# 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 June 30, 2020**
**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** | **46-2116489** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (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)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, par value $.01 per share | GLPI | Nasdaq |

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 every Interactive Data File required to be submitted 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 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 | ☐ |
| | | 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 | July 27, 2020 |
|---|---|
| Common Stock, par value $.01 per share | 217,829,837 |

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 the extent and duration of the economic disruptions related to the novel coronavirus COVID-19 ("COVID-19") global pandemic on our tenants' operations and our taxable real estate investment trust ("REIT") subsidiaries' ("TRS") operations. 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:

- COVID-19 has had, and is expected to continue to have, a significant impact on our tenants' financial conditions and operations. As a result of the outbreak, our casino operations and those of our tenants were forced to close temporarily as federal, state and local officials have undertaken various steps to mitigate the spread of infections from COVID-19. Although the majority of our tenants operations have re-commenced operations, if our tenants are forced to reclose their operations due to future increases in the spread of COVID-19, our tenants may have difficulties in funding their rent obligations to us thereby requesting rent deferrals or receipt of non-cash assets in return for rent concessions;
- the extent of time it may take for our tenants' operations and our casino operations to normalize;
- the impact that the sharp increase in unemployment levels and uncertainty with respect to the future state of the economy could have on discretionary consumer spending, including on casino operations;
- the current and uncertain future impact of the COVID-19 outbreak, including its effect on the ability or desire of people to gather in large groups (including in casinos), which is expected to impact our financial results, operations, outlooks, plans, goals, growth, cash flows, liquidity, and stock price;
- unforeseen consequences related to United States government stimulus packages or a failure to mitigate the sharp economic downturn from COVID-19;
- our ability to realize significant value for the real property assets of Tropicana Las Vegas which we acquired from Penn National Gaming, Inc. ("Penn") in return for $307.5 million of rent credits;
- 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;
- 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 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 lease and note requirements and 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 satisfaction of the loan made to Eldorardo Resorts Inc. (now doing business as Caesars Entertainment Corporation (NASDAQ: CZR), ("Caesars") by way of substitution of one or more additional Caesars properties acceptable to Caesars and the Company, which will be transferred to the Company;
- 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 and the potential phasing out of the London Interbank Offered Rate after 2021;
- the impact of global or regional economic conditions;
- the availability of qualified personnel and our ability to retain our key management personnel;
- GLPI's obligation 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;
- changes in the United States tax law and other state, federal or local laws, whether or not specific to real estate, REITs or the gaming, lodging or hospitality industries;
- changes in accounting standards;
- the impact of weather or climate 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, 2019 (our "Annual Report"), 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.

Certain of these factors and other factors, risks and uncertainties are discussed in the "Risk Factors" section in the Company’s Annual Report 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 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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**Gaming and Leisure Properties, Inc. and Subsidiaries**
**Condensed Consolidated Balance Sheets**
**(in thousands, except share data)**

| | June 30, 2020 (unaudited) | December 31, 2019 |
|---|---|---|
| **Assets** | | |
| Real estate investments, net | $ 7,049,408 | $ 7,100,555 |
| Property and equipment, used in operations, net | 90,888 | 94,080 |
| Real estate of Tropicana Las Vegas, net | 306,715 | — |
| Real estate loans | 246,000 | 303,684 |
| Right-of-use assets and land rights, net | 831,552 | 838,734 |
| Cash and cash equivalents | 74,050 | 26,823 |
| Prepaid expenses | 2,582 | 4,228 |
| Goodwill | 16,067 | 16,067 |
| Other intangible assets | 9,577 | 9,577 |
| Deferred tax assets | 6,561 | 6,056 |
| Other assets | 32,025 | 34,494 |
| **Total assets** | $ 8,665,425 | $ 8,434,298 |
| **Liabilities** | | |
| Accounts payable | $ 1,124 | $ 1,006 |
| Accrued expenses | 3,766 | 6,239 |
| Accrued interest | 58,150 | 60,695 |
| Accrued salaries and wages | 3,493 | 13,821 |
| Gaming, property, and other taxes | 1,632 | 944 |
| Income taxes payable | 266 | — |
| Lease liabilities | 182,856 | 183,971 |
| Long-term debt, net of unamortized debt issuance costs, bond premiums and original issuance discounts | 5,768,330 | 5,737,962 |
| Deferred rental revenue | 515,495 | 328,485 |
| Deferred tax liabilities | 307 | 279 |
| Other liabilities | 27,241 | 26,651 |
| Total liabilities | 6,562,660 | 6,360,053 |
| **Shareholders’ equity** | | |
| Preferred stock ($.01 par value, 50,000,000 shares authorized, no shares issued or outstanding at June 30, 2020 and December 31, 2019) | — | — |
| Common stock ($.01 par value, 500,000,000 shares authorized, 217,821,237 and 214,694,165 shares issued and outstanding at June 30, 2020 and December 31, 2019, respectively) | 2,178 | 2,147 |
| Additional paid-in capital | 3,955,293 | 3,959,383 |
| Accumulated deficit | (1,854,706) | (1,887,285) |
| Total shareholders’ equity | 2,102,765 | 2,074,245 |
| **Total liabilities and shareholders’ equity** | $ 8,665,425 | $ 8,434,298 |

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 June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| **Revenues** | | | | |
| Rental income | $ 245,749 | $ 248,563 | $ 495,156 | $ 496,241 |
| Interest income from real estate loans | 6,240 | 7,201 | 13,556 | 14,394 |
| Total income from real estate | 251,989 | 255,764 | 508,712 | 510,635 |
| Gaming, food, beverage and other | 9,979 | 33,249 | 36,738 | 66,242 |
| Total revenues | 261,968 | 289,013 | 545,450 | 576,877 |
| | | | | |
| **Operating expenses** | | | | |
| Gaming, food, beverage and other | 4,858 | 19,168 | 21,361 | 38,190 |
| Land rights and ground lease expense | 5,781 | 15,229 | 13,859 | 24,478 |
| General and administrative | 13,223 | 15,984 | 29,211 | 33,224 |
| Depreciation | 57,390 | 67,865 | 113,953 | 126,443 |
| Loan impairment charges | — | — | — | 13,000 |
| Total operating expenses | 81,252 | 118,246 | 178,384 | 235,335 |
| Income from operations | 180,716 | 170,767 | 367,066 | 341,542 |
| | | | | |
| **Other income (expenses)** | | | | |
| Interest expense | (69,474) | (76,523) | (141,478) | (153,251) |
| Interest income | 273 | 248 | 469 | 337 |
| Losses on debt extinguishment | (5) | — | (17,334) | — |
| Total other expenses | (69,206) | (76,275) | (158,343) | (152,914) |
| | | | | |
| **Income before income taxes** | 111,510 | 94,492 | 208,723 | 188,628 |
| Income tax (benefit)/expense | (840) | 1,459 | (521) | 2,585 |
| **Net income** | $ 112,350 | $ 93,033 | $ 209,244 | $ 186,043 |
| | | | | |
| **Earnings per common share:** | | | | |
| Basic earnings per common share | $ 0.52 | $ 0.43 | $ 0.97 | $ 0.87 |
| Diluted earnings per common share | $ 0.52 | $ 0.43 | $ 0.97 | $ 0.86 |

See accompanying notes to the condensed consolidated financial statements.

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

| | Common Stock | | Additional Paid-In Capital | Accumulated Deficit | Total Shareholders' Equity |
|---|---|---|---|---|---|
| | Shares | Amount | | | |
| Balance, December 31, 2019 | 214,694,165 | $ 2,147 | $ 3,959,383 | $ (1,887,285) | $ 2,074,245 |
| ATM Program issuance of common stock, net of costs | 7,971 | — | 310 | — | 310 |
| Restricted stock activity | 405,093 | 4 | (8,352) | — | (8,348) |
| Dividends paid ($0.70 per common share) | — | — | — | (150,796) | (150,796) |
| Net income | — | — | — | 96,894 | 96,894 |
| Balance, March 31, 2020 | 215,107,229 | $ 2,151 | $ 3,951,341 | $ (1,941,187) | $ 2,012,305 |
| ATM Program offering costs | — | — | (83) | — | (83) |
| Restricted stock activity | 12,056 | — | 4,062 | — | 4,062 |
| Dividends paid ($0.60 per common share) | 2,701,952 | 27 | (27) | (25,869) | (25,869) |
| Net income | — | — | — | 112,350 | 112,350 |
| Balance, June 30, 2020 | 217,821,237 | $ 2,178 | $ 3,955,293 | $ (1,854,706) | $ 2,102,765 |

| | Common Stock | | Additional Paid-In Capital | Accumulated Deficit | Total Shareholders' Equity |
|---|---|---|---|---|---|
| | Shares | Amount | | | |
| Balance, December 31, 2018 | 214,211,932 | $ 2,142 | $ 3,952,503 | $ (1,689,038) | $ 2,265,607 |
| Stock option activity | 26,799 | — | 592 | — | 592 |
| Restricted stock activity | 406,769 | 4 | (5,327) | — | (5,323) |
| Dividends paid ($0.68 per common share) | — | — | — | (146,202) | (146,202) |
| Net income | — | — | — | 93,010 | 93,010 |
| Balance, March 31, 2019 | 214,645,500 | $ 2,146 | $ 3,947,768 | $ (1,742,230) | $ 2,207,684 |
| Restricted stock activity | 27,635 | 1 | 4,181 | — | 4,182 |
| Dividends paid ($0.68 per common share) | — | — | — | (146,212) | (146,212) |
| Net income | — | — | — | 93,033 | 93,033 |
| Balance, June 30, 2019 | 214,673,135 | $ 2,147 | $ 3,951,949 | $ (1,795,409) | $ 2,158,687 |

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)**

| Six months ended June 30, | 2020 | 2019 |
|---|---|---|
| **Operating activities** | | |
| Net income | $ 209,244 | $ 186,043 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 119,993 | 138,939 |
| Amortization of debt issuance costs, bond premiums and original issuance discounts | 5,363 | 5,790 |
| (Gains) losses on dispositions of property | (7) | 13 |
| Deferred income taxes | (1,018) | (466) |
| Stock-based compensation | 8,299 | 8,508 |
| Straight-line rent adjustments | 10,322 | 17,287 |
| Deferred revenue recognized | (130,811) | — |
| Losses on debt extinguishment | 17,334 | — |
| Loan impairment charges | — | 13,000 |
| (Increase), decrease | | |
| Prepaid expenses and other assets | 1,934 | (2,312) |
| Increase, (decrease) | | |
| Accounts payable | 118 | (2,340) |
| Accrued expenses | 271 | 1,305 |
| Accrued interest | (2,545) | 8,079 |
| Accrued salaries and wages | (10,328) | (8,890) |
| Gaming, property and other taxes | 688 | (98) |
| Income taxes | 266 | — |
| Other liabilities | 590 | (777) |
| Net cash provided by operating activities | 229,713 | 364,081 |
| **Investing activities** | | |
| Capital maintenance expenditures | (1,141) | (1,547) |
| Proceeds from sale of property and equipment | 7 | 190 |
| Net cash used in investing activities | (1,134) | (1,357) |
| **Financing activities** | | |
| Dividends paid | (176,665) | (292,414) |
| Taxes paid related to shares withheld for tax purposes on restricted stock award vestings | (12,585) | (9,057) |
| Proceeds from issuance of stock from ATM Program net of offering costs | 227 | — |
| Proceeds from issuance of long-term debt | 1,868,735 | 155,000 |
| Financing costs | (9,479) | (236) |
| Repayments of long-term debt | (1,835,838) | (217,061) |
| Premium and related costs paid on tender of senior unsecured notes | (15,747) | — |
| Net cash used in financing activity | (181,352) | (363,768) |
| **Net increase in cash and cash equivalents** | 47,227 | (1,044) |
| Cash and cash equivalents at beginning of period | 26,823 | 25,783 |
| Cash and cash equivalents at end of period | $ 74,050 | $ 24,739 |

See Note 17 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. (NASDAQ: PENN) ("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 assets and liabilities of GLPI were recorded at their respective historical carrying values at the time of the Spin-Off in accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 505-60 - *Spinoffs and Reverse Spinoffs ("*ASC 505"*).*

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. In connection with the Spin-Off, Penn allocated its accumulated earnings and profits (as determined for U.S. federal income tax purposes) for periods prior to the consummation of the Spin-Off between Penn and GLPI. In connection with its election to be taxed as a REIT for U.S. federal income tax purposes, GLPI declared a special dividend to its shareholders to distribute any accumulated earnings and profits relating to the real property assets and attributable to any pre-REIT years, including any earnings and profits allocated to GLPI in connection with the Spin-Off, to comply with certain REIT qualification requirements.

As a result of the Spin-Off, GLPI owns substantially all of Penn's former real property assets (as of the consummation of the Spin-Off) 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 originally leased 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"). 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 the majority of Pinnacle's operations, 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 (the "Amended Pinnacle Master Lease") and entered into a new unitary triple-net master lease agreement with Boyd (the "Boyd Master Lease") for these properties on terms similar to the Company's Amended Pinnacle Master Lease. The Boyd Master Lease has an initial term of 10 years (from the original April 2016 commencement date of the Pinnacle Master Lease and expiring April 30, 2026), with no purchase option, followed by five 5-year renewal options (exercisable by Boyd) on the same terms and conditions. The Company also 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 Amended Pinnacle Master Lease. The Amended Pinnacle Master Lease was assumed by Penn at the consummation of the Penn-Pinnacle Merger. The Company also entered into a mortgage loan agreement with Boyd in connection with Boyd's acquisition of Belterra Park Gaming & Entertainment Center ("Belterra Park"), whereby the Company loaned Boyd $57.7 million. In May 2020, the Company acquired the real estate of Belterra Park in satisfaction of the loan, subject to a long-term lease (the "Belterra Park Lease") with a Boyd affiliate operating the property. The Belterra Park Lease has an initial term that expires on April 30, 2026 and has 5 separate renewal options for five years each, exercisable at the tenants' option. See Note 12 for further details.

In addition to the acquisition of Plainridge Park described above, 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 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. (now doing business as Caesars Entertainment Corporation (NASDAQ: CZR) ("Caesars")), 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 Resorts, Inc. and a wholly-owned subsidiary of Eldorado Resorts, Inc. and leased the GLP Assets from the Company pursuant to the terms of a new unitary triple-net master lease with an initial term of 15 years, with no purchase option, followed by four successive 5-year renewal periods (exercisable by the tenant) on the same terms and conditions (the "Caesars Master Lease"). On June 15, 2020, the Company amended the Caesars Master Lease subject to certain regulatory approvals which were received on July 23, 2020. See Note 12 for a description of this amendment.

Additionally, on October 1, 2018, the Company made a loan to Caesars in the amount of $246.0 million (the "CZR loan") in connection with Caesars acquisition of Lumière Place Casino and Hotel ("Lumière Place") (and together with the Tropicana Acquisition, the "Tropicana Transactions"). The CZR loan bears interest at a rate equal to (i) 9.09% until October 1, 2019 and (ii) 9.27% until its maturity. On the one-year anniversary of the CZR loan, the mortgage evidenced by a deed of trust on the Lumière Place property terminated and the loan became unsecured and will remain unsecured until its final maturity on the two-year anniversary of the closing. On June 24, 2020, the Company received approval from the Missouri Gaming Commission to own the Lumière Place real estate. The Company anticipates closing on this transaction and entering into a new lease for this asset prior to the CZR loan October 1, 2020 maturity date.

On April 16, 2020, the Company and certain of its subsidiaries closed on its previously announced transaction (the "Tropicana Acquisition") to acquire the real property associated with the Tropicana Las Vegas Casino Hotel Resort ("Tropicana Las Vegas") from Penn in exchange for $307.5 million of rent credits to be applied against future rent obligations. This asset has been placed in our TRS subsidiary. See Note 6 for further details related to this transaction.

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 June 30, 2020, GLPI's portfolio consisted of interests in 45 gaming and related facilities, including the TRS Properties and Tropicana Las Vegas, the real property associated with 32 gaming and related facilities operated by Penn, the real property associated with 5 gaming and related facilities operated by Caesars, the real property associated with 4 gaming and related facilities operated by Boyd and the real property associated with the Casino Queen in East St. Louis, Illinois. These facilities are geographically diversified across 16 states, contain approximately 23.3 million square feet and were 100% occupied at June 30, 2020.

In the first quarter of 2020, it became clear that there was a global outbreak of a new strain of novel coronavirus COVID-19 ("COVID-19"). The global, domestic and local response to the COVID-19 outbreak continues to evolve rapidly. Thus far, responses to the COVID-19 outbreak have included mandates from federal, state and/or local authorities that required temporary closures of or imposed limitations on the operations of non-essential businesses. All of the Company's tenants' casino operations, in addition to the Company's two TRS Properties, were closed in mid-March. As of July 30, 2020, 43 out of our 45 total properties, (including the properties we own and operate in our TRS) have reopened at limited capacity.

## 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.

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 six months ended June 30, 2020 are not necessarily indicative of the results that may be expected for the year ending December 31, 2020, particularly given the uncertainty related to the COVID-19 outbreak described in Note 1. The notes to the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2019 (our "Annual Report") should be read in conjunction with these condensed consolidated financial statements. The December 31, 2019 financial information has been derived from the Company’s audited consolidated financial statements.

The Company’s significant accounting policies are described in Note 2 of the notes to the consolidated financial statements included in the Company’s Annual Report and since the date of those financial statements, the Company has not had any significant changes to these accounting policies that have had a material impact on the Company's financial statements.

**3. New Accounting Pronouncements**

*Recently Adopted Accounting Pronouncements*

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's adoption of ASU 2018-15 did not have an impact on its condensed consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). This ASU introduces a new model for estimating credit losses for certain types of financial instruments, including mortgage and other loans receivable, 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 impact of the adoption of this pronouncement was immaterial.

*Accounting Pronouncements Not Yet Adopted*

In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform ("ASU 2020-04"). Reference rates such as London Interbank Offered Rate ("LIBOR") are widely used in a broad range of financial instruments and other agreements. Regulators and market participants in various jurisdictions have undertaken efforts, generally referred to as "reference rate reform", to eliminate certain reference rates and introduce new reference rates that are based on a larger and more liquid population of observable transactions. As a result of this reform initiative, certain widely used rates such as LIBOR are expected to be discontinued. ASU 2020-04 provides optional expedients for applying the guidance for contract modifications or other situations affected by reference rate reform, specifically addressing the accounting for modifications of contracts within the scope of ASC Topics 310 on receivables, ASC 470 on debt, and ASC 842 on leases and ASC subtopic 815-15 on embedded derivatives. The Company is in the process of evaluating this pronouncement on its condensed consolidated financial statements.

**4. Real Estate Investments**

Real estate investments, net, represents investments in 42 rental properties and the corporate headquarters building and is summarized as follows:

| | June 30, 2020 | December 31, 2019 |
|---|---|---|
| | (in thousands) | |
| Land and improvements | $ 2,563,974 | $ 2,552,285 |
| Building and improvements | 5,795,205 | 5,749,211 |
| Total real estate investments | 8,359,179 | 8,301,496 |
| Less accumulated depreciation | (1,309,771) | (1,200,941) |
| Real estate investments, net | $ 7,049,408 | $ 7,100,555 |

Increase in real estate investments is due to the Company acquiring the real estate of Belterra Park in satisfaction of the loan in May 2020.

## 5. 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:

| | June 30, 2020 | December 31, 2019 |
|---|---|---|
| | (in thousands) | |
| Land and improvements | $ 30,499 | $ 30,492 |
| Building and improvements | 116,922 | 116,904 |
| Furniture, fixtures, and equipment | 119,520 | 118,766 |
| Construction in progress | 458 | 120 |
| Total property and equipment | 267,399 | 266,282 |
| Less accumulated depreciation | (176,511) | (172,202) |
| Property and equipment, net | $ 90,888 | $ 94,080 |

## 6. Tropicana Las Vegas Acquisition

As previously discussed in Note 1, the impact of COVID-19 resulted in casino-wide closures at all of our tenants. As a result of COVID-19, on April 16, 2020, the Company and certain of its subsidiaries closed on the Tropicana Acquisition to acquire the real property associated with the Tropicana Las Vegas from Penn in exchange for $307.5 million of rent credits, which are to be applied for rent due under the parties' existing leases for the months of May, June, July, August, October and a portion of November. Penn will otherwise continue making cash rent payments to GLPI for the month of April (which was received in full), September, November and December 2020.

An affiliate of Penn will continue to operate the casino and hotel business of the Tropicana Las Vegas pursuant to a triple net lease with GLPI for nominal rent for the earlier of two years (subject to three one-year extensions at the Company's option) or until the Tropicana Las Vegas is sold. The Company will conduct a sale process with respect to the Tropicana Las Vegas, with Penn receiving 75% of the net proceeds above $307.5 million (plus certain taxes, expenses and costs) if a sale agreement is signed during the first 12 months following closing and 50% of net proceeds above $307.5 million (plus certain taxes, expenses and costs) if a sale agreement is signed during the subsequent 12 months following closing. Penn will not be entitled to receive any net sale proceeds if the relevant sale agreement is signed at any time after 24 months from closing.

The Company recorded an initial land and building value of $226.2 million and $81.3 million, respectively. During the three months ended June 30, 2020, depreciation expense of $0.8 million was recorded. Additionally, deferred rent of $307.5 million was recorded at the acquisition date, with $130.8 million of deferred rent recognized during the three months ended June 30, 2020.

The Tropicana Las Vegas assets are summarized below:

| | June 30, 2020 | December 31, 2019 |
|---|---|---|
| | (in thousands) | |
| Land and improvements | $ 226,160 | $ — |
| Building and improvements | 81,340 | — |
| Total real estate of Tropicana Las Vegas | 307,500 | — |
| Less accumulated depreciation | (785) | — |
| Real estate of Tropicana Las Vegas , net | $ 306,715 | $ — |

## 7. Receivables

**Real Estate Loans**

At June 30, 2020, the Company has one loan, the CZR loan, the proceeds of which were used to acquire Lumière Place. Specifically, on October 1, 2018, Caesars purchased Lumière Place from Tropicana for a cash purchase price of $246.0 million, exclusive of transaction fees, financing for which was provided by the Company in the form of the CZR loan. The CZR loan had an interest rate equal to 9.09% until October 1, 2019, and then increased to 9.27% until its maturity. Until the one-year anniversary of the closing, the CZR loan was secured by a first mortgage lien on Lumière Place. On the one-year anniversary of the CZR loan, the mortgage evidenced by a deed of trust on the Lumière Place property terminated and the CZR loan became unsecured and will remain unsecured until its final maturity on the two-year anniversary of the closing. On June 24, 2020, the Company received approval from the Missouri Gaming Commission to own the Lumière Place real estate and intends to close on the acquisition prior to October 1, 2020.

On October 15, 2018, Boyd purchased the real estate assets of Belterra Park from Pinnacle for a cash purchase price of $57.7 million, exclusive of transaction fees. Financing for the transaction was provided by the Company in the form of a $57.7 million secured mortgage loan on Belterra Park (the "Belterra Park Loan"). The Belterra Park Loan bears interest at an initial rate equal to 11.11% and matures in connection with the expiration of the Boyd Master Lease (as may be extended at the tenant's option to April 30, 2051). In May 2020, the Company acquired the real estate of Belterra Park in satisfaction of the loan, subject to the Belterra Park Lease.

**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 Company's existing 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 (the "Casino Queen Lease").

Simultaneously with the Casino Queen acquisition, GLPI provided Casino Queen with a $43.0 million, 5-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 (the "Casino Queen Loan") to CQ Holding Company, Inc., an affiliate of Casino Queen ("CQ Holding Company"), to partially finance its acquisition of Lady Luck Casino in Marquette, Iowa. The Casino Queen Loan bears an interest rate of 15% and is pre-payable at any time.

On June 12, 2018, the Company received a Notice of Event of Default under the senior credit agreement of CQ Holding Company from the secured lender under such agreement, which reported a covenant default under its senior secured agreement. Under the terms of that agreement, when an event of default occurs, CQ Holding Company is prohibited from making cash payments to unsecured lenders such as GLPI. Therefore, beginning in June 2018 and through June 30, 2020, the interest due from CQ Holding Company under the Company's Casino Queen Loan was paid in kind. In addition to the covenant violation noted above under its senior credit agreement, CQ Holding Company also had a payment default under the senior credit agreement. Furthermore, the Company notified Casino Queen of events of default under the Casino Queen Loan, related to financial covenant violations during the year ended December 31, 2018.

During 2019, the operating results of Casino Queen continued to decline, the secured debt of Casino Queen was sold to a third-party casino operator at a discount and the Company no longer expected the loan to be repaid. Thus, because the Company did not expect Casino Queen to be able to repay the remaining term loan balance of $13.0 million due to the Company, this amount was written off and an impairment charge was recorded for the six-months ended June 30, 2019.

At June 30, 2020, Casino Queen was in violation of the rent coverage ratio required under the Casino Queen Lease and was in payment default in April 2020. The Company provided notice and a reservation of rights to Casino Queen and its secured lenders of such default. At June 30, 2020, Casino Queen has made a partial payment on its rental obligations and the Company is working on a deferred rental agreement. The Company is recording income as cash rental payments are received on the Casino Queen Lease.

**8. Lease Assets and Lease Liabilities**

**Lease Assets**

The Company is subject to various operating leases as lessee for both real estate and equipment, the majority of which are ground leases related to properties the Company leases to its tenants under triple-net operating leases. These ground leases may include fixed rent, as well as variable rent based upon an individual property's performance or changes in an index such as the CPI, and have maturity dates ranging from 2028 to 2108, when considering all renewal options. For certain of these ground leases, the Company's tenants are responsible for payment directly to the third-party landlord. Under ASC 842, the Company is required to gross-up its condensed consolidated financial statements for these ground leases as the Company is considered the primary obligor. In conjunction with the adoption of ASU 2016-02 on January 1, 2019, the Company recorded right-of-use assets and related lease liabilities on its condensed consolidated balance sheet to represent its rights to use the underlying leased assets and its future lease obligations, respectively, including for those ground leases paid directly by our tenants. Because the right-of-use asset relates, in part, to the same leases which resulted in the land right assets the Company recorded on its condensed consolidated balance sheet in conjunction with the Company's assumption of below market leases at the time it acquired the related land and building assets, the Company is required to report the right-of-use assets and land rights in the aggregate on the condensed consolidated balance sheet.

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.

Components of the Company's right-of use assets and land rights, net are detailed below (in thousands):

| | June 30, 2020 |
|---|---|
| Right-of use assets - operating leases | $ 182,921 |
| Land rights, net | 648,631 |
| Right-of-use assets and land rights, net | $ 831,552 |

**Land Rights**

The land rights are amortized over the individual lease term of the related ground lease, including all renewal options, which ranged from 10 years to 92 years at their respective acquisition dates. Land rights net, consist of the following:

| | June 30, 2020 | December 31, 2019 |
|---|---|---|
| | (in thousands) | |
| Land rights | $ 694,077 | $ 694,077 |
| Less accumulated amortization | (45,446) | (39,406) |
| Land rights, net | $ 648,631 | $ 654,671 |

As of June 30, 2020, estimated future amortization expense related to the Company's land rights by fiscal year is as follows (in thousands):

| Year ending December 31, | |
|---|---|
| 2020 (remainder of year) | $ 6,041 |
| 2021 | 12,081 |
| 2022 | 12,081 |
| 2023 | 12,081 |
| 2024 | 12,081 |
| Thereafter | 594,266 |
| Total | $ 648,631 |

**Lease Liabilities**

At June 30, 2020, maturities of the Company's operating lease liabilities were as follows (in thousands):

| Year ending December 31, | | |
|---|---|---|
| 2020 (remainder of year) | $ | 6,884 |
| 2021 | | 13,752 |
| 2022 | | 13,704 |
| 2023 | | 13,638 |
| 2024 | | 13,617 |
| Thereafter | | 644,059 |
| Total lease payments | $ | 705,654 |
| Less: interest | | (522,798) |
| Present value of lease liabilities | $ | 182,856 |

**Lease Expense**

Operating lease costs represent the entire amount of expense recognized for operating leases that are recorded on the condensed consolidated balance sheet. Variable lease costs are not included in the measurement of the lease liability and include both lease payments tied to a property's performance and changes in an index such as the CPI that are not determinable at lease commencement, while short-term lease costs are costs for those operating leases with a term of 12 months or less.

The components of lease expense were as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (in thousands) | | | |
| Operating lease cost | $ 3,472 | $ 3,920 | $ 7,167 | $ 7,813 |
| Variable lease cost [(1)] | (652) | 2,068 | 810 | 4,504 |
| Short-term lease cost | (5) | 273 | 222 | 511 |
| Amortization of land right assets | 3,020 | 9,406 | 6,040 | 12,496 |
| Total lease cost | $ 5,835 | $ 15,667 | $ 14,239 | $ 25,324 |

[(1)] Variable lease costs for the three months ended June 30, 2020 included a true up of the monthly rental payments paid by our tenants on certain ground leases that are based on estimated current year annual performance which were impacted by casino closures due to COVID-19. As discussed previously, under ASC 842, the Company is required to gross up its financial statements by recording both expense and revenue (recorded within rental income on the condensed consolidated statements of income) for these payments since the Company is considered the primary obligor.

Amortization expense related to the land right intangibles, as well as variable lease costs and the majority of the Company's operating lease costs, are recorded within land rights and ground lease expense in the condensed consolidated statements of income. The Company's short-term lease costs are recorded in both gaming, food, beverage and other expense and general and administrative expense in the condensed consolidated statements of income, while a small portion of operating lease costs is also recorded in both gaming, food, beverage and other expense and general and administrative expense in the condensed consolidated statements of income.

**Supplemental Disclosures Related to Leases**

Supplemental balance sheet information related to the Company's operating leases was as follows:

| | June 30, 2020 |
|---|---|
| Weighted average remaining lease term - operating leases | 53.23 years |
| Weighted average discount rate - operating leases | 6.7% |

Supplemental cash flow information related to the Company's operating leases was as follows:

| | Three Months Ended June 30, 2020 | Six Months Ended June 30, 2020 |
|---|---|---|
| | (in thousands) | |
| Cash paid for amounts included in the measurement of leases liabilities: | | |
| Operating cash flows from operating leases [1] | $ 449 | $ 937 |
| | | |
| Right-of-use assets obtained in exchange for new lease obligations: | | |
| Operating leases | $ — | $ 185 |

[1] The Company's cash paid for operating leases is significantly less than the lease cost for the same period due to the majority of the Company's ground lease rent being paid directly to the landlords by the Company's tenants. Although GLPI expends no cash related to these leases, they are required to be grossed up in the Company's financial statements under ASC 842.

## 9. Long-term Debt

Long-term debt is as follows:

| | June 30, 2020 | December 31, 2019 |
|---|---|---|
| | (in thousands) | |
| Unsecured $1,175 million revolver | $ — | $ 46,000 |
| Unsecured term loan A-1 | 224,981 | 449,000 |
| Unsecured term loans A-2 | 424,019 | — |
| $1,000 million 4.875% senior unsecured notes due November 2020 | — | 215,174 |
| $400 million 4.375% senior unsecured notes due April 2021 | — | 400,000 |
| $500 million 5.375% senior unsecured notes due November 2023 | 500,000 | 500,000 |
| $400 million 3.35% senior unsecured notes due September 2024 | 400,000 | 400,000 |
| $850 million 5.25% senior unsecured notes due June 2025 | 850,000 | 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 | 500,000 |
| $750 million 5.30% senior unsecured notes due January 2029 | 750,000 | 750,000 |
| $700 million 4.00% senior unsecured notes due January 2030 | 700,000 | 700,000 |
| $500 million 4.00% senior unsecured notes due January 2031 | 500,000 | — |
| Finance lease liability | 925 | 989 |
| Total long-term debt | 5,824,925 | 5,786,163 |
| Less: unamortized debt issuance costs, bond premiums and original issuance discounts | (56,595) | (48,201) |
| Total long-term debt, net of unamortized debt issuance costs, bond premiums and original issuance discounts | $ 5,768,330 | $ 5,737,962 |

The following is a schedule of future minimum repayments of long-term debt as of June 30, 2020 (in thousands):

| | |
|---|---|
| Within one year | $ 225,113 |
| 2-3 years | 424,303 |
| 4-5 years | 1,750,313 |
| Over 5 years | 3,425,196 |
| Total minimum payments | $ 5,824,925 |

### Senior Unsecured Credit Facility

Prior to June 25, 2020, the Company's senior unsecured credit facility (the "Credit Facility") consisted of a $1,175 million revolving credit facility (the "Revolver"), with a maturity date of May 21, 2023, and a $449 millionTerm Loan A-1 facility, with a maturity date of April 28, 2021. At June 30, 2020, the interest rate on the term loan facility and Revolver was LIBOR plus 1.50%.

The Company fully drew down on its Revolver in the first quarter of 2020 to increase its liquidity position and repay certain senior unsecured notes as described below. On June 25, 2020, the Company entered into an amendment to the Credit Facility (as amended, the "Amended Credit Facility" which extended the maturity date of approximately $224 million of outstanding Term Loan A-1 facility borrowings to May 21, 2023, which term loans are now classified as a new tranche of term loans (Term Loans A-2). Additionally, the Company borrowed incremental Term Loans A-2 totaling $200 million. Furthermore, the Company also closed on an offering of $500 million of 4.00% unsecured senior notes due in January 2031 priced at a slight discount to par. The Company utilized the proceeds from these two financings along with cash on hand to repay all outstanding obligations under its Revolver.

At June 30, 2020, the Amended Credit Facility had a gross outstanding balance of $649.0 million, consisting of the $225.0 million Term Loan A-1 facility and the $424.0 million Term Loans A-2 facility. No amounts were outstanding under the Revolver. Additionally, at June 30, 2020, the Company was contingently obligated under letters of credit issued pursuant to the Amended Credit Facility with face amounts aggregating approximately $0.4 million, resulting in $1,174.6 million of available borrowing capacity under the Revolver as of June 30, 2020.

The Amended 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 Amended 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 Amended 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 Amended Credit Facility will enable the lenders under the Amended Credit Facility to accelerate the loans and terminate the commitments thereunder.

At June 30, 2020, the Company was in compliance with all required financial covenants under the Amended Credit Facility. Additionally, the Company entered into an amendment at March 30, 2020 with the Company's credit facility lenders which permits the fair value of non-cash assets received for rental payments from our tenants to be recognized within net operating income to the extent earned in accordance with GAAP for debt covenant purposes as well as the inclusion of cash in the definition of unencumbered assets.

**Senior Unsecured Notes**

In the first quarter of 2020, the Company redeemed all $215.2 million aggregate principal amount of the Company’s outstanding 4.875% senior unsecured notes due in November 2020 and all $400 million aggregate principal amount of the Company’s outstanding 4.375% senior unsecured notes due in April 2021, incurring a loss on the early extinguishment of debt related to the redemption of $17.3 million, primarily for call premium charges and debt issuance write-offs.

On June 25, 2020, the Company issued $500 million of 4.00% senior unsecured notes due January 2031 priced at a slight discount to par to repay indebtedness under its Revolver.

At June 30, 2020, the Company had $5,175.0 million of outstanding senior unsecured notes (the "Senior Notes"). Each of the Company's Senior 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 Senior 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 June 30, 2020, the Company was in compliance with all required financial covenants under its Senior Notes.

## 10. Fair Value of Financial Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities recorded at fair value are classified based upon the level of judgment associated with the inputs used to measure their fair value. ASC 820 - *Fair Value Measurements and Disclosures* ("ASC 820") establishes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach, and cost approach). The levels of the hierarchy related to the subjectivity of the valuation inputs are described below:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.

- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets, such as interest rates and yield curves that are observable at commonly quoted intervals.

- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions, as there is little, if any, related market activity.

The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy.

***Assets and Liabilities Measured at Fair Value***

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 ASC 820. Deferred compensation plan assets are included within other assets on the condensed consolidated balance sheets.

*Real Estate Loans*

The fair value of the real estate loans approximates the carrying value of the Company's real estate loans, as collection on the outstanding loan balances is reasonably assured. The fair value measurement of the real estate loans is considered a Level 3 measurement as defined under ASC 820.

*Long-term Debt*

The fair value of the Senior Unsecured Notes are estimated based on quoted prices in active markets and as such are Level 1 measurements as defined under ASC 820. The fair value of the obligations in our Amended Credit Facility is based on indicative pricing from market information (Level 2 inputs).

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

| | June 30, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| **Financial assets:** | | | | |
| Cash and cash equivalents | $ 74,050 | $ 74,050 | $ 26,823 | $ 26,823 |
| Deferred compensation plan assets | 28,729 | 28,729 | 28,855 | 28,855 |
| Real estate loans | 246,000 | 246,000 | 303,684 | 303,684 |
| **Financial liabilities:** | | | | |
| Long-term debt: | | | | |
| Senior unsecured credit facility | 649,000 | 635,209 | 495,000 | 493,533 |
| Senior unsecured notes | 5,175,000 | 5,474,296 | 5,290,174 | 5,707,996 |

***Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis***

Certain assets and liabilities are measured at fair value on a nonrecurring basis in periods subsequent to initial recognition. There were no assets measured at fair value on a nonrecurring basis during the six months ended June 30, 2020; however, assets measured at fair value on a nonrecurring basis during the six months ended June 30, 2019 are categorized in the table below based upon the lowest level of significant input to the valuation. There were no liabilities measured at fair value on a nonrecurring basis during the six months ended June 30, 2020 and 2019.

| | Level 1 | Level 2 | Level 3 | Total Impairment Charges Recorded during the Six Months Ended June 30, 2019 |
|---|---|---|---|---|
| | | | (in thousands) | |
| **Assets:** | | | | |
| Loan receivable | $ — | $ — | $ — | $ 13,000 |
| Total assets measured at fair value on a nonrecurring basis | $ — | $ — | $ — | $ 13,000 |

*Loan Receivable*

During the first quarter of 2019, the Company recorded an impairment charge of $13.0 million related to the write-off of the principal due to the Company under the Casino Queen Loan. During 2019, the operating results of Casino Queen continued to decline, the secured debt of Casino Queen was sold to a third-party casino operator at a discount and the Company no longer expected the loan to be repaid. Thus, because the Company did not expect Casino Queen to repay the remaining term loan principal balance of $13.0 million due to the Company, this amount was written off and an impairment charge was recorded in the condensed consolidated statement of income for the six months ended June 30, 2019. See Note 7 for further details surrounding the Casino Queen Loan.

## 11. 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.

**12. Revenue Recognition**

As of June 30, 2020, 19 of the Company’s real estate investment properties were leased to a subsidiary of Penn under the Penn Master Lease, an additional 12 of the Company's real estate investment properties were leased to a subsidiary of Penn under the Amended Pinnacle Master Lease, 5 of the Company's real estate investment properties were leased to a subsidiary of Caesars under the Caesars Master Lease and 4 of the Company's real estate investment properties were leased to a subsidiary of Boyd under the Boyd Master Lease and the Belterra Park Lease. Additionally, the Meadows real estate assets are leased to Penn under a single property triple-net lease (the "Meadows Lease") and the Casino Queen real estate assets are leased back to the operator under the Casino Queen Lease.

The obligations under the Penn Master Lease and Amended Pinnacle Master Lease, as well as the Meadows Lease, are guaranteed by Penn and, with respect to each lease, jointly and severally by Penn's subsidiaries that occupy and operate the facilities covered by such lease. Similarly, the obligations under the Caesars Master Lease are jointly and severally guaranteed by Caesars and by most of Caesar's subsidiaries that occupy and operate the facilities leased under the Caesars Master Lease. The obligations under the Boyd Master Lease are jointly and severally guaranteed by Boyd's subsidiaries that occupy and operate the facilities leased under the Boyd Master 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 net revenues of Hollywood Casino Columbus and Hollywood Casino Toledo during the preceding month.

Similar to the Penn Master Lease, the Amended 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 Amended Pinnacle Master Lease during the preceding two years.

The Caesars 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, every two years to an amount equal to 4% of the average annual net revenues of all facilities under the Caesars Master Lease during the preceding two years.

On June 15, 2020, the Company amended and restated the Caesars Master Lease (as amended, the "Amended and Restated Caesars Master Lease") to, (i) extend the initial term of 15 years to 20 years, with renewals of up to an additional 20 years at the option of Caesars, (ii) remove the variable rent component in its entirety commencing with the third lease year, (iii) in the third lease year increase annual land base rent to approximately $23.6 million and annual building base rent to approximately $62.1 million, (iv) provide fixed escalation percentages that delay the escalation of building base rent until the commencement of the fifth lease year with building base rent increasing annually by 1.25% in the fifth and sixth lease year, 1.75% in the seventh and eighth lease years and 2% in the ninth lease year and each lease year thereafter, (v) subject to the satisfaction of certain conditions, permit Caesars to elect to replace the Tropicana Evansville and/or Tropicana Greenville properties under the Amended and Restated Caesars Master Lease with one or more of Caesars Gaming Scioto Downs, The Row in Reno, Isle Casino Racing Pompano Park, Isle Casino Hotel – Black Hawk, Lady Luck Casino – Black Hawk, Isle Casino Waterloo, Isle Casino Bettendorf or Isle of Capri Casino Boonville, provided that the aggregate value of such new property, individually or collectively, is at least equal to the value of Tropicana Evansville or Tropicana Greenville, as applicable, (vi) permit Caesars to elect to sell its interest in Belle of Baton Rouge and sever it from the Amended and Restated Caesars Master Lease, subject to the satisfaction of certain conditions, and (vii) provide certain relief under the operating, capital expenditure and financial covenants thereunder in the event of facility closures due to pandemics, governmental restrictions and certain other instances of unavoidable delay. The effectiveness of the Amended and Restated Caesars Master Lease was subject to the review of certain gaming regulatory agencies and the expiration of applicable gaming regulatory advance notice periods which were received on July 23, 2020.

The Boyd 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, every two years to an amount equal to 4% of the average annual net revenues of all facilities under the Boyd Master Lease during the preceding two years.

In May 2020, the Company acquired the real estate of Belterra Park in satisfaction of the loan, subject to the Belterra Park Lease. The Belterra Park Lease has an initial term that expires on April 30, 2026 and has 5 separate renewal options for five years each, exercisable at the tenants option. The Belterra Park Lease rent terms are consistent with the Boyd Master Lease in that the rent includes a fixed component which totals $4.6 million, $2.7 million of which is subject to an annual escalator of up to 2% 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 Belterra Park during the preceding two years.

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 an 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 $31.0 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 an 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.

Furthermore, the Company's master leases provide for a floor on the percentage rent described above, should the Company's tenants acquire or commence operating a competing facility within a restricted area (typically 60 miles from a property under the existing master lease with such tenant). These clauses provide landlord protections by basing the percentage rent floor for any affected facility on the net revenues of such facility for the calendar year immediately preceding the year in which the competing facility is acquired or first operated by the tenant. A percentage rent floor of $22.9 million per year was triggered on Penn's Hollywood Casino Toledo property as a result of Penn's May 2019 purchase of the operations of the Greektown Casino-Hotel in Detroit, Michigan. Additionally, upon the May 2020 variable rent reset for the Amended Pinnacle Master Lease, Penn's January 2019 acquisition of Margaritaville resulted in a floor on Boomtown Bossier City.

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.

The Company determined, based on facts and circumstances prevailing at the time of each lease's inception, that neither Penn nor Casino Queen could continue as a going concern without the property(ies) that are leased to them under the Penn Master Lease and Casino Queen Lease, respectively. At lease inception, all of Casino Queen's revenues and substantially all of Penn's revenues were generated from operations in connection with the leased properties. There are also various legal restrictions in the jurisdictions in which Penn 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. Moreover, under the terms of the Penn Master Lease, Penn must make renewal elections 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 or Casino Queen to renew the Penn Master Lease or Casino Queen Lease, respectively, would impose a significant penalty on such tenant such that renewal of all lease renewal options appeared at lease inception to be reasonably assured. Therefore, the Company concluded that the term of the Penn Master Lease and the Casino Queen Lease is 35 years, equal to the initial 15-year term plus all four of the 5-year renewal options.

On October 15, 2018, in conjunction with the Penn-Pinnacle Merger, the Pinnacle Master Lease was amended by a fourth amendment 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. As a result of this amendment, the Company reassessed the lease's classification and determined the Amended Pinnacle Master Lease qualified for operating lease treatment under ASC 840. Therefore, subsequent to the Penn-Pinnacle Merger, the Amended Pinnacle Master Lease is treated as an operating lease in its entirety. Because the properties under the Amended Pinnacle Master Lease did not represent a meaningful portion of Penn's business at the time Penn assumed the Amended Pinnacle Master Lease, the Company concluded that the lease term of the Amended Pinnacle Master Lease is 10 years, equal to the initial 10-year term only.

Because the Meadows Lease was a single property lease operated by a large multi-property operator, GLPI concluded it was not reasonably assured at lease inception that the operator would elect to exercise all lease renewal options. Therefore, the Company concluded that the lease term of the Meadows Lease is 10 years, equal to the initial 10-year term only. In conjunction with the Penn-Pinnacle Merger, Penn assumed the Meadows Lease from Pinnacle. The accounting for the Meadows Lease, including the lease term, was not impacted by the change in tenant. Based upon similar fact patterns, the Company concluded it was not reasonably assured at lease inception that Caesars or Boyd would elect to exercise all lease renewal options under the Caesars Master Lease and the Boyd Master Lease as the earnings from these properties did not represent a meaningful portion of either Caesars or Boyd's business at lease inception. Therefore, the Company concluded that the lease term of the Caesars Master Lease was 15 years and the lease term of the Boyd Master Lease is 10 years, equal to only the initial terms of such master leases.

Details of the Company's rental income for the three and six months ended June 30, 2020 was as follows (in thousands):

| | Three Months Ended June 30, 2020 | Six Months Ended June 30, 2020 |
|---|---|---|
| Building base rent [(1)] | $ 165,744 | $ 333,069 |
| Land base rent | 47,909 | 95,501 |
| Percentage rent | 31,452 | 70,018 |
| **Total cash rental income** | $ 245,105 | $ 498,588 |
| Straight-line rent adjustments | (1,678) | (10,322) |
| Ground rent in revenue | 2,272 | 6,763 |
| Other rental revenue | 50 | 127 |
| **Total rental income** | $ 245,749 | $ 495,156 |

[(1)] Building base rent is subject to the annual rent escalators described above.

The Company may periodically loan funds to casino owner-operators for the purchase of real estate. Interest income related to real estate loans is recorded as interest income from real estate loans within the Company's condensed consolidated statements of income in the period earned. At June 30, 2020, the Company has one loan, the CZR loan, the proceeds of which were used to acquire real estate. During the three and six months ended June 30, 2020 the Company recognized interest income from real estate loans of $6.2 million and $13.6 million, respectively. During the three and six months ended June 30, 2019 the Company recognized $7.2 million and $14.4 million, respectively.

**Gaming, Food, Beverage and Other Revenues**

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 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 points-based loyalty programs) at the time of play until a later period when the points are redeemed or forfeited. Other revenues at our TRS Properties are derived from our dining, retail and certain other ancillary activities.

## 13. Earnings Per Share

The Company calculates earnings per share ("EPS") in accordance with ASC 260 - *Earnings per Share* ("ASC 260"). 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, 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 six months ended June 30, 2020 and 2019:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (in thousands) | | | |
| Determination of shares: | | | | |
| Weighted-average common shares outstanding | 215,267 | 214,664 | 215,178 | 214,645 |
| Assumed conversion of restricted stock awards | 25 | 103 | 37 | 80 |
| Assumed conversion of performance-based restricted stock awards | 640 | 838 | 653 | 795 |
| Diluted weighted-average common shares outstanding | 215,932 | 215,605 | 215,868 | 215,520 |

The following table presents the calculation of basic and diluted EPS for the Company's common stock for the three and six months ended June 30, 2020 and 2019:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (in thousands, except per share and share data) | | | |
| **Calculation of basic EPS:** | | | | |
| Net income | $ 112,350 | $ 93,033 | $ 209,244 | $ 186,043 |
| Less: Net income allocated to participating securities | (161) | (146) | (300) | (291) |
| Net income attributable to common shareholders | $ 112,189 | $ 92,887 | $ 208,944 | $ 185,752 |
| Weighted-average common shares outstanding | 215,267 | 214,664 | 215,178 | 214,645 |
| Basic EPS | $ 0.52 | $ 0.43 | $ 0.97 | $ 0.87 |
| | | | | |
| **Calculation of diluted EPS:** | | | | |
| Net income | $ 112,350 | $ 93,033 | $ 209,244 | $ 186,043 |
| Diluted weighted-average common shares outstanding | 215,932 | 215,605 | 215,868 | 215,520 |
| Diluted EPS | $ 0.52 | $ 0.43 | $ 0.97 | $ 0.86 |
| | | | | |
| **Antidilutive securities excluded from the computation of diluted earnings per share (in shares)** | 128,883 | — | 77,909 | 1,397 |

## 14. Shareholders' Equity

### Common Stock

On August 14, 2019, the Company commenced a continuous equity offering under which the Company may sell up to an aggregate of $600 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. 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 $600 million. If the Company enters into a forward sale contract, the Company expects to physically settle such 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.

During the three months and six months ended June 30, 2020, the Company sold zero shares and 7,971 shares of its common stock under the ATM Program at an average price of $45.90 per share, which generated gross proceeds of approximately $0.4 million (net proceeds of approximately $0.2 million). As of June 30, 2020, the Company had $599.6 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 six months ended June 30, 2020 and 2019:

| Declaration Date | Shareholder Record Date | Securities Class | Dividend Per Share | Period Covered | Distribution Date | Dividend Amount [1] (in thousands) | |
|---|---|---|---|---|---|---|---|
| **2020** | | | | | | | |
| February 20, 2020 | March 6, 2020 | Common Stock | $0.70 | First Quarter 2020 | March 20, 2020 | $ 150,574 | |
| April 29, 2020 | May 13, 2020 | Common Stock | $ 0.60 | Second Quarter 2020 | June 26, 2020 | $ 129,071 | -1 |
| **2019** | | | | | | | |
| February 20, 2019 | March 8, 2019 | Common Stock | $ 0.68 | First Quarter 2019 | March 22, 2019 | $ 145,954 | |
| May 28, 2019 | June 14, 2019 | Common Stock | $ 0.68 | Second Quarter 2019 | June 28, 2019 | $ 145,985 | |

[1] Dividend distributed on June 26, 2020 was paid $25.8 million in cash and $103.2 million in stock (2,697,946 shares at $38.2643). For accounting purposes, since the Company is in an accumulated deficit position the value of the stock dividend was recorded at its par value.

In addition, for both the three and six months ended June 30, 2020 and 2019, dividend payments were made to GLPI restricted stock award holders in the amount of $0.2 million and $0.4 million, respectively. Dividend distributed to the Company's employees on June 26, 2020 were paid $33 thousand in cash and $153 thousand in stock (4,006 shares at $38.2643).

**15. 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 prior to 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 June 30, 2020, there was $9.1 million of total unrecognized compensation cost for restricted stock awards that will be recognized over the grants' remaining weighted average vesting period of 1.9 years. For the three and six months ended June 30, 2020, the Company recognized $1.7 million and $3.5 million of compensation expense associated with these awards, compared to $2.1 million and $4.1 million for the three and six months ended June 30, 2019.

The following table contains information on restricted stock award activity for the six months ended June 30, 2020:

| | Number of Award Shares |
|---|---|
| Outstanding at December 31, 2019 | 316,971 |
| Granted | 263,587 |
| Released | (263,493) |
| Canceled | (7,999) |
| Outstanding at June 30, 2020 | 309,066 |

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 total shareholder 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 includes publicly traded REITs, which the Company believes derive at least 75% of revenues from triple-net leases. As of June 30, 2020, there was $15.6 million of total unrecognized compensation cost, which will be recognized over the performance-based restricted stock awards' remaining weighted average vesting period of 2.04 years. For the three and six months ended June 30, 2020, the Company recognized $2.4 million and $4.8 million of compensation expense associated with these awards, compared to $2.1 million and $4.4 million for the three and six months ended June 30, 2019.

The following table contains information on performance-based restricted stock award activity for the six months ended June 30, 2020:

| | Number of Performance-Based Award Shares |
|---|---|
| Outstanding at December 31, 2019 | 1,383,334 |
| Granted | 504,000 |
| Released | (446,667) |
| Canceled | (16,673) |
| Outstanding at June 30, 2020 | 1,423,994 |

## 16. Segment Information

Consistent with how the Company's Chief Operating Decision Maker (as such term is defined in ASC 280 - *Segment Reporting*) reviews and assesses the Company's financial performance, the Company has two reportable segments, GLP Capital (a wholly-owned subsidiary of GLPI through which GLPI owns substantially all of its assets) 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, Hollywood Casino Baton Rouge and Tropicana Las Vegas.

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

| | Three months ended June 30, 2020 | | | Three months ended June 30, 2019 | | |
|---|---|---|---|---|---|---|
| (in thousands) | GLP Capital [1] | TRS Properties | Total | GLP Capital [1] | TRS Properties | Total |
| Total revenues | $ 251,989 | $ 9,979 | $ 261,968 | $ 255,764 | $ 33,249 | $ 289,013 |
| Income from operations | 182,198 | (1,482) | 180,716 | 164,068 | 6,699 | 170,767 |
| Interest expense | 65,014 | 4,460 | 69,474 | 73,921 | 2,602 | 76,523 |
| Income before income taxes | 117,450 | (5,940) | 111,510 | 90,394 | 4,098 | 94,492 |
| Income tax expense | 182 | (1,022) | (840) | 197 | 1,262 | 1,459 |
| Net income | 117,268 | (4,918) | 112,350 | 90,197 | 2,836 | 93,033 |
| Depreciation | 55,049 | 2,341 | 57,390 | 66,067 | 1,798 | 67,865 |
| Capital maintenance expenditures | 56 | 439 | 495 | 2 | $ 1,015 | 1,017 |

| | Six Months Ended June 30, 2020 | | | Six Months Ended June 30, 2019 | | |
|---|---|---|---|---|---|---|
| (in thousands) | GLP Capital [1] | TRS Properties | Total | GLP Capital [1] | TRS Properties | Total |
| Total revenues | $ 508,712 | $ 36,738 | $ 545,450 | 510,635 | $ 66,242 | $ 576,877 |
| Income from operations | 365,382 | 1,684 | 367,066 | 328,937 | 12,605 | 341,542 |
| Interest expense | 134,417 | 7,061 | 141,478 | 148,048 | 5,203 | 153,251 |
| Income before income taxes | 214,098 | (5,375) | 208,723 | 181,225 | 7,403 | 188,628 |
| Income tax expense | 309 | (830) | (521) | 265 | 2,320 | 2,585 |
| Net income | 213,789 | (4,545) | 209,244 | 180,960 | 5,083 | 186,043 |
| Depreciation | 109,825 | 4,128 | 113,953 | 122,242 | 4,201 | 126,443 |
| Capital maintenance expenditures | 144 | $ 997 | 1,141 | 4 | 1,543 | 1,547 |

(1) Interest expense is net of intercompany interest eliminations of $4.5 million and $7.1 million for the three and six months ended June 30, 2020, respectively, compared to $2.6 million and $5.2 million for the three and six months ended June 30, 2019, respectively.

## 17. Supplemental Disclosures of Cash Flow Information and Noncash Activities

Supplemental disclosures of cash flow information are as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (in thousands) | | | |
| Cash paid for interest | $ 86,271 | $ 118,481 | $ 138,610 | $ 139,331 |

**Noncash Investing and Financing Activities**

On January 1, 2019, in conjunction with its adoption of ASU 2016-02, the Company recorded right-of-use assets and related lease liabilities of $203 million on its condensed consolidated balance sheet to represent its rights to underlying assets and future lease obligations. On April 16, 2020, the Company acquired from Penn the real property associated with the Tropicana Las Vegas in exchange for rent credits of $307.5 million. Additionally, in the three months ended June 30, 2020, the Company acquired the real property of Belterra Park in satisfaction of the real estate loan of $57.7 million held on the property, subject to the Belterra Park Lease. Additionally, see Note 14 for a description of the stock dividend that was recorded for the three months ended June 30, 2020. The Company did not engage in any other noncash investing or any noncash financing activities during the six months ended June 30, 2020 and 2019.

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

### Our Operations

Gaming and Leisure Properties, Inc. ("GLPI") is a self-administered and self-managed Real Estate Investment Trust ("REIT"). The Company was formed from the 2013 tax-free spin-off of the real estate assets of Penn National Gaming, Inc. (NASDAQ: PENN) ("Penn") and 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 "Spin-Off"). The Company elected on its U.S. federal income tax return for its taxable year that began 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. (d/b/a Hollywood Casino Baton Rouge) and Penn Cecil Maryland, Inc. (d/b/a Hollywood Casino Perryville) 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 (as of the consummation of the Spin-Off) 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 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 Entertainment, Inc. ("Pinnacle") for approximately $4.8 billion. GLPI originally leased these assets back to Pinnacle, under a unitary 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 (the "Pinnacle Master Lease"). On October 15, 2018, the Company completed its previously announced transactions with Penn, Pinnacle and Boyd Gaming, Inc. (NYSE: BYD) ("Boyd") to accommodate Penn's acquisition of the majority of Pinnacle's operations, 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 (the "Amended Pinnacle Master Lease") and entered into a new unitary triple-net master lease agreement with Boyd for these properties on terms similar to the Company’s Amended Pinnacle Master Lease (the "Boyd Master Lease"). The Boyd Master Lease has an initial term of 10 years (from the original April 2016 commencement date of the Pinnacle Master Lease and expiring April 30, 2026), with no purchase option, followed by five 5-year renewal options (exercisable by Boyd) on the same terms and conditions. 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 Amended Pinnacle Master Lease. The Amended Pinnacle Master Lease was assumed by Penn at the consummation of the Penn-Pinnacle Merger. The Company also entered into a mortgage loan agreement with Boyd in connection with Boyd's acquisition of Belterra Park Gaming & Entertainment Center, whereby the Company loaned Boyd $57.7 million. In May 2020, the Company acquired the real estate of Belterra Park in satisfaction of the loan, subject to a long-term lease (the "Belterra Park Lease") with a Boyd affiliate operating the property.

In addition to the acquisition of Plainridge Park described above, 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 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. (now doing business as Caesars Entertainment Corporation (NASDAQ: CZR) ("Caesars")), 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 Resorts, Inc. and a wholly-owned subsidiary of Eldorado Resorts, Inc. and leased the GLP Assets from the Company pursuant to the terms of a new unitary triple-net master lease with an initial term of 15 years, with no purchase option, followed by four successive 5-year renewal periods (exercisable by the tenant) on the same terms and conditions (the "Caesars Master Lease"). Additionally, on October 1, 2018, the Company entered into a loan agreement with Caesars in connection with Caesars's acquisition of Lumière Place, whereby the Company loaned Caesars $246.0 million (the "CZR loan"). The CZR loan bears interest at a rate equal to (i) 9.09% until October 1, 2019 and (ii) 9.27% until its maturity.

On the one-year anniversary of the CZR loan, the mortgage evidenced by a deed of trust on the Lumière Place property terminated and the loan became unsecured and will remain unsecured until its final maturity on the two-year anniversary of the closing. On June 24, 2020, the Company received approval from the Missouri Gaming Commission to own the Lumière Place property and intends to close on this transaction and enter into a new lease prior to the CZR loan's maturity date of October 1, 2020.

On April 16, 2020, the Company and certain of its subsidiaries closed on its previously announced transaction to acquire the real property associated with the Tropicana Las Vegas Casino Hotel Resort ("Tropicana Las Vegas") from Penn in exchange for rent credits of $307.5 million, which is to be applied against future rent obligations due under the parties' existing leases for the months of May, June, July, August, October and a portion of November. Penn will otherwise continue to making cash rent payments to GLPI for the month of April (which was received in full), September, November and December 2020.

On June 15, 2020, the Company entered into an agreement, subject to regulatory approvals, to amend and restate the Caesars Master Lease (as amended, the "Amended and Restated Caesars Master Lease") to, (i) extend the initial term of 15 years to 20 years, with renewals of up to an additional 20 years at the option of the Caesars, (ii) remove the variable rent component in its entirety, commencing with the third lease year, (iii) in the third lease year increase annual land base rent to approximately $23.6 million and annual building base rent to approximately $62.1 million, (iv) provide fixed escalation percentages that delay the escalation of building base rent until the commencement of the fifth lease year with building base rent increasing annually by 1.25% in the fifth and sixth lease year, 1.75% in the seventh and eighth lease years and 2% in the ninth lease year and each lease year thereafter, (v) subject to the satisfaction of certain conditions, permit Caesars to elect to replace the Tropicana Evansville and/or Tropicana Greenville properties under the Amended and Restated Caesars Master Lease with one or more of Caesars Gaming Scioto Downs, The Row in Reno, Isle Casino Racing Pompano Park, Isle Casino Hotel – Black Hawk, Lady Luck Casino – Black Hawk, Isle Casino Waterloo, Isle Casino Bettendorf or Isle of Capri Casino Boonville, provided that the aggregate value of such new property, individually or collectively, is at least equal to the value of Tropicana Evansville or Tropicana Greenville, as applicable, (vi) permit Caesars to elect to sell its interest in Belle of Baton Rouge and sever it from the Amended and Restated Caesars Master Lease, subject to the satisfaction of certain conditions, and (vii) provide certain relief under the operating, capital expenditure and financial covenants thereunder in the event of facility closures due to pandemics, governmental restrictions and certain other instances of unavoidable delay. The Caesars Amended and Restated Master Lease became effective on July 23, 2020 when all of the necessary regulatory approvals were received and notice periods were satisfied.

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 June 30, 2020, GLPI's portfolio consisted of interests in 45 gaming and related facilities, including the TRS Properties and Tropicana Las Vegas, the real property associated with 32 gaming and related facilities operated by Penn, the real property associated with 5 gaming and related facilities operated by Caesars, the real property associated with 4 gaming and related facilities operated by Boyd and the real property associated with the Casino Queen in East St. Louis, Illinois. These facilities, including our corporate headquarters building, are geographically diversified across 16 states and contain approximately 23.3 million square feet. As of June 30, 2020, our properties were 100% occupied.

As of June 30, 2020, the majority of our earnings are the result of the rental revenues we receive from our triple-net master leases with Penn, Boyd and Caesars. Additionally, we have rental revenue from the Casino Queen property which is leased back to a third-party operator on a triple-net basis (the "Casino Queen Lease"), the Meadows property which is leased to Penn on a triple-net basis (the "Meadows Lease") and the Belterra Park property which is leased to an affiliate of Boyd on a triple-net basis. 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 Accounting Standards Codification ("ASC") 842, 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.

**Recent Developments and Business Outlook**

**COVID-19**

The spread of the novel coronavirus (COVID-19) and the recent developments surrounding the global pandemic are having material negative impacts on the global and United States economies that have resulted in an unprecedented drop in economic activity. In mid-March 2020, many businesses in the United States were forced to close by state governments in an effort to limit the spread of COVID-19, which resulted in record unemployment claims. As the U.S. economy began to reopen in the second quarter the unemployment rate, which was approximately 3.5% at the beginning of 2020, declined from its April 2020 peak of 14.7% to a still relatively high level of 11.1%. Additional impacts and recent developments include:

- Federal, state and local government officials have taken steps to require various non-essential businesses to close to slow the spread of COVID-19. In mid-March 2020, all casinos were closed across the country, which in turn had a significant negative impact on our tenants' and our own operating results. Although the majority of casinos have reopened throughout the country, it is possible that individual jurisdictions may elect to close them again (as was done in Arizona) to mitigate continued increases in COVID-19 cases. In addition, although the extent of the recovery in the regional gaming markets that our tenants primarily operate in, given the extent of damage to the economy is uncertain, we have been encouraged by the results of our tenants operations since they have reopened. Further, our major tenants have raised significant amounts of liquidity through public capital market transactions during the second quarter of 2020 and are all current on their rental obligations. However, if our tenants' properties are required to be closed again, it is possible that our tenants may not be able to service their rent obligations. We may elect to enter into rent deferral agreements or accept non-cash assets to satisfy rent obligations in a manner similar to the transaction with Penn, which is discussed below.
- An affiliate of Penn will continue to operate the casino and hotel business of the Tropicana Las Vegas pursuant to a triple net lease with GLPI for nominal rent for the earlier of two years (subject to three one-year extensions at the Company's option) or until the Tropicana Las Vegas is sold. We will conduct a sale process with respect to the Tropicana Las Vegas, with Penn receiving 75% of the net proceeds above $307.5 million (plus certain taxes, expenses and costs) if a sale agreement is signed during the first 12 months following closing and 50% of net proceeds above $307.5 million (plus certain taxes, expenses and costs) if a sale agreement is signed during the subsequent 12 months following closing. Penn will not be entitled to receive any net sale proceeds if the relevant sale agreement is signed at any time after 24 months from closing. In addition, we continue to expect to complete the acquisition of the land under Penn's gaming facility under construction in Morgantown, Pennsylvania, in exchange for $30 million in rent credits. After the completion of the Morgantown transaction, the Company will lease the property back to an affiliate of Penn for an initial annual rent of $3.0 million, subject to escalation provisions following the opening of the property to the public. Penn will guaranty the performance of its affiliates under the Tropicana Las Vegas and Morgantown leases.
- The Company granted Penn the exclusive right until December 31, 2020 to purchase from the Company the operations of our Hollywood Casino Perryville, located in Perryville, Maryland, for $31.1 million, with the closing of such purchase, provided Penn exercises its option and subject to regulatory approvals, expected to occur during calendar year 2021 on a date selected by Penn with reasonable prior notice to the Company unless otherwise agreed by both parties. Upon closing, the Company will lease the real estate of the Perryville facility to Penn pursuant to a lease providing for initial annual rent of $7.77 million, subject to escalation provisions.
- In addition, Penn will exercise the next scheduled five-year renewals under each of its two master leases with the Company, and the terms of the master lease covering Penn’s Hollywood Casino at Penn National Racecourse, located in Grantville, Pennsylvania, will be amended to provide the Company with protection from any adverse impact on the lease escalation provisions resulting from decreased net revenues from such facility.
- Also, the Company granted Penn the option to exercise an additional five-year renewal term at the end of the lease term for each of the two master leases, subject to certain regulatory approvals.
- The Company's wholly-owned and operated TRS Properties closed in mid-March 2020 due to the COVID-19 outbreak. Our property in Baton Rouge reopened on May 18, 2020 and our property in Perryville, Maryland reopened on June 19, 2020 with enhanced safety protocols and capacity restrictions. To date, both properties have performed well in spite of lower attendance levels; however we are unable to predict whether this will continue as we believe results have benefited from pent up demand and federal stimulus benefits.

- On June 25, 2020, the Company enhanced its liquidity and financial flexibility by (i) extending the maturity date of its $224 million of Term Loan A-1, which term loans are now classified as a new tranche of term loans (the "Term Loans A-2") under its senior unsecured credit facility (the "Credit Facility") and (ii) raising $200 million of additional Term Loans A-2. The Term Loans A-2 mature on May 21, 2023. Additionally, the Company issued 4%, $500 million of senior unsecured notes at a slight discount to par which have a maturity date of January 15, 2031. The proceeds from these new debt obligations were utilized, along with cash on hand to repay all amounts that were outstanding under the Company's revolving credit facility.
- We entered into an amendment on March 30, 2020 with our creditors which permits the fair value as determined by us of non-cash assets received for rental payments from our tenants to be recognized within net operating income to the extent earned in accordance with generally accepted accounting principles for debt covenant purposes as well as the inclusion of cash in the definition of unencumbered assets. We comfortably passed all of our debt covenants at June 30, 2020 and, based on continuing compliance by our tenants with the provisions of their leases, we do not anticipate any need for additional covenant relief and have ample liquidity.
- We have collected all of our contractual rent through July 2020 from our tenants other than Casino Queen, from whom we have received partial payments and with whom we are currently negotiating a deferred rent agreement.

- On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, permits net operating loss ("NOL") carryovers and carrybacks to offset 100% of taxable income for taxable years beginning before 2021. In addition, the CARES Act allows NOLs incurred in 2018, 2019, and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. The Company is monitoring the availability of an NOL carryback at the TRS Properties to generate a future tax cash benefit.

- The CARES Act modifies the limitation of business interest expense for tax years beginning in 2019 and 2020. The modifications increase the allowable business interest expense deduction from 30% of adjusted taxable income to 50% of adjusted taxable income, and allows taxpayers to calculate the 2020 limitation using 2019 adjusted taxable income. These modifications increase the anticipated allowable interest expense deduction of the TRS Properties.

**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 as well as the real estate of Tropicana Las Vegas.

**Executive Summary**

*Financial Highlights*

We reported total revenues and income from operations of $262.0 million and $180.7 million for the three months ended June 30, 2020, respectively, compared to $289.0 million and $170.8 million, respectively, for the corresponding period in the prior year. We reported total revenues and income from operations of $545.5 million and $367.1 million for the six months ended June 30, 2020, respectively, compared to $576.9 million and $341.5 million, respectively, for the corresponding period in the prior year.

The major factors affecting our results for the three and six months ended June 30, 2020, as compared to the three and six months ended June 30, 2019, were as follows:

- Total income from real estate was $252.0 million and $508.7 million for the three and six months ended June 30, 2020, and $255.8 million and $510.6 million for the three and six months ended June 30, 2019, respectively. Total income from real estate decreased by $3.8 million for the three months ended June 30, 2020 and $1.9 million for the six months ended June 30, 2020 as compared to the corresponding periods in the prior year primarily due to lower percentage rent of $8.6 million and $9.8 million for the three and six months ended June 30, 2020. Of these declines, $6.6 million and $7.9 million, respectively related to the Penn Master Lease due to the temporary closure of Hollywood Casino Columbus and to a lesser extent, Hollywood Casino Toledo from mid-March 2020 to June 19, 2020 due to COVID-19. In addition, we had lower ground rent revenues due to the impact of COVID-19. This was partially offset by higher building base rentals of $1.5 million and $5.5 million for the three month and six month period ended June 30, 2020, due to escalators being attained on nearly all of our leases. Finally, we had lower straight-line rent deferrals of $7.0 million for the three and six months ended June 30, 2020.

- Revenues for our TRS Properties decreased by $23.3 million and $29.5 million for the three and six months ended June 30, 2020, as compared to the corresponding period in the prior year, primarily due to the impact of COVID-19, which closed both of these properties in mid-March 2020. Hollywood Casino Baton Rouge reopened to the public on May 18, 2020 and Hollywood Casino Perryville reopened on June 19, 2020 with various restrictions to limit capacity in accordance with regulatory requirements.

- Total operating expenses decreased by $37.0 million and $57.0 million for the three and six months ended June 30, 2020, as compared to the corresponding periods in the prior year. The decrease in operating expenses for the three months and six months ended June 30, 2020 as compared to the prior year period was primarily driven by $15.1 million and $18.6 million, respectively, in lower operating expenses in our TRS Properties due to their closures in mid-March 2020 from COVID-19. Additionally, we recorded lower depreciation expense and land right amortization expense in our REIT segment of $20.5 million and $23.0 million for the three months and six months ended June 30, 2020 due primarily from the acceleration of depreciation and amortization in 2019 resulting from the closing of Penn's Resorts Casino Tunica property. Additionally, for the six month period ended June 30, 2019 there was a loan impairment charge of $13.0 million related to GLPI’s unsecured $13.0 million, 5.5-year term loan (the "Casino Queen Loan") to CQ Holding Company, Inc., an affiliate of Casino Queen ("CQ Holding Company"),

- Other income and expenses decreased by $7.1 million for the three months ended June 30, 2020 but increased $5.4 million for the six months ended June 30, 2020, as compared to the corresponding periods in the prior year due to lower interest expense from the our refinancing activities that occurred in the third quarter of 2019 and first quarter of 2020. This benefit was partially offset by debt extinguishment charges of $17.3 million for the six months ended June 30, 2020, as we retired certain near-term senior notes to lengthen our average debt maturity and lower our financing costs in the first quarter of 2020.

- Net income increased by $19.3 million and $23.2 million for the three and six months ended June 30, 2020, as compared to the corresponding period in the prior year, primarily due to the variances explained above.

**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. There has been no material change to these estimates for the three and six months ended June 30, 2020.

**Results of Operations**

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

- As discussed previously, the impact of the COVID-19 outbreak resulted in the nationwide closures of all casino operations throughout the United States in mid-March 2020 as well as sharp increases in unemployment levels. Although our properties have reopened and all but two of our tenants properties have done so as well, we cannot predict the velocity of the recovery in the facilities' operations or whether the facilities will be forced to close again in future periods.

- We do not anticipate any rent escalations being triggered under our leases in 2020 due to the impact of COVID-19 and our entry into the Amended and Restated Caesars Master Lease. Our leases also contain variable rent which is reset on varying schedules depending on the lease. In the aggregate, the portion of our cash rents that are variable represented approximately 16% of our 2019 full year cash rental income. Of that 16% variable rent, approximately 27% resets every five years which is associated with our Penn Master Lease and Casino Queen Lease, 42% resets every two years and 31% resets monthly which is associated with the Penn Master Lease (of which approximately 47% is subject to a floor or $22.9 million annually for Hollywood Casino Toledo). The percentage rent in the Penn Master Lease declined by $6.6 million for the three month period ended June 30, 2020 and $7.9 million for the six-month period ended June 30, 2020 compared to the corresponding period in the prior year due to temporary closures of Hollywood Casino Columbus and to a lesser extent, Hollywood Casino Toledo from mid-March 2020 to June 19, 2020 due to the impact of COVID-19.

- The variable rent resets in the Boyd Master Lease and the Amended Pinnacle Master Lease reset for the two year period ended April 30, 2020, which resulted in a $1.5 million and a $5.0 million reduction in annual variable rent on each of these leases, respectively, which will prevail for the subsequent two year period through April 30, 2022. In addition, the Meadows Lease variable rent reset occurs in October 2020, and we expect variable rent will be negatively impacted by the duration of the casino closures. The Caesars Master Lease variable rent reset was scheduled to occur in October 2020; however, on June 15, 2020, the Company entered into the Amended and Restated Caesars Master Lease, to, among other things, (i) extend the initial term of 15 years to 20 years, (ii) remove the variable rent component in its entirety, commencing with the third lease year, at which time the land base rent will increase to approximately $23.6 million and the building base rent will be set at approximately $62.1 million and (iii) provide for fixed escalation percentages that delay the escalation of building base rent until the commencement of the fifth lease year, with building base rent increasing annually by 1.25% in the fifth and sixth lease year, 1.75% in the seventh and eighth lease years and 2% in the ninth lease year and each lease year thereafter. The Amended and Restated Caesars Master Lease became effective July 23, 2020 when all of the necessary regulatory approvals were received and notice periods were satisfied.

- The fact that several wholly-owned subsidiaries of Penn lease a substantial number of our properties, pursuant to two master leases and a single property lease and account for a significant portion of our revenue.

- On April 16, 2020, we acquired from Penn the real property assets of Tropicana Las Vegas in return for $307.5 million in rent credits. There can be no assurance that we will realize a return on this investment.

- The rules and regulations of U.S. federal income taxation are constantly under review by legislators, the Internal Revenue Service 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 and its investors.

The consolidated results of operations for the three and six months ended June 30, 2020 and 2019 are summarized below:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (in thousands) | | | |
| Total revenues | $ 261,968 | $ 289,013 | $ 545,450 | $ 576,877 |
| Total operating expenses | 81,252 | 118,246 | 178,384 | 235,335 |
| Income from operations | 180,716 | 170,767 | 367,066 | 341,542 |
| Total other expenses | (69,206) | (76,275) | (158,343) | (152,914) |
| Income before income taxes | 111,510 | 94,492 | 208,723 | 188,628 |
| Income tax expense | (840) | 1,459 | (521) | 2,585 |
| Net income | $ 112,350 | $ 93,033 | $ 209,244 | $ 186,043 |

Certain information regarding our results of operations by segment for the three and six months ended June 30, 2020 and 2019 is summarized below:

| | Three Months Ended June 30, | | | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | Total Revenues | | Income from Operations | |
| | (in thousands) | | | |
| GLP Capital | $ 251,989 | $ 255,764 | $ 182,198 | $ 164,068 |
| TRS Properties | 9,979 | 33,249 | (1,482) | 6,699 |
| **Total** | $ 261,968 | $ 289,013 | $ 180,716 | $ 170,767 |

| | Six Months Ended June 30, | | | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | Total Revenues | | Income from Operations | |
| | (in thousands) | | | |
| GLP Capital | 508,712 | 510,635 | 365,382 | 328,937 |
| TRS Properties | 36,738 | 66,242 | 1,684 | 12,605 |
| **Total** | $ 545,450 | $ 576,877 | $ 367,066 | $ 341,542 |

**FFO, AFFO and Adjusted EBITDA**

Funds From Operations ("FFO"), Adjusted Funds From Operations ("AFFO") and Adjusted EBITDA are non-U.S. generally accepted accounting principles ("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.

FFO, AFFO and Adjusted EBITDA are non-GAAP financial measures that are considered supplemental measures 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 define AFFO as FFO excluding stock based compensation expense, the amortization of debt issuance costs, bond premiums and original issuance discounts, other depreciation, the amortization of land rights, straight-line rent adjustments, losses on debt extinguishment and loan impairment charges, 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, the amortization of land rights, losses on debt extinguishment and loan impairment charges.

FFO, AFFO and Adjusted EBITDA are not recognized terms under GAAP. These non-GAAP financial measures: (i) do not represent cash flows from operations as defined by GAAP; (ii) should not be considered as an alternative to net income as a measure of operating performance or to cash flows from operating, investing and financing activities; and (iii) are not alternatives to cash flows as a measure of liquidity. In addition, these measures should not be viewed as an indication of our ability to fund our cash needs, including to make cash distributions to our shareholders, to fund capital improvements, or to make interest payments on our indebtedness. Investors are also cautioned that FFO, AFFO and Adjusted EBITDA, as presented, may not be comparable to similarly titled measures reported by other real estate companies, including REITs, due to the fact that not all real estate companies use the same definitions. Our presentation of these measures does not replace the presentation of our 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 six months ended June 30, 2020 and 2019 is as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (in thousands) | | | |
| **Net income** | **$ 112,350** | **$ 93,033** | **$ 209,244** | **$ 186,043** |
| (Gains) / Losses from dispositions of property | (8) | 6 | (7) | 13 |
| Real estate depreciation | 54,551 | 65,568 | 108,830 | 121,243 |
| **Funds from operations** | **$ 166,893** | **$ 158,607** | **$ 318,067** | **$ 307,299** |
| Straight-line rent adjustments | 1,678 | 8,643 | 10,322 | 17,287 |
| Other depreciation | 2,839 | 2,297 | 5,123 | 5,200 |
| Amortization of land rights | 3,020 | 9,406 | 6,040 | 12,496 |
| Amortization of debt issuance costs, bond premiums and original issuance discounts | 2,593 | 2,899 | 5,363 | 5,790 |
| Stock based compensation | 4,064 | 4,183 | 8,299 | 8,508 |
| Losses on debt extinguishment | 5 | — | 17,334 | — |
| Loan impairment charges | — | — | — | 13,000 |
| Capital maintenance expenditures | (495) | (1,017) | (1,141) | (1,547) |
| **Adjusted funds from operations** | **$ 180,597** | **$ 185,018** | **$ 369,407** | **$ 368,033** |
| Interest, net | 69,201 | 76,275 | 141,009 | 152,914 |
| Income tax expense | (840) | 1,459 | (521) | 2,585 |
| Capital maintenance expenditures | 495 | 1,017 | 1,141 | 1,547 |
| Amortization of debt issuance costs, bond premiums and original issuance discounts | (2,593) | (2,899) | (5,363) | (5,790) |
| **Adjusted EBITDA** | **$ 246,860** | **$ 260,870** | **$ 505,673** | **$ 519,289** |

The reconciliation of each segment's net income per GAAP to FFO, AFFO, and Adjusted EBITDA for the three and six months ended June 30, 2020 and 2019 is as follows:

| | GLP Capital | | TRS Properties | |
|---|---|---|---|---|
| | Three Months Ended June 30, | | Three Months Ended June 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| | (in thousands) | | | |
| **Net income** | **$ 117,268** | **$ 90,197** | **$ (4,918)** | **$ 2,836** |
| Losses (Gains) from dispositions of property | — | 1 | (8) | 5 |
| Real estate depreciation | 54,551 | 65,568 | — | — |
| **Funds from operations** | **$ 171,819** | **$ 155,766** | **$ (4,926)** | **$ 2,841** |
| Straight-line rent adjustments | 1,678 | 8,643 | — | — |
| Other depreciation | 498 | 499 | 2,341 | 1,798 |
| Amortization of land rights | 3,020 | 9,406 | — | — |
| Amortization of debt issuance costs, bond premiums and original issuance discounts | 2,593 | 2,899 | — | — |
| Stock based compensation | 4,064 | 4,183 | — | — |
| Losses on debt extinguishment | 5 | — | — | — |
| Capital maintenance expenditures | (56) | (2) | (439) | (1,015) |
| **Adjusted funds from operations** | **$ 183,621** | **$ 181,394** | **$ (3,024)** | **$ 3,624** |
| Interest, net [(1)] | 64,743 | 73,674 | 4,458 | 2,601 |
| Income tax expense | 182 | 197 | (1,022) | 1,262 |
| Capital maintenance expenditures | 56 | 2 | 439 | 1,015 |
| Amortization of debt issuance costs, bond premiums and original issuance discounts | (2,593) | (2,899) | — | — |
| **Adjusted EBITDA** | **$ 246,009** | **$ 252,368** | **$ 851** | **$ 8,502** |

| | GLP Capital | | TRS Properties | |
|---|---|---|---|---|
| | Six Months Ended June 30, | | Six Months Ended June 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| | (in thousands) | | | |
| **Net income** | $ 213,789 | $ 180,960 | $ (4,545) | $ 5,083 |
| Losses from dispositions of property | — | 8 | (7) | 5 |
| Real estate depreciation | 108,830 | 121,243 | — | — |
| **Funds from operations** | **$ 322,619** | **$ 302,211** | **$ (4,552)** | **$ 5,088** |
| Straight-line rent adjustments | 10,322 | 17,287 | — | — |
| Other depreciation | 995 | 999 | 4,128 | 4,201 |
| Amortization of land rights | 6,040 | 12,496 | — | — |
| Amortization of debt issuance costs, bond premiums and original issuance discounts | 5,363 | 5,790 | — | — |
| Stock based compensation | 8,299 | 8,508 | — | — |
| Loan impairment charges | — | 13,000 | — | — |
| Losses on debt extinguishment | 17,334 | — | — | — |
| Capital maintenance expenditures | (144) | (4) | (997) | (1,543) |
| **Adjusted funds from operations** | **$ 370,828** | **$ 360,287** | **$ (1,421)** | **$ 7,746** |
| Interest, net [(1)] | 133,950 | 147,712 | $ 7,059 | $ 5,202 |
| Income tax expense | 309 | 265 | $ (830) | $ 2,320 |
| Capital maintenance expenditures | 144 | 4 | $ 997 | $ 1,543 |
| Amortization of debt issuance costs, bond premiums and original issuance discounts | (5,363) | 5,790 | $ — | $ — |
| **Adjusted EBITDA** | **$ 499,868** | **$ 502,478** | **$ 5,805** | **$ 16,811** |

(1) Interest expense, net for the GLP Capital segment is net of intercompany interest eliminations of $4.5 million and $7.1 million for the three months and six months ended June 30, 2020, compared to $2.6 million and $5.2 million for the corresponding periods in the prior year.

Net income for our GLP Capital segment was $117.3 million for the three months ended June 30, 2020 and $90.2 million for the three months ended June 30, 2019. FFO, AFFO, and Adjusted EBITDA for our GLP Capital segment were $171.8 million, $183.6 million and $246.0 million for the three months ended June 30, 2020, respectively. FFO, AFFO, and Adjusted EBITDA for our GLP Capital segment were $155.8 million, $181.4 million and $252.4 million for the three months ended June 30, 2019, respectively. The increase in net income for our GLP Capital segment for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019, was primarily driven by a $21.9 million decrease in operating expenses primarily due to lower land right and ground lease expense and depreciation expense related to the 2019 acceleration of these items for the Penn closure of their Resorts Casino Tunica property and lower interest expense of $8.9 million from refinancing activities, partially offset by a $3.8 million decrease in income from real estate.

Net income for our GLP Capital segment was $213.8 million for the six months ended June 30, 2020 and $181.0 million for the six months ended June 30, 2019. FFO, AFFO, and Adjusted EBITDA for our GLP Capital segment were $322.6 million, $370.8 million and $499.9 million for the six months ended June 30, 2020, respectively. FFO, AFFO, and Adjusted EBITDA for our GLP Capital segment were $302.2 million, $360.3 million and $502.5 million for the three months ended June 30, 2019, respectively. The increase in net income for our GLP Capital segment for the six months ended June 30, 2020, as compared to the corresponding period in the prior year, was primarily driven by a $38.4 million decrease in operating expenses primarily due to lower land right and ground lease expense and depreciation expense related to the 2019 acceleration of these items for the Penn closure of their Resorts Casino Tunica property and lower interest expense of $13.6 million from refinancing activities, partially offset by a $17.3 million loss on debt extinguishment and a $1.9 million decrease in income from real estate.

The increase in FFO in our GLP Capital segment for the three and six months ended June 30, 2020, as compared to the corresponding periods in the prior were driven by the explanations above, including an add-back for the depreciation expense. The increase in AFFO for our GLP Capital segment for the three and six months ended June 30, 2020, as compared to the corresponding period in the prior year were primarily driven by the changes described above, and the adjustments to derive at AFFO. Adjusted EBITDA for our GLP Capital segment for the three and six months ended June 30, 2020 decreased compared to the corresponding period in the prior year, driven by the explanations above, as well as add-backs for interest expense.

**Revenues**

Revenues for the three and six months ended June 30, 2020 and 2019 were as follows (in thousands):

| | Three Months Ended June 30, | | | Percentage |
|---|---|---|---|---|
| | 2020 | 2019 | Variance | Variance |
| Rental income | $ 245,749 | $ 248,563 | $ (2,814) | (1.1)% |
| Interest income from real estate | 6,240 | 7,201 | (961) | (13.3)% |
| Total income from real estate | 251,989 | 255,764 | (3,775) | (1.5)% |
| Gaming, food, beverage and other | 9,979 | 33,249 | (23,270) | (70.0)% |
| Total revenues | $ 261,968 | $ 289,013 | $ (27,045) | (9.4)% |

| | Six Months Ended June 30, | | | Percentage |
|---|---|---|---|---|
| | 2020 | 2019 | Variance | Variance |
| Rental income | $ 495,156 | $ 496,241 | $ (1,085) | (0.2)% |
| Interest income from real estate | 13,556 | 14,394 | (838) | (5.8)% |
| Total income from real estate | 508,712 | 510,635 | (1,923) | (0.4)% |
| Gaming, food, beverage and other | 36,738 | 66,242 | (29,504) | (44.5)% |
| Total revenues | 545,450 | 576,877 | (31,427) | (5.4)% |

**Total income from real estate**

For the three months and six months ended June 30, 2020 and 2019, total income from real estate was $252.0 million and $508.7 million, compared to $255.8 million and $510.6 million in the corresponding period in the prior year. In accordance with ASC 842, 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.

Total income from real estate decreased $3.8 million, or (1.5)%, for the three months ended June 30, 2020 and $1.9 million, or (0.4%) for the six months ended June 30, 2020, as compared to their corresponding periods in the prior year. This was primarily due to lower percentage rents received of $8.6 million and $9.8 million for the three months and six months ended June 30, 2020, of which $6.6 million and $7.9 million was attributable to the Penn Master Lease due to the temporary closures of Hollywood Casino Columbus and Hollywood Casino Toledo from mid-March 2020 to June 19, 2020. Due to the impact of COVID-19, ground lease gross ups also declined by $2.9 million and $4.0 million in the three months and six months ended June 30, 2020 compared to the corresponding period in the prior year. This was partially offset by lower straight-line rent deferrals of $7.0 million for the three and six months ended June 30, 2020 as both the Pinnacle Amended Lease and the Boyd Master Lease variable rent reset on April 30, 2020. Finally, we had higher building base rentals of $1.5 million and $5.5 million for the three and six months ended June 30, 2020 from rent escalations under the majority of our leases.

Details of the Company's income from real estate for the three and six months ended June 30, 2020 was as follows (in thousands):

| Three Months Ended June 30, 2020 | Penn Master Lease | Amended Pinnacle Master Lease | Caesars Master Lease and Loan | Boyd Master Lease and Mortgage | Boyd Belterra Lease | Penn - Meadows Lease | Casino Queen Lease | Total |
|---|---|---|---|---|---|---|---|---|
| Building base rent | $ 69,852 | $ 56,800 | $ 15,534 | $ 18,910 | $ 446 | $ 3,952 | $ 250 | $ 165,744 |
| Land base rent | 23,492 | 17,814 | 3,340 | 2,947 | 316 | — | — | 47,909 |
| Percentage rent | 15,319 | 7,121 | 3,340 | 2,577 | 303 | 2,792 | — | 31,452 |
| **Total cash rental income** | $ 108,663 | $ 81,735 | $ 22,214 | $ 24,434 | $ 1,065 | $ 6,744 | $ 250 | $ 245,105 |
| | | | | | | | | |
| Straight-line rent adjustments | 2,232 | (1,024) | (2,894) | (362) | (203) | 573 | — | (1,678) |
| Ground rent in revenue | 427 | 1,318 | 147 | 380 | — | — | — | 2,272 |
| Other rental revenue | — | — | | — | | 50 | — | 50 |
| **Total rental income** | $ 111,322 | $ 82,029 | $ 19,467 | $ 24,452 | $ 862 | $ 7,367 | $ 250 | $ 245,749 |
| Interest income from real estate loans | — | — | 5,701 | 539 | — | — | — | 6,240 |
| **Total income from real estate** | $ 111,322 | $ 82,029 | $ 25,168 | $ 24,991 | $ 862 | $ 7,367 | $ 250 | $ 251,989 |

| Six Months Ended June 30, 2020 | Penn Master Lease | Amended Pinnacle Master Lease | Caesars Master Lease and Loan | Boyd Master Lease and Mortgage | Boyd Belterra Lease | Penn - Meadows Lease | Casino Queen Lease | Total |
|---|---|---|---|---|---|---|---|---|
| Building base rent | $ 139,704 | $ 113,600 | $ 31,068 | $ 37,821 | $ 446 | $ 7,905 | $ 2,525 | $ 333,069 |
| Land base rent | 46,984 | 35,628 | 6,680 | 5,893 | 316 | — | — | 95,501 |
| Percentage rent | 35,647 | 15,063 | 6,680 | 5,385 | 303 | 5,584 | 1,356 | 70,018 |
| **Total cash rental income** | $ 222,335 | $ 164,291 | $ 44,428 | $ 49,099 | $ 1,065 | $ 13,489 | $ 3,881 | $ 498,588 |
| | | | | | | | | |
| Straight-line rent adjustments | 4,463 | (7,342) | (5,789) | (2,596) | (203) | 1,145 | — | (10,322) |
| Ground rent in revenue | 1,167 | 2,925 | 1,870 | 801 | — | — | — | 6,763 |
| Other rental revenue | — | — | — | — | — | 127 | — | 127 |
| **Total rental income** | $ 227,965 | $ 159,874 | $ 40,509 | $ 47,304 | $ 862 | $ 14,761 | $ 3,881 | $ 495,156 |
| Interest income from real estate loans | — | — | 11,402 | 2,154 | — | — | — | 13,556 |
| **Total income from real estate** | $ 227,965 | $ 159,874 | $ 51,911 | $ 49,458 | $ 862 | $ 14,761 | $ 3,881 | $ 508,712 |

**Gaming, food, beverage and other revenue**

Gaming, food, beverage and other revenue for our TRS Properties segment decreased by $23.3 million, or 70.0%, and $29.5 million, or 44.5%, for the three and six months ended June 30, 2020, as compared to the three and six months ended June 30, 2019, primarily due to decreases in revenues at both properties, driven primarily by the impact of COVID-19, which resulted in both properties closing in mid-March 2020. Hollywood Casino Baton Rouge reopened to the public on May 18, 2020 and Hollywood Casino Perryville reopened on June 19, 2020.

**Operating expenses**

Operating expenses for the three and six months ended June 30, 2020 and 2019 were as follows (in thousands):

| Three Months Ended June 30, | 2020 | 2019 | Variance | Percentage Variance |
|---|---|---|---|---|
| Gaming, food, beverage and other | $ 4,858 | $ 19,168 | $ (14,310) | (74.7)% |
| Land rights and ground lease expense | 5,781 | 15,229 | (9,448) | (62.0)% |
| General and administrative | 13,223 | 15,984 | (2,761) | (17.3)% |
| Depreciation | 57,390 | 67,865 | (10,475) | (15.4)% |
| Total operating expenses | $ 81,252 | $ 118,246 | $ (36,994) | (31.3)% |

| Six Months Ended June 30, | 2020 | 2019 | Variance | Percentage Variance |
|---|---|---|---|---|
| Gaming, food, beverage and other | $ 21,361 | $ 38,190 | $ (16,829) | (44.1)% |
| Land rights and ground lease expense | 13,859 | 24,478 | (10,619) | (43.4)% |
| General and administrative | 29,211 | 33,224 | (4,013) | (12.1)% |
| Depreciation | 113,953 | 126,443 | (12,490) | (9.9)% |
| Loan impairment charges | — | 13,000 | (13,000) | N/A |
| Total operating expenses | $ 178,384 | $ 235,335 | $ (56,951) | (24.2)% |

**Gaming, food, beverage and other**

Gaming, food, beverage and other expenses decreased by $14.3 million, or 74.7%, and $16.8 million, or 44.1%, for the three and six months ended June 30, 2020, as compared to the three and six months ended June 30, 2019, primarily due to the impact of COVID-19, which forced our TRS Properties to close their operations in mid-March 2020.

**Land rights and ground lease expense**

Land rights and ground lease expense includes the amortization of land rights and rent expense related to the Company's long-term ground leases. Land rights and ground lease expense decreased by $9.4 million, or 62.0%, and $10.6 million, or 43.4%, for the three and six months ended June 30, 2020, as compared to the three and six months ended June 30, 2019, primarily due to the acceleration of amortization expense of $6.3 million related to the closure of Penn's Resorts Casino Tunica property and lower ground lease rents paid by our tenants that are based on the facilities' revenues which declined due to the impact of COVID-19. We sublease these ground leases back to our tenants, who are responsible for payment directly to the applicable landlord. These amounts are required to be recorded in both revenue and expense within the consolidated statements of income as we have concluded that as the lessee the Company is the primary obligor under the ground leases.

**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. General and administrative expenses decreased by $2.8 million or 17.3% and $4.0 million, or 12.1%, for the three and six months ended June 30, 2020, as compared to the three and six months ended June 30, 2019, primarily due to lower payroll expense related to the closure of the TRS properties from COVID 19 and lower corporate bonus accruals.

**Depreciation**

Depreciation expense decreased by $10.5 million, or 15.4%, to $57.4 million, and $12.5 million, or 9.9%, to $114.0 million, for the three and six months ended June 30, 2020 as compared to the three and six months ended June 30, 2019, primarily due to the closure of the Resorts Casino Tunica property which resulted in the acceleration of $10.3 million of depreciation expense to bring the net book value related to the building value of this property to zero at June 30, 2019.

**Loan impairment charges**

On March 17, 2017, the Company provided the Casino Queen Loan to CQ Holding Company to partially finance its acquisition of Lady Luck Casino in Marquette, Iowa. During 2018, the operating results of Casino Queen declined substantially and Casino Queen defaulted under its senior credit agreement and also the Casino Queen Loan. As a result, the operations of Casino Queen were put up for sale during the fourth quarter of 2018. At December 31, 2018, active negotiations for the sale of Casino Queen's operations were taking place and full payment of the principal was still expected, due to the anticipation that the operations were to be sold in the near term for an amount allowing for repayment of the full amount of the loan principal due to GLPI.

During the first quarter of 2019, the operating results of Casino Queen continued to decline, resulting in the anticipated acquirer withdrawing from the sales process. Subsequent offers for the operating assets of Casino Queen declined substantially and proceeds from the sale were not expected to generate enough cash to repay all of Casino Queen's creditors. Thus, because the Company did not expect Casino Queen to be able to repay the principal due to it under the Casino Queen Loan, the full $13.0 million of principal was written off at March 31, 2019. The Company recorded an impairment charge for this amount through the condensed consolidated statement of income for the six months ended June 30, 2019 to reflect the write-off of the Casino Queen Loan.

**Other income (expenses)**

Other income (expenses) for the three and six months ended June 30, 2020 and 2019 were as follows (in thousands):

| | Three Months Ended June 30, 2020 | Three Months Ended June 30, 2019 | Variance | Percentage Variance |
|---|---|---|---|---|
| Interest expense | $ (69,474) | $ (76,523) | $ 7,049 | (9.2)% |
| Interest income | 273 | 248 | 25 | 10.1 % |
| Losses on debt extinguishment | (5) | — | (5) | N/A |
| Total other expenses | $ (69,206) | $ (76,275) | $ 7,069 | (9.3)% |

| | Six Months Ended June 30, 2020 | Six Months Ended June 30, 2019 | Variance | Percentage Variance |
|---|---|---|---|---|
| Interest expense | $ (141,478) | $ (153,251) | $ 11,773 | (7.7)% |
| Interest income | 469 | 337 | 132 | 39.2 % |
| Losses on debt extinguishment | (17,334) | — | (17,334) | N/A |
| Total other expenses | $ (158,343) | $ (152,914) | $ (5,429) | 3.6 % |

**Interest expense**

Interest expense decreased by $7.0 million, or 9.2%, and $11.8 million, or 7.7%, for the three and six months ended June 30, 2020, as compared to the three and six months ended June 30, 2019, primarily due to the issuance of $400 million of 3.35% senior unsecured notes due 2024 and $700 million of 4.00% senior unsecured notes due 2030 during the third quarter of 2019 and increased borrowings under our revolving credit facility. These proceeds were utilized to repay higher cost unsecured borrowings with near term maturities. Interest expense also benefited from the first quarter redemption of $215.2 million of 4.875% senior unsecured notes that were due in November 2020 and $400.0 million of 4.375% of senior unsecured notes that were due in April 2021, which were funded by borrowings under our revolving credit facility. Towards the end of the first quarter of 2020, we fully drew down our revolving credit facility by borrowing just over $530 million to increase liquidity levels given the near term uncertainty associated with COVID-19. We subsequently repaid all of our outstanding advances on our revolving credit facility on June 25, 2020, with cash on hand and the net proceeds from our 4%, 10 year maturity, $500 million unsecured note issuance and Term Loan A-2 borrowings.

**Losses on debt extinguishment**

In the first quarter of 2020, the Company redeemed all $215.2 million aggregate principal amount of the Company's outstanding 4.875% senior unsecured notes due in November 2020 and all $400 million aggregate principal amount of the Company's outstanding 4.375% senior unsecured notes due in April 2021, resulting in the retirement of such senior notes. The Company recorded a loss on the early extinguishment of debt related to the current year retirement of $17.3 million, primarily for call premium charges and debt issuance write-offs.

**Taxes**

During the three months ended June 30, 2020, the Company recorded an income tax benefit of approximately $0.8 million and for the three months ended June 30, 2019 had income tax expense of $1.5 million. During the six months ended June 30, 2020, an income tax benefit of approximately $0.5 million was recorded compared with an expense of $2.6 million for the six months ended June 30, 2019. These changes are attributable to the earnings from our TRS properties whose results were negatively impacted by COVID-19.

**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 $229.7 million and $364.1 million during the six months ended June 30, 2020 and 2019, respectively. The decrease in net cash provided by operating activities of $134.4 million for the six months ended June 30, 2020 as compared to the corresponding period in the prior year was primarily due to a decrease in cash receipts from tenants and customers of $165.4 million, partially offset by a $23.4 million decrease in cash paid for operating expenses. The decrease in cash receipts collected from our tenants and customers for the six months ended June 30, 2020 as compared to the corresponding period in the prior year was primarily due to the recognition of $130.8 million in deferred rent recognized in connection with the Tropicana Las Vegas transaction and the impact of COVID-19, which forced our TRS Properties to close in mid-March 2020 and resulted in lower rental income.

Investing activities used cash of $1.1 million and $1.4 million during the six months ended June 30, 2020 and 2019, respectively. Net cash used in investing activities during the six months ended June 30, 2020 consisted of capital expenditures of $1.1 million. Net cash used in investing activities for the three months ended June 30, 2019 consisted of capital expenditures of $1.5 million partially offset by proceeds from the sale of property and equipment of $0.2 million.

Financing activities used cash of $181.4 million and $363.8 million during the six months ended June 30, 2020 and 2019, respectively. Net cash used by financing activities during the six months ended June 30, 2020 was driven by $1,868.7 million of proceeds from the issuance of long-term debt that was utilized for the repayments of long-term debt of $1,835.8 million. Additionally, during the six-month period ended June 30, 2020, we had dividend payments of $176.7 million, $15.7 million of premiums and related costs paid on the retirement of certain Senior Notes, $9.5 million in additional financing costs, and taxes paid related to shares withheld for tax purposes on restricted stock award vestings of $12.6 million. Net cash used by financing activities during the three months ended June 30, 2019 was driven by dividend payments of $292.4 million, repayments of long term debt of $217.1 million, and taxes paid related to shares withheld for tax purposes on restricted stock award vestings of $9.1 million, partially offset by $155.0 million of proceeds from the issuance of long-term debt.

*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 six months ended June 30, 2020 and 2019, the TRS Properties spent approximately $1.1 million and $1.5 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***

Prior to June 25, 2020, the Company's senior unsecured credit facility (the "Credit Facility") consisted of a $1,175 million revolving credit facility (the "Revolver"), with a maturity date of May 21, 2023, and a $449 million Term Loan A-1 facility, with a maturity date of April 28, 2021. At June 30, 2020, the interest rate on the term loan facility and Revolver was LIBOR plus 1.50%.

The Company fully drew down on its Revolver in the first quarter of 2020 to increase its liquidity position and repay certain senior unsecured notes as described below. On June 25, 2020, the Company entered into an amendment to the Credit Facility (as amended, the "Amended Credit Facility") which extended the maturity date of approximately $224 million of outstanding Term Loan A-1 facility borrowings to May 21, 2023, which term loans are now classified as a new tranche of term loans (Term Loans A-2). Additionally, the Company borrowed incremental Term Loans A-2 totaling $200 million. Furthermore, the Company closed on an offering of $500 million 4.00% unsecured senior notes due January 2031 priced at a slight discount to par. The Company utilized the proceeds from these two financings along with cash on hand to repay all outstanding obligations under its Revolver.

At June 30, 2020, the Amended Credit Facility had a gross outstanding balance of $649.0 million, consisting of the $225.0 million Term Loan A-1 facility and the $424.0 million Term Loans A-2 facility. No amounts were outstanding under the Revolver. Additionally, at June 30, 2020, 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 $1,174.6 million of available borrowing capacity under the Revolver as of June 30, 2020.

The Amended 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 Amended 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 Amended 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 Amended Credit Facility will enable the lenders under the Amended Credit Facility to accelerate the loans and terminate the commitments thereunder.

At June 30, 2020, the Company was in compliance with all required financial covenants under the Amended Credit Facility. Additionally, the Company entered into an amendment at March 30, 2020 with the Company's credit facility lenders which permits the fair value of non-cash assets received for rental payments from our tenants to be recognized within net operating income to the extent earned in accordance with GAAP for debt covenant purposes as well as the inclusion of cash in the definition of unencumbered assets.

***Senior Unsecured Notes***

In the first quarter of 2020, the Company redeemed all $215.2 million aggregate principal amount of the Company’s outstanding 4.875% senior unsecured notes due in November 2020 and all $400 million aggregate principal amount of the Company’s outstanding 4.375% senior unsecured notes due in April 2021, incurring a loss on the early extinguishment of debt related to the redemption of $17.3 million, primarily for call premium charges and debt issuance write-offs.

On June 25, 2020, the Company issued $500 million of 4.00% senior unsecured notes due January 2031 priced at a slight discount to par to repay indebtedness under its Revolver.

At June 30, 2020, the Company had $5,175.0 million of outstanding senior unsecured notes (the "Senior Notes"). Each of the Company's Senior 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 Senior 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 June 30, 2020, the Company was in compliance with all required financial covenants under its Senior Notes.

**Summarized financial information for Subsidiary Issuers and Parent Guarantor**

| | As of June 30, 2020 | As of December 31, 2019 |
|---|---|---|
| Real estate investments, net | $ 2,459,254 | $ 2,514,806 |
| Real estate loans | 246,000 | 246,000 |
| Right-of-use assets and land rights, net | 179,280 | 181,593 |
| Cash and cash equivalents | 53,735 | 4,281 |
| Long term debt, net of unamortized debt issuance costs, bond premiums and original issuance discounts | 5,768,330 | 5,737,962 |
| Accrued interest | 58,150 | 60,695 |
| Lease liabilities | 88,988 | 89,856 |
| Deferred rental revenue | 375,267 | 271,837 |

| | For the six-month period ended June 30, 2020 | For the year ended December 31, 2019 |
|---|---|---|
| Revenues | $ 279,876 | $ 575,451 |
| Income from operations | 198,247 | 384,170 |
| Interest expense | (141,478) | (301,520) |
| Net income | 39,592 | 61,734 |

The financial information presented above is that of the subsidiary issuers and parent guarantor and the financial information of non-issuer subsidiaries has been excluded. The financial information of subsidiary issuers and the parent guarantor has been presented on a combined basis; however, the only asset on the parent guarantor balance sheet is its investment in subsidiaries which is not included in the presentation above in accordance with the disclosure requirements.

*Distribution Requirements*

We generally must distribute annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains, in order to qualify to be taxed as a REIT (assuming that certain other requirements are also satisfied) so that U.S. federal corporate income tax does not apply to earnings that we distribute. Such distributions generally can be made with cash and/or a combination of cash and Company common stock if certain requirements are met. To the extent that we satisfy this distribution requirement and qualify for taxation as a REIT but distribute less than 100% of our REIT taxable income, determined without regard to the dividends paid deduction and including any net capital gains, we will be subject to U.S. federal corporate income tax on our undistributed net taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we distribute to our shareholders in a calendar year is less than a minimum amount specified under U.S. federal income tax laws. We intend to make distributions to our shareholders to comply with the REIT requirements of the Code.

On April 29, 2020, the Company's Board of Directors declared a second quarter dividend of $0.60 per share on the Company's common stock, consisting of a combination of cash and shares of the Company's common stock. The dividend was paid on June 26, 2020, to shareholders of record on May 13, 2020. The cash component of the dividend (other than cash paid in lieu of fractional shares) did not exceed 20% in the aggregate, or $0.12 per share, with the balance, or $0.48 per share, payable in shares of the Company's common stock. The new quarterly dividend level reflects the impact of the COVID-19 closures on the Company's business and anticipates that our major tenants will continue to fulfill payment of their financial obligations to the Company. Further, it is anticipated that the portion of dividends to be paid in shares will be limited to periods during which non-cash rents are realized by the Company and those stock dividends are expected to meet the REIT distribution requirements discussed above.

*LIBOR Transition*

The majority of our debt is at fixed rates and our exposure to variable interest rates is currently limited to our Revolver and our Term Loan A-1 facility. Both of these debt instruments are indexed to LIBOR, which is expected to be phased out during late 2021. The discontinuance of LIBOR is expected to affect our interest expense and earnings. As the Term Loan A-1 facility matures in mid-2021, only the borrowings under our Revolver and Term Loans A-2 facility will be subject to the expected LIBOR transition. LIBOR is currently expected to transition to a new standard rate, the Secured Overnight Financing Rate ("SOFR"). We are currently monitoring the transition and are not certain whether SOFR will become the standard rate for our variable rate debt.

## 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 $5,824.9 million at June 30, 2020. Furthermore, $5,175.0 million of our obligations at June 30, 2020, are the Senior Notes that have fixed interest rates with maturity dates ranging from approximately three and one-half years to approximately ten and one-half 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 June 30, 2020 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 June 30, 2020.

| | 07/01/20-12/31/20 | 1/01/21-12/31/21 | 1/01/22-12/31/22 | 1/01/23-12/31/23 | 1/01/24-12/31/24 | Thereafter | Total | Fair Value at 6/30/2020 |
|---|---|---|---|---|---|---|---|---|
| | | | | (in thousands) | | | | |
| **Long-term debt:** | | | | | | | | |
| Fixed rate | $ — | $ — | $ — | $ 500,000 | $ 400,000 | $ 4,275,000 | $ 5,175,000 | $ 5,474,296 |
| Average interest rate | | | | 5.38% | 3.35% | 4.99% | | |
| Variable rate | $ — | $ 224,981 | $ — | $ 424,019 | $ — | $ — | $ 649,000 | $ 635,209 |
| Average interest rate (1) | | 1.93% | | 2.26% | | | | |

(1) Estimated rate, reflective of forward LIBOR plus the spread over LIBOR applicable to variable-rate borrowing. For considerations surrounding the phase out of LIBOR refer to the discussion under the heading "Liquidity and Capital Resources" in this Form 10-Q.

## 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 June 30, 2020, 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 June 30, 2020 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

We implemented controls to ensure we adequately evaluated our loans and properly assessed the impact of ASU 2016-13 on our financial statements to facilitate the adoption of this new guidance that became effective on January 1, 2020.

## 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 11: 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. You should carefully consider the risks described in our Annual Report, which could materially affect our business, financial condition or future results. The risks described in our Annual Report 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. There have been no material changes in our risk factors from those previously disclosed in our Annual Report, as updated by our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, other than what is discussed below.

**COVID-19 has had, and is expected to continue to have, a significant impact on our tenants' financial conditions and operations.**

In December 2019, a new strain of novel coronavirus, COVID-19, was reported in China and shortly thereafter spread across the globe. This global pandemic outbreak led to unprecedented responses by federal, state and local officials that continue to rapidly evolve. Thus far, certain responses have included mandates from authorities requiring temporary closures of or imposed limitations on the operations of many businesses in the attempt to mitigate the spread of infections. Unemployment levels have risen sharply and economic activity levels have declined dramatically as a result. The United States government has implemented various significant aid packages to support the economy and credit markets to combat these declines.

Our casino operations and those of our tenants were forced to close temporarily in mid-March. As of the date of this filing, nearly all of our tenants' properties have reopened with capacity constraints and enhanced safety protocols. However, if our tenants are forced to reclose a material portion of their operations, our tenants may have difficulties in funding their rent obligations to us and may request us to agree to rent deferrals or accept non-cash assets in lieu of rent. Additionally, even though most of our properties recommenced operations, it is uncertain how long it may take for the operations to normalize given the significant negative impact the COVID-19 crisis has had on the economy. Further, the tenants at our properties have been required to implement additional safety measures that are costly to adhere to and/or may be perceived by some patrons as negatively impacting the customer experience.

### 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 June 30, 2020.

### 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 |
|---|---|
| 4.1 | Tenth Supplemental Indenture, dated as of June 25, 2020, 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 (Incorporated by reference to Exhibit 4.3 to the Company's current report on Form 8-K, filed on July 1, 2020). |
| 4.2 | Form of 2031 Note (Incorporated by reference to Exhibit 4.4 to the Company's current report on Form 8-K, filed on July 1, 2020, which is included in Exhibit 4.3 to such Form 8-K). |
| 10.1 | Amended and Restated Master Lease by and among GLP Capital, L.P., as landlord, and Tropicana Entertainment, Inc., as tenant, dated June 15, 2020 (Incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K, filed on June 17, 2020). |
| 10.2 | Amendment No. 6, dated as of June 25, 2020, to the Credit Agreement dated as of October 28, 2013 among GLP Capital, L.P., the several banks and other financial institutions party thereto, and JPMorgan Chase Bank, N.A., as administrative agent, as further amended (Incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K, filed on July 1, 2020). |
| 10.3 | Separation Agreement dated July 27, 2020 by and between the Company and Steven T. Snyder (Incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K, filed on July 29, 2020). |
| 22.1* | List of Subsidiary Issuers of Guaranteed Securities |
| 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 | The following financial information from Gaming and Leisure Properties, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, ii) Condensed Consolidated Statements of Income, (iii) Condensed Consolidated Statements of Changes in Shareholders' Equity, (iv) Condensed Consolidated Statements of Cash Flows and (v) Notes to the Condensed Consolidated Financial Statements. |
| 104 | The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, formatted in Inline XBRL and contained in Exhibit 101. |

* 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.

| | | |
|---|---|---|
| July 31, 2020 | By: | /s/ Steven T. Snyder |
| | | Steven T. Snyder |
| | | Chief Financial Officer |
| | | (Principal Financial Officer) |

**Exhibit 22.1**

## List of Subsidiary Issuers of Guaranteed Securities

The following subsidiaries of Gaming and Leisure Properties, Inc. (the “Company”) were, as of March 31, 2020, issuers of the (i) $500 million 5.375% senior unsecured notes due November 2023, (ii) $400 million 3.35% senior unsecured notes due September 2024, (iii) $850 million 5.25% senior unsecured notes due June 2025, (iv) $975 million 5.375% senior unsecured notes due April 2026, (v) $500 million 5.75% senior unsecured notes due June 2028, (vi) $750 million 5.30% senior unsecured notes due January 2029, (vii) $700 million 4.00% senior unsecured notes due January 2030 and (viii) $500 million 4.000% senior unsecured notes due January 2031, each guaranteed by the Company:

| Entity | Jurisdiction of Incorporation or Formation |
|---|---|
| GLP Capital, L.P. | Pennsylvania |
| GLP Financing II, Inc. | Delaware |

**Exhibit 31.1**

**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: July 31, 2020

/s/ Peter M. Carlino
Name: Peter M. Carlino
*Chief Executive Officer*

**Exhibit 31.2**

**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: July 31, 2020

/s/ Steven T. Snyder
Name: Steven T. Snyder
*Chief Financial Officer*

**Exhibit 32.1**

**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 June 30, 2020, 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: July 31, 2020

**Exhibit 32.2**

**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 June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven T. Snyder, 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
*Chief Financial Officer*
Date: July 31, 2020