



GAMING & LEISURE
PROPERTIES, INC.

Gaming & Leisure Properties and PENN Entertainment Agree to New Master Lease Terms and Development Funding

Oct 10, 2022

*New Master Lease to Support Growth Opportunities for PENN
Driven by Property Relocations and Additional Development*

WYOMISSING, Pa., Oct. 10, 2022 (GLOBE NEWSWIRE) -- Gaming & Leisure Properties, Inc. ("GLPI" or the "Company") (Nasdaq: GLPI) announced today that it agreed to create a new master lease with PENN Entertainment, Inc. ("PENN") (Nasdaq: PENN) for seven of PENN's current properties. The companies have also agreed to a funding mechanism to support PENN's pursuit of relocation and development opportunities at several of the properties included in the new master lease. The transaction, including the creation of the new master lease, is subject to customary regulatory approvals and is expected to be effective January 1, 2023.

Pursuant to the terms agreed upon by the parties, the current PENN master lease will be amended to remove PENN's properties in Aurora and Joliet, Illinois; Columbus and Toledo, Ohio; and Henderson, Nevada and those properties will be added to the new master lease. In addition, the existing leases for the Hollywood Casino at The Meadows in Pennsylvania and Hollywood Casino Perryville in Maryland will terminate and these properties will be transferred into the new master lease. GLPI has agreed to fund up to \$225 million for the relocation of PENN's riverboat casino in Aurora at a 7.75% cap rate and to fund up to \$350 million for the relocation of the Hollywood Casino Joliet as well as the construction of hotels at Hollywood Casino Columbus and a second hotel tower at M Resort Spa Casino at then current market rates.

The new master lease and GLPI's funding commitment will allow PENN to pursue several growth projects including the planned projects in Aurora and Joliet, Illinois; Columbus, Ohio; and Henderson, Nevada.

Peter Carlino, Chief Executive Officer of Gaming & Leisure Properties, commented, "Our ongoing support of our roster of leading regional gaming operator tenants through innovative transaction structures has proven to be mutually beneficial and we are confident that this new master lease with PENN Entertainment will extend our record of success on this front.

"Throughout its 28 years as a public company, PENN Entertainment has emerged as the industry's pre-eminent developer of regional gaming assets. GLPI is excited to structure a new master lease with our long-term tenant that includes a funding option to allow PENN to extend its legacy of growth through development by pursuing attractive opportunities in Illinois, Ohio and Nevada. We support the relocation of PENN's riverboat casinos to land-based operations as we believe this provides a superior guest experience, particularly as the proposed Aurora and Joliet properties are sited to benefit from existing and long-term traffic-driving developments. Further, we believe the creation of a new hotel at Hollywood Casino Columbus will significantly improve the performance of that property and ultimately enable PENN to transform it into a regional destination. Finally, as with every transaction we pursue at GLPI, this new master lease structure comes with attractive rent and financing terms for both parties under a proven master lease structure that offers GLPI material downside protection while offering us an opportunity to benefit from PENN's long-term growth."

The terms of the new master lease and the amended PENN master lease are expected to be substantially similar to the current PENN master lease with the following key differences:

- The new master lease will be cross-defaulted, cross-collateralized and co-terminus with the existing PENN master lease
- The initial term of the new master lease will expire on 10/31/2033, with three 5-year extensions at PENN's option (consistent with the term remaining on the current Penn master lease)
- All rent in the new master lease will be fixed with annual escalation of 1.50%, with the first escalation occurring for the lease year beginning on November 1, 2023
- The rent for the new lease will be \$232.2 million in base rent. The rent for the original PENN master lease will be \$284.1 million, consisting of \$208.2 million of Building Base Rent, \$43.0 million of land base rent, and \$32.9 million of percentage rent.

About Gaming and Leisure Properties

GLPI is engaged in the business of acquiring, financing, and owning real estate property to be leased to gaming operators in triple-net lease arrangements, pursuant to which the tenant is responsible for all facility maintenance, insurance required in connection with the leased properties and the business conducted on the leased properties, taxes levied on or with respect to the leased properties and all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties.

Forward-Looking Statements

This press release includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including the successful relocation of facilities and completion of planned projects, the anticipated benefits of the transactions to GLPI, and the expected impact of the planned capital expenditures on PENN's results of operations. Forward-looking statements can be identified by the use of forward-looking terminology such as "expects," "believes," "estimates," "intends," "may," "will," "should" or "anticipates" or the negative or other variation of these or similar words, or by discussions of future events, strategies or risks and uncertainties. Such forward looking statements are inherently subject to risks, uncertainties and assumptions about GLPI and its subsidiaries, including risks related to the following: GLPI's ability to successfully consummate the announced transactions with PENN, including the ability of the parties to reach definitive agreements, receipt of all required regulatory approvals, or other delays or impediments to completing the proposed

transactions; PENN's ability to secure all necessary approvals and permits necessary for the announced capital projects; construction factors, including delays, unexpected remediation costs, increased cost of labor and materials and other factors that could significantly increase the necessary capital expenditure; the effect of pandemics, such as COVID-19, on GLPI as a result of the impact such pandemics may have on the business operations of GLPI's tenants and their continued ability to pay rent in a timely manner or make investments in GLPI's properties; the potential negative impact of recent high levels of inflation (which have been exacerbated by the armed conflict between Russia and Ukraine) on our tenants' operations and ability to access the capital markets for necessary financing; GLPI's ability to maintain its status as a REIT; GLPI's ability to access capital through debt and equity markets in amounts and at rates and costs acceptable to GLPI; the impact of our substantial indebtedness on our future operations; changes in the U.S. tax law and other state, federal or local laws, whether or not specific to REITs or to the gaming or lodging industries; and other factors described in GLPI's Annual Report on Form 10-K for the year ended December 31, 2021, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, each as filed with the Securities and Exchange Commission. All subsequent written and oral forward-looking statements attributable to GLPI or persons acting on GLPI's behalf are expressly qualified in their entirety by the cautionary statements included in this press release. GLPI undertakes no obligation to publicly update or revise any forward-looking statements contained or incorporated by reference herein, whether as a result of new information, future events or otherwise, except as required by law. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this press release may not occur as presented or at all.

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