Risk Factors Comparison 2024-02-26 to 2023-02-24 Form: 10-K

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In addition to the other information contained in this report on Form 10- K, the following Risk Factors should be considered carefully in evaluating our business. If any of the following risks actually occurs, our business, financial condition and results of operations could be materially and adversely affected. If this were to happen, the value of our securities, including our common stock and senior notes, could decline significantly, and investors could lose all or part of their investment. This report is qualified in its entirety by these risk factors. Risks Related to our Business Our business is particularly sensitive to reductions in discretionary consumer spending as a result of inflation and downturns in the economy. Consumer demand for entertainment and other amenities at casino hotel properties such as ours are particularly sensitive to downturns in the economy and the corresponding impact on discretionary spending on leisure activities. Changes in discretionary consumer spending or consumer preferences brought about by factors such as inflation, rising interest rates, perceived or actual general economic conditions, effects of declines in consumer confidence in the economy, including any future housing, employment and credit crisis, the impact of high energy and food costs, the increased cost of travel, the potential for bank failures, ~~ongoing effects of the COVID- 19 pandemic,~~ decreased disposable consumer income and wealth, or fears of war and future acts of terrorism could further reduce customer demand for the amenities that we offer, thus imposing practical limits on pricing and negatively impacting our results of operations and financial condition. In 2008, we experienced a profound reduction in consumer demand as a result of the economic recession in the U. S. economy, and we are now experiencing the impacts of inflation ~~and the COVID- 19 pandemic~~ , which are significantly impacting customer visitations and business revenue. Consumer spending habits changed significantly due to the recession in 2008, and we expect that consumer behavior as a result of inflation and the COVID- 19 pandemic may be similarly altered for an extended period of time. We cannot say when, if ever, or to what extent, customer behavior in our various markets will fully revert to prior trends. Because our business model relies on consumer expenditures on entertainment, luxury and other discretionary items, an ongoing economic downturn could materially adversely affect our operating results and financial condition. The COVID- 19 pandemic, the public response to it and related economic consequences have had and **could** ~~will likely~~ continue to have an adverse effect on our business, operations, financial condition and results. As a result of the COVID- 19 global pandemic and related measures to prevent its spread, all of our gaming facilities were closed in mid- March 2020 in response to orders from public officials and government regulations. As of December 31, ~~2022~~ **2023** , 27 of our 28 ~~casino~~ **gaming entertainment** properties are open and operating, while one property in Las Vegas remains closed as a result of business demand and cost containment measures. We cannot predict whether we will be required to temporarily close some or all of our properties in the future. Our business, operations, financial condition and results have been, and could again be, negatively affected as a result of the COVID- 19 pandemic. During 2020 and 2021 we were required to reduce or eliminate the offering of certain amenities and otherwise limit the availability of certain offerings to align with public health and safety recommendations and customer preferences as a result of the COVID- 19 pandemic, such as deactivating a substantial number of gaming devices to maintain social distancing and limiting restaurant seating, as well as substantially limiting the number of customers we were permitted to admit at any time. Such measures necessarily impact business volume and may impact customer behavior and business demand. Our business, operations, financial condition and results may be materially, negatively affected to the extent demand for our casinos and customer preference and behavior is altered as a result of the COVID- 19 pandemic. We cannot predict the extent to which the global pandemic and public response may negatively affect business operating results in the future. Uncertainties related to the magnitude, duration, and persistent effects of the COVID- 19 pandemic may significantly adversely affect our business and results of operations. These uncertainties include, among other things: the duration, impact and severity of the COVID- 19 pandemic in the locations where our properties are located; additional closures or other actions as mandated or otherwise made necessary by governmental authorities; disruptions in the supply chain and logistics constraints; the duration of the volatility and disruption in the capital markets from the COVID- 19 pandemic and its impact on the global economy; and an increasingly competitive labor market due to a sustained labor shortage or increased turnover caused by the COVID- 19 pandemic. The foregoing has also impacted our workforce, suppliers, contractors and other partners. We cannot predict the extent to which the above factors will cause our costs to increase or may lead to business failures or our inability to provide services or products for our partners. Intense competition exists in the gaming industry...... position could be materially adversely affected. Failure to maintain the integrity of our information technology systems, protect our internal information, or comply with applicable privacy and data security regulations could adversely affect us. We rely extensively on our computer systems to process customer transactions, manage customer data, manage employee data **,** and communicate with third- party vendors and other third parties, and we may also access the internet to use our computer systems. Our operations require that we collect and store customer data, including credit card numbers and other personal information, for various business purposes, including marketing and promotional purposes. We also collect and store personal information about our employees. Breaches of our security measures or information technology systems or the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive personal information or confidential data about us, or our customers, or our employees, including the potential loss or disclosure of such information as a result of hacking or other cyber- attack, computer virus, fraudulent use by customers, employees or employees of third party vendors, trickery or other forms of deception or unauthorized use, or due to system failure, could expose us, our customers, our employees or other individuals affected to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage our casino or brand names and reputations or otherwise harm our business **, financial condition, and results of**

operations . We rely on proprietary and commercially available systems, software, tools and monitoring to provide security for processing, transmission **,** and storage of customer information, such as payment card, employee information and other confidential or proprietary information. Our data security measures are reviewed and evaluated regularly ~~,~~ **;** however, they might not protect us against increasingly sophisticated and aggressive threats **, and disruptions in our computer systems can occur notwithstanding the data security measures and disaster recovery plans that we have in place. Further, our systems are not fully redundant, and our disaster recovery planning cannot account for all possible scenarios** . The cost and operational consequences of implementing further data security measures could be significant **. Any loss, disclosure of, misappropriation of, or access to customers' or other personal, proprietary information or any other breach of our information security could result in extensive legal proceedings or legal claims, including regulatory investigations and actions, or liability for failure to comply with state or federal privacy and information security laws, including for failure to protect personal information or for misusing personal information, which could disrupt our operations, cause extensive damage to our reputation, and expose us to legal claims from customers, financial institutions, regulators, payment card associations, employees, and other persons, any of which could have an adverse effect on our financial condition, results of operations, and cash flow** . Additionally, the collection of customer and employee personal information imposes various privacy compliance related obligations on our business and increases the risks associated with a breach or failure of the integrity of our information technology systems. The collection and use of personal data are governed by privacy laws and regulations enacted by the various states, the federal government of the United States, and various foreign jurisdictions. Privacy laws and regulations continue to evolve and on occasion may be inconsistent between jurisdictions. California has enacted a privacy law, known as the California Consumer Privacy Act of 2018 (the" CCPA"), which provides to California consumers certain access, deletion and opt- out rights related to their personal information, imposes civil penalties for violations and affords, in certain cases, a private right of action for data breaches. Compliance with the CCPA may require us to incur significant costs and expenses. Similar laws have been passed or proposed in other states and at a federal level, reflecting a trend toward more stringent privacy legislation in the United States. In addition to fines and penalties that may be imposed for failure to comply with state law, some states provide for private rights of action to customers for misuse of or unauthorized access to personal information. Compliance with these changing and increasingly burdensome and sometimes conflicting privacy laws and regulations may increase our operating costs and / or adversely impact our ability to market our products, properties **,** and services to our customers. In addition, non- compliance with applicable privacy laws and regulations by us (or in some circumstances non- compliance by third- party service providers engaged by us) may also result in damage to our reputation, result in vulnerabilities that could be exploited to breach our systems and / or subject us to fines, payment of damages, lawsuits or restrictions on our use or transfer of personal information. While we maintain cyber insurance coverage to protect against these risks to the Company, such insurance is unlikely to fully mitigate the impact of any information breach. ~~interim.~~ Intense competition exists in the gaming industry,and we expect competition to continue to intensify.The gaming industry is highly competitive for both customers and employees,including those at the management level.We compete with numerous casinos and hotel casinos of varying quality and size in market areas where our properties are located.We also compete with other non- gaming resorts and vacation destinations **,** and with various other casino and entertainment businesses,including online gaming websites,and could compete with any new forms of gaming that may be legalized in the future.For example,there has been recent expansion of sports betting in various states with legislation allowing for sports betting in casinos and / or online.Expansion of traditional and online gaming in jurisdictions where we do not operate could create further competition for us.The casino entertainment business is characterized by competitors that vary considerably in their size,quality and type of facilities,number of operations,brand identities,marketing and growth strategies,financial strength and capabilities,amenities,management talent and geographic diversity.In most markets,we compete directly with other casino facilities operating in the immediate and surrounding market areas.In some markets,we face competition from nearby markets in addition to direct competition within our market areas.Furthermore,competition from online platforms continues to increase.With fewer new markets opening for development,competition in existing markets has also intensified in recent years.We and our competitors have invested in expanding existing facilities,developing new facilities,and acquiring established facilities in existing markets.This expansion of existing casino entertainment properties,the increase in the number of properties and the aggressive marketing strategies of many of our competitors have increased competition in many markets in which we compete,and we expect this to continue.Additionally,competition may intensify if our competitors commit additional resources to aggressive pricing and promotional activities to attract customers.We also compete with legalized gaming from casinos located on Native American tribal lands.Expansion of Native American gaming in areas located near our properties,or in areas in or near those from which we draw our customers,could have an adverse effect on our operating results.In addition,we also compete to some extent with other forms of gaming on both a local and national level,including state- sponsored lotteries,charitable gaming,video gaming terminals at bars,restaurants,taverns and truck stops,on- and off- track wagering,and other forms of entertainment,including motion pictures,sporting events and other recreational activities.It is possible that these secondary competitors could reduce the number of visitors to our facilities or the amount they are willing to wager,which could have a material adverse effect on our ability to generate revenue or maintain our profitability and cash flows.If our competitors operate more successfully than we do,if they attract customers away from us as a result of aggressive pricing and promotion,if they are more successful than us in attracting and retaining employees,if their properties are enhanced or expanded,if they operate in jurisdictions that give them operating advantages due to differences or changes in gaming regulations or taxes,or if additional hotels and casinos are established in and around the locations in which we conduct business,we may lose market share or the ability to attract or retain employees.In particular,the expansion of casino gaming in or near any geographic area from which we attract or expect to attract a significant number of our customers could have a significant adverse effect on our business,financial condition and results of operations.In addition,increased competition may require us to make substantial capital expenditures to maintain and enhance the competitive positions of our properties,including updating slot machines to reflect changing technology,refurbishing public service areas periodically,replacing obsolete equipment on an ongoing basis and making other expenditures to increase the attractiveness and add to the appeal of our facilities.Because we are highly leveraged,after satisfying our obligations under our outstanding indebtedness,there can be no assurance that we will have sufficient funds to undertake these expenditures or that we will be able to obtain sufficient financing to fund such expenditures.If we are unable to make such expenditures,our competitive position could be materially adversely affected **.** We may incur impairments to goodwill, indefinite- lived intangible assets, or long- lived assets. In accordance with the authoritative accounting guidance for goodwill and other intangible assets, we test our goodwill and indefinite- lived intangible assets for impairment annually or if a triggering event occurs. We perform our annual impairment testing for goodwill and indefinite- lived intangible assets as of October 1. Impairment charges of $ ~~40~~ **107** . 8 million **, $ 40** ~~were recorded as a result of our 2022 impairment tests and triggering event reviews~~ . ~~Impairment charges of~~ **8 million and** $ 8. 2 million were recorded as a result of our **2023, 2022 and** 2021 impairment tests ~~. Impairment charges of $ 3. 6 million were recorded as a result of our annual 2020 impairment test~~ and **triggering event** ~~$ 171. 1 million were recorded as a result of our first quarter 2020 impairment review~~ **reviews , respectively** . If our estimates of projected cash flows related to our assets are not achieved, we may be subject to future impairment charges, which could have a material adverse impact on our consolidated financial statements. Risks Related to the Regulation of our Industry We are subject to extensive governmental regulation, as well as federal, state and local laws affecting business in general, which may harm our business. Our ownership, management and operation of gaming facilities are subject to extensive laws, regulations and ordinances, which are administered by various federal, state and local government entities and agencies. We are subject to regulations that apply specifically to the gaming industry and horse racetracks and casinos, including regulation with respect to gambling, live racing, and approval standards applicable to our directors, officers, key employees, joint venture partners and certain shareholders, in addition to regulations applicable to businesses generally, including regulation with respect to alcoholic beverages, smoking, currency transactions, taxation, zoning and building codes, anti- money laundering laws and regulations and marketing and advertising. A more detailed description of the governmental gaming regulations to which we are subject is filed as Exhibit 99. 1 herewith. If significant additional or differing gaming regulations are adopted in a jurisdiction in which we operate, such regulations could impose restrictions or costs that could have a significant adverse effect on us. From time to time, various proposals are introduced in the legislatures of some of the jurisdictions in which we have existing or planned operations that, if enacted, could adversely affect the tax, regulatory, operational or other aspects of the gaming industry and our company. To date, we have obtained all governmental licenses, findings of suitability, registrations, permits and approvals necessary for the operation of our properties. However, we can give no assurance that any additional licenses, permits and approvals that may be required will be given or that existing ones will be renewed or will not be revoked. Renewal is subject to, among other things, continued satisfaction of suitability requirements. Any failure to renew or maintain our licenses or to receive new licenses when necessary could have a material adverse effect on us. We are subject to extensive taxation policies, which may harm our business. From time- to- time, federal, state, and local legislators and officials have proposed changes in tax laws, or in the administration of such laws, affecting the gaming industry. For example, the federal government of the United States has considered a federal tax on casino revenues. In addition, worsening economic conditions could intensify the efforts of state and local governments to raise revenues through increases in gaming taxes, property taxes and / or by authorizing additional gaming properties each subject to payment of a new license fee. It is not possible to determine with certainty the likelihood of changes in such laws or in the administration of such laws. Such changes, if adopted, could have a material adverse effect on our financial condition, results of operations, and cash flows. In addition, gaming companies are often subject to significant revenue- based taxes and fees, in addition to normal federal, state and local corporate income taxes, and such taxes and fees are subject to increase at any time and such increases may be retroactive to prior years. If there is any material increase in state and local taxes and fees, our business, financial condition and results of operations could be adversely affected. Risks Related to our Properties We own real property and are subject to extensive environmental regulation, which creates uncertainty regarding future environmental expenditures and liabilities ~~,~~ and could affect our ability to develop, sell or rent our property or to borrow money using such property as collateral. We are subject to various federal, state and local environmental laws, ordinances and regulations, including those governing discharges into air and water, the generation, handling and disposal of petroleum products, hazardous substances and wastes, and the health and safety of our employees. For example, our horse racing operations are subject to oversight by the Environmental Protection Agency (" EPA"), which includes regulations governing concentrated animal feeding operations and the related processing of animal wastewater. Permits may be required for us to conduct business on our properties, and these permits are subject to renewal, modification and, potentially, revocation. In addition, under environmental laws, ordinances and regulations, a current or previous owner or operator of property may be liable for the costs of investigation and removal or remediation of some kinds of hazardous substances or petroleum products on, under, or in its property, without regard to whether the owner or operator knew of, or caused, the presence of the contaminants, and regardless of whether the practices that resulted in the contamination were legal at the time they occurred. Additionally, as an owner or operator, we could also be held responsible to a government entity or third parties for property damage, personal injury and investigation and cleanup costs incurred by them in connection with any contamination. The costs of investigation, remediation or removal of those substances may be substantial, and the presence of those substances, or the failure to remediate a property properly, may impair our ability to use our property. The presence of, or failure to remediate properly, such substances may adversely affect the ability to sell or rent the property or to borrow funds using the property as collateral. Additionally, the owner of a site may be subject to claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. Future developments regarding environmental matters could lead to material costs of environmental compliance for us, and such costs could have a material adverse effect on our business and financial condition, operating results and cash flows. We own facilities located in areas that experience extreme weather conditions. Extreme weather conditions may interrupt our operations, damage our properties and reduce the number of customers who visit our facilities in the affected areas. For example, certain of the properties we operate have been forced to close for extended periods due to floods and hurricanes. In addition, certain of our properties are in areas that have been identified by the director of the Federal Emergency Management Agency (" FEMA") as a special flood hazard area. Furthermore, our properties in Illinois, Indiana, Iowa, Kansas, Louisiana, Missouri, Ohio and Pennsylvania are at risk of experiencing snowstorms, tornadoes and flooding. In the past, snowstorms and other adverse weather conditions have interrupted our operations, damaged our properties and reduced the number of customers who visit our facilities in an affected area. If there is a prolonged disruption at any of our properties due to natural disasters or other catastrophic weather events, our business, results of operations and financial condition could be materially adversely affected. While we maintain insurance coverage that covers certain of the costs and loss of revenue that we incur as a result of some extreme weather conditions, our coverage is subject to deductibles and limits on maximum benefits. There can be no assurance that we will be able to fully collect, if at all, on any claims resulting from extreme weather conditions. If any of our properties are damaged or if their operations are disrupted because of extreme weather in the future, or if extreme weather adversely impacts general economic or other conditions in the areas in which our properties are located or from which they draw their patrons, our business, financial condition and results of operations could be materially adversely affected. We draw a significant percentage of our customers from certain geographic regions. Events adversely impacting the economy of these regions, including public health outbreaks and man- made or natural disasters, may adversely impact our business. The California, Fremont and Main Street Station draw a substantial portion of their customers from the Hawaiian market, with such customers historically comprising more than half of the room nights sold at each property. Decreases in discretionary consumer spending, as well as an increase in fuel costs or transportation prices, a decrease in airplane seat availability, or a deterioration of relations with tour and travel agents, particularly as they affect travel between the Hawaiian market and our facilities, could adversely affect our business, financial condition and results of operations. ~~Recently~~ **In recent years** , this portion of our business **was** ~~has been~~ substantially disrupted due to the COVID- 19 pandemic, including as a result of travel restrictions and quarantine requirements in Hawaii. Our Las Vegas properties also draw a substantial number of customers from specific geographic areas, including the Southern California, Arizona and Las Vegas local markets. Due to our significant concentration of properties in Nevada, any man- made or natural disasters **and public health outbreaks** in or around Nevada, or the areas from which we draw customers to our Las Vegas properties, could have a significant adverse effect on our business, financial condition and results of operations. In ~~addition~~ **recent years** , our Las Vegas business was materially impacted as a result of the COVID- 19 pandemic and experienced reduction in visitation from customers in these geographic areas. Each of our properties located outside of Nevada depends primarily on visitors from their respective surrounding regions and is subject to comparable risk. Our facilities, including our riverboats and dockside facilities, are subject to risks relating to mechanical failure and regulatory compliance. Generally, all of our facilities are subject to the risk that operations could be halted for a temporary or extended period of time due to casualty, forces of nature, mechanical failure, or extended or extraordinary maintenance, among other causes. We currently conduct our Treasure Chest, Par- A- Dice, Blue Chip, Sam' s Town Shreveport, Amelia Belle and Belterra Resort gaming operations on riverboats. Each of our riverboats must comply with the United States Coast Guard (" USCG") requirements as to boat design, on- board facilities, equipment, personnel and safety. Each riverboat must hold a Certificate of Inspection for stabilization and flotation and may also be subject to local zoning codes. The USCG requirements establish design standards, set limits on the operation of the vessels and require individual licensing of all personnel involved in the operation of the vessels. Loss of a vessel' s Certificate of Inspection would preclude its use as a casino. Some of our hotels and casinos are located on leased property. If we default on one or more leases, the applicable lessors could terminate the affected leases and we could lose possession of the affected hotel and / or casino. We lease certain parcels of land on which our hotels and gaming facilities are located. As a ground lessee, we have the right to use the leased land; however, we do not retain fee ownership in the underlying land. Accordingly, with respect to the leased land, we will have no interest in the land or improvements thereon at the expiration of the ground leases. Moreover, since we do not completely control the land underlying the property, a landowner could take certain actions to disrupt our rights in the land leased under the long- term leases. While such interruption is unlikely, such events are beyond our control. If the entity owning any leased land chose to disrupt our use either permanently or for a significant period of time, then the value of our assets could be impaired and our business, financial condition and results of operations could be adversely affected. If we were to default on any one or more of these leases, the applicable lessors could terminate the affected leases, and we could lose possession of the affected land and any improvements on the land, including the hotels and casinos. This could have a material adverse effect on our business, financial condition and results of operations. In addition, if some of our leased facilities should prove to be unprofitable, we could remain obligated for lease payments and other obligations under the leases even if we decided to withdraw from those locations. Risks Related to our Indebtedness We have a significant amount of indebtedness. We and our subsidiaries had approximately $ ~~3~~ **2** . ~~0~~ **9** billion of long- term debt on a consolidated basis as of December 31, ~~2022~~ **2023** (of which approximately $ 1. ~~2~~ **0** billion was outstanding under the Credit Facility) and which includes approximately $ 44. 3 million of current maturities of long- term debt and excludes approximately $ 13. ~~8~~ **4** million in aggregate outstanding letters of credit. In addition, an aggregate amount of approximately $ 1, ~~095~~ **193** . ~~4~~ **3** million was available for borrowing under the Revolving Credit Facility as of December 31, ~~2022~~ **2023** . Our current debt instruments contain, and any future debt instruments likely will contain, a number of restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things: incur additional debt, including providing guarantees or credit support; incur liens securing indebtedness or other obligations; make certain investments; dispose of assets; make certain acquisitions; pay dividends or make distributions and make other restricted payments; enter into sale and leaseback transactions; engage in any new businesses; and enter into transactions with our stockholders and our affiliates. In addition, our Credit Facility contains certain financial covenants, including, without limitation, various covenants: (i) requiring the maintenance of a minimum consolidated interest coverage ratio on a quarterly basis of 2. 50 to 1. 00, (ii) requiring the maintenance of a maximum Consolidated Total Net Leverage Ratio (" CTNL Ratio") on a quarterly basis, (iii) imposing limitations on the incurrence of indebtedness and liens, (iv) imposing limitations on transfers, sales and other dispositions and (v) imposing restrictions on investments, dividends and certain other payments. The maximum permitted CTNL Ratio is calculated as Consolidated Net Indebtedness to twelve- month trailing Consolidated EBITDA, as defined by the Credit Agreement. ~~The~~ **Beginning with the fiscal quarter ended September 30, 2023, the** maximum CTNL Ratio ~~for the fiscal quarter ending December 31, 2022 through the fiscal quarter ending June 30, 2023~~ must be no higher than **4. 50 to 1. 00 and prior to that was** 5. 00 ~~to 1. 00 and for the fiscal quarter ending September 30, 2023 and each fiscal quarter thereafter, 4. 50~~ to 1. 00. Failure to comply with these covenants could result in an event of default, which, if not cured or waived, could have a significant adverse effect on our business, results of operations and financial condition. Note 7, Long- Term Debt, included in the notes to our audited consolidated financial statements presented in Part II, Item 8, contains further disclosure regarding our current outstanding debt. We require a significant amount of cash to service our debt. Our ability to generate cash depends on many factors beyond our control. Our ability to make payments on and to refinance our indebtedness and to fund planned capital expenditures and expansion efforts depends on our ability to generate cash. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control, including rising interest rates. It is unlikely that our business will generate sufficient cash flows from operations or that future borrowings will be available to us under the Credit Facility in amounts sufficient for us to retire our current indebtedness as such indebtedness matures, and to fund our other liquidity needs. We believe that we will need to refinance all or a portion of our current indebtedness at or before maturity and cannot provide assurances that we will be able to refinance any of our current indebtedness, including amounts borrowed under the Credit Facility on commercially reasonable terms, or at all. We may have to adopt one or more alternatives, such as reducing or delaying planned expenses and capital expenditures, selling assets, restructuring debt, or obtaining additional equity or debt financing or joint venture partners. These financing strategies may not be achieved on satisfactory terms, or at all. In addition, certain state laws contain restrictions on the ability of companies engaged in the gaming business to undertake certain financing transactions. Such restrictions may prevent us from obtaining the necessary capital to meet our current repayment obligations. Current and future economic, capital and credit market conditions could adversely affect our ability to service our substantial indebtedness and significant financial commitments or make planned expenditures. Our ability to make payments on our substantial indebtedness and other significant financial commitments, including the rent payments under our leases, and to fund planned or committed capital expenditures and other investments depends on our ability to generate cash flow, borrow under the Credit Facility or incur new indebtedness. ~~The COVID- 19 pandemic has caused deterioration in regional, national and international economic conditions and is a contributing factor to capital~~ **Capital** market volatility **and** ~~. Furthermore,~~ prevailing high interest rates increases our cost of capital. Additionally, borrowings under certain of our facilities are at variable rates of interest and expose us to interest rate volatility. If interest rates increase, our debt service obligations on certain of our variable rate indebtedness will increase even though the amount borrowed remains the same. Our ability to timely refinance and replace our indebtedness, on attractive terms or at all, will be significantly influenced by the economic and capital market conditions at the time of such refinancing. If we are unable to refinance our indebtedness on a timely basis or if attractive financing terms are not available to us, we might be forced to seek alternate forms of financing, dispose of certain assets or minimize capital expenditures and other investments. There is no assurance that any of these alternatives would be available to us, if at all, on satisfactory terms. We and our subsidiaries are able to incur substantially more debt, which could further exacerbate the risks described above. We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of our Credit Facility and the indentures governing our senior notes do not fully prohibit us or our subsidiaries from doing so. Borrowings under the Credit Facility are effectively senior to our senior notes and the guarantees of our subsidiary guarantors to the extent of the value of the collateral securing such borrowings. If new debt is added to our, or our subsidiaries', current debt levels, the related risks that we or they now face could intensify. If we pursue, or continue to pursue, any expansion, development, investment or renovation projects requiring capital beyond our available borrowing capacity, we expect that our long- term debt will substantially increase in connection with related capital expenditures. This indebtedness could have important consequences, including: difficulty in satisfying our obligations under our current indebtedness; increasing our vulnerability to adverse economic and industry conditions; requiring us to dedicate a substantial portion of our cash flows from operations to payments on our indebtedness, which would reduce the availability of our cash flows to fund working capital, capital expenditures, expansion efforts and other general corporate purposes; limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; placing us at a disadvantage compared to our competitors that have less debt; and limiting, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to borrow additional funds. We are required to pay a substantial amount of rent pursuant to our Master Lease agreements with GLPI, which impacts free cash flow and could limit our ability to invest in our operations or seek additional development or strategic opportunities. We lease the real estate of Ameristar Kansas City, Ameristar St. Charles, Belterra Resort and Belterra Park (each an" OpCo," and collectively the" OpCos") from GLPI, pursuant to two triple net REIT Master Leases (the" Master Leases"). Current annual rent under the Master Leases is $ ~~106~~ **108** . ~~6~~ **4** million, with rental increases over time. The Master Leases also include substantial additional obligations that may require future uses of free cash flow, including obligations to maintain and repair the properties, including minimum annual capital investment requirements, and provides that we have assumed the risk of loss with respect to any casualty or condemnation event, including the obligation to repair or rebuild the facility. These obligations, should the circumstances arise, could significantly impact free cash flow and could adversely impact our ability to invest in our operations or seek additional development or strategic opportunities. For example, our obligations under the Master Leases may: • limit our ability to prepay or repay our long- term debt and to obtain additional indebtedness; • limit our ability to fund working capital, capital expenditures and other general corporate purposes; and • limit our ability to respond to changes in our business and the industry in which we operate, including pursuing new markets and additional lines of business, development opportunities, acquisitions and other strategic investments that we would otherwise pursue. Any of the above listed factors could have a material adverse effect on our business, financial condition and results of operations. The Master Leases include additional provisions that restrict our ability to freely operate and could have an adverse effect on our business and financial condition, including the following: • Escalations in Rent- We are obligated to pay base rent under the Master Leases, and base rent is composed of building base rent and land base rent. Every year of a Master Lease' s term, building base rent is subject to an annual escalation of up to 2 % and we may be required to pay the escalated building base rent regardless of our revenues, profit or general financial condition. • Variable Rent- We are obligated to pay percentage rent under the Master Leases, which is re- calculated every two years. Such percentage rent shall equal 4 % of the change between (i) the average net revenues for the trailing two- year period and (ii) 50 % of the trailing 12 months net revenues as of the month ending immediately prior to the execution of the Master Leases. We may be required to pay an increase in percentage rent based on increases in net revenues without a corresponding increase in our profits. • Pooled Lease- One of our Master Leases is a pooled lease arrangement, which prohibits us from divesting any individual OpCo without GLPI' s prior consent. Any divestiture of all of the OpCos also requires GLPI' s prior consent, except for limited circumstances where the purchaser meets various financial and gaming operations experience requirements. These limitations on transfer could adversely impact our ability to manage our business. • Guaranties- One of our Master Lease Agreements is guaranteed by certain subsidiaries of the tenant (the" Lease Guarantors"). A default under any of such Master Lease guaranties that is not cured within the applicable grace period will constitute an event of default under the Master Lease. • Effect of End of Term or Not Renewing the Master Leases- If we do not renew the Master Leases at the stipulated renewals or we do not enter into new master leases at the end of the applicable terms, we will be required to sell the business of the relevant tenant. If we cannot agree on acceptable terms of sale with a qualified successor tenant, GLPI will select a successor tenant to purchase our business through a competitive auction. If this occurs, we will be required to transfer our business to the highest bidder at the auction, subject to regulatory approvals. Risks Related to our Equity Ownership Certain of our stockholders own large interests in our capital stock and may significantly influence our affairs. **Marianne** ~~William S.~~ Boyd **Johnson**, our ~~Co-~~ Executive Chair of the Board of Directors **and Exectuvie Vice President**, together with ~~his~~ **her** immediate family, beneficially owned approximately ~~27~~ **28** % of the Company' s outstanding shares of common stock as of December 31, ~~2022~~ **2023**. As such, the Boyd family has the ability to significantly influence our affairs, including electing the members of our Board of Directors and, except as otherwise provided by law, approving or disapproving other matters submitted to a vote of our stockholders, including a merger, consolidation, or sale of assets.