

Gaming & Leisure Properties, Inc.
Form 10-K
February 27, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K
(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

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 (I.R.S. Employer
incorporation or organization) Identification No.)
825 Berkshire Blvd., Suite 400 19610
Wyomissing, Pennsylvania (Zip Code)
(Address of principal executive offices)
Registrant's telephone number, including area code: (610) 401-2900
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value \$.01 per share	Nasdaq

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports 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 and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
				(Do not check if a smaller reporting company)			

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of June 30, 2014 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of the voting common stock held by non-affiliates of the registrant was approximately \$3.4 billion. Such aggregate market value was computed by reference to the closing price of the common stock as reported on the NASDAQ Global Select Market on June 30, 2014. For purposes of making this calculation only, the registrant has defined affiliates as including all directors, executive officers and beneficial owners of more than ten percent of the common stock of the Company.

The number of shares of the registrant's common stock outstanding as of February 20, 2015 was 113,662,355.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2015 annual meeting of shareholders (when it is filed) will be incorporated by reference into Part III of this Annual Report on Form 10-K.

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IMPORTANT FACTORS REGARDING FORWARD-LOOKING STATEMENTS

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 subsidiaries (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, and goals and objectives.

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:

• 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;

• the outcome of our lawsuit against Cannery Casino Resorts LLC ("CCR"), the owner of the Meadows Racetrack and Casino, alleging among other things, fraud, breach of the agreement and breach of the related consulting agreement;

• our ability to qualify as a real estate investment trust ("REIT"), given the highly technical and complex Internal Revenue Code ("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 intended election of 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, 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 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 availability 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 generate sufficient cash flows to service our outstanding indebtedness;

• the access to debt and equity capital markets;

• fluctuating interest rates;

• the availability of qualified personnel and our ability to retain our key management personnel;

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GLPI's duty to indemnify Penn National Gaming, Inc. and Subsidiaries ("Penn") in certain circumstances if the spin-off transaction described in Part 1 of this Form 10-K 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, real estate investment trusts or to the gaming, lodging or hospitality industries;

• changes in accounting standards;

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the impact of weather 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 discussed in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this document.

Certain of these factors and other factors, risks and uncertainties are discussed in the "Risk Factors" section of this document. 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 under the heading "Risk Factors," in connection with considering any forward-looking statements that may be made by the Company generally. 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.

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This Annual Report on Form 10-K includes information regarding Penn National Gaming, Inc. and Subsidiaries ("Penn"), a Pennsylvania corporation. Penn is subject to the reporting requirements of the U.S. Securities and Exchange Commission ("SEC") and is required to file with the SEC annual reports containing audited financial information and quarterly reports containing unaudited financial information. The information related to Penn provided in this Annual Report on Form 10-K has been derived from public filings. We have not independently verified this information. We have no reason to believe that such information is inaccurate in any material respect. We are providing this data for information purposes only. Penn's filings with the SEC can be found at www.sec.gov. In this Annual Report on Form 10-K, the terms "we," "us," "our," the "Company" and "GLPI" refer to Gaming and Leisure Properties, Inc. and subsidiaries, unless the context indicates otherwise.

PART I

ITEM 1. BUSINESS

Overview

GLPI is a self-administered and self-managed Pennsylvania REIT. The Company was formed from the 2013 tax-free spin-off of the real estate assets of Penn. GLPI 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"). GLPI owns and operates the TRS Properties through an indirect wholly-owned subsidiary, GLP Holdings, Inc.

The Company intends to elect on its United States ("U.S.") federal income tax return for its taxable year beginning on January 1, 2014 to be treated as a REIT and the Company, together with GLP Holdings, Inc., intend to jointly elect to treat each of GLP Holdings, Inc., Louisiana Casino Cruises, Inc. and Penn Cecil Maryland, Inc. as a "taxable REIT subsidiary" (a "TRS") 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 and leases back these assets to Penn for use by its subsidiaries pursuant to a master lease (the "Master Lease"). The Master Lease is a "triple-net" operating lease with an initial term of 15 years with no purchase option, followed by four 5-year renewal options (exercisable by Penn) on the same terms and conditions.

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."

Prior to the Spin-Off, GLPI and Penn entered into a Separation and Distribution Agreement setting forth the mechanics of the Spin-Off, certain organizational matters and other ongoing obligations of Penn and GLPI. Penn and GLPI or their respective subsidiaries, as applicable, also entered into a number of other agreements prior to the Spin-Off to provide a framework for the restructuring and for the relationships between GLPI and Penn after the Spin-Off.

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 for the year ending December 31, 2014, 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 (the "Purging Distribution"). The Purging Distribution, which was paid on February 18, 2014, totaled \$1.05 billion and was comprised of cash and GLPI common stock. Additionally, on December 19, 2014, the Company made a one-time distribution of \$37.0 million to shareholders in order to confirm the Company appropriately allocated its historical earnings and profits relative to the separation from Penn, in response to the Pre-Filing Agreement requested from the IRS. See Note 11 to the consolidated financial statements for further details on the Purging Distribution and the distribution related to the Pre-Filing Agreement.

GLPI's primary business consists of acquiring, financing, and owning real estate property to be leased to gaming operators in "triple net" lease arrangements. "Triple net" leases are leases in which the lessee pays rent to the lessor, as well as all taxes, insurance, and maintenance expenses that arise from the use of the property. As of December 31, 2014, GLPI's portfolio consisted of 21 gaming and related facilities, including the TRS Properties and the real property associated with 18 gaming and related facilities operated by Penn and the real property associated with the Casino Queen in East St. Louis,

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Illinois. These facilities are geographically diversified across 12 states and contain approximately 7.0 million of rentable square feet. As of December 31, 2014, the Company's properties were 100% occupied.

We expect to grow our portfolio by pursuing opportunities to acquire additional gaming facilities to lease to gaming operators under prudent terms, which may or may not include Penn. Additionally, we believe we have the ability to leverage the expertise our management team has developed over the years to secure additional avenues for growth beyond the gaming industry. Accordingly, we anticipate we will be able to effect strategic acquisitions unrelated to the gaming industry as well as other acquisitions that may prove complementary to GLPI's gaming facilities.

Tax Status

We intend to elect on our U.S. federal income tax return for our taxable year beginning on January 1, 2014 to be treated as a REIT and intend to continue to be organized and to operate in a manner that will permit us to qualify as a REIT. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of our annual REIT taxable income to shareholders. As a REIT, we generally will not be subject to federal income tax on income that we distribute as dividends to our shareholders. If we fail to qualify as a REIT in any taxable year, we will be subject to U.S. federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate income tax rates, and dividends paid to our shareholders would not be deductible by us in computing taxable income. Any resulting corporate liability could be substantial and could materially and adversely affect our net income and net cash available for distribution to shareholders. Unless we were entitled to relief under certain Internal Revenue Code (the "Code") provisions, we also would be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year in which we failed to qualify to be taxed as a REIT.

Our TRS Properties are able to engage in activities resulting in income that is not qualifying income for a REIT. As a result, certain activities of the Company which occur within our TRS Properties are subject to federal and state income taxes.

Tenants

As of December 31, 2014, all of the Company's rental properties, with the exception of the real property associated with the Casino Queen acquired in January 2014, were leased to a wholly-owned subsidiary of Penn under the Master Lease.

Penn is a leading, diversified, multi-jurisdictional owner and manager of gaming and pari-mutuel properties, and an established gaming provider with strong financial performance. The obligations under the Master Lease are guaranteed by Penn and by all Penn subsidiaries that occupy and operate the facilities leased under the Master Lease, or that own a gaming license, other license or other material asset necessary to operate any portion of the facilities. A default by Penn or its subsidiaries with regard to any facility will cause a default with regard to the entire Penn portfolio.

We will seek to cultivate our relationships with tenants and gaming providers in order to expand the mixture of tenants operating our properties and, in doing so, to reduce our dependence on Penn. We expect that this objective will be achieved over time as part of our overall strategy to acquire new properties and further diversify our overall portfolio of gaming properties. For instance, in January 2014, GLPI closed on an agreement to acquire the real estate assets associated with the Casino Queen in East St. Louis, Illinois. The Casino Queen property is operated by the former owners pursuant to a long-term lease with terms and conditions similar to the Master Lease.

The rent structure under the Master Lease with Penn 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 5 years by an amount equal to 4% of the average change to net revenues of all facilities under the 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. In addition to rent, all properties under the Master Lease with Penn are required to pay the following: (1) all facility maintenance, (2) all insurance required in connection with the leased properties and the business conducted on the leased properties, (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.

At Penn's option, the Master Lease with Penn may be extended for up to four 5-year renewal terms beyond the initial 15-year term, on the same terms and conditions. If Penn elects to renew the term of the Master Lease, the renewal will be effective as to all, but not less than all, of the leased property then subject to the Master Lease, provided that the final renewal option shall only be exercisable with respect to certain of the barge-based facilities—i.e., facilities where barges serve as foundations upon which buildings are constructed to serve as gaming or related facilities or serve ancillary purposes such as access platforms or shear barges to protect a gaming facility from floating debris—following an independent third party expert's review of the total useful life of the applicable barged-based facility measured from the beginning of the initial term. If the final

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five-year renewal term would not cause the aggregate term to exceed 80% of the useful life of such facility, the facility shall be included in the five-year renewal. In the event that a five-year renewal of such facility would cause it to exceed 80% of the estimated useful life, such facility shall be included in the renewal for the period of time equal to but not exceeding 80% of the estimated useful life.

Penn will not have the ability to terminate its obligations under the Master Lease prior to its expiration without the Company's consent. If the Master Lease is terminated prior to its expiration other than with our consent, Penn may be liable for damages and incur charges such as continued payment of rent through the end of the lease term and maintenance costs for the leased property.

The following table summarizes certain features of our properties as of December 31, 2014:

	Location	Type of Facility	Approx. Property Square Footage ⁽¹⁾	Owned Acreage	Leased Acreage ⁽²⁾	Hotel Rooms
Tenants						
Hollywood Casino Lawrenceburg	Lawrenceburg, IN	Dockside gaming	634,000	74.1	32.1	295
Hollywood Casino Aurora	Aurora, IL	Dockside gaming	222,189	0.4	2.1	—
Hollywood Casino Joliet	Joliet, IL	Dockside gaming	322,446	276.4	—	100
Argosy Casino Alton	Alton, IL	Dockside gaming	241,762	0.2	3.6	—
Hollywood Casino Toledo	Toledo, OH	Land-based gaming	285,335	43.8	—	—
Hollywood Casino Columbus	Columbus, OH	Land-based gaming	354,075	116.2	—	—
Hollywood Casino at Charles Town Races	Charles Town, WV	Land-based gaming/Thoroughbred racing	511,249	298.6	—	153
Hollywood Casino at Penn National Race Course	Grantville, PA	Land-based gaming/Thoroughbred racing	451,758	573.7	—	—
M Resort	Henderson, NV	Land-based gaming	910,173	87.6	—	390
Hollywood Casino Bangor	Bangor, ME	Land-based gaming/Harness racing	257,085	6.7	27.6	152
Zia Park Casino	Hobbs, NM	Land-based gaming/Thoroughbred racing	109,067	317.4	—	—
Hollywood Casino Gulf Coast	Bay St. Louis, MS	Land-based gaming	425,920	579.9	—	291
Argosy Casino Riverside	Riverside, MO	Dockside gaming	450,397	41.0	—	258
Hollywood Casino Tunica	Tunica, MS	Dockside gaming	315,831	—	67.7	494
Boomtown Biloxi	Biloxi, MS	Dockside gaming	134,800	1.6	1.0	—
Hollywood Casino St. Louis	Maryland Heights, MO	Land-based gaming	645,270	247.8	—	502
Hollywood Gaming at Dayton Raceway	Dayton, OH	Land-based gaming/Standardbred racing	191,037	119.7	—	—
Hollywood Gaming at Mahoning Valley Race Course	Youngstown, OH	Land-based gaming/Thoroughbred racing	177,448	193.4	—	—
Casino Queen	East St. Louis, IL	Land-based gaming	330,502	67.3	—	157
			6,970,344	3,045.8	134.1	2,792
TRS Properties						
Hollywood Casino Baton Rouge	Baton Rouge, LA	Dockside gaming	120,517	28.9	—	—
	Perryville, MD	Land-based gaming	97,961	36.4	—	—

Hollywood Casino
Perryville

	218,478	65.3	—	—
Total	7,188,822	3,111.1	134.1	2,792

(1) Square footage includes air conditioned space and excludes parking garages and barns.

(2) Leased acreage reflects land subject to leases with third parties and includes land on which certain of the current facilities and ancillary supporting structures are located as well as parking lots and access rights.

Hollywood Casino Lawrenceburg

We own 74.1 acres and lease 32.1 acres in Lawrenceburg, Indiana, a portion of which serves as the dockside embarkation for the gaming vessel, and includes a Hollywood-themed casino riverboat, an entertainment pavilion, a 295-room hotel, two parking garages and an adjacent surface lot, with the other portion used for remote parking.

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Hollywood Casino Aurora

We own a dockside barge structure and land-based pavilion in Aurora, Illinois. We own the land, which is approximately 0.4 acres, on which the pavilion is located and a pedestrian walkway bridge. The property also includes a parking lot under an operating lease agreement and two parking garages under capital lease agreements, together comprising 2.1 acres.

Hollywood Casino Joliet

We own 276.4 acres in Joliet, Illinois, which includes a barge-based casino, land-based pavilion, a 100-room hotel, a 1,100 space parking garage, surface parking areas and a recreational vehicle park.

Argosy Casino Alton

We lease 3.6 acres in Alton, Illinois, a portion of which serves as the dockside boarding for the Alton Belle II, a riverboat casino. The dockside facility includes an entertainment pavilion and office space, as well as surface parking areas with 1,341 spaces. In addition, we own an office building property consisting of 0.2 acres.

Hollywood Casino Toledo

We own a 43.8 acre site in Toledo, Ohio, where Hollywood Casino Toledo is located. The property includes the casino as well as structured and surface parking for approximately 3,300 spaces.

Hollywood Casino Columbus

We own 116.2 acres of land in Columbus, Ohio, where Hollywood Casino Columbus is located. The property includes the casino as well as structured and surface parking for 4,616 spaces.

Hollywood Casino at Charles Town Races

We own 298.6 acres on various parcels in Charles Town and Ranson, West Virginia of which 155 acres comprise Hollywood Casino at Charles Town Races. The facility includes a 153-room hotel and a 3/4-mile all-weather lighted thoroughbred racetrack, a training track, two parking garages, an employee parking lot, an enclosed grandstand/clubhouse and housing facilities for over 1,300 horses.

Hollywood Casino at Penn National Race Course

We own 573.7 acres in Grantville, Pennsylvania, where Penn National Race Course is located on 181 acres. The facility includes a one-mile all-weather lighted thoroughbred racetrack and a 7/8-mile turf track, a parking garage and surface parking spaces. The property also includes approximately 393 acres surrounding the Penn National Race Course that are available for future expansion or development.

M Resort

We own 87.6 acres on the southeast corner of Las Vegas Boulevard and St. Rose Parkway in Henderson, Nevada, where the M Resort is located. The M Resort property includes a 390-room hotel, a 4,700 space parking facility and other facilities.

Hollywood Casino Bangor

We own and lease the land on which the Hollywood Casino Bangor facility is located in Bangor, Maine, which consists of 6.7 acres, and includes a 152-room hotel and four-story parking. In addition, we lease 27.6 acres located at historic Bass Park, which is adjacent to the facility, and includes a one-half mile standardbred racetrack and a grandstand with over 12,000 square feet and seating for 3,500 patrons.

Zia Park Casino

We own 317.4 acres in Hobbs, New Mexico, where Zia Park Casino is located. The property also includes a one-mile quarter thoroughbred racetrack.

Hollywood Casino Gulf Coast

We own 579.9 acres in the city of Bay St. Louis, Mississippi, including a 20-slip marina. The property includes a land-based casino, 18-hole golf course, a 291-room hotel and other facilities.

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Argosy Casino Riverside

We own 41 acres in Riverside, Missouri, which includes a barge-based casino, a 258-room luxury hotel, an entertainment/banquet facility and a parking garage.

Hollywood Casino Tunica

We lease 67.7 acres of land in Tunica, Mississippi. The property includes a single-level casino, a 494-room hotel, surface parking and other land-based facilities.

Boomtown Biloxi

We lease 1.0 acres of land mostly used for parking and a welcome center. In addition our tenant has rights to 18.5 acres of land, most of which is utilized for the gaming location and 4.5 acres of submerged tidelands at the casino site.

Hollywood Casino St. Louis

We own 247.8 acres along the Missouri River in Maryland Heights, Missouri, which includes a 502-room hotel and structure and surface parking for approximately 4,600 spaces.

Hollywood Gaming at Dayton Raceway

We own 119.7 acres in Dayton, Ohio, where Penn opened Hollywood Gaming at Dayton Raceway on August 28, 2014. The property includes a land-based casino, a 5/8-mile all-weather standardbred racetrack and surface parking.

Hollywood Gaming at Mahoning Valley Race Course

We own 193.4 acres in Youngstown, Ohio, where Penn opened Hollywood Gaming at Mahoning Valley Race Course on September 17, 2014. The property includes a land-based casino, a one-mile thoroughbred racetrack and surface parking.

Casino Queen

We own 67.3 acres in East St. Louis, Illinois, which includes a 157-room hotel, a recreational vehicle park and surface parking areas.

TRS Properties

Hollywood Casino Baton Rouge

Hollywood Casino Baton Rouge is a dockside riverboat gaming facility operating in Baton Rouge, Louisiana. The riverboat features approximately 28,000 square feet of gaming space with 956 gaming machines and 12 table games. The facility also includes a two-story, 58,000 square foot dockside building featuring a variety of amenities, including a grill, a 268-seat buffet, a deli, a premium players' lounge, a nightclub, a lobby bar, a public atrium, two meeting rooms and 1,490 parking spaces.

Hollywood Casino Perryville

Hollywood Casino Perryville is located directly off Interstate 95 in Cecil County, Maryland just 35 miles northeast of Baltimore and 70 miles from Washington, D.C. Hollywood Casino Perryville is a Hollywood-themed facility which offers 34,329 square feet of gaming space with 1,158 slot machines, 12 table games and 10 poker tables. The facility also offers various food and beverage options, including a bar and grill, a gift shop and 1,600 parking spaces with valet and self-parking.

Competition

We compete for real property investments with other REITs, investment companies, private equity and hedge fund investors, sovereign funds, lenders, gaming companies and other investors. Some of our competitors are significantly larger and have greater financial resources and lower costs of capital than we have. Increased competition will make it more challenging to identify and successfully capitalize on acquisition opportunities that meet our investment objectives. Furthermore, a mid-sized regional casino operator has recently announced plans to separate its real estate assets and operations through the formation of a REIT. Another large global casino operator has declared a voluntary Chapter 11 reorganization in order to significantly reduce its debt with the intent of restructuring its operations into a REIT and separate operating company. There is also market speculation surrounding the formation of additional gaming REITs. If any of these transactions materialize, we will face direct competition in the acquisition of gaming properties.

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In addition, revenues from our gaming properties are dependent on the ability of our gaming tenants and operators to compete with other gaming operators. The gaming industry is characterized by an increasingly high degree of competition among a large number of participants, including riverboat casinos, dockside casinos, land-based casinos, video lottery, sweepstakes and poker machines not located in casinos, Native American gaming, emerging varieties of Internet gaming and other forms of gaming in the U.S. In a broader sense, our gaming tenants and operators face competition from all manner of leisure and entertainment activities, including: shopping, athletic events, television and movies, concerts and travel. Legalized gaming is currently permitted in various forms throughout the U.S., in several Canadian provinces and on various lands taken into trust for the benefit of certain Native Americans in the U.S. and Canada. Other jurisdictions, including states adjacent to states in which our gaming tenants and operators are located have legalized, and will expand gaming in the near future. In addition, established gaming jurisdictions could award additional gaming licenses or permit the expansion or relocation of existing gaming operations. New, relocated or expanded operations by other persons will increase competition for our gaming tenants and operators and could have a material adverse impact on our gaming tenants and operators and us as landlord. Finally, the imposition of smoking bans and/or higher gaming tax rates have a significant impact on our gaming tenants and operators' ability to compete with facilities in nearby jurisdictions.

Hollywood Casino Perryville continued to face additional competition, led by the August 26, 2014 opening of the Horseshoe Casino Baltimore, located in downtown Baltimore. In addition Maryland Live!, at the Arundel Mills mall in Anne Arundel, Maryland, which opened on June 6, 2012, added table games on April 11, 2013, and a 52 table poker room in late August 2013. Further, in early 2015, Horseshoe Casino Baltimore and Maryland Live! received approval to add additional table games. Both facilities have and will continue to negatively impact Hollywood Casino Perryville's results of operations.

Furthermore, in November 2012, voters approved legislation authorizing a sixth casino in Prince George's County. The new law also changes the tax rate casino operators pay the state, varying from casino to casino, allows all casinos in Maryland to be open 24 hours per day for the entire year, and permits casinos to directly purchase slot machines in exchange for gaming tax reductions. In December 2013, the license for the sixth casino in Prince George's County was granted. The proposed \$1.2 billion casino resort, which is expected to open in the second half of 2016 will adversely impact Hollywood Casino Perryville's financial results.

In Louisiana, a new riverboat casino and hotel opened on September 1, 2012 in Baton Rouge. The opening of this riverboat casino has and will continue to have an adverse effect on the financial results of Hollywood Casino Baton Rouge.

Segments

Consistent with how our Chief Operating Decision Maker (as such term is defined in ASC 280 "Segment Reporting") reviews and assesses our financial performance, we have two reportable segments, GLP Capital, L.P. (a wholly-owned subsidiary of GLPI through which GLPI owns substantially all of its real estate assets) ("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. See "Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8—Financial Statements and Supplementary Data—Note 13—Segment Information" for further information with respect to the Company's segments.

Management

Name	Age	Position
Peter M. Carlino	68	Chairman of the Board and Chief Executive Officer
William J. Clifford	57	Chief Financial Officer, Secretary and Treasurer
Steven T. Snyder	54	Senior Vice President of Corporate Development
Desiree A. Burke	49	Senior Vice President and Chief Accounting Officer
Brandon J. Moore	40	Senior Vice President and General Counsel

Peter M. Carlino. Mr. Carlino is Chairman of our Board of Directors and Chief Executive Officer. Prior to the Spin-Off, Mr. Carlino served as Penn's Chief Executive Officer since April 1994. Subsequent to the Spin-Off, Mr. Carlino no longer serves as an officer of Penn, however, he continues in his role as Penn's Chairman of the Board

of Directors. Since 1976, Mr. Carlino has been President of Carlino Capital Management Corp. (formerly known as Carlino Financial Corporation), a holding company that owns and operates various Carlino family businesses, in which capacity he has been continuously active in strategic planning and monitoring the operations.

William J. Clifford. Mr. Clifford is our Chief Financial Officer, Secretary and Treasurer. Prior to the Spin-off, Mr. Clifford served as Penn's Senior Vice President-Finance and Chief Financial Officer since October 2001. From March 1997

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to July 2001, Mr. Clifford served as the Chief Financial Officer and Senior Vice President of Finance with Sun International Resorts, Inc., Paradise Island, Bahamas. From November 1993 to February 1997, Mr. Clifford was Financial, Hotel and Operations Controller for Treasure Island Hotel and Casino in Las Vegas. From May 1989 to November 1993, Mr. Clifford was Controller for Golden Nugget Hotel and Casino, Las Vegas. Prior to May 1989, Mr. Clifford held the positions of Controller for the Dunes Hotel and Casino, Las Vegas, Property Operations Analyst with Aladdin Hotel and Casino, Las Vegas, Casino Administrator with Las Vegas Hilton, Las Vegas, Senior Internal Auditor with Del Webb, Las Vegas, and Agent, Audit Division, of the Nevada Gaming Control Board, Las Vegas and Reno.

Steven T. Snyder. Mr. Snyder is our Senior Vice President of Corporate Development. Mr. Snyder joined the Company in connection with the Spin-Off on November 1, 2013. Prior to the Spin-Off, he served as Penn's Senior Vice President of Corporate Development since 2003 and was responsible for identifying and conducting internal and industry analysis of potential acquisitions, partnerships and other opportunities. He joined Penn as Vice President of Corporate Development in May 1998 and held that position until his appointment to Senior Vice President in 2003. Prior to joining Penn, Mr. Snyder was a partner with Hamilton Partners, Ltd., as well as Managing Director of Municipal and Corporate Investment Banking for Meridian Capital Markets. Mr. Snyder began his career in finance at Butcher & Singer, where he served as First Vice President of Public Finance.

Desiree A. Burke. Ms. Burke joined the Company in April 2014 as our Senior Vice President and Chief Accounting Officer. Previously, Ms. Burke served as Penn's Vice President and Chief Accounting Officer since November 2009. Additionally, she served as Penn's Vice President and Corporate Controller from November 2005 to October 2009. Prior to her time at Penn National Gaming, Inc., Ms. Burke was the Executive Vice President/Director of Financial Reporting and Control for MBNA America Bank, N.A. She joined MBNA in 1994 and held positions of ascending responsibility in the finance department during her tenure. Ms. Burke is a CPA.

Brandon J. Moore. Mr. Moore joined the Company in January 2014 as our Senior Vice President and General Counsel. Previously, he served as Penn's Vice President, Senior Corporate Counsel since March 2010 where he was a member of the legal team responsible for a variety of transactional, regulatory and general legal matters. Prior to joining Penn, Mr. Moore was with Ballard Spahr, LLP, where he provided advanced legal counsel to clients on matters including merger and acquisition transactions, debt and equity financings, and various other matters.

Tax Considerations

We intend to elect to be treated as a REIT on our U.S. federal income tax return for our taxable year beginning on January 1, 2014 and we, together with an indirectly wholly-owned subsidiary of the Company, GLP Holdings, Inc., intend to jointly elect to treat each of GLP Holdings, Inc., Louisiana Casino Cruises, Inc. and Penn Cecil Maryland, Inc. as a "taxable REIT subsidiary" effective on the first day of the first taxable year of GLPI as a REIT. We intend to continue to be organized and to operate in a manner that will permit us to qualify as a REIT. Qualification and taxation as a REIT depends on our ability to meet on a continuing basis, through actual operating results, distribution levels, and diversity of stock ownership, various qualification requirements imposed upon REITs by the Code. Our ability to qualify to be taxed as a REIT also requires that we satisfy certain tests, some of which depend upon the fair market values of assets that we own directly or indirectly. The material qualification requirements are summarized below. Such values may not be susceptible to a precise determination. Accordingly, no assurance can be given that the actual results of our operations for any taxable year will satisfy such requirements for qualification and taxation as a REIT. Additionally, while we intend to operate so that we continue to qualify to be taxed as a REIT, no assurance can be given that the Internal Revenue Service (the "IRS") will not challenge our qualification, or that we will be able to operate in accordance with the REIT requirements in the future.

Taxation of REITs in General

As a REIT, generally we will be entitled to a deduction for dividends that we pay and therefore will not be subject to U.S. federal corporate income tax on our net REIT taxable income that is currently distributed to our shareholders. This treatment substantially eliminates the "double taxation" at the corporate and shareholder levels that generally results from an investment in a C corporation. A "C corporation" is a corporation that generally is required to pay tax at the corporate level. Double taxation means taxation once at the corporate level when income is earned and once again at the shareholder level when the income is distributed. In general, the income that we generate is taxed only at

the shareholder level upon a distribution of dividends to our shareholders. We will nonetheless be subject to U.S. federal tax in the following circumstances:

- We will be taxed at regular corporate rates on any undistributed net taxable income, including undistributed net capital gains.

- We may be subject to the "alternative minimum tax" on our items of tax preference, including any deductions of net operating losses.

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If we have net income from prohibited transactions, which are, in general, sales or other dispositions of inventory or property held primarily for sale to customers in the ordinary course of business, other than foreclosure property, such income will be subject to a 100% tax.

If we elect to treat property that we acquire in connection with a foreclosure of a mortgage loan or certain leasehold terminations as "foreclosure property," we may thereby avoid the 100% tax on gain from a resale of that property (if the sale would otherwise constitute a prohibited transaction), but the income from the sale or operation of the property may be subject to corporate income tax at the highest applicable rate (currently 35%).

If we fail to satisfy the 75% gross income test and/or the 95% gross income test, as discussed below, but nonetheless maintain our qualification as a REIT because we satisfy other requirements, we will be subject to a 100% tax on an amount based on the magnitude of the failure, as adjusted to reflect the profit margin associated with our gross income.

If we violate the asset tests (other than certain de minimis violations) or other requirements applicable to REITs, as described below, and yet maintain our qualification as a REIT because there is reasonable cause for the failure and other applicable requirements are met, we may be subject to a penalty tax. In that case, the amount of the penalty tax will be at least \$50,000 per failure, and, in the case of certain asset test failures, will be determined as the amount of net income generated by the nonqualifying assets in question multiplied by the highest corporate tax rate (currently 35%) if that amount exceeds \$50,000 per failure.

If we fail to distribute during each calendar year at least the sum of (i) 85% of our ordinary income for such year, (ii) 95% of our capital gain net income for such year and (iii) any undistributed net taxable income from prior periods, we will be subject to a nondeductible 4% excise tax on the excess of the required distribution over the sum of (a) the amounts that we actually distributed and (b) the amounts we retained and upon which we paid income tax at the corporate level.

We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet record-keeping requirements intended to monitor our compliance with rules relating to the composition of a REIT's shareholders.

▲ A 100% tax may be imposed on transactions between us and a TRS that do not reflect arm's-length terms.

If we acquire appreciated assets from a corporation that is not a REIT (i.e., a corporation taxable under subchapter C of the Code) in a transaction in which the adjusted tax basis of the assets in our hands is determined by reference to the adjusted tax basis of the assets in the hands of the subchapter C corporation, we may be subject to tax on such appreciation at the highest corporate income tax rate then applicable if we subsequently recognize gain on a disposition of any such assets during the ten-year period following their acquisition from the subchapter C corporation.

◆ The earnings of our TRSs will generally be subject to U.S. federal corporate income tax.

In addition, we and our subsidiaries may be subject to a variety of taxes, including payroll taxes and state, local, and foreign income, property, gross receipts and other taxes on our assets and operations. We could also be subject to tax in situations and on transactions not presently contemplated.

Requirements for Qualification—General

The Code defines a REIT as a corporation, trust or association:

1. that is managed by one or more trustees or directors;
- 2.

- the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;
3. that would be taxable as a domestic corporation but for its election to be subject to tax as a REIT;
 4. that is neither a financial institution nor an insurance company subject to specific provisions of the Code;
 5. the beneficial ownership of which is held by 100 or more persons;

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in which, during the last half of each taxable year, not more than 50% in value of the outstanding stock is owned, 6. directly or indirectly, by five or fewer "individuals" (as defined in the Code to include specified tax-exempt entities); and

7. that meets other tests described below, including with respect to the nature of its income and assets.

The Code provides that conditions (1) through (4) must be met during the entire taxable year, and that condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a shorter taxable year. Conditions (5) and (6) need not be met during a corporation's initial tax year as a REIT (which, in our case, will be 2014). Our charter provides restrictions regarding the ownership and transfers of our stock, which are intended to assist us in satisfying the stock ownership requirements described in conditions (5) and (6) above. These restrictions, however, may not ensure that we will, in all cases, be able to satisfy the share ownership requirements described in conditions (5) and (6) above. If we fail to satisfy these share ownership requirements, except as provided in the next sentence, our status as a REIT will terminate. If, however, we comply with the rules contained in applicable U.S. Department of the Treasury (the "Treasury") regulations that require us to ascertain the actual ownership of our shares and we do not know, or would not have known through the exercise of reasonable diligence, that we failed to meet the requirements described in condition (6) above, we will be treated as having met this requirement.

To monitor compliance with the stock ownership requirements, we generally are required to maintain records regarding the actual ownership of our stock. To do so, we must demand written statements each year from the record holders of significant percentages of our stock pursuant to which the record holders must disclose the actual owners of the stock (i.e., the persons required to include our dividends in their gross income). We must maintain a list of those persons failing or refusing to comply with this demand as part of our records. We could be subject to monetary penalties if we fail to comply with these record-keeping requirements. If, upon request by the Company, a shareholder fails or refuses to comply with the demands, such holder will be required by Treasury regulations to submit a statement with his, her or its tax return disclosing the actual ownership of our stock and other information.

Qualified REIT Subsidiaries

The Code provides that a corporation that is a "qualified REIT subsidiary" shall not be treated as a separate corporation, and all assets, liabilities and items of income, deduction and credit of a "qualified REIT subsidiary" shall be treated as assets, liabilities and items of income, deduction and credit of the REIT. A "qualified REIT subsidiary" is a corporation, all of the capital stock of which is owned by the REIT, that has not elected to be a "taxable REIT subsidiary" (discussed below). In applying the requirements described herein, all of our "qualified REIT subsidiaries" will be ignored, and all assets, liabilities and items of income, deduction and credit of such subsidiaries will be treated as our assets, liabilities and items of income, deduction and credit. These subsidiaries, therefore, will not be subject to federal corporate income taxation, although they may be subject to state and local taxation.

Taxable REIT Subsidiaries

In general, we may jointly elect with a subsidiary corporation, whether or not wholly-owned, to treat such subsidiary corporation as a TRS. We generally may not own more than 10% of the securities of a taxable corporation, as measured by voting power or value, unless we and such corporation elect to treat such corporation as a TRS. The separate existence of a TRS is not ignored for U.S. federal income tax purposes. Accordingly, a TRS generally is subject to corporate income tax on its earnings, which may reduce the cash flow that we and our subsidiaries generate in the aggregate and may reduce our ability to make distributions to our shareholders.

We are not treated as holding the assets of a TRS or as receiving any income that the subsidiary earns. Rather, the stock issued by the TRS to us is an asset in our hands, and we treat the dividends paid to us, if any, as income. This treatment can affect our income and asset test calculations, as described below. Because we do not include the assets and income of TRSs on a look-through basis in determining our compliance with the REIT requirements, we may use such entities to undertake indirectly activities that the REIT rules might otherwise preclude us from doing directly or through pass-through subsidiaries. For example, we may use TRSs to perform services or conduct activities that give rise to certain categories of income or to conduct activities that, if conducted by us directly, would be treated in our hands as prohibited transactions.

The TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. Further, the rules impose a 100% excise tax on transactions between a TRS and its parent REIT or the REIT's tenants that are not conducted on an arm's-length basis. We intend that all of our transactions with our TRS, if any, will be conducted on an arm's-length basis.

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Income Tests

As a REIT, we must satisfy two gross income requirements on an annual basis. First, at least 75% of our gross income for each taxable year, excluding gross income from sales of inventory or dealer property in "prohibited transactions," discharge of indebtedness and certain hedging transactions, generally must be derived from "rents from real property," gains from the sale of real estate assets, interest income derived from mortgage loans secured by real property (including certain types of mortgage-backed securities), dividends received from other REITs, and specified income from temporary investments. Second, at least 95% of our gross income in each taxable year, excluding gross income from prohibited transactions, discharge of indebtedness and certain hedging transactions, must be derived from some combination of income that qualifies under the 75% gross income test described above, as well as other dividends, interest, and gain from the sale or disposition of stock or securities, which need not have any relation to real property. Income and gain from certain hedging transactions will be excluded from both the numerator and the denominator for purposes of both the 75% and 95% gross income tests.

Rents received by a REIT will qualify as "rents from real property" in satisfying the gross income requirements described above only if several conditions are met.

The amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "rents from real property" solely by reason of being based on a fixed percentage or percentages of gross receipts or sales.

Rents received from a tenant will not qualify as "rents from real property" in satisfying the gross income tests if the REIT, or a direct or indirect owner of 10% or more of the REIT, directly or constructively, owns 10% or more of such tenant (a "Related Party Tenant"). However, rental payments from a taxable REIT subsidiary will qualify as rents from real property even if we own more than 10% of the total value or combined voting power of the taxable REIT subsidiary if at least 90% of the property is leased to unrelated tenants and the rent paid by the taxable REIT subsidiary is substantially comparable to the rent paid by the unrelated tenants for comparable space.

Rent attributable to personal property leased in connection with a lease of real property will not qualify as "rents from real property" if such rent exceeds 15% of the total rent received under the lease.

the REIT generally must not operate or manage the property or furnish or render services to tenants, except through an "independent contractor" who is adequately compensated and from whom the REIT derives no income, or through a taxable REIT subsidiary. The "independent contractor" requirement, however, does not apply to the extent the services provided by the REIT are "usually or customarily rendered" in connection with the rental of space for occupancy only, and are not otherwise considered "rendered to the occupant." In addition, a de minimis rule applies with respect to non-customary services. Specifically, if the value of the non-customary service income with respect to a property (valued at no less than 150% of the direct costs of performing such services) is 1% or less of the total income derived from the property, then all rental income except the non-customary service income will qualify as "rents from real property." A taxable REIT subsidiary may provide services (including noncustomary services) to a REIT's tenants without "tainting" any of the rental income received by the REIT, and will be able to manage or operate properties for third parties and generally engage in other activities unrelated to real estate.

We do not anticipate receiving rent that is based in whole or in part on the income or profits of any person (except by reason of being based on a fixed percentage or percentages of gross receipts or sales consistent with the rules described above). We also do not anticipate receiving more than a de minimis amount of rents from any Related Party Tenant or rents attributable to personal property leased in connection with real property that will exceed 15% of the total rents received with respect to such real property. We may receive certain types of income that will not qualify under the 75% or 95% gross income tests. In particular, dividends received from a taxable REIT subsidiary will not qualify under the 75% test. We believe, however, that the aggregate amount of such items and other non-qualifying income in any taxable year will not cause GLPI to exceed the limits on non-qualifying income under either the 75% or

95% gross income tests.

We may directly or indirectly receive distributions from TRSs or other corporations that are not REITs or qualified REIT subsidiaries. These distributions generally are treated as dividend income to the extent of the earnings and profits of the distributing corporation. Such distributions will generally constitute qualifying income for purposes of the 95% gross income test, but not for purposes of the 75% gross income test. Any dividends that we receive from another REIT or qualified REIT subsidiary, however, will be qualifying income for purposes of both the 95% and 75% gross income tests.

We believe that we have and will continue to be in compliance with these gross income tests. If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may still qualify to be taxed as a REIT for such year if we are entitled to relief under applicable provisions of the Code. These relief provisions will be generally available if (i) our failure

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to meet these tests was due to reasonable cause and not due to willful neglect and (ii) following our identification of the failure to meet the 75% or 95% gross income test for any taxable year, we file a schedule with the IRS setting forth each item of our gross income for purposes of the 75% or 95% gross income test for such taxable year in accordance with Treasury regulations, which have not yet been issued. It is not possible to state whether we would be entitled to the benefit of these relief provisions in all circumstances. If these relief provisions are inapplicable to a particular set of circumstances, we will not qualify to be taxed as a REIT. Even if these relief provisions apply, and we retain our status as a REIT, the Code imposes a tax based upon the amount by which we fail to satisfy the particular gross income test.

Asset Tests

At the close of each calendar quarter, we must also satisfy four tests relating to the nature of our assets. First, at least 75% of the value of our total assets must be represented by some combination of "real estate assets," cash, cash items, U.S. government securities, and, under some circumstances, stock or debt instruments purchased with new capital. For this purpose, real estate assets include interests in real property and stock of other corporations that qualify as REITs, as well as some kinds of mortgage-backed securities and mortgage loans. Assets that do not qualify for purposes of the 75% asset test are subject to the additional asset tests described below.

Second, the value of any one issuer's securities that we own may not exceed 5% of the value of our total assets.

Third, we may not own more than 10% of any one issuer's outstanding securities, as measured by either voting power or value. The 5% and 10% asset tests do not apply to securities of TRSs and qualified REIT subsidiaries and the 10% asset test does not apply to "straight debt" having specified characteristics and to certain other securities described below. Solely for purposes of the 10% asset test, the determination of our interest in the assets of a partnership or limited liability company in which we own an interest will be based on our proportionate interest in any securities issued by the partnership or limited liability company, excluding for this purpose certain securities described in the Code. The safe harbor under which certain types of securities are disregarded for purposes of the 10% value limitation includes (1) straight debt securities (including straight debt securities that provides for certain contingent payments); (2) any loan to an individual or an estate; (3) any rental agreement described in Section 467 of the Code, other than with a "related person"; (4) any obligation to pay rents from real property; (5) certain securities issued by a State or any political subdivision thereof, or the Commonwealth of Puerto Rico; (6) any security issued by a REIT; and (7) any other arrangement that, as determined by the Secretary of the Treasury, is excepted from the definition of a security. In addition, for purposes of applying the 10% value limitation, (a) a REIT's interest as a partner in a partnership is not considered a security; (b) any debt instrument issued by a partnership is not treated as a security if at least 75% of the partnership's gross income is from sources that would qualify for the 75% REIT gross income test, and (c) any debt instrument issued by a partnership is not treated as a security to the extent of the REIT's interest as a partner in the partnership.

Fourth, the aggregate value of all securities of TRSs that we hold, together with other non-qualified assets (such as furniture and equipment or other tangible personal property, or non-real estate securities) may not, in the aggregate, exceed 25% of the value of our total assets.

However, certain relief provisions are available to allow REITs to satisfy the asset requirements or to maintain REIT qualification notwithstanding certain violations of the asset and other requirements. For example, if we should fail to satisfy the asset tests at the end of a calendar quarter such a failure would not cause us to lose our REIT qualification if we (i) satisfied the asset tests at the close of the preceding calendar quarter and (ii) the discrepancy between the value of our assets and the asset requirements was not wholly or partly caused by an acquisition of non-qualifying assets, but instead arose from changes in the relative market values of our assets. If the condition described in (ii) were not satisfied, we still could avoid disqualification by eliminating any discrepancy within 30 days after the close of the calendar quarter in which it arose or by making use of the relief provisions described above.

In the case of de minimis violations of the 10% and 5% asset tests, a REIT may maintain its qualification despite a violation of such requirements if (i) the value of the assets causing the violation does not exceed the lesser of 1% of the REIT's total assets and \$10,000,000 and (ii) the REIT either disposes of the assets causing the failure within six months after the last day of the quarter in which it identifies the failure, or the relevant tests are otherwise satisfied within that time frame.

Even if we did not qualify for the foregoing relief provisions, one additional provision allows a REIT which fails one or more of the asset requirements to nevertheless maintain its REIT qualification if (i) the REIT provides the IRS with a description of each asset causing the failure, (ii) the failure is due to reasonable cause and not willful neglect, (iii) the REIT pays a tax equal to the greater of (a) \$50,000 per failure and (b) the product of the net income generated by the assets that caused the failure multiplied by the highest applicable corporate tax rate (currently 35%) and (iv) the REIT either disposes of the assets causing the failure within six months after the last day of the quarter in which it identifies the failure, or otherwise satisfies the relevant asset tests within that time frame.

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We believe that we have been and will continue to be in compliance with the asset tests described above.

Annual Distribution Requirements

In order to qualify to be taxed as a REIT, we are required to distribute dividends, other than capital gain dividends, to our shareholders in an amount at least equal to:

(i) the sum of

(a) 90% of our REIT taxable income, computed without regard to our net capital gains and the deduction for dividends paid; and

(b) 90% of our after tax net income, if any, from foreclosure property (as described below); minus

(ii) the excess of the sum of specified items of non-cash income over 5% of our REIT taxable income, computed without regard to our net capital gain and the deduction for dividends paid.

We generally must make these distributions in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for the year and if paid with or before the first regular dividend payment after such declaration. These distributions will be treated as received by our shareholders in the year in which paid. In order for distributions to be counted as satisfying the annual distribution requirements for REITs, and to provide us with a REIT-level tax deduction, the distributions must not be "preferential dividends." A dividend is not a preferential dividend if the distribution is (i) pro rata among all outstanding shares of stock within a particular class and (ii) in accordance with any preferences among different classes of stock as set forth in our organizational documents.

To the extent that we distribute at least 90%, but less than 100%, of our REIT taxable income, as adjusted, we will be subject to tax at ordinary corporate tax rates on the retained portion. We may elect to retain, rather than distribute, some or all of our net long-term capital gains and pay tax on such gains. In this case, we could elect for our shareholders to include their proportionate shares of such undistributed long-term capital gains in income, and to receive a corresponding credit for their share of the tax that we paid. Our shareholders would then increase the adjusted basis of their stock by the difference between (i) the amounts of capital gain dividends that we designated and that they include in their taxable income, minus (ii) the tax that we paid on their behalf with respect to that income. To the extent that in the future we may have available net operating losses carried forward from prior tax years, such losses may reduce the amount of distributions that we must make in order to comply with the REIT distribution requirements.

If we fail to distribute during each calendar year at least the sum of (i) 85% of our ordinary income for such year, (ii) 95% of our capital gain net income for such year and (iii) any undistributed net taxable income from prior periods, we will be subject to a non-deductible 4% excise tax on the excess of such required distribution over the sum of (a) the amounts actually distributed, plus (b) the amounts of income we retained and on which we have paid corporate income tax.

We expect that our REIT taxable income will be less than our cash flow because of depreciation and other non-cash charges included in computing REIT taxable income. Accordingly, we anticipate that we generally will have sufficient cash or liquid assets to enable us to satisfy the distribution requirements described above. However, from time to time, we may not have sufficient cash or other liquid assets to meet these distribution requirements due to timing differences between the actual receipt of income and actual payment of deductible expenses, and the inclusion of income and deduction of expenses in determining our taxable income. In addition, we may decide to retain our cash, rather than distribute it, in order to repay debt, acquire assets, or for other reasons. If these timing differences occur, we may borrow funds to pay dividends or pay dividends through the distribution of other property (including shares of our stock) in order to meet the distribution requirements, while preserving our cash.

If our taxable income for a particular year is subsequently determined to have been understated, we may be able to rectify a resultant failure to meet the distribution requirements for a year by paying "deficiency dividends" to shareholders in a later year, which may be included in our deduction for dividends paid for the earlier year. In this

case, we may be able to avoid losing REIT qualification or being taxed on amounts distributed as deficiency dividends, subject to the 4% excise tax described above. We will be required to pay interest based on the amount of any deduction taken for deficiency dividends.

For purposes of the 90% distribution requirement and excise tax described above, any distribution must be paid in the taxable year to which they relate, or in the following taxable year if such distributions are declared in October, November or December of the taxable year, are payable to shareholders of record on a specified date in any such month, and are actually paid

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before the end of January of the following year. Such distributions are treated as both paid by us and received by our shareholders on December 31 of the year in which they are declared.

In addition, at our election, a distribution for a taxable year may be declared before we timely file our tax return for the year, provided we pay such distribution with or before our first regular dividend payment after such declaration, and such payment is made during the 12-month period following the close of such taxable year. Such distributions are taxable to our shareholders in the year in which paid, even though the distributions relate to our prior taxable year for purposes of the 90% distribution requirement.

In order for distributions to be counted as satisfying the annual distribution requirements for REITs, and to provide us with a REIT-level tax deduction, the distributions must not be "preferential dividends." A dividend is not a preferential dividend if the distribution is (i) pro rata among all outstanding shares of stock within a particular class and (ii) in accordance with any preferences among different classes of stock as set forth in our organizational documents

We believe that we have satisfied the annual distribution requirements for the year of our initial REIT election, December 31, 2014. Although we intend to satisfy the annual distribution requirements to continue to qualify as a REIT for the year ending December 31, 2015 and thereafter, economic, market, legal, tax or other considerations could limit our ability to meet those requirements.

Failure to Qualify

If we fail to satisfy one or more requirements for REIT qualification other than the income or asset tests, we could avoid disqualification as a REIT if our failure is due to reasonable cause and not to willful neglect and we pay a penalty of \$50,000 for each such failure. Relief provisions are also available for failures of the income tests and asset tests, as described above in "—Income Tests" and "—Asset Tests."

If we fail to qualify for taxation as a REIT in any taxable year, and the relief provisions described above do not apply, we would be subject to tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. We cannot deduct distributions to shareholders in any year in which we are not a REIT, nor would we be required to make distributions in such a year. In this situation, to the extent of current and accumulated earnings and profits (as determined for U.S. federal income tax purposes), distributions to shareholders would be taxable as regular corporate dividends. Such dividends paid to U.S. shareholders that are individuals, trusts and estates may be taxable at the preferential income tax rates (i.e., the 20% maximum U.S. federal rate) for qualified dividends. In addition, subject to the limitations of the Code, corporate distributes may be eligible for the dividends received deduction. Unless we are entitled to relief under specific statutory provisions, we would also be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year during which we lost our qualification. It is not possible to state whether, in all circumstances, we would be entitled to this statutory relief.

Legislative or Other Actions Affecting REITs

The present U.S. federal income tax treatment of REITs may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time. The REIT rules are constantly under review by persons involved in the legislative process and by the IRS and the Treasury which may result in statutory changes as well as revisions to regulations and interpretations. Changes to the U.S. federal tax laws and interpretations thereof could adversely affect an investment in our common stock.

Regulation

The ownership, operation, and management of, and provision of certain products and services to, gaming and racing facilities are subject to pervasive regulation. Gaming laws are generally based upon declarations of public policy designed to protect gaming consumers and the viability and integrity of the gaming industry. Gaming laws also may be designed to protect and maximize state and local revenues derived through taxes and licensing fees imposed on gaming industry participants as well as to enhance economic development and tourism. To accomplish these public policy goals, gaming laws establish procedures to ensure that participants in the gaming industry meet certain standards of character and fitness. In addition, gaming laws require gaming industry participants to:

- ensure that unsuitable individuals and organizations have no role in gaming operations;

• establish procedures designed to prevent cheating and fraudulent practices;

• establish and maintain responsible accounting practices and procedures;

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• maintain effective controls over their financial practices, including establishment of minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues;

• maintain systems for reliable record keeping;

• file periodic reports with gaming regulators;

• ensure that contracts and financial transactions are commercially reasonable, reflect fair market value and are arms-length transactions; and

• establish programs to promote responsible gaming.

These regulations will impact our business in two important ways: (1) our ownership and operation of the TRS Properties and (2) the operations of our gaming tenants. Our ownership and operation of the TRS Properties will subject GLPI and its officers and directors to the jurisdiction of the gaming regulatory agencies in Louisiana and Maryland. Further, many gaming and racing regulatory agencies in the jurisdictions in which our gaming tenants operate require GLPI and its affiliates to maintain a license as a key business entity or supplier of Penn because of its status as landlord.

Our businesses are subject to various federal, state and local laws and regulations in addition to gaming regulations. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, environmental matters, employees, health care, currency transactions, taxation, zoning and building codes, and marketing and advertising. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Material changes, new laws or regulations, or material differences in interpretations by courts or governmental authorities could adversely affect our operating results.

Insurance

We have comprehensive liability, property and business interruption insurance at our TRS Properties. In regards to our properties subject to "triple-net" leases, the lease agreements require our tenants to have their own comprehensive liability, property and business interruption insurance policies, including protection for our insurable interests as the landlord.

Environmental Matters

Our properties are subject to environmental laws regulating, among other things, air emissions, wastewater discharges and the handling and disposal of wastes, including medical wastes. Certain of the properties we own utilize above or underground storage tanks to store heating oil for use at the properties. Other properties were built during the time that asbestos-containing building materials were routinely installed in residential and commercial structures. Our "triple-net" leases obligate the tenants thereunder to comply with applicable environmental laws and to indemnify us if their noncompliance results in losses or claims against us, and we expect that any future leases will include the same provisions for other operators. An operator's failure to comply could result in fines and penalties or the requirement to undertake corrective actions which may result in significant costs to the operator and thus adversely affect their ability to meet their obligations to us.

Pursuant to U.S. federal, state and local environmental laws and regulations, a current or previous owner or operator of real property may be required to investigate, remove and/or remediate a release of hazardous substances or other regulated materials at, or emanating from, such property. Further, under certain circumstances, such owners or operators of real property may be held liable for property damage, personal injury and/or natural resource damage resulting from or arising in connection with such releases. Certain of these laws have been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of responsibility. We also may be liable under certain of these laws for damage that occurred prior to our ownership of a property or at a site where we sent wastes for disposal. The failure to properly remediate a property may also adversely affect our ability to lease, sell or rent the property or to borrow funds using the property as collateral.

In connection with the ownership of our current properties and any properties that we may acquire in the future, we could be legally responsible for environmental liabilities or costs relating to a release of hazardous substances or other regulated materials at or emanating from such property. In order to assess the potential for such liability, we most likely will engage a consultant to conduct a limited environmental assessment of each property prior to acquisition and oversee our properties in accordance with environmental laws. We are not aware of any environmental issues that are expected to have a material impact on the operations of any of our properties.

Pursuant to the Master Lease and a Separation and Distribution Agreement between Penn and GLPI, any liability arising from or relating to environmental liabilities arising from the businesses and operations of Penn's real property holdings prior to the Spin-Off (other than any liability arising from or relating to the operation or ownership of the TRS Properties and except to

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the extent first discovered after the end of the term of the Master Lease) will be retained by Penn and Penn will indemnify GLPI (and its subsidiaries, directors, officers, employees and agents and certain other related parties) against any losses arising from or relating to such environmental liabilities. There can be no assurance that Penn will be able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from Penn any amounts for which we are held liable, we may be temporarily required to bear these losses while seeking recovery from Penn.

Employees

As of December 31, 2014, we had 807 full and part-time employees. Substantially all of these employees are employed at Hollywood Casino Baton Rouge and Hollywood Casino Perryville. The Company believes its relations with its employees are good.

Some of our employees at Hollywood Casino Perryville are currently represented by labor unions. The Seafarers Entertainment and Allied Trade Union represents 210 of our employees at Hollywood Casino Perryville under an agreement that expires in February 2020. Additionally, Local No. 27 United Food and Commercial Workers and United Industrial Service Transportation Professional and Government Workers of North America represent certain employees under collective bargaining agreements that expire in 2020, neither of which represents more than 50 of our employees at Hollywood Casino Perryville.

Available Information

For more information about us, visit our website at www.glpropinc.com. The contents of our website are not part of this Annual Report on Form 10-K. Our electronic filings with the SEC (including all annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, and any amendments to these reports), including the exhibits, are available free of charge through our website as soon as reasonably practicable after we electronically file them with or furnish them to the SEC.

ITEM 1A. RISK FACTORS

Risk Factors Relating to Our Spin-Off from Penn

We may be unable to achieve some or all the benefits that we expect to achieve from the Spin-Off.

We believe that, as a publicly traded company independent from Penn, GLPI will have the ability to pursue transactions with other gaming operators that would not pursue transactions with Penn as a current competitor, to fund acquisitions with its equity on significantly more favorable terms than those that would be available to Penn, to diversify into different businesses in which Penn, as a practical matter, could not diversify, such as hotels, entertainment facilities and office space, and to pursue certain transactions that Penn otherwise would be disadvantaged by or precluded from pursuing due to regulatory constraints. However, we may not be able to achieve some or all of the benefits that we expect to achieve as a company independent from Penn in the time we expect, if at all.

If the Spin-Off, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, GLPI could be subject to significant tax liabilities and, in certain circumstances, GLPI could be required to indemnify Penn for material taxes pursuant to indemnification obligations under the Tax Matters Agreement.

Penn has received a private letter ruling from the IRS substantially to the effect that, among other things, the Spin-Off, together with the required compliance exchanges and certain related transactions, will qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and/or 368(a)(1)(D) of the Code (the "IRS Ruling"). The IRS Ruling does not address certain requirements for tax-free treatment of the Spin-Off under Section 355, and Penn received from its tax advisors a tax opinion substantially to the effect that, with respect to such requirements on which the IRS will not rule, such requirements have been satisfied. The IRS Ruling, and the tax opinions that Penn received from its tax advisors, relied on, among other things, certain representations, assumptions and undertakings, including those relating to the past and future conduct of GLPI's business, and the IRS Ruling and the opinions would not be valid if such representations, assumptions and undertakings were incorrect in any material respect.

Notwithstanding the IRS Ruling and the tax opinions, the IRS could determine the Spin-Off should be treated as a taxable transaction for U.S. federal income tax purposes if it determines any of the representations, assumptions or

undertakings that were included in the request for the IRS Ruling are false or have been violated or if it disagrees with the conclusions in the opinions that are not covered by the IRS Ruling.

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Under a Tax Matters Agreement that GLPI entered into with Penn, GLPI generally is required to indemnify Penn against any tax resulting from the Spin-Off to the extent that such tax resulted from (i) an acquisition of all or a portion of the equity securities or assets of GLPI, whether by merger or otherwise, (ii) other actions or failures to act by GLPI, or (iii) any of GLPI's representations or undertakings being incorrect or violated. GLPI's indemnification obligations to Penn and its subsidiaries, officers and directors will not be limited by any maximum amount. If GLPI is required to indemnify Penn or such other persons under the circumstance set forth in the Tax Matters Agreement, GLPI may be subject to substantial liabilities.

GLPI may not be able to engage in desirable strategic or capital-raising transactions following the Spin-Off. In addition, GLPI could be liable for adverse tax consequences resulting from engaging in significant strategic or capital-raising transactions.

To preserve the tax-free treatment to Penn of the Spin-Off, for the two-year period following the Spin-Off, GLPI may be prohibited, except in specific circumstances, from: (1) entering into any transaction pursuant to which all or a portion of GLPI's stock would be acquired, whether by merger or otherwise, (2) issuing equity securities beyond certain thresholds, (3) repurchasing GLPI common stock, (4) ceasing to actively conduct the business of operating Hollywood Casino Baton Rouge or Hollywood Casino Perryville, or (5) taking or failing to take any other action that prevents the Spin-Off and related transactions from being tax-free. These restrictions may limit GLPI's ability to pursue strategic transactions or engage in new business or other transactions that may maximize the value of GLPI's business.

The Spin-Off agreements are not the result of negotiations between unrelated third parties.

The agreements that we entered into with Penn in connection with the Spin-Off, including the Separation and Distribution Agreement, Master Lease, Tax Matters Agreement, Employee Matters Agreement and Transition Services Agreement, were negotiated in the context of the Spin-Off while we were still a wholly-owned subsidiary of Penn. Accordingly, during the period in which the terms of those agreements were negotiated, we did not have an independent board of directors or a management team independent of Penn. As a result, although those agreements are generally intended to reflect arm's-length terms, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. Accordingly, there can be no assurance that the terms of these agreements will be as favorable for GLPI as would have resulted from negotiations with one or more unrelated third parties.

The historical financial information included in this filing may not be a reliable indicator of future results.

The historical financial statements included herein primarily consist of the combined historical financial data of Louisiana Casino Cruises, Inc. and Penn Cecil Maryland, Inc., which were acquired by a subsidiary of GLPI called GLP Holdings, Inc., and which operate the TRS Properties. The financial results for the years ended December 31, 2012, 2011 and 2010 reflect only the operations of the TRS Properties, whereas financial results for the Company's 2013 fiscal year reflect a full year of operations for the businesses in the taxable REIT subsidiaries and a partial year from November 1, 2013 to December 31, 2013 for the real estate entity.

The historical financial statements included herein do not reflect what the business, financial position or results of operations of GLPI will be in the future. Prior to the Spin-Off, the business of GLPI was operated by Penn as part of one corporate organization and not operated as a stand-alone company. Because GLPI has no significant historical operations and did not acquire the real estate ownership and development business of Penn until immediately prior to the Spin-Off, there are no historical financial statements for GLPI as it exists following the Spin-Off. Significant changes will occur in the cost structure, financing and business operations of GLPI as a result of its operation as a stand-alone company and the entry into transactions with Penn (and its subsidiaries) that have not existed historically, including the Master Lease.

The ownership by our executive officers and directors of common shares, options or other equity awards of Penn may create, or may create the appearance of, conflicts of interest.

Because of their current or former positions with Penn, substantially all of our executive officers, including our chief executive officer and chief financial officer, and certain directors own common shares of Penn, options to purchase common shares of Penn or other Penn equity awards as well as common shares, options to purchase common shares and/or other equity awards in GLPI. The individual holdings of common shares, options to purchase common shares

or other equity awards of Penn and GLPI may be significant for some of these persons compared to their total assets. These equity interests may create, or appear to create, conflicts of interest when these directors and officers are faced with decisions that could benefit or affect the equity holders of Penn in ways that do not benefit or affect us in the same manner.

Peter M. Carlino, our Chairman and Chief Executive Officer, and David A. Handler, one of our directors, also serve on the Penn Board of Directors which may create conflicts of interest and/or create regulatory obstacles for the Company in its pursuit of additional properties.

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Peter M. Carlino serves as Chairman of Penn and the Chairman and Chief Executive Officer of GLPI. In addition, David A. Handler, one of our directors, serves as a director at Penn. These overlapping positions could create, or appear to create, potential conflicts of interest when our or Penn's management and directors pursue the same corporate opportunities, such as greenfield development opportunities, or face decisions that could have different implications for us and Penn. For example, potential conflicts of interest could arise in connection with the negotiation or the resolution of any dispute between us and Penn (or its subsidiaries) regarding the terms of the agreements governing the separation and the relationship (e.g. Master Lease) thereafter. Potential conflicts of interest could also arise if we and Penn enter into any commercial arrangements with each other in the future. We have established a mechanism in our Corporate Governance Guidelines to address potential conflicts through the use of an independent director but there can be no assurance that this process will completely eliminate conflicts resulting from overlapping directors. In addition to potential conflicts of interest, the overlapping director position could create obstacles to engaging in certain transactions in close proximity to existing Penn properties and there can be no assurance that the Company will be able to overcome such obstacles.

Potential indemnification liabilities of GLPI pursuant to the Separation and Distribution Agreement could materially adversely affect GLPI.

The Separation and Distribution Agreement between GLPI and Penn provides for, among other things, the principal corporate transactions required to effect the separation, certain conditions to the separation and provisions governing the relationship between GLPI and Penn with respect to, and resulting from the separation.

Among other things, the Separation and Distribution Agreement provides for indemnification obligations designed to make GLPI financially responsible for substantially all liabilities that may result relating to or arising out of its business. If GLPI is required to indemnify Penn under the circumstances set forth in the Separation and Distribution Agreement, GLPI may be subject to substantial liabilities.

In connection with the Spin-Off, Penn will indemnify us for certain liabilities. However, there can be no assurance that these indemnities will be sufficient to insure us against the full amount of such liabilities, or that Penn's ability to satisfy its indemnification obligation will not be impaired in the future.

Pursuant to the Separation and Distribution Agreement, Penn has agreed to indemnify us for certain liabilities. However, third parties could seek to hold us responsible for any of the liabilities that Penn agreed to retain, and there can be no assurance that Penn will be able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from Penn any amounts for which we are held liable, we may be temporarily required to bear these losses while seeking recovery from Penn and such recovery could have a material adverse impact on Penn's financial condition and ability to pay rent due under the Master Lease.

A court could deem the distribution to be a fraudulent conveyance and void the transaction or impose substantial liabilities upon us.

A court could deem the distribution of GLPI common shares or certain internal restructuring transactions undertaken by Penn in connection with the Spin-Off, or the Purging Distribution by GLPI, to be a fraudulent conveyance or transfer. Fraudulent conveyances or transfers are defined to include transfers made or obligations incurred with the actual intent to hinder, delay or defraud current or future creditors or transfers made or obligations incurred for less than reasonably equivalent value when the debtor was insolvent, or that rendered the debtor insolvent, inadequately capitalized or unable to pay its debts as they become due. In such circumstances, a court could void the transactions or impose substantial liabilities upon us, which could adversely affect our financial condition and our results of operations. Among other things, the court could require our shareholders to return to Penn some or all of the shares of our common stock issued in the distribution, to return some of the Purging Distribution to GLPI, or require us to fund liabilities of other companies involved in the restructuring transactions for the benefit of creditors. Whether a transaction is a fraudulent conveyance or transfer will vary depending upon the jurisdiction whose law is being applied.

Risk Factors Relating to the Status of GLPI as a REIT

If GLPI does not qualify to be taxed as a REIT, or fails to remain qualified as a REIT, GLPI will be subject to U.S. federal income tax as a regular corporation and could face a substantial tax liability, which would reduce the amount of cash available for distribution to shareholders of GLPI.

GLPI currently operates, and intends to continue to operate, in a manner that will allow GLPI to qualify to be taxed as a REIT for U.S. federal income tax purposes, which GLPI currently expects to occur commencing with its taxable year beginning on January 1, 2014. GLPI received an opinion from its special tax advisors, Wachtell, Lipton, Rosen & Katz and KPMG LLP (collectively the "Special Tax Advisors"), with respect to its qualification as a REIT in connection with the Spin-Off. Investors should be aware, however, that opinions of advisors are not binding on the IRS or any court. The opinions of Special Tax

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Advisors represent only the view of the Special Tax Advisors based on their review and analysis of existing law and on certain representations as to factual matters and covenants made by GLPI, including representations relating to the values of GLPI's assets and the sources of GLPI's income. The opinions are expressed as of the date issued. Special Tax Advisors will have no obligation to advise GLPI or the holders of GLPI common stock of any subsequent change in the matters stated, represented or assumed or of any subsequent change in applicable law. Furthermore, both the validity of the opinions of Special Tax Advisors and GLPI's qualification as a REIT will depend on GLPI's satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis, the results of which will not be monitored by Special Tax Advisors. GLPI's ability to satisfy the asset tests depends upon GLPI's analysis of the characterization and fair market values of its assets, some of which are not susceptible to a precise determination, and for which GLPI will not obtain independent appraisals.

Penn has received a private letter ruling from the IRS with respect to certain issues relevant to GLPI's qualification as a REIT. In general, the ruling provides, subject to the terms and conditions contained therein, that (1) certain of the assets to be held by GLPI after the Spin-Off and (2) the methodology for calculating a certain portion of rent received by GLPI pursuant to the Master Lease will not adversely affect GLPI's qualification as a REIT. Although GLPI may generally rely upon the ruling, no assurance can be given that the IRS will not challenge GLPI's qualification as a REIT on the basis of other issues or facts outside the scope of the ruling.

If GLPI were to fail to qualify to be taxed as a REIT in any taxable year, it would be subject to U.S. federal income tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates, and dividends paid to GLPI shareholders would not be deductible by GLPI in computing its taxable income. Any resulting corporate liability could be substantial and would reduce the amount of cash available for distribution to its shareholders, which in turn could have an adverse impact on the value of GLPI common stock. Unless GLPI were entitled to relief under certain Code provisions, GLPI also would be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year in which GLPI failed to qualify to be taxed as a REIT.

Qualifying as a REIT involves highly technical and complex provisions of the Code.

Qualification as a REIT involves the application of highly technical and complex Code provisions for which only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize GLPI's REIT qualification. GLPI's qualification as a REIT will depend on its satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis. In addition, GLPI's ability to satisfy the requirements to qualify to be taxed as a REIT may depend in part on the actions of third parties over which it has no control or only limited influence.

GLPI could fail to qualify to be taxed as a REIT if income it receives from Penn or its subsidiaries is not treated as qualifying income.

Under applicable provisions of the Code, GLPI will not be treated as a REIT unless it satisfies various requirements, including requirements relating to the sources of its gross income. Rents received or accrued by GLPI from Penn or its subsidiaries will not be treated as qualifying rent for purposes of these requirements if the Master Lease is not respected as a true lease for U.S. federal income tax purposes and is instead treated as a service contract, joint venture or some other type of arrangement. If the Master Lease is not respected as a true lease for U.S. federal income tax purposes, GLPI may fail to qualify to be taxed as a REIT. Furthermore, GLPI's qualification as a REIT will depend on GLPI's satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis. GLPI's ability to satisfy the asset tests depends upon GLPI's analysis of the characterization and fair market values of its assets, some of which are not susceptible to a precise determination, and for which GLPI will not obtain independent appraisals.

In addition, subject to certain exceptions, rents received or accrued by GLPI from Penn or its subsidiaries will not be treated as qualifying rent for purposes of these requirements if GLPI or an actual or constructive owner of 10% or more of GLPI stock actually or constructively owns 10% or more of the total combined voting power of all classes of Penn stock entitled to vote or 10% or more of the total value of all classes of Penn stock. GLPI's charter provides for restrictions on ownership and transfer of its shares of stock, including restrictions on such ownership or transfer that would cause the rents received or accrued by GLPI from Penn or its subsidiaries to be treated as non-qualifying rent for purposes of the REIT gross income requirements. Nevertheless, there can be no assurance that such restrictions

will be effective in ensuring that rents received or accrued by GLPI from Penn or its subsidiaries will not be treated as qualifying rent for purposes of REIT qualification requirements.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum U.S. federal income tax rate applicable to income from "qualified dividends" payable by U.S. corporations to U.S. shareholders that are individuals, trusts and estates is currently 20%. Dividends payable by REITs, however, generally

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are not eligible for the reduced rates. Although these rules do not adversely affect the taxation of REITs, the more favorable rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts or estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including GLPI's stock. REIT distribution requirements could adversely affect GLPI's ability to execute its business plan.

GLPI generally must distribute annually at least 90% of its REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains, in order for GLPI 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 GLPI distributes. To the extent that GLPI satisfies this distribution requirement and qualifies for taxation as a REIT but distributes less than 100% of its REIT taxable income, determined without regard to the dividends paid deduction and including any net capital gains, GLPI will be subject to U.S. federal corporate income tax on its undistributed net taxable income. In addition, GLPI will be subject to a 4% nondeductible excise tax if the actual amount that GLPI distributes to its shareholders in a calendar year is less than a minimum amount specified under U.S. federal income tax laws. GLPI intends to make distributions to its shareholders to comply with the REIT requirements of the Code.

From time to time, GLPI may generate taxable income greater than its cash flow as a result of differences in timing between the recognition of taxable income and the actual receipt of cash or the effect of nondeductible capital expenditures, the creation of reserves or required debt or amortization payments. If GLPI does not have other funds available in these situations, GLPI could be required to borrow funds on unfavorable terms, sell assets at disadvantageous prices or distribute amounts that would otherwise be invested in future acquisitions to make distributions sufficient to enable GLPI to pay out enough of its taxable income to satisfy the REIT distribution requirement and to avoid corporate income tax and the 4% excise tax in a particular year. These alternatives could increase GLPI's costs or reduce its equity. Thus, compliance with the REIT requirements may hinder GLPI's ability to grow, which could adversely affect the value of GLPI stock. Restrictions in GLPI's indebtedness following the Spin-Off, including restrictions on GLPI's ability to incur additional indebtedness or make certain distributions, could preclude it from meeting the 90% distribution requirement. Decreases in funds from operations due to unfinanced expenditures for acquisitions of properties or increases in the number of shares of GLPI common stock outstanding without commensurate increases in funds from operations each would adversely affect the ability of GLPI to maintain distributions to its shareholders. Moreover, the failure of Penn to make rental payments under the Master Lease would materially impair the ability of GLPI to make distributions. Consequently, there can be no assurance that GLPI will be able to make distributions at the anticipated distribution rate or any other rate.

Even if GLPI remains qualified as a REIT, GLPI may face other tax liabilities that reduce its cash flow.

Even if GLPI remains qualified for taxation as a REIT, GLPI may be subject to certain U.S. federal, state, and local taxes on its income and assets, including taxes on any undistributed income and state or local income, property and transfer taxes. For example, GLPI holds certain of its assets and conducts related activities through TRS subsidiary corporations that are subject to federal, state, and local corporate-level income taxes as regular C corporations as well as state and local gaming taxes. In addition, GLPI may incur a 100% excise tax on transactions with a TRS if they are not conducted on an arm's-length basis. Any of these taxes would decrease cash available for distribution to GLPI shareholders.

Complying with REIT requirements may cause GLPI to forego otherwise attractive acquisition opportunities or liquidate otherwise attractive investments.

To qualify to be taxed as a REIT for U.S. federal income tax purposes, GLPI must ensure that, at the end of each calendar quarter, at least 75% of the value of its assets consists of cash, cash items, government securities and "real estate assets" (as defined in the Code), including certain mortgage loans and securities. The remainder of GLPI's investments (other than government securities, qualified real estate assets and securities issued by a TRS) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of GLPI's total assets (other than government securities, qualified real estate assets and securities issued by a TRS) can consist of the securities of any one issuer, and no more than 25% of the value of GLPI's total assets can be represented by

securities of one or more TRSs. If GLPI fails to comply with these requirements at the end of any calendar quarter, it must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing its REIT qualification and suffering adverse tax consequences. As a result, GLPI may be required to liquidate or forego otherwise attractive investments. These actions could have the effect of reducing GLPI's income and amounts available for distribution to GLPI shareholders.

In addition to the asset tests set forth above, to qualify to be taxed as a REIT GLPI must continually satisfy tests concerning, among other things, the sources of its income, the amounts it distributes to GLPI shareholders and the ownership of GLPI stock. GLPI may be unable to pursue investments that would be otherwise advantageous to GLPI in order to satisfy the

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source-of-income or asset-diversification requirements for qualifying as a REIT. Thus, compliance with the REIT requirements may hinder GLPI's ability to make certain attractive investments.

Complying with REIT requirements may limit GLPI's ability to hedge effectively and may cause GLPI to incur tax liabilities.

The REIT provisions of the Code substantially limit GLPI's ability to hedge its assets and liabilities. Income from certain hedging transactions that GLPI may enter into to manage risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets or from transactions to manage risk of currency fluctuations with respect to any item of income or gain that satisfy the REIT gross income tests (including gain from the termination of such a transaction) does not constitute "gross income" for purposes of the 75% or 95% gross income tests that apply to REITs, provided that certain identification requirements are met. To the extent that GLPI enters into other types of hedging transactions or fails to properly identify such transaction as a hedge, the income is likely to be treated as non-qualifying income for purposes of both of the gross income tests. As a result of these rules, GLPI may be required to limit its use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of GLPI's hedging activities because the TRS may be subject to tax on gains or expose GLPI to greater risks associated with changes in interest rates that GLPI would otherwise want to bear. In addition, losses in the TRS will generally not provide any tax benefit, except that such losses could theoretically be carried back or forward against past or future taxable income in the TRS.

GLPI paid the Purging Distribution in common stock and cash and may pay taxable dividends on GLPI common stock in common stock and cash. GLPI's shareholders may sell shares of GLPI common stock to pay tax on such dividends, placing downward pressure on the market price of GLPI common stock.

GLPI paid the Purging Distribution in a combination of cash and GLPI stock. Penn has received a private letter ruling from the IRS with respect to certain issues relevant to GLPI's payment of the Purging Distribution in a combination of cash and GLPI stock. In general, the ruling provides, subject to the terms and conditions contained therein, that (1) the Purging Distribution will be treated as a dividend that will first reduce GLPI's accumulated earnings and profits (as determined for U.S. federal income tax purposes) attributable to pre-REIT years in satisfaction of the REIT annual distribution requirement and (2) the amount of any GLPI stock received by any GLPI shareholder as part of the Purging Distribution will be considered to equal the amount of cash that could have been received instead. In the Purging Distribution, a shareholder of GLPI common stock will be required to report dividend income as a result of the Purging Distribution even though GLPI distributed no cash or only nominal amounts of cash to such shareholder. GLPI currently intends to pay dividends (other than the Purging Distribution) in cash only, and not in-kind. However, if for any taxable year, GLPI has significant amounts of taxable income in excess of available cash flow, GLPI may declare dividends in-kind in order to satisfy the REIT annual distribution requirements. GLPI may distribute a portion of its dividends in the form of its stock or its debt instruments. In either event, a shareholder of GLPI common stock will be required to report dividend income as a result of such distributions even though GLPI distributed no cash or only nominal amounts of cash to such shareholder.

The IRS has issued private letter rulings to other REITs (and, with respect to the Purging Distribution and as described above, to Penn) treating certain distributions that are paid partly in cash and partly in stock as taxable dividends that would satisfy the REIT annual distribution requirement and qualify for the dividends paid deduction for U.S. federal income tax purposes. Those rulings may be relied upon only by taxpayers to whom they were issued, but GLPI could request a similar ruling from the IRS. GLPI cannot rely on the private letter ruling Penn received from the IRS, as described above, with respect to the payment of dividends other than the Purging Distribution. In addition, the IRS previously issued a revenue procedure authorizing publicly traded REITs to make elective cash/stock dividends, but that revenue procedure does not apply to GLPI's taxable year beginning on January 1, 2014 and future taxable years. Accordingly, it is unclear whether and to what extent GLPI will be able to make taxable dividends (other than the Purging Distribution) payable in-kind.

If GLPI made any taxable dividend payable in cash and common stock, taxable shareholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the extent of GLPI's current and accumulated earnings and profits, as determined for U.S. federal income tax purposes. As a result, shareholders may be required to pay income tax with respect to such dividends in excess of the cash dividends received. If a U.S.

shareholder sells the GLPI stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of the stock at the time of the sale. Furthermore, with respect to certain non-U.S. shareholders, GLPI may be required to withhold federal income tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in GLPI stock. If, in any taxable dividend payable in cash and GLPI stock, a significant number of GLPI shareholders determine to sell shares of GLPI stock in order to pay taxes owed on dividends, it may be viewed as economically equivalent to a dividend reduction and put downward pressure on the market price of GLPI stock.

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Even if GLPI qualifies to be taxed as a REIT, GLPI could be subject to tax on any unrealized net built-in gains in the assets held before electing to be treated as a REIT.

GLPI owns appreciated assets that were held by a C corporation before GLPI elected to be treated as a REIT and were acquired by GLPI in a transaction in which the adjusted tax basis of the assets in GLPI's hands is determined by reference to the adjusted tax basis of the assets in the hands of the C corporation. If GLPI disposes of any such appreciated assets during the ten-year period following GLPI's acquisition of the assets from the C corporation (i.e., during the ten-year period following GLPI's qualification as a REIT), GLPI will be subject to tax at the highest corporate tax rates on any gain from such assets to the extent of the excess of the fair market value of the assets on the date that they were acquired by GLPI (i.e., at the time that GLPI became a REIT) over the adjusted tax basis of such assets on such date, which are referred to as built-in gains. GLPI would be subject to this tax liability even if it qualifies and maintains its status as a REIT. Any recognized built-in gain will retain its character as ordinary income or capital gain and will be taken into account in determining REIT taxable income and GLPI's distribution requirement. Any tax on the recognized built-in gain will reduce REIT taxable income. GLPI may choose not to sell in a taxable transaction appreciated assets it might otherwise sell during the ten-year period in which the built-in gain tax applies in order to avoid the built-in gain tax. However, there can be no assurances that such a taxable transaction will not occur. If GLPI sells such assets in a taxable transaction, the amount of corporate tax that GLPI will pay will vary depending on the actual amount of net built-in gain or loss present in those assets as of the time GLPI became a REIT. The amount of tax could be significant.

Risk Factors Relating to Our Business following the Spin-Off

We are dependent on Penn (including its subsidiaries) until we substantially diversify our portfolio, and an event that has a material adverse effect on Penn's business, financial position or results of operations could have a material adverse effect on our business, financial position or results of operations.

A subsidiary of Penn is the lessee of substantially all of our properties pursuant to the Master Lease and accounts for a significant portion of our revenues. Additionally, because the Master Lease is a triple-net lease, we depend on Penn to pay all insurance, taxes, utilities and maintenance and repair expenses in connection with these leased properties and to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities arising in connection with its business. There can be no assurance that Penn will have sufficient assets, income and access to financing to enable it to satisfy its payment obligations under the Master Lease. The inability or unwillingness of Penn to meet its subsidiary's rent obligations and other obligations under the Master Lease could materially adversely affect our business, financial position or results of operations, including our ability to pay dividends to our shareholders as required to maintain our status as a REIT. For these reasons, if Penn were to experience a material adverse effect on its gaming business, financial position or results of operations, our business, financial position or results of operations could also be materially adversely affected.

Due to our dependence on rental payments from Penn and its tenant subsidiary as our main source of revenues, we may be limited in our ability to enforce our rights under the Master Lease or to terminate the lease with respect to a particular property. Failure by Penn's tenant subsidiary to comply with the terms of the Master Lease or to comply with the gaming regulations to which the leased properties are subject could require us to find another lessee for such leased property and there could be a decrease or cessation of rental payments by Penn. In such event, we may be unable to locate a suitable lessee at similar rental rates or at all, which would have the effect of significantly reducing our rental revenues.

Our pursuit of investments in, and acquisitions or development of, additional properties may be unsuccessful or fail to meet our expectations.

We operate in a highly competitive industry and face competition from other REITs, investment companies, private equity and hedge fund investors, sovereign funds, lenders, gaming companies and other investors, some of whom are significantly larger and have greater resources and lower costs of capital. Increased competition will make it more challenging to identify and successfully capitalize on acquisition opportunities that meet our investment objectives. If we cannot identify and purchase a sufficient quantity of gaming properties and other properties at favorable prices or if we are unable to finance acquisitions on commercially favorable terms, our business, financial position or results of operations could be materially adversely affected. Additionally, the fact that we must distribute 90% of our net taxable

income in order to maintain our qualification as a REIT may limit our ability to rely upon rental payments from our leased properties or subsequently acquired properties in order to finance acquisitions. As a result, if debt or equity financing is not available on acceptable terms, further acquisitions might be limited or curtailed. Furthermore, fluctuations in the price of our common stock may impact our ability to finance additional acquisitions through the issuance of common stock and/or cause significant dilution.

Investments in and acquisitions of gaming properties and other properties we might seek to acquire entail risks associated with real estate investments generally, including that the investment's performance will fail to meet expectations, that the cost estimates for necessary property improvements will prove inaccurate or that the tenant, operator or manager will underperform.

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Real estate development projects present other risks, including construction delays or cost overruns that increase expenses, the inability to obtain required zoning, occupancy and other governmental approvals and permits on a timely basis, and the incurrence of significant development costs prior to completion of the project.

We are dependent on the gaming industry and may be susceptible to the risks associated with it, which could materially adversely affect our business, financial position or results of operations.

As the owner of gaming facilities, we are impacted by the risks associated with the gaming industry. Therefore, our success is to some degree dependent on the gaming industry, which could be adversely affected by economic conditions in general, changes in consumer trends and preferences and other factors over which we and our tenants have no control. As we are subject to risks inherent in substantial investments in a single industry, a decrease in the gaming business would likely have a greater adverse effect on our revenues than if we owned a more diversified real estate portfolio, particularly because a component of the rent under the Master Lease is based, over time, on the performance of the gaming facilities operated by Penn on our properties.

The gaming industry is characterized by an increasing number of gaming facilities with an increasingly high degree of competition among a large number of participants, including riverboat casinos, dockside casinos, land-based casinos, video lottery, sweepstakes and poker machines not located in casinos, Native American gaming and other forms of gaming in the U.S. Furthermore, competition from internet lotteries, sweepstakes, and other internet wagering gaming services, which allow their customers to wager on a wide variety of sporting events and play Las Vegas-style casino games from home or in non-casino settings, could divert customers from our properties and thus adversely affect our business. Such internet wagering services are often illegal under federal law but operate exclusively in certain states and from overseas locations, and are accessible to certain domestic gamblers. Currently, there are proposals that would legalize internet poker and other varieties of internet gaming in a number of states and at the federal level.

Several states, including Nevada, New Jersey and Delaware, have enacted legislation authorizing intrastate internet gaming and internet gaming operations have begun in these states. Expansion of internet gaming in other jurisdictions (both legal and illegal) could further compete with our traditional operations, which could have an adverse impact on our business and result of operations.

The operations of our facilities are subject to disruptions or reduced patronage as a result of severe weather conditions, natural disasters and other casualty events. Because many of our facilities are located on or adjacent to bodies of water, they are subject to risks in addition to those associated with land-based facilities, including loss of service due to casualty, forces of nature, mechanical failure, extended or extraordinary maintenance, flood, hurricane or other severe weather conditions. A component of the rent under the Master Lease is based, over time, on the performance of the gaming facilities operated by Penn on our properties; consequently, a casualty that leads to the loss of use of a casino facility subject to the Master Lease for an extended period may negatively impact our revenues.

We face extensive regulation from gaming and other regulatory authorities.

The ownership, operation, and management of gaming and racing facilities are subject to pervasive regulation. These regulations impact both our ownership and operation of the TRS Properties and the operations of our gaming tenants. Our ownership and operation of the TRS Properties subject GLPI and its officers and directors to the jurisdiction of the gaming regulatory agencies in Louisiana and Maryland. Further, many gaming and racing regulatory agencies in the jurisdictions in which Penn operates require GLPI and its affiliates to maintain a license as a key business entity or supplier of Penn because of GLPI's status as landlord.

In many jurisdictions, gaming laws can require certain of our shareholders to file an application, be investigated, and qualify or have his, her or its suitability determined by gaming authorities. Gaming authorities have very broad discretion in determining whether an applicant should be deemed suitable. Subject to certain administrative proceeding requirements, the gaming regulators have the authority to deny any application or limit, condition, restrict, revoke or suspend any license, registration, finding of suitability or approval, or fine any person licensed, registered or found suitable or approved, for any cause deemed reasonable by the gaming authorities.

Many jurisdictions also require any person who acquires beneficial ownership of more than a certain percentage of voting securities of a gaming company and, in some jurisdictions, non-voting securities, typically 5%, to report the acquisition to gaming authorities, and gaming authorities may require such holders to apply for qualification or a finding of suitability, subject to limited exceptions for "institutional investors" that hold a company's voting securities

for investment purposes only. Some jurisdictions may also limit the number of gaming licenses in which a person may hold an ownership or a controlling interest.

Additionally, substantially all material loans, leases, sales of securities and similar financing transactions by GLPI and its subsidiaries must be reported to and in some cases approved by gaming authorities. Neither GLPI nor any of its subsidiaries may make a public offering of securities without the prior approval of certain gaming authorities.

Changes in control through

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merger, consolidation, stock or asset acquisitions, management or consulting agreements, or otherwise are subject to receipt of prior approval of gaming authorities. Entities seeking to acquire control of GLPI or one of its subsidiaries must satisfy gaming authorities with respect to a variety of stringent standards prior to assuming control.

Required regulatory approvals can delay or prohibit transfers of our gaming properties, which could result in periods in which we are unable to receive rent for such properties.

The tenants of our gaming properties are operators of gaming facilities, which operators must be licensed under applicable state law. Prior to the transfer of gaming facilities, the new operator generally must become licensed under state law. In the event that the Master Lease or any future lease agreement we will enter into is terminated or expires and a new tenant is found, any delays in the new tenant receiving regulatory approvals from the applicable state government agencies, or the inability to receive such approvals, may prolong the period during which we are unable to collect the applicable rent.

Our charter restricts the ownership and transfer of our outstanding stock, which may have the effect of delaying, deferring or preventing a transaction or change of control of our company.

In order for GLPI to qualify to be taxed as a REIT, not more than 50% in value of its outstanding shares of stock may be owned, actually or constructively, by five or fewer individuals at any time during the last half of each taxable year after the first year for which GLPI elects to qualify to be taxed as a REIT. Additionally, at least 100 persons must beneficially own GLPI stock during at least 335 days of a taxable year (other than the first taxable year for which GLPI elects to be taxed as a REIT). GLPI's charter, with certain exceptions, authorizes the Board of Directors to take such actions as are necessary and desirable to preserve GLPI's qualification as a REIT. GLPI's charter also provides that, subject to certain exceptions exempted by the Board of Directors, no person may beneficially or constructively own more than 7% in value or in number, whichever is more restrictive, of GLPI's outstanding shares of all classes and series of stock. The constructive ownership rules are complex and may cause shares of stock owned directly or constructively by a group of related individuals or entities to be constructively owned by one individual or entity. These ownership limits could delay or prevent a transaction or a change in control of GLPI that might involve a premium price for shares of GLPI stock or otherwise be in the best interests of GLPI shareholders. The acquisition of less than 7% of our outstanding stock by an individual or entity could cause that individual or entity to own beneficially or constructively in excess of 7% in value of our outstanding stock, and thus violate our charter's ownership limit. Our charter prohibits any person from owning shares of our stock that would result in our being "closely held" under Section 856(h) of the Code. Any attempt to own or transfer shares of our stock in violation of these restrictions may result in the transfer being automatically void. GLPI's charter also provides that shares of GLPI's capital stock acquired or held in excess of the ownership limit will be transferred to a trust for the benefit of a designated charitable beneficiary, and that any person who acquires shares of GLPI's capital stock in violation of the ownership limit will not be entitled to any dividends on the shares or be entitled to vote the shares or receive any proceeds from the subsequent sale of the shares in excess of the lesser of the market price on the day the shares were transferred to the trust or the amount realized from the sale. GLPI or its designee will have the right to purchase the shares from the trustee at this calculated price as well. A transfer of shares of GLPI's capital stock in violation of the limit may be void under certain circumstances. GLPI's 7% ownership limitation may have the effect of delaying, deferring or preventing a change in control of GLPI, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price for GLPI's shareholders. To assist GLPI in complying with applicable gaming laws, our charter also provides that capital stock of GLPI that is owned or controlled by an unsuitable person or an affiliate of an unsuitable person will be transferred to a trust for the benefit of a designated charitable beneficiary, and that any such unsuitable person or affiliate will not be entitled to any dividends on the shares or be entitled to vote the shares or receive any proceeds from the subsequent sale of the shares in excess of the lesser of the price paid by the unsuitable person or affiliate for the shares or the amount realized from the sale, in each case less a discount in a percentage (up to 100%) to be determined by our Board of Directors in its sole and absolute discretion. The shares shall additionally be redeemable by GLPI, out of funds legally available for that redemption, to the extent required by the gaming authorities making the determination of unsuitability or to the extent determined to be necessary or advisable by our Board of Directors, at a redemption price equal to the lesser of (i) the market price on the date of the redemption notice, (ii) the market price on the redemption date, or (iii) the

actual amount paid for the shares by the owner thereof, in each case less a discount in a percentage (up to 100%) to be determined by our Board of Directors in its sole and absolute discretion.

Pennsylvania law and provisions in our charter and bylaws may delay or prevent takeover attempts by third parties and therefore inhibit GLPI's shareholders from realizing a premium on their stock.

GLPI's charter and bylaws contain, and Pennsylvania law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids and to encourage prospective acquirors to negotiate with GLPI's Board of Directors rather than to attempt a hostile takeover. GLPI's charter and bylaws, among other things (i) permit the Board of Directors, without further action of the shareholders, to issue and fix the terms of preferred stock, which may have rights senior to those of the common stock; (ii) establish certain advance notice procedures for shareholder proposals, and require all director candidates to be recommended by the nominating committee of the Board of Directors; (iii) classify our Board of Directors into

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three separate classes with staggered terms; (iv) provide that a director may only be removed by shareholders for cause and upon the vote of 75% of the shares entitled to vote; (v) not permit direct nomination by shareholders of nominees for election to the Board of Directors, but instead permit shareholders to recommend potential nominees to the compensation and governance committee; (vi) require shareholders to have beneficially owned at least 1% of the outstanding GLPI common stock in order to recommend a person for nomination for election to the Board of Directors, or to present a shareholder proposal, for action at a shareholders meeting; and (vii) provide for supermajority approval requirements for amending or repealing certain provisions in our charter and in order to approve an amendment or repeal of any provision of our bylaws that has not been proposed by our Board of Directors. In addition, specific anti-takeover provisions in Pennsylvania law could make it more difficult for a third party to attempt a hostile takeover. These provisions require (i) approval of certain transactions by a majority of the voting stock other than that held by the potential acquirer; (ii) the acquisition at "fair value" of all the outstanding shares not held by an acquirer of 20% or more; (iii) a five-year moratorium on certain "business combination" transactions with an "interested shareholder;" (iv) the loss by interested shareholders of their voting rights over "control shares;" (v) the disgorgement of profits realized by an interested shareholder from certain dispositions of GLPI shares; and (vi) severance payments for certain employees and prohibiting termination of certain labor contracts.

GLPI's believes these provisions will protect its shareholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with GLPI's Board of Directors and by providing GLPI's Board of Directors with more time to assess any acquisition proposal. These provisions are not intended to make GLPI immune from takeovers or to prevent a transaction from occurring. However, these provisions will apply even if the offer may be considered beneficial by some shareholders and could delay or prevent an acquisition that GLPI's Board of Directors determines is not in the best interests of GLPI. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

Our management team, including chairman and chief executive officer, Peter M. Carlino, and chief financial officer, William J. Clifford, has limited experience operating a REIT.

The requirements for qualifying as a REIT are highly technical and complex. Our management team, including chairman and chief executive officer, Peter M. Carlino, and chief financial officer, William J. Clifford, has limited experience in complying with the income, asset and other limitations imposed by the REIT provisions of the Code. Any failure to comply with those provisions in a timely manner could prevent GLPI from qualifying as a REIT or could force GLPI to pay unexpected taxes and penalties. In such event, GLPI's net income would be reduced and GLPI could incur a loss, which could materially harm its business, financial position or results of operations. In addition, there is no assurance that their past experience with the acquisition, development and disposition of gaming facilities will be sufficient to enable them to successfully manage GLPI's portfolio of properties as required by its business plan or the REIT provisions of the Code.

If we lose our key management personnel, we may not be able to successfully manage our business and achieve our objectives.

Our success depends in large part upon the leadership and performance of our executive management team, particularly Peter M. Carlino, our chief executive officer, and William J. Clifford, our chief financial officer. If we lose the services of Messrs. Carlino or Clifford, we may not be able to successfully manage our business or achieve our business objectives. Furthermore, with the exception of the Company's Senior Vice President of Corporate Development, the Company does not have any employment agreements in place with its executive management team at this time.

We may experience uninsured or underinsured losses, which could result in a significant loss of the capital we have invested in a property, decrease anticipated future revenues or cause us to incur unanticipated expense.

While the Master Lease requires, and new lease agreements are expected to require, that comprehensive insurance and hazard insurance be maintained by the tenants, a tenant's failure to comply could lead to an uninsured or underinsured loss and there can be no assurance that we will be able to recover such uninsured or underinsured amounts from such tenant. Further, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, hurricanes and floods, that may be uninsurable or not economically insurable. Insurance coverage may not be sufficient to pay the full current market value or current replacement cost of a loss. Inflation, changes in building codes and ordinances,

environmental considerations, and other factors also might make it infeasible to use insurance proceeds to replace the property after such property has been damaged or destroyed. Under such circumstances, the insurance proceeds received might not be adequate to restore the economic position with respect to such property.

If we experience a loss that is uninsured or that exceeds our policy coverage limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties were subject to recourse indebtedness, we could continue to be liable for the indebtedness even if these properties were irreparably damaged.

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In addition, even if damage to our properties is covered by insurance, a disruption of our business caused by a casualty event may result in the loss of business or tenants. The business interruption insurance we carry may not fully compensate us for the loss of business or tenants due to an interruption caused by a casualty event. Further, if one of our tenants has insurance but is underinsured, that tenant may be unable to satisfy its payment obligations under its lease with us.

A disruption in the financial markets may make it more difficult to evaluate the stability, net assets and capitalization of insurance companies and any insurer's ability to meet its claim payment obligations. A failure of an insurance company to make payments to us upon an event of loss covered by an insurance policy could adversely affect our business, financial condition and results of operations.

The price of our common stock may fluctuate significantly.

Our stock price may fluctuate in response to a number of events and factors, such as variations in operating results, changes in market interest rates, actions by various regulatory agencies and legislatures, operating competition, market perceptions, progress with respect to potential acquisitions, changes in financial estimates and recommendations by securities analysts, the actions of rating agencies, the operating and stock price performance of other companies that investors may deem comparable to us, and news reports relating to trends in our markets or general economic conditions.

Environmental compliance costs and liabilities associated with real estate properties owned by us may materially impair the value of those investments.

As an owner of real property, we are subject to various federal, state and local environmental and health and safety laws and regulations. Although we will not operate or manage most of our property, we may be held primarily or jointly and severally liable for costs relating to the investigation and clean-up of any property from which there has been a release or threatened release of a regulated material as well as other affected properties, regardless of whether we knew of or caused the release.

In addition to these costs, which are typically not limited by law or regulation and could exceed the property's value, we could be liable for certain other costs, including governmental fines and injuries to persons, property or natural resources. Further, some environmental laws create a lien on the contaminated site in favor of the government for damages and the costs the government incurs in connection with such contamination.

Although we intend to require our operators and tenants to undertake to indemnify us for certain environmental liabilities, including environmental liabilities they cause, the amount of such liabilities could exceed the financial ability of the tenant or operator to indemnify us. The presence of contamination or the failure to remediate contamination may adversely affect our ability to sell or lease the real estate or to borrow using the real estate as collateral.

Risks Related to Our Capital Structure

We may have future capital needs and may not be able to obtain additional financing on acceptable terms.

As of December 31, 2014, we had indebtedness of \$2.61 billion, with an additional \$441.3 million available for borrowing under our revolving credit facility. We may incur additional indebtedness in the future to refinance our existing indebtedness or to finance newly-acquired properties. Any significant additional indebtedness could require a substantial portion of our cash flow to make interest and principal payments due on our indebtedness. Greater demands on our cash resources may reduce funds available to us to pay dividends, make capital expenditures and acquisitions, or carry out other aspects of our business strategy. Increased indebtedness can also limit our ability to adjust rapidly to changing market conditions, make us more vulnerable to general adverse economic and industry conditions and create competitive disadvantages for us compared to other companies with relatively lower debt levels and/or borrowing costs. Increased future debt service obligations may limit our operational flexibility, including our ability to acquire properties, finance or refinance our properties, contribute properties to joint ventures or sell properties as needed.

We may be unable to obtain additional financing or financing on favorable terms or our operating cash flow may be insufficient to satisfy our financial obligations under indebtedness outstanding from time to time (if any). Among other things, the absence of an investment grade credit rating or any credit rating downgrade could increase our financing costs and could limit our access to financing sources. If financing is not available when needed, or is

available on unfavorable terms, we may be unable to develop new or enhance our existing properties, complete acquisitions or otherwise take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our business, financial condition and results of operations.

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We may be subject to significant dilution caused by the additional issuance of equity securities.

Subsequent to our Spin-Off from Penn, our ability to engage in significant equity issuances has been limited and restricted in order to preserve the tax-free nature of the Spin-Off. If and when additional funds are raised through the issuance of equity securities, our shareholders may experience significant dilution. Additionally, sales of substantial amounts of our common stock in the public market following the Spin-Off, or the perception that such sales could occur, could adversely affect the market price of our common stock, may make it more difficult for our shareholders to sell their GLPI common stock at a time and price that they deem appropriate and could impair our future ability to raise capital through an offering of our equity securities.

An increase in market interest rates could increase our interest costs on existing and future debt and could adversely affect our stock price.

If interest rates increase, so could our interest costs for any new debt and our variable rate debt obligations. This increased cost could make the financing of any acquisition more costly, as well as lower our current period earnings. Rising interest rates could limit our ability to refinance existing debt when it matures or cause us to pay higher interest rates upon refinancing. In addition, an increase in interest rates could decrease the access third parties have to credit, thereby decreasing the amount they are willing to pay for our assets and consequently limiting our ability to reposition our portfolio promptly in response to changes in economic or other conditions.

Further, the dividend yield on our common stock, as a percentage of the price of such common stock, will influence the price of such common stock. Thus, an increase in market interest rates may lead prospective purchasers of our common stock to expect a higher dividend yield, which would adversely affect the market price of our common stock. Covenants in our debt agreements may limit our operational flexibility, and a covenant breach or default could materially adversely affect our business, financial position or results of operations.

The agreements governing our indebtedness contain customary covenants, including restrictions on our ability to grant liens on our assets, incur indebtedness, sell assets, make investments, engage in acquisitions, mergers or consolidations and pay certain dividends and other restricted payments. We have to comply with the following financial covenants: a maximum total debt to total asset value ratio of 60% (subject to increase to 65% for specified periods in connection with certain acquisitions), a minimum fixed charge coverage ratio of 2 to 1, a maximum senior secured debt to total asset value ratio of 40% and a maximum unsecured debt to unencumbered asset value ratio of 60%. These restrictions may limit our operational flexibility. Covenants that limit our operational flexibility as well as defaults under our debt instruments could have a material adverse effect on our business, financial position or results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Rental Properties

As of December 31, 2014, all but one of the Company's 19 rental properties were leased to a subsidiary of Penn under the Master Lease, a "triple-net" operating lease with an initial term of 15 years with no purchase option, followed by four 5-year renewal options (exercisable by Penn) on the same terms and conditions. The Casino Queen lease is also a "triple-net" operating lease with terms similar to those of the Master Lease.

In addition, see Item 1 for further information pertaining to our rental properties.

TRS Properties

Hollywood Casino Baton Rouge

Hollywood Casino Baton Rouge is a dockside riverboat casino located on approximately 20.1 acres, which we own, on the east bank of the Mississippi River in the East Baton Rouge Downtown Development District. The property site serves as the dockside embarkation for Hollywood Casino Baton Rouge and features a two-story building. We also own approximately 4.8 acres of land that are used primarily for offices, warehousing, and parking, and approximately 4 acres of adjacent land which features a railroad underpass that provides unimpeded access to the casino property.

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Hollywood Casino Perryville

We own 36.4 acres of land in Perryville, Maryland where Hollywood Casino Perryville is located. The property is located directly off Interstate 95 in Cecil County, Maryland just 35 miles northeast of Baltimore and 70 miles from Washington, D.C.

See Item 1 for further information pertaining to our TRS properties.

Corporate Office

Pursuant to our Transition Services Agreement with Penn, we currently occupy office space in Penn's corporate office buildings in Wyomissing, Pennsylvania. During the current year, construction commenced on a new corporate headquarters building. The building site is located in Wyomissing, Pennsylvania. We expect to move into the new building in 2015.

ITEM 3. LEGAL PROCEEDINGS

On May 14, 2014, the Company announced that it entered into an agreement with CCR to acquire The Meadows Racetrack and Casino located in Washington, Pennsylvania, a suburb of Pittsburgh, Pennsylvania. The agreement provides that closing of the acquisition is subject to, among other things, the accuracy of CCR's representations and its compliance with the covenants set forth in the agreement, as well as the approval of the Pennsylvania Gaming Control Board and Pennsylvania Racing Commission. On October 27, 2014, the Company filed a lawsuit in the Southern District of New York against CCR alleging, among other things, fraud, breach of the agreement and breach of the related consulting agreement entered into at the same time. The lawsuit was subsequently re-filed in New York state court on January 7, 2015 for procedural reasons. The Company is seeking a declaratory judgment that CCR has breached the agreements, return of \$10 million paid pursuant to a related consulting agreement and an unspecified amount of additional damages. The Company will further evaluate and consider all other remedies available to it, including termination of the agreements.

Although the Company intends to pursue its claims vigorously, there can be no assurances that the Company will prevail on any of the claims in the action, or, if the Company does prevail on one or more of the claims, of the amount of recovery that may be awarded to the Company for such claim(s). In addition, the timing and resolution of the claims set forth in the lawsuit are unpredictable and the Company is not able to currently predict any effect this suit may have on closing of the transaction.

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 consolidated 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.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is quoted on the NASDAQ Global Select Market under the symbol "GLPI." The following table sets forth for the periods indicated the high and low closing prices per share of our common stock as reported on the NASDAQ Global Select Market and cash dividends per share for the same periods.

	High	Low	Dividends per Share	
2014				
First Quarter	\$50.43	\$33.98	\$12.36	(2)
Second Quarter	38.33	32.41	0.52	
Third Quarter	35.88	30.90	0.52	
Fourth Quarter	32.61	28.16	0.92	(3)
2013 ⁽¹⁾				
Fourth Quarter	\$50.82	\$41.20	\$—	

The closing sale price per share of our common stock on the NASDAQ Global Select Market on February 20, 2015, was \$33.79. As of February 20, 2015, there were approximately 457 holders of record of our common stock.

(1) Our stock began trading on the NASDAQ Global Select Market on October 14, 2013.

(2) Includes the February 18, 2014 Purging Distribution, which totaled \$1.05 billion or \$11.84 per common share and was comprised of cash and GLPI common stock, to distribute the accumulated earnings and profits related 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.

(3) Includes one-time dividends of \$0.40 per common share related to distributions to ensure the Company appropriately allocated its historical earnings and profits relative to the separation from Penn, in response to the Pre-Filing Agreement requested from the Internal Revenue Service and distributed 100% of its taxable income for the 2014 year.

Dividend Policy

The Company's annual dividend is greater than or equal to at least 90% of its REIT taxable income on an annual basis, determined without regard to the dividends paid deduction and excluding any net capital gains. U.S. federal income tax law generally requires that a REIT annually distribute at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay regular corporate rates to the extent that it annually distributes less than 100% of its taxable income. For purposes of determining its cash distributions, GLPI's Adjusted Funds From Operations is calculated by starting with The National Association of Real Estate Investment Trusts' ("NAREIT") definition of "funds from operations," which is net income (computed in accordance with generally accepted accounting principles ("GAAP")), excluding (gains) or losses from sales of property and real estate depreciation. The NAREIT definition is adjusted to exclude the effect of stock based compensation expense, debt issuance costs amortization and other depreciation expense reduced by maintenance capital expenditures.

On February 3, 2015, the Company declared a regular quarterly cash dividend of \$0.545 per share, which is payable on March 27, 2015 to shareholders of record as of March 10, 2015. Cash available for distribution to GLPI shareholders is derived from the rental payments under its real estate leases and the income of the TRS Properties. All distributions will be made by GLPI at the discretion of its Board of Directors and will depend on the financial position, results of operations, cash flows, capital requirements, debt covenants, applicable laws and other factors as the Board of Directors of GLPI deems relevant. See Note 11 to the consolidated financial statements for further details on dividends.

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ITEM 6. SELECTED FINANCIAL DATA

The following selected consolidated financial and operating data for the five-year period ended December 31, 2014 is derived from our consolidated financial statements. The selected consolidated financial and operating data should be read in conjunction with our consolidated financial statements and notes thereto, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the other financial information included herein.

	Year Ended December 31,				
	2014 ⁽¹⁾	2013 ^{(1) (2)}	2012 ⁽²⁾	2011	2010
	(in thousands, except per share data)				
Income statement data:					
Net revenues	\$635,945	\$242,129	\$210,643	\$231,884	\$143,198
Total operating expenses	332,562	181,547	166,975	179,371	112,067
Income from operations	303,383	60,582	43,668	52,513	31,131
Total other expenses	114,586	23,456	6,318	6,954	4,874
Income from operations before income taxes	188,797	37,126	37,350	45,559	26,257
Taxes on income	3,413	17,296	14,431	18,875	10,927
Net income	\$185,384	\$19,830	\$22,919	\$26,684	\$15,330
Per share data:					
Basic earnings per common share	\$1.65	\$0.18	\$0.21	\$0.24	\$0.14
Diluted earnings per common share	\$1.58	\$0.17	\$0.20	\$0.23	\$0.13
Weighted shares outstanding—Basic ⁽³⁾	112,037	110,617	110,582	110,582	110,582
Weighted shares outstanding—Diluted ⁽³⁾	117,586	115,865	115,603	115,603	115,603
Other data:					
Net cash provided by operating activities	\$273,259	\$80,632	\$26,744	\$56,840	\$29,083
Net cash used in investing activities	(317,319)	(16,275)	(4,810)	(8,171)	(58,987)
Net cash (used in) provided by financing activities	(205,188)	206,302	(24,518)	(50,436)	41,866
Depreciation	106,843	28,923	14,090	14,568	10,809
Interest expense	117,030	19,254	—	—	—
Interest expense on debt obligation to Penn National Gaming, Inc. ⁽⁴⁾	—	—	—	—	583
Capital expenditures ⁽⁵⁾	142,769	16,428	5,190	8,288	59,056
Balance sheet data:					
Cash and cash equivalents	\$35,973	\$285,221	\$14,562	\$17,146	\$18,913
Real estate investments, net	2,180,124	2,010,303	—	—	—
Total assets	2,564,580	2,609,239	267,075	261,342	254,208
Total debt	2,609,487	2,350,000	—	—	—
Intercompany note with Penn National Gaming, Inc. ⁽⁴⁾	—	—	—	—	900
Shareholders' equity	(124,736)	142,429	236,330	219,911	215,388
Property Data:					
Number of rental properties owned at year end	19	17	—	—	—
Rentable square feet at year end	6,970	6,344	—	—	—

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Financial results for the Company's 2014 fiscal year reflect the first full year of operations for both operating segments. GLPI was spun-off from Penn on November 1, 2013. See Note 1 to the consolidated financial statements (1) for additional details. For 2010 through 2012, the selected historical financial data sets forth the historical operations of Louisiana Casino Cruises, Inc. and Penn Cecil Maryland, Inc., which were acquired by a subsidiary of GLPI as part of the Spin-Off.

Hollywood Casino Perryville faced increased competition and its results have been negatively impacted by the opening of a casino complex at the Arundel Mills mall in Anne Arundel, Maryland. The Anne Arundel casino (2) opened on June 6, 2012 with approximately 3,200 slot machines and significantly increased its slot machine offerings by mid-September 2012 to approximately 4,750 slot machines. In addition, a new riverboat casino and hotel in Baton Rouge, Louisiana opened on September 1, 2012. The opening of this riverboat casino has had an adverse effect on the financial results of Hollywood Casino Baton Rouge.

Basic and diluted earnings per common share and the average number of common shares outstanding as of (3) December 31, 2012, 2011 and 2010 were retrospectively restated to equal the number of GLPI basic and diluted shares outstanding at the Spin-Off. The share counts were also adjusted to reflect the impact of the shares issued as part of the Purging Distribution. See Note 1 to the consolidated financial statements for further details.

Hollywood Casino Baton Rouge had an intercompany note from Penn due to Penn's acquisition of the property. In (4) January 2011, Hollywood Casino Baton Rouge fully repaid this obligation to Penn. Interest expense was assessed on this note based on Penn's estimated incremental borrowing costs. All interest expense was incurred and settled through intercompany charges from Penn on a continuing basis.

The higher level of capital expenditures in 2014 was primarily due to the construction of Hollywood Gaming at (5) Dayton Raceway and Hollywood Gaming at Mahoning Valley Race Course which opened to the public on August 28, 2014 and September 17, 2014, respectively. The higher level of capital expenditures in 2010 was primarily due to the construction of Hollywood Casino Perryville which opened to the public on September 27, 2010.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Operations

GLPI is a self-administered and self-managed Pennsylvania REIT. GLPI 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. We intend to elect on our U.S. federal income tax return for our taxable year beginning on January 1, 2014 to be treated as a REIT and we, together with an indirectly wholly-owned subsidiary of the Company, GLP Holdings, Inc., intend to jointly elect to treat each of GLP Holdings, Inc., Louisiana Casino Cruises, Inc. and Penn Cecil Maryland, Inc. 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 and leases back most of those assets to Penn for use by its subsidiaries, under the Master Lease, and GLPI also owns and operates the TRS Properties through its TRS. The assets and liabilities of GLPI were recorded at their respective historical carrying values at the time of the Spin-Off.

Prior to the Spin-Off, GLPI and Penn entered into a Separation and Distribution Agreement setting forth the mechanics of the Spin-Off, certain organizational matters and other ongoing obligations of Penn and GLPI. Penn and GLPI or their respective subsidiaries, as applicable, also entered into a number of other agreements prior to the Spin-Off to provide a framework for the restructuring and for the relationships between GLPI and Penn after the Spin-Off.

GLPI's primary business consists of acquiring, financing, and owning real estate property to be leased to gaming operators in "triple net" lease arrangements. "Triple net" leases are leases in which the lessee pays rent to the lessor, as well as all taxes, insurance, and maintenance expenses that arise from the use of the property. As of December 31, 2014, GLPI's portfolio consisted of 21 gaming and related facilities, including the TRS Properties and the real property associated with 18 gaming and related facilities operated by Penn and the real property associated with the Casino Queen in East St. Louis,

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Illinois. These facilities are geographically diversified across 12 states and contain approximately 7.0 million of rentable square feet. As of December 31, 2014, our properties were 100% occupied.

We expect to grow our portfolio by pursuing opportunities to acquire additional gaming facilities to lease to gaming operators under prudent terms, which may or may not include Penn. Additionally, we believe we have the ability to leverage the expertise our management team has developed over the years to secure additional avenues for growth beyond the gaming industry. Accordingly, we anticipate we will be able to effect strategic acquisitions unrelated to the gaming industry as well as other acquisitions that may prove complementary to GLPI's gaming facilities.

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 for the year ending December 31, 2014, 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 (the "Purging Distribution"). The Purging Distribution, which was paid on February 18, 2014, totaled \$1.05 billion and was comprised of cash and GLPI common stock. Additionally, on December 19, 2014, we made a one-time distribution of \$37.0 million to shareholders in order to confirm we appropriately allocated our historical earnings and profits relative to the separation from Penn, in response to the Pre-Filing Agreement requested from the IRS. See Note 11 to the consolidated financial statements for further details on the Purging Distribution and the distribution related to the Pre-Filing Agreement.

As of December 31, 2014, the majority of our earnings are the result of the rental revenue from the lease of our properties to a subsidiary of Penn pursuant to the Master Lease. The Master Lease is a "triple-net" operating lease with an initial term of 15 years, with no purchase option, followed by four 5 year renewal options (exercisable by Penn) on the same terms and conditions. The rent structure under the 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 by an amount equal to 4% of the average change to net revenues of all facilities under the 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 change in net revenues of Hollywood Casino Columbus and Hollywood Casino Toledo during the preceding month. In addition to rent, the tenant is required to pay the following: (1) all facility maintenance, (2) all insurance required in connection with the leased properties and the business conducted on the leased properties, (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 Casino Queen property is leased back to a third party operator on a "triple net" basis, with an initial term of 15 years, followed by four 5 year renewal options. The terms and conditions are similar to the Master Lease.

Additionally, in accordance with ASC 605, "Revenue Recognition" ("ASC 605"), the Company records revenue for the real estate taxes paid by its tenants on the leased properties with an offsetting expense in general and administrative expense within the consolidated statement of income as the Company has concluded it is the primary obligor.

Gaming revenue generated by our TRS Properties is derived primarily from video lottery gaming revenue 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 TRS revenues are derived from our dining, retail, and certain other ancillary activities.

Our Competitive Strengths

We believe the following competitive strengths will contribute significantly to our success:

Geographically Diverse Property Portfolio

As of December 31, 2014, our portfolio consisted of 21 gaming and related facilities. Our portfolio comprises approximately 7.2 million of property square footage and approximately 3,245 acres of owned and leased land and is

broadly diversified by location across 12 states. Our geographic diversification will limit the effect of a decline in any one regional market on our overall performance.

Financially Secure Tenants

As of December 31, 2014, substantially all of the Company's real estate properties were leased to a wholly-owned subsidiary of Penn, and the majority of the Company's rental revenues were derived from the Master Lease. Penn is a leading, diversified, multi-jurisdictional owner and manager of gaming and pari-mutuel properties, and an established gaming provider with strong financial performance. Penn is a publicly traded company that is subject to the informational filing requirements of

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the Securities Exchange Act of 1934, as amended, and is required to file periodic reports on Form 10-K and Form 10-Q with the Securities and Exchange Commission. Penn's net revenues were \$2.6 billion for the year ended December 31, 2014, and \$2.9 billion for the years ended December 31, 2013 and 2012.

Long-Term, Triple-Net Lease Structure

Our real estate properties are leased under "triple-net" operating leases guaranteed by our tenants with initial terms of 15 years (in addition to four 5 year renewals at the tenants' option), pursuant to which the tenant is responsible for all facility maintenance, insurance required in connection with the leased properties and the business conducted on the leased properties, taxes levied on or with respect to the leased properties and all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties.

Flexible UPREIT Structure

We have the flexibility to operate through an umbrella partnership, commonly referred to as an UPREIT structure, in which substantially all of our properties and assets are held by GLP Capital or by subsidiaries of GLP Capital. Conducting business through GLP Capital allows us flexibility in the manner in which we structure and acquire properties. In particular, an UPREIT structure enables us to acquire additional properties from sellers in exchange for limited partnership units, which provides property owners the opportunity to defer the tax consequences that would otherwise arise from a sale of their real properties and other assets to us. As a result, this structure potentially may facilitate our acquisition of assets in a more efficient manner and may allow us to acquire assets that the owner would otherwise be unwilling to sell because of tax considerations. We believe that this flexibility will provide us an advantage in seeking future acquisitions.

Experienced and Committed Management Team

Although our management team has limited experience in operating a REIT, it has extensive gaming and real estate experience. Peter M. Carlino, chief executive officer of GLPI, has more than 30 years of experience in the acquisition and development of gaming facilities and other real estate projects. William J. Clifford, chief financial officer of GLPI, is a finance professional with more than 30 years of experience in the gaming industry, including four years of gaming regulatory experience, sixteen years of casino property operations, and thirteen years of corporate experience. Through years of public company experience, our management team also has extensive experience accessing both debt and equity capital markets to fund growth and maintain a flexible capital structure.

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.

Executive Summary

When reviewing the Company's financial results it should be noted that financial results for the Company's 2014 fiscal year reflect a full year of operations for both operating segments, whereas financial results for the Company's 2013 fiscal year reflect a full year of operations for the businesses in the taxable REIT subsidiaries and a partial year from November 1, 2013 to December 31, 2013 for the real estate entity. Financial results for the Company's 2012 fiscal year reflect only the operations of the Company's taxable REIT subsidiaries.

Financial Highlights

We reported net revenues and income from operations of \$635.9 million and \$303.4 million, respectively, for the year ended December 31, 2014, compared to \$242.1 million and \$60.6 million, respectively, for the year ended December 31, 2013. The major factors affecting our results for the year ended December 31, 2014, as compared to the year ended December 31, 2013, were:

Rental revenue of \$481.8 million and \$76.6 million, respectively, for the years ended December 31, 2014 and 2013. Rental revenue for the years ended December 31, 2014 and 2013 included real estate taxes of \$50.5 million and \$7.6 million, respectively. Under ASC 605, "Revenue Recognition," we record revenue for the real estate taxes paid by our tenants with an offsetting expense in real estate taxes within our consolidated statement of income as we have concluded we are the primary obligor under our "triple-net" operating leases. Rental revenue was significantly lower

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in the prior year, as compared to the current year due to only two months of rental revenue recognition in the prior year.

General and administrative expenses increased \$37.6 million for the year ended December 31, 2014, primarily resulting from \$56.9 million of general and administrative expenses for our GLP Capital segment for the year ended December 31, 2014, up from \$19.7 million in the prior year as a result of a full year of operations in 2014. General and administrative expenses for our GLP Capital segment included compensation expense of \$10.6 million, stock based compensation charges of \$30.9 million, rent expense for those leases assigned to GLPI as part of the Spin-Off of \$2.8 million, and fees for outside services, including transition services and legal of \$9.3 million for the year ended December 31, 2014. Stock-based compensation charges for our GLP Capital segment for the year ended December 31, 2014 include approximately \$2.4 million of expense related to the \$0.40 one-time dividend discussed below.

- Increased depreciation expense of \$77.9 million for the year ended December 31, 2014, compared to the prior year, primarily due to a full year of depreciation expense on the real property assets transferred to GLPI as part of the Spin-Off. We also recorded depreciation expense of approximately \$2.9 million related to the assets acquired in the January 2014 Casino Queen transaction.

Increased interest expense of \$97.8 million for the year ended December 31, 2014, compared to the prior year. The increase in interest expense related to our fixed and variable rate borrowings entered into in connection with the Spin-Off and additional variable rate borrowings during the year ended December 31, 2014.

Net income increased by \$165.6 million for the year ended December 31, 2014, as compared to the prior year, primarily due to the variances explained above.

Recent Developments

On December 19, 2014, the Company made a one-time distribution of \$0.40 per common share to ensure the Company appropriately allocated its historical earnings and profits relative to the separation from Penn, in response to the Pre-Filing Agreement requested from the IRS and to ensure the Company distributed 100% of its taxable income for the 2014 year.

Segment Developments

The following are recent developments that have had or will have an impact on us by segment:

GLP Capital

On May 14, 2014, the Company announced that it entered into an agreement with CCR to acquire The Meadows Racetrack and Casino located in Washington, Pennsylvania, a suburb of Pittsburgh, Pennsylvania. The agreement provides that closing of the acquisition is subject to, among other things, the accuracy of CCR's representations and its compliance with the covenants set forth in the agreement, as well as the approval of the Pennsylvania Gaming Control Board and Pennsylvania Racing Commission. On October 27, 2014, the Company filed a lawsuit in the Southern District of New York against CCR alleging, among other things, fraud, breach of the agreement and breach of the related consulting agreement entered into at the same time. The lawsuit was subsequently re-filed in New York state court on January 7, 2015 for procedural reasons. The Company is seeking a declaratory judgment that CCR has breached the agreements, return of \$10 million paid pursuant to a related consulting agreement and an unspecified amount of additional damages. The Company will further evaluate and consider all other remedies available to it, including termination of the agreements.

Although the Company intends to pursue its claims vigorously, there can be no assurances that the Company will prevail on any of the claims in the action, or, if the Company does prevail on one or more of the claims, of the amount of recovery that may be awarded to the Company for such claim(s). In addition, the timing and resolution of the claims set forth in the lawsuit are unpredictable and the Company is not able to currently predict any effect this suit may have on closing of the transaction.

Operations at both Hollywood Casino Mahoning Valley Race Course and Hollywood Casino at Dayton Raceway, our two joint development properties with Penn commenced during the year ended December 31, 2014. In June 2012, Penn announced that it had filed applications with the Ohio Lottery Commission for Video Lottery Sales Agent Licenses for its Ohio racetracks, and with the Ohio State Racing Commission for permission to relocate the racetracks.

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In connection with the Spin-Off, Penn transferred these properties to us and we received the appropriate approvals from the Ohio regulatory bodies to participate in the development of the new racetracks. Operations at Hollywood Gaming at Mahoning Valley Race Course commenced on September 17, 2014. The new facility at Mahoning Valley Race Course is a thoroughbred track with 866 video lottery terminals and is located on approximately 193 acres in the Centrepointe Business Park near the intersection of Interstate 80 and Ohio Route 46. Hollywood Gaming at Dayton Raceway opened its doors to the public on August 28, 2014 and is a standardbred track with 984 video lottery terminals and is located on approximately 120 acres on the site of an abandoned Delphi Automotive plant near Wagner Ford and Needmore roads in North Dayton. GLPI's share of the budget for these two projects was limited solely to real estate construction costs which were budgeted at \$100.0 million and \$89.5 million for the Mahoning Valley Race Course and Dayton Raceway facilities, respectively. At December 31, 2014 the budgeted amount for each project had been paid or accrued in full. Both facilities were added to the Master Lease upon commencement of operations.

Operations at the Argosy Casino Sioux City ceased at the end of July 2014, as the result of a ruling of the Iowa Racing and Gaming Commission ("IRGC"). Penn challenged the denial of its gaming license renewal by the IRGC but was ultimately ordered to cease operations by the Iowa Supreme Court. The closure of the Sioux City property resulted in reduced rental revenue of \$2.6 million for the year ended December 31, 2014 and will result in reduced rental revenue of \$6.2 million on an annual go forward basis. The real property assets associated with the Sioux City property were fully depreciated at the closure date and were subsequently sold to a third party.

On December 9, 2013, GLPI announced that it had entered into an agreement to acquire the real estate assets associated with the Casino Queen in East St. Louis, Illinois. The casino and adjacent land cover approximately 67 acres and include a 157 room hotel and a 38,000 square foot casino. The transaction closed in January 2014. See Note 5 to the consolidated financial statements for further details.

TRS Properties

Hollywood Casino Perryville continued to face additional competition, led by the August 26, 2014 opening of the Horseshoe Casino Baltimore, located in downtown Baltimore. In addition Maryland Live!, at the Arundel Mills mall in Anne Arundel, Maryland, which opened on June 6, 2012, added table games on April 11, 2013, and a 52 table poker room in late August 2013. Further, in early 2015, Horseshoe Casino Baltimore and Maryland Live! received approval to add additional table games. Both facilities have and will continue to negatively impact Hollywood Casino Perryville's results of operations.

Furthermore, in November 2012, voters approved legislation authorizing a sixth casino in Prince George's County and the ability to add table games to Maryland's existing and planned casinos. The new law also changes the tax rate casino operators pay the state, varying from casino to casino, allows all casinos in Maryland to be open 24 hours per day for the entire year, and permits casinos to directly purchase slot machines in exchange for gaming tax reductions. Table games were opened at our Perryville, Maryland facility on March 5, 2013. We expect Hollywood Casino Perryville's tax rate to decrease from 67 to 61 percent when the facility directly purchases its slot machines in April 2015. The option for an additional 5 percent tax reduction is possible in 2019 if an independent commission agrees. In December 2013, the license for the sixth casino in Prince George's County was granted. The proposed \$1.2 billion casino resort, which is expected to open in the second half of 2016 will adversely impact Hollywood Casino Perryville's financial results.

In Louisiana, a new riverboat casino and hotel opened on September 1, 2012 in Baton Rouge. The opening of this riverboat casino has and will continue to have an adverse effect on the financial results of Hollywood Casino Baton Rouge.

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, 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 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

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effect on our consolidated results of operations and, in certain situations, could have a material adverse effect on our consolidated financial condition.

The development and selection of the critical accounting estimates, and the related disclosures, have been reviewed with the Audit Committee of our Board of Directors.

Income Taxes

We intend to elect on our U.S. federal income tax return for our taxable year beginning on January 1, 2014 to be treated as a REIT and we, together with an indirectly wholly-owned subsidiary of the Company, GLP Holdings, Inc., intend to jointly elect to treat each of GLP Holdings, Inc., Louisiana Casino Cruises, Inc. and Penn Cecil Maryland, Inc. as a "taxable REIT subsidiary" effective on the first day of the first taxable year of GLPI as a REIT. We intend to continue to be organized and to operate in a manner that will permit us to qualify as a REIT. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of our annual REIT taxable income to shareholders determined without regard to the dividends paid deduction and excluding any net capital gain, meet the various other requirements imposed by the Code relating to matters such as operating results, asset holdings, distribution levels, and diversity of stock ownership. As a REIT, we generally will not be subject to federal income tax on income that we distribute as dividends to our shareholders. If we fail to qualify as a REIT in any taxable year, we will be subject to U.S. federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate income tax rates, and dividends paid to our shareholders would not be deductible by us in computing taxable income. Any resulting corporate liability could be substantial and could materially and adversely affect our net income and net cash available for distribution to shareholders. Unless we were entitled to relief under certain Code provisions, we also would be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year in which we failed to qualify to be taxed as a REIT. It is not possible to state whether in all circumstances we would be entitled to this statutory relief. Our TRS Properties are able to engage in activities resulting in income that would be not qualifying income for a REIT. As a result, certain activities of the Company which occur within our TRS Properties are subject to federal and state income taxes.

Real Estate Investments

Real estate investments that we received in connection with the Spin-Off were contributed to us at Penn's historical carrying amount. We record the acquisition of real estate at cost, including acquisition and closing costs. The cost of properties developed by GLPI 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. We consider the period of future benefit of the asset to determine the appropriate useful lives. Depreciation is computed using a straight-line method over the estimated useful lives of the buildings and building improvements. Additionally, the amortization of real estate assets subject to capital leases is included within the depreciation line item of the Company's consolidated statements of earnings.

We continually monitor events and circumstances that could indicate that the carrying amount of our real estate investments may not be recoverable or realized. When indicators of potential impairment suggest that the carrying value of a real estate investment may not be recoverable, we estimate the fair value of the investment by calculating the undiscounted future cash flows from the use and eventual disposition of the investment. This amount is compared to the asset's carrying value. If we determine the carrying amount is not recoverable, we would recognize an impairment charge equivalent to the amount required to reduce the carrying value of the asset to its estimated fair value, calculated in accordance with GAAP fair value provisions. We group our real estate investments by tenant in evaluating impairment. In assessing the recoverability of the carrying value, we must make assumptions regarding future cash flows and other factors. Factors considered in performing this assessment include current operating results, market and other applicable trends and residual values, as well as the effect of obsolescence, demand, competition and other factors. If these estimates or the related assumptions change in the future, we may be required to record an impairment loss.

Goodwill and Other Intangible Assets

At December 31, 2014, we had \$75.5 million in goodwill and \$9.6 million in other intangible assets within our consolidated balance sheets, resulting from the contribution of Hollywood Casino Baton Rouge and Hollywood

Casino Perryville in connection with the Spin-Off. Our goodwill resides on the books of our Hollywood Casino Baton Rouge subsidiary, while the other intangible asset represents a gaming license on the books of our Hollywood Casino Perryville subsidiary. Both subsidiaries are members of the TRS Properties segment and are considered separate reporting units under ASC 350, "Intangibles - Goodwill and Other" ("ASC 350"). Goodwill is tested at the reporting unit level, which is an operating segment or one level below an operating segment for which discrete financial information is available.

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Under ASC 350, we are required to test goodwill for impairment at least annually and whenever events or circumstances indicate that it is more likely than not that goodwill may be impaired. We have elected to perform our annual goodwill impairment test as of October 1 of each year. ASC 350 prescribes a two-step goodwill impairment test, the first step which involves the determination of the fair value of each reporting unit and its comparison to the carrying amount. If the carrying amount exceeds the fair value in step 1, then step 2 of the impairment test is performed to determine the implied value of goodwill. If the implied value of goodwill is less than the goodwill allocated to the reporting unit, an impairment loss is recognized.

In accordance with ASC 350, we consider the Hollywood Casino Perryville gaming license an indefinite-lived intangible asset that does not require amortization based on our future expectations to operate this casino indefinitely as well as the gaming industry's historical experience in renewing these intangible assets at minimal cost with various state gaming commissions. Rather, the gaming license is tested annually, or more frequently if indicators of impairment exist, for impairment by comparing the fair value of the recorded asset to its carrying amount. If the carrying amount of the indefinite-life intangible asset exceeds its fair value, an impairment loss is recognized. Hollywood Casino Perryville's gaming license will expire in September 2025, fifteen years from the casino's opening date. We expect to expense any costs related to the gaming license renewal as incurred.

We assessed the fair value of our gaming license using the Greenfield Method under the income approach. The Greenfield Method estimates the fair value of the gaming license assuming we built a casino with similar unity to that of the existing facility. The method assumes a theoretical start-up company going into business without any assets other than the intangible asset being valued. As such the value of the license is a function of the following items:

• Projected revenues and operating cash flows;

• Theoretical construction costs and duration;

• Pre-opening expenses;

• Discounting that reflects the level of risk associated with receiving future cash flows attributable to the license; and

• Remaining useful life of the license.

The evaluation of goodwill and indefinite-lived intangible assets requires the use of estimates about future operating results to determine the estimated fair value of the reporting unit and the indefinite-lived intangible assets. We must make various assumptions and estimates in performing our impairment testing. The implied fair value includes estimates of future cash flows that are based on reasonable and supportable assumptions which represent our best estimates of the cash flows expected to result from the use of the assets. Changes in estimates, increases in our cost of capital, reductions in transaction multiples, changes in operating and capital expenditure assumptions or application of alternative assumptions and definitions could produce significantly different results. Future cash flow estimates are, by their nature, subjective and actual results may differ materially from our estimates. If our ongoing estimates of future cash flows are not met, we may have to record additional impairment charges in future accounting periods. Our estimates of cash flows are based on the current regulatory and economic climates, as well as recent operating information and budgets. These estimates could be negatively impacted by changes in federal, state or local regulations, economic downturns, or other events.

Forecasted cash flows can be significantly impacted by the local economy in which our subsidiaries operate. For example, increases in unemployment rates can result in decreased customer visitations and/or lower customer spend per visit. In addition, new legislation which approves gaming in nearby jurisdictions or further expands gaming in jurisdictions can result in increased competition for the property. This generally has a negative effect on profitability once competitors become established, as a certain level of cannibalization occurs absent an overall increase in customer visitations. Lastly, increases in gaming taxes approved by state regulatory bodies can negatively impact forecasted cash flows.

Assumptions and estimates about future cash flow levels are complex and subjective. They are sensitive to changes in underlying assumptions and can be affected by a variety of factors, including external factors, such as industry, geopolitical and economic trends, and internal factors, such as changes in our business strategy, which may reallocate capital and resources to different or new opportunities which management believes will enhance our overall value but may be to the detriment of our existing operations.

We determined the fair value of our goodwill and gaming license as of October 1, 2014 utilizing the forecasted cash flow methods described above and compared these values to the carrying value of the assets on our balance sheet. In determining the fair value of each asset, we incorporated recent operating trends of both TRS properties, as well as the expected impact of the recent opening of the Horseshoe Casino Baltimore in August 2014 and the anticipated opening of new casino in Prince George's County during the second half of 2016 on Hollywood Casino Perryville into our current year projections. After

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consideration of these facts, the fair value of both assets exceeded their carrying amounts, and as of October 1, 2014, our goodwill and gaming license were not impaired.

Results of Operations

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

- The fact that a wholly-owned subsidiary of Penn is the lessee of substantially all of our properties pursuant to the Master Lease and accounts for a significant portion of our revenues. We expect to grow our portfolio by pursuing opportunities to acquire additional gaming facilities to lease to gaming operators under prudent terms, which may or may not include Penn.
- The fact that the rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS 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 investors or GLPI.
- The risks related to economic conditions and the effect of such conditions on consumer spending for leisure and gaming activities, which may negatively impact our gaming tenants and operators.

The consolidated results of operations for the years ended December 31, 2014, 2013 and 2012 are summarized below:

Year Ended December 31,	2014	2013	2012
	(in thousands)		
Revenues			
Rental	\$431,280	\$68,955	\$—
Real estate taxes paid by tenants	50,534	7,602	—
Total rental revenue	481,814	76,557	—
Gaming	148,283	159,352	202,581
Food, beverage and other	11,621	12,357	15,635
Total revenues	641,718	248,266	218,216
Less promotional allowances	(5,773	) (6,137	) (7,573
Net revenues	635,945	242,129	210,643
Operating expenses			
Gaming	82,995	89,367	113,111
Food, beverage and other	9,734	10,775	13,114
Real estate taxes	52,154	9,220	1,592
General and administrative	80,836	43,262	25,068
Depreciation	106,843	28,923	14,090
Total operating expenses	332,562	181,547	166,975
Income from operations	\$303,383	\$60,582	\$43,668

Certain information regarding our results of operations by segment for the years ended December 31, 2014, 2013 and 2012 is summarized below:

Year Ended December 31,	Net Revenues			Income from Operations		
	2014	2013	2012	2014	2013	2012
	(in thousands)					
GLP Capital	\$481,821	\$76,557	—	\$279,848	\$34,333	—

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TRS Properties	154,124	165,572	210,643	23,535	26,249	43,668
Total	\$635,945	\$242,129	\$210,643	\$303,383	\$60,582	\$43,668

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Adjusted EBITDA, FFO and AFFO

Funds From Operations ("FFO"), Adjusted Funds From Operations ("AFFO") and Adjusted EBITDA are non-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. 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 is a non-GAAP financial measure that is considered a supplemental measure 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 have defined AFFO as FFO excluding stock based compensation expense, debt issuance costs amortization, and other depreciation reduced by maintenance capital expenditures. Finally, we have defined Adjusted EBITDA as net income excluding interest, taxes on income, depreciation, and (gains) or losses from sales of property, management fees, and stock based compensation expense.

FFO, AFFO and Adjusted EBITDA are not recognized terms under GAAP. Because certain companies do not calculate FFO, AFFO and Adjusted EBITDA in the same way and certain other companies may not perform such calculation, those measures as used by other companies may not be consistent with the way the Company calculates such measures and should not be considered as alternative measures of operating profit or net income. The Company's presentation of these measures does not replace the presentation of the Company's financial results in accordance with GAAP.

The reconciliation of the Company's net income per GAAP to FFO, AFFO, and Adjusted EBITDA for the years ended December 31, 2014, 2013 and 2012 is as follows:

Year Ended December 31,	2014	2013	2012
	(in thousands)		
Net income	\$ 185,384	\$ 19,830	\$ 22,919
Losses (gains) from dispositions of property	10	(39	) (142
Real estate depreciation	92,750	14,896	—
Funds from operations	\$ 278,144	\$ 34,687	\$ 22,777
Other depreciation	14,093	14,027	14,090
Amortization of debt issuance costs ⁽¹⁾	8,057	700	—
Stock based compensation	12,258	1,566	—
Maintenance CAPEX	(3,538	) (4,230	) (3,260
Adjusted funds from operations	\$ 309,014	\$ 46,750	\$ 33,607
Interest, net	114,586	19,253	(2
Management fees	—	4,203	6,320
Income tax expense	3,413	17,296	14,431
Maintenance CAPEX	3,538	4,230	3,260
Amortization of debt issuance costs ⁽¹⁾	(8,057	) (700) —
Adjusted EBITDA	\$ 422,494	\$ 91,032	\$ 57,616

⁽¹⁾ Such amortization is a non-cash component included in interest, net.

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The reconciliation of each segment's net income per GAAP to FFO, AFFO, and Adjusted EBITDA for the years ended December 31, 2014, 2013 and 2012 is as follows:

Year Ended December 31,	GLP Capital ⁽¹⁾		TRS Properties		
	2014	2013	2014	2013	2012
	(in thousands)				
Net income	\$177,157	\$6,612	\$8,227	\$13,218	22,919
(Gains) losses from dispositions of property	(149)	—	159	(39)	(142)
Real estate depreciation	92,750	14,896	—	—	—
Funds from operations	\$269,758	\$21,508	\$8,386	\$13,179	22,777
Other depreciation	1,832	—	12,261	14,027	14,090
Debt issuance costs amortization ⁽³⁾	8,057	700	—	—	—
Stock based compensation	12,258	1,566	—	—	—
Maintenance CAPEX	—	—	(3,538)	(4,230)	(3,260)
Adjusted funds from operations	\$291,905	\$23,774	\$17,109	\$22,976	33,607
Interest, net ⁽²⁾	104,180	19,254	10,406	(1)	(2)
Management fees	—	—	—	4,203	6,320
Income tax (benefit) expense	(1,489)	8,467	4,902	8,829	14,431
Maintenance CAPEX	—	—	3,538	4,230	3,260
Debt issuance costs amortization ⁽³⁾	(8,057)	(700)	—	—	—
Adjusted EBITDA	\$386,539	\$50,795	\$35,955	\$40,237	57,616

⁽¹⁾ GLP Capital operations commenced November 1, 2013 in connection with the Spin-Off.

⁽²⁾ Interest expense, net for the GLP Capital segment is net of an intercompany interest elimination of \$10.4 million for the year ended December 31, 2014.

⁽³⁾ Such amortization is a non-cash component included in interest, net.

2014 Compared with 2013

FFO, AFFO, and Adjusted EBITDA, for our GLP Capital segment were \$269.8 million, \$291.9 million and \$386.5 million, respectively, for the year ended December 31, 2014. The increases in FFO, AFFO and Adjusted EBITDA from the year ended December 31, 2013 were primarily due to a full year of real estate operations in 2014 compared to only two months of real estate operations in 2013.

Net income for our TRS Properties segment decreased by \$5.0 million for the year ended December 31, 2014, as compared to the year ended December 31, 2013, primarily due to additional competition in the Perryville market and increased operating pressure at both of our TRS properties, as well as interest expense in the year ended December 31, 2014. FFO for our TRS Properties segment decreased by \$4.8 million for the year ended December 31, 2014, as compared to the year ended December 31, 2013, primarily due to the decrease in net income described above. AFFO for our TRS Properties segment decreased by \$5.9 million for the year ended December 31, 2014, as compared to the year ended December 31, 2013, primarily due to the decrease described above, as well as a decrease of \$1.7 million in depreciation expense at Hollywood Casino Perryville for the year ended December 31, 2014, due to certain equipment purchased at opening now being fully depreciated. Adjusted EBITDA for our TRS Properties segment decreased \$4.3 million for the year ended December 31, 2014, as compared to the year ended December 31, 2013, primarily due to

the decrease described above, as well as lower taxes and the elimination of management fees in the year ended December 31, 2014.

2013 Compared with 2012

FFO, AFFO and Adjusted EBITDA for our GLP Capital segment were \$21.5 million, \$23.8 million and \$50.8 million, respectively, for the year ended December 31, 2013 due to the Spin-Off, which occurred on November 1, 2013.

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Net income and FFO for our TRS Properties segment decreased by \$9.7 million and \$9.6 million, respectively for the year ended December 31, 2013, as compared to the year ended December 31, 2012, primarily due to additional competition which negatively impacted Hollywood Casino Perryville and Hollywood Casino Baton Rouge, namely the partial opening of a casino complex at the Arundel Mills mall in Anne Arundel, Maryland in June 2012 and its second phase opening in mid-September 2012 and the opening of a new riverboat casino and hotel in Baton Rouge, Louisiana on September 1, 2012, respectively. This was partially offset by reduced income taxes primarily due to reduced earnings as well as reduced management fees primarily due to reduced net revenue and the management agreement with Penn terminating on November 1, 2013 in connection with the Spin-Off. AFFO for our TRS Properties segment decreased by \$10.6 million for the year ended December 31, 2013, as compared to the year ended December 31, 2012, primarily due to the decrease in FFO described previously and increased maintenance capital expenditures. Adjusted EBITDA for our TRS Properties segment decreased by \$17.4 million for the year ended December 31, 2013, as compared to the year ended December 31, 2012, primarily due to the additional competition described above.

Revenues

Revenues for the years ended December 31, 2014, 2013 and 2012 were as follows (in thousands):

Year Ended December 31,	2014	2013	Variance	Percentage Variance	
Total rental revenue	\$481,814	\$76,557	\$405,257	529.4	%
Gaming	148,283	159,352	(11,069)	(6.9))%
Food, beverage and other	11,621	12,357	(736)	(6.0))%
Total Revenues	641,718	248,266	393,452	158.5	%
Less promotional allowances	(5,773)	(6,137)	364	5.9	%
Net revenues	\$635,945	\$242,129	\$393,816	162.6	%

Year Ended December 31,	2013	2012	Variance	Percentage Variance	
Total rental revenue	\$76,557	\$—	\$76,557	N/A	
Gaming	159,352	202,581	(43,229)	(21.3))%
Food, beverage and other	12,357	15,635	(3,278)	(21.0))%
Total Revenues	248,266	218,216	30,050	13.8	%
Less promotional allowances	(6,137)	(7,573)	1,436	19.0	%
Net revenues	\$242,129	\$210,643	\$31,486	14.9	%

Total rental revenue

For the year ended December 31, 2014, rental income was \$481.8 million for our GLP Capital segment, which included \$50.5 million of revenue for the real estate taxes paid by our tenants on the leased properties. For the year ended December 31, 2013, rental income was \$76.6 million for our GLP Capital segment, which included \$7.6 million of revenue for the real estate taxes paid by our tenants on the leased properties. Rental revenue increased from 2013 to 2014 due to a full year of real estate operations in 2014, compared to only two months of real estate operations in 2013. In accordance with ASC 605, the Company is required to present the real estate taxes paid by its tenants on the leased properties as revenue with an offsetting expense on its consolidated statement of operations, as the Company has concluded it is the primary obligor.

Gaming revenue

2014 Compared to 2013

Gaming revenue for our TRS Properties segment decreased by \$11.1 million, or 6.9%, for the year ended December 31, 2014, as compared to the year ended December 31, 2013, due to decreased gaming revenues of \$6.1 million at Hollywood Casino Baton Rouge and \$5.0 million at Hollywood Casino Perryville, resulting from additional competition in the Perryville market and increased operating pressure at both of our TRS properties.

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2013 Compared with 2012

Gaming revenue for our TRS Properties segment decreased by \$43.2 million, or 21.3%, to \$159.4 million in 2013, primarily due to decreased gaming revenue at Hollywood Casino Baton Rouge primarily due to the opening of a new riverboat casino and hotel in Baton Rouge, Louisiana on September 1, 2012, as well as to a lesser extent decreased gaming revenue at Hollywood Casino Perryville primarily due to the impact from the partial opening of a casino complex at the Arundel Mills mall in Anne Arundel, Maryland in June 2012 and its second phase opening in mid-September 2012, which was partially offset by the introduction of table games at Hollywood Casino Perryville in March 2013.

Operating Expenses

Operating expenses for the years ended December 31, 2014, 2013 and 2012 were as follows (in thousands):

Year Ended December 31,	2014	2013	Variance	Percentage Variance	
Gaming	\$82,995	\$89,367	\$(6,372)	(7.1))%
Food, beverage and other	9,734	10,775	(1,041)	(9.7))%
Real estate taxes	52,154	9,220	42,934	465.7	%
General and administrative	80,836	43,262	37,574	86.9	%
Depreciation	106,843	28,923	77,920	269.4	%
Total operating expenses	\$332,562	\$181,547	\$151,015	83.2	%
				Percentage Variance	
Year Ended December 31,	2013	2012	Variance	Variance	
Gaming	\$89,367	\$113,111	\$(23,744)	(21.0))%
Food, beverage and other	10,775	13,114	(2,339)	(17.8))%
Real estate taxes	9,220	1,592	7,628	479.1	%
General and administrative	43,262	25,068	18,194	72.6	%
Depreciation	28,923	14,090	14,833	105.3	%
Total operating expenses	\$181,547	\$166,975	\$14,572	8.7	%

Gaming expense

2014 Compared with 2013

Gaming expense for our TRS Properties segment decreased by \$6.4 million, or 7.1%, for the year ended December 31, 2014, as compared to the year ended December 31, 2013, primarily due to decreases of \$1.6 million and \$3.2 million, respectively in gaming and admission taxes at Hollywood Casino Baton Rouge and Hollywood Casino Perryville, resulting from a reduction in taxable gaming revenue.

2013 Compared with 2012

Gaming expense for our TRS Properties segment decreased by \$23.7 million, or 21.0%, to \$89.4 million in 2013, primarily due to an overall decrease in gaming and admission taxes resulting from decreased taxable gaming revenue mentioned above at Hollywood Casino Baton Rouge and Hollywood Casino Perryville. Additionally, Hollywood Casino Baton Rouge had, to a lesser extent, decreased payroll and marketing costs due to realignment of costs associated with lower business demand.

Real estate taxes

2014 Compared with 2013

Real estate taxes increased by \$42.9 million, or 465.7%, for the year ended December 31, 2014, as compared to the year ended December 31, 2013, primarily due to a full year of real estate taxes paid by our tenants on the leased properties in our GLP Capital segment. Although this amount is paid by our tenants, we are required to present this

amount in both revenues and expense for financial reporting purposes under ASC 605.

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2013 Compared with 2012

Real estate taxes increased by \$7.6 million, or 479.1%, to \$9.2 million in 2013, primarily due to a partial year of the real estate taxes paid by our tenant on the leased properties under the Master Lease in our GLP Capital segment.
General and administrative expense

General and administrative expenses include items such as compensation costs (including stock based compensation awards), professional services, rent expense, and costs associated with development activities. In addition, Penn provides GLPI with certain administrative and support services on a transitional basis pursuant to a transition services agreement executed in connection with the Spin-Off. The fees charged to GLPI for transition services furnished pursuant to this agreement are determined based on fixed percentages of Penn's internal costs which percentages are intended to approximate the actual cost incurred by Penn in providing the transition services to GLPI for the relevant period. At December 31, 2014, most of these services had been terminated.

2014 Compared with 2013

General and administrative expenses increased by \$37.6 million, or 86.9%, for the year ended December 31, 2014, as compared to the year ended December 31, 2013, primarily resulting from general and administrative expenses for our GLP Capital segment of \$56.9 million for the year ended December 31, 2014 as a result of a full year of operations in 2014. General and administrative expenses for our GLP Capital segment included compensation expense of \$10.6 million, stock based compensation charges of \$30.9 million, rent expense for those leases assigned to GLPI as part of the Spin-Off of \$2.8 million (see Note 9 to the consolidated financial statements for further information on assigned leases), and fees for outside services, including transition services and legal of \$9.3 million. Stock-based compensation charges for our GLP Capital segment for the year ended December 31, 2014 include approximately \$2.4 million of expense related to the \$0.40 one-time dividend.

2013 Compared with 2012

General and administrative expenses increased by \$18.2 million, or 72.6%, to \$43.3 million in 2013, primarily due to general and administrative expenses for our GLP Capital segment of \$19.7 million for the year ended December 31, 2013 primarily due to legal, consulting and other fees related to the Spin-Off transaction of \$13.5 million for the year ended December 31, 2013, as well as compensation expense, including stock based compensation charges for the amortization of unrecognized compensation on Penn equity awards held by GLPI employees at the time of the Spin-Off, of \$4.7 million, rent expense for those leases assigned to GLPI as part of the Spin-Off of \$0.4 million, and transition services fees of \$0.3 million for the year ended December 31, 2013.

Depreciation expense

2014 Compared with 2013

Depreciation expense increased by \$77.9 million, or 269.4%, to \$106.8 million for the year ended December 31, 2014, as compared to the year ended December 31, 2013, primarily due to a full year of depreciation related to the real property assets transferred to GLPI as part of the Spin-Off. We also recorded depreciation expense of approximately \$2.9 million related to the assets acquired in the January 2014 Casino Queen transaction.

2013 Compared with 2012

Depreciation expense increased by \$14.8 million, or 105.3%, to \$28.9 million in 2013, primarily due to the real property assets transferred to GLPI as part of the Spin-Off in our GLP Capital segment.

Other income (expenses)

Other income (expenses) for the years ended December 31, 2014, 2013 and 2012 were as follows (in thousands):

Year Ended December 31,	2014	2013	Variance	Percentage Variance
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Interest expense	\$ (117,030) \$ (19,254) \$ (97,776) (507.8)%
Interest income	2,444	1	2,443	244,300.0	%
Management fee	—	(4,203) 4,203	100.0	%
Total other expenses	\$ (114,586) \$ (23,456) \$ (91,130) (388.5)%

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Year Ended December 31,	2013	2012	Variance	Percentage Variance
Interest expense	\$(19,254)	\$—	\$(19,254)	N/A
Interest income	1	2	(1)	(50.0)%
Management fee	(4,203)	(6,320)	2,117	33.5 %
Total other expenses	\$(23,456)	\$(6,318)	\$(17,138)	(271.3)%

Interest expense

2014 Compared with 2013

For the year ended December 31, 2014, interest expense related to our fixed and variable rate borrowings was \$117.0 million, as compared to \$19.3 million in the year ended December 31, 2013. Interest expense increased due a full year of interest expense on both our fixed and variable rate borrowings entered into in connection with the Spin-Off and additional variable rate borrowings during the year ended December 31, 2014.

2013 Compared with 2012

For the year ended December 31, 2013, interest expense was \$19.3 million and related to our fixed and variable rate borrowings entered into in connection with the Spin-Off in our GLP Capital segment. We had no interest expense for the year ended December 31, 2012.

Management fee

2014 Compared with 2013

Management fees decreased by \$4.2 million, for the year ended December 31, 2014, as compared to the year ended December 31, 2013, due to the management agreement with Penn terminating on November 1, 2013 in connection with the Spin-Off.

2013 Compared with 2012

Management fees decreased by \$2.1 million, or 33.5%, to \$4.2 million in 2013, primarily due to reduced net revenue at Hollywood Casino Baton Rouge and Hollywood Casino Perryville for the year ended December 31, 2013, as compared to the corresponding period in the prior year, as well as the management agreement with Penn terminating on November 1, 2013 in connection with the Spin-Off.

Taxes

2014 Compared to 2013

During the year ended December 31, 2014, we had income tax expense of approximately \$3.4 million, compared to income tax expense of \$17.3 million during the year ended December 31, 2013. Our intended election to be taxed as REIT for our taxable year beginning on January 1, 2014 contributed to our significant decrease in income tax expense in 2014 as compared to the corresponding period in the prior year. Our effective tax rate (income taxes as a percentage of income from operations before income taxes) was 1.8% for the year ended December 31, 2014, as compared to 46.6% for the year ended December 31, 2013, driven by our REIT election. As a REIT, we will no longer be required to pay federal corporate income tax on earnings from operation of the REIT that are distributed to our shareholders. We will continue to be required to pay federal and state corporate income taxes on the earnings of our TRS Properties.

2013 Compared with 2012

Our effective tax rate increased to 46.6% for the year ended December 31, 2013, as compared to 38.6% for the year ended December 31, 2012, primarily due to the Company incurring non-deductible Spin-Off costs for the year ended December 31, 2013.

Our projected annual effective tax rate can vary from period to period depending on, among other factors, the geographic and business mix of our earnings and the level of our tax credits. Certain of these and other factors, including our history of pre-tax earnings, are taken into account in assessing our ability to realize our net deferred tax assets.

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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 \$273.3 million, \$80.6 million and \$26.7 million during the years ended December 31, 2014, 2013 and 2012, respectively. The increase in net cash provided by operating activities of \$192.6 million for the year ended December 31, 2014 compared to the corresponding period in the prior year was primarily comprised of an increase in cash receipts from customers/tenants of \$393.9 million, partially offset by an increase in cash paid to suppliers and vendors of \$66.3 million, an increase in cash paid to employees of \$24.6 million, a net increase of \$1.7 million related to cash paid for taxes and intercompany federal and state income tax transfers with Penn by our TRS Properties prior to the Spin-Off, and an increase in cash paid for interest of \$108.6 million. The increase in cash receipts collected from our customers/tenants for the year ended December 31, 2014 compared to the corresponding period in the prior year was primarily due to an increase of \$405.3 million in rental income, partially offset by a decrease of \$11.4 million in our TRS Properties' net revenues due to operating pressure and competition in their respective markets. The increases in our cash outflows and inflows are primarily driven by twelve months of real estate operations in 2014, compared to only two months of real estate operations in 2013.

Net cash used in investing activities totaled \$317.3 million, \$16.3 million and \$4.8 million, respectively, for the years ended December 31, 2014, 2013 and 2012. The increase in net cash used in investing activities of \$301.0 million for the year ended December 31, 2014 compared to the corresponding period in the prior year was primarily due to a \$140.7 million payment associated with the Casino Queen asset acquisition, along with the \$43.0 million five year term loan to Casino Queen, less \$9.0 million of principal payments, as well as increased capital expenditures of \$126.3 million primarily related to construction spend at the two recently opened Ohio facilities for the year ended December 31, 2014.

Financing activities used net cash of \$205.2 million during the year ended December 31, 2014 and provided \$206.3 million of net cash during the year ended December 31, 2013. During the year ended December 31, 2012, financing activities used cash of \$24.5 million. Net cash used in financing activities for the year ended December 31, 2014 included dividend payments of \$494.1 million, partially offset by proceeds from the issuance of long-term debt, net of repayments and financing costs of \$259.6 million and proceeds from stock option exercises of \$29.9 million. Net cash provided by financing activities for the year ended December 31, 2013 included proceeds from the issuance of long-term debt, net of issuance costs of \$2,301.9 million, partially offset by the cash distribution to Penn in connection with the Spin-Off of \$2,090.0 million.

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. 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.

Capital project expenditures totaled \$139.2 million for the year ended December 31, 2014 and primarily consisted of \$71.3 million and \$63.0 million for the real estate related construction costs of the Mahoning Valley Race Course and the Dayton Raceway, respectively.

Operations at both Hollywood Casino Mahoning Valley Race Course and Hollywood Casino at Dayton Raceway, our two joint development properties with Penn commenced during the year ended December 31, 2014. In June 2012, Penn announced that it had filed applications with the Ohio Lottery Commission for Video Lottery Sales Agent

Licenses for its Ohio racetracks, and with the Ohio State Racing Commission for permission to relocate the racetracks. In connection with the Spin-Off, Penn transferred these properties to us and we received the appropriate approvals from the Ohio regulatory bodies to participate in the development of the new racetracks. Operations at Hollywood Gaming at Mahoning Valley Race Course commenced on September 17, 2014. The new facility at Mahoning Valley Race Course is a thoroughbred track with 866 video lottery terminals and is located on approximately 193 acres in the Centrepointe Business Park near the intersection of Interstate 80 and Ohio Route 46. Hollywood Gaming at Dayton Raceway opened its doors to the public on August 28, 2014 and is a standardbred track with 984 video lottery terminals and is located on approximately 120 acres on the site of an abandoned Delphi Automotive plant near Wagner Ford and Needmore roads in North Dayton. GLPI's share of the budget for these two projects is limited solely to real estate construction costs, which are budgeted at \$100.0 million and \$89.5 million for the Mahoning Valley Race Course and Dayton Raceway facilities, respectively. At December 31, 2014 the budgeted amount for each project had been paid or accrued in full. Both facilities were added to the Master Lease upon commencement of operations.

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During the year ended December 31, 2014, we spent approximately \$3.5 million for capital maintenance expenditures. The majority of the capital maintenance expenditures were for slot machines and slot machine equipment at our TRS Properties. Our tenants are responsible for capital maintenance expenditures at our leased properties.

Debt

Senior Unsecured Credit Facility

The Company participates in a one billion Credit Facility, consisting of a \$700 million revolving credit facility and a \$300 million Term Loan A facility. The Credit Facility matures on October 28, 2018. At December 31, 2014, the Credit Facility had a gross outstanding balance of \$558 million, consisting of the \$300 million Term Loan A facility and \$258 million of borrowings under the revolving credit facility. Additionally, at December 31, 2014, the Company was contingently obligated under letters of credit issued pursuant to the senior unsecured credit facility with face amounts aggregating approximately \$0.7 million, resulting in \$441.3 million of available borrowing capacity under the revolving credit facility as of December 31, 2014.

The 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 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. GLPI is required to maintain its status as a REIT on and after the effective date of its election to be treated as a REIT, which election GLPI intends to make on its U.S. federal income tax return for its 2014 fiscal year. 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 Credit Facility also contains certain customary affirmative covenants and events of default. Such events of default include the occurrence of a change of control and termination of the Master Lease (subject to certain replacement rights). The occurrence and continuance of an event of default under the Credit Facility will enable the lenders under the Credit Facility to accelerate the loans, and terminate the commitments, thereunder.

Senior Unsecured Notes

At December 31, 2014, the Company had \$550 million outstanding of 4.375% senior unsecured notes maturing on November 1, 2018 (the "2018 Notes"), \$1,000 million outstanding of 4.875% senior unsecured notes maturing on November 1, 2020 (the "2020 Notes") and \$500 million outstanding of 5.375% senior unsecured notes maturing on November 1, 2023 (the "2023 Notes"). Interest on each of the 2018 Notes, 2020 Notes and 2023 Notes, (collectively the "Notes") is payable semi-annually on May 1 and November 1 of each year.

The Company may redeem the Notes of any series at any time, and from time to time, at a redemption price of 100% of the principal amount of the Notes redeemed, plus a "make-whole" redemption premium described in the indenture governing the Notes, together with accrued and unpaid interest to, but not including, the redemption date, except that if Notes of a series are redeemed 90 or fewer days prior to their maturity, the redemption price will be 100% of the principal amount of the Notes redeemed, together with accrued and unpaid interest to, but not including, the redemption date. If GLPI experiences a change of control accompanied by a decline in the credit rating of the Notes of a particular series, the Company will be required to give holders of the Notes of such series the opportunity to sell their Notes of such series at a price equal to 101% of the principal amount of the Notes of such series, together with accrued and unpaid interest to, but not including, the repurchase date. The Notes also are subject to mandatory redemption requirements imposed by gaming laws and regulations.

The Notes were issued by GLP Capital, L.P. and GLP Financing II, Inc., (the "Issuers") two wholly-owned subsidiaries of GLPI and are guaranteed on a senior unsecured basis by GLPI. The guarantees of GLPI are full and unconditional. The Notes are the Issuers' senior unsecured obligations and rank pari passu in right of payment with all of the Issuers' senior indebtedness, including the Credit Facility, and senior in right of payment to all of the Issuers' subordinated indebtedness, without giving effect to collateral arrangements. See Note 18 for additional financial information on the parent guarantor and subsidiary issuers of the Notes.

The Notes contain covenants limiting the Company's ability to: incur additional debt and use their assets to secure debt; merge or consolidate with another company; and make certain amendments to the Master Lease. The 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.

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At December 31, 2014, the Company was in compliance with all required covenants under the Credit Facility and the Notes.

Capital Lease

The Company assumed the capital lease obligation related to certain assets at its Aurora, Illinois property. GLPI recorded the asset and liability associated with the capital lease on its balance sheet. The original term of the capital lease was 30 years and it will terminate in 2026.

Outlook

Based on our current level of operations and anticipated earnings, we believe that cash generated from operations and cash on hand, together with amounts available under our senior unsecured credit facility, will be adequate to meet our anticipated debt service requirements, capital expenditures, working capital needs and dividend requirements. In addition, we expect the majority of our future growth to come from acquisitions of gaming and other properties at reasonable valuations to lease to third parties. If we consummate significant acquisitions in the future, our cash requirements may increase significantly and we would likely need to raise additional proceeds through a combination of either common equity and/or debt offerings. Our future operating performance and our ability to service or refinance our debt will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control. See "Risk Factors-Risks Related to Our Capital Structure" of this Annual Report on Form 10-K for a discussion of the risk related to our capital structure.

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Commitments and Contingencies

Contractual Cash Obligations

The following table presents our contractual obligations at December 31, 2014:

	Payments Due By Period				
	Total	2015	2016 - 2017	2018 - 2019	2020 and After
	(in thousands)				
Senior unsecured credit facility					
Principal	\$558,000	\$—	\$—	\$558,000	\$—
Interest ⁽¹⁾	78,510	20,327	42,076	16,107	—
4.375% senior subordinated notes					
Principal	550,000	—	—	550,000	—
Interest	96,251	24,063	48,125	24,063	—
4.875% senior subordinated notes					
Principal	1,000,000	—	—	—	1,000,000
Interest	292,500	48,750	97,500	97,500	48,750
5.375% senior subordinated notes					
Principal	500,000	—	—	—	500,000
Interest	241,875	26,875	53,750	53,750	107,500
Capital lease obligations	1,487	81	226	231	949
Purchase obligations	1,824	1,804	20	—	—
Operating leases	51,521	1,528	3,053	2,620	44,320
Other liabilities reflected in the Company's consolidated balance sheets ⁽²⁾	623	623	—	—	—
Total	\$3,372,591	\$124,051	\$244,750	\$1,302,271	\$1,701,519

The interest rates associated with the variable rate components of our senior unsecured credit facility are estimated, reflected of forward LIBOR curves plus the spread over LIBOR of 150 basis points which became effective in the ⁽¹⁾ first quarter of 2014. The contractual amounts to be paid on our variable rate obligations are affected by changes in market interest rates and changes in our spreads which are based on our leverage ratios. Future changes in such ratios will impact the contractual amounts to be paid.

⁽²⁾ Primarily represents liabilities associated with reward programs at our TRS Properties that can be redeemed for free play, merchandise or services.

Other Commercial Commitments

The following table presents our material commercial commitments as of December 31, 2014 for the following future periods:

	Total Amounts Committed (in thousands)	2015	2016 - 2017	2018 - 2019	2020 and After
Letters of Credit ⁽¹⁾	\$744	\$744	—	—	—
Total	\$744	\$744	—	—	—

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- (1) The available balance under the revolving credit portion of our senior unsecured credit facility is reduced by outstanding letters of credit.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of December 31, 2014 and 2013.

ITEM 7A. 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 \$2,609.5 million at December 31, 2014. Furthermore, \$2,050.0 million of our obligations are the senior unsecured notes that have fixed interest rates with maturity dates ranging from four to nine 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. GLPI also expects to manage its exposure to interest rate risk by maintaining a mix of fixed and variable rates for its indebtedness. However, the REIT provisions of the Code substantially limit GLPI's ability to hedge its assets and liabilities.

The table below provides information at December 31, 2014 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 December 31, 2014.

	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	Thereafter	Total	Fair Value at 12/31/2014
	(in thousands)							
Long-term debt:								
Fixed rate	\$—	\$—	\$—	\$550,000	\$—	\$1,500,000	\$2,050,000	\$2,091,000
Average interest rate				4.38 %		5.04%		
Variable rate	\$—	\$—	\$—	\$558,000	\$—	\$—	\$558,000	\$535,010
Average interest rate (1)				3.81 %				

(1) Estimated rate, reflective of forward LIBOR plus the spread over LIBOR applicable to variable-rate borrowing.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

Board of Directors

Gaming and Leisure Properties, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Gaming and Leisure Properties, Inc. and Subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of income, changes in shareholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedule listed in the index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Gaming and Leisure Properties, Inc. and Subsidiaries at December 31, 2014 and 2013, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Gaming and Leisure Properties, Inc. and Subsidiaries' internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 27, 2015 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Philadelphia, Pennsylvania

February 27, 2015

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors

Gaming and Leisure Properties, Inc. and Subsidiaries

We have audited Gaming and Leisure Properties, Inc. and Subsidiaries' internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Gaming and Leisure Properties, Inc. and Subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Gaming and Leisure Properties, Inc. and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Gaming and Leisure Properties, Inc. and Subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of income, changes in shareholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2014 of Gaming and Leisure Properties, Inc. and Subsidiaries and our report dated February 27, 2015 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Philadelphia, Pennsylvania

February 27, 2015

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Gaming and Leisure Properties, Inc. and Subsidiaries
 Consolidated Balance Sheets
 (amounts in thousands, except share and per share data)

	December 31, 2014	December 31, 2013
Assets		
Real estate investments, net	\$2,180,124	\$2,010,303
Property and equipment, used in operations, net	134,028	139,121
Cash and cash equivalents	35,973	285,221
Prepaid expenses	7,900	5,983
Deferred tax assets, current	2,015	2,228
Other current assets	45,254	17,367
Goodwill	75,521	75,521
Other intangible assets	9,577	9,577
Debt issuance costs, net of accumulated amortization of \$9,327 and \$1,270 at December 31, 2014 and 2013, respectively	39,126	46,877
Loan receivable	34,000	—
Deferred tax assets, non-current	679	—
Other assets	383	17,041
Total assets	\$2,564,580	\$2,609,239
Liabilities		
Accounts payable	\$4,409	\$21,397
Accrued expenses	5,339	13,783
Accrued interest	17,528	18,055
Accrued salaries and wages	12,581	10,337
Gaming, property, and other taxes	22,741	18,789
Income taxes	—	17,256
Current maturities of long-term debt	81	—
Other current liabilities	15,788	12,911
Long-term debt, net of current maturities	2,609,406	2,350,000
Deferred tax liabilities, non-current	1,443	4,282
Total liabilities	2,689,316	2,466,810
Commitments and Contingencies (Note 9)		
Shareholders' (deficit) equity		
Common stock (\$.01 par value, 550,000,000 shares authorized, 112,981,088 and 88,659,448 shares issued at December 31, 2014 and 2013, respectively)	1,130	887
Additional paid-in capital	888,860	3,651
Retained (deficit) earnings	(1,014,726	) 137,891
Total shareholders' (deficit) equity	(124,736	) 142,429
Total liabilities and shareholders' (deficit) equity	\$2,564,580	\$2,609,239

See accompanying notes to the consolidated financial statements.

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Gaming and Leisure Properties, Inc. and Subsidiaries
 Consolidated Statements of Income
 (in thousands, except per share data)

Year ended December 31,	2014	2013	2012
Revenues			
Rental	\$431,280	\$68,955	\$—
Real estate taxes paid by tenants	50,534	7,602	—
Total rental revenue	481,814	76,557	—
Gaming	148,283	159,352	202,581
Food, beverage and other	11,621	12,357	15,635
Total revenues	641,718	248,266	218,216
Less promotional allowances	(5,773)	) (6,137	) (7,573
Net revenues	635,945	242,129	210,643
Operating expenses			
Gaming	82,995	89,367	113,111
Food, beverage and other	9,734	10,775	13,114
Real estate taxes	52,154	9,220	1,592
General and administrative	80,836	43,262	25,068
Depreciation	106,843	28,923	14,090
Total operating expenses	332,562	181,547	166,975
Income from operations	303,383	60,582	43,668
Other income (expenses)			
Interest expense	(117,030)	) (19,254) —
Interest income	2,444	1	2
Management fees	—	(4,203	) (6,320
Total other expenses	(114,586)	) (23,456	) (6,318
Income before income taxes	188,797	37,126	37,350
Income tax expense	3,413	17,296	14,431
Net income	\$185,384	\$19,830	\$22,919
Earnings per common share:			
Basic earnings per common share	\$1.65	\$0.18	\$0.21
Diluted earnings per common share	\$1.58	\$0.17	\$0.20

See accompanying notes to the consolidated financial statements.

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

	Common Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Total Shareholders' Equity (Deficit)
	Shares	Amount			
Balance, December 31, 2011	—	\$—	\$77,856	\$142,055	\$219,911
Cash contribution to parent	—	—	(6,500)	—	(6,500)
Net income	—	—	—	22,919	22,919
Balance, December 31, 2012	—	—	71,356	164,974	236,330
Contributions to Penn National Gaming, Inc., prior to Spin-Off	—	—	(3,387)	(46,913)	(50,300)
Real estate assets and liabilities contributed to GLPI from Penn National Gaming, Inc. (See Note 1)	88,601,637	886	2,022,687	—	2,023,573
Cash contribution to Penn National Gaming, Inc. in connection with Spin-Off	—	—	(2,090,000)	—	(2,090,000)
Stock option activity	57,811	1	2,621	—	2,622
Restricted stock activity	—	—	374	—	374
Net income	—	—	—	19,830	19,830
Balance, December 31, 2013	88,659,448	887	3,651	137,891	142,429
Stock option activity	2,184,980	21	38,648	—	38,669
Restricted stock activity	156,839	2	3,519	—	3,521