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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2018

OR

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

For the transition period from _____ to _____
Commission file number: 001-36124

Gaming and Leisure Properties, Inc.

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of
incorporation or organization)

46-2116489
(I.R.S. Employer
Identification No.)

845 Berkshire Blvd., Suite 200
Wyomissing, PA 19610
(Address of principal executive offices) (Zip Code)

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

Not Applicable

(Former name, former address, and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Emerging growth company

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

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

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

Title	October 30, 2018
Common Stock, par value \$.01 per share	214,090,856

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

Forward-looking statements in this document include, but are not limited to, statements regarding our ability to grow our portfolio of gaming facilities and to secure additional avenues of growth beyond the gaming industry. In addition, statements preceded by, followed by or that otherwise include the words "believes," "expects," "anticipates," "intends," "projects," "estimates," "plans," "may increase," "may fluctuate," and similar expressions or future or conditional verbs such as "will," "should," "would," "may" and "could" are generally forward-looking in nature and not historical facts. You should understand that the following important factors could affect future results and could cause actual results to differ materially from those expressed in such forward-looking statements:

- the availability of and the ability to identify suitable and attractive acquisition and development opportunities and the ability to acquire and lease the respective properties on favorable terms;
- the degree and nature of our competition;
- our increased reliance on Penn National Gaming, Inc. ("Penn") as our largest tenant following Penn's acquisition of the majority of Pinnacle Entertainment, Inc.'s operations on October 15, 2018;
- the ability to receive, or delays in obtaining, the regulatory approvals required to own and/or operate our properties, or other delays or impediments to completing our planned acquisitions or projects;
- our ability to maintain our status as a real estate investment trust ("REIT"), given the highly technical and complex Internal Revenue Code (the "Code") provisions for which only limited judicial and administrative authorities exist, where even a technical or inadvertent violation could jeopardize REIT qualification and where requirements may depend in part on the actions of third parties over which the Company has no control or only limited influence;
- the satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis in order for the Company to maintain its REIT status;
- the ability and willingness of our tenants, operators and other third parties to meet and/or perform their obligations under their respective contractual arrangements with us, including, in some cases, their obligations to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities;
- the ability of our tenants and operators to maintain the financial strength and liquidity necessary to satisfy their respective obligations and liabilities to third parties, including without limitation to satisfy obligations under their existing credit facilities and other indebtedness;
- the ability of our tenants and operators to comply with laws, rules and regulations in the operation of our properties, to deliver high quality services, to attract and retain qualified personnel and to attract customers;
- the ability to generate sufficient cash flows to service our outstanding indebtedness;
- the access to debt and equity capital markets, including for acquisitions or refinancings due to maturities;
- adverse changes in our credit rating;
- fluctuating interest rates;
- the impact of global or regional economic conditions;
- the availability of qualified personnel and our ability to retain our key management personnel;
- GLPI's duty to indemnify Penn and its subsidiaries in certain circumstances if the spin-off transaction described in Note 1 to the condensed consolidated financial statements fails to be tax-free;

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- changes in the United States tax law and other state, federal or local laws, whether or not specific to real estate, real estate investment trusts or to the gaming, lodging or hospitality industries;
- changes in accounting standards;
- the impact of weather events or conditions, natural disasters, acts of terrorism and other international hostilities, war or political instability;
- other risks inherent in the real estate business, including potential liability relating to environmental matters and illiquidity of real estate investments; and
- additional factors as discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2017, in this Quarterly Report on Form 10-Q and Current Reports on Form 8-K as filed with the United States Securities and Exchange Commission (the "SEC").

Certain of these factors and other factors, risks and uncertainties are discussed in the "Risk Factors" section in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 and this Quarterly Report on Form 10-Q. Other unknown or unpredictable factors may also cause actual results to differ materially from those projected by the forward-looking statements. Most of these factors are difficult to anticipate and are generally beyond the control of the Company.

You should consider the areas of risk described above, as well as those set forth in the "Risk Factors" section in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 and this Quarterly Report on Form 10-Q, in connection with considering any forward-looking statements that may be made by the Company generally. Except for the ongoing obligations of the Company to disclose material information under the federal securities laws, the Company does not undertake any obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events unless required to do so by law.

GAMING AND LEISURE PROPERTIES, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS**Gaming and Leisure Properties, Inc. and Subsidiaries**
Condensed Consolidated Balance Sheets
(amounts in thousands, except share data)

	September 30, 2018	December 31, 2017
	(unaudited)	
Assets		
Real estate investments, net	\$ 3,584,639	\$ 3,662,045
Land rights, net	631,966	640,148
Property and equipment, used in operations, net	102,429	108,293
Investment in direct financing lease, net	2,600,398	2,637,639
Cash and cash equivalents	1,162,774	29,054
Prepaid expenses	10,061	8,452
Goodwill	75,521	75,521
Other intangible assets	9,577	9,577
Loan receivable	13,991	13,000
Deferred tax assets	4,973	4,478
Other assets	99,569	58,675
Total assets	\$ 8,295,898	\$ 7,246,882
Liabilities		
Accounts payable	\$ 1,851	\$ 715
Accrued expenses	8,909	7,913
Accrued interest	92,093	33,241
Accrued salaries and wages	14,835	10,809
Gaming, property, and other taxes	61,839	35,399
Long-term debt, net of unamortized debt issuance costs, bond premiums and original issuance discounts	5,449,147	4,442,880
Deferred rental revenue	281,174	232,023
Deferred tax liabilities	279	244
Other liabilities	27,375	25,411
Total liabilities	5,937,502	4,788,635
Shareholders' equity		
Preferred stock (\$.01 par value, 50,000,000 shares authorized, no shares issued or outstanding at September 30, 2018 and December 31, 2017)	—	—
Common stock (\$.01 par value, 500,000,000 shares authorized, 214,037,994 and 212,717,549 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively)	2,140	2,127
Additional paid-in capital	3,945,392	3,933,829
Retained accumulated deficit	(1,589,136)	(1,477,709)
Total shareholders' equity	2,358,396	2,458,247
Total liabilities and shareholders' equity	\$ 8,295,898	\$ 7,246,882

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues				
Rental income	\$ 170,276	\$ 169,030	\$ 509,546	\$ 501,954
Income from direct financing lease	30,843	19,037	76,448	55,377
Real estate taxes paid by tenants	21,270	21,422	64,031	63,982
Total rental revenue and income from direct financing lease	222,389	209,489	650,025	621,313
Gaming, food, beverage and other	31,750	35,017	102,385	109,297
Total revenues	254,139	244,506	752,410	730,610
Operating expenses				
Gaming, food, beverage and other	18,962	19,890	59,027	61,635
Real estate taxes	21,586	21,751	64,981	64,806
Land rights and ground lease expense	6,484	6,417	19,460	17,627
General and administrative	15,006	15,117	56,272	45,829
Depreciation	27,267	28,632	82,744	85,312
Total operating expenses	89,305	91,807	282,484	275,209
Income from operations	164,834	152,699	469,926	455,401
Other income (expenses)				
Interest expense	(60,341)	(54,493)	(171,464)	(163,099)
Interest income	1,418	492	2,790	1,443
Losses on debt extinguishment	—	—	(3,473)	—
Total other expenses	(58,923)	(54,001)	(172,147)	(161,656)
Income before income taxes	105,911	98,698	297,779	293,745
Income tax expense	1,096	1,684	4,194	6,406
Net income	<u>\$ 104,815</u>	<u>\$ 97,014</u>	<u>\$ 293,585</u>	<u>\$ 287,339</u>
Earnings per common share:				
Basic earnings per common share	\$ 0.49	\$ 0.46	\$ 1.37	\$ 1.37
Diluted earnings per common share	\$ 0.49	\$ 0.45	\$ 1.37	\$ 1.35
Dividends paid per common share	\$ 0.63	\$ 0.63	\$ 1.89	\$ 1.87

See accompanying notes to the condensed consolidated financial statements.

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

	Common Stock		Additional Paid-In Capital	Retained Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount			
Balance, December 31, 2017	212,717,549	\$ 2,127	\$ 3,933,829	\$ (1,477,709)	\$ 2,458,247
Stock option activity	833,900	8	15,966	—	15,974
Restricted stock activity	486,545	5	(4,403)	—	(4,398)
Dividends paid	—	—	—	(404,602)	(404,602)
Adoption of new revenue standard	—	—	—	(410)	(410)
Net income	—	—	—	293,585	293,585
Balance, September 30, 2018	<u>214,037,994</u>	<u>\$ 2,140</u>	<u>\$ 3,945,392</u>	<u>\$ (1,589,136)</u>	<u>\$ 2,358,396</u>

See accompanying notes to the condensed consolidated financial statements.

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

Nine months ended September 30,	2018	2017
Operating activities		
Net income	\$ 293,585	\$ 287,339
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	90,926	92,939
Amortization of debt issuance costs, bond premiums and original issuance discounts	9,278	9,770
Paid-in-kind interest income	(991)	—
Losses on dispositions of property	354	515
Deferred income taxes	(299)	(1,946)
Stock-based compensation	7,878	11,951
Straight-line rent adjustments	49,150	49,355
Losses on debt extinguishment	3,473	—
(Increase), decrease		
Prepaid expenses and other assets	(774)	(1,504)
Increase, (decrease)		
Accounts payable	1,136	(701)
Accrued expenses	484	37
Accrued interest	58,852	42,138
Accrued salaries and wages	4,026	(3,735)
Gaming, property and other taxes	258	(231)
Other liabilities	882	3,177
Net cash provided by operating activities	<u>518,218</u>	<u>489,104</u>
Investing activities		
Capital project expenditures	(20)	(78)
Capital maintenance expenditures	(2,954)	(2,187)
Proceeds from sale of property and equipment	3,146	914
Principal payments on loan receivable	—	13,200
Acquisition of real estate assets	(15,552)	(83,252)
Collections of principal payments on investment in direct financing lease	37,241	54,459
Net cash provided by (used in) investing activities	<u>21,861</u>	<u>(16,944)</u>
Financing activities		
Dividends paid	(404,602)	(395,210)
Proceeds from exercise of options, net of taxes paid related to shares withheld for tax purposes on restricted stock award vestings	3,698	15,797
Proceeds from issuance of common stock, net of issuance costs	—	139,414
Proceeds from issuance of long-term debt	2,107,405	100,000
Financing costs	(30,889)	—
Repayments of long-term debt	(1,080,087)	(325,083)
Premium and related costs paid on tender of senior unsecured notes	(1,884)	—
Net cash provided by (used in) financing activities	<u>593,641</u>	<u>(465,082)</u>
Net increase in cash and cash equivalents	<u>1,133,720</u>	<u>7,078</u>
Cash and cash equivalents at beginning of period	<u>29,054</u>	<u>36,556</u>
Cash and cash equivalents at end of period	<u>\$ 1,162,774</u>	<u>\$ 43,634</u>

See Note 14 to the condensed consolidated financial statements for supplemental cash flow information and noncash investing and financing activities.

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

1. Business and Operations

Gaming and Leisure Properties, Inc. ("GLPI") is a self-administered and self-managed Pennsylvania real estate investment trust ("REIT"). GLPI (together with its subsidiaries, the "Company") was incorporated on February 13, 2013, as a wholly-owned subsidiary of Penn National Gaming, Inc. ("Penn"). On November 1, 2013, Penn contributed to GLPI, through a series of internal corporate restructurings, substantially all of the assets and liabilities associated with Penn's real property interests and real estate development business, as well as the assets and liabilities of Hollywood Casino Baton Rouge and Hollywood Casino Perryville, which are referred to as the "TRS Properties," and then spun-off GLPI to holders of Penn's common and preferred stock in a tax-free distribution (the "Spin-Off"). The Company elected on its United States ("U.S.") federal income tax return for its taxable year that began on January 1, 2014 to be treated as a REIT and GLPI, together with its indirect wholly-owned subsidiary, GLP Holdings, Inc., jointly elected to treat each of GLP Holdings, Inc., Louisiana Casino Cruises, Inc. (d/b/a Hollywood Casino Baton Rouge) and Penn Cecil Maryland, Inc. (d/b/a Hollywood Casino Perryville) as a "taxable REIT subsidiary" ("TRS") effective on the first day of the first taxable year of GLPI as a REIT.

As a result of the Spin-Off, GLPI owns substantially all of Penn's former real property assets and leases back most of those assets to Penn for use by its subsidiaries, under a unitary master lease, a triple-net operating lease with an initial term of 15 years (expiring October 31, 2028) with no purchase option, followed by four 5-year renewal options (exercisable by Penn) on the same terms and conditions (the "Penn Master Lease"), and GLPI also owns and operates the TRS Properties through an indirect wholly-owned subsidiary, GLP Holdings, Inc. In April 2016, the Company acquired substantially all of the real estate assets of Pinnacle Entertainment, Inc. ("Pinnacle") for approximately \$4.8 billion. GLPI leases these assets back to Pinnacle, under a unitary triple-net lease with an initial term of 10 years (expiring April 30, 2026) with no purchase option, followed by five 5-year renewal options (exercisable by Pinnacle) on the same terms and conditions (the "Pinnacle Master Lease" and together with the Penn Master Lease, the "Master Leases").

GLPI's primary business consists of acquiring, financing, and owning real estate property to be leased to gaming operators in triple-net lease arrangements. As of September 30, 2018, GLPI's portfolio consisted of 38 gaming and related facilities, including the TRS Properties, the real property associated with 20 gaming and related facilities operated by Penn, the real property associated with 15 gaming and related facilities operated by Pinnacle and the real property associated with the Casino Queen in East St. Louis, Illinois. These facilities are geographically diversified across 14 states and were 100% occupied at September 30, 2018.

GLPI expects to grow its portfolio by pursuing opportunities to acquire additional gaming facilities to lease to gaming operators under prudent terms. For example, on October 1, 2018, the Company closed its previously announced transaction to acquire certain real property assets from Tropicana Entertainment Inc. ("Tropicana") and certain of its affiliates pursuant to a Purchase and Sale Agreement (the "Real Estate Purchase Agreement") dated April 15, 2018 between Tropicana and GLP Capital L.P., the operating partnership of GLPI ("GLP Capital"), which was subsequently amended on October 1, 2018 (as amended, the "Amended Real Estate Purchase Agreement"). Pursuant to the terms of the Amended Real Estate Purchase Agreement, the Company acquired the real estate assets of Tropicana Atlantic City, Tropicana Evansville, Tropicana Laughlin, Trop Casino Greenville and the Belle of Baton Rouge (the "GLP Assets") from Tropicana for an aggregate cash purchase price of \$964.0 million, exclusive of transaction fees and taxes (the "Tropicana Acquisition"). Concurrent with the Tropicana Acquisition, Eldorado Resorts, Inc. ("Eldorado") acquired the operating assets of these properties from Tropicana pursuant to an Agreement and Plan of Merger dated April 15, 2018 by and among Tropicana, GLP Capital, Eldorado and a wholly-owned subsidiary of Eldorado (the "Tropicana Merger Agreement") and leased the GLP Assets from the Company pursuant to the terms of a new unitary triple-net master lease with a 15-year initial term, with no purchase option followed by four successive 5-year renewal periods (exercisable by Eldorado) on the same terms and conditions (the "Eldorado Master Lease"). Initial annual rent under the Eldorado Master Lease is \$87.6 million. Additionally, on October 1, 2018 the Company made a mortgage loan to Eldorado in the amount of \$246.0 million in connection with Eldorado's acquisition of Lumière Place, which loan will generate initial annual interest income of \$22.4 million (together with the Tropicana Acquisition the "Tropicana Transactions").

Furthermore, on October 15, 2018, the Company completed its previously announced transactions with Penn, Pinnacle and Boyd Gaming Corporation ("Boyd") to accommodate Penn's acquisition of Pinnacle, pursuant to a definitive agreement and plan of merger between Penn and Pinnacle, dated December 17, 2017 (the "Penn Pinnacle Merger"). Concurrent with the Penn Pinnacle Merger, the Company amended the Pinnacle Master Lease to allow for the sale of the operating assets of Ameristar Casino Hotel Kansas City, Ameristar Casino Resort Spa St. Charles and Belterra Casino Resort from Pinnacle to Boyd and entered into a new unitary triple-net master lease agreement with Boyd for these properties on terms similar to the

Company's existing master leases. The Company purchased the real estate assets of Plainridge Park Casino ("Plainridge Park") from Penn for \$250.0 million, exclusive of transaction fees and taxes and added this property to the Pinnacle Master Lease. The Company also entered into a loan agreement with Boyd in connection with Boyd's acquisition of Belterra Park Gaming & Entertainment Center, whereby the Company loaned Boyd \$57.7 million, acts as mortgagee and will collect interest income from Boyd. The Company's initial annual real estate income will increase by \$45.3 million as a result of these transactions.

2. Basis of Presentation

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

In order to conform to the current presentation of the statement of income, the Company separated the general and administrative expense line item into the line items general and administrative expenses and land rights and ground lease expense on the condensed consolidated statements of income for the three and nine months ended September 30, 2017. This new line item includes the amortization of land rights and rent expense related to the Company's long-term ground leases. These reclassifications were made only for presentation purposes and had no impact on the Company's financial results for the three and nine months ended September 30, 2017.

Furthermore, in conjunction with the adoption of ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), on January 1, 2018, promotional allowances representing the retail value of food, beverages and other services furnished to guests without charge are presented on a net basis within the gaming, food, beverage and other revenue line item on the condensed consolidated statements of income. Prior to the adoption of ASU 2014-09, promotional allowances were required to be presented as a separate line item on the condensed consolidated statements of income. The Company has accordingly reclassified promotional allowances in the prior periods to conform with the new presentation. This change also had no impact on the Company's financial results for the three and nine months ended September 30, 2017.

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

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

Operating results for the three and nine months ended September 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. The notes to the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2017 (our "Annual Report") should be read in conjunction with these condensed consolidated financial statements. The December 31, 2017 financial information has been derived from the Company's audited consolidated financial statements.

3. New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In May 2017, the Financial Accounting Standards Board ("FASB") issued ASU No. 2017-09, *Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting* ("ASU 2017-09"). This ASU provides clarity about which changes to the terms or conditions of a share-based payment award require the application of modification accounting. Specifically, ASU 2017-09 clarifies that changes to the terms or conditions of an award should be accounted for as a modification unless all of the following are met: 1) the fair value of the modified award is the same as the fair value of the original award immediately before the original award is modified, 2) the vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the original award is modified and 3) the classification of the modified award as an equity instrument or a liability instrument is the same as the classification of the original award immediately before the original award is modified. ASU 2017-09 is effective for annual reporting periods beginning after December 15, 2017. The Company adopted ASU 2017-09 on January 1, 2018 and does not expect ASU 2017-09 to significantly impact its accounting for share-based payment awards, as changes to awards' terms and conditions subsequent to the grant date are unusual and infrequent in nature.

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In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* ("ASU 2017-01"). This ASU provides clarifying guidance on what constitutes a business acquisition versus an asset acquisition. Specifically, the new guidance lays out a screen to more easily determine if a set of integrated assets and activities does in fact represent a business. Under the ASU 2017-01, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the assets do not represent a business. ASU 2017-01 is effective for annual reporting periods beginning after December 15, 2017. The Company adopted ASU 2017-01 on January 1, 2018 with no impact to the Company's accounting treatment of its acquisitions.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments, a Consensus of the FASB Emerging Issues Task Force* ("ASU 2016-15"). This ASU provides clarifying guidance on the presentation of certain cash receipts and cash payments in the statement of cash flows. ASU 2016-15 is effective for annual reporting periods beginning after December 15, 2017. The Company adopted ASU 2016-15 on January 1, 2018, with no impact to its presentation of cash receipts and payments on its consolidated statements of cash flows.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"). This new standard replaces all preceding U.S. GAAP guidance on this topic and eliminates all industry-specific guidance. ASU 2014-09 provides a unified five-step model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. The Company adopted ASU 2014-09 on January 1, 2018 using the modified retrospective approach and recorded a cumulative adjustment to retained earnings of approximately \$410,000 at the adoption date.

The majority of the Company's revenue recognition policies were not impacted by the new revenue standard, as leases (the source of the Company's majority of revenues) are excluded from ASU 2014-09. Only the accounting treatment for the customer loyalty programs at the TRS properties was impacted by the adoption of ASU 2014-09. See Note 11 to the condensed consolidated financial statements for further details on the adoption impact of ASU 2014-09 at the TRS Properties.

Accounting Pronouncements Not Yet Adopted

In August 2018, the FASB issued ASU No. 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 (a consensus of the FASB Emerging Issues Task Force)* ("ASU 2018-15"). This ASU clarifies that entities should follow the guidance for capitalizing implementation costs incurred to develop or obtain internal-use software to account for implementation costs of cloud computing arrangements that are service contracts. ASU 2018-15 does not change the accounting for the service component of a cloud computing arrangement. ASU 2018-15 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Company does not expect the adoption of ASU 2018-15 to have a significant impact on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ("ASU 2017-04"). This ASU simplifies an entity's goodwill impairment test by eliminating Step 2 from the test. The new guidance also amends the definition of impairment to a condition that exists when the carrying amount of goodwill exceeds its fair value. By eliminating Step 2 from the test, entities are no longer required to determine the implied fair value of goodwill by computing the fair value (at impairment testing date) of all assets and liabilities in a manner similar to that required in conjunction with business combinations. Upon the adoption of ASU 2017-04, an impairment charge is simply recorded as the difference between carrying value and fair value, when carrying value exceeds fair value. ASU 2017-04 is effective for annual reporting periods beginning after December 15, 2019 and early adoption is permitted. The Company does not expect the adoption of ASU 2017-04 to significantly impact its goodwill impairment testing.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instrument* ("ASU 2016-13"). This ASU introduces a new model for estimating credit losses for certain types of financial instruments, including loans receivable and net investments in direct financing leases, amongst other financial instruments. ASU 2016-13 sets forth an "expected credit loss" impairment model to replace the current "incurred loss" method of recognizing credit losses, which is intended to improve financial reporting by requiring timely recording of credit losses on loans and other financial instruments. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted for fiscal years beginning after December 15, 2018. The Company does not expect the adoption of ASU 2016-13 to have a significant impact on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"). This ASU primarily provides new guidance for lessees on the accounting treatment of operating leases. Under the new guidance, lessees are

required to recognize assets and liabilities arising from operating leases on the balance sheet. ASU 2016-02 also aligns lessor accounting with the revenue recognition guidance in Topic 606 of the Accounting Standards Codification. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2018 and was originally required to be adopted on a modified retrospective basis, meaning the new leasing model will be applied to the earliest year presented in the financial statements and thereafter. However, in July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements* ("ASU 2018-11") which permits companies to apply the transition provisions of the lease accounting standard at its effective date (i.e. comparative financial statements would not be required). The Company intends to apply the new transition option under ASU 2018-11 to its adoption of the new leasing standard.

The Company is evaluating the impact of adopting this new accounting standard on its financial statements but does not expect the adoption of the new guidance to have a significant impact on the accounting treatment of its triple-net tenant leases, which are the primary source of revenue to the Company. Generally speaking, ASU 2016-02 will more significantly impact the accounting for leases in which GLPI is the lessee by requiring the Company to record a right of use asset and lease liability on its consolidated balance sheets for these leases. Although the Company has made significant strides in the implementation of ASU 2016-02, due to the recent transactions described in Note 1 to the condensed consolidated financial statements, which resulted in the Company's entry into a number of new ground leases and the uncertainty surrounding borrowing rates at January 1, 2019, the Company is still evaluating the final dollar impact of adopting the new leasing standard.

4. Summary of Significant Accounting Policies

Fair Value of Financial Instruments

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate.

Cash and Cash Equivalents

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

Deferred Compensation Plan Assets

The Company's deferred compensation plan assets consist of open-ended mutual funds and as such the fair value measurement of the assets is considered a Level 1 measurement as defined under Accounting Standards Code ("ASC") 820 "Fair Value Measurements and Disclosures" ("ASC 820"). Deferred compensation plan assets are included within other assets on the condensed consolidated balance sheets.

Loan Receivable

The fair value of the loan receivable approximates the carrying value of the Company's loan receivable, as collection on the outstanding loan balance is reasonably assured and the interest rate approximates market rates for a similar instrument. The fair value measurement of the loan receivable is considered a Level 3 measurement as defined under ASC 820. See Note 8 to the condensed consolidated financial statements for current considerations surrounding the loan receivable.

Long-term Debt

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

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

	September 30, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	1,162,774	1,162,774	29,054	29,054
Deferred compensation plan assets	25,603	25,603	22,617	22,617
Loan receivable	13,991	13,991	13,000	13,000
Financial liabilities:				
Long-term debt				
Senior unsecured credit facility	525,000	519,750	1,055,000	1,045,600
Senior unsecured notes	4,975,000	5,107,623	3,425,000	3,574,688

Revenue Recognition

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

The Company recognizes income from tenants subject to direct financing leases ratably over the lease term using the effective interest rate method which produces a constant periodic rate of return on the net investment in the leased property. At lease inception, the Company records an asset which represents the Company's net investment in the direct financing lease. This initial net investment is determined by aggregating the total future minimum lease payments attributable to the direct financing lease and the estimated residual value of the property, less unearned income. Over the lease term, the investment in the direct financing lease is reduced and income is recognized for the building portion of rent. Furthermore, as the net investment in direct financing lease includes only future minimum lease payments, percentage rent that is not fixed and determinable at the lease inception is excluded from the determination of the rent attributable to the leased assets and will therefore be recorded as income from the direct financing lease in the period earned. For further detail on the Company's direct financing lease refer to Note 8 to the condensed consolidated financial statements.

Additionally, in accordance with ASC 606, "Revenue from Contracts with Customers," the Company records revenue for the real estate taxes paid by its tenants on the leased properties with an offsetting expense in real estate taxes within the condensed consolidated statement of income as the Company has concluded it is the primary obligor. Similarly, the Company records revenue for the ground lease rent paid by its tenants with an offsetting expense in land rights and ground lease expense within the condensed consolidated statement of income as the Company has concluded that as the lessee it is the primary obligor under the ground leases. The Company subleases these ground leases back to its tenants, who are responsible for payment directly to the landlord.

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

Gaming revenue is recognized net of certain sales incentives, including promotional allowances in accordance with ASC 606, "Revenue from Contracts with Customers." The Company also defers a portion of the revenue received from customers (who participate in the points based loyalty programs) at the time of play and attributed to the awarded points until a later period when the points are redeemed or forfeited. See Note 11 to the condensed consolidated financial statements for a

summary of the changes to the recognition of revenue at the TRS Properties related to the adoption of ASU 2014-09 on January 1, 2018.

Gaming and Admission Taxes

For the TRS Properties, the Company is subject to gaming and admission taxes based on gross gaming revenues in the jurisdictions in which it operates, as well as state gaming device fees, based upon a standard per game assessment. The Company recognizes gaming tax expense based on the statutorily required percentage of revenue that is required to be paid to state and local jurisdictions in the states where wagering occurs. Admission taxes are only assessed in Louisiana, while state gaming device fees are only assessed in Maryland. The Company records gaming and admission taxes at the Company's estimated effective gaming tax rate for the year, considering estimated taxable gaming revenue and the applicable rates. Such estimates are adjusted each interim period. If gaming and admission tax rates change during the year, such changes are applied prospectively in the determination of gaming and admission tax expense in future interim periods. For the three and nine months ended September 30, 2018, these expenses, which are recorded within gaming, food, beverage and other expense in the condensed consolidated statements of income, totaled \$13.8 million and \$43.1 million, respectively, as compared to \$14.4 million and \$44.1 million for the three and nine months ended September 30, 2017.

Earnings Per Share

The Company calculates earnings per share ("EPS") in accordance with ASC 260, "Earnings per Share." Basic EPS is computed by dividing net income applicable to common stock by the weighted-average number of common shares outstanding during the period, excluding net income attributable to participating securities (unvested restricted stock awards). Diluted EPS reflects the additional dilution for all potentially-dilutive securities such as stock options, unvested restricted shares and unvested performance-based restricted shares. In accordance with ASC 260 "Earnings per Share," the Company includes all performance-based restricted shares that would have vested based upon the Company's performance at quarter-end in the calculation of diluted EPS. Diluted EPS for the Company's common stock is computed using the more dilutive of the two-class method or the treasury stock method.

The following table reconciles the weighted-average common shares outstanding used in the calculation of basic EPS to the weighted-average common shares outstanding used in the calculation of diluted EPS for the three and nine months ended September 30, 2018 and 2017:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(in thousands)			
Determination of shares:				
Weighted-average common shares outstanding	213,876	212,500	213,589	210,059
Assumed conversion of dilutive employee stock-based awards	136	595	262	684
Assumed conversion of restricted stock awards	96	154	66	146
Assumed conversion of performance-based restricted stock awards	764	1,304	801	1,209
Diluted weighted-average common shares outstanding	<u>214,872</u>	<u>214,553</u>	<u>214,718</u>	<u>212,098</u>

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The following table presents the calculation of basic and diluted EPS for the Company's common stock for the three and nine months ended September 30, 2018 and 2017:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
(in thousands, except per share data)				
Calculation of basic EPS:				
Net income	\$ 104,815	\$ 97,014	\$ 293,585	\$ 287,339
Less: Net income allocated to participating securities	(147)	(157)	(411)	(470)
Net income attributable to common shareholders	\$ 104,668	\$ 96,857	\$ 293,174	\$ 286,869
Weighted-average common shares outstanding	213,876	212,500	213,589	210,059
Basic EPS	\$ 0.49	\$ 0.46	\$ 1.37	\$ 1.37
Calculation of diluted EPS:				
Net income	\$ 104,815	\$ 97,014	\$ 293,585	\$ 287,339
Diluted weighted-average common shares outstanding	214,872	214,553	214,718	212,098
Diluted EPS	\$ 0.49	\$ 0.45	\$ 1.37	\$ 1.35

There were 95,890 and 113,368 outstanding equity based awards during the three and nine months ended September 30, 2018, respectively, that were not included in the computation of diluted EPS because they were antidilutive. There were no outstanding equity based awards during the three months ended September 30, 2017 and 4,616 outstanding equity based awards during the nine months ended September 30, 2017 that were not included in the computation of diluted EPS because they were antidilutive.

Stock-Based Compensation

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

As of September 30, 2018, there was \$6.6 million of total unrecognized compensation cost for restricted stock awards that will be recognized over the grants' remaining weighted average vesting period of 1.86 years. For the three and nine months ended September 30, 2018, the Company recognized \$1.1 million and \$3.5 million, respectively, of compensation expense associated with these awards, compared to \$1.2 million and \$4.7 million for the three and nine months ended September 30, 2017, respectively.

The following table contains information on restricted stock award activity for the nine months ended September 30, 2018:

	Number of Award Shares
Outstanding at December 31, 2017	344,744
Granted	283,183
Released	(273,152)
Canceled ⁽¹⁾	(54,999)
Outstanding at September 30, 2018	299,776

Performance-based restricted stock awards have a three-year cliff vesting with the amount of restricted shares vesting at the end of the three-year period determined based upon the Company's performance as measured against its peers. More specifically, the percentage of shares vesting at the end of the measurement period will be based on the Company's three-year total shareholder return measured against the three-year return of the companies included in the MSCI US REIT index and the Company's stock performance ranking among a group of triple-net REIT peer companies. The triple-net measurement group

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includes publicly traded REITs deriving at least 75% of revenues from triple-net leases. As of September 30, 2018, there was \$11.0 million of total unrecognized compensation cost, which will be recognized over the performance-based restricted stock awards' remaining weighted average vesting period of 1.83 years. For the three and nine months ended September 30, 2018, the Company recognized \$2.1 million and \$4.3 million, respectively, of compensation expense associated with these awards, compared to the recognition of \$2.4 million and \$7.2 million for the three and nine months ended September 30, 2017, respectively.

The following table contains information on performance-based restricted stock award activity for the nine months ended September 30, 2018:

	Number of Performance- Based Award Shares
Outstanding at December 31, 2017	1,664,000
Granted	556,000
Released	(548,000)
Canceled ⁽¹⁾	(330,000)
Outstanding at September 30, 2018	1,342,000

⁽¹⁾ The canceled shares and the resulting reversal of expense are the result of the retirement of the Company's former Chief Financial Officer.

5. Real Estate Investments

Real estate investments, net, represents investments in 36 rental properties and the corporate headquarters building and is summarized as follows:

	September 30, 2018	December 31, 2017
	(in thousands)	
Land and improvements	\$ 2,054,678	\$ 2,057,928
Building and improvements	2,461,573	2,461,573
Total real estate investments	4,516,251	4,519,501
Less accumulated depreciation	(931,612)	(857,456)
Real estate investments, net	\$ 3,584,639	\$ 3,662,045

6. Land Rights

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

The land rights are amortized over the individual lease term of each ground lease, including all renewal options, which ranged from 25 years to 92 years at their respective acquisition dates. Land rights net, consists of the following:

	September 30, 2018	December 31, 2017
	(in thousands)	
Land rights	\$ 656,666	\$ 656,666
Less accumulated amortization	(24,700)	(16,518)
Land rights, net	\$ 631,966	\$ 640,148

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Amortization expense related to the ground leases is recorded within land rights and ground lease expense in the condensed consolidated statements of income and totaled \$2.7 million and \$8.2 million for the three and nine months ended September 30, 2018, respectively. Amortization expense related to the ground leases totaled \$2.7 million and \$7.6 million for the three and nine months ended September 30, 2017, respectively.

As of September 30, 2018, estimated future amortization expense related to the Company's ground leases by fiscal year is as follows (in thousands):

<u>Year ending December 31,</u>	
2018	\$ 2,728
2019	10,910
2020	10,910
2021	10,910
2022	10,910
Thereafter	585,598
Total	<u>\$ 631,966</u>

7. Property and Equipment Used in Operations

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

	September 30, 2018	December 31, 2017
(in thousands)		
Land and improvements	\$ 30,288	\$ 30,276
Building and improvements	116,544	116,286
Furniture, fixtures, and equipment	116,045	114,972
Construction in progress	618	8
Total property and equipment	<u>263,495</u>	<u>261,542</u>
Less accumulated depreciation	(161,066)	(153,249)
Property and equipment, net	<u>\$ 102,429</u>	<u>\$ 108,293</u>

8. Receivables

Investment in Direct Financing Lease, Net

Under ASC 840 - Leases ("ASC 840"), the Pinnacle Master Lease is bifurcated between an operating lease and a direct financing lease. The fair value assigned to the land (inclusive of the land rights) qualifies for operating lease treatment, while the fair value assigned to the buildings is classified as a direct financing lease. Under ASC 840, the accounting treatment for direct financing leases requires the Company to record an investment in direct financing leases on its books at lease inception and subsequently recognize interest income and a reduction in the investment for the building portion of rent. This initial net investment is determined by aggregating the total future minimum lease payments attributable to the direct financing lease and the estimated residual value of the property, less unearned income. The interest income recorded under the direct financing lease is included in income from direct financing lease in the Company's condensed consolidated statements of income and is recognized over the 35-year lease term using the effective interest rate method which produces a constant periodic rate of return on the net investment in the leased property. Furthermore, as the net investment in direct financing lease includes only future minimum lease payments, rent that is not fixed and determinable at the lease inception is excluded from the determination of the rent attributable to the leased assets and will therefore be recorded as income from direct financing lease in the period earned. The unguaranteed residual value is the Company's estimate of what it could realize upon the sale of the property at the end of the lease term.

The net investment in the direct financing lease is evaluated for impairment as necessary, if indicators of impairment are present, to determine if there has been an-other-than-temporary decline in the residual value of the property or a change in the lessee's credit worthiness. At September 30, 2018, there were no indicators of a decline in the estimated residual value of the property and collectability of the remaining receivable balance is reasonably assured.

The Company's investment in direct financing lease, net, consists of the following and represents the building assets acquired from Pinnacle:

	September 30, 2018	December 31, 2017
	(in thousands)	
Minimum lease payments receivable	\$ 3,176,236	\$ 3,263,387
Unguaranteed residual value	689,811	689,811
Gross investment in direct financing lease	3,866,047	3,953,198
Less: unearned income	(1,265,649)	(1,315,559)
Investment in direct financing lease, net	<u>\$ 2,600,398</u>	<u>\$ 2,637,639</u>

Loan Receivable

In January 2014, the Company completed the asset acquisition of the real property associated with the Casino Queen in East St. Louis, Illinois. GLPI leases the property back to Casino Queen on a triple-net basis on terms similar to those in the Master Leases. The lease has an initial term of 15 years and the tenant has an option to renew it at the same terms and conditions for four successive five-year periods.

Simultaneously with the Casino Queen acquisition, GLPI provided Casino Queen with a \$43.0 million, five-year term loan at 7% interest, pre-payable at any time, which, together with the sale proceeds, completely refinanced and retired all of Casino Queen's outstanding long-term debt obligations. On March 13, 2017, the outstanding principal and interest on this loan was repaid in full and GLPI simultaneously provided a new unsecured \$13.0 million, 5.5 year term loan to CQ Holding Company, Inc., the parent company of Casino Queen ("CQ Holding Company"), to partially finance their acquisition of Lady Luck Casino in Marquette, Iowa. The cash proceeds were net settled. The new loan bears an interest rate of 15% and is pre-payable at any time.

The Company evaluates loans for impairment when it is probable that it will not be able to collect all amounts due according to contractual terms. All amounts due under the contractual terms means that both contractual interest payments and contractual principal payments of a loan will be collected as scheduled in the loan agreement. Indicators of impairment may include delinquent payments, a decline in the credit worthiness of a debtor, or a decline in the underlying property/tenant's performance. The Company measures loan impairment based upon the present value of expected future cash flows discounted at the loan's original effective interest rate. The determination of whether loans are impaired involves judgments and assumptions based on objective and subjective factors. If an impairment occurs, the Company will reduce the carrying value of the loan and record a corresponding charge to net income.

On June 12, 2018, the Company received a Notice of Event of Default under the Senior Credit Agreement of CQ Holding Company from Citizens Bank, N.A. ("Citizens"), which reported a covenant default under their senior secured agreement. Under the terms of that agreement, Citizens may halt debtor cash payments to unsecured lenders such as GLPI. As this did in fact occur, the interest due from CQ Holding Company in June and September 2018 under the Company's unsecured loan was paid in kind in the amount of \$1.0 million. Furthermore, on August 21, 2018, the Company notified Casino Queen of an Event of Default under the Company's unsecured loan with CQ Holding Company, related to a financial covenant violation and subsequent to September 30, 2018, CQ Holding Company had a payment default under their senior credit agreement with Citizens.

At this time, full payment of the principal and interest is still expected, all lease payments due from Casino Queen remain current and the Casino Queen lease remains in compliance with all covenants. No modifications or concessions have been made to the loan and as such at September 30, 2018, the Company believes it is appropriate to accrue the full principal and interest due under the loan. At September 30, 2018, the balance of the loan is \$14.0 million, including \$1.0 million of accrued interest. The loan balance is recorded at carrying value which approximates fair value. Interest income related to the loan is recorded in interest income within the Company's condensed consolidated statements of income in the period earned.

9. Long-term Debt

Long-term debt is as follows:

	September 30, 2018	December 31, 2017
(in thousands)		
Unsecured term loan A	\$ —	\$ 230,000
Unsecured term loan A-1	525,000	825,000
Unsecured revolver	—	—
\$550 million 4.375% senior unsecured notes due November 2018	—	550,000
\$1,000 million 4.875% senior unsecured notes due November 2020	1,000,000	1,000,000
\$400 million 4.375% senior unsecured notes due April 2021	400,000	400,000
\$500 million 5.375% senior unsecured notes due November 2023	500,000	500,000
\$850 million 5.25% senior unsecured notes due June 2025	850,000	—
\$975 million 5.375% senior unsecured notes due April 2026	975,000	975,000
\$500 million 5.75% senior unsecured notes due June 2028	500,000	—
\$750 million 5.30% senior unsecured notes due January 2029	750,000	—
Capital lease	1,142	1,230
Total long-term debt	5,501,142	4,481,230
Less: unamortized debt issuance costs, bond premiums and original issuance discounts	(51,995)	(38,350)
Total long-term debt, net of unamortized debt issuance costs, bond premiums and original issuance discounts	\$ 5,449,147	\$ 4,442,880

The following is a schedule of future minimum repayments of long-term debt as of September 30, 2018 (in thousands):

Within one year	\$ 122
2-3 years	1,925,261
4-5 years	287
Over 5 years	3,575,472
Total minimum payments	\$ 5,501,142

Senior Unsecured Credit Facility

The Company's senior unsecured credit facility (the "Credit Facility"), consists of a \$1,100 million revolving credit facility and a \$525 million Term Loan A-1 facility. On May 21, 2018, the Company entered into the second amendment to the Credit Facility, which increased the Company's revolving commitments to an aggregate principal amount of \$1,100 million, eliminated the Term Loan A facility, required the Company to repay a portion of the Term Loan A-1 facility and extended the maturity date of the revolving credit facility. The revolving credit facility matures on May 21, 2023 and the Term Loan A-1 facility matures on April 28, 2021.

The Company recorded a loss on the early extinguishment of debt, related to the second amendment to the Credit Facility, of approximately \$1.0 million for the proportional amount of unamortized debt issuance costs associated with the extinguished Term Loan A facility and related to the banks that are no longer participating in the Credit Facility.

At September 30, 2018, the Credit Facility had a gross outstanding balance of \$525 million, consisting of the \$525 million Term Loan A-1 facility. Additionally, at September 30, 2018, the Company was contingently obligated under letters of credit issued pursuant to the Credit Facility with face amounts aggregating approximately \$0.4 million, resulting in \$1,099.6 million of available borrowing capacity under the revolving credit facility as of September 30, 2018.

The Credit Facility contains customary covenants that, among other things, restrict, subject to certain exceptions, the ability of GLPI and its subsidiaries to grant liens on their assets, incur indebtedness, sell assets, make investments, engage in acquisitions, mergers or consolidations or pay certain dividends and other restricted payments. The Credit Facility contains the following financial covenants, which are measured quarterly on a trailing four-quarter basis: a maximum total debt to total asset value ratio, a maximum senior secured debt to total asset value ratio, a maximum ratio of certain recourse debt to

unencumbered asset value and a minimum fixed charge coverage ratio. In addition, GLPI is required to maintain a minimum tangible net worth and its status as a REIT. GLPI is permitted to pay dividends to its shareholders as may be required in order to maintain REIT status, subject to the absence of payment or bankruptcy defaults. GLPI is also permitted to make other dividends and distributions subject to pro forma compliance with the financial covenants and the absence of defaults. The Credit Facility also contains certain customary affirmative covenants and events of default, including the occurrence of a change of control and termination of the Penn Master Lease (subject to certain replacement rights). The occurrence and continuance of an event of default under the Credit Facility will enable the lenders under the Credit Facility to accelerate the loans and terminate the commitments thereunder. At September 30, 2018, the Company was in compliance with all required financial covenants under the Credit Facility.

Senior Unsecured Notes

On September 26, 2018, the Company issued \$750 million of 5.30% Senior Unsecured Notes maturing on January 15, 2029 at an issue price equal to 99.985% of the principal amount (the "2029 Notes") and \$350 million of 5.25% Senior Unsecured Notes maturing on June 1, 2025 at an issue price equal to 102.148% of the principal amount (the "New 2025 Notes"). The New 2025 Notes will become part of the same series as, and are expected to be fungible with, the Company's previously issued 5.25% senior notes due 2025, \$500 million aggregate principal amount of which were originally issued on May 21, 2018 (the "Initial 2025 Notes" and together with the "New 2025 Notes" the "2025 Notes"). Interest on the 2025 Notes is payable semi-annually on June 1 and December 1 of each year, commencing on December 1, 2018 and is deemed to accrue from May 21, 2018, the issuance date of the Initial 2025 Notes. Interest on the 2029 Notes is payable semi-annually on January 15 and July 15 of each year, commencing on January 15, 2019. The net proceeds from the sale of the New 2025 Notes and 2029 Notes, together with funds available under the revolving credit facility were used in October 2018 to (i) finance GLPI's acquisition of the real property assets of Plainridge Park Casino from Penn and its issuance of a secured mortgage loan to Boyd in connection with Boyd's acquisition of the real property assets of Belterra Park Gaming & Entertainment Center, (ii) finance GLPI's acquisition of substantially all the real property assets of five gaming facilities owned by Tropicana and its issuance of a mortgage loan to Eldorado in connection with Eldorado's acquisition of substantially all the real property assets of Lumière Place, and (iii) pay the estimated transaction fees and expenses associated with the transactions.

On May 21, 2018, the Company completed a cash tender offer (the "Tender Offer") to purchase any and all of the outstanding \$550 million aggregate principal of its 4.375% Senior Unsecured Notes due 2018 (the "2018 Notes"). The Company received tenders from the holders of approximately \$393.5 million in aggregate principal of the 2018 Notes, or approximately 72% of its outstanding 2018 Notes in connection with the Tender Offer at a price of 100.396% of the unpaid principal amount plus accrued and unpaid interest through the settlement date. The Company recorded a loss on the early extinguishment of debt, related to the Tender Offer of approximately \$2.5 million for the proportional amount of unamortized debt issuance costs associated with the tendered 2018 Notes and the difference between the reacquisition price of the tendered 2018 Notes and their net carrying value. On August 16, 2018, the Company redeemed the remaining 2018 Notes for 100% of the principal amount and accrued and unpaid interest to, but not including the redemption date.

Also on May 21, 2018, the Company issued the Initial 2025 Notes and \$500 million of 5.75% Senior Unsecured Notes maturing on June 1, 2028 (the "2028 Notes"). Interest on the 2025 Notes and 2028 Notes is payable semi-annually on June 1 and December 1 of each year, commencing on December 1, 2018. The net proceeds from the sale of the Initial 2025 Notes and 2028 Notes were used (i) to prepay and extinguish the outstanding borrowings under the Term Loan A facility under the Credit Facility and to repay a portion of the outstanding borrowings under the Term Loan A-1 facility, (ii) to finance the tender offer of the 2018 Notes, (iii) to redeem the remaining 2018 Notes and (iv) to pay fees and expenses to amend our Credit Facility, as described above.

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

At September 30, 2018, the Company was in compliance with all required financial covenants under the Notes.

Capital Lease

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

10. Commitments and Contingencies

Litigation

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

11. Revenue Recognition

As of September 30, 2018, 20 of the Company's real estate investment properties were leased to a subsidiary of Penn under the Penn Master Lease and 14 of the Company's real estate investment properties were leased to a subsidiary of Pinnacle under the Pinnacle Master Lease. The obligations under the Penn and Pinnacle Master Leases are guaranteed by Penn and Pinnacle, respectively, and by most of Penn's and Pinnacle's subsidiaries that occupy and operate the facilities leased under the respective Master Leases. A default by Penn or its subsidiaries with regard to any facility will cause a default with regard to the Penn Master Lease and a default by Pinnacle or its subsidiaries with regard to any facility will cause a default with regard to the Pinnacle Master Lease. Additionally, the real estate assets of the Meadows Racetrack and Casino (the "Meadows") are leased to Pinnacle under a single property triple-net lease separate from the Pinnacle Master Lease. GLPI also leases the Casino Queen property back to its operator on a triple-net basis on terms similar to those in the Master Leases (the "Casino Queen Lease").

The rent structure under the Penn Master Lease includes a fixed component, a portion of which is subject to an annual 2% escalator if certain rent coverage ratio thresholds are met, and a component that is based on the performance of the facilities, which is adjusted, subject to certain floors (i) every five years to an amount equal to 4% of the average net revenues of all facilities under the Penn Master Lease (other than Hollywood Casino Columbus and Hollywood Casino Toledo) during the preceding five years, and (ii) monthly by an amount equal to 20% of the change in net revenues of Hollywood Casino Columbus and Hollywood Casino Toledo during the preceding month.

Similar to the Penn Master Lease, the Pinnacle Master Lease also includes a fixed component, a portion of which is subject to an annual 2% escalator if certain rent coverage ratio thresholds are met and a component that is based on the performance of the facilities, which is adjusted, subject to certain floors every two years to an amount equal to 4% of the average annual net revenues of all facilities under the Pinnacle Master Lease during the preceding two years.

GLPI leases the Meadows real property assets to Pinnacle under a triple-net operating lease separate from the Pinnacle Master Lease with an initial term of 10 years with no purchase option and the option to renew for three successive 5-year terms and one 4-year term, at Pinnacle's option (the "Meadows Lease"). The Meadows Lease contains a fixed component, subject to annual escalators, and a component that is based on the performance of the facility, which is reset every two years to a fixed amount determined by multiplying (i) 4% by (ii) the average annual net revenues of the facility for the trailing two year period. The Meadows Lease contains an annual escalator provision for up to 5% of the base rent, if certain rent coverage ratio thresholds are met, which remains at 5% until the earlier of ten years or the year in which total rent is \$31 million, at which point the escalator will be reduced to 2% annually thereafter.

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

In addition to rent, as triple-net lessees, all of the Company's tenants are required to pay the following executory costs: (1) all facility maintenance, (2) all insurance required in connection with the leased properties and the business conducted on the leased properties, including coverage of the landlord's interests, (3) taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor) and (4) all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties.

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The Company determined, based on facts and circumstances prevailing at the time of each lease's inception, that neither Penn, Pinnacle (excluding the Meadows Lease as described below) nor Casino Queen could effectively operate and run their respective business without the properties that are leased to it under the respective lease agreements with the Company. Furthermore, at lease inception, all of Casino Queen's revenues and substantially all of Penn's and Pinnacle's revenues were generated from operations in connection with the leased properties. There are also various legal restrictions in the jurisdictions in which Penn, Pinnacle and Casino Queen operate that limit the availability and location of gaming facilities, which makes relocation or replacement of the leased gaming facilities restrictive and potentially impracticable or unavailable. Moreover, under the terms of the Penn and Pinnacle Master Leases, Penn and Pinnacle must make their renewal election with respect to all of the leased property together; the tenant is not entitled to selectively renew certain of the leased property while not renewing other property. Accordingly, the Company concluded that failure by Penn, Pinnacle or Casino Queen to renew the lease would impose a significant penalty on such tenant such that renewal of all lease renewal options appears at lease inception to be reasonably assured. Therefore, the Company concluded that the term of the leases with both Penn and Casino Queen is 35 years, equal to the initial 15 year term plus all four of the 5-year renewal options. The lease term of the Pinnacle Master Lease is also 35 years, equal to the initial 10 year term plus all five of the 5-year renewal options.

As described above, subsequent to purchasing the majority of Pinnacle's real estate assets and leasing them back to Pinnacle, the Company entered into a separate triple-net lease with Pinnacle to lease the newly acquired Meadows real estate assets to Pinnacle. Because this lease involves only a single property within Pinnacle's portfolio, GLPI concluded it was not reasonably assured at lease inception that Pinnacle would elect to exercise all lease renewal options. The Company concluded that failure by Pinnacle to renew the Meadows Lease would not impose a significant penalty on such tenant as this property's operations represent only an incremental portion of Pinnacle's total business at lease inception. Therefore, the Company concluded that the lease term of the Meadows Lease is 10 years, equal to the initial 10-year term only.

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

On January 1, 2018, the Company adopted ASU 2014-09, which altered the recognition of revenue at the TRS Properties related to the customer loyalty programs. Specifically, the recognition of revenue associated with these points based programs was impacted by eliminating the current accrual for the cost of the points awarded at the time of play and instead deferring the portion of the revenue received from the customer at the time of play and attributed to the awarded points until a later period when such points are redeemed or forfeited. The revenue deferral is calculated by allocating a portion of the transaction price to the points based upon their retail value. Under the former guidance, the cost of the points was recorded as an operating expense through the gaming, food, beverage and other expense line item of the Company's condensed consolidated statement of income. Under ASU 2014-09, promotional allowances representing the retail value of food, beverages and other services furnished to guests without charge are no longer presented as a separate line item on the condensed consolidated statements of income, rather they are presented on a net basis within gaming, food, beverage and other revenue. This change has no impact to total revenues and is for presentation purposes only. The impact of adopting ASU 2014-09 was immaterial to our total revenue for both the three and nine months ended September 30, 2018.

The following table discloses the components of gaming, food, beverage and other revenue within the condensed consolidated statements of income for the three and nine months ended September 30, 2018 and 2017:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(in thousands)		(in thousands)	
Slot machines	\$ 26,898	\$ 29,547	\$ 86,030	\$ 91,563
Table games	3,513	4,034	11,992	13,288
Poker	249	304	825	888
Food, beverage and other	2,132	2,313	6,735	7,208
Promotional allowances	(1,042)	(1,181)	(3,197)	(3,650)
Total gaming, food, beverage and other revenue	<u>\$ 31,750</u>	<u>\$ 35,017</u>	<u>\$ 102,385</u>	<u>\$ 109,297</u>

12. Shareholders' Equity

Common Stock

During August 2016, the Company commenced a continuous equity offering under which the Company may sell up to an aggregate of \$400 million of its common stock from time to time through a sales agent in “at the market” offerings (the “ATM Program”). Actual sales will depend on a variety of factors, including market conditions, the trading price of the Company's common stock and determinations of the appropriate sources of funding for proposed transactions. The Company may sell the shares in amounts and at times to be determined by the Company, but has no obligation to sell any of the shares in the ATM Program. The ATM Program also allows the Company to enter into forward sale agreements. In no event will the aggregate number of shares sold under the ATM Program (whether under any forward sale agreement or through a sales agent), have an aggregate sales price in excess of \$400 million. The Company expects, that if it enters into a forward sale contract, to physically settle each forward sale agreement with the forward purchaser on one or more dates specified by the Company prior to the maturity date of that particular forward sale agreement, in which case the aggregate net cash proceeds at settlement will equal the number of shares underlying the particular forward sale agreement multiplied by the relevant forward sale price. However, the Company may also elect to cash settle or net share settle a particular forward sale agreement, in which case proceeds may or may not be received or cash may be owed to the forward purchaser.

In connection with the ATM Program, the Company engaged a sales agent who may receive compensation of up to 2% of the gross sales price of the shares sold. Similarly, in the event the Company enters into a forward sale agreement, it will pay the relevant forward seller a commission of up to 2% of the sales price of all borrowed shares of common stock sold during the applicable selling period of the forward sale agreement.

No shares were sold under the ATM Program during the nine months ended September 30, 2018. During the nine months ended September 30, 2017, the Company sold 3,864,872 shares of its common stock at an average price of \$36.22 per share under the ATM Program, which generated gross proceeds of approximately \$140.0 million (net proceeds of approximately \$139.4 million). Program to date, the Company has sold 5,186,871 shares of its common stock at an average price of \$35.91 per share under the ATM Program and generated gross proceeds of approximately \$186.3 million (net proceeds of approximately \$185.0 million). The Company used the net proceeds from the ATM Program to partially fund its acquisition of the Meadows' and Tunica real estate assets. As of September 30, 2018, the Company had \$213.7 million remaining for issuance under the ATM Program and had not entered into any forward sale agreements.

Dividends

The following table lists the dividends declared and paid by the Company during the nine months ended September 30, 2018 and 2017:

Declaration Date	Shareholder Record Date	Securities Class	Dividend Per Share	Period Covered	Distribution Date	Dividend Amount (in thousands)
2018						
February 1, 2018	March 9, 2018	Common Stock	\$ 0.63	First Quarter 2018	March 23, 2018	\$ 134,490
April 24, 2018	June 15, 2018	Common Stock	\$ 0.63	Second Quarter 2018	June 29, 2018	\$ 134,631
July 31, 2018	September 7, 2018	Common Stock	\$ 0.63	Third Quarter 2018	September 21, 2018	\$ 134,844
2017						
February 1, 2017	March 13, 2017	Common Stock	\$ 0.62	First Quarter 2017	March 24, 2017	\$ 129,007
April 25, 2017	June 16, 2017	Common Stock	\$ 0.62	Second Quarter 2017	June 30, 2017	\$ 131,554
July 25, 2017	September 8, 2017	Common Stock	\$ 0.63	Third Quarter 2017	September 22, 2017	\$ 133,936

In addition, for the three and nine months ended September 30, 2018, dividend payments were made to GLPI restricted stock award holders in the amount of \$0.2 million and \$0.6 million, respectively, as compared to \$0.2 million and \$0.7 million for the three and nine months ended September 30, 2017, respectively.

13. Segment Information

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

The following tables present certain information with respect to the Company's segments.

(in thousands)	Three Months Ended September 30, 2018				Three Months Ended September 30, 2017			
	GLP Capital	TRS Properties	Eliminations (1)	Total	GLP Capital	TRS Properties	Eliminations (1)	Total
Total revenues	\$ 222,389	\$ 31,750	\$ —	\$ 254,139	\$ 209,489	\$ 35,017	\$ —	\$ 244,506
Income from operations	159,678	5,156	—	164,834	146,731	5,968	—	152,699
Interest, net	58,924	2,600	(2,601)	58,923	54,001	2,601	(2,601)	54,001
Income before income taxes	103,355	2,556	—	105,911	95,331	3,367	—	98,698
Income tax expense	229	867	—	1,096	242	1,442	—	1,684
Net income	103,126	1,689	—	104,815	95,089	1,925	—	97,014
Depreciation	24,928	2,339	—	27,267	25,820	2,812	—	28,632
Capital project expenditures	6	—	—	6	10	—	—	10
Capital maintenance expenditures	—	970	—	970	—	460	—	460

(in thousands)	Nine Months Ended September 30, 2018				Nine Months Ended September 30, 2017			
	GLP Capital	TRS Properties	Eliminations (1)	Total	GLP Capital	TRS Properties	Eliminations (1)	Total
Total revenues	\$ 650,025	\$ 102,385	\$ —	\$ 752,410	\$ 621,313	\$ 109,297	\$ —	\$ 730,610
Income from operations	450,685	19,241	—	469,926	434,166	21,235	—	455,401
Interest, net	168,676	7,802	(7,804)	168,674	161,658	7,802	(7,804)	161,656
Income before income taxes	286,340	11,439	—	297,779	280,312	13,433	—	293,745
Income tax expense	628	3,566	—	4,194	854	5,552	—	6,406
Net income	285,712	7,873	—	293,585	279,458	7,881	—	287,339
Depreciation	75,715	7,029	—	82,744	76,870	8,442	—	85,312
Capital project expenditures	20	—	—	20	78	—	—	78
Capital maintenance expenditures	51	2,903	—	2,954	—	2,187	—	2,187

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

14. Supplemental Disclosures of Cash Flow Information and Noncash Activities

Supplemental disclosures of cash flow information are as follows:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(in thousands)		(in thousands)	
Cash paid for income taxes, net of refunds received	\$ 1,517	\$ 2,571	\$ 4,189	\$ 8,995
Cash paid for interest	7,234	8,503	109,644	111,116

Noncash Investing and Financing Activities

During the nine months ended September 30, 2018 and 2017, the Company did not engage in any noncash investing and financing activities.

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

GLPI guarantees the Notes issued by its subsidiaries, GLP Capital, L.P. and GLP Financing II, Inc. Each of the subsidiary issuers is 100% owned by GLPI. The guarantees of GLPI are full and unconditional. GLPI is not subject to any material or significant restrictions on its ability to obtain funds from its subsidiaries by dividend or loan or to transfer assets from such subsidiaries, except as provided by applicable law. None of GLPI's subsidiaries guarantee the Notes.

Summarized balance sheets as of September 30, 2018 and December 31, 2017, statements of income for the three and nine months ended September 30, 2018 and 2017 and statements of cash flows for the nine months ended September 30, 2018

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and 2017 for GLPI as the parent guarantor, for GLP Capital, L.P. and GLP Financing II, Inc. as the subsidiary issuers and the other subsidiary non-issuers is presented below.

At September 30, 2018 Condensed Consolidating Balance Sheet	Parent Guarantor	Subsidiary Issuers	Other Subsidiary Non-Issuers	Eliminations	Consolidated
(in thousands)					
Assets					
Real estate investments, net	\$ —	\$ 1,723,412	\$ 1,861,227	\$ —	\$ 3,584,639
Land rights, net	—	57,385	574,581	—	631,966
Property and equipment, used in operations, net	—	19,079	83,350	—	102,429
Investment in direct financing lease, net	—	—	2,600,398	—	2,600,398
Cash and cash equivalents	—	1,143,272	19,502	—	1,162,774
Prepaid expenses	—	5,135	4,121	805	10,061
Goodwill	—	—	75,521	—	75,521
Other intangible assets	—	—	9,577	—	9,577
Loan receivable	—	—	13,991	—	13,991
Intercompany loan receivable	—	193,595	—	(193,595)	—
Intercompany transactions and investment in subsidiaries	2,358,396	5,025,524	2,851,816	(10,235,736)	—
Deferred tax assets	—	—	4,973	—	4,973
Other assets	—	65,971	33,598	—	99,569
Total assets	\$ 2,358,396	\$ 8,233,373	\$ 8,132,655	\$ (10,428,526)	\$ 8,295,898
Liabilities					
Accounts payable	\$ —	\$ 1,764	\$ 87	\$ —	\$ 1,851
Accrued expenses	—	2,347	6,562	—	8,909
Accrued interest	—	92,093	—	—	92,093
Accrued salaries and wages	—	12,864	1,971	—	14,835
Gaming, property, and other taxes	—	28,017	33,822	—	61,839
Income taxes	—	(90)	(715)	805	—
Long-term debt, net of unamortized debt issuance costs, bond premiums and original issuance discounts	—	5,449,147	—	—	5,449,147
Intercompany loan payable	—	—	193,595	(193,595)	—
Deferred rental revenue	—	263,002	18,172	—	281,174
Deferred tax liabilities	—	—	279	—	279
Other liabilities	—	25,834	1,541	—	27,375
Total liabilities	—	5,874,978	255,314	(192,790)	5,937,502
Shareholders' equity (deficit)					
Preferred stock (\$.01 par value, 50,000,000 shares authorized, no shares issued or outstanding at September 30, 2018)	—	—	—	—	—
Common stock (\$.01 par value, 500,000,000 shares authorized, 214,037,994 shares issued and outstanding at September 30, 2018)	2,140	2,140	2,140	(4,280)	2,140
Additional paid-in capital	3,945,392	3,945,393	9,510,320	(13,455,713)	3,945,392
Retained accumulated (deficit) earnings	(1,589,136)	(1,589,138)	(1,635,119)	3,224,257	(1,589,136)
Total shareholders' equity (deficit)	2,358,396	2,358,395	7,877,341	(10,235,736)	2,358,396
Total liabilities and shareholders' equity (deficit)	\$ 2,358,396	\$ 8,233,373	\$ 8,132,655	\$ (10,428,526)	\$ 8,295,898

Three months ended September 30, 2018 Condensed Consolidating Statement of Income	Parent Guarantor	Subsidiary Issuers	Other Subsidiary Non-Issuers	Eliminations	Consolidated
(in thousands)					
Revenues					
Rental income	\$ —	\$ 101,130	\$ 69,146	\$ —	\$ 170,276
Income from direct financing lease	—	—	30,843	—	30,843
Real estate taxes paid by tenants	—	11,032	10,238	—	21,270
Total rental revenue and income from direct financing lease	—	112,162	110,227	—	222,389
Gaming, food, beverage and other	—	—	31,750	—	31,750
Total revenues	—	112,162	141,977	—	254,139
Operating expenses					
Gaming, food, beverage and other	—	—	18,962	—	18,962
Real estate taxes	—	11,051	10,535	—	21,586
Land rights and ground lease expense	—	1,920	4,564	—	6,484
General and administrative	—	9,943	5,063	—	15,006
Depreciation	—	22,946	4,321	—	27,267
Total operating expenses	—	45,860	43,445	—	89,305
Income from operations	—	66,302	98,532	—	164,834
Other income (expenses)					
Interest expense	—	(60,341)	—	—	(60,341)
Interest income	—	907	511	—	1,418
Intercompany dividends and interest	—	123,240	4,799	(128,039)	—
Total other income (expenses)	—	63,806	5,310	(128,039)	(58,923)
Income (loss) before income taxes	—	130,108	103,842	(128,039)	105,911
Income tax expense	—	228	868	—	1,096
Net income (loss)	<u>\$ —</u>	<u>\$ 129,880</u>	<u>\$ 102,974</u>	<u>\$ (128,039)</u>	<u>\$ 104,815</u>

Nine months ended September 30, 2018 Condensed Consolidating Statement of Income	Parent Guarantor	Subsidiary Issuers	Other Subsidiary Non-Issuers	Eliminations	Consolidated
(in thousands)					
Revenues					
Rental income	\$ —	\$ 304,716	\$ 204,830	\$ —	\$ 509,546
Income from direct financing lease	—	—	76,448	—	76,448
Real estate taxes paid by tenants	—	33,108	30,923	—	64,031
Total rental revenue and income from direct financing lease	—	337,824	312,201	—	650,025
Gaming, food, beverage and other	—	—	102,385	—	102,385
Total revenues	—	337,824	414,586	—	752,410
Operating expenses					
Gaming, food, beverage and other	—	—	59,027	—	59,027
Real estate taxes	—	33,165	31,816	—	64,981
Land rights and ground lease expense	—	5,868	13,592	—	19,460
General and administrative	—	39,880	16,392	—	56,272
Depreciation	—	69,737	13,007	—	82,744
Total operating expenses	—	148,650	133,834	—	282,484
Income from operations	—	189,174	280,752	—	469,926
Other income (expenses)					
Interest expense	—	(171,464)	—	—	(171,464)
Interest income	—	1,311	1,479	—	2,790
Losses on debt extinguishment	—	(3,473)	—	—	(3,473)
Intercompany dividends and interest	—	340,331	9,382	(349,713)	—
Total other income (expenses)	—	166,705	10,861	(349,713)	(172,147)
Income (loss) before income taxes	—	355,879	291,613	(349,713)	297,779
Income tax expense	—	627	3,567	—	4,194
Net income (loss)	\$ —	\$ 355,252	\$ 288,046	\$ (349,713)	\$ 293,585

Nine months ended September 30, 2018 Condensed Consolidating Statement of Cash Flows	Parent Guarantor	Subsidiary Issuers	Other Subsidiary Non-Issuers	Eliminations	Consolidated	
	(in thousands)					
Operating activities						
Net income (loss)	\$	—	\$ 355,252	\$ 288,046	\$ (349,713)	\$ 293,585
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization		—	70,987	19,939	—	90,926
Amortization of debt issuance costs, bond premiums and original issuance discounts		—	9,278	—	—	9,278
Paid-in-kind interest income		—	—	(991)	—	(991)
(Gains) losses on dispositions of property		—	120	234	—	354
Deferred income taxes		—	—	(299)	—	(299)
Stock-based compensation		—	7,878	—	—	7,878
Straight-line rent adjustments		—	42,983	6,167	—	49,150
Losses on debt extinguishment		—	3,473	—	—	3,473
(Increase) decrease,						
Prepaid expenses and other assets		—	(1,811)	204	833	(774)
Intercompany		—	294	(294)	—	—
Increase (decrease),						
Accounts payable		—	1,146	(10)	—	1,136
Accrued expenses		—	503	(19)	—	484
Accrued interest		—	58,852	—	—	58,852
Accrued salaries and wages		—	5,032	(1,006)	—	4,026
Gaming, property and other taxes		—	(164)	422	—	258
Income taxes		—	216	617	(833)	—
Other liabilities		—	1,355	(473)	—	882
Net cash provided by (used in) operating activities		—	555,394	312,537	(349,713)	518,218
Investing activities						
Capital project expenditures		—	(20)	—	—	(20)
Capital maintenance expenditures		—	(51)	(2,903)	—	(2,954)
Proceeds from sale of property and equipment		—	3,130	16	—	3,146
Acquisition of real estate assets		—	(15,552)	—	—	(15,552)
Collection of principal payments on investment in direct financing lease		—	—	37,241	—	37,241
Net cash provided by investing activities		—	(12,493)	34,354	—	21,861
Financing activities						
Dividends paid	(404,602)	—	—	—	—	(404,602)
Proceeds from exercise of options	3,698	—	—	—	—	3,698
Proceeds from issuance of long-term debt	—	2,107,405	—	—	—	2,107,405
Financing costs	—	(30,889)	—	—	—	(30,889)
Repayments of long-term debt	—	(1,080,087)	—	—	—	(1,080,087)
Premium and related costs paid on tender of senior unsecured notes	—	(1,884)	—	—	—	(1,884)
Intercompany financing	400,904	(400,908)	(349,709)	349,713	—	—
Net cash provided by (used in) financing activities	—	593,637	(349,709)	349,713	—	593,641
Net increase (decrease) in cash and cash equivalents	—	1,136,538	(2,818)	—	—	1,133,720
Cash and cash equivalents at beginning of period	—	6,734	22,320	—	—	29,054
Cash and cash equivalents at end of period	\$	—	\$ 1,143,272	\$ 19,502	\$	\$ 1,162,774

At December 31, 2017 Condensed Consolidating Balance Sheet	Parent Guarantor	Subsidiary Issuers	Other Subsidiary Non-Issuers	Eliminations	Consolidated
	(in thousands)				
Assets					
Real estate investments, net	\$ —	\$ 1,794,840	\$ 1,867,205	\$ —	\$ 3,662,045
Land rights, net	—	58,635	581,513	—	640,148
Property and equipment, used in operations, net	—	20,568	87,725	—	108,293
Investment in direct financing lease, net	—	—	2,637,639	—	2,637,639
Cash and cash equivalents	—	6,734	22,320	—	29,054
Prepaid expenses	—	4,067	2,746	1,639	8,452
Goodwill	—	—	75,521	—	75,521
Other intangible assets	—	—	9,577	—	9,577
Loan receivable	—	—	13,000	—	13,000
Intercompany loan receivable	—	193,595	—	(193,595)	—
Intercompany transactions and investment in subsidiaries	2,458,247	5,087,893	2,959,174	(10,505,314)	—
Deferred tax assets	—	—	4,478	—	4,478
Other assets	—	42,485	16,190	—	58,675
Total assets	\$ 2,458,247	\$ 7,208,817	\$ 8,277,088	\$ (10,697,270)	\$ 7,246,882
Liabilities					
Accounts payable	\$ —	\$ 619	\$ 96	\$ —	\$ 715
Accrued expenses	—	672	7,241	—	7,913
Accrued interest	—	33,241	—	—	33,241
Accrued salaries and wages	—	7,832	2,977	—	10,809
Gaming, property, and other taxes	—	21,135	14,264	—	35,399
Income taxes	—	(306)	(1,333)	1,639	—
Long-term debt, net of unamortized debt issuance costs	—	4,442,880	—	—	4,442,880
Intercompany loan payable	—	—	193,595	(193,595)	—
Deferred rental revenue	—	220,019	12,004	—	232,023
Deferred tax liabilities	—	—	244	—	244
Other liabilities	—	24,478	933	—	25,411
Total liabilities	—	4,750,570	230,021	(191,956)	4,788,635
Shareholders' equity (deficit)					
Preferred stock (\$.01 par value, 50,000,000 shares authorized, no shares issued or outstanding at December 31, 2016)	—	—	—	—	—
Common stock (\$.01 par value, 500,000,000 shares authorized, 212,717,549 shares issued and outstanding at December 31, 2017)	2,127	2,127	2,127	(4,254)	2,127
Additional paid-in capital	3,933,829	3,933,831	9,498,755	(13,432,586)	3,933,829
Retained accumulated (deficit) earnings	(1,477,709)	(1,477,711)	(1,453,815)	2,931,526	(1,477,709)
Total shareholders' equity (deficit)	2,458,247	2,458,247	8,047,067	(10,505,314)	2,458,247
Total liabilities and shareholders' equity (deficit)	\$ 2,458,247	\$ 7,208,817	\$ 8,277,088	\$ (10,697,270)	\$ 7,246,882

Three months ended September 30, 2017 Condensed Consolidating Statement of Income	Parent Guarantor	Subsidiary Issuers	Other Subsidiary Non- Issuers	Eliminations	Consolidated
(in thousands)					
Revenues					
Rental income	\$ —	\$ 100,310	\$ 68,720	\$ —	\$ 169,030
Income from direct financing lease	—	—	19,037	—	19,037
Real estate taxes paid by tenants	—	11,093	10,329	—	21,422
Total rental revenue and income from direct financing lease	—	111,403	98,086	—	209,489
Gaming, food, beverage and other	—	—	35,017	—	35,017
Total revenues	—	111,403	133,103	—	244,506
Operating expenses					
Gaming, food, beverage and other	—	—	19,890	—	19,890
Real estate taxes	—	11,111	10,640	—	21,751
Land rights and ground lease expense	—	1,853	4,564	—	6,417
General and administrative	—	9,013	6,104	—	15,117
Depreciation	—	23,644	4,988	—	28,632
Total operating expenses	—	45,621	46,186	—	91,807
Income from operations	—	65,782	86,917	—	152,699
Other income (expenses)					
Interest expense	—	(54,493)	—	—	(54,493)
Interest income	—	—	492	—	492
Intercompany dividends and interest	—	109,007	5,399	(114,406)	—
Total other income (expenses)	—	54,514	5,891	(114,406)	(54,001)
Income (loss) before income taxes	—	120,296	92,808	(114,406)	98,698
Income tax expense	—	242	1,442	—	1,684
Net income (loss)	<u>\$ —</u>	<u>\$ 120,054</u>	<u>\$ 91,366</u>	<u>\$ (114,406)</u>	<u>\$ 97,014</u>

Nine months ended September 30, 2017 Condensed Consolidating Statement of Income	Parent Guarantor	Subsidiary Issuers	Other Subsidiary Non- Issuers	Eliminations	Consolidated
(in thousands)					
Revenues					
Rental income	\$ —	\$ 297,709	\$ 204,245	\$ —	\$ 501,954
Income from direct financing lease	—	—	55,377	—	55,377
Real estate taxes paid by tenants	—	33,176	30,806	—	63,982
Total rental revenue and income from direct financing lease	—	330,885	290,428	—	621,313
Gaming, food, beverage and other	—	—	109,297	—	109,297
Total revenues	—	330,885	399,725	—	730,610
Operating expenses					
Gaming, food, beverage and other	—	—	61,635	—	61,635
Real estate taxes	—	33,240	31,566	—	64,806
Land rights and ground lease expense	—	3,999	13,628	—	17,627
General and administrative	—	28,410	17,419	—	45,829
Depreciation	—	70,342	14,970	—	85,312
Total operating expenses	—	135,991	139,218	—	275,209
Income from operations	—	194,894	260,507	—	455,401
Other income (expenses)					
Interest expense	—	(163,099)	—	—	(163,099)
Interest income	—	—	1,443	—	1,443
Intercompany dividends and interest	—	332,326	10,920	(343,246)	—
Total other income (expenses)	—	169,227	12,363	(343,246)	(161,656)
Income (loss) before income taxes	—	364,121	272,870	(343,246)	293,745
Income tax expense	—	854	5,552	—	6,406
Net income (loss)	\$ —	\$ 363,267	\$ 267,318	\$ (343,246)	\$ 287,339

Nine months ended September 30, 2017 Condensed Consolidating Statement of Cash Flows	Parent Guarantor	Subsidiary Issuers	Other Subsidiary Non-Issuers	Eliminations	Consolidated
	(in thousands)				
Operating activities					
Net income (loss)	\$ —	\$ 363,267	\$ 267,318	\$ (343,246)	\$ 287,339
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation	—	71,036	21,903	—	92,939
Amortization of debt issuance costs	—	9,770	—	—	9,770
Losses on dispositions of property	—	—	515	—	515
Deferred income taxes	—	—	(1,946)	—	(1,946)
Stock-based compensation	—	11,951	—	—	11,951
Straight-line rent adjustments	—	42,488	6,867	—	49,355
(Increase) decrease,					
Prepaid expenses and other assets	—	(2,128)	866	(242)	(1,504)
Intercompany	—	(417)	417	—	—
(Decrease) increase,					
Accounts payable	—	(213)	(488)	—	(701)
Accrued expenses	—	(97)	134	—	37
Accrued interest	—	42,138	—	—	42,138
Accrued salaries and wages	—	(3,496)	(239)	—	(3,735)
Gaming, property and other taxes	—	(617)	386	—	(231)
Income taxes	—	(236)	(6)	242	—
Other liabilities	—	3,536	(359)	—	3,177
Net cash provided by (used in) operating activities	—	536,982	295,368	(343,246)	489,104
Investing activities					
Capital project expenditures	—	(78)	—	—	(78)
Capital maintenance expenditures	—	—	(2,187)	—	(2,187)
Proceeds from sale of property and equipment	—	—	914	—	914
Principal payments on loan receivable	—	—	13,200	—	13,200
Acquisition of real estate assets	—	(82,866)	(386)	—	(83,252)
Collection of principal payments on investment in direct financing lease	—	—	54,459	—	54,459
Net cash (used in) provided by investing activities	—	(82,944)	66,000	—	(16,944)
Financing activities					
Dividends paid	(395,210)	—	—	—	(395,210)
Proceeds from exercise of options, net of taxes paid related to shares withheld for tax purposes on restricted stock award vestings	15,797	—	—	—	15,797
Proceeds from issuance of common stock, net of issuance costs	139,414	—	—	—	139,414
Proceeds from issuance of long-term debt	—	100,000	—	—	100,000
Repayments of long-term debt	—	(325,083)	—	—	(325,083)
Intercompany financing	239,999	(227,186)	(356,059)	343,246	—
Net cash (used in) provided by financing activities	—	(452,269)	(356,059)	343,246	(465,082)
Net increase in cash and cash equivalents					
Cash and cash equivalents at beginning of period	—	11,774	24,782	—	36,556
Cash and cash equivalents at end of period	\$ —	\$ 13,543	\$ 30,091	\$ —	\$ 43,634

16. Subsequent Events

On October 15, 2018, the Company completed its previously announced transactions with Penn, Pinnacle and Boyd to accommodate Penn's acquisition of Pinnacle, pursuant to a definitive agreement and plan of merger between Penn and Pinnacle, dated December 17, 2017. Concurrent with the Penn Pinnacle Merger, the Company amended the Pinnacle Master Lease to allow for the sale of the operating assets of Ameristar Casino Hotel Kansas City, Ameristar Casino Resort Spa St. Charles and Belterra Casino Resort from Pinnacle to Boyd and entered into a new unitary triple-net master lease agreement with Boyd for these properties on terms similar to the Company's existing master leases. The Company also purchased the real estate assets of Plainridge Park from Penn for \$250.0 million, exclusive of transaction fees and taxes and added this property to the Pinnacle Master Lease. The Company expects that the amendments to the Pinnacle Master Lease via the fourth amendment to such lease will require the Company to account for the amended lease as a new lease agreement, which will qualify for operating lease treatment under ASC 840. Therefore, subsequent to the Penn Pinnacle Merger, the Pinnacle Master Lease is expected to be treated as an operating lease in its entirety and the building assets previously recorded as an investment in direct financing lease on the Company's condensed consolidated balance sheet are expected to be recorded as real estate assets on the Company's condensed consolidated balance sheet. The new master lease agreement with Boyd is also expected to be classified as an operating lease. In conjunction with the Penn Pinnacle Merger, the Company also entered into a loan agreement with Boyd in connection with Boyd's acquisition of Belterra Park, whereby the Company loaned Boyd \$57.7 million, acts as mortgagee and will collect interest income from Boyd. The Company's initial annual real estate income will increase by \$45.3 million as a result of these transactions.

On October 12, 2018, the Company declared its fourth quarter dividend of \$0.68 per common share, payable on December 28, 2018 to shareholders of record on December 14, 2018.

On October 10, 2018, the Company entered into the third amendment to the Credit Facility, which increased the Company's revolving commitments to an aggregate principal amount of \$1,175 million.

On October 1, 2018, the Company closed its previously announced transaction to acquire certain real property assets from Tropicana and certain of its affiliates pursuant to a Purchase and Sale Agreement dated April 15, 2018 between Tropicana and GLP Capital, which was subsequently amended on October 1, 2018. Pursuant to the terms of the Amended Real Estate Purchase Agreement, the Company acquired the real estate assets of Tropicana Atlantic City, Tropicana Evansville, Tropicana Laughlin, Trop Casino Greenville and the Belle of Baton Rouge from Tropicana for an aggregate cash purchase price of \$964.0 million, exclusive of transaction fees and taxes. Concurrent with the Tropicana Acquisition, Eldorado acquired the operating assets of these properties from Tropicana pursuant to an Agreement and Plan of Merger dated April 15, 2018, by and among Tropicana, GLP Capital, Eldorado and a wholly-owned subsidiary of Eldorado, and leased these assets from the Company pursuant to the terms of a new unitary triple-net master lease with a 15-year initial term, with no purchase option followed by four successive 5-year renewal periods (exercisable by Eldorado) on the same terms and conditions. Initial annual rent under the Eldorado Master Lease is \$87.6 million and the lease is expected to be classified as an operating lease in accordance with ASC 840. Additionally, on October 1, 2018 the Company made a mortgage loan to Eldorado in the amount of \$246.0 million in connection with Eldorado's acquisition of Lumière Place, which loan will generate initial annual interest income of \$22.4 million.

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

Our Operations

GLPI is a self-administered and self-managed Pennsylvania REIT. GLPI was incorporated in Pennsylvania on February 13, 2013, as a wholly-owned subsidiary of Penn. On November 1, 2013, Penn contributed to GLPI, through a series of internal corporate restructurings, substantially all of the assets and liabilities associated with Penn's real property interests and real estate development business, as well as the assets and liabilities of Hollywood Casino Baton Rouge and Hollywood Casino Perryville, which are referred to as the "TRS Properties," and then spun-off GLPI to holders of Penn's common and preferred stock in a tax-free distribution. The Company elected on its U.S. federal income tax return for its taxable year beginning on January 1, 2014 to be treated as a REIT and the Company, together with an indirect wholly-owned subsidiary of the Company, GLP Holdings, Inc., jointly elected to treat each of GLP Holdings, Inc., Louisiana Casino Cruises, Inc. and Penn Cecil Maryland, Inc. as a "taxable REIT subsidiary" effective on the first day of the first taxable year of GLPI as a REIT. As a result of the Spin-Off, GLPI owns substantially all of Penn's former real property assets and leases back most of those assets to Penn for use by its subsidiaries, under the Penn Master Lease, and GLPI also owns and operates the TRS Properties through its indirect wholly-owned subsidiary, GLP Holdings, Inc. The assets and liabilities of GLPI were recorded at their respective historical carrying values at the time of the Spin-Off. In April 2016, the Company acquired substantially all of the real estate assets of Pinnacle for approximately \$4.8 billion. GLPI leases these assets back to Pinnacle, under a triple-net lease with an initial term of 10 years with no purchase option, followed by five 5-year renewal options (exercisable by Pinnacle) on the same terms and conditions.

GLPI's primary business consists of acquiring, financing, and owning real estate property to be leased to gaming operators in triple-net lease arrangements. As of September 30, 2018, GLPI's portfolio consisted of 38 gaming and related facilities, including the TRS Properties, the real property associated with 20 gaming and related facilities operated by Penn, the real property associated with 15 gaming and related facilities operated by Pinnacle and the real property associated with the Casino Queen in East St. Louis, Illinois. These facilities are geographically diversified across 14 states and were 100% occupied at September 30, 2018.

We expect to grow our portfolio by pursuing opportunities to acquire additional gaming facilities to lease to gaming operators under prudent terms. For example, on October 1, 2018, we closed our previously announced transaction to acquire certain real property assets from Tropicana and certain of its affiliates pursuant to a Purchase and Sale Agreement, dated April 15, 2018, between Tropicana and GLP Capital, which was subsequently amended on October 1, 2018. Pursuant to the terms of the Amended Real Estate Purchase Agreement, we acquired the real estate assets of Tropicana Atlantic City, Tropicana Evansville, Tropicana Laughlin, Trop Casino Greenville and the Belle of Baton Rouge from Tropicana for an aggregate cash purchase price of \$964.0 million, exclusive of transaction fees and taxes. Concurrent with the Tropicana Acquisition, Eldorado acquired the operating assets of these properties from Tropicana pursuant to an Agreement and Plan of Merger dated, April 15, 2018, by and among Tropicana, GLP Capital, Eldorado and a wholly-owned subsidiary of Eldorado and leased the GLP Assets from us pursuant to the terms of a new unitary triple-net master lease with a 15-year initial term, with no purchase option followed by four successive 5-year renewal periods (exercisable by Eldorado) on the same terms and conditions. Initial annual rent under the Eldorado Master Lease is \$87.6 million. Additionally, on October 1, 2018 we made a mortgage loan to Eldorado in the amount of \$246.0 million in connection with Eldorado's acquisition of Lumière Place, which loan will generate initial annual interest income of \$22.4 million.

Furthermore, on October 15, 2018, we completed our previously announced transactions with Penn, Pinnacle and Boyd to accommodate Penn's acquisition of Pinnacle, pursuant to a definitive agreement and plan of merger between Penn and Pinnacle, dated December 17, 2017. Concurrent with the Penn Pinnacle Merger, we amended the Pinnacle Master Lease to allow for the sale of the operating assets of Ameristar Casino Hotel Kansas City, Ameristar Casino Resort Spa St. Charles and Belterra Casino Resort from Pinnacle to Boyd and entered into a new unitary triple-net master lease agreement with Boyd for these properties on terms similar to our existing master leases. We purchased the real estate assets of Plainridge Park from Penn for \$250.0 million, exclusive of transaction fees and taxes and added this property to the Pinnacle Master Lease. We also entered into a loan agreement with Boyd in connection with Boyd's acquisition of Belterra Park, whereby we loaned Boyd \$57.7 million, act as mortgagee and collect interest income from Boyd. Our initial annual real estate income will increase by \$45.3 million as a result of these transactions. As a result of these recent transactions, our portfolio now includes 46 properties in 16 states.

Additionally, we believe we have the ability to leverage the expertise our management team has developed over the years to secure additional avenues for growth beyond the gaming industry. Accordingly, we anticipate we will be able to effect

strategic acquisitions unrelated to the gaming industry as well as other acquisitions that may prove complementary to GLPI's gaming facilities.

As of September 30, 2018, the majority of our earnings are the result of the rental revenues we receive from our triple-net Master Leases with Penn and Pinnacle. Additionally, we have rental revenue from the Casino Queen property which is leased back to a third-party operator on a triple-net basis and the Meadows property which is leased to Pinnacle under a triple-net lease separate from the Pinnacle Master Lease. In addition to rent, the tenants are required to pay the following executory costs: (1) all facility maintenance, (2) all insurance required in connection with the leased properties and the business conducted on the leased properties, including coverage of the landlord's interests, (3) taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor) and (4) all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties.

Additionally, in accordance with ASC 606, we record revenue for the real estate taxes paid by our tenants on the leased properties with an offsetting expense in general and administrative expense within the condensed consolidated statement of income, as we believe we are the primary obligor. Similarly, we record revenue for the ground lease rent paid by our tenants with an offsetting expense in land rights and ground lease expense within the condensed consolidated statement of income as we have concluded that as the lessee we are the primary obligor under the ground leases. We sublease these ground leases back to our tenants, who are responsible for payment directly to the landlord.

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

Segment Information

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

Executive Summary

Financial Highlights

We reported total revenues and income from operations of \$254.1 million and \$164.8 million, respectively, for the three months ended September 30, 2018, compared to \$244.5 million and \$152.7 million, respectively, for the corresponding period in the prior year. We reported total revenues and income from operations of \$752.4 million and \$469.9 million, respectively, for the nine months ended September 30, 2018, compared to \$730.6 million and \$455.4 million, respectively, for the corresponding period in the prior year.

The major factors affecting our results for the three and nine months ended September 30, 2018, as compared to the three and nine months ended September 30, 2017, were:

- Rental revenue and income from the direct financing lease were \$222.4 million and \$650.0 million, respectively, for the three and nine months ended September 30, 2018 and \$209.5 million and \$621.3 million, respectively, for the three and nine months ended September 30, 2017. Rental revenue and income from the direct financing lease increased by \$12.9 million and \$28.7 million, respectively, for the three and nine months ended September 30, 2018, as compared to the corresponding periods in the prior year. The increase in rental revenue and income from the direct financing lease for the three months ended September 30, 2018 as compared to the corresponding period in the prior year was primarily due to the rent escalators under both Master Leases and the recognition of additional income under the direct financing lease. The increase in rental revenue and income from the direct financing lease for the nine months ended September 30, 2018 as compared to the corresponding period in the prior year was primarily due to the reasons described above, as well as the addition of the Tunica Properties to the Penn Master Lease in May 2017 and improved results at our two Ohio properties with monthly variable rent.
- Revenues for our TRS Properties decreased by \$3.3 million and \$6.9 million, respectively, for the three and nine months ended September 30, 2018, as compared to the corresponding periods in the prior year, primarily due to decreased gaming revenues at Hollywood Casino Baton Rouge, partially offset by an increase in gaming revenues at Hollywood Casino Perryville for the nine months ended September 30, 2018.

- Total operating expenses decreased by \$2.5 million and increased by \$7.3 million, respectively, for the three and nine months ended September 30, 2018, as compared to the corresponding periods in the prior year. The decrease in operating expenses for the three months ended September 30, 2018, as compared to the corresponding period in the prior year primarily relates to decreases in depreciation expense and gaming, food, beverage and other expenses at our TRS Properties, while the increase in operating expenses for the nine months ended September 30, 2018, as compared to the corresponding period in the prior year was primarily due to accrued retirement costs related to the previously announced retirement of our former Chief Financial Officer, partially offset by lower depreciation expense and lower gaming, food, beverage and other expenses at our TRS properties.
- Other income and expenses increased by \$4.9 million and \$10.5 million, respectively, for the three and nine months ended September 30, 2018, as compared to the corresponding periods in the prior year. The increase in other income and expenses for the three months ended September 30, 2018, as compared to the corresponding period in the prior year was primarily due to an increase in interest expense related to the debt refinancing in the second quarter of 2018 and debt issuances in the third quarter of 2018, the proceeds of which were utilized for the October closings of both the Tropicana Transactions and the acquisition of Plainridge Park Casino and the funding of the Belterra Park Loan in connection with the Penn Pinnacle Merger. The increase in other income and expenses for the nine months ended September 30, 2018, as compared to the corresponding period in the prior year was due to the increase in interest expense noted above, in addition to losses on the extinguishment of debt incurred during the second quarter of 2018.
- Income tax expense decreased by \$0.6 million and \$2.2 million, respectively, for the three and nine months ended September 30, 2018, primarily due to the Tax Cuts and Jobs Act, which lowered the corporate tax rate to 21%, effective for tax years including or commencing January 1, 2018, as well as lower income at our TRS Properties.
- Net income increased by \$7.8 million and \$6.2 million, respectively, for the three and nine months ended September 30, 2018, as compared to the corresponding periods in the prior year, primarily due to the variances explained above.

Segment Developments

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

GLP Capital

- On October 15, 2018, Penn's acquisition of Pinnacle closed, and the Company completed its previously announced transactions with Penn, Pinnacle and Boyd. Concurrent with Penn's acquisition, the Company amended the Pinnacle Master Lease to allow for the sale of the operating assets of Ameristar Casino Hotel Kansas City, Ameristar Casino Resort Spa St. Charles and Belterra Casino Resort from Pinnacle to Boyd and entered into a new triple-net master lease agreement with Boyd for these properties on terms similar to the Company's existing master leases. The Company also purchased the real estate assets of Plainridge Park Casino from Penn for \$250.0 million, exclusive of transaction fees and taxes and added this property to the Pinnacle Master Lease. We also entered into a loan agreement with Boyd in connection with Boyd's acquisition of Belterra Park, whereby we loaned Boyd \$57.7 million, act as mortgagee and collect interest income from Boyd. Our initial annual real estate income will increase by \$45.3 million as a result of these transactions.
- On October 1, 2018, the Company purchased the real property assets of five properties from Tropicana for \$964.0 million, exclusive of taxes and transaction fees. Concurrent with the acquisition of these properties, Eldorado purchased the operating assets of these Tropicana properties and Lumière Place and entered into a new triple-net master lease with the Company for the lease of the five Tropicana properties purchased by us for a 15-year initial term with no purchase option followed by four successive 5-year renewal periods (exercisable by Eldorado). Initial annual rent under the Eldorado Master Lease is \$87.6 million. The Company also made a loan to Eldorado in the amount of \$246.0 million in connection with Eldorado's acquisition of Lumière Place, which will generate initial annual interest income of \$22.4 million.
- On May 1, 2017 the Company purchased the real property assets of Bally's Casino Tunica (subsequently re-branded as the 1st Jackpot Casino) and Resorts Casino Tunica (the "Tunica Properties") for \$82.9 million. Penn purchased the operating assets of the Tunica Properties directly from the seller, operates both properties and leases the real property assets from the Company under the Penn Master Lease. The initial annual cash rent of \$9.0

million for the Tunica Properties is subject to rent escalators and adjustments consistent with the other properties under the Penn Master Lease.

Critical Accounting Estimates

We make certain judgments and use certain estimates and assumptions when applying accounting principles in the preparation of our consolidated financial statements. The nature of the estimates and assumptions are material due to the levels of subjectivity and judgment necessary to account for highly uncertain factors or the susceptibility of such factors to change. We have identified the accounting for income taxes, real estate investments, leases and goodwill and other intangible assets as critical accounting estimates, as they are the most important to our financial statement presentation and require difficult, subjective and complex judgments.

We believe the current assumptions and other considerations used to estimate amounts reflected in our condensed consolidated financial statements are appropriate. However, if actual experience differs from the assumptions and other considerations used in estimating amounts reflected in our consolidated financial statements, the resulting changes could have a material adverse effect on our consolidated results of operations and, in certain situations, could have a material adverse effect on our consolidated financial condition.

For further information on our critical accounting estimates, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Notes to our audited consolidated financial statements included in our Annual Report on Form 10-K. There has been no material change to these estimates for the nine months ended September 30, 2018.

Results of Operations

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

- The fact that at September 30, 2018, a wholly-owned subsidiary of Penn and a wholly-owned subsidiary of Pinnacle lease substantially all of our properties, pursuant to their respective Master Leases, and account for a significant portion of our revenue and that on October 15, 2018, Penn acquired the majority of Pinnacle's operations, which further increased our tenant concentration.
- The fact that the rules and regulations of U.S. federal income taxation are constantly under review by legislators, the IRS and the U.S. Department of the Treasury. Changes to the tax laws or interpretations thereof, with or without retroactive application, could materially and adversely affect GLPI's investors or GLPI.
- The risks related to economic conditions and the effect of such conditions on consumer spending for leisure and gaming activities, which may negatively impact our gaming tenants and operators and the variable rent we receive from our tenants as outlined in the long-term triple-net leases with these tenants.

The consolidated results of operations for the three and nine months ended September 30, 2018 and 2017 are summarized below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
(in thousands)				
Revenues				
Rental income	\$ 170,276	\$ 169,030	\$ 509,546	\$ 501,954
Income from direct financing lease	30,843	19,037	76,448	55,377
Real estate taxes paid by tenants	21,270	21,422	64,031	63,982
Total rental revenue and income from direct financing lease	222,389	209,489	650,025	621,313
Gaming, food, beverage and other	31,750	35,017	102,385	109,297
Total revenues	254,139	244,506	752,410	730,610
Operating expenses				
Gaming, food, beverage and other	18,962	19,890	59,027	61,635
Real estate taxes	21,586	21,751	64,981	64,806
Land rights and ground lease expense	6,484	6,417	19,460	17,627
General and administrative	15,006	15,117	56,272	45,829
Depreciation	27,267	28,632	82,744	85,312
Total operating expenses	89,305	91,807	282,484	275,209
Income from operations	\$ 164,834	\$ 152,699	\$ 469,926	\$ 455,401

Certain information regarding our results of operations by segment for the three and nine months ended September 30, 2018 and 2017 is summarized below:

	Three Months Ended September 30,			
	2018	2017	2018	2017
Total Revenues		Income from Operations		
(in thousands)				
GLP Capital	\$ 222,389	\$ 209,489	\$ 159,678	\$ 146,731
TRS Properties	31,750	35,017	5,156	5,968
Total	\$ 254,139	\$ 244,506	\$ 164,834	\$ 152,699

	Nine Months Ended September 30,			
	2018	2017	2018	2017
Total Revenues		Income from Operations		
(in thousands)				
GLP Capital	\$ 650,025	\$ 621,313	\$ 450,685	\$ 434,166
TRS Properties	102,385	109,297	19,241	21,235
Total	\$ 752,410	\$ 730,610	\$ 469,926	\$ 455,401

FFO, AFFO and Adjusted EBITDA

Funds From Operations ("FFO"), Adjusted Funds From Operations ("AFFO") and Adjusted EBITDA are non-GAAP financial measures used by the Company as performance measures for benchmarking against the Company's peers and as internal measures of business operating performance which is used as a bonus metric. The Company believes FFO, AFFO and Adjusted EBITDA provide a meaningful perspective of the underlying operating performance of the Company's current business. This is especially true since these measures exclude real estate depreciation and we believe that real estate values fluctuate based on market conditions rather than depreciating in value ratably on a straight-line basis over time. In addition, in order for the Company to qualify as a REIT, it must distribute 90% of its REIT taxable income annually. The Company adjusts AFFO accordingly to provide our investors an estimate of the taxable income available for this distribution requirement.

FFO is a non-GAAP financial measure that is considered a supplemental measure for the real estate industry and a supplement to GAAP measures. The National Association of Real Estate Investment Trusts defines FFO as net income (computed in accordance with GAAP), excluding (gains) or losses from sales of property and real estate depreciation. We

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define AFFO as FFO excluding stock based compensation expense, the amortization of debt issuance costs, bond premiums and original issuance discounts, other depreciation, amortization of land rights, straight-line rent adjustments, direct financing lease adjustments, losses on debt extinguishment and retirement costs, reduced by maintenance capital expenditures. Finally, we define Adjusted EBITDA as net income excluding interest, taxes on income, depreciation, (gains) or losses from sales of property, stock based compensation expense, straight-line rent adjustments, direct financing lease adjustments, the amortization of land rights, losses on debt extinguishment and retirement costs.

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

The reconciliation of the Company's net income per GAAP to FFO, AFFO, and Adjusted EBITDA for the three and nine months ended September 30, 2018 and 2017 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(in thousands)			
Net income	\$ 104,815	\$ 97,014	\$ 293,585	\$ 287,339
Losses from dispositions of property	129	421	354	515
Real estate depreciation	24,406	25,301	74,155	75,312
Funds from operations	\$ 129,350	\$ 122,736	\$ 368,094	\$ 363,166
Straight-line rent adjustments	15,917	16,617	49,150	49,355
Direct financing lease adjustments	8,002	18,614	37,241	54,459
Other depreciation	2,861	3,331	8,589	10,000
Amortization of land rights	2,727	2,727	8,182	7,627
Amortization of debt issuance costs, bond premiums and original issuance discounts	2,982	3,257	9,278	9,770
Stock based compensation	3,275	3,695	7,878	11,951
Losses on debt extinguishment	—	—	3,473	—
Retirement costs	—	—	13,149	—
Capital maintenance expenditures	(970)	(460)	(2,954)	(2,187)
Adjusted funds from operations	\$ 164,144	\$ 170,517	\$ 502,080	\$ 504,141
Interest, net	58,923	54,001	168,674	161,656
Income tax expense	1,096	1,684	4,194	6,406
Capital maintenance expenditures	970	460	2,954	2,187
Amortization of debt issuance costs, bond premiums and original issuance discounts	(2,982)	(3,257)	(9,278)	(9,770)
Adjusted EBITDA	\$ 222,151	\$ 223,405	\$ 668,624	\$ 664,620

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The reconciliation of each segment's net income per GAAP to FFO, AFFO, and Adjusted EBITDA for the three and nine months ended September 30, 2018 and 2017 is as follows:

Three Months Ended September 30,	GLP Capital		TRS Properties	
	2018	2017	2018	2017
	(in thousands)			
Net income	\$ 103,126	\$ 95,089	\$ 1,689	\$ 1,925
Losses from dispositions of property	129	—	—	421
Real estate depreciation	24,406	25,301	—	—
Funds from operations	\$ 127,661	\$ 120,390	\$ 1,689	\$ 2,346
Straight-line rent adjustments	15,917	16,617	—	—
Direct financing lease adjustments	8,002	18,614	—	—
Other depreciation	522	519	2,339	2,812
Amortization of land rights	2,727	2,727	—	—
Amortization of debt issuance costs, bond premiums and original issuance discounts	2,982	3,257	—	—
Stock based compensation	3,275	3,695	—	—
Losses on debt extinguishment	—	—	—	—
Retirement costs	—	—	—	—
Capital maintenance expenditures	—	—	(970)	(460)
Adjusted funds from operations	\$ 161,086	\$ 165,819	\$ 3,058	\$ 4,698
Interest, net ⁽¹⁾	56,323	51,400	2,600	2,601
Income tax expense	229	242	867	1,442
Capital maintenance expenditures	—	—	970	460
Amortization of debt issuance costs, bond premiums and original issuance discounts	(2,982)	(3,257)	—	—
Adjusted EBITDA	\$ 214,656	\$ 214,204	\$ 7,495	\$ 9,201
	GLP Capital		TRS Properties	
	2018	2017	2018	2017
	(in thousands)			
Net income	\$ 285,712	\$ 279,458	\$ 7,873	\$ 7,881
Losses from dispositions of property	120	—	234	515
Real estate depreciation	74,155	75,312	—	—
Funds from operations	\$ 359,987	\$ 354,770	\$ 8,107	\$ 8,396
Straight-line rent adjustments	49,150	49,355	—	—
Direct financing lease adjustments	37,241	54,459	—	—
Other depreciation	1,560	1,558	7,029	8,442
Amortization of land rights	8,182	7,627	—	—
Amortization of debt issuance costs, bond premiums and original issuance discounts	9,278	9,770	—	—
Stock based compensation	7,878	11,951	—	—
Losses on debt extinguishment	3,473	—	—	—
Retirement costs	13,149	—	—	—
Capital maintenance expenditures	(51)	—	(2,903)	(2,187)
Adjusted funds from operations	\$ 489,847	\$ 489,490	\$ 12,233	\$ 14,651
Interest, net ⁽¹⁾	160,872	153,854	7,802	7,802
Income tax expense	628	854	3,566	5,552
Capital maintenance expenditures	51	—	2,903	2,187
Amortization of debt issuance costs, bond premiums and original issuance discounts	(9,278)	(9,770)	—	—
Adjusted EBITDA	\$ 642,120	\$ 634,428	\$ 26,504	\$ 30,192

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- (1) Interest expense, net for the GLP Capital segment is net of intercompany interest eliminations of \$2.6 million and \$7.8 million, respectively, for both the three and nine months ended September 30, 2018 and 2017.

Net income for our GLP Capital segment was \$103.1 million for the three months ended September 30, 2018 and \$95.1 million for the three months ended September 30, 2017. FFO, AFFO, and Adjusted EBITDA for our GLP Capital segment were \$127.7 million, \$161.1 million and \$214.7 million, respectively, for the three months ended September 30, 2018. FFO, AFFO, and Adjusted EBITDA for our GLP Capital segment were \$120.4 million, \$165.8 million and \$214.2 million, respectively, for the three months ended September 30, 2017. The increase in net income for our GLP Capital segment for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017, was primarily driven by a \$12.9 million increase in total revenues, offset by a \$4.9 million increase in interest expense during the quarter. The increase in total revenues in our GLP Capital segment was primarily due to the rent escalators under both the Master Leases and the recognition of additional income under the direct financing lease. During the second quarter of 2018, the first percentage rent reset under the Pinnacle Master Lease occurred, resulting in the recognition of additional income from the direct financing lease, as only the first two years of percentage rent were considered in the determination of the investment in the direct financing lease receivable. Although the percentage rent reset, which is based on the preceding two years' of average annual revenues of the properties under the Pinnacle Master Lease decreased slightly, the accounting treatment of our direct financing lease required the first two years of percentage rent which were fixed and known at lease commencement to be considered in the determination of our initial investment in the direct financing lease receivable and all future percentage rent resets to be ignored. This resulted in a greater amount of cash from the Pinnacle Master Lease being applied as a reduction to the receivable in the first two years of the Pinnacle Master Lease, whereas after the first percentage rent reset, the percentage rent is treated as income and recognized through our consolidated statement of earnings. The increase in interest expense, net was related to the debt refinancing in the second quarter of 2018 and debt issuances in the third quarter of 2018, the proceeds of which, together with funds available under the revolving credit facility, were utilized for the October closings of both the Tropicana Transactions and the acquisition of Plainridge Park Casino and the funding of the Belterra Park Loan in connection with the Penn Pinnacle Merger. The changes described above also led to higher FFO for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017.

The decrease in AFFO for our GLP Capital segment for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017 was primarily driven by the changes described above, partially offset by a decrease in adjustments for our direct financing lease, which are added back for purposes of calculating AFFO. Direct financing lease adjustments represent the portion of cash rent we receive from tenants that is applied against our lease receivable and thus not recorded as revenue. The direct financing lease adjustments are added back to arrive at AFFO because they represent cash we have received and recorded in taxable income. Therefore, these adjustments help our investors better understand the components of our taxable income which must be distributed to our shareholders. Adjusted EBITDA for our GLP Capital segment for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017 increased slightly driven by the explanations above, particularly the higher interest expense.

Net income for our GLP Capital segment was \$285.7 million for the nine months ended September 30, 2018 and \$279.5 million for the nine months ended September 30, 2017. FFO, AFFO, and Adjusted EBITDA for our GLP Capital segment were \$360.0 million, \$489.8 million and \$642.1 million, respectively, for the nine months ended September 30, 2018. FFO, AFFO, and Adjusted EBITDA for our GLP Capital segment were \$354.8 million, \$489.5 million and \$634.4 million, respectively, for the nine months ended September 30, 2017. The increase in net income for our GLP Capital segment for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017, was primarily driven by a \$28.7 million increase in total revenues, partially offset by a \$12.2 million increase in operating expenses, a \$7.0 million increase in interest expense, net, as well as debt extinguishment charges of \$3.5 million during the nine months ended September 30, 2018. The increase in total revenues for our GLP Capital segment was primarily due to the addition of the Tunica Properties to the Penn Master Lease in May 2017, improved results at our two Ohio properties with monthly variable rent, the rent escalators under both the Master Leases and the recognition of additional income under the direct financing lease (as described above). Operating expenses in our GLP Capital segment increased primarily due to costs related to the retirement of the Company's former Chief Financial Officer, while the increase in interest expense was driven by the explanation above for the three months ended September 30, 2018. The increases in FFO, AFFO and Adjusted EBITDA for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017 were driven by the explanations above for the increase in net income for our GLP Capital segment for the nine months ended September 30, 2018.

Revenues

Revenues for the three and nine months ended September 30, 2018 and 2017 were as follows (in thousands):

Three Months Ended September 30,	2018	2017	Variance	Percentage Variance
Total rental revenue and income from direct financing lease	\$ 222,389	\$ 209,489	\$ 12,900	6.2 %
Gaming, food, beverage and other	31,750	35,017	(3,267)	(9.3)%
Total revenues	\$ 254,139	\$ 244,506	\$ 9,633	3.9 %

Nine Months Ended September 30,	2018	2017	Variance	Percentage Variance
Total rental revenue and income from direct financing lease	\$ 650,025	\$ 621,313	\$ 28,712	4.6 %
Gaming, food, beverage and other	102,385	109,297	(6,912)	(6.3)%
Total revenues	\$ 752,410	\$ 730,610	\$ 21,800	3.0 %

Total rental revenue and income from direct financing lease

For the three months ended September 30, 2018 and 2017, rental revenue and income from the direct financing lease were \$222.4 million and \$209.5 million, respectively, for our GLP Capital segment, which included \$21.3 million and \$21.4 million, respectively, of revenue for the real estate taxes paid by our tenants on the leased properties. For the nine months ended September 30, 2018 and 2017, rental revenue and income from the direct financing lease were \$650.0 million and \$621.3 million, respectively, for our GLP Capital segment, which both included \$64.0 million of revenue for the real estate taxes paid by our tenants on the leased properties. During May 2017, we acquired the real estate assets of the Tunica Properties and leased these assets to Penn under the Penn Master Lease.

During April 2016, we acquired the real estate assets of Pinnacle and immediately leased these assets back to Pinnacle under a long-term triple-net master lease. Under ASC 840, the Pinnacle lease is bifurcated between an operating and direct financing lease, resulting in the recognition of rental revenue for the land portion of the lease and interest income from the direct financing lease, relating to the leased building assets.

In accordance with ASC 606, the Company is required to present the real estate taxes paid by its tenants on the leased properties as revenue with an offsetting expense on its condensed consolidated statement of income, as the Company believes it is the primary obligor. Similarly, the Company records revenue for the ground lease rent paid by its tenants with an offsetting expense in general and administrative expense within the condensed consolidated statement of income as the Company has concluded that as the lessee it is the primary obligor under the ground leases. The Company subleases these ground leases back to its tenants, who are responsible for payment directly to the landlord.

Rental revenue and income from the direct financing lease increased \$12.9 million, or 6.2%, for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017, primarily due to the rent escalators under both the Master Leases and the recognition of additional income under the direct financing lease. Specifically, the Penn properties contributed \$0.8 million to the increase in total revenues for three months ended September 30, 2018, as compared to the three months ended September 30, 2017, driven by the impact of the November 2017 rent escalator. Pinnacle contributed \$11.8 million of rental revenue and income from the direct financing lease to the increase in total revenues for the three months ended September 30, 2018, as compared to the prior year period, primarily resulting from the activation of the full rent escalators in both May 2017 and 2018 and increased revenue recognition under the direct financing lease for cash that was previously recognized as a reduction to the lease receivable as described above. The recognition of additional income under the Pinnacle Master Lease as a result of the percentage rent reset, despite a slight decline in percentage rent, results from the accounting treatment of the percentage rent and its impact on the recognition of cash received under the Pinnacle Master Lease as income or against the direct financing lease receivable.

Rental revenue and income from the direct financing lease increased \$28.7 million, or 4.6%, for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017, primarily due to the addition of the Tunica Properties to the Penn Master Lease, improved results at our two Ohio properties that have monthly variable rent, as well as the rent escalators under both the Master Leases and the first percentage rent reset under the Pinnacle Master Lease. Specifically, the Penn properties contributed \$7.0 million to the increase in total revenues for nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017, driven by the addition of the Tunica Properties, the impact of the rent escalator and performance at the Ohio properties. Pinnacle contributed \$21.1 million of rental revenue and income from the

direct financing lease to the increase in total revenues for the nine months ended September 30, 2018, as compared to the prior year period, primarily resulting from the explanations above for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017.

Gaming, food, beverage and other revenue

Gaming, food, beverage and other revenue for our TRS Properties segment decreased by \$3.3 million, or 9.3%, for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017, primarily due to a \$3.1 million decrease in revenues at Hollywood Casino Baton Rouge resulting from general market conditions leading to lower patronage and decreased spend per customer resulting from the smoking ban that took effect June 1, 2018. Gaming, food, beverage and other revenue for our TRS Properties segment decreased by \$6.9 million, or 6.3%, for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017, primarily due to a \$7.7 million decrease in revenues at Hollywood Casino Baton Rouge resulting from the explanations described above, partially offset by a \$0.8 million increase in revenues at Hollywood Casino Perryville primarily resulting from increased customer wagers.

Operating expenses

Operating expenses for the three and nine months ended September 30, 2018 and 2017 were as follows (in thousands):

Three Months Ended September 30,	2018	2017	Variance	Percentage Variance
Gaming, food, beverage and other	\$ 18,962	\$ 19,890	\$ (928)	(4.7)%
Real estate taxes	21,586	21,751	(165)	(0.8)%
Land rights and ground lease expense	6,484	6,417	67	1.0 %
General and administrative	15,006	15,117	(111)	(0.7)%
Depreciation	27,267	28,632	(1,365)	(4.8)%
Total operating expenses	<u>\$ 89,305</u>	<u>\$ 91,807</u>	<u>\$ (2,502)</u>	(2.7)%

Nine Months Ended September 30,	2018	2017	Variance	Percentage Variance
Gaming, food, beverage and other	\$ 59,027	\$ 61,635	\$ (2,608)	(4.2)%
Real estate taxes	64,981	64,806	175	0.3 %
Land rights and ground lease expense	19,460	17,627	1,833	10.4 %
General and administrative	56,272	45,829	10,443	22.8 %
Depreciation	82,744	85,312	(2,568)	(3.0)%
Total operating expenses	<u>\$ 282,484</u>	<u>\$ 275,209</u>	<u>\$ 7,275</u>	2.6 %

General and administrative expense

General and administrative expenses include items such as compensation costs (including stock based compensation), professional services and costs associated with development activities. The change in general and administrative expenses for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017 was insignificant, while the increase of \$10.4 million or 22.8% in general and administrative expenses for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017, primarily related to expenses for the retirement of the Chief Financial Officer.

Other income (expenses)

Other income (expenses) for the three and nine months ended September 30, 2018 and 2017 were as follows (in thousands):

Three Months Ended September 30,	2018	2017	Variance	Percentage Variance
Interest expense	\$ (60,341)	\$ (54,493)	\$ (5,848)	(10.7)%
Interest income	1,418	492	926	188.2 %
Total other expenses	<u>\$ (58,923)</u>	<u>\$ (54,001)</u>	<u>\$ (4,922)</u>	(9.1)%

Nine Months Ended September 30,				Percentage
	2018	2017	Variance	Variance
Interest expense	\$ (171,464)	\$ (163,099)	\$ (8,365)	(5.1)%
Interest income	2,790	1,443	1,347	93.3 %
Losses on debt extinguishment	(3,473)	—	(3,473)	N/A
Total other expenses	\$ (172,147)	\$ (161,656)	\$ (10,491)	(6.5)%

Interest expense

Interest expense increased by \$5.8 million or 10.7% for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017, primarily due to the issuance of \$500 million of 5.25% senior unsecured notes due 2025 and \$500 million of 5.75% senior unsecured notes due 2028 in May 2018, along with the issuance of \$350 million of 5.25% senior unsecured notes due 2025 and \$750 million of 5.30% senior unsecured notes due 2029 in September 2018, partially offset by a decrease in interest expense related to the termination of the Term Loan A facility, partial repayment of the Term Loan A-1 facility and the tender and call of our 4.375% senior unsecured notes due 2018 (as described below). Interest expense increased by \$8.4 million or 5.1% for the nine months ended September 30, 2018, as compared to the nine months ended September 30, 2017, primarily due to the explanation above.

Losses on debt extinguishment

On May 21, 2018, the Company entered into the second amendment to the senior unsecured credit facility (the "Credit Facility"), which increased the Company's revolving commitments to an aggregate principal amount of \$1,100 million, eliminated the Term Loan A facility and extended the maturity date of the revolving credit facility to May 21, 2023. The Company recorded a loss on the early extinguishment of debt, related to the second amendment to the Credit Facility, of approximately \$1.0 million for the proportional amount of unamortized debt issuance costs associated with the extinguished Term Loan A facility and related to the banks that are no longer participating in the Credit Facility.

Also on May 21, 2018, the Company completed a cash tender offer (the "Tender Offer") to purchase any and all of the outstanding \$550 million aggregate principal of its 4.375% Senior Unsecured Notes due 2018 (the "2018 Notes"). The Company received tenders from the holders of approximately \$393.5 million in aggregate principal of the 2018 Notes, or approximately 72% of its outstanding 2018 Notes in connection with the Tender Offer at a price of 100.396% of the unpaid principal amount plus accrued and unpaid interest through the settlement date. The Company recorded a loss on the early extinguishment of debt, related to the Tender Offer of approximately \$2.5 million for the proportional amount of unamortized debt issuance costs associated with the tendered 2018 Notes and the difference between the reacquisition price of the tendered 2018 Notes and their net carrying value. On August 16, 2018, the Company redeemed the remaining 2018 Notes for 100% of the principal amount and accrued and unpaid interest to, but not including the redemption date.

Taxes

During the three months ended September 30, 2018 and 2017, income tax expense was approximately \$1.1 million and \$1.7 million, respectively. Our effective tax rate (income taxes as a percentage of income before income taxes) was 1.0% for the three months ended September 30, 2018, as compared to 1.7% for the three months ended September 30, 2017. During the nine months ended September 30, 2018 and 2017, income tax expense was approximately \$4.2 million and \$6.4 million, respectively. Our effective tax rate was 1.4% for the nine months ended September 30, 2018, as compared to 2.2% for the nine months ended September 30, 2017. Our income tax expense is primarily driven from the operations of the TRS Properties, which are taxed at the corporate rate. The decrease in our effective tax rate for both the three and nine months ended September 30, 2018 is primarily due to the Tax Cuts and Jobs Act, which lowered the corporate tax rate to 21%, effective for tax years including or commencing January 1, 2018, as well as lower pre-tax income at our TRS Properties.

Liquidity and Capital Resources

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

Net cash provided by operating activities was \$518.2 million and \$489.1 million during the nine months ended September 30, 2018 and 2017, respectively. The increase in net cash provided by operating activities of \$29.1 million for the nine months ended September 30, 2018 compared to the corresponding period in the prior year was primarily comprised of an increase in cash receipts from customers/tenants of \$20.4 million (excluding the cash received from Pinnacle and classified as

an investing activity) and a decrease in cash paid for taxes of \$4.8 million, offset by an increase in cash paid to employees of \$4.8 million. The increase in cash receipts collected from our customers and tenants for the nine months ended September 30, 2018 as compared to the corresponding period in the prior year was primarily due to the additional rent received under the Penn Master Lease related to the new Tunica Properties, the performance of the Ohio properties and the impact of the rent escalators under both Master Leases. Additionally, during the second quarter of 2018, the first percentage rent reset under the Pinnacle Master Lease occurred, resulting in the recognition of additional income from the direct financing lease, as only the first two years of percentage rent were considered in the determination of the investment in the direct financing lease receivable. The decrease in cash paid for taxes was primarily due to the Tax Cuts and Jobs Act, which lowered the corporate tax rate to 21%, effective for tax years including or commencing January 1, 2018, as well as lower income at our TRS Properties.

Investing activities provided cash of \$21.9 million and used cash of \$16.9 million during the nine months ended September 30, 2018 and 2017, respectively. Net cash provided by investing activities during the nine months ended September 30, 2018 primarily consisted of rental payments received from tenants and applied against the lease receivable on our balance sheet of \$37.2 million, partially offset by \$15.6 million of payments related to the October 1, 2018 acquisition of the Tropicana real estate assets. Net cash used by investing activities during the nine months ended September 30, 2017 consisted of cash payments of \$83.3 million primarily related to the acquisition of the Tunica Properties and capital expenditures of \$2.3 million, partially offset by net cash received of \$13.2 million from Casino Queen to retire their five-year term loan and borrow an additional \$13.0 million under a new 5.5 year unsecured term loan at 15%, as well as rental payments received from tenants and applied against the lease receivable on our balance sheet of \$54.5 million.

Financing activities provided cash of \$593.6 million and used cash of \$465.1 million during the nine months ended September 30, 2018 and 2017, respectively. Net cash provided by financing activities during the nine months ended September 30, 2018 was driven by proceeds from the issuance of long-term debt of \$2,107.4 million and proceeds from stock option exercises, net of taxes paid related to shares withheld for tax purposes on restricted stock award vestings, of \$3.7 million, partially offset by dividend payments of \$404.6 million, repayments of long-term debt of \$1,080.1 million, financing costs of \$30.9 million and \$1.9 million of premium and related costs paid on the tender of senior unsecured notes. During the nine months ended September 30, 2018, the Company issued \$2,100.0 million par value in new senior unsecured notes, completed a tender and redemption of the 2018 Notes, repaid a portion of the Term Loan A-1 facility and extinguished the Term Loan A facility. Net cash used by financing activities during the nine months ended September 30, 2017 included dividend payments of \$395.2 million and repayments of long-term debt of \$325.1 million, partially offset by proceeds from the issuance of common stock, net of issuance costs of \$139.4 million, proceeds from stock option exercises, net of taxes paid related to shares withheld for tax purposes on restricted stock award vestings of \$15.8 million and proceeds from the issuance of long-term debt of \$100.0 million.

Capital Expenditures

Capital expenditures are accounted for as either capital project or capital maintenance (replacement) expenditures. Capital project expenditures are for fixed asset additions that expand an existing facility or create a new facility. The cost of properties developed by the Company include costs of construction, property taxes, interest and other miscellaneous costs incurred during the development period until the project is substantially complete and available for occupancy. Capital maintenance expenditures are expenditures to replace existing fixed assets with a useful life greater than one year that are obsolete, worn out or no longer cost effective to repair.

During the nine months ended September 30, 2018 and 2017, the TRS Properties spent approximately \$3.0 million and \$2.2 million, respectively, for capital maintenance expenditures. The majority of the capital maintenance expenditures were for slot machines and slot machine equipment. Under the triple-net lease structure, our tenants are responsible for capital maintenance expenditures at our leased properties.

Debt

Senior Unsecured Credit Facility

As of September 30, 2018, the Company's Credit Facility, consists of a \$1,100 million revolving credit facility and a \$525 million Term Loan A-1 facility. On May 21, 2018, the Company entered into the second amendment to the Credit Facility, which increased the Company's revolving commitments to an aggregate principal amount of \$1,100 million, eliminated the Term Loan A facility, required the Company to repay a portion of the Term Loan A-1 facility and extended the maturity date of the revolving credit facility. The revolving credit facility matures on May 21, 2023 and the Term Loan A-1 facility matures on April 28, 2021.

The Company recorded a loss on the early extinguishment of debt, related to the second amendment to the Credit Facility, of approximately \$1.0 million for the proportional amount of unamortized debt issuance costs associated with the extinguished Term Loan A facility and related to the banks that are no longer participating in the Credit Facility.

At September 30, 2018, the Credit Facility had a gross outstanding balance of \$525 million, consisting of the \$525 million Term Loan A-1 facility. No borrowings were outstanding under the revolving credit facility at September 30, 2018. Additionally, at September 30, 2018, the Company was contingently obligated under letters of credit issued pursuant to the Credit Facility with face amounts aggregating approximately \$0.4 million, resulting in \$1,099.6 million of available borrowing capacity under the revolving credit facility as of September 30, 2018.

On October 10, 2018, the Company entered into the third amendment to the Credit Facility, which increased the Company's revolving commitments to an aggregate principal amount of \$1,175 million.

The Credit Facility contains customary covenants that, among other things, restrict, subject to certain exceptions, the ability of GLPI and its subsidiaries to grant liens on their assets, incur indebtedness, sell assets, make investments, engage in acquisitions, mergers or consolidations or pay certain dividends and other restricted payments. The Credit Facility contains the following financial covenants, which are measured quarterly on a trailing four-quarter basis: a maximum total debt to total asset value ratio, a maximum senior secured debt to total asset value ratio, a maximum ratio of certain recourse debt to unencumbered asset value and a minimum fixed charge coverage ratio. In addition, GLPI is required to maintain a minimum tangible net worth and its status as a REIT. GLPI is permitted to pay dividends to its shareholders as may be required in order to maintain REIT status, subject to the absence of payment or bankruptcy defaults. GLPI is also permitted to make other dividends and distributions subject to pro forma compliance with the financial covenants and the absence of defaults. The Credit Facility also contains certain customary affirmative covenants and events of default, including the occurrence of a change of control and termination of the Penn Master Lease (subject to certain replacement rights). The occurrence and continuance of an event of default under the Credit Facility will enable the lenders under the Credit Facility to accelerate the loans and terminate the commitments thereunder. At September 30, 2018, the Company was in compliance with all required financial covenants under the Credit Facility.

Senior Unsecured Notes

On September 26, 2018, the Company issued \$750 million of 5.30% Senior Unsecured Notes maturing on January 15, 2029 at an issue price equal to 99.985% of the principal amount (the "2029 Notes") and \$350 million of 5.25% Senior Unsecured Notes maturing on June 1, 2025 at an issue price equal to 102.148% of the principal amount (the "New 2025 Notes"). The New 2025 Notes will become part of the same series as, and are expected to be fungible with, the Company's previously issued 5.25% Senior Unsecured Notes maturing on June 1, 2025, \$500 million aggregate principal amount of which were originally issued on May 21, 2018 (the "Initial 2025 Notes" and together with the "New 2025 Notes" the "2025 Notes"). Interest on the 2025 Notes is payable semi-annually on June 1 and December 1 of each year, commencing on December 1, 2018 and is deemed to accrue from May 21, 2018, the issuance date of the Initial 2025 Notes. Interest on the 2029 Notes is payable semi-annually on January 15 and July 15 of each year, commencing on January 15, 2019. The net proceeds from the sale of the New 2025 Notes and 2029 Notes, together with funds available under the revolving credit facility were used in October 2018 to (i) finance GLPI's acquisition of the real property assets of Plainridge Park Casino from Penn and its issuance of a secured mortgage loan to Boyd in connection with Boyd's acquisition of the real property assets of Belterra Park Gaming & Entertainment Center, (ii) finance GLPI's acquisition of substantially all the real property assets of five gaming facilities owned by Tropicana and its issuance of a mortgage loan to Eldorado in connection with Eldorado's acquisition of substantially all the real property assets of Lumière Place, and (iii) pay the estimated transaction fees and expenses associated with the transactions.

On May 21, 2018, the Company completed the Tender Offer to purchase any and all of the outstanding \$550 million aggregate principal of its 2018 Notes. The Company received tenders from the holders of approximately \$393.5 million in aggregate principal of the 2018 Notes, or approximately 72% of its outstanding 2018 Notes in connection with the Tender Offer at a price of 100.396% of the unpaid principal amount plus accrued and unpaid interest through the settlement date. The Company recorded a loss on the early extinguishment of debt, related to the Tender Offer of approximately \$2.5 million for the proportional amount of unamortized debt issuance costs associated with the tendered 2018 Notes and the difference between the reacquisition price of the tendered 2018 Notes and their net carrying value. On August 16, 2018, the Company redeemed the remaining 2018 Notes for 100% of the principal amount and accrued and unpaid interest to, but not including the redemption date.

Also on May 21, 2018, the Company issued the Initial 2025 Notes and \$500 million of 5.75% Senior Unsecured Notes maturing on June 1, 2028 (the "2028 Notes"). Interest on the 2025 Notes and 2028 Notes is payable semi-annually on June 1

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and December 1 of each year, commencing on December 1, 2018. The net proceeds from the sale of the Initial 2025 Notes and 2028 Notes were used (i) to prepay and extinguish the outstanding borrowings under the Term Loan A facility under the Credit Facility and to repay a portion of the outstanding borrowings under the Term Loan A-1 facility, (ii) to finance the tender offer of the 2018 Notes, (iii) to redeem the remaining 2018 Notes and (iv) to pay fees and expenses to amend our Credit Facility, as described above.

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

At September 30, 2018, the Company was in compliance with all required financial covenants under the Notes.

Capital Lease

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

GLPI's primary market risk exposure is interest rate risk with respect to its indebtedness of \$5,501.1 million at September 30, 2018. Furthermore, \$4,975.0 million of our obligations at September 30, 2018, are the senior unsecured notes that have fixed interest rates with maturity dates ranging from two years to ten years. An increase in interest rates could make the financing of any acquisition by GLPI more costly, as well as increase the costs of its variable rate debt obligations. Rising interest rates could also limit GLPI's ability to refinance its debt when it matures or cause GLPI to pay higher interest rates upon refinancing and increase interest expense on refinanced indebtedness. GLPI may manage, or hedge, interest rate risks related to its borrowings by means of interest rate swap agreements. However, the provisions of the Code applicable to REITs limit GLPI's ability to hedge its assets and liabilities.

The table below provides information at September 30, 2018 about our financial instruments that are sensitive to changes in interest rates. For debt obligations, the table presents notional amounts maturing in each fiscal year and the related weighted-average interest rates by maturity dates. Notional amounts are used to calculate the contractual payments to be exchanged by maturity date and the weighted-average interest rates are based on implied forward LIBOR rates at September 30, 2018.

	10/01/18- 12/31/18	1/01/19- 12/31/19	1/01/20- 12/31/20	1/01/21- 12/31/21	1/01/22- 12/31/22	Thereafter	Total	Fair Value at 9/30/2018
(in thousands)								
Long-term debt:								
Fixed rate	\$ —	\$ —	\$ 1,000,000	\$ 400,000	\$ —	\$ 3,575,000	\$ 4,975,000	\$ 5,107,623
Average interest rate			4.88%	4.38%		5.38%		
Variable rate	\$ —	\$ —	\$ —	\$ 525,000	\$ —	\$ —	\$ 525,000	\$ 519,750
Average interest rate ⁽¹⁾				4.18%				

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Controls and Procedures

The Company's management, under the supervision and with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of September 30, 2018, which is the end of the period covered by this Quarterly Report on Form 10-Q. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well-designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2018 to ensure that information required to be disclosed by the Company in reports we file or submit under the Exchange Act is (i) recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the United States Securities and Exchange Commission's rules and forms and (ii) accumulated and communicated to the Company's management, including the Company's principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

There were no changes that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

Risk factors that affect our business and financial results are discussed in Part I, "Item 1A. Risk Factors," of our Annual Report on Form 10-K (the "Annual Report"). There have been no material changes in our risk factors from those previously disclosed in our Annual Report other than as set forth below. You should carefully consider the risks described in our Annual Report and below, which could materially affect our business, financial condition or future results. The risks described in our Annual Report and below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem immaterial also may materially adversely affect our business, financial condition, and/or operating results. If any of the risks actually occur, our business, financial condition, and/or results of operations could be negatively affected.

Following completion of Penn Pinnacle Merger, the majority of our revenues are dependent on Penn and its subsidiaries until we further diversify our portfolio. Any event that has a material adverse effect on Penn's business, financial position or results of operations is likely to have a material adverse effect on our business, financial position or results of operations.

Following completion of the Penn Pinnacle Merger on October 15, 2018, the majority of our revenue is based on the revenue derived under our master leases with subsidiaries of Penn. Because these master leases are triple-net leases, we depend on Penn to operate the properties that we own in a manner that generates revenues sufficient to allow Penn to meet its obligations to us, including payment of rent and all insurance, taxes, utilities and maintenance and repair expenses, and to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities arising in connection with its business. There can be no assurance that Penn will have sufficient assets, income or access to financing to enable it to satisfy its payment obligations to us under the master leases. The ability of Penn to fulfill its obligations depends, in part, upon the overall profitability of its gaming operations and, other than limited contractual protections afforded to us as a landlord, we have no control over Penn or its operations. The inability or unwillingness of Penn to meet its subsidiaries' rent obligations and other obligations under the master leases, would materially and adversely affect our business, financial position or results of operations, including our ability to pay dividends to our shareholders.

Due to our dependence on rental payments from Penn as a significant source of revenue, we may be limited in our ability to enforce our rights under the master leases or to terminate the master leases with respect to any particular property. Failure by Penn to comply with the terms of its master leases or to comply with the gaming regulations to which the leased properties are subject could require us to find another lessee for such leased property and there could be a decrease or cessation of rental payments by Penn. In such event, we may be unable to locate a suitable lessee at similar rental rates or at all, which would have the effect of reducing our rental revenues. Likewise, our financial position would be materially weakened if Penn failed to renew or extend any master lease as such lease expires, or if we are unable to lease or re-lease our properties on economically favorable terms.

Any event, including the integration of Penn and Pinnacle after the completion of the Penn Pinnacle Merger, that has a material adverse effect on Penn's business, financial position or results of operations is likely to have a material adverse effect on our business, financial position or results of operations. In addition, continued consolidation in the gaming industry would increase our dependence on our existing tenants and could make it increasingly difficult for us to find alternative tenants for our properties.

We may not achieve the intended benefits from the Tropicana Acquisition or Boyd transactions, which could have an adverse impact on our business.

We consummated the Tropicana Acquisitions on October 1, 2018 and the Boyd transactions on October 15, 2018. However, our ability to successfully realize the expected benefits of these transactions is largely dependent upon Eldorado's and Boyd's respective ability to operate our properties in a manner that generates revenues sufficient to allow Eldorado and Boyd to meet their obligations to us, including payment of rent, loan interest and all insurance, taxes, utilities and maintenance and repair expenses, and to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities arising in connection with their respective businesses. We cannot guarantee that either Eldorado or Boyd will maintain its

operations in a profitable manner and, other than limited contractual protections afforded to us as a landlord and lender, we have no control over either Eldorado's or Boyd's business or finances. Our financial position could be materially weakened if either Eldorado or Boyd were unable to meet its obligations to us or failed to renew or extend any lease as such lease expires, or if we were unable to lease or re-lease our properties on economically favorable terms.

In addition, we made a short-term mortgage loan to Eldorado in the amount of \$246.0 million in connection with Eldorado's acquisition of Tropicana's Lumière Place property, and we made a mortgage loan to Boyd in the amount of \$57.7 million in connection with Boyd's acquisition of the Belterra Park property. In our capacity as a lender, we have fewer protections available to us with respect to these properties than we would have as a landlord, and there are regulatory restrictions that may prevent our ability to take possession of these properties upon a default by the borrower. In addition, on the one-year anniversary of the Lumière loan, the mortgage and the related deed of trust on the Lumière Place property will terminate and the loan will continue unsecured. If Eldorado or Boyd are unable or unwilling to satisfy their respective obligations to us under these loans in a timely manner or at all, our business could be materially and adversely affected.

Our recourse against Tropicana, including for any breaches under the Amended Real Estate Purchase Agreement or the Tropicana Merger Agreement, is limited.

As is customary for a public company target in a merger and acquisition transaction, Tropicana has no obligation to indemnify us or Eldorado for any breaches of its representations and warranties or covenants included in the Merger Agreement and the Real Estate Purchase Agreement, or for any pre-closing liabilities or claims. While we have certain arrangements in place with Eldorado in connection with certain limited pre-closing liabilities, if any issues arise post-closing (other than as provided for in the master lease), we may not be entitled to sufficient, or any, indemnification or recourse from Tropicana or Eldorado, which could have a materially adverse impact on our business and results of operations.

We could be subject to tax on any unrealized net built-in gains on the assets we acquired from Tropicana, which could have a material and adverse effect on our business and financial condition.

The assets we acquired from Tropicana have significant built-in-gains. Since Tropicana was a C corporation, prior to the Tropicana Acquisition, if we dispose of any such appreciated assets during the five-year period following the Tropicana Acquisition, we will be subject to tax at the highest corporate tax rates on any gain from such assets to the extent of the built-in-gain in such assets at the time of the Tropicana Acquisition. We would be subject to this tax liability even if we continue to qualify and maintain our status as a REIT. Any recognized built-in gain will retain its character as ordinary income or capital gain and will be taken into account in determining REIT taxable income and our distribution requirement. Any tax on the recognized built-in gain will reduce REIT taxable income. We may choose not to sell in a taxable transaction appreciated assets we might otherwise sell during the five-year period in which the built-in gain tax applies in order to avoid the built-in gain tax. However, there can be no assurances that such a taxable transaction will not occur. If we sell such assets in a taxable transaction, the amount of corporate tax that we will pay will vary depending on the actual amount of net built-in gain or loss present in those assets as of the time we became a REIT. The amount of tax could be significant and could have a material and adverse effect on our business and financial condition.

Our indebtedness could adversely affect our financial condition and may otherwise adversely impact our business operations and our ability to pay dividends to shareholders.

We incurred significant additional indebtedness in connection with our financing for the Tropicana Acquisition and Boyd transactions. As of September 30, 2018, we have approximately \$5.4 billion in long-term indebtedness, net of unamortized debt issuance costs, bond premiums and original issuance discounts, consisting of:

- \$525 million of total indebtedness outstanding under our Credit Facility, and approximately \$1,099.6 million available for borrowing under our Revolver (including \$0.4 million of contingent obligations under letters of credit);
- \$5.0 billion of outstanding senior unsecured notes; and
- approximately \$1.1 million of capital lease obligation related to certain assets.

Our material indebtedness could have significant effects on our business and ability to pay dividends to our shareholders, including the following:

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- it may limit our ability to obtain additional debt or equity financing for working capital, capital expenditures, acquisitions, debt service requirements and general corporate or other purposes;
- a material portion of our cash flows will be dedicated to the payment of principal and interest on our indebtedness, including indebtedness we may incur in the future, and will not be available for other purposes, including to make acquisitions;
- it could limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate and place us at a competitive disadvantage compared to our competitors that have less debt or are less leveraged;
- it could make us more vulnerable to downturns in general economic or industry conditions or in our business, or prevent us from carrying out activities that are important to our growth;
- it could increase our interest expense if interest rates in general increase because our indebtedness under the Credit Facility bears interest at floating rates;
- it could limit our ability to take advantage of strategic business opportunities; and
- it could make it more difficult for us to satisfy our obligations with respect to our indebtedness. Any failure to comply with the obligations of any of our debt instruments could result in an event of default which, if not cured or waived, could result in the acceleration of our indebtedness under the Credit Facility and other outstanding debt obligations.

We cannot assure you that our business will generate sufficient cash flow from operations, or that future borrowings will be available to us under our Credit Facility or from other debt financing, in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. If we do not generate sufficient cash flow from operations to satisfy our debt service obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our indebtedness, selling assets or seeking to raise additional capital, including by issuing equity securities or securities convertible into equity securities. Our ability to restructure or refinance our indebtedness will depend on the capital markets and our financial condition at such time. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. Our inability to generate sufficient cash flow to satisfy our debt service requirements or to refinance our obligations on commercially reasonable terms would have an adverse effect, which could be material to our business, financial position or results of operations.

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

The Company did not repurchase any shares of common stock or sell any unregistered securities during the three months ended September 30, 2018.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

Exhibit	Description of Exhibit
2.1	Amendment No. 1 and Joinder to Real Estate Purchase and Sale Agreement, dated as of October 1, 2018, by and among Tropicana Entertainment, Inc., Eldorado Resorts, Inc. and GLP Capital, L.P. (Incorporated by reference to Exhibit 2.3 to the Company's current report on Form 8-K, filed on October 1, 2018).
4.1	Seventh Supplemental Indenture, dated as of September 26, 2018, among GLP Capital, L.P. and GLP Financing II, Inc. as Issuers, Gaming and Leisure Properties, Inc., as Parent Guarantor, and Wells Fargo Bank, National Association, as Trustee, relating to the Issuers' 5.300% Senior Notes due 2029. (Incorporated by reference to Exhibit 4.4 to the Company's current report on Form 8-K, filed on September 26, 2018).
4.2	Form of 2029 Note (Incorporated by reference to Exhibit 4.6 and included in Exhibit 4.4 to the Company's current report on Form 8-K, filed on September 26, 2018).
10.1*	Sixth Amendment to the Master Lease Agreement, dated as of August 8, 2018, by and among GLP Capital L.P. and Penn Tenant LLC.
10.2	Master Lease, dated October 1, 2018, by and among GLP Capital, L.P., Tropicana AC Sub Corp., Tropicana Entertainment, Inc. and Tropicana Atlantic City Corp (Incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K, filed on October 1, 2018).
10.3	Fourth Amendment to the Master Lease, dated October 15, 2018, by and between Gold Merger Sub, LLC (as successor to Pinnacle Entertainment, Inc.) and Pinnacle MLS, LLC. (Incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K, filed on October 16, 2018).
10.4	Master Lease Agreement, dated October 15, 2018, by and between Gold Merger Sub, LLC and Boyd TCIV, LLC. (Incorporated by reference to Exhibit 10.2 to the Company's current report on Form 8-K, filed on October 16, 2018).
10.5*	Amendment No. 3, dated as of October 10, 2018, to the Credit Agreement dated as of October 28, 2013 among GLP Capital, L.P., the several banks and other financial institutions party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and the various other parties thereto.
31.1*	CEO Certification pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
31.2*	CFO Certification pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
32.1*	CEO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	CFO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Condensed Consolidated Balance Sheets at September 30, 2018 and December 31, 2017, (ii) the Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2018 and 2017, (iii) the Condensed Consolidated Statement of Changes in Shareholders' Equity for the nine months ended September 30, 2018, (iv) the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2018 and 2017 and (v) the notes to the Condensed Consolidated Financial Statements.

* Filed or furnished, as applicable, herewith

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GAMING AND LEISURE PROPERTIES, INC.

November 1, 2018

By: /s/ Steven T. Snyder
Steven T. Snyder
Interim Chief Financial Officer
(Principal Financial Officer and Duly Authorized Officer)

SIXTH AMENDMENT TO MASTER LEASE

THIS SIXTH AMENDMENT TO MASTER LEASE (this "**Amendment**") is being entered into on this 8th day of August, 2018 (the "**Effective Date**"), by and between Landlord and Tenant, as more fully set forth herein, and shall amend that certain Master Lease, dated November 1, 2013, as amended to the date hereof (collectively, the "**Master Lease**"), by and among GLP Capital, L.P. (together with its permitted successors and assigns, "**Landlord**") and Penn Tenant, LLC (together with its permitted successors and assigns, "**Tenant**"), pursuant to which Tenant leases certain Leased Property, as further defined in the Master Lease (the "**Existing Leased Property**"). Landlord and Tenant each desire to remove certain portions of the Existing Leased Property as identified and defined in Annex A attached hereto and incorporated herein (the "**Removed Leased Property**") from the terms, covenants and conditions of the Master Lease. Capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to them in the Master Lease.

BACKGROUND:

WHEREAS, Landlord and Tenant each desire to amend the Master Lease as more fully described herein.

NOW, THEREFORE, in consideration of the provisions set forth in the Master Lease as amended by this Amendment, including, but not limited to, the mutual representations, warranties, covenants and agreements contained therein and herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby respectively acknowledged, and subject to the terms and conditions thereof and hereof, the parties, intending to be legally bound, hereby agree that the Master Lease shall be amended as follows:

ARTICLE I REMOVAL OF REMOVED LEASED PROPERTY

1.1 Exhibit B to the Master Lease is hereby amended to remove the description of the Removed Leased Property as set forth in Annex A attached hereto and incorporated hereby by this reference from the description of the Land.

ARTICLE II AMENDMENT TO MEMORANDUM OF LEASE

Landlord and Tenant shall enter into an amendment to any memorandum of lease which may have been recorded in accordance with Article XXXIII of the Master Lease against the Removed Leased Property, in form suitable for recording in the county or other application location in which a Removed Leased Property is located which amendment is pursuant to this Amendment. Landlord shall pay all costs and expenses of recording any such amendment to memorandum.

**ARTICLE III
AUTHORITY TO ENTER INTO AMENDMENT**

Each party represents and warrants to the other that: (i) this Amendment and all other documents executed or to be executed by it in connection herewith have been duly authorized and shall be binding upon it; (ii) it is duly organized, validly existing and in good standing under the laws of the state of its formation and is duly authorized and qualified to perform this Amendment and the Master Lease, as amended hereby, within the State(s) where any portion of the Leased Property is located, and (iii) neither this Amendment, the Master Lease, as amended hereby, nor any other document executed or to be executed in connection herewith violates the terms of any other agreement of such party.

**ARTICLE IV
MISCELLANEOUS**

4.1 **Brokers.** Tenant warrants that it has not had any contact or dealings with any Person or real estate broker which would give rise to the payment of any fee or brokerage commission in connection with this Amendment, and Tenant shall indemnify, protect, hold harmless and defend Landlord from and against any liability with respect to any fee or brokerage commission arising out of any act or omission of Tenant. Landlord warrants that it has not had any contact or dealings with any Person or real estate broker which would give rise to the payment of any fee or brokerage commission in connection with this Amendment, and Landlord shall indemnify, protect, hold harmless and defend Tenant from and against any liability with respect to any fee or brokerage commission arising out of any act or omission of Landlord.

4.2 **Costs and Expenses; Fees.** Each party shall be responsible for and bear all of its own expenses incurred in connection with pursuing or consummating this Amendment and the transactions contemplated by this Amendment, including, but not limited to, fees and expenses, legal counsel, accountants, and other facilitators and advisors.

4.3 **Choice of Law and Forum Selection Clause.** This Amendment shall be construed and interpreted, and the rights of the parties shall be determined, in accordance with the substantive Laws of the State of New York without regard to the conflict of law principles thereof or of any other jurisdiction.

4.4 **Counterparts; Facsimile Signatures.** This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. In proving this Amendment, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought. Any counterpart may be executed by facsimile signature and such facsimile signature shall be deemed an original.

4.5 **No Further Modification.** Except as modified hereby, the Master Lease remains in full force and effect.

[Signature Page to Follow]

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered by each of the undersigned as of the date first above written.

LANDLORD:

GLP CAPITAL, L.P.

By: /s/ Brandon J. Moore

Brandon J. Moore,

SVP, General Counsel & Secretary

TENANT:

PENN TENANT, LLC

By: Penn National Gaming, Inc.

its managing member

By: /s/ William J. Fair

William J. Fair

Executive Vice President and Chief Financial Officer

ANNEX A

LEGAL DESCRIPTIONS REMOVED FROM EXHIBIT B

From Hollywood Casino St. Louis:

Re-Adjusted Lot 2 of a Resubdivision of Riverside Center, a subdivision in St. Louis County, Missouri, according to the plat thereof recorded in Plat Book 366, Page 307, Records of St. Louis County, Missouri.

AMENDMENT No. 3 to the Credit Agreement, dated as of October 10, 2018 (this "Amendment"), to the Credit Agreement dated as of October 28, 2013 among GLP CAPITAL, L.P. (as successor-by-merger to GLP Financing, LLC), a Pennsylvania limited partnership (the "Borrower"), the several banks and other financial institutions or entities from time to time parties to the Credit Agreement (the "Lenders"), JPMORGAN CHASE BANK, N.A., as Administrative Agent (in such capacity, the "Administrative Agent") and the various other parties thereto (as amended by Amendment No. 1 to the Credit Agreement, dated as of July 31, 2015, the "Credit Agreement", as amended by Amendment No. 2 to the Credit Agreement, dated as of May 21, 2018, and the Credit Agreement, as amended by this Amendment, the "Amended Credit Agreement"); capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Amended Credit Agreement.

WHEREAS, the Borrower has requested to increase the aggregate amount of the Revolving Commitments under the Credit Agreement by an amount equal to \$75,000,000 (the "R-1 Revolving Commitment Increase"), which R-1 Revolving Commitment Increase will be provided by Goldman Sachs Bank USA (the "R-1 Revolving Commitment Increase Lender"); and

WHEREAS, the R-1 Revolving Commitment Increase Lender is willing to provide such additional R-1 Revolving Commitments on the specified terms and subject to the conditions herein.

NOW, THEREFORE, in consideration of the premises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. **Credit Agreement Amendments.** Effective as of the Amendment No. 3 Effective Date, the Credit Agreement is hereby amended as follows:

- (a) The following definitions are hereby added to Section 1.01 of the Credit Agreement in the appropriate alphabetical order:
- (i) "Amendment No. 3 to the Credit Agreement" means Amendment No. 3 to the Credit Agreement, dated as of October 10, by and among the Borrower, the Administrative Agent, the R-1 Revolving Commitment Increase Lender party thereto and the various other parties thereto.
- (ii) "Amendment No. 3 Effective Date" means the date on which each of the conditions set forth in Section 6 of Amendment No. 3 to the Credit Agreement have been satisfied, such date being October 10, 2018.
- (b) The definition of "R-1 Revolving Commitment" is hereby amended by replacing the reference to "Annex A to Amendment No. 2 to the Credit Agreement" with "Annex A to Amendment No. 3 to the Credit Agreement".

Section 2. **Consent to the New Revolving Lender.** The Administrative Agent, the L/C Issuer and the Borrower hereby consent to the R-1 Revolving Commitment

Increase Lender becoming a “Lender” and providing R-1 Revolving Commitments under the Credit Agreement as amended hereby.

Section 3. **R-1 Revolving Commitment Increase.** The R-1 Revolving Commitment Increase Lender has agreed (on a several and not joint basis), subject to the terms and conditions set forth herein and in the Credit Agreement, as amended by this Amendment, to provide the Commitment in the amount set forth opposite its name on Annex A hereto.

Section 4. **Reallocation.** On the Amendment No. 3 Effective Date, the Borrower shall, in coordination with the Administrative Agent, repay outstanding R-1 Revolving Loans of the Revolving Lenders that are not the R-1 Revolving Commitment Increase Lender, and incur additional R-1 Revolving Loans from the R-1 Revolving Commitment Increase Lender to the extent necessary so that all of the Revolving Lenders participate in each outstanding Borrowing of R-1 Revolving Loans pro rata on the basis of their respective R-1 Revolving Commitments (after giving effect to any increase in the R-1 Revolving Commitments pursuant to this Amendment). The participations in any outstanding Letters of Credit shall be adjusted in accordance with the percentage of each Revolving Lender’s R-1 Revolving Commitment as reallocated in accordance with such increase of the total amount of R-1 Revolving Commitments.

Section 5. **Representations and Warranties, No Default.** The Borrower hereby represents and warrants that as of the Amendment No. 3 Effective Date, after giving effect to this Amendment, (i) no Default or Event of Default exists under the Amended Credit Agreement and is continuing and (ii) all representations and warranties contained in the Amended Credit Agreement are true and correct in all material respects as of the Amendment No. 3 Effective Date as though made on and as of such date, except to the extent such representations and warranties (x) expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) or (y) expressly relate to the Closing Date; provided that any representation and warranty that is qualified as to “materiality,” “Material Adverse Effect” or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates.

Section 6. **Conditions to Effectiveness to Amendment No. 3 to the Credit Agreement.** This Amendment shall become effective on the date (such date, if any, the “Amendment No. 3 Effective Date”) that the following conditions have been satisfied:

- (i) **Consents.** The Administrative Agent shall have received executed signature pages hereto from the R-1 Revolving Commitment Increase Lender providing the R-1 Revolving Commitment Increase and the Borrower.
 - (ii) **Fees.** All fees and out-of-pocket expenses required to be paid or reimbursed by Borrower pursuant to Section 10.04 of the Credit Agreement or as separately agreed by Borrower and the R-1 Revolving Commitment Increase Lender with respect to this Amendment, including the reasonable fees and out-of-pocket
-

expenses of the R-1 Revolving Commitment Increase Lender and of Cahill Gordon & Reindel LLP, in each case which shall have been invoiced prior to the Amendment No. 3 Effective Date, shall have been paid or reimbursed;

(iii) Legal Opinions. The Administrative Agent shall have received favorable legal opinions of (x) Goodwin Proctor LLP, as special New York counsel for the Borrower and Parent and (y) Ballard Spahr LLP, as Pennsylvania counsel for the Borrower and Parent, each covering such matters relating to the Borrower, Parent and this Amendment substantially consistent with the opinions provided in connection with the Closing Date;

(iv) Closing Certificate. The Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower dated the Amendment No. 3 Effective Date, certifying that each of the representations and warranties specified in Section 5 are true and correct in all material respects as of the Amendment No. 3 Effective Date as though made on and as of such date, except to the extent such representations and warranties (x) expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) or (y) expressly relate to the Closing Date; provided that any representation and warranty that is qualified as to “materiality,” “Material Adverse Effect” or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates;

(v) Solvency Certificate. Parent shall have delivered to the Administrative Agent a certificate as to the financial condition and solvency of Parent and its subsidiaries on a consolidated basis, substantially in the form attached as Exhibit A hereto;

(vi) Borrower’s Officer’s Certificate. The Administrative Agent shall have received a certificate of a Responsible Officer (in substantially the form of Exhibit E-1 to the Credit Agreement) dated the Amendment No. 3 Effective Date, certifying as to the Organization Documents of the Borrower (which, to the extent filed with a Governmental Authority, shall be certified as of a recent date by such Governmental Authority), the resolutions of Parent acting in its capacity as the general partner of the sole or managing member of the Borrower authorizing the Borrower to enter into and perform this Amendment and the good standing, existence or its equivalent of the Borrower;

(vii) Parent’s Officer’s Certificate. The Administrative Agent shall have received a certificate of a Responsible Officer (in substantially the form of Exhibit E-2 to the Credit Agreement) dated the Amendment No. 3 Effective Date, certifying as to the Organization Documents of Parent (which, to the extent filed with a Governmental Authority, shall be certified as of a recent date by such Governmental Authority), the resolutions of the governing body of Parent, the good standing, existence or its

equivalent of Parent and of the incumbency of the Responsible Officers to execute documents on behalf of Parent;

(viii) **KYC.** To the extent requested prior to the Amendment No. 3 Effective Date by the Administrative Agent or the R-1 Revolving Commitment Increase Lender, Parent and the Borrower shall have delivered, on or prior to the Amendment No. 3 Effective Date, the documentation and other information with respect to Parent and the Borrower to the Administrative Agent required by regulatory authorities under applicable “know-your-customer” rules and regulations, including the PATRIOT Act; and

(ix) **Certification of Beneficial Ownership.** If the Borrower qualifies as a “legal entity customer” under 31 C.F.R. § 1010.230 (the “Beneficial Ownership Regulation”), the Borrower shall have delivered to the Administrative Agent, on or prior to the Amendment No. 3 Effective Date, a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation to the extent requested by the Administrative Agent or the R-1 Revolving Commitment Increase Lender.

Section 7. **Counterparts.** This Amendment may be executed in counterparts (and by different parties hereto in different counterparts) each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by fax transmission or other electronic scan transmission (e.g., “pdf” or “tif”) shall be effective as delivery of an originally executed counterpart hereof.

Section 8. **Applicable Law; Waiver of Jury Trial; Jurisdiction; Consent to Service of Process.** The provisions set forth in Sections 10.14 and 10.15 of the Credit Agreement are hereby incorporated *mutatis mutandis* with all references to the “Agreement” therein being deemed references to this Amendment.

Section 9. **Headings.** The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

Section 10. **Effect of Amendment.** Except as expressly set forth herein, this Amendment (i) shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders, the Administrative Agent or any other Agent, in each case under the Amended Credit Agreement or any other Loan Document, and (ii) shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Amended Credit Agreement or any other Loan Document. This Amendment shall constitute a Loan Document for purposes of the Amended Credit Agreement and from and after the Amendment No. 3 Effective Date, all references to the Credit Agreement in any Loan Document and all references in the Amended Credit Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Credit Agreement, shall, unless expressly provided otherwise, refer to the Amended Credit Agreement. The Borrower hereby consents to this Amendment and confirms that all obligations of the Borrower under the Loan Documents to which it is a party shall continue to apply to the Amended Credit Agreement.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

GLP CAPITAL, L.P.

By: GAMING AND LEISURE PROPERTIES, INC., its
general partner

By: /s/ Steven T. Snyder
Name: Steven T. Snyder
Title: Interim Chief Financial Officer

[Signature Page to Amendment No. 3 to the Credit Agreement]

JPMORGAN CHASE BANK, N.A.
as Administrative Agent, L/C Issuer and Swingline Lender

By: /s/ Jaime Gitler
Name: Jaime Gitler
Title: Vice President

[Signature Page to Amendment No. 3 to the Credit Agreement]

The undersigned Lender hereby consents to this
Amendment No. 3 to the Credit Agreement.

GOLDMAN SACHS BANK USE
as a R-1 Revolving Commitment Increase Lender

By: /s/ Thomas M. Manning
Name: Thomas M. Manning
Title: Authorized Signatory

[Signature Page to Amendment No. 3 to the Credit Agreement]

SCHEDULE A

<u>Revolving Lender</u>	<u>R-1 Revolving Commitment</u>
Citizens Bank, National Association	\$113,407,409
Wells Fargo Bank, National Association	\$187,399,586
Fifth Third Bank	\$151,919,330
Bank of America, N.A.	\$144,859,728
JPMorgan Chase Bank, N.A.	\$134,509,864
Suntrust Bank	\$119,002,591
Manufacturers and Traders Trust Company	\$99,551,864
Barclays Bank PLC	\$80,000,000
Goldman Sachs Bank USA	\$75,000,000
Credit Agricole Corporate and Investment Bank	\$69,349,628
Total	\$1,175,000,000

FORM OF SOLVENCY CERTIFICATE

[_____] , []

The undersigned, [], the [] of Gaming and Leisure Properties, Inc. ("**Parent**"), is familiar with the properties, businesses, assets and liabilities of Parent and is duly authorized to execute this certificate (this "**Solvency Certificate**") on behalf of Parent.

This Solvency Certificate is delivered pursuant to Section 3(v) of that certain Amendment No. 3 to the Credit Agreement, dated as of May 21, 2018 ("**Amendment No. 3**"; terms defined therein unless otherwise defined herein being used herein as therein defined), among Parent, GLP Capital, L.P. (as successor-by-merger to GLP Financing, LLC), a Pennsylvania limited partnership, as the Borrower, each lender from time to time party thereto (collectively, the "**Lenders**") and JPMorgan Chase Bank, N.A., as administrative agent thereunder (in such capacity, the "**Administrative Agent**").

As used herein, "**Company**" means Parent and its subsidiaries on a consolidated basis.

1. I, [], hereby certify that I am the [] of Parent and that I am knowledgeable of the financial and accounting matters of the Company, the Credit Agreement and the covenants and representations (financial or otherwise) contained therein and that, as such, I am authorized to execute and deliver this Solvency Certificate on behalf of Parent.

2. The undersigned certifies, on behalf of Parent and not in his individual capacity, that he has made such investigation and inquiries as to the financial condition of the Company as the undersigned deems necessary and prudent for the purposes of providing this Solvency Certificate. The undersigned acknowledges that the Administrative Agent and the Lenders are relying on the truth and accuracy of this Solvency Certificate in connection with the making of Loans under the Credit Agreement.

3. The undersigned certifies, on behalf of Parent and not in his individual capacity, that (a) the financial information, projections and assumptions which underlie and form the basis for the representations made in this Solvency Certificate were made in good faith and were based on assumptions reasonably believed by Parent to be fair in light of the circumstances existing at the time made; and (b) for purposes of providing this Solvency Certificate, the amount of contingent liabilities has been computed as the amount that, in the light of all the facts and circumstances existing as of the date hereof, represents the amount that can reasonably be expected to become an actual or matured liability.

BASED ON THE FOREGOING, the undersigned certifies, on behalf of Parent and not in his individual capacity, that, on the date hereof, before and after giving effect to Amendment No. 3:

1. the fair value of the property of the Company (including, for the avoidance of doubt, property consisting of the residual equity value of the Company's subsidiaries) is greater than the total amount of liabilities, including contingent liabilities, of the Company;

2. the present fair salable value of the assets of the Company (including, for the avoidance of doubt, property consisting of the residual equity value of the Company's subsidiaries) is greater than the amount that will be required to pay the probable liability of the Company on the sum of its debts and other liabilities, including contingent liabilities;

3. the Company has not, does not intend to, and does not believe (nor should it reasonably believe) that it will, incur debts or liabilities beyond the Company's ability to pay such debts and liabilities as they become due (whether at maturity or otherwise);

4. the Company does not have unreasonably small capital with which to conduct the businesses in which it is engaged as such businesses are now conducted and are proposed to be conducted following the Amendment No. 3 Effective Date; and

5. the Company is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business.

IN WITNESS WHEREOF, the undersigned has executed this Solvency Certificate as of the first date written above, solely in his capacity as [] of Parent and not in his individual capacity.

Name: _____

Title: _____

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

I, Peter M. Carlino, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gaming and Leisure Properties, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2018

/s/ Peter M. Carlino

Name: Peter M. Carlino

Chief Executive Officer

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

I, Steven T. Snyder, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gaming and Leisure Properties, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2018

/s/ Steven T. Snyder

Name: Steven T. Snyder

Interim Chief Financial Officer

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
18 U.S.C. SECTION 1350**

In connection with the quarterly report of Gaming and Leisure Properties, Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Peter M. Carlino, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Peter M. Carlino

Peter M. Carlino

Chief Executive Officer

Date: November 1, 2018

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
18 U.S.C. SECTION 1350**

In connection with the quarterly report of Gaming and Leisure Properties, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven T. Snyder, Interim Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Steven T. Snyder

Steven T. Snyder

Interim Chief Financial Officer

Date: November 1, 2018

