Gaming and Leisure Properties Acquires Land Under the Hard Rock Casino in Rockford, IL for $100 Million, Enters into 99-Year Ground Lease with Tenant

Aug 29, 2023

WYOMISSING, Pa., Aug. 29, 2023 (GLOBE NEWSWIRE) -- Gaming and Leisure Properties, Inc. (NASDAQ: GLPI) ("GLPI") announced today that it has acquired the land associated with the Hard Rock Casino development project in Rockford, IL from an affiliate of 815 Entertainment, LLC (together, "815 Entertainment") for $100.0 million. Simultaneous with the land acquisition, GLPI entered into a ground lease with 815 Entertainment for a 99-year term. The initial annual rent for the ground lease is $8.0 million, subject to fixed 2.0% annual escalation beginning with the lease's first anniversary and for the entirety of its term.

In addition to the ground lease, GLPI has also committed to providing up to $150.0 million of development funding via a senior secured delayed draw term loan, subject to regulatory review. Any borrowings under the senior secured delayed draw term loan will be subject to an interest rate of 10.0%. The term loan has a draw period of up to 1-year and a maximum outstanding period of up to 6 years (5-year initial term with a 1-year extension). The term loan is prepayable without penalty following the opening of the Hard Rock Casino in Rockford, IL, which is expected in September 2024. The term loan advances will be subject to typical construction lending terms and conditions.

In conjunction with the foregoing transactions, GLPI will receive a right of first refusal on the building improvements of the Hard Rock Casino in Rockford, IL if there is a future decision to sell them once completed.

Primely located just off Interstate 90 in Rockford, IL, The Hard Rock Casino in Rockford, IL will consist of approximately 177,000 sq. ft. featuring an approximate 60,000 sq. ft. gaming floor, initially with 1,250 slot machines, 50 table games, and in-person and online sportsbooks in the U.S.'s second largest sports wagering market. The project is currently under construction, with a total projected budget of approximately $358 million, inclusive of the temporary facility, with approximately $120 million spent to date.

Peter Carlino, GLPI's Chairman and CEO, commented, "Our agreements with 815 Entertainment will allow GLPI to expand its footprint with the addition of a new ground lease, a new tenant, and a commitment to provide potential funding. We believe this is an attractive ground lease transaction for our shareholders as the strong initial results at 815 Entertainment's temporary facility demonstrate the strength of the location and the depth of the market. The Hard Rock brand is world renown and will support and solidify the new casino's position as a tourist destination and entertainment venue. Hard Rock is the property manager and an equity investor in 815 Entertainment, bringing its world-class management team to the project. The overall transaction structure makes $250 million available to 815 Entertainment to invest in the project and reflects GLPI's creativity in crafting a comprehensive construction financing solution. We look forward to our relationship with 815 Entertainment."

"Hard Rock's incredible financial strength and development trajectory is only made stronger with great partners like GLPI and 815 Entertainment," said Jon Lucas, Chief Operating Officer for Hard Rock International. "We are really looking forward to opening another world-class entertainment property with Hard Rock Casino Rockford."

CBRE Securities acted as financial advisor to Gaming and Leisure Properties. SMBC Nikko Securities America, Inc. and Jefferies LLC served as the exclusive financial advisors to 815 Entertainment, LLC.

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.

About 815 Entertainment
815 Entertainment operates a Hard Rock branded casino in Rockford, Illinois. The ~177,000 sq. ft. permanent casino is expected to open in September 2024 and feature a ~60,000 sq. ft. gaming floor, initially with 1,250 slot machines, 50 table games, and in-person and online sportsbooks. The Company currently operates a ~37,800 sq. ft. temporary casino with a ~20,000 sq. ft. gaming floor, which opened in November 2021. 815 Entertainment is owned by Dan Fischer, the principal, along with a consortium of local investors and Hard Rock International, which is also acting as the property manager.

About Hard Rock®:
Hard Rock International (HRI) is one of the most globally recognized companies with venues in over 70 countries spanning 290 locations that include owned/licensed or managed Hotels, Casinos, Rock Shops®, Live Performance Venues and Cafes. HRI also launched a joint venture named Hard Rock Digital in 2020, an online sportsbook, retail sportsbook and internet gaming platform. Beginning with an Eric Clapton guitar, Hard Rock owns the world's largest and most valuable collection of authentic music memorabilia at more than 87,000 pieces, which are displayed at its locations around the globe. In 2023, Hard Rock Hotels was honored by J.D. Power's North America Hotel Guest Satisfaction Index Study as the number one Upper Upscale Hotels brand in Outstanding Guest Satisfaction for the fourth time over the last five years. Hard Rock was also honored by Forbes among the World's Best Employers, as well as Best Employers for Women, Diversity and New Grads, Best Brands for Social Impact, Customer Service All-Star and a Top Large Employer in the Travel & Leisure, Gaming, and Entertainment Industry. HRI became the first privately-owned gaming company designated a U.S. Best Managed Company by Deloitte Private and The Wall Street Journal in 2021, and has since been honored threefold. In the 2022 Global Gaming Awards, Hard Rock was named Land-Based Operator of the Year for the second time in four years. In 2021, Hard Rock Hotels & Casinos received first place ranking in the Casino Gaming Executive Satisfaction Survey conducted by Bristol Associates Inc. and Spectrum Gaming Group for six of the last seven years. Hard Rock International currently holds investment grades from primary investment rating agencies:

S&P Global Ratings (BBB) and Fitch Ratings (BBB). For more information on Hard Rock International, visit www.hardrock.com or shop.hardrock.com.

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 our expectations regarding the benefits of the transaction to our shareholders. 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 815 Entertainment, including the ability of the parties to satisfy the various conditions to advancing loan proceeds, including receipt of all required approvals and consents, or other delays or impediments to completing the proposed transactions; 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; GLPI's ability to maintain its status as a REIT; our 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, 2022, 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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