

GLPI: Q3 2014 EARNINGS PREP

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GAMING & LEISURE

PROPERTIES, INC

HEDGEYE Q3 2014 ESTIMATES

- Adjusted EBITDA: \$106 million
- FFO: \$0.59/share
- AFFO: \$0.63/share

CONSENSUS Q3 2014 ESTIMATES

- Total revenues: \$156.4 million
- Adjusted EBITDA: \$104 million
- FFO: \$0.61/share
- AFFO: \$0.63/share

MANAGEMENT GUIDANCE

Q3 2014:

- Total Rental Income: \$119 million with \$104 million from PENN, \$3.5 million from Casino Queen, \$12.4 million for the third quarter of property taxes paid by our tenants, and reduced by \$0.9 million for the third quarter of non-assigned land lease payments made by PENN and offset by \$1.2 million of lost rent attributable to Argosy Casino Sioux City.
- Hollywood at Dayton Raceway will open and begin paying rent on August 28, 2014
- Hollywood at Mahoning Valley Race Course will open and begin paying rent in mid-September 2014.
- TRS EBITDA of \$8.0 million and capex of \$0.9 million for the third quarter and a blended income tax rate at the TRS entities of 40%
- Net Revenue: \$155.7 million
- Adjusted EBITDA: \$103.6 million
- Net Income: \$43.9 million
- Real Estate Depreciation: \$23.2 million
- Non-real estate depreciation: \$3.1 million
- Funds From Operation: \$67.4 million
- Adjusted Funds From Operation: \$74.8 million
- Net Income, per diluted common share: \$0.37
- FFO per diluted common share: \$0.57
- AFFO per diluted common share: \$0.63

FY 2014:

- Total Rental Income: \$478.2 million with \$4719.3 million from PENN, \$13.2 million from Casino Queen, \$49.2 million for the third quarter of property taxes paid by our tenants, and reduced by \$3.5 million for the third quarter of non-assigned land lease payments made by PENN and offset by \$2.4 million of lost rent attributable to Argosy Casino Sioux City
- No escalator on the PENN building rent.
- TRS EBITDA of approximately \$34.4 million for the year and maintenance capex of approximately \$3.3 million for the year quarter and a blended income tax rate at the TRS entities of 40%
- Net Revenue: \$429.8 million
- Adjusted EBITDA: \$418 million
- Net Income: \$180.1 million
- Real Estate Depreciation: \$93.1 million
- Non-real estate deprecation: \$12.3 million
- Funds From Operation: \$273.4 million
- Adjusted Funds From Operation: \$302.6 million
- Net Income, per diluted common share: \$1.53
- FFO per diluted common share: \$2.32
- AFFO per diluted common share: \$2.57

QUESTIONS FOR MANAGEMENT

- What is the REIT investment community missing about the GLPI story? Why as of June 30, 2014 was only one REIT/Real Estate fund in the top 50 holders list? Why is the REIT investment community ignoring GLPI? What steps is GLPI taking to expand ownership by the dedicated REIT/Real Estate funds?
- Update on the The Meadows Race Track & Casino acquisition - targeted closing date? Interest and potential value by selling the operator license? How much equity needed to complete this transaction? Comment on Moody's recent downgrade of Cannery Casinos outlook and noted negative comments on the decline of EBITDA at The Meadows.
- Update comments and guidance related to the rent escalator?
- Argosy Casino Sioux Falls – what additional remedies does GLPI expect to receive or be awarded via the judicial process? What are the costs remain outstanding related to the removal of the boat?
- Any indications Casino Queen is attempting to refinance its \$43 million term loan?
- Discuss the current valuation gap between potential sellers and buyers of gaming

assets?

- Did GLPI consider buying the Gold Strike casino in Jean Nevada which MGM recently announced a contract for sale? What about Railroad Pass in Henderson? What prevented
- Thoughts on diversifying tenants. Would you consider sale/leasebacks with BYD, PNK, or even an MGM?
- Given the strong read across from PENN, why does GLPI report later than PENN versus on the same date?

RECENT FORWARD LOOKING COMMENTARY

Acquisition

- On May 14, 2014, announced an agreement to acquire The Meadows Racetrack and Casino located in Washington, Pennsylvania, a suburb of Pittsburgh, Pennsylvania, from Cannery Casino Resorts, LLC for \$465 million. The purchase price, which the Company intends to fund with a combination of equity and debt, represents approximately 9 times the property's 2013 EBITDA

The Meadows – search for an operator

- During July, GLPI received inquiries from 18 interested parties (as potential operators)
- Expect to wrap up the search for a Meadows operator within the next couple of weeks (as of Q2 earnings call) and should have an outcome to announce in that timeframe

Rent Escalator

- As of Q2 2014 guidance, not including rent escalator in revenue guidance.

New York

- GLPI may look to backstop or support an (upstate gaming) applicant from a financing perspective, but there is 60 days (application deadline) until those issues will clarify.

Acquisitions

- Actively in discussions with several parties interested and exploring transactions
- The goal: growing accretive earnings and building the dividend base
- Interested in property almost anywhere so long as the credit is good

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