported to and in some cases approved by gaming authorities. Neither GLPI nor any of its subsidiaries may make a public offering of 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 GLPI or one of its subsidiaries must satisfy gaming authorities with respect to a variety of stringent standards prior to assuming control.

Required regulatory approvals can delay or prohibit transfers of our gaming properties, which could result in periods in which we are unable to receive rent for such properties.

The tenants of our gaming properties are operators of gaming facilities, which operators must be licensed under applicable state law. Prior to the transfer of gaming facilities, the new operator generally must become licensed under state law. In the event that the Penn Master Lease or any future lease agreement we enter into is terminated or expires and a new tenant is found, any delays in the new tenant receiving regulatory approvals from the applicable state government agencies, or the inability to receive such approvals, may prolong the period during which we are unable to collect the applicable rent.

Our charter restricts the ownership and transfer of our outstanding stock, which may have the effect of delaying, deferring or preventing a transaction or change of control of our company.

In order for GLPI to qualify to be taxed as a REIT, not more than 50% in value of its outstanding shares of stock may be owned, actually or constructively, by five or fewer individuals at any time during the last half of each taxable year after the first year for which GLPI elected to qualify to be taxed as a REIT (2014). Additionally, at least 100 persons must beneficially own GLPI stock during at least 335 days of a taxable year (other than the first taxable year for which GLPI elects to be taxed as a REIT). GLPI's charter, with certain exceptions, authorizes the Board of Directors to take such actions as are necessary and desirable to preserve GLPI's qualification as a REIT. GLPI's charter also provides that, subject to certain exceptions exempted by the Board of Directors, no person may beneficially or constructively own more than 7% in value or in number, whichever is more restrictive, of GLPI's outstanding shares of all classes and series of stock. The constructive ownership rules are complex and may cause shares of stock owned directly or constructively by a group of related individuals or entities to be constructively owned by one individual or entity. These ownership limits could delay or prevent a transaction or a change in control of GLPI that might involve a premium price for shares of GLPI stock or otherwise be in the best interests of GLPI shareholders. The acquisition of less than 7% of our outstanding stock by an individual or entity could cause that individual or entity to own beneficially or constructively in excess of 7% in value of our outstanding stock, and thus violate our charter's ownership limit. Our charter prohibits any person from owning shares of our stock that would result in our being "closely held" under Section 856(h) of the Code. Any attempt to own or transfer shares of our stock in violation of these restrictions may result in the transfer being automatically void. GLPI's charter also provides that shares of GLPI's capital stock acquired or held in excess of the ownership limit will be transferred to a trust for the benefit of a designated charitable beneficiary, and that any person who acquires shares of GLPI's capital stock in violation of the ownership limit will not be entitled to any dividends on the shares or be entitled to vote the shares or receive any proceeds from the subsequent sale of the shares in excess of the lesser of the market price on the day the shares were transferred to the trust or the amount realized from the sale. GLPI or its designee will have the right to purchase the shares from the trustee at this calculated price as well. A transfer of shares of GLPI's capital stock in violation of the limit may be void under certain circumstances. GLPI's 7% ownership limitation may have the effect of delaying, deferring or preventing a change in control of GLPI, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price for GLPI's shareholders. To assist GLPI in complying with applicable gaming laws, our charter also provides that capital stock of GLPI that is owned or controlled by an unsuitable person or an affiliate of an unsuitable person will be transferred to a trust for the benefit of a designated charitable beneficiary, and that any such unsuitable person or affiliate will not be entitled to any dividends on the shares or be entitled to vote the shares or receive any proceeds from the subsequent sale of the shares in excess of the lesser of the price paid by the unsuitable person or affiliate for the shares or the amount realized from the sale, in each case less a discount in a percentage (up to 100%) to be determined by our Board of Directors in its sole and absolute discretion. The shares shall additionally be redeemable by GLPI, out of funds legally available for that redemption, to the extent required by the gaming authorities making the determination of unsuitability or to the extent determined to be necessary or advisable by our Board of Directors, at a redemption price equal to the lesser of (i) the market price on the date of the redemption notice, (ii) the market price on the redemption date, or (iii) the actual amount paid for the shares by the owner thereof, in each case less a discount in a percentage (up to 100%) to be determined by our Board of Directors in its sole and absolute discretion.

Pennsylvania law and provisions in our charter and bylaws may delay or prevent takeover attempts by third parties and therefore inhibit GLPI's shareholders from realizing a premium on their stock.

GLPI's charter and bylaws, in addition to Pennsylvania law, contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids and to encourage prospective acquirors to negotiate with GLPI's Board of Directors rather than to attempt a hostile takeover. GLPI's charter and bylaws, among other things (i) permit the Board of Directors, without further action of the shareholders, to issue and fix the terms of preferred stock, which may have rights senior to those of the common stock; (ii) establish certain advance notice procedures for shareholder proposals, and require all director candidates to be recommended by the nominating committee of the Board of Directors; (iii) classify our Board of Directors into three separate classes with staggered terms; (iv) provide that a director may only be removed by shareholders for cause and upon the vote of 75% of the shares entitled to vote; (v) not permit direct nomination by shareholders of nominees for election to the Board of Directors, but instead permit shareholders to recommend potential nominees to the compensation and governance committee; (vi) require shareholders to have beneficially owned at least 1% of the outstanding GLPI common stock in order to recommend a person for nomination for election to the Board of Directors, or to present a shareholder proposal, for action at a shareholders meeting; and (vii) provide for supermajority approval requirements for amending or repealing certain provisions in our charter and in order to approve an amendment or repeal of any provision of our bylaws that has not been proposed by our Board of Directors.

In addition, specific anti-takeover provisions in Pennsylvania law could make it more difficult for a third party to attempt a hostile takeover. These provisions require (i) approval of certain transactions by a majority of the voting stock other than that held by the potential acquirer; (ii) the acquisition at "fair value" of all the outstanding shares not held by an acquirer of 20% or more; (iii) a five-year moratorium on certain "business combination" transactions with an "interested shareholder;" (iv) the loss by interested shareholders of their voting rights over "control shares;" (v) the disgorgement of profits realized by an interested shareholder from certain dispositions of GLPI shares; and (vi) severance payments for certain employees and prohibiting termination of certain labor contracts.

GLPI's believes these provisions will protect its shareholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with GLPI's Board of Directors and by providing GLPI's Board of Directors with more time to assess any acquisition proposal. These provisions are not intended to make GLPI immune from takeovers or to prevent a transaction from occurring. However, these provisions will apply even if the offer may be considered beneficial by some shareholders and could delay or prevent an acquisition that GLPI's Board of Directors determines is not in the best interests of GLPI. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

Our management team, including chairman and chief executive officer, Peter M. Carlino, and chief financial officer, William J. Clifford, has limited experience operating a REIT.

The requirements for qualifying as a REIT are highly technical and complex. Our management team, including chairman and chief executive officer, Peter M. Carlino, and chief financial officer, William J. Clifford, has limited experience in complying with the income, asset and other limitations imposed by the REIT provisions of the Code. Any failure to comply with those provisions in a timely manner could prevent GLPI from qualifying as a REIT or could force GLPI to pay unexpected taxes and penalties. In such event, GLPI's net income would be reduced and GLPI could incur a loss, which could materially harm its business, financial position or results of operations. In addition, there is no assurance that their past experience with the acquisition, development and disposition of gaming facilities will be sufficient to enable them to successfully manage GLPI's portfolio of properties as required by its business plan or the REIT provisions of the Code.

If we lose our key management personnel, we may not be able to successfully manage our business and achieve our objectives.

Our success depends in large part upon the leadership and performance of our executive management team, particularly Peter M. Carlino, our chief executive officer, and William J. Clifford, our chief financial officer. If we lose the services of Messrs. Carlino or Clifford, we may not be able to successfully manage our business or achieve our business objectives. Furthermore, the Company does not have any employment agreements in place with the members of its executive management team at this time.

We may experience uninsured or underinsured losses, which could result in a significant loss of the capital we have invested in a property, decrease anticipated future revenues or cause us to incur unanticipated expense.

While the Penn Master Lease requires, and new lease agreements are expected to require, that comprehensive insurance and hazard insurance be maintained by the tenants, a tenant's failure to comply could lead to an uninsured or underinsured loss and there can be no assurance that we will be able to recover such uninsured or underinsured amounts from such tenant. Futher, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, hurricanes and floods, that may be uninsurable or not economically insurable. Insurance coverage may not be sufficient to pay the full current market value or current replacement cost of a loss. Inflation, changes in building codes and ordinances, environmental considerations, and other factors also might make it infeasible to use insurance proceeds to replace the property after such property has been damaged or destroyed. Under such circumstances, the insurance proceeds received might not be adequate to restore the economic position with respect to such property.

If we experience a loss that is uninsured or that exceeds our policy coverage limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties were subject to recourse indebtedness, we could continue to be liable for the indebtedness even if these properties were irreparably damaged.

In addition, even if damage to our properties is covered by insurance, a disruption of our business caused by a casualty event may result in the loss of business or tenants. The business interruption insurance we carry may not fully compensate us for the loss of business or tenants due to an interruption caused by a casualty event. Further, if one of our tenants has insurance but is underinsured, that tenant may be unable to satisfy its payment obligations under its lease with us.

A disruption in the financial markets may make it more difficult to evaluate the stability, net assets and capitalization of insurance companies and any insurer's ability to meet its claim payment obligations. A failure of an insurance company to make payments to us upon an event of loss covered by an insurance policy could adversely affect our business, financial condition and results of operations.

The price of our common stock may fluctuate significantly.

Our stock price may fluctuate in response to a number of events and factors, such as variations in operating results, changes in market interest rates, actions by various regulatory agencies and legislatures, operating competition, market perceptions, progress with respect to potential acquisitions, changes in financial estimates and recommendations by securities analysts, the actions of rating agencies, the operating and stock price performance of other companies that investors may deem comparable to us, and news reports relating to trends in our markets or general economic conditions.

Environmental compliance costs and liabilities associated with real estate properties owned by us may materially impair the value of those investments.

As an owner of real property, we are subject to various federal, state and local environmental and health and safety laws and regulations. Although we will not operate or manage most of our property, we may be held primarily or jointly and severally liable for costs relating to the investigation and clean-up of any property from which there has been a release or threatened release of a regulated material as well as other affected properties, regardless of whether we knew of or caused the release.

In addition to these costs, which are typically not limited by law or regulation and could exceed the property's value, we could be liable for certain other costs, including governmental fines and injuries to persons, property or natural resources. Further, some environmental laws create a lien on the contaminated site in favor of the government for damages and the costs the government incurs in connection with such contamination.

Although we intend to require our operators and tenants to undertake to indemnify us for certain environmental liabilities, including environmental liabilities they cause, the amount of such liabilities could exceed the financial ability of the tenant or operator to indemnify us. The presence of contamination or the failure to remediate contamination may adversely affect our ability to sell or lease the real estate or to borrow using the real estate as collateral.

Risk Factors Relating to the Status of GLPI as a REIT

If GLPI does not qualify to be taxed as a REIT, or fails to remain qualified as a REIT, GLPI will be subject to U.S. federal income tax as a regular corporation and could face a substantial tax liability, which would reduce the amount of cash available for distribution to shareholders of GLPI.

GLPI elected on its 2014 U.S. federal income tax return to be treated as a REIT and intends to continue to be organized and to operate in a manner that will permit it to qualify as a REIT. GLPI currently operates, and intends to continue to operate, in a manner that will allow GLPI to continue to qualify to be taxed as a REIT for U.S. federal income tax purposes. GLPI received an opinion from its special tax advisors, Wachtell, Lipton, Rosen & Katz and KPMG LLP (collectively the "Special Tax Advisors"), with respect to its qualification as a REIT in connection with the Spin-Off. Investors should be aware, however, that opinions of advisors are not binding on the IRS or any court. The opinions of the Special Tax Advisors represent only the view of the Special Tax Advisors based on their review and analysis of existing law and on certain representations as to factual matters and covenants made by GLPI, including representations relating to the values of GLPI's assets and the sources of GLPI's income. The opinions are expressed as of the date issued. The Special Tax Advisors have no obligation to advise GLPI or the holders of GLPI common stock of any subsequent change in the matters stated, represented or assumed or of any subsequent change in applicable law. Furthermore, both the validity of the opinions of Special Tax Advisors and GLPI's qualification as a REIT will depend on GLPI's satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis, the results of which will not be monitored by the Special Tax Advisors. GLPI's ability to satisfy the asset tests depends upon GLPI's analysis of the characterization and fair market values of its assets, some of which are not susceptible to a precise determination, and for which GLPI will not obtain independent appraisals.

Penn has received a private letter ruling from the IRS with respect to certain issues relevant to GLPI's qualification as a REIT. In general, the ruling provides, subject to the terms and conditions contained therein, that (1) certain of the assets to be held by GLPI after the Spin-Off and (2) the methodology for calculating a certain portion of rent received by GLPI pursuant to the Penn Master Lease will not adversely affect GLPI's qualification as a REIT. Although GLPI may generally rely upon the ruling, no assurance can be given that the IRS will not challenge GLPI's qualification as a REIT on the basis of other issues or facts outside the scope of the ruling.

If GLPI were to fail to qualify to be taxed as a REIT in any taxable year, it would be subject to U.S. federal income tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates, and dividends paid to GLPI shareholders would not be deductible by GLPI in computing its taxable income. Any resulting corporate liability could be substantial and would reduce the amount of cash available for distribution to its shareholders, which in turn could have an adverse impact on the value of GLPI common stock. Unless GLPI were entitled to relief under certain Code provisions, GLPI also would be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year in which GLPI failed to qualify to be taxed as a REIT.

Qualifying as a REIT involves highly technical and complex provisions of the Code.

Qualification as a REIT involves the application of highly technical and complex Code provisions for which only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize GLPI's REIT qualification. GLPI's qualification as a REIT will depend on its satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis. In addition, GLPI's ability to satisfy the requirements to qualify to be taxed as a REIT may depend in part on the actions of third parties over which it has no control or only limited influence.

GLPI could fail to qualify to be taxed as a REIT if income it receives from Penn or its subsidiaries is not treated as qualifying income.

Under applicable provisions of the Code, GLPI will not be treated as a REIT unless it satisfies various requirements, including requirements relating to the sources of its gross income. Rents received or accrued by GLPI from Penn or its subsidiaries will not be treated as qualifying rent for purposes of these requirements if the Penn Master Lease is not respected as a true lease for U.S. federal income tax purposes and is instead treated as a service contract, joint venture or some other type of arrangement. If the Penn Master Lease is not respected as a true lease for U.S. federal income tax purposes, GLPI may fail to qualify to be taxed as a REIT. Furthermore, GLPI's qualification as a REIT will depend on GLPI's satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis. GLPI's ability to satisfy the asset tests depends upon GLPI's analysis of the characterization and fair market values of its assets, some of which are not susceptible to a precise determination, and for which GLPI will not obtain independent appraisals.

In addition, subject to certain exceptions, rents received or accrued by GLPI from Penn or its subsidiaries will not be treated as qualifying rent for purposes of these requirements if GLPI or an actual or constructive owner of 10% or more of GLPI stock actually or constructively owns 10% or more of the total combined voting power of all classes of Penn stock entitled to vote or 10% or more of the total value of all classes of Penn stock. GLPI's charter provides for restrictions on ownership and transfer of its shares of stock, including restrictions on such ownership or transfer that would cause the rents received or accrued by GLPI from Penn or its subsidiaries to be treated as non-qualifying rent for purposes of the REIT gross income requirements. Nevertheless, there can be no assurance that such restrictions will be effective in ensuring that rents received or accrued by GLPI from Penn or its subsidiaries will not be treated as qualifying rent for purposes of REIT qualification requirements.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum U.S. federal income tax rate applicable to income from "qualified dividends" payable by U.S. corporations to U.S. shareholders that are individuals, trusts and estates is currently 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates. Although these rules do not adversely affect the taxation of REITs, the more favorable rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts or estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including GLPI's stock.

REIT distribution requirements could adversely affect GLPI's ability to execute its business plan.

GLPI generally must distribute annually at least 90% of its REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains, in order for GLPI to qualify to be taxed as a REIT (assuming that certain other requirements are also satisfied) so that U.S. federal corporate income tax does not apply to earnings that GLPI distributes. To the extent that GLPI satisfies this distribution requirement and qualifies for taxation as a REIT but distributes less than 100% of its REIT taxable income, determined without regard to the dividends paid deduction and including any net capital gains, GLPI will be subject to U.S. federal corporate income tax on its undistributed net taxable income. In addition, GLPI will be subject to a 4% nondeductible excise tax if the actual amount that GLPI distributes to its shareholders in a calendar year is less than a minimum amount specified under U.S. federal income tax laws. GLPI intends to make distributions to its shareholders to comply with the REIT requirements of the Code.

From time to time, GLPI may generate taxable income greater than its cash flow as a result of differences in timing between the recognition of taxable income and the actual receipt of cash or the effect of nondeductible capital expenditures, the creation of reserves or required debt or amortization payments. If GLPI does not have other funds available in these situations, GLPI could be required to borrow funds on unfavorable terms, sell assets at disadvantageous prices or distribute amounts that would otherwise be invested in future acquisitions to make distributions sufficient to enable GLPI to pay out enough of its taxable income to satisfy the REIT distribution requirement and to avoid corporate income tax and the 4% excise tax in a particular year. These alternatives could increase GLPI's costs or reduce its equity. Thus, compliance with the REIT requirements may hinder GLPI's ability to grow, which could adversely affect the value of GLPI stock. Restrictions in GLPI's indebtedness following the Spin-Off, including restrictions on GLPI's ability to incur additional indebtedness or make certain distributions, could preclude it from meeting the 90% distribution requirement. Decreases in funds from operations due to unfinanced expenditures for acquisitions of properties or increases in the number of shares of GLPI common stock outstanding without commensurate increases in funds from operations each would adversely affect the ability of GLPI to maintain distributions to its shareholders. Moreover, the failure of Penn to make rental payments under the Penn Master Lease would materially impair the ability of GLPI to make distributions. Consequently, there can be no assurance that GLPI will be able to make distributions at the anticipated distribution rate or any other rate.

Even if GLPI remains qualified as a REIT, GLPI may face other tax liabilities that reduce its cash flow.

Even if GLPI remains qualified for taxation as a REIT, GLPI may be subject to certain U.S. federal, state, and local taxes on its income and assets, including taxes on any undistributed income and state or local income, property and transfer taxes. For example, GLPI holds certain of its assets and conducts related activities through TRS subsidiary corporations that are subject to federal, state, and local corporate-level income taxes as regular C corporations as well as state and local gaming taxes. In addition, GLPI may incur a 100% excise tax on transactions with a TRS if they are not conducted on an arm's-length basis. Any of these taxes would decrease cash available for distribution to GLPI shareholders.

Complying with REIT requirements may cause GLPI to forego otherwise attractive acquisition opportunities or liquidate otherwise attractive investments.

To qualify to be taxed as a REIT for U.S. federal income tax purposes, GLPI must ensure that, at the end of each calendar quarter, at least 75% of the value of its assets consists of cash, cash items, government securities and "real estate assets" (as defined in the Code), including certain mortgage loans and securities. The remainder of GLPI's investments (other than government securities, qualified real estate assets and securities issued by a TRS) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of GLPI's total assets (other than government securities, qualified real estate assets and securities issued by a TRS) can consist of the securities of any one issuer, and no more than 20% of the value of GLPI's total assets can be represented by securities of one or more TRSs. If GLPI fails to comply with these requirements at the end of any calendar quarter, it must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing its REIT qualification and suffering adverse tax consequences. As a result, GLPI may be required to liquidate or forego otherwise attractive investments. These actions could have the effect of reducing GLPI's income and amounts available for distribution to GLPI shareholders.

In addition to the asset tests set forth above, to qualify to be taxed as a REIT GLPI must continually satisfy tests concerning, among other things, the sources of its income, the amounts it distributes to GLPI shareholders and the ownership of GLPI stock. GLPI may be unable to pursue investments that would be otherwise advantageous to GLPI in order to satisfy the source-of-income or asset-diversification requirements for qualifying as a REIT. Thus, compliance with the REIT requirements may hinder GLPI's ability to make certain attractive investments.

Complying with REIT requirements may limit GLPI's ability to hedge effectively and may cause GLPI to incur tax liabilities.

The REIT provisions of the Code substantially limit GLPI's ability to hedge its assets and liabilities. Income from certain hedging transactions that GLPI may enter into to manage risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets or from transactions to manage risk of currency fluctuations with respect to any item of income or gain that satisfy the REIT gross income tests (including gain from the termination of such a transaction) does not constitute "gross income" for purposes of the 75% or 95% gross income tests that apply to REITs, provided that certain identification requirements are met. To the extent that GLPI enters into other types of hedging transactions or fails to properly identify such transaction as a hedge, the income is likely to be treated as non-qualifying income for purposes of both of the gross income tests. As a result of these rules, GLPI may be required to limit its use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of GLPI's hedging activities because the TRS may be subject to tax on gains or expose GLPI to greater risks associated with changes in interest rates that GLPI would otherwise want to bear. In addition, losses in the TRS will generally not provide any tax benefit, except that such losses could theoretically be carried back or forward against past or future taxable income in the TRS.

GLPI paid the Purging Distribution in common stock and cash and may pay taxable dividends on GLPI common stock in common stock and cash. GLPI's shareholders may sell shares of GLPI common stock to pay tax on such dividends, placing downward pressure on the market price of GLPI common stock.

GLPI paid the Purging Distribution in a combination of cash and GLPI stock. Penn has received a private letter ruling from the IRS with respect to certain issues relevant to GLPI's payment of the Purging Distribution in a combination of cash and GLPI stock. In general, the ruling provides, subject to the terms and conditions contained therein, that (1) the Purging Distribution will be treated as a dividend that will first reduce GLPI's accumulated earnings and profits (as determined for U.S. federal income tax purposes) attributable to pre-REIT years in satisfaction of the REIT annual distribution requirement and (2) the amount of any GLPI stock received by any GLPI shareholder as part of the Purging Distribution will be considered to equal the amount of cash that could have been received instead. In the Purging Distribution, a shareholder of GLPI common stock will be required to report dividend income as a result of the Purging Distribution even though GLPI distributed no cash or only nominal amounts of cash to such shareholder.

GLPI currently intends to pay dividends (other than the Purging Distribution) in cash only, and not in-kind. However, if for any taxable year, GLPI has significant amounts of taxable income in excess of available cash flow, GLPI may declare dividends in-kind in order to satisfy the REIT annual distribution requirements. GLPI may distribute a portion of its dividends in the form of its stock or its debt instruments. In either event, a shareholder of GLPI common stock will be required to report dividend income as a result of such distributions even though GLPI distributed no cash or only nominal amounts of cash to such shareholder.

The IRS has issued private letter rulings to other REITs (and, with respect to the Purging Distribution and as described above, to Penn) treating certain distributions that are paid partly in cash and partly in stock as taxable dividends that would satisfy the REIT annual distribution requirement and qualify for the dividends paid deduction for U.S. federal income tax purposes. Those rulings may be relied upon only by taxpayers to whom they were issued, but GLPI could request a similar ruling from the IRS. GLPI cannot rely on the private letter ruling Penn received from the IRS, as described above, with respect to the payment of dividends other than the Purging Distribution. In addition, the IRS previously issued a revenue procedure authorizing publicly traded REITs to make elective cash/stock dividends, but that revenue procedure does not apply to GLPI's taxable year beginning on January 1, 2014 and future taxable years. Accordingly, it is unclear whether and to what extent GLPI will be able to make taxable dividends (other than the Purging Distribution) payable in-kind.

If GLPI makes any taxable dividend payable in cash and common stock, taxable shareholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the extent of GLPI's current and accumulated earnings and profits, as determined for U.S. federal income tax purposes. As a result, shareholders may be required to pay income tax with respect to such dividends in excess of the cash dividends received. If a U.S. shareholder sells the GLPI stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of the stock at the time of the sale. Furthermore, with respect to certain non-U.S. shareholders, GLPI may be required to withhold federal income tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in GLPI stock. If, in any taxable dividend payable in cash and GLPI stock, a significant number of GLPI shareholders determine to sell shares of GLPI stock in order to pay taxes owed on dividends, it may be viewed as economically equivalent to a dividend reduction and put downward pressure on the market price of GLPI stock.

GLPI could be subject to tax on any unrealized net built-in gains in the assets held before electing to be treated as a REIT.

GLPI owns appreciated assets that were held by a C corporation before GLPI elected to be treated as a REIT and were acquired by GLPI in a transaction in which the adjusted tax basis of the assets in GLPI's ownership is determined by reference to the adjusted tax basis of the assets in the hands of the C corporation. If GLPI disposes of any such appreciated assets during the five-year period following GLPI's acquisition of the assets from the C corporation (i.e., during the five-year period following GLPI's qualification as a REIT), GLPI will be subject to tax at the highest corporate tax rates on any gain from such assets to the extent of the excess of the fair market value of the assets on the date that they were acquired by GLPI (i.e., at the time that GLPI became a REIT) over the adjusted tax basis of such assets on such date, which are referred to as built-in gains. GLPI would be subject to this tax liability even if it continues to qualify and maintains its status as a REIT. Any recognized built-in gain will retain its character as ordinary income or capital gain and will be taken into account in determining REIT taxable income and GLPI's distribution requirement. Any tax on the recognized built-in gain will reduce REIT taxable income. GLPI may choose not to sell in a taxable transaction appreciated assets it might otherwise sell during the five-year period in which the built-in gain tax applies in order to avoid the built-in gain tax. However, there can be no assurances that such a taxable transaction will not occur. If GLPI sells such assets in a taxable transaction, the amount of corporate tax that GLPI will pay will vary depending on the actual amount of net built-in gain or loss present in those assets as of the time GLPI became a REIT. The amount of tax could be significant.

Risks Related to Our Capital Structure

We may have future capital needs and may not be able to obtain additional financing on acceptable terms.

As of December 31, 2015, we had indebtedness of $2.54 billion, with an additional $509.1 million available for borrowing under our revolving credit facility. We may incur additional indebtedness in the future to refinance our existing indebtedness or to finance newly-acquired properties, such as the proposed Pinnacle transaction. Any significant additional indebtedness could require a substantial portion of our cash flow to make interest and principal payments due on our indebtedness. Greater demands on our cash resources may reduce funds available to us to pay dividends, make capital expenditures and acquisitions, or carry out other aspects of our business strategy. Increased indebtedness can also limit our ability to adjust rapidly to changing market conditions, make us more vulnerable to general adverse economic and industry conditions and create competitive disadvantages for us compared to other companies with relatively lower debt levels and/or borrowing costs. Increased future debt service obligations may limit our operational flexibility, including our ability to acquire properties, finance or refinance our properties, contribute properties to joint ventures or sell properties as needed.

We may be unable to obtain additional financing or financing on favorable terms or our operating cash flow may be insufficient to satisfy our financial obligations under indebtedness outstanding from time to time (if any). Among other things, the absence of an investment grade credit rating or any credit rating downgrade could increase our financing costs and could limit our access to financing sources. If financing is not available when needed, or is available on unfavorable terms, we may be unable to develop new or enhance our existing properties, complete acquisitions or otherwise take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our business, financial condition and results of operations.

We expect to incur more indebtedness in connection with the Pinnacle transaction.

Our expected increase in indebtedness could have important consequences, including the following:

- it may limit our ability to obtain additional debt or equity financing for working capital, capital expenditures, acquisitions, debt service requirements and general corporate or other purposes;
- a material portion of our cash flows will be dedicated to the payment of principal and interest on our indebtedness, including indebtedness it may incur in the future, and will not be available for other purposes, including to pay dividends and make acquisitions;
- it could limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate and place us at a competitive disadvantage compared to our competitors that have less debt or are less leveraged;
- it could make us more vulnerable to downturns in general economic or industry conditions or in our business, or prevent us from carrying out activities that are important to our growth;
- it could increase our interest expense if interest rates in general increase because our indebtedness under the senior unsecured credit facility bears interest at floating rates;

- it could limit our ability to take advantage of strategic business opportunities; and
- it could make it more difficult for us to satisfy our obligations with respect to our indebtedness, including under the notes, and any failure to comply with the obligations of any of our debt instruments, including any financial and other restrictive covenants, could result in an event of default under the indenture governing the notes or under the agreements governing our other indebtedness which, if not cured or waived, could result in the acceleration of our indebtedness under the senior credit facility and under the notes.

GLPI cannot assure you that its business will generate sufficient cash flow from operations, or that future borrowings will be available to GLPI under its senior unsecured credit facility or from other debt financing, in an amount sufficient to enable GLPI to pay its indebtedness, including the notes, or to fund its other liquidity needs. If GLPI does not generate sufficient cash flow from operations to satisfy its debt service obligations, including payments on the notes, GLPI may have to undertake alternative financing plans, such as refinancing or restructuring its indebtedness, selling assets or seeking to raise additional capital, including by issuing equity securities or securities convertible into equity securities. GLPI's ability to restructure or refinance its indebtedness will depend on the capital markets and its financial condition at such time. Any refinancing of GLPI's indebtedness could be at higher interest rates and may require GLPI to comply with more onerous covenants, which could further restrict its business operations. GLPI's inability to generate sufficient cash flow to satisfy its debt service requirements, including the inability to service the notes, or to refinance its obligations on commercially reasonable terms, would have an adverse effect, which could be material, on its business, financial position and results of operations, as well as on GLPI's ability to satisfy its obligations in respect of the notes. To the extent that GLPI will incur additional indebtedness or such other obligations, the risks associated with GLPI's leverage, including its possible inability to service its debt, would increase.

We may be subject to significant dilution caused by the additional issuance of equity securities.

If and when additional funds are raised through the issuance of equity securities, including those expected to be raised in connection with the Pinnacle acquisition, our shareholders may experience significant dilution. Additionally, sales of substantial amounts of our common stock in the public market, or the perception that such sales could occur, could adversely affect the market price of our common stock, may make it more difficult for our shareholders to sell their GLPI common stock at a time and price that they deem appropriate and could impair our future ability to raise capital through an offering of our equity securities.

Adverse changes in our credit rating may affect our borrowing capacity and borrowing terms.

Our outstanding debt is periodically rated by nationally recognized credit rating agencies. The credit ratings are based upon our operating performance, liquidity and leverage ratios, overall financial position, and other factors viewed by the credit rating agencies as relevant to both our industry and the economic outlook. Our credit rating may affect the amount of capital we can access, as well as the terms of any financing we obtain. Because we rely in part on debt financing to fund growth, adverse changes in our credit rating may have a negative effect on our future growth.

If we cannot obtain additional capital, our growth may be limited.

As described above, in order to qualify and maintain our qualification as a REIT each year, we are required to distribute at least 90% of our REIT taxable income, excluding net capital gains, to our shareholders. As a result, our retained earnings available to fund acquisitions, development, or other capital expenditures are nominal, and we rely upon the availability of additional debt or equity capital to fund these activities. Our long-term ability to grow through acquisitions or development, which is an important component of our strategy, will be limited if we cannot obtain additional debt financing or raise equity capital. Market conditions may make it difficult to obtain debt financing or raise equity capital, and we cannot assure you that we will be able to obtain additional debt or equity financing or that we will be able to obtain such capital on favorable terms.

An increase in market interest rates could increase our interest costs on existing and future debt and could adversely affect our stock price.

If interest rates increase, so could our interest costs for any new debt and our variable rate debt obligations. This increased cost could make the financing of any acquisition more costly, as well as lower our current period earnings. Rising interest rates could limit our ability to refinance existing debt when it matures or cause us to pay higher interest rates upon refinancing. In addition, an increase in interest rates could decrease the access third parties have to credit, thereby decreasing the amount they are willing to pay for our assets and consequently limiting our ability to reposition our portfolio promptly in response to changes in economic or other conditions.

Further, the dividend yield on our common stock, as a percentage of the price of such common stock, will influence the price of such common stock. Thus, an increase in market interest rates may lead prospective purchasers of our common stock to expect a higher dividend yield, which would adversely affect the market price of our common stock.

Covenants in our debt agreements may limit our operational flexibility, and a covenant breach or default could materially adversely affect our business, financial position or results of operations.

The agreements governing our indebtedness contain customary covenants, including restrictions on our ability to grant liens on our assets, incur indebtedness, sell assets, make investments, engage in acquisitions, mergers or consolidations and pay certain dividends and other restricted payments. We have to comply with the following financial covenants: a maximum total debt to total asset value ratio of 60% (subject to increase to 65% for specified periods in connection with certain acquisitions), a minimum fixed charge coverage ratio of 2 to 1, a maximum senior secured debt to total asset value ratio of 40% and a maximum unsecured debt to unencumbered asset value ratio of 60%. These restrictions may limit our operational flexibility. Covenants that limit our operational flexibility as well as defaults under our debt instruments could have a material adverse effect on our business, financial position or results of operations.

Risk Factors Relating to Our Spin-Off from Penn

We may be unable to achieve some or all the benefits that we expect to achieve from the Spin-Off.

As a publicly traded company independent from Penn, GLPI has had the ability to pursue transactions with other gaming operators that would not pursue transactions with Penn as a current competitor and will have the ability to fund acquisitions with its equity on significantly more favorable terms than those that would be available to Penn, to diversify into different businesses in which Penn, as a practical matter, could not diversify, such as hotels, entertainment facilities and office space, and to pursue certain transactions that Penn otherwise would be disadvantaged by or precluded from pursuing due to regulatory constraints. However, we may not be able to achieve some or all of the benefits that we expect to achieve as a company independent from Penn in the time we expect, if at all.

If the Spin-Off, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, GLPI could be subject to significant tax liabilities and, in certain circumstances, GLPI could be required to indemnify Penn for material taxes pursuant to indemnification obligations under the Tax Matters Agreement.

Penn has received a private letter ruling from the IRS substantially to the effect that, among other things, the Spin-Off, together with the required compliance exchanges and certain related transactions, will qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and/or 368(a)(1)(D) of the Code (the "IRS Ruling"). The IRS Ruling does not address certain requirements for tax-free treatment of the Spin-Off under Section 355, and Penn received from its tax advisors a tax opinion substantially to the effect that, with respect to such requirements on which the IRS will not rule, such requirements have been satisfied. The IRS Ruling, and the tax opinions that Penn received from its tax advisors, relied on, among other things, certain representations, assumptions and undertakings, including those relating to the past and future conduct of GLPI's business, and the IRS Ruling and the opinions would not be valid if such representations, assumptions and undertakings were incorrect in any material respect.

Notwithstanding the IRS Ruling and the tax opinions, the IRS could determine the Spin-Off should be treated as a taxable transaction for U.S. federal income tax purposes if it determines any of the representations, assumptions or undertakings that were included in the request for the IRS Ruling are false or have been violated or if it disagrees with the conclusions in the opinions that are not covered by the IRS Ruling.

Under a Tax Matters Agreement that GLPI entered into with Penn, GLPI generally is required to indemnify Penn against any tax resulting from the Spin-Off to the extent that such tax resulted from (i) an acquisition of all or a portion of the equity securities or assets of GLPI, whether by merger or otherwise, (ii) other actions or failures to act by GLPI, or (iii) any of GLPI's representations or undertakings being incorrect or violated. GLPI's indemnification obligations to Penn and its subsidiaries, officers and directors will not be limited by any maximum amount. If GLPI is required to indemnify Penn or such other persons under the circumstance set forth in the Tax Matters Agreement, GLPI may be subject to substantial liabilities.

The historical financial information included in this filing may not be a reliable indicator of future results.

The historical financial statements for the years ended December 31, 2015 and 2014 included herein reflect a full year of operations for the real estate entity and the businesses in the TRS, whereas financial results for the year ended December 31, 2013 reflect a full year of operations for the businesses in the TRS and a partial year from November 1, 2013 to December 31, 2013 for the real estate entity. The financial results for the years ended December 31, 2012 and 2011 included in Item 6 reflect only the operations of the TRS Properties. The historical financial statements included herein do not reflect what the business, financial position or results of operations of GLPI may be in the future.

The ownership by our executive officers and directors of common shares, options or other equity awards of Penn may create, or may create the appearance of, conflicts of interest.

Because of their current or former positions with Penn, substantially all of our executive officers, including our chief executive officer and chief financial officer, and certain directors own common shares of Penn, options to purchase common shares of Penn or other Penn equity awards as well as common shares, options to purchase common shares and/or other equity awards in GLPI. The individual holdings of common shares, options to purchase common shares or other equity awards of Penn and GLPI may be significant for some of these persons compared to their total assets. These equity interests may create, or appear to create, conflicts of interest when these directors and officers are faced with decisions that could benefit or affect the equity holders of Penn in ways that do not benefit or affect us in the same manner.

Peter M. Carlino, our Chairman and Chief Executive Officer, and David A. Handler, one of our independent directors, also serve on the Penn Board of Directors which may create conflicts of interest and/or create regulatory obstacles for the Company in its pursuit of additional properties.

Peter M. Carlino serves as Chairman of Penn and the Chairman and Chief Executive Officer of GLPI. In addition, David A. Handler, one of our directors, serves as a director at Penn. These overlapping positions could create, or appear to create, potential conflicts of interest when our or Penn's management and directors pursue the same corporate opportunities, such as greenfield development opportunities, or face decisions that could have different implications for us and Penn. For example, potential conflicts of interest could arise in connection with the negotiation or the resolution of any dispute between us and Penn (or its subsidiaries) regarding the terms of the agreements governing the separation and the relationship (e.g. Penn Master Lease) thereafter. Potential conflicts of interest could also arise if we and Penn enter into any commercial arrangements with each other in the future. We have established a mechanism in our Corporate Governance Guidelines to address potential conflicts through the use of an independent director but there can be no assurance that this process will completely eliminate conflicts resulting from overlapping directors. In addition to potential conflicts of interest, the overlapping director position could create obstacles to engaging in certain transactions in close proximity to existing Penn properties and there can be no assurance that the Company will be able to overcome such obstacles.

Potential indemnification liabilities of GLPI pursuant to the Separation and Distribution Agreement could materially adversely affect GLPI.

The Separation and Distribution Agreement between GLPI and Penn provides for, among other things, the principal corporate transactions required to effect the separation, certain conditions to the separation and provisions governing the relationship between GLPI and Penn with respect to, and resulting from the separation.

Among other things, the Separation and Distribution Agreement provides for indemnification obligations designed to make GLPI financially responsible for substantially all liabilities that may result relating to or arising out of its business. If GLPI is required to indemnify Penn under the circumstances set forth in the Separation and Distribution Agreement, GLPI may be subject to substantial liabilities.

In connection with the Spin-Off, Penn will indemnify us for certain liabilities. However, there can be no assurance that these indemnities will be sufficient to insure us against the full amount of such liabilities, or that Penn's ability to satisfy its indemnification obligation will not be impaired in the future.

Pursuant to the Separation and Distribution Agreement, Penn has agreed to indemnify us for certain liabilities. However, third parties could seek to hold us responsible for any of the liabilities that Penn agreed to retain, and there can be no assurance that Penn will be able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from Penn any amounts for which we are held liable, we may be temporarily required to bear these losses while seeking recovery from Penn and such recovery could have a material adverse impact on Penn's financial condition and ability to pay rent due under the Penn Master Lease.

A court could deem the distribution to be a fraudulent conveyance and void the transaction or impose substantial liabilities upon us.

A court could deem the distribution of GLPI common shares or certain internal restructuring transactions undertaken by Penn in connection with the Spin-Off, or the Purging Distribution by GLPI, to be a fraudulent conveyance or transfer. Fraudulent conveyances or transfers are defined to include transfers made or obligations incurred with the actual intent to hinder, delay or defraud current or future creditors or transfers made or obligations incurred for less than reasonably equivalent value when the debtor was insolvent, or that rendered the debtor insolvent, inadequately capitalized or unable to pay its debts as they become due. In such circumstances, a court could void the transactions or impose substantial liabilities upon us, which could adversely affect our financial condition and our results of operations. Among other things, the court could require our shareholders to return to Penn some or all of the shares of our common stock issued in the distribution, to return some of the Purging Distribution to GLPI, or require us to fund liabilities of other companies involved in the restructuring transactions for the benefit of creditors. Whether a transaction is a fraudulent conveyance or transfer will vary depending upon the jurisdiction whose law is being applied.

The Spin-Off agreements are not the result of negotiations between unrelated third parties.

The agreements that we entered into with Penn in connection with the Spin-Off, including the Separation and Distribution Agreement, Penn Master Lease, Tax Matters Agreement, Employee Matters Agreement and Transition Services Agreement, were negotiated in the context of the Spin-Off while we were still a wholly-owned subsidiary of Penn. Accordingly, during the period in which the terms of those agreements were negotiated, we did not have an independent board of directors or a management team independent of Penn. As a result, although those agreements are generally intended to reflect arm's-length terms, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. Accordingly, there can be no assurance that the terms of these agreements will be as favorable for GLPI as would have resulted from negotiations with one or more unrelated third parties.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Rental Properties

As of December 31, 2015, all but one of the Company's 19 rental properties were leased to a subsidiary of Penn under the Penn Master Lease, a triple-net operating lease with an initial term of 15 years with no purchase option, followed by four 5-year renewal options (exercisable by Penn) on the same terms and conditions. The Casino Queen lease is also a triple-net operating lease with terms similar to those of the Penn Master Lease.

In addition, see Item 1 for further information pertaining to our rental properties.

TRS Properties

Hollywood Casino Baton Rouge

Hollywood Casino Baton Rouge is a dockside riverboat casino located on approximately 20.1 acres, which we own, on the east bank of the Mississippi River in the East Baton Rouge Downtown Development District. The property site serves as the dockside embarkation for Hollywood Casino Baton Rouge and features a two-story building. We also own approximately 4.8 acres of land that are used primarily for offices, warehousing, and parking, and approximately 4 acres of adjacent land which features a railroad underpass that provides unimpeded access to the casino property.

Hollywood Casino Perryville

We own 36.4 acres of land in Perryville, Maryland where Hollywood Casino Perryville is located. The property is located directly off Interstate 95 in Cecil County, Maryland just 35 miles northeast of Baltimore and 70 miles from Washington, D.C.

See Item 1 for further information pertaining to our TRS Properties.

Corporate Office

In October 2015, the Company moved into its new corporate headquarters building located in Wyomissing, Pennsylvania, which is owned by the Company.

ITEM 3. LEGAL PROCEEDINGS

On December 15, 2015, the Company entered into a settlement agreement by and among GLPI, GLP Capital, L.P., PA Meadows, LLC, PA Mezzco, LLC ("PA Mezz") and CCR (together with PA Mezz, the "Sellers") (the "Settlement Agreement"). The Settlement Agreement provides for the release all claims by and between the parties with respect to the outstanding litigation and further provides for a mutual waiver, release and covenant among the parties. On January 11, 2016, the parties filed a stipulation with the court discontinuing the litigation.

In connection with the Settlement Agreement, and as a necessary component of the settlement terms, the parties also entered into an amended and restated membership interest purchase agreement (the "Amended and Restated Membership Interest Purchase Agreement") providing for the amendment and restatement of the membership interest purchase agreement entered into among the same parties on May 13, 2014. Upon the terms and subject to the conditions set forth in the Amended and Restated Membership Interest Purchase Agreement, the Company will purchase from the Sellers all of the equity interests of PA Meadows, LLC for a base purchase price of $440 million, inclusive of $10 million previously paid to the Sellers, subject to certain closing adjustments, including adjustments based on the amount of working capital and other operational cash balances. The transaction is subject to customary closing conditions, including the receipt of regulatory approvals and expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

The Company is subject to various legal and administrative proceedings relating to personal injuries, employment matters, commercial transactions and other matters arising in the normal course of business. The Company does not believe that the final outcome of these matters will have a material adverse effect on the Company's consolidated financial position or results of operations. In addition, the Company maintains what it believes is adequate insurance coverage to further mitigate the risks of such proceedings. However, such proceedings can be costly, time consuming and unpredictable and, therefore, no assurance can be given that the final outcome of such proceedings may not materially impact the Company's consolidated financial condition or results of operations. Further, no assurance can be given that the amount or scope of existing insurance coverage will be sufficient to cover losses arising from such matters.

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

Market Information

Our common stock is quoted on the NASDAQ Global Select Market under the symbol "GLPI." The following table sets forth for the periods indicated the high and low closing prices per share of our common stock as reported on the NASDAQ Global Select Market and cash dividends per share declared and paid for the same periods.

	High	Low	Dividends per Share
2015			
First Quarter	$ 37.65	$ 28.54	$ 0.545
Second Quarter	38.18	35.61	0.545
Third Quarter	36.76	28.68	0.545
Fourth Quarter	30.98	25.90	0.545
2014			
First Quarter	$ 50.43	$ 33.98	$ 12.36 (1)
Second Quarter	$ 38.33	$ 32.41	$ 0.52
Third Quarter	$ 35.88	$ 30.90	$ 0.52
Fourth Quarter	$ 32.61	$ 28.16	$ 0.92 (2)

The closing sale price per share of our common stock on the NASDAQ Global Select Market on February 17, 2016 was $26.25. As of February 17, 2016, there were approximately 521 holders of record of our common stock.

(1) Includes the February 18, 2014 Purging Distribution, which totaled $1.05 billion or $11.84 per common share and was comprised of cash and GLPI common stock, to distribute the accumulated earnings and profits related to the real property assets and attributable to any pre-REIT years, including any earnings and profits allocated to GLPI in connection with the Spin-Off.

(2) Includes one-time dividends of $0.40 per common share related to distributions to ensure the Company appropriately allocated its historical earnings and profits relative to the separation from Penn, in response to the Pre-Filing Agreement requested from the Internal Revenue Service and distributed 100% of its taxable income for the 2014 year.

Dividend Policy

The Company's annual dividend is greater than or equal to at least 90% of its REIT taxable income on an annual basis, determined without regard to the dividends paid deduction and excluding any net capital gains. U.S. federal income tax law generally requires that a REIT annually distribute at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay regular corporate rates to the extent that it annually distributes less than 100% of its taxable income. For purposes of determining its cash distributions, GLPI's Adjusted Funds From Operations is calculated by starting with The National Association of Real Estate Investment Trusts' ("NAREIT") definition of "funds from operations," which is net income (computed in accordance with generally accepted accounting principles ("GAAP")), excluding (gains) or losses from sales of property and real estate depreciation. The NAREIT definition is adjusted to exclude the effect of stock based compensation expense, debt issuance costs amortization, other depreciation expense and straight-line rent adjustments and reduced by maintenance capital expenditures.

On January 29, 2016, the Company declared a regular quarterly cash dividend of $0.56 per share, which is payable on March 25, 2016 to shareholders of record as of February 22, 2016. Cash available for distribution to GLPI shareholders is derived from the rental payments under its real estate leases and the income of the TRS Properties. All distributions will be made by GLPI at the discretion of its Board of Directors and will depend on the financial position, results of operations, cash flows, capital requirements, debt covenants, applicable laws and other factors as the Board of Directors of GLPI deems relevant. See Note 11 to the consolidated financial statements for further details on dividends.

ITEM 6. SELECTED FINANCIAL DATA

The following selected consolidated financial and operating data for the five-year period ended December 31, 2015 is derived from our consolidated financial statements. The selected consolidated financial and operating data should be read in conjunction with our consolidated financial statements and notes thereto, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the other financial information included herein.

	Year Ended December 31,				
	2015 (1)	2014 (1)	2013 (1) (2)	2012 (2)	2011
	(in thousands, except per share data)				
Income statement data:					
Net revenues	$ 575,053	$ 591,068	$ 235,452	$ 210,643	$ 231,884
Total operating expenses	317,638	332,562	181,547	166,975	179,371
Income from operations	257,415	258,506	53,905	43,668	52,513
Total other expenses	121,851	114,586	23,456	6,318	6,954
Income from operations before income taxes	135,564	143,920	30,449	37,350	45,559
Taxes on income	7,442	5,113	15,596	14,431	18,875
Net income	$ 128,122	$ 138,807	$ 14,853	$ 22,919	$ 26,684
Per share data:					
Basic earnings per common share	$ 1.12	$ 1.23	$ 0.13	$ 0.21	$ 0.24
Diluted earnings per common share	$ 1.08	$ 1.18	$ 0.13	$ 0.20	$ 0.23
Weighted shares outstanding—Basic (3)	114,432	112,037	110,617	110,582	110,582
Weighted shares outstanding—Diluted (3)	118,439	117,586	115,865	115,603	115,603
Other data:					
Net cash provided by operating activities	$ 319,688	$ 273,259	$ 80,632	$ 26,744	$ 56,840
Net cash used in investing activities	(14,142)	(317,319)	(16,275)	(4,810)	(8,171)
Net cash (used in) provided by financing activities	(299,644)	(205,188)	206,302	(24,518)	(50,436)
Depreciation	109,783	106,843	28,923	14,090	14,568
Straight-line rent adjustments	55,825	44,877	6,677	—	—
Interest expense	124,183	117,030	19,254	—	—
Capital expenditures (4)	19,102	142,769	16,428	5,190	8,288
Balance sheet data:					
Cash and cash equivalents	$ 41,875	$ 35,973	$ 285,221	$ 14,562	$ 17,146
Real estate investments, net	2,090,059	2,180,124	2,010,303	—	—
Total assets	2,448,155	2,525,454	2,562,362	267,075	261,342
Total debt	2,510,341	2,570,361	2,303,123	—	—
Shareholders' equity	(253,514)	(176,290)	137,452	236,330	219,911
Property Data:					
Number of rental properties owned at year end	19	19	17	—	—
Rentable square feet at year end	6,970	6,970	6,344	—	—

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(1) Financial results for the Company's 2015 and 2014 fiscal years reflect full years of operations for both operating segments. GLPI was spun-off from Penn on November 1, 2013. See Note 1 to the consolidated financial statements for additional details. For 2012 and 2011, the selected historical financial data sets forth the historical operations of Louisiana Casino Cruises, Inc. and Penn Cecil Maryland, Inc., which were acquired by a subsidiary of GLPI as part of the Spin-Off.

(2) Hollywood Casino Perryville faced increased competition and its results have been negatively impacted by the opening of a casino complex at the Arundel Mills mall in Anne Arundel, Maryland. The Anne Arundel casino opened on June 6, 2012 with approximately 3,200 slot machines and significantly increased its slot machine offerings by mid-September 2012 to approximately 4,750 slot machines. In addition, a new riverboat casino and hotel in Baton Rouge, Louisiana opened on September 1, 2012. The opening of this riverboat casino has had an adverse effect on the financial results of Hollywood Casino Baton Rouge.

(3) Basic and diluted earnings per common share and the average number of common shares outstanding as of December 31, 2012 and 2011 were retrospectively restated to equal the number of GLPI basic and diluted shares outstanding at the Spin-Off. The share counts were also adjusted to reflect the impact of the shares issued as part of the Purging Distribution. See Note 1 to the consolidated financial statements for further details.

(4) The higher level of capital expenditures in 2014 was primarily due to the construction of Hollywood Gaming at Dayton Raceway and Hollywood Gaming at Mahoning Valley Race Course which opened to the public on August 28, 2014 and September 17, 2014, respectively.

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

Our Operations

GLPI is a self-administered and self-managed Pennsylvania REIT. GLPI was incorporated in Pennsylvania on February 13, 2013, as a wholly-owned subsidiary of Penn. On November 1, 2013, Penn contributed to GLPI, through a series of internal corporate restructurings, substantially all of the assets and liabilities associated with Penn's real property interests and real estate development business, as well as the assets and liabilities of Louisiana Casino Cruises, Inc. (d/b/a Hollywood Casino Baton Rouge) and Penn Cecil Maryland, Inc. (d/b/a Hollywood Casino Perryville), which are referred to as the "TRS Properties," and then spun-off GLPI to holders of Penn's common and preferred stock in a tax-free distribution. The Company elected on its U.S. federal income tax return for its taxable year beginning on January 1, 2014 to be treated as a REIT and the Company, together with an indirect wholly-owned subsidiary of the Company, GLP Holdings, Inc., jointly elected to treat each of GLP Holdings, Inc., Louisiana Casino Cruises, Inc. and Penn Cecil Maryland, Inc. as a "taxable REIT subsidiary" effective on the first day of the first taxable year of GLPI as a REIT. As a result of the Spin-Off, GLPI owns substantially all of Penn's former real property assets and leases back most of those assets to Penn for use by its subsidiaries, under the Penn Master Lease, and GLPI also owns and operates the TRS Properties through its TRS. The assets and liabilities of GLPI were recorded at their respective historical carrying values at the time of the Spin-Off.

Prior to the Spin-Off, GLPI and Penn entered into a Separation and Distribution Agreement setting forth the mechanics of the Spin-Off, certain organizational matters and other ongoing obligations of Penn and GLPI. Penn and GLPI or their respective subsidiaries, as applicable, also entered into a number of other agreements prior to the Spin-Off to provide a framework for the restructuring and for the relationships between GLPI and Penn after the Spin-Off.

GLPI's primary business consists of acquiring, financing, and owning real estate property to be leased to gaming operators in triple-net lease arrangements. Triple-net leases are leases in which the lessee pays rent to the lessor, as well as all taxes, insurance, and maintenance expenses that arise from the use of the property. As of December 31, 2015, GLPI's portfolio consisted of 21 gaming and related facilities, including the TRS Properties and the real property associated with 18 gaming and related facilities operated by Penn and the real property associated with the Casino Queen in East St. Louis, Illinois. These facilities are geographically diversified across 12 states and contain approximately 7.0 million of rentable square feet. As of December 31, 2015, our properties were 100% occupied.

We expect to grow our portfolio by pursuing opportunities to acquire additional gaming facilities to lease to gaming operators under prudent terms, including our July 2015 announcement of our proposed acquisition of substantially all of the real estate assets of Pinnacle and our December 2015 announcement of the resolution of the previously disclosed litigation with the Meadows and our entry into an amended purchase agreement with CCR, the owner of the Meadows. The Pinnacle transaction is expected to close during April 2016, while the Meadows transaction is expected to close during the second half of 2016. However, we cannot predict the actual dates on which the transactions will be completed because each transaction is subject to conditions beyond our control.

Additionally, we believe we have the ability to leverage the expertise our management team has developed over the years to secure additional avenues for growth beyond the gaming industry. Accordingly, we anticipate we will be able to effect strategic acquisitions unrelated to the gaming industry as well as other acquisitions that may prove complementary to GLPI's gaming facilities.

In connection with the Spin-Off, Penn allocated its accumulated earnings and profits (as determined for U.S. federal income tax purposes) for periods prior to the consummation of the Spin-Off between Penn and GLPI. In connection with its election to be taxed as a REIT for U.S. federal income tax purposes, GLPI declared a special dividend to its shareholders to distribute any accumulated earnings and profits relating to the real property assets and attributable to any pre-REIT years, including any earnings and profits allocated to GLPI in connection with the Spin-Off, to comply with certain REIT qualification requirements (the "Purging Distribution"). The Purging Distribution, which was paid on February 18, 2014, totaled $1.05 billion and was comprised of cash and GLPI common stock. Additionally, pursuant to the terms of a Pre-Filing Agreement with the IRS, on December 19, 2014, we made a one-time distribution of $37.0 million to shareholders in order to confirm we appropriately allocated our historical earnings and profits relative to the separation from Penn. See Note 11 to the consolidated financial statements for further details on the Purging Distribution and the distribution related to the Pre-Filing Agreement.

As of December 31, 2015, the majority of our earnings are the result of the rental revenue from the lease of our properties to a subsidiary of Penn pursuant to the Penn Master Lease. The Penn Master Lease is a triple-net operating lease with an initial term of 15 years, with no purchase option, followed by four 5 year renewal options (exercisable by Penn) on the same terms and conditions. The rent structure under the Penn Master Lease includes a fixed component, a portion of which is subject to an annual 2% escalator if certain rent coverage ratio thresholds are met, and a component that is based on the performance of the facilities, which is adjusted, subject to certain floors (i) every five years by an amount equal to 4% of the average change to net revenues of all facilities under the Penn Master Lease (other than Hollywood Casino Columbus and Hollywood Casino Toledo) during the preceding five years, and (ii) monthly by an amount equal to 20% of the change in net revenues of Hollywood Casino Columbus and Hollywood Casino Toledo during the preceding month. In addition to rent, the tenant is required to pay the following: (1) all facility maintenance, (2) all insurance required in connection with the leased properties and the business conducted on the leased properties, (3) taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor) and (4) all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties. The Casino Queen property is leased back to a third party operator on a triple-net basis, with an initial term of 15 years, followed by four 5 year renewal options. The terms and conditions of the Casino Queen lease are similar to the Penn Master Lease.

Additionally, in accordance with ASC 605, "Revenue Recognition" ("ASC 605"), the Company records revenue for the real estate taxes paid by its tenants on the leased properties with an offsetting expense in general and administrative expense within the consolidated statement of income, as the Company has concluded it is the primary obligor.

Gaming revenue generated by our TRS Properties is derived primarily from video lottery gaming revenue and to a lesser extent, table game and poker revenue, which is highly dependent upon the volume and spending levels of customers at our TRS Properties. Other revenues at our TRS Properties are derived from dining, retail, and certain other ancillary activities.

Our Competitive Strengths

We believe the following competitive strengths will contribute significantly to our success:

Geographically Diverse Property Portfolio

As of December 31, 2015, our portfolio consisted of 21 gaming and related facilities. Our portfolio comprises approximately 7.2 million of property square footage and approximately 3,240 acres of owned and leased land and is broadly diversified by location across 12 states. Our geographic diversification will limit the effect of a decline in any one regional market on our overall performance.

Financially Secure Tenants

As of December 31, 2015, substantially all of the Company's real estate properties were leased to a wholly-owned subsidiary of Penn, and the majority of the Company's rental revenues were derived from the Penn Master Lease. Penn is a leading, diversified, multi-jurisdictional owner and manager of gaming and pari-mutuel properties, and an established gaming provider with strong financial performance. Penn is a publicly traded company that is subject to the informational filing requirements of the Securities Exchange Act of 1934, as amended, and is required to file periodic reports on Form 10-K, Form 10-Q and Form 8-K with the Securities and Exchange Commission. According to Penn's filings with the Securities and Exchange Commission, Penn's net revenues were $2.8 billion, $2.6 billion and $2.9 billion for the years ended December 31, 2015, 2014 and 2013, respectively.

Long-Term, Triple-Net Lease Structure

Our real estate properties are leased under triple-net leases guaranteed by our tenants with initial terms of 15 years (in addition to four 5 year renewals at the tenants' option), pursuant to which the tenant is responsible for all facility maintenance, insurance required in connection with the leased properties and the business conducted on the leased properties, taxes levied on or with respect to the leased properties and all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties.

Flexible UPREIT Structure

We have the flexibility to operate through an umbrella partnership, commonly referred to as an UPREIT structure, in which substantially all of our properties and assets are held by GLP Capital or by subsidiaries of GLP Capital. Conducting business through GLP Capital allows us flexibility in the manner in which we structure and acquire properties. In particular, an UPREIT structure enables us to acquire additional properties from sellers in exchange for limited partnership units, which provides property owners the opportunity to defer the tax consequences that would otherwise arise from a sale of their real properties and other assets to us. As a result, this structure potentially may facilitate our acquisition of assets in a more efficient manner and may allow us to acquire assets that the owner would otherwise be unwilling to sell because of tax considerations. We believe that this flexibility will provide us an advantage in seeking future acquisitions.

Experienced and Committed Management Team

Although our management team has limited experience in operating a REIT, it has extensive gaming and real estate experience. Peter M. Carlino, chief executive officer of GLPI, has more than 30 years of experience in the acquisition and development of gaming facilities and other real estate projects. William J. Clifford, chief financial officer of GLPI, is a finance professional with more than 30 years of experience in the gaming industry, including four years of gaming regulatory experience, sixteen years of casino property operations, and fourteen years of corporate experience. Through years of public company experience, our management team also has extensive experience accessing both debt and equity capital markets to fund growth and maintain a flexible capital structure.

Segment Information

Consistent with how our Chief Operating Decision Maker reviews and assesses our financial performance, we have two reportable segments, GLP Capital and the TRS Properties. The GLP Capital reportable segment consists of the leased real property and represents the majority of our business. The TRS Properties reportable segment consists of Hollywood Casino Perryville and Hollywood Casino Baton Rouge.

Executive Summary

When reviewing the Company's financial results it should be noted that financial results for the Company's 2015 and 2014 fiscal years reflect a full year of operations for both operating segments, whereas financial results for the Company's 2013 fiscal year reflect a full year of operations for the businesses in the taxable REIT subsidiaries and a partial year from November 1, 2013 to December 31, 2013 for the real estate entity.

Financial Highlights

We reported net revenues and income from operations of $575.1 million and $257.4 million, respectively, for the year ended December 31, 2015, compared to $591.1 million and $258.5 million, respectively, for the year ended December 31, 2014. The major factors affecting our results for the year ended December 31, 2015, as compared to the year ended December 31, 2014, were:

- Rent recognized from tenant lease payments increased by $5.7 million for the year ended December 31, 2015, compared to December 31, 2014, primarily due to the addition of Hollywood Gaming at Dayton Raceway and Hollywood Gaming at Mahoning Valley Race Course to the Penn Master Lease in the third quarter of 2014, as well as the impact of the Penn rent escalator, pursuant to the Penn Master Lease (effective November 1st of each year) and improved results at our two properties with monthly variable rent in 2015, partially offset by the closure of the Argosy Casino Sioux City in July 2014.

- Net revenues from our TRS Properties declined $6.2 million for the year ended December 31, 2015, compared to December 31, 2014, primarily due to decreased gaming revenues at Hollywood Casino Perryville, resulting from additional competition in the Perryville market.

- Real estate taxes paid by tenants decreased by $15.5 million, primarily due to a property tax appeal settlement at one of our properties leased to Penn. Although tenants are responsible for the payment of real estate taxes under the triple-net lease structure, we are required to record revenue for the real estate taxes paid by our tenants on the leased properties with an offsetting expense in real estate taxes within the consolidated statement of income as we have concluded we are the primary obligor under ASC 605, "Revenue Recognition." Accordingly, the real estate taxes component of operating expenses also declined by the same amount. This property tax appeal resulted in lower net revenues and operating expenses in the year ended December 31, 2015, as compared to the year ended December 31, 2014, but had no impact on income from operations or net income.

- Decreased gaming expenses of $5.8 million for the year ended December 31, 2015, compared to the year ended December 31, 2014, due to a decrease in gaming taxes at Hollywood Casino Perryville, resulting from lower gaming revenues and a decrease in the gaming tax rate on revenue generated from slot machines.

- Decreased food, beverage and other expenses of $1.1 million for the year ended December 31, 2015, compared to the year ended December 31, 2014, primarily driven by decreased food and beverage sales at our TRS Properties.

- General and administrative expenses increased $4.8 million for the year ended December 31, 2015, compared to the prior year, primarily due to legal and consulting fees incurred by our GLP Capital segment related to the recently settled Meadows litigation and in connection with the Pinnacle transaction, as well as an increase in short-term incentive compensation and stock based compensation expense, led by additional expense for restricted stock awards and performance-based restricted stock awards.

- Increased depreciation expense of $2.9 million for the year ended December 31, 2015, compared to the prior year, primarily due to a full year of depreciation expense on the assets placed into service at Hollywood Gaming at Mahoning Valley Race Course and Hollywood Gaming at Dayton Raceway during the third quarter of 2014.

- Increased interest expense of $7.2 million for the year ended December 31, 2015, compared to the prior year, primarily due to the amortization of bridge financing fees related to the Pinnacle transaction through interest expense.

- Increased income tax expense of $2.3 million for the year ended December 31, 2015, compared to the prior year.

- Net income decreased by $10.7 million for the year ended December 31, 2015, compared to the prior year, primarily due to the variances explained above.

Segment Developments

The following are recent developments that have had or are likely to have an impact on us by segment:

GLP Capital

- On December 15, 2015, the Company entered into the Amended and Restated Membership Interest Purchase Agreement with CCR to acquire the Meadows which is located in Washington, Pennsylvania for a base purchase price of $440 million, inclusive of the $10 million previously paid to CCR, subject to certain closing adjustments, including adjustments based on the amount of working capital and other operational cash balances. The amended purchase agreement amends and restates the original purchase agreement entered into among the same parties on May 13, 2014. GLPI expects to sell the gaming operations to a third party operator, while retaining ownership of the land and buildings. The transaction is expected to close in the second half of 2016. However, we cannot predict the actual date on which the transaction will be completed because such transaction is subject to conditions beyond our control.

  As previously reported, on October 27, 2014, the Company filed a lawsuit in the Southern District of New York against CCR alleging, among other things, fraud, breach of the agreement and breach of the related consulting agreement entered into at the same time. The lawsuit was subsequently re-filed in New York state court on January 7, 2015 for procedural reasons. In connection with entering into the Amended and Restated Membership Interest Purchase Agreement described above, the parties also entered into the Settlement Agreement, dated December 15, 2015, pursuant to which the parties released all claims against each other with respect to the outstanding litigation, and which further provides for a mutual waiver, release and covenant among the parties.

- On July 20, 2015, the Company entered into a definitive agreement with Pinnacle to acquire, subject to the terms and conditions thereof, substantially all of Pinnacle's real estate assets in a series of transactions including a spin-off by Pinnacle of its gaming and other operating assets into a new publicly-traded company followed by a merger of Pinnacle with a wholly owned subsidiary of GLPI. The transaction consideration includes 0.85 shares of GLPI common stock to be issued in respect of each issued and outstanding share of Pinnacle common stock and certain

Pinnacle equity awards. In addition, GLPI would assume $2.7 billion of Pinnacle's debt, which will be refinanced at closing. The Company also expects to issue additional equity, the proceeds of which will be used to fund transaction costs. The transaction is expected to close in April 2016. However, we cannot predict the actual date on which the transaction will be completed because such transaction is subject to conditions beyond our control. See Item 1. Business - Overview in Part I of this Annual Report on Form 10-K for further details surrounding the Pinnacle merger.

- Operations at both Hollywood Gaming at Mahoning Valley Race Course and Hollywood Gaming at Dayton Raceway, our two joint development properties with Penn, commenced during the third quarter of 2014. Both properties were added to the Penn Master Lease upon commencement of operations.

- Operations at the Argosy Casino Sioux City, which was operated by Penn, ceased at the end of July 2014, as the result of a ruling of the Iowa Racing and Gaming Commission ("IRGC"). Penn challenged the denial of its gaming license renewal by the IRGC but was ultimately ordered to cease operations by the Iowa Supreme Court.

TRS Properties

- Hollywood Casino Perryville continued to face increased competition, led by the August 26, 2014 opening of the Horseshoe Casino Baltimore, located in downtown Baltimore. Horseshoe Casino Baltimore has and will continue to negatively impact Hollywood Casino Perryville's results of operations.
- Furthermore, in November 2012, voters approved legislation authorizing a sixth casino in Prince George’s County, Maryland. The 2012 law also changes the tax rate casino operators pay the state, varying from casino to casino, allows all casinos in Maryland to be open 24 hours per day for the entire year, and permits casinos to directly purchase slot machines in exchange for gaming tax reductions. During the first half of 2015, Hollywood Casino Perryville directly purchased slot machines, and as a result its tax rate on gaming revenues derived from slot machines decreased from 67 percent to 61 percent effective April 1, 2015, resulting in a 2015 effective tax rate of 62.5 percent. Prior to Hollywood Casino Perryville's direct slot machine purchases, all slot machines were owned by the state. The option for an additional 5 percent tax reduction is possible in 2019 if an independent commission agrees. In December 2013, the license for the sixth casino in Prince George’s County was granted. The $1.3 billion casino resort, which is currently under construction and nteexpected to open in the fourth quarter of 2016, will adversely impact Hollywood Casino Perryville’s financial results.

Critical Accounting Estimates

We make certain judgments and use certain estimates and assumptions when applying accounting principles in the preparation of our consolidated financial statements. 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. We have identified the accounting for income taxes, real estate investments, and goodwill and other intangible assets as critical accounting estimates, as they are the most important to our financial statement presentation and require difficult, subjective and complex judgments.

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 consolidated results of operations and, in certain situations, could have a material adverse effect on our consolidated financial condition.

The development and selection of the critical accounting estimates, and the related disclosures, have been reviewed with the Audit Committee of our Board of Directors.

Income Taxes

We elected on our U.S. federal income tax return for our taxable year beginning on January 1, 2014 to be treated as a REIT and we, together with an indirect wholly-owned subsidiary of the Company, GLP Holdings, Inc., jointly elected to treat each of GLP Holdings, Inc., Louisiana Casino Cruises, Inc. and Penn Cecil Maryland, Inc. as a "taxable REIT subsidiary" effective on the first day of the first taxable year of GLPI as a REIT. We intend to continue to be organized and to operate in a manner that will permit us to qualify as a REIT. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of our annual REIT taxable income to shareholders determined without regard to the dividends paid deduction and excluding any net capital gain, meet the various other requirements imposed by the Code relating to matters such as operating results, asset holdings, distribution levels, and diversity of stock ownership. As a REIT, we generally will not be subject to federal income tax on income that we distribute as dividends to our shareholders.

If we fail to qualify as a REIT in any taxable year, we will be subject to U.S. federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate income tax rates, and dividends paid to our shareholders would not be deductible by us in computing taxable income. Any resulting corporate liability could be substantial and could materially and adversely affect our net income and net cash available for distribution to shareholders. Unless we were entitled to relief under certain Code provisions, we also would be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year in which we failed to qualify to be taxed as a REIT. It is not possible to state whether in all circumstances we would be entitled to this statutory relief.

Our TRS Properties are able to engage in activities resulting in income that would be not qualifying income for a REIT. As a result, certain activities of the Company which occur within our TRS Properties are subject to federal and state income taxes.

Real Estate Investments

Real estate investments primarily represent land and buildings leased to the Company's tenants. Real estate investments that we received in connection with the Spin-Off were contributed to us at Penn's historical carrying amount. We record the acquisition of real estate at cost, including acquisition and closing costs. The cost of properties developed by GLPI include costs of construction, property taxes, interest and other miscellaneous costs incurred during the development period until the project is substantially complete and available for occupancy. We consider the period of future benefit of the asset to determine the appropriate useful lives. Depreciation is computed using a straight-line method over the estimated useful lives of the buildings and building improvements. Additionally, the amortization of real estate assets subject to capital leases (for which GLPI is the lessee) is included within the depreciation line item of the Company's consolidated statements of income.

We continually monitor events and circumstances that could indicate that the carrying amount of our real estate investments may not be recoverable or realized. When indicators of potential impairment suggest that the carrying value of a real estate investment may not be recoverable, we estimate the fair value of the investment by calculating the undiscounted future cash flows from the use and eventual disposition of the investment. This amount is compared to the asset's carrying value. If we determine the carrying amount is not recoverable, we would recognize an impairment charge equivalent to the amount required to reduce the carrying value of the asset to its estimated fair value, calculated in accordance with GAAP fair value provisions. We group our real estate investments by tenant in evaluating impairment. In assessing the recoverability of the carrying value, we must make assumptions regarding future cash flows and other factors. Factors considered in performing this assessment include current operating results, market and other applicable trends and residual values, as well as the effect of obsolescence, demand, competition and other factors. If these estimates or the related assumptions change in the future, we may be required to record an impairment loss.

Goodwill and Other Intangible Assets

At December 31, 2015, we had $75.5 million in goodwill and $9.6 million in other intangible assets within our consolidated balance sheet, resulting from the contribution of Hollywood Casino Baton Rouge and Hollywood Casino Perryville in connection with the Spin-Off. Our goodwill resides on the books of our Hollywood Casino Baton Rouge subsidiary, while the other intangible asset represents a gaming license on the books of our Hollywood Casino Perryville subsidiary. Both subsidiaries are members of the TRS Properties segment and are considered separate reporting units under ASC 350, "Intangibles - Goodwill and Other" ("ASC 350"). Goodwill is tested at the reporting unit level, which is an operating segment or one level below an operating segment for which discrete financial information is available.

Under ASC 350, we are required to test goodwill for impairment at least annually and whenever events or circumstances indicate that it is more likely than not that goodwill may be impaired. We have elected to perform our annual goodwill impairment test as of October 1 of each year. ASC 350 prescribes a two-step goodwill impairment test, the first step which involves the determination of the fair value of each reporting unit and its comparison to the carrying amount. In order to determine the fair value of the Baton Rouge reporting unit, the Company utilized a discounted cash flow model, which relied on projected EBITDA to determine the reporting unit's future cash flows. If the carrying amount exceeds the fair value in step 1, then step 2 of the impairment test is performed to determine the implied value of goodwill. If the implied value of goodwill is less than the goodwill allocated to the reporting unit, an impairment loss is recognized.

In accordance with ASC 350, we consider the Hollywood Casino Perryville gaming license an indefinite-lived intangible asset that does not require amortization based on our future expectations to operate this casino indefinitely as well as the gaming industry's historical experience in renewing these intangible assets at minimal cost with various state gaming commissions. Rather, the gaming license is tested annually, or more frequently if indicators of impairment exist, for impairment by comparing the fair value of the recorded asset to its carrying amount. If the carrying amount of the indefinite-life intangible asset exceeds its fair value, an impairment loss is recognized. Hollywood Casino Perryville's gaming license will expire in

September 2025, fifteen years from the casino's opening date. We expect to expense any costs related to the gaming license renewal as incurred.

We assessed the fair value of our gaming license using the Greenfield Method under the income approach. The Greenfield Method estimates the fair value of the gaming license assuming we built a casino with similar utility to that of the existing facility. 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 license is a function of the following items:

- Projected revenues and operating cash flows;
- Theoretical construction costs and duration;
- Pre-opening expenses;
- Discounting that reflects the level of risk associated with receiving future cash flows attributable to the license; and
- Remaining useful life of the license.

The evaluation of goodwill and indefinite-lived intangible assets requires the use of estimates about future operating results to determine the estimated fair value of the reporting unit and the indefinite-lived intangible assets. We must make various assumptions and estimates in performing our impairment testing. The implied fair value includes estimates of future cash flows that are based on reasonable and supportable assumptions which represent our best estimates of the cash flows expected to result from the use of the assets. Changes in estimates, increases in our 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 our estimates. If our ongoing estimates of future cash flows are not met, we may have to record additional impairment charges in future accounting periods. Our estimates of cash flows are based on the current regulatory and economic climates, as well as recent operating information and budgets. These estimates could be negatively impacted by changes in federal, state or local regulations, economic downturns, or other events.

Forecasted cash flows can be significantly impacted by the local economy in which our subsidiaries operate. For example, increases in unemployment rates can result in decreased customer visitations and/or lower customer spend per visit. In addition, new legislation which approves gaming in nearby jurisdictions or further expands gaming in jurisdictions in which we operate can result in increased competition for the property. This generally has a negative effect on profitability once competitors become established, as a certain level of cannibalization occurs absent an overall increase in customer visitations. Lastly, increases in gaming taxes approved by state regulatory bodies can negatively impact forecasted cash flows.

Assumptions and estimates about future cash flow levels 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 our business strategy, which may reallocate capital and resources to different or new opportunities which management believes will enhance our overall value but may be to the detriment of our existing operations.

We determined the fair value of our goodwill and gaming license as of October 1, 2015 utilizing the forecasted cash flow methods described above and compared these values to the carrying value of the assets on our balance sheet. In determining the fair value of each asset, we incorporated recent operating trends of both TRS properties, as well as the continued impact of the opening of the Horseshoe Casino Baltimore in August 2014 and the expected impact of the anticipated opening of new casino in Prince George's County during the fourth quarter of 2016 on Hollywood Casino Perryville into our current year projections. After consideration of these facts, the fair value of both assets exceeded their carrying amounts, and as of October 1, 2015, our goodwill and gaming license were not impaired.

Results of Operations

The following are the most important factors and trends that contribute or will contribute to our operating performance:

- The fact that a wholly-owned subsidiary of Penn is the lessee of substantially all of our properties pursuant to the Penn Master Lease and accounts for a significant portion of our revenues. We expect to grow our portfolio by pursuing opportunities to acquire additional gaming facilities, such as those owned by Pinnacle and CCR, to lease to gaming operators under prudent terms, which may or may not include Penn.

- The fact that the rules and regulations of U.S. federal income taxation are constantly under review by legislators, the IRS and the U.S. Department of the Treasury. Changes to the tax laws or interpretations thereof, with or without retroactive application, could materially and adversely affect GLPI investors or GLPI.

- The risks related to economic conditions and the effect of such conditions on consumer spending for leisure and gaming activities, which may negatively impact our gaming tenants and operators.

The consolidated results of operations for the years ended December 31, 2015, 2014 and 2013 are summarized below:

Year Ended December 31,	2015	2014	2013
		(in thousands)	
Revenues			
Rental	$ 392,075	$ 386,403	$ 62,278
Real estate taxes paid by tenants	35,050	50,534	7,602
Total rental revenue	427,125	436,937	69,880
Gaming	142,310	148,283	159,352
Food, beverage and other	11,213	11,621	12,357
Total revenues	580,648	596,841	241,589
Less promotional allowances	(5,595)	(5,773)	(6,137)
Net revenues	575,053	591,068	235,452
Operating expenses			
Gaming	77,188	82,995	89,367
Food, beverage and other	8,586	9,734	10,775
Real estate taxes	36,412	52,154	9,220
General and administrative	85,669	80,836	43,262
Depreciation	109,783	106,843	28,923
Total operating expenses	317,638	332,562	181,547
Income from operations	$ 257,415	$ 258,506	$ 53,905

Certain information regarding our results of operations by segment for the years ended December 31, 2015, 2014 and 2013 is summarized below:

	Net Revenues			Income from Operations		
Year Ended December 31,	2015	2014	2013	2015	2014	2013
			(in thousands)			
GLP Capital	$ 427,125	$ 436,944	69,880	$ 232,701	$ 234,971	27,656
TRS Properties	147,928	154,124	165,572	24,714	23,535	26,249
Total	$ 575,053	$ 591,068	$ 235,452	$ 257,415	$ 258,506	$ 53,905

FFO, AFFO and Adjusted EBITDA

Funds From Operations ("FFO"), Adjusted Funds From Operations ("AFFO") and Adjusted EBITDA are non-GAAP financial measures used by the Company as performance measures for benchmarking against the Company's peers and as internal measures of business operating performance. The Company believes FFO, AFFO and Adjusted EBITDA provide a meaningful perspective of the underlying operating performance of the Company's current business. This is especially true since these measures exclude real estate depreciation and we believe that real estate values fluctuate based on market conditions rather than depreciating in value ratably on a straight-line basis over time.

FFO is a non-GAAP financial measure that is considered a supplemental measure for the real estate industry and a supplement to GAAP measures. The National Association of Real Estate Investment Trusts defines FFO as net income (computed in accordance with GAAP), excluding (gains) or losses from sales of property and real estate depreciation. We have defined AFFO as FFO excluding stock based compensation expense, debt issuance costs amortization, other depreciation and straight-line rent adjustments, reduced by maintenance capital expenditures. Finally, we have defined Adjusted EBITDA as net income excluding interest, taxes on income, depreciation, (gains) or losses from sales of property, management fees stock based compensation expense and straight-line rent adjustments.

FFO, AFFO and Adjusted EBITDA are not recognized terms under GAAP. Because certain companies do not calculate FFO, AFFO and Adjusted EBITDA in the same way and certain other companies may not perform such calculation, those measures as used by other companies may not be consistent with the way the Company calculates such measures and should not be considered as alternative measures of operating profit or net income. The Company's presentation of these measures does not replace the presentation of the Company's financial results in accordance with GAAP.

The reconciliation of the Company's net income per GAAP to FFO, AFFO, and Adjusted EBITDA for the years ended December 31, 2015, 2014 and 2013 is as follows:

Year Ended December 31,	2015	2014	2013
		(in thousands)	
Net income	**$ 128,122**	**$ 138,807**	**$ 14,853**
Losses (gains) from dispositions of property	185	10	(39)
Real estate depreciation	95,511	92,750	14,896
Funds from operations	**$ 223,818**	**$ 231,567**	**$ 29,710**
Straight-line rent adjustments	55,825	44,877	6,677
Other depreciation	14,272	14,093	14,027
Amortization of debt issuance costs [1]	14,016	8,057	700
Stock based compensation	16,811	12,258	1,566
Maintenance CAPEX	(2,953)	(3,538)	(4,230)
Adjusted funds from operations	**$ 321,789**	**$ 307,314**	**$ 48,450**
Interest, net	121,851	114,586	19,253
Management fees	—	—	4,203
Income tax expense	7,442	5,113	15,596
Maintenance CAPEX	2,953	3,538	4,230
Amortization of debt issuance costs [1]	(14,016)	(8,057)	(700)
Adjusted EBITDA	**$ 440,019**	**$ 422,494**	**$ 91,032**

[1] Such amortization is a non-cash component included in interest, net.

The reconciliation of each segment's net income per GAAP to FFO, AFFO, and Adjusted EBITDA for the years ended December 31, 2015, 2014 and 2013 is as follows:

Year Ended December 31,	GLP Capital (1)			TRS Properties		
	2015	2014	2013	2015	2014	2013
	(in thousands)					
Net income	**$ 119,914**	**$ 130,580**	**$ 1,635**	**$ 8,208**	**$ 8,227**	**13,218**
(Gains) losses from dispositions of property	152	(149)	—	33	159	(39)
Real estate depreciation	95,511	92,750	14,896	—	—	—
Funds from operations	**$ 215,577**	**$ 223,181**	**$ 16,531**	**$ 8,241**	**$ 8,386**	**13,179**
Straight-line rent adjustments	55,825	44,877	6,677	—	—	—
Other depreciation	1,913	1,832	—	12,359	12,261	14,027
Debt issuance costs amortization (3)	14,016	8,057	700	—	—	—
Stock based compensation	16,811	12,258	1,566	—	—	—
Maintenance CAPEX	—	—	—	(2,953)	(3,538)	(4,230)
Adjusted funds from operations	**$ 304,142**	**$ 290,205**	**$ 25,474**	**$ 17,647**	**$ 17,109**	**22,976**
Interest, net (2)	111,449	104,180	19,254	10,402	10,406	(1)
Management fees	—	—	—	—	—	4,203
Income tax expense	1,338	211	6,767	6,104	4,902	8,829
Maintenance CAPEX	—	—	—	2,953	3,538	4,230
Debt issuance costs amortization (3)	(14,016)	(8,057)	(700)	—	—	—
Adjusted EBITDA	**$ 402,913**	**$ 386,539**	**$ 50,795**	**$ 37,106**	**$ 35,955**	**40,237**

(1) GLP Capital operations commenced November 1, 2013 in connection with the Spin-Off.

(2) Interest expense, net for the GLP Capital segment is net of an intercompany interest elimination of $10.4 million for the years ended December 31, 2015 and 2014.

(3) Such amortization is a non-cash component included in interest, net.

2015 Compared with 2014

Net income, FFO, AFFO, and Adjusted EBITDA for our GLP Capital segment were $119.9 million, $215.6 million, $304.1 million and $402.9 million, respectively, for the year ended December 31, 2015. This compared to net income, FFO, AFFO, and Adjusted EBITDA, for our GLP Capital segment of $130.6 million, $223.2 million, $290.2 million and $386.5 million, respectively, for the year ended December 31, 2014. The $10.7 million decline in net income in our GLP Capital segment was primarily driven by a $5.7 million increase in rent recognized from tenant lease payments, offset by a $5.1 million increase in general and administrative expenses, a $2.8 million increase in depreciation expense, a $7.3 million increase in interest, net and a $1.1 million increase in income tax expense for the year ended December 31, 2015 compared to the prior year. The decrease in net income also drove the $7.6 million decline in FFO, offset by higher real estate depreciation of $2.7 million which is added back to net income. The additional $2.7 million of real estate depreciation related to a full year of depreciation at our Hollywood Gaming at Mahoning Valley Race Course and Hollywood Gaming at Dayton Raceway facilities. The $13.9 million increase in AFFO for our GLP Capital segment was primarily driven by the items noted above as well as, higher add-backs of non-cash straight-line rent adjustments, driven by the opening of the Dayton Raceway and Mahoning Valley Race Course facilities during the third quarter of 2014, higher stock-based compensation expense and increased amortized debt issuance costs, associated with the bridge financing related to the Pinnacle transaction. As interest and taxes are added back for purposes of calculating Adjusted EBITDA, the $16.4 million increase in Adjusted EBITDA for our GLP Capital segment was primarily driven by the increases in these items described above, less the increase in amortized debt issuance costs, which are non-cash and excluded from AFFO.

Net income and FFO for our TRS Properties segment were relatively flat year over year, primarily due to additional competition in the Perryville market and increased operating pressure at both of our TRS Properties, offset by lower gaming taxes at Perryville related to the purchase of slot machines in exchange for gaming tax reductions and food and beverage expense reduction at Baton Rouge. AFFO for our TRS Properties segment increased by $0.5 million for the year ended

December 31, 2015, as compared to the year ended December 31, 2014, primarily due to the reasons described above, as well as a decrease of $0.6 million in maintenance capital expenditures at the TRS Properties for the year ended December 31, 2015. Adjusted EBITDA for our TRS Properties segment increased $1.2 million for the year ended December 31, 2015, as compared to the year ended December 31, 2014, primarily due to the explanations described above, as well as higher taxes in the year ended December 31, 2015.

2014 Compared with 2013

FFO, AFFO, and Adjusted EBITDA for our GLP Capital segment were $223.2 million, $290.2 million and $386.5 million, respectively, for the year ended December 31, 2014. The increases in FFO, AFFO and Adjusted EBITDA from the year ended December 31, 2013 were primarily due to a full year of real estate operations in 2014 compared to only two months of real estate operations in 2013.

Net income for our TRS Properties segment decreased by $5.0 million for the year ended December 31, 2014, as compared to the year ended December 31, 2013, primarily due to additional competition in the Perryville market and increased operating pressure at both of our TRS properties, as well as interest expense in the year ended December 31, 2014. FFO for our TRS Properties segment decreased by $4.8 million for the year ended December 31, 2014, as compared to the year ended December 31, 2013, primarily due to the decrease in net income described above. AFFO for our TRS Properties segment decreased by $5.9 million for the year ended December 31, 2014, as compared to the year ended December 31, 2013, primarily due to the decrease described above, as well as a decrease of $1.7 million in depreciation expense at Hollywood Casino Perryville for the year ended December 31, 2014, due to certain equipment purchased at opening now being fully depreciated. Adjusted EBITDA for our TRS Properties segment decreased $4.3 million for the year ended December 31, 2014, as compared to the year ended December 31, 2013, primarily due to the decrease described above, as well as lower taxes and the elimination of management fees in the year ended December 31, 2014.

Revenues

Revenues for the years ended December 31, 2015, 2014 and 2013 were as follows (in thousands):

Year Ended December 31,	2015	2014	Variance	Percentage Variance
Total rental revenue	$ 427,125	$ 436,937	$ (9,812)	(2.2)%
Gaming	142,310	148,283	(5,973)	(4.0)%
Food, beverage and other	11,213	11,621	(408)	(3.5)%
Total Revenues	580,648	596,841	(16,193)	(2.7)%
Less promotional allowances	(5,595)	(5,773)	178	3.1 %
Net revenues	$ 575,053	$ 591,068	$ (16,015)	(2.7)%

Year Ended December 31,	2014	2013	Variance	Percentage Variance
Total rental revenue	$ 436,937	$ 69,880	$ 367,057	525.3 %
Gaming	148,283	159,352	(11,069)	(6.9)%
Food, beverage and other	11,621	12,357	(736)	(6.0)%
Total Revenues	596,841	241,589	355,252	147.0 %
Less promotional allowances	(5,773)	(6,137)	364	5.9 %
Net revenues	$ 591,068	$ 235,452	$ 355,616	151.0 %

Total rental revenue

2015 Compared to 2014

For the year ended December 31, 2015, rental income was $427.1 million for our GLP Capital segment, which included rent recognized from tenant lease payments of $392.1 million and $35.0 million of revenue for the real estate taxes paid by our tenants on the leased properties. For the year ended December 31, 2014, rental income was $436.9 million for our GLP Capital segment, which included rent recognized from tenant lease payments of $386.4 million and $50.5 million of revenue for the real estate taxes paid by our tenants on the leased properties. Rent recognized from tenant lease payments increased by $5.7 million for the year ended December 31, 2015, compared to December 31, 2014, primarily due to the addition of Hollywood Gaming at Dayton Raceway and Hollywood Gaming at Mahoning Valley Race Course to the Penn Master Lease in the third quarter of 2014, as well as the impact of the Penn rent escalator, pursuant to the Penn Master Lease (effective November 1st of each year) and improved results at our two properties with monthly variable rent in 2015, partially offset by the closure of the Argosy Casino Sioux City in July 2014.

During the fourth quarter of 2015, Penn received a significant real estate tax refund related to the settlement of property tax appeal at a GLPI owned property, which directly offset its real estate taxes paid during the quarter. Although tenants are responsible for the payment of real estate taxes under the triple-net lease structure, we are required to record revenue for the real estate taxes paid by our tenants on the leased properties with an offsetting expense in real estate taxes within our consolidated statement of income as we have concluded we are the primary obligor under ASC 605. This tax refund resulted in lower net revenues for the year ended December 31, 2015, as compared to the year ended December 31, 2014, despite an increase in rent recognized from tenant lease payments but had no impact on our income from operations or net income.

2014 Compared to 2013

For the year ended December 31, 2014, rental income was $436.9 million for our GLP Capital segment, which included $50.5 million of revenue for the real estate taxes paid by our tenants on the leased properties. For the year ended December 31, 2013, rental income was $69.9 million for our GLP Capital segment, which included $7.6 million of revenue for the real estate taxes paid by our tenants on the leased properties. Rental revenue increased from 2013 to 2014 due to a full year of real estate operations in 2014, compared to only two months of real estate operations in 2013.

Gaming revenue

2015 Compared to 2014

Gaming revenue for our TRS Properties segment decreased by $6.0 million, or 4.0%, for the year ended December 31, 2015, as compared to the year ended December 31, 2014, primarily due to decreased gaming revenues of $5.5 million at Hollywood Casino Perryville, resulting from additional competition in the Perryville market.

2014 Compared to 2013

Gaming revenue for our TRS Properties segment decreased by $11.1 million, or 6.9%, for the year ended December 31, 2014, as compared to the year ended December 31, 2013, due to decreased gaming revenues of $6.1 million at Hollywood Casino Baton Rouge and $5.0 million at Hollywood Casino Perryville, resulting from additional competition in the Perryville market and increased operating pressure at both of our TRS properties.

Operating Expenses

Operating expenses for the years ended December 31, 2015, 2014 and 2013 were as follows (in thousands):

Year Ended December 31,	2015	2014	Variance	Percentage Variance
Gaming	$ 77,188	$ 82,995	$ (5,807)	(7.0)%
Food, beverage and other	8,586	9,734	(1,148)	(11.8)%
Real estate taxes	36,412	52,154	(15,742)	(30.2)%
General and administrative	85,669	80,836	4,833	6.0 %
Depreciation	109,783	106,843	2,940	2.8 %
Total operating expenses	$ 317,638	$ 332,562	$ (14,924)	(4.5)%

Year Ended December 31,	2014	2013	Variance	Percentage Variance
Gaming	$ 82,995	$ 89,367	$ (6,372)	(7.1)%
Food, beverage and other	9,734	10,775	(1,041)	(9.7)%
Real estate taxes	52,154	9,220	42,934	465.7 %
General and administrative	80,836	43,262	37,574	86.9 %
Depreciation	106,843	28,923	77,920	269.4 %
Total operating expenses	$ 332,562	$ 181,547	$ 151,015	83.2 %

Gaming expense

2015 Compared with 2014

Gaming expense for our TRS Properties segment decreased by $5.8 million, or 7.0%, for the year ended December 31, 2015, as compared to the year ended December 31, 2014, due to a $5.8 million decrease in gaming and admission taxes at Hollywood Casino Perryville, resulting from lower gaming revenues and a decrease in the gaming tax rate on revenue generated from slot machines. During the year ended December 31, 2015, Hollywood Casino Perryville directly purchased slot machines in exchange for gaming tax reductions from the state.

2014 Compared with 2013

Gaming expense for our TRS Properties segment decreased by $6.4 million, or 7.1%, for the year ended December 31, 2014, as compared to the year ended December 31, 2013, primarily due to decreases of $1.6 million and $3.2 million, respectively in gaming and admission taxes at Hollywood Casino Baton Rouge and Hollywood Casino Perryville, resulting from a reduction in taxable gaming revenue.

Real estate taxes

2015 Compared with 2014

Real estate taxes decreased by $15.7 million, or 30.2%, for the year ended December 31, 2015, as compared to the year ended December 31, 2014, primarily due to the receipt of a significant property tax refund at one of our properties which is leased to Penn related to the settlement of a property tax appeal. Although this amount is paid by our tenants, we are required to present this amount in both revenues and expense for financial reporting purposes under ASC 605.

2014 Compared with 2013

Real estate taxes increased by $42.9 million, or 465.7%, for the year ended December 31, 2014, as compared to the year ended December 31, 2013, primarily due to a full year of real estate taxes paid by our tenants on the leased properties in our GLP Capital segment.

General and administrative expense

General and administrative expenses include items such as compensation costs (including stock based compensation awards), professional services, rent expense, and costs associated with development activities. In addition, Penn provided GLPI with certain administrative and support services on a transitional basis pursuant to a transition services agreement executed in connection with the Spin-Off during the years ended December 31, 2015, 2014 and 2013. The fees charged to GLPI for transition services furnished pursuant to this agreement were determined based on fixed percentages of Penn's internal costs which were intended to approximate the actual cost incurred by Penn in providing the transition services to GLPI for the relevant period. These services were terminated as of September 30, 2015.

2015 Compared with 2014

General and administrative expenses increased by $4.8 million, or 6.0%, for the year ended December 31, 2015, as compared to the year ended December 31, 2014, primarily due to legal and consulting fees incurred by our GLP Capital segment related to the recently settled Meadows litigation and the Pinnacle transaction, as well as an increase in short-term incentive compensation and stock based compensation expense.

2014 Compared with 2013

General and administrative expenses increased by $37.6 million, or 86.9%, for the year ended December 31, 2014, as compared to the year ended December 31, 2013, primarily resulting from general and administrative expenses for our GLP Capital segment of $56.9 million for the year ended December 31, 2014 as a result of a full year of operations in 2014. General and administrative expenses for our GLP Capital segment included compensation expense of $10.6 million, stock based compensation charges of $30.9 million, rent expense for those leases assigned to GLPI as part of the Spin-Off of $2.8 million (see Note 9 to the consolidated financial statements for further information on assigned leases), and fees for outside services, including transition services and legal of $9.3 million. Stock-based compensation charges for our GLP Capital segment for the year ended December 31, 2014 include approximately $2.4 million of expense related to the $0.40 one-time dividend.

Depreciation expense

2015 Compared with 2014

Depreciation expense increased by $2.9 million, or 2.8%, to $109.8 million for the year ended December 31, 2015, as compared to the year ended December 31, 2014, primarily due to a full year of depreciation expense on the assets placed into service at Hollywood Gaming at Mahoning Valley Race Course and Hollywood Gaming at Dayton Raceway during the third quarter of 2014.

2014 Compared with 2013

Depreciation expense increased by $77.9 million, or 269.4%, to $106.8 million for the year ended December 31, 2014, as compared to the year ended December 31, 2013, primarily due to a full year of depreciation related to the real property assets transferred to GLPI as part of the Spin-Off. We also recorded depreciation expense of approximately $2.9 million related to the assets acquired in the January 2014 Casino Queen transaction.

Other income (expenses)

Other income (expenses) for the years ended December 31, 2015, 2014 and 2013 were as follows (in thousands):

Year Ended December 31,	2015	2014	Variance	Percentage Variance
Interest expense	$ (124,183)	$ (117,030)	$ (7,153)	(6.1)%
Interest income	2,332	2,444	(112)	(4.6)%
Total other expenses	$ (121,851)	$ (114,586)	$ (7,265)	(6.3)%

Year Ended December 31,	2014	2013	Variance	Percentage Variance
Interest expense	$ (117,030)	$ (19,254)	$ (97,776)	(507.8)%
Interest income	2,444	1	2,443	244,300.0 %
Management fee	—	(4,203)	4,203	100.0 %
Total other expenses	$ (114,586)	$ (23,456)	$ (91,130)	(388.5)%

Interest expense

2015 Compared with 2014

For the year ended December 31, 2015, interest expense related to our fixed and variable rate borrowings was $124.2 million, as compared to $117.0 million in the year ended December 31, 2014. Interest expense primarily increased due to the amortization of bridge financing fees related to the Pinnacle transaction through interest expense.

2014 Compared with 2013

For the year ended December 31, 2014, interest expense related to our fixed and variable rate borrowings was $117.0 million, as compared to $19.3 million in the year ended December 31, 2013. Interest expense increased due a full year of interest expense on both our fixed and variable rate borrowings entered into in connection with the Spin-Off and additional variable rate borrowings during the year ended December 31, 2014.

Management fees

2014 Compared with 2013

Management fees decreased by $4.2 million, for the year ended December 31, 2014, as compared to the year ended December 31, 2013, due to the management agreement with Penn terminating on November 1, 2013 in connection with the Spin-Off.

Taxes

2015 Compared to 2014

During the year ended December 31, 2015, we had income tax expense of approximately $7.4 million, compared to income tax expense of $5.1 million during the year ended December 31, 2014. Income tax expense increased by $2.3 million for the year ended December 31, 2015, compared to the prior year. Our effective tax rate (income taxes as a percentage of income from operations before income taxes) was 5.5% for the year ended December 31, 2015, as compared to 3.6% for the year ended December 31, 2014.

2014 Compared to 2013

During the year ended December 31, 2014, we had income tax expense of approximately $5.1 million, compared to income tax expense of $15.6 million during the year ended December 31, 2013. Our intended election to be taxed as REIT for our taxable year beginning on January 1, 2014 contributed to our significant decrease in income tax expense in 2014 as compared to the corresponding period in the prior year. Our effective tax rate (income taxes as a percentage of income from operations before income taxes) was 3.6% for the year ended December 31, 2014, as compared to 51.2% for the year ended December 31, 2013, driven by our REIT election. As a REIT, we will no longer be required to pay federal corporate income tax on earnings from operations of the REIT that are distributed to our shareholders. We will continue to be required to pay federal and state corporate income taxes on the earnings of our TRS Properties.

Liquidity and Capital Resources

Our primary sources of liquidity and capital resources are cash flow from operations, borrowings from banks, and proceeds from the issuance of debt and equity securities.

Net cash provided by operating activities was $319.7 million, $273.3 million and $80.6 million during the years ended December 31, 2015, 2014 and 2013, respectively. The increase in net cash provided by operating activities of $46.4 million for the year ended December 31, 2015 compared to the year ended December 31, 2014 was primarily comprised of a decrease in cash paid to suppliers and vendors of $21.4 million, a $15.4 million decrease related to cash paid for taxes (including tax transfers to Penn by our TRS Properties prior to the Spin-Off) and an increase in cash receipts from customers/tenants of $10.3 million. The decrease in cash paid to suppliers and vendors was driven by a decrease in gaming and food beverage and other expenses due to declining revenues at our TRS Properties and a decrease in working capital requirements, partially offset by an increase in general and administrative expenses. The increase in cash receipts collected from our customers/tenants for the year ended December 31, 2015 compared to the year ended December 31, 2014 was primarily due to the addition of Hollywood Gaming at Dayton Raceway and Hollywood Gaming at Mahoning Valley Race Course to the Penn Master Lease in the third quarter of 2014, as well as the impact of the Penn rent escalator, pursuant to the Penn Master Lease (effective November 1st of each year) and improved results at our two properties with monthly variable rent in 2015, partially offset by a decrease of $6.2 million in our TRS Properties' net revenues due to operating pressure and competition in their respective markets. The increase in net cash provided by operating activities for the year ended December 31, 2014 as compared to the year ended December 31, 2013 was primarily the result of a full year of REIT operations in 2014.

Net cash used in investing activities totaled $14.1 million, $317.3 million and $16.3 million, respectively, for the years ended December 31, 2015, 2014 and 2013. Net cash used in investing activities for the year ended December 31, 2015 included capital expenditures of $19.1 million, primarily related to $6.5 million of construction spend related to the Company's new corporate headquarters building located in Wyomissing, Pennsylvania, and Hollywood Casino Perryville's $5.9 million purchase of slot machines, associated with its initiative to directly purchase slot machines in exchange for gaming tax reductions, partially offset by principal payments received of $4.7 million made by Casino Queen on their five year term loan. Net cash used in investing activities for the year ended December 31, 2014 included a $140.7 million payment associated with the Casino Queen asset acquisition, along with the $43.0 million five year term loan to Casino Queen, less $9.0 million of principal payments, as well as capital expenditures of $142.8 million primarily related to construction spend at the two recently opened Ohio facilities. Net cash used in investing activities for the year ended December 31, 2013 primarily consisted of capital project spend of $12.2 million and capital maintenance expenditures of $4.2 million.

Financing activities used net cash of $299.6 million and $205.2 million, respectively, during the years ended December 31, 2015 and 2014 and provided net cash of $206.3 million during the year ended December 31, 2013. Net cash used in financing activities for the year ended December 31, 2015 included dividend payments of $251.7 million and repayments of long-term debt and financing costs of $77.6 million, partially offset by proceeds from stock option exercises of $29.7 million. Net cash used in financing activities for the year ended December 31, 2014 included dividend payments of $494.1 million (including the Purging Distribution), partially offset by proceeds from the issuance of long-term debt, net of repayments and financing costs of $259.6 million and proceeds from stock option exercises of $29.9 million. Net cash provided by financing activities for the year ended December 31, 2013 included proceeds from the issuance of long-term debt, net of issuance costs of $2,301.9 million, partially offset by the cash distribution to Penn in connection with the Spin-Off of $2,090.0 million.

Capital Expenditures

Capital expenditures are accounted for as either capital project or capital maintenance (replacement) expenditures. Capital project expenditures are for fixed asset additions that expand an existing facility or create a new facility. The cost of properties developed by the Company include costs of construction, property taxes, interest and other miscellaneous costs incurred during the development period until the project is substantially complete and available for occupancy. Capital maintenance expenditures 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. During the year ended December 31, 2015, Hollywood Casino Perryville directly purchased slot machines in exchange for gaming tax reductions from the state. Previously, all of the property's slot machines were owned by the state. As this one-time project cost was dictated by new state legislation that allowed Maryland casinos to purchase their slot machines in exchange for gaming tax reductions this expense was treated as a capital project expenditure. During the fourth quarter of 2015 and going forward Hollywood Casino Perryville incurred and will continue to incur incremental expenses related to slot purchases which will be treated as capital maintenance. The purchase of incremental slot machines at Hollywood Casino Baton Rouge was treated as capital maintenance during the three years ended December 31, 2015.

Capital project expenditures totaled $16.1 million for the year ended December 31, 2015 and primarily consisted of construction spend totaling $6.5 million related to the Company's new corporate headquarters building located in Wyomissing, Pennsylvania and Hollywood Casino Perryville's direct purchase of slot machines. During the year ended December 31, 2015, Hollywood Casino Perryville made direct purchases of slot machines totaling $5.9 million, which resulted in a decrease of gaming taxes derived from slot machine revenues. During the years ended December 31, 2014 and 2013, capital project expenditures totaled $139.2 million and $12.2 million, respectively. Capital expenditures in the year ended December 31, 2014 primarily consisted of $71.3 million and $63.0 million for the real estate related construction costs of the Mahoning Valley Race Course and the Dayton Raceway, respectively. Operations at both facilities commenced during the year ended December 31, 2014 and were added to the Penn Master Lease upon commencement of operations.

During the years ended December 31, 2015, 2014 and 2013 we spent approximately $3.0 million, $3.5 million and $4.2 million, respectively, for capital maintenance expenditures. The majority of the capital maintenance expenditures were for slot machines and slot machine equipment at our TRS Properties. Our tenants are responsible for capital maintenance expenditures at our leased properties.

Debt

Senior Unsecured Credit Facility

The Company has a one billion dollar Credit Facility, consisting of a $700 million revolving credit facility and a $300 million Term Loan A facility. The Credit Facility matures on October 28, 2018. At December 31, 2015, the Credit Facility had a gross outstanding balance of $490 million, consisting of the $300 million Term Loan A facility and $190 million of borrowings under the revolving credit facility. Additionally, at December 31, 2015, the Company was contingently obligated under letters of credit issued pursuant to the senior unsecured credit facility with face amounts aggregating approximately $0.9 million, resulting in $509.1 million of available borrowing capacity under the revolving credit facility as of December 31, 2015.

The Credit Facility contains customary covenants that, among other things, restrict, subject to certain exceptions, the ability of GLPI and its subsidiaries to grant liens on their assets, incur indebtedness, sell assets, make investments, engage in acquisitions, mergers or consolidations or pay certain dividends and other restricted payments. The Credit Facility contains the following financial covenants, which are measured quarterly on a trailing four-quarter basis: a maximum total debt to total asset value ratio, a maximum senior secured debt to total asset value ratio, a maximum ratio of certain recourse debt to unencumbered asset value and a minimum fixed charge coverage ratio. In addition, GLPI is required to maintain a minimum tangible net worth and its status as a REIT on and after the effective date of its election to be treated as a REIT, which the Company elected on its 2014 U.S. federal income tax return. GLPI is permitted to pay dividends to its shareholders as may be required in order to maintain REIT status, subject to the absence of payment or bankruptcy defaults. GLPI is also permitted to make other dividends and distributions subject to pro forma compliance with the financial covenants and the absence of defaults. The Credit Facility also contains certain customary affirmative covenants and events of default, including the occurrence of a change of control and termination of the Penn Master Lease (subject to certain replacement rights). The occurrence and continuance of an event of default under the Credit Facility will enable the lenders under the Credit Facility to accelerate the loans and terminate the commitments thereunder. At December 31, 2015, the Company was in compliance with all required covenants under the Credit Facility.

Senior Unsecured Notes

At December 31, 2015, the Company had $550 million outstanding of 4.375% senior unsecured notes maturing on November 1, 2018 (the "2018 Notes"), $1,000 million outstanding of 4.875% senior unsecured notes maturing on November 1, 2020 (the "2020 Notes") and $500 million outstanding of 5.375% senior unsecured notes maturing on November 1, 2023 (the "2023 Notes"). Interest on each of the 2018 Notes, 2020 Notes and 2023 Notes, (collectively the "Notes") is payable semi-annually on May 1 and November 1 of each year.

The Company may redeem the Notes of any series at any time, and from time to time, at a redemption price of 100% of the principal amount of the Notes redeemed, plus a "make-whole" redemption premium described in the indenture governing the Notes, together with accrued and unpaid interest to, but not including, the redemption date, except that if Notes of a series are redeemed 90 or fewer days prior to their maturity, the redemption price will be 100% of the principal amount of the Notes redeemed, together with accrued and unpaid interest to, but not including, the redemption date. If GLPI experiences a change of control accompanied by a decline in the credit rating of the Notes of a particular series, the Company will be required to give holders of the Notes of such series the opportunity to sell their Notes of such series at a price equal to 101% of the principal amount of the Notes of such series, together with accrued and unpaid interest to, but not including, the repurchase date. The Notes also are subject to mandatory redemption requirements imposed by gaming laws and regulations.

The Notes were issued by GLP Capital, L.P. and GLP Financing II, Inc., (the "Issuers") two wholly-owned subsidiaries of GLPI and are guaranteed on a senior unsecured basis by GLPI. The guarantees of GLPI are full and unconditional. The Notes are the Issuers' senior unsecured obligations and rank *pari passu* in right of payment with all of the Issuers' senior indebtedness, including the Credit Facility, and senior in right of payment to all of the Issuers' subordinated indebtedness, without giving effect to collateral arrangements. See Note 18 for additional financial information on the parent guarantor and subsidiary issuers of the Notes.

The Notes contain covenants limiting the Company’s ability to: incur additional debt and use its assets to secure debt; merge or consolidate with another company; and make certain amendments to the Penn Master Lease. The Notes also require the Company to maintain a specified ratio of unencumbered assets to unsecured debt. These covenants are subject to a number of important and significant limitations, qualifications and exceptions.

At December 31, 2015, the Company was in compliance with all required covenants under the Notes.

Capital Lease

The Company assumed the capital lease obligation related to certain assets at its Aurora, Illinois property. GLPI recorded the asset and liability associated with the capital lease on its balance sheet. The original term of the capital lease was 30 years and it will terminate in 2026.

Bridge Facility and Financing Commitments

In connection with the proposed Pinnacle transaction, the Company entered into an amended and restated commitment letter dated July 31, 2015 (the "GLPI Commitment Letter") with JPMorgan Chase Bank, N.A., Bank of America, N.A., Fifth Third Bank, Manufacturers and Traders Trust Company, Wells Fargo Bank, National Association, UBS AG, Stamford Branch, Credit Agricole Corporate and Investment Bank, Suntrust Bank, Nomura Securities International, Inc., Citizens Bank, National Association, Barclays and certain of their affiliates (collectively, the "GLPI Commitment Parties") to provide debt financing in connection with the transaction. Pursuant to the GLPI Commitment Letter, the GLPI Commitment Parties have committed to provide a $1.875 billion senior unsecured 364-day term loan bridge facility (the "GLPI Bridge Facility"). The Company expects to raise the proceeds necessary to finance the Pinnacle transaction through a combination of debt and equity offerings and does not expect to utilize the GLPI Bridge Facility (the "Bridge Facility").

Also in connection with the Pinnacle transaction, the Company entered into Amendment No. 1 (the "Credit Agreement Amendment"), dated July 31, 2015, to the Credit Facility. The Credit Agreement Amendment provides incremental term loan commitments in an aggregate committed amount of $825 million subject to limited conditionality (the "Limited Conditionality Incremental Term Facility"). The Credit Agreement Amendment also provides for revolving loans in a principal amount not to exceed $411 million borrowed in connection with the transactions to be subject to the same limited conditionality as the incremental term loans (the "Limited Conditionality Revolver").

The commitment of the Commitment Parties under the Commitment Letter expires upon the earliest to occur of (i) 11:59 p.m. (New York City time) on March 31, 2016, unless we elect the "end date extension" (as defined in the Merger Agreement) in which case such date shall be extended to 11:59 p.m. (New York City time) on June 30, 2016, (ii) the closing of the Merger either (a) without the use of the Bridge Facility or (b) if the Bridge Facility is intended to be used, the execution of the definitive credit documentation and the funding of the loans thereunder, (iii) the termination of the Merger Agreement we entered into with Pinnacle in accordance with its terms and (iv) as to the portion of the commitments to be reduced on certain automatic reduction events in accordance with the terms of the Commitment Letter, upon such events.

To the extent the Bridge Facility funds, the interest rate per annum applicable to loans under the Bridge Facility would be equal to three-month LIBOR rate plus 1.75% and, unless the loans under the Bridge Facility are repaid in full within three months following the closing date, the applicable margin would increase by 0.25% at the end of such three-month period and would increase by an additional 0.25% at the end of each of the two succeeding three-month periods thereafter to the extent such loans remain outstanding at such dates. To the extent the Limited Conditionality Incremental Term Facility funds, the interest rate per annum applicable to loans under the Limited Conditionality Incremental Term Facility would be, at our option, equal to either a base rate or a LIBOR rate plus an applicable margin ranging from LIBOR plus 1.00% to 2.00% or base rate plus 0.00% to 1.00% based on a ratings-based pricing grid.

If the Bridge Facility and the Limited Conditionality Incremental Term Facility fund, they will not be subject to amortization. The Bridge Facility would be subject to mandatory prepayment to the extent of net proceeds of certain debt for borrowed money and equity issuances. The borrower may prepay all or any portion of the loans, if any, under the Bridge Facility, the Limited Conditionality Incremental Term Facility and the Limited Conditionality Revolver prior to maturity without premium or penalty, subject to reimbursement of any LIBOR breakage costs of the lenders.

The Bridge Facility would contain customary affirmative and negative covenants and events of default consistent with those in the credit agreement governing our existing Credit Facility. The Limited Conditionality Incremental Term Facility and the Limited Conditionality Revolver would contain the affirmative and negative covenants and events of default that are in the credit agreement governing our existing Credit Facility.

The availability of the Bridge Facility, the Limited Conditionality Incremental Term Facility and the Limited Conditionality Revolver is subject to customary conditions, including conditions that do not relate directly to the conditions to closing in the Merger Agreement we entered into with Pinnacle. We may elect to enter into long-term debt financing instead of funding loans in connection with the Bridge Facility. Such long-term debt financing could consist of senior unsecured notes of certain of our subsidiaries. Any determination to enter into alternative debt financing will be based on, among other items, market conditions at the time such debt financing would be syndicated, placed or incurred. There can be no assurances as to the terms of such debt financing. Currently, we expect to raise the proceeds necessary to finance the Pinnacle transaction through a combination of debt and equity offerings and do not expect to utilize the Bridge Facility. However, there can be no assurance that we will be able to raise sufficient funds through an equity and/or debt offering.

Outlook

Based on our current level of operations and anticipated earnings, we believe that cash generated from operations and cash on hand, together with amounts available under our senior unsecured credit facility, will be adequate to meet our anticipated debt service requirements, capital expenditures, working capital needs and dividend requirements. In addition, we expect the majority of our future growth to come from acquisitions of gaming and other properties at reasonable valuations to lease to third parties. If we consummate significant acquisitions in the future, our cash requirements may increase significantly and we would likely need to raise additional proceeds through a combination of either common equity and/or debt offerings.
For example, we expect to raise funds through both debt and equity offerings during early 2016 to finance our proposed acquisition of substantially all of the Pinnacle real estate assets and to pay transaction fees and expenses. This amount is expected to be funded through one or more of the following sources: available cash on hand, the issuance and sale by GLP Capital and GLP Financing II, Inc. of senior unsecured notes, the issuance and sale by GLPI of common equity interests and borrowings under the GLPI Bridge Facility, the GLPI Limited Conditionality Incremental Term Facility and the GLPI Limited

Conditionality Revolver (each as described herein). Our future operating performance and our ability to service or refinance our debt will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control. See "Risk Factors-Risks Related to Our Capital Structure" of this Annual Report on Form 10-K for a discussion of the risk related to our capital structure.

Commitments and Contingencies

Contractual Cash Obligations

The following table presents our contractual obligations at December 31, 2015:

	Payments Due By Period				
	Total	2016	2017 - 2018	2019 - 2020	2021 and After
	(in thousands)				
Senior unsecured credit facility					
Principal	$ 490,000	$ —	$ 490,000	$ —	$ —
Interest [1]	44,533	14,590	29,943	—	—
4.375% senior subordinated notes					
Principal	550,000	—	550,000	—	—
Interest	72,188	24,063	48,125	—	—
4.875% senior subordinated notes					
Principal	1,000,000	—	—	1,000,000	—
Interest	243,750	48,750	97,500	97,500	—
5.375% senior subordinated notes					
Principal	500,000	—	—	—	500,000
Interest	215,000	26,875	53,750	53,750	80,625
Capital lease obligations	1,389	102	220	242	825
Purchase obligations	702	513	174	15	—
Operating leases	50,091	1,565	3,078	1,557	43,891
Other liabilities reflected in the Company's consolidated balance sheets [2]	379	379	—	—	—
Total	$ 3,168,032	$ 116,837	$ 1,272,790	$ 1,153,064	$ 625,341

(1) The interest rates associated with the variable rate components of our senior unsecured credit facility are estimated, reflected of forward LIBOR curves plus the spread over LIBOR of 150 basis points. The contractual amounts to be paid on our variable rate obligations are affected by changes in market interest rates and changes in our spreads which are based on our leverage ratios. Future changes in such ratios will impact the contractual amounts to be paid.

(2) Primarily represents liabilities associated with reward programs at our TRS Properties that can be redeemed for free play, merchandise or services.

Other Commercial Commitments

The following table presents our material commercial commitments as of December 31, 2015 for the following future periods:

	Total Amounts Committed	2016	2017 - 2018	2019 - 2020	2021 and After
	(in thousands)				
Letters of Credit [1]	$ 855	$ 855	—	—	—
Total	$ 855	$ 855	—	—	—

(1) The available balance under the revolving credit portion of our senior unsecured credit facility is reduced by outstanding letters of credit.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of December 31, 2015 and 2014.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We face market risk exposure in the form of interest rate risk. These market risks arise from our debt obligations. We have no international operations. Our exposure to foreign currency fluctuations is not significant to our financial condition or results of operations.

GLPI's primary market risk exposure is interest rate risk with respect to its indebtedness of $2,541.4 million at December 31, 2015. Furthermore, $2,050.0 million of our obligations are the senior unsecured notes that have fixed interest rates with maturity dates ranging from three to eight years. An increase in interest rates could make the financing of any acquisition by GLPI more costly, as well as increase the costs of its variable rate debt obligations. Rising interest rates could also limit GLPI's ability to refinance its debt when it matures or cause GLPI to pay higher interest rates upon refinancing and increase interest expense on refinanced indebtedness. GLPI may manage, or hedge, interest rate risks related to its borrowings by means of interest rate swap agreements. GLPI also expects to manage its exposure to interest rate risk by maintaining a mix of fixed and variable rates for its indebtedness. However, the provisions of the Code applicable to REITs substantially limit GLPI's ability to hedge its assets and liabilities.

The table below provides information at December 31, 2015 about our financial instruments that are sensitive to changes in interest rates. For debt obligations, the table presents notional amounts maturing in each fiscal year and the related weighted-average interest rates by maturity dates. Notional amounts are used to calculate the contractual payments to be exchanged by maturity date and the weighted-average interest rates are based on implied forward LIBOR rates at December 31, 2015.

	01/01/16-12/31/16	01/01/17-12/31/17	01/01/18-12/31/18	01/01/19-12/31/19	01/01/20-12/31/20	Thereafter	Total	Fair Value at 12/31/2015
				(in thousands)				
Long-term debt:								
Fixed rate	$ —	$ —	$ 550,000	$ —	$ 1,000,000	$ 500,000	$ 2,050,000	$ 2,014,750
Average interest rate			4.38%		4.88%	5.38%		
Variable rate	$ —	$ —	$ 490,000	$ —	$ —	$ —	$ 490,000	$ 479,612
Average interest rate (1)			3.56%					

(1) Estimated rate, reflective of forward LIBOR plus the spread over LIBOR applicable to variable-rate borrowing.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Gaming and Leisure Properties, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Gaming and Leisure Properties, Inc. and Subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income, changes in shareholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedule listed in the index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Gaming and Leisure Properties, Inc. and Subsidiaries at December 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Gaming and Leisure Properties, Inc. and Subsidiaries’ internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 22, 2016 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Philadelphia, Pennsylvania
February 22, 2016

Gaming and Leisure Properties, Inc. and Subsidiaries
Consolidated Balance Sheets
(amounts in thousands, except share and per share data)

	December 31, 2015	December 31, 2014
Assets		
Real estate investments, net	$ 2,090,059	$ 2,180,124
Property and equipment, used in operations, net	129,747	134,028
Cash and cash equivalents	41,875	35,973
Prepaid expenses	7,908	7,900
Other current assets	57,721	45,254
Goodwill	75,521	75,521
Other intangible assets	9,577	9,577
Debt issuance costs, net of accumulated amortization of $5,937 at December 31, 2015	3,563	—
Loan receivable	29,350	34,000
Deferred tax assets, non-current	2,447	2,694
Other assets	387	383
Total assets	$ 2,448,155	$ 2,525,454
Liabilities		
Accounts payable	$ 406	$ 4,409
Accrued expenses	9,580	5,339
Accrued interest	17,623	17,528
Accrued salaries and wages	13,719	12,581
Gaming, property, and other taxes	24,702	22,741
Current maturities of long-term debt	102	81
Other current liabilities	17,687	15,788
Long-term debt, net of current maturities and unamortized debt issuance costs	2,510,239	2,570,280
Deferred rental revenue	107,379	51,554
Deferred tax liabilities, non-current	232	1,443
Total liabilities	2,701,669	2,701,744
Commitments and Contingencies (Note 9)		
Shareholders' deficit		
Preferred stock ($.01 par value, 50,000,000 shares authorized, no shares issued or outstanding at December 31, 2015 and December 31, 2014)	—	—
Common stock ($.01 par value, 500,000,000 shares authorized, 115,594,321 and 112,981,088 shares issued at December 31, 2015 and December 31, 2014, respectively)	1,156	1,130
Additional paid-in capital	935,220	888,860
Retained deficit	(1,189,890)	(1,066,280)
Total shareholders' deficit	(253,514)	(176,290)
Total liabilities and shareholders' deficit	$ 2,448,155	$ 2,525,454

See accompanying notes to the consolidated financial statements.

Gaming and Leisure Properties, Inc. and Subsidiaries
Consolidated Statements of Income
(in thousands, except per share data)

Year ended December 31,	2015	2014	2013
Revenues			
Rental	$ 392,075	$ 386,403	$ 62,278
Real estate taxes paid by tenants	35,050	50,534	7,602
Total rental revenue	427,125	436,937	69,880
Gaming	142,310	148,283	159,352
Food, beverage and other	11,213	11,621	12,357
Total revenues	580,648	596,841	241,589
Less promotional allowances	(5,595)	(5,773)	(6,137)
Net revenues	575,053	591,068	235,452
Operating expenses			
Gaming	77,188	82,995	89,367
Food, beverage and other	8,586	9,734	10,775
Real estate taxes	36,412	52,154	9,220
General and administrative	85,669	80,836	43,262
Depreciation	109,783	106,843	28,923
Total operating expenses	317,638	332,562	181,547
Income from operations	257,415	258,506	53,905
Other income (expenses)			
Interest expense	(124,183)	(117,030)	(19,254)
Interest income	2,332	2,444	1
Management fees	—	—	(4,203)
Total other expenses	(121,851)	(114,586)	(23,456)
Income before income taxes	135,564	143,920	30,449
Income tax expense	7,442	5,113	15,596
Net income	$ 128,122	$ 138,807	$ 14,853
Earnings per common share:			
Basic earnings per common share	$ 1.12	$ 1.23	$ 0.13
Diluted earnings per common share	$ 1.08	$ 1.18	$ 0.13

See accompanying notes to the consolidated financial statements.

Gaming and Leisure Properties, Inc. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity (Deficit)
(in thousands, except share data)

	Common Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Total Shareholders' Equity (Deficit)
	Shares	Amount			
Balance, December 31, 2012	—	$ —	$ 71,356	$ 164,974	$ 236,330
Contributions to Penn National Gaming, Inc., prior to Spin-Off	—	—	(3,387)	(46,913)	(50,300)
Real estate assets and liabilities contributed to GLPI from Penn National Gaming, Inc. (See Note 1)	88,601,637	886	2,022,687	—	2,023,573
Cash contribution to Penn National Gaming, Inc. in connection with Spin-Off			(2,090,000)	—	(2,090,000)
Stock option activity	57,811	1	2,621	—	2,622
Restricted stock activity	—	—	374	—	374
Net income	—	—	—	14,853	14,853
Balance, December 31, 2013	88,659,448	887	3,651	132,914	137,452
Stock option activity	2,184,980	21	38,648	—	38,669
Restricted stock activity	156,839	2	3,519	—	3,521
Dividends paid, including the Purging Distribution ($14.32 per common share)	21,979,821	220	843,677	(1,338,001)	(494,104)
Distribution in connection with tax matter agreement	—	—	(635)	—	(635)
Net income	—	—	—	138,807	138,807
Balance, December 31, 2014	112,981,088	1,130	888,860	(1,066,280)	(176,290)
Stock option activity	2,511,639	25	34,621	—	34,646
Restricted stock activity	101,594	1	11,739	—	11,740
Dividends paid ($2.18 per common share)	—	—	—	(251,732)	(251,732)
Net income	—	—	—	128,122	128,122
Balance, December 31, 2015	115,594,321	$ 1,156	$ 935,220	$ (1,189,890)	$ (253,514)

See accompanying notes to the consolidated financial statements.

Gaming and Leisure Properties, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(in thousands)

Year ended December 31,	2015	2014	2013
Operating activities			
Net income	$ 128,122	$ 138,807	$ 14,853
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	109,783	106,843	28,923
Amortization of debt issuance costs	14,016	8,057	1,270
Losses (gains) on dispositions of property	185	10	(39)
Deferred income taxes	(813)	(3,305)	(5,646)
Stock-based compensation	16,811	12,258	1,566
Straight-line rent adjustments	55,825	44,877	6,677
(Increase) decrease,			
Prepaid expenses and other current assets	(9,708)	(10,601)	(885)
Other assets	(4)	(1,660)	(662)
(Decrease), increase			
Accounts payable	(946)	(1,650)	2,638
Accrued expenses	4,241	(8,444)	7,996
Accrued interest	95	(527)	17,216
Accrued salaries and wages	1,138	2,244	2,131
Gaming, property and other taxes	(956)	527	(7)
Income taxes	—	(17,054)	4,018
Other current and noncurrent liabilities	1,899	2,877	583
Net cash provided by operating activities	319,688	273,259	80,632
Investing activities			
Capital project expenditures, net of reimbursements	(16,149)	(139,231)	(12,198)
Capital maintenance expenditures	(2,953)	(3,538)	(4,230)
Proceeds from sale of property and equipment	310	180	153
Funding of loan receivable	—	(43,000)	—
Principal payments on loan receivable	4,650	9,000	—
Acquisition of real estate	—	(140,730)	—
Net cash used in investing activities	(14,142)	(317,319)	(16,275)
Financing activities			
Net advances to Penn National Gaming, Inc.	—	—	(6,982)
Cash contributions to Penn National Gaming, Inc. in connection with Spin-Off	—	—	(2,090,000)
Dividends paid (including the Purging Distribution in 2014)	(251,732)	(494,104)	—
Proceeds from exercise of options	29,686	29,931	1,431
Proceeds from issuance of long-term debt	—	291,950	2,350,000
Financing costs	(9,500)	(306)	(48,147)
Payments of long-term debt	(68,098)	(32,024)	—
Distribution in connection with 2013 Pre-Spin tax matter agreement	—	(635)	—
Net cash (used in) provided by financing activities	(299,644)	(205,188)	206,302
Net increase (decrease) in cash and cash equivalents	5,902	(249,248)	270,659
Cash and cash equivalents at beginning of period	35,973	285,221	14,562
Cash and cash equivalents at end of period	$ 41,875	$ 35,973	$ 285,221

See accompanying notes to the consolidated financial statements.

Gaming and Leisure Properties, Inc.
Notes to the Consolidated Financial Statements

1. Business and Basis of Presentation

Gaming and Leisure Properties, Inc. ("GLPI") is a self-administered and self-managed Pennsylvania real estate investment trust ("REIT"). GLPI (together with its subsidiaries, the "Company") was incorporated on February 13, 2013, as a wholly-owned subsidiary of Penn National Gaming, Inc. ("Penn"). On November 1, 2013, Penn contributed to GLPI, through a series of internal corporate restructurings, substantially all of the assets and liabilities associated with Penn's real property interests and real estate development business, as well as the assets and liabilities of Hollywood Casino Baton Rouge and Hollywood Casino Perryville, which are referred to as the "TRS Properties," and then spun-off GLPI to holders of Penn's common and preferred stock in a tax-free distribution (the "Spin-Off"). The Company elected on its United States ("U.S.") federal income tax return for its taxable year beginning on January 1, 2014 to be treated as a REIT and the Company, together with an indirect wholly-owned subsidiary of the Company, GLP Holdings, Inc., jointly elected to treat each of GLP Holdings, Inc., Louisiana Casino Cruises, Inc. (d/b/a Hollywood Casino Baton Rouge) and Penn Cecil Maryland, Inc. (d/b/a Hollywood Casino Perryville) as a "taxable REIT subsidiary" ("TRS") effective on the first day of the first taxable year of GLPI as a REIT. As a result of the Spin-Off, GLPI owns substantially all of Penn's former real property assets and leases back most of those assets to Penn for use by its subsidiaries, under a master lease, a triple-net operating lease with an initial term of 15 years with no purchase option, followed by four 5 year renewal options (exercisable by Penn) on the same terms and conditions (the "Penn Master Lease"), and GLPI also owns and operates the TRS Properties through an indirect wholly-owned subsidiary, GLP Holdings, Inc.

Prior to the Spin-Off, GLPI and Penn entered into a Separation and Distribution Agreement setting forth the mechanics of the Spin-Off, certain organizational matters and other ongoing obligations of Penn and GLPI. Penn and GLPI or their respective subsidiaries, as applicable, also entered into a number of other agreements prior to the Spin-Off to provide a framework for the restructuring and for the relationships between GLPI and Penn after the Spin-Off.

GLPI's primary business consists of acquiring, financing, and owning real estate property to be leased to gaming operators in triple-net lease arrangements. As of December 31, 2015, GLPI's portfolio consisted of 21 gaming and related facilities, including the TRS Properties, the real property associated with 18 gaming and related facilities operated by Penn and the real property associated with the Casino Queen in East St. Louis, Illinois. These facilities are geographically diversified across 12 states and contain approximately 7.0 million of rentable square feet. As of December 31, 2015, the Company's properties were 100% occupied.

In connection with the Spin-Off, Penn allocated its accumulated earnings and profits (as determined for U.S. federal income tax purposes) for periods prior to the consummation of the Spin-Off between Penn and GLPI. In connection with its election to be taxed as a REIT for U.S. federal income tax purposes, GLPI declared a special dividend to its shareholders to distribute any accumulated earnings and profits relating to the real property assets and attributable to any pre-REIT years, including any earnings and profits allocated to GLPI in connection with the Spin-Off, to comply with certain REIT qualification requirements (the "Purging Distribution"). The Purging Distribution, which was paid on February 18, 2014, totaled approximately $1.05 billion and was comprised of cash and GLPI common stock. Additionally, pursuant to the terms of a Pre-Filing Agreement with the IRS, on December 19, 2014, the Company made a one-time distribution of $37.0 million to shareholders in order to confirm the Company appropriately allocated its historical earnings and profits relative to the separation from Penn. See Note 11 for further details on the Purging Distribution and the distribution related to the Pre-Filing Agreement.

The assets and liabilities of GLPI were recorded at their respective historical carrying values at the time of the Spin-Off in accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 505-60, "Spinoffs and Reverse Spinoffs." The assets and liabilities contributed to GLPI from Penn were as follows (in thousands):

Prepaid expenses	$	2,766
Current deferred income tax assets		4,358
Property and equipment, net		2,024,572
Other assets		16,245
Accrued expenses		(5,656)
Other current liabilities		(12,219)
Deferred income tax liabilities		(6,493)
Net contribution	$	2,023,573

GLPI expects to grow its portfolio by pursuing opportunities to acquire additional gaming facilities to lease to gaming operators under prudent terms, including its July 2015 announcement of the proposed acquisition of substantially all of the real estate assets of Pinnacle Entertainment, Inc. ("Pinnacle") and its December 2015 announcement of the resolution of the previously disclosed litigation with The Meadows Racetrack and Casino (the "Meadows") and entry into an amended purchase agreement with Cannery Casino Resorts LLC, the owner of the Meadows. The Pinnacle transaction is expected to close during April 2016, while the Meadows transaction is expected to close during the second half of 2016. However, we cannot predict the actual dates on which the transactions will be completed because each transaction is subject to conditions beyond such parties' control.

On July 20, 2015, GLPI, Gold Merger Sub, LLC, a direct, wholly owned subsidiary of GLPI ("Merger Sub"), and Pinnacle entered into a merger agreement (as it may be amended from time to time, the "Merger Agreement") providing for the merger of Pinnacle with and into Merger Sub, with Merger Sub surviving the merger as a wholly owned subsidiary of GLPI (the "Merger"). Following the consummation of the Merger, GLPI will own all of Pinnacle's real property assets, other than Pinnacle's Belterra Park property and excess land at certain locations. In order to effect the acquisition of Pinnacle's real property assets (other than the Belterra Park property and excess land at certain locations), prior to the Merger, Pinnacle will cause certain assets relating to its operating business to be transferred to, and liabilities relating thereto to be assumed by a newly formed wholly owned subsidiary of Pinnacle ("OpCo"). Immediately following the separation, Pinnacle will distribute to Pinnacle's stockholders all of the issued and outstanding shares of common stock of OpCo owning Pinnacle's operating assets and certain other specified assets. Then, upon satisfaction or waiver of the conditions to closing in the Merger Agreement on the closing date, Pinnacle will merge with and into Merger Sub, as described in more detail in the joint proxy statement/prospectus filed with a Registration Statement on Form S-4 (No. 333-206649) initially filed by GLPI with the Securities and Exchange Commission on December 23, 2015, as most recently amended on February 16, 2016 (and as the same may be thereafter amended, the "Joint Proxy Statement/Prospectus"). Merger Sub, as the surviving company in the Merger, will then own substantially all of Pinnacle's real estate assets that were retained or transferred to Pinnacle in the separation and will lease those assets back to OpCo pursuant to a triple-net 35 year (including extension renewals) master lease agreement (the "Pinnacle Master Lease Agreement) substantially in the form attached as Exhibit B to the Merger Agreement. A wholly-owned subsidiary of OpCo would operate the leased gaming facilities as a tenant under the Pinnacle Master Lease Agreement.

At the effective time of the Merger, each share of Pinnacle common stock issued and outstanding immediately prior to the effective time of the Merger will be converted into 0.85 shares of a share of GLPI common stock, with cash paid in lieu of the issuance of fractional shares of GLPI common stock. The exchange ratio will not be adjusted to reflect changes in the price of GLPI common stock or the price of Pinnacle common stock occurring prior to the completion of the Merger. The obligations of GLPI and Pinnacle to effect the Merger are subject to the satisfaction or waiver of certain conditions set forth in the Merger Agreement (including the applicable approvals of each company's stockholders and gaming regulatory approvals). Upon completion of the Merger, the current directors and officers of GLPI are expected to continue in their current positions, other than as may be publicly announced by GLPI in the normal course of business.

In connection with the proposed Merger, GLPI and Pinnacle will each hold a special meeting of their respective stockholders. At the GLPI special meeting, GLPI stockholders will be asked to vote on (i) a proposal to approve the issuance of GLPI common stock to Pinnacle stockholders in the Merger and (ii) a proposal to approve one or more adjournments of the meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of GLPI common stock to Pinnacle stockholders in the Merger. At the Pinnacle special meeting, Pinnacle stockholders will be asked to vote on (i) a proposal to adopt the Merger Agreement, (ii) an advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of Pinnacle in connection with the Merger, and (iii) a proposal to approve one or more adjournments of the meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Merger and the other transactions contemplated by the Merger Agreement. The Joint Proxy Statement/Prospectus describes the foregoing proposals in more detail, as well as other matters contemplated in connection with the proposed Merger.

The Merger Agreement may be terminated, subject to certain exceptions, prior to the effective time of the Merger by either GLPI or Pinnacle under certain conditions, including if the Merger has not been consummated on or before March 31, 2016, subject to one three-month extension by GLPI, at the election of GLPI, if the only conditions not satisfied at such time related to regulatory and other government approvals. The Company expects to exercise the extension.

As a result of adopting two new accounting pronouncements, at December 31, 2015, the Company made two related reclassifications on its December 31, 2014 consolidated balance sheet. Under Accounting Standards Update ("ASU") No. 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* ("ASU 2015-17") both deferred tax assets and liabilities are now classified as non-current on a classified balance sheet. As such, the Company reclassified $2.0 million of previously classified current deferred tax assets to non-current deferred tax assets. In addition, as a result of adopting the new guidance for debt issuance costs under ASU No. 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* ("ASU 2015-03"), the Company reclassified $39.1 million of debt issuance costs from the consolidated balance sheet line item debt issuance costs, net of accumulated amortization to a contra liability account which nets these unamortized financing fees against the Company's long-term debt line item on its consolidated balance sheet. See Note 3 for further details on the Company's adoption and implementation of these new accounting pronouncements. These reclassifications had no impact on the Company's financial position, results of operations or cash flows for the year ended December 31, 2014.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses for the reporting periods. Actual results may differ from those estimates.

2. Principles of Consolidation

The consolidated financial statements include the accounts of GLPI and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

When reviewing the Company's financial results it should be noted that financial results for the Company's 2015 and 2014 fiscal years reflect a full year of operations for both operating segments, whereas financial results for the Company's 2013 fiscal year reflect a full year of operations for the businesses in the TRS and a partial year from November 1, 2013 to December 31, 2013 for the real estate entity.

3. New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In November 2015, the Financial Accounting Standards Board ("FASB") issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. This ASU simplifies the presentation of deferred income taxes by requiring that both deferred tax assets and liabilities be classified as non-current on a classified balance sheet. Previously, the Company classified its current and non-current deferred tax assets and liabilities as individual line items on its balance sheet. The Company early adopted ASU 2015-17 on a retrospective basis and its balance sheet presentation at December 31, 2015 and 2014 reflects the adoption of the new standard.

In April 2015, the FASB issued ASU No. 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. This ASU requires that debt issuance costs related to a recognized debt liability be presented on the balance sheet as a direct reduction from the carrying amount of that debt liability, consistent with the presentation of debt discounts. In August 2015, the FASB issued explanatory guidance on ASU 2015-03 in the form of ASU No. 2015-15, *Interest - Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements* ("ASU 2015-15"). ASU 2015-15 clarifies that debt issuance costs not associated with outstanding borrowings may continue to be accounted for as assets within the balance sheet. The Company early adopted ASU 2015-03 on a retrospective basis and its balance sheet presentation at December 31, 2015 and 2014 reflects the adoption of the new standard.

Accounting Pronouncements Not Yet Adopted

In February 2015, the FASB issued ASU No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis* ("ASU 2015-02"). ASU 2015-02 affects reporting entities that are required to evaluate whether they should consolidate certain legal entities. Specifically, the amendments: (i) modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities ("VIEs") or voting interest entities, (ii) eliminate the presumption that a general partner should consolidate a limited partnership, (iii) affect the consolidation analysis of reporting entities that are involved with VIEs, and (iv) provide a scope exception for certain entities. ASU 2015-02 is effective for interim and annual reporting periods beginning after December 15, 2015. The Company is currently evaluating the impact of the adoption of ASU 2015-02 on its consolidated financial statements and believes should it elect to implement the UPREIT structure in a future period additional disclosures may be required.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"). This new standard will replace all current U.S. GAAP guidance on this topic and eliminate all industry-specific guidance. ASU 2014-09 provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. At the April 1, 2015 FASB meeting, the board voted to defer the effective date for the new revenue recognition standard to annual reporting periods beginning after December 15, 2017. The pronouncement was originally effective for annual reporting periods beginning after December 15, 2016, and companies are permitted to elect the adoption of the standard as of the original effective date. When adopted, the new guidance can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Company is evaluating the impact of adopting this new accounting standard on its financial statements and internal revenue recognition policies.

4. Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Company considers all cash balances and highly-liquid investments with original maturities of three months or less to be cash and cash equivalents.

Concentration of Credit Risk

Concentrations of credit risk arise when a number of operators, tenants, or obligors related to the Company's investments are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations, including those to the Company, to be similarly affected by changes in economic conditions. As of December 31, 2015, substantially all of the Company's real estate properties were leased to Penn and approximately 96% of the Company's rental revenues were derived from the Penn Master Lease. Revenues from Penn, as reported in Penn's filings with the Securities and Exchange Commission, are reported in the Company's GLP Capital, L.P. reportable segment. Penn is a publicly traded company that is subject to the informational filing requirements of the Securities Exchange Act of 1934, as amended, and is required to file periodic reports on Form 10-K, Form 10-Q and Form 8-K with the Securities and Exchange Commission. According to Penn's filings with Securities and Exchange Commission, Penn's net revenues were $2.8 billion, $2.6 billion and $2.9 billion for the years ended December 31, 2015, 2014 and 2013, respectively. Other than the Company's tenant concentration, management believes the Company's portfolio was reasonably diversified by geographical location and did not contain any other significant concentrations of credit risk. As of December 31, 2015, the Company's portfolio of 19 leased properties and the TRS properties are diversified by location across 12 states.

Financial instruments that subject the Company to credit risk consist of cash and cash equivalents, accounts receivable and loans 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. At times, the Company has bank deposits and overnight repurchase agreements that exceed federally-insured limits.

Prepaid Expenses and Other Assets

Prepaid expenses consist of expenditures for goods (other than inventories) or services before the goods are used or the services are received. These amounts are deferred and charged to operations as the benefits are realized and primarily consist of prepayments for insurance and other contracts that will be expensed during the subsequent year. It also includes property taxes that were paid in advance, as well as transaction costs that will be allocated to purchase price upon the closing of an asset acquisition. Other current assets are items expected to be realized within twelve months of the balance sheet date and primarily consists of accounts receivable, deposits, food and beverage inventory and deferred compensation plan assets (See Note 9 for further details). Other assets are all items that are long-term in nature.

Fair Value of Financial Instruments

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:

Cash and Cash Equivalents

The fair value of the Company’s cash and cash equivalents approximates the carrying value of the Company’s cash and cash equivalents, due to the short maturity of the cash equivalents.

Deferred Compensation Plan Assets and Corresponding Liabilities

The Company's deferred compensation plan assets consist of open-ended mutual funds and as such the fair value measurement of the assets is considered a Level 1 measurement as defined under ASC 820 "Fair Value Measurements and Disclosures" ("ASC 820"). Deferred compensation plan assets are included within other current assets on the consolidated balance sheets. Deferred compensation liabilities approximate the plan's assets and are included with other current liabilities on the consolidated balance sheets. The difference between the Company's deferred compensation plan assets and liabilities at both December 31, 2015 and 2014 is related to timing differences between the funding of assets held at the plan trustee and the actual contributions from eligible employees' compensation.

Loan Receivable

The fair value of the loan receivable approximates the carrying value of the Company's loan receivable, as collection on the outstanding loan balance is reasonably assured and the interest rate approximates market rates for a similar instrument. The fair value measurement of the loan receivable is considered a Level 3 measurement as defined under ASC 820.

Long-term Debt

The fair value of the senior unsecured notes and senior unsecured credit facility is estimated based on quoted prices in active markets and as such is a Level 1 measurement as defined under ASC 820.

The estimated fair values of the Company’s financial instruments are as follows (in thousands):

	December 31, 2015		December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	$ 41,875	$ 41,875	$ 35,973	$ 35,973
Deferred compensation plan assets	14,833	14,833	14,280	14,280
Loan receivable	29,350	29,350	34,000	34,000
Financial liabilities:				
Deferred compensation plan liabilities	14,866	14,866	14,369	14,369
Long-term debt:				
Senior unsecured credit facility	490,000	479,612	558,000	535,010
Senior unsecured notes	2,050,000	2,014,750	2,050,000	2,091,000

Real Estate Investments

Real estate investments primarily represent land and buildings leased to the Company's tenants. The Company records the acquisition of real estate assets at cost, including acquisition and closing costs. The cost of properties developed by the Company include costs of construction, property taxes, interest and other miscellaneous costs incurred during the development period until the project is substantially complete and available for occupancy. The Company considers the period of future benefit of the asset to determine the appropriate useful lives. Depreciation is computed using a straight-line method over the estimated useful lives of the buildings and building improvements which are generally between 10 to 31 years. Additionally, the amortization of real estate assets subject to capital leases (for which GLPI is the lessee) is included within the depreciation line item of the Company's consolidated statements of income.

The Company continually monitors events and circumstances that could indicate that the carrying amount of its real estate investments may not be recoverable or realized. When indicators of potential impairment suggest that the carrying value of a real estate investment may not be recoverable, the Company estimates the fair value of the investment by calculating the undiscounted future cash flows from the use and eventual disposition of the investment. This amount is compared to the asset's carrying value. If the Company determines the carrying amount 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, calculated in accordance with GAAP fair value provisions. The Company groups its real estate investments by tenant in evaluating impairment. In assessing the recoverability of the carrying value, the Company must make assumptions regarding future cash flows and other factors. The factors considered by the Company in performing this assessment include current operating results, market and other applicable trends and residual values, as well as the effect of obsolescence, demand, competition and other factors. If these estimates or the related assumptions change in the future, the Company may be required to record an impairment loss.

Property and Equipment Used in Operations

Property and equipment are stated at cost, less accumulated depreciation and represent assets used by the Company's TRS operations and certain corporate assets. 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.

Depreciation of property and equipment is recorded using the straight-line method over the following estimated useful lives:

Land improvements	15 years
Building and improvements	5 to 31 years
Furniture, fixtures, and equipment	3 to 31 years

Leasehold improvements are depreciated over the shorter of the estimated useful life of the improvement or the related lease term. The estimated useful lives are determined based on the nature of the assets as well as the Company's current operating strategy.

The Company reviews the carrying value of its property and equipment for possible impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable based upon the estimated undiscounted future cash flows expected to result from its use and eventual disposition. If the Company determines the carrying amount 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, calculated in accordance with GAAP fair value provisions. In estimating expected future cash flows for determining whether an asset is impaired, assets are grouped at the individual property level. In assessing the recoverability of the carrying value of property and equipment, the Company must make assumptions regarding future cash flows and other factors. The factors considered by the Company in performing this assessment include current operating results, market and other applicable trends and residual values, as well as the effect of obsolescence, demand, competition and other factors. If these estimates or the related assumptions change in the future, the Company may be required to record an impairment loss for these assets.

Goodwill and Other Intangible Assets

At both December 31, 2015 and 2014, the Company had $75.5 million of goodwill and $9.6 million of other intangible assets within its consolidated balance sheets, resulting from the contribution of Hollywood Casino Baton Rouge and Hollywood Casino Perryville in connection with the Spin-Off. The Company's goodwill resides on the books of its Hollywood Casino Baton Rouge subsidiary, while the other intangible asset represents a gaming license on the books of its Hollywood Casino Perryville subsidiary. Both subsidiaries are members of the TRS Properties segment and are considered separate reporting units under ASC 350, "Intangibles - Goodwill and Other" ("ASC 350"). Goodwill is tested at the reporting unit level, which is an operating segment or one level below an operating segment for which discrete financial information is available.

Under ASC 350, the Company is required to test goodwill for impairment at least annually and whenever events or circumstances indicate that it is more likely than not that goodwill may be impaired. The Company has elected to perform its annual goodwill impairment test as of October 1 of each year. ASC 350 prescribes a two-step goodwill impairment test, the first step which involves the determination of the fair value of each reporting unit and its comparison to the carrying amount. In order to determine the fair value of the Baton Rouge reporting unit, the Company utilized a discounted cash flow model, which relied on projected EBITDA to determine the reporting unit's future cash flows. If the carrying amount exceeds the fair value in step 1, then step 2 of the impairment test is performed to determine the implied value of goodwill. If the implied value of goodwill is less than the goodwill allocated to the reporting unit, an impairment loss is recognized.

In accordance with ASC 350, the Company considers its Hollywood Casino Perryville gaming license an indefinite-lived intangible asset that does not require amortization based on the Company's future expectations to operate this casino indefinitely, as well as the gaming industry's historical experience in renewing these intangible assets at minimal cost with various state gaming commissions. Rather, the Company's gaming license is tested annually, or more frequently if indicators of impairment exist, for impairment by comparing the fair value of the recorded asset to its carrying amount. If the carrying amount of the indefinite-life intangible asset exceeds its fair value, an impairment loss is recognized. Hollywood Casino Perryville's gaming license will expire in September 2025, fifteen years from the casino's opening date. The Company expects to expense any costs related to the gaming license renewal as incurred.

We assessed the fair value of our gaming license using the Greenfield Method under the income approach. The Greenfield Method estimates the fair value of the gaming license assuming the Company built a casino with similar utility to that of the existing facility. 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 license is a function of the following items:

- Projected revenues and operating cash flows;
- Theoretical construction costs and duration;
- Pre-opening expenses;
- Discounting that reflects the level of risk associated with receiving future cash flows attributable to the license; and
- Remaining useful life of the license

The evaluation of goodwill and indefinite-lived intangible assets requires the use of estimates about future operating results 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 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. 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 the Company's ongoing estimates of future cash flows are not met, the Company may have to record additional impairment charges in future accounting periods. The Company's estimates of cash flows are based on the current regulatory and economic climates, as well as recent operating information and budgets. These estimates could be negatively impacted by changes in federal, state or local regulations, economic downturns, or other events.

Forecasted cash flows can be significantly impacted by the local economy in which the Company's subsidiaries operate. For example, increases in unemployment rates can result in decreased customer visitations and/or lower customer spend per visit. In addition, new legislation which approves gaming in nearby jurisdictions or further expands gaming in jurisdictions in which the Company operates can result in increased competition for the property. This generally has a negative effect on profitability once competitors become established, as a certain level of cannibalization occurs absent an overall increase in customer visitations. Lastly, increases in gaming taxes approved by state regulatory bodies can negatively impact forecasted cash flows.

Assumptions and estimates about future cash flow levels 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 reallocate capital and resources to different or new opportunities which management believes will enhance the Company's overall value but may be to the detriment of its existing operations.

The Company determined the fair value of its goodwill and gaming license as of October 1, 2015 utilizing the forecasted cash flow methods described above and compared these values to the carrying value of the assets on its balance sheet. In determining the fair value of each asset, the Company incorporated recent operating trends of both TRS properties, as well as the continued impact of the opening of the Horseshoe Casino Baltimore in August 2014 and the expected impact of the anticipated opening of new casino in Prince George's County during the fourth quarter of 2016 on Hollywood Casino Perryville into its current year projections. After consideration of these facts, the fair value of both assets exceeded their carrying amount, and as of October 1, 2015, the Company's goodwill and gaming license were not impaired.

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 over the contractual term of the underlying indebtedness. During 2015, the Company early adopted ASU 2015-03 on a retrospective basis, which requires long-term debt to be reported net of unamortized debt issuance costs on the consolidated balance sheet. See Note 3 for further information on the adoption of ASU 2015-03.

Comprehensive Income

Comprehensive income includes net income and all other non-owner changes in shareholders’ equity during a period. The Company did not have any non-owner changes in shareholders’ equity for the three years ended December 31, 2015 and comprehensive income for the three years ended December 31, 2015 was equivalent to net income for those time periods.

Income Taxes

The TRS Properties are able to engage in activities resulting in income that would not be qualifying income for a REIT. As a result, certain activities of the Company which occur within its TRS Properties are subject to federal and state income taxes.

The Company accounts for income taxes in accordance with ASC 740, "Income Taxes" ("ASC 740"). Under 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 that some portion or all of the deferred tax assets will not be realized. The realizability of the deferred tax assets is evaluated by assessing the valuation allowance and by adjusting the amount of the allowance, if any, as necessary. The factors used to assess the likelihood of realization are the forecast of future taxable income.

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 derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company did not have any uncertain tax positions for the three years ended December 31, 2015.

The Company is required under ASC 740 to disclose its accounting policy for classifying interest and penalties, the amount of interest and penalties charged to expense each period, as well as the cumulative amounts recorded in the consolidated balance sheets. If and when they occur, the Company will classify any income tax-related penalties and interest accrued related to unrecognized tax benefits in taxes on income within the consolidated statements of income. During the years ended December 31, 2015 and 2014, the Company recognized $59 thousand and $18 thousand of penalties and interest, net of deferred income taxes, respectively. During the year ended December 31, 2013, the Company did not recognize any interest and penalties, net of deferred income taxes.

The Company elected on its U.S. federal income tax return for its taxable year beginning on January 1, 2014 to be treated as a REIT and the Company, together with an indirect wholly-owned subsidiary of the Company, GLP Holdings, Inc., jointly elected to treat each of GLP Holdings, Inc., Louisiana Casino Cruises, Inc. and Penn Cecil Maryland, Inc. as a "taxable REIT subsidiary" effective on the first day of the first taxable year of GLPI as a REIT. The Company continues to be organized and to operate in a manner that will permit the Company to qualify as a REIT. To qualify as a REIT, the Company must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of its annual REIT taxable income to shareholders. As a REIT, the Company generally will not be subject to federal income tax on income that it distributes as dividends to its shareholders. If the Company fails to qualify as a REIT in any taxable year, it will be subject to U.S. federal income tax, including any applicable alternative minimum tax, on its taxable income at regular corporate income tax rates, and dividends paid to its shareholders would not be deductible by the Company in computing taxable income. Any resulting corporate liability could be substantial and could materially and adversely affect the Company's net income and net cash available for distribution to shareholders. Unless the Company was entitled to relief under certain Internal Revenue Code provisions, the Company also would be disqualified from re-electing to be taxed as a REIT for the 4 taxable years following the year in which it failed to qualify to be taxed as a REIT.

Revenue Recognition and Promotional Allowances

The Company recognizes rental revenue from tenants, including rental abatements, lease incentives and contractually fixed increases attributable to operating leases, on a straight-line basis over the term of the related leases when collectability is reasonably assured. Additionally, percentage rent that is fixed and determinable at the lease inception date is recorded on a straight-line basis over the lease term, resulting in the recognition of deferred rental revenue on the Company’s consolidated balance sheets. Deferred rental revenue is amortized to rental revenue on a straight-line basis over the remainder of the lease term. The lease term includes the initial non-cancelable lease term and any reasonably assured renewable periods. Contingent rental income that is not fixed and determinable at lease inception is recognized only when the lessee achieves the specified target. Recognition of rental income commences when control of the facility has been transferred to the tenant.

The Company determined, based on facts and circumstances prevailing at the time of each lease's inception, that neither Penn nor Casino Queen could effectively operate and run their respective business without the properties that are leased to it under the respective lease agreements with GLPI. Furthermore, at lease inception, all of Casino Queen's revenues and substantially all of Penn's revenues were generated from operations in connection with the leased properties. There are also various legal restrictions in the jurisdictions in which Penn and Casino Queen operate that limit the availability and location of gaming facilities, which makes relocation or replacement of the leased gaming facilities restrictive and potentially impracticable or unavailable. Moreover, under the terms of the Penn Master Lease, Penn must make its renewal election with respect to all of the leased property together; the tenant is not entitled to selectively renew certain of the leased property while not renewing other property. Accordingly, the Company concluded that failure by Penn or Casino Queen to renew the lease would impose a significant penalty on such tenant such that renewal of all lease renewal options appears at lease inception to be reasonably assured. Therefore, the Company concluded that the term of the leases with both Penn and Casino Queen is 35 years, equal to the initial 15 year term plus all four of the 5 year renewal options.

As of December 31, 2015, all but one of the Company’s real estate investment properties were leased to a subsidiary of Penn under the Penn Master Lease. The obligations under the Penn Master Lease are guaranteed by Penn and by most Penn subsidiaries that occupy and operate the facilities leased under the Penn Master Lease. A default by Penn or its subsidiaries with regard to any facility will cause a default with regard to the Penn Master Lease. In January 2014, GLPI completed the asset acquisition of Casino Queen in East St. Louis, Illinois. GLPI subsequently leased the property back to Casino Queen on a triple-net basis on terms similar to those in the Penn Master Lease.

The rent structure under the Penn Master Lease includes a fixed component, a portion of which is subject to an annual 2% escalator if certain rent coverage ratio thresholds are met, and a component that is based on the performance of the facilities, which is adjusted, subject to certain floors (i) every five years by an amount equal to 4% of the average change to net revenues of all facilities under the Penn Master Lease (other than Hollywood Casino Columbus and Hollywood Casino Toledo) during the preceding five years, and (ii) monthly by an amount equal to 20% of the change in net revenues of Hollywood Casino Columbus and Hollywood Casino Toledo during the preceding month. In addition to rent, all properties under the Penn Master Lease are required to pay the following: (1) all facility maintenance, (2) all insurance required in connection with the leased properties and the business conducted on the leased properties, (3) taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor) and (4) all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties.

The rent structure under the Casino Queen lease also includes a fixed component, a portion of which is subject to an annual 2% escalator if certain rent coverage ratio thresholds are met, and a component that is based on the performance of the facility, which is reset every five years to a fixed amount equal to the greater of (i) the annual amount of non-fixed rent applicable for the lease year immediately preceding such rent reset year and (ii) an amount equal to 4% of the average annual net revenues of the facility for the trailing five year period. Similar to Penn Master Lease, the tenant is responsible for all executory charges described in the above paragraph.

As of December 31, 2015, the future minimum rental income from the Company's properties under non-cancelable operating leases, including any reasonably assured rental periods, was as follows (in thousands):

Year ending December 31,		
2016	$	354,928
2017		355,428
2018		357,949
2019		370,553
2020		370,553
Thereafter		10,326,873
Total	$	12,136,284

For the years ended December 31, 2015, 2014 and 2013, GLPI recognized $43.5 million, $40.5 million and $6.7 million, respectively, in contingent rental income from Hollywood Casino Columbus and Hollywood Casino Toledo related to clause (ii) in the paragraph above. The expected future minimum rental income from these properties, as well as the portion of the rent based on the performance of the other facilities under the Penn Master Lease that is reset in Year 5 (November 1, 2018) of the lease are excluded from the table above as they are considered contingent rental income under ASC 840 "Leases." Furthermore, during the years ended December 31, 2015 and 2014, the Company recognized $4.0 million and $0.5 million, respectively of rental income related to the annual 2% rent escalator noted above. The rent escalator was fully activated in November 2015 and partially activated in November 2014. Any anticipated future rent escalations are also excluded from the table above.

Additionally, in accordance with ASC 605, "Revenue Recognition," the Company records revenue for the real estate taxes paid by its tenants on the leased properties with an offsetting expense in real estate taxes within the consolidated statement of income as the Company has concluded it is the primary obligor.

Gaming revenue generated by the TRS Properties mainly consists of video lottery gaming revenue and to a lesser extent, table game and poker revenue. Video lottery gaming revenue is the aggregate net difference between gaming wins and losses with liabilities recognized for funds deposited by customers before gaming play occurs, for "ticket-in, ticket-out" coupons in the customers' possession, and for accruals related to the anticipated payout of progressive jackpots. Progressive slot machines, which contain base jackpots that increase at a progressive rate based on the number of coins played, are charged to revenue as the amount of the jackpots increase. Table game gaming revenue is the aggregate of table drop adjusted for the change in aggregate table chip inventory. Table drop is the total dollar amount of the currency, coins, chips, tokens, outstanding counter checks (markers), and front money that are removed from the live gaming tables. Additionally, food and beverage revenue is recognized as services are performed.

The following table discloses the components of gaming revenue within the consolidated statements of income for the years ended December 31, 2015, 2014 and 2013:

	Year Ended December 31,		
	2015	2014	2013
	(in thousands)		
Video lottery	$ 122,292	$ 127,572	$ 138,803
Table game	18,799	19,120	18,096
Poker	1,219	1,591	2,453
Total gaming revenue, net of cash incentives	$ 142,310	$ 148,283	$ 159,352

Gaming revenue is recognized net of certain sales incentives in accordance with ASC 605-50, "Revenue Recognition— Customer Payments and Incentives." The Company records certain sales incentives and points earned in point-loyalty programs as a reduction of revenue.

The retail value of food and beverage and other services furnished to guests without charge is included in gross revenues and then deducted as promotional allowances. The amounts included in promotional allowances for the years ended December 31, 2015, 2014 and 2013 are as follows:

	Year Ended December 31,		
	2015	2014	2013
	(in thousands)		
Food and beverage	$ 5,512	$ 5,732	$ 5,970
Other	83	41	167
Total promotional allowances	$ 5,595	$ 5,773	$ 6,137

The estimated cost of providing such complimentary services, which is primarily included in food, beverage, and other expense, for the years ended December 31, 2015, 2014 and 2013 are as follows:

	Year Ended December 31,		
	2015	2014	2013
	(in thousands)		
Food and beverage	$ 2,343	$ 2,766	$ 2,907
Other	38	15	86
Total cost of complimentary services	$ 2,381	$ 2,781	$ 2,993

Gaming and Admission Taxes

For the TRS Properties, the Company is subject to gaming and admission taxes based on gross gaming revenues in the jurisdictions in which it operates. The Company primarily recognizes gaming tax expense based on the statutorily required percentage of revenue that is required to be paid to state and local jurisdictions in the states where wagering occurs. At Hollywood Casino Baton Rouge, the gaming and admission tax is based on graduated tax rates. At Hollywood Casino Perryville the gaming tax rate is flat. The Company records gaming and admission taxes at the Company's estimated effective gaming tax rate for the year, considering estimated taxable gaming revenue and the applicable rates. Such estimates are adjusted each interim period. If gaming and admission tax rates change during the year, such changes are applied prospectively in the determination of gaming tax expense in future interim periods. For the three years ended December 31, 2015, these expenses, which are primarily recorded within gaming expense in the consolidated statements of income, totaled $60.1 million, $66.8 million and $71.6 million, respectively.

Earnings Per Share

The Company calculates earnings per share ("EPS") in accordance with ASC 260, "Earnings Per Share." Basic EPS is computed by dividing net income applicable to common stock by the weighted-average number of common shares outstanding during the period, excluding net income attributable to participating securities (unvested restricted stock awards). Diluted EPS reflects the additional dilution for all potentially-dilutive securities such as stock options, unvested restricted shares and unvested performance-based restricted shares.

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, 2015, 2014 and 2013 (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Determination of shares:			
Weighted-average common shares outstanding	114,432	112,037	110,617
Assumed conversion of dilutive employee stock-based awards	3,755	5,340	4,924
Assumed conversion of restricted stock	170	209	324
Assumed conversion of performance-based restricted stock awards	82	—	—
Diluted weighted-average common shares outstanding	118,439	117,586	115,865

The following table presents the calculation of basic and diluted EPS for the Company's common stock for the years ended December 31, 2015, 2014 and 2013:

	Year Ended December 31,		
	2015	2014	2013
Calculation of basic EPS:			
Net income	$ 128,122	$ 138,807	$ 14,853
Less: Net income allocated to participating securities	(517)	(578)	(56)
Net income attributable to common shareholders	$ 127,605	$ 138,229	$ 14,797
Weighted-average common shares outstanding	114,432	112,037	110,617
Basic EPS	$ 1.12	$ 1.23	$ 0.13
Calculation of diluted EPS:			
Net income	$ 128,122	$ 138,807	$ 14,853
Diluted weighted-average common shares outstanding	118,439	117,586	115,865
Diluted EPS	$ 1.08	$ 1.18	$ 0.13

Options to purchase 24,233 and 17,917 shares were outstanding during the years ended December 31, 2015 and 2014 but were not included in the computation of diluted EPS because of being antidilutive. There were no outstanding options to purchase shares of common stock during the year ended December 31, 2013 that were not included in the computation of diluted EPS because of being antidilutive.

Stock-Based Compensation

The Company's 2013 Long Term Incentive Compensation Plan (the "2013 Plan") provides for the Company to issue stock options (incentive and/or non-qualified), restricted stock awards, including performance-based restricted stock awards, phantom stock units ("PSUs") and other equity or cash based awards to employees. Any director, employee or consultant shall be eligible to receive such awards.

The Company accounts for stock compensation under ASC 718, "Compensation - Stock Compensation," which requires the Company to expense the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. This expense is recognized ratably over the requisite service period following the date of grant. The fair value for stock options is estimated at the date of grant using the Black-Scholes option-pricing model. The fair value of the Company's time-based restricted stock awards is equivalent to the closing stock price on the day of grant. The Company utilizes a third party valuation firm to measure the fair value of performance-based restricted stock awards at grant date using the Monte Carlo model.

Additionally, the cash-settled PSUs entitle employees to receive cash based on the fair value of the Company’s common stock on the vesting date. These PSUs 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 in accordance with ASC 718-30, "Compensation-Stock Compensation, Awards Classified as Liabilities."

In connection with the Spin-Off, each outstanding option with respect to Penn common stock outstanding on the distribution date was converted into two awards, an adjusted Penn option and a GLPI option. The adjustment preserved the aggregate intrinsic value of the options. Additionally, in connection with the Spin-Off, holders of outstanding restricted stock and PSUs with respect to Penn common stock became entitled to an additional share of restricted stock or PSU with respect to GLPI common stock for each share of Penn restricted stock or PSU held.

The adjusted options, as well as the restricted stock awards and PSUs, otherwise remain subject to their original terms, except that for purposes of the adjusted Penn awards (including in determining exercisability and the post-termination exercise period), continued service with GLPI following the distribution date shall be deemed continued service with Penn; and for purposes of the GLPI awards (including in determining exercisability and the post-termination exercise period), continued service with Penn following the distribution date shall be deemed continued service with GLPI.

The unrecognized compensation relating to both Penn and GLPI’s stock options, restricted stock awards, performance-based restricted stock awards and PSUs held by GLPI employees will be amortized to expense over the awards’ remaining vesting periods.

See Note 12 for further information related to the stock-based compensation.

Segment Information

Consistent with how the Company’s Chief Operating Decision Maker reviews and assesses the Company’s financial performance, the Company has two reportable segments, GLP Capital, L.P. (a wholly-owned subsidiary of GLPI through which GLPI owns substantially all of its real estate assets) ("GLP Capital") and the TRS Properties. The GLP Capital reportable segment consists of the leased real property and represents the majority of the Company’s business. The TRS Properties reportable segment consists of Hollywood Casino Perryville and Hollywood Casino Baton Rouge. See Note 13 for further information with respect to the Company’s segments.

Statements of Cash Flows

The Company has presented the consolidated statements of cash flows using the indirect method, which involves the reconciliation of net income to net cash flow from operating activities.

Certain Risks and Uncertainties

The Company is dependent on Penn (including its subsidiaries), who is the lessee of substantially all of the Company's properties pursuant to the Penn Master Lease and accounts for a significant portion of its revenues. The inability or unwillingness of Penn to meet its subsidiary's rent obligations and other obligations under the Penn Master Lease could materially adversely affect the Company's business, financial position or results of operations, including the Company's ability to pay dividends to its shareholders as required to maintain its status as a REIT. For these reasons, if Penn were to experience a material adverse effect on its gaming business, financial position or results of operations, the Company's business, financial position or results of operations could also be materially adversely affected.

The Company's operations are also dependent on its continued licensing by state gaming commissions of its gaming tenants and operators. The loss of a license could have an adverse effect on future results of operations. Additionally, the Company is dependent on the local market in which its gaming tenants and operators operate for a significant number of its patrons and revenues. If economic conditions in these areas deteriorate or additional gaming licenses are awarded in these markets, the Company's results of operations could be adversely affected. Furthermore, the Company is dependent upon a stable gaming tax structure in the locations that its gaming tenants and operators operate in. Any change in the tax structure could have an adverse effect on future results of operations.

5. Acquisitions

In January 2014, the Company completed the asset acquisition of the real property associated with the Casino Queen in East St. Louis, Illinois for $140.7 million, including transaction fees of $0.7 million. Simultaneously with the acquisition, GLPI also provided Casino Queen with a $43.0 million, five year term loan at 7% interest, pre-payable at any time, which, together with the sale proceeds, completely refinanced and retired all of Casino Queen’s outstanding long-term debt obligations. Since March 31, 2015, Casino Queen has been obligated to make mandatory principal payments on the loan on the last day of each calendar year quarter equal to 1.25% of the original loan balance. As of December 31, 2015, these mandatory principal payments, as well as additional principal payments have reduced the balance of this loan to $29.4 million. The collectability of the remaining loan balance is reasonably assured and as of December 31, 2015 the obligor has made all mandatory principal and interest payments in full and on time and paid down additional principal toward the loan. The loan balance is recorded at carrying value which approximates fair value. Interest income related to the loan is recorded in interest income within the Company's consolidated statement of income in the period earned. GLPI leased the property back to Casino Queen on a triple-net basis on terms similar to those in the Penn Master Lease and receives approximately $14.0 million in annual rent. The lease has an initial term of 15 years, and the tenant has an option to renew it at the same terms and conditions for four successive five year periods.

6. Real Estate Investments

Real estate investments, net, represents investments in 19 rental properties and the corporate headquarters building and is summarized as follows:

	December 31, 2015	December 31, 2014
	(in thousands)	
Land and improvements	$ 453,739	$ 454,181
Building and improvements	2,297,128	2,288,664
Construction in progress	—	2,576
Total real estate investments	2,750,867	2,745,421
Less accumulated depreciation	(660,808)	(565,297)
Real estate investments, net	$ 2,090,059	$ 2,180,124

The increase in building and improvements and corresponding decrease in construction in progress represents the placement of the Company's investment in its corporate headquarters building located in Wyomissing, Pennsylvania into service during the year ended December 31, 2015. The company relocated to the new corporate headquarters at the beginning of the fourth quarter of 2015.

7. Property and Equipment Used in Operations

Property and equipment used in operations, net, consists of the following and primarily represents the assets utilized in the TRS Properties

	December 31, 2015	December 31, 2014
	(in thousands)	
Land and improvements	$ 31,187	$ 31,595
Building and improvements	117,314	116,867
Furniture, fixtures, and equipment	112,227	103,612
Construction in progress	354	724
Total property and equipment	261,082	252,798
Less accumulated depreciation	(131,335)	(118,770)
Property and equipment, net	$ 129,747	$ 134,028

The increase in furniture, fixtures, and equipment is primarily due to the purchase of slot machines at Hollywood Casino Perryville, totaling approximately $6.2 million for year ended December 31, 2015.

8. Long-term Debt

Long-term debt, net of current maturities and unamortized debt issuance costs is as follows:

	December 31, 2015	December 31, 2014
	(in thousands)	
Senior unsecured credit facility	$ 490,000	$ 558,000
$550 million 4.375% senior unsecured notes due November 2018	550,000	550,000
$1,000 million 4.875% senior unsecured notes due November 2020	1,000,000	1,000,000
$500 million 5.375% senior unsecured notes due November 2023	500,000	500,000
Capital lease	1,389	1,487
Total long-term debt	2,541,389	2,609,487
Less: unamortized debt issuance costs	(31,048)	(39,126)
Total long-term debt, net of unamortized debt issuance costs	2,510,341	2,570,361
Less current maturities of long-term debt	(102)	(81)
Long-term debt, net of current maturities and unamortized debt issuance costs	$ 2,510,239	$ 2,570,280

The following is a schedule of future minimum repayments of long-term debt as of December 31, 2015 (in thousands):

2016	$ 102
2017	107
2018	1,040,113
2019	1,000,118
2020	124
Over 5 years	500,825
Total minimum payments	$ 2,541,389

Senior Unsecured Credit Facility

The Company has a one billion dollar senior unsecured credit facility (the "Credit Facility"), consisting of a $700 million revolving credit facility and a $300 million Term Loan A facility. On July 31, 2015, in connection with the announced Pinnacle acquisition, the Company entered into the first amendment to the Credit Facility, which permits the Company to borrow an additional $825 million under a Term Loan A-1 facility. At December 31, 2015, the Company had no borrowings outstanding under the Term Loan A-1 facility.

The interest rates payable on the loans are, at the Company's option, equal to either a LIBOR rate or a base rate plus an applicable margin, which ranges from 1.0% to 2.0% per annum for LIBOR loans and 0.0% to 1.0% per annum for base rate loans, in each case, depending on the credit ratings assigned to the Credit Facility. At December 31, 2015, the applicable margin was 1.50% for LIBOR loans and 0.50% for base rate loans. In addition, the Company is required to pay a commitment fee on the unused portion of the commitments under the revolving facility at a rate that ranges from 0.15% to 0.35% per annum, depending on the credit ratings assigned to the Credit Facility. At December 31, 2015, the commitment fee rate was 0.25%. The Company is not required to repay any loans under the Credit Facility prior to maturity on October 28, 2018 and may prepay all or any portion of the loans under the Credit Facility prior to maturity without premium or penalty, subject to reimbursement of any LIBOR breakage costs of the lenders. The Company's wholly owned subsidiary, GLP Capital is the primary obligor under the Credit Facility, which is guaranteed by GLPI.

At December 31, 2015, the Credit Facility had a gross outstanding balance of $490 million, consisting of the $300 million Term Loan A facility and $190 million of borrowings under the revolving credit facility. Additionally, at December 31, 2015, the Company was contingently obligated under letters of credit issued pursuant to the senior unsecured credit facility with face amounts aggregating approximately $0.9 million, resulting in $509.1 million of available borrowing capacity under the revolving credit facility as of December 31, 2015.

The Credit Facility contains customary covenants that, among other things, restrict, subject to certain exceptions, the ability of GLPI and its subsidiaries to grant liens on their assets, incur indebtedness, sell assets, make investments, engage in acquisitions, mergers or consolidations or pay certain dividends and other restricted payments. The Credit Facility contains the following financial covenants, which are measured quarterly on a trailing four-quarter basis: a maximum total debt to total asset value ratio, a maximum senior secured debt to total asset value ratio, a maximum ratio of certain recourse debt to unencumbered asset value and a minimum fixed charge coverage ratio. In addition, GLPI is required to maintain a minimum tangible net worth and its status as a REIT on and after the effective date of its election to be treated as a REIT, which the Company elected on its 2014 U.S. federal income tax return. GLPI is permitted to pay dividends to its shareholders as may be required in order to maintain REIT status, subject to the absence of payment or bankruptcy defaults. GLPI is also permitted to make other dividends and distributions subject to pro forma compliance with the financial covenants and the absence of defaults. The Credit Facility also contains certain customary affirmative covenants and events of default, including the occurrence of a change of control and termination of the Penn Master Lease (subject to certain replacement rights). The occurrence and continuance of an event of default under the Credit Facility will enable the lenders under the Credit Facility to accelerate the loans and terminate the commitments thereunder. At December 31, 2015, the Company was in compliance with all required covenants under the Credit Facility.

Senior Unsecured Notes

At December 31, 2015, the Company had $550 million outstanding of 4.375% senior unsecured notes maturing on November 1, 2018 (the "2018 Notes"), $1,000 million outstanding of 4.875% senior unsecured notes maturing on November 1, 2020 (the "2020 Notes") and $500 million outstanding of 5.375% senior unsecured notes maturing on November 1, 2023 (the "2023 Notes"). Interest on each of the 2018 Notes, 2020 Notes and 2023 Notes, (collectively the "Notes") is payable semi-annually on May 1 and November 1 of each year.

The Company may redeem the Notes of any series at any time, and from time to time, at a redemption price of 100% of the principal amount of the Notes redeemed, plus a "make-whole" redemption premium described in the indenture governing the Notes, together with accrued and unpaid interest to, but not including, the redemption date, except that if Notes of a series are redeemed 90 or fewer days prior to their maturity, the redemption price will be 100% of the principal amount of the Notes redeemed, together with accrued and unpaid interest to, but not including, the redemption date. If GLPI experiences a change of control accompanied by a decline in the credit rating of the Notes of a particular series, the Company will be required to give holders of the Notes of such series the opportunity to sell their Notes of such series at a price equal to 101% of the principal amount of the Notes of such series, together with accrued and unpaid interest to, but not including, the repurchase date. The Notes also are subject to mandatory redemption requirements imposed by gaming laws and regulations.

The Notes were issued by GLP Capital, L.P. and GLP Financing II, Inc., (the "Issuers") two wholly-owned subsidiaries of GLPI and are guaranteed on a senior unsecured basis by GLPI. The guarantees of GLPI are full and unconditional. The Notes are the Issuers' senior unsecured obligations and rank *pari passu* in right of payment with all of the Issuers' senior indebtedness, including the Credit Facility, and senior in right of payment to all of the Issuers' subordinated indebtedness, without giving effect to collateral arrangements. See Note 18 for additional financial information on the parent guarantor and subsidiary issuers of the Notes.

The Notes contain covenants limiting the Company’s ability to: incur additional debt and use its assets to secure debt; merge or consolidate with another company; and make certain amendments to the Penn Master Lease. The Notes also require the Company to maintain a specified ratio of unencumbered assets to unsecured debt. These covenants are subject to a number of important and significant limitations, qualifications and exceptions.

At December 31, 2015, the Company was in compliance with all required covenants under the Notes.

Capital Lease

The Company assumed the capital lease obligation related to certain assets at its Aurora, Illinois property. GLPI recorded the asset and liability associated with the capital lease on its balance sheet. The original term of the capital lease was 30 years and it will terminate in 2026.

Bridge Facility

Also in connection with the announced Pinnacle transaction, the Company entered into an amended and restated commitment letter dated July 31, 2015 (the "GLPI Commitment Letter") with JPMorgan Chase Bank, N.A., Bank of America, N.A., Fifth Third Bank, Manufacturers and Traders Trust Company, Wells Fargo Bank, National Association, UBS AG, Stamford Branch, Credit Agricole Corporate and Investment Bank, Suntrust Bank, Nomura Securities International, Inc., Citizens Bank, National Association, Barclays and certain of their affiliates (collectively, the "GLPI Commitment Parties") to provide debt financing in connection with the transaction. Pursuant to the GLPI Commitment Letter, the GLPI Commitment Parties have committed to provide a $1.875 billion senior unsecured 364-day term loan bridge facility (the "GLPI Bridge Facility"). Currently, the Company expects to raise the proceeds necessary to finance the Pinnacle transaction through a combination of debt and equity offerings and does not expect to utilize the GLPI Bridge Facility. However, there can be no assurance that the Company will be able to raise sufficient funds through an equity and/or debt offering.

9. Commitments and Contingencies

Litigation

Pursuant to a Separation and Distribution Agreement between Penn and GLPI, any liability arising from or relating to legal proceedings involving the businesses and operations of Penn’s real property holdings prior to the Spin-Off (other than any liability arising from or relating to legal proceedings where the dispute arises from the operation or ownership of the TRS Properties) will be retained by Penn, and Penn will indemnify GLPI (and its subsidiaries, directors, officers, employees and agents and certain other related parties) against any losses it may incur arising from or relating to such legal proceedings. There can be no assurance that Penn will be able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from Penn any amounts for which we are liable, we may be temporarily required to bear those losses.

The Company is subject to various legal and administrative proceedings relating to personal injuries, employment matters, commercial transactions, and other matters arising in the normal course of business. The Company does not believe that the final outcome of these matters will have a material adverse effect on the Company’s consolidated financial position or results of operations. In addition, the Company maintains what it believes is adequate insurance coverage to further mitigate the risks of such proceedings. However, such proceedings can be costly, time consuming, and unpredictable and, therefore, no assurance can be given that the final outcome of such proceedings may not materially impact the Company’s financial condition or results of operations. Further, no assurance can be given that the amount or scope of existing insurance coverage will be sufficient to cover losses arising from such matters.

Operating Lease Commitments

As part of the Spin-Off, Penn assigned to GLPI various leases on the land and buildings acquired in connection with the Spin-Off. The following is a description of some of the more significant lease contracts that Penn assigned to GLPI. Total rental expense under these agreements was $2.8 million, $2.8 million and $0.4 million for the years ended December 31, 2015, 2014 and 2013 (which covers the period subsequent to the Spin-Off date). The leases consist of annual base lease payments and, in some instances, a percentage rent based on a percent of adjusted gaming wins, as described in the respective leases.

The Company has an operating lease for the land utilized in connection with the operations of the casino in Biloxi, Mississippi. The lease commenced March 3, 1994 and is for a term of 99 years. The annual rental payments are increased every 5 years by fifteen percent. The next reset period is in March 2019.

The Company has an operating lease for the land utilized in connection with the operations of the casino in Tunica, Mississippi. The lease commenced on October 11, 1993 with a five year initial term and nine five year renewals at the tenant's option. The lease agreement has an annual fixed rent provision, as well as an annual revenue-sharing provision, which is equal to the result obtained by subtracting the fixed rent provision from 4% of gross revenues.

The Company has an operating lease with the City of Bangor which covers the permanent casino facility that opened on July 1, 2008. Under the lease agreement, there is a fixed rent provision, for which GLPI is responsible, which totals $0.1 million per year. The term of the lease, which commenced with the opening of the permanent facility, is for an initial term of fifteen years, with three ten-year renewal options.

In addition, the Company is liable under numerous operating leases for equipment and other miscellaneous assets, which expire at various dates through 2019.

The future minimum lease commitments relating to noncancelable operating leases at December 31, 2015 are as follows (in thousands):

Year ending December 31, (1)	
2016	$ 1,565
2017	1,540
2018	1,538
2019	1,096
2020	461
Thereafter	43,891
Total	$ 50,091

(1) The above table excludes contingent rent in accordance with ASC 840.

Total rental expense for equipment and other miscellaneous assets under these agreements was $2.6 million, $1.2 million and $1.4 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Capital Expenditure Commitments

The Company's current construction program for 2016 calls for no material capital expenditures for which the Company was contractually committed to spend at December 31, 2015.

Purchase Obligations

The Company has obligations to purchase various goods and services totaling $0.7 million at December 31, 2015, of which $0.5 million will be incurred in 2016.

Employee Benefit Plans

The Company maintains a defined contribution plan under the provisions of Section 401(k) of the Internal Revenue Code of 1986, as amended, which covers all eligible employees. The plan enables participating employees to defer a portion of their salary and/or their annual bonus in a retirement fund to be administered by the Company. The Company makes a discretionary match contribution of 50% of employees' elective salary deferrals, up to a maximum of 6% of eligible employee compensation. The matching contributions for the defined contribution plan for the years ended December 31, 2015, 2014 and 2013 were $0.3 million, $0.3 million, and $0.2 million, respectively.

The Company maintains a non-qualified deferred compensation plan that covers most management and other highly-compensated employees. The 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 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 non-qualified deferred compensation plan for the years ended December 31, 2015, 2014 and 2013 were $0.5 million, $0.4 million and $0.3 million, respectively. The Company's deferred compensation liability, which was included in other current liabilities within the consolidated balance sheet, was $14.9 million and $14.4 million at December 31, 2015 and 2014, respectively and primarily relates to balances contributed as part of the Spin-Off as related to the Company's executive officers that were previously employed by Penn. Assets held in the Trust were $14.8 million and $14.3 million at December 31, 2015 and 2014, respectively, and are included in other current assets within the consolidated balance sheet.

Labor Agreements

Some of Hollywood Casino Perryville's employees are currently represented by labor unions. The Seafarers Entertainment and Allied Trade Union represents 208 of Hollywood Casino Perryville's employees under an agreement that expires in February 2020. Additionally, Local No. 27 United Food and Commercial Workers and United Industrial Service Transportation Professional and Government Workers of North America represent certain employees under collective bargaining agreements that expire in 2020, neither of which represents more than 50 of Hollywood Casino Perryville's employees. If the Company fails to renew or modify existing agreements on satisfactory terms, this failure could have a material adverse effect on Hollywood Casino Perryville's business, financial condition and results of operations. There can be no assurance that Hollywood Casino Perryville will be able to maintain these agreements.

10. Income Taxes

The Company elected on its U.S. federal income tax return for its taxable year beginning on January 1, 2014 to be treated as a REIT. The benefits of the intended REIT conversion on the Company's tax provision and effective income tax rate are reflected in the tables below. Deferred tax assets and liabilities are provided for the effects of temporary differences between the tax basis of an asset or liability and its reported amount in the consolidated balance sheets. These temporary differences result in taxable or deductible amounts in future years. The components of the Company's deferred tax assets and liabilities, related to its TRS, are as follows:

Year ended December 31,	2015	2014
	(in thousands)	
Deferred tax assets:		
Accrued expenses	$ 2,125	$ 2,015
Property and equipment	4,414	679
Net deferred tax assets	6,539	2,694
Deferred tax liabilities:		
Property and equipment	(2,959)	(336)
Intangibles	(1,365)	(1,107)
Net deferred tax liabilities	(4,324)	(1,443)
Net:	$ 2,215	$ 1,251

The provision for income taxes charged to operations for years ended December 31, 2015, 2014 and 2013 was as follows:

Year ended December 31,	2015	2014	2013
		(in thousands)	
Current tax expense			
Federal	$ 4,945	$ 6,115	$ 17,729
State	3,310	2,303	3,513
Total current	8,255	8,418	21,242
Deferred tax (benefit) expense			
Federal	(533)	(2,680)	(7,624)
State	(280)	(625)	1,978
Total deferred	(813)	(3,305)	(5,646)
Total provision	$ 7,442	$ 5,113	$ 15,596

The following tables reconcile the statutory federal income tax rate to the actual effective income tax rate for the years ended December 31, 2015, 2014 and 2013:

Year ended December 31,	2015	2014	2013
Percent of pretax income			
U.S. federal statutory income tax rate	35.0 %	35.0 %	35.0 %
State and local income taxes	1.3 %	0.7 %	12.6 %
Nondeductible transaction costs	— %	— %	9.2 %
REIT conversion benefit	(31.3)%	(31.8)%	(4.3)%
Permanent differences	— %	— %	(0.9)%
Other miscellaneous items	0.5 %	(0.3)%	(0.4)%
	5.5 %	3.6 %	51.2 %

Year ended December 31,	2015	2014	2013
		(in thousands)	
Amount based upon pretax income			
U.S. federal statutory income tax	$ 47,447	$ 50,372	$ 10,657
State and local income taxes	1,702	964	3,840
Nondeductible transaction costs	—	—	2,793
REIT conversion benefit	(42,438)	(45,777)	(1,322)
Permanent differences	61	52	(268)
Other miscellaneous items	670	(498)	(104)
	$ 7,442	$ 5,113	$ 15,596

The Company is still subject to federal income tax examinations for its years ended December 31, 2015, 2014 and 2013.

11. Dividends

The following table lists the regular dividends declared and paid by the Company during the years ended December 31, 2015 and 2014:

Declaration Date	Shareholder Record Date	Securities Class	Dividend Per Share	Period Covered	Distribution Date	Dividend Amount
						(in thousands)
2015						
February 3, 2015	March 10, 2015	Common Stock	$ 0.545	First Quarter 2015	March 27, 2015	$ 62,072
May 1, 2015	June 11, 2015	Common Stock	$ 0.545	Second Quarter 2015	June 26, 2015	$ 62,348
July 30, 2015	September 14, 2015	Common Stock	$ 0.545	Third Quarter 2015	September 25, 2015	$ 62,456
October 28, 2015	December 1, 2015	Common Stock	$ 0.545	Fourth Quarter 2015	December 18, 2015	$ 62,814
2014						
February 18, 2014	March 7, 2014	Common Stock	$ 0.52	First Quarter 2014	March 28, 2014	$ 58,008
May 30, 2014	June 12, 2014	Common Stock	$ 0.52	Second Quarter 2014	June 27, 2014	$ 58,207
September 3, 2014	September 15, 2014	Common Stock	$ 0.52	Third Quarter 2014	September 26, 2014	$ 58,464
November 18, 2014	December 2, 2014	Common Stock	$ 0.92	Fourth Quarter 2014	December 19, 2014	$ 103,712

In addition for the years ended December 31, 2015 and 2014, dividend payments were made to or accrued for GLPI restricted stock award holders and for both GLPI and Penn unvested employee stock options in the amount of $2.0 million and $4.0 million, respectively.

Additionally, on February 18, 2014, GLPI made the Purging Distribution, which totaled $1.05 billion and was comprised of cash and GLPI common stock, to distribute the accumulated earnings and profits related to the real property assets and attributable to any pre-REIT years, including any earnings and profits allocated to GLPI in connection with the Spin-Off. Shareholders were given the option to elect either an all-cash or all-stock dividend, subject to a total cash limitation of $210.0 million. Of the 88,691,827 shares of common stock outstanding on the record date, approximately 54.3% elected the cash distribution and approximately 45.7% elected a stock distribution or made no election. Shareholders electing cash received $4.358049 plus 0.195747 additional GLPI shares per common share held on the record date. Shareholders electing stock or not making an election received 0.309784 additional GLPI shares per common share held on the record date. Stock dividends were paid based on the volume weighted average price for the three trading days ended February 13, 2014 of $38.2162 per share. Approximately 22.0 million shares were issued in connection with this dividend payment. In addition, cash distributions were made to GLPI and Penn employee restricted stock award holders in the amount of $1.0 million for the Purging Distribution.

Additionally, pursuant to the terms of a Pre-Filing Agreement with the IRS, on December 19, 2014, the Company made a one-time distribution of $37.0 million to shareholders in order to confirm the Company appropriately allocated its historical earnings and profits relative to the separation from Penn in response to the Pre-Filing Agreement requested from the Internal Revenue Service and to ensure that the Company had distributed 100% of its taxable income for the 2014 year. The total distribution of $0.92 per share was made to shareholders during the fourth quarter of 2014 and included a regular quarterly dividend of $0.52 per share and a one-time dividend of $0.40 per share. In addition, cash distributions were made to or accrued for both GLPI restricted stock award holders and GLPI and Penn unvested employee stock options in the amount of $0.7 million for the one-time distribution.

A summary of the Company's common stock distributions for the year ended December 31, 2015 and 2014 is as follows (unaudited):

	Year Ended December 31,	
	2015	2014
	(in dollars per share)	
Qualified dividends	$ 0.0698	$ 12.24
Non-qualified dividends	1.9462	1.90
Capital gains	0.0012	0.16
Non-taxable return of capital	0.1628	0.02
Total distributions per common share	$ 2.18	$ 14.32
Percentage classified as qualified dividends	3.21%	85.47%
Percentage classified as non-qualified dividends	89.45%	13.27%
Percentage classified as capital gains	—	1.12%
Percentage classified as non-taxable return of capital	7.34%	0.14%
	100.00%	100.00%

12. Stock-Based Compensation

As of December 31, 2015, the Company had 3,669,842 shares available for future issuance under the 2013 Long Term Incentive Compensation Plan (the "2013 Plan") that was approved by shareholders on October 23, 2013. The 2013 Plan provides for the Company to issue stock options (incentive and/or non-qualified), restricted stock awards, including performance-based restricted stock awards, phantom stock units and other equity or cash based awards to employees. Any director, employee or consultant shall be eligible to receive such awards.

In connection with the Spin-Off, each outstanding option with respect to Penn common stock outstanding on the distribution date was converted into two awards, an adjusted Penn option and a GLPI option. The adjustment preserved the aggregate intrinsic value of the options. Additionally, in connection with the Spin-Off, holders of outstanding restricted stock and PSUs with respect to Penn common stock became entitled to an additional share of restricted stock or PSU with respect to GLPI common stock for each share of Penn restricted stock or PSU held. These awards are not counted against the 2013 Plan limit mentioned above.

The adjusted options, as well as the restricted stock awards and PSUs, otherwise remain subject to their original terms, except that for purposes of the adjusted Penn awards (including in determining exercisability and the post-termination exercise period), continued service with GLPI following the distribution date shall be deemed continued service with Penn; and for purposes of the GLPI awards (including in determining exercisability and the post-termination exercise period), continued service with Penn following the distribution date shall be deemed continued service with GLPI.

The unrecognized compensation relating to both Penn and GLPI's stock options, restricted stock awards, performance-based restricted stock awards and PSUs held by GLPI employees will be amortized to expense over the awards' remaining vesting periods.

As of December 31, 2015, there was $21 thousand of total unrecognized compensation cost for stock options that will be recognized over the grants remaining weighted average vesting period of 0.01 years. For the years ended December 31, 2015, 2014 and 2013, the Company recognized $2.8 million, $5.8 million and $1.2 million, respectively of compensation expense associated with these awards. In addition, for the years ended December 31, 2015 and 2014, the Company also recognized $11.3 million and $15.3 million, respectively, of compensation expense relating to the $2.18 and $2.48, respectively, per share dividends paid on vested employee stock options.

The following tables contain information on stock options issued and outstanding for the year ended December 31, 2015 :

	Number of Option Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2014	11,161,842	$ 18.83		
Exercised	(3,206,692)	16.35		
Canceled	(28,084)	22.09		
Outstanding at December 31, 2015	7,927,066	$ 19.82	1.83	$ 63,210

	Exercise Price Range			Total
	$14.87 to $22.92	$23.02 to $34.81	$35.74 to $35.87	$14.87 to $35.87
Outstanding options				
Number outstanding	6,839,896	1,079,901	7,269	7,927,066
Weighted-average remaining contractual life (years)	1.95	1.06	1.67	1.83
Weighted-average exercise price	$ 19.07	$ 24.43	$ 35.81	$ 19.82
Exercisable options				
Number outstanding	6,421,414	1,076,597	7,269	7,505,280
Weighted-average exercise price	$ 18.88	$ 24.43	$ 35.81	$ 19.69

The Company had 7,505,280 stock options that were exercisable at December 31, 2015 with a weighted average exercise price of $19.69 which had an intrinsic value of $60.8 million and a weighted-average remaining contractual term of 1.76 years. The aggregate intrinsic value of stock options exercised for the years ended December 31, 2015, 2014 and 2013 was $47.8 million, $43.1 million and $1.3 million, respectively. The Company issues new authorized common shares to satisfy stock option exercises and restricted stock award releases.

As of December 31, 2015, there was $8.6 million of total unrecognized compensation cost for restricted stock awards that will be recognized over the grants remaining weighted average vesting period of 1.54 years. For the years ended December 31, 2015, 2014 and 2013, the Company recognized $5.9 million, $3.6 million and $0.4 million, respectively, of compensation expense associated with these awards. The total fair value of awards released for years ended December 31, 2015 and 2014, was $4.5 million and $4.9 million, respectively. During the year ended December 31, 2013, there were no awards released.

The following table contains information on restricted stock award activity for the years ended December 31, 2015 and 2014:

	Number of Award Shares	Weighted Average Grant-Date Fair Value
Outstanding at December 31, 2013	525,328	$ 28.34
Granted	240,149	$ 37.12
Released	(237,618)	$ 24.55
Canceled	(59,018)	$ 31.99
Outstanding at December 31, 2014	468,841	$ 34.31
Granted	164,612	$ 29.37
Released	(160,234)	$ 33.85
Canceled	(9,455)	$ 32.38
Outstanding at December 31, 2015	463,764	$ 32.76

Performance-based restricted stock awards have a three-year cliff vesting with the amount of restricted shares vesting at the end of the three-year period determined based on the Company's performance as measured against its peers. More specifically, the percentage of shares vesting at the end of the measurement period will be based on the Company's three-year total shareholder return measured against the three-year return of the MSCI US REIT index. As of December 31, 2015, there was $11.0 million of total unrecognized compensation cost, which will be recognized over the awards remaining weighted average vesting period of 1.58 years for performance-based restricted stock awards. For the years ended December 31, 2015 and 2014, the Company recognized $8.1 million and $2.9 million, respectively, of compensation expense associated with these awards. During the year ended December 31, 2013, there was no compensation expense, because the Company did not grant performance-based restricted stock awards in 2013.

The following table contains information on performance-based restricted stock award activity for the years ended December 31, 2015 and 2014:

	Number of Performance-Based Award Shares	Weighted Average Grant-Date Fair Value
Outstanding at December 31, 2013	—	$ —
Granted	613,556	$ 22.93
Released	—	$ —
Canceled	(70,000)	$ 22.93
Outstanding at December 31, 2014	543,556	$ 22.93
Granted	548,000	$ 17.29
Released	—	$ —
Canceled	—	$ —
Outstanding at December 31, 2015	1,091,556	$ 20.10

As of December 31, 2015, there was $1.6 million of total unrecognized compensation cost for Penn and GLPI PSUs held by GLPI employees that will be cash-settled by GLPI, which will be recognized over the awards remaining weighted average vesting period of 1 year. For the years ended December 31, 2015, 2014 and 2013, the Company recognized $3.7 million, $2.5 million and $1.2 million, respectively of compensation expense associated with these awards. In addition, the Company also recognized $0.2 million and $0.8 million, respectively, of compensation expense for the years ended December 31, 2015 and 2014 relating to the $2.18 and $2.48, respectively, per share dividends paid on unvested PSUs and the Purging Distribution dividend for the year ended December 31, 2014. Amounts paid by the Company for the years ended December 31, 2015 and 2014 on these cash-settled awards totaled $3.8 million and $3.7 million, respectively. During the year ended December 31, 2013, there were no amounts paid by the Company related to cash-settled awards.

Upon the declaration of the Purging Distribution, GLPI options were adjusted in a manner that preserved both the pre-distribution intrinsic value of the options and the pre-distribution ratio of the stock price to exercise price that existed immediately before the Purging Distribution. Additionally, upon declaration of the Purging Distribution, holders of GLPI PSUs were credited with the special dividend, which will accrue and be paid, if applicable, on the vesting date of the related PSU. Holders of GLPI restricted stock were entitled to receive the special dividend with respect to such restricted stock on the same date or dates that the special dividend was payable on GLPI common stock to shareholders of GLPI generally.

13. Segment Information

The following tables present certain information with respect to the Company's segments. Intersegment revenues between the Company's segments were not material in any of the periods presented below.

	GLP Capital (1)	TRS Properties	Eliminations (2)	Total
	(in thousands)			
For the year ended December 31, 2015				
Net revenues	$ 427,125	$ 147,928	$ —	$ 575,053
Income from operations	232,701	24,714	—	257,415
Interest, net	121,855	10,402	(10,406)	121,851
Income before income taxes	121,252	14,312	—	135,564
Income tax expense	1,338	6,104	—	7,442
Net income	119,914	8,208	—	128,122
Depreciation	97,424	12,359	—	109,783
Capital project expenditures, net of reimbursements	10,252	5,897	—	16,149
Capital maintenance expenditures	—	2,953	—	2,953
For the year ended December 31, 2014				
Net revenues	$ 436,944	$ 154,124	$ —	$ 591,068
Income from operations	234,971	23,535	—	258,506
Interest, net	114,588	10,406	(10,408)	114,586
Income before income taxes	130,791	13,129	—	143,920
Income tax expense	211	4,902	—	5,113
Net income	130,580	8,227	—	138,807
Depreciation	94,582	12,261	—	106,843
Capital project expenditures, net of reimbursements	139,231	—	—	139,231
Capital maintenance expenditures	—	3,538	—	3,538
For the year ended December 31, 2013				
Net revenues	$ 69,880	$ 165,572	$ —	$ 235,452
Income from operations	27,656	26,249	—	53,905
Interest, net	19,254	(1)	—	19,253
Income before income taxes	8,402	22,047	—	30,449
Income tax expense	6,767	8,829	—	15,596
Net income	1,635	13,218	—	14,853
Depreciation	14,896	14,027	—	28,923
Capital project expenditures, net of reimbursements	13,042	(844)	—	12,198
Capital maintenance expenditures	—	4,230	—	4,230
Balance sheet at December 31, 2015				
Total assets	$ 2,223,373	$ 224,782	$ —	$ 2,448,155
Balance sheet at December 31, 2014				
Total assets	$ 2,296,346	$ 229,108	$ —	$ 2,525,454

(1) GLP Capital operations commenced November 1, 2013 in connection with the Spin-Off. For the year ended December 31, 2013, results included transaction costs associated with the Spin-Off of $13.5 million.

(2) Amounts in the "Eliminations" column represent the elimination of intercompany interest payments from the Company's TRS Properties business segment to its GLP Capital business segment.

14. Summarized Quarterly Data (Unaudited)

The following table summarizes the quarterly results of operations for the years ended December 31, 2015 and 2014:

	Fiscal Quarter			
	First	Second	Third	Fourth
	(in thousands, except per share data)			
2015				
Net revenues	$ 148,705	$ 149,867	$ 147,792	$ 128,689 (1)
Income from operations	64,800	62,871	65,291	64,453
Net income	33,131	31,989	33,229	29,773
Earnings per common share:				
Basic earnings per common share	$ 0.29	$ 0.28	$ 0.29	$ 0.26
Diluted earnings per common share	$ 0.28	$ 0.27	$ 0.28	$ 0.25
2014				
Net revenues	$ 148,312	$ 150,770	$ 146,906	$ 145,080
Income from operations	64,318	67,358	66,733	60,097
Net income	34,296	36,996	37,313	30,202
Earnings per common share:				
Basic earnings per common share	$ 0.31	$ 0.33	$ 0.33	$ 0.27
Diluted earnings per common share	$ 0.29	$ 0.31	$ 0.32	$ 0.26

(1) During the fourth quarter of 2015, Penn received a significant real estate tax refund related to a property reassessment of a GLPI owned property, which directly offset its real estate taxes paid during the quarter. Although tenants are responsible for the payment of real estate taxes under the triple-net lease structure, the Company is required to record revenue for the real estate taxes paid by its tenants on the leased properties with an offsetting expense in real estate taxes within the consolidated statement of income as the Company has concluded it is the primary obligor. This tax refund resulted in the lower net revenues in the fourth quarter of 2015, as compared to the fourth quarter of 2014, despite an increase in rent recognized from tenant lease payments but had no impact on income from operations or net income.

15. Pre-Spin Transactions with Penn

Before the Spin-Off, Hollywood Casino Baton Rouge and Hollywood Casino Perryville had a corporate overhead assessment with Penn, whereby Penn provided various management services in consideration of a management fee equal to 3% of net revenues. The Company incurred and paid management fees of $4.2 million for the year ended December 31, 2013 (before the Spin-Off). In connection with the completion of the Spin-Off, the management fee agreements between Penn and Hollywood Casino Baton Rouge and Hollywood Casino Perryville were terminated.

16. Supplemental Disclosures of Cash Flow Information

Supplemental disclosures of cash flow information are as follows:

Year ended December 31,	2015	2014	2013
	(in thousands		
Cash paid for income taxes, net of refunds received	9,785	20,092	—
Cash paid for interest	109,966	109,376	750

Prior to the Spin-Off, the Company's Hollywood Casino Baton Rouge and Hollywood Casino Perryville paid no federal income taxes directly to tax authorities and instead settled all intercompany balances with Penn. These settlements included, among other things, the share of federal income taxes allocated by Penn to Hollywood Casino Baton Rouge and Hollywood Casino Perryville. The amounts paid to Penn for Hollywood Casino Baton Rouge and Hollywood Casino Perryville's allocated share of federal income taxes was $9.4 million for the year ended December 31, 2013. Hollywood Casino Baton Rouge and Hollywood Casino Perryville made state income tax payments directly to the state authorities of $1.6 million for the year ended December 31, 2013.

17. Related Party Transactions

During the year ended December 31, 2014, the Company entered into an Agreement of Sale (the "Sale Agreement") with Wyomissing Professional Center Inc. ("WPC") and acquired certain land in an office complex known as The Wyomissing Professional Center Campus, located in Wyomissing, Pennsylvania (on which to build its corporate headquarters), in exchange for the payment of $725,000 in cash to WPC, plus taxes and closing costs. In addition, the Company reimbursed WPC approximately $270,000 for site work and pre-development costs previously completed per the Sale Agreement. The Company subsequently paid approximately $433,000 and $244,000, respectively, to WPC during the years ended December 31, 2015 and 2014 in connection with construction costs paid by WPC on the Company's behalf.

In connection with construction of the building in The Wyomissing Professional Center Campus, the Company also entered into an agreement (the "Construction Management Agreement") with CB Consulting Group LLC (the "Construction Manager") during the year ended December 31, 2014. Pursuant to the Construction Management Agreement, the Construction Manager will, among other things, provide certain construction management services to the Company in exchange for three percent (3%) of the total cost of work to complete the building construction project, and certain additional costs for added services. During the years ended December 31, 2015 and 2014, the Company paid approximately $175,000 and $59,000, respectively, to the Construction Manager.

Construction of the Company's corporate headquarters building was completed in October 2015, and the Company does not expect to incur additional expenses related to the building with either WPC or the Construction Manager. Upon completion of the building in October 2015, the Company became responsible for the payment of monthly common area maintenance fees to the Wyomissing Professional Center Owners' Association ("WPCOA"). During the year ended December 31, 2015, the Company paid approximately $10,000 to the WPCOA.

Peter M. Carlino, the Company's Chairman of the Board of Directors and Chief Executive Officer, is also the sole owner of WPC and therefore associated with the WPCOA. In addition, Mr. Carlino's son owns a material interest in the Construction Manager.

18. Supplementary Condensed Consolidating Financial Information of Parent Guarantor and Subsidiary Issuers

GLPI guarantees the Notes issued by its subsidiaries, GLP Capital, L.P. and GLP Financing II, Inc. Each of the subsidiary issuers is 100% owned by GLPI. The guarantees of GLPI are full and unconditional. GLPI is not subject to any material or significant restrictions on its ability to obtain funds from its subsidiaries by dividend or loan or to transfer assets from such subsidiaries, except as provided by applicable law. No subsidiaries of GLPI guarantee the Notes.

Summarized balance sheet information as of December 31, 2015 and 2014 and summarized income statement and cash flow information for the years ended December 31, 2015, 2014 and 2013 for GLPI as the parent guarantor, for GLP Capital, L.P. and GLP Financing II, Inc. as the subsidiary issuers and the other subsidiary non-issuers is presented below.

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At December 31, 2015 Condensed Consolidating Balance Sheet	Parent Guarantor	Subsidiary Issuers	Other Subsidiary Non-Issuers	Eliminations	Consolidated
			(in thousands)		
Assets					
Real estate investments, net	$ —	$ 1,955,290	$ 134,769	$ —	$ 2,090,059
Property and equipment, used in operations, net	—	24,494	105,253	—	129,747
Cash and cash equivalents	—	8,716	33,159	—	41,875
Prepaid expenses	—	3,768	1,218	2,922	7,908
Other current assets	—	54,838	2,883	—	57,721
Goodwill	—	—	75,521	—	75,521
Other intangible assets	—	—	9,577	—	9,577
Debt issuance costs, net of accumulated amortization of $5,937 at December 31, 2015	—	3,563	—	—	3,563
Loan receivable	—	—	29,350	—	29,350
Intercompany loan receivable	—	193,595	—	(193,595)	—
Intercompany transactions and investment in subsidiaries	(253,514)	191,112	(46,418)	108,820	—
Deferred tax assets, non-current	—	—	2,554	(107)	2,447
Other assets	—	256	131	—	387
Total assets	$ (253,514)	$ 2,435,632	$ 347,997	$ (81,960)	$ 2,448,155
Liabilities					
Accounts payable	$ —	$ 127	$ 279	$ —	$ 406
Accrued expenses	—	4,737	4,843	—	9,580
Accrued interest	—	17,623	—	—	17,623
Accrued salaries and wages	—	10,728	2,991	—	13,719
Gaming, property, and other taxes	—	21,949	2,753	—	24,702
Income taxes	—	(41)	(2,881)	2,922	—
Current maturities of long-term debt	—	102	—	—	102
Other current liabilities	—	16,303	1,384	—	17,687
Long-term debt, net of current maturities and unamortized debt issuance costs	—	2,510,239	—	—	2,510,239
Intercompany loan payable	—	—	193,595	(193,595)	—
Deferred rental revenue	—	107,379	—	—	107,379
Deferred tax liabilities, non-current	—	—	339	(107)	232
Total liabilities	—	2,689,146	203,303	(190,780)	2,701,669
Shareholders' (deficit) equity					
Preferred stock ($.01 par value, 50,000,000 shares authorized, no shares issued or outstanding at December 31, 2015	—	—	—	—	—
Common stock ($.01 par value, 500,000,000 shares authorized, 115,594,321 shares issued at December 31, 2015	1,156	1,156	1,156	(2,312)	1,156
Additional paid-in capital	935,220	935,221	1,088,058	(2,023,279)	935,220
Retained (deficit) earnings	(1,189,890)	(1,189,891)	(944,520)	2,134,411	(1,189,890)
Total shareholders' (deficit) equity	(253,514)	(253,514)	144,694	108,820	(253,514)
Total liabilities and shareholders' (deficit) equity	$ (253,514)	$ 2,435,632	$ 347,997	$ (81,960)	$ 2,448,155

Year ended December 31, 2015 Condensed Consolidating Statement of Operations	Parent Guarantor	Subsidiary Issuers	Other Subsidiary Non-Issuers	Eliminations	Consolidated
			(in thousands)		
Revenues					
Rental	$ —	$ 378,075	$ 14,000	$ —	$ 392,075
Real estate taxes paid by tenants	—	33,041	2,009	—	35,050
Total rental revenue	—	411,116	16,009	—	427,125
Gaming	—	—	142,310	—	142,310
Food, beverage and other	—	—	11,213	—	11,213
Total revenues	—	411,116	169,532	—	580,648
Less promotional allowances	—	—	(5,595)	—	(5,595)
Net revenues	—	411,116	163,937	—	575,053
Operating expenses					
Gaming	—	—	77,188	—	77,188
Food, beverage and other	—	—	8,586	—	8,586
Real estate taxes	—	33,041	3,371	—	36,412
General and administrative	—	61,950	23,719	—	85,669
Depreciation	—	94,380	15,403	—	109,783
Total operating expenses	—	189,371	128,267	—	317,638
Income from operations	—	221,745	35,670	—	257,415
Other income (expenses)					
Interest expense	—	(124,183)	—	—	(124,183)
Interest income	—	10	2,322	—	2,332
Intercompany dividends and interest	—	36,292	7,094	(43,386)	—
Total other expenses	—	(87,881)	9,416	(43,386)	(121,851)
Income before income taxes	—	133,864	45,086	(43,386)	135,564
Income tax expense	—	1,338	6,104	—	7,442
Net income	$ —	$ 132,526	$ 38,982	$ (43,386)	$ 128,122

Year ended December 31, 2015 Condensed Consolidating Statement of Cash Flows	Parent Guarantor	Subsidiary Issuers	Other Subsidiary Non-Issuers	Eliminations	Consolidated
			(in thousands)		
Operating activities					
Net income	$ —	$ 132,526	$ 38,982	$ (43,386)	$ 128,122
Adjustments to reconcile net income to net cash provided by (used in) operating activities:					
Depreciation	—	94,380	15,403	—	109,783
Amortization of debt issuance costs	—	14,016	—	—	14,016
Losses on dispositions of property	—	152	33	—	185
Deferred income taxes	—	—	(813)	—	(813)
Stock-based compensation	—	16,811	—	—	16,811
Straight-line rent adjustments	—	55,825	—	—	55,825
(Increase) decrease,					
Prepaid expenses and other current assets	—	(9,988)	1,703	(1,423)	(9,708)
Other assets	—	—	(4)	—	(4)
Intercompany	—	2,484	(2,484)	—	—
(Decrease) increase,					
Accounts payable	—	(1,013)	67	—	(946)
Accrued expenses	—	4,104	137	—	4,241
Accrued interest	—	95	—	—	95
Accrued salaries and wages	—	715	423	—	1,138
Gaming, property and other taxes	—	(898)	(58)	—	(956)
Income taxes	—	125	(1,548)	1,423	—
Other current and noncurrent liabilities	—	1,934	(35)	—	1,899
Net cash provided by (used in) operating activities	—	311,268	51,806	(43,386)	319,688
Investing activities					
Capital project expenditures, net of reimbursements	—	(10,252)	(5,897)	—	(16,149)
Capital maintenance expenditures	—	—	(2,953)	—	(2,953)
Proceeds from sale of property and equipment	—	304	6	—	310
Principal payments on loan receivable	—	—	4,650	—	4,650
Net cash used in investing activities	—	(9,948)	(4,194)	—	(14,142)
Financing activities					
Dividends paid	(251,732)	—	—	—	(251,732)
Proceeds from exercise of options	29,686	—	—	—	29,686
Financing costs	—	(9,500)	—	—	(9,500)
Payments of long-term debt	—	(68,098)	—	—	(68,098)
Intercompany financing	219,403	(219,456)	(43,333)	43,386	—
Net cash (used in) provided by financing activities	(2,643)	(297,054)	(43,333)	43,386	(299,644)
Net (decrease) increase in cash and cash equivalents	(2,643)	4,266	4,279	—	5,902
Cash and cash equivalents at beginning of period	2,643	4,450	28,880	—	35,973
Cash and cash equivalents at end of period	$ —	$ 8,716	$ 33,159	$ —	$ 41,875

At December 31, 2014 Condensed Consolidating Balance Sheet	Parent Guarantor	Subsidiary Issuers	Other Subsidiary Non-Issuers	Eliminations	Consolidated
			(in thousands)		
Assets					
Real estate investments, net	$ —	$ 2,042,311	$ 137,813	$ —	$ 2,180,124
Property and equipment, used in operations, net	25,228	—	108,800	—	134,028
Cash and cash equivalents	2,643	4,450	28,880	—	35,973
Prepaid expenses	1,096	2,196	3,110	1,498	7,900
Other current assets	14,947	27,417	2,890	—	45,254
Goodwill	—	—	75,521	—	75,521
Other intangible assets	—	—	9,577	—	9,577
Loan receivable	—	—	34,000	—	34,000
Intercompany loan receivable	—	193,595	—	(193,595)	—
Intercompany transactions and investment in subsidiaries	(190,541)	195,092	13,701	(18,252)	—
Deferred tax assets, non-current	—	—	2,694	—	2,694
Other assets	256	—	127	—	383
Total assets	$ (146,371)	$ 2,465,061	$ 417,113	$ (210,349)	$ 2,525,454
Liabilities					
Accounts payable	$ 4,011	$ 188	$ 210	$ —	$ 4,409
Accrued expenses	514	119	4,706	—	5,339
Accrued interest	—	17,528	—	—	17,528
Accrued salaries and wages	10,013	—	2,568	—	12,581
Gaming, property, and other taxes	1,012	18,874	2,855	—	22,741
Income taxes	—	(165)	(1,333)	1,498	—
Current maturities of long-term debt	—	81	—	—	81
Other current liabilities	14,369	—	1,419	—	15,788
Long-term debt, net of current maturities and unamortized debt issuance costs	—	2,570,280	—	—	2,570,280
Intercompany loan payable	—	—	193,595	(193,595)	—
Deferred rental revenue	—	51,554	—	—	51,554
Deferred tax liabilities, non-current	—	—	1,443	—	1,443
Total liabilities	29,919	2,658,459	205,463	(192,097)	2,701,744
Shareholders' (deficit) equity					
Preferred stock ($.01 par value, 50,000,000 shares authorized, no shares issued or outstanding at December 31, 2014	—	—	—	—	—
Common stock ($.01 par value, 500,000,000 shares authorized, 112,981,088 shares issued at December 31, 2014	1,130	—	—	—	1,130
Additional paid-in capital	888,860	139,811	292,547	(432,358)	888,860
Retained (deficit) earnings	(1,066,280)	(333,209)	(80,897)	414,106	(1,066,280)
Total shareholders' (deficit) equity	(176,290)	(193,398)	211,650	(18,252)	(176,290)
Total liabilities and shareholders' (deficit) equity	$ (146,371)	$ 2,465,061	$ 417,113	$ (210,349)	$ 2,525,454

Year ended December 31, 2014 Condensed Consolidating Statement of Operations	Parent Guarantor	Subsidiary Issuers	Other Subsidiary Non-Issuers	Eliminations	Consolidated
			(in thousands)		
Revenues					
Rental	$ —	$ 373,231	$ 13,172	$ —	$ 386,403
Real estate taxes paid by tenants	—	48,570	1,964	—	50,534
Total rental revenue	—	421,801	15,136	—	436,937
Gaming	—	—	148,283	—	148,283
Food, beverage and other	7	—	11,614	—	11,621
Total revenues	7	421,801	175,033	—	596,841
Less promotional allowances	—	—	(5,773)	—	(5,773)
Net revenues	7	421,801	169,260	—	591,068
Operating expenses					
Gaming	—	—	82,995	—	82,995
Food, beverage and other	—	—	9,734	—	9,734
Real estate taxes	—	48,576	3,578	—	52,154
General and administrative	54,073	2,758	24,005	—	80,836
Depreciation	1,832	89,833	15,178	—	106,843
Total operating expenses	55,905	141,167	135,490	—	332,562
Income from operations	(55,898)	280,634	33,770	—	258,506
Other income (expenses)					
Interest expense	(11)	(117,016)	(3)	—	(117,030)
Interest income	—	—	2,444	—	2,444
Intercompany dividends and interest	612,326	39,805	618,695	(1,270,826)	—
Total other expenses	612,315	(77,211)	621,136	(1,270,826)	(114,586)
Income before income taxes	556,417	203,423	654,906	(1,270,826)	143,920
Income tax expense	—	210	4,903	—	5,113
Net income	$ 556,417	$ 203,213	$ 650,003	$ (1,270,826)	$ 138,807

Year ended December 31, 2014 Condensed Consolidating Statement of Cash Flows	Parent Guarantor	Subsidiary Issuers	Other Subsidiary Non-Issuers	Eliminations	Consolidated
			(in thousands)		
Operating activities					
Net income	$ 556,417	$ 203,213	$ 650,003	$ (1,270,826)	$ 138,807
Adjustments to reconcile net income to net cash provided by (used in) operating activities:					
Depreciation	1,832	89,833	15,178	—	106,843
Amortization of debt issuance costs	—	8,057	—	—	8,057
Losses (gains) on dispositions of property	2	(150)	158	—	10
Deferred income taxes	—	—	(3,305)	—	(3,305)
Stock-based compensation	12,258	—	—	—	12,258
Straight-line rent adjustments	—	44,877	—	—	44,877
Decrease (increase),					
Prepaid expenses and other current assets	181	(10,741)	(1,539)	1,498	(10,601)
Other assets	(1,645)	—	(15)	—	(1,660)
Intercompany	800	(4,015)	3,215	—	—
(Decrease) increase,					
Accounts payable	(16,995)	15,526	(181)	—	(1,650)
Accrued expenses	(7,944)	119	(619)	—	(8,444)
Accrued interest	—	(527)	—	—	(527)
Accrued salaries and wages	2,882	—	(638)	—	2,244
Gaming, property and other taxes	871	—	(344)	—	527
Income taxes	(1,441)	(7,625)	(6,490)	(1,498)	(17,054)
Other current and noncurrent liabilities	1,585	—	1,292	—	2,877
Net cash provided by (used in) operating activities	548,803	338,567	656,715	(1,270,826)	273,259
Investing activities					
Capital project expenditures, net of reimbursements	(1,613)	(137,618)	—	—	(139,231)
Capital maintenance expenditures	—	—	(3,538)	—	(3,538)
Proceeds from sale of property and equipment	—	150	30	—	180
Funding of loan receivable	—	—	(43,000)	—	(43,000)
Principal payments on loan receivable	—	—	9,000	—	9,000
Acquisition of real estate	—	—	(140,730)	—	(140,730)
Net cash used in investing activities	(1,613)	(137,468)	(178,238)	—	(317,319)
Financing activities					
Dividends paid, including the Purging Distribution	(494,104)	—	—	—	(494,104)
Proceeds from exercise of options	29,931	—	—	—	29,931
Proceeds from issuance of long-term debt	—	291,950	—	—	291,950
Financing costs	—	(306)	—	—	(306)
Payments of long-term debt	—	(32,024)	—	—	(32,024)
Intercompany financing	(122,540)	(677,364)	(470,922)	1,270,826	—
Distribution in connection with 2013 Pre-spin tax matter agreement	(635)	—	—	—	(635)
Net cash (used in) provided by financing activities	(587,348)	(417,744)	(470,922)	1,270,826	(205,188)
Net (decrease) increase in cash and cash equivalents	(40,158)	(216,645)	7,555	—	(249,248)
Cash and cash equivalents at beginning of period	42,801	221,095	21,325	—	285,221
Cash and cash equivalents at end of period	$ 2,643	$ 4,450	$ 28,880	$ —	$ 35,973

Year ended December 31, 2013 Condensed Consolidating Statement of Operations	Parent Guarantor	Subsidiary Issuers	Other Subsidiary Non-Issuers	Eliminations	Consolidated
			(in thousands)		
Revenues					
Rental	$ —	$ 62,278	$ —	$ —	$ 62,278
Real estate taxes paid by tenants	—	7,602	—	—	7,602
Total rental revenue	—	69,880	—	—	69,880
Gaming	—	—	159,352	—	159,352
Food, beverage and other	—	—	12,357	—	12,357
Total revenues	—	69,880	171,709	—	241,589
Less promotional allowances	—	—	(6,137)	—	(6,137)
Net revenues	—	69,880	165,572	—	235,452
Operating expenses					
Gaming	—	—	89,367	—	89,367
Food, beverage and other	—	—	10,775	—	10,775
Real estate taxes	—	7,602	1,618	—	9,220
General and administrative	19,726	—	23,536	—	43,262
Depreciation	74	14,822	14,027	—	28,923
Total operating expenses	19,800	22,424	139,323	—	181,547
Income from operations	(19,800)	47,456	26,249	—	53,905
Other income (expenses)					
Interest expense	—	(19,254)	—	—	(19,254)
Interest income	—	—	1	—	1
Management fees	—	—	(4,203)	—	(4,203)
Intercompany dividends and interest	68,955	—	68,955	(137,910)	—
Total other expenses	68,955	(19,254)	64,753	(137,910)	(23,456)
Income before income taxes	49,155	28,202	91,002	(137,910)	30,449
Income tax expense	643	6,124	8,829	—	15,596
Net income	$ 48,512	$ 22,078	$ 82,173	$ (137,910)	$ 14,853

Year ended December 31, 2013 Condensed Consolidating Statement of Cash Flows	Parent Guarantor	Subsidiary Issuers	Other Subsidiary Non-Issuers	Eliminations	Consolidated
			(in thousands)		
Operating activities					
Net income	$ 48,512	$ 22,078	$ 82,173	$ (137,910)	$ 14,853
Adjustments to reconcile net income to net cash provided by (used in) operating activities:					
Depreciation	74	14,822	14,027	—	28,923
Amortization of debt issuance costs	—	1,270	—	—	1,270
Gain on sales of property	—	—	(39)	—	(39)
Deferred income taxes	—	—	(5,646)	—	(5,646)
Stock-based compensation	1,566	—	—	—	1,566
Straight-line rent adjustments	—	6,677	—	—	6,677
(Increase) decrease,					
Prepaid expenses and other current assets	(1,944)	—	(775)	1,834	(885)
Other assets	(662)	—	—	—	(662)
Intercompany	2,259	—	(2,259)	—	—
Increase (decrease),					
Accounts payable	20,073	(18,508)	1,073	—	2,638
Accrued expenses	8,458	—	(462)	—	7,996
Accrued interest	—	18,055	(839)	—	17,216
Accrued salaries and wages	2,432	—	(301)	—	2,131
Gaming, property and other taxes	141	—	(148)	—	(7)
Income taxes	(4,473)	10,608	(283)	(1,834)	4,018
Other current and noncurrent liabilities	564	—	19	—	583
Net cash provided by (used in) operating activities	77,000	55,002	86,540	(137,910)	80,632
Investing activities					
Capital project expenditures, net of reimbursements	(5,532)	(7,510)	844	—	(12,198)
Capital maintenance expenditures	—	—	(4,230)	—	(4,230)
Proceeds from sale of property and equipment	—	—	153	—	153
Net cash used in investing activities	(5,532)	(7,510)	(3,233)	—	(16,275)
Financing activities					
Net advances to Penn National Gaming, Inc.	—	—	(6,982)	—	(6,982)
Cash contributions to Penn National Gaming, Inc. in connection with Spin-Off	(19,609)	(1,992,931)	(77,460)	—	(2,090,000)
Proceeds from exercise of options	1,431	—	—	—	1,431
Proceeds from issuance of long-term debt	—	2,350,000	—	—	2,350,000
Financing costs	—	(48,147)	—	—	(48,147)
Intercompany financing	(10,489)	(135,319)	7,898	137,910	—
Net cash (used in) provided by financing activities	(28,667)	173,603	(76,544)	137,910	206,302
Net increase in cash and cash equivalents	42,801	221,095	6,763	—	270,659
Cash and cash equivalents at beginning of period	—	—	14,562	$ —	14,562
Cash and cash equivalents at end of period	$ 42,801	$ 221,095	$ 21,325	$ —	$ 285,221

19. Subsequent Event

On January 29, 2016, the Company declared a regular quarterly cash dividend of $0.56 per share, which is payable on March 25, 2016 to shareholders of record as of February 22, 2016.

SCHEDULE III
REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION
December 31, 2015
(in thousands)

Description	Location	Encumbrances	Initial Cost to Company		Net Capitalized Costs (Retirements) Subsequent to Acquisition	Gross Amount at which Carried at Close of Period			Accumulated Depreciation	Original Date of Construction / Renovation	Date Acquired	Life on which Depreciation in Latest Income Statement is Computed
			Land and Improvements	Buildings and Improvements		Land and Improvements	Buildings and Improvements	Total [1]				
Rental Properties:												
Hollywood Casino Lawrenceburg	Lawrenceburg, IN	$ —	$ 15,251	$ 342,393	$ (29)	$ 15,222	$ 342,392	$ 357,614	$ 98,091	1997/2009	11/1/2013	31
Hollywood Casino Aurora	Aurora, IL	—	4,937	98,378	(439)	4,937	97,939	102,876	52,951	1993/2002/ 2012	11/1/2013	30
Hollywood Casino Joliet	Joliet, IL	—	19,214	101,104	—	19,214	101,104	120,318	44,458	1992/2003/ 2010	11/1/2013	31
Argosy Casino Alton	Alton, IL	—	—	6,462	—	—	6,462	6,462	3,973	1991/1999	11/1/2013	31
Hollywood Casino Toledo	Toledo, OH	—	12,003	144,093	—	12,003	144,093	156,096	19,003	2012	11/1/2013	31
Hollywood Casino Columbus	Columbus, OH	—	38,240	188,543	105	38,266	188,622	226,888	23,380	2012	11/1/2013	31
Hollywood Casino at Charles Town Races	Charles Town, WV	—	35,102	233,069	—	35,102	233,069	268,171	103,003	1997/2010	11/1/2013	31
Hollywood Casino at Penn National Race Course	Grantville, PA	—	25,500	161,810	—	25,500	161,810	187,310	54,803	2008/2010	11/1/2013	31
M Resort	Henderson, NV	—	66,104	126,689	—	66,104	126,689	192,793	21,341	2009/2012	11/1/2013	30
Hollywood Casino Bangor	Bangor, ME	—	12,883	84,257	—	12,883	84,257	97,140	22,759	2008/2012	11/1/2013	31
Zia Park Casino	Hobbs, NM	—	9,313	38,947	—	9,313	38,947	48,260	14,584	2005	11/1/2013	31
Hollywood Casino Bay St. Louis	Bay St. Louis, MS	—	59,388	87,352	(229)	59,176	87,335	146,511	40,453	1992/2006/ 2011	11/1/2013	40
Argosy Casino Riverside	Riverside, MO	—	23,468	143,301	(77)	23,391	143,301	166,692	48,717	1994/2007	11/1/2013	37
Hollywood Casino Tunica	Tunica, MS	—	4,634	42,031	—	4,634	42,031	46,665	22,114	1994/2012	11/1/2013	31
Boomtown Biloxi	Biloxi, MS	—	3,423	63,083	(137)	3,286	63,083	66,369	37,404	1994/2006	11/1/2013	15
Hollywood Casino St. Louis	Maryland Heights, MO	—	44,198	177,063	—	44,198	177,063	221,261	40,065	1997/2013	11/1/2013	13
Hollywood Casino at Dayton Raceway [2]	Dayton, OH	—	3,211	—	86,288	3,211	86,288	89,499	3,815	2014	11/1/2013	31
Hollywood Casino at Mahoning Valley Race Track [2]	Youngstown, OH	—	5,683	—	94,314	5,833	94,164	99,997	3,875	2014	11/1/2013	31
Casino Queen	East St. Louis, IL	—	70,716	70,014	—	70,716	70,014	140,730	5,961	1999	1/23/2014	31
		$ —	$ 453,268	$ 2,108,589	$ 179,796	$ 452,989	$ 2,288,663	$ 2,741,652	$ 660,750			
Headquarters Property:												
GLPI Corporate Office [3]	Wyomissing, PA	$ —	$ 750	$ 8,465	$ —	$ 750	$ 8,465	$ 9,215	$ 58	2014/2015	9/19/2014	31
		$ —	$ 454,018	$ 2,117,054	$ 179,796	$ 453,739	$ 2,297,128	$ 2,750,867	$ 660,808			

(1) The aggregate cost for federal income tax purposes of the properties listed above was $2.76 billion at December 31, 2015.

(2) Hollywood Casino at Dayton Raceway and Hollywood Casino at Mahoning Valley Race Course were jointly developed with Penn National Gaming, Inc. The costs capitalized subsequent to acquisition represent the capital expenditures incurred by the Company subsequent to the transfer of the development properties at Spin-Off. Both properties commenced operations and began paying rent during the year ended December 31, 2014.

(3) The Company's corporate headquarters building was completed in October 2015. The land was purchased on September 19, 2014 and construction on the building occurred through October 2015.

A summary of activity for real estate and accumulated depreciation for the years ended December 31, 2015, 2014 and 2013 is as follows:

	Year Ended December 31,		
	2015	2014	2013
Real Estate:		(in thousands)	
Balance at the beginning of the period	$ 2,742,845	$ 2,433,114	$ —
Amounts contributed from Spin-Off	—	—	2,433,052
Acquisitions	—	140,730	—
Capital expenditures and assets placed in service	8,478	181,404	62
Dispositions	(456)	(12,403)	—
Balance at the end of the year	$ 2,750,867	$ 2,742,845	$ 2,433,114
Accumulated Depreciation:			
Balance at the beginning of the period	$ (565,297)	$ (484,488)	$ —
Amounts contributed from Spin-Off	—	—	(469,666)
Depreciation expense	(95,511)	(92,750)	(14,822)
Dispositions	—	11,941	—
Balance at the end of the year	$ (660,808)	$ (565,297)	$ (484,488)

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management, under the supervision and with the participation of the principal executive officer and principal financial officer, has 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, 2015, 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 as of December 31, 2015 the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in reports it files or submits 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 an adequate system of internal control over financial reporting, as defined in Exchange Act Rules 13a-15(f) and 15d-15(f). The Company's management conducted an assessment of the Company's internal control over financial reporting and concluded it was effective as of December 31, 2015. In making this assessment, management used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control - Integrated Framework (2013)*.

Ernst & Young LLP, the Company's independent registered accounting firm, issued an audit report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2015, which is included on the following page of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

Other than the remediation of the material weakness identified on October 20, 2015 related to the accurate measurement and recording of revenue earned under a complex leasing arrangement, there have been no changes in the Company's 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, 2015, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Gaming and Leisure Properties, Inc. and Subsidiaries

We have audited Gaming and Leisure Properties, Inc. and Subsidiaries' internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Gaming and Leisure Properties, Inc. and Subsidiaries' 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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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.

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.

In our opinion, Gaming and Leisure Properties, Inc. and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Gaming and Leisure Properties, Inc. and Subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income, changes in shareholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2015 of Gaming and Leisure Properties, Inc. and Subsidiaries and our report dated February 22, 2016 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Philadelphia, Pennsylvania
February 22, 2016

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item concerning directors is hereby incorporated by reference to the Company's definitive proxy statement for its 2016 Annual Meeting of Shareholders (the "2016 Proxy Statement"), to be filed with the U.S. Securities and Exchange Commission within 120 days after December 31, 2015, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended. 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 called for in this item is hereby incorporated by reference to the 2016 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDERS MATTERS

The information called for in this item is hereby incorporated by reference to the 2016 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information called for in this item is hereby incorporated by reference to the 2016 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information called for in this item is hereby incorporated by reference to the 2016 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 filed as part of Item 8 hereof:

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2015 and 2014

Consolidated Statements of Income for the years ended December 31, 2015, 2014 and 2013

Consolidated Statements of Changes in Shareholders' Equity (Deficit) for the years ended December 31, 2015, 2014 and 2013

Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013

2. Financial Statement Schedules:

Schedule III. Real Estate and Accumulated Depreciation as of December 31, 2015 for GLPI.

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.

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.

GAMING AND LEISURE PROPERTIES, INC.

By: /s/ PETER M. CARLINO

Peter M. Carlino
Chairman of the Board and
Chief Executive Officer

Dated: February 22, 2016

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/ PETER M. CARLINO Peter M. Carlino	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	February 22, 2016
/s/ WILLIAM J. CLIFFORD William J. Clifford	Chief Financial Officer and Treasurer (Principal Financial Officer)	February 22, 2016
/s/ DESIREE A. BURKE Desiree A. Burke	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 22, 2016
/s/ WESLEY R. EDENS Wesley R. Edens	Director	February 22, 2016
/s/ DAVID A. HANDLER David A. Handler	Director	February 22, 2016
/s/ JOSEPH W. MARSHALL Joseph W. Marshall	Director	February 22, 2016
/s/ E. SCOTT URDANG E. Scott Urdang	Director	February 22, 2016

EXHIBIT INDEX

Exhibit	Description of Exhibit
2.1	Separation and Distribution Agreement, dated November 1, 2013, by and between Penn National Gaming, Inc. and Gaming and Leisure Properties, Inc. (Incorporated by reference to Exhibit 2.1 to the Company's current report on Form 8-K filed on November 7, 2013).
2.2	Agreement and Plan of Merger, dated as of July 20, 2015, by and among Pinnacle Entertainment, Inc., Gaming and Leisure Properties, Inc. and Gold Merger Sub, LLC. (Incorporated by reference to Exhibit 2.1 to the Company's current report on Form 8-K filed on July 22, 2015).
3.1	Amended and Restated Articles of Incorporation of Gaming and Leisure Properties, Inc. (Incorporated by reference to Exhibit 3.1 to the Company's current report on Form 8-K filed on October 15, 2013).
3.2	Amended and Restated Bylaws of Gaming and Leisure Properties, Inc. (Incorporated by reference to Exhibit 3.1 to the Company's current report on Form 8-K filed on November 24, 2014).
4.1	Indenture, dated as of October 30, 2013, among GLP Capital, L.P. and GLP Financing II, Inc., as Issuers, Gaming and Leisure Properties, Inc., as Parent Guarantor, and Wells Fargo Bank, National Association, as Trustee. (Incorporated by reference to Exhibit 4.1 to the Company's current report on Form 8-K filed on November 1, 2013).
4.2	Officer's Certificate of GLP Capital, L.P. and GLP Financing II, Inc., dated as of October 30, 2013, establishing the 2018 Notes and the 2023 Notes. (Incorporated by reference to Exhibit 4.2 to the Company's current report on Form 8-K filed on November 1, 2013).
4.3	Officer's Certificate of GLP Capital, L.P. and GLP Financing II, Inc., dated as of October 31, 2013, establishing the 2020 Notes. (Incorporated by reference to Exhibit 4.3 to the Company's current report on Form 8-K filed on November 1, 2013).
4.4	Investor Rights Agreement, dated as of November 1, 2013, by and among Gaming and Leisure Properties, Inc. and FIF V PFD LLC. (Incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K filed on November 5, 2013).
4.5#	Form of Restricted Stock Performance Award under the Gaming and Leisure Properties, Inc. 2013 Long-Term Incentive Compensation Plan. (Incorporated by reference to Exhibit 4.1 to the Company's quarterly report on Form 10-Q filed on May 4, 2015).
4.6#	Form of Restricted Stock Award under the Gaming and Leisure Properties, Inc. 2013 Long-Term Incentive Compensation Plan. (Incorporated by reference to Exhibit 4.2 to the Company's quarterly report on Form 10-Q filed on May 4, 2015).
10.1	Registration Rights Agreement, dated as of October 30, 2013, by and among GLP Capital, L.P., GLP Financing II, Inc., Gaming and Leisure Properties, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated and the other initial purchasers named therein, with respect to the 2018 Notes. (Incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K filed on November 1, 2013).
10.2	Registration Rights Agreement, dated as of October 30, 2013, by and among GLP Capital, L.P., GLP Financing II, Inc., Gaming and Leisure Properties, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated and the other initial purchasers named therein, with respect to the 2023 Notes. (Incorporated by reference to Exhibit 10.2 to the Company's current report on Form 8-K filed on November 1, 2013).
10.3	Registration Rights Agreement, dated as of October 31, 2013, by and among GLP Capital, L.P., GLP Financing II, Inc., Gaming and Leisure Properties, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated and the other initial purchasers named therein, with respect to the 2020 Notes. (Incorporated by reference to Exhibit 10.3 to the Company's current report on Form 8-K filed on November 1, 2013).
10.4	Credit Agreement, dated as of October 28, 2013, among GLP Capital, L.P., as successor-by-merger to GLP Financing, LLC, each lender from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent. (Incorporated by reference to Exhibit 10.4 to the Company's current report on Form 8-K filed on November 1, 2013).

Exhibit	Description of Exhibit
10.5	Amendment No. 1, dated as of July 31, 2015, to the Credit Agreement dated as of October 28, 2013 among GLP Capital, L.P., the several banks and other financial institutions party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and the various other parties thereto. (Incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on S-4 filed on August 28, 2015).
10.6	Master Lease, dated November 1, 2013, by and among GLP Capital L.P. and Penn Tenant LLC. (Incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K filed on November 7, 2013).
10.7	First Amendment to the Master Lease Agreement, dated as of March 5, 2014, by and among GLP Capital L.P. and Penn Tenant, LLC. (Incorporated by reference to Exhibit 10.1 to the Company's quarterly report on Form 10-Q filed on May 12, 2014).
10.8	Second Amendment to the Master Lease Agreement, dated as of April 18, 2014, by and among GLP Capital L.P. and Penn Tenant, LLC. (Incorporated by reference to Exhibit 10.1 to the Company's quarterly report on Form 10-Q filed on August 1, 2014).
10.9	Tax Matters Agreement, dated as of November 1, 2013, by and among Penn National Gaming, Inc. and Gaming and Leisure Properties, Inc. (Incorporated by reference to Exhibit 10.2 to the Company's current report on Form 8-K filed on November 7, 2013).
10.10	Tax Matters Agreement, dated as of July 20, 2015, by and among Pinnacle Entertainment, Inc. and Gaming and Leisure Properties, Inc. (Incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K filed on July 22, 2015).
10.11	Transition Services Agreement, dated November 1, 2013, by and among Penn National Gaming, Inc. and Gaming and Leisure Properties, Inc. (Incorporated by reference to Exhibit 10.3 to the Company's current report on Form 8-K filed on November 7, 2013).
10.12	Employee Matters Agreement, dated as of November 1, 2013, by and between Penn National Gaming, Inc. and Gaming and Leisure Properties, Inc. (Incorporated by reference to Exhibit 10.4 to the Company's current report on Form 8-K filed on November 7, 2013).
10.13#	Gaming and Leisure Properties, Inc. 2013 Long Term Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-8 filed on October 31, 2013).
10.14*	Amended and Restated Membership Interest Purchase Agreement, dated as of December 15, 2015, by and among Gaming and Leisure Properties, Inc., GLP Capital, L.P., PA Meadows LLC, PA Mezzco LLC and Cannery Casino Resorts, LLC.
10.15	Agreement of Sale, dated as of September 19, 2014, between Wyomissing Professional Center Inc. and GLP Capital, L.P. (Incorporated by reference to Exhibit 10.1 to the Company's quarterly report on Form 10-Q filed on November 7, 2014).
10.16	Construction Management Agreement, dated as of September 24, 2014, between GLP Capital, L.P. and CB Consulting Group, LLC (Incorporated by reference to Exhibit 10.1 to the Company's quarterly report on Form 10-Q filed on November 7, 2014).
21*	Subsidiaries of the Registrant.
23*	Consent of Ernst & Young 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*	CFO 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*	CFO Certification pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes - Oxley Act of 2002.

Exhibit	Description of Exhibit
101*	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets at December 31, 2015 and 2014, (ii) the Consolidated Statements of Income for the years ended December 31, 2015, 2014 and 2013, (iii) the Consolidated Statements of Changes in Shareholders' Equity (Deficit) for the years ended December 31, 2015, 2014 and 2013, (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013, and (v) the notes to the Consolidated Financial Statements.

Compensation plans and arrangements for executives and others.

* Filed herewith.

Exhibit 10.14

Execution Copy

AMENDED AND RESTATED

MEMBERSHIP INTEREST PURCHASE AGREEMENT

dated as of December 15, 2015

by and among

GAMING AND LEISURE PROPERTIES, INC.,
as Parent,

GLP CAPITAL, L.P.

as Buyer,

PA MEADOWS, LLC,
as the Company,

and

PA MEZZCO, LLC,
CANNERY CASINO RESORTS, LLC,
together, as Sellers

PURSUANT TO FEDERAL RULE OF EVIDENCE 408 AND ANY APPLICABLE STATE RULES OF EVIDENCE, THIS DRAFT AGREEMENT IS PROVIDED IN FURTHERANCE OF SETTLEMENT DISCUSSIONS AND SHALL NOT BE ADMISSIBLE INTO EVIDENCE IN ANY PROCEEDING, NOR USEABLE FOR ANY OTHER PURPOSE.

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EXHIBITS

AMENDED AND RESTATED

MEMBERSHIP INTEREST PURCHASE AGREEMENT

THIS AMENDED AND RESTATED MEMBERSHIP INTEREST PURCHASE AGREEMENT (this "Agreement") is made and entered into as of December 15, 2015 (the "Effective Date"), by and among Gaming and Leisure Properties, Inc., a Pennsylvania corporation ("Parent"), GLP Capital, L.P., a Pennsylvania limited partnership ("Buyer"), Cannery Casino Resorts, LLC, a Nevada limited liability company ("Seller Parent"), PA MezzCo, LLC, a Delaware limited liability company ("Holdco", together with Seller Parent, "Sellers"), and PA Meadows, LLC, a Delaware limited liability company (the "Company"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in Section 12.01.

WHEREAS, Holdco is the beneficial and record owner of all of the issued and outstanding membership interests of the Company ("Membership Interests");

WHEREAS, the parties hereto entered into that certain Membership Interest Purchase Agreement, dated as of May 13, 2014, and the First Amendment thereto, dated as of June 24, 2014 (together, the "Original Agreement"), pursuant to which Buyer agreed to acquire from Holdco, and Holdco agreed to sell to Buyer, all of Holdco's right, title and interest in and to the issued and outstanding Membership Interests in the manner described on Exhibit A hereto and otherwise on the terms and subject to the conditions set forth therein;

WHEREAS, the parties hereto desire to amend and restate the Original Agreement in its entirety by entering into this Agreement and in so doing completely restate, supersede and terminate in its entirety the Original Agreement with this Agreement; and

WHEREAS, the parties hereto desire to enter into, or cause their applicable Affiliates to enter into, the Ancillary Agreements, and to perform or cause such Affiliates to perform their obligations thereunder as further described herein.

NOW, THEREFORE, the parties hereto, in consideration of the premises and of the mutual representations, warranties and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

ARTICLE I.
PURCHASE AND SALE OF MEMBERSHIP INTERESTS

Section 1.01 Purchase and Sale of Membership Interests. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, Holdco shall sell to Buyer, and Buyer shall purchase from Holdco, the Membership Interests, free and clear of all Liens (other than restrictions arising under applicable securities Laws or Gaming Laws).

Section 1.02 Structure of Transaction. The acquisition of the Membership Interests shall be structured in the steps provided in Exhibit A. Such structure may be modified by Buyer after the date hereof upon reasonable advance written notice to and with the prior written consent of Sellers, which consent shall not be unreasonably withheld; *provided*, that the withholding of such consent shall not be considered unreasonable if such modifications economically adversely affect Sellers, the

Company or its Subsidiaries, materially delay the timing of the Closing or adversely affect the certainty of the Closing.

Section 1.03 Retention of Assets. Notwithstanding anything to the contrary contained in this Agreement, Sellers and their respective Affiliates may retain and use, at their own expense, archival copies (but not the originals thereof) of all of the Contracts, books, records and other documents or materials of the Company, in each case, which (a) are in existence on or prior to the Closing, and (b) either (x) are used in connection with Sellers or any of their respective Affiliates' businesses other than the Business or (y) if Seller Parent, in good faith, determines that it or any of its Affiliates is reasonably likely to need access to, in connection with the preparation or filing of any Tax Returns or compliance with any other Tax reporting obligations or other obligation under applicable Law, or the defense (or any counterclaim, cross-claim or similar claim in connection therewith) or prosecution of any Proceeding or investigation (including any Tax audit or examination) against or by Seller Parent or any of Seller Parent's Affiliates; *provided*, that Sellers shall, and shall cause their Affiliates to, hold such documents or materials relating to the Business, and all confidential or proprietary information contained therein, confidential pursuant to Section 8.15.

ARTICLE II.
PURCHASE PRICE

Section 2.01 Purchase Price. At the Closing, as consideration for the Membership Interests, Buyer shall deliver or cause to be delivered to Holdco (or its designee) by electronic transfer of immediately available funds to an account designated by Sellers a cash payment equal to the sum of (a)(i) Four Hundred Thirty Million Dollars ($430,000,000), plus (ii) if the Closing does not occur by December 31, 2015, One Million Dollars ($1,000,000) on the first day of each calendar month, beginning January 1, 2016, until the Closing Date, excluding the first day of the calendar month in which the Closing occurs if Sellers deliver a notice in accordance with Section 4.01 electing to consummate the Closing on the first Business Day following the end of the calendar month in which all of the conditions set forth in Article IX have been satisfied or waived (together with cash in the amount of Ten Million Dollars ($10,000,000) previously paid by Buyer, the "Base Purchase Price"), plus (b) the Estimated Closing Payment (which may be a positive or negative number), plus (c) the Estimated Cage Cash Closing Payment (which may be a positive or negative number). The Base Purchase Price, together with the Estimated Closing Payment and Estimated Cage Cash Closing Payment, is the "Closing Payment."

Section 2.02 Tax Withholding. Notwithstanding anything in this Agreement to the contrary, Buyer shall be entitled to deduct and withhold from any amounts otherwise payable under this Agreement to Sellers or any other Person such amounts as are required to be deducted or withheld under the Code, or any provision of applicable Law with respect to the making of such payment; *provided*, *however*, that (a) before making any such deduction or withholding, Buyer shall give Sellers notice of the intention to make such deduction or withholding (such notice, which shall include the authority, basis and method of calculation for the proposed deduction or withholding, shall be given within a commercially reasonable period of time of Buyer's determination that it must withhold), (b) Buyer shall cooperate with Sellers, at Sellers' expense, to the extent reasonable in efforts to obtain reduction of or relief from such deduction or withholding and (c) Buyer shall timely remit to the appropriate Tax Authority any and all amounts so deducted or withheld and timely file all Tax Returns and provide to Sellers such information statements and other documents required to be filed or provided under applicable Tax Law. To the extent that amounts are so deducted and withheld and paid over to the applicable Governmental Entity, such deducted and withheld amounts shall be treated for all purposes of this Agreement as having been paid to Sellers or such other Person in respect of which such deduction and withholding were made.

Section 2.03 Allocation. Within ten (10) days of the Closing, Buyer shall provide Sellers with a proposed allocation of the Closing Payment among the Company's assets for tax purposes. Sellers shall have the right to approve the proposed allocation. In the event the parties cannot agree on the allocation within thirty (30) days, the dispute shall be resolved by the Auditor. The allocation shall be adjusted to reflect any adjustments between the Closing Payment and the Final Purchase Price, and subsequent adjustments to the Final Purchase Price, pursuant to this Agreement. Buyer and Sellers shall file all Tax Returns consistent with the foregoing allocation. Notwithstanding the foregoing, the allocation to the racing license (and the stock of Mount Laurel Racing, Inc.) shall be determined by Buyer in its reasonable discretion after consultation with Sellers, consistent with Exhibit A.

ARTICLE III.
WORKING CAPITAL ADJUSTMENT AND OTHER ADJUSTMENTS

Section 3.01 Estimated Closing Statement. No less than five (5) Business Days prior to the Closing Date, Sellers shall prepare and deliver to Buyer a written closing statement certified by the Chief Financial Officer of Seller Parent (the "Estimated Closing Statement") of the Estimated Closing Net Working Capital, including the resulting Estimated Closing Net Working Capital Overage (if any) or Estimated Closing Net Working Capital Shortage (if any), and including a reasonably detailed calculation of the components of Net Working Capital, which Estimated Closing Statement shall be prepared in good faith and on a basis consistent with the preparation of the Financial Information and the calculation of Net Working Capital set forth in Exhibit C. The amount of the Estimated Closing Net Working Capital Overage (if any) determined to be due and owing to Sellers pursuant to the Estimated Closing Statement shall be paid by Buyer at the Closing pursuant to Section 2.01. The amount of the Estimated Closing Net Working Capital Shortage (if any) determined to be due and owing to Buyer by Sellers pursuant to the Estimated Closing Statement shall reduce the Closing Payment payable to Sellers at the Closing pursuant to Section 2.01. The amount of such payment or reduction to the Closing Payment, as applicable, is referred to as the "Estimated Closing Payment".

Section 3.02 Estimated Cage Cash Statement. No less than five (5) Business Days prior to the Closing Date, Sellers shall prepare and deliver to Buyer a written closing statement certified by the Chief Financial Officer of Seller Parent (the "Estimated Cage Cash Closing Statement") of the Estimated Closing Cage Cash, including the resulting Estimated Closing Cage Cash Overage (if any) or Estimated Closing Cage Cash Shortage (if any), and including a reasonably detailed calculation of the components of Cage Cash, which Estimated Cage Cash Closing Statement shall be prepared in good faith. The amount of the Estimated Closing Cage Cash Overage (if any) determined to be due and owing to Sellers pursuant to the Estimated Cage Cash Closing Statement shall be paid by Buyer at the Closing pursuant to Section 2.01. The amount of the Estimated Closing Cage Cash Shortage (if any) determined to be due and owing to Buyer pursuant to the Estimated Cage Cash Closing Statement shall reduce the Closing Payment payable to Sellers at the Closing pursuant to Section 2.01. The amount of such payment or reduction to the Closing Payment, as applicable, is referred to as the "Estimated Cage Cash Closing Payment".

Section 3.03 Final Working Capital and Cage Cash Adjustments.

(a) No more than ninety (90) days after the Closing Date, Buyer shall prepare and deliver to Sellers a written statement certified by the Chief Financial Officer of Buyer (the "Final Closing Statement") of the Final Closing Net Working Capital, including the resulting Final Closing Net Working Capital Overage (if any) or Final Closing Net Working Capital Shortage (if any), and including a reasonably detailed calculation of the various amounts of each component of Net Working Capital, which Final Closing Statement shall be prepared in good faith and on a basis consistent with the preparation of the Financial Information and the calculation of Net Working Capital set forth in Exhibit C. Any such amounts determined to be payable pursuant to the Final Closing Statement shall be paid to either Sellers (in the case of a Final Closing Net Working Capital Overage) or Buyer (in the case of a Final Closing Net Working Capital Shortage) pursuant to Section 3.03(e) (the "Final Closing Payment").

(b) No more than twenty (20) days after the Closing Date, Buyer shall prepare and deliver to Sellers a written statement certified by the Chief Financial Officer of Buyer (the "Final Cage Cash Closing Statement") of the Final Closing Cage Cash, including the resulting Final Closing Cage Cash Overage (if any) or Final Closing Cage Cash Shortage (if any), and including a reasonably detailed calculation of the various amounts of each component of Cage Cash, which Final Closing Statement shall be prepared in good faith. Any such amounts determined to be payable pursuant to the Final Cage Cash Closing Statement shall be paid either to Sellers (in the case of a Final Closing Cage Cash Overage) or Buyer (in the case of a Final Closing Cage Cash Shortage) pursuant to Section 3.03(e) (the "Final Cage Cash Closing Payment"). The Closing Payment, as adjusted by the Final Closing Payment and the Final Cage Cash Closing Payment, is referred to as the "Final Purchase Price".

(c) If Sellers disagree with the calculation of any amounts on the Final Closing Statement and/or the Final Cage Cash Closing Statement (collectively, the "Final Statements"), Sellers shall, within ten (10) Business Days after their receipt of the applicable Final Statement, notify Buyer of such disagreement in writing, setting forth in detail the particulars of such disagreement. Any amounts on the applicable Final Statement not disputed in writing by Sellers within ten (10) Business Days after receipt of the applicable Final Statement shall be final, binding and conclusive for purposes of this Agreement. Buyer will provide Sellers reasonable access to any of Buyer's and the Company's records (including work papers and source documents) and relevant employees not otherwise available to Sellers as a result of the transactions contemplated hereby, to the extent reasonably related to Sellers' review of the Final Statements. If any such notice of disagreement is timely provided, Buyer and Sellers shall use commercially reasonable efforts for a period of ten (10) Business Days (or such longer period as they may mutually agree) to resolve any disagreements with respect to the calculation of any amounts set forth in the Final Statements (and which were previously identified in writing by Sellers pursuant to the first sentence of this Section 3.03(c)). If, at the end of such period, the parties are unable to fully resolve the disagreements, the parties shall refer the matter to Urish Popeck & Co., LLC (the "Auditor") to resolve any remaining disagreements. The Auditor shall be instructed to (i) consider only such matters as to which there is a disagreement, (ii) determine, as promptly as practicable, whether the disputed amounts set forth in the applicable Final Statement were prepared in accordance with the standards set forth in this Agreement, and (iii) deliver, as promptly as practicable but in any event within forty-five (45) days of the end of such 10-Business Day period (or such longer period as the parties may have mutually agreed), to Sellers and Buyer its determination in writing. The resolution for each disputed item contained in the Auditor's determination shall be made subject to the definitions and principles set forth in this Agreement, and shall be consistent with either the position of Sellers or Buyer. Sellers and Buyer shall bear their own expenses in the preparation and review of the Estimated Closing Statement, the Estimated Cage Cash Closing Statement and Final Statements, except that the fees and expenses of the Auditor shall be paid one-half by Buyer and one-half by Sellers. The determination of the Auditor shall be final, binding and conclusive for purposes of this Agreement and not subject to any further recourse by Buyer, Sellers or their respective Affiliates, absent manifest error or fraud by Buyer, Sellers or the Auditor. The date on which an amount set forth in the Final Statements is finally determined in accordance with this Section 3.03(c) is hereinafter referred to as the "Determination Date."

(d) In the event the Auditor refuses engagement under this Section 3.03, Buyer and Sellers shall mutually agree on another nationally recognized firm of certified public accountants having no material relationship with the Company, Buyer, Sellers or their respective Affiliates to resolve any disputes regarding the Final Statements according to Section 3.03(c). If within thirty (30) days, Buyer and Sellers fail to mutually agree on such firm, Buyer and Sellers shall thereafter cause the American Arbitration Association to appoint the firm, and in making its determination with respect to such appointment, the American Arbitration Association shall take into account, and attempt to avoid appointing an accounting firm with any significant preexisting relationship with the Company, Buyer or Sellers or their respective Affiliates. The firm selected in accordance with this Section 3.03 shall be the "Auditor" for purposes of this Agreement.

(e) Any amounts determined to be due and owing to Sellers from Buyer or to Buyer from Sellers, as applicable, pursuant to this Section 3.03 shall be paid by Sellers to Buyer or by Buyer to Sellers, as applicable, by wire transfer of immediately available funds within two (2) Business Days after the applicable Determination Date.

Section 3.04 Accounts Receivable; Accounts Payable; Deposits.

(a) Accounts Receivable. After the Closing, Sellers shall promptly deliver to Buyer any cash, checks or other property that they or any of their Affiliates receive to the extent relating to the Accounts Receivable of the Business included in the Final Closing Net Working Capital. After the Closing, Buyer shall promptly deliver to Sellers any cash, checks or other property that Buyer or its Affiliates receive to the extent relating to any Accounts Receivable existing as of the Closing Date and not included in the Final Closing Net Working Capital. Neither party nor their Affiliates shall agree to any settlement, discount or reduction of the Accounts Receivable belonging to the other party. Neither party nor their Affiliates shall assign, pledge or grant any security interest in the Accounts Receivable of the other party.

(b) Accounts Payable. Each party and their Affiliates will promptly deliver to the other a true copy of any invoice, written notice of accounts payable or written notice of a dispute as to the amount or terms of any accounts payable received from the creditor of such accounts payable to the extent such accounts payable is owed by the other party. Should either party discover it has paid an accounts payable belonging to the other party, then Buyer or Sellers, as applicable, shall provide written notice of such payment to the other party and the other party shall promptly reimburse the party that paid such accounts payable all amounts listed on such notice.

(c) Customer Deposits. Customer Deposits received by the Company or its Subsidiaries relating to rooms, services and/or events relating to the period from and after the Closing shall be retained by the Company at the Closing and included in the calculation of the Final Closing Net Working Capital. Sellers shall not have further liability or responsibility after Closing with respect to any Customer Deposits relating to the period from and after the Closing and Sellers and their

Affiliates shall be entitled to retain Customer Deposits to the extent of rooms and/or services furnished by Sellers prior to the Closing. "Customer Deposits" include all security and other deposits, advance or pre-paid rents or other amounts and key money or deposits (including any interest thereon).

ARTICLE IV.
CLOSING

Section 4.01 Time and Place. Unless this Agreement is earlier terminated pursuant to Article X, the closing of the transactions contemplated by this Agreement, including the purchase and sale of the Membership Interests (the "Closing"), shall take place either on (a) the earlier of (i) November 15, 2016 and (ii) three (3) Business Days after Buyer delivers written notice to Sellers of Buyer's election to consummate the Closing on an earlier date, but, in the case of each of clauses (i) and (ii), subject to the satisfaction or waiver by the applicable party of the conditions set forth in Article IX on such date; or (b) if the conditions set forth in Article IX are not so satisfied or waived on the date specified pursuant to clause (a) (other than those conditions to be satisfied or waived at or upon the Closing), three (3) Business Days following the satisfaction or waiver by the applicable party of the conditions set forth in Article IX (other than those conditions to be satisfied or waived at or upon the Closing). The date that the Closing occurs in accordance with the preceding sentence is referred to as the "Closing Date". The Closing shall be consummated through mutually acceptable escrow closing instructions at such time and place as is agreed to by the parties, and shall be effective as of 12:01 a.m., Eastern Time, on the Closing Date. Notwithstanding the foregoing, any party hereto may elect in its reasonable discretion (by delivering written notice to the other parties hereto) to delay the Closing to the first Business Day following the end of the calendar month in which all of the conditions set forth in Article IX have been satisfied or waived, in which case: (x) the Closing shall be effective as of 12:01 a.m., Eastern Time on such date and (y) the Closing Deadline set forth in Section 10.01(b) shall be automatically extended to one (1) Business Day following such date.

Section 4.02 Deliveries and Actions by the Company and Sellers at Closing. At or prior to the Closing, the Company and/or Sellers shall deliver, or shall cause to be delivered, to Buyer:

(a) Sellers Certificates. The certificate required by Section 9.02(b).

(b) Membership Interests. An Assignment of Membership Interests substantially in the form attached as Exhibit B (the "Assignment of Membership Interests") conveying to Buyer all of the Membership Interests.

(c) FIRPTA Certificate. A certificate of each Seller dated as of the Closing Date, in accordance with Treasury Regulations Section 1.1445-2(b)(2), certifying that such Seller is not a foreign Person.

(d) Resignations. Resignations (including release of claims), effective as of the Closing Date, of all directors and officers of the Company, unless otherwise designated by Buyer in advance no less than five (5) Business Days prior to the Closing Date.

(e) Good Standing Certificates. A certificate of good standing of each Seller and the Company in each case, issued as of a date not earlier than ten (10) days prior to the Closing Date by the Secretary of State of the State in which each such Seller or the Company, as applicable, is incorporated, organized or qualified to do business.

(f) Secretary's Certificates. A certificate of the secretary of each Seller and the Company, dated the Closing Date, in form and substance reasonably satisfactory to Buyer, certifying as to: (i) the Governing Documents of such Seller or the Company, (ii) that there have been no amendments to such Governing Documents and that such Governing Documents are in full force and effect as of the Closing Date, (iii) the resolutions of the board of directors, or the equivalent governing body if such Seller or the Company is not a corporation, of each such Seller or the Company authorizing the transactions contemplated by this Agreement and the execution, delivery and performance of this Agreement and each Ancillary Agreement to which such Seller or the Company is a party, and (iv) specimen signatures and incumbency of all officers of such Seller or the Company authorized to execute this Agreement and each Ancillary Agreement.

(g) Release of Guarantees; UCC-3 Termination Statements. Letters or releases of guarantees, in form and substance reasonably satisfactory to Buyer, evidencing that all Indebtedness of the Company and its Subsidiaries has been or will be paid in full at the Closing from a portion of the Closing Payment and authorizing the Company, Buyer or its agents to file at the Closing UCC-3 Termination Statements with respect to any Lien associated with such Indebtedness (including Liens securing such Indebtedness of Seller Parent).

(h) Exhibit A. Evidence, in form and substance reasonably satisfactory to Buyer, that any actions required to have been consummated by Sellers, the Company or any of its Subsidiaries before the Closing as set forth in Exhibit A hereto have been consummated.

(i) Termination of Parent Services Agreement. Evidence, in form and substance reasonably satisfactory to Buyer, that the Parent Services Agreement, dated as of January 14, 2008, by and between Seller Parent and Washington Trotting Association, Inc. (as amended, the "Parent Services Agreement"), has been terminated, and none of Sellers or any of their respective Subsidiaries shall have any remaining obligations thereunder.

(j) Title Affidavits. Such affidavits as the Title Insurer may reasonably require in order to omit from its title insurance policies all exceptions for (i) parties in possession claiming through Sellers, the Company or their respective Subsidiaries other than under the rights to possession granted under the Leases and the Third Party Leases; and (ii) mechanics' liens relating to work commissioned by Sellers, the Company or their respective Subsidiaries prior to the Closing and such other affidavits as the Title Insurer may reasonably require to issue a non-imputation endorsement, if available.

(k) Other Documents. Any other documents, instruments or agreements which are reasonably requested by Buyer that are necessary to consummate the transactions contemplated hereby and have not previously been delivered.

Section 4.03 Deliveries and Actions by Buyer at Closing. At or prior to the Closing, Buyer shall deliver to Sellers:

(a) Buyer Certificates. The certificate required by Section 9.03(b).

(b) Closing Payment. The Closing Payment by wire transfer of immediately available funds to an account designated by Seller Parent; *provided, however*, that Seller Parent may direct Buyer to fund a portion of the Closing Payment to lenders to repay outstanding Indebtedness of the Company or its Subsidiaries.

(c) Good Standing Certificates. A certificate of good standing of Buyer, issued as of a date not earlier than ten (10) days prior to the Closing Date by the Secretary of State of the State in which Buyer, is incorporated, organized or qualified to do business.

(d) Secretary's Certificates. A certificate of the secretary of Buyer, dated the Closing Date, in form and substance reasonably satisfactory to the Company and Sellers, certifying as to: (i) the Governing Documents of Buyer, (ii) that there have been no amendments to such Governing Documents and that such Governing Documents are in full force and effect as of the Closing Date, (iii) the resolutions of the board of directors, or the equivalent governing body if Buyer is not a corporation, of Buyer authorizing the transactions contemplated by this Agreement and the execution, delivery and performance of this Agreement and each Ancillary Agreement to which Buyer is a party, (iv) specimen signatures and incumbency of all officers of Buyer authorized to execute this Agreement and each Ancillary Agreement, and (v) the minute books of Buyer (if any).

(e) Other Documents. Any other documents, instruments or agreements which are reasonably requested by Sellers that are necessary to consummate the transactions contemplated hereby and have not previously been delivered.

ARTICLE V.
REPRESENTATIONS AND WARRANTIES OF SELLERS

Sellers hereby jointly and severally represent and warrant to Buyer as follows, except as expressly set forth herein and in the corresponding section of the disclosure letter with respect to the representations and warranties of Sellers contained in this Article V delivered by Sellers to Buyer herewith (the "Sellers Disclosure Letter"). The Sellers Disclosure Letter shall be arranged in paragraphs corresponding to the numbered and lettered paragraphs contained in this Agreement and the disclosure in any paragraph shall, to the extent reasonably apparent that the matter disclosed is relevant to another paragraph in this Agreement, qualify such other paragraph.

Section 5.01 Organization of Sellers. Each Seller is duly organized or incorporated, as applicable, and validly existing under the laws of its state of organization or incorporation, as applicable, and has all requisite power and authority to own, lease and operate its assets and to carry on its business as now being conducted. Each Seller is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary. Holdco is an indirect wholly-owned Subsidiary of Seller Parent.

Section 5.02 Authority; No Conflict; Required Filings and Consents.

(a) Each Seller has all requisite power and authority to enter into this Agreement and each of the Ancillary Agreements to which it is a party and to consummate the transactions contemplated hereby and thereby and perform its obligations hereunder and thereunder. Each Seller's execution and delivery of this Agreement and each Ancillary Agreement to which it is a party and the consummation by each Seller of the transactions contemplated hereby and thereby and performance of its obligations hereunder and thereunder have been duly authorized by all necessary action on the part of Sellers. This Agreement has been, and each Ancillary Agreement will be at or prior to the Closing, duly executed and delivered by each Seller and, assuming the due authorization, execution and delivery by the other parties hereto and thereto, this Agreement constitutes, and each Ancillary Agreement when so executed and delivered will constitute, the valid and binding obligation of each

Seller, enforceable against such Seller in accordance with their respective terms, subject, as to enforcement, to (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereinafter in effect affecting creditors' rights generally and (ii) general principles of equity.

(b) The execution and delivery by each Seller of this Agreement and each Ancillary Agreement to which it is a party does not, and the consummation by each Seller of the transactions contemplated hereby and thereby and the compliance by such Seller with any provisions hereof or thereof will not, (i) conflict with or result in any material violation or material default under (with or without notice or lapse of time, or both), or require a consent or waiver under, or give rise to a right of termination, cancellation, modification or acceleration or material obligation or loss of any material benefit under (A) any provision of the Governing Documents of such Seller, or (B) any material Contract to which such Seller is a party, (ii) result in the creation of any Lien (other than Permitted Liens) on any of the Purchased Assets pursuant to any Contract to which any Seller is a party, or (iii) subject to the governmental filings and other matters referred to in Section 6.02(c) violate any Permit, Order or Law applicable to such Seller

(c) No Permit or Order or authorization of, or registration or filing with, any Governmental Entity, is required by or with respect to either Seller in connection with the execution and delivery of this Agreement or the Ancillary Agreements by either Seller, the compliance by either Seller with any of the provisions hereof or thereof, or the consummation by either Seller of the transactions to which it is a party that are contemplated hereby, except for (i) any approvals and filing of notices required under the Gaming Laws, (ii) filings and other application requests under the HSR Act, (iii) such Permits, Orders, registrations or filings related to, or arising out of, compliance with statutes, rules or regulations regulating the consumption, sale or serving of alcoholic beverages or tobacco, and (iv) any Permits, Orders, authorizations, registrations, or filings required by Buyer or any of its Subsidiaries, Affiliates or key employees (including under the Gaming Laws).

Section 5.03 Title to Membership Interests. Holdco is the record and beneficial owner of all Membership Interests, free and clear of all Liens or any other restrictions on transfer other than restrictions on transfer arising under applicable securities Laws and Gaming Laws. Sellers are not party to any option, warrant, purchase right or other Contract (other than this Agreement) obligating Sellers to sell, transfer, pledge or otherwise dispose of Membership Interests. Sellers are not a party to any voting trust, proxy or other agreement or understanding with respect to Membership Interests.

Section 5.04 Litigation. There is no Proceeding against any Seller, pending or, to Sellers' Knowledge, threatened against, any Seller before any Governmental Entity that, individually or in the aggregate, would be reasonably likely to (x) have a Company Material Adverse Effect or (y) materially impair or materially delay the Closing.

ARTICLE VI.
REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COMPANY

Sellers hereby jointly and severally represent and warrant to Buyer as follows, except as expressly set forth herein and in the corresponding section of the disclosure letter with respect to the representations and warranties of Sellers contained in this Article VI, delivered by Sellers to Buyer herewith (the "Company Disclosure Letter"). The Company Disclosure Letter shall be arranged in paragraphs corresponding to the numbered and lettered paragraphs contained in this Agreement and the disclosure in any paragraph shall, to the extent reasonably apparent that the matter disclosed is relevant to another paragraph in this Agreement, qualify such other paragraph.

Section 6.01 Organization of the Company; Capitalization. Each of the Company and its Subsidiaries is duly organized and validly existing under the laws of its state of organization, and has all requisite power and authority to own, lease and operate its assets and to carry on the Business as now being conducted. The Company has no Subsidiaries other than those listed on Section 6.01 of the Company Disclosure Letter and the Company does not own or hold the right to acquire any shares of stock or any other security or interest, directly or indirectly, of or in any other Person. Each of the Company and its Subsidiaries is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary. All of the membership interests and capital stock of the Company and each of its Subsidiaries are duly authorized, validly issued, fully paid and nonassessable and were issued in compliance with all applicable Laws. All of membership interests and capital stock of the Company and each of its Subsidiaries are directly or indirectly owned beneficially and of record by Holdco. No Person has any rights in, or rights to acquire from the Company or any of its Subsidiaries, any other equity related interests of the Company or such Subsidiaries or any other securities convertible into, or exercisable or exchangeable for, equity interests of the Company or such Subsidiaries. There are no outstanding options, warrants or other securities or subscription, preemptive or other rights convertible into or exchangeable or exercisable for any equity or voting interests of the Company or any of its Subsidiaries and there are no “phantom stock” rights, stock appreciation rights or other similar rights with respect to the Company or such Subsidiaries. To Sellers’ Knowledge, other than as set forth in Section 6.01 of the Company Disclosure Letter, none of the Company, any of its Subsidiaries or any of their respective predecessors has conducted any business under or otherwise used for any purpose in any jurisdiction any fictitious name, assumed name, “d/b/a” trade name or other name.

Section 6.02 Authority; No Conflict; Required Filings and Consents.

(a) Sellers have made available to Buyer an accurate and complete copy of the Governing Documents of the Company and each of its Subsidiaries, each as amended as of the date hereof and in full force and effect as of the date hereof. The Company has not violated its Governing Documents in any material respect. The Company has all requisite power and authority to enter into this Agreement and each of the Ancillary Agreements to which it is a party and to consummate the transactions contemplated hereby and thereby. The Company’s execution and delivery of this Agreement and each Ancillary Agreement to which it is a party and the consummation by the Company of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company. This Agreement has been, and each Ancillary Agreement to which the Company is a party will be at or prior to Closing, duly executed and delivered by the Company and, assuming the due authorization, execution and delivery by the other parties hereto and thereto, this Agreement constitutes, and each such Ancillary Agreement, when so executed and delivered, will constitute the valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, subject, as to enforcement, to (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereinafter in effect affecting creditors’ rights generally and (ii) general principles of equity.

(b) Except as set forth in Section 6.02(b) of the Company Disclosure Letter, the execution and delivery by the Company of this Agreement and each Ancillary Agreement to which it is a party, the consummation by the Company of the transactions contemplated hereby and thereby, and the compliance of the Company with any provisions hereof or thereof, does not and will not, (i) conflict with or result in any material violation of or material default under (with or without notice or lapse of time, or both), or require a consent or waiver under, or give rise to a right of termination, cancellation, modification or acceleration of any material obligation or loss of any material benefit under, or result in the imposition or creation of any Lien (other than a Permitted Lien) upon the Membership Interests or any Lien upon any of the Company's or any of the Subsidiaries' properties or assets (tangible or intangible) under, (A) any provision of the Governing Documents of the Company, or (B) any material Contract to which the Company is a party, or (ii) subject to the governmental filings and other matters referred to in clause (c) hereof, materially violate any Permit, Order or Law applicable to the Company.

(c) No Permit or Order or authorization of, or registration or filing with, any Governmental Entity is required by or with respect to the Company in connection with the execution and delivery of this Agreement or the Ancillary Agreements by the Company or the consummation by the Company of the transactions to which it is a party that are contemplated hereby, except for (i) such Permits, Orders, registrations or filings related to, or arising out of, compliance with statutes, rules or regulations regulating the consumption, sale or serving of alcoholic beverages or tobacco, and (ii) any Permits, Orders, registrations or filings required by Buyer or any of its Subsidiaries, Affiliates or key employees (including under the Gaming Laws).

Section 6.03 <u>Financial Statements and Information</u>.

(a) <u>Section 6.03(a)</u> of the Company Disclosure Letter contains a true and complete copy of the (i) audited financial statements of the Company as of and for the year ended December 31, 2013 (the "<u>Audited Financial Information</u>") and (ii) unaudited financial statements of the Company as of and for the month ended March 31, 2014 (the "<u>Unaudited Financial Information</u>") (together, the "<u>Financial Information</u>"). Except as noted therein, the Audited Financial Information was prepared in accordance with GAAP and the Financial Information fairly presents, in all material respects, the financial position and results of operations of the Company as of such dates and for such periods, except, in the case of the Unaudited Financial Information Statements, for normal year-end and audit adjustments and the absence of footnotes.

(b) The Financial Information was prepared from the books and records of the Company, which (i) have been maintained in material compliance with applicable legal and accounting requirements and reasonable business practices, and (ii) fairly reflect, in all material respects, all dealings and transactions in respect of the Business and the assets and liabilities thereof required to be reflected therein in accordance with GAAP or, in the cause of the Unaudited Financial Information, the Company's accounting principles consistently applied.

(c) Except (i) as set forth in the Financial Information, or (ii) as incurred since March 31, 2014 in the Ordinary Course of Business, the Company has no Liabilities required to be reflected on a balance sheet in accordance with GAAP in an amount in excess, individually or in the aggregate, of Two Hundred Fifty Thousand Dollars ($250,000).

(d) <u>Section 6.03(d)</u> of the Company Disclosure Schedule presents the Company's unaudited calculation of EBITDAM of the Company and its Subsidiaries as of October 31, 2015 for (i) the period beginning January 1, 2015 and ending October 31, 2015, and (ii) the period beginning November 1, 2014 and ending October 31, 2015, in each case including a reasonably detailed calculation of each component of EBITDAM and otherwise prepared in good faith and on a basis consistent with the preparation of the Audited Financial Information and the past practices of Seller Parent.

Section 6.04 Taxes.

(a) The Company and its Subsidiaries have timely filed or caused to be filed (taking into account any extension of time within which to file) with the appropriate Governmental Entities all income Tax Returns and other Tax Returns required to be filed by, or with respect to, each such entity and all such Tax Returns are complete and accurate in all material respects. The Company and its Subsidiaries have timely paid all Taxes due and owing (whether or not shown on any Tax Return).

(b) Except as set forth in Section 6.04 of the Company Disclosure Letter, there are no Proceedings with any Governmental Entities presently ongoing or pending in respect of any Taxes of the Company or its Subsidiaries. There are no deficiencies for Taxes with respect to the Company or its Subsidiaries that have been claimed, proposed or assessed in writing by any Governmental Entity, which deficiencies have not yet been settled, except for such deficiencies that are being contested in good faith by appropriate proceedings.

(c) There are no outstanding waivers extending the statute of limitation relating to a Tax assessment or deficiency of the Company or its Subsidiaries, and no such waivers have been requested by or of the Company or any of its Subsidiaries.

(d) Neither the Company nor any of its Subsidiaries has entered into any “closing agreement” as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign income Tax Law).

(e) Neither the Company nor any of its Subsidiaries has requested, has received or is subject to any written ruling of a Governmental Entity or has entered into any written agreement with a Governmental Entity with respect to any Taxes.

(f) Except as set forth in Section 6.04 of the Company Disclosure Letter, there are no Tax allocation or sharing agreements or similar arrangements involving, on the one hand, the Company or any of its Subsidiaries and, on the other hand, a Person other than the Company or any of its Subsidiaries, and after the Closing Date neither the Company nor any of its Subsidiaries shall be bound by any such Tax allocation agreements or similar arrangements or have any liability thereunder for amounts due in respect of periods prior to the Closing Date.

(g) Except as set forth in Section 6.04 of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries (i) has been a member of an affiliated group filing a consolidated federal income Tax Return (other than the group of which the Company is the parent) or (ii) has any liability for the Taxes of any Person (other than the Company or any of its Subsidiaries) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor or by contract.

(h) No written claim has been received from a jurisdiction in which Tax Returns have not been filed by the Company or any of its Subsidiaries that it is or may be subject to taxation by or a filing requirement in such jurisdiction.

(i) Neither the Company nor any of its Subsidiaries has a permanent establishment in any country other than the United States.

(j) Neither the Company nor any of its Subsidiaries will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of (i) a change in method of accounting (or the use of an incorrect method of accounting), except a change as required by Law, for a taxable period (or portion thereof) ending on or prior to the Closing Date, (ii) installment sale or open transaction disposition made on or prior to the Closing Date, (iii) prepaid amount received on or prior to the Closing Date, or (iv) any election pursuant to Section 108(i) of the Code made effective on or prior to the Closing Date.

(k) Neither the Company nor any of its Subsidiaries has engaged in a transaction that constitutes a "reportable transaction" as such term is defined in Treasury Regulation Section 1.6011-4(b).

(l) None of the Company or any of its Subsidiaries has been a party to any distribution occurring during the last two years in which the parties to such distribution treated the distribution as one to which Section 355 of the Code (or any similar provision of state, local or foreign Law) applied.

(m) The Company and its Subsidiaries have withheld and paid to the applicable Governmental Entities all amounts required to be withheld from amounts owing to any employee, creditor, shareholder, independent contractor or third party.

Section 6.05 Real Property.

(a) The Company or a Subsidiary thereof identified in Section 6.05(a) of the Company Disclosure Letter have fee title to the Real Property described in Section 6.05(a) of the Company Disclosure Letter, and the Real Property so described constitutes all of the Real Property owned by the Company or its Subsidiaries or used in connection with the Business other than as set forth in Section 6.05(b). Section 6.05(a) of the Company Disclosure Letter sets forth a complete list of all addresses and tax parcel numbers associated with the Real Property owned by the Company or the applicable Subsidiary, together with a list of the Existing Title Policies and Title Commitments. Neither the Company nor any Subsidiary thereof has ever owned any other Real Property.

(b) All Real Property leased by the Company or its Subsidiaries and all Real Property leased by any Seller and used in the Business is described on Section 6.05(b) of the Company Disclosure Letter together with a description of the lease, license, sublease or other occupancy agreements and all amendments, modifications, supplements and assignments thereto (collectively, the "Leases"). Neither the Company nor its Subsidiaries uses or occupies or requires the right to use or occupy any Real Property other than the Real Property identified in Section 6.05(a) and Section 6.05(b) of the Company Disclosure Letter.

(c) Except as set forth in Section 6.05(c) of the Company Disclosure Letter or in the Title Commitments set forth in Section 6.05(a) of the Company Disclosure Letter, no owned Real Property is subject to any Lien that is not a Permitted Lien.

(d) Section 6.05(d) of the Company Disclosure Letter lists all leases, licenses and other agreements which permit any third party to use or occupy any portion of the Real Property (collectively, the "Third Party Leases").

(e) With respect to each of the Leases and the Third Party Leases, except as set forth in Section 6.05(e) of the Company Disclosure Letter:

(i) the Lease or Third Party Lease, to Sellers' Knowledge, is valid, binding, enforceable and in full force and effect in accordance with its terms;

(ii) as of the date of this Agreement, neither the Company, its Subsidiaries, nor, to Sellers' Knowledge, any other party to any Leases or Third Party Lease is in breach or default, and, to Sellers' Knowledge, no event has occurred which, with notice or lapse of time, would constitute such a breach or default or permit termination under the Leases or any Third Party Leases;

(iii) no party to the Leases or Third Party Leases has delivered written notice of dispute to the other parties thereto; and

(iv) the rents forth in each Lease and each Third Party Lease is the actual rental being paid, and to Sellers' Knowledge, there are no separate agreements or understandings with respect to the same.

(f) Except as described in Section 6.05(f) of the Company Disclosure Letter, to Sellers' Knowledge, the Real Property owned by the Company and any Subsidiary thereof complies with all applicable zoning, building, subdivision, or land sales laws, rules, ordinances or regulations, including, without limitation, to the extent applicable, the American With Disabilities Act of 1990 as amended to date and all orders and regulations promulgated thereto. Sellers have made available to Buyer true, legible and complete copies of certificates of occupancy and permits affecting the Real Property in Sellers' possession. To Sellers' Knowledge, there are no contractual or legal restrictions that preclude or restrict the ability to use the Real Property for the purposes for which it is currently being used. All existing water, sewer, steam, gas, electricity, telephone, cable, fiber optic cable, internet access and other utilities required for the use, occupancy, operation and maintenance of the Real Property are adequate for the conduct of the Business as it is currently conducted. To Sellers' Knowledge, there are no material latent defects or material adverse physical conditions affecting the Real Property or any of the facilities, buildings, structures, erections, improvements, fixtures, fixed assets and personalty of a permanent nature annexed, affixed or attached to, located on or forming part of the Real Property.

(g) There are no condemnation proceedings or eminent domain proceedings of any kind pending or, to Sellers' Knowledge, threatened against any Real Property.

(h) All of the Real Property is occupied under a valid and current certificate of occupancy or similar permit. To Sellers' Knowledge, no governmental, fire, life safety or other inspection is required under applicable Law in connection with the transactions contemplated by this Agreement.

(i) To Sellers' Knowledge, all improvements on the Real Property constructed by or on behalf of Sellers, the Company or any Subsidiary thereof or, constructed by or on behalf of any other Person, were constructed in compliance with all applicable Laws (including any building, planning or zoning Laws) affecting such Real Property. All of the Real Property has access to a public way and utility services sufficient to conduct the Business as it is currently conducted.

(j) To Sellers' Knowledge, no improvements on the Real Property and none of the current uses and conditions thereof violate any Liens, applicable site plan approvals, zoning or subdivision regulations or urban redevelopment plans as modified by any duly issued variances, and to Sellers' Knowledge, no permits, licenses or certificates pertaining to the ownership or operation of all improvements on the Real Property, other than those which are transferable with the Real Property, are required by any governmental authority having jurisdiction over the Real Property. Neither Sellers, the Company nor any Subsidiary thereof has received any written notice of any default under any of the covenants, easements or restrictions affecting or encumbering any Real Property or any constituent or portion thereof.

(k) Other than pursuant to this Agreement, neither Sellers, the Company nor any Subsidiary thereof has entered into any contract for the sale of any Real Property or any constituent or portion thereof. No Third Party Lease or other agreement affecting any Real Property contains any rights of first refusal or options to purchase the applicable Real Property or any portion thereof or any other similar rights.

Section 6.06 Intellectual Property.

(a) Section 6.06(a) of the Company Disclosure Letter sets forth a correct and complete list as of the date of this Agreement of the (i) patents and patent applications, (ii) trademark and service mark registrations and applications for registration thereof, (iii) copyright registrations and applications for registration thereof, and (iv) internet domain name registrations, in each case that are owned by the Company or any of its Subsidiaries, including for each item listed, as applicable, the owner, the jurisdiction, the application/serial number, the patent/registration number, the filing date, and the issuance/registration date.

(b) The Company and its Subsidiaries own or possesses adequate licenses or otherwise have the right to use all the Intellectual Property that are material to the conduct of the Business, free and clear of Liens (other than Permitted Liens).

(c) Except as set forth in Section 6.06(c) of the Company Disclosure Letter, to Sellers' Knowledge, (i) none of the Intellectual Property owned by the Company or any of its Subsidiaries infringes upon, misappropriates, dilutes or otherwise violates the Intellectual Property of any other Person and (ii) no third party is currently infringing, misappropriating, diluting or otherwise violating any Intellectual Property owned by the Company or its Subsidiaries.

(d) (i) No claims are pending or, to Sellers' Knowledge, threatened, with regard to the ownership by the Company or any of its Subsidiaries or the validity or enforceability of their respective Intellectual Property that is material to the conduct of the Business, and (ii) no claims are pending or, to Sellers' Knowledge, threatened, that the conduct of the Company's or its Subsidiaries' respective businesses as currently conducted infringes, misappropriates or otherwise violates the Intellectual Property rights of any other Person.

(e) The consummation of the transactions contemplated this Agreement will not: (i) result in the breach, modification, cancellation, termination or suspension of any agreement to which the Company or any of its Subsidiaries are a party for any Intellectual Property rights that are material to the conduct of the Business, or (ii) result in the loss or impairment of the Company's or any of its Subsidiaries' ownership or right to use any Intellectual Property that is material to the conduct of the Business.

Section 6.07 Agreements, Contracts and Commitments.

(a) Except for Contracts that are terminable by the Company or its Subsidiaries upon sixty (60) days' notice or less without penalty, Section 6.07(a) of the Company Disclosure Letter sets forth as of the date of this Agreement a complete, accurate and current list of any Contract to which the Company or its Subsidiaries is a party (collectively the "Material Contracts"):

(i) any Contract providing for aggregate annual payments to or by the Company or its Subsidiaries in excess of Two Hundred Fifty Thousand Dollars ($250,000),

(ii) any Contract that grants to any Person the right to occupy (except pursuant to reservations made in the Ordinary Course of Business) any portion of the Real Property,

(iii) any Contract that contains a covenant not to compete that restricts the Business of the Company or its Subsidiaries in any geographic location,

(iv) all partnership agreements, limited liability company agreements and joint venture agreements relating to the Company or any of its Subsidiaries and

(v) any Contract relating to the acquisition or sale of a business (or all or substantially all of the assets thereof) by the Company or any of its Subsidiaries.

(b) Each Material Contract listed on Section 6.07(a) of the Company Disclosure Letter is a valid and binding obligation of the Company or a Subsidiary thereof and, to Sellers' Knowledge, is a valid and binding obligation of each other party thereto, and is in full force and effect and enforceable by the Company or such Subsidiary in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereinafter in effect affecting creditors' rights generally and (ii) general principles of equity. As of the date of this Agreement, except as set forth in Section 6.07(b) of the Company Disclosure Letter, there is no breach or violation of or default by the Company or such Subsidiary or, to Sellers' Knowledge, by any other party under any of the Material Contracts. Sellers have made available to Buyer a true, correct and complete copy of all Material Contracts listed on Section 6.07(a) of the Company Disclosure Letter, together with all amendments, waivers or other changes thereto.

Section 6.08 Litigation. Other than as set forth in Section 6.08 of the Company Disclosure Letter, as of the date of this Agreement, there is no Proceeding pending, or to Sellers' Knowledge, threatened against, the Company or its Subsidiaries before any Governmental Entity. Other than as set forth in Section 6.08 of the Company Disclosure Letter, as of the date of this Agreement, neither the Company nor its Subsidiaries is subject to any Order of any Governmental Entity that, individually or in the aggregate, materially interfere with, or would be reasonably likely to materially interfere with, the ability of the Business to be conducted as it is currently conducted.

Section 6.09 Environmental Matters. Except for matters set forth in Section 6.09 of the Company Disclosure Letter, (a) the Business is, and for the past three (3) years has been, in compliance in all respects with all Environmental Laws; (b) the Company and its Subsidiaries possess all material Permits required under Environmental Laws with respect to operation of the Business, and are in compliance in all material respects with such Permits; (c) there is no pending or, to Sellers' Knowledge, threatened, claim, action, enforcement action, proceeding, notice of violation or notice of responsibility regarding compliance with, or liability under, Environmental Laws with respect to the Business; (d) neither the Company, nor any of its Subsidiaries, has Released any Hazardous Substance on, in, from, under or at any property currently or formerly owned, operated or leased by the Company or any of its Subsidiaries in an amount, manner or concentration that could reasonably be expected to result in material liability to the Company; (e) to Sellers' Knowledge, no Hazardous Substance is present on, at or under the Real Property in an amount, manner or concentration that could reasonably be expected to result in material liability to the Company; and (f) in the past three (3) years, the Company has not received a written notice from any Governmental Entity issued to the Company under Environmental Law. The Company has provided or made available to Buyer all material documents, records and information in the possession or reasonable control of the Company concerning any environmental or health and safety matter relevant to the Company or its Subsidiaries or to any property currently or formerly owned, operated or leased by the Company or any of its Subsidiaries, including without limitation, material environmental audits, environmental risk assessments, site assessments, documentation regarding waste disposal, Permits issued under Environmental Laws, and reports or correspondence to or from Governmental Entities.

Section 6.10 Permits; Compliance with Laws.

(a) The Company, its Subsidiaries and, to Sellers' Knowledge, the Company's directors, officers and key employees hold all material Permits (including approvals of Gaming Authority) necessary for the conduct of the Business as currently conducted, each of which is in full force and effect. The Business is, and since January 1, 2013 has been, conducted in material compliance with applicable Law (including the Gaming Laws). The Company does not know of any fact, circumstance or other reason relating to it that would prevent the conditions to Closing set forth in Article IX from being satisfied or the Closing from occurring within thirteen (13) months of the Effective Date.

(b) Neither the Company nor any of its Subsidiaries, nor any of the Company's or its Subsidiaries' "key persons" (as defined under applicable Gaming Law), is or since January 1, 2013 has been, in conflict with, in default with respect to or in violation of any Law (including Gaming Laws) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected.

(c) Other than as set forth in Section 6.10(c) of the Company Disclosure Letter, (i) none of the Company or any of its Subsidiaries has received any written claim, demand, notice, complaint, court order or administrative order from any Gaming Authority or other Governmental Entity in the past three (3) years under, or relating to any violation or possible violation of, any Gaming Law which did or would be reasonably likely to result in an individual fine or penalty of $100,000 or more and (ii) to Sellers' Knowledge, no investigation or review is threatened by any Gaming Authority or other Governmental Entity with respect to the Company or any of its Subsidiaries. To Sellers' Knowledge, there are no facts, circumstances or conditions which if known by any Gaming Authority would reasonably be expected to result in the revocation, limitation, suspension, non-renewal, modification or termination of a Gaming Approval, except to the extent resulting from, directly or indirectly, (i) the negotiation, execution or announcement of this Agreement or the transactions contemplated hereby (including the impact of any of the foregoing on relationships with customers, suppliers, licensors, employees or regulators (including any Gaming Authority)) or (ii) changes, effects, developments or circumstances to the extent arising from or relating to the identity of Parent or Buyer, or their ability to obtain the Gaming Approvals. None of the Company or any of its Subsidiaries has suffered a suspension, denial, non-renewal, limitation or revocation of any Permit or Gaming Approval.

Section 6.11 Labor Matters.

(a) Sellers have made available to Buyer the following information for each Property Employee as of May 7, 2014: (i) name, job title or position; (ii) the base salary or current wages; and (iii) the most recent bonus paid, if any.

(b) Except as set forth in Section 6.11(b) of the Company Disclosure Letter, the Company and its Subsidiaries are in compliance with all applicable Laws respecting employment and employment practices, terms and conditions of employment, wages and hours and occupational safety and health.

(c) Except as set forth in Section 6.11(c) of the Company Disclosure Letter, (a) neither the Company nor any of its Subsidiaries has experienced any strike, slowdown, work stoppage, lockout, material grievance, claim of unfair labor practices, or other collective bargaining dispute within the past three years that has not been dismissed or settled; (b) to Sellers' Knowledge, no organizational effort is presently being made or threatened by or on behalf of any labor union with respect to employees of the Company or any of its Subsidiaries; and (c) no collective bargaining agreements with any labor organization are in effect with respect to the Company or any of its Subsidiaries.

Section 6.12 Employee Benefits.

(a) Section 6.12(a) of the Company Disclosure Letter sets forth as of the date of this Agreement a list of each material Employee Benefit Plan. Each Employee Benefit Plan has been established, maintained and administered in accordance with its terms and complies in form and operation with the applicable requirements of ERISA, the Code and other applicable Laws, and other than routine claims for benefits, there is no claim or lawsuit pending or, to Sellers' Knowledge, threatened against or arising out of or related to an Employee Benefit Plan.

(b) With respect to each Employee Benefit Plan, the Company has made available to Buyer true and complete copies of (i) all plan documents, including all amendments thereto, (ii) all summary plan descriptions, (iii) the most recent annual report (Form 5500 series) filed with the Internal Revenue Service, if applicable, (iv) the most recent determination or opinion letter, if any, issued by the Internal Revenue Service, and (v) any related trust or funding agreement.

(c) Each Employee Benefit Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service as to its qualified status or may rely on a prototype opinion letter from the Internal Revenue Service, or has timely filed or has time remaining in which to file an application for such determination from the Internal Revenue Service, and, to Sellers' Knowledge, no fact or event has occurred that could reasonably be expected to cause the loss of such qualification.

(d) Except as set forth in Section 6.12(d) of the Company Disclosure Letter, none of the Company or any of its Subsidiaries contributes to, or has, within the past six years, contributed to or had any obligation to contribute to any Employee Benefit Plan that is a Title IV Plan or Multiemployer Plan.

(e) Except as set forth in Section 6.12(e) of the Company Disclosure Letter, there is no Employee Benefit Plan that is a "welfare benefit plan" within the meaning of Section 3(1) of ERISA that provides retiree or post-employment benefits to any Property Employees or to the employees of any of the Company' ERISA Affiliates, other than pursuant to Section 4980B of the Code or any similar state Law.

(f) As of the Closing, no amount that will be received as a result of or in connection with the consummation of the transactions contemplated by this Agreement by any employee, officer, director or other service provider of the Company or any of its Subsidiaries who is a "disqualified individual" (as such term is defined in Treasury Regulation Section 1.280G-1) could reasonably be expected to be an "excess parachute payment" (as defined in Section 280G(b)(1) of the Code).

(g) This Section 6.12 constitutes the sole and exclusive representations and warranties of the Company with respect to any matters relating to any Employee Benefit Plan

Section 6.13 Brokers. Except for the fees and commissions of Stifel, Nicolaus & Company, Incorporated (which fees and commissions are the sole responsibility of Sellers), Sellers have not employed and no Person has acted directly or indirectly as a broker, financial advisor or finder for Sellers and Sellers have not incurred any liability for any brokerage fees, commissions or finder's fees in connection with the transactions contemplated by this Agreement.

Section 6.14 Title to Purchased Assets; Sufficiency of Purchased Assets. The Company and its Subsidiaries have good and marketable title to, or a valid leasehold interest in, the material tangible Personal Property constituting Purchased Assets, free and clear of any Liens other than for Permitted Liens. To Sellers' Knowledge, all of the material tangible Personal Property constituting Purchased Assets, taken as a whole, are structurally sound, are in good operating condition and, taken as a whole, such tangible Personal Property constituting Purchased Assets is not in need of maintenance or repairs except for ordinary, routine maintenance and repairs. Except as set forth in Section 6.14 of the Company Disclosure Letter, the Purchased Assets, taken as a whole, are sufficient in all material respects for the continued conduct of the Business immediately after the Closing in substantially the same manner as conducted immediately prior to the Closing.

Section 6.15 Absence of Changes. From December 31, 2013 through the Effective Date, the Business has been conducted in the Ordinary Course of Business. Since such date through the Effective Date, except as set forth in Section 6.15 of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries:

(a) made any material change in any method of accounting or accounting practice, policy or procedure other than as required by GAAP;

(b) amended its Governing Documents;

(c) (i) declared, set aside, made or paid any dividend or other distribution or payments (whether in cash, stock or property or any contribution thereof) in respect of any of its Membership Interests or (ii) redeemed or otherwise acquired any of its Membership Interests, or issued any new Membership Interests;

(d) merged or consolidated with any business or any corporation, partnership, limited liability company, association or other business organization or division thereof, acquired all or substantially all of the assets from any Person or made any loans, advances or capital contributions to, or any investments in, any Persons;

(e) sold, leased, licensed or otherwise transferred any material assets or properties of the Company or any of its Subsidiaries, other than in the Ordinary Course of Business consistent with past practice;

(f) subjected any of the Purchased Assets to a Lien, other than Permitted Liens created in the Ordinary Course of Business;

(g) incurred any Indebtedness, except for any Indebtedness that shall be fully repaid at Closing;

(h) adopted a plan of complete or partial liquidation, dissolution, merger, consolidation, recapitalization or other reorganization or taken any action for the appointment of a receiver, administrator, trustee or similar officer;

(i) entered into, materially amended or terminated a Material Contract other than (i) in order to comply with applicable Law, (ii) any termination at the expiration of its stated term, (iii) entries, amendments, terminations and renewals in the Ordinary Course of Business or (iv) as required by Applicable Law;

(j) except as required by applicable Law or the terms of any Employee Benefit Plan in existence on the date of this Agreement, as applicable, (i) materially increased the base salary of any officer of the Company or any of its Subsidiaries (other than in the Ordinary Course of Business consistent with past practice), or (ii) entered into, adopted or amended, in any material respect, any Employee Benefit Plan in any manner that established or materially increased the compensation of any officer of the Company or any of its Subsidiaries; or

(k) authorized, or made any commitment with respect to, any single capital expenditure that is in excess of Fifty Thousand Dollars ($50,000) or capital expenditures that are, in the aggregate, in excess of Two Hundred Fifty Thousand Dollars ($250,000), other than capital expenditures not in excess of Eight Million Dollars ($8,000,000) for the year ending December 31, 2014 that are consistent with the amounts and anticipated timing of capital expenditures set forth in the Sellers' budget for the year ending December 31, 2014 that has previously been provided to Buyer (the "2014 Budget").

Section 6.16 Insurance. Section 6.16 of the Company Disclosure Letter sets forth as of the date of this Agreement a true and complete list of all current insurance policies on which the Company or any of its Subsidiaries are named as insureds or additional insureds. Sellers have made true and complete copies of all such insurance policies to Buyer. Such insurance policies are of the type and in the amounts customarily carried by Persons conducting a business similar to the Company and are sufficient for compliance in all material respects with all applicable Laws and Material Contracts to which the Company or its Subsidiaries is a party. As of the date hereof, each of such insurance policies is in full force and effect. Neither the Company nor any Subsidiary has received any written notice regarding any cancellation, invalidation or since January 1, 2013, material increase in premiums or deductibles of any such insurance policy. The execution and delivery of this Agreement by Sellers and the Company and the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements will not conflict with, require the consent or approval of any insurer under, or result in any breach or violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a benefit under, any of the insurance policies required to be listed on Section 6.16 of the Company Disclosure Letter.

Section 6.17 Certain Transactions. Other than (i) as set forth in Section 6.17 of the Company Disclosure Letter and (ii) the Parent Services Agreement, no current or former officer, director, member, partner, shareholder, record or beneficial owner of any security of any class of the Company, or Affiliate of the Company, or an immediate family member of any of the foregoing (an "Affiliated Person") (a) is a party to any Contract with the Company or any of its Subsidiaries, (b) owns any asset, tangible or intangible, that is used in the Business, or (c) has any cause of action or other claim whatsoever against, or owes any amount to, the Company or any of its Subsidiaries. To Sellers' Knowledge, no current officer, member, partner, shareholder, record or beneficial owner of any security of any class of the Company, or Affiliate of the Company has any direct or indirect material interest in, or is or was, a director, officer or employee of any Person that is a client, customer, supplier, lessor, lessee, debtor, creditor or competitor of, the Company. To Sellers' Knowledge, no person employed by the Company or any of its Subsidiaries is a relative of any officer, director, member, partner, shareholder, record or beneficial owner of the Company or any of its Subsidiaries.

Section 6.18 No Other Representations and Warranties. SELLERS MAKE NO REPRESENTATION OR WARRANTY TO BUYER, EXPRESS OR IMPLIED, WITH RESPECT TO THE BUSINESS, THE PURCHASED ASSETS, THE COMPANY, ITS SUBSIDIARIES OR OTHERWISE, INCLUDING ANY REPRESENTATION OR WARRANTY AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR FUTURE RESULTS, OTHER THAN AS EXPRESSLY PROVIDED IN ARTICLES V AND VI. WITHOUT LIMITING THE FOREGOING, SELLERS DO NOT MAKE ANY REPRESENTATION OR WARRANTY TO BUYER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY MANAGEMENT PRESENTATIONS (INCLUDING MONTHLY FINANCIAL REVIEWS), MARKETING MATERIALS, FINANCIAL PROJECTIONS, FORECASTS, BUDGETS, OR THE IMPACT OF COMPETITION, WEATHER, OR OTHER FACTORS AFFECTING HISTORICAL, ACTUAL OR PROJECTED FINANCIAL PERFORMANCE RELATING TO THE BUSINESS. BUYER HEREBY ACKNOWLEDGES THAT, OTHER THAN AS EXPRESSLY PROVIDED IN THIS AGREEMENT, THE BUSINESS, THE PURCHASED ASSETS, THE COMPANY AND ITS SUBSIDIARIES ARE BEING ACQUIRED "AS IS, WHERE IS" ON THE CLOSING DATE AND IN THEIR PRESENT CONDITION, AND BUYER HAS RELIED ON ITS OWN EXAMINATION AND INVESTIGATION OF THE BUSINESS, THE PURCHASED ASSETS, THE COMPANY AND ITS SUBSIDIARIES IN ELECTING TO ENTER INTO, AND CONSUMMATE THE TRANSACTIONS UNDER, THIS AGREEMENT AND THE ANCILLARY AGREEMENTS. NO PATENT OR LATENT PHYSICAL CONDITION OR DEFECT IN ANY OF THE PURCHASED ASSETS, WHETHER OR NOT NOW KNOWN OR DISCOVERED, SHALL AFFECT THE RIGHTS OF EITHER PARTY.

ARTICLE VII.
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers as follows, except as expressly set forth herein and in the corresponding section of the Disclosure Letter with respect to the representation and warranties of Buyer contained in this Article VII delivered by Buyer to Sellers herewith (the "Buyer Disclosure Letter"). The Buyer Disclosure Letter shall be arranged in paragraphs corresponding to the numbered and lettered paragraphs contained in this Agreement and the disclosure in any paragraph shall, to the extent reasonably apparent that the matter disclosed is relevant to another paragraph in this Agreement, qualify such other paragraph.

Section 7.01 Organization. Each of Parent and Buyer is duly organized and validly existing under the laws of its state of organization and has all requisite power and authority to carry on its business as now being conducted. Each of Parent and Buyer is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary.

Section 7.02 Authority; No Conflict; Required Filings and Consents.

(a) Each of Parent and Buyer has all requisite power and authority to enter into this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby and perform its obligations hereunder and thereunder. Each of Parent's and Buyer's execution and delivery of this Agreement and each Ancillary Agreement to which it is a party and the consummation by Parent and Buyer of the transactions contemplated hereby and thereby and performance of its obligations hereunder and thereunder have been duly authorized by all necessary action on the part of Parent or Buyer, as applicable. This Agreement has been, and each Ancillary Agreement will be at or prior to the Closing, duly executed and delivered by Parent and Buyer, as applicable, and, assuming the due authorization, execution and delivery of the other parties hereto and thereto, this Agreement constitutes, and each Ancillary Agreement when so executed and delivered will constitute, the valid and binding obligation of each of Parent and Buyer, enforceable against Parent and Buyer in accordance with their respective terms, subject, as to enforcement, to (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws now or hereinafter in effect affecting creditors' rights generally and (ii) general principles of equity.

(b) The execution and delivery by each of Parent and Buyer of this Agreement and each Ancillary Agreement to which it is a party does not, and the consummation by Parent and Buyer of the transactions contemplated hereby and thereby and the compliance by Parent and Buyer with any provisions hereof or thereof will not, (i) conflict with or result in any material violation or material default under (with or without notice or lapse of time, or both), or require a consent or waiver under, or give rise to a right of termination, cancellation, modification or acceleration or material obligation or loss of any material benefit under (A) any provision of the Governing Documents of Parent or Buyer, or (B) any material Contract to which Parent or Buyer is a party, or (ii) subject to the governmental filings and other matters referred to in Section 7.02(c), violate any Permit, Order or Law applicable to Parent or Buyer.

(c) No Permit or Order or authorization of, or registration or filing with, any Governmental Entity, is required by or with respect to Parent, Buyer or their Affiliates in connection with the execution and delivery of this Agreement or the Ancillary Agreements by Parent or Buyer, the compliance by Parent and Buyer with any of the provisions hereof or thereof, or the consummation by Parent and Buyer of the transactions that are contemplated hereby, except for (i) any approvals and filing of notices required under the Gaming Laws, (ii) filings and other application requests under the HSR Act, (iii) such Permits, Orders, registrations or filings related to, or arising out of, compliance with statutes, rules or regulations regulating the consumption, sale or serving of alcoholic beverages or tobacco, and (iv) any Permits, Orders, authorizations, registrations, or filings required by Sellers or the Company or any of their Subsidiaries, Affiliates or key employees (including under the Gaming Laws).

Section 7.03 Brokers. Neither Parent, Buyer nor any of their Representatives have employed, and no Person has acted directly or indirectly as a broker, financial advisor or finder for Parent or Buyer and neither Parent nor Buyer has not incurred any liability for any brokerage fees, commissions or finder's fees in connection with the transactions contemplated by this Agreement.

Section 7.04 Financing. Parent's and Buyer's current cash availability or available borrowings under its credit facilities are sufficient to enable Parent and Buyer to make payment in full, in cash, of (a) the Closing Payment and (b) the Final Closing Payment as contemplated by Section 2.01 and Section 3.02(a). **EACH OF PARENT AND BUYER HEREBY ACKNOWLEDGES AND AGREES THAT THE RECEIPT BY BUYER OF ANY FINANCING FROM ANY PERSON IS NOT A CONDITION TO BUYER'S OBLIGATION TO PURCHASE THE MEMBERSHIP INTERESTS AT THE CLOSING UNDER THIS AGREEMENT.**

Section 7.05 Licensability of Principals.

(a) None of Parent, Buyer, their Subsidiaries or any of their respective current executive officers and directors (collectively the "Buyer Related Parties ") has ever withdrawn, been denied, or had revoked, a gaming license or related finding of suitability by a Governmental Entity or Gaming Authority. Parent, Buyer and each of the Buyer Related Parties are in good standing, and in material compliance with all Gaming Laws, in each of the jurisdictions in which Parent, Buyer or any Buyer Related Party owns or operates gaming facilities. Schedule 7.05(a) hereto sets forth a true and accurate list of all Buyer Related Parties required to be found suitable in connection with the Gaming Approvals for the Transaction (if Buyer is required to obtain such Gaming Approvals in accordance with Section 8.03(c)).

(b) To Buyer's Knowledge, there are no facts unknown to the Gaming Authorities, which if known to the Gaming Authorities, would (i) be reasonably likely to result in the denial, revocation, limitation or suspension of a gaming license currently held or other Gaming Approval, or (ii) result in a negative outcome to any finding of suitability proceedings currently pending, or under the suitability, licensing, Permits, orders, authorizations or proceedings necessary for the consummation of this Agreement. Buyer does not know of any fact, circumstance or other reason relating to it that it believes would prevent it or a Third Party Operator from obtaining the necessary licenses under Gaming Approvals or the conditions to Closing set forth in Article IX from being satisfied or the Closing from occurring by the Closing Deadline.

Section 7.06 Permits; Compliance with Gaming Laws.

(a) Parent, Buyer, and to Buyer's Knowledge, each of the Buyer Related Parties, and their respective directors, officers, key employees and Persons performing management functions similar to officers and partners, hold or have applied for all Permits and Orders of all Governmental Entities (including all authorizations under Gaming Laws) necessary to conduct the business and operations of Parent and Buyer (the "Buyer Permits"), each of which is in full force and effect.

(b) No event has occurred which permits, or upon the giving of notice or passage of time or both would permit, revocation, non-renewal, modification, suspension, limitation or termination of the Buyer Permits.

(c) Parent, Buyer, and to Buyer's Knowledge, Buyer's directors, officers, key employees and Persons performing management functions similar to officers and partners are, and since November 1, 2013 have been, in material compliance with the terms of the Buyer Permits.

(d) Neither Parent nor Buyer has not received written notice of any investigation or review by any Governmental Entity with respect to Buyer that is pending, and, to Buyer's Knowledge, no investigation or review is threatened, nor has any Governmental Entity indicated in writing any intention to conduct the same that would materially impair or materially delay the Closing.

Section 7.07 Litigation. There is no Proceeding against Parent or Buyer, pending or, to Buyer's Knowledge, threatened against Parent or Buyer before any Governmental Entity, that, individually or in the aggregate, would be reasonably be likely to (x) have a Buyer Material Adverse Effect or (y) materially impair or materially delay the Closing.

Section 7.08 Solvency. Neither Parent nor Buyer is entering into the transactions contemplated by this Agreement with the actual intent to hinder, delay or defraud either present or future creditors of the Company or its Subsidiaries. Buyer is Solvent as of the date of this Agreement, and Buyer will, after giving effect to all of the transactions contemplated by this Agreement, including the Financing, any alternative financing and the payment of the Closing Payment all other amounts required to be paid by Buyer pursuant to this Agreement, any payment of any outstanding indebtedness of the Company or its Subsidiaries contemplated by this Agreement or the Commitment Letters, the payment of all other amounts required to be paid in connection with the consummation of the transactions contemplated by this Agreement and the payment of all related fees and expenses, be Solvent at and after the Closing Date. As used in this Section 7.08, the term "Solvent" means, with respect to a particular date, that on such date, (a) the sum of the assets, at a fair valuation, of Buyer (and, after the Closing, the Company and its Subsidiaries) (on a consolidated basis) and of each of them (on a stand-alone basis) will exceed their debts, (b) each of Buyer (and, after the Closing, the Company and its Subsidiaries) (on a consolidated basis) and each of them (on a stand-alone basis) has not incurred and does not intend to incur, and does not believe that it will incur, debts beyond its ability to pay such debts as such debts mature, and (c) each of Buyer (and, after the Closing, the Company and its Subsidiaries) (on a consolidated basis) and each them (on a stand-alone basis) has sufficient capital and liquidity with which to conduct its business. For purposes of this Section 7.08, "debt" means any liability on a claim, and "claim" means any (i) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured, and (ii) any right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

Section 7.09 Due Diligence Investigation. Each of Parent and Buyer has had an opportunity to discuss the business, management, operations and finances of the Business with Sellers, its applicable Affiliates and their respective Representatives and has had an opportunity to inspect the Purchased Assets. Each of Parent and Buyer has conducted its own independent investigation of the Business. In making its decision to execute and deliver this Agreement and the Ancillary Agreements and to consummate the transactions contemplated hereunder and thereunder, each of Parent and Buyer has relied solely upon the representations and warranties of Sellers set forth in Articles V and VI (and acknowledges that such representations and warranties are the only representations and warranties made by Sellers) and has not relied upon any other information provided by, for or on behalf of Sellers or their Affiliates or their respective Representatives, to Parent or Buyer in connection with the transactions contemplated by this Agreement and the Ancillary Agreements. Each of Parent and Buyer has entered into the transactions contemplated by this Agreement and the Ancillary Agreements with the understanding, acknowledgement and agreement that no representations or warranties, express or implied, are made with respect to any management presentations (including monthly financial reviews), marketing materials, financial projections, forecasts, budgets, or the impact of competition, weather, or other factors affecting historical, actual or projected financial performance relating to the Business. Each of Parent and Buyer further agrees that it is not relying on and has no legal claim predicated on any statements made by Sellers, whether written or oral, with respect to any management presentations (including monthly financial reviews), marketing materials, financial projections, forecasts, budgets, or the impact of competition, weather, or other factors affecting historical, actual or projected financial performance relating to the Business. Each of Parent and Buyer acknowledges that no current or former stockholder, director, officer, employee, affiliate or advisor of Sellers or their Affiliates has made or is making any representations, warranties or commitments whatsoever regarding the subject matter of this Agreement or the Ancillary Agreements, express or implied.

ARTICLE VIII.
COVENANTS

Section 8.01 Conduct of Business Prior to the Closing.

(a) During the period from the Effective Date and continuing until the earlier of the termination of this Agreement or the Closing (the "Pre-Closing Period"), subject to any written instructions of any Governmental Entity and to the limitations set forth below, the Company shall, and Sellers shall cause the Company to (except to the extent as expressly provided by this Agreement or to the extent that Buyer shall otherwise grant its prior consent in writing, which consent may not be unreasonably withheld, conditioned or delayed) carry on the Business in the Ordinary Course of Business. Without limiting the generality of the foregoing (except as expressly provided by this Agreement, to the extent that Buyer shall otherwise grant its prior consent in writing, which consent may not be unreasonably withheld, conditioned or delayed, or as disclosed on Section 8.01 of the Company Disclosure Letter), during the Pre-Closing Period, neither the Company nor its Subsidiaries shall, and Sellers shall cause the Company and its Subsidiaries not to:

(i) make any material change in any method of accounting or accounting practice, policy or procedure other than as required by GAAP;

(ii) amend its Governing Documents;

(iii) (A) declare, set aside, make or pay any dividend or other distribution or payments (whether in cash, stock or property or any contribution thereof) in respect of any of its membership interests or capital stock or (B) redeem or otherwise acquire any of its membership interests or capital stock;

(iv) merge or consolidate with any business or any corporation, partnership, limited liability company, association or other business organization or division thereof, or acquire all or substantially all of the assets from any Person;

(v) issue or sell or encumber any (A) Membership Interests, (B) interests of any kind in any of the Company's Subsidiaries, or (C) any securities convertible into, or rights to acquire, any Membership Interests or interests in any of the Company's Subsidiaries;

(vi) (A) purchase any equity interests in or securities of, or make any other investment in or loans or advances to, any Person, or (B) except in the Ordinary Course of Business, acquire any material assets that would constitute Purchased Assets;

(vii) sell, lease, license or otherwise transfer any material assets or properties of the Company or any of its Subsidiaries, other than (A) as set forth in Section 8.01(a) of the Company Disclosure Letter, (B) in the Ordinary Course of Business and which, individually, do not exceed Fifty Thousand Dollars ($50,000) or which, in the aggregate, do not exceed Two Hundred Fifty Thousand Dollars ($250,000), or (C) replacements of assets (provided that any asset that is not leased or licensed may not be replaced with another that is leased or licensed under this clause (C));

(viii) subject any of the Purchased Assets to a Lien, other than Permitted Liens created in the Ordinary Course of Business;

(ix) incur any Indebtedness, except for any Indebtedness that shall be fully repaid at Closing, amounts to the Pennsylvania Gaming Control Board from the Property Tax Relief Reserve Fund and pension liabilities in the Ordinary Course of Business;

(x) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, recapitalization or other reorganization or take any action for the appointment of a receiver, administrator, trustee or similar officer;

(xi) enter into, materially amend or terminate a Material Contract other than (A) in order to comply with applicable Law, (B) any termination at the expiration of its stated term, or (C) entries, amendments, terminations and renewals in the Ordinary Course of Business;

(xii) except as required by applicable Law or the terms of any Employee Benefit Plan in existence on the date of this Agreement, as applicable, (A) materially increase the base salary of any officer of the Company or any of its Subsidiaries (other than in the Ordinary Course of Business consistent with past practice), or (B) enter into, adopt or amend, in any material respect, any Employee Benefit Plan in any manner that establishes or materially increases the compensation of any officer of the Company or any of its Subsidiaries;

(xiii) authorize, or make any commitment that will remain unfunded at Closing, in whole or in part, with respect to, any single capital expenditure that is in excess of One Hundred Thousand Dollars ($100,000) or capital expenditures that are, in the aggregate, in excess of Two Hundred Fifty Thousand Dollars ($250,000), other than unfunded capital expenditures remaining at Closing that (A) do not exceed, in the aggregate, Five Million Dollars ($5,000,000) and (B) are consistent with the amounts and anticipated timing of capital expenditures set forth in the 2014 Budget or, if such commitments are made in subsequent years, in the budgets prepared by Sellers with respect to such years, which budgets shall be prepared in the Ordinary Course of Business and provided to Buyer as promptly as practicable following their creation;

(xiv) take any action, or fail to take any action, where such action or inaction would reasonably be expected to prevent the consummation of the Closing in the manner set forth in Exhibit A hereto, as may be modified in accordance with Section 1.02 at the time of the proposed action or inaction;

(xv) except as required by applicable Law, make or change any Tax election, settle or compromise any Tax liability or Tax refund claim, change any method of accounting or any accounting period, extend any statute of limitations period for the assessment of any Tax, file any income or other Tax Return (or amended income or other Tax Return) or enter into any closing or similar agreements with respect to Taxes;

(xvi) fail to use commercially reasonable efforts to maintain in effect all material insurance policies or to obtain alternative insurance policies in replacement thereof;

(xvii) waive, release or assign any material rights or material claims relating to the Business, the Company or any of its Subsidiaries, except as contemplated by this Agreement or in the Ordinary Course of Business;

(xviii) enter into any material transaction or transaction outside of the Ordinary Course of Business with any Affiliate;

(xix) enter into any settlement, consent decree or other similar agreement or arrangement with a third party or Governmental Entity other than (i) as does not involve the institution of mandated new procedures or other business conduct or the imposition of equitable or similar relief on the Company and (ii) is not reasonably likely to result in the revocation, limitation or suspension of any Permit of the Company, any of its Subsidiaries or the Business;

(xx) engage in any new line of business;

(xxi) enter into any new material contracts, leases, licenses or other agreements respecting, or place or create any Liens (other than Permitted Liens) on any Real Property, or materially amend any Lease or Third Party Lease or consent to any sublease or assignment thereunder, other than leases of slot machines, *provided* that during the Pre-Closing Period, the total number of leased slot machines at the Casino shall not exceed three hundred (300);

(xxii) enter into any material contract, lease, sublease, license or other agreement to lease or purchase any new parcel of real property;

(xxiii) enter into any new, or materially modify any existing, collective bargaining or any other similar substantive agreement with any labor organization, unless the failure to do so would constitute a breach of any duty or obligation of the Company or its Subsidiaries under applicable Law;

(xxiv) engage in any plant closing or layoff that would give rise to an obligation to provide any notice required pursuant to the WARN Act; or

(xxv) enter into a Contract to do any of the foregoing, or to authorize or announce an intention to do any of the foregoing.

(b) It is agreed and understood that if Buyer does not grant or deny consent to a proposed action within five (5) Business Days of its receipt of the written request by Sellers to take such proposed action, Buyer shall be deemed to have consented to such proposed action notwithstanding any other provision of Section 8.01(a); *provided*, that any written request by Sellers under this clause (b) shall also substantially simultaneously be sent via email to each of William Clifford, Brandon Moore and Desiree Burke.

(c) Except as expressly contemplated by this Agreement, nothing contained in this Agreement shall give Buyer, directly or indirectly, the right to control or direct the Company's or its Subsidiaries' operations prior to the Closing. Prior to the Closing, the management of the Company shall exercise, consistent with and in accordance with the terms and conditions of this Agreement, complete control and supervision over the operations of the Company and its Subsidiaries.

(d) In addition, notwithstanding anything in this Agreement (including the restrictions set forth in the first paragraph of this Section 8.01), nothing herein shall preclude Sellers or the Company or any of their respective Affiliates from taking any action (i) to maintain the viability and marketability of the Casino or to prevent the destruction, removal, wasting, deterioration, or impairment of the Casino (including, but not limited to, regular repair and maintenance efforts, continuation of any planned capital expenditures, and marketing and promotional programs) or (ii) to use any available cash to prepay the Indebtedness of the Company or its Subsidiaries.

Section 8.02 Access to Information and the Real Property; Furnishing of Financial Statements.

(a) Upon reasonable notice, subject to applicable Law, including antitrust Laws and Gaming Laws, the Company shall, and Sellers shall cause the Company to, afford Buyer's Representatives (including, for the avoidance of doubt, the Representatives of the Third Party Operator, as applicable) reasonable access, during normal business hours, during the Pre-Closing Period, to the Real Property (including the Casino) and to the properties, books, Contracts and records of the Company and its Subsidiaries (collectively, the "Inspection") and to the officers, directors, director-level employees, accountants, counsel, consultants, advisors, agents and other representatives of the Company to discuss the business or financial condition of the Company and the other information provided under Section 8.02(c) (collectively, "Senior Personnel Access"); *provided, however,* that (i) Buyer shall provide the Company and Sellers with at least two (2) Business Days' prior notice of any Inspection, and reasonable advance notice prior to any request for Senior Personnel Access, in accordance with Section 12.03; (ii) if the Company so requests, Buyer's Representatives shall be accompanied by a Representative of the Company; (iii) except as provided in Section 8.02(c), Buyer shall not initiate contact with employees or other Representatives of the Company or its Subsidiaries without the prior consent of Sellers; (iv) Buyer's Representatives shall not be entitled to perform any physical testing of any nature with respect to any portion of the Real Property without the Company's prior written consent, and the execution of an access agreement between the Company and Buyer; (v) neither Buyer nor its Representatives shall materially interfere with the Business; (vi) with respect to any inspection of the gaming areas in the Casino (floor, casino cage, accounting, and Pennsylvania Gaming Control Board security areas), Buyer and Sellers shall agree on the date, time and scope of the inspection and also obtain the concurrence of the Pennsylvania Gaming Control Board; and (vii) Buyer shall, at its sole cost and expense, repair any damage to the Purchased Assets or any other property owned by a Person other than Buyer caused by Inspection, and shall reimburse the Company for any loss caused by any Inspection, and restore the Purchased Assets or such other third-party property to substantially similar condition as existed prior to such Inspection, and shall indemnify, defend and hold harmless Sellers, the Company and its Affiliates from and against any personal injury or property damage claims, liabilities, judgments or expenses (including reasonable attorneys' fees) incurred by any of them arising or resulting therefrom.

(b) During the Pre-Closing Period, Sellers shall furnish or cause the Company to furnish to Buyer, promptly after they become available, (i) any monthly financial statements of the Company that it prepares in the Ordinary Course of Business, and (ii) within sixty (60) days of the end of each fiscal quarter, a balance sheet and income statement for such fiscal quarter, prepared in accordance with GAAP.

(c) During the Pre-Closing Period, Sellers shall cooperate with Buyer in connection with Buyer's attempts to find a Third Party Operator, with such cooperation limited to actions that Sellers and the Company take in the ordinary course of business, including by providing reasonably requested information related to the infrastructure and operations of the Casino (including, without limitation, planning and analysis relating to past, current and prospective operating results, operating procedures, information systems and strategic information in connection with Buyer's strategic planning processes and the Transactions). Sellers shall furnish or cause the Company to furnish to Buyer reports created by the Company in the ordinary course of business regarding the operation of the Casino, specifically the daily operating reports, monthly financial reviews and monthly financial statements, but shall have no obligation to generate additional reporting for Buyer. Notwithstanding anything in Section 8.02(a) above to the contrary and without prejudice to any other rights of Buyer hereunder, the Company shall, and Sellers shall cause the Company to, afford Buyer's Representatives (including, for the avoidance of doubt, the Representatives of the Third Party Operator, as applicable) to meet (including, without limitation, by phone) during the Pre-Closing Period with any or all of Seller Parent's Chief Financial Officer, the Chief Financial Officer of the Casino and/or the General Manager of the Casino, each during normal business hours as often as Buyer shall so reasonably request to review Casino operations and the Company's financial condition. Buyer hereby expressly disclaims any claims based on the content, completeness, or accuracy of any information reviewed or presented during such meetings or in any materials or information otherwise furnished by Sellers (or their agents or Representatives) pursuant to this Section 8.02(c) (e.g., daily operating reports, monthly financial reviews and monthly financial statements), other than as otherwise expressly provided in Article IV.

(d) Buyer hereby acknowledges and agrees that it is primarily responsible for the process of finding a Third Party Operator, developing and making presentations and conveying information to prospective Third Party Operators, and that the role of Sellers and the Company only is to provide information to Buyer as provided in this Section 8.02 in support of Buyer's efforts.

(e) During the Pre-Closing Period, Sellers shall, promptly after becoming aware thereof, advise Buyer in writing of (i) any event, condition, fact or circumstance reasonably likely to have a Company Material Adverse Effect, (ii) any written notice or other communication from any third Person alleging that the consent of such third Person is or may be required in connection with the transactions contemplated by this Agreement, (iii) any material default under any material Contract or event which, with notice or lapse of time or both, would become such a default on or prior to the Closing, and (iv) any material adverse change in, or any termination of, or threatened termination in writing of, the business relationship between the Company or any of its Subsidiaries, on the one hand, and any key customer or supplier, on the other hand. No such notification or absence of notification shall affect any of the representations or warranties of Sellers hereunder, or the conditions to the obligations of the parties contained herein or otherwise affect the remedies available hereunder.

Section 8.03 Governmental Approvals.

(a) To the extent required under the Gaming Laws, required or requested by a Governmental Entity or as otherwise necessary to secure the required approval of a Governmental Entity (including the Gaming Approvals) to the transactions contemplated hereby, Sellers and the Company shall, and shall cause any of their respective Affiliates or Representatives to, as applicable: (i) duly submit one or more petitions with the applicable Governmental Entities with respect to the Gaming Approvals, in addition to any new, amended or supplemental applications; (ii) take such action(s) and respond in a timely manner and in good faith to any requests for action, information, attestations or any other materials or documents; (iii) attend any hearings, meetings or other events with respect to such approval(s); and (iv) comply with the terms and conditions of all Gaming Approvals; *provided*, *however*, that Sellers and the Company shall not be required to take any such actions to the extent (but only to the extent) such action(s) would have a material financial impact on Sellers, the Company or its Subsidiaries (in which case Buyer shall have the right to terminate this Agreement and the provisions of Section 10.01(g) will apply).

(b) Buyer may identify a third party operator of the Casino (the "Third Party Operator") and enter into a definitive agreement with such Third Party Operator to operate the Casino (the "Gaming Operating Agreement") in a manner that complies with all Gaming Laws without the receipt by Buyer of a Category 1 license for the Casino; *provided*, *however*, that (x) the Third Party Operator shall not be a competitor of the Company identified by Sellers to Buyer in Section 8.03(b) of the Company Disclosure Letter and (y) in the event Buyer elects to enter into a Gaming Operating Agreement, the closing of the transactions under the Gaming Operating Agreement shall occur no earlier than the Closing hereunder.

(c) In the event that Buyer and the Third Party Operator enter into the Gaming Operating Agreement and Buyer agrees to a transfer of the Purchased Assets to the Third Party Operator that requires HSR Approval, concurrently with the execution of the Gaming Operating Agreement, Buyer shall notify Sellers of such transfer in writing, and as promptly as practicable, but in no event later than three (3) Business Days after entry into the Gaming Operating Agreement, the Company and the Third Party Operator shall file all required applications and documents in connection with obtaining HSR Approval and act diligently and promptly to obtain HSR Approval by no later than the Closing Deadline and reasonably cooperate with each other, in connection with the making of all filings and the obtaining of all such HSR Approval. Subject to applicable Laws relating to the exchange of information, prior to making any application or material written communication to or filing with any Governmental Entity with respect to HSR Approval, Sellers, the Company, Buyer and the Third Party Operator shall provide each other with drafts thereof and afford the other a reasonable opportunity to comment on such drafts. The Company and the Third Party Operator shall use best efforts to schedule and attend any hearings or meetings with Governmental Entities to obtain HSR Approval as promptly as practicable, and, to the extent permitted by the Governmental Entity, the Company and the Third Party Operator shall offer the other the opportunity to participate in all telephonic conferences and all meetings with any Governmental Entity to the extent relating to HSR Approval. Sellers, the Company, Buyer and the Third Party Operator shall, as reasonably practicable, consult with each other, subject to applicable Laws relating to the exchange of information (including antitrust Laws) regarding all the non-confidential information relating to Buyer, the Third Party Operator, Sellers, the Company and any of their respective Affiliates or Representatives which appear in any filing made with, or written materials submitted to, any third party or any Governmental Entity to the extent made or submitted in connection with the transactions contemplated by this Agreement.

Buyer shall include provisions in the Gaming Operating Agreement requiring the Third Party Operator to comply with the foregoing.

(d) Prior to making any application or material written communication to or filing with any Governmental Entity with respect to the Gaming Approvals, Buyer or the Third Party Operator shall provide Sellers with drafts thereof and afford Sellers a reasonable opportunity to comment on such drafts; *provided*, that (i) the opportunity to review shall not include any information that contains proprietary or confidential information of Buyer, the Third Party Operator or any of their respective Representatives, and (ii) the time periods for submission of such applications and written materials set forth in this Agreement, if any, shall automatically be extended for each day of delay caused by Sellers' review. To the extent permitted by the Governmental Entity, Buyer or the Third Party Operator shall offer Sellers the opportunity to participate in all telephonic conferences and all meetings with any Governmental Entity to the extent relating to the Gaming Approvals, excluding any meetings or interviews relating to the suitability of Buyer, the Third Party Operator or its Representatives. Buyer or the Third Party Operator, shall, to the extent practicable, consult with Sellers on all the non-confidential information relating to Sellers, the Company, or any of their respective Affiliates or Representatives which appear in any filing made with, or written materials submitted to, any third party or any Governmental Entity to the extent made or submitted in connection with the transactions contemplated by this Agreement. The Gaming Operating Agreement shall require the Third Party Operator to comply with the foregoing.

(e) Each of Buyer, on the one hand, and Sellers and the Company, on the other hand shall promptly notify the other in writing of any pending or, to the knowledge of Buyer or Sellers (as the case may be), threatened Proceeding or investigation by any Governmental Entity or any other Person (i) challenging or seeking material damages in connection with the transactions contemplated by this Agreement or (ii) seeking to restrain or prohibit the consummation of such transactions.

(f) If any Proceeding is instituted (or threatened to be instituted) challenging the transaction contemplated by this Agreement or the Ancillary Agreements as violative of any applicable Law, Buyer shall, and shall cause its Affiliates to, cooperate with Sellers and take any and all necessary steps to contest and resist, except insofar as Buyer and Sellers may otherwise agree, any such Proceeding, including any Proceeding that seeks a temporary restraining order or preliminary injunction that would prohibit, prevent or restrict consummation of the transactions contemplated by this Agreement. Buyer shall permit Sellers to participate in the defense of such Proceeding with counsel of its choosing. Buyer shall, and shall cause its Affiliates to maintain an open dialogue with the Office of Enforcement Counsel, the Bureau of Licensing and other staff members of the Pennsylvania Racing Commission and Pennsylvania Gaming Control Board to ensure that Buyer and its Affiliates address any concerns of the Pennsylvania Gaming Control Board with respect to the Transaction promptly as such concerns arise. In the event that the Pennsylvania Racing Commission or Pennsylvania Gaming Control Board raises a concern regarding Buyer's interest in the Endeka Development, Buyer shall cooperate with the Pennsylvania Gaming Control Board to address any such concerns in a manner that will permit the Transaction to proceed, including, without limitation, by agreeing to any modification to the manner in which Buyer participates in the Endeka Development.

(g) Without limiting the foregoing, unless such consents are no longer required (e.g., because the Existing Credit Agreements have terminated), Sellers agree to use, and to cause the Company to use, their commercially reasonable efforts to obtain the consents set forth in Section 8.04(h) of the Company Disclosure Letter.

(h) Notwithstanding anything to the contrary set forth herein, Buyer shall have no obligation to take any action or refrain from taking any action as required by this Section 8.03 to the extent that, in the reasonable judgment of Parent, such action or inaction would reasonably be expected to (i) adversely affect Parent's qualification as a real estate investment trust under the Code, (ii) be inconsistent with the terms of the Private Letter Ruling dated September 28, 2012 issued to Penn National Gaming, Inc. by the Internal Revenue Service (the "Penn National PLR"), (iii) require the divestiture of any of Buyer's interest in Hollywood Casino, (iv) result in a breach or violation of the Master Lease, dated November 1, 2013, between Buyer and Penn Tenant, LLC, or (v) require Parent and its Affiliates to take any material action that is non-customary for gaming transactions of the type contemplated by this Agreement. Buyer shall not, and shall cause its Affiliates not to, intentionally take any action that would be reasonably be expected to cause the provisions set forth in foregoing clause (i) through (v) to prohibit the actions required by this Section 8.03.

(i) During the Pre-Closing Period, Buyer may share all confidential information relating to the Company, the Business and the Casino with any potential Third Party Operator (as defined below), *provided*, that (A) such potential Third Party Operator enters into a confidentiality agreement with Buyer in substantially the form attached hereto as Exhibit D and (B) Buyer may not share any marketing information relating to the Company, the Business or the Casino with the Persons listed in Section 8.03(i) of the Company Disclosure Letter without the prior written consent of Sellers.

(j) If at any time Buyer believes Sellers have failed to comply with their obligations under Section 8.03(a), Buyer shall promptly notify Sellers of such specific action or failure to cooperate and specify steps necessary to address the issue. If Sellers do not take such specific action(s) within a reasonably prompt period following such notice, the parties shall submit the dispute to binding arbitration which shall be resolved pursuant to Section 12.02. If the arbitrators determine that Sellers have breached their obligations under Section 8.03(a), Buyer shall be entitled to specific performance. If the arbitrators determine that Sellers have willfully breached their obligations under Section 8.03(a) with the intention of causing a required approval from a Governmental Entity (including the Gaming Approvals) not to be received or to be materially delayed, then Buyer shall be entitled to (i) specific performance or (ii) elect to terminate the Agreement and the provisions of Section 10.01(h) will apply. Irrespective of how the arbitrators find on the merits, the arbitrators shall specifically have the power to extend the Closing Deadline by an appropriate amount of time to account for the delay occasioned by the dispute and arbitration, provided that the arbitrators find that Buyer has brought the dispute to arbitration in good faith.

Section 8.04 Supplemental Disclosure.

(a) Promptly following the end of each fiscal quarter ending March 31, June 30, September 30 and December 31 during the Pre-Closing Period, Sellers and the Company shall to supplement or amend the Company Disclosure Letter with respect to any matter discovered after the date hereof that, if existing or known at the date hereof, would have been required to be set forth or described in the Company Disclosure Letter; *provided*, that for the purpose of the rights and obligations of the parties hereunder, any such supplemental or amended Company Disclosure Letter shall not be deemed to have been disclosed as of the date of this Agreement for purposes of Article XI unless so agreed in writing by Buyer.

(b) Buyer shall promptly notify Sellers of, and furnish Sellers any information it may reasonably request with respect to, the occurrence to Buyer's knowledge of any event or condition or the existence to Buyer's knowledge of any fact that would cause any of the conditions to Sellers' obligation to consummate the transactions contemplated hereby not to be fulfilled.

(c) Sellers shall promptly notify Buyer of, and furnish Buyer any information it may reasonably request with respect to, the occurrence to Sellers' knowledge of any event or condition or the existence to Sellers' knowledge of any fact that would cause any of the conditions to Buyer's obligation to consummate the transactions contemplated hereby not to be fulfilled.

Section 8.05 No Solicitation. During the Pre-Closing Period, Sellers and the Company shall not, and they shall direct their respective Representatives not to, directly or indirectly, (a) solicit or initiate, or take any other action to facilitate knowingly, including, without limitation, by entering into a non-disclosure agreement with any Person other than Buyer or its Representatives, any inquiries or proposals regarding an Acquisition Proposal, (b) engage in negotiations or discussions with any Person other than Buyer or its Representatives concerning any Acquisition Proposal, (c) continue any prior discussions or negotiations with any Person other than Buyer or its Representatives concerning any Acquisition Proposal or (d) accept, or enter into any agreement concerning, any Acquisition Proposal with any Third Party, including, without limitation, any non-disclosure, confidentiality or other agreement of similar effect, or consummate any Acquisition Proposal. If any such proposals or offers for an Acquisition Transaction are received by Sellers and in Sellers' reasonable judgment such proposals or offers are bona fide, Sellers shall promptly inform Buyer in writing of all relevant details with respect to the foregoing.

Section 8.06 Publicity. Sellers, on the one hand, and Buyer, on the other hand, shall agree on the form and content of the initial press release regarding the transactions contemplated hereby and thereafter shall consult with each other before issuing, provide each other the opportunity to review and comment upon, and negotiate in good faith to agree upon, any press release or other public statement with respect to any of the transactions contemplated hereby and shall not issue any such press release or make any such public statement prior to such consultation and prior to considering in good faith any such comments, except as may be required by applicable Law. Notwithstanding anything to the contrary herein, Buyer and Seller Parent may make any public statement in response to questions by the press, analysts, investors or those attending industry conferences or financial analysts conference calls or in connection with a financing, so long as any such statements are not inconsistent with previous press releases, public disclosures or public statements made jointly by Buyer and Seller Parent or made by one party and reviewed by the other and do not reveal non-public information regarding the transactions contemplated by this Agreement.

Section 8.07 Certain Transactions. From the Effective Date until the Closing Date, Buyer shall not, and shall not permit any of its Affiliates to, acquire or agree to acquire by merging or by consolidating with, or by purchasing assets of or equity of, or any other manner, any business or any corporation, partnership, association or other business organization or division thereof engaged in the gaming business in the Commonwealth of Pennsylvania if such acquisition or agreement to acquire could reasonably be expected to adversely affect Buyer's ability to obtain the Gaming Approvals or to consummate the transactions contemplated by this Agreement, as applicable.

Section 8.08 Lien and Guaranty Release. Prior to the Closing, Sellers shall obtain, or shall cause the Company to obtain, any filings, releases, discharges, deeds and other documents necessary to evidence the release by all financial institutions and other Persons to which any Indebtedness (including guarantee obligations in respect of indebtedness of Seller Parent or its other Subsidiaries) of the Company or its Subsidiaries is outstanding of all Liens in connection therewith relating to the

Purchased Assets, the Membership Interests, the Business or the Company ("Lender Liens"), and all obligations (including guarantee obligations) of the Company or its Subsidiaries in respect of such Indebtedness ("Loan Obligations"), on or prior to the Closing Date.

Section 8.09 Title Policies.

(a) Section 6.05(a) of the Company Disclosure Letter sets forth (i) the Company's existing Owner's Title Insurance Policies on the owned Real Property designated on Section 6.05(a) of the Company Disclosure Letter as tax parcel number 520-010-00-00-0019-01 and (ii) the existing Lender's Title Insurance Policies on the owned and leased Real Property designated on Section 6.05(a) and Section 6.05(b) of the Company Disclosure Letter as tax parcel numbers 520-011-00-00-0016-02, 520-011-00-00-0016-00C, and 520-010-00-00-0019-01 (the "Existing Title Policies") and the Title Commitments issued to its lenders on or about April 1, 2014, for the owned Real Property designated on Section 6.05(a) of the Company Disclosure Letter as tax parcel numbers 520-011-00-00-0016-02, 520-011-00-00-0016-00C, and 520-010-00-00-0019-01 (the "Title Commitments"), copies of which have been made available to Buyer. Buyer hereby acknowledges receipt of the Existing Title Policies and Title Commitments as evidence of the status of the Company's or its Subsidiaries' title to the Real Property as reflected in the Existing Title Policies and the Title Commitments and acceptance of all matters thereon as Permitted Liens.

(b) Sellers shall, and shall cause the Company to, reasonably cooperate with Buyer to obtain a non-imputation endorsement, if available (collectively, the "Endorsement"), to the Existing Title Policies, and Buyer shall be responsible for all costs and expenses thereof. Buyer agrees to accept valid and insurable fee simple title to the Real Property subject to the Permitted Liens.

Section 8.10 Survey. Section 8.10 of the Company Disclosure Letter sets forth a list of the most current ALTA Surveys for the owned Real Property designated on Section 6.05(a) of the Company Disclosure Letter as tax parcel numbers 520-011-00-00-0016-02, 520-011-00-00-0016-00C, and 520-010-00-00-0019-01 (the "Existing Surveys"), copies of which have been made available to Buyer. Seller's lenders obtained ALTA surveys on the Real Property designated on Section 6.05(a) of the Company Disclosure Letter as tax parcel numbers 520-011-00-00-0016-02, 520-011-00-00-0016-00C, and 520-010-00-00-0019-01 (the "Lender's Surveys"), copies of which have been made available to Buyer. Buyer agrees to accept the Real Property subject to all matters shown by the Existing Surveys and the Lender's Surveys. At Buyer's option, and at Buyer's sole cost and expense, Buyer may obtain updated and recertified Lender's Surveys or current, certified ALTA surveys with respect to the Real Property identified in Section 6.05(a) of the Company Disclosure Letter (the "Surveys"). Sellers shall, and shall cause the Company to, reasonably cooperate with Buyer in connection with the foregoing.

Section 8.11 Tax and Filing Matters.

(a) Buyer shall prepare or cause to be prepared and timely file or cause to be timely filed any Tax Returns of the Company for all periods ending on or prior to the Closing Date that are required to be filed after the Closing Date and for any Straddle Period, and Buyer shall pay or cause to be paid all Taxes due with respect to such Tax Returns (subject to Buyer's right to indemnification in this Agreement). Such Tax Returns shall be prepared by treating items on such Tax Returns in a manner consistent with the past practices of the Company and its Subsidiaries, as applicable, with respect to such items, except as required by applicable Law. Buyer shall submit a copy of each such Tax Return to Sellers at least twenty (20) days prior to filing for Sellers' review, comment and approval, which approval shall not be unreasonably withheld. Sellers shall provide any comments and approve or disapprove any such Tax Returns within ten (10) days of receiving such Tax Return. Buyer shall incorporate any comments reasonably requested by Sellers. Any disputes shall be resolved by a nationally recognized neutral accounting firm selected jointly by Buyer and Sellers. Notwithstanding any of the foregoing, Buyer shall determine all tax reporting for the transactions taken pursuant to Exhibit A, and Sellers shall not have the right to comment on or approve, nor shall Sellers have the obligation to indemnify Buyer for any, such tax positions. Unless otherwise required by Law, in the event Buyer or any of its Affiliates (including after the Closing Date, the Company) shall amend any Tax Return of the Company or its Subsidiaries or make, revoke or amend any election relating to Taxes or take any other action after the Closing, in each case, with respect to or relating to a Pre-Closing Tax Period or Straddle Period of the Company or its Subsidiaries that results in any increase in the Tax liability in respect of a Pre-Closing Tax Period or a Straddle Period, Sellers' indemnification obligations pursuant to this Agreement shall not be increased as a result of such action or by the amount of such Tax liability.

(b) All transfer, recording, documentary, sales, use, stamp, registration and other such Taxes (including real estate transfer or similar Taxes that arise from any indirect transfer of property as a result of the transfer of the Membership Interests), related fees (including any penalties, interest and additions to Tax) incurred with respect to the purchase and sale of the Membership Interests pursuant to this Agreement ("Transfer Taxes") and any fees for applications, consents, approvals, Permits, registrations or filings made or sought pursuant to this Agreement shall be borne fifty percent (50%) by Buyer and fifty percent (50%) by Sellers (other than any Taxes related to transactions that are contemplated by Exhibit A, other than the sale of the Membership Interests of the Company by Sellers to Buyer pursuant to this Agreement, which shall be borne by Buyer). Sellers, the Company and Buyer shall reasonably cooperate in preparing and filing all Tax Returns relating to Transfer Taxes. Sellers shall not pay any Transfer Taxes for which Buyer is liable without first consulting with Buyer and its advisors; *provided* Sellers may pay any such Transfer Tax if Buyer has not responded to Sellers' reasonable efforts to consult with Buyer and its advisors within five (5) Business Days.

(c) Buyer and Sellers agree to furnish or cause to be furnished to the other, upon reasonable request, as promptly as practicable, such information and assistance relating to Taxes, including, without limitation, access to books and records, as is reasonably necessary for the filing of all Tax Returns by Buyer or Sellers, the making of any election relating to Taxes, the preparation for any audit by any taxing authority and the prosecution or defense of any claim, suit or proceeding relating to any Tax. Buyer and Sellers shall retain all books and records with respect to Taxes for a period of at least seven (7) years following the Closing Date.

(d) Buyer, the Company and its Subsidiaries shall promptly notify Sellers upon receipt of written notice of any inquiries, claims, assessments, audits or similar events with respect to Taxes relating to any Tax Period ending on or before the Closing Date or any Straddle Period (any such inquiry, claim, assessment, audit or similar event, a "Tax Contest"). Sellers shall have the right to control (at Sellers' own expense) the conduct and resolution of any Tax Contest to the extent the Tax Contest relates to Taxes for which the Sellers must indemnify the Buyer pursuant to this Agreement, provided that Buyer shall have the right to participate in such Tax Contests (at its own expense) and Sellers shall not resolve such Tax Contest in a manner that could reasonably be expected to have an adverse impact on Buyer, the Company or its Subsidiaries without the Buyer's prior written consent. If Sellers shall have the right to control the conduct and resolution of such Tax Contest but elect in writing not to do so, then Buyer shall have the right to control the conduct and resolution of such Tax Contest, *provided, however*, that Buyer shall keep Sellers reasonably informed of all material developments in such Tax Contest on a timely basis, and Buyer shall not resolve such Tax Contest in a manner that could reasonably be expected to have an adverse impact on Sellers' Tax liability or indemnification obligations under this Agreement without Sellers' written consent, which shall not be unreasonably withheld.

(e) Sellers shall be entitled to the amount of any refund or credit of Taxes of the Company and its Subsidiaries to the extent such Taxes were paid by the Company or its Subsidiaries before the Closing Date which refund or credit is actually recognized by Buyer or its Subsidiaries, including the Company and its Subsidiaries, on or after the Closing Date, net of any cost to Buyer or its Subsidiaries attributable to the obtaining and receipt of such a refund or credit (including Taxes), except to the extent such refund or credit arises as a result of a carryback of a loss or other tax benefit from a Tax period (or portion thereof) beginning after the Closing Date, or was included as an asset in the calculation of the Net Working Capital as finally determined pursuant to the Final Closing Statement, or is a refund of Taxes to the extent it is incurred as a result of the transactions set forth in Exhibit A. Buyer shall pay, or cause to be paid, to Sellers any amount to which Sellers are entitled pursuant to the prior sentence within two Business Days of the receipt or recognition of the applicable refund or credit by Buyer or its Subsidiaries. To the extent requested by Sellers, Buyer or its Subsidiaries will reasonably cooperate with Sellers in obtaining such refund or credit, including through the filing of amended Tax Returns for periods ending before or on the Closing Date or refund claims.

(f) In the event of any conflict or overlap between the provisions of this Section 8.11 and Article XI, the provisions of this Section 8.11 shall control.

Section 8.12 Regulation S-X Rule 3-05 and 3-14.

(a) Notwithstanding anything herein to the contrary (including for the avoidance of doubt, Section 8.06 hereof), in the event that, as a result of the consummation of the transactions contemplated hereby, Parent and/or Buyer is required to file financial statements with the Securities and Exchange Commission ("SEC") under either Regulation S-X Rule 3-05 or Rule 3-14 (the "S-X Financial Statements"), if required prior to the Closing, Sellers shall prepare and deliver to Buyer such S-X Financial Statements. In addition, in the event that, at any time following the Closing, Parent and/or Buyer determines in good faith that it is required to file with the SEC (or furnish to the SEC) any financial statements relating to the Company and/or the Business (in addition to the S-X Financial Statements) under any applicable Law (including as a result of actions taken by Parent and/or Buyer, such as an offering of securities or the acquisition or one or more businesses or other assets that, when aggregated with the Company, require Parent and/or Buyer to file financial statements of the Company, either on a stand-alone basis or consolidated with the financial statements of such other businesses or assets), then Sellers shall, at the sole cost and expense of Buyer, prepare and deliver to Buyer such financial statements as Parent and/or Buyer so determines are required to be filed or furnished with the SEC, and any such financial statements that are as of a fiscal year end or for a fiscal year shall be audited and accompanied by an unqualified opinion of an internationally recognized independent accounting firm. Any S-X Financial Statements or other financial statements prepared by Sellers pursuant to this Section 8.12(a) shall be prepared in accordance with GAAP, applied on a consistent basis, throughout the periods covered, shall present fairly the financial condition of the Company and/or the Business as of the respective dates thereof and the results of operations and cash flows for the periods covered thereby.

(b) From and after the Closing, upon the request of Parent or Buyer, Sellers shall (i) use their reasonable best efforts to cause their independent accounting firm to deliver to the SEC any auditor's consent that is required to be included in any filing with the SEC that includes or incorporates by reference the S-X Financial Statements or other financial statements prepared by Sellers pursuant to this Section 8.12 to the extent Parent or Buyer conducts or intends to conduct an offering of securities (and if the registration statement, prospectus or offering memorandum for such offering includes or incorporates by reference the S-X Financial Statements or other financial statements prepared by Sellers pursuant to this Section 8.12), use their commercially reasonable efforts to cause their independent accounting firm to deliver a letter containing statements and information of the type ordinarily included in accountant's "comfort letters" with respect to the S-X Financial Statements or other financial statements prepared by Sellers pursuant to this Section 8.12 contained or incorporated by reference in any such document relating to any such offering, in each case, within the period reasonably requested by Parent or Buyer. In addition, in connection with any SEC filing required to be made by Parent and/or Buyer (or any SEC review of such filing), Sellers shall permit Parent, Buyer and their authorized Representatives to have reasonable access, during normal business hours and upon reasonable advance notice, to the properties, books and records of Sellers and their Affiliates relating to the Company for the purpose of preparing any such SEC filing or responding to SEC questions, comments or requests on such SEC filing, and to cause their Representatives to cooperate in such preparation or response.

Section 8.13 Further Assurances. Without prejudice to any of the other provisions of this Article VIII, each of the parties to this Agreement shall use its commercially reasonable efforts to: (a) fulfill and cause to be fulfilled the conditions to Closing to be satisfied by it under this Agreement; (b) comply promptly with all legal requirements which may be imposed on such party with respect to the transactions contemplated hereby and will promptly cooperate with and furnish information to any other party hereto in connection with any such requirements imposed upon such other party in connection with the transactions contemplated hereby; (c) obtain and make (and will cooperate with the other parties in obtaining or making) any consent, authorization, order or approval of, or any registration, declaration, or filing with, or an exemption by, any Governmental Entity, or other third party, required to be obtained or made by such party or its Affiliates in connection with the transactions contemplated hereby or the taking of any action contemplated by this Agreement; and (d) at the request of another party hereto, execute and deliver such other instruments and do and perform such other acts and things as may be reasonably necessary or desirable for effecting completely the consummation of the transactions contemplated hereby.

Section 8.14 Transfer of Assets. Except as provided in Section 6.14 of the Company Disclosure Letter, to the extent that Sellers or any of their Affiliates (other than the Company and its Subsidiaries) holds at or prior to the Closing any asset, property or right that is exclusively used or held for use in connection with the Business (which shall include, notwithstanding anything to the contrary in Section 6.14 of the Company Disclosure Letter, the Intellectual Property listed in Section 8.14 of the Company Disclosure Letter), Sellers shall, and shall cause such Affiliates, to promptly, and in any event prior to the Closing, transfer or assign such asset, property or right to the Company or one of its Subsidiaries.

Section 8.15 Confidentiality. From and after the Closing, Sellers shall, and shall cause their Affiliates to, hold, and shall use their reasonable best efforts to cause their, and their respective Representatives to hold, in confidence any and all information, whether written or oral, concerning the Company, the Purchased Assets and the Business, except to the extent that such Person can show that such information (a) is in the public domain through no fault of Sellers or any of their Affiliates,

(b) is lawfully acquired by them after the Closing from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation, (c) is reasonably relevant for enforcing Sellers' rights or defending against assertions by Buyer or its Affiliates and is disclosed to any Governmental Entity or an arbitrator or other involved party in connection with any Proceeding involving (i) a dispute between Buyer and Sellers or their respective Affiliates, or (ii) the interpretation, entry into, performance, breach or termination of this Agreement or the Ancillary Agreements, (d) is disclosed with the written consent of Buyer or (e) as required by applicable Law, Order or judicial or administrative process. If Sellers or any of their Affiliates are compelled to disclose any such information by judicial or administrative process or by other requirements of Law or Order, such Person shall promptly notify Buyer in writing and shall disclose only that portion of such information which such Person is advised by its counsel is legally required to be disclosed; *provided* that such Person shall exercise its reasonable best efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information. Without prejudice to the rights and remedies otherwise available in this Agreement, the parties each acknowledge that money damages may not be an adequate remedy for any breach of this Section 8.15, and that Buyer will be entitled to specific performance and other equitable relief by way of injunction in respect of a breach or threatened breach of any this Section 8.15.

Section 8.16 Amendment of Company Governing Documents. On or prior to Closing, Sellers and Buyer shall, and Sellers shall cause the Company to, cooperate to execute an amendment and restatement of the Company's limited liability company agreement, which shall become effective upon Closing, to reflect Buyer (or its designee) as the sole member and the owner of record of all of the outstanding Membership Interests.

Section 8.17 Customer List. From and after the Closing until the four (4) year anniversary of the Closing Date, Sellers shall not, and shall cause their Affiliates not to (a) make any direct marketing to the customers on the Customer List for any casino property within a seventy-five (75)-mile radius of the Casino or (b) sell or license the Customer Database or any portion thereof to a third party that makes any direct marketing to the customers on the Customer List for any property within a seventy-five (75)-mile radius of the Casino. Sellers shall provide copies of the Customer List and the Customer Database to Buyer promptly following receipt of the Gaming Approvals.

Section 8.18 Marketing. During the Pre-Closing Period, the Company shall not cease or substantially reduce any ongoing marketing activities relating to the Casino, including marketing activities relating to the Customer List and/or the Customer Database.

Section 8.19 Capital Expenditures. During the Pre-Closing Period, except to the extent Buyer consents (such consent no to be unreasonably withheld, delayed or conditioned), the Company shall continue to make capital expenditures in the Ordinary Course of Business and in an amount not less than Five Million Dollars ($5,000,000) in each calendar year, reasonably allocated pro rata over the course of such year.

Section 8.20 Casualty and Condemnation Proceeds.

(a) In the event that, during the Pre-Closing Period, (i) there is any damage, destruction or other casualty affecting any Real Property, or any condemnation or eminent domain proceeding is completed with respect to the Real Property, and (ii) the Company or its Subsidiaries receive any insurance proceeds from such casualty or governmental award in such condemnation or eminent domain proceeding (in either case, "Casualty and Condemnation Proceeds"), then the Company may not distribute such Casualty and Condemnation Proceeds to Sellers.

(b) In the event that, during the Pre-Closing Period, (i) there is any damage, destruction or other casualty affecting any Real Property, or any condemnation or eminent domain proceeding is completed with respect to the Real Property, and (ii) Sellers receive any Casualty and Condemnation Proceeds, then (A) if Sellers receive the Casualty and Condemnation Proceeds during the Pre-Closing Period, Sellers shall contribute such proceeds (net of legal expenses reasonably incurred in connection with pursuing the proceeds or award) to the Company prior to the Closing, and (B) if Sellers receive the Casualty and Condemnation Proceeds after the Closing, Sellers shall promptly deliver such proceeds (net of legal expenses reasonably incurred in connection with pursuing the proceeds or award) in connection with pursuing the proceeds or award) to the Company.

(c) With respect to any insurance claims for events described in this Section 8.20, Buyer shall have the right to participate in any settlements and related discussions with the applicable insurance company, and Sellers shall take into consideration Buyer's requests with respect thereto as part of its negotiations with the applicable insurance company. In addition, without the prior written consent of Buyer, which consent may be granted or withheld in Buyer's sole, good faith discretion, Sellers shall not agree to any settlement or other resolution of any open insurance claim that would reasonably be expected to result in Casualty and Condemnation Proceeds exceeding Fifty Thousand Dollars ($50,000) individually.

Section 8.21 Transfer to Third Party Operator; Notices and Consents. If any Contract with a third party to which the Company or its Subsidiaries are a party and listed or otherwise identified on Section 8.21 of the Company Disclosure Letter would, as a result of the transfer of the Purchased Assets to the Third Party Operator in connection with the Closing, require (a) notice to be provided to such third party and/or (b) the consent of such third party, then reasonably promptly after Buyer and the Third Party Operator have entered into the Gaming Operating Agreement in accordance with Section 8.03(b)(i) and Buyer has provided Sellers written notice describing in reasonable detail the intended transfer of the Purchased Assets to such Third Party Operator, Sellers shall provide such notices and use commercially reasonable efforts to obtain such consents during the Pre-Closing Period; *provided*, *however*, that Buyer shall reimburse Sellers for the out-of-pocket costs reasonably incurred by Sellers, the Company or its Subsidiaries in connection with seeking such consents.

ARTICLE IX.
CONDITIONS TO CLOSING

Section 9.01 Conditions to Each Party's Obligation to Effect the Closing. The respective obligations of each party to this Agreement to effect the Closing shall be subject to the satisfaction of each of the following conditions on or prior to the Closing:

(a) No Injunctions. No Governmental Entity of competent jurisdiction shall have issued any moratorium, or enacted, issued, promulgated, enforced or entered any Order or Law which is in effect and which prevents or prohibits the consummation of, or that makes it illegal for any party hereto to consummate the transactions contemplated by this Agreement.

(b) Gaming Approvals. All Gaming Approvals shall have been obtained and shall be in full force and effect.

Section 9.02 Additional Conditions to Obligations of Buyer. The obligation of Buyer to effect the Closing is subject to the satisfaction of the following conditions prior to the Closing, any of which may be waived in whole or in part in writing exclusively by Buyer:

(a) Representations and Warranties. The Fundamental Representations of Sellers contained in Article V and Article VI (disregarding all qualifications as to materiality or Company Material Adverse Effect) shall be true and correct at and as of the Closing as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except where the failure of such representations and warranties to be true and correct would not, individually or in the aggregate, be reasonably likely to result in a Company Material Adverse Effect.

(b) Closing Certificate. Buyer shall have received a certificate signed on behalf of Sellers by an executive officer of Sellers or the Company to the effect of clause (a) above.

(c) Deliverables. Sellers and the Company shall have delivered executed copies of the Ancillary Agreements and other closing deliverables described in Article III and Article IV to be delivered by them (including the Estimated Closing Statement and Estimated Cage Cash Closing Statement).

(d) Lien Releases. Sellers shall have obtained full, absolute and unconditional releases of all Lender Liens and Loan Obligations.

(e) Minimum Cage Cash. At the Closing, the Company and its Subsidiaries shall have Cage Cash on hand at the Real Property in an amount not less than Ten Million Dollars ($10,000,000).

Section 9.03 Additional Conditions to Obligations of Sellers. The obligations of Sellers to effect the Closing are subject to the satisfaction of each of the following conditions prior to the Closing, any of which may be waived in whole or in part in writing exclusively by Sellers:

(a) Representations and Warranties. The Fundamental Representations of Buyer contained in Article VII (disregarding all qualifications as to materiality or Buyer Material Adverse Effect) shall be true and correct at and as of the Closing as if made at and as of such time, except where the failure of such representations and warranties to be true and correct would not, individually or in the aggregate, be reasonably likely to result in a Buyer Material Adverse Effect.

(b) Closing Certificate. Sellers shall have received a certificate signed on behalf of Buyer by an executive officer of Buyer to the effect of clause (a) above.

(c) Deliverables. Buyer shall have delivered executed copies of the Ancillary Agreements and other closing deliverables described in Article IV to be delivered by it.

ARTICLE X.
TERMINATION

Section 10.1 Termination. This Agreement may be terminated at any time prior to the Closing (with respect to Section 10.01(b) or Section 10.01(c), by written notice by Sellers or Buyer, as applicable, to the other):

(a) by mutual written agreement of Sellers and Buyer;

(b) by Sellers, if the Closing does not occur prior to November 16, 2016 (the "Closing Deadline") and each of the conditions to Closing set forth in Section 9.02 have been satisfied (or are capable of being satisfied); *provided*, that Sellers shall have no right to terminate if Sellers are in breach of their obligations under Section 8.03(a);

(c) by Sellers, if the Pennsylvania Gaming Control Board has made a final, non-appealable determination that the Pennsylvania Gaming Control Board will not issue to Buyer and/or the Third Party Operator all Gaming Approvals required by the Pennsylvania Gaming Control Board for Buyer or the Third Party Operator to operate the Category 1 gaming facility;

(d) by Sellers or Buyer if a court of competent jurisdiction or other Governmental Entity (other than the Pennsylvania Gaming Control Board or Harness Racing Commission) shall have issued a non-appealable final Order or taken any other non-appealable final action (other than as a result of the failure to obtain the Gaming Approvals), in each case, having the effect of permanently restraining, enjoining or otherwise prohibiting the Closing and the transactions contemplated hereby;

(e) by Buyer, if a condition to Closing set forth in Section 9.02 has not been satisfied (or is not capable of being satisfied) by the Closing Deadline and each of the conditions to Closing set forth in Section 9.03 have been satisfied (or are capable of being satisfied) by the Closing Deadline;

(f) by Buyer, if all of the conditions set forth in Sections 9.01 and 9.03 have been satisfied or waived and Sellers have refused to effect the Closing in accordance with Article IV (after notice and an opportunity to cure, in which case the Closing Deadline shall be extended by the amount of any such cure period);

(g) by Buyer, in accordance with Section 8.03(a) (following a determination by Sellers not to take a specific action required or requested of Sellers by a Governmental Entity as specified in Section 8.03(a) because it would have a material financial impact on Sellers, the Company or its Subsidiaries); or

(h) by Buyer, in accordance with Section 8.03(j) (following a determination by the arbitrators that Sellers did not take a specific action required or requested of Sellers by a Governmental Entity as specified in Section 8.03(a)).

Section 10.02 Effect of Termination.

(a) Liability. In the event of termination of this Agreement pursuant to Section 10.01, this Agreement shall immediately become void and there shall be no liability on the part of Buyer or Sellers or their respective Affiliates or Representatives, other than as set forth in Section 10.02.

(b) In the event of a termination of this Agreement by Sellers pursuant to Sections 10.01(b), 10.01(c) or 10.01(d), Sellers shall be entitled to recover all damages resulting from the failure of the Closing of the Transaction to occur on or before the Closing Deadline, including, without limitation, costs incurred in connection with remarketing the Company and its Subsidiaries or their assets to a new buyer. In the event that, following such termination, Sellers sell the Company or substantially all of its assets to one or more buyers for less than the Base Purchase Price (a "Shortfall Sale"), Sellers shall be entitled, as their sole and exclusive remedy and as liquidated damages hereunder, to (1) the difference between the Base Purchase Price and the aggregate purchase price paid by such buyer(s) in a Shortfall Sale (the "Purchase Price Shortfall"), (2) PLUS all out-of-pocket documented costs incurred by Sellers or their Affiliates in connection with such sale to a third party, LESS (3) the amount of any and all damages previously awarded to Sellers as a result of the termination of this Agreement pursuant to this Section 10.02. Any provision of this Agreement to the contrary (including, without limitation, any provision of Section 12.02) shall be of no effect and shall not operate to limit or cap Sellers' recovery of the damages set forth in this Section 10.02(b) in any Proceeding or claim seeking damages following termination pursuant to Section 10.01(b). Buyer shall not be entitled to avoid liability in the event of such a termination on the grounds that Sellers breached any representation or warranty, failed to comply with any covenant or obligation, or failed to comply with any condition set forth in Article IX; *provided*, *however*, that, and notwithstanding anything in this Agreement to the contrary, Sellers shall not be entitled to any damages of any kind or in any amount hereunder if (x) such failure of the Closing to occur by the Closing Deadline (in the case of termination pursuant to Section 10.01(b)) or such non-appealable determination or Order (in the case of termination pursuant to Sections 10.01(c) or 10.01(d)) was due in significant part to the failure of Sellers to comply with their obligations set forth in Section 8.03(a), or (y) in the event of termination by Buyer pursuant to Section 10.01(g).

(c) In the event of a termination of this Agreement by Buyer pursuant to (A) Section 10.01(c) (where such non-appealable determination was due in significant part to the failure of Sellers to comply with their obligations set forth in Section 8.03(a)), (B) Section 10.01(e), Section 10.01(f) or Section 10.01(h), or (C) Section 10.01(g), then, in each such case, Sellers shall pay to Buyer, as its sole and exclusive remedy and as liquidated damages, the amount of $10,000,000, payable by wire transfer of immediately available funds as promptly as possible (but in any event within three (3) Business Days) to an account designated by Buyer following termination of this Agreement. In the event that this Agreement is terminated pursuant to foregoing clause (A) or (B) and, within twelve (12) months of the date of such termination, Sellers enter into an agreement to sell the Company or substantially all of its assets one or more buyer(s) for more than the Base Purchase Price, upon the consummation of such sale, Buyer shall further be entitled to the difference between the Base Purchase Price and the aggregate purchase price paid by such buyer(s) in such sale.

(d) Fees and Expenses. Except as otherwise expressly provided in this Agreement, all fees and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses, whether or not the Closing is consummated. Any cancellation charges of the Title Insurer shall be paid by the party who breached this Agreement, and, if no party breached this Agreement, then each of Sellers and Buyer shall pay one-half of such cancellation charges.

(e) Specific Performance and Other Remedies. For the avoidance of doubt, prior to exercising any right of termination under Section 10.01, the non-breaching parties may seek specific enforcement or other available remedies in accordance with Section 12.02(d); *provided*, that a party may not seek specific performance if the other party terminates this Agreement under Section 10.01(c) or Section 10.01(d).

ARTICLE XI.
SURVIVAL; INDEMNIFICATION

Section 11.01 Survival of Representations, Warranties, Covenants and Agreements.

(a) The representations and warranties made by Sellers, the Company and Buyer in this Agreement shall survive the Closing until twelve (12) months after the Closing Date, *provided, however*, that (i) the representations and warranties made in Section 5.01 (Organization of Sellers), Section 5.02(a) (Authority), Section 5.02(b)(i) (No Conflict With Organizational Documents), Section 5.03 (Title to Membership Interests), Section 6.01 (Organization of the Company), Section 6.02(a) (Authority), Section 6.02(b)(i) (No Conflict With Organizational Documents), Section 6.13 (Brokers), Section 7.01 (Organization), Section 7.02(a) (Authority); Section 7.02(b)(i) (No Conflict With Organizational Documents), Section 7.03 (Brokers) (collectively, the "Fundamental Representations") shall survive indefinitely and (ii) the representations and warranties in Section 6.04 (Taxes) shall survive until thirty (30) days following the expiration of the statute of limitations applicable to the collection of the applicable Tax that is the subject of such representations. The period of time a representation or warranty survives the Closing pursuant to the preceding sentence shall be the "Survival Period" with respect to such representation or warranty. The parties agree that no claim may be brought based upon, directly or indirectly, any of the representations and warranties contained in this Agreement after the Survival Period with respect to such representation or warranty. The termination of the representations and warranties provided herein shall not affect a party in respect of any good faith claim made by such party in reasonable detail in writing received by an Indemnifying Party prior to the expiration of the applicable Survival Period provided herein. Any written claim with respect to a breach of any covenant or other agreement in this Agreement to be performed at or prior to the Closing by Sellers or Buyer may be given at any time prior to the date that is twelve (12) months following the Closing Date and, from and after such date, no claim for indemnification for a breach of such covenant or agreement may be made hereunder.

Section 11.02 Indemnification.

(a) From and after the Closing, Sellers, jointly and severally, shall indemnify, save and hold harmless Buyer and its Affiliates and its and their respective Representatives (each, a "Buyer Indemnified Party" and collectively, the "Buyer Indemnified Parties") from and against any and all costs, losses, Liabilities, obligations, damages, claims, and expenses (whether or not arising out of third-party claims), including interest, penalties, reasonable attorneys' fees and any amounts paid in settlement of the foregoing (herein, "Damages"), incurred in connection with, arising out of, or resulting from:

(i) any breach of any representation or warranty made by Sellers in Article V or Article VI;

(ii) any breach of any covenant or agreement to be performed by Sellers in this Agreement, or any covenant or agreement to be performed by the Company in this Agreement prior to the Closing; or

(iii) any Taxes of the Company or any of its Subsidiaries (or Taxes for which the Company or any of its Subsidiaries is liable pursuant to Treasury Regulation Section 1.1502-6 (or any similar or corresponding provision of state or local Law), as a transferee or successor or otherwise) incurred in Pre-Closing Tax Periods. In the case of any Straddle Period: (A) the amount of any Taxes based on or measured by income or receipts, sales or use taxes, employment taxes, or withholding taxes of such Person for the Pre-Closing Tax Period shall be determined based on an interim closing of the books as of the close of business on the Closing Date (and for such purpose, the taxable period of any partnership, other pass-through entity or any "controlled foreign corporation" within the meaning of Section 957 of the Code in which such Person holds a beneficial interest shall be deemed to terminate at such time) and (B) the amount of any other Taxes of such Person for a Straddle Period that relates to the Pre-Closing Tax Period shall be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the taxable period ending on the Closing Date and the denominator of which is the number of days in such Straddle Period. Notwithstanding the foregoing, Sellers shall not be required to indemnify Buyer for any Taxes (1) resulting from implementing the transaction steps as provided in Exhibit A (other than the sale of the Membership Interests of the Company by Sellers to Buyer pursuant to this Agreement); (2) included as a Liability in the calculation of the Net Working Capital as finally determined pursuant to the Final Closing Statement; or (3) attributable to actions by Buyer as described in the last sentence of Section 8.11(a).

(b) From and after the Closing, Buyer shall indemnify, save and hold harmless Sellers, the Company and their respective Affiliates and its and their Representatives and successors (each, a "Seller Indemnified Party" and collectively, the "Seller Indemnified Parties") from and against any and all Damages incurred in connection with, arising out of, or resulting from:

(i) any breach of any representation or warranty made by Buyer in Article VII; or

(ii) any breach of any covenant or agreement to be performed by Buyer in this Agreement.

Section 11.03 Procedure for Claims between Parties. If a claim for Damages is to be made by a Buyer Indemnified Party or Seller Indemnified Party (each, an "Indemnified Party") entitled to indemnification hereunder, such party shall give written notice briefly describing the claim and, to the extent then ascertainable, the monetary damages sought (each, a "Notice") to the indemnifying party hereunder (the "Indemnifying Party" and collectively, the "Indemnifying Parties") as soon as practicable after such Indemnified Party becomes aware of any fact, condition or event which may give rise to Damages for which indemnification may be sought under this Article XI. Any failure to submit any such notice of claim to the Indemnifying Party shall not relieve any Indemnifying Party of any liability hereunder, except to the extent that the Indemnifying Party was actually prejudiced by such failure.

Section 11.04 Defense of Third Party Claims.

(a) If any Proceeding is initiated against an Indemnified Party by any third party (each, a "Third Party Claim") for which indemnification under this Article XI may be sought, Notice thereof, together with copies of all notices and communication relating to such Third Party Claim, shall be given to the Indemnifying Party as promptly as practicable. The failure of any Indemnified Party to give timely Notice hereunder shall not affect rights to indemnification hereunder, except to the extent that the Indemnifying Party was actually prejudiced by such failure.

(b) If it so elects to do so, the Indemnifying Party shall be entitled to:

(i) take control of the defense and investigation of such Third Party Claim if the Indemnifying Party by written notice to the Indemnified Party;

(ii) employ and engage attorneys of its own choice (*provided* that such attorneys are reasonably acceptable to the Indemnified Party) to handle and defend the same, unless the named parties to such Proceeding include both one or more Indemnifying Parties and an Indemnified Party, and the Indemnified Party has reasonably concluded that there may be one or more legal defenses or defense strategies available to such Indemnified Party that are different from or additional to those available to an applicable Indemnifying Party or that there exists a conflict of interest, in which event such Indemnified Party shall be entitled to separate counsel (*provided* that such counsel is reasonably acceptable to the Indemnifying Party); and

(iii) compromise or settle such Third Party Claim, which compromise or settlement shall be made (x) only with the written consent of the Indemnified Party, such consent not to be unreasonably withheld, conditioned or delayed, or (y) if such compromise or settlement contains an unconditional release of the Indemnified Party in respect of such claim, without any admission of wrongdoing of any nature whatsoever to or by such Indemnified Party, and provides only for monetary damages that will be paid in full by the Indemnifying Party.

(c) If the Indemnifying Party elects to assume the defense of a Third Party Claim, the Indemnified Party shall reasonably cooperate with the Indemnifying Party and its attorneys in the investigation, trial and defense of such Third Party Claim and any appeal arising therefrom; *provided, however,* that the Indemnified Party may, at its own cost, participate in the investigation, trial and defense of such lawsuit or action and any appeal arising therefrom. The parties shall reasonably cooperate with each other in any notifications to insurers.

(d) If the Indemnifying Party fails to assume the defense of such Third Party Claim within thirty (30) calendar days after receipt of the Notice, the Indemnified Party against which such Third Party Claim has been asserted will have the right to undertake the defense, compromise or settlement of such Third Party Claim; *provided, however,* that such Third Party Claim shall not be compromised or settled without the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, conditioned or delayed.

(e) If the Indemnified Party assumes the defense of the Third Party Claim, the Indemnified Party will keep the Indemnifying Party reasonably informed of the progress of any such defense, compromise or settlement.

Section 11.05 Limitations on Indemnity.

(a) No Buyer Indemnified Party shall seek, or be entitled to, indemnification from any of Sellers pursuant to Section 11.02(a)(i) (other than with respect to a breach of any Fundamental Representation or Section 6.04 (Taxes)) unless the aggregate claims for Damages of the Buyer Indemnified Parties for which indemnification is sought pursuant to Section 11.02(a)(i) (other than with respect to a breach of any Fundamental Representation or Section 6.04 (Taxes)) exceed Five Million Dollars ($5,000,000), in which event Sellers shall be liable for all such Damages in excess of Two Million Five Hundred Thousand Dollars ($2,500,000).

(b) No Buyer Indemnified Party shall seek, or be entitled to, indemnification from any of Sellers (i) pursuant to Section 11.02(a)(i) (other than with respect to a breach of any Fundamental Representation or Section 6.04 (Taxes)) to the extent the aggregate claims for Damages of the Buyer Indemnified Parties for which indemnification is sought pursuant to Section 11.02(a)(i) (other than with respect to a breach of any Fundamental Representation or Section 6.04 (Taxes)) exceed an amount equal to Thirty Million Dollars ($30,000,000) or (ii) pursuant to Section 11.02(a) (including with respect to a breach of any Fundamental Representation or Section 6.04 (Taxes)) to the extent the aggregate claims for Damages of the Buyer Indemnified Parties for which indemnification is sought pursuant to Section 11.02(a) (including with respect to a breach of any Fundamental Representation or Section 6.04 (Taxes)) exceed an amount equal to the Base Purchase Price.

(c) Sellers shall have no obligation under this Article XI to indemnify any Buyer Indemnified Party with respect to (i) any Damage that is a Liability to the extent reflected in the final determination of the Final Statements or the calculation of the Final Closing Net Working Capital or the Final Closing Cage Cash, (ii) any Damage to the extent such Damage does not exceed the amount of any reserves for such Damage as reflected in the final determination of the Final Statements or the calculation of the Final Closing Net Working Capital or the Final Closing Cage Cash, (iii) any matter that was subject of a dispute that was resolved pursuant to the terms of Section 3.03, (iv) any Liability for Taxes that result from the implementation of the transaction steps as provided in Exhibit A (other than the sale of the Membership Interests of the Company by Sellers to Buyer pursuant to this Agreement), or (v) any Liability for Taxes attributable to actions taken by Buyer as described in the last sentence of Section 8.11(a).

(d) In calculating the amount of any Damages payable to a Buyer Indemnified Party hereunder, the amount of the Damages (i) shall not be duplicative of any other Damage for which an indemnification claim has been made and (ii) shall be computed net of any amounts actually recovered by such Buyer Indemnified Party or its Affiliates under any insurance policy or otherwise with respect to such Damages. If Sellers pay a Buyer Indemnified Party for a claim and subsequently insurance proceeds in respect of such claim are collected by the Buyer Indemnified Parties, then the Buyer Indemnified Party promptly shall remit the insurance proceeds up to the amount paid by Sellers to the Buyer Indemnified Party. The Buyer Indemnified Parties shall use commercially reasonable efforts to obtain from any applicable insurance company any insurance proceeds in respect of any claim for which the Buyer Indemnified Parties seek indemnification under this Article XI.

(e) Upon and becoming aware of any event which is reasonably likely to give rise to losses subject to indemnification hereunder, each Buyer Indemnified Party shall use commercially reasonable efforts to mitigate the losses arising from such events, including incurring costs only to the minimum extent necessary to remedy the event which gives rise to losses.

(f) The amount of any recovery by the Buyer Indemnified Parties pursuant to this Article XI shall be reduced by foreign, federal, state and/or local Tax benefits actually realized by such Buyer Indemnified Party in the taxable year that the Damage is incurred.

(g) No Indemnifying Party shall be liable to an Indemnified Party hereunder for (i) any punitive damages, except where such damages are recovered by a third party from such Indemnified Party in connection with Damages indemnified hereunder or (ii) any lost profits, diminution in value, consequential damages, special damages, incidental damages, indirect damages, exemplary damages or other unforeseen damages. In no event shall any multiples or similar valuation methodology (whether based on "multiple of profits," "multiple of earnings," "multiple of cash flows" or similar items) be used in calculating the amount of any Damages.

Section 11.06 Exclusive Remedy.

(a) After the Closing, except with respect to fraud, the indemnities provided in this Article XI shall constitute the sole and exclusive remedy of any Indemnified Party for Damages arising out of, resulting from or incurred in connection with any claims regarding matters arising under or otherwise relating to this Agreement; *provided, however;* that this exclusive remedy for Damages does not preclude a party from bringing an action for specific performance or other equitable remedy to require a party to perform its obligations under this Agreement. Without limiting the foregoing, Buyer, Buyer, Seller Parent and Sellers each hereby waive (and, by their acceptance of the benefits under this Agreement, each Buyer Indemnified Party and Seller Indemnified Party hereby waives), from and after the Closing, any and all rights, claims and causes of action (other than claims of, or causes of action arising from, fraud) such party may have against the other party arising under or based upon this Agreement or any schedule, exhibit, disclosure letter, document or certificate delivered in connection herewith, and no legal action sounding in tort, statute or strict liability may be maintained by any party (other than a legal action brought solely to enforce or pursuant to the provisions of this Article XI).

(b) Without limiting the foregoing, the Buyer Indemnified Parties and Seller Indemnified Parties hereby waive and agree not to seek (whether under any Environmental Law or otherwise) any statutory or common law remedy (whether for contribution, equitable indemnity or otherwise) against any Indemnifying Party with regard to any liability arising under Environmental Law or related to Hazardous Substances, except solely in accordance with the exclusive remedy provided in this Article XI.

Section 11.07 Treatment of Indemnification Payments. All indemnification payments made pursuant to this Article XI shall be treated by the parties for income Tax purposes as adjustments to the Final Purchase Price, unless (a) otherwise required pursuant to a “determination” (as defined in Section 1313(a) of the Code or any similar provision of state, local or foreign Law) or (b) Buyer and Sellers shall otherwise agree in writing.

ARTICLE XII.
MISCELLANEOUS

Section 12.01 Definitions.

(b) For purposes of this Agreement, the term:

“Accounts Receivable” means all accounts receivable (including receivables and revenues for food, beverages, telephone and casino credit), notes receivable or overdue accounts receivable, in each case, due and owing by any third party.

“Acquisition Proposal” means any sale or other disposition (whether by merger, reorganization, recapitalization or otherwise) of all or substantially all of the capital stock or assets of the Company and its Subsidiaries, taken as a whole.

“Affiliate” means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first-mentioned Person.

“Ancillary Agreements” means the Assignment of Interests.

“Business” means the business conducted by the Company and its Subsidiaries as of the date of this Agreement or as of the Closing Date.

“Business Day” means each day, other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

“Buyer’s Knowledge” means the actual knowledge of William Clifford, Brandon Moore or Desiree Burke.

“Buyer Material Adverse Effect” means changes, events, circumstances or effects that have had, will have or would be reasonably likely to have a material adverse effect on Buyer’s ability to perform its obligations hereunder, obtain any Gaming Approval or to consummate the transactions contemplated hereby.

“Cage Cash” means all cash and cash equivalents located at the Casino’s cages.

“Casino” means (a) the casino located on the Real Property and commonly known as The Meadows Casino and (b) the racetrack located on the Real Property.

“Code” means the Internal Revenue Code of 1986, as amended.

“Company Material Adverse Effect” means a material and adverse effect on the financial condition, assets or results of operations of the Company and its Subsidiaries, taken as a whole; *provided,* that the following shall not be taken into account in determining whether a Company Material Adverse Effect has occurred: (a) general conditions (or changes therein) in the (i) travel, hospitality or gaming industries, which do not have an adverse effect on the Company that is disproportionate relative to the effect such conditions have on other participants in the gaming industry in the states in which the Company or its Subsidiaries conduct operations, or in the jurisdiction where the Company or Subsidiaries operate or (ii) the financial, banking, currency or capital markets, (b) any change in GAAP, (c) any change in applicable Law, including any change in Law permitting or expanding casino gambling (such as electronic gaming machines or table games) in the States of Pennsylvania, West Virginia or Ohio, which does not have an adverse effect on the Company that is disproportionate relative to the effect such conditions have on other participants in the gaming industry in the states in which the Company or its Subsidiaries conduct operations, (d) any change, event or effect resulting from the entering into or public announcement of the transactions contemplated by this Agreement, (e) any change, event or effect resulting from any act of terrorism, commencement or escalation of armed hostilities in the U.S. or internationally, (f) earthquakes, hurricanes, tsunamis, tornadoes, floods, mudslides, wild fires, weather conditions and other force majeure events in the United States or any other country, which do not have an adverse effect on the Company that is disproportionate relative to the effect such conditions have on other participants in the gaming industry in the states in which the Company or its Subsidiaries conduct operations, (g) acts by Sellers, the Company or its Subsidiaries carried out at the express written request of Buyer, (h) the taking of any action contemplated by this Agreement and/or any of the Ancillary Agreements, and (i) the failure of the Company to meet any financial or other projections.

“Confidentiality Agreement” means the agreement entered into as of February 20, 2014 between Seller Parent and Buyer.

“Consolidated Interest Charges” means, for the year ending December 31, 2015, for the Company and its Subsidiaries on a consolidated basis, the sum of (a) all interest, premium payments, debt discount, fees, charges and related expenses of the Company and its Subsidiaries paid in cash in connection with borrowed money or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP (but excluding any interest imputed as a result of purchase accounting), plus (b) the portion of rent expense of the Company and its Subsidiaries with respect to such year under capital leases that is treated as interest in accordance with GAAP, minus (c) interest income of the Company and its Subsidiaries during such period; provided that Consolidated Interest Charges shall not include (i) any fees or expenses paid in connection with the Existing Credit Agreements, (ii) any non-cash interest or deferred financing costs, (iii) any amortization or write-down of deferred financing fees, debt issuance costs, discounted liabilities, commissions, fees and expenses, (iv) any expensing of bridge, commitment and other financing fees and (v) penalties and interest related to taxes.

"Consolidated Net Income" means, for the year ending December 31, 2015, for the Company and its Subsidiaries on a consolidated basis, the net income of the Company and its Subsidiaries from operations for that year. For the avoidance of doubt, "Consolidated Net Income" will include promotional item tax refunds for the tax year ending December 31, 2015 accrued by the Company and its Subsidiaries as part of such net income but will exclude any tax refunds applicable to prior periods.

"Consulting Agreement" means the Consulting Agreement, dated as of May 13, 2014, by and among Buyer, Seller Parent, Holdco and the Company, which has terminated.

"Contract" means any oral or written agreement, contract, lease, sublease, license, sublicense, mortgage, indenture, instrument, power of attorney, note, loan, evidence of indebtedness, purchase order, letter of credit, settlement agreement, franchise agreement, or employment agreement.

"Customer Database" means all customer databases, customer lists, historical records of customers and any other information collected by Sellers with respect to customers of the Casino, including any information used in connection with marketing and promoting the Casino.

"Customer List" means the names of customers in the Customer Database who have visited the Casino during the twenty-four (24) month period prior to the Closing.

"EBITDAM" means for the fiscal year ending December 31, 2015, for the Company and its Subsidiaries on a consolidated basis, an amount equal to Consolidated Net Income for such year plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication: (a) pre-opening expenses during such year, (b) prepayment penalties and expenses incurred in connection with the refinancing of the Existing Credit Agreements during such year, (c) Consolidated Interest Charges for such year, (d) depreciation and amortization expense during such year, (e) the Management Compensation incurred during such year, (f) the provision for Federal, state, local and foreign income taxes payable (including, without limitation, any penalties or interest relating to such taxes or arising from tax examinations), (g) legal fees and expenses related to the negotiation and execution of (i) this Agreement and the Settlement Agreement and the consummation of the transactions contemplated hereby and thereby or (ii) amendments to the Existing Credit Agreements incurred during such year, and (h) other extraordinary, unusual or non-recurring charges, expenses or losses during such year (to the extent not otherwise covered by the foregoing clauses (a) through (g)), minus (A) extraordinary, unusual or non-recurring gains during such year.

"Endeka Development" means the proposed development of a racing and gaming facility in Mahoning Township, Pennsylvania.

"Employee Benefit Plan" means each "employee benefit plan" (as such term is defined in Section 3(3) of ERISA), excluding any Multiemployer Plan, and each other stock purchase, stock option, severance, employment, change-in-control, bonus, incentive, deferred compensation or other material employee benefit or material compensation plan, program or arrangement (other than individual contracts or agreements), that is maintained, sponsored or contributed to by the Company or its Subsidiaries on behalf of Property Employees.

"Environment" means ambient air (including indoor air), vapors, surface water, groundwater, wetlands, drinking water supply, land surface, or subsurface strata and biota.

"Environmental Laws" means all applicable and legally enforceable Laws relating to the protection of human health and safety, Hazardous Substances, pollution, or restoration or protection of the Environment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Estimated Closing Cage Cash" means Sellers' good faith estimate of the Cage Cash of the Company, on a consolidated basis, as of the Closing.

"Estimated Closing Cage Cash Overage" means the amount, if any, by which the Estimated Closing Cage Cash is greater than the Target Cage Cash.

"Estimated Closing Cage Cash Shortage" means the amount, if any, by which the Estimated Closing Cage Cash is less than the Target Cage Cash.

"Estimated Closing Net Working Capital" means Sellers' good faith estimate of the Net Working Capital of the Company, on a consolidated basis, as of the Closing.

"Estimated Closing Net Working Capital Overage" means the amount, if any, by which the Estimated Closing Net Working Capital is greater than the Target Net Working Capital.

"Estimated Closing Net Working Capital Shortage" means the amount, if any, by which the Estimated Closing Net Working Capital is less than the Target Net Working Capital.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Existing Credit Agreements" means, collectively, (a) the First Lien Credit Agreement dated as of October 2, 2012 and made between Cannery Casino Resorts, LLC and Washington Trotting Association, Inc. as Borrowers, Deutsche Bank Trust Company Americas, as Administrative Agent, Collateral Agent and L/C Issuer and the joint lead arrangers and lenders named therein and (b) the Second Lien Credit Agreement dated as of October 2, 2012 and made between Cannery Casino Resorts, LLC and Washington Trotting Association, Inc. as Borrowers, Deutsche Bank Trust Company Americas, as Administrative Agent and Collateral Agent and the joint lead arrangers and lenders named therein.

"Final Closing Cage Cash" means the Cage Cash of the Company, on a consolidated basis, as of the Closing as set forth in the Final Cage Cash Closing Statement.

"Final Closing Net Working Capital" means the Net Working Capital of the Company, on a consolidated basis, as of the Closing as set forth in the Final Closing Statement.

“Final Closing Cage Cash Overage” means the amount, if any, by which the Final Closing Cage Cash is greater than the Estimated Closing Cage Cash.

“Final Closing Cage Cash Shortage” means the amount, if any, by which the Final Closing Cage Cash is less than the Estimated Closing Cage Cash.

“Final Closing Net Working Capital Overage” means the amount, if any, by which the Final Closing Net Working Capital is greater than the Estimated Closing Net Working Capital.

“Final Closing Net Working Capital Shortage” means the amount, if any, by which the Final Closing Net Working Capital is less than the Estimated Closing Net Working Capital.

“GAAP” means generally accepted accounting principles in the United States.

“Gaming Approvals” means an order by the Pennsylvania Racing Commission and/or Pennsylvania Gaming Control Board either (a) approving the Petition for Change in Control of the Company from Sellers to Buyer and, finding the Third Party Operator suitable to hold a Category 1 license and approving the operation of the Casino under the Gaming Operating Agreement, or (b) approving the Petition for Change in Control of the Company from Sellers to Buyer and finding Buyer suitable to hold a Category 1 license as contemplated by and upon the terms set forth in this Agreement.

“Gaming Authorities” means any Governmental Entity with regulatory control or jurisdiction over the conduct of lawful gaming or gambling in any jurisdiction and within the Commonwealth of Pennsylvania, specifically the Pennsylvania Gaming Control Board.

“Gaming Laws” means any federal, state, local or foreign statute, ordinance (including zoning), rule, regulation, permit (including land use), consent, registration, finding of suitability, approval, license, judgment, Order, decree, injunction or other authorization, including any condition or limitation placed thereon, governing or relating to casino, gaming or horseracing activities or operations.

“Governing Documents” means, with respect to any particular entity, (a) if a corporation, the articles or certificate of incorporation and the bylaws of such corporation; (b) if a limited liability company, the articles of organization or certificate of formation and operating agreement, regulations, limited liability company agreement, or company agreement of such limited liability company; (c) if another type of entity, any other charter or similar document adopted or filed in connection with the creation, formation or organization of such entity; and (d) any amendment or supplement to any of the foregoing.

“Governmental Entity” means court, arbitral body administrative agency, commission, Gaming Authority or other governmental or regulatory authority or instrumentality.

“Hazardous Substance” means any material, substance or waste that is regulated as hazardous, toxic, or radioactive, or as a pollutant or contaminant under applicable Environmental Law, including but not limited to petroleum, petroleum by-products, friable asbestos, urea formaldehyde insulation, toxic mold, polychlorinated biphenyls, flammable or explosive substances, or pesticides.

“Hollywood Casino” means Buyer’s or its Affiliates’ casino located at 777 Hollywood Boulevard, Grantville, Pennsylvania and commonly known as Hollywood Casino at Penn National Race Course.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"HSR Approval" means the expiration or termination of the applicable waiting period (or extension thereof) under the HSR Act and the receipt or making of any other consent, authorization, order, approval, declaration and filing required thereunder.

"Indebtedness" of any Person means (a) indebtedness for borrowed money, including any related interest, prepayment penalties or premiums, fees and expenses, (b) amounts owing as deferred purchase price for property or services (other than trade payables and accrued expenses that are current liabilities), including all capital leases, seller notes and "earn-out" payments, (c) indebtedness evidenced by any note, bond, debenture, mortgage or other debt instrument or debt security, including any related interest, prepayment penalties or premiums, fees and expenses, (d) net obligations under any interest rate, currency or other hedging agreement or reimbursement obligations in connection with letters of credit, or (e) guarantees with respect to any indebtedness of any other Person of a type described in clauses (a) through (d) above.

"Intellectual Property" means all intellectual property or other proprietary rights of every kind, foreign or domestic, including all patents, patent applications, inventions (whether or not patentable), processes, technologies, discoveries, apparatus, know-how, trade secrets, trademarks, trademark registrations and applications, domain names, trade dress, service marks, service mark registrations and applications, trade names, and all goodwill associated with the foregoing, copyright registrations, copyrightable and copyrighted works, databases, software, rights of publicity, rights of privacy, moral rights, customer lists and confidential marketing and customer information.

"Law" means any foreign or domestic law, statute, code, ordinance, resolution, rule, regulation, Order, judgment, writ, stipulation, award, injunction, decree or arbitration award, policies, guidance, court decision, rule of common law or finding.

"Liability" or "Liabilities" means, with respect to any Person, any liability or obligation of such Person, whether known or unknown, absolute or contingent, accrued or unaccrued, or liquidated or unliquidated.

"Liens" means any mortgage, deed of trust, pledge, option, right of first refusal or first offer, conditional sale, lien, security interest, claims, pledges, agreements, limitations on voting rights, conditional or installment sale agreement, charges or other claims or rights of third parties of any kind or other encumbrances or restrictions on transfer of any nature.

"Management Compensation" means any and all fees, expenses and other monies due and payable, from time to time, by the Company or any of its Subsidiaries due to Millennium Management Group II, LLC or Seller Parent, or an affiliate of either thereof.

"Multiemployer Plan" shall have the meaning set forth in Section 3(37) of ERISA.

"Net Working Capital" means the sum of (a) the cash and cash equivalents; restricted cash; accounts receivable (net of allowance); inventories; prepaid income tax; other prepaid expenses; and deferred income of the Company and its Subsidiaries measured on a consolidated basis, but excluding all deferred income tax assets, minus (b) the accounts payable, other; accrued payroll and related; accrued construction in process; progressive jackpot and slot club; accrued taxes (but excluding deferred tax liabilities); and licenses of the Company and its Subsidiaries measured on a consolidated basis, with each amount determined in accordance with GAAP applied on a basis consistent with the past practices of the Company, its Subsidiaries and their respective Affiliates. Notwithstanding the foregoing, "Net Working Capital" shall not include any Cage Cash or Casualty and Condemnation Proceeds. For illustrative purposes, attached as Exhibit C is a calculation of the net working capital as of March 31, 2014.

"Order" means any judgment, award, decision, order, decree, writ, injunction, assessment or ruling entered or issued by any Governmental Entity.

"Ordinary Course of Business" shall describe any action taken by a Person if such action is consistent with such Person's past practices and is taken in the ordinary course of such Person's normal day-to-day operations.

"Permit" means permits, licenses, approvals, certificates, findings of suitability and other registrations, authorizations and exemptions of and from all applicable Governmental Entities.

"Permitted Liens" means, with respect to the Company (a) Liens for ground rents, water charges, sewer rates, assessments and other governmental charges not delinquent or which are currently being contested in good faith by appropriate proceedings; (b) Liens for Taxes, including assessments, not yet delinquent or Taxes being contested in good faith by appropriate proceedings and for which adequate reserves have been booked on the Company's financial statements in accordance with GAAP; (c) Liens arising by operation of law such as materialmen, mechanics, carriers, landlord workmen, repairmen, vendor and similar liens which are not filed of record and similar charges not delinquent or which are filed of record, but are being contested in good faith by appropriate proceedings or that are otherwise not material; (d) Liens in respect of judgments or awards with respect to which the Company shall in good faith currently be prosecuting an appeal or other Proceeding for review; (e) covenants, conditions and restrictions (including zoning and subdivision restrictions), rights of way, encroachments, protrusions, easements, leases, reservations or other similar charges or encumbrances and other matters of public record, or defects and irregularities in title to, property or assets of the Company or its Subsidiaries; (f) rights of tenants under operating leases; (g) Liens affecting the lessor or licensor under a Third Party Lease; (h) with respect to the Real Property, all exceptions described in the Existing Title Policies, the Title Commitments or the Endorsement and all matters disclosed by the Existing Surveys and Lender's Surveys; (i) terms and conditions of licenses, permits and approvals for the Real Property, Laws of any Governmental Entity having jurisdiction over the Real Property, and (j) any Lien that will be released and discharged at or prior to the Closing, including, without limitation, Liens under the Existing Credit Agreements.

"Person" means an individual, corporation, limited liability company, partnership, association, trust, unincorporated organization or other entity.

"Personal Property" means all personal property owned or leased by the Company on the Closing Date.

"Post-Closing Tax Period" means any Tax period beginning after the Closing Date and that portion of any Straddle Period beginning after the Closing Date.

"Pre-Closing Tax Period" means any taxable period (including the portion of a Straddle Period) ending on or before the Closing Date.

"Proceeding" means any lawsuit, litigation, arbitration, mediation, action or proceeding by or before any Governmental Entity.

“Property Employees” means employees of Sellers and their Subsidiaries who are employed by the Company or any Subsidiary of the Company.

“Purchased Assets” means all assets owned by the Company or its Subsidiaries.

“Real Property” means the real property described on Section 6.05(a) and Section 6.05(b) of the Company Disclosure Letter.

“Release or Released” means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing to, into or through the Environment.

“Representatives” means, with respect to a party, its Affiliates, members, directors, officers, employees, advisors, agents or other representatives.

“Sellers’ Knowledge” means the actual knowledge of William Paulos, William Wortman, Tom Lettero, Sean Sullivan and David Wiegmann.

“Settlement Agreement” means that certain Settlement Agreement and Mutual Released, dated as of the date hereof, by and among Parent, Buyer, the Company and Sellers, as amended, modified or supplemented from time to time in accordance with its terms.

“Straddle Period” means any Tax period beginning before or on and ending after the Closing Date.

“Subsidiary” means, with respect to any party, any corporation or other organization, whether incorporated or unincorporated, of which (a) such party or any other Subsidiary of such party is a general partner or managing member or (b) at least 50% of the securities or other equity interests having by their terms voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation or other organization that is, directly or indirectly, owned or controlled by such party or by any one or more of its Subsidiaries, or by such party and one or more of its Subsidiaries.

“Target Cage Cash” means Fourteen Million Five Hundred Thousand Dollars ($14,500,000).

“Target Net Working Capital” means Zero Dollars ($0).

“Tax Return” means any report, return (including any information return), claim for refund, election, estimated Tax filing or payment, request for extension, document, declaration or other information or filing supplied or required to be supplied to any Governmental Entity with respect to Taxes, including attachments thereto and amendments thereof.

“Taxes” means any and all taxes, charges, fees, levies, tariffs, duties, liabilities, impositions or other assessments in the nature of a tax (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Governmental Entity, including income, franchise, gross receipts, profits, gaming, live entertainment, excise, real or personal property, unclaimed property, environmental, sales, use, lodging, value-added, ad valorem, withholding, social security, retirement, employment, unemployment, workers’ compensation, occupation, service, license, net worth, capital stock, payroll, franchise, gains, stamp, transfer and recording taxes.

“Title Insurer” means First American Title Insurance Company.

“Title IV Plan” means any “pension plan” under Section 3(2) of ERISA that is subject to Title IV of ERISA (other than a Multiemployer Plan).

“Transaction” means the purchase and sale of the hereunder Membership Interests and the other transactions contemplated by this Agreement or the Ancillary Agreements.

“WARN Act” means the Worker Adjustment and Retraining Notification Act of 1988, as amended, and analogous state and local Law.

(c) The following are defined elsewhere in this Agreement, as indicated below:

Term	Section
“2014 Budget”	Section 6.15(k)
“Affiliated Person”	Section 6.17
“Agreement”	Preamble
“Assignment of Membership Interests”	Section 4.02(b)
“Audited Financial Information”	Section 6.03(a)
“Auditor”	Section 3.03(c)
“Base Purchase Price”	Section 2.01
“Buyer”	Preamble
“Buyer Disclosure Letter”	Section 7
“Buyer Indemnified Party”	Section 11.02(a)
“Buyer Indemnified Parties”	Section 11.02(a)
“Buyer Permits”	Section 7.06(a)
“Buyer Related Parties”	Section 7.05(a)
“Casualty and Condemnation Proceeds”	Section 8.20(a)
“Closing”	Section 4.01
“Closing Date”	Section 4.01
“Closing Deadline”	Section 10.01(b)
“Closing Payment”	Section 2.01
“Company”	Preamble
“Company Disclosure Letter”	Section 6
“Customer Deposits”	Section 3.03(c)
“Damages”	Section 11.02(a)
“Determination Date”	Section 3.03(c)
“Endorsement”	Section 8.09(b)
“Effective Date”	Preamble
“Estimated Cage Cash Closing Payment”	Section 3.02
“Estimated Cage Cash Closing Statement”	Section 3.02
“Estimated Closing Payment”	Section 3.01
“Estimated Closing Statement”	Section 3.01
“Existing Surveys”	Section 8.10
“Existing Title Policies”	Section 8.09(a)
“Final Cage Cash Closing Payment”	Section 3.03(b)

"Final Cage Cash Closing Statement"	Section 3.03(b)
"Final Closing Payment"	Section 3.03(a)
"Final Closing Statement"	Section 3.03(a)
"Final Purchase Price"	Section 3.03(b)
"Final Statements"	Section 3.03(c)
"Financial Information"	Section 6.03(a)
"Fundamental Representations"	Section 11.01(a)
"Gaming Operating Agreement"	Section 8.03(c)
"Holdco"	Preamble
"HSR Approval"	Section 8.03(c)
"Indemnified Party"	Section 11.03
"Indemnifying Party"	Section 11.03
"Indemnifying Parties"	Section 11.03
"Inspection"	Section 8.02(a)
"Leases"	Section 6.05(b)
"Lender Liens"	Section 8.08
"Lender's Surveys"	Section 8.10
"Loan Obligations"	Section 8.08
"Material Contracts"	Section 6.07(a)
"Membership Interests"	Recitals
"Notice"	Section 11.03
"Parent"	Preamble
"Parent Services Agreement"	Section 4.02(i)
"Penn National PLR"	Section 8.03(h)
"Pre-Closing Period"	Section 8.01(a)
"Purchase Price Shortfall"	Section 10.02(a)
"SEC"	Section 8.12(a)
"Section Period"	Section 2.02(b)
"Seller Indemnified Party"	Section 11.02(b)
"Seller Indemnified Parties"	Section 11.02(b)
"Seller Parent"	Preamble
"Sellers"	Preamble
"Sellers Disclosure Letter"	Section 5
"Seller Obligations"	Section 12.11
"Senior Personnel Access"	Section 8.02(a)
"Shortfall Sale"	Section 10.02(a)
"Surveys"	Section 8.10
"Survival Period"	Section 11.01(a)
"S-X Financial Statements"	Section 8.12(a)
"Tax Contest"	Section 8.11(d)
"Third Party Claim"	Section 11.04(a)
"Third Party Leases"	Section 6.05(d)
"Third Party Operator"	Section 8.03(c)
"Title Commitments"	Section 8.09(a)
"Transfer Taxes"	Section 8.11(b)
"Unaudited Financial Information"	Section 6.03(a)

Section 12.02 Governing Law; Arbitration; Consent to Jurisdiction; Waiver of Trial by Jury; Limitation on Damages.

(a) This Agreement and the transactions contemplated hereby, and all disputes between the parties under or related to this Agreement or the facts and circumstances leading to its execution, whether in contract, tort or otherwise, shall be governed by and construed in accordance with the Laws of the State of New York applicable to contracts executed in and to be performed entirely within the State of New York, without regard to the conflicts of laws principles thereof that would require the application of the Laws of any other jurisdiction.

(b) ANY CLAIM, DISPUTE, OR CONTROVERSY ARISING OUT OF OR RELATING TO THIS AMENDED AGREEMENT AND ANY TRANSACTION CONTEMPLATED HEREFUNDER, OR THE BREACH, TERMINATION, ENFORCEMENT, INTERPRETATION OR VALIDITY THEREOF, INCLUDING THE DETERMINATION OF THE SCOPE OR APPLICABILITIY OF THIS AGREEMENT TO ARBITRATGE, SHALL BE DETERMINED SOLELY AND EXCLUSIVELY BY BINDING ARBITRATION BEFORE A PANEL OF THREE NEUTRAL ARBITRATORS; EACH SIDE SHALL APPOINT A NEUTRAL ARBITRATOR, AND THE TWO PARTY-APPOINTED ARBITRATORS SHALL SELECT THE CHAIR OF THE PANEL FROM THE JAMS PANEL OF NEUTRALS IN ACCORDANCE WITH THE JAMS COMPREHENSIVE ARBITRATION RULES & PROCEDURES AND THE JAMS EXPEDITED PROCEDURES (THE "JAMS RULES"). THE ARBITRATION SHALL BE CONDUCTED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK FOR AGREEMENTS MADE IN AND TO BE PERFORMED IN THAT STATE. THE ARBITRATION SHALL BE ADMINISTERED BY JAMS PURSUANT TO THE JAMES RULES AND THE JAMES EXPEDITED PROCEDURES. THE AWARD IN ANY ARBITRATION MUST BE ISSUED WITHIN ONE HUNDRED (100) DAYS (AND DISCOVERY LIMITED ACCORDINGLY) OF THE COMMENCEMENT OF THE ARBITRATION PER THE JAMS RULES. THE ARBITRATION HEARING SHALL BE LIMITED TO THREE (3) DAYS, EXCEPT ADDITIONAL HEARING TIME MAY BE ALLOWED TO THE EXTENT THAT A PARTY SHOWS GOOD CASUSE THAT ADDITIONAL TIME IS NECESSARY OR THAT THE ARBITRATORS REASONABLY REQUEST ADDITIONAL TIME TO CONDUCT THE HEARING. THE ARBITRATION SHALL BE CONDUCTED IN NEW YORK, NEW YORK. THE SELECTION OF THE ARBITRATION PANEL SHALL BE CONDUCTED WITHIN THE 100-DAY PERIOD FROM COMMENCEMENT OF THE ARBITRATION TO ISSUANCE OF THE AWARD, AND THE SELECTION PROCESS SHALL NOT BE GROUNDS TO DELAY OR EXTEND THE 100-DAY PERIOD. IN ANY ARBITRATION PURSUANT TO THIS PROVISION, THE PREVAILING PARTY SHALL BE AWARDED ALL FEES AND COSTS ASSOCIATED WITH THE DISPUTES SUBJECT TO ARBITRATION, INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES, EXPENSES, COSTS (INCLUDING EXPERT WITNESS FEES AND COSTS OF VENDORS) AND ARBITRATOR FEES.

(c) Subject to the binding arbitration provisions set forth in Section 12.02(b) above, each of the parties hereto (a) consents to submit itself to the personal jurisdiction of the Federal and state courts in the Borough of Manhattan, the City of New York for any judicial action or proceeding arising out of or relating to this Agreement, including any action to confirm, vacate, challenge, or enforce an award issued pursuant to Section 12.02(b), and irrevocably agrees that any such action or proceeding shall be heard and determined only in such New York state or federal court; *provided, however*, that such submission to jurisdiction is solely for the purpose referred to in this paragraph and shall not be deemed to be a general submission to the jurisdiction of such courts or any other courts other than for such purpose, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court (including motions challenging personal jurisdiction, subject matter jurisdiction, venue, or asserting *forum non conveniens*) and (c) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than such state or Federal court. Each of the parties hereto irrevocably consents to the service of any summons and complaint and any other process in any other action relating to the transactions contemplated by this Agreement, on behalf of itself or its property, by the personal delivery of copies of such process to such party. Nothing in this Section 12.02(c) shall affect the right of any party hereto to serve legal process in any other manner permitted by law.

(d) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY (AND HANDLED INSTEAD BY BINDING ARBITRATION) IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT AND ANY OF THE AGREEMENTS DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE EITHER OF SUCH WAIVERS, (ii) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS, (iii) IT MAKES SUCH WAIVERS VOLUNTARILY, AND (iv) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 12.02(d).

(e) The parties hereby acknowledge and agree that if a party fails to perform its agreements and covenants hereunder, including if the party fails to take all actions as are necessary on its part to consummate the Transaction, such failure could cause irreparable injury to the non-breaching party, for which damages, even if available, may not be an adequate remedy. Accordingly, except as otherwise limited by this Agreement, in the event of such a failure, the non-breaching party shall be permitted to seek an issuance of injunctive relief or a specific performance remedy (in each case, without the requirement to post any bond or other security), from any court of competent jurisdiction.

(f) Notwithstanding anything in this Agreement to the contrary, except in the case of fraud, no party hereto shall be liable under this Agreement for (i) any punitive damages, except where such damages are recovered by a third party from an Indemnified Party in connection with Damages indemnified hereunder, (ii) any lost profits, diminution in value, consequential damages, special damages, incidental damages, indirect damages, exemplary damages or other unforeseen damages or (iii) any damages under any multiples or similar valuation methodology (whether based on "multiple of profits," "multiple of earnings," "multiple of cash flows" or similar items), in each case, whether based on contract, tort, strict liability, other Law or otherwise and whether or not arising from any other party's sole, joint or concurrent negligence, strict liability or other fault.

(g) Other than as set forth in Section 10.02, in the event of any breach by Sellers or the Company of any representation, warranty, covenant or other provision of this Agreement, Buyer's sole and exclusive remedy prior to the consummation of the Closing for such breach shall be injunctive relief or specific performance pursuant to Section 12.02(c). For the avoidance of doubt, after the

Closing, Buyer shall be entitled to indemnification for such breach to the extent provided in Article XI. Buyer shall have no right to offset any amounts owed to it against any amount it owes to Sellers or the Company under this Agreement.

Section 12.03 Notices. All notices, requests, claims, demands and other communications required or permitted to be given hereunder will be in writing and will be given or made by delivery in person, by courier service, by facsimile (with a copy sent by another means specified herein), or by registered or certified mail (postage prepaid, return receipt requested). Except as provided otherwise herein, notices delivered by hand or by courier service shall be deemed given upon receipt; notices delivered by facsimile shall be deemed given twenty-four (24) hours after the sender's receipt of confirmation of successful transmission; and notices delivered by registered or certified mail shall be deemed given seven (7) days after being deposited in the mail system. All notices shall be addressed to the parties at the following addresses (or at such other address for a party as will be specified by like notice):

if to Buyer, to:

Gaming and Leisure Properties, Inc.
825 Berkshire Blvd, Suite 400
Wyomissing PA, 19610
Attention: William J. Clifford
Facsimile: (610) 401-2901

with a copy, which shall not constitute notice, to:

Goodwin Procter LLP
The New York Times Building
620 Eighth Avenue
New York, NY 10018
Attention: Yoel Kranz
Facsimile: (212) 355-3333

if to Sellers, or the Company (prior to the Closing), to:

Cannery Casino Resorts, LLC
9107 W. Russell Road
Las Vegas, Nevada 89148
Attention: Tom Lettero
Facsimile: (702) 856-5101

with a copy, which shall not constitute notice, to:

Latham & Watkins LLP
355 South Grand Avenue
Los Angeles, California 90071
Attention: Steven B. Stokdyk
Facsimile: (213) 891-8763

Section 12.04 Interpretation. When a reference is made in this Agreement to Articles, Sections, Exhibits or Schedules, such reference shall be to an Article, Section or Exhibit or Schedule of this Agreement unless otherwise indicated. Unless the context otherwise requires: (a) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document; (b) the use of the term "including" means "including, without limitation"; (c) the word "or" shall be disjunctive but not exclusive; (d) unless expressly provided otherwise, the measure of a period of one month or year for purposes of this Agreement shall be that date of the following month or year corresponding to the starting date; provided that if no corresponding date exists, the measure shall be that date of the following month or year corresponding to the next day following the starting date (for example, one month following February 18 is March 18, and one month following March 31 is May 1); (e) a reference to an entity includes any successor entity, whether by way of merger, amalgamation, consolidation or other business combination; (f) reference to a word defined hereunder shall apply equally to both the singular and plural forms of the terms defined; (g) a reference to"$" or "dollars" mean the lawful currency of the United States; and (h) Buyer, Sellers and the Company will be referred to herein individually as a "party" and collectively as "parties." The name assigned to this Agreement, the table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The phrase "made available" in this Agreement shall mean that the information referred to has been made available if requested by the party to whom such information is to be made available.

Section 12.05 Entire Agreement. This Agreement, the Ancillary Agreements and the Confidentiality Agreement constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

Section 12.06 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

Section 12.07 Assignment. Without the prior written consent of the other party, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned to any other Person. Any assignment in violation of the preceding sentence shall be void, and no assignment shall relieve the assigning party of any of its obligations hereunder.

Section 12.08 Parties of Interest. Except as set forth in Article XI, this Agreement shall be binding upon and inure solely to the benefit of each party hereto and their respective successors and assigns, and nothing in this Agreement, express or implied is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 12.09 Counterparts. This Agreement may be executed by facsimile or electronic mail transmission and/or in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

Section 12.10 Mutual Drafting. Each party hereto has participated in the drafting of this Agreement, which each party acknowledges is the result of extensive negotiations between the parties.

In the event that any ambiguity or question of intent arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

Section 12.11 Seller Parent Guarantee. Seller Parent unconditionally and irrevocably guarantees as a continuing obligation, the due and punctual payment and performance by Holdco and the Company of all of the covenants, agreements and other obligations of Holdco and the Company to Buyer set forth in this Agreement (the "Seller Obligations"), and if Holdco or the Company fails to pay any amount or perform any Seller Obligations when due in accordance with the terms and conditions of this Agreement, Seller Parent shall pay such amount to Buyer and perform such obligation forthwith upon receiving written demand therefor from Buyer. Seller Parent shall be liable under this guarantee as if it were a primary obligor and not merely as a surety. The guarantee hereunder shall be a continuing guarantee and shall remain in full force and effect until all Seller Obligations have been paid and performed in full. This guarantee is in addition to, and independent of, any lien, guarantee or other security or right or remedy now or at any time hereafter held by or available to Buyer. More than one demand may be made under this guarantee. Demands made from time to time under this guarantee may be enforced irrespective of whether any steps or proceedings are or will be taken against Buyer to recover the indebtedness claimed under this guarantee or whether any other guarantee or security to which Buyer may be entitled in respect thereof is or will be enforced.

Section 12.12 Amendment. This Agreement may not be amended except by an instrument in writing signed on behalf of each of Buyer, Sellers and the Company.

Section 12.13 Non-Recourse. This Agreement may only be enforced against, and any claim, action, suit or other legal proceeding based upon, arising out of, or related to this Agreement, or the negotiation, execution or performance of this Agreement, may only be brought against the entities that are expressly named as parties hereto and then only with respect to the specific obligations set forth herein with respect to such party. No past, present or future director, officer, employee, incorporator, manager, member, partner, stockholder, Affiliate, agent, attorney or other Representative of any party hereto or of any Affiliate of any party hereto, or any of their successors or permitted assigns, shall have any liability for any obligations or liabilities of any party hereto under this Agreement or for any claim or action based on, in respect of or by reason of the transactions contemplated hereby.

Section 12.14 Waiver. Any party may waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such waiver shall be valid only if set forth in a written instrument signed on behalf of such party.

Section 12.15 Further Assurances. In case at any time after the Closing any further action is necessary to carry out the purposes of this Agreement, the parties shall take all commercially reasonable action necessary (including executing and delivering further notices, assumptions, releases and acquisitions).

Section 12.16 Amendment and Restatement. This Agreement amends, restates, supersedes and terminates in its entirety the Original Agreement.

(Signature Page Follows)

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be signed by their respective duly authorized officers as of the date first written above.

BUYER
GLP Capital, L.P., a Pennsylvania limited partnership

By: /s/ Peter M. Carlino
Name: Peter M. Carlino
Its: Chief Executive Officer of Gaming and Leisure Properties, Inc, its general partner

PARENT
GAMING AND LEISURE PROPERTIES, INC., a Pennsylvania corporation

By: /s/ Peter M. Carlino
Name: Peter M. Carlino
Its: Chief Executive Officer

HOLDCO
PA MEZZCO, LLC, a Delaware limited liability company

By: /s/ William Paulos
Name: William Paulos
Its: Manager

SELLER PARENT
CANNERY CASINO RESORTS, LLC, a Nevada limited liability company

By: /s/ William Paulos
Name: William Paulos
Its: Manager

COMPANY
PA MEADOWS, LLC, a Delaware limited liability company

By: /s/ William Paulos
Name: William Paulos
Its: Manager

Exhibit 21

Subsidiaries of Gaming and Leisure Properties, Inc. (a Pennsylvania corporation)

Name of Subsidiary	State or Other Jurisdiction of Incorporation
Louisiana Casino Cruises, Inc. (d/b/a Hollywood Casino Baton Rouge)	Louisiana
Penn Cecil Maryland, Inc. (d/b/a Hollywood Casino Perryville)	Maryland
GLP Capital Partners, LLC	Pennsylvania
GLP Capital, L.P.	Pennsylvania
GLP Holdings, Inc.	Pennsylvania
GLP Financing I, LLC	Delaware
GLP Financing II, Inc.	Delaware
GLP Midwest Properties I, LLC	Delaware
Gold Merger Sub, LLC	Delaware

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-192017) pertaining to the 2013 Long Term Incentive Compensation Plan;

(2) Registration Statement (Form S-4 No. 333-196662) of Gaming and Leisure Properties, Inc. and Subsidiaries and

(3) Registration Statement (Form S-4 No. 333-206649) of Gaming and Leisure Properties, Inc. and Subsidiaries.

of our reports dated February 22, 2016, with respect to the consolidated financial statements and schedule of Gaming and Leisure Properties, Inc. and Subsidiaries and the effectiveness of internal control over financial reporting of Gaming and Leisure Properties, Inc. and Subsidiaries, included in this Annual Report (Form 10-K) for the year ended December 31, 2015.

/s/ Ernst & Young

Philadelphia, Pennsylvania
February 22, 2016

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

I, Peter M. Carlino, certify that:

1. I have reviewed this annual report on Form 10-K of Gaming and Leisure Properties, 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 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)) 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) 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

(c) 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 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 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.

February 22, 2016

/s/ Peter M. Carlino
Name: Peter M. Carlino
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

I, William J. Clifford, certify that:

1. I have reviewed this annual report on Form 10-K of Gaming and Leisure Properties, 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 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)) 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) 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

(c) 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 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 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.

February 22, 2016

/s/ William J. Clifford
Name: William J. Clifford
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
18 U.S.C. SECTION 1350

In connection with the annual report of Gaming and Leisure Properties, Inc. (the “Company”) on Form 10-K for the fiscal year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Peter M. Carlino, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Peter M. Carlino
Peter M. Carlino
Chief Executive Officer
February 22, 2016

Exhibit 32.2

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002,
18 U.S.C. SECTION 1350

In connection with the annual report of Gaming and Leisure Properties, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William J. Clifford, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William J. Clifford
William J. Clifford
Chief Financial Officer
February 22, 2016