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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2023
or

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

For the transition period from to
Commission File Number: 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, PA 19610
(Address of principal executive offices) (Zip Code)

610-401-2900
(Registrant's telephone number, including area code)
Not Applicable
(Former name, former address, and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $.01 per share	GLPI	Nasdaq

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

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

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title	July 21, 2023
Common Stock, par value $.01 per share	262,640,178

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 its 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, goals and objectives.

Forward-looking statements in this document include, but are not limited to, statements regarding our ability to grow our portfolio of gaming facilities. In addition, 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 impact that higher inflation rates and uncertainty with respect to the future state of the economy could have on discretionary consumer spending, including the casino operations of our tenants;

- the impact of recent stress in the banking sector, rising interest rates and elevated levels of inflation (which have been exacerbated by the armed conflict between Russia and Ukraine);

- unforeseen consequences related to United States government monetary policies and stimulus packages on inflation rates and economic growth;

- 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 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;

- the current and uncertain future impact of the coronavirus COVID-19 outbreak or a new pandemic, including its effect on the ability or desire of people to gather in large groups (including in casinos), which could continue to impact our financial results, operations, outlooks, plans, goals, growth, cash flows, liquidity, and stock price;

- 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 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 lease and note requirements and 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, to satisfy 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 ability to generate sufficient cash flows to service our outstanding indebtedness;

- our ability to access capital through debt and equity markets in amounts and at rates and costs acceptable to GLPI, including for acquisitions or refinancings due to maturities;

- adverse changes in our credit rating;

- the impact of global or regional economic conditions;

- the availability of qualified personnel and our ability to retain our key management personnel;

- changes in the United States tax law and other federal, state or local laws, whether or not specific to real estate, REITs or the gaming, lodging or hospitality industries;

- changes in accounting standards;

- the impact of weather or climate events or conditions, natural disasters, acts of terrorism and other international hostilities, war (including the current conflict between Russia and Ukraine) or political instability;

- 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;

- other risks inherent in the real estate business, including potential liability relating to environmental matters and illiquidity of real estate investments; and

- additional factors as discussed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 (the "Annual Report"), in this Quarterly Report on Form 10-Q and Current Reports on Form 8-K as filed with the United States Securities and Exchange Commission.

Certain of these factors and other factors, risks and uncertainties are discussed in the "Risk Factors" section in the Company’s Annual Report and this Quarterly Report on Form 10-Q. 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 in the "Risk Factors" section in the Company’s Annual Report and this Quarterly Report on Form 10-Q, in connection with considering any forward-looking statements that may be made by the Company generally. Except for the ongoing obligations of the Company to disclose material information under the federal securities laws, 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.

GAMING AND LEISURE PROPERTIES, INC. AND SUBSIDIARIES

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

	June 30, 2023 (unaudited)	December 31, 2022
Assets		
Real estate investments, net	$ 8,238,398	$ 7,707,935
Investment in leases, financing receivables, net	1,891,789	1,903,195
Right-of-use assets and land rights, net	844,627	834,067
Cash and cash equivalents	9,450	239,083
Other assets	47,673	246,106
Total assets	$ 11,031,937	$ 10,930,386
Liabilities		
Accounts payable and accrued expenses	$ 5,084	$ 6,561
Accrued interest	80,651	82,297
Accrued salaries and wages	3,795	6,742
Operating lease liabilities	199,060	181,965
Financing lease liabilities	54,017	53,792
Long-term debt, net of unamortized debt issuance costs, bond premiums and original issuance discounts	6,248,838	6,128,468
Deferred rental revenue	307,271	324,774
Other liabilities	30,347	27,691
Total liabilities	6,929,063	6,812,290
Commitments and Contingencies (Note 8)		
Equity		
Preferred stock ($.01 par value, 50,000,000 shares authorized, no shares issued or outstanding at June 30, 2023 and December 31, 2022)	—	—
Common stock ($.01 par value, 500,000,000 shares authorized, 262,640,178 and 260,727,030 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively)	2,626	2,607
Additional paid-in capital	5,651,612	5,573,567
Accumulated deficit	(1,903,326)	(1,798,216)
Total equity attributable to Gaming and Leisure Properties	3,750,912	3,777,958
Noncontrolling interests in GLPI's Operating Partnership (7,653,326 units and 7,366,683 units outstanding at June 30, 2023 and December 31, 2022, respectively)	351,962	340,138
Total equity	4,102,874	4,118,096
Total liabilities and equity	$ 11,031,937	$ 10,930,386

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues				
Rental income	$ 319,236	$ 289,574	$ 637,204	$ 577,351
Interest income from investment in leases, financing receivables	37,353	36,939	74,599	64,128
Total income from real estate	356,589	326,513	711,803	641,479
Operating expenses				
Land rights and ground lease expense	11,892	11,720	23,906	25,424
General and administrative	12,639	12,212	29,089	27,944
Losses (gains) from dispositions of property	—	—	—	(51)
Impairment charge on land	—	3,298	—	3,298
Depreciation	65,731	59,964	131,285	119,093
Provision (benefit) for credit losses, net	28,052	2,222	22,399	28,878
Total operating expenses	118,314	89,416	206,679	204,586
Income from operations	238,275	237,097	505,124	436,893
Other income (expenses)				
Interest expense	(79,371)	(78,257)	(160,731)	(156,179)
Interest income	1,273	102	5,528	124
Losses on debt extinguishment	—	(2,189)	(556)	(2,189)
Total other expenses	(78,098)	(80,344)	(155,759)	(158,244)
Income before income taxes	160,177	156,753	349,365	278,649
Income tax expense	40	966	558	1,170
Net income	$ 160,137	$ 155,787	$ 348,807	$ 277,479
Net income attributable to non-controlling interest in the Operating Partnership	(4,507)	(4,473)	(9,826)	(6,897)
Net income attributable to common shareholders	$ 155,630	$ 151,314	$ 338,981	$ 270,582
Earnings per common share:				
Basic earnings attributable to common shareholders	$ 0.59	$ 0.61	$ 1.29	$ 1.09
Diluted earnings attributable to common shareholders	$ 0.59	$ 0.61	$ 1.29	$ 1.09

See accompanying notes to the condensed consolidated financial statements.

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

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Noncontrolling Interest Operating Partnership	Total Equity
	Shares	Amount				
Balance, December 31, 2022	260,727,030	$ 2,607	$ 5,573,567	$ (1,798,216)	$ 340,138	$ 4,118,096
Issuance of common stock, net of costs	1,284,556	13	64,316	—	—	64,329
Restricted stock activity	344,139	4	(5,637)	—	—	(5,633)
Dividends paid ($0.97 per common share)	—	—	—	(254,778)	—	(254,778)
Issuance of operating partnership units	—	—	—	—	14,931	14,931
Distributions to non-controlling interest	—	—	—	—	(7,424)	(7,424)
Net income	—	—	—	183,351	5,319	188,670
Balance, March 31, 2023	262,355,725	$ 2,624	$ 5,632,246	$ (1,869,643)	$ 352,964	$ 4,118,191
Issuance of common stock, net of costs	284,453	2	14,353	—	—	14,355
Restricted stock activity	—	—	5,013	—	—	5,013
Dividends paid ($0.72 per common share)	—	—	—	(189,313)	—	(189,313)
Distributions to non-controlling interest	—	—	—	—	(5,509)	(5,509)
Net income	—	—	—	155,630	4,507	160,137
Balance, June 30, 2023	262,640,178	$ 2,626	$ 5,651,612	$ (1,903,326)	$ 351,962	$ 4,102,874

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Noncontrolling Interest Operating Partnership	Total Equity
Balance, December 31, 2021	247,206,937	$ 2,472	$ 4,953,943	$ (1,771,402)	$ 205,127	$ 3,390,140
Issuance of common stock, net of costs	—	—	(37)	—	—	(37)
Restricted stock activity	337,406	3	(4,268)	—	—	(4,265)
Dividends paid ($0.69 per common share)	—	—	—	(171,005)	—	(171,005)
Issuance of operating partnership units	—	—	—	—	137,043	137,043
Distributions to non-controlling interest	—	—	—	—	(5,083)	(5,083)
Net income	—	—	—	119,268	2,424	121,692
Balance, March 31, 2022	247,544,343	$ 2,475	$ 4,949,638	$ (1,823,139)	$ 339,511	$ 3,468,485
Issuance of common stock, net of costs	—	—	—	—	—	—
Restricted stock activity	—	—	4,308	—	—	4,308
Dividends paid ($0.705 per common share)	—	—	—	(174,724)	—	(174,724)
Distributions to non-controlling interest	—	—	—	—	(5,194)	(5,194)
Net income	—	—	—	151,314	4,473	155,787
Balance, June 30, 2022	247,544,343	$ 2,475	$ 4,953,946	$ (1,846,549)	$ 338,790	$ 3,448,662

See accompanying notes to the condensed consolidated financial statements.

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

Six months ended June 30,	2023	2022
Operating activities		
Net income	$ 348,807	$ 277,479
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	137,864	128,373
Amortization of debt issuance costs, bond premiums and original issuance discounts	4,906	5,250
Accretion on financing receivables	(10,993)	(8,865)
Non-cash adjustment to financing lease liabilities	225	239
Gains from dispositions of property	—	(51)
Stock-based compensation	12,820	11,908
Straight-line rent adjustments	(17,503)	1,523
Impairment charge on land	—	3,298
Losses on debt extinguishment	556	2,189
Provision for credit losses, net	22,399	28,878
(Increase), decrease		
Other assets	(3,905)	9,231
Increase, (decrease)		
Accounts payable and accrued expenses	(123)	3,851
Accrued interest	(1,646)	13,250
Accrued salaries and wages	(2,947)	(3,231)
Other liabilities	2,656	(14,860)
Net cash provided by operating activities	493,116	458,462
Investing activities		
Capital project expenditures	(26,860)	(9,918)
Capital maintenance expenditures	(8)	(36)
Proceeds from sales of property, net of costs	—	51
Investment in leases, financing receivables	—	(129,047)
Acquisition of real estate, net	(419,009)	(150,126)
Net cash used in investing activities	(445,877)	(289,076)
Financing activities		
Dividends paid	(444,091)	(405,120)
Non-controlling interest distributions	(12,933)	(10,277)
Taxes paid related to shares withheld for tax purposes on restricted stock award vestings	(13,440)	(11,865)
Proceeds from issuance of common stock, net	78,684	(37)
Proceeds from issuance of long-term debt	675,000	424,000
Financing costs	(1)	(7,415)
Repayments of long-term debt	(560,074)	(876,981)
Costs paid on senior unsecured note redemption	(17)	—
Net cash used in financing activities	(276,872)	(887,695)
Net decrease in cash and cash equivalents	(229,633)	(718,309)
Cash and cash equivalents at beginning of period	239,083	724,595
Cash and cash equivalents at end of period	$ 9,450	$ 6,286

See accompanying notes to the condensed consolidated financial statements and Note 13 for supplemental cash flow information and noncash investing and financing activities.

Gaming and Leisure Properties, Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)

1. Business and Operations

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 Entertainment, Inc., formerly known as Penn National Gaming, Inc. (NASDAQ: PENN) ("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 and then spun-off GLPI to holders of PENN's common and preferred stock in a tax-free distribution (the "Spin-Off"). 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 ("*ASC 505"*).*

The Company elected on its United States ("U.S.") federal income tax return for its taxable year that began on January 1, 2014 to be treated as a REIT and GLPI, together with its indirect wholly-owned subsidiary, 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. On July 1, 2021, the Company sold the operations of Hollywood Casino Perryville to PENN and leased the real estate to PENN pursuant to a standalone lease. On December 17, 2021, the Company sold the operations of Hollywood Casino Baton Rouge to The Queen Casino & Entertainment Inc., formerly known as CQ Holding Company, Inc., ("Casino Queen") and leased the real estate to Casino Queen pursuant to the Casino Queen Master Lease as described below. On December 17, 2021, GLPI declared a special dividend to the Company's shareholders to distribute the accumulated earnings and profits attributable to these sales. In 2021, as a result of the sale of the operations of Hollywood Casino Perryville and Hollywood Casino Baton Rouge, GLP Holdings, Inc. was merged into GLP Capital, LP., the operating partnership of GLPI ("GLP Capital").

During 2020, the Company and Tropicana LV, LLC, a wholly owned subsidiary of the Company that at the time held the real estate of Tropicana Las Vegas Casino Hotel Resort ("Tropicana Las Vegas"), elected to treat Tropicana LV, LLC as a TRS. In September 2022, Bally's Corporation (NYSE: BALY) ("Bally's") acquired both the building assets from GLPI and PENN's outstanding equity interests in Tropicana Las Vegas. GLPI retained ownership of the land and entered into a ground lease with Bally's. In connection with this transaction, Tropicana LV, LLC was merged into GLP Capital and GLPI paid a special earnings and profits dividend of $0.25 per share in the first quarter of 2023 related to the sale of the building.

As partial consideration for the transactions with The Cordish Companies ("Cordish") described below, GLP Capital issued 7,366,683 newly-issued operating partnership units ("OP Units") to affiliates of Cordish. OP Units are exchangeable for common shares of the Company on a one-for-one basis, subject to certain terms and conditions. Such issuance of OP Units to Cordish in exchange for its contribution of certain real property assets resulted in GLP Capital becoming treated as a partnership for income tax purposes, with GLPI being deemed to contribute substantially all of the assets and liabilities of GLP Capital in exchange for the general partnership and a majority of the limited partnership interests, and a minority limited partnership interest being owned by Cordish (the "UPREIT Transaction"). In advance of the UPREIT Transaction, the Company, together with GLP Financing II, Inc. jointly elected for GLP Financing II, to be treated as a TRS effective December 23, 2021. On January 3, 2023, the Company issued 286,643 OP Units to affiliates of Bally's in connection with its acquisition of Bally's Hard Rock Hotel & Casino ("Bally's Biloxi") and Bally's Tiverton Casino & Hotel ("Bally's Tiverton").

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 June 30, 2023, GLPI's portfolio consisted of interests in 59 gaming and related facilities, the real property associated with 34 gaming and related facilities operated by PENN, the real property associated with 7 gaming and related facilities operated by Caesars Entertainment Corporation (NASDAQ: CZR) ("Caesars"), the real property associated with 4 gaming and related facilities operated by Boyd Gaming Corporation (NYSE: BYD) ("Boyd"), the real property associated with 9 gaming and related facilities operated by Bally's, the real property associated with 3 gaming and related facilities operated by Cordish and the real property associated with 2 gaming and related facilities operated by Casino Queen. These facilities, including our corporate headquarters building, are geographically diversified across 18 states and contain approximately 30.2 million square feet. As of June 30, 2023, the Company's properties were 100% occupied. GLPI expects to continue growing its portfolio by pursuing opportunities to acquire additional gaming facilities to lease to gaming operators under prudent terms.

PENN 2023 Master Lease and Amended PENN Master Lease

As a result of the Spin-Off, GLPI owns substantially all of PENN’s former real property assets (as of the consummation of the Spin-Off) and leases back most of those assets to PENN for use by its subsidiaries pursuant to a unitary master lease (the "Original PENN Master Lease"). The Original PENN Master Lease is a triple-net operating lease, the term of which expires on October 31, 2033, with no purchase option, followed by three remaining 5-year renewal options (exercisable by the tenant) on the same terms and conditions.

On October 10, 2022, the Company announced that it agreed to create a new master lease with PENN for seven of PENN's current properties. The companies also agreed to a funding mechanism to support PENN's pursuit of relocation and development opportunities at several of the properties included in the new master lease. The transaction, including the creation of the new master lease, became effective on January 1, 2023.

Pursuant to this agreement, the Original PENN Master Lease was amended (the "Amended PENN Master Lease") to remove PENN's properties in Aurora and Joliet, Illinois; Columbus and Toledo, Ohio; and Henderson, Nevada. The properties removed from the Original PENN Master Lease were added to a new master lease. In addition, the existing leases for the Hollywood Casino at The Meadows in Pennsylvania (the "Meadows Lease") and the Hollywood Casino Perryville in Maryland (the "Perryville Lease") were terminated and these properties were transferred into the new master lease (the "PENN 2023 Master Lease"). GLPI agreed to fund up to $225 million for the relocation of PENN's riverboat casino in Aurora at a 7.75% cap rate and, if requested by PENN, will fund up to $350 million for the relocation of the Hollywood Casino Joliet as well as the construction of hotels at Hollywood Casino Columbus and a second hotel tower at the M Resort Spa Casino at then current market rates.

The terms of the PENN 2023 Master Lease and the Amended PENN Master Lease are substantially similar to the Original PENN Master Lease with the following key differences;

- The PENN 2023 Master Lease is cross-defaulted and co-terminus with the Amended PENN Master Lease.
- The rent for the PENN 2023 Master Lease is $232.2 million in base rent which is fixed with annual escalations of 1.50%, with the first escalation to occur for the lease year beginning on November 1, 2023.
- The rent for the Amended PENN Master Lease is $284.1 million, consisting of $208.2 million of building base rent, $43.0 million of land base rent, and $32.9 million of percentage rent.

Amended Pinnacle Master Lease, Boyd Master Lease and Belterra Park Lease

In April 2016, the Company acquired substantially all of the real estate assets of Pinnacle Entertainment, Inc. ("Pinnacle") for approximately $4.8 billion. GLPI originally leased these assets back to Pinnacle, under a unitary triple-net lease, the term of which expires April 30, 2031, with no purchase option, followed by four remaining 5-year renewal options (exercisable by the tenant) on the same terms and conditions (the "Pinnacle Master Lease"). On October 15, 2018, the Company completed its previously announced transactions with PENN, Pinnacle and Boyd to accommodate PENN's acquisition of the majority of Pinnacle's operations, pursuant to a definitive agreement and plan of merger between PENN and Pinnacle, dated December 17, 2017 (the "PENN-Pinnacle Merger"). Concurrent with the PENN-Pinnacle Merger, the Company amended the Pinnacle Master Lease to allow for the sale of the operating assets of Ameristar Casino Hotel Kansas City, Ameristar Casino Resort Spa St. Charles and Belterra Casino Resort from Pinnacle to Boyd (the "Amended Pinnacle Master Lease") and entered into a new unitary triple-net master lease agreement with Boyd (the "Boyd Master Lease") for these properties on terms similar to the Company’s Amended Pinnacle Master Lease. The Boyd Master Lease has an initial term of 10 years (from the original April 2016 commencement date of the Pinnacle Master Lease and expiring April 30, 2026), with no purchase option, followed by five 5-year renewal options (exercisable by the tenant) on the same terms and conditions. The Company also purchased the real estate assets of Plainridge Park Casino ("Plainridge Park") from PENN for $250.0 million, exclusive of transaction fees and taxes, and added this property to the Amended Pinnacle Master Lease. The Amended Pinnacle Master Lease was assumed by PENN at the consummation of the PENN-Pinnacle Merger. The Company also entered into a mortgage loan agreement with Boyd in connection with Boyd's acquisition of Belterra Park Gaming & Entertainment Center ("Belterra Park"), whereby the Company loaned Boyd $57.7 million (the "Belterra Park Loan"). In May 2020, the Company acquired the real estate of Belterra Park in satisfaction of the Belterra Park Loan, subject to a long-term lease (the "Belterra Park Lease") with a Boyd affiliate operating the property. The Belterra Park Lease rent terms are consistent with the Boyd Master Lease. The annual rent is comprised of a fixed component, part of which is subject to an annual escalator of up to 2% 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, every two years to an amount equal to 4% of the average annual net revenues of Belterra Park during the preceding two years in excess of a contractual baseline.

Second Amended and Restated Caesars Master Lease

On October 1, 2018, the Company closed its previously announced transaction to acquire certain real property assets from Tropicana Entertainment Inc. ("Tropicana") and certain of its affiliates pursuant to a Purchase and Sale Agreement dated April 15, 2018 between Tropicana and GLP Capital, which was subsequently amended on October 1, 2018 (as amended, the "Amended Real Estate Purchase Agreement"). Pursuant to the terms of the Amended Real Estate Purchase Agreement, the Company acquired the real estate assets of Tropicana Atlantic City, Tropicana Evansville, Tropicana Laughlin, Trop Casino Greenville and the Belle of Baton Rouge (the "GLP Assets") from Tropicana for an aggregate cash purchase price of $964.0 million, exclusive of transaction fees and taxes (the "Tropicana Acquisition"). Concurrent with the Tropicana Acquisition, Eldorado Resorts, Inc. (now doing business as Caesars) acquired the operating assets of these properties from Tropicana pursuant to an Agreement and Plan of Merger dated April 15, 2018 by and among Tropicana, GLP Capital, Caesars and a wholly-owned subsidiary of Caesars and leased the GLP Assets from the Company pursuant to the terms of a new unitary triple-net master lease with an initial term of 15 years, with no purchase option, followed by four successive 5-year renewal periods (exercisable by the tenant) on the same terms and conditions (the "Caesars Master Lease").

On June 15, 2020, the Company amended and restated the Caesars Master Lease (as amended, the "Amended and Restated Caesars Master Lease") to, (i) extend the initial term of 15 years to 20 years, with renewals of up to an additional 20 years at the option of Caesars, (ii) remove the variable rent component in its entirety commencing with the third lease year, (iii) in the third lease year, increase annual land base rent and annual building base rent, (iv) provide fixed escalation percentages that delay the escalation of building base rent until the commencement of the fifth lease year with building base rent increasing annually by 1.25% in the fifth and sixth lease years, 1.75% in the seventh and eighth lease years and 2% in the ninth lease year and each lease year thereafter, (v) subject to the satisfaction of certain conditions, permit Caesars to elect to replace the Tropicana Evansville and/or Tropicana Greenville properties under the Amended and Restated Caesars Master Lease with one or more of Caesars Gaming Scioto Downs, The Row in Reno, Isle Casino Racing Pompano Park, Isle Casino Hotel – Black Hawk, Lady Luck Casino – Black Hawk, Isle Casino Waterloo ("Waterloo"), Isle Casino Bettendorf ("Bettendorf") or Isle of Capri Casino Boonville, provided that the aggregate value of such new property, individually or collectively, was at least equal to the value of Tropicana Evansville or Tropicana Greenville, as applicable, (vi) permit Caesars to elect to sell its interest in Belle of Baton Rouge and sever it from the Amended and Restated Caesars Master Lease (with no change to the rent obligation to the Company), subject to the satisfaction of certain conditions, and (vii) provide certain relief under the operating, capital expenditure and financial covenants thereunder in the event of facility closures due to pandemics, governmental restrictions and certain other instances of unavoidable delay. The effectiveness of the Amended and Restated Caesars Master Lease was subject to the review and approval of certain gaming regulatory agencies and the expiration of applicable gaming regulatory advance notice periods which conditions were satisfied on July 23, 2020.

On December 18, 2020, the Company and Caesars entered into an amendment to the Amended and Restated Caesars Master Lease (as amended, the "Second Amended and Restated Caesars Master Lease") in connection with the completion of an Exchange Agreement (the "Exchange Agreement") with subsidiaries of Caesars in which Caesars transferred to the Company the real estate assets of Waterloo and Bettendorf in exchange for the transfer by the Company to Caesars of the real property assets of Tropicana Evansville, plus a cash payment of $5.7 million. In connection with the Exchange Agreement, the annual building base rent and the annual land base rent was increased.

Horseshoe St. Louis Lease

On October 1, 2018, the Company entered into a loan agreement with Caesars in connection with Caesars’s acquisition of Lumière Place Casino, now known as Horseshoe St. Louis ("Horseshoe St. Louis"), whereby the Company loaned Caesars $246.0 million (the "CZR loan"). The CZR loan bore interest at a rate equal to (i) 9.09% until October 1, 2019 and (ii) 9.27% until its maturity. On the one-year anniversary of the CZR loan, the mortgage evidenced by a deed of trust on the Horseshoe St. Louis property terminated and the loan became unsecured. On June 24, 2020, the Company received approval from the Missouri Gaming Commission to own the Horseshoe St. Louis property in satisfaction of the CZR loan. On September 29, 2020, the transaction closed and the Company entered into a new triple net lease with Caesars (the "Horseshoe St. Louis Lease") the initial term of which expires on October 31, 2033, with four separate renewal options of five years each, exercisable at the tenant's option. The Horseshoe St. Louis Lease rent terms were adjusted on December 1, 2021 such that the annual escalator is now fixed at 1.25% for the second through fifth lease years, increasing to 1.75% for the sixth and seventh lease years and thereafter increasing by 2.0% for the remainder of the lease.

Bally's Master Lease

On June 3, 2021, the Company completed its previously announced transaction pursuant to which a subsidiary of Bally's acquired 100% of the equity interests in the Caesars subsidiary that currently operates Tropicana Evansville and the Company reacquired the real property assets of Tropicana Evansville from Caesars for a cash purchase price of approximately $340.0 million. In addition, the Company purchased the real estate assets of Dover Downs Hotel & Casino from Bally's for a cash purchase price of approximately $144.0 million. The real estate assets of these two facilities were added to a new triple net master lease (the "Bally's Master Lease") the annual rent of which is subject to contractual escalations based on the Consumer Price Index ("CPI") with a 1% floor and a 2% ceiling, subject to the CPI meeting a 0.5% threshold. The Bally's Master Lease has an initial term of 15 years, with no purchase option, followed by four 5 year renewal options (exercisable by the tenant) on the same terms and conditions.

On April 1, 2022 and January 3, 2023, the Company completed additional acquisitions of various land and real estate assets of Bally's casinos, namely Bally's Biloxi, Bally's Tiverton, Bally's Black Hawk and Bally's Quad Cities. These properties were added to the existing Bally's Master Lease with annual rent increases that are subject to the escalation clauses described above.

In connection with GLPI’s commitment to consummate the Bally’s Biloxi and Bally's Tiverton acquisitions, the Company also agreed to pre-fund, at Bally’s election, a deposit of up to $200.0 million, which was funded in September 2022 and recorded in Other assets on the Condensed Consolidated Balance Sheet at December 31, 2022. This amount was credited to GLPI along with a $9.0 million transaction fee payable at closing which occurred on January 3, 2023. The Company continues to have the option, subject to receipt by Bally's of required consents, to acquire the real property assets of Bally's Twin River Lincoln Casino Resort ("Bally's Lincoln") prior to December 31, 2026 for a purchase price of $771.0 million and additional rent of $58.8 million.

Tropicana Las Vegas Lease

On April 16, 2020, the Company and certain of its subsidiaries closed on its previously announced transaction to acquire the real property associated with the Tropicana Las Vegas from PENN in exchange for $307.5 million of rent credits which were applied against future rent obligations due under the parties' existing leases during 2020.

On September 26, 2022, Bally’s acquired both GLPI’s building assets and PENN's outstanding equity interests in Tropicana Las Vegas for an aggregate cash acquisition price, net of fees and expenses, of approximately $145 million, which resulted in a pre-tax gain of $67.4 million, $52.8 million after-tax. GLPI retained ownership of the land and concurrently entered into a ground lease for an initial term of 50 years (with a maximum term of 99 years inclusive of tenant renewal options). All rent is subject to contractual escalations based on the CPI, with a 1% floor and 2% ceiling, subject to the CPI meeting a 0.5% threshold. The ground lease is supported by a Bally’s corporate guarantee and cross-defaulted with the Bally's Master Lease (the "Tropicana Las Vegas Lease").

On May 13, 2023 the Company, Tropicana Las Vegas, Inc., a Nevada corporation and wholly owned subsidiary of Bally's, and Athletics Holdings LLC ("Athletics"), which owns the Major League Baseball ("MLB") team currently known as the Oakland Athletics (the "Team"), entered into a binding letter of intent (the "LOI") setting forth the terms for developing a stadium that would serve as the home venue for the Team (the "Stadium"). The Stadium is expected to complement the potential resort redevelopment envisioned at our 35-acre property in Clark County, Nevada (the "Tropicana Site"), owned indirectly by GLPI through its indirect subsidiary, Tropicana Land LLC, a Nevada limited liability company and leased by GLPI to Bally's pursuant to the Tropicana Las Vegas Lease. The LOI allows for Athletics to be granted fee ownership by GLPI of approximately 9 acres of the Tropicana Site for construction of the Stadium. The LOI provides that following the Stadium site transfer, there will be no reduction in the rent obligations of Bally's on the remaining portion of the Tropicana Site or other modifications to the ground lease, and that to the extent GLPI has any consent or approval rights under the Tropicana Las Vegas Lease, such rights shall remain enforceable unless expressly modified in writing in the definitive documents. Bally's and GLPI are agreeing to provide the Stadium site transfer in exchange for the benefits that the Stadium is expected to bring to the Tropicana Site. The LOI provides that Athletics shall pay all the costs associated with the design, development, and construction of the Stadium and Bally's shall pay all costs for the redevelopment of the casino and hotel resort amenities. GLPI is expected to commit to up to $175.0 million of funding for hard construction costs, such as demolition and site preparation and build out of minimum public spaces needed for utilization of the Stadium (including, without limitation, a food, beverage and retail entrance plaza and structured parking). The LOI provides that during the development period, rent will be due at 8.5% of what has been funded, provided that the first $15.0 million advanced for the costs of construction of the food, beverage and retail entrance plaza shall not be subject to increased rent. GLPI may have the opportunity to fund additional amounts of the construction under certain circumstances. In addition, the LOI provides that the transaction will be subject to customary approvals and other conditions, including, without limitation, the approval of the MLB owners to relocate the Team on or before December 1, 2023, and certain approvals by the Nevada Gaming Control Board and Nevada Gaming Commission.

Morgantown Lease

On October 1, 2020, the Company and PENN closed on their previously announced transaction whereby GLPI acquired the land under PENN's gaming facility under construction in Morgantown, Pennsylvania in exchange for $30.0 million in rent credits that were utilized by PENN in the fourth quarter of 2020. The Company is leasing the land back to an affiliate of PENN for an initial term of 20 years, followed by six 5-year renewal options exercisable by the tenant. On the opening date and on each anniversary thereafter rent shall be increased by 1.5% annually (on a prorated basis for the remainder of the lease year in which the gaming facility opens) for each of the following three lease years and commencing on the fourth anniversary of the opening date and for each anniversary thereafter, (i) if the CPI increase is at least 0.5% for any lease year, the rent for such lease year shall increase by 1.25% of rent as of the immediately preceding lease year, and (ii) if the CPI increase is less than 0.5%for such lease year, then the rent shall not increase for such lease year (the "Morgantown Lease"). Hollywood Casino Morgantown opened on December 22, 2021.

Casino Queen Master Lease

On November 25, 2020, the Company entered into a definitive agreement to sell the operations of its Hollywood Casino Baton Rouge to Casino Queen for $28.2 million (the "HCBR transaction"). The HCBR transaction closed on December 17, 2021. The Company retained ownership of all real estate assets at Hollywood Casino Baton Rouge and simultaneously entered into a triple net master lease with Casino Queen, which includes the Casino Queen property in East St. Louis that was leased by the Company to Casino Queen and the Hollywood Casino Baton Rouge facility ("Casino Queen Master Lease"). The lease has an initial term of 15 years with four 5-year renewal options (exercisable by the tenant) on the same terms and conditions. The annual rent increases by 0.5% for the first six years. Beginning with the seventh lease year through the remainder of the lease term, if the CPI increases by at least 0.25% for any lease year then annual rent shall be increased by 1.25%, and if the CPI increase is less than 0.25% then rent will remain unchanged for such lease year. Additionally, the Company anticipates the current landside development project will be completed in late August 2023 and the rent under the Casino Queen Master Lease will be adjusted upon opening to reflect a yield of 8.25% on GLPI's project costs which are anticipated to approximate $78 million. The Company will also have a right of first refusal with Casino Queen for other sale leaseback transactions up to $50 million until December 2023.

Maryland Live! Lease and Pennsylvania Live! Master Lease

On December 6, 2021, the Company announced that it agreed to acquire the real property assets of Live! Casino & Hotel Maryland, Live! Casino & Hotel Philadelphia, and Live! Casino Pittsburgh, including applicable long-term ground leases, from affiliates of Cordish for aggregate consideration of approximately $1.81 billion, excluding transaction costs at deal announcement. The transaction also includes a binding partnership on future Cordish casino developments, as well as potential financing partnerships between the Company and Cordish in other areas of Cordish's portfolio of real estate and operating businesses. On December 29, 2021, the Company completed its acquisition of the real property assets of Live! Casino & Hotel Maryland and entered into a single asset lease for Live! Casino & Hotel Maryland (the "Maryland Live! Lease"). On March 1, 2022, the Company completed its acquisition of the real estate assets of Live! Casino & Hotel Philadelphia and Live! Casino Pittsburgh for $689 million and leased back the real estate to Cordish pursuant to a new triple net master lease with Cordish (the "Pennsylvania Live! Master Lease"). The Pennsylvania Live! Master Lease and the Maryland Live! Lease both have initial lease terms of 39 years, with a maximum term of 60 years inclusive of tenant renewal options. The annual rent for both leases has a 1.75% fixed yearly escalator on the entirety of rent commencing on the leases' second anniversary.

2. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete consolidated financial statements. In the opinion of management, all normal recurring adjustments considered necessary for a fair presentation have been included.

The condensed consolidated financial statements include the accounts of GLPI and its subsidiaries as well as the Company's operating partnership, which is a variable interest entity ("VIE") in which the Company is the primary beneficiary. The Company presents non-controlling interests and classifies such interests as a separate component of equity, separate from GLPI's stockholders' equity and as net income attributable to non-controlling interest in the Condensed Consolidated Statement of Income. The operating partnership is a VIE in which the Company is the primary beneficiary because it has the power to direct the activities of the VIE that most significantly impact the partnership's economic performance and has the obligation to absorb losses of the VIE that could be potentially significant to the VIE and the right to receive benefits from the VIE that could potentially be significant to the VIE. Therefore, the Company consolidates the accounts of the operating partnership, and reflects the third party ownership in this entity as a noncontrolling interest in the Consolidated Balance Sheet. All intercompany accounts and transactions have been eliminated in consolidation.

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 could differ from those estimates.

Operating results for the three and six months ended June 30, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023. The consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2022 (our "Annual Report") should be read in conjunction with these condensed consolidated financial statements. The December 31, 2022 financial information has been derived from the Company’s audited consolidated financial statements.

The Company’s significant accounting policies are described in Note 2 of the Notes to the Consolidated Financial Statements included in the Company’s Annual Report and since the date of those financial statements, the Company has not had any significant changes to these accounting policies that have had a material impact on the Company's financial statements.

3. Investment in leases, financing receivables, net

In connection with the Maryland Live! Lease that became effective on December 29, 2021 and the Pennsylvania Live! Master Lease that became effective March 1, 2022, the Company recorded an Investment in leases, financing receivables, net, as the sale lease back transactions were accounted for as failed sale leasebacks. The following is a summary of the balances of the Company's Investment in leases, financing receivables, net.

	June 30, 2023	December 31, 2022
	(in thousands)	
Minimum lease payments receivable	$ 6,612,922	$ 6,676,528
Estimated residual values of lease property (unguaranteed)	940,885	940,885
Total	7,553,807	7,617,413
Less: Unearned income	(5,620,495)	(5,695,094)
Less: Allowance for credit losses	(41,523)	(19,124)
Investment in leases - financing receivables, net	$ 1,891,789	$ 1,903,195

The present value of the net investment in the lease payment receivable and unguaranteed residual value at June 30, 2023 was $1,880.5 million and $52.8 million compared to $1,871.5 million and $50.8 million at December 31, 2022.

At June 30, 2023, minimum lease payments owed to us for each of the five succeeding years under the Company's financing receivables were as follows (in thousands):

Year ending December 31,	Future Minimum Lease Payments
2023 (remainder of year)	$ 63,616
2024	129,286
2025	131,532
2026	133,816
2027	136,141
Thereafter	6,018,531
Total	$ 6,612,922

The Company follows ASC 326 “Credit Losses”, which requires that the Company measure and record current expected credit losses (“CECL”), the scope of which includes our Investment in leases, financing receivables, net. The Company has elected to use an econometric default and loss rate model to estimate the allowance for credit losses, or CECL allowance. This model requires us to calculate and input lease and property-specific credit and performance metrics which in conjunction with forward-looking economic forecasts, project estimated credit losses over the life of the lease. The Company then records a CECL allowance based on the expected loss rate multiplied by the outstanding investment in lease balance.

Expected losses within our cash flows are determined by estimating the probability of default (“PD”) and loss given default (“LGD”) of our Investment in leases financing receivables, net. We have engaged a nationally recognized data analytics firm to assist us with estimating both the PD and LGD. The PD and LGD are estimated during the initial term of the leases and real estate loans. The PD and LGD estimates for the lease term were developed using current financial condition forecasts. The PD and LGD predictive model was developed using the average historical default rates and historical loss rates, respectively, of over 100,000 commercial real estate loans dating back to 1998 that have similar credit profiles or characteristics to the real estate underlying the Company's financing receivables and real estate loans. Management will monitor the credit risk related to its financing receivable by obtaining the rent coverage on the lease on a periodic basis. The Company also monitors legislative changes to assess whether it would have an impact on the underlying performance of its tenant. We are unable to use our historical data to estimate losses as the Company has no loss history to date on its lease portfolio. Our tenants were current on all of their rental obligations as of June 30, 2023 and December 31, 2022.

The change in the allowance for credit losses for the Company's financing receivables is illustrated below (in thousands):

	Maryland Live! Lease	Pennsylvania Live! Master Lease	Total
Balance at December 31, 2022	$ 4,095	$ 15,029	$ 19,124
Change in allowance	(881)	(4,772)	(5,653)
Ending balance at March 31, 2023	$ 3,214	$ 10,257	$ 13,471
Change in allowance	8,142	19,910	28,052
Ending balance at June 30, 2023	$ 11,356	$ 30,167	$ 41,523

	Maryland Live! Lease	Pennsylvania Live! Master Lease	Total
Balance at December 31, 2021	$ 12,226	$ —	$ 12,226
Change in allowance	(5,621)	32,277	26,656
Ending balance at March 31, 2022	$ 6,605	$ 32,277	$ 38,882
Change in allowance	1,783	439	2,222
Ending balance at June 30, 2022	$ 8,388	$ 32,716	$ 41,104

The amortized cost basis of the Company's investment in leases, financing receivables by year of origination is shown below as of June 30, 2023 (in thousands):

	Origination year		
	2022	2021	Total
Investment in leases, financing receivables	$ 700,216	$ 1,233,096	$ 1,933,312
Allowance for credit losses	(30,167)	(11,356)	(41,523)
Amortized cost basis at June 30, 2023	$ 670,049	$ 1,221,740	$ 1,891,789
Allowance as a percentage of outstanding financing receivable	(4.31)%	(0.92)%	(2.15)%

During the three months ended June 30, 2023, a significant provision for credit losses was recorded on both the Maryland Live! Lease and Pennsylvania Live! Master Lease as the result of a decline in the estimated real estate values underlying the Company's Investment in leases, financing receivables. These values are estimated based on long term projections of the Commercial Real Estate Price Index which, as of June 30, 2023 declined and are anticipated to remain at depressed levels for several quarters based on the third party economic forecast the Company's utilizes to calculate its reserve for credit losses.

During the six months ended June 30, 2022, the Company recorded a provision for credit losses, net of $28.9 million This was primarily due to an initial allowance for credit losses of $32.3 million on the Pennsylvania Live! Master Lease which was originated on March 1, 2022. This was partially offset by a benefit recorded on the Maryland Live! Lease due to improved performance at that facility compared to previous expectations. This resulted in an improved rent coverage ratio in the Company's reserve calculation which led to a reduction in the Maryland Live! Lease reserve at June 30, 2022 compared to December 31, 2021.

The reason for the higher allowance for credit losses as a percentage of the outstanding investment in leases for the Pennsylvania Live! Master Lease compared to the Maryland Live! Lease is primarily due to the significantly higher rent coverage ratio on the Maryland Live! Lease compared to the Pennsylvania Live! Master Lease. Future changes in economic probability factors, changes in the estimated value of our real estate property leased to Cordish and earnings assumptions at the underlying facilities may result in non-cash provisions or recoveries in future periods that could materially impact our results of operations.

4. Real Estate Investments

Real estate investments, net, represents investments in 59 rental properties and the corporate headquarters building and is summarized as follows:

	June 30, 2023	December 31, 2022
	(in thousands)	
Land and improvements	$ 3,516,982	$ 3,189,141
Building and improvements	6,713,460	6,407,313
Construction in progress	56,378	29,564
Total real estate investments	10,286,820	9,626,018
Less accumulated depreciation	(2,048,422)	(1,918,083)
Real estate investments, net	$ 8,238,398	$ 7,707,935

5. Lease Assets and Lease Liabilities

Lease Assets

The Company is subject to various operating leases as lessee for both real estate and equipment, the majority of which are ground leases related to properties the Company leases to its tenants under triple-net operating leases. These ground leases may include fixed rent, as well as variable rent based upon an individual property’s performance or changes in an index such as the CPI, and have maturity dates ranging from 2028 to 2108, when considering all renewal options. For certain of these ground leases, the Company’s tenants are responsible for payment directly to the third-party landlord. Under ASC 842, the Company is required to gross-up its condensed consolidated financial statements for these ground leases as the Company is considered the primary obligor. In conjunction with the adoption of ASU 2016-02 on January 1, 2019, the Company recorded right-of-use assets and related lease liabilities on its condensed consolidated balance sheets to represent its rights to use the underlying leased assets and its future lease obligations, respectively, including for those ground leases paid directly by our tenants. Because the right-of-use asset relates, in part, to the same leases which resulted in the land right assets the Company recorded on its condensed consolidated balance sheets in conjunction with the Company's assumption of below market leases at the time it acquired the related land and building assets, the Company is required to report the right-of-use assets and land rights in the aggregate on the condensed consolidated balance sheets.

Land rights, net represent the Company's rights to land subject to long-term ground leases. The Company obtained ground lease rights through the acquisition of several of its rental properties and immediately subleased the land to its tenants. These land rights represent the below market value of the related ground leases. The Company assessed the acquired ground leases to determine if the lease terms were favorable or unfavorable, given market conditions at the acquisition date. Because the market rents to be received under the Company's triple-net tenant leases were greater than the rents to be paid under the acquired ground leases, the Company concluded that the ground leases were below market and were therefore required to be recorded as a definite lived asset (land rights) on its books.

Components of the Company's right-of use assets and land rights, net are detailed below (in thousands):

	June 30, 2023	December 31, 2022
Right-of use assets - operating leases	$ 198,382	$ 181,243
Land rights, net	646,245	652,824
Right-of-use assets and land rights, net	$ 844,627	$ 834,067

Land Rights

The land rights are amortized over the individual lease term of the related ground lease, including all renewal options, which ranged from 10 years to 92 years at their respective acquisition dates. Land rights net, consist of the following:

	June 30, 2023	December 31, 2022
	(in thousands)	
Land rights	$ 727,796	$ 727,796
Less accumulated amortization	(81,551)	(74,972)
Land rights, net	$ 646,245	$ 652,824

As of June 30, 2023, estimated future amortization expense related to the Company's land rights by fiscal year is as follows (in thousands):

Year ending December 31,	
2023 (remainder of year)	$ 6,579
2024	13,159
2025	13,159
2026	13,159
2027	13,159
Thereafter	587,030
Total	$ 646,245

Operating Lease Liabilities

At June 30, 2023, payments under the Company's operating lease liabilities were as follows (in thousands):

Year ending December 31,	
2023 (remainder of year)	$ 7,407
2024	14,761
2025	14,708
2026	14,712
2027	14,241
Thereafter	657,607
Total lease payments	$ 723,436
Less: interest	(524,376)
Present value of lease liabilities	$ 199,060

Lease Expense

Operating lease costs represent the entire amount of expense recognized for operating leases that are recorded on the condensed consolidated balance sheets. Variable lease costs are not included in the measurement of the lease liability and include both lease payments tied to a property's performance and changes in an index such as the CPI that are not determinable at lease commencement, while short-term lease costs are costs for those operating leases with a term of 12 months or less.

The components of lease expense were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Operating lease cost	$ 3,744	$ 3,370	$ 7,518	$ 6,74
Variable lease cost	4,858	5,072	9,808	9,42
Amortization of land right assets	3,290	3,290	6,579	9,28
Total lease cost	$ 11,892	$ 11,732	$ 23,905	$ 25,44

Amortization expense related to the land right intangibles, as well as variable lease costs and the Company's operating lease costs are recorded within land rights and ground lease expense in the condensed consolidated statements of income.

Supplemental Disclosures Related to Leases

Supplemental balance sheet information related to the Company's operating leases was as follows:

	June 30, 2023
Weighted average remaining lease term - operating leases	50.91 years
Weighted average discount rate - operating leases	6.57%

Supplemental cash flow information related to the Company's operating leases was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(in thousands)		(in thousands)	
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases [(1)]	$ 405	$ 404	$ 809	$ 809

[(1)] The Company's cash paid for operating leases is significantly less than the lease cost for the same period due to the majority of the Company's ground lease rent being paid directly to the landlords by the Company's tenants. Although GLPI expends no cash related to these leases, they are required to be grossed up in the Company's condensed consolidated financial statements under ASC 842.

Financing Lease Liabilities

In connection with the acquisition of the real property assets of Live! Casino & Hotel Maryland, the Company acquired the rights to land subject to a long-term ground lease which expires on June 6, 2111. As the Maryland Live! Lease was accounted for as an Investment in lease, financing receivable, the underlying ground lease was accounted for as a financing lease obligation within Lease liabilities on the Condensed Consolidated Balance Sheets. In accordance with ASC 842, the Company records revenue for the ground lease rent paid by its tenant with an offsetting expense in interest expense as the Company has concluded that as the lessee it is the primary obligor under the ground leases. The ground lease contains variable lease payments based on a percentage of gaming revenues generated by the facility and has fixed minimum annual payments. The Company discounted the fixed minimum annual payments at 5.0% to arrive at the initial lease obligation. At June 30, 2023, payments under the Company's financing lease liabilities were as follows (in thousands):

2023 (remainder of year)	$ 1,116
2024	2,244
2025	2,267
2026	2,289
2027	2,313
Thereafter	302,058
Total lease payments	$ 312,287
Less: Interest	(258,270)
Present value of finance lease liability	$ 54,017

6. Long-term Debt

Long-term debt is as follows:

	June 30, 2023	December 31, 2022
	(in thousands)	
Unsecured $1,750 million revolver	$ 15,000	$ —
Term Loan Credit Facility due September 2027	600,000	—
$500 million 5.375% senior unsecured notes due November 2023	—	500,000
$400 million 3.350% senior unsecured notes due September 2024	400,000	400,000
$850 million 5.250% senior unsecured notes due June 2025	850,000	850,000
$975 million 5.375% senior unsecured notes due April 2026	975,000	975,000
$500 million 5.750% senior unsecured notes due June 2028	500,000	500,000
$750 million 5.300% senior unsecured notes due January 2029	750,000	750,000
$700 million 4.000% senior unsecured notes due January 2030	700,000	700,000
$700 million 4.000% senior unsecured notes due January 2031	700,000	700,000
$800 million 3.250% senior unsecured notes due January 2032	800,000	800,000
Other	509	583
Total long-term debt	6,290,509	6,175,583
Less: unamortized debt issuance costs, bond premiums and original issuance discounts	(41,671)	(47,115)
Total long-term debt, net of unamortized debt issuance costs, bond premiums and original issuance discounts	$ 6,248,838	$ 6,128,468

The following is a schedule of future minimum repayments of long-term debt as of June 30, 2023 (in thousands):

2023 (remainder of year)	$ 75
2024	400,156
2025	850,164
2026	990,114
2027	600,000
Over 5 years	3,450,000
Total minimum payments	$ 6,290,509

Term Loan Credit Agreement

On September 2, 2022, GLP Capital entered into a term loan credit agreement (the “Term Loan Credit Agreement”) with Wells Fargo Bank, National Association, as administrative agent (“Term Loan Agent”), and the other agents and lenders party thereto from time to time, providing for a $600 million delayed draw credit facility with a maturity date of September 2, 2027 (the “Term Loan Credit Facility”). The Term Loan Credit Facility is guaranteed by GLPI.

The availability of loans under the Term Loan Credit Facility is subject to customary conditions, including pro forma compliance with financial covenants, and the receipt by Term Loan Agent of a conditional guarantee of the Term Loan Credit Facility by Bally’s on a secondary basis, subject to enforcement of all remedies against GLP Capital, GLPI and all sources other than Bally’s. The loans under the Term Loan Credit Facility may be used solely to finance a portion of the purchase price of the acquisition of one or more specified properties of Bally’s in one or a series of related transactions (the “Acquisition”) and to pay fees, costs and expenses incurred in connection therewith. The Company drew down the entire $600 million Term Loan Credit Facility on January 3, 2023 in connection with the acquisition of the real property assets of Bally's Biloxi and Bally's Tiverton.

Subject to customary conditions, including pro forma compliance with financial covenants, GLP Capital can obtain additional term loan commitments and incur incremental term loans under the Term Loan Credit Agreement, so long as the aggregate principal amount of all term loans outstanding under the Term Loan Credit Facility does not exceed $1.2 billion plus up to $60 million of transaction fees and costs incurred in connection with the Acquisition. There is currently no commitment in respect of such incremental loans and commitments.

Interest Rate and Fees

The interest rates per annum applicable to loans under the Term Loan Credit Facility are, at GLP Capital's option, equal to either a Secured Overnight Financing Rate ("SOFR") based rate or a base rate plus an applicable margin, which ranges from 0.85% to 1.7% per annum for SOFR loans and 0.0% to 0.7% per annum for base rate loans, in each case, depending on the credit ratings assigned to the Term Loan Credit Facility. The current applicable margin is 1.30% for SOFR loans and 0.30% for base rate loans. In addition, GLP Capital will pay a commitment fee on the unused commitments under the Term Loan Credit Facility at a rate that ranges from 0.125% to 0.3% per annum, depending on the credit ratings assigned to the Credit Facility from time to time. The current commitment fee rate is 0.25%.

Amortization and Prepayments

The Term Loan Credit Facility is not subject to interim amortization. GLP Capital is required to prepay outstanding term loans with 100% of the net cash proceeds from the issuance of other debt that is unconditionally guaranteed by GLPI and conditionally guaranteed by Bally's ("Alternative Acquisition Debt") that is received by GLPI, GLP Capital or any of their subsidiaries after the funding date of the Term Loan Facility (other than any incremental term loans under the Term Loan Credit Agreement and loans under the Bridge Revolving Facility (as defined below)) except to the extent such net cash proceeds are applied to repaying outstanding loans under the Bridge Revolving Facility. GLP Capital is not otherwise required to repay any loans under the Term Loan Credit Facility prior to maturity. GLP Capital may prepay all or any portion of the loans under the Term Loan Credit Facility prior to maturity without premium or penalty, subject to reimbursement of any SOFR breakage costs of the lenders, and may reborrow loans that it has repaid.

Certain Covenants and Events of Default

The Term Loan Credit Facility contains customary covenants that, among other things, restrict, subject to certain exceptions, the ability of GLPI and its subsidiaries, including GLP Capital, to grant liens on their assets, incur indebtedness, sell assets, engage in acquisitions, mergers or consolidations, or pay certain dividends and make other restricted payments. The financial covenants include the following, which are measured quarterly on a trailing four-quarter basis: (i) maximum total debt to total asset value ratio, (ii) maximum senior secured debt to total asset value ratio, (iii) maximum ratio of certain recourse debt to unencumbered asset value, and (iv) minimum fixed charge coverage ratio. GLPI is required to maintain its status as a REIT and is permitted to pay dividends to its shareholders as may be required in order to maintain REIT status. 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 Term Loan Credit Facility also contains certain customary affirmative covenants and events of default. The occurrence and continuance of an event of default, which includes, among others, nonpayment of principal or interest, material inaccuracy of representations and failure to comply with covenants, will enable the lenders to accelerate the loans and terminate the commitments thereunder.

Senior Unsecured Credit Agreement and Amended Credit Agreement

On May 13, 2022, GLP Capital entered into a credit agreement (the "Credit Agreement") providing for a $1.75 billion revolving credit facility (the "Initial Revolving Credit Facility") maturing in May 2026, plus two six-month extensions at GLP Capital's option. GLP Capital is the primary obligor under the Credit Agreement, which is guaranteed by GLPI.

On September 2, 2022, GLP Capital entered into an amendment to the Credit Agreement among GLP Capital, Wells Fargo Bank, National Association, as administrative agent ("Agent"), and the several banks and other financial institutions or entities party thereto (the Credit Agreement, as amended by such amendment, the "Amended Credit Agreement"). Pursuant to the Amended Credit Agreement, GLP Capital has the right, at any time until December 31, 2024, to elect to re-allocate up to $700 million in existing revolving commitments under the Amended Credit Agreement to a new revolving credit facility (the "Bridge Revolving Facility" and, collectively with the Initial Revolving Credit Facility, the "Revolver").

Loans under the Bridge Revolving Facility are subject to 1% amortization per annum. Amounts repaid under the Bridge Revolving Facility cannot be reborrowed and the corresponding commitments are automatically re-allocated to the existing revolving facility under the Amended Credit Agreement. GLP Capital is required to prepay the loans under the Bridge Revolving Facility with 100% of the net cash proceeds from the issuance of Alternative Acquisition Debt that is received by GLPI, GLP Capital or any of their subsidiaries (other than any term loans under the Term Loan Credit Agreement and any loans under the Bridge Revolving Facility). Any outstanding commitments under the Bridge Revolving Facility that have not been borrowed by December 31, 2024 are automatically re-allocated to the existing revolving facility under the Amended Credit Agreement.

GLP Capital's ability to borrow under the Bridge Revolving Facility is subject to certain conditions including pro forma compliance with GLP Capital's financial covenants, as well as the receipt by Agent of a conditional guarantee of the loans under the Bridge Revolving Facility by Bally’s on a secondary basis, subject to enforcement of all remedies against GLP Capital, GLPI and all sources other than Bally’s. Loans under the Bridge Revolving Facility will not be treated pro rata with loans under the existing revolving credit facility.

At June 30, 2023, $15.0 million was outstanding under the Amended Credit Agreement. Additionally, at June 30, 2023, the Company was contingently obligated under letters of credit issued pursuant to the Amended Credit Agreement with face amounts aggregating approximately $0.4 million, resulting in $1,734.6 million of available borrowing capacity under the Amended Credit Agreement as of June 30, 2023.

The interest rates payable on the loans borrowed under the Revolver are, at GLP Capital's option, equal to either a SOFR based rate or a base rate plus an applicable margin, which ranges from 0.725% to 1.40% per annum for SOFR loans and 0.0% to 0.4% per annum for base rate loans, in each case, depending on the credit ratings assigned to the Amended Credit Agreement. The current applicable margin is 1.05% for SOFR loans and 0.05% for base rate loans. Notwithstanding the foregoing, in no event shall the base rate be less than 1.00%. In addition, GLP Capital will pay a facility fee on the commitments under the revolving facility, regardless of usage, at a rate that ranges from 0.125% to 0.3% per annum, depending on the credit rating assigned to the Amended Credit Agreement from time to time. The current facility fee rate is 0.25%. The Amended Credit Agreement is not subject to interim amortization except with respect to the Bridge Revolving Facility. GLP Capital is not required to repay any loans under the Amended Credit Agreement prior to maturity except as set forth above with respect to the Bridge Revolving Facility. GLP Capital may prepay all or any portion of the loans under the Amended Credit Agreement prior to maturity without premium or penalty, subject to reimbursement of any SOFR breakage costs of the lenders and may reborrow loans that it has repaid.

The Amended Credit Agreement 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 make other restricted payments. The Amended Credit Agreement includes 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. 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 Amended Credit Agreement also contains certain customary affirmative covenants and events of default, including the occurrence of a change of control and termination of the Amended PENN Master Lease (subject to certain replacement rights). The occurrence and continuance of an event of default under the Amended Credit Agreement will enable the lenders under the Amended Credit Agreement to accelerate the loans and terminate the commitments thereunder. At June 30, 2023, the Company was in compliance with all required financial covenants under the Amended Credit Agreement.

Senior Unsecured Notes

At June 30, 2023, the Company had $5,675.0 million of outstanding senior unsecured notes (the "Senior Notes"). Each of the Company's Senior 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 Amended PENN Master Lease. The Senior 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.

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

The Senior Notes were issued by GLP Capital, L.P. and GLP Financing II, Inc. (the "Issuers"), two consolidated subsidiaries of GLPI, and are guaranteed on a senior unsecured basis by GLPI. The guarantees of GLPI are full and unconditional. The Senior Notes are the Issuers' senior unsecured obligations and rank *pari passu* in right of payment with all of the Issuers' senior indebtedness, including the Amended Credit Facility, and senior in right of payment to all of the Issuers' subordinated indebtedness, without giving effect to collateral arrangements.

The Senior 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 Senior 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.

On January 13, 2023, the Company announced that it called for redemption all of the $500 million, 5.375% Senior Notes due in 2023 (the "Notes"). The Company redeemed all of the Notes on February 12, 2023 (the "Redemption Date") for $507.5 million which represented 100% of the principal amount of the Notes plus accrued interest through the Redemption Date, incurring a loss on the early extinguishment of debt of $0.6 million, primarily related to debt issuance write-offs. GLPI funded the redemption of the Notes primarily from cash on hand as well as through the settlement of a forward sale agreement that occurred in February 2023 which resulted in the issuance of 1,284,556 shares which raised net proceeds of $64.6 million. See Note 11 for additional discussion.

At June 30, 2023, the Company was in compliance with all required financial covenants under its Senior Notes.

7. Fair Value of Financial Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities recorded at fair value are classified based upon the level of judgment associated with the inputs used to measure their fair value. ASC 820 - *Fair Value Measurements and Disclosures* ("ASC 820") establishes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach, and cost approach). The levels of the hierarchy related to the subjectivity of the valuation inputs are described below:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets, such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions, as there is little, if any, related market activity.

The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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.

Investment in leases, financing receivables, net

The fair value of the Company's investment in leases, financing receivables, net is based on the value of the underlying real estate property the Company owns related to the Maryland Live! Lease and the Pennsylvania Live! Master Lease. The initial fair value was the price paid by the Company to acquire the real estate. The initial fair value is then adjusted for changes in the commercial real estate price index and as such is a Level 3 measurement as defined under ASC 820.

Deferred Compensation Plan Assets

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. Deferred compensation plan assets are included within other assets on the condensed consolidated balance sheets.

Long-term Debt

The fair value of the Senior Notes are estimated based on quoted prices in active markets and as such is a Level 1 measurement as defined under ASC 820. The fair value of the obligations in our Amended Credit Agreement and Term Loan Credit Facility is based on indicative pricing from market information (Level 2 inputs).

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

	June 30, 2023		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	$ 9,450	$ 9,450	$ 239,083	$ 239,083
Investment in leases, financing receivables, net	1,891,789	1,850,396	1,903,195	1,900,971
Deferred compensation plan assets	30,879	30,879	27,387	27,387
Financial liabilities:				
Long-term debt:				
Credit Agreement and Term Loan Credit Facility	615,000	615,000	—	—
Senior Notes	5,675,000	5,238,668	6,175,000	5,715,963

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

During the six months ended June 30, 2022, the Company entered into an agreement to sell excess land for approximately $3.5 million (that we determined is a level 2 input), which had a carrying amount of $6.8 million and, as such, the Company recorded an impairment charge for the three months ended June 30, 2022. There were no other assets or liabilities measured at fair value on a nonrecurring basis during the six months ended June 30, 2023 and 2022.

8. Commitments and Contingencies

Litigation

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. The majority of these matters are subject to indemnification and defense obligations of our tenants. 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, results of operations or liquidity. 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.

Funding commitments

The Company has agreed to a funding mechanism to support PENN's pursuit of relocation and development opportunities at several of the properties included in the PENN 2023 Master Lease. GLPI agreed to fund up to $225 million for the relocation of PENN's riverboat casino in Aurora at a 7.75% cap rate and, if requested by PENN, will fund up to $350 million for the relocation of the Hollywood Casino Joliet as well as the construction of hotels at Hollywood Casino Columbus and a second hotel tower at the M Resort Spa Casino at then current market rates. The funding commitment expires on January 1, 2026.

See Note 1 for a discussion on the potential future funding commitments the Company may have in connection with the possible future transaction with Bally's and the Athletics at the Tropicana Site.

9. Revenue Recognition

Revenues from Real Estate

As of June 30, 2023, 14 of the Company’s real estate investment properties were leased to a subsidiary of PENN under the Amended PENN Master Lease, 7 of the Company's real estate investment properties were leased to a subsidiary under the PENN 2023 Master Lease, 12 of the Company's real estate investment properties were leased to a subsidiary of PENN under the Amended Pinnacle Master Lease, 6 of the Company's real estate investment properties were leased to a subsidiary of Caesars under the Second Amended and Restated Caesars Master Lease, 3 of the Company's real estate investment properties were leased to a subsidiary of Boyd under the Boyd Master Lease, 8 of the Company's real estate investment properties were leased to a subsidiary of Bally's under the Bally's Master Lease, 2 of the Company's real estate investment properties were leased to a subsidiary of Cordish under the Pennsylvania Live! Master Lease and 2 of the Company's real estate properties were leased to a subsidiary of Casino Queen under the Casino Queen Master Lease. Additionally, the land under PENN's Hollywood Casino Morgantown is subject to the Morgantown Lease. Finally, the Company has single property triple net leases with Caesars under the Horseshoe St. Louis Lease, Boyd under the Belterra Park Lease, Cordish under the Maryland Live! Lease, and Bally's under the Tropicana Las Vegas Lease.

Guarantees

The obligations under the Amended PENN Master Lease, the PENN 2023 Master Lease and Amended Pinnacle Master Lease, as well as the Morgantown Lease, are guaranteed by PENN and, with respect to each lease, jointly and severally by PENN's subsidiaries that occupy and operate the facilities covered by such lease. Similarly, the obligations under the Second Amended and Restated Caesars Master Lease and Bally's Master Lease are jointly and severally guaranteed by the parent company and by the subsidiaries that occupy and operate the leased facilities. The obligations under the Boyd Master Lease are jointly and severally guaranteed by Boyd's subsidiaries that occupy and operate the facilities leased under the Boyd Master Lease. The obligations under the Maryland Live! Lease and the Pennsylvania Live! Master Lease are guaranteed by the Cordish subsidiaries that operate the facilities.

Rent

The rent structure under the Amended 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 prospectively adjusted, subject to certain floors (namely the Hollywood Casino at Penn National Race Course property due to PENN's opening of a competing facility) every five years to an amount equal to 4% of the average net revenues of all facilities under the Amended PENN Master Lease during the preceding five years in excess of a contractual baseline.

Similar to the Amended PENN Master Lease, the Amended Pinnacle Master 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 facilities, which is prospectively adjusted subject to certain floors (namely the Bossier City Boomtown property due to PENN's acquisition of a competing facility, Margaritaville Resort Casino), every two years to an amount equal to 4% of the average net revenues of all facilities under the Amended Pinnacle Master Lease during the preceding two years in excess of a contractual baseline.

The PENN 2023 Master Lease that became effective on January 1, 2023 has annual rent of $232.2 million, which is fixed and subject to annual escalation of 1.50%, with the first escalation to occur for the lease year beginning on November 1, 2023. In addition to the fixed escalations, a one-time annualized increase of $1.4 million will occur on November 1, 2027. The deferred revenue from the Perryville Lease and Meadows Lease (which were terminated effective January 1, 2023 and whose underlying real estate was added to the PENN 2023 Master Lease) along with an allocation of the deferred revenue from the Original PENN Master Lease, as well as the guaranteed fixed escalations and the one time annual base rent increase are being recognized on a straight-line basis over the initial lease term which expires on October 31, 2033.

On July 23, 2020, the Amended and Restated Caesars Master Lease became effective as described more fully in Note 1. This modification was accounted for as a new lease which the Company concluded continued to meet the criteria for operating lease treatment. As a result, the existing deferred revenue at the time of the amendment is being recognized in the income statement over the Amended and Restated Caesars Master Lease's new initial lease term, which now expires in September 2038. The Company has concluded the renewal options of up to an additional 20 years at the tenant's option are not reasonably certain of being exercised as failure to renew would not result in a significant penalty to the tenant. In the fifth and sixth lease years the building base rent escalates at 1.25%. In the seventh and eighth lease years it escalates at 1.75% and then escalates at 2% in the ninth lease year and each lease year thereafter. In addition, the guaranteed fixed escalations in the new initial lease term are recognized on a straight-line basis.

The Boyd 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 every two years to an amount equal to 4% of the average annual net revenues of all facilities under the Boyd Master Lease during the preceding two years in excess of a contractual baseline.

In May 2020, the Company acquired the real estate of Belterra Park in satisfaction of the Belterra Park Loan, subject to the Belterra Park Lease with a Boyd affiliate operating the property. The Belterra Park Lease rent terms are consistent with the Boyd Master Lease. The annual rent is comprised of a fixed component, part of which is subject to an annual escalator of up to 2% if certain rent coverage ratio thresholds are met and a component that is based on the performance of the facilities which is adjusted, every two years to an amount equal to 4% of the average annual net revenues of Belterra Park during the preceding two years in excess of a contractual baseline.

On September 29, 2020, the Company acquired the real estate of Horseshoe St. Louis in satisfaction of the CZR loan, subject to the Horseshoe St. Louis Lease, the initial term of which expires on October 31, 2033, with 4 separate renewal options of five years each, exercisable at the tenant's option. The Horseshoe St. Louis Lease's rent terms were adjusted on December 1, 2021 such that the annual escalator is now fixed at 1.25% for the second through fifth lease years, increasing to 1.75% for the sixth and seventh lease years and thereafter increasing by 2.0% for the remainder of the lease.

The Morgantown Lease became effective on October 1, 2020 whereby the Company is leasing the land under PENN's gaming facility and the initial rent on the opening date and on each anniversary thereafter shall be increased by 1.5% annually (on a prorated basis for the remainder of the lease year in which the gaming facility opens) for each of the following three lease years, and commencing on the fourth anniversary of the opening date and for each anniversary thereafter, (a) if the CPI increase is at least 0.5% for any lease year, the rent for such lease year shall increase by 1.25% of rent as of the immediately preceding lease year, and (b) if the CPI increase is less than 0.5% for such lease year, then the rent shall not increase for such lease year. Hollywood Casino Morgantown opened on December 22, 2021.

The initial rent under the Casino Queen Master Lease increases annually by 0.5% for the first six years. Beginning with the seventh lease year through the remainder of the lease term, if the CPI increases by at least 0.25% for any lease year then annual rent shall be increased by 1.25%, and if the CPI increase is less than 0.25%, rent will remain unchanged for such lease year. The Company will also complete the current landside development project that is anticipated to open in late August 2023 and rent under the Casino Queen Master Lease will be adjusted to reflect a yield of 8.25% on GLPI's project costs which are anticipated to approximate $78 million.

The Bally's Master Lease became effective on June 3, 2021 with the annual rent subject to contractual escalations based on the CPI, with a 1% floor and a 2% ceiling, subject to the CPI meeting a 0.5% threshold. On April 1, 2022 and January 3, 2023, the Company completed additional acquisitions from Bally's of various land and real estate assets of Bally's casinos. These properties were added to the existing Bally's Master Lease with annual rent increases subject to the escalation clauses described above.

On December 29, 2021, the Maryland Live! Lease with Cordish became effective. Annual rent increases by 1.75% upon the second anniversary of the lease commencement. The Pennsylvania Live! Master Lease with Cordish became effective March 1, 2022 and annual rent increases by 1.75% upon the second anniversary of the lease commencement. These leases were accounted for as an Investment in leases, financing receivables. See Note 3 for the further information including the future annual cash payments to be received under these leases.

On September 26, 2022, the Tropicana Las Vegas Lease became effective. Commencing on the first anniversary and on each anniversary thereafter, if the CPI increase is at least 0.5% for any lease year, the rent shall increase by the greater of 1% of the rent in effect for the preceding lease year and the CPI increase, capped at 2%. If the CPI increase is less than 0.5% for such lease year, then the rent shall not increase for such lease year.

Furthermore, the Company's master leases provide for a floor on the percentage rent described above, should the Company's tenants acquire or commence operating a competing facility within a restricted area (typically 60 miles from a property under the existing master lease with such tenant). These clauses provide landlord protections by basing the percentage rent floor for any affected facility on the net revenues of such facility for the calendar year immediately preceding the year in which the competing facility is acquired or first operated by the tenant. A percentage rent floor on the Amended Pinnacle Master Lease was triggered on the Bossier City Boomtown property due to PENN's acquisition of Margaritaville Resort Casino. Additionally, a percentage rent floor on the Amended Penn Master Lease was triggered on the Hollywood Casino at Penn National Race Course in connection with PENN opening a facility in York, Pennsylvania which will go into effect at the next reset.

Costs

In addition to rent, as triple-net lessees, all of the Company's tenants are required to pay the following executory costs: (1) all facility maintenance, (2) all insurance required in connection with the leased properties and the business conducted on the leased properties, including coverage of the landlord's interests, (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.

Lease terms

During 2022, the Original PENN Master Lease required an accounting reassessment due to a lease amendment resulting in a lease modification for accounting purposes. The Company concluded the lease term should end at the current lease expiration date of October 31, 2033 and not include any of the three remaining renewal terms of 5 years each. This was due to several factors that were not present at the inception of the Original PENN Master Lease. At the time of this amendment, since the formation of the Company on November 1, 2013, the Company has amended and reassessed four of its nine leases that were originated prior to 2021. All four of these reassessments were done before the completion of their initial lease terms and were the result of significant lease amendments. Additionally, Pinnacle sold its operations to PENN for fair value whose underlying real estate for the casino operations were leased from the Company. PENN has significantly diversified its earnings stream since the inception of the Original PENN Master Lease such that the leased operations in the Original PENN Master Lease no longer represent substantially all of PENN's revenues and earnings. We believe all these factors precluded the Company from concluding all renewal periods are reasonably assured to be exercised in the Original PENN Master Lease.

The Amended PENN Master Lease and the PENN 2023 Master Lease became effective January 1, 2023. The Company concluded that the lease term for both of these leases should end at the current lease expiration date of October 31, 2033 and not include any of the three remaining renewal terms of 5 years each due to the factors described above and the fact that the earnings from the leased operations in these master leases do not represent substantially all of PENN's revenues and earnings. The Company concluded that each individual lease component within the Amended PENN Master Lease and the PENN 2023 Master Lease meets the definition of an operating lease. The deferred rent and contractual fixed minimum lease payments at January 1, 2023 are being recognized on a straight-line basis over the initial lease term expiration date of October 31, 2033 for both master leases.

The Casino Queen Master Lease became effective December 17, 2021 and required an accounting reassessment due to changes in the rent and lease terms. The Company concluded the lease term is limited to its initial 15 year term. This was due to several factors that were not present at the inception of the original Casino Queen Lease. In addition to the historical reassessments and the fact that Pinnacle sold its operations to PENN for fair value as described above, additional competitive threats have emerged in the regional markets for the properties in the Casino Queen Master Lease that were not present previously. In particular, land based gaming operations including Casino Queen's leased operation in the state of Illinois have experienced significant additional competitive pressures from video gaming terminals that have rapidly expanded in the state. We believe all these factors precluded the Company from concluding all renewal periods are reasonably assured to be exercised in the Casino Queen Master Lease.

On October 15, 2018, in conjunction with the PENN-Pinnacle Merger, the Pinnacle Master Lease was amended by a fourth amendment to allow for the sale of the operating assets of Ameristar Casino Hotel Kansas City, Ameristar Casino Resort Spa St. Charles and Belterra Casino Resort from Pinnacle to Boyd. As a result of this amendment, the Company reassessed the lease's classification and determined the Amended Pinnacle Master Lease qualified for operating lease treatment under ASC 840. Therefore, subsequent to the PENN-Pinnacle Merger, the Amended Pinnacle Master Lease is treated as an operating lease in its entirety. Because the properties under the Amended Pinnacle Master Lease did not represent a meaningful portion of PENN's business at the time PENN assumed the Amended Pinnacle Master Lease, the Company concluded that the lease term of the Amended Pinnacle Master Lease was 10 years, equal to the initial 10-year term only.

In connection with PENN exercising its first renewal option on October 1, 2020, the Company reassessed the Amended Pinnacle Master Lease as the lease term now concludes on May 1, 2031. The Company continued to conclude that each individual lease component within the Amended Pinnacle Master Lease meets the definition of an operating lease. The deferred rent and fixed minimum lease payments at October 1, 2020 are being recognized on a straight-line basis over the new initial lease term ending on May 1, 2031.

The Company concluded it was not reasonably assured at lease inception that Caesars, Boyd or Bally's would elect to exercise all lease renewal options under the Caesars Master Lease, the Boyd Master Lease and the Bally's Master Lease as the earnings from these properties did not represent substantially all of the tenant's business at lease inception (and with respect to the Bally's Master Lease at each point when assets were added to the lease). The Company concluded that the lease term of the Amended and Restated Caesars Master Lease was its remaining initial lease term which was extended by 5 years when the Amended and Restated Caesars Master Lease became effective on July 23, 2020. The lease terms of the Boyd Master Lease and Bally's Master Lease are 10 years and 15 years, respectively, equal to the initial terms of such master leases.

The Belterra Park Lease, Morgantown Lease, Maryland Live! Lease, Horseshoe St. Louis Lease and Tropicana Las Vegas Lease are single property leases operated by large-multi-property operators and as such the Company concluded it was not reasonably assured at lease inception that the operator would elect to exercise any renewal options; as such, the lease term of these leases is equal to their initial terms. The Company also concluded that the lease term for the Pennsylvania Live! Master Lease was limited to its initial lease term given the relative size and geographic concentration of the properties in this lease.

Details of the Company's income from real estate for the three and six months ended June 30, 2023 was as follows (in thousands):

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
Building base rent	$ 274,629	$ 547,776
Land base rent	41,323	82,645
Percentage rent	17,852	35,739
Total cash income	$ 333,804	$ 666,160
Straight-line rent adjustments	8,751	17,503
Ground rent in revenue	8,549	17,227
Accretion on financing receivables	5,549	10,993
Other rental revenue	(64)	(80)
Total income from real estate	$ 356,589	$ 711,803

As of June 30, 2023, the future minimum rental income from the Company's rental properties under non-cancelable operating leases, including any reasonably assured renewal periods, was as follows (in thousands):

Year ending December 31,	Future Rental Payments Receivable	Straight-Line Rent Adjustments	Future Base Ground Rents Receivable	Future Income to be Recognized Related to Operating Leases
2023 (remainder of year)	$ 602,911	$ 22,131	$ 6,598	$ 631,640
2024	1,160,644	62,283	13,197	1,236,124
2025	1,152,385	57,174	13,198	1,222,757
2026	1,093,412	49,922	12,374	1,155,708
2027	1,066,923	43,185	11,498	1,121,606
Thereafter	6,848,991	72,576	67,559	6,989,126
Total	$ 11,925,266	$ 307,271	$ 124,424	$ 12,356,961

The table above presents the cash rent the Company expects to receive from its tenants, offset by adjustments to recognize this rent on a straight-line basis over the lease term. The Company also includes the future non-cash revenue it expects to recognize from the fixed portion of tenant paid ground leases in the table above. See Note 3 for the future contractual cash receipts to be received by the Company under its Investment in leases, financing receivables, net.

10. Earnings Per Share

The Company calculates earnings per share ("EPS") in accordance with ASC 260 - *Earnings per Share* ("ASC 260"). 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, unvested performance-based restricted shares and the dilutive effect of the Company's forward sale agreement. The effect of the conversion of the OP Units to common shares is excluded from the computation of basic and diluted earnings per share because all net income attributable to the non-controlling interest holders are recorded as income attributable to non-controlling interests and thus is excluded from net income available to common shareholders. In accordance with ASC 260, the Company includes all performance-based restricted shares that would have vested based upon the Company's performance at quarter-end in the calculation of diluted EPS. Diluted EPS for the Company's common stock is computed using the more dilutive of the two-class method or the treasury stock method.

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 three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(in thousands)			
Determination of shares:				
Weighted-average common shares outstanding	262,490	247,544	262,142	247,538
Assumed conversion of restricted stock awards	147	144	138	131
Assumed conversion of performance-based restricted stock awards	763	673	749	653
Diluted weighted-average common shares outstanding	263,400	248,361	263,029	248,322

The following table presents the calculation of basic and diluted EPS for the Company’s common stock for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(in thousands, except per share data)			
Calculation of basic EPS:				
Net income attributable to common shareholders	$ 155,630	$ 151,314	$ 338,981	$ 270,582
Less: Net income allocated to participating securities	(87)	(88)	(178)	(143)
Net income for earnings per share purposes	$ 155,543	$ 151,226	$ 338,803	$ 270,439
Weighted-average common shares outstanding	262,490	247,544	262,142	247,538
Basic EPS	$ 0.59	$ 0.61	$ 1.29	$ 1.09
Calculation of diluted EPS:				
Net income attributable to common shareholders	$ 155,630	$ 151,314	$ 338,981	$ 270,582
Diluted weighted-average common shares outstanding	263,400	248,361	263,029	248,322
Diluted EPS	$ 0.59	$ 0.61	$ 1.29	$ 1.09
Antidilutive securities excluded from the computation of diluted earnings per share	111	43	116	58

11. Equity

Common stock issuance

On December 21, 2022, the Company commenced a continuous equity offering under which the Company may sell up to an aggregate of $1.0 billion of its common stock from time to time through a sales agent in "at the market" offerings (the "2022 ATM Program"). Actual sales will depend on a variety of factors, including market conditions, the trading price of the Company's common stock and determinations of the appropriate sources of funding. The Company may sell the shares in amounts and at times to be determined by the Company, but has no obligation to sell any of the shares in the 2022 ATM Program. The 2022 ATM Program also allows the Company to enter into forward sale agreements. In no event will the aggregate number of shares sold under the 2022 ATM Program (whether under any forward sale agreement or through a sales agent), have an aggregate sales price in excess of $1.0 billion. The Company expects, that if it enters into a forward sale contract, to physically settle each forward sale agreement with the forward purchaser on one or more dates specified by the Company prior to the maturity date of that particular forward sale agreement, in which case the aggregate net cash proceeds at settlement will equal the number of shares underlying the particular forward sale agreement multiplied by the relevant forward sale price. However, the Company may also elect to cash settle or net share settle a particular forward sale agreement, in which case proceeds may or may not be received or cash may be owed to the forward purchaser.

In connection with the 2022 ATM Program, the Company engaged a sales agent who may receive compensation of up to 2% of the gross sales price of the shares sold. Similarly, in the event the Company enters into a forward sale agreement, it will pay the relevant forward seller a commission of up to 2% of the sales price of all borrowed shares of common stock sold during the applicable selling period of the forward sale agreement. During the six months ended June 30, 2023, the Company sold 0.3 million shares of its common stock under the 2022 ATM Program which raised net proceeds of $14.1 million. As of June 30, 2023, the Company had $985.5 million remaining for issuance under the 2022 ATM Program.

In August 2022, the Company entered into a forward sale agreement under the Company's prior ATM program that was settled in February 2023 which resulted in the issuance of 1,284,556 common shares and net proceeds of $64.6 million.

Non-controlling interests

As partial consideration for the closing of the real property assets under the Bally's Master Lease that occurred on January 3, 2023, the Company's operating partnership issued 286,643 newly-issued OP Units to affiliates of Bally's which were valued at $14.9 million. In the prior year, as partial consideration for the closing of the real property assets under the Pennsylvania Live! Master Lease that occurred on March 1, 2022, the Company's operating partnership issued 3,017,909 newly-issued OP Units to affiliates of Cordish which were valued at $137.0 million. The OP Units are exchangeable for common shares of the Company on a one-for-one basis, subject to certain terms and conditions. As of June 30, 2023, the Company holds a 97.2% controlling financial interest in the operating partnership. The operating partnership is a VIE in which the Company is the primary beneficiary because it has the power to direct the activities of the VIE that most significantly impact the partnership's economic performance and has the obligation to absorb losses of the VIE that could be potentially significant to the VIE and the right to receive benefits from the VIE that could potentially be significant to the VIE. Therefore, the Company consolidates the accounts of the operating partnership, and reflects the third party ownership in this entity as a non-controlling interest in the Condensed Consolidated Balance Sheets. The Company paid $5.5 million and $12.9 million in distributions to the non-controlling interest holders concurrently with the dividends paid to the Company's common shareholders, during the three and six month periods ended June 30, 2023, respectively. The Company paid $5.2 million and $10.3 million in distributions to the non-controlling interest holders concurrently with the dividends paid to the Company's common shareholders, during the three and six month periods ended June 30, 2022.

Dividends

The following table lists the dividends declared and paid by the Company during the six months ended June 30, 2023 and 2022:

Declaration Date	Shareholder Record Date	Securities Class	Dividend Per Share	Period Covered	Distribution Date	Dividend Amount
						(in thousands)
2023						
February 22, 2023	March 10, 2023	Common Stock	$0.72	First Quarter 2023	March 24, 2023	$188,896
February 22, 2023	March 10, 2023	Common Stock	$0.25	First Quarter 2023	March 24, 2023	$65,588
June 1, 2023	June 16, 2023	Common Stock	$0.72	Second Quarter 2023	June 30, 2023	$189,095
2022						
February 24, 2022	March 11, 2022	Common Stock	$0.69	First Quarter 2022	March 25, 2022	$170,805
May 9, 2022	June 10, 2022	Common Stock	$0.705	Second Quarter 2022	June 24, 2022	$174,519

In addition, for the three and six months ended June 30, 2023, dividend payments were made to GLPI restricted stock award holders in the amount of $0.2 million and $0.5 million, respectively. In addition, for the three and six months ended June 30, 2022, dividend payments were made to GLPI restricted stock award holders in the amount of $0.2 million and $0.4 million, respectively. On February 22, 2023, the Company declared a first quarter dividend of $0.72 per share in addition to a special earnings and profit dividend related to the sale of the Tropicana Las Vegas building of $0.25 per share on the Company's common stock.

12. Stock-Based Compensation

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 of the Company's time-based restricted stock awards is equivalent to the closing stock price on the day prior to 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.

As of June 30, 2023, there was $7.0 million of total unrecognized compensation cost for restricted stock awards that will be recognized over the grants' remaining weighted average vesting period of 1.85 years. For the three and six months ended June 30, 2023, the Company recognized $1.4 million and $5.7 million of compensation expense associated with these awards, compared to $1.3 million and $5.5 million for the three and six months ended June 30, 2022, within general and administrative expenses on the condensed consolidated statements of income.

The following table contains information on restricted stock award activity for the six months ended June 30, 2023:

	Number of Award Shares
Outstanding at December 31, 2022	247,051
Granted	240,291
Released	(186,247)
Outstanding at June 30, 2023	301,095

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 upon 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 total shareholder return of the companies included in the MSCI US REIT index and the Company's stock performance ranking among a group of triple-net REIT peer companies. The triple-net measurement group includes publicly traded REITs, which the Company believes derive at least 75% of revenues from triple-net leases. As of June 30, 2023, there was $23.5 million of total unrecognized compensation cost, which will be recognized over the performance-based restricted stock awards' remaining weighted average vesting period of 2.02 years. For the three and six months ended June 30, 2023, the Company recognized $3.6 million and $7.1 million of compensation expense associated with these awards within general and administrative expenses on the condensed consolidated statements of income compared to $3.0 million and $6.4 million for the corresponding periods in the prior year.

The following table contains information on performance-based restricted stock award activity for the six months ended June 30, 2023:

	Number of Performance-Based Award Shares
Outstanding at December 31, 2022	1,394,220
Granted	514,000
Released	(416,220)
Canceled	—
Outstanding at June 30, 2023	1,492,000

13. Supplemental Disclosures of Cash Flow Information and Noncash Activities

Supplemental disclosures of cash flow information are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(in thousands)			
Cash paid for income taxes, net of refunds received	$ 1,086	$ 7,179	$ 979	$ 7,179
Cash paid for interest	$ 74,093	$ 79,215	$ 156,088	$ 136,291

Noncash Investing and Financing Activities

On January 3, 2023, as part of the consideration for the land and real estate assets of Bally's Biloxi and Bally's Tiverton, the Company issued 286,643 OP Units to affiliates of Bally's that were valued at $14.9 million for accounting purposes at closing. On March 1, 2022, as part of the consideration for the real estate assets acquired pursuant to the Pennsylvania Live! Master Lease, the Company issued 3,017,909 OP Units to affiliates of Cordish that were valued at $137.0 million for accounting purposes at closing and assumed debt of $422.9 million that was repaid after closing with the offsetting increase to Investment in leases, financing receivables, net.

14. Acquisitions

The Company accounts for its acquisitions of real estate assets as asset acquisitions under ASC 805 - *Business Combinations*. Under asset acquisition accounting, incremental transaction costs incurred to acquire the purchased assets are also included as part of the asset cost.

Current year acquisitions

On January 3, 2023, the Company closed its previously announced acquisition from Bally's of the land and real estate assets of Bally's Biloxi and Bally's Tiverton. The properties were added to the Bally's Master Lease and annual rent was increased by $48.5 million. The purchase price allocation of these assets based on their fair values at the acquisition date are summarized below (in thousands).

Land and improvements	$ 321,155
Building and improvements	306,100
Total purchase price	$ 627,255

At closing, the Company was credited its previously funded $200 million deposit that was recorded in other assets at December 31, 2022 as well as a $9.0 million transaction fee that was recorded against the purchase price. The Company continues to have the option, subject to receipt by Bally's of required consents, to acquire the real property assets of Bally's Lincoln prior to December 31, 2026 for a purchase price of $771.0 million and additional annual rent of $58.8 million.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Operations

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 and 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 Hollywood Casino Baton Rouge and Hollywood Casino Perryville 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 that began on January 1, 2014 to be treated as a REIT and GLPI, together with its indirect wholly-owned subsidiary, 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. On July 1, 2021, the Company sold the operations of Hollywood Casino Perryville to PENN and leased the real estate to PENN pursuant to a standalone lease. On December 17, 2021, the Company sold the operations of Hollywood Casino Baton Rouge to The Queen Casino & Entertainment Inc., formerly known as CQ Holding Company, Inc., ("Casino Queen") and leased the real estate to Casino Queen pursuant to the Casino Queen Master Lease as described below. On December 17, 2021, GLPI declared a special dividend to the Company's shareholders to distribute the accumulated earnings and profits attributable to these sales. In 2021, as a result of the sale of the operations of Hollywood Casino Perryville and Hollywood Casino Baton Rouge, GLP Holdings, Inc. was merged into GLP Capital, L. P., the operating partnership ("GLP Capital").

During 2020, the Company and Tropicana LV, LLC, a wholly owned subsidiary of the Company that at the time held the real estate of the Tropicana Las Vegas Casino Hotel Resort, elected to treat Tropicana LV, LLC as a TRS. In September 2022, Bally's Corporation ("Bally's") acquired both the building assets from GLPI and PENN's outstanding equity interests in Tropicana Las Vegas. GLPI retained ownership of the land and entered into a ground lease with Bally's. In connection with this transaction, Tropicana LV, LLC was merged into GLP Capital and GLPI paid a special earnings and profit dividend of $0.25 per share in the first quarter of 2023 related to the sale of the building.

As partial consideration for the transactions with The Cordish Companies ("Cordish") described below, GLP Capital issued 7,366,683 newly-issued operating partnership units ("OP Units") to affiliates of Cordish. OP Units are exchangeable for common shares of the Company on a one-for-one basis, subject to certain terms and conditions. Such issuance of OP Units to Cordish in exchange for its contribution of certain real property assets resulted in GLP Capital becoming treated as a partnership for income tax purposes, with GLPI being deemed to contribute substantially all of the assets and liabilities of GLP Capital in exchange for the general partnership and a majority of the limited partnership interests, and a minority limited partnership interest being owned by Cordish (the "UPREIT Transaction"). In advance of the UPREIT Transaction, the Company, together with GLP Financing II, Inc. jointly elected for GLP Financing II, Inc. to be treated as a TRS effective December 23, 2021. On January 3, 2023, the Company issued 286,643 OP Units to affiliates of Bally's in connection with its acquisition of Bally's Hard Rock Hotel & Casino ("Bally's Biloxi") and Bally's Tiverton Casino & Hotel ("Bally's Tiverton").

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 June 30, 2023, GLPI's portfolio consisted of interests in 59 gaming and related facilities, the real property associated with 34 gaming and related facilities operated by PENN, the real property associated with 7 gaming and related facilities operated by Caesars Entertainment Corporation ("Caesars"), the real property associated with 4 gaming and related facilities operated by Boyd Gaming Corporation ("Boyd"), the real property associated with 9 gaming and related facilities operated by Bally's, the real property associated with 2 gaming and related facilities operated by Casino Queen and the real property associated with 3 gaming and related facilities operated by Cordish. These facilities, including our corporate headquarters building, are geographically diversified across 18 states and contain approximately 30.2 million square feet. As of June 30, 2023, our properties were 100% occupied. We expect to continue growing our portfolio by pursuing opportunities to acquire additional gaming facilities to lease to gaming operators under prudent terms.

PENN Master Lease and Amended Penn Master Lease

As a result of the Spin-Off, GLPI owns substantially all of PENN’s former real property assets (as of the consummation of the Spin-Off) and leases back most of those assets to PENN for use by its subsidiaries pursuant to a unitary master lease (the "Original PENN Master Lease"). The Original PENN Master Lease is a triple-net operating lease, the term of which expires on October 31, 2033, with no purchase option, followed by three remaining 5-year renewal options (exercisable by the tenant) on the same terms and conditions.

On October 10, 2022, the Company announced that it agreed to create a new master lease with PENN for seven of PENN's current properties. The companies also agreed to a funding mechanism to support PENN's pursuit of relocation and development opportunities at several of the properties included in the new master lease. The transaction, including the creation of the new master lease, became effective on January 1, 2023.

Pursuant to this agreement, the Original PENN Master Lease was amended (the "Amended Penn Master Lease") to remove PENN's properties in Aurora and Joliet, Illinois; Columbus and Toledo, Ohio; and Henderson, Nevada. The properties removed from the Original Penn Master Lease were added to a new master lease. In addition, the existing leases for the Hollywood Casino at The Meadows in Pennsylvania (the "Meadows Lease") and the Hollywood Casino Perryville in Maryland (the "Perryville Lease") were terminated and these properties were transferred into the new master lease (the "PENN 2023 Master Lease"). GLPI agreed to fund up to $225 million for the relocation of PENN's riverboat casino in Aurora at a 7.75% cap rate and, if requested by PENN, will fund up to $350 million for the relocation of the Hollywood Casino Joliet as well as the construction of hotels at Hollywood Casino Columbus and a second hotel tower at the M Resort Spa Casino at then current market rates.

The terms of the PENN 2023 Master Lease and the Amended PENN Master Lease are substantially similar to the Original PENN Master Lease with the following key differences;

- The PENN 2023 Master Lease is cross-defaulted and co-terminus with the Amended PENN Master Lease.
- The rent for the PENN 2023 Master Lease is $232.2 million in base rent which is fixed with annual escalation of 1.50%, with the first escalation to occur for the lease year beginning on November 1, 2023.
- The rent for the Amended 2023 PENN Master Lease was adjusted to $284.1 million, consisting of $208.2 million of building base rent, $43.0 million of land base rent, and $32.9 million of percentage rent.

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Amended Pinnacle Master Lease, Boyd Master Lease and Belterra Park Lease

In April 2016, the Company acquired substantially all of the real estate assets of Pinnacle Entertainment, Inc. ("Pinnacle") for approximately $4.8 billion. GLPI originally leased these assets back to Pinnacle, under a unitary triple-net lease, the term of which expires on April 30, 2031, with no purchase option, followed by four remaining 5-year renewal options (exercisable by the tenant) on the same terms and conditions (the "Pinnacle Master Lease"). On October 15, 2018, the Company completed the previously announced transactions with PENN, Pinnacle and Boyd to accommodate PENN's acquisition of the majority of Pinnacle's operations, pursuant to a definitive agreement and plan of merger between PENN and Pinnacle, dated December 17, 2017 (the "PENN-Pinnacle Merger"). Concurrent with the PENN-Pinnacle Merger, the Company amended the Pinnacle Master Lease to allow for the sale of the operating assets of Ameristar Casino Hotel Kansas City, Ameristar Casino Resort Spa St. Charles and Belterra Casino Resort from Pinnacle to Boyd (the "Amended Pinnacle Master Lease") and entered into a new unitary triple-net master lease agreement with Boyd (the "Boyd Master Lease") for these properties on terms similar to the Company’s Amended Pinnacle Master Lease. The Boyd Master Lease has an initial term of 10 years (from the original April 2016 commencement date of the Pinnacle Master Lease and expiring April 30, 2026), with no purchase option, followed by five 5-year renewal options (exercisable by the tenant) on the same terms and conditions. The Company also purchased the real estate assets of Plainridge Park Casino ("Plainridge Park") from PENN for $250.0 million, exclusive of transaction fees and taxes and added this property to the Amended Pinnacle Master Lease. The Amended Pinnacle Master Lease was assumed by PENN at the consummation of the PENN-Pinnacle Merger. The Company also entered into a mortgage loan agreement with Boyd in connection with Boyd's acquisition of Belterra Park Gaming & Entertainment Center ("Belterra Park") whereby the Company loaned Boyd $57.7 million (the "Belterra Park Loan"). In May 2020, the Company acquired the real estate assets of Belterra Park in satisfaction of the Belterra Park Loan, subject to a long-term lease (the "Belterra Park Lease") with a Boyd affiliate operating the property. The Belterra Park Lease rent terms are consistent with the Boyd Master Lease. The annual rent is comprised of a fixed component, part of which is subject to an annual escalator of up to 2% 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, every two years to an amount equal to 4% of the average annual net revenues of Belterra Park during the preceding two years in excess of a contractual baseline.

Second Amended and Restated Caesars Master Lease

On October 1, 2018, the Company closed its previously announced transaction to acquire certain real property assets from Tropicana Entertainment Inc. ("Tropicana") and certain of its affiliates pursuant to a Purchase and Sale Agreement dated April 15, 2018 between Tropicana and GLP Capital, which was subsequently amended on October 1, 2018 (as amended, the "Amended Real Estate Purchase Agreement"). Pursuant to the terms of the Amended Real Estate Purchase Agreement, the Company acquired the real estate assets of Tropicana Atlantic City, Tropicana Evansville, Tropicana Laughlin, Trop Casino Greenville and the Belle of Baton Rouge (the "GLP Assets") from Tropicana for an aggregate cash purchase price of $964.0 million, exclusive of transaction fees and taxes (the "Tropicana Acquisition"). Concurrent with the Tropicana Acquisition, Eldorado Resorts, Inc. (now doing business as Caesars) acquired the operating assets of these properties from Tropicana pursuant to an Agreement and Plan of Merger dated April 15, 2018 by and among Tropicana, GLP Capital, Caesars and a wholly-owned subsidiary of Caesars and leased the GLP Assets from the Company pursuant to the terms of a new unitary triple-net master lease with an initial term of 15 years, with no purchase option, followed by four successive 5-year renewal periods (exercisable by the tenant) on the same terms and conditions (the "Caesars Master Lease").

On June 15, 2020, the Company amended and restated the Caesars Master Lease (as amended, the "Amended and Restated Caesars Master Lease") to, (i) extend the initial term of 15 years to 20 years, with renewals of up to an additional 20 years at the option of Caesars, (ii) remove the variable rent component in its entirety commencing with the third lease year, (iii) in the third lease year, increase annual land base rent and annual building base rent, (iv) provide fixed escalation percentages that delay the escalation of building base rent until the commencement of the fifth lease year with building base rent increasing annually by 1.25% in the fifth and sixth lease years, 1.75% in the seventh and eighth lease years and 2% in the ninth lease year and each lease year thereafter, (v) subject to the satisfaction of certain conditions, permit Caesars to elect to replace the Tropicana Evansville and/or Tropicana Greenville properties under the Amended and Restated Caesars Master Lease with one or more of Caesars Gaming Scioto Downs, The Row in Reno, Isle Casino Racing Pompano Park, Isle Casino Hotel – Black Hawk, Lady Luck Casino – Black Hawk, Isle Casino Waterloo ("Waterloo"), Isle Casino Bettendorf ("Bettendorf") or Isle of Capri Casino Boonville, provided that the aggregate value of such new property, individually or collectively, was at least equal to the value of Tropicana Evansville or Tropicana Greenville, as applicable, (vi) permit Caesars to elect to sell its interest in Belle of Baton Rouge and sever it from the Amended and Restated Caesars Master Lease (with no change to the rent obligation to the Company), subject to the satisfaction of certain conditions, and (vii) provide certain relief under the operating, capital expenditure and financial covenants thereunder in the event of facility closures due to pandemics, governmental restrictions and certain other instances of unavoidable delay. The effectiveness of the Amended and Restated Caesars Master Lease was subject to the review and approval of certain gaming regulatory agencies and the expiration of applicable gaming regulatory advance notice periods, which conditions were satisfied on July 23, 2020.

On December 18, 2020, the Company and Caesars entered into an amendment to the Amended and Restated Caesars Master Lease (as amended, the "Second Amended and Restated Caesars Master Lease") in connection with the completion of an Exchange Agreement (the "Exchange Agreement") with subsidiaries of Caesars in which Caesars transferred to the Company the real estate assets of Waterloo and Bettendorf in exchange for the transfer by the Company to Caesars of the real property assets of Tropicana Evansville, plus a cash payment of $5.7 million. In connection with the Exchange Agreement, the annual building base rent and annual land base rent was increased.

Horseshoe St. Louis Lease

On October 1, 2018, the Company entered into a loan agreement with Caesars in connection with Caesars’s acquisition of Lumière Place Casino, now known as Horseshoe St. Louis ("Horseshoe St. Louis"), whereby the Company loaned Caesars $246.0 million (the "CZR loan"). The CZR loan bore interest at a rate equal to (i) 9.09% until October 1, 2019 and (ii) 9.27% until its maturity. On the one-year anniversary of the CZR loan, the mortgage evidenced by a deed of trust on the Horseshoe St. Louis property terminated and the loan became unsecured. On June 24, 2020, the Company received approval from the Missouri Gaming Commission to own the Horseshoe St. Louis property in satisfaction of the CZR loan. On September 29, 2020, the transaction closed and the Company entered into a new triple net lease with Caesars (the "Horseshoe St. Louis Lease") the initial term of which expires on October 31, 2033, with four separate renewal options of five years each, exercisable at the tenant's option. The Horseshoe St. Louis Lease rent terms were adjusted on December 1, 2021 such that the annual escalator is now fixed at 1.25% for the second through fifth lease years, increasing to 1.75% for the sixth and seventh lease years and thereafter increasing by 2.0% for the remainder of the lease.

Bally's Master Lease

On June 3, 2021, the Company completed its previously announced transaction pursuant to which a subsidiary of Bally's acquired 100% of the equity interests in the Caesars subsidiary that currently operates Tropicana Evansville and the Company reacquired the real property assets of Tropicana Evansville from Caesars for a cash purchase price of approximately $340.0 million. In addition, the Company purchased the real estate assets of Dover Downs Hotel & Casino from Bally's for a cash purchase price of approximately $144.0 million. The real estate assets of these two facilities were added to a new triple net master lease (the "Bally's Master Lease") the annual rent of which is subject to contractual escalations based on the Consumer Price Index ("CPI") with a 1% floor and a 2% ceiling, subject to the CPI meeting a 0.5% threshold. The Bally's Master Lease has an initial term of 15 years, with no purchase option, followed by four 5 year renewal options (exercisable by the tenant) on the same terms and conditions.

On April 1, 2022 and January 3, 2023, the Company completed additional acquisitions from Bally's of various land and real estate assets of Bally's casinos, namely Bally's Biloxi, Bally's Tiverton, Bally's Black Hawk and Bally's Quad Cities. These properties were added to the existing Bally's Master Lease with annual rent increases that are subject to the escalation clauses described above.

In connection with GLPI's commitment to consummate the Bally's Biloxi and Bally's Tiverton acquisitions, it also agreed to pre-fund, at Bally's election, a deposit of up to $200.0 million, which was funded in September 2022 and recorded in Other assets on the Condensed Consolidated Balance Sheet at December 31, 2022. This amount was credited to GLPI along with a $9.0 million transaction fee payable at closing which occurred on January 3, 2023. The Company continues to have the option, subject to receipt by Bally's of required consents, to acquire the real property assets of Bally's Twin River Lincoln Casino Resort prior to December 31, 2026 for a purchase price of $771.0 million and additional rent of $58.8 million.

Tropicana Las Vegas Lease

On April 16, 2020, the Company and certain of its subsidiaries closed on its previously announced transaction to acquire the real property associated with the Tropicana Las Vegas from PENN in exchange for $307.5 million of rent credits which were applied against future rent obligations due under the parties' existing leases during 2020.

On September 26, 2022, Bally's acquired both GLPI's building assets and PENN's outstanding equity interests in Tropicana Las Vegas for an aggregate cash acquisition price, net of fees and expenses, of approximately $145 million, which resulted in a pre-tax gain of $67.4 million, $52.8 million after-tax. GLPI retained ownership of the land and concurrently entered into a ground lease for an initial term of 50 years (with a maximum term of 99 years inclusive of tenant renewal options). All rent is subject to contractual escalations based on the CPI, with a 1% floor and 2% ceiling, subject to the CPI meeting a 0.5% threshold. The ground lease is supported by a Bally's corporate guarantee and cross-defaulted with the Bally's Master Lease (the "Tropicana Las Vegas Lease").

On May 13, 2023 the Company, Tropicana Las Vegas, Inc., a Nevada corporation and wholly owned subsidiary of Bally's, and Athletics Holdings LLC ("Athletics"), which owns the Major League Baseball ("MLB") team currently known as the Oakland Athletics (the "Team"), entered into a binding letter of intent (the "LOI") setting forth the terms for developing a stadium that would serve as the home venue for the Team (the "Stadium"). The Stadium is expected to complement the potential resort redevelopment envisioned at our 35-acre property in Clark County, Nevada (the "Tropicana Site"), owned indirectly by GLPI through its indirect subsidiary, Tropicana Land LLC, a Nevada limited liability company and leased by GLPI to Bally's pursuant to the Tropicana Las Vegas Lease. The LOI allows for Athletics to be granted fee ownership by GLPI of approximately 9 acres of the Tropicana Site for construction of the Stadium. The LOI provides that following the Stadium site transfer, there will be no reduction in the rent obligations of Bally's on the remaining portion of the Tropicana Site or other modifications to the ground lease, and that to the extent GLPI has any consent or approval rights under the Tropicana Las Vegas Lease, such rights shall remain enforceable unless expressly modified in writing in the definitive documents. Bally's and GLPI are agreeing to provide the Stadium site transfer in exchange for the benefits that the Stadium is expected to bring to the Tropicana Site. The LOI provides that Athletics shall pay all the costs associated with the design, development, and construction of the Stadium and Bally's shall pay all costs for the redevelopment of the casino and hotel resort amenities. GLPI is expected to commit to up to $175.0 million of funding for hard construction costs, such as demolition and site preparation and build out of minimum public spaces needed for utilization of the Stadium (including, without limitation, a food, beverage and retail entrance plaza and structured parking). The LOI provides that during the development period, rent will be due at 8.5% of what has been funded, provided that the first $15.0 million advanced for the costs of construction of the food, beverage and retail entrance plaza shall not be subject to increased rent. GLPI may have the opportunity to fund additional amounts of the construction under certain circumstances. In addition, the LOI provides that the transaction will be subject to customary approvals and other conditions, including, without limitation, the approval of the MLB owners to relocate the Team on or before December 1, 2023, and certain approvals by the Nevada Gaming Control Board and Nevada Gaming Commission.

Morgantown Lease

On October 1, 2020, the Company and PENN closed on their previously announced transaction whereby GLPI acquired the land under PENN's gaming facility under construction in Morgantown, Pennsylvania in exchange for $30.0 million in rent credits that were utilized by PENN in the fourth quarter of 2020. The Company is leasing the land back to an affiliate of PENN for an initial term of 20 years, followed by six 5-year renewal options exercisable by the tenant. On the opening date and on each anniversary thereafter rent shall be increased by 1.5% annually (on a prorated basis for the remainder of the lease year in which the gaming facility opens) for each of the following three lease years and commencing on the fourth anniversary of the opening date and for each anniversary thereafter, (i) if the CPI increase is at least 0.5% for any lease year, the rent for such lease year shall increase by 1.25% of rent as of the immediately preceding lease year, and (ii) if the CPI increase is less than 0.5% for such lease year, then the rent shall not increase for such lease year (the "Morgantown Lease"). Hollywood Casino Morgantown opened on December 22, 2021.

Casino Queen Master Lease

On November 25, 2020, the Company entered into a definitive agreement to sell the operations of our Hollywood Casino Baton Rouge to Casino Queen for $28.2 million (the "HCBR transaction"). The HCBR transaction closed on December 17, 2021. The Company retained ownership of all real estate assets at Hollywood Casino Baton Rouge and simultaneously entered into a triple net master lease with Casino Queen, which includes the Casino Queen property in East St. Louis that was leased by the Company to Casino Queen and the Hollywood Casino Baton Rouge facility ("Casino Queen Master Lease"). The lease has an initial term of 15 years with four 5-year renewal options (exercisable by the tenant) on the same terms and conditions. The annual rent increases by 0.5% for the first six years. Beginning with the seventh lease year through the remainder of the lease term, if the CPI increases by at least 0.25% for any lease year then annual rent shall be increased by 1.25%, and if the CPI increase is less than 0.25% then rent will remain unchanged for such lease year. Additionally, the Company will complete the current landside development project that is in process which is expected to be completed in late August 2023 and the rent under the Casino Queen Master Lease will be adjusted upon opening to reflect a yield of 8.25% on GLPI's project costs which are anticipated to approximate $78 million. The Company will also have a right of first refusal with Casino Queen for other sale leaseback transactions up to $50 million until December 2023.

Maryland Live! Lease and Pennsylvania Live! Master Lease

On December 6, 2021, the Company announced that it agreed to acquire the real property assets of Live! Casino & Hotel Maryland, Live! Casino & Hotel Philadelphia, and Live! Casino Pittsburgh, including applicable long-term ground leases, from affiliates of Cordish for aggregate consideration of approximately $1.81 billion, excluding transaction costs at deal announcement. The transaction also includes a binding partnership on future Cordish casino developments, as well as potential financing partnerships between the Company and Cordish in other areas of Cordish's portfolio of real estate and operating businesses. On December 29, 2021, the Company completed its acquisition of the real property assets of Live! Casino & Hotel Maryland and entered into a single asset lease for Live! Casino & Hotel Maryland (the "Maryland Live! Lease"). On March 1, 2022, the Company completed its acquisition of the real estate assets of Live! Casino & Hotel Philadelphia and Live! Casino Pittsburgh for $689 million and leased back the real estate to Cordish pursuant to a new triple net master lease with Cordish (the "Pennsylvania Live! Master Lease"). The Pennsylvania Live! Master Lease and the Maryland Live! Lease both have initial lease terms of 39 years, with a maximum term of 60 years inclusive of tenant renewal options. The annual rent for both leases has a 1.75% fixed yearly escalator on the entirety of rent commencing on the leases' second anniversary.

The majority of our earnings are the result of the rental revenues we receive from our triple-net master leases with PENN, Boyd, Bally's, Cordish and Caesars. Additionally, we have rental revenue from the Casino Queen Master Lease which is also a triple-net lease. In addition to rent, the tenants are required to pay the following executory costs: (1) all facility maintenance, (2) all insurance required in connection with the leased properties and the business conducted on the leased properties, including coverage of the landlord's interests, (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.

Additionally, in accordance with Accounting Standards Codification ("ASC") 842, we record revenue for the ground lease rent paid by our tenants with an offsetting expense in land rights and ground lease expense within the Condensed Consolidated Statements of Income as we have concluded that as the lessee we are the primary obligor under the ground leases. We sublease these ground leases back to our tenants, who are responsible for payment directly to the landlord.

Executive Summary

Financial Highlights

We reported total revenues and income from operations of $356.6 million and $238.3 million, respectively, for the three months ended June 30, 2023, compared to $326.5 million and $237.1 million, respectively, for the corresponding period in the prior year. For the six months ended June 30, 2023, we reported total revenues and income from operations of $711.8 million and $505.1 million, respectively, compared to $641.5 million and $436.9 million, respectively, for the corresponding period in the prior year.

The major factors affecting our results for the three and six months ended June 30, 2023, as compared to the three and six months ended June 30, 2022, were as follows:

- Total income from real estate increased by $30.1 million to $356.6 million for the three months ended June 30, 2023 compared to $326.5 million for the corresponding period in the prior year. The reason for the increase was primarily due to our recent acquisitions which in the aggregate increased cash rental income by $14.8 million for the three months ended June 30, 2023. Additionally, the three months ended June 30, 2023 benefited by $3.7 million compared to the corresponding period in the prior year from escalations on our leases. The Company also recognized higher accretion of $0.4 million on its Investment in leases, financing receivables and favorable straight-line rent adjustments of $11.8 million compared to the corresponding period in the prior year. The Company had higher ground rent income of $0.3 million due primarily from the additions to the Bally's Master Lease. Finally, the Company had unfavorable variable rents of $0.7 million for the three months ended June 30, 2023 compared to the corresponding period in the prior year.

- Total income from real estate increased by $70.3 million for the six months ended June 30, 2023 compared to the corresponding period in the prior year. The reason for the increase was primarily due to our recent acquisitions which in the aggregate increased cash rental income by $40.6 million for the six months ended June 30, 2023. Additionally, the six months ended June 30, 2023 benefited by $7.3 million compared to the corresponding period in the prior year from escalations on our leases. The Company had favorable variable rent of $0.4 million for the six months ended June 30, 2023 compared to the corresponding period in the prior year. The Company also recognized higher accretion of $2.1 million on its Investments in leases, financing receivables and favorable straight-line rent adjustments of $19.0 million compared to the corresponding period in the prior year. Finally, the Company had higher ground rent income of $1.2 million due primarily from the additions to the Bally's Master Lease.
- Total operating expenses increased by $28.9 million for the three months ended June 30, 2023 as compared to the corresponding period in the prior year. This was primarily due to the change in the provision for credit losses, net, which increased by $25.8 million during the three months ended June 30, 2023 to $28.1 million. The provision increase was the result of a decline in the estimated real estate values underlying the Company's Investment in leases, financing receivables. These values are estimated based on long term projections of the Commercial Real Estate Price Index which, as of June 30, 2023, declined and are anticipated to remain at depressed levels for several quarters based on the third party economic forecast the Company utilizes to calculate its reserve. Depreciation expense for the three months ended June 30, 2023 increased by $5.8 million compared to the corresponding period in the prior year due to our recent acquisitions that were added to the Bally's Master Lease as well as higher depreciation expense related to the building assets at the Company's Joliet and Aurora properties. In connection with the recent transaction with PENN, new facilities are expected to be developed that would replace these existing locations. As a result, the Company decreased the useful life assumption of these two assets to reflect the expected opening date of the new projects. Partially offsetting these increases was an impairment charge of $3.3 million for the three months ended June 30, 2022 that was related to an agreement to sell excess land at a price less than its carrying value.

- Total operating expenses increased by $2.1 million for the six months ended June 30, 2023 as compared to the corresponding period in the prior year. Depreciation expense for the six months ended June 30, 2023 increased by $12.2 million compared to the corresponding period in the prior year due to our recent acquisitions that were added to the Bally's Master Lease as well as higher depreciation expense related to the building assets at the Company's Joliet and Aurora properties. In connection with the recent transaction with PENN, new facilities are expected to be developed that would replace these existing locations. As a result, the Company decreased the useful life assumption of these two assets to reflect the expected opening date of the new projects. The provision for credit losses, net, decreased by $6.5 million for the six months ended June 30, 2023 as compared to the corresponding period in the prior year. The six months ended June 30, 2022 provision of $28.9 million was driven primarily by the initial reserve established for the Pennsylvania Live! Master Lease which was originated on March 1, 2022. Although the three months ended June 30, 2023 included a significant provision as explained above, the first quarter of 2023 included a benefit of $5.7 million which was primarily attributable to improved performance at the properties underlying the Pennsylvania Live! Master Lease. The Company also had lower land rights and ground lease expense of $1.5 million for the six months ended June 30, 2023 as the prior year included $2.7 million of accelerated land right amortization as the Company donated a portion of the land underlying a ground lease which was partially offset by the full quarter impact of a ground lease in the Pennsylvania Live! Master Lease which became effective March 1, 2022, as well as new ground leases acquired in the first quarter 2023 acquisition of the real property assets of Bally's Biloxi. Finally, general and administrative expenses increased by $1.1 million which is primarily attributable to higher stock based compensation charges and the six months ended June 30, 2022 included an impairment charge of $3.3 million related to an agreement to sell excess land at a price less than its carrying value.

- Other expenses decreased by $2.2 million and $2.5 million for the three and six months ended June 30, 2023, due to higher interest income of $1.2 million and $5.4 million because of higher variable market interest rates earned on our cash balances, which was partially offset by higher interest expense of $1.1 million and $4.6 million, respectively, associated with the Company's increased borrowings that are primarily fixed in nature to fund our recent acquisitions. Finally, debt extinguishment charges of $0.6 million were recorded during the six months ended June 30, 2023 compared with charges of $2.2 million for the three and six months ended June 30, 2022.

- Net income increased by $4.4 million and $71.3 million for the three and six months ended June 30, 2023, as compared to the corresponding periods in the prior year, primarily due to the variances explained above as well as changes in income tax expense resulting from provision to return adjustments recorded in the prior year.

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 leases, investment in leases, financing receivables, net, allowance for credit losses, income taxes, and real estate investments 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 condensed 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.

For further information on our critical accounting estimates, see Item 7. "Management’s Discussion and Analysis of Financial Condition and Results of Operations" and the Notes to our audited consolidated financial statements included in our most recent Annual Report. There has been no material change to these estimates for the three and six months ended June 30, 2023.

Results of Operations

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

- We have announced or closed numerous transactions in the past two years and expect to continue to grow our portfolio by pursuing opportunities to acquire additional gaming facilities to lease to gaming operators under prudent terms.
- Several wholly-owned subsidiaries of PENN lease a substantial number of our properties pursuant to three master leases and a single property lease and account for a significant portion of our revenue.
- The risks related to economic conditions, including recent stress in the banking sector, high inflation levels (that have been negatively impacted by the armed conflict between Russia and Ukraine) and the effect of such conditions on consumer spending for leisure and gaming activities, which may negatively impact our gaming tenants and operators and the variable rent and certain annual rent escalators we receive from our tenants as outlined in the long-term triple-net leases with these tenants.
- The ability to refinance our significant levels of debt at attractive terms and obtain favorable funding in connection with future business opportunities.
- The fact that the rules and regulations of U.S. federal income taxation are constantly under review by legislators, the Internal Revenue Service and the U.S. Department of the Treasury. Changes to the tax laws or interpretations thereof, including any changes proposed and implemented by the current administration, with or without retroactive application, could materially and adversely affect GLPI and its investors.

The consolidated results of operations for the three and six months ended June 30, 2023 and 2022 are summarized below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(in thousands)			
Total revenues	$ 356,589	$ 326,513	$ 711,803	$ 641,479
Total operating expenses	118,314	89,416	206,679	204,586
Income from operations	238,275	237,097	505,124	436,893
Total other expenses	(78,098)	(80,344)	(155,759)	(158,244)
Income before income taxes	160,177	156,753	349,365	278,649
Income tax expense	40	966	558	1,170
Net income	$ 160,137	$ 155,787	$ 348,807	$ 277,479
Net income attributable to non-controlling interest in the Operating Partnership	(4,507)	(4,473)	(9,826)	(6,897)
Net income attributable to common shareholders	$ 155,630	$ 151,314	$ 338,981	$ 270,582

FFO, AFFO and Adjusted EBITDA

Funds From Operations ("FFO"), Adjusted Funds From Operations ("AFFO") and Adjusted EBITDA are non-U.S. generally accepted accounting principles ("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, which is used as a bonus metric. These metrics are presented assuming full conversion of limited partnership units to common shares and therefore before the income statement impact of non-controlling interests. 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, AFFO and Adjusted EBITDA are non-GAAP financial measures that are considered supplemental measures 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 dispositions of property, net of tax and real estate depreciation. We define AFFO as FFO excluding, as applicable to the particular period, stock based compensation expense; the amortization of debt issuance costs, bond premiums and original issuance discounts; other depreciation; amortization of land rights; accretion on investment in leases, financing receivables; non-cash adjustments to financing lease liabilities; impairment charges; straight-line rent adjustments; losses on debt extinguishment; and provision (benefit) for credit losses, net, reduced by capital maintenance expenditures. Finally, we define Adjusted EBITDA as net income excluding, as applicable to the particular period, interest, net; income tax expense; real estate depreciation; other depreciation; (gains) or losses from dispositions of property, net of tax; stock based compensation expense; straight-line rent adjustments; amortization of land rights; accretion on Investment in leases, financing receivables; non-cash adjustments to financing lease liabilities; impairment charges; losses on debt extinguishment; and provision (benefit) for credit losses, net.

FFO, AFFO and Adjusted EBITDA are not recognized terms under GAAP. These non-GAAP financial measures: (i) do not represent cash flows from operations as defined by GAAP; (ii) should not be considered as an alternative to net income as a measure of operating performance or to cash flows from operating, investing and financing activities; and (iii) are not alternatives to cash flows as a measure of liquidity. In addition, these measures should not be viewed as an indication of our ability to fund our cash needs, including to make cash distributions to our shareholders, to fund capital improvements, or to make interest payments on our indebtedness. Investors are also cautioned that FFO, AFFO and Adjusted EBITDA, as presented, may not be comparable to similarly titled measures reported by other real estate companies, including REITs, due to the fact that not all real estate companies use the same definitions. Our presentation of these measures does not replace the presentation of our financial results in accordance with GAAP.

The reconciliation of the Company's net income per GAAP to FFO, AFFO, and Adjusted EBITDA for the three and six months ended June 30, 2023 and 2022 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(in thousands)			
Net income	**$ 160,137**	**$ 155,787**	**$ 348,807**	**$ 277,479**
(Gains) or losses from dispositions of property, net of tax	—	—	—	(51)
Real estate depreciation	65,255	59,494	130,339	118,153
Funds from operations	**$ 225,392**	**$ 215,281**	**$ 479,146**	**$ 395,581**
Straight-line rent adjustments	(8,751)	3,066	(17,503)	1,523
Other depreciation	476	470	946	940
Provision (benefit) for credit losses, net	28,052	2,222	22,399	28,878
Amortization of land rights	3,289	3,290	6,579	9,280
Amortization of debt issuance costs, bond premiums and original issuance discounts	2,405	2,479	4,906	5,250
Accretion on investment in leases, financing receivables	(5,549)	(5,140)	(10,993)	(8,865)
Non-cash adjustment to financing lease liabilities	116	115	225	239
Stock based compensation	5,013	4,308	12,820	11,908
Losses on debt extinguishment	—	2,189	556	2,189
Impairment charge on land	—	3,298	—	3,298
Capital maintenance expenditures	—	(21)	(8)	(36)
Adjusted funds from operations	**$ 250,443**	**$ 231,557**	**$ 499,073**	**$ 450,185**
Interest, net	77,428	77,490	153,872	154,720
Income tax expense	40	966	558	1,170
Capital maintenance expenditures	—	21	8	36
Amortization of debt issuance costs, bond premiums and original issuance discounts	(2,405)	(2,479)	(4,906)	(5,250)
Adjusted EBITDA	**$ 325,506**	**$ 307,555**	**$ 648,605**	**$ 600,861**

Net income, FFO, AFFO and Adjusted EBITDA were $160.1 million, $225.4 million, $250.4 million, and $325.5 million for the three months ended June 30, 2023. This compares to net income, FFO, AFFO and Adjusted EBITDA of $155.8 million, $215.3 million, $231.6 million and $307.6 million for the corresponding period in the prior year. The increase in net income was primarily attributable to the previously explained variances in total revenues which increased by $30.1 million, lower other expenses of $2.2 million, partially offset by higher operating expenses of $28.9 million as compared to the corresponding period in the prior year.

Net income, FFO, AFFO and Adjusted EBITDA were $348.8 million, $479.1 million, $499.1 million, and $648.6 million for the six months ended June 30, 2023. This compares to net income, FFO, AFFO and Adjusted EBITDA of $277.5 million, $395.6 million, $450.2 million and $600.9 million for the corresponding period in the prior year. The increase in net income was primarily attributable to the previously explained variances in total revenues which increased by $70.3 million and lower other expenses of $2.5 million, partially offset by higher operating expenses of $2.1 million as compared to the corresponding period in the prior year.

The increases in FFO for the three and six months ended June 30, 2023 were due to the items described above, excluding gains from dispositions of property and real estate depreciation. The increases in AFFO and Adjusted EBITDA were due to the items described above, as well as the adjustments mentioned in the tables above.

Revenues

Revenues for the three and six months ended June 30, 2023 and 2022 were as follows (in thousands):

	Three Months Ended June 30,			
	2023	2022	Variance	Percentage Variance
Rental income	$ 319,236	$ 289,574	$ 29,662	10.2 %
Interest income from real estate	37,353	36,939	414	1.1 %
Total income from real estate	356,589	326,513	30,076	9.2 %

	Six Months Ended June 30,			
	2023	2022	Variance	Percentage Variance
Rental income	$ 637,204	$ 577,351	$ 59,853	10.4 %
Interest income from real estate	74,599	64,128	10,471	16.3 %
Total income from real estate	711,803	641,479	70,324	11.0 %

Total income from real estate

- Total income from real estate increased by $30.1 million to $356.6 million for the three months ended June 30, 2023 compared to $326.5 million for the corresponding period in the prior year. The reason for the increase was primarily due to our recent acquisitions which in the aggregate increased cash rental income by $14.8 million for the three months ended June 30, 2023. Additionally, the three months ended June 30, 2023 benefited by $3.7 million compared to the corresponding period in the prior year from escalations on our leases. The Company also recognized higher accretion of $0.4 million on its Investment in leases, financing receivables and favorable straight-line rent adjustments of $11.8 million compared to the corresponding period in the prior year. The Company had higher ground rent income of $0.3 million due primarily from the additions to the Bally's Master Lease. Finally, the Company had unfavorable variable rent of $0.7 million for the three months ended June 30, 2023 compared to the corresponding period in the prior year. The Company anticipates that annual percentage rent will decline by approximately $5 million to $6 million and annual building base rent will increase by $4.2 million on the Amended Penn Master Lease effective November 1, 2023, resulting in an overall reduction in 2023 rental income of between $0.1 million to $0.3 million.

- Total income from real estate increased by $70.3 million for the six months ended June 30, 2023. The reason for the increase was due primarily to our recent acquisitions which in the aggregate increased cash rental income by $40.6 million for the six months ended June 30, 2023. Additionally, the six months ended June 30, 2023 benefited by $7.3 million compared to the corresponding period in the prior year from escalations on our leases. The Company had favorable variable rent of $0.4 million for the six months ended June 30, 2023 compared to the corresponding period in the prior year. The Company also recognized higher accretion of $2.1 million on its Investments in leases, financing receivables and favorable straight-line rent adjustments of $19.0 million compared to the corresponding period in the prior year. Finally, the Company had higher ground rent income of $1.2 million due primarily from the additions to the Bally's Master Lease.

Details of the Company's income from real estate for the three and six months ended June 30, 2023 was as follows (in thousands)

Three Months Ended June 30, 2023	Building base rent	Land base rent	Percentage rent	Total cash income	Straight-line rent adjustments	Ground rent in revenue	Accretion on financing leases	Other rental revenue	Total income from real estate
Amended PENN Master Lease	$ 52,048	$ 10,759	$ 7,651	$ 70,458	$ (3,273)	$ 583	$ —	$ —	$ 67,768
PENN 2023 Master Lease	58,042	—	—	58,042	6,492	—	—	(64)	64,470
Amended Pinnacle Master Lease	59,883	17,814	7,164	84,861	1,858	2,020	—	—	88,739
PENN Morgantown Lease	—	772	—	772	—	—	—	—	772
Caesars Master Lease	15,824	5,932	—	21,756	2,394	378	—	—	24,528
Horseshoe St. Louis Lease	5,845	—	—	5,845	471	—	—	—	6,316
Boyd Master Lease	19,937	2,947	2,565	25,449	574	432	—	—	26,455
Boyd Belterra Lease	705	474	472	1,651	151	—	—	—	1,802
Bally's Master Lease	25,538	—	—	25,538	—	2,698	—	—	28,236
Maryland Live! Lease	18,750	—	—	18,750	—	2,127	3,345	—	24,222
Pennsylvania Live! Master Lease	12,500	—	—	12,500	—	311	2,204	—	15,015
Casino Queen Master Lease	5,557	—	—	5,557	84	—	—	—	5,641
Tropicana Las Vegas Lease	—	2,625	—	2,625	—	—	—	—	2,625
Total	$ 274,629	$ 41,323	$ 17,852	$ 333,804	$ 8,751	$ 8,549	$ 5,549	$ (64)	$ 356,589

Six Months Ended June 30, 2023	Building base rent	Land base rent	Percentage rent	Total cash income	Straight-line rent adjustments	Ground rent in revenue	Accretion on financing leases	Other rental revenue	Total income from real estate
Amended PENN Master Lease	$ 104,097	$ 21,518	$ 15,336	$ 140,951	$ (6,547)	$ 1,178	$ —	$ —	$ 135,582
PENN 2023 Master Lease	116,085	—	—	116,085	12,984	—	—	(80)	128,989
Amended Pinnacle Master Lease	118,978	35,628	14,328	168,934	3,716	4,025	—	—	176,675
PENN Morgantown Lease	—	1,545	—	1,545	—	—	—	—	1,545
Caesars Master Lease	31,648	11,864	—	43,512	4,788	756	—	—	49,056
Horseshoe St. Louis Lease	11,689	—	—	11,689	943	—	—	—	12,632
Boyd Master Lease	39,612	5,893	5,131	50,636	1,148	781	—	—	52,565
Boyd Belterra Lease	1,400	947	944	3,291	303	—	—	—	3,594
Bally's Master Lease	50,653	—	—	50,653	—	5,614	—	—	56,267
Maryland Live! Lease	37,500	—	—	37,500	—	4,240	6,632	—	48,372
Pennsylvania Live! Master Lease	25,000	—	—	25,000	—	633	4,361	—	29,994
Casino Queen Master Lease	11,114	—	—	11,114	168	—	—	—	11,282
Tropicana Las Vegas Lease	—	5,250	—	5,250	—	—	—	—	5,250
Total	$ 547,776	$ 82,645	$ 35,739	$ 666,160	$ 17,503	$ 17,227	$ 10,993	$ (80)	$ 711,803

In accordance with ASC 842, the Company records revenue for the ground lease rent paid by its tenants with an offsetting expense in land rights and ground lease expense within the condensed consolidated statements of income as the Company has concluded that as the lessee it is the primary obligor under the ground leases. The Company subleases these ground leases back to its tenants, who are responsible for payment directly to the landlord.

The Company recognizes earnings on Investment in leases, financing receivables, based on the effective yield method using the discount rate implicit in the leases. The amounts in the table above labeled accretion on financing leases represent earnings recognized in excess of cash received during the period.

Operating expenses

Operating expenses for the three and six months ended June 30, 2023 and 2022 were as follows (in thousands):

	Three Months Ended June 30,			Percentage
	2023	2022	Variance	Variance
Land rights and ground lease expense	$ 11,892	$ 11,720	$ 172	1.5 %
General and administrative	12,639	12,212	427	3.5 %
Depreciation	65,731	59,964	5,767	9.6 %
Provision for credit losses	28,052	2,222	25,830	1,162.5 %
Total operating expenses	$ 118,314	$ 89,416	$ 28,898	32.3 %

	Six Months Ended June 30,			Percentage
	2023	2022	Variance	Variance
Land rights and ground lease expense	23,906	25,424	(1,518)	(6.0)%
General and administrative	29,089	27,944	1,145	4.1 %
Gains from dispositions	—	(51)	51	(100.0)%
Depreciation	131,285	119,093	12,192	10.2 %
Impairment charge on land	—	3,298	(3,298)	(100.0)
Provision for credit losses	22,399	28,878	(6,479)	(22.4)%
Total operating expenses	$ 206,679	$ 204,586	$ 2,093	1.0 %

Land rights and ground lease expense

Land rights and ground lease expense includes the amortization of land rights and rent expense related to the Company's long-term ground leases. Land rights and ground lease expense increased by $0.2 million and decreased by $1.5 million for the three and six months ended June 30, 2023, as compared to the corresponding period in the prior year. The decrease for the six months ended June 30, 2023 is the result of a $2.7 million accelerated write-off due to a partial donation of leased land which occurred during the three month period ended March 31, 2022. Partially offsetting this decrease was the full quarter impact of a ground lease in the Pennsylvania Live! Master Lease that became effective on March 1, 2022 as well as new ground leases acquired in connection with the January 3, 2023 acquisition of the real property assets of Bally's Biloxi.

General and Administrative Expense

General and administrative expenses include items such as compensation costs (including stock based compensation), professional services and costs associated with development activities. General and administrative expenses increased by $0.4 million and $1.1 million for the three and six months ended June 30, 2023 as compared to the corresponding period in the prior year. The reason for the increases was primarily due to higher stock based compensation expense for the three and six months ended June 30, 2023 of $0.7 million and $0.9 million, respectively.

Impairment charge on land

During the three months ended June 30, 2022, the Company entered into an agreement to sell excess land and incurred a loss of $3.3 million as the anticipated proceeds that were received in the third quarter of 2022 were less than the carrying value of the asset.

Depreciation

Depreciation expense increased by $5.8 million and $12.2 million for the three and six months ended June 30, 2023 as compared to the corresponding period in the prior year due to the Company's additions to the Bally's Master Lease as well as higher depreciation expense due to shortening the useful life assumptions at our properties at Joliet and Aurora as mentioned previously.

Provision for credit losses

The Company recorded a provision for credit losses of $28.1 million for the three months ended June 30, 2023 compared to $2.2 million for the corresponding period in the prior year. As described in Note 4, the Company follows ASC 326 "Credit Losses", which requires that the Company measure and record current expected credit losses, the scope of which includes our Investments in leases, - financing receivables, net.

The primary reason for the increased provision during the three months ended June 30, 2023, was a decline in the estimated real estate values underlying the Company's Investment in leases, financing receivables. These values are estimated based on long term projections of the Commercial Real Estate Price Index which as of June 30, 2023 declined and are anticipated to remain at depressed levels for several quarters based on the third party economic forecast the Company utilizes to calculate its reserve.

During the six months ended June 30, 2023, the Company recorded a provision of $22.4 million compared to $28.9 million for the corresponding period in the prior year. The six months ended June 30, 2023 included the aforementioned provisions recorded in the three month period ended June 30, 2023; however, the first quarter of 2023 included a benefit of $5.7 million which was primarily attributable to improved performance at the properties underlying the Pennsylvania Live! Master Lease. The six months ended June 30, 2022 included the initial reserve established for the Pennsylvania Live! Master Lease which was partially offset by reductions in reserve for the Maryland Live! Lease due to improved property performance.

The reason for the higher allowance for credit losses as a percentage of the outstanding investment in leases for the Pennsylvania Live! Master Lease compared to the Maryland Live! Lease is primarily due to the significantly higher rent coverage ratio on the Maryland Live! Lease compared to the Pennsylvania Live! Master Lease. Future changes in economic probability factors, changes in the estimated value of our real estate property leased to Cordish and earnings assumptions at the underlying facilities may result in non-cash provisions or recoveries in future periods that could materially impact our results of operations.

Other income (expenses)

Other income (expenses) for the three and six months ended June 30, 2023 and 2022 were as follows (in thousands):

	Three Months Ended June 30,			
	2023	2022	Variance	Percentage Variance
Interest expense	$ (79,371)	$ (78,257)	$ (1,114)	1.4 %
Interest income	1,273	102	1,171	1,148.0 %
Losses on debt extinguishment	—	(2,189)	2,189	N/A
Total other expenses	$ (78,098)	$ (80,344)	$ 2,246	(2.8)%

	Six Months Ended June 30,			
	2023	2022	Variance	Percentage Variance
Interest expense	$ (160,731)	$ (156,179)	$ (4,552)	2.9 %
Interest income	5,528	124	5,404	4,358.1 %
Losses on debt extinguishment	(556)	(2,189)	1,633	(74.6)%
Total other expenses	$ (155,759)	$ (158,244)	$ 2,485	(1.6)%

Interest expense

Interest expense increased by $1.1 million and $4.6 million for the three and six months ended June 30, 2023, as compared to the corresponding periods in the prior year. The increases were due to increased borrowings that partially funded our recent acquisitions.

Interest income

Interest income increased by $1.2 million and $5.4 million for the three and six months ended June 30, 2023 as compared to the corresponding periods in the prior year due to higher market interest rates earned on cash deposits.

Losses on debt extinguishment

The Company redeemed its $500 million, 5.375% Senior Notes that were scheduled to mature in November 2023 during the six months ended June 30, 2023. In connection with this transaction the Company wrote-off deferred issuance costs of $0.6 million. During the three months ended June 30, 2022, the Company terminated its existing credit facility and entered into a new credit agreement which resulted in a debt extinguishment loss of $2.2 million.

Net income attributable to noncontrolling interest in the Operating Partnership

As partial consideration for the acquisition of certain real estate assets, the Company's operating partnership issued OP Units to affiliates of Cordish and Bally's. The OP Units are exchangeable for common shares of the Company on a one-for-one basis, subject to certain terms and conditions. The operating partnership is a variable interest entity ("VIE") in which the Company is the primary beneficiary because it has the power to direct the activities of the VIE that most significantly impact the partnership's economic performance and has the obligation to absorb losses of the VIE that could be potentially significant to the VIE and the right to receive benefits from the VIE that could be significant to the VIE. Therefore, the Company consolidates the accounts of the operating partnership, and reflects the third party ownership in this entity as a noncontrolling interest in the Condensed Consolidated Balance Sheets and allocates the proportion of net income to the noncontrolling interests on the Condensed Consolidated Statements of Income.

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 $493.1 million and $458.5 million during the six months ended June 30, 2023 and 2022, respectively. The increase in net cash provided by operating activities of $34.7 million for the six months ended June 30, 2023, as compared to the corresponding period in the prior year, was primarily comprised of an increase in cash receipts from customers of $48.0 million along with decreases in cash paid to employees and cash paid for taxes of $0.6 million and $6.2 million, respectively, and an increase in interest income of $5.4 million. This was partially offset by increases in amounts paid for operating expenses of $5.8 million and cash paid for interest of $19.8 million. The increase in cash receipts collected from our customers for the six months ended June 30, 2023, as compared to the corresponding period in the prior year, was due to increased rental income from the Company's recent acquisitions as well as escalations.

Investing activities used cash of $445.9 million and $289.1 million during the six months ended June 30, 2023 and 2022, respectively. Net cash used in investing activities during the six months ended June 30, 2023 consisted primarily of $419.0 million for the acquisition of the real estate assets which were added to the Bally's Master Lease, and capital expenditures of $26.9 million. The net cash used in investing activities for the six months ended June 30, 2022 consisted primarily of $279.2 million for the acquisition of the real estate assets contained within the Pennsylvania Live! Master Lease which was accounted for as an Investment in lease, financing receivables and capital expenditures of $10.0 million.

Financing activities used cash of $276.9 million and $887.7 million during the six months ended June 30, 2023 and 2022, respectively. Net cash used in financing activities during the six months ended June 30, 2023 was driven by the repayment of long term debt of $560.1 million, dividend payments of $444.1 million, non-controlling interest distributions of $12.9 million, and taxes paid related to shares withheld for tax purposes on restricted stock award vestings of $13.4 million which were partially offset by proceeds from the issuance of long term debt, net of costs, of $675.0 million and proceeds from the issuance of common stock, net of costs, totaling $78.7 million. Cash used in financing activities during the six months ended June 30, 2022 was driven primarily by the repayment of long term debt of $877.0 million relating to the acquisition of the real estate assets contained with the Pennsylvania Live! Master Lease, dividend payments of $405.1 million, noncontrolling interest distributions of $10.3 million and taxes paid related to shares withheld for tax purposes on restricted stock award vestings of $11.9 million, partially offset by proceeds from the issuance of long term debt, net of costs, of $416.6 million.

Capital Expenditures

Capital expenditures are accounted for as either capital project expenditures 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 six months ended June 30, 2023 and 2022, we spent approximately $26.9 million and $10.0 million, respectively, for capital expenditures. The majority of the capital expenditures were related to a land side development project at Hollywood Casino Baton Rouge.

Debt

Term Loan Credit Agreement

On September 2, 2022, GLP Capital entered into a term loan credit agreement (the “Term Loan Credit Agreement”) with Wells Fargo Bank, National Association, as administrative agent (“Term Loan Agent”), and the other agents and lenders party thereto from time to time, providing for a $600 million delayed draw credit facility with a maturity date of September 2, 2027 (the “Term Loan Credit Facility”). The Term Loan Credit Facility is guaranteed by GLPI.

The availability of loans under the Term Loan Credit Facility is subject to customary conditions, including pro forma compliance with financial covenants, and the receipt by Term Loan Agent of a conditional guarantee of the Term Loan Credit Facility by Bally’s on a secondary basis, subject to enforcement of all remedies against GLP Capital, GLPI and all sources other than Bally’s. The loans under the Term Loan Credit Facility may be used solely to finance a portion of the purchase price of the acquisition of one or more specified properties of Bally’s in one or a series of related transactions (the “Acquisition”) and to pay fees, costs and expenses incurred in connection therewith. The Company drew down the entire $600 million Term Loan Credit Facility on January 3, 2023 in connection with the acquisition of the real property assets of Bally's Biloxi and Bally's Tiverton.

Subject to customary conditions, including pro forma compliance with financial covenants, GLP Capital can obtain additional term loan commitments and incur incremental term loans under the Term Loan Credit Agreement, so long as the aggregate principal amount of all term loans outstanding under the Term Loan Credit Facility does not exceed $1.2 billion plus up to $60 million of transaction fees and costs incurred in connection with the Acquisition. There is currently no commitment in respect of such incremental loans and commitments.

Interest Rate and Fees

The interest rates per annum applicable to loans under the Term Loan Credit Facility are, at GLP Capital's option, equal to either a Secured Overnight Financing Rate ("SOFR") based rate or a base rate plus an applicable margin, which ranges from 0.85% to 1.7% per annum for SOFR loans and 0.0% to 0.7% per annum for base rate loans, in each case, depending on the credit ratings assigned to the Term Loan Credit Facility. The current applicable margin is 1.30% for SOFR loans and 0.30% for base rate loans. In addition, GLP Capital will pay a commitment fee on the unused commitments under the Term Loan Credit Facility at a rate that ranges from 0.125% to 0.3% per annum, depending on the credit ratings assigned to the Credit Facility from time to time. The current commitment fee rate is 0.25%.

Amortization and Prepayments

The Term Loan Credit Facility is not subject to interim amortization. GLP Capital is required to prepay outstanding term loans with 100% of the net cash proceeds from the issuance of other debt that is unconditionally guaranteed by GLPI and conditionally guaranteed by Bally’s (“Alternative Acquisition Debt”) that is received by GLPI, GLP Capital or any of their subsidiaries after the funding date of the Term Loan Facility (other than any incremental term loans under the Term Loan Credit Agreement and loans under the Bridge Revolving Facility (as defined below)) except to the extent such net cash proceeds are applied to repaying outstanding loans under the Bridge Revolving Facility. GLP Capital is not otherwise required to repay any loans under the Term Loan Credit Facility prior to maturity. GLP Capital may prepay all or any portion of the loans under the Term Loan Credit Facility prior to maturity without premium or penalty, subject to reimbursement of any SOFR breakage costs of the lenders, and may reborrow loans that it has repaid.

Certain Covenants and Events of Default

The Term Loan Credit Facility contains customary covenants that, among other things, restrict, subject to certain exceptions, the ability of GLPI and its subsidiaries, including GLP Capital, to grant liens on their assets, incur indebtedness, sell assets, engage in acquisitions, mergers or consolidations, or pay certain dividends and make other restricted payments. The financial covenants include the following, which are measured quarterly on a trailing four-quarter basis: (i) maximum total debt to total asset value ratio, (ii) maximum senior secured debt to total asset value ratio, (iii) maximum ratio of certain recourse debt to unencumbered asset value, and (iv) minimum fixed charge coverage ratio. GLPI is required to maintain its status as a REIT and is permitted to pay dividends to its shareholders as may be required in order to maintain REIT status. 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 Term Loan Credit Facility also contains certain customary affirmative covenants and events of default. The occurrence and continuance of an event of default, which includes, among others, nonpayment of principal or interest, material inaccuracy of representations and failure to comply with covenants, will enable the lenders to accelerate the loans and terminate the commitments thereunder.

Senior Unsecured Credit Agreement and Amended Credit Agreement

On May 13, 2022, GLP Capital entered into a credit agreement (the "Credit Agreement") providing for a $1.75 billion revolving credit facility (the "Initial Revolving Credit Facility") maturing in May 2026, plus two six-month extensions at GLP Capital's option. GLP Capital is the primary obligor under the Credit Agreement, which is guaranteed by GLPI.

On September 2, 2022, GLP Capital entered into an amendment to the Credit Agreement among GLP Capital, Wells Fargo Bank, National Association, as administrative agent (“Agent”), and the several banks and other financial institutions or entities party thereto (as amended by such amendment, the "Amended Credit Agreement"). Pursuant to the Amended Credit Agreement, GLP Capital has the right, at any time until December 31, 2024, to elect to re-allocate up to $700 million in existing revolving commitments under the Amended Credit Agreement to a new revolving credit facility (the “Bridge Revolving Facility” and, collectively with the Initial Revolving Credit Facility, the "Revolver").

Loans under the Bridge Revolving Facility are subject to 1% amortization per annum. Amounts repaid under the Bridge Revolving Facility cannot be reborrowed and the corresponding commitments are automatically re-allocated to the existing revolving facility under the Amended Credit Agreement. GLP Capital is required to prepay the loans under the Bridge Revolving Facility with 100% of the net cash proceeds from the issuance of Alternative Acquisition Debt that is received by GLPI, GLP Capital or any of their subsidiaries (other than any term loans under the Term Loan Credit Agreement and any loans under the Bridge Revolving Facility). Any outstanding commitments under the Bridge Revolving Facility that have not been borrowed by December 31, 2024 are automatically re-allocated to the existing revolving facility under the Amended Credit Agreement.

GLP Capital's ability to borrow under the Bridge Revolving Facility is subject to certain conditions including pro forma compliance with GLP Capital's financial covenants, as well as the receipt by Agent of a conditional guarantee of the loans under the Bridge Revolving Facility by Bally’s on a secondary basis, subject to enforcement of all remedies against GLP Capital, GLPI and all sources other than Bally’s. Loans under the Bridge Revolving Facility will not be treated pro rata with loans under the existing revolving credit facility.

At June 30, 2023, $15.0 million was outstanding under the Amended Credit Agreement. Additionally, at June 30, 2023, the Company was contingently obligated under letters of credit issued pursuant to the Amended Credit Agreement with face amounts aggregating approximately $0.4 million, resulting in $1,734.6 million of available borrowing capacity under the Amended Credit Agreement as of June 30, 2023.

The interest rates payable on the loans borrowed under the Revolver are, at GLP Capital's option, equal to either a SOFR based rate or a base rate plus an applicable margin, which ranges from 0.725% to 1.40% per annum for SOFR loans and 0.0% to 0.4% per annum for base rate loans, in each case, depending on the credit ratings assigned to the Amended Credit Agreement. The current applicable margin is 1.05% for SOFR loans and 0.05% for base rate loans. Notwithstanding the foregoing, in no event shall the base rate be less than 1.00%. In addition, GLP Capital will pay a facility fee on the commitments under the revolving facility, regardless of usage, at a rate that ranges from 0.125% to 0.3% per annum, depending on the credit rating assigned to the Amended Credit Agreement from time to time. The current facility fee rate is 0.25%. The Amended Credit Agreement is not subject to interim amortization except with respect to the Bridge Revolving Facility. GLP Capital is not required to repay any loans under the Amended Credit Agreement prior to maturity except as set forth above with respect to the Bridge Revolving Facility. GLP Capital may prepay all or any portion of the loans under the Amended Credit Agreement prior to maturity without premium or penalty, subject to reimbursement of any SOFR breakage costs of the lenders and may reborrow loans that it has repaid.

The Amended Credit Agreement 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 make other restricted payments. The Amended Credit Agreement includes 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. 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 Amended Credit Agreement also contains certain customary affirmative covenants and events of default, including the occurrence of a change of control and termination of the Amended PENN Master Lease (subject to certain replacement rights). The occurrence and continuance of an event of default under the Amended Credit Agreement will enable the lenders under the Amended Credit Agreement to accelerate the loans and terminate the commitments thereunder. At June 30, 2023, the Company was in compliance with all required financial covenants under the Amended Credit Agreement.

Senior Unsecured Notes

At June 30, 2023, the Company had $5,675.0 million of outstanding senior unsecured notes (the "Senior Notes"). Each of the Company's Senior 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 Amended PENN Master Lease. The Senior 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.

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

The Senior Notes were issued by GLP Capital, L.P. and GLP Financing II, Inc. (the "Issuers"), two consolidated subsidiaries of GLPI, and are guaranteed on a senior unsecured basis by GLPI. The guarantees of GLPI are full and unconditional. The Senior Notes are the Issuers' senior unsecured obligations and rank *pari passu* in right of payment with all of the Issuers' senior indebtedness, including the Amended Credit Facility, and senior in right of payment to all of the Issuers' subordinated indebtedness, without giving effect to collateral arrangements.

The Senior 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 Senior 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.

On January 13, 2023, the Company announced that it called for redemption all of the $500 million, 5.375% Senior Notes due in 2023 (the "Notes"). The Company redeemed all of the Notes on February 12, 2023 (the "Redemption Date") for $507.5 million which represented 100% of the principal amount of the Notes plus accrued interest through the Redemption Date, incurring a loss on the early extinguishment of debt of $0.6 million, primarily related to debt issuance write-offs. GLPI funded the redemption of the Notes primarily from cash on hand as well as through the settlement of a forward sale agreement that occurred in February 2023 which resulted in the issuance of 1,284,556 shares which raised net proceeds of $64.6 million.

GLPI owns all of the assets of GLP Capital and conducts all of its operations through the operating partnership. Based on the amendments to Rule 3-10 of Regulation S-X that the SEC released on January 4, 2021, we note that since GLPI fully and unconditionally guarantees the debt securities of the Issuers and consolidates both Issuers, we are not required to provide separate financial statements for the Issuers and GLPI since they are consolidated into GLPI and the GLPI guarantee is "full and unconditional".

Furthermore, as permitted under Rule 13-01(a)(4)(vi), we excluded the summarized financial information for the Issuers because the assets, liabilities and results of operations of the Issuers and GLPI are not materially different than the corresponding amounts in GLPI's consolidated financial statements and we believe such summarized financial information would be repetitive and would not provide incremental value to investors.

At June 30, 2023, the Company was in compliance with all required financial covenants under its Senior Notes.

Distribution Requirements

We generally must distribute annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains, in order 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 we distribute. Such distributions generally can be made with cash and/or a combination of cash and Company common stock if certain requirements are met. To the extent that we satisfy this distribution requirement and qualify for taxation as a REIT but distribute less than 100% of our REIT taxable income, determined without regard to the dividends paid deduction and including any net capital gains, we will be subject to U.S. federal corporate income tax on our undistributed net taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we distribute to our shareholders in a calendar year is less than a minimum amount specified under U.S. federal income tax laws. We intend to make distributions to our shareholders to comply with the REIT requirements of the Code. To the extent any of the Company's taxable income was not previously distributed, the Company will make a dividend declaration pursuant to Section 858(a)(1) of the Code, allowing the Company to treat certain dividends that are to be distributed after the close of a taxable year as having been paid during the taxable year.

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 Revolver and potential sales of common shares, will be adequate to meet our anticipated debt service requirements, capital expenditures, working capital needs and dividend requirements.

We expect the majority of our future growth to come from acquisitions of gaming and other properties 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 (including under our "at the market" offering program relating to our common stock, issuance of additional operating partnership units, and/or debt offerings. 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" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, for a discussion of the risk related to our capital structure.

ITEM 3. 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 $6,290.5 million at June 30, 2023. Furthermore, $5,675.0 million of our obligations at June 30, 2023 are the senior unsecured notes that have fixed interest rates with maturity dates ranging from approximately one year to eight and a half 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. However, the provisions of the Code applicable to REITs limit GLPI’s ability to hedge its assets and liabilities.

The table below provides information at June 30, 2023 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 SOFR rates at June 30, 2023.

	7/01/23-12/31/23	1/01/24-12/31/24	1/01/25-12/31/25	1/01/26-12/31/26	1/01/27-12/31/27	Thereafter	Total	Fair Value at 6/30/2023
	(in thousands)							
Long-term debt:								
Fixed rate	$ —	$ 400,000	$ 850,000	$ 975,000	$ —	$ 3,450,000	$ 5,675,000	$ 5,238,668
Average interest rate		3.35%	5.25%	5.38%	—	4.36%		
Variable rate	$ —	$ —	$ —	$ 15,000	$ 600,000	$ —	$ 615,000	$ 615,000
Average interest rate [(1)]				4.74%	4.66%			

[(1)] Estimated rate, reflective of forward SOFR plus the spread over SOFR applicable to the Company's variable-rate borrowing based on the terms of its Credit Agreement. Rate above includes the facility fee on the commitments under the Credit Agreement, which is due regardless of usage, at a rate that ranges from 0.125% to 0.3% per annum, depending on the credit rating assigned to the Credit Agreement from time to time. The current facility fee rate is 0.25%.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Controls and Procedures

The Company’s management, under the supervision and with the participation of our 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 June 30, 2023, which is the end of the period covered by this Quarterly Report on Form 10-Q. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well-designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our principal executive officer and principal financial officer concluded that the Company’s disclosure controls and procedures were effective as of June 30, 2023 to ensure that information required to be disclosed by the Company in reports we file or submit under the Exchange Act is (i) recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the United States Securities and Exchange Commission’s rules and forms and (ii) accumulated and communicated to the Company’s management, including the Company’s principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information in response to this Item is incorporated by reference to the information set forth in "Note 8: Commitments and Contingencies" in the Notes to the condensed consolidated financial statements in Part I of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

Risk factors that affect our business and financial results are discussed in Part I, "Item 1A. Risk Factors," of our Annual Report. You should carefully consider the risks described in our Annual Report, which could materially affect our business, financial condition or future results. The risks described in our Annual Report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem immaterial also may materially adversely affect our business, financial condition, and/or operating results. If any of the risks actually occur, our business, financial condition, and/or results of operations could be negatively affected. There have been no material changes in our risk factors from those previously disclosed in our Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The Company did not repurchase any shares of common stock or sell any unregistered securities during the three months ended June 30, 2023.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

Exhibit	Description of Exhibit
22.1 *	List of Subsidiary Issuers of Guaranteed Securities
31.1*	Principal Executive Officer Certification pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
31.2*	Principal Financial Officer Certification pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
32.1**	Principal Executive Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Principal Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2022.
101	The following financial information from Gaming and Leisure Properties, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, ii) Condensed Consolidated Statements of Income, (iii) Condensed Consolidated Statements of Changes in Equity, (iv) Condensed Consolidated Statements of Cash Flows and (v) Notes to the Condensed Consolidated Financial Statements.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, formatted in Inline XBRL and contained in Exhibit 101.

* Filed herewith
** Furnished herewith

SIGNATURE

Pursuant to the requirements 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.

July 27, 2023	By:	/s/ DESIREE A. BURKE
		Desiree A. Burke
		Chief Financial Officer and Treasurer
		(Principal Financial Officer)

Exhibit 22.1

List of Subsidiary Issuers of Guaranteed Securities

The following subsidiaries of Gaming and Leisure Properties, Inc. (the "Company") were, as of June 30, 2023, issuers of the (i) $400 million 3.35% senior unsecured notes due September 2024, (ii) $850 million 5.25% senior unsecured notes due June 2025, (iii) $975 million 5.375% senior unsecured notes due April 2026, (iv) $500 million 5.75% senior unsecured notes due June 2028, (v) $750 million 5.30% senior unsecured notes due January 2029, (vi) $700 million 4.00% senior unsecured notes due January 2030, (vii) $700 million 4.000% senior unsecured notes due January 2031, and (viii) $800 million 3.25% senior unsecured notes due January 2032, each guaranteed by the Company:

Entity	**Jurisdiction of Incorporation or Formation**
GLP Capital, L.P.	Pennsylvania
GLP Financing II, Inc.	Delaware

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 quarterly report on Form 10-Q 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. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 27, 2023

/s/ Peter M. Carlino
Name: Peter M. Carlino
Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

I, Desiree A. Burke, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 27, 2023

/s/ Desiree A. Burke
Name: Desiree A. Burke
Chief Financial Officer and Treasurer (Principal 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 quarterly report of Gaming and Leisure Properties, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Peter M. Carlino, Chief Executive Officer and Principal 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 and Principal Executive Officer
Date: July 27, 2023

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 quarterly report of Gaming and Leisure Properties, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Desiree A. Burke, Chief Financial Officer and Principal 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/ Desiree A. Burke
Desiree A. Burke
Chief Financial Officer and Principal Financial Officer
Date: July 27, 2023