Presentation to the Pennsylvania Gaming Control Board

August 21, 2013

Penn National Gaming, Inc.

Introduction – Penn National Gaming, Inc.

Pennsylvania-based Penn National Gaming (“PENN” or “the Company”) is the nation’s premier diversified regional gaming company

- **PENN operates 21 casino properties and 7 racetracks in 18 jurisdictions**
- **Approximately 1.6M square feet of casino gaming space with appx. 34,500 slots and appx. 850 tables**
- **PENN’s regional markets have outperformed destination gaming markets, especially in periods of economic weakness due to the Company’s diversity of markets and high asset quality**
- **Proven development and acquisition record**
  - Acquired 23 casinos / racetracks since formation
  - Developed 7 properties across 6 states
- **Pennsylvania is PENN’s home state and our operation here is vitally important to the Company**

Introduction – Hollywood Casino at Penn National Race Course

Mountainview Thoroughbred Racing Association d/b/a Hollywood Casino at Penn National Race Course

- 365,000-square-foot facility with 2,456 slots and 69 tables[1]
- Amenities include an entertainment bar and lounge, a sports bar, a buffet, a high-end steakhouse and various casual dining options, as well as a simulcast facility and viewing area for live racing at PENN's namesake track
- 1,252 employees and appx. $39 million paid in wages and benefits for 2012
- Over $753 million paid in state and local gaming taxes[2]
- Over $348 million in capital expenditures, exclusive of $65 million license fees[3]

[1] Slot and table counts provided as of July 31, 2013

[2] Tax figures provided from opening through July 2013

[3] Cap ex – 2005 through July 2013

Proposed Transaction Highlights

PENN is seeking to effect a proposed transaction to (i) transfer most of its real estate assets to a newly created real estate investment trust ("REIT") and (ii) refinance its existing debt

- **The real estate will be held by a subsidiary of a separate, publicly traded company called Gaming and Leisure Properties, Inc. ("GLP") whose shares will be distributed to PENN's shareholders in a tax-free spin-off**
- **GLP Capital, LP ("GLPC"), as subsidiary of GLP, will lease the real estate back to PENN, through Penn Tenant, LLC, on a long-term basis pursuant to a Master Lease and elect REIT status**
- **GLPC will be a passive landlord and PENN (through HCPN) will continue to control all aspects of the operation of the facilities, including responsibility for compliance with all laws, rules and regulations[1]**
- **As separate companies, PENN and GLP will attract a wider range of investors than PENN today thereby introducing new investors and capital sources to the gaming industry**
- **Following its REIT election, GLP will distribute at least 90% of its annual taxable income as dividends to its shareholders**

In doing so, PENN plans to enhance its operational flexibility and growth profile and reduce its cost of capital, thus substantially growing shareholder value

[1] In order to maintain REIT status, GLP will remain a passive landlord for properties subject to the Master Lease, including HCPN.

Expected Impact on Pennsylvania

Potential Impact	Stays the Same	Commentary
State Gaming Revenues and Taxes	✓	▪ No change to state gaming revenues and taxes ▪ Management is still incentivized to maximize revenues and the transaction will have no associated impact, thus state gaming taxes are expected to remain the same
Property Management and Philosophy	✓	▪ No change to property management and philosophy ▪ The management teams will remain the same and will continue to execute the same philosophy and strategy that has been successful for us in the past
Full-Time Employees	✓	▪ No change to full-time employees ▪ The number of employees at each property will not be affected by the contemplated transaction
Capital Expenditures	✓	▪ PENN required to maintain all leased properties pursuant to Master Lease with GLP ▪ Master Lease establishes a minimum for capital expenditures by Penn among all of the leased properties as 1% of net revenues from all of the leased properties
Responsible Gaming Policy and Internal Controls	✓	▪ No change in responsible gaming policy and internal controls ▪ We remain committed to the promotion of responsible gaming and the state will interface with the same personnel regarding internal controls

The proposed transaction simply creates a landlord / tenant relationship, with virtually all other aspects of PENN's operations remaining unchanged*

* Including possession of the Category 1 Slot Machine License for HCPN

Overview of Publicly-Listed REIT Sector

REITs, in a Nutshell

- **A REIT is a corporation or business trust that makes a REIT election for tax purposes**
- **REITs are tax-efficient vehicles that allow corporations to realize value in realty holdings**
  - Realty includes property, permanent fixtures and improvements in a broad sense
  - Generally does not include machinery, removable fixtures and operating businesses
- **Provides for tax deductibility of dividends and avoidance of dividend “double taxation”**

U.S. REIT History

- **Congress created REITs in 1960 as a way to make investment in large-scale, income-producing real estate accessible to all investors through the purchase and sale of liquid securities**
- **Prior to the creation of listed real estate equities, access to the investment returns of commercial real estate equity as a core asset was available only to institutions and wealthy, high net-worth individuals**

Industry Size

- **151 REITs are traded on the New York Stock Exchange (e.g. Simon Property Group, Inc., Host Hotels and Resorts, Inc., Vornado Realty Trust, Entertainment Properties Trust, and Boston Properties, Inc.)**
- **NYSE listed REITs’ equity market capitalization is approximately $561 billion**
- **16 REITs are included in the S&P 500, with aggregate equity market capitalization of over $270 billion**
- **REITs own ~$850 billion of commercial real estate assets**

Source: National Association of Real Estate Investment Trusts (“NAREIT”) industry fact sheet, as of August 31, 2012, unless otherwise noted.

Detailed Pro Forma Property Summary

PENN

Properties Leased from GLP
(17 Properties)

GLP

Properties Owned by GLP and Leased to PENN

1. Hollywood Casino at Charles Town Races
2. Hollywood Casino Lawrenceburg
3. Hollywood Casino at Penn National Race Course
4. Hollywood Casino Aurora
5. Hollywood Casino Joliet
6. Argosy Casino Riverside
7. Argosy Casino Alton
8. Hollywood Casino Tunica
9. Hollywood Casino Bay St. Louis
10. Argosy Casino Sioux City
11. Boomtown Biloxi
12. Hollywood Casino Hotel and Raceway
13. Black Gold Casino at Zia Park
14. M Resort
15. Hollywood Casino Toledo
16. Hollywood Casino Columbus
17. Hollywood Casino St. Louis

PENN

Properties Owned and Retained by PENN

1. Youngstown Development
2. Dayton Development
3. Sanford-Orlando Kennel Club
4. Rosecroft Raceway
5. Freehold Raceway JV
6. Casino Rama management contract
7. Texas JV (two properties)
8. Kansas JV

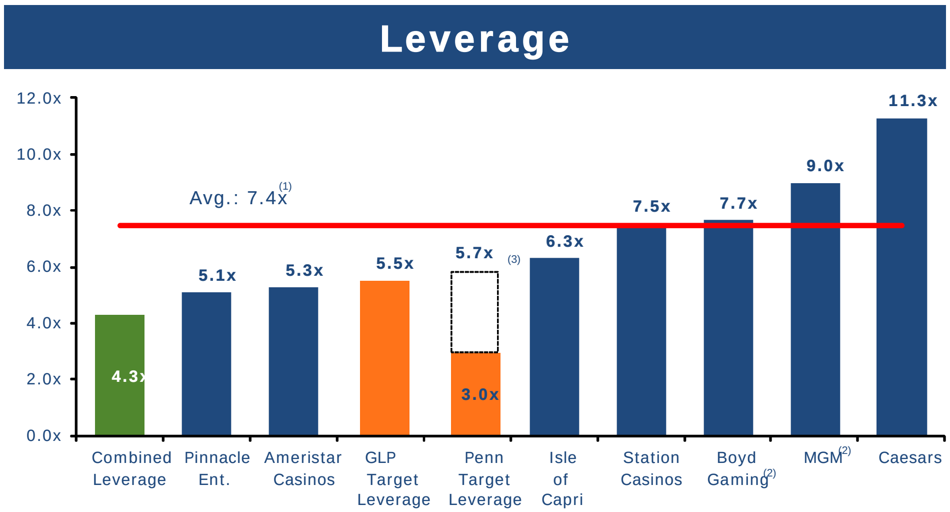
GLP

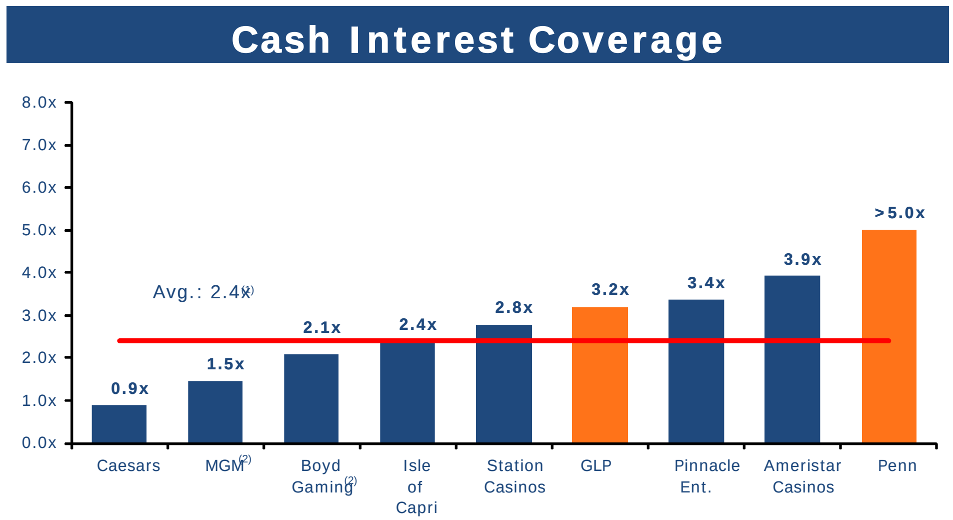
Properties Owned by GLP through a Taxable REIT Subsidiary

1. Hollywood Casino Baton Rouge
2. Hollywood Casino Perryville

PENN Capital Structure Strategy

- **PENN's current leverage level is approximately 3.3x EBITDA**
- **At the time of the spin-off, PENN's estimated leverage level is ~3.0x EBITDA with an implied adjusted leverage of 5.7x EBITDAR**
- **The targeted leverage level is well below the industry average of other gaming operators and will afford PENN with continued financial flexibility**
- **Additionally, interest coverage is expected to remain meaningfully above industry average**





(1) Average excludes PENN and GLP figures.
(2) MGM and Boyd based on fully consolidated figures for majority controlled joint ventures as reported.
(3) Adjusted leverage = EBITDAR / (Debt+8*Rent).

Conclusion

- Next Steps
- Questions