



GAMING & LEISURE
PROPERTIES, INC.

Gaming and Leisure Properties Announces the Acquisition of Three Casino Resorts in South Dakota and Nevada for \$105 Million and Establishes New Tenant Relationship With Strategic Gaming Management

May 16, 2024

Transaction is Expected to be Immediately Accretive

WYOMISSING, Pa., May 16, 2024 (GLOBE NEWSWIRE) -- Gaming and Leisure Properties, Inc. (NASDAQ: GLPI) ("GLPI") today acquired the real estate assets of the Silverado Franklin Hotel & Gaming Complex ("Silverado"), the Deadwood Mountain Grand ("DMG") casino, and Baldini's Casino ("Baldini's"), for \$105.0 million in aggregate. Simultaneous with the acquisition, GLPI and affiliates of Strategic Gaming Management, LLC ("Strategic") will enter into two cross-defaulted triple-net lease agreements, each for an initial 25-year term with two ten-year renewal periods. GLPI also provided \$5 million in capital improvement proceeds at the closing of the transactions for a total investment of \$110 million. The initial aggregate annual cash rent for the new leases is \$9.2 million, inclusive of capital improvement funding, and represents an 8.4% capitalization rate. The initial annualized rent coverage ratio for the leases is expected to be 2.0x. Rent associated with the lease is subject to a fixed 2.0% annual escalation beginning in year three of the lease and a CPI based annual escalation beginning in year 11 of the lease, of the greater of 2.0% or CPI capped at 2.5%.

As part of the transaction, GLPI also secured a right of first refusal, or ROFR, on the real estate related to future acquisitions until Strategic's adjusted EBITDAR related to GLPI owned assets reaches \$40 million annualized.

Peter Carlino, GLPI's Chairman and CEO, commented, "With our acquisition of the Silverado, DMG, and Baldini's properties, we are pleased to further diversify our property portfolio while expanding our tenant roster through our new relationship with Strategic, a dynamic and growing gaming operator. The addition of Strategic's properties expands our portfolio to 65 properties across 20 states with 9 tenants and is expected to be immediately accretive to GLPI's operating results. Strategic is led by CEO J. Grant Lincoln who formed the company in 2009. Under Grant's stewardship, Strategic operates three properties with solid leadership positions in their respective markets, while generating growth in patronage and cash flows. With the initial transaction and our right of first refusal on growth opportunities, we look forward to the start of a long-term mutually beneficial relationship with Grant and Strategic. Our initiatives to expand our portfolio remain active in the current environment as our reputation as the gaming landlord of choice is further strengthened and reinforced by this transaction."

J. Grant Lincoln, Strategic's CEO added, "We are pleased to begin our partnership with GLPI. Our operating approach, informed by decades of successful experience in competitive gaming markets, is laser focused on bottom line results. Our platform is well positioned for thoughtful, ongoing growth. As we explored the options for a sale-leaseback partner, GLPI rose above the rest given their unique approach and true emphasis on partnership as well as their deep experience as gaming operators. We look forward to collaborating with GLPI to prudently grow our operations over the coming years."

Located in Deadwood, SD, Silverado was one of the first gaming properties in the state when it opened in 1990. It is one of the largest gaming facilities in South Dakota, featuring 245 slot machines, 16 table games, two restaurants, four bars, and a 68-room hotel. Silverado has completed over \$32 million of capital projects since its inception to maintain and enhance its offerings, including buffet renovations, new restaurant openings, and casino remodels. Silverado is expected to begin construction on a hotel renovation in 2024, using a portion of the \$5 million in capital improvement proceeds funded by GLPI at the closing of the transactions. The property is next to the city owned entertainment venue "Outlaw Square," which drives increased year-round visitation. With its close proximity to I-90, Silverado also benefits from proximity to the nearby locals market as well as tourists traveling from the Rapid City Regional Airport.

Located in Sparks, Nevada, Baldini's is an approximate 9-acre gaming property that offers approximately 492 slot machines across a 43,000 square foot gaming floor that opened in 1988. Baldini's offers players across the Nevada locals gaming market a wide range of amenities, including restaurants, bars, and over 600 parking spaces, a 2,000 square foot "The Book at Baldini's" sportsbook, and 37,000 square feet of additional office and support space.

Located in Deadwood, South Dakota, DMG is an 11 acre gaming property that offers 141 slots and 8 table games. Additional amenities include 2 food & beverage locations, a 3-level 208-space parking garage, a 67-seat sportsbook, and a 13,500 square foot Event Center. The property opened in 2011. More than \$10 million of capex has been invested into DMG over the past five years, including a \$5 million renovation to its Holiday Inn Resort Hotel. The renovated resort hotel features 93 standard suites and 5 king suites with other amenities such as an indoor swimming pool, banquet facilities, and a fitness center.

Citizens JMP Securities acted as financial advisor to Gaming and Leisure Properties. CBRE Securities served as the financial advisor to Strategic.

For further information, the Company has posted a presentation to its website regarding the transaction which can be accessed at <https://investors.glpropinc.com/events-and-presentations>.

About Gaming and Leisure Properties, Inc.

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 Strategic Gaming Management LLC

Strategic Gaming Management is a multijurisdictional licensed operator of brick and mortar casinos founded in 2009 by Chief Executive Officer J.

Grant Lincoln. Today, the Company operates three casinos in Nevada and South Dakota in collaboration with its real estate partner and owner of the associated real estate Gaming & Leisure Properties (NASDAQ: GLPI).

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 anticipated accretion and 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 expand its relationship with Strategic; the potential negative impact of recent high levels of inflation 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 and ability to grow through acquisition; 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, 2023, 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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