

Washington Trotting Association, Inc. and  
Gaming and Leisure Properties, Inc.

**Pennsylvania Gaming Control Board**

Joint Petition for Preliminary Approval  
Of Change in Control

July 8 , 2015



## Attendees

- 1) **Guy Hillyer**, Executive Vice President, Cannery Casino Resorts
- 2) **Marie J. Jones, Esquire**, Counsel for Washington Trotting Association, Inc.
- 3) **Brandon J. Moore, Esquire**, Senior VP and General Counsel, Gaming and Leisure Properties, Inc.
- 4) **James A. Doherty, Esquire**, Counsel for Gaming and Leisure Properties, Inc.

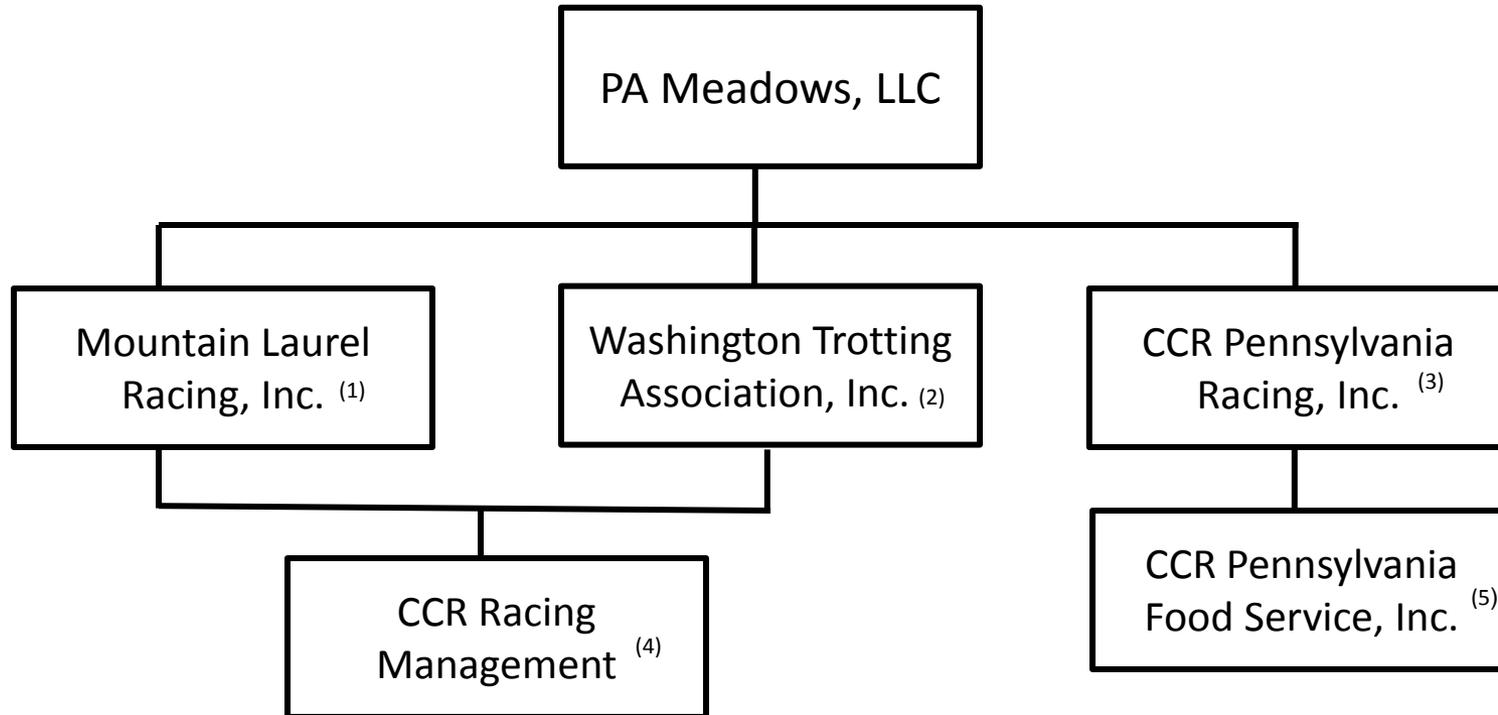
# Petition for Preliminary Approval of Change and Control Pursuant to 4 PA. C.S. §1328(A)

- Request for Relief
  - Preliminary Approval of the transaction between Washington Trotting Association, Inc. and Gaming and Leisure Properties, Inc.
  - Permits the Office of Enforcement Counsel and Bureau of Investigation and Enforcement to perform investigation.
  - Board and Harness Racing Commission would have final approval after investigations.
  - Harness Racing Commission has provided a letter dated June 24, 2015 indicating no Objection by the Harness Racing Commission with this Petition for Preliminary Approval being heard by the Board.

# Proposed Transaction

- May 13, 2014 entered into Membership Interest Purchase Agreement for \$465 million.
- Sixty (60) days from entering Agreement for GLPI to identify a Third Party Operator.
- If not Identified, GLPI would apply for a Category 1 license and the transaction would close no later than November 13, 2015 (at which time Cannery has option to terminate agreement if GLPI is not licensed, subject to other provisions of the agreement).
- GLPI, through its wholly owned subsidiary, GLP Capital, L.P. filed for licensure as a Category 1 licensee on July 16, 2014.
- November 5, 2014, advised that application transferred to Bureau of Investigation and Enforcement.

# Current Organization Structure



(1) Holds a harness license

(2) Holds a gaming and harness license. Owns all operations including gaming and racing. Owns all of the buildings and FF&E on the Meadows property.

(3) Owns all the land on the Meadows property

(4) Owns the land and related assets associated with the OTB's

(5) Owns the liquor license for the casino and racing operations

## Four Transaction Steps

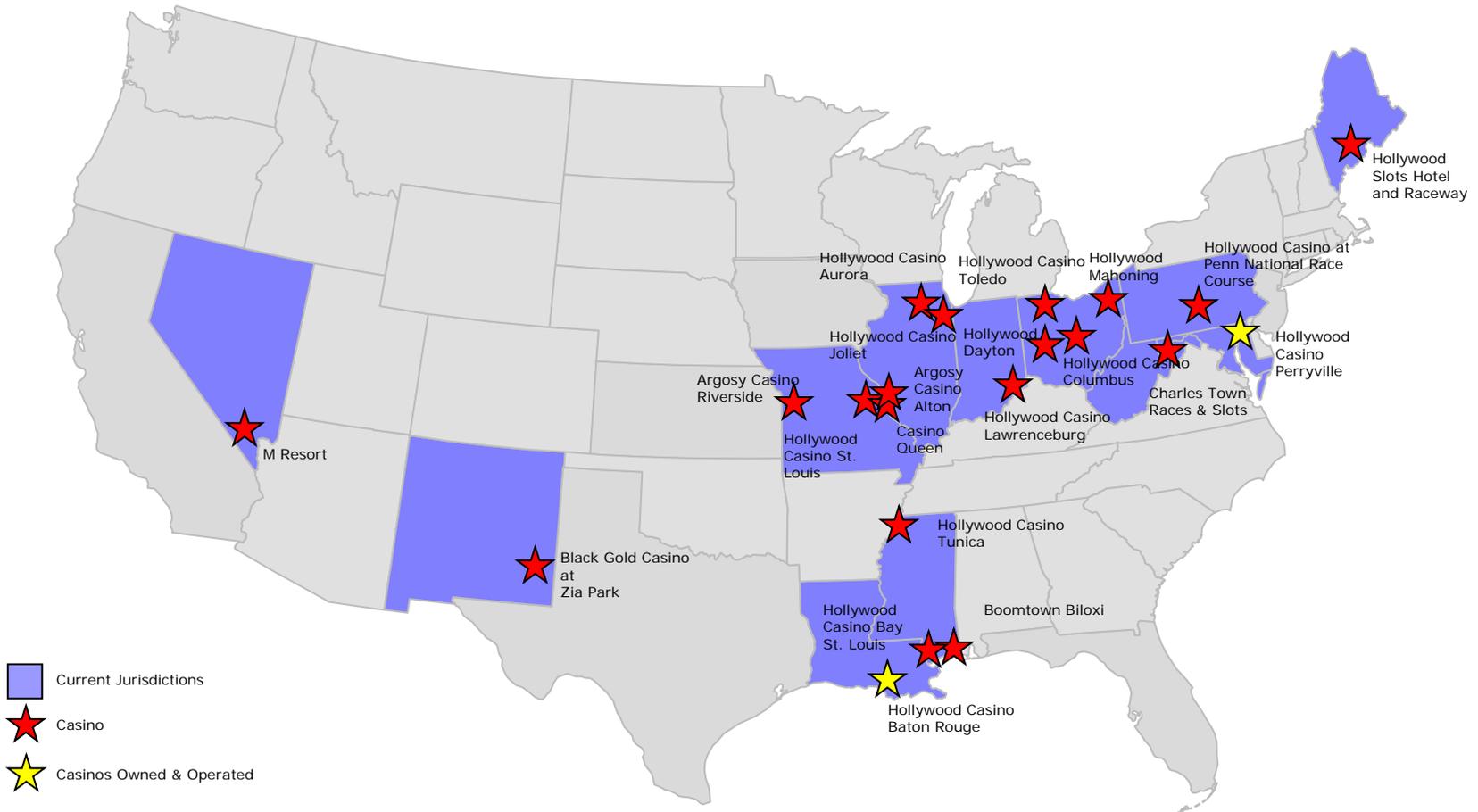
- Step 1. Two (2) days prior to the purchase in step 3, CCR Racing Management (“CRM”) distributes the land and building related to Harmar Township to a newly created limited liability company subsidiary of Washington Trotting Association Inc. (“WTA”).
- Step 2. One (1) day prior to the purchase in step 3, WTA contributes the operating assets and its interest in CRM to a new corporation (“Newco”). CCR Pennsylvania Racing contributes any operating assets to CCR Pennsylvania Food Service.
- Step 3. GLP Capital, L.P. purchases 100% of the interests in PA Meadows LLC.
- Step 4. PA Meadows sells the stock of Mount Laurel Racing, WTA sells the interests in Newco, and CCR Pennsylvania Racing sells the stock of CCR Pennsylvania Food Service to the third party operator.

# Gaming and Leisure Properties Overview

- Spun-off from Penn National Gaming (NASDAQ: PENN) November 2013
- 18 Properties leased back to PENN through a triple-net master lease
- Casino Queen in East St. Louis leased to third party operator
- Approximately 7.2 million total square feet of building space owned
- Approximately 3,100 acres of land and 2,800 hotel rooms
- Two properties owned and operated in a taxable REIT subsidiary

# Geographically Diversified Portfolio

- Multi-jurisdictional REIT portfolio with 21 assets in 12 jurisdictions



# Taxable REIT Subsidiary

- GLP is permitted to hold up to 25% of its assets in a vehicle known as a taxable REIT subsidiary (TRS).
- The two properties currently held in TRS subsidiaries are required to be held as part of the tax-free spin from PENN.
- Income from assets owned through a TRS does not receive the same favorable tax treatment and is therefore minimized.
- If approved and conditions to closing are satisfied, GLPI will place the Meadows assets in its TRS while it continues efforts to enter into an agreement with a third party operator.

# GLP Licensure in Pennsylvania

- GLP is currently licensed as a principal entity in connection with the Category I license held by affiliates of PENN for Hollywood Casino at Penn National Race Course
- PENN and GLP are separate, publicly traded entities operating independently from one another
- PENN is pursuing many projects independent from GLP, including the recent opening in Plainridge, MA, the recently announced transaction for Tropicana in Las Vegas and the development project outside of San Diego, CA.
- GLP is pursuing transactions independent from PENN, including the acquisition of the Casino Queen, the recently announced pursuit of Pinnacle Entertainment and many other projects that are currently confidential.

# Proven and Experienced CEO and CFO

Decades of Combined Experience in Gaming, Lodging & Leisure Experience Through Numerous Industry Cycles

## Peter Carlino – Chairman of the Board and Chief Executive Officer

- Serves as the Chairman and CEO of GLPI in addition to the Chairman of Penn National Gaming's Board of Directors
- Served as Penn's Chairman since April 1994
- CEO of Penn from April 1994 until GLPI was spun out to shareholders on November 1, 2013

## William Clifford – Chief Financial Officer and Treasurer

- Serves as GLPI's Chief Financial Officer and Treasurer
- Served as Penn National Gaming's Senior Vice President-Finance and Chief Financial Officer since October 2001
- Served as the Chief Financial Officer and Senior Vice President of Finance for Sun International Resorts, Inc., Paradise Island, Bahamas, the Financial, Hotel and Operations Controller for Treasure Island Hotel and Casino, Las Vegas, the Controller for Golden Nugget Hotel and Casino, Las Vegas, and the Controller for the Dunes Hotel and Casino, Las Vegas

## Conclusion

- Permit preliminary approval of the transaction.
- Allow the Category 1 license application of GLPI to be investigated.
- Permit WTA and GLPI to move forward with the licensing approval with final approval by the Board and Harness Racing Commission to be heard at conclusion of license investigation.