UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K/A
(Amendment No. 1)

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

Date of Report (Date of earliest event reported): **May 23, 2019**

PENN NATIONAL GAMING, INC.
(Exact Name of Registrant as Specified in Charter)

Pennsylvania	**0-24206**	**23-2234473**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

825 Berkshire Blvd., Suite 200
Wyomissing, PA 19610
(Address of Principal Executive Offices, and Zip Code)

610-373-2400
Registrant's Telephone Number, Including Area Code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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, $0.01 par value per share	PENN	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act (17 CFR 230.405) or Rule 12b-2 of the Exchange Act (17 CFR 240.12b-2).

Emerging growth company o

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. o

Introductory Note.

This Amendment No. 1 on Form 8-K/A (the "Amendment No. 1") amends and supplements the Current Report on Form 8-K of Penn National Gaming, Inc. (the "Company") filed with the Securities and Exchange Commission (the "SEC") on May 23, 2019 (the "Original Form 8-K"). On May 23, 2019, the Company completed the acquisition of the operations of Greektown Casino-Hotel in Detroit, Michigan ("Greektown"), pursuant to the Transaction Agreement (the "Transaction Agreement") among Penn Tenant III, LLC, a wholly-owned subsidiary of the Company ("OpCo Buyer"), VICI Properties L.P., a wholly-owned subsidiary of VICI Properties Inc., and Greektown Mothership LLC ("Greektown Parent"). Pursuant to the Transaction Agreement, OpCo Buyer acquired the limited liability company interests in Greektown Holdings, L.L.C., a direct subsidiary of Greektown Parent.

This Amendment No. 1 amends the Original Form 8-K to include the financial statements of Greektown Holdings, L.L.C. and the pro forma financial information required by Item 9.01 of Form 8-K.

Forward-Looking Statements

All of the pro forma financial and other information and other statements included in Item 9.01 of this Form 8-K/A, other than historical information or statements of historical fact, are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on the Company's current expectations and are subject to uncertainty and changes in circumstances. These forward-looking statements include, among others, all of the pro forma financial information, the notes related thereto, and the statements including statements regarding the expected benefits of the acquisition of Greektown on the Company's results of operations and future operating performance, including the Company's ability to generate synergies. Although the Company believes that its expectations are based on reasonable assumptions within the bounds of its knowledge of its business, there can be no assurance that actual results will not differ materially from our expectations. Meaningful factors that could cause actual results to differ from expectations include, but are not limited to, risks related to the integration of the acquired business; potential adverse reactions or changes to business or employee relationships, including those resulting from the completion of the transaction; the possibility that the anticipated benefits of the transaction, including achieving the financial results and generating synergies, are not realized when expected or at all, including as a result of the impact of, or issues arising from, the integration of the companies; and other factors as discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, each as filed with the SEC. The Company does not intend to update publicly any forward-looking statements except as required by law.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of the Businesses Acquired.

The audited financial statements of Greektown Holdings, L.L.C. as of and for the year ended December 31, 2018 and the unaudited financial statements of Greektown Holdings, L.L.C. as of and for the three months ended March 31, 2019 are filed as Exhibits 99.1 and 99.2 and incorporated herein by reference.

(b) Pro forma financial information.

The unaudited pro forma condensed consolidated combined balance sheet of the Company as of March 31, 2019 and the unaudited pro forma condensed consolidated statement of combined operations for the fiscal year ended December 31, 2018 and for the three months ended March 31, 2019 (collectively, the "Unaudited Pro Forma Financial Statements") are filed as Exhibit 99.3 hereto and incorporated herein by reference. The Unaudited Pro Forma Financial Statements give effect to the acquisition and related transactions.

(d) Exhibits.

Exhibit Number	Description
23.1	Consent of Ernst & Young LLP
99.1	Audited Financial Statements of Greektown Holdings, L.L.C. as of and for the year ended December 31, 2018.
99.2	Unaudited Financial Statements of Greektown Holdings, L.L.C. as of and for the three months ended March 31, 2019.
99.3	Unaudited Pro Forma Condensed Consolidated Balance Sheet of Penn National Gaming, Inc. as of March 31, 2019 and Unaudited Pro Forma Condensed Consolidated Statements of Operations of Penn National Gaming, Inc. for the fiscal year ended December 31, 2018 and for the three months ended March 31, 2019.

SIGNATURES

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 hereunto duly authorized.

Date:	July 23, 2019	PENN NATIONAL GAMING, INC.	
		By:	/s/ William J. Fair
			William J. Fair Executive Vice President and Chief Financial Officer

Exhibit 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form S-8 No. 333-226661) pertaining to the 2018 Long Term Incentive Compensation Plan,
2. Registration Statement (Form S-8 No. 333-198135) pertaining to the 2008 Long Term Incentive Compensation Plan,
3. Registration Statement (Form S-8 No. 333-176723) pertaining to the 2008 Long Term Incentive Compensation Plan, and
4. Registration Statement (Form S-8 No. 333-157669) pertaining to the 2008 Long Term Incentive Compensation Plan;

of our report dated July 23, 2019, with respect to the consolidated financial statements of Greektown Holdings L.L.C. for the year ended December 31, 2018, included in Form 8-K/A dated July 23, 2019 of Penn National Gaming, Inc.

/s/ Ernst & Young LLP

Detroit, Michigan
July 23, 2019

Exhibit 99.1

Greektown Holdings, L.L.C.

Consolidated Financial Statements as of and for the year ended
December 31, 2018 and Independent Auditors' Report

GREEKTOWN HOLDINGS, L.L.C.

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Report of Independent Auditors

Greektown Holdings, L.L.C.

We have audited the accompanying consolidated financial statements of Greektown Holdings, L.L.C., which comprise the consolidated balance sheet as of December 31, 2018, and the related consolidated statements of operations, member's equity, and cash flow for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Greektown Holdings, L.L.C. at December 31, 2018, and the consolidated results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Detroit, Michigan
July 23, 2019

GREEKTOWN HOLDINGS, L.L.C.
CONSOLIDATED BALANCE SHEET
As of December 31, 2018

(in thousands)		**2018**
Assets		
Current Assets:		
Cash and cash equivalents	$	49,296
Accounts receivable, net of allowance for doubtful accounts of $20		3,216
Other currents assets		17,522
Due from affiliates		535
Total current assets		70,569
Land, buildings, and equipment, net		329,579
Due from affiliates		3,280
Deferred charges and other assets		797
Goodwill		81,151
Other intangible assets		177,700
Total assets	$	663,076
Liabilities and Member's Equity		
Current Liabilities:		
Accounts payable	$	4,957
Accrued expenses		15,869
Due to affiliates		1,578
Interest payable		59
Current portion of loans payable		4,000
Current portion of capital leases		130
Total current liabilities		26,593
Long-term liabilities:		
Loans payable, net of deferred financing costs		380,159
Capital leases		4,078
Other liabilities		1,063
Total liabilities		411,893
Total member’s equity		251,183
Total liabilities and member’s equity	$	663,076

See notes to consolidated financial statements.

GREEKTOWN HOLDINGS, L.L.C.
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2018

(in thousands)		2018
Revenues:		
Casino	$	290,973
Food and beverage		22,705
Rooms		18,062
Retail, parking, and other		6,448
Less: casino promotional allowance		(11,372)
Net revenues		326,816
Operating expenses:		
Direct:		
Casino		145,331
Food and beverage		16,797
Rooms		8,243
Retail, parking, and other		5,490
General and administrative		60,679
Management fees		10,822
Gain on disposal of assets		(38)
Depreciation and amortization		26,006
Total operating expenses		273,330
Operating income		53,486
Other income (expense):		
Other income		8
Interest expense, net of interest capitalized		(21,829)
Total other expense		(21,821)
Net income	$	31,665

See notes to consolidated financial statements.

GREEKTOWN HOLDINGS, L.L.C.
CONSOLIDATED STATEMENT OF MEMBER'S EQUITY
For the year ended December 31, 2018

(in thousands)	Additional Paid-in Capital	Member's Equity	Total Member's Equity
Balance - January 1, 2018	$ 255,188	$ (35,957)	$ 219,231
Proceeds on asset sale to member in excess of carrying value	—	287	287
Net income	—	31,665	31,665
Balance - December 31, 2018	$ 255,188	$ (4,005)	$ 251,183

See notes to consolidated financial statements.

GREEKTOWN HOLDINGS, L.L.C.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2018

(in thousands)		2018
Cash flows provided by operating activities:		
Net income	$	31,665
Adjustments to reconcile net income to cash flows:		
Depreciation and amortization		26,006
Amortization of net discount on debt in interest expense		1,791
Gain on disposal of assets		(38)
Changes in assets and liabilities:		
Decrease in receivables - net		584
Decrease in other current assets		1,337
Decrease in other long-term assets		686
Decrease in accounts payable		(1,344)
Decrease in accrued expenses		(409)
Increase in due from/to affiliates		1,707
Decrease in other liabilities		(122)
Net cash flows provided by operating activities		61,863
Cash flows used in investing activities:		
Proceeds from the sale of assets		38
Proceeds from the sale of assets to related party		463
Additions of building improvements and equipment		(21,662)
Net cash flows used in investing activities		(21,161)
Cash flows used in financing activities:		
Debt repayments		(19,000)
Proceeds from the sale of assets to member in excess of carrying value		287
Net cash flows used in financing activities		(18,713)
Net increase in cash and cash equivalents		21,989
Cash and cash equivalents - Beginning of year		27,307
Cash and cash equivalents - End of year	$	49,296
Supplemental non-cash investing information:		
Capitalized interest expense	$	188
Capital expenditures included in accounts payable and accruals	$	5
Supplemental other financing information:		
Cash paid for interest	$	20,298

See notes to consolidated financial statements.

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Greektown Holdings, L.L.C. (together with its subsidiaries, known as "Greektown Holdings" or "the Company") was formed in September 2005 as a limited liability company. Greektown Holdings owns Greektown Casino, L.L.C. ("Greektown Casino") which is principally engaged in the operation of a casino gaming facility and hotel, known as Greektown Casino-Hotel that opened on November 10, 2000, within the city of Detroit. Greektown Casino operates under a license granted by the Michigan Gaming Control Board ("the MGCB") and the terms of a development agreement between Greektown Casino and the city of Detroit ("the Development Agreement").

Greektown Holdings is solely owned by Greektown Mothership LLC ("Greektown Mothership"). Greektown Mothership is the subsidiary of Athens Acquisition LLC ("Athens" or "Member"), DG Athens LLC and Hermelin Athens LLC. Daniel Gilbert is the principal owner of both Athens and DG Athens LLC.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and include the accounts of its wholly-owned subsidiaries after elimination of all intercompany balances and transactions. The Company consolidates into its financial statements the accounts of all wholly-owned subsidiaries and any partially-owned subsidiary that it has the ability to control. Control generally equates to ownership percentage, whereby investments that are more than 50% owned are consolidated, investments in affiliates of 50% or less but greater than 20% are generally accounted for using the equity method and investments in affiliates of 20% or less are accounted for using the cost method.

Use of Estimates

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

Concentrations of Risk

As of December 31, 2018, 1,303 of the Company's employees were covered by collective bargaining agreements, including a majority of the Company's hourly staff. The Detroit Casino Counsel union ("DCC") represents 1,212 union members. The Company, along with the DCC, ratified a five-year labor agreement in 2015. As of December 31, 2018, 91 of the Company's employees were represented by the International Union, Security, Police and Fire Professionals of America ("SPFPA"). The Company, along with the SPFPA, ratified a five-year labor agreement in 2016.

Cash and Cash Equivalents

Cash and cash equivalents are liquid investments with maturities of less than three months from the date of the purchase and are stated at the lower of cost or net realizable value. Throughout the year, cash and cash equivalents may exceed the insurance limits mandated by the Federal Deposit Insurance Corporation.

Accounts Receivable

The Company's accounts receivable primarily consist of casino and building lessees' accounts receivable, hotel and related party receivables. Business or economic conditions or other significant events could affect the collectability of these accounts receivable. An allowance for doubtful accounts is determined to reduce the Company's accounts receivable to their carrying value, which approximates fair value. The allowance is estimated using specific reserves and applying percentages to aged accounts receivable based on historical collection rates, customer relationships and current economic conditions. The allowance for doubtful accounts at December 31, 2018 was $20,000. Accounts receivable are written off when management determines that an account is uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received.

Other Current Assets

Other current assets mainly include various prepayments and inventories. Inventories, which consist primarily of food, beverage and operating supplies, are stated at the lower of average cost or net realizable value. Prepaid expenses consist of payments made for items to be expensed over future periods. As of December 31, 2018, other current assets consisted of the following (in thousands):

		2018
Annual MGCB regulatory fee	$	9,764
Annual municipal service fee		3,433
Insurance		1,859
Inventory		751
Union bonuses		708
IT maintenance		414
Marketing		314
Other		279
	$	17,522

Land, Buildings and Equipment

Land, buildings and equipment are stated at historical cost, including capitalized interest on funds used to finance construction calculated at the borrowing rate applicable to the Company's long-term debt.

The Company capitalizes direct and indirect construction and development costs, including interest, insurance and other costs directly related and essential to the acquisition, development or construction of long-lived assets. Construction and development costs are capitalized while substantial activities are ongoing to prepare the assets for their intended use. The Company utilizes a threshold of $5,000 when considering items for capitalization.

Effective January 1, 2018, the Company changed its estimate of the useful lives of furniture, fixtures and equipment, and building improvements. This change in estimate resulted from the Company's evaluation of these assets and the conclusion, that based on recent experience, these assets consistently have a different life than previously estimated. The Company's estimated useful life of furniture, fixtures and equipment was changed from 3 to 5 years to 2.5 to 20 years and building improvements' estimated useful life was changed from 3 to 35 years to 5 to 40 years to better reflect the estimated periods during which these assets will remain in service. The change in useful lives has been accounted for as a change in accounting estimate and will be applied to all new furniture, fixtures and equipment, and building improvements. This change in estimate will also be applied prospectively to the remaining carrying amounts of these assets. The effect of this change in estimate increased depreciation expense by $4,352,000 and decreased net income by $4,352,000 for the year ended December 31, 2018.

Depreciation is provided using the straight-line method over the shorter of the estimated useful life of the asset or the related reasonably assured lease term, as follows:

Land improvements	12 years
Buildings and improvements	5 to 40 years
Furniture, fixtures and equipment	2.5 to 20 years

Upon retirement or sale, the cost of assets disposed and their related accumulated depreciation are removed from the Company's accounts. Any resulting gain or loss is credited or charged to operations. Maintenance and repairs are expensed when incurred while improvements are capitalized. The total amount expensed for maintenance and repairs for the year ended December 31, 2018 was $2,801,000.

The Company reviews the carrying value of land improvements, buildings and improvements and furniture, fixtures and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If undiscounted expected future cash flows are less than the carrying value, an impairment loss would be recognized equal to an amount by which the carrying value exceeds the fair value of the asset. The factors considered by the Company in performing this assessment include current operating results, trends and prospects, as well as the effect of obsolescence, demand, competition and other economic factors. If an asset is currently under development, future cash flows include remaining construction costs.

The Company had no impairment of land, buildings and equipment during the year ended December 31, 2018.

Goodwill and Other Intangible Assets

Goodwill consists of the excess of the purchase price over the fair value of net assets acquired. The Company had $81,151,000 recorded as goodwill as of December 31, 2018.

Other intangible assets consist of casino development rights. Casino development rights are indefinite-lived intangible assets and are not amortized. The Company has $177,700,000 recorded as indefinite-lived intangible assets (other than goodwill) as of December 31, 2018 and $0 recorded as definite-lived intangible assets as of December 31, 2018.

On the first day of the fourth quarter of each year, the Company performs an annual assessment for impairment of goodwill and other indefinite-lived intangible assets, or between annual tests if there is an indication of impairment. All other intangible assets are amortized on a straight-line basis over their estimated useful lives and are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. There were no goodwill or other intangible asset impairments during the year ended December 31, 2018.

Loyalty Program

Greektown Casino sponsors a players club for its repeat customers. Members of the club earn points and complimentaries for playing Greektown Casino's electronic gaming devices and table games.

Club members may redeem points for cash and may also earn special coupons or awards, as determined by Greektown Casino. The Company estimates the cash value of points earned by club members and recognizes a related liability for any unredeemed points. The Company has adopted the provisions of Accounting Standards Codification ("ASC") 605, "Revenue Recognition." Accordingly, Greektown Casino has recognized the cash value of points earned as a direct reduction in casino revenue. For the year ended December 31, 2018, the value of points earned was $6,592,000.

Club members may redeem complimentaries for various items, including bonus play, food, nonalcoholic beverages and hotel rooms, as determined by Greektown Casino. The Company estimates the cash value of the complimentaries earned by club members and recognizes a related liability for any unredeemed complimentaries. The cost of complimentaries related to bonus play is recorded as a direct reduction in Casino revenue and the cost of complimentaries related to food, nonalcoholic beverages, and hotel rooms are recorded in Casino expense in the accompanying Statement of Operations.

Preferred Equity

On April 25, 2017, Greektown Mothership LLC issued 2,500 new preferred units to DG Athens LLC, at a price equal to $10,000 per unit for a total investment of $25,000,000 with a preferred return of 8.0% per annum, capitalized on an annual basis. Greektown Mothership LLC subsequently contributed the $25,000,000 to the Company.

On August 11, 2017, the Company distributed $6,000,000 to Greektown Mothership, which in turn redeemed approximately 539 preferred units from DG Athens and 1 preferred unit of Hermelin Athens LLC, a minority owner, at a price equal to $10,000 per unit, plus a preferred return of $600,000 totaling $6,000,000.

On December 5, 2017, the Company distributed $9,000,000 to Greektown Mothership, which in turn redeemed approximately 848 preferred units from DG Athens LLC and 2 preferred units of Hermelin Athens LLC, at a price equal to $10,000 per unit, plus a preferred return of a $498,000 totaling $9,000,000.

Revenue Recognition and Promotional Allowance

Casino revenues include revenue from gaming related activities, such as table games, slot machines, and poker. Casino revenues are measured by the aggregate net difference between gaming wins and losses with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in customers' possession.

Jackpots, other than the incremental amount of progressive jackpots, are recognized at the time they are won by customers. The Company accrues the incremental amount of progressive jackpots as the progressive machine is played and the progressive jackpot amount increases, with a corresponding reduction of gaming revenue.

Food and beverage, room, retail, parking and other revenues are recognized when services are performed. The retail value of food and beverage and other services provided by the casino directly and furnished to casino guests without charge is included in gross revenue and then deducted as casino promotional allowances. The estimated cost of providing such casino promotional allowance is included primarily in Casino expenses in the accompanying Consolidated Statement of Operations.

Estimated Retail Value of Casino Promotional Allowance (in thousands):

	Year ended December 31, 2018
Food and beverage	$ 8,224
Rooms	3,148
	$ 11,372

Estimated Cost of Providing Promotional Allowance (in thousands):

	Year ended December 31, 2018
Food and beverage	$ 9,539
Rooms	1,740
	$ 11,279

Advertising

The Company expenses the production costs of advertising the first time the advertising takes place. The costs associated with such advertising activities are classified as General and administrative expenses in the accompanying Consolidated Statement of Operations. Advertising expense for the year ended December 31, 2018 was $4,137,000.

Gaming and Other Taxes

The Company is subject to state and local gaming taxes based on gross gaming revenue in the jurisdiction in which it operates. The Company recognizes gaming tax expense based on the statutorily required percentage of revenue that must be paid to state and local jurisdictions. The Company records gaming tax expense at the Company's 19% gaming tax rate on adjusted gross daily gaming revenue. Municipal services fees are recorded at an amount equal to or greater of 1.25% of adjusted gross gaming receipts or $4,000,000 annually. Both of these taxes are recorded in Casino expenses in the accompanying Consolidated Statement of Operations. Gaming taxes for the year ended December 31, 2018 was $70,927,000.

The Company is required to pay a daily fee to the city of Detroit in the amount of 1.0% of adjusted gross receipts, increasing to 2.0% of adjusted gross receipts if adjusted gross receipts exceed $400,000,000 in any one calendar year. In addition, if and when adjusted gross receipts exceed $400,000,000, the Company will be required to pay $4,000,000 to the city of Detroit. Adjusted gross receipts did not exceed $400,000,000 during the calendar year ending 2018.

Income Taxes

The Company is a "disregarded entity" for federal and state income tax purposes. The accompanying financial statements do not include a provision for income taxes since any income or loss allocated to the Member is reportable for income tax purposes by the Member. The Company's income tax return and the amount of allocable income are subject to examination by federal and state taxing authorities. If an examination results in a change to the Company's income, the Member's tax may also change.

Fair Value of Financial Instruments

Fair value measurements affect the Company's accounting and impairment assessments of assets acquired in acquisitions, goodwill and other intangible assets. Fair value measurements also affect the accounting for certain financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is measured according to a hierarchy described in Note 3, "Fair Value Measurements."

The fair value of cash and cash equivalents, accounts receivable, other current assets, accounts payable and other current liabilities approximates carrying value due to the short-term nature of these financial instruments.

New Accounting Standards Updates

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers." ASU 2014-09 requires revenue recognition to depict the transfer of goods or services to customers in an amount that reflects the consideration that a company expects to be entitled to in exchange for the goods or services. To achieve this principle, a company must apply five steps including identifying the contract with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations and recognizing revenue when (or as) the company satisfies the performance obligations. Additional quantitative and qualitative disclosure to enhance the understanding about the nature, amount, timing, and uncertainty of revenue and cash flows is also required. ASU 2014-09 was further amended by several ASUs for which the Company was affected. These ASUs included 2015-14, which deferred the effective date of ASU 2015-09 for one year, ASU 2016-10 which clarified guidance related to identifying performance obligations and licensing implementation guidance contained in the new revenue recognition standard and ASU 2016-20 which represented a variety of minor corrections or minor improvements to the new revenue recognition standard. ASU 2014-09, as amended by ASU 2015-14, is effective for fiscal years beginning after December 15, 2018. The Company is continuing to evaluate the effect of ASU 2014-09, both internally and through following the industry working group. The Company anticipates that the adoption of this standard will principally affect (1) the presentation of promotional allowances within net revenue, (2) how liability associated with our Loyalty Program is measured, and (3) the classification and measurement of revenues and expenses between gaming; food, beverage and other. Additionally, subsequent to the adoption of the new revenue standard, food, beverage and other services furnished to guests on a complimentary basis will be measured at the estimated standalone selling prices and included as revenues within food, beverage, and other; as appropriate, in the Consolidated Statement of Operations.

In February 2016, the FASB issued ASU 2016-02, "Leases." ASU 2016-02 requires management to recognize lease assets and lease liabilities on the balance sheet. Additional quantitative and qualitative disclosure to enhance the understanding of the amount, timing, and uncertainty of cash flows arising from leases is also required. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020. The Company has not yet determined the effect that ASU 2016-02 will have on its results of operations, balance sheets or financial statement disclosures.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force) and in November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash." ASU 2016-15 addresses specific cash flow classification issues including: debt prepayment or debt extinguishment costs; settlement of zero-coupon or similar debt instruments; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; distributions received from equity method investees; and separately identifiable cash flows and application of the predominance principle. ASU 2016-18 requires restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Both ASU 2016-15 and ASU 2016- 18 are effective for fiscal years beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019. The Company anticipates that the adoption of these standards will not have a material impact on its results of operations and balance sheets other than the presentation on the cash flow statements.

In June 2016, the FASB issued ASU 2016-13, "Account for Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 amends the guidance on the impairment of financial instruments. This update adds an impairment model (known as the current expected credit losses model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes, as an allowance, its estimate of expected credit losses. In November 2018, ASU 2016-13 was amended by ASU 2018-19, "Codification Improvements to Topic 326, Financial Instruments - Credit Losses." ASU 2018-19 changes the effective date of the credit loss standards (ASU 2016-13) to fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Further, the ASU clarifies that operating lease receivables are not within the scope of ASC 326-20 and should instead be accounted for under the new leasing standard, ASC 842. The Company has not yet determined the effect that ASU 2018-19 will have on its results operations, balance sheets or financial statement disclosures.

In August 2018, the FASB issued ASU 2018-15, "Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract." ASU 2018-15 requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance in ASC 350-40 to determine which implementation costs to defer and recognize as an asset. ASU 2018-15 is effective for annual periods beginning after December 15, 2020 and interim periods in annual periods beginning after December 15, 2021. The Company has not yet determined the effect that ASU 2018-15 will have on its results operations, balance sheets or financial statement disclosures.

NOTE 3 - FAIR VALUE MEASUREMENTS

The fair value hierarchy defines fair value as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based upon assumptions that market participants would use in pricing an asset or liability. ASC 820, "Fair Value Measurements and Disclosures," establishes three tiers, which prioritize the inputs used in measuring fair value as follows:

- 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.

NOTE 4 - LAND, BUILDINGS AND EQUIPMENT, NET

Land, building, and equipment, net, as of December 31, 2018 consisted of the following (in thousands):

	2018
Land and land improvements	$ 18,811
Buildings and improvements	325,011
Furniture, fixtures, and equipment	99,820
Capital leases	3,447
Construction in process	4,177
	451,266
Less: accumulated depreciation	(121,383)
Less: accumulated amortization on capital leases	(304)
Land, buildings and equipment, net	$ 329,579

Depreciation expense includes amortization of property under the capital lease, which is included within the accompanying Consolidated Statement of Operations. Depreciation expense for the year ended December 31, 2018 was $25,145,000.

NOTE 5 - GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets as of December 31, 2018 consisted of the following (in thousands):

	December 31, 2018				
	Remaining Useful Life	Gross Carrying Amount	Cumulative Impairment Charges	Accumulated Amortization	Net Carrying Amount
Amortizing intangible assets					
Trade names	—	$ 14,200	$ (4,590)	$ (9,610)	$ —
Rated player relationships	—	17,700	—	(17,700)	—
		$ 31,900	$ (4,590)	$ (27,310)	$ —
Non-amortizing intangible assets					
Goodwill	Indefinite				$ 81,151
Casino development rights	Indefinite				177,700
					$ 258,851

Amortization expense, which is included in Depreciation and amortization expense within the accompanying Consolidated Statement of Operations, for the year ended December 31, 2018 was $861,000. Amortization expense also includes the amortization of the leasehold liability.

No impairments were identified for the year ended December 31, 2018.

NOTE 6 - ACCRUED EXPENSES

Accrued expenses as of December 31, 2018 consisted of the following (in thousands):

	2018
Payroll and other compensation	$ 8,837
Loyalty program	1,948
Progressive liability	1,633
Taxes	966
Deposits and customer funds liability	773
Marketing	517
Other accruals	1,195
	$ 15,869

NOTE 7 - LONG-TERM DEBT

The following table presents the Company's outstanding debt as of December 31, 2018 (in thousands):

	Maturity	Rate at December 31, 2018	Book Value as of December 31, 2018
Senior Financing (secured):			
Term Loan	2024	5.27%	$ 384,159
Revolver	2022	Variable	—
Total loans payable			384,159
Current portion of loans payable			(4,000)
Long-term loans payable			$ 380,159
Financing Obligations:			
Capital leases	2036	—	$ 4,208
Total financing obligations			$ 4,208
Current portion of financing obligations			(130)
Long-term financing obligations			$ 4,078

Revolving Loan Facility Classification

Borrowings under revolving loan facilities are classified as current or long-term based on the maturity date of the facility.

As of December 31, 2018, the book value of the term loan is presented net of deferred financing costs and discounts of$9,841,000. Deferred financing costs of $338,000 associated with the Revolver are included in Deferred charges and other assets at December 31, 2018. Amortization of the Term Loan and Revolver deferred financing costs are calculated under the effective interest rate and straight line methods, respectively, and are included in Interest expense, net of interest capitalized in the accompanying Consolidated Statement of Operations.

On April 25, 2017, the Company entered into a credit agreement ("Credit Agreement"), summarized as follows:

- $400,000,000 first lien term loan ("Term Loan"), with a maturity date of April 25, 2024, and an interest rate of 2.0% above the bank's alternative base rate or 3.0% above LIBOR, with a reduction to 2.75% above LIBOR after 0.50x deleveraging. There are quarterly installment payments of $1.0 million of principal, which began on September 30, 2017.
- $50,000,000 revolving loan facility ("Revolver") with a maturity date of April 25, 2022. The Revolver may be borrowed either as an ABR loan with an interest rate of 2.0% above the bank's alternative base rate or a Eurocurrency loan with an interest rate of 3.0% above LIBOR. There is an unused commitment fee of 0.5% per annum. Interest and unused commitment fees are payable quarterly.

Capital Leases

The Company leases and subleases certain portions of its owned or leased facilities under non-cancelable operating leases. Rental income under these leases, recorded within Retail, parking and other revenue on the Consolidated Statement of Operations, for the year ended December 31, 2018 was $700,000.

At December 31, 2018, future minimum rental payments required under non-cancelable leases with initial or remaining lease terms in excess of one year and lease and rental income, inclusive of a related party leasing arrangement discussed further in Note 10, "Related Party Transactions," were as follows (in thousands):

	Capital Lease Payments	Lease Income
Years ending December 31:		
2019	$ 394	$ 704
2020	394	711
2021	394	697
2022	394	581
2023	394	585
Thereafter	5,094	2,872
Minimum lease payments	7,064	$ 6,150
Less amount representing interest	(2,856)	
Total present value of net minimum obligation under capital lease (current and noncurrent) payments	4,208	
Less obligation under capital lease - current portion payments	(130)	
Net present value of minimum capital lease payments: Obligation under capital lease noncurrent portion	$ 4,078	

Certain leases include escalation clauses relating to the Consumer Price Index, utilities, taxes and other operating expenses. The Company will receive additional rental income in future years based on those factors that cannot currently be estimated.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Legal Proceedings

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

NOTE 9 - MICHIGAN GAMING CONTROL BOARD COVENANT

On April 25, 2017, the MGCB approved Greektown Holdings' financing. The MGCB's approval order ("the Order") provides that the Company and Greektown Casino (the "Greektown Entities") must demonstrate its continuing financial viability for as long as any indebtedness is outstanding under the Revolver and the Term Loan by complying with a minimum fixed charge coverage ratio maintenance covenant or a minimum of unfunded available cash.

Fixed Charge Coverage Ratio

The Order requires the Greektown Entities to maintain a ratio of earnings before interest, taxes, depreciation, and amortization ("EBITDA") to fixed charges (each as defined below) on the last day of each calendar quarter of not less than 1.05 to 1.00 ("Fixed Charge Coverage Ratio").

The Fixed Charge Coverage Ratio is measured on a trailing 12-month basis. The Order defines the ratio as the following:

(1) EBITDA for the measurement period then ending

to

(2) Fixed Charges (defined below) for the measurement period

For purposes of the Order, EBITDA means, for any period of determination, net income for the applicable period plus, without duplication and only to the extent deducted in determining net income, the following:

(1) Depreciation and amortization expense for such period

(2) Impairment and asset write-off expense for such period

(3) Interest expense, whether paid or accrued, for such period

(4) All income taxes for such period

(5) Any gains or losses for such period

(6) Net after-tax gains or losses for such period

(7) Asset advisory and services agreement fees and expenses for such period

(8) Ownership transition and termination benefit expense incurred prior to consummation of debt transaction

Fixed Charges means, for any period, the sum, without duplication, of the following:

(1) Interest expense for such period

(2) Principal payments on funded debt, excluding repayment of advances under the Revolver, for such period

(3) Distributions paid in cash for such period

(4) Unfinanced capital expenditures for such period

(5) Fees and expenses related to the asset advisory and services agreement

(6) All capitalized rent and lease expense for such period

(7) Income taxes payable in cash

If the Greektown Entities does not meet the requirements of the Fixed Charge Coverage Ratio, as defined, the Order requires the Company to possess more than $35,000,000 in Available Cash (defined below) ("Minimum Cash Requirement").

Available Cash means, for any period, unfinanced cash, minus accrued interest for such period, plus the amount available under the Revolver.

If the Greektown Entities fail to comply with these requirements and is not able to obtain a waiver from the MGCB, it could be subject to additional restrictions on its ability to operate its casino business, fines, and suspension or revocation of its gaming license. The revocation of the Company's gaming license or its suspension for more than a short time could result in an event of default under the Credit Agreement governing the Revolver and the Term Loan and could materially adversely affect or eliminate the Company's ability to generate revenue from its casino operations.

For the year ended December 31, 2018, the Greektown Entities was in compliance with the Fixed Charge Coverage Ratio.

NOTE 10 - RELATED PARTY TRANSACTIONS

The Company entered into certain business transactions with entities related to the Member and other related parties. Such transactions include but are not limited to shared team members and shared administrative services. Certain due from or due to affiliates balances recorded on the Consolidated Balance Sheet are presented net as a valid right of offset exists.

Asset Advisory Fee

In 2014, the Company entered into an asset advisory services agreement with Jack Entertainment LLC ("JACK"), a company owned by a trust established by Daniel Gilbert. In connection with and as a condition of consummation of the Credit Agreement (refer to Note 7, "Long Term Debt"), a subordination of the asset advisory and services agreement was entered into with JACK. In the first quarter of 2017 the asset advisory services agreement monthly charge was calculated as 1% of net revenues. In 2017, the Company amended the asset advisory services agreement with JACK to change the monthly fee to 2% of the Company's monthly net revenues, as defined in the agreement, plus 5% of the Company's monthly earnings before interest, taxes, depreciation, and amortization, as defined in the agreement. Additionally under the terms of the agreement, JACK is able to bill for incremental executive and professional service fees. The asset advisory fee and executive and professional fees were recorded within Management fees and General and administrative expenses on the Consolidated Statement of Operations, respectively. For the year ended December 31, 2018, total asset advisory fees and professional service fees were as follows (thousands):

		2018
Asset advisory fee	$	10,822
Professional service fees	$	3,739

Reimbursements

The asset advisory services agreement also enabled JACK to engage in various transactions on behalf of the Company. The Company reimburses JACK for these centrally-paid costs. The amount owed to JACK for centrally-paid costs was $884,000 as of December 31, 2018, and is included in Due to affiliates in the accompanying Consolidated Balance Sheet. As of December 31, 2018, $0 of executive and professional fees are included in Due to affiliates on the accompanying Consolidated Balance Sheet.

Greektown Casino has paid legal and marketing costs related to the Acquisition (as defined and discussed in Note 12, "Subsequent Events"), on behalf of Greektown Mothership. The amount owed from Greektown Mothership at December 31, 2018 is $109,000 and is included in Due from affiliates - current in the accompanying Consolidated Balance Sheet.

Lease Revenue

In 2016, the Company executed agreements with JACK to lease certain office space. For the year ended December 31, 2018, lease revenue was $288,000, and has been included within Retail, parking and other revenues on the Consolidated Statement of Operations. Included in the lease agreements is a total tenant allowance for $6,600,000, of which $2,500,000 was related to facility infrastructure improvements and, as such, is included in Land, building, and equipment of the Company in accordance with ASC 840, "Leases." In addition, the Company will recoup $4,100,000 of the tenant allowance through the lease payments from JACK. As of December 31, 2018, $3,280,000 of tenant allowance was included in Due from affiliates - long term. As of December 31, 2018, $273,000 of tenant allowance was included in Due to affiliates in the accompanying Consolidated Balance Sheet.

Intellectual Property Sale

In December 2018, the Company sold intellectual property and related rights and obligations to Athens for $750,000. The net book value of the asset sold was $463,000. As the proceeds received by the company exceeded the net book value such excess is reflected as a contribution from the member given the common control relationship.

NOTE 11 - EMPLOYEE BENEFIT PLAN

The Company maintains a defined contribution retirement plan for all employees with certain eligibility requirements as outlined in the plan document. Participants may contribute to the plan up to annual limits by the Internal Revenue Service. The Company contributes to the plan to match a portion of the employee contributions. For the year ended December 31, 2018, the Company made contributions of $2,071,000.

NOTE 12 - SUBSEQUENT EVENTS

On May 23, 2019 (the "Closing Date"), Penn National Gaming, Inc. ("Penn"), a Pennsylvania corporation, acquired the membership interests of Greektown Holdings for an aggregate purchase price of approximately $300,000,000, subject to certain closing adjustments, pursuant to a transaction agreement among Penn Tenant III, LLC, a wholly-owned subsidiary of Penn ("OpCo Buyer"), VICI Properties L.P., a wholly-owned subsidiary of VICI Properties Inc. ("VICI"), and Greektown Mothership (the "Acquisition"). Immediately prior to the Acquisition, the Company sold the land and real estate assets relating to Greektown Casino to a subsidiary of VICI for an aggregate sales price of approximately $700,000,000. On the Closing Date, OpCo Buyer and VICI entered into a triple net lease agreement for the land and real estate assets used in the operations of Greektown Casino having an initial annual rent of $55,555,555 and an initial term of 15 years, with four five-year renewal options.

The Company, along with the United Government Security Officers of America Local 265 (the "UGSOA"), ratified a five-year labor agreement in March 2019. As of March 31, 2019, 13 of the Company's employees were represented by the UGSOA.

On May 14, 2019, the Company completed the sale of real estate to Monroe Street Company LLC, a related party, for a contract sales price of $1,000,000.

Management has evaluated subsequent events through July 23, 2019, the date the financial statements were available to be issued. Other than the items discussed above, there were no events identified that require recognition or disclosure in these financial statement or accompanying notes thereto.

Greektown Holdings, L.L.C.

Consolidated Financial Statements as of and for the three months ended
March 31, 2019 and Independent Auditors' Report

GREEKTOWN HOLDINGS, L.L.C.

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Review Report of Independent Auditors

Greektown Holdings, L.L.C.

We have reviewed the consolidated financial information of Greektown Holdings, L.L.C., which comprise the consolidated balance sheet as of March 31, 2019, and the related consolidated statements of operations, member's equity and cash flows for the three month period ended March 31, 2019.

Management's Responsibility for the Financial Information

Management is responsible for the preparation and fair presentation of the interim financial information in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in conformity with U.S. generally accepted accounting principles.

Auditor's Responsibility

Our responsibility is to conduct our review in accordance with auditing standards generally accepted in the United States applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States, the objective of which is the expression of an opinion regarding the financial information. Accordingly, we do not express such an opinion.

Conclusion

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial information referred to above for it to be in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Detroit, Michigan
July 23, 2019

GREEKTOWN HOLDINGS, L.L.C.
CONSOLIDATED BALANCE SHEET
As of March 31, 2019
(Unaudited)

(in thousands)		
Assets		
Current Assets:		
Cash and cash equivalents	$	37,497
Accounts receivable, net of allowance for doubtful accounts of $26		2,677
Other currents assets		15,537
Due from affiliates		574
Total current assets		56,285
Land, buildings, and equipment, net		324,106
Due from affiliates		3,212
Deferred charges and other assets		710
Goodwill		81,151
Other intangible assets		177,700
Total assets	$	643,164
Liabilities and Member's Equity		
Current Liabilities:		
Accounts payable	$	3,620
Accrued expenses		15,468
Due to affiliates		1,471
Interest payable		166
Current portion of loans payable		4,000
Current portion of capital leases		132
Total current liabilities		24,857
Long-term liabilities:		
Loans payable, net of deferred financing costs		361,588
Capital leases		4,044
Other liabilities		1,045
Total liabilities		391,534
Total member’s equity		251,630
Total liabilities and member’s equity	$	643,164

See notes to consolidated financial statements.

GREEKTOWN HOLDINGS, L.L.C.
CONSOLIDATED STATEMENT OF OPERATIONS
For the three months ended March 31, 2019
(Unaudited)

(in thousands)		
Revenues:		
Casino	$	74,598
Food and beverage		5,841
Rooms		4,281
Retail, parking, and other		1,727
Less: casino promotional allowance		(2,705)
Net revenues		83,742
Operating expenses:		
Direct:		
Casino		35,840
Food and beverage		4,209
Rooms		2,012
Retail, parking, and other		1,378
General and administrative		13,630
Management fees		2,823
Loss on disposal of assets		166
Depreciation and amortization		5,316
Total operating expenses		65,374
Operating income		18,368
Other income (expense):		
Other income		16
Interest expense		(5,711)
Total other expense		(5,695)
Net income	$	12,673

See notes to consolidated financial statements.

GREEKTOWN HOLDINGS, L.L.C.
CONSOLIDATED STATEMENT OF MEMBER'S EQUITY
For the three months ended March 31, 2019
(Unaudited)

(in thousands)	Additional Paid-in Capital	Member's Equity	Total Member's Equity
Balance - January 1, 2019	$ 255,188	$ (4,005)	$ 251,183
Equity distribution	(12,226)	—	(12,226)
Net income	—	12,673	12,673
Balance - March 31, 2019	$ 242,962	$ 8,668	$ 251,630

See notes to consolidated financial statements.

GREEKTOWN HOLDINGS, L.L.C.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended March 31, 2019
(Unaudited)

(in thousands)		
Cash flows provided by operating activities:		
Net income	$	12,673
Adjustments to reconcile net income to cash flows:		
Depreciation and amortization		5,316
Amortization of net discount on debt in interest expense		454
Loss on disposal of assets		166
Changes in assets and liabilities:		
Decrease in receivables, net		539
Decrease in other current assets		1,985
Decrease in other long-term assets		62
Decrease in accounts payable		(618)
Decrease in accrued expenses		(294)
Decrease in due from/to affiliates		(78)
Decrease in other liabilities		(32)
Net cash flows provided by operating activities		20,173
Cash flows used in investing activities:		
Proceeds from the sale of assets		128
Additions of building improvements and equipment		(874)
Net cash flows used in investing activities		(746)
Cash flows used in financing activities:		
Debt repayments		(19,000)
Equity distributions		(12,226)
Net cash flows used in financing activities		(31,226)
Net decrease in cash and cash equivalents		(11,799)
Cash and cash equivalents - Beginning of period		49,296
Cash and cash equivalents - End of period	$	37,497
Supplemental non-cash investing information:		
Capital expenditures included in accounts payable and accrued expenses	$	719
Supplemental other financing information:		
Cash paid for interest	$	5,150

See notes to consolidated financial statements.

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Greektown Holdings, L.L.C. (together with its subsidiaries, known as "Greektown Holdings" or "the Company") was formed in September 2005 as a limited liability company. Greektown Holdings owns Greektown Casino, L.L.C. ("Greektown Casino") which is principally engaged in the operation of a casino gaming facility and hotel, known as Greektown Casino-Hotel that opened on November 10, 2000, within the city of Detroit. Greektown Casino operates under a license granted by the Michigan Gaming Control Board ("the MGCB") and the terms of a development agreement between Greektown Casino and the city of Detroit ("the Development Agreement").

Greektown Holdings is solely owned by Greektown Mothership LLC ("Greektown Mothership"). Greektown Mothership is the subsidiary of Athens Acquisition LLC ("Athens" or "Member"), DG Athens LLC and Hermelin Athens LLC. Daniel Gilbert is the principal owner of both Athens and DG Athens LLC.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and include the accounts of its wholly-owned subsidiaries after elimination of all intercompany balances and transactions. The Company consolidates into its financial statements the accounts of all wholly-owned subsidiaries and any partially-owned subsidiary that it has the ability to control. Control generally equates to ownership percentage, whereby investments that are more than 50% owned are consolidated, investments in affiliates of 50% or less but greater than 20% are generally accounted for using the equity method and investments in affiliates of 20% or less are accounted for using the cost method.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents are liquid investments with maturities of less than three months from the date of the purchase and are stated at the lower of cost or net realizable value. Throughout the year, cash and cash equivalents may exceed the insurance limits mandated by the Federal Deposit Insurance Corporation.

Concentrations of Risk

As of March 31, 2019, 1,289 of the Company's employees were covered by collective bargaining agreements, including a majority of the Company's hourly staff. The Detroit Casino Counsel union ("DCC") represents 1,189 union members. The Company, along with the DCC, ratified a five-year labor agreement in 2015. As of March 31, 2019, 87 of the Company's employees were represented by the International Union, Security, Police and Fire Professionals of America ("SPFPA"). The Company, along with the SPFPA, ratified a five-year labor agreement in 2016. As of March 31, 2019, 13 of the Company's employees were represented by the United Government Security Officers of America Local 265 (the "UGSOA"). The Company, along with the UGSOA, ratified a five-year labor agreement in March 2019.

Accounts Receivable

The Company's accounts receivable primarily consist of casino and building lessees' accounts receivable, hotel and related party receivables. Business or economic conditions or other significant events could affect the collectability of these accounts receivable. An allowance for doubtful accounts is determined to reduce the Company's accounts receivable to their carrying value, which approximates fair value. The allowance is estimated using specific reserves and applying percentages to aged accounts receivable based on historical collection rates, customer relationships and current economic conditions. The allowance for doubtful accounts at March 31, 2019 was $26,000. Accounts receivable are written off when management determines that an account is uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received.

Other Current Assets

Other current assets mainly include various prepayments and inventories. Inventories, which consist primarily of food, beverage and operating supplies, are stated at the lower of average cost or net realizable value. Prepaid expenses consist of payments made for items to be expensed over future periods. As of March 31, 2019, other current assets consisted of the following (in thousands):

Annual MGCB regulatory fee	$	6,929
Annual municipal service fee		2,433
Taxes		1,482
Insurance		1,193
Inventory		1,012
Marketing		715
Union bonuses		565
Other		1,208
	$	15,537

Land, Buildings and Equipment

Land, buildings and equipment are stated at historical cost, including capitalized interest on funds used to finance construction calculated at the borrowing rate applicable to the Company's long-term debt.

The Company capitalizes direct and indirect construction and development costs, including interest, insurance and other costs directly related and essential to the acquisition, development or construction of long-lived assets. Construction and development costs are capitalized while substantial activities are ongoing to prepare the assets for their intended use. The Company utilizes a threshold of $5,000 when considering items for capitalization.

Depreciation is provided using the straight-line method over the shorter of the estimated useful life of the asset or the related reasonably assured lease term, as follows:

Land improvements	12 years
Buildings and improvements	5 to 40 years
Furniture, fixtures and equipment	2.5 to 20 years

Upon retirement or sale, the cost of assets disposed and their related accumulated depreciation are removed from the Company's accounts. Any resulting gain or loss is credited or charged to operations. Maintenance and repairs are expensed when incurred while improvements are capitalized. The total amount expensed for maintenance and repairs was $603,000 for the three months ended March 31, 2019.

The Company reviews the carrying value of land improvements, buildings and improvements and furniture, fixtures and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If undiscounted expected future cash flows are less than the carrying value, an impairment loss would be recognized equal to an amount by which the carrying value exceeds the fair value of the asset. The factors considered by the Company in performing this assessment include current operating results, trends and prospects, as well as the effect of obsolescence, demand, competition and other economic factors. If an asset is currently under development, future cash flows include remaining construction costs. The Company had no impairment of land, buildings and equipment during the three months ended March 31, 2019.

Goodwill and Other Intangible Assets

Goodwill consists of the excess of the purchase price over the fair value of net assets acquired. The Company had $81,151,000 recorded as goodwill as of March 31, 2019.

Other intangible assets consist of casino development rights. Casino development rights are indefinite-lived intangible assets and are not amortized. The Company has $177,700,000 recorded as indefinite-lived intangible assets (other than goodwill) as of March 31, 2019.

On the first day of the fourth quarter of each year, the Company performs an annual assessment for impairment of goodwill and other indefinite-lived intangible assets, or between annual tests if there is an indication of impairment. There were no goodwill or other intangible asset impairments during the three months ended March 31, 2019.

Loyalty Program

Greektown Casino sponsors a players club for its repeat customers. Members of the club earn points and complimentaries for playing Greektown Casino's electronic gaming devices and table games.

Club members may redeem points for cash and may also earn special coupons or awards, as determined by Greektown Casino. The Company estimates the cash value of points earned by club members and recognizes a related liability for any unredeemed points. The Company has adopted the provisions of Accounting Standards Codification ("ASC") 605, "Revenue Recognition." Accordingly, Greektown Casino has recognized the cash value of points earned as a direct reduction in casino revenue. For the three months ended March 31, 2019, this reduction totaled $1,581,000.

Club members may redeem complimentaries for various items, including bonus play, food, nonalcoholic beverages and hotel rooms, as determined by Greektown Casino. The Company estimates the cash value of the complimentaries earned by club members and recognizes a related liability for any unredeemed complimentaries. The cost of complimentaries related to bonus play is recorded as a direct reduction in Casino revenue and the cost of complimentaries related to food, nonalcoholic beverages, and hotel rooms are recorded in Casino expenses in the accompanying Consolidated Statement of Operations.

Equity Distribution

On March 15, 2019, the Company made an equity distribution to Greektown Holdings in the amount of $12,226,000.

Revenue Recognition and Promotional Allowance

Casino revenues include revenue from gaming related activities, such as table games, slot machines, and poker. Casino revenues are measured by the aggregate net difference between gaming wins and losses with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in customers' possession.

Jackpots, other than the incremental amount of progressive jackpots, are recognized at the time they are won by customers. The Company accrues the incremental amount of progressive jackpots as the progressive machine is played and the progressive jackpot amount increases, with a corresponding reduction of gaming revenue.

Food and beverage, room, retail, parking and other revenues are recognized when services are performed. The retail value of food and beverage and other services provided by the casino directly and furnished to casino guests without charge is included in gross revenue and then deducted as casino promotional allowances. The estimated cost of providing such casino promotional allowance is included primarily in Casino expenses in the accompanying Consolidated Statement of Operations.

Estimated Retail Value of Casino Promotional Allowance (in thousands):

	Three months ended March 31, 2019
Food and beverage	$ 2,000
Rooms	705
	$ 2,705

Estimated Cost of Providing Promotional Allowance (in thousands):

	Three months ended March 31, 2019
Food and beverage	$ 2,191
Rooms	397
	$ 2,588

Advertising

The Company expenses the production costs of advertising the first time the advertising takes place. Advertising expense was $1,037,000 for the three months ended March 31, 2019. The costs associated with such advertising activities are classified as General and administrative expenses in the accompanying Consolidated Statement of Operations.

Gaming and Other Taxes

The Company is subject to state and local gaming taxes based on gross gaming revenue in the jurisdiction in which it operates. The Company recognizes gaming tax expense based on the statutorily required percentage of revenue that must be paid to state and local jurisdictions. The Company records gaming tax expense at the Company's 19% gaming tax rate on adjusted gross daily gaming revenue. Municipal services fees are recorded at an amount equal to or greater of 1.25% of adjusted gross gaming receipts or $4,000,000 annually. Both of these taxes are recorded in Casino expenses in the accompanying Consolidated Statement of Operations and were $17,924,000 for the three months ended March 31, 2019.

The Company is required to pay a daily fee to the city of Detroit in the amount of 1.0% of adjusted gross receipts, increasing to 2.0% of adjusted gross receipts if adjusted gross receipts exceed $400,000,000 in any one calendar year. In addition, if and when adjusted gross receipts exceed $400,000,000, the Company will be required to pay $4,000,000 to the city of Detroit. The Company does not anticipate its adjusted gross receipts to exceed $400,000,000 during the calendar year ending 2019.

Income Taxes

The Company is a "disregarded entity" for federal and state income tax purposes. The accompanying financial statements do not include a provision for income taxes since any income or loss allocated to the Member is reportable for income tax purposes by the Member. The Company's income tax return and the amount of allocable income are subject to examination by federal and state taxing authorities. If an examination results in a change to the Company's income, the Member's tax may also change.

Fair Value of Financial Instruments

Fair value measurements affect the Company's accounting and impairment assessments of assets acquired in acquisitions, goodwill and other intangible assets. Fair value measurements also affect the accounting for certain financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is measured according to a hierarchy described in Note 3, "Fair Value Measurements."

The fair value of cash and cash equivalents, accounts receivable, other current assets, accounts payable and other current liabilities approximates carrying value due to the short-term nature of these financial instruments.

New Accounting Standards Updates

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers." ASU 2014-09 requires revenue recognition to depict the transfer of goods or services to customers in an amount that reflects the consideration that a company expects to be entitled to in exchange for the goods or services. To achieve this principle, a company must apply five steps including identifying the contract with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations and recognizing revenue when (or as) the company satisfies the performance obligations. Additional quantitative and qualitative disclosure to enhance the understanding about the nature, amount, timing, and uncertainty of revenue and cash flows is also required. ASU 2014-09 was further amended by several ASUs for which the Company was affected. These ASUs included 2015-14, which deferred the effective date of ASU 2015-09 for one year, ASU 2016-10 which clarified guidance related to identifying performance obligations and licensing implementation guidance contained in the new revenue recognition standard and ASU 2016-20 which represented a variety of minor corrections or minor improvements to the new revenue recognition standard. ASU 2014-09, as amended by ASU 2015-14, is effective for fiscal years beginning after December 15, 2018 with no requirement for interim reporting in the year of adoption. The Company anticipates that the adoption of this standard will principally affect (1) the presentation of promotional allowances within net revenue, (2) how liability associated with our Loyalty Program is measured, and (3) the classification and measurement of revenues and expenses between gaming; food, beverage and other. Additionally, subsequent to the adoption of the new revenue standard, food, beverage and other services furnished to guests on a complimentary basis will be measured at the estimated stand-alone selling prices and included as revenues within food, beverage, and other; as appropriate, in the Statement of Operations.

In February 2016, the FASB issued ASU 2016-02, "Leases." ASU 2016-02 requires management to recognize lease assets and lease liabilities on the balance sheet. Additional quantitative and qualitative disclosure to enhance the understanding of the amount, timing, and uncertainty of cash flows arising from leases is also required. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020. The Company is in the process of determining the effect that ASU 2016-02 will have on its results of operations, balance sheets or financial statement disclosures.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force) and in November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash." ASU 2016-15 addresses specific cash flow classification issues including: debt prepayment or debt extinguishment costs; settlement of zero-coupon or similar debt instruments; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; distributions received from equity method investees; and separately identifiable cash flows and application of the predominance principle. ASU 2016-18 requires restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Both ASU 2016-15 and ASU 2016-18 are effective for fiscal years beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019. The Company anticipates that the adoption of these standards will not have a material impact on its results of operations and balance sheets other than the presentation on the cash flow statements.

In June 2016, the FASB issued ASU 2016-13, "Account for Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 amends the guidance on the impairment of financial instruments. This update adds an impairment model (known as the current expected credit losses model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes, as an allowance, its estimate of expected credit losses. In November 2018, ASU 2016-13 was amended by ASU 2018-19, "Codification Improvements to Topic 326, Financial Instruments - Credit Losses." ASU 2018-19 clarifies that operating lease receivables are not within the scope of ASC 326-20 and should instead be accounted for under the new leasing standard, ASC 842. The Company has not yet determined the effect that ASU 2018-19 will have on its results operations, balance sheets or financial statement disclosures.

In August 2018, the FASB issued ASU 2018-15, "Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract." ASU 2018-15 requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance in ASC 350-40 to determine which implementation costs to defer and recognize as an asset. ASU 2018-15 is effective for annual periods beginning after December 15, 2020 and interim periods in annual periods beginning after December 15, 2021. The Company has not yet determined the effect that ASU 2018-15 will have on its results operations, balance sheets or financial statement disclosures.

NOTE 3 - FAIR VALUE MEASUREMENTS

The fair value hierarchy defines fair value as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based upon assumptions that market participants would use in pricing an asset or liability. ASC 820, "Fair Value Measurements and Disclosures," establishes three tiers, which prioritize the inputs used in measuring fair value as follows:

- 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.

NOTE 4 - LAND, BUILDINGS AND EQUIPMENT, NET

Land, building, and equipment, net, as of March 31, 2019 consisted of the following (in thousands):

Land and land improvements	$	18,803
Buildings and improvements		325,007
Furniture, fixtures, and equipment		98,832
Capital leases		3,447
Construction in process		3,928
		450,017
Less: accumulated depreciation		(125,585)
Less: accumulated amortization on capital leases		(326)
Land, buildings and equipment, net	$	324,106

Depreciation expense for the three months ended March 31, 2019 was $5,334,000, including amortization of property under the capital lease. Depreciation and amortization expense within the accompanying Consolidated Statement of Operations also includes amortization of a leasehold liability.

NOTE 5 - GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets as of March 31, 2019 consisted of the following (in thousands):

Non-amortizing intangible assets		
Goodwill	$	81,151
Casino development rights		177,700
	$	258,851

No impairments were identified for the three months ended March 31, 2019.

NOTE 6 - ACCRUED EXPENSES

Accrued expenses as of March 31, 2019 consisted of the following (in thousands):

Payroll and other compensation	$	8,634
Loyalty program		1,805
Progressive liability		1,452
Taxes		1,321
Deposits and customer funds liability		817
Other accruals		1,439
	$	15,468

NOTE 7 - LONG-TERM DEBT

On April 25, 2017, the Company entered into a credit agreement ("Credit Agreement"), summarized as follows:

- $400,000,000 first lien term loan ("Term Loan"), with a maturity date of April 25, 2024, and an interest rate of 2.0% above the bank's alternative base rate or 3.0% above LIBOR, with a reduction to 2.75% above LIBOR after 0.50x deleveraging. There are quarterly installment payments of $1.0 million of principal, which began September 30, 2017. The net proceeds were advanced to Greektown Casino.
- $50,000,000 revolving loan facility ("Revolver") with a maturity date of April 25, 2022. The Revolver may be borrowed either as an ABR loan with an interest rate of 2.0% above the bank's alternative base rate or a Eurocurrency loan with an interest rate of 3.0% above LIBOR. There is an unused commitment fee of 0.5% per annum. Interest and unused commitment fees are payable quarterly.

The following table presents the Company's outstanding debt as of March 31, 2019 (in thousands):

	Maturity	Rate at March 31, 2019	Book Value as of March 31, 2019
Senior Financing (secured):			
Term Loan	2024	5.25%	$ 365,588
Revolver	2022	Variable	—
Total loans payable			365,588
Current portion of loans payable			(4,000)
Long-term loans payable			$ 361,588
Financing Obligations:			
Capital leases	2036	—	$ 4,176
Total financing obligations			$ 4,176
Current portion of financing obligations			(132)
Long-term financing obligations			$ 4,044

As of March 31, 2019, the book value of the term loan is presented net of deferred financing costs and discounts of$9,412,000. Deferred financing costs of $312,000 associated with the Revolver are included in Deferred charges and other assets. Amortization of the Term Loan and Revolver deferred financing costs are calculated under the effective interest rate and straight line methods, respectively, and are included in Interest expense, net of interest capitalized in the accompanying Statement of Operations.

Capital Leases

The Company leases and subleases certain portions of its owned or leased facilities under non-cancelable operating leases. Rental income under these leases for the three months ended March 31, 2019 was $176,000. This amount is recorded within Retail, parking, and other revenues on the Consolidated Statement of Operations.

At March 31, 2019, future minimum rental payments required under non-cancelable leases with initial or remaining lease terms in excess of one year and lease and rental income, inclusive of a related party leasing arrangement discussed further in Note 10, "Related Party Transactions," were as follows (in thousands):

	Capital Lease Payments	Lease Income
Years ending March 31:		
2020	$ 394	$ 705
2021	394	714
2022	394	662
2023	394	582
2024	394	586
Thereafter	4,995	2,725
Minimum lease payments	6,965	$ 5,974
Less amount representing interest	(2,789)	
Total present value of net minimum obligation under capital lease (current and noncurrent) payments	4,176	
Less obligation under capital lease - current portion payments	(132)	
Net present value of minimum capital lease payments: Obligation under capital lease noncurrent portion	$ 4,044	

Certain leases include escalation clauses relating to the Consumer Price Index, utilities, taxes and other operating expenses. The Company will receive additional rental income in future years based on those factors that cannot currently be estimated.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Legal Proceedings

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

NOTE 9 - MICHIGAN GAMING CONTROL BOARD COVENANT

On April 25, 2017, the MGCB approved Greektown Holdings' financing. The MGCB's approval order ("the Order") provides that the Company and Greektown Casino (the "Greektown Entities") must demonstrate its continuing financial viability for as long as any indebtedness is outstanding under the Revolver and the Term Loan by complying with a minimum fixed charge coverage ratio maintenance covenant or a minimum of unfunded available cash.

Fixed Charge Coverage Ratio

The Order requires the Greektown Entities to maintain a ratio of earnings before interest, taxes, depreciation, and amortization ("EBITDA") to fixed charges (each as defined below) on the last day of each calendar quarter of not less than 1.05 to 1.00 ("Fixed Charge Coverage Ratio").

The Fixed Charge Coverage Ratio is measured on a trailing 12-month basis. The Order defines the ratio as the following:

(1) EBITDA for the measurement period then ending

to

(2) Fixed Charges (defined below) for the measurement period

For purposes of the Order, EBITDA means, for any period of determination, net income for the applicable period plus, without duplication and only to the extent deducted in determining net income, the following:

(1) Depreciation and amortization expense for such period

(2) Impairment and asset write-off expense for such period

(3) Interest expense, whether paid or accrued, for such period

(4) All income taxes for such period

(5) Any gains or losses for such period

(6) Net after-tax gains or losses for such period

(7) Asset advisory and services agreement fees and expenses for such period

(8) Ownership transition and termination benefit expense incurred prior to consummation of debt transaction

Fixed Charges means, for any period, the sum, without duplication, of the following:

(1) Interest expense for such period

(2) Principal payments on funded debt, excluding repayment of advances under the Revolver, for such period

(3) Distributions paid in cash for such period

(4) Unfinanced capital expenditures for such period

(5) Fees and expenses related to the asset advisory and services agreement

(6) All capitalized rent and lease expense for such period

(7) Income taxes payable in cash

If the Greektown Entities does not meet the requirements of the Fixed Charge Coverage Ratio, as defined, the Order requires the Company to possess more than $35,000,000 in Available Cash (defined below) ("Minimum Cash Requirement").

Available Cash means, for any period, unfinanced cash, minus accrued interest for such period, plus the amount available under the Revolver.

If the Greektown Entities fail to comply with these requirements and is not able to obtain a waiver from the MGCB, it could be subject to additional restrictions on its ability to operate its casino business, fines, and suspension or revocation of its gaming license. The revocation of the Company's gaming license or its suspension for more than a short time could result in an event of default under the Credit Agreement governing the Revolver and the Term Loan and could materially adversely affect or eliminate the Company's ability to generate revenue from its casino operations.

For the three months ended March 31, 2019, the Greektown Entities was in compliance with the Fixed Charge Coverage Ratio.

NOTE 10 - RELATED PARTY TRANSACTIONS

The Company entered into certain business transactions with entities related to the Member and other related parties. Such transactions include but are not limited to shared team members and shared administrative services. Certain due from or due to affiliates balances recorded on the Consolidated Balance Sheet are presented net as a valid right of offset exists.

Asset Advisory Fee

In 2014, the Company entered into an asset advisory services agreement with Jack Entertainment LLC ("JACK"), a company owned by a trust established by Daniel Gilbert. In connection with and as a condition of consummation of the Credit Agreement (refer to Note 7, "Long Term Debt"), a subordination of the asset advisory and services agreement was entered into with JACK. In 2017, the Company amended the asset advisory services agreement with JACK to change the monthly fee to 2% of the Company's monthly net revenues, as defined in the agreement, plus 5% of the Company's monthly earnings before interest, taxes, depreciation, and amortization, as defined in the agreement. Additionally, under the terms of the agreement JACK is able to bill for incremental executive and professional service fees. For the three months ended March 31, 2019, total asset advisory fees were $2,823,000 and executive and professional services fees were $164,000. The Asset Advisory Fee and executive and professional fees were recorded within Management Fees and General and administrative expenses on the Consolidated Statement of Operations, respectively.

Reimbursements

The asset advisory services agreement also enabled JACK to engage in various transactions related to costs on behalf of the Company. The Company reimburses JACK for these centrally paid costs. The amount owed to JACK for centrally paid costs was $510,000 as of March 31, 2019 and is included in Due to affiliates in the accompanying Consolidated Balance Sheet.

Greektown Casino has paid legal and marketing costs related to the Acquisition (as defined and discussed in Note 12, "Subsequent Events"), on behalf of Greektown Mothership. The amount owed from Greektown Mothership at March 31, 2019 is $110,000 and is included in Due from affiliates in the accompanying Consolidated Balance Sheet.

Lease Revenue

In 2016, the Company executed agreements with JACK to lease certain office space. For the three months ended March 31, 2019, $72,000 of lease revenue has been recorded within Retail, parking and other revenues on the Consolidated Statement of Operations. Included in the lease agreements is a total tenant allowance for $6,600,000 of which $2,500,000 was related to facility infrastructure improvements and, as such, is recorded in Land, building, and equipment of the Company in accordance with ASC 840, "Leases." In addition, the Company will recoup $4,100,000 of the tenant allowance through the lease payments from JACK. As of March 31, 2019, $3,212,000 of tenant allowance was recorded in Long term, Due from affiliates and $273,000 was recorded in Due to affiliates.

NOTE 11 - EMPLOYEE BENEFIT PLAN

The Company maintains a defined contribution retirement plan for all employees with certain eligibility requirements as outlined in the plan document. Participants may contribute to the plan up to annual limits by the Internal Revenue Service. The Company contributes to the plan to match a portion of the employee contributions. The Company made contributions of $518,000 for the three months ended March 31, 2019.

NOTE 12 - SUBSEQUENT EVENTS

On May 23, 2019 (the "Closing Date"), Penn National Gaming, Inc. ("Penn"), a Pennsylvania corporation, acquired the membership interests of Greektown Holdings for an aggregate purchase price of approximately $300,000,000, subject to certain closing adjustments, pursuant to a transaction agreement among Penn Tenant III, LLC, a wholly-owned subsidiary of Penn ("OpCo Buyer"), VICI Properties L.P., a wholly-owned subsidiary of VICI Properties Inc. ("VICI"), and Greektown Mothership (the "Acquisition"). Immediately prior to the Acquisition, the Company sold the land and real estate assets relating to Greektown Casino to a subsidiary of VICI for an aggregate sales price of approximately $700,000,000. On the Closing Date, OpCo Buyer and VICI entered into a triple net lease agreement for the land and real estate assets used in the operations of Greektown Casino having an initial annual rent of $55,555,555 and an initial term of 15 years, with four five-year renewal options.

On May 14, 2019, the Company completed the sale of real estate to Monroe Street Company LLC, a related party, for a contract sales price of $1,000,000.

On April 26, 2019, the Company made a $16,000,000 principal payment on the Term Loan, reducing the outstanding principal to $359,000,000.

Management has evaluated subsequent events through July 23, 2019, the date the financial statements were available to be issued. Other than the items discussed above, there were no events identified that require recognition or disclosure in these financial statement or accompanying notes thereto.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed consolidated combined financial statements give effect to (1) Penn National Gaming, Inc.'s ("Penn" or "the Company") acquisition of Pinnacle Entertainment, Inc. ("Pinnacle") (defined herein as the "Pinnacle Merger"), which closed on October 15, 2018, inclusive of (i) the divestiture of the membership interests of certain Pinnacle subsidiaries which operated the casinos known as Ameristar Casino St. Charles, Ameristar Casino Kansas City, Belterra Resort, and Belterra Park to Boyd Gaming Corporation (defined herein as the "Boyd Divestitures"), (ii) the sale of Penn's Plainridge Park Casino real estate assets to Gaming and Leisure Properties Inc. (NYSE: GLPI) ("GLPI") and subsequent leaseback to a Penn subsidiary (the "Plainridge Park Sale-Leaseback"), and (iii) Penn's financing obligation to GLPI related to the Plainridge Park Sale-Leaseback assumed to be completed simultaneously with the Pinnacle Merger of which the effects of the sale-leaseback is included within these unaudited pro forma condensed consolidated combined financial statements; and (2) Penn's acquisition of the operations of the Greektown Casino-Hotel ("Greektown") (defined herein as the "Greektown Acquisition"), which closed on May 23, 2019. The Pinnacle Merger and the Greektown Acquisition are defined herein together as the "transactions."

Pursuant to a transaction agreement, a wholly-owned subsidiary of Penn acquired the limited liability company interest in Greektown Holdings, L.L.C., a direct subsidiary of Greektown parent ("Holdings"), and immediately prior to such acquisition, Greektown Casino L.L.C., sold the land and real estate assets related to Greektown to a subsidiary of VICI Properties, Inc. (NYSE: VICI) ("VICI") and simultaneously with closing of the transaction, a subsidiary of Penn and a subsidiary of VICI entered into a triple net lease pursuant to which the real estate assets were leased back to Penn. For purposes of the unaudited pro forma condensed consolidated combined financial statements, the Greektown Acquisition and the sale-leaseback are assumed to be completed simultaneously and the effects of the sale-leaseback are included within these unaudited pro forma condensed consolidated combined financial statements.

The unaudited pro forma condensed consolidated combined balance sheet gives effect to the Greektown Acquisition as if it had occurred on March 31, 2019, and the unaudited pro forma condensed consolidated statements of combined operations for the three months ended March 31, 2019, and the year ended December 31, 2018, give effect to the Greektown Acquisition as if it had occurred on January 1, 2018, the beginning of the earliest period presented. The unaudited pro forma condensed consolidated combined balance sheet as of March 31, 2019 and the unaudited pro forma condensed consolidated statements of combined operations for the three months ended March 31, 2019 fully reflect the Pinnacle Merger and therefore are not adjusted for the Pinnacle Merger. The unaudited pro forma condensed consolidated statements of combined operations for the year ended December 31, 2018 assumes the Pinnacle Merger occurred on January 1, 2018, the beginning of the earliest period presented.

The following unaudited pro forma condensed consolidated combined financial information is based on the historical consolidated financial statements of Penn, Pinnacle and Greektown, and the assumptions and adjustments set forth in the accompanying explanatory notes. The Boyd Divestitures are presented from the historical perspective of Pinnacle and are not intended to be indicative of how the transferred assets would operate on a stand-alone basis.

The historical consolidated financial statements have been adjusted in the unaudited pro forma condensed consolidated combined financial statements to give effect to pro forma events that are: (1) directly attributable to the transactions; (2) factually supportable; and (3) with respect to the unaudited pro forma condensed consolidated statements of combined operations, expected to have a continuing impact on the combined results of Penn, Pinnacle and Greektown. The unaudited pro forma condensed consolidated combined financial information for the transactions have been developed from and should be read in conjunction with Penn's unaudited interim condensed consolidated financial statements contained in Penn's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019, and the Penn audited consolidated financial statements contained in Penn's Annual Report on Form 10-K for the year ended December 31, 2018, as well as the historical financial statements included with this Form 8-K for Greektown.

The unaudited pro forma condensed consolidated combined financial information has been prepared by Penn using the acquisition method of accounting in accordance with U.S. generally accepted accounting principles, referred to as GAAP. Penn has been treated as the acquirer with respect to the Pinnacle Merger and the Greektown Acquisition for accounting purposes. The acquisition accounting is dependent upon certain valuation and other studies and are in process of being finalized. The assets and liabilities of Pinnacle and Greektown have been measured based on various preliminary estimates using assumptions that Penn believes are reasonable based on information that is currently available. Differences between these preliminary estimates and the final acquisition accounting will occur, and those differences could have a material impact on the accompanying unaudited pro forma condensed consolidated combined financial statements and the combined company's future results of operations and financial position. The pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed consolidated combined financial statements prepared in accordance with the rules and regulations of the Securities and Exchange Commission. The unaudited pro forma condensed consolidated statements of combined operations also do not reflect any cost savings from potential operating efficiencies or associated costs to achieve such savings or synergies that are expected to result from the transactions nor does it include any costs associated with severance, restructuring or integration activities resulting from the transactions. However, such costs will affect the combined company following the transactions in the period the costs are incurred.

Penn intends to finalize the necessary valuation and other studies required to finalize the acquisition accounting as soon as practicable within the required measurement period, but in no event later than one year following completion of the Pinnacle Merger and the Greektown Acquisition.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMBINED BALANCE SHEET
AS OF MARCH 31, 2019

(in thousands)	Penn	Greektown	Adjustments to Conform to Accounting Policies (Note 3)	Reclassifications (Note 5)		Combined Balance Sheet	Acquisition Related Pro Forma Adjustments (Note 4)		Pro Forma for Acquisition
Assets									
Current Assets:									
Cash and cash equivalents	$ 400,280	$ 37,497	$ —	$ —		$ 437,777	$ (85,255)	(11)	$ 352,522
Receivables, net of allowance for doubtful accounts	114,439	2,677	—	574	(a)	117,690	—		117,690
Prepaid expenses	67,856	—	—	—		67,856	—		67,856
Other currents assets	56,629	15,537	(16)	—		72,150	—		72,150
Due from affiliates	—	574	—	(574)	(a)	—	—		—
Total current assets	639,204	56,285	(16)	—		695,473	(85,255)		610,218
Property and equipment, net	5,227,922	324,106	(3,108)	—		5,548,920	(288,621)	(1)	5,260,299
Other assets									
Investment in and advances to unconsolidated affiliates	127,924	—	—	—		127,924	—		127,924
Due from affiliates	—	3,212	—	(3,212)	(a)	—	—		—
Goodwill	1,279,496	81,151	—	—		1,360,647	(25,200)	(2)	1,335,447
Other intangible assets, net	1,923,347	177,700	—	—		2,101,047	16,400	(2)	2,117,447
Operating lease right-of-use assets	3,972,527	—	40	—		3,972,567	516,058	(3)	4,488,625
Finance lease right-of-use assets	222,418	—	4,168	—		226,586	—		226,586
Deferred charges and other assets	—	710	—	(710)	(a)	—	—		—
Other assets	105,333	—	—	3,922	(a)	109,255	—		109,255
Total other assets	7,631,045	262,773	4,208	—		7,898,026	507,258		8,405,284
Total assets	$ 13,498,171	$ 643,164	$ 1,084	$ —		$ 14,142,419	$ 133,382		$ 14,275,801

(in thousands)	Penn	Greektown	Adjustments to Conform to Accounting Policies (Note 3)	Reclassifications (Note 5)		Combined Balance Sheet	Acquisition Related Pro Forma Adjustments (Note 4)		Pro Forma for Acquisition
Liabilities									
Current liabilities									
Accounts payable	$ 31,388	$ 3,620	$ —	$ —		$ 35,008	$ —		$ 35,008
Current maturities of long-term debt	62,505	4,000	—	—		66,505	231,000	(4)	297,505
Current portion of financing obligations	52,600	—	—	—		52,600	—		52,600
Current portion of operating lease liabilities	95,894	—	—	—		95,894	28,195	(3)	124,089
Current portion of finance lease liabilities	5,874	—	127	—		6,001	—		6,001
Current portion of capital leases	—	132	(132)	—		—	—		—
Accrued expenses and other current liabilities	572,122	15,468	800	1,471	(a)	589,861	—		589,861
Due to affiliates	—	1,471	—	(1,471)	(a)	—	—		—
Interest payable	—	166	—	—		166	(166)	(4)	—
Total current liabilities	820,383	24,857	795	—		846,035	259,029		1,105,064
Long-term liabilities									
Long-term debt, net of current maturities and debt issuance costs	2,311,379	361,588	—	—		2,672,967	(361,588)	(4)	2,311,379
Long-term portion of financing obligations	4,129,233	—	—	—		4,129,233	—		4,129,233
Long-term portion of operating lease liabilities	3,868,392	—	—	—		3,868,392	487,864	(3)	4,356,256
Long-term portion of finance lease liabilities	216,948	—	4,040	—		220,988	—		220,988
Capital leases	—	4,044	(4,044)	—		—	—		—
Deferred income taxes	232,679	—	—	—		232,679	—		232,679
Noncurrent tax liabilities	32,461	—	—	—		32,461	—		32,461
Other noncurrent liabilities	24,885	1,045	—	—		25,930	—		25,930
Total liabilities	11,636,360	391,534	791	—		12,028,685	385,305		12,413,990
Shareholder's equity (deficit)									
Common stock	1,189	—	—	—		1,189	—		1,189
Member's equity	—	251,630	—	—		251,630	(251,630)	(8)	—
Treasury stock, at cost	(28,414)	—	—	—		(28,414)	—		(28,414)
Additional paid-in-capital	1,730,351	—	—	—		1,730,351	—		1,730,351
Retained earnings (accumulated deficit)	158,695	—	293	—		158,988	(293)	(9)	158,695
Shareholders' equity (deficit)	1,861,821	251,630	293	—		2,113,744	(251,923)		1,861,821
Non-controlling interest	(10)	—	—	—		(10)	—		(10)
Total shareholders' equity (deficit)	1,861,811	251,630	293	—		2,113,734	(251,923)		1,861,811
Total liabilities and shareholders' equity (deficit)	$ 13,498,171	$ 643,164	$ 1,084	$ —		$ 14,142,419	$ 133,382		$ 14,275,801

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF COMBINED OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2019

(in thousands, except share price and per share data)	Penn	Greektown	Adjustments to Conform to Accounting Policies (Note 3)	Reclassifications (Note 5)		Combined Income Statement	Acquisition Related Pro Forma Adjustments (Note 4)		Pro Forma for Acquisition
Revenues									
Gaming	$ 1,034,511	$ —	$ (2,441)	$ 74,598	(b)	$ 1,106,668	$ —		$ 1,106,668
Casino	—	74,598	—	(74,598)	(b)	—	—		—
Food, beverage, hotel and other	248,060	—	—	11,849	(b)	259,909	—		259,909
Food and beverage	—	5,841	—	(5,841)	(b)	—	—		—
Rooms	—	4,281	—	(4,281)	(b)	—	—		—
Retail, parking and other	—	1,727	—	(1,727)	(b)	—	—		—
	1,282,571	86,447	(2,441)	—		1,366,577	—		1,366,577
Less: casino promotional allowance	—	(2,705)	2,705	—		—	—		—
Total revenues	1,282,571	83,742	264	—		1,366,577	—		1,366,577
Operating expenses									
Gaming	547,445	—	191	35,840	(d)	583,476	—		583,476
Casino	—	35,840	—	(35,840)	(d)	—	—		—
Food, beverage, hotel and other	161,759	—	—	7,599	(d)	169,358	—		169,358
Food and beverage	—	4,209	—	(4,209)	(d)	—	—		—
Rooms	—	2,012	—	(2,012)	(d)	—	—		—
Retail, parking and other	—	1,378	—	(1,378)	(d)	—	—		—
General and administrative	286,928	13,630	—	—		300,558	12,383	(3),(5)	312,941
Management fees	—	2,823	—	—		2,823	(2,823)	(7)	—
Depreciation and amortization	104,053	5,316	37	—		109,406	(3,078)	(1),(2)	106,328
Loss on disposal of assets	—	166	—	—		166	—		166
Total operating expenses	1,100,185	65,374	228	—		1,165,787	6,482		1,172,269
Operating income (loss)	182,386	18,368	36	—		200,790	(6,482)		194,308

(in thousands, except share price and per share data)	Penn	Greektown	Adjustments to Conform to Accounting Policies (Note 3)	Reclassifications (Note 5)	Combined Income Statement	Acquisition Related Pro Forma Adjustments (Note 4)		Pro Forma for Acquisition
Other income (expenses)								
Interest expense	(132,587)	(5,711)	1	—	(138,297)	3,505	(4)	(134,792)
Interest income	319	—	—	—	319	—		319
Income from unconsolidated affiliates	5,687	—	—	—	5,687	—		5,687
Other	—	16	—	—	16	—		16
Total other expenses	(126,581)	(5,695)	1	—	(132,275)	3,505		(128,770)
Income (loss) before income taxes	55,805	12,673	37	—	68,515	(2,977)		65,538
Income tax benefit (expense)	(14,818)	—	—	—	(17,129)	744	(10)	(16,385)
Net income (loss)	40,987	12,673	37	—	51,386	(2,233)		49,153
Less: Net loss attributable to non-controlling interest	5	—	—	—	5	—		5
Net income (loss) attributable to Penn National Gaming, Inc.	$ 40,992	$ 12,673	$ 37	$ —	$ 51,391	$ (2,233)		$ 49,158
Earnings per common share								
Basic earnings per common share	$ 0.35							$ 0.42
Diluted earnings per common share	$ 0.35							$ 0.41
Weighted average basic shares outstanding	116,293							116,293
Weighted average diluted shares outstanding	118,595							118,595

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF COMBINED OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

(in thousands, except share price and per share data)	Penn	Pinnacle Pre-Acquisition	Greektown	Adjustments to Conform to Accounting Policies (Note 3)	Reclassifications (Note 5)		Boyd Divestitures (Note 6)	Combined Income Statement (Excludes Boyd Divestitures)	Acquisition Related Pro Forma Adjustments (Note 4)		Pro Forma for Acquisitions and Boyd Divestitures
Revenues											
Gaming	$2,894,861	$1,579,010	$ —	$ (11,201)	$ 290,973	(b)	$ (418,189)	$ 4,335,454	$ —		$4,335,454
Casino	—	—	290,973	—	(290,973)	(b)	—	—	—		—
Food, beverage, hotel and other	629,733	—	—	—	486,676	(b),(c)	(118,775)	997,634	—		997,634
Food and beverage	—	227,915	22,705	—	(250,620)	(b),(c)	—	—	—		—
Lodging	—	132,866	—	—	(132,866)	(c)	—	—	—		—
Rooms	—	—	18,062	—	(18,062)	(b)	—	—	—		—
Retail, entertainment and other	—	78,680	—	—	(78,680)	(c)	—	—	—		—
Retail, parking and other	—	—	6,448	—	(6,448)	(b)	—	—	—		—
Management service and license fees	6,043	—	—	—	—		—	6,043	—		6,043
Reimbursable management costs	57,281	—	—	—	—		—	57,281	—		57,281
	3,587,918	2,018,471	338,188	(11,201)	—		(536,964)	5,396,412	—		5,396,412
Less: casino promotional allowance	—	—	(11,372)	11,372	—		—	—	—		—
Total revenues	3,587,918	2,018,471	326,816	171	—		(536,964)	5,396,412	—		5,396,412
Operating expenses											
Gaming	1,551,430	834,330	—	179	145,331	(d)	(215,705)	2,315,565	—		2,315,565
Casino	—	—	145,331	—	(145,331)	(d)	—	—	—		—
Food, beverage, hotel and other	439,253	—	—	—	322,067	(d),(e)	(84,995)	676,325	—		676,325
Food and beverage	—	202,748	16,797	—	(219,545)	(d),(e)	—	—	—		—
Lodging	—	47,558	—	—	(47,558)	(e)	—	—	—		—
Rooms	—	—	8,243	—	(8,243)	(d)	—	—	—		—
Retail, entertainment and other	—	41,231	—	—	(41,231)	(e)	—	—	—		—
Retail, parking and other	—	—	5,490	—	(5,490)	(d)	—	—	—		—
General and administrative	618,951	384,355	60,679	—	—		(88,374)	975,611	(51,861)	(3),(5)	923,750
Reimbursable management costs	57,281	—	—	—	—		—	57,281	—		57,281
Management fees	—	—	10,822	—	—		—	10,822	(10,822)	(7)	—
Depreciation and amortization	268,990	154,649	26,006	—	—		(56,020)	393,625	34,214	(1),(2)	427,839
Pre-opening, development and other costs	—	34,948	—	—	—		—	34,948	—		34,948
Impairment of goodwill	—	35,820	—	—	(35,820)	(f)	—	—	—		—
Impairment losses	17,921	—	—	—	35,820	(f)	(37,738)	16,003	—		16,003
Write-downs, reserves and recoveries, net	—	7,130	—	—	—		—	7,130	—		7,130
Gain on disposal of assets	—	—	(38)	—	—		—	(38)	—		(38)
Total operating expenses	2,953,826	1,742,769	273,330	179	—		(482,832)	4,487,272	(28,469)		4,458,803
Operating income (loss)	634,092	275,702	53,486	(8)	—		(54,132)	909,140	28,469		937,609

(in thousands, except share price and per share data)	Penn	Pinnacle Pre-Acquisition	Greektown	Adjustments to Conform to Accounting Policies (Note 3)	Reclassifications (Note 5)	Boyd Divestitures (Note 6)	Combined Income Statement (Excludes Boyd Divestitures)	Acquisition Related Pro Forma Adjustments (Note 4)		Pro Forma for Acquisitions and Boyd Divestitures
Other income (expenses)										
Interest expense	(539,417)	(315,892)	(21,829)	—	—	10	(877,128)	63,374	(4),(6)	(813,754)
Interest income	1,005	234	—	—	—	(35)	1,204	—		1,204
Income from unconsolidated affiliates	22,326	(89)	—	—	—	—	22,237	—		22,237
Loss on early extinguishment of debt	(20,964)	(943)	—	—	—	—	(21,907)	—		(21,907)
Other	(7,121)	—	8	—	—	—	(7,113)	—		(7,113)
Total other expenses	(544,171)	(316,690)	(21,821)	—	—	(25)	(882,707)	63,374		(819,333)
Income (loss) before income taxes	89,921	(40,988)	31,665	(8)	—	(54,157)	26,433	91,843		118,276
Income tax benefit (expense)	3,593	(4,593)	—	—	—	—	(6,608)	(22,961)	(10)	(29,569)
Net income (loss)	93,514	(45,581)	31,665	(8)	—	(54,157)	19,825	68,882		88,707
Less: Net loss attributable to non-controlling interest	5	537	—	—	—	—	542	—		542
Net income (loss) attributable to Penn National Gaming, Inc.	$ 93,519	$ (45,044)	$ 31,665	$ (8)	$ —	$ (54,157)	$ 20,367	$ 68,882		$ 89,249
Earnings per common share										
Basic earnings per common share	$ 0.96									$ 0.92
Diluted earnings per common share	$ 0.93									$ 0.89
Weighted average basic shares outstanding	97,105									97,105
Weighted average diluted shares outstanding	100,338									100,338

Note 1—Basis of Presentation

The accompanying unaudited pro forma condensed consolidated combined financial information is intended to reflect the impact of the Pinnacle Merger and the Greektown Acquisition (defined herein together as the “transactions”) on Penn's consolidated financial statements and presents the pro forma financial position and results of operations of Penn based on the historical financial statements and accounting records of Penn, Pinnacle and Greektown after giving effect to the transactions.

Pro forma adjustments are included only to the extent they are directly attributable to the transactions, factually supportable, and with respect to the unaudited pro forma condensed consolidated statement of combined operations, expected to have a continuing impact on the results of the combined company. The accompanying unaudited pro forma condensed consolidated combined financial information is presented for illustrative purposes only.

The transactions will be accounted for using the acquisition method of accounting with Penn considered the acquirer. The unaudited pro forma condensed consolidated combined financial information reflects the preliminary assessment of fair values and useful lives assigned to the assets acquired and liabilities assumed. Changes to the fair values of these assets and liabilities will result in changes to goodwill.

Coincident with the closing of the Pinnacle Merger on October 15, 2018, Penn completed the Boyd Divestitures by divesting the membership interests of certain Pinnacle subsidiaries which operated the casinos known as Ameristar St. Charles, Ameristar Casino Kansas City, Belterra Resort, and Belterra Park to Boyd. Additionally, at the closing of the merger, GLPI acquired the real estate assets associated with the Plainridge Park Casino, and concurrently leased back to Penn pursuant to the amended Pinnacle master lease of which the effects of the sale-leaseback is included within these unaudited pro forma condensed consolidated combined financial statements.

Pursuant to a transaction agreement, a wholly-owned subsidiary of Penn acquired the limited liability company interest in Greektown Holdings, L.L.C., a direct subsidiary of Greektown parent (“Holdings”), and immediately prior to such acquisition, Greektown Casino L.L.C., sold the land and real estate assets related to Greektown to a subsidiary of VICI Properties, Inc. (NYSE: VICI) (“VICI”) and simultaneously with closing of the transaction, a subsidiary of Penn and a subsidiary of VICI entered into a triple net lease pursuant to which the real estate assets were leased back to Penn. For purposes of the unaudited pro forma condensed consolidated combined financial statements, the Greektown Acquisition and the sale-leaseback are assumed to be completed simultaneously and the effects of the sale-leaseback is included within these unaudited pro forma condensed consolidated combined financial statements.

The unaudited pro forma condensed consolidated combined balance sheet gives effect to the Greektown Acquisition as if it had occurred on March 31, 2019, and the unaudited pro forma condensed consolidated statements of combined operations for the three months ended March 31, 2019, and the year ended December 31, 2018, give effect to the Greektown Acquisition as if it had occurred on January 1, 2018, the beginning of the earliest period presented. The unaudited pro forma condensed consolidated combined balance sheet as of March 31, 2019 and the unaudited pro forma condensed consolidated statements of combined operations for the three months ended March 31, 2019 fully reflect the Pinnacle Merger and therefore are not adjusted for the Pinnacle Merger. The unaudited pro forma condensed consolidated statements of combined operations for the year ended December 31, 2018 assumes the Pinnacle Merger occurred on January 1, 2018, the beginning of the earliest period presented.

Items Not Adjusted in the Unaudited Pro Forma Condensed Consolidated Combined Financial Information

The unaudited pro forma condensed consolidated combined financial information does not include any adjustment for liabilities or related costs that may result from integration activities. Significant liabilities and related costs may ultimately be recorded for employee severance, exit or integration activities following the closing of the transactions. The unaudited pro forma condensed consolidated combined balance sheet only includes adjustments for transaction-related costs that are directly attributable to the transactions and are factually supportable.

Penn anticipates that the transactions will result in significant annual cost savings and synergies that would be unachievable without completing the transactions. No assurance can be made that Penn will be able to achieve these synergies or when they will be realized, and no such synergies have been reflected in the unaudited pro forma condensed consolidated combined financial information.

Financing Agreement

In connection with the Pinnacle Merger, Penn entered into an Incremental Joinder dated October 15, 2018 among Penn, certain subsidiaries of Penn as guarantors, Bank of American, N.A., as administrative agent, and a lending party group. The Incremental Joinder provides Penn with (i) $430.2 million of incremental borrowings of senior secured term loan A facility; and (ii) $836.3 million of incremental borrowings of senior secured term loan B facility.

The interest rates per annum applicable to the loans are, at Penn's option, equal to either a LIBOR rate or a base rate, plus an applicable margin. The applicable margin for the Term Loan A Facility ranges from 1.25% to 3.00% per annum for LIBOR loans and 0.25% to 2.00% per annum for base rate loans, in each case depending on Penn's total net leverage ratio. The applicable margin for the Term Loan B Facility is 2.25% per annum for LIBOR loans and 1.25% per annum for base rate loans. The Term Loan B Facility is subject to a LIBOR "floor" of zero. The loans under the Term Loan A Facility were issued with an upfront fee of 0.50% on the amount of such loans, and the loans under the Term Loan B Facility were issued with an upfront fee of 0.25% of the amount of such loans. The interest rate at the closing for the Term Loan A Facility was 3.83% and the Term Loan B Facility had a rate of 4.58%.

The unaudited pro forma condensed consolidated combined balance sheet as of March 31, 2019 and the unaudited pro forma condensed consolidated statements of combined operations for the three month period ended March 31, 2019 fully reflect the incremental borrowings associated with the term loan A and the term loan B facilities and therefore are not adjusted within the unaudited pro forma condensed consolidated combined balance sheet as of March 31, 2019 and the unaudited pro forma condensed consolidated statements of combined operations for the three months ended March 31, 2019. The unaudited pro forma condensed consolidated statements of combined operations for the year ended December 31, 2018 assumes incremental borrowings associated with the term loan A and the term loan B facilities occurred on January 1, 2018, the beginning of the earliest period presented.

Revolving Credit Facility

The Greektown Acquisition was financed on May 23, 2019 through incremental borrowings of approximately $235.0 million under the Company's Revolving Credit Facility.

The unaudited pro forma condensed consolidated statements of combined operations for three months ended March 31, 2019 and for the year ended December 31, 2018 assumes incremental borrowings on the revolving credit facility occurred on January 1, 2018, the beginning of the earliest period presented. The unaudited pro forma condensed consolidated combined balance sheet as of March 31, 2019 assumes incremental borrowings occurred on March 31, 2019.

Note 2—Acquisitions

Pinnacle Merger

Preliminary Purchase Price

(in thousands, except per share data and number of shares)		
Pinnacle diluted shares outstanding		62,608,188
Share Exchange Ratio		0.42
Shares of Penn common stock issued to former Pinnacle shareholders		26,295,439
Price per share of Penn common stock	$	28.51
Fair value of Penn common stock issued to former Pinnacle shareholders		749,683
Cash paid to former Pinnacle shareholders		1,252,259
Cash paid by Penn to retire Pinnacle debt, inclusive of accrued interest		814,273
Purchase price	$	2,816,215

Preliminary Allocation of Net Purchase Price

The table below presents the preliminary purchase price, along with a preliminary allocation of the purchase price to the assets acquired and liabilities assumed.

(in thousands)		
Cash and restricted cash	$	124,231
Assets held for sale		667,536
Other current assets		80,622
Property and equipment - non-Pinnacle Master Lease		318,856
Property and equipment - Pinnacle Master Lease		3,954,919
Goodwill		244,048
Other intangible assets		
Gaming licenses		1,067,600
Trademarks		298,000
Customer relationships		22,400
Other long-term assets		38,767
Total assets	$	6,816,979
Long-term financing obligation, including current portion	$	3,432,533
Other current liabilities		201,747
Deferred tax liabilities		349,849
Other long-term liabilities		16,635
Total liabilities		4,000,764
Net assets acquired	$	2,816,215

Upon completion of the fair value assessment following the Pinnacle Merger, Penn anticipates the finalized fair values of the net assets acquired will differ from the preliminary assessment outlined above. Generally, changes to the initial estimates of fair value of the assets acquired and the liabilities assumed will be recorded to those assets and liabilities with offsetting adjustments recorded to deferred taxes and goodwill.

The tax impacts of the Pinnacle Merger was estimated based on applicable law as in effect on October 15, 2018. Penn assumed a 24% statutory income tax rate when estimating the deferred tax impacts of the Pinnacle Merger which was the statutory tax rate in effect at October 15, 2018.

Greektown Acquisition

Preliminary Purchase Price

(in thousands)		**Gross Purchase Price** [(1)]		**Less: Sale-Leaseback Transaction with VICI** [(1)]		**Net Purchase Price**
Purchase price	$	1,000,000	$	(700,000)	$	300,000
Preliminary working capital adjustment		20,255		—		20,255
Preliminary purchase price	$	1,020,255	$	(700,000)	$	320,255

Preliminary Allocation of Net Purchase Price

The table below presents the preliminary purchase price, along with a preliminary allocation of the purchase price to the assets acquired and liabilities assumed.

(in thousands)		
Cash and cash equivalents	$	37,497
Receivables, net of allowance for doubtful accounts		3,251
Other current assets		15,521
Property and equipment		32,377
Operating lease right-of-use assets (1)		516,098
Finance lease right-of-use assets		4,168
Other assets		3,922
Goodwill		55,951
Other intangible assets		
Gaming licenses		166,400
Trademarks		24,400
Customer relationships		3,300
Total assets	$	862,885
Accounts payable	$	3,620
Accrued expenses and other current liabilities		17,739
Current portion of operating lease liabilities (1)		28,195
Current portion of finance lease liabilities		127
Long-term portion of operating lease liabilities (1)		487,864
Long-term portion of finance lease liabilities		4,040
Other noncurrent liabilities		1,045
Total liabilities		542,630
Net assets acquired	$	320,255

(1) Given the simultaneous and interdependent nature of the transaction agreement whereby:

- A wholly-owned subsidiary of Penn acquired the limited liability company interest in Holdings;
- Immediately prior to such acquisition, Greektown Casino, L.L.C., sold the land and real estate assets related to Greektown to a subsidiary of VICI; and
- Simultaneously with the closing of the transaction, a subsidiary of Penn and a subsidiary of VICI entered into a triple net lease of which the land and real estate assets were leased back to Penn, the Company has preliminarily assessed the transaction for accounting purposes as if Penn acquired the land and real estate assets in addition to the operations of Greektown followed by a subsequent sale leaseback transaction which was deemed preliminarily as a successful sale and determined to be an operating lease that resulted in the recording of a right-of-use asset and liability in the amount of $516,058.

Upon completion of the fair value assessment following the Greektown Acquisition, Penn anticipates the finalized fair values of the net assets acquired will differ from the preliminary assessment outlined above. Generally, changes to the initial estimates of fair value of the assets acquired and the liabilities assumed will be recorded to those assets and liabilities with offsetting adjustments recorded to goodwill.

Note 3—Adjustments to Conform to Accounting Policies

Adoption of ASC 606 - Revenue from contracts with customers

On January 1, 2018, the Company adopted ASC Topic 606, “Revenue from Contracts with Customers” (“ASC 606”). The adoption of ASC 606 principally impacts the presentation of promotional allowances and the measurement of the liability associated with customer loyalty programs.

Prior to the Company’s Greektown Acquisition, revenue was recorded in accordance with ASC Topic 605, “Revenue Recognition.” Adjustments related to measurement of the Greektown liability associated with its customer loyalty program contained within the unaudited pro forma condensed consolidated combined balance sheet as of March 31, 2019 have been made to conform to Penn's accounting policies under ASC 606 as follows:

(in thousands)	March 31, 2019
Greektown net book value of accrued expenses and other current liabilities, inclusive of reclassifications	$ 16,939
Increase in loyalty point deferral	800
Greektown net book value of accrued expenses and other current liabilities, as adjusted	$ 17,739

Adjustments related to the measurement of Greektown revenues and expenses contained within the unaudited pro forma condensed consolidated statements of combined operations have been made to conform to Penn's accounting policies under ASC 606 as follows:

(in thousands)	For the three months ended March 31, 2019	For the year ended December 31, 2018
Revenues		
To record decrease in gaming revenue	$ (2,441)	$ (11,201)
To record increase in casino promotional allowances	2,705	11,372
Total revenues	$ 264	$ 171
Operating expenses		
To record increase in gaming expense	$ 191	$ 179

Adoption of ASC 842 - Leases

On January 1, 2019, the Company adopted ASC Topic 842, "Leases" ("ASC 842"). The core principle of ASC 842 is that a lessee should recognize on the balance sheet the lease assets and lease liabilities that arise from all lease arrangements with terms greater than 12 months. Recognition of these lease assets and lease liabilities represents a change from previous GAAP accounted for in accordance with ASC Topic, 840, "Leases," which did not require lease assets and lease liabilities to be recognized for operating leases.

Prior to the Company's Greektown Acquisition, leases were accounted for in accordance with ASC Topic 840, "Leases." Adjustments related to the recognition of lease assets and lease liabilities contained within the unaudited pro forma condensed consolidated combined balance sheet as of March 31, 2019 have been made to conform to Penn's accounting policies under ASC 842 as follows:

(in thousands)	March 31, 2019
Assets	
To record decrease to other current assets with respect to prepaid rent	$ (16)
To record decrease in property and equipment, net	$ (3,108)
To record increase to operating lease right-of-use assets (non-real estate leases)	$ 40
To record increase to finance lease right-of-use assets	$ 4,168
Liabilities	
To record increase to current portion of finance lease liabilities	$ 127
To remove current portion of capital leases	$ (132)
To record increase to long-term portion of finance lease liabilities	$ 4,040
To remove long-term portion of capital leases	$ (4,044)

Adjustments related to the measurement of Greektown expenses contained within the unaudited pro forma condensed consolidated statements of combined operations have been made to conform to Penn's accounting policies under ASC 842 as follows:

(in thousands)		For the three months ended March 31, 2019
Operating expenses		
To record increase in depreciation and amortization expense	$	37
Other expenses		
To record decrease in interest expense	$	(1)

Note 4—Acquisition-Related Pro Forma Adjustments

The unaudited pro forma condensed consolidated combined financial information reflects the following adjustments related to the transactions.

(1) ***Property and Equipment, net, and depreciation expense:*** The preliminary fair value of acquired property and equipment related to the Greektown Acquisition was determined to be $32.4 million. The following table illustrates the pro forma adjustment to property and equipment, net:

(in thousands)		March 31, 2019
Preliminary fair value of acquired property and equipment	$	32,377
Historical book value of Greektown property and equipment, inclusive of reclassifications		320,998
Acquisition related pro forma adjustment - decrease to property and equipment, net	$	(288,621)

The following table illustrates pro forma adjustments to depreciation expense:

(in thousands)		For the three months ended March 31, 2019		For the year ended December 31, 2018
Greektown				
Historical depreciation expense	$	5,334	$	25,145
Depreciation expense associated with the preliminary fair value of acquired property and equipment		1,844		10,993
Decrease to depreciation and amortization expense	$	(3,490)	$	(14,152)
Pinnacle				
Historical depreciation expense	$	—	$	149,649
Less: depreciation expense related to divestitures		—		(56,020)
Historical depreciation expense (excluding divestitures)	$	—	$	93,629
Depreciation expense associated with the preliminary fair value of acquired property and equipment (excluding divestitures)	$	—	$	137,413
Increase to depreciation and amortization expense	$	—	$	43,784
Acquisition related pro forma adjustments - to record increase (decrease) to depreciation and amortization expense	$	(3,490)	$	29,632

Depreciation expense of the acquired property and equipment is reflected on a straight-line basis over the following estimated useful lines:

	Years
Land	5 to 20
Building and improvements	10 to 35
Vessels	10 to 35
Furniture, fixtures and equipment	3 to 20

(2) ***Goodwill, other intangible assets, net, and amortization expense:*** The following table illustrates the pro forma adjustment to goodwill, which is subject to change, related to the Greektown Acquisition:

(in thousands)		March 31, 2019
To record goodwill for the purchase consideration in excess of the preliminary fair value of net assets acquired in connection with the Greektown acquisition	$	55,951
Historical book value of Greektown goodwill		81,151
Acquisition related pro forma adjustment - to record decrease to goodwill	$	(25,200)

The preliminary fair value of the acquired intangibles assets related to the Greektown Acquisition was determined to be $194.1 million and is subject to change. Preliminary identifiable intangible assets consists of and results in the following pro forma adjustment to Other intangible assets, net as of March 31, 2019:

(in thousands)		March 31, 2019	Useful Life
Preliminary fair value of Greektown other intangible assets, net:			
Gaming licenses	$	166,400	Indefinite
Trade names		24,400	Indefinite
Customer relationships		3,300	2 years
Total value of other intangible assets, net		194,100	
Historical Greektown book value of other intangible assets, net		177,700	
Acquisition related pro forma adjustment - to record increase to other intangible assets, net	$	16,400	

Penn assessed the fair value of Pinnacle and Greektown's gaming licenses assets using the Greenfield Method under the income approach. The Greenfield Method estimates the fair value of the gaming license using a discounted cash flow model assuming the Company built a casino with similar utility to that of the existing facility. The method assumes a theoretical start-up company going into business without any assets other than the intangible asset being valued. As such, the value of the gaming license is a function of the following items:

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

Penn has preliminarily assigned an indefinite useful life to the gaming licenses, in accordance with its review of the applicable guidance of ASC 350. The standard requires Penn to consider, among other things, the expected use of the asset, the expected useful life of other related assets or asset group, any legal, regulatory, or contractual provisions that may limit the useful life, Penn's own historical experience in renewing similar arrangements, the effects of obsolescence, demand and other economic factors, and the maintenance expenditures required to obtain the expected cash flows. In that analysis, Penn determined that no legal, regulatory, contractual, competitive, economic or other factors limit the useful lives of these intangible assets. Greektown has an operating license in Michigan. The renewal of the state's gaming license depends on a number of factors, including payment of certain fees and taxes, providing certain information to the state's gaming regulator, and meeting certain inspection requirements. However, Penn's historical experience has not indicated, nor does Penn expect, any limitations regarding its ability to continue to renew its license. No other competitive, contractual, or economic factor limits the useful lives of these assets. Accordingly, Penn has preliminarily concluded that the useful life of the licenses is indefinite.

Trade names are valued using the relief from royalty method, which presumes that without ownership of such trademarks, Penn would have to make a stream of payments to a brand or franchise owner in return for the right to use their name. By virtue of this asset, Penn avoids any such payments and records the related intangible value of Penn's ownership of the brand name. The primary assumptions in the valuation included revenue, a pre-tax royalty rate, and tax expense.

The customer relationships asset represents the estimated value of the acquired customer database. The Company used a replacement cost method to estimate the fair value for this intangible asset and is amortizing the asset over two years in the unaudited pro forma condensed consolidated statements of combined operations.

Adjustments to amortization expense for definite-lived intangibles were based on comparing the historical amortization recorded during the periods presented to the revised amortization. The revised amortization was based on the estimated fair value amortized over the respective useful lives of the intangible assets. The following table illustrates pro forma adjustments to amortization expense.

(in thousands)	For the three months ended March 31, 2019	For the year ended December 31, 2018
Greektown		
Historical amortization expense related to non-indefinite lived intangible assets, net	$ —	$ 935
Amortization of expense associated with the preliminary fair value of acquired non-indefinite lived intangible assets	412	1,650
Increase to depreciation and amortization expense	$ 412	$ 715
Pinnacle		
Historical amortization expense related to non-indefinite lived intangible assets, net	$ —	$ 5,000
Amortization of expense associated with the preliminary fair value of acquired non-indefinite lived intangible assets	—	8,867
Increase to depreciation and amortization expense	$ —	$ 3,867
Acquisition related pro forma adjustments - to record increase to depreciation and amortization expense	$ 412	$ 4,582

(3) ***Operating lease with VICI and general and administrative expense (rent expense):*** Simultaneous with the closing of the Greektown Acquisition, a subsidiary of Penn and a subsidiary of VICI entered into a triple net lease of which the land and real estate assets were leased back to Penn. The preliminary fair value of the current portion of operating lease liabilities and long-term portion of operating lease liabilities was determined to be $28.2 million and $487.9 million, respectively, which was calculated based on the net present value of future lease payments discounted at our incremental borrowing rate of 5.94% at the May 23, 2019 acquisition date. The corresponding operating lease right-of-use assets was determined to be $516.1 million.

The following table illustrates pro forma adjustments to the (i) current portion of operating lease liabilities; (ii) long-term portion of operating lease liabilities; and (iii) operating lease right-of-use assets:

(in thousands)	March 31, 2019
Acquisition related adjustments to record the preliminary fair value of the Greektown operating lease with VICI:	
Operating lease right-of-use assets	$ 516,058
Current portion of operating lease liabilities	$ 28,195
Long-term portion of operating lease liabilities	$ 487,864

The following table illustrates pro forma adjustments related to general and administrative expense associated with the operating lease (rent expense related to the triple-net operating lease with VICI) for the three months ended March 31, 2019 and the year ended December 31, 2018:

(in thousands)	For the three months ended March 31, 2019	For the year ended December 31, 2018
Acquisition related adjustments - to record increase in general and administrative expenses	$ 12,506	$ 50,023

(4) ***Current maturities of long-term debt, long-term debt, net of current maturities and debt issuance costs, interest payable and interest expense:*** The below table reflects pro forma adjustments to current maturities of long-term debt, long-term debt, net of current maturities and debt issuance costs and interest payable for anticipated borrowings to fund the Greektown Acquisition:

(in thousands)	March 31, 2019
Historical book value of Greektown long-term debt, net of current maturities and debt issuance costs	$ 361,588
Historical book value of Greektown current maturities of long-term debt	4,000
Historical book value of Greektown interest payable	166
Total historical book value of Greektown debt not assumed	$ 365,754
Penn's incremental borrowings to revolving credit facility to fund the Greektown Acquisition	$ 235,000
Acquisition related pro forma adjustment - to record removal of long-term debt, net of current maturities and debt issuance costs relating to Greektown debt not assumed	$ (361,588)
Acquisition related pro forma adjustment - to record removal of interest payable relating to Greektown debt not assumed	$ (166)
Acquisition related pro forma adjustment - to record increase in current maturities of long-term debt	$ 231,000

The following table illustrates pro forma adjustments to interest expense related to the Pinnacle Merger debt financing and incremental borrowings to the revolving credit facility related to the Greektown Acquisition:

(in thousands)	For the three months ended March 31, 2019	For the year ended December 31, 2018
Greektown		
Historical interest expense	$ 5,711	$ 21,829
Interest expense on increased borrowings to revolving credit facility	2,206	8,981
Decrease in interest expense	$ (3,505)	$ (12,848)
Pinnacle		
Historical interest expense	$ —	$ 35,300
Interest expense on debt commitment financing	—	41,577
Increase in interest expense	$ —	$ 6,277
Acquisitions related pro forma adjustments - to record decrease to interest expense	$ (3,505)	$ (6,571)

The amounts above were based on new borrowings relating to the Pinnacle Merger of $1,265.8 million for the period from January 1, 2018 through October 15, 2018, and incremental borrowings directly related to the Greektown Acquisition to the revolving credit facility of $235.0 million for the three months ended March 31, 2019 and for the year ended December 31, 2018. For the purposes of the acquisition related pro forma adjustments, (i) a blended interest rate of 4.15% was the weighted average discount rate for the period from January 1, 2018 through October 15, 2018 related to the Pinnacle Merger debt financing, (ii) a blended interest rate or 3.82% was the weighted average discount rate for the year ended December 31, 2018 related to the funding of the revolving credit facility related to the Greektown Acquisition, and (iii) a blended interest rate or 3.75% was the weighted average discount rate for the three months ended March 31, 2019 related to the funding of the revolving credit facility related to the Greektown Acquisition.

(5) The following table illustrates the elimination of transaction costs incurred by Penn, Pinnacle and Greektown relating to the transactions:

(in thousands)	For the three months ended March 31, 2019	For the year ended December 31, 2018
Greektown		
Incurred transaction costs related to the Greektown Acquisition	$ 123	$ 2,339
Decrease to general and administrative expense	$ (123)	$ (2,339)
Pinnacle		
Incurred transaction costs related to the Pinnacle Merger	$ —	$ 99,545
Decrease to general and administrative expense	$ —	$ (99,545)
Acquisition related adjustments - to record decrease in general and administrative expenses	$ (123)	$ (101,884)

(6) ***Interest expense related to Pinnacle financing obligation:*** The following table illustrates the pro forma adjustment related to interest expense associated with the Pinnacle financing obligation to GLPI, inclusive of Plainridge Park Casino:

(in thousands)	For the three months ended March 31, 2019	For the year ended December 31, 2018
Historical interest expense related to the Pinnacle master lease	$ —	$ 280,800
Interest expense associated with the amended Pinnacle master lease, inclusive of the Plainridge real estate assets	—	223,997
Acquisitions related pro forma adjustments - to record decrease to interest expense	$ —	$ (56,803)

(7) Pro forma adjustment to eliminate management fees related to Greektown.

(8) Reflects the elimination of Greektown's member's equity.

(9) Reflects the elimination of Greektown retained earnings (accumulated deficit) after pro forma adjustments.

(10) Reflects an assumed tax rate of 25%.

(11) The following table illustrates the pro forma adjustment to cash and cash equivalents:

(in thousands)	March 31, 2019
Cash proceeds of new debt	$ 235,000
Less: Cash paid to acquire Greektown	(320,255)
Net cash outflow	$ (85,255)

Note 5—Unaudited Pro Forma Condensed Combined Financial Statement Reclassification Adjustments

Certain reclassifications have been recorded to the historical financial statements of Pinnacle and Greektown to provide comparability and consistency for the anticipated post-combined company presentation.

(a) Reclassifications were made between certain Greektown current assets, current liabilities and other assets to provide consistency in presentation.

(b) Reclassifications were made between revenue components to reclassify certain Greektown revenue streams consistently with Penn. These included combining Greektown's (i) food and beverage revenue, (ii) rooms revenue and (iii) retail, parking and other revenue into one revenue financial statement line item to provide consistency in presentation. In addition, Greektown casino revenue was reclassified from casino revenue to gaming revenue to provide consistency in presentation.

(c) Reclassifications were also made between revenue components to reclassify certain Pinnacle revenue streams consistently with Penn. These included combining Pinnacle's (i) food and beverage revenue, (ii) lodging revenue and (iii) retail, entertaining and other revenue into one revenue financial statement line item to provide consistency in presentation.

(d) Reclassifications were a made among expense components to reclassify certain Greektown expenses consistently with Penn. These included combining Greektown's (i) food and beverage expense, (ii) rooms expense and (iii) retail, parking and other expense into one expense financial statement line item to provide consistency in presentation. In addition, Greektown casino expense was reclassified from casino expense to gaming expense to provide consistency in presentation.

(e) Reclassifications were also made between expense components to reclassify certain Pinnacle expenses consistently with Penn. These included combining Pinnacle's (i) food and beverage expense, (ii) lodging expense and (iii) retail, entertaining and other expense into one expense financial statement line item to provide consistency in presentation.

(f) Reclassifications were made between certain Pinnacle goodwill and intangible impairment charges to provide consistency in presentation.

Further review may identify additional reclassifications that when conformed could have a material impact on the unaudited pro forma condensed consolidated combined financial information of the combined company. At this time, Penn is not aware of any reclassifications that would have a material impact on the unaudited pro forma condensed consolidated combined financial information that are not reflected as pro forma adjustments.

Note 6—Boyd Divestitures

The divestiture agreement provided that, upon the terms and subject to the conditions of the divestiture agreement, Boyd acquired the outstanding membership interests of the divestiture subsidiaries and certain other assets primarily related to the business of the divestiture subsidiaries and assume certain other liabilities related to the business of the divestiture subsidiaries. Immediately following the Boyd Divestitures, Boyd owns 100% of the outstanding membership interests of the divestiture subsidiaries which own and operate Ameristar St. Charles, Ameristar Kansas City, Belterra Resort, and Belterra Park.

The unaudited financial condensed consolidated combined information reflects the preliminary allocations of assets, liabilities, revenues and expenses directly attributable to the divestiture properties and includes the necessary reclassifications to conform to Penn historical presentation, where applicable.