

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

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

**For the Quarterly Period Ended September 30, 2021
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: 001-38372

VICI Properties Inc.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of incorporation or organization)

81-4177147
(I.R.S. Employer Identification No.)

535 Madison Avenue, 20th Floor New York, New York 10022
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (646) 949-4631

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, \$0.01 par value	VICI	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of October 26, 2021, the registrant had 628,946,033 shares of its \$0.01 par value common stock outstanding.

VICI PROPERTIES INC.
FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2021
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PART I FINANCIAL INFORMATION**Item 1. Financial Statements**

VICI PROPERTIES INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In thousands, except share and per share data)

	September 30, 2021	December 31, 2020
Assets		
Real estate portfolio:		
Investments in leases - sales-type, net	\$ 13,124,209	\$ 13,027,644
Investments in leases - financing receivables, net	2,640,399	2,618,562
Investments in loans, net	523,897	536,721
Land	153,576	158,190
Cash and cash equivalents	669,514	315,993
Short-term investments	—	19,973
Other assets	437,209	386,530
Total assets	\$ 17,548,804	\$ 17,063,613
Liabilities		
Debt, net	\$ 4,692,032	\$ 6,765,532
Accrued interest	45,078	46,422
Deferred financing liability	73,600	73,600
Deferred revenue	461	93,659
Dividends payable	226,300	176,992
Other liabilities	382,547	413,663
Total liabilities	5,420,018	7,569,868
Commitments and contingent liabilities (Note 10)		
Stockholders' equity		
Common stock, \$0.01 par value, 1,350,000,000 and 700,000,000 shares authorized and 628,944,887 and 536,669,722 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	6,289	5,367
Preferred stock, \$0.01 par value, 50,000,000 shares authorized and no shares outstanding at September 30, 2021 and December 31, 2020	—	—
Additional paid-in capital	11,752,852	9,363,539
Accumulated other comprehensive loss	—	(92,521)
Retained earnings	290,966	139,454
Total VICI stockholders' equity	12,050,107	9,415,839
Non-controlling interest	78,679	77,906
Total stockholders' equity	12,128,786	9,493,745
Total liabilities and stockholders' equity	\$ 17,548,804	\$ 17,063,613

Note: As of September 30, 2021 and December 31, 2020, our Investments in leases - sales-type, Investments in leases - financing receivables, Investments in loans and Other assets (sales-type sub-leases) are net of \$432.6 million, \$88.6 million, \$0.4 million and \$6.5 million, respectively, and \$454.2 million, \$91.0 million, \$1.8 million and \$6.9 million of Allowance for credit losses, respectively. Refer to [Note 5 - Allowance for Credit Losses](#) for further details.

See accompanying Notes to Consolidated Financial Statements.

VICI PROPERTIES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(UNAUDITED)
(In thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues				
Income from sales-type and direct financing leases	\$ 292,059	\$ 270,274	\$ 873,337	\$ 718,421
Income from operating leases	—	3,638	—	25,464
Income from lease financing receivables and loans	70,205	52,827	210,578	82,696
Other income	6,936	7,276	20,897	8,702
Golf revenues	6,504	5,638	21,602	17,273
Total revenues	375,704	339,653	1,126,414	852,556
Operating expenses				
General and administrative	8,379	8,047	24,092	22,560
Depreciation	771	910	2,320	2,990
Other expenses	6,936	7,263	20,897	8,702
Golf expenses	5,143	4,672	14,881	13,181
Change in allowance for credit losses	9,031	177,052	(24,453)	261,080
Transaction and acquisition expenses	177	2,026	9,689	7,703
Total operating expenses	30,437	199,970	47,426	316,216
Interest expense	(165,099)	(77,399)	(321,953)	(231,185)
Interest income	26	214	75	6,743
Loss from extinguishment of debt	(15,622)	—	(15,622)	(39,059)
Gain upon lease modification	—	333,352	—	333,352
Income before income taxes	164,572	395,850	741,488	606,191
Income tax (expense) benefit	(388)	368	(2,128)	(395)
Net income	164,184	396,218	739,360	605,796
Less: Net (income) loss attributable to non-controlling interest	(2,322)	2,056	(6,988)	(2,132)
Net income attributable to common stockholders	\$ 161,862	\$ 398,274	\$ 732,372	\$ 603,664
Net income per common share				
Basic	\$ 0.29	\$ 0.75	\$ 1.35	\$ 1.22
Diluted	\$ 0.28	\$ 0.74	\$ 1.31	\$ 1.21
Weighted average number of shares of common stock outstanding				
Basic	555,153,692	533,407,916	542,843,855	496,002,850
Diluted	571,894,545	536,180,175	557,113,510	499,982,269
Other comprehensive income				
Net income attributable to common stockholders	\$ 161,862	\$ 398,274	\$ 732,372	\$ 603,664
Unrealized gain (loss) on cash flow hedges	6,576	13,007	28,282	(39,180)
Reclassification of realized loss on cash flow hedges to net income	64,239	—	64,239	—
Comprehensive income attributable to common stockholders	\$ 232,677	\$ 411,281	\$ 824,893	\$ 564,484

See accompanying Notes to Consolidated Financial Statements.

VICI PROPERTIES INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)
(In thousands, except share and per share data)

	Common Stock	Additional Paid- in Capital	Accumulated Other Comprehensive Loss	Retained (Deficit) Earnings	Total VICI Stockholders' Equity	Non- controlling Interest	Total Stockholders' Equity
Balance as of December 31, 2019	\$ 4,610	\$ 7,817,582	\$ (65,078)	\$ 208,069	\$ 7,965,183	\$ 83,806	\$ 8,048,989
Cumulative effect of adoption of ASC 326	—	—	—	(307,114)	(307,114)	(2,248)	(309,362)
Net (loss) income	—	—	—	(24,012)	(24,012)	1,947	(22,065)
Issuance of common stock, net	75	199,802	—	—	199,877	—	199,877
Distributions to non-controlling interest	—	—	—	—	—	(2,042)	(2,042)
Dividends declared (\$0.2975 per common share)	—	—	—	(139,413)	(139,413)	—	(139,413)
Stock-based compensation, net of forfeitures	1	1,184	—	—	1,185	—	1,185
Unrealized loss on cash flow hedges	—	—	(53,138)	—	(53,138)	—	(53,138)
Balance as of March 31, 2020	<u>4,686</u>	<u>8,018,568</u>	<u>(118,216)</u>	<u>(262,470)</u>	<u>7,642,568</u>	<u>81,463</u>	<u>7,724,031</u>
Net income	—	—	—	229,402	229,402	2,241	231,643
Issuance of common stock, net	650	1,275,974	—	—	1,276,624	—	1,276,624
Distribution to non-controlling interest	—	—	—	—	—	(2,041)	(2,041)
Dividends declared (\$0.2975 per common share)	—	—	—	(158,767)	(158,767)	—	(158,767)
Stock-based compensation, net of forfeitures	1	1,969	—	—	1,970	—	1,970
Unrealized gain on cash flow hedges	—	—	951	—	951	—	951
Balance as of June 30, 2020	<u>5,337</u>	<u>9,296,511</u>	<u>(117,265)</u>	<u>(191,835)</u>	<u>8,992,748</u>	<u>81,663</u>	<u>9,074,411</u>
Net income	—	—	—	398,274	398,274	(2,056)	396,218
Issuance of common stock, net	30	63,002	—	—	63,032	—	63,032
Distribution to non-controlling interest	—	—	—	—	—	(2,041)	(2,041)
Dividends declared (\$0.3300 per common share)	—	—	—	(177,101)	(177,101)	—	(177,101)
Stock-based compensation, net of forfeitures	—	2,013	—	—	2,013	—	2,013
Unrealized gain on cash flow hedges	—	—	13,007	—	13,007	—	13,007
Balance as of September 30, 2020	<u>\$ 5,367</u>	<u>\$ 9,361,526</u>	<u>\$ (104,258)</u>	<u>\$ 29,338</u>	<u>\$ 9,291,973</u>	<u>\$ 77,566</u>	<u>\$ 9,369,539</u>

VICI PROPERTIES INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Continued)
(UNAUDITED)
(In thousands, except share and per share data)

	Common Stock	Additional Paid- in Capital	Accumulated Other Comprehensive Loss	Retained (Deficit) Earnings	Total VICI Stockholders' Equity	Non- controlling Interest	Total Stockholders' Equity
Balance as of December 31, 2020	\$ 5,367	\$ 9,363,539	\$ (92,521)	\$ 139,454	\$ 9,415,839	\$ 77,906	\$ 9,493,745
Net income	—	—	—	269,801	269,801	2,298	272,099
Distributions to non-controlling interest	—	—	—	—	—	(2,071)	(2,071)
Dividends declared (\$0.3300 per common share)	—	—	—	(177,217)	(177,217)	—	(177,217)
Stock-based compensation, net of forfeitures	3	755	—	—	758	—	758
Unrealized gain on cash flow hedges	—	—	12,378	—	12,378	—	12,378
Balance as of March 31, 2021	<u>5,370</u>	<u>9,364,294</u>	<u>(80,143)</u>	<u>232,038</u>	<u>9,521,559</u>	<u>78,133</u>	<u>9,599,692</u>
Net income	—	—	—	300,709	300,709	2,368	303,077
Distributions to non-controlling interest	—	—	—	—	—	(2,072)	(2,072)
Dividends declared (\$0.3300 per common share)	—	—	—	(177,223)	(177,223)	—	(177,223)
Stock-based compensation, net of forfeitures	—	2,267	—	—	2,267	—	2,267
Unrealized gain on cash flow hedges	—	—	9,328	—	9,328	—	9,328
Balance as of June 30, 2021	<u>5,370</u>	<u>9,366,561</u>	<u>(70,815)</u>	<u>355,524</u>	<u>9,656,640</u>	<u>78,429</u>	<u>9,735,069</u>
Net income	—	—	—	161,862	161,862	2,322	164,184
Issuance of common stock, net	919	2,383,896	—	—	2,384,815	—	2,384,815
Distributions to non-controlling interest	—	—	—	—	—	(2,072)	(2,072)
Dividends declared (\$0.3600 per common share)	—	—	—	(226,420)	(226,420)	—	(226,420)
Stock-based compensation, net of forfeitures	—	2,395	—	—	2,395	—	2,395
Unrealized gain on cash flow hedges	—	—	6,576	—	6,576	—	6,576
Reclassification of realized loss on cash flow hedges to net income	—	—	64,239	—	64,239	—	64,239
Balance as of September 30, 2021	<u>\$ 6,289</u>	<u>\$ 11,752,852</u>	<u>\$ —</u>	<u>\$ 290,966</u>	<u>\$ 12,050,107</u>	<u>\$ 78,679</u>	<u>\$ 12,128,786</u>

See accompanying Notes to Consolidated Financial Statements.

VICI PROPERTIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands)

	Nine Months Ended September 30,	
	2021	2020
Cash flows from operating activities		
Net income	\$ 739,360	\$ 605,796
Adjustments to reconcile net income to cash flows provided by operating activities:		
Non-cash leasing and financing adjustments	(89,714)	(13,322)
Stock-based compensation	7,067	5,375
Depreciation	2,320	2,990
Amortization of debt issuance costs and original issue discount	50,723	15,504
Change in allowance for credit losses	(24,453)	261,080
Loss on extinguishment of debt	15,622	39,059
Gain upon lease modification	—	(333,352)
Change in operating assets and liabilities:		
Other assets	2,694	841
Accrued interest	(1,344)	26,953
Deferred revenue	(93,198)	(70,031)
Other liabilities	1,847	(1,372)
Net cash provided by operating activities	610,924	539,521
Cash flows from investing activities		
Investments in leases - sales-type and direct financing	—	(1,407,260)
Investments in leases - financing receivables	(6,000)	(2,682,443)
Investments in loans	(19,161)	(535,406)
Principal repayments of lease financing receivables	1,651	1,496
Principal repayments of loans and receipts of deferred fees	30,448	—
Capitalized transaction costs	(9,215)	(835)
Investments in short-term investments	—	(19,973)
Maturities of short-term investments	19,973	59,474
Proceeds from sale of real estate	3,813	31,125
Acquisition of property and equipment	(1,653)	(2,527)
Net cash provided by (used in) investing activities	19,856	(4,556,349)
Cash flows from financing activities		
Proceeds from offering of common stock, net	2,386,129	1,539,748
Proceeds from February 2020 Senior Unsecured Notes	—	2,500,000
Repayment of Term Loan B Facility	(2,100,000)	—
Redemption of Second Lien Notes	—	(537,538)
CPLV CMBS Debt prepayment penalty reimbursement	—	55,401
Repurchase of stock for tax withholding	(1,647)	(206)
Debt issuance costs	(23,166)	(57,789)
Distributions to non-controlling interest	(6,215)	(5,444)
Dividends paid	(532,360)	(435,180)
Net cash (used in) provided by financing activities	(277,259)	3,058,992

VICI PROPERTIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands)

Net increase in cash, cash equivalents and restricted cash	353,521	(957,836)
Cash, cash equivalents and restricted cash, beginning of period	315,993	1,101,893
Cash, cash equivalents and restricted cash, end of period	<u>\$ 669,514</u>	<u>\$ 144,057</u>

Supplemental cash flow information:

Cash paid for interest	\$ 272,574	\$ 188,728
Cash paid for income taxes	\$ 1,790	\$ 561

Supplemental non-cash investing and financing activity:

Dividends declared, not paid	\$ 226,420	\$ 177,101
Debt issuance costs payable	\$ 50,716	\$ —
Deferred transaction costs payable	\$ 12,426	\$ 530
Equity issuance costs payable	\$ 350	\$ —
Non-cash change in Investments in leases - financing receivables	\$ 15,292	\$ 3,362
Lease liabilities arising from obtaining right-of-use assets	\$ —	\$ 282,054
Transfer of Investments in leases - operating to Investments in leases - sales-type due to modification of the Caesars Lease Agreements in connection with the Eldorado Transaction	\$ —	\$ 1,086,658
Transfer of Investments in leases - operating to Land due to modification of the Caesars Lease Agreements in connection with the Eldorado Transaction	\$ —	\$ 63,479
Increase in Investments in leases - sales-type due to Gain upon lease modification in connection with the Eldorado Transaction	\$ —	\$ 333,352

See accompanying Notes to Consolidated Financial Statements.

VICI PROPERTIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

In these notes, the words “VICI,” the “Company,” “we,” “our,” and “us” refer to VICI Properties Inc. and its subsidiaries, on a consolidated basis, unless otherwise stated or the context requires otherwise.

We refer to (i) our Condensed Consolidated Financial Statements as our “Financial Statements,” (ii) our Consolidated Balance Sheets as our “Balance Sheet,” (iii) our Consolidated Statements of Operations and Comprehensive Income as our “Statement of Operations,” and (iv) our Consolidated Statement of Cash Flows as our “Statement of Cash Flows.” References to numbered “Notes” refer to the Notes to our Consolidated Financial Statements.

“2025 Notes” refers to \$750.0 million aggregate principal amount of 3.500% senior unsecured notes due 2025 issued by the Operating Partnership and VICI Note Co. Inc., as Co-Issuer, in February 2020.

“2026 Notes” refers to \$1.25 billion aggregate principal amount of 4.250% senior unsecured notes due 2026 issued by the Operating Partnership and VICI Note Co. Inc., as Co-Issuer, in November 2019.

“2027 Notes” refers to \$750.0 million aggregate principal amount of 3.750% senior unsecured notes due 2027 issued by the Operating Partnership and VICI Note Co. Inc., as Co-Issuer, in February 2020.

“2029 Notes” refers to \$1.0 billion aggregate principal amount of 4.625% senior unsecured notes due 2029 issued by the Operating Partnership and VICI Note Co. Inc., as Co-Issuer, in November 2019.

“2030 Notes” refers to \$1.0 billion aggregate principal amount of 4.125% senior unsecured notes due 2030 issued by the Operating Partnership and VICI Note Co. Inc., as Co-Issuer, in February 2020.

“BREIT JV” refers to the joint venture with Blackstone Real Estate Income Trust, Inc. in which the Company will retain MGP’s existing 50.1% ownership stake.

“Caesars” refers to Caesars Entertainment, Inc., a Delaware corporation, formerly Eldorado, following the consummation of the Eldorado/Caesars Merger on July 20, 2020 and Eldorado’s conversion to a Delaware corporation.

“Caesars Forum Convention Center” refers to the Caesars Forum Convention Center in Las Vegas, Nevada, and the approximately 28 acres of land upon which the Caesars Forum Convention Center is built and/or otherwise used in connection with or necessary for the operation of the Caesars Forum Convention Center.

“Caesars Lease Agreements” refer collectively to (i) prior to the consummation of the Eldorado Transaction, the CPLV Lease Agreement, the Non-CPLV Lease Agreement, the Joliet Lease Agreement and the HLV Lease Agreement, and (ii) from and after the consummation of the Eldorado Transaction, the Las Vegas Master Lease Agreement, the Regional Master Lease Agreement and the Joliet Lease Agreement, in each case, unless the context otherwise requires.

“Caesars Southern Indiana” refers to the real estate assets associated with the Caesars Southern Indiana Casino and Hotel, located in Elizabeth, Indiana, the operations of which were purchased by EBCI from Caesars on September 3, 2021, and which retained the Caesars brand name in accordance with the terms of a licensing agreement negotiated between EBCI and Caesars.

“Century Casinos” refers to Century Casinos, Inc., a Delaware corporation, and, as the context requires, its subsidiaries.

“Century Portfolio” refers to the real estate assets associated with the (i) Mountaineer Casino, Racetrack & Resort located in New Cumberland, West Virginia, (ii) Century Casino Caruthersville located in Caruthersville, Missouri and (iii) Century Casino Cape Girardeau located in Cape Girardeau, Missouri, which we purchased on December 6, 2019.

“Century Portfolio Lease Agreement” refers to the lease agreement for the Century Portfolio, as amended from time to time.

“Co-Issuer” refers to VICI Note Co. Inc., a Delaware corporation, and co-issuer of the Senior Unsecured Notes.

“CPLV CMBS Debt” refers to \$1.55 billion of asset-level real estate mortgage financing of Caesars Palace Las Vegas, incurred by a subsidiary of the Operating Partnership on October 6, 2017 and repaid in full on November 26, 2019.

“CPLV Lease Agreement” refers to the lease agreement for Caesars Palace Las Vegas, as amended from time to time, which was combined with the HLV Lease Agreement into the Las Vegas Master Lease Agreement upon the consummation of the Eldorado Transaction.

VICI PROPERTIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

“EBCI” refers to the Eastern Band of Cherokee Indians, a federally recognized Tribe located in western North Carolina, and, as the context requires, its subsidiary and affiliate entities.

“EBCI Lease Agreement” refers to the lease agreement for Caesars Southern Indiana, as amended from time to time.

“Eldorado” refers to Eldorado Resorts, Inc., a Nevada corporation, and, as the context requires, its subsidiaries. Following the consummation of the Eldorado/Caesars Merger on July 20, 2020, Eldorado converted to a Delaware corporation and changed its name to Caesars Entertainment, Inc.

“Eldorado Master Transaction Agreement” or “Eldorado MTA” refers to the Master Transaction Agreement dated June 24, 2019 with Eldorado relating to the Eldorado Transaction. The Eldorado MTA was previously referred to as the “Master Transaction Agreement” or “MTA”.

“Eldorado Transaction” refers to a series of transactions between us and Eldorado in connection with the Eldorado/Caesars Merger, including the acquisition of the Harrah’s Original Call Properties, modifications to the Caesars Lease Agreements, and rights of first refusal.

“Eldorado/Caesars Merger” refers to the merger consummated on July 20, 2020 under an Agreement and Plan of Merger pursuant to which a subsidiary of Eldorado merged with and into Pre-Merger Caesars, with Pre-Merger Caesars surviving as a wholly owned subsidiary of Caesars (which changed its name from Eldorado in connection with the closing of the Eldorado/Caesars Merger).

“February 2020 Senior Unsecured Notes” refers collectively to the 2025 Notes, the 2027 Notes and the 2030 Notes.

“Greektown” refers to the real estate assets associated with the Greektown Casino-Hotel, located in Detroit, Michigan, which we purchased on May 23, 2019.

“Greektown Lease Agreement” refers to the lease agreement for Greektown, as amended from time to time.

“Hard Rock” means Hard Rock International, and, as the context requires, its subsidiary and affiliate entities.

“Hard Rock Cincinnati” refers to the casino-entitled land and real estate and related assets associated with the Hard Rock Cincinnati Casino, located in Cincinnati, Ohio, which we purchased on September 20, 2019.

“Hard Rock Cincinnati Lease Agreement” refers to the lease agreement for Hard Rock Cincinnati, as amended from time to time.

“Harrah’s Original Call Properties” refers to the land and real estate assets associated with Harrah’s New Orleans, Harrah’s Laughlin and Harrah’s Atlantic City, which we purchased in July 2020 upon the consummation of the Eldorado Transaction. The Harrah’s Original Call Properties were previously referred to as the “MTA Properties”.

“HLV Lease Agreement” refers to the lease agreement for the Harrah’s Las Vegas facilities, as amended from time to time, which was combined with the CPLV Lease Agreement into the Las Vegas Master Lease Agreement upon the consummation of the Eldorado Transaction.

“JACK Entertainment” refers to JACK Ohio LLC, and, as the context requires, its subsidiary and affiliate entities.

“JACK Cleveland/Thistledown” refers to the casino-entitled land and real estate and related assets associated with the JACK Cleveland Casino located in Cleveland, Ohio, and the video lottery gaming and pari-mutuel wagering authorized land and real estate and related assets of JACK Thistledown Racino located in North Randall, Ohio, which we purchased on January 24, 2020.

“JACK Cleveland/Thistledown Lease Agreement” refers to the lease agreement for JACK Cleveland/Thistledown, as amended from time to time.

“Joliet Lease Agreement” refers to the lease agreement for the facility in Joliet, Illinois, as amended from time to time.

VICI PROPERTIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

“Las Vegas Master Lease Agreement” refers to the lease agreement for Caesars Palace Las Vegas and the Harrah’s Las Vegas facilities, as amended from time to time, from and after the consummation of the Eldorado Transaction.

“Lease Agreements” refer collectively to the Caesars Lease Agreements, the Penn National Lease Agreements, the Hard Rock Cincinnati Lease Agreement, the Century Portfolio Lease Agreement, the JACK Cleveland/Thistledown Lease Agreement and the EBCI Lease Agreement, unless the context otherwise requires.

“Margaritaville” refers to the real estate of Margaritaville Resort Casino, located in Bossier City, Louisiana, which we purchased on January 2, 2019.

“Margaritaville Lease Agreement” refers to the lease agreement for Margaritaville, as amended from time to time.

“MGM” refers to MGM Resorts International, a Delaware corporation, and, as the context requires, its subsidiaries.

“MGM Master Lease Agreement” refers to the form of amended and restated triple-net master lease to be entered into by us and MGM with respect to certain MGM properties that will be owned by us upon consummation of the MGP Transactions.

“MGP” refers to MGM Growth Properties LLC, a Delaware limited liability company, and, as the context requires, its subsidiaries.

“MGP Master Transaction Agreement” refers to a Master Transaction Agreement between the Company, MGP, MGP OP, the Operating Partnership, Venus Sub LLC, a Delaware limited liability company and wholly owned subsidiary of the Operating Partnership (“REIT Merger Sub”), VICI Properties OP LLC, a Delaware limited liability company and indirect wholly owned subsidiary of the Company (“New VICI Operating Company”), and MGM entered into on August 4, 2021.

“MGP OP” refers to MGM Growth Properties Operating Partnership LP, a Delaware limited partnership, and, as the context requires, its subsidiaries.

“MGP OP Notes” refers collectively to the notes issued by MGP OP and MGP Finance Co-Issuer, Inc. (the “MGP Co-Issuer” and, together with MGP OP, the “MGP Issuers”), consisting of (i) the 5.625% Senior Notes due 2024 issued pursuant to the indenture, dated as of April 20, 2016, (ii) the 4.625% Senior Notes due 2025 issued pursuant to the indenture, dated as of June 5, 2020, (iii) the 4.500% Senior Notes due 2026 issued pursuant to the indenture, dated as of August 12, 2016, (iv) the 5.750% Senior Notes due 2027 issued pursuant to the indenture, dated as of January 25, 2019, (v) the 4.500% Senior Notes due 2028 issued pursuant to the indenture, dated as of September 21, 2017, and (vi) the 3.875% Senior Notes due 2029 issued pursuant to the indenture, dated as of November 19, 2020, in each case, as amended or supplemented as of the date hereof, among the MGP Issuers, the subsidiary guarantors party thereto (the “MGP Subsidiary Guarantors”) and U.S. Bank National Association, as trustee (the “MGP Trustee”).

“MGP Transactions” refers to a series of transactions pursuant to the MGP Master Transaction Agreement between us, MGP and MGM and the other parties thereto in connection with our acquisition of MGP, as contemplated by the MGP Master Transaction Agreement, including the MGM Tax Protection Agreement (as defined below) and the MGM Master Lease Agreement to be entered into between us and MGM upon consummation of the MGP Transactions.

“Non-CPLV Lease Agreement” refers to the lease agreement for regional properties (other than the facility in Joliet, Illinois) leased to Pre-Merger Caesars prior to the consummation of the Eldorado Transaction, as amended from time to time, which was replaced by the Regional Master Lease Agreement upon the consummation of the Eldorado Transaction.

“November 2019 Senior Unsecured Notes” refers collectively to the 2026 Notes and the 2029 Notes.

“Operating Partnership” refers to VICI Properties L.P., a Delaware limited partnership and a wholly owned subsidiary of VICI.

“Penn National” refers to Penn National Gaming, Inc., a Pennsylvania corporation, and, as the context requires, its subsidiaries.

“Penn National Lease Agreements” refer collectively to the Margaritaville Lease Agreement and the Greektown Lease Agreement, unless the context otherwise requires.

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“Pre-Merger Caesars” refers to Caesars Entertainment Corporation, a Delaware corporation, and, as the context requires, its subsidiaries. Following the consummation of the Eldorado/Caesars Merger on July 20, 2020, Pre-Merger Caesars became a wholly owned subsidiary of Caesars.

“Regional Master Lease Agreement” refers to the lease agreement for the regional properties (other than the facility in Joliet, Illinois) leased to Caesars, as amended from time to time, from and after the consummation of the Eldorado Transaction.

“Revolving Credit Facility” refers to the five-year first lien revolving credit facility entered into by VICI PropCo, as amended from time to time.

“Second Lien Notes” refers to \$766.9 million aggregate principal amount of 8.0% second priority senior secured notes due 2023 issued by a subsidiary of the Operating Partnership in October 2017, the remaining \$498.5 million aggregate principal amount outstanding as of December 31, 2019 of which was redeemed in full on February 20, 2020.

“Seminole Hard Rock” means Seminole Hard Rock Entertainment, Inc.

“Term Loan B Facility” refers to the seven-year senior secured first lien term loan B facility entered into by VICI PropCo in December 2017, as amended from time to time, which was repaid in full on September 15, 2021.

“VICI Golf” refers to VICI Golf LLC, a Delaware limited liability company that is the owner and operator of our golf segment business.

“VICI Issuers” refers to VICI Properties L.P., a Delaware limited partnership and VICI Note Co. Inc., a Delaware corporation.

“VICI PropCo” refers to VICI Properties 1 LLC, a Delaware limited liability company and an indirect wholly owned subsidiary of VICI.

Note 1 — Business and Organization

Business

We are a Maryland corporation that is primarily engaged in the business of owning and acquiring gaming, hospitality and entertainment destinations, subject to long-term triple-net leases. As of September 30, 2021, our national, geographically diverse real estate portfolio consisted of 28 market-leading properties, including Caesars Palace Las Vegas and Harrah’s Las Vegas. Our properties are leased to, and our tenants are, subsidiaries of Caesars, Penn National, Hard Rock, Century Casinos, JACK Entertainment and EBCI. We also own and operate four championship golf courses located near certain of our properties.

We conduct our operations as a real estate investment trust (“REIT”) for U.S. federal income tax purposes. As such, we generally will not be subject to U.S. federal income taxes on our taxable income to the extent that we annually distribute all of our net taxable income to stockholders and maintain our qualification as a REIT. We conduct our real property business through our Operating Partnership and our golf course business through a taxable REIT subsidiary (a “TRS”), VICI Golf.

Impact of the COVID-19 Pandemic on our Business

Since the emergence of the COVID-19 pandemic in early 2020, among the broader public health, societal and global impacts, the pandemic has resulted in state governments and/or regulatory authorities issuing various directives, mandates, orders or similar actions, which resulted in temporary closures of our tenants’ operations at all of our properties and our golf course operations. Although all of our leased properties and our golf courses are currently open and operating, without restriction in some jurisdictions, they remain subject to any current or future operating limitations, restrictions or closures imposed by state and local governments and/or regulatory authorities. While our tenants’ recent performance at many of our leased properties has been at or above pre-pandemic levels, they may continue to face additional challenges and uncertainty due to the impact of the COVID-19 pandemic, such as complying with operational and capacity restrictions and ensuring sufficient employee staffing and service levels, and the sustainability of maintaining improved operating margins and financial performance. Due to prior closures, operating restrictions and other factors, our tenants’ operations, liquidity and financial performance have been adversely affected, and the ongoing nature of the pandemic, including emerging variants, may further impact our tenants’ businesses and, accordingly, our business and financial performance.

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All of our tenants have fulfilled their rent obligations through October 2021 and we regularly engage with our tenants in connection with their business performance, operations, liquidity and financial results. As a triple-net lessor, we believe we are generally in a strong creditor position and structurally insulated from operational and performance impacts of our tenants, both positive and negative. However, the full extent to which the COVID-19 pandemic continues to adversely affect our tenants, and ultimately impacts us, depends on future developments which cannot be predicted with confidence, including the actions taken to contain the pandemic or mitigate its impact, including the availability, distribution, public acceptance and efficacy of approved vaccines, new or mutated variants of COVID-19 (including vaccine-resistant variants) or a similar virus, the direct and indirect economic effects of the pandemic and containment measures on our tenants, our tenants' financial performance and any future operating limitations.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information set forth in the Accounting Standards Codification ("ASC"), as published by the Financial Accounting Standards Board ("FASB"), and with the applicable rules and regulations of the Securities and Exchange Commission ("SEC"). The Financial Statements, including the notes thereto, are unaudited and condense or exclude some of the disclosures and information normally required in audited financial statements.

We believe the disclosures made are adequate to prevent the information presented from being misleading. However, the accompanying unaudited consolidated financial statements and related notes should be read in conjunction with the audited financial statements and notes thereto included in our most recent [Annual Report on Form 10-K](#) and as updated from time to time in our other filings with the SEC.

All adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results for the interim period have been included.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ materially from these estimates.

Operating results for the three and nine months ended September 30, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021.

Principles of Consolidation and Non-controlling Interest

The accompanying consolidated financial statements include our accounts and the accounts of our Operating Partnership, and the subsidiaries in which we or our Operating Partnership has a controlling interest, which includes a single variable interest entity ("VIE") where we are the primary beneficiary. All intercompany account balances and transactions have been eliminated in consolidation. We consolidate all subsidiaries in which we have a controlling financial interest and VIEs for which we or one of our consolidated subsidiaries is the primary beneficiary.

We present non-controlling interest and classify such interest as a component of consolidated stockholders' equity, separate from VICI stockholders' equity. Our non-controlling interest represents a 20% third-party ownership of Harrah's Joliet LandCo LLC, the entity that owns the Harrah's Joliet facility and is the lessor under the related Joliet Lease Agreement.

Cash, Cash Equivalents and Restricted Cash

Cash consists of cash-on-hand and cash-in-bank. Any investments with an original maturity of three months or less from the date of purchase are considered cash equivalents and are carried at cost, which approximates fair value. As of September 30, 2021 and December 31, 2020, we did not have any restricted cash.

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Short-Term Investments

Investments with an original maturity of greater than three months and less than one year from the date of purchase are considered short-term investments and are stated at fair value.

We generally invest our excess cash in short-term investment grade commercial paper as well as discount notes issued by government-sponsored enterprises including the Federal Home Loan Mortgage Corporation and certain of the Federal Home Loan Banks. These investments generally have original maturities between 91 and 180 days and are accounted for as available-for-sale securities. The related income is recognized as interest income in our Statement of Operations. We had \$20.0 million of short-term investments as of December 31, 2020. We did not have any short-term investments as of September 30, 2021.

Investments in Leases - Sales-type, Net

We account for our investments in leases under ASC 842 “Leases” (“ASC 842”). Upon lease inception or lease modification, we assess lease classification to determine whether the lease should be classified as a direct financing, sales-type or operating lease. As required by ASC 842, we separately assess the land and building components of the property to determine the classification of each component. If the lease component is determined to be a direct financing or sales-type lease, we record a net investment in the lease, which is equal to the sum of the lease receivable and the unguaranteed residual asset, discounted at the rate implicit in the lease. Any difference between the fair value of the asset and the net investment in the lease is considered selling profit or loss and is either recognized upon execution of the lease or deferred and recognized over the life of the lease, depending on the classification of the lease. Since we purchase properties and simultaneously enter into new leases directly with the tenants, the net investment in the lease is generally equal to the purchase price of the asset, and, due to the long-term nature of our leases, the land and building components of an investment generally have the same lease classification.

We have determined that the land and building components of the Las Vegas Master Lease Agreement, the Regional Master Lease Agreement (excluding the Harrah’s Original Call Properties (as defined in [Note 3 - Property Transactions](#))), the Joliet Lease Agreement, the Margaritaville Lease Agreement, the Greektown Lease Agreement, the Hard Rock Cincinnati Lease Agreement, the Century Portfolio Lease Agreement and the EBCI Lease Agreement meet the definition of a sales-type lease under ASC 842.

Investments in Leases - Financing Receivables, Net

In accordance with ASC 842, for transactions in which we enter into a contract to acquire an asset and lease it back to the seller under a sales-type lease (i.e., a sale leaseback transaction), control of the asset is not considered to have transferred to us. As a result, we do not recognize the underlying asset but instead recognize a financial asset in accordance with ASC 310 “Receivables” (“ASC 310”). The accounting for the financing receivable under ASC 310 is materially consistent with the accounting for our investments in leases - sales-type under ASC 842. We determined that the land and building components of the JACK Cleveland/Thistledown Lease Agreement meet the definition of a sales-type lease and, since we purchased and leased the assets back to the seller under a sale leaseback transaction, control is not considered to have transferred to us under GAAP. Accordingly, the JACK Cleveland/Thistledown Lease Agreement is accounted for as Investments in leases - financing receivables on our Balance Sheet, net of allowance for credit losses, in accordance with ASC 310.

Upon the consummation of the Eldorado Transaction on July 20, 2020, we reassessed the classification of the Caesars Lease Agreements and determined that the Harrah’s Original Call Properties Acquisitions (as defined in [Note 3 - Property Transactions](#)) meet the definition of a separate contract under ASC 842. In accordance with this guidance, we are required to separately assess the lease classification apart from the other assets in the Regional Master Lease Agreement. We determined that the land and building components of the Harrah’s Original Call Properties meet the definition of a sales-type lease and, since we purchased and leased the assets back to Caesars, control is not considered to have transferred to us under GAAP. Accordingly, the Harrah’s Original Call Properties are accounted for as Investments in leases - financing receivables on our Balance Sheet, net of allowance for credit losses, in accordance with ASC 310.

Lease Term

We assess the noncancelable lease term under ASC 842, which includes any reasonably assured renewal periods. All of our Lease Agreements provide for an initial term, with multiple tenant renewal options. We have individually assessed all of our Lease Agreements and concluded that the lease term includes all of the periods covered by extension options as it is reasonably certain our tenants will renew the Lease Agreements. We believe our tenants are economically compelled to renew the Lease

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Agreements due to the importance of our real estate to the operation of their business, the significant capital they have invested and are required to invest in our properties under the terms of the Lease Agreements and the lack of suitable replacement assets.

Income from Leases and Lease Financing Receivables

We recognize the related income from our sales-type leases, direct financing leases and lease financing receivables on an effective interest basis at a constant rate of return over the terms of the applicable leases. As a result, the cash payments accounted for under sales-type leases, direct financing leases and lease financing receivables will not equal income from our Lease Agreements. Rather, a portion of the cash rent we receive is recorded as Income from sales-type and direct financing leases or Income from lease financing receivables and loans, as applicable, in our Statement of Operations and a portion is recorded as a change to Investments in leases - sales-type, net or Investments in leases - financing receivables, net, as applicable.

Under ASC 840, we determined that the land component of Caesars Palace Las Vegas was greater than 25% of the overall fair value of the combined land and building components. At lease inception, the land was determined to be an operating lease and we recorded the related income on a straight-line basis over the lease term. The amount of annual minimum lease payments attributable to the land element after deducting executory costs, including any profit thereon, was determined by applying the lessee's incremental borrowing rate to the value of the land. Revenue from this lease was recorded as Income from operating leases in our Statement of Operations. Further, upon adoption of ASC 842 on January 1, 2019, we made an accounting policy election to use a package of practical expedients that, among other things, allow us to not reassess prior lease classifications or initial direct costs for leases that existed as of the balance sheet date. Upon the consummation of the Eldorado Transaction on July 20, 2020, the land component of Caesars Palace Las Vegas was reassessed for lease classification and determined to be a sales-type lease. Accordingly, subsequent to July 20, 2020, the income is recognized as Income from sales-type leases and we no longer have any leases classified as operating or direct financing and, as such, there is no longer any income recorded through Income from operating leases.

Initial direct costs incurred in connection with entering into investments classified as sales-type or direct financing leases are included in the balance of the net investment in lease. Such amounts will be recognized as a reduction to Income from investments in leases over the life of the lease using the effective interest method. Costs that would have been incurred regardless of whether the lease was signed, such as legal fees and certain other third-party fees, are expensed as incurred to Transaction and acquisition expenses in our Statement of Operations.

Loan origination fees and costs incurred in connection with entering into investments classified as lease financing receivables are included in the balance of the net investment and such amounts will be recognized as a reduction to Income from investments in loans and lease financing receivables over the life of the lease using the effective interest method.

Investments in Loans, net

Investments in loans are held-for-investment and are carried at historical cost, inclusive of unamortized loan origination costs and fees and allowances for credit losses. Income is recognized on an effective interest basis at a constant rate of return over the life of the related loan.

Allowance for Credit Losses

On January 1, 2020, we adopted ASC 326 "Credit Losses" ("ASC 326"), which requires that we measure and record current expected credit losses ("CECL") for the majority of our investments, the scope of which includes our Investments in leases - sales-type, Investments in leases - financing receivables and Investments in loans.

We have elected to use a discounted cash flow model to estimate the Allowance for credit losses, or CECL allowance. This model requires us to develop cash flows which project estimated credit losses over the life of the lease or loan and discount these cash flows at the asset's effective interest rate. We then record a CECL allowance equal to the difference between the amortized cost basis of the asset and the present value of the expected credit loss cash flows.

Expected losses within our cash flows are determined by estimating the probability of default ("PD") and loss given default ("LGD") of our tenants and their parent guarantors over the life of each individual lease or financial asset. We have engaged a nationally recognized data analytics firm to assist us with estimating both the PD and LGD of our tenants and their parent guarantors. The PD and LGD are estimated during a reasonable and supportable period for which we believe we are able to estimate future economic conditions (the "R&S Period") and a long-term period for which we revert to long-term historical

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averages (the “Long-Term Period”). The PD and LGD estimates for the R&S Period are developed using the current financial condition of the tenant and the parent guarantor and applied to a projection of economic conditions over a two-year term. The PD and LGD for the Long-Term Period are estimated using the average historical default rates and historical loss rates, respectively, of public companies over the past 35 years that have similar credit profiles or characteristics to our tenants and their parent guarantors. We are unable to use our historical data to estimate losses as we have no loss history to date.

The CECL allowance is recorded as a reduction to our net Investments in leases - sales-type, Investments in leases - financing receivables and Investments in loans on our Balance Sheet. We are required to update our CECL allowance on a quarterly basis with the resulting change being recorded in the Statement of Operations for the relevant period. Finally, each time we make a new investment in an asset subject to ASC 326, we are required to record an initial CECL allowance for such asset, which will result in a non-cash charge to the Statement of Operations for the relevant period.

We are required to estimate a CECL allowance related to contractual commitments to extend credit, such as future funding commitments under a revolving credit facility, delayed draw term loan or construction loan. We estimate the amount that we will fund for each contractual commitment based on (i) discussions with our borrowers, (ii) our borrowers' business plans and financial condition and (iii) other relevant factors. Based on these considerations, we apply a CECL allowance to the estimated amount of credit we expect to extend. The CECL allowance for unfunded commitments is calculated using the same methodology as the allowance for all of our other investments subject to the CECL model. The CECL allowance related to these future commitments is recorded as a component of Other liabilities on our Balance Sheet.

Charge-offs are deducted from the allowance in the period in which they are deemed uncollectible. Recoveries previously written off are recorded when received. There were no charge-offs or recoveries for the three and nine months ended September 30, 2021.

Refer to [Note 5 - Allowance for Credit Losses](#) for further information.

Other income and Other expenses

Other income primarily represents sub-lease income related to certain ground and use leases. Under the Lease Agreements, the tenants are required to pay all costs associated with such ground and use leases and provides for their direct payment to the landlord. This income and the related expense are recorded on a gross basis in our Statement of Operations as required under GAAP as we are the primary obligor under the ground and use leases.

Fair Value Measurements

We measure the fair value of financial instruments based on assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, a fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participant assumptions. In accordance with the fair value hierarchy, Level 1 assets/liabilities are valued based on quoted prices for identical instruments in active markets, Level 2 assets/liabilities are valued based on quoted prices in active markets for similar instruments, on quoted prices in less active or inactive markets or on other “observable” market inputs, and Level 3 assets/liabilities are valued based significantly on “unobservable” market inputs.

Refer to [Note 9 - Fair Value](#) for further information.

Derivative Financial Instruments

We record our derivative financial instruments as either Other assets or Other liabilities on our Balance Sheet at fair value.

The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows are considered cash flow hedges. We formally document our hedge relationships and designation at the contract's inception. This documentation includes the identification of the hedging instruments and the hedged items, its risk management objectives, strategy for undertaking the hedge transaction and our evaluation of the effectiveness of its hedged transaction.

On a quarterly basis, we also assess whether the derivative we designated in each hedging relationship is expected to be, and has been, highly effective in offsetting changes in the value or cash flows of the hedged items. If it is determined that a

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derivative is not highly effective at hedging the designated exposure, hedge accounting is discontinued and the changes in fair value of the instrument are included in Net income prospectively. If the hedge relationship is terminated, then the value of the derivative is recorded in Accumulated other comprehensive income and recognized in earnings when the cash flows that were hedged affect earnings. Changes in the fair value of our derivative instruments that qualify as hedges are reported as a component of Accumulated other comprehensive loss on our Balance Sheet with a corresponding change in Unrealized gain (loss) on cash flows hedges within Other comprehensive income on our Statement of Operations.

We use derivative instruments to mitigate the effects of interest rate volatility inherent in our variable rate debt, which could unfavorably impact our future earnings and forecasted cash flows. We do not use derivative instruments for speculative or trading purposes.

Concentrations of Credit Risk

Caesars is the guarantor of all the lease payment obligations of the tenants under the respective leases of the properties that it leases from us. Revenue from the Caesars Lease Agreements represented 85% and 86% of our lease revenues for the three and nine months ended September 30, 2021, respectively, and 85% and 83% of our lease revenues for the three and nine months ended September 30, 2020, respectively. Additionally, our properties on the Las Vegas Strip generated approximately 32% of our lease revenues for the three and nine months ended September 30, 2021, and 31% and 27% of our lease revenue for the three and nine months ended September 30, 2020, respectively. Other than having a single tenant from which we derive and will continue to derive a substantial portion of our revenue and our concentration in the Las Vegas market, we do not believe there are any other significant concentrations of credit risk.

Note 3 — Property Transactions

2021 Transactions

Our significant activities in 2021 are as follows:

MGP Transactions

On August 4, 2021, we entered into the MGP Master Transaction Agreement, pursuant to which we will acquire MGP for total consideration of \$17.2 billion, inclusive of the assumption of approximately \$5.7 billion of debt. MGP is a publicly traded gaming REIT and the MGP Transactions will add \$1,009.0 million of annualized rent (inclusive of MGP's pending acquisition of MGM Springfield) to our portfolio from 15 Class A entertainment casino resort properties spread across nine regions and comprising 33,000 hotel rooms, 3.6 million square feet of meeting and convention space and hundreds of food, beverage and entertainment venues.

MGP's portfolio, including properties owned by the BREIT JV, includes seven large-scale entertainment and gaming-related properties located on the Las Vegas Strip: Mandalay Bay, MGM Grand Las Vegas, The Mirage, Park MGM, New York-New York, Luxor and Excalibur, and The Park, a dining and entertainment district located between New York-New York and Park MGM. Outside of Las Vegas, MGP also owns five market-leading casino resort properties: MGM Grand Detroit in Detroit, Michigan, Beau Rivage and Gold Strike Tunica, both of which are located in Mississippi, Borgata in Atlantic City, New Jersey, and MGM National Harbor in Prince George's County, Maryland. MGP also owns MGM Northfield Park in Northfield, Ohio and Empire City in Yonkers, New York. MGP's portfolio includes two of the five largest hotels in the United States and two of the three largest Las Vegas resorts by room count and convention space.

We expect the MGP Transactions, subject to regulatory approvals, approval by the Company's stockholders and customary closing conditions, to be completed in the first half of 2022. However, we can provide no assurances that the MGP Transactions will close in the anticipated timeframe, on the contemplated terms or at all.

The following is a summary of the contemplated agreements and related activities under the MGP Transactions:

- ***MGP Master Transaction Agreement.*** On August 4, 2021, we entered into the MGP Master Transaction Agreement with MGP, MGP OP, the Operating Partnership, REIT Merger Sub, New VICI Operating Company, and MGM. Upon the terms and subject to the conditions set forth in the MGP Master Transaction Agreement, prior to or on the closing date under the MGP Master Transaction Agreement, we will contribute our interest in the Operating Partnership to New VICI Operating Company, which will serve as our new operating company. Following the contribution transaction, MGP will merge with and into REIT Merger Sub, with REIT Merger Sub surviving the merger (the "REIT

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Merger”). Immediately following consummation of the REIT Merger, REIT Merger Sub will distribute the interests of the general partner of MGP OP to the Operating Partnership and, immediately following such distribution, REIT Merger Sub will merge with and into MGP OP, with MGP OP surviving the merger (the “Partnership Merger” and, together with the REIT Merger, the “Mergers”).

Pursuant to the terms and subject to the conditions set forth in the MGP Master Transaction Agreement, at the effective time of the REIT Merger, each outstanding Class A common share, no par value per share, of MGP (“MGP Common Shares”) (other than MGP Common Shares then held in treasury by MGP or owned by any of MGP’s wholly owned subsidiaries) will be converted into the right to receive 1.366 (the “Exchange Ratio”) shares of common stock of the Company (such consideration, the “REIT Merger Consideration”), plus the right, if any, to receive cash in lieu of fractional shares of our common stock into which such MGP Common Shares would have been converted pursuant to the terms and subject to the conditions set forth in the MGP Master Transaction Agreement. The outstanding Class B common share, no par value per share, of MGP (the “Class B Share”), which is held by MGM, will be cancelled at the effective time of the REIT Merger. The REIT Merger is intended to qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the “Code”).

Following the REIT Merger, pursuant to and subject to the terms set forth in the MGP Master Transaction Agreement, at the effective time of the Partnership Merger, each limited partnership unit in MGP OP (other than the limited partnership units in MGP OP held by REIT Merger Sub or any subsidiary of MGP OP), all of which are held by MGM and certain of its subsidiaries, will be converted into the right to receive a number of limited liability company units of New VICI Operating Company (“New VICI Operating Company Units”, and such consideration, the “Partnership Merger Consideration”) equal to the Exchange Ratio. The Company will redeem a majority of the New VICI Operating Company Units received by MGM in the Partnership Merger for \$4,404.0 million in cash (the “Redemption Consideration”) using the proceeds of long-term debt financing or, if unavailable, borrowings under the MGP Transactions Bridge Facility (as defined below) on the closing date of the Mergers (the “Redemption”). Following the Redemption, MGM will retain approximately 12.0 million New VICI Operating Company Units.

The MGP Master Transaction Agreement contains customary covenants, representations, warranties, and closing conditions, as well as certain termination rights for MGP and us, in each case, as more fully described in the MGP Master Transaction Agreement. The consummation of the Mergers is also subject to certain customary closing conditions, including receipt of the approval by our stockholders of the issuance of our common stock in the REIT Merger.

In accordance with the MGP Master Transaction Agreement, the Company and MGP have jointly prepared and filed with the SEC a Form S-4 registering the Company’s common stock issuable in the REIT Merger, declared effective by the SEC on September 23, 2021, which contains a proxy statement of the Company with respect to the special meeting of the Company’s stockholders to be convened for purposes of approving the issuance of the Company’s common stock in the REIT Merger and that also constitutes a prospectus of the Company and an information statement of MGP concerning the Mergers and MGM’s written consent to the REIT Merger and the transactions contemplated by the MGP Master Transaction Agreement, as described below. The proxy statement contains, subject to certain exceptions, the recommendation of the VICI board of directors that the Company stockholders vote in favor of the issuance of our common stock in the REIT Merger.

- *MGM Master Lease Agreement and BREIT JV Lease.* Simultaneous with the closing of the Mergers, we will enter into the MGM Master Lease Agreement. The MGM Master Lease Agreement will have an initial term of 25 years, with three 10-year tenant renewal options and, subject to the closing of the pending acquisition of MGM Springfield by MGP from MGM (the “Springfield Transaction”), will have an initial total annual rent of \$860.0 million. The Springfield Transaction is expected to close prior to the closing of the Mergers. However, in the event the Springfield Transaction does not close prior to the closing of the Mergers, the MGM Master Lease Agreement will have an initial total annual rent of \$830.0 million. Rent under the MGM Master Lease Agreement will escalate at a rate of 2.0% per annum for the first 10 years and thereafter at the greater of 2.0% per annum or the increase in the consumer price index (“CPI”), subject to a 3.0% cap. The tenant’s obligations under the MGM Master Lease will be guaranteed by MGM.

Additionally, we will retain MGP’s existing 50.1% ownership stake in the BREIT JV, which owns the real estate assets of MGM Grand Las Vegas and Mandalay Bay. The BREIT JV lease will remain unchanged and provides for current total annual base rent of approximately \$298.0 million, of which approximately \$149.0 million is attributable to MGP’s investment in the BREIT JV, and an initial term of thirty years with two 10-year tenant renewal options.

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Rent under the BREIT JV lease escalates at a rate of 2.0% per annum for the first fifteen years and thereafter at the greater of 2.0% per annum or CPI, subject to a 3.0% cap. The tenant's obligations under the BREIT JV lease will be guaranteed by MGM.

- *Tax Protection Agreement.* In connection with the closing of the MGP Transactions, we have agreed with MGM to enter into a tax protection agreement (the "MGM Tax Protection Agreement") pursuant to which New VICI Operating Company will agree, subject to certain exceptions, for a period of 15 years following the closing of the Mergers (subject to early termination under certain circumstances), to indemnify MGM and certain of its subsidiaries (the "Protected Parties") for certain tax liabilities resulting from (1) the sale, transfer, exchange or other disposition of a property owned directly or indirectly by MGP OP immediately prior to the closing date of the Mergers (each, a "Protected Property"), (2) a merger, consolidation, transfer of all assets of, or other significant transaction involving New VICI Operating Company pursuant to which the ownership interests of the Protected Parties in New VICI Operating Company are required to be exchanged in whole or in part for cash or other property, (3) the failure of New VICI Operating Company to maintain approximately \$8.5 billion of nonrecourse indebtedness allocable to MGM, which amount may be reduced over time in accordance with the MGM Tax Protection Agreement, and (4) the failure of New VICI Operating Company or VICI to comply with certain tax covenants that would impact the tax liabilities of the Protected Parties. In the event that New VICI Operating Company or VICI breaches restrictions in the MGM Tax Protection Agreement, New VICI Operating Company will be liable for grossed-up tax amounts associated with the income or gain recognized as a result of such breach. In addition, the BREIT JV previously entered into a tax protection agreement with MGM with respect to built-in gain and debt maintenance related to MGM Grand Las Vegas and Mandalay Bay, which is effective through mid-2029, and by acquiring MGP, the Company will bear its 50.1% proportionate share in the BREIT JV of any indemnity under this existing tax protection agreement.
- *Exchange Offers and Consent Solicitations.* On September 13, 2021, we announced that the VICI Issuers commenced (i) private exchange offers to certain eligible holders (collectively, the "Exchange Offers") for any and all of each series of the MGP OP Notes for up to an aggregate principal amount of \$4.2 billion of new notes issued by the VICI Issuers and (ii) consent solicitations with respect to each series of MGP OP Notes (collectively, the "Consent Solicitations") to adopt certain proposed amendments to each of the indentures governing the MGP OP Notes (collectively, the "MGP OP Notes Indentures"), which, among other things, eliminate or modify certain of the covenants, restrictions, provisions and events of default in each of the MGP OP Notes Indentures.

On September 27, 2021, we announced the early tender results of the Exchange Offers and the early participation results of the Consent Solicitations, as well as the extension of the expiration date of the Exchange Offers from October 12, 2021 to December 31, 2021 (such date and time, as the same may be further extended, the "Expiration Date"). Following the receipt of the requisite consents pursuant to the Consent Solicitations, on September 23, 2021, the MGP Issuers executed supplemental indentures to each of the MGP OP Notes Indentures in order to effect the proposed amendments (the "MGP OP Supplemental Indentures"). The MGP OP Supplemental Indentures will become operative upon the settlement of the Exchange Offers and the Consent Solicitations (the "Settlement Date"), which is expected to occur promptly after the Expiration Date on or about the closing date of the Mergers. To the extent the consummation of the MGP Transactions is not anticipated to occur on or before the then-anticipated Settlement Date, for any reason, the VICI Issuers anticipate continuing to extend the Expiration Date until such time that the Mergers may be consummated on or before the Settlement Date.

The Exchange Offers and Consent Solicitations are being made solely pursuant to the terms and conditions set forth in the confidential offering memorandum, dated September 13, 2021, in a private offering exempt from, or not subject to, registration under the Securities Act of 1933, as amended (the "Securities Act"), and are subject to the satisfaction of certain conditions, including the consummation of the Mergers.

BigShots Strategic Arrangement

On September 15, 2021, we and ClubCorp Holdings, Inc. ("ClubCorp"), an Apollo Global Management fund portfolio company, announced that we entered into a strategic arrangement to grow their BigShots golf subsidiary ("BigShots Golf™"), whereby we may provide up to \$80.0 million of mortgage financing for the construction of up to five new BigShots Golf™ facilities throughout the United States. As part of the non-binding arrangement, we will have a call right to acquire the real estate assets associated with any BigShots Golf™ facility financed by us, which transaction will be structured as a sale leaseback. In addition, for so long as the mortgage financing remains outstanding and we continue to hold a majority interest therein, we will have a right of first offer on any additional mortgage, mezzanine, preferred equity, or other similar financing

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that is treated as debt to be obtained by BigShots Golf™ (or any of its affiliates) for any multisite financing related to the development of BigShots Golf's™ extensive existing and growing pipeline of facilities. Pursuant to the non-binding letter agreement, the terms and conditions of any transaction between the parties will be set forth in definitive documentation.

Caesars Southern Indiana Lease Agreement

On September 3, 2021, in connection and concurrent with EBCI's acquisition of the operations of Caesars Southern Indiana from Caesars, we entered into a triple-net lease agreement with a subsidiary of EBCI, the EBCI Lease Agreement, with respect to the real property associated with Caesars Southern Indiana. Initial total annual rent under the lease with EBCI is \$32.5 million. The lease has an initial term of 15 years, with four 5-year tenant renewal options. The tenant's obligations under the lease are guaranteed by EBCI. Annual base rent payments under the Regional Master Lease Agreement were reduced by \$32.5 million upon completion of EBCI's acquisition of the operations of Caesars Southern Indiana and the execution of the EBCI Lease Agreement. We determined that the land and building components of the EBCI Lease Agreement meet the definition of a sales-type lease and, as the asset continues to meet the definition of a sales-type lease under ASC 842, the existing lease balance of Caesars Southern Indiana was transferred from Caesars to EBCI, as the new tenant, and the income is recognized using the revised rate implicit in the lease. In addition, as part of the transaction, EBCI and Caesars entered into a right of first refusal agreement pursuant to which we have the first right to enter into a sale leaseback transaction with respect to the real property associated with the development of a new casino resort in Danville, Virginia.

Great Wolf Mezzanine Loan

On June 16, 2021, we entered into a mezzanine loan agreement (the "Great Wolf Mezzanine Loan") with an affiliate of Great Wolf Resorts, Inc. ("Great Wolf") to provide up to \$79.5 million in financing to partially fund the development of the Great Wolf Lodge Maryland, an expansive 48-acre indoor water park resort located in Perryville, MD. The Great Wolf Mezzanine Loan bears interest at a rate of 8.0% per annum and has an initial term of three years with two successive 12-month extension options, subject to certain conditions. Our commitment will be funded subject to customary terms and conditions in disbursements to the borrower based upon construction of the development and, as of September 30, 2021, approximately \$19.2 million of the funds have been disbursed. We expect to fund our entire \$79.5 million commitment by mid-2022.

In addition, pursuant to a non-binding letter agreement, we will have the opportunity for a period of up to five years to provide up to a total of \$300.0 million of mezzanine financing, inclusive of the \$79.5 million related to the Great Wolf Lodge Maryland, for the development and construction of Great Wolf's extensive domestic and international indoor water park resort pipeline.

Venetian Acquisition

On March 2, 2021, we entered into definitive agreements to acquire from Las Vegas Sands Corp. ("LVS") all of the land and real estate assets associated with the Venetian Resort Las Vegas and the Venetian Expo, located in Las Vegas, Nevada (collectively, the "Venetian Resort"), for \$4.0 billion in cash (the "Venetian PropCo Acquisition"), and an affiliate of certain funds managed by affiliates of Apollo Global Management, Inc. (the "OpCo Buyer"), agreed to acquire the operating assets of the Venetian Resort for \$2.25 billion, subject to certain post-closing adjustments, of which \$1.2 billion is in the form of a secured term loan from LVS and the remainder is payable in cash (together with the Venetian PropCo Acquisition, the "Venetian Acquisition"). Simultaneous with the closing of the Venetian Acquisition, we will enter into a triple-net lease agreement for the Venetian Resort (the "Venetian Lease") with OpCo Buyer (in such capacity, the "Venetian Tenant"). The Venetian Lease will have an initial total annual rent of \$250.0 million and an initial term of 30 years, with two ten-year tenant renewal options. The annual rent will be subject to escalation equal to the greater of 2.0% and the increase in the CPI, capped at 3.0%, beginning in the earlier of (i) the beginning of the third lease year, and (ii) the month following the month in which the net revenue generated by the Venetian Resort returns to its 2019 level (the year immediately prior to the onset of the COVID-19 pandemic) on a trailing twelve-month basis. The closing of the Venetian Acquisition is subject to customary closing conditions, including regulatory approvals. We expect the Venetian Acquisition to close during the first quarter of 2022. However, we can provide no assurances that the Venetian Acquisition will close in the anticipated timeframe, on the contemplated terms or at all.

In addition, LVS has agreed with the Venetian Tenant pursuant to an agreement (the "Contingent Lease Support Agreement") to be entered into simultaneous with the closing of the Venetian Acquisition to provide lease payment support designed to guarantee the Venetian Tenant's rent obligations under the Venetian Lease through 2023, subject to early termination if EBITDAR (as defined in such agreement) generated by the Venetian Resort in 2022 equals or exceeds \$550.0 million, or a tenant change of control occurs. We will be a third-party beneficiary of the Contingent Lease Support Agreement and will have

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certain enforcement rights pursuant thereto. The Contingent Lease Support Agreement is limited to coverage of the Venetian Tenant's rent obligations and does not cover any environmental expenses, litigation claims, or any cure or enforcement costs. The obligations of the Venetian Tenant under the Venetian Lease will not be guaranteed by Apollo Global Management, Inc. or any of its affiliates. After the termination of the Contingent Lease Support Agreement, the Venetian Tenant will be required to provide a letter of credit to secure seven and one-half months of the rent, real estate taxes and assessments and insurance obligations of the Venetian Tenant if the operating results from the Venetian Resort do not exceed certain thresholds.

2020 Transactions

Our significant activities in 2020, in reverse chronological order, are as follows:

Sale of Bally's Atlantic City

On November 18, 2020, we and Caesars closed on the previously announced transaction to sell Bally's Atlantic City Hotel & Casino for \$25.0 million to Bally's Corporation. Pursuant to the agreement, we received \$19.0 million of the proceeds from the sale and Caesars received \$6.0 million of the proceeds. We did not recognize any gain or loss on the sale of Bally's Atlantic City as the asset was sold at its carrying amount. The annual rent payments under the Regional Master Lease Agreement remain unchanged following completion of the disposition.

Sale of Harrah's Reno

On September 30, 2020, we and Caesars closed on the previously announced transaction to sell Harrah's Reno to a third party at a purchase price of \$41.5 million. Pursuant to the agreement, we received \$31.1 million of the proceeds of the sale and Caesars received \$10.4 million of the proceeds. We did not recognize any gain or loss on the sale of Harrah's Reno as the asset was sold at its carrying amount. The annual rent payments under the Regional Master Lease Agreement remain unchanged following completion of the disposition.

Caesars Forum Convention Center Mortgage Loan

On September 18, 2020, we entered into a mortgage loan agreement with a subsidiary of Caesars (the "Forum Convention Center Borrower") pursuant to which we loaned \$400.0 million to the Forum Convention Center Borrower for a term of five years, with such loan secured by, among other things, a first priority fee mortgage on the Caesars Forum Convention Center (the "Forum Convention Center Mortgage Loan").

The interest rate on the Forum Convention Center Mortgage Loan was initially 7.7% per annum, with annual interest payments subject to 2.0% annual escalation (resulting in year two annual interest of \$31.4 million based on a year two interest rate of 7.854%), with interest paid monthly in cash in arrears. Except as provided below, no prepayments are permitted during the first two years of the term of the Forum Convention Center Mortgage Loan. During the third and fourth years of the term of the Forum Convention Center Mortgage Loan, the Forum Convention Center Borrower may prepay the Forum Convention Center Mortgage Loan, in each case in full but not in part, at 102% of par in year three and 101% of par in year four. During the fifth year of the term of the Forum Convention Center Mortgage Loan, the Forum Convention Center Borrower may prepay the Forum Convention Center Mortgage Loan in full but not in part at par. However, the Forum Convention Center Mortgage Loan may be prepaid at any time at par, without penalty or make-whole, in connection with our acquisition of the Caesars Forum Convention Center and an OpCo sale and conversion to an OpCo/PropCo structure, subject to our consent, which may be withheld in our sole discretion.

The Forum Convention Center Mortgage Loan is secured by a first priority mortgage on the Caesars Forum Convention Center, as well as a first priority lien on the equity interests in the Forum Convention Center Borrower, a first priority security interest in all of the Forum Convention Center Borrower's interest in furniture, fixtures and equipment used, owned or related to the operation of the Caesars Forum Convention Center, and a first priority assignment of the Forum Convention Center Borrower's interest in leases and rents, including a collateral assignment of the Forum Convention Center Borrower's interest in the lease on the Caesars Forum Convention Center pursuant to which the Forum Convention Center Borrower leases the Caesars Forum Convention Center to another subsidiary of Caesars (the "Caesars Tenant"), which lease is fully subordinate to the Forum Convention Center Mortgage Loan. In addition, if the Forum Convention Center Borrower defaults on the Forum Convention Center Mortgage Loan and we take title to the Caesars Forum Convention Center, we may, at our option under certain circumstances, keep the lease with the Caesars Tenant in effect (which lease is guaranteed by Caesars and has an initial annual rent of \$33.9 million, subject to annual increases equal to the greater of 2% and the annual CPI increase).

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Amended and Restated Convention Center Put-Call Agreement

On September 18, 2020, concurrent with the entry into the Forum Convention Center Mortgage Loan, we and a subsidiary of Caesars amended and restated the Amended and Restated Put-Call Right Agreement entered into on July 20, 2020 in connection with the consummation of the Eldorado Transaction (as further amended, the “A&R Convention Center Put-Call Agreement”) related to the Caesars Forum Convention Center. The A&R Convention Center Put-Call Agreement provides for (i) a call right in our favor, which, if exercised, would result in the sale by Caesars to us and simultaneous leaseback by us to Caesars of the Caesars Forum Convention Center (the “Convention Center Call Right”), at a price equal to 13.0x the initial annual rent for Caesars Forum Convention Center as proposed by Caesars (which shall be between \$25.0 million and \$35.0 million), exercisable by us from September 18, 2025 (the scheduled maturity date of the Forum Convention Center Mortgage Loan) until December 31, 2026, (ii) a put right in favor of Caesars, which, if exercised, would result in the sale by Caesars to us and simultaneous leaseback by us to Caesars of the Caesars Forum Convention Center (the “Convention Center Put Right”) at a price equal to 13.0x the initial annual rent for the Caesars Forum Convention Center as proposed by Caesars (which shall be between \$25.0 million and \$35.0 million), exercisable by Caesars between January 1, 2024 and December 31, 2024, and (iii) if there is an event of default under the Forum Convention Center Mortgage Loan, the Convention Center Put Right will not be exercisable and we, at our option, may accelerate the Convention Center Call Right so that it is exercisable from the date of such event of default until December 31, 2026 (in addition to any other remedies available to us in connection with such event of default).

The A&R Convention Center Put-Call Agreement also provides for, if Caesars exercises the Convention Center Put Right and, among other things, the sale of the Caesars Forum Convention Center to us does not close for certain reasons more particularly described in the A&R Convention Center Put-Call Agreement, a repurchase right in favor of Caesars, which, if exercised, would result in the sale of the Harrah’s Las Vegas property by us to Caesars (the “HLV Repurchase Right”), exercisable by Caesars during a one-year period commencing on the date upon which the closing under the Convention Center Put Right transaction does not occur and ending on the day immediately preceding the one-year anniversary thereof for a price equal to 13.0x the rent of the Harrah’s Las Vegas property for the most recently ended annual period for which Caesars’ financial statements are available as of Caesars’ election to exercise the HLV Repurchase Right.

Sale of Louisiana Downs

On September 3, 2020, we and Caesars entered into definitive agreements to sell Harrah’s Louisiana Downs Casino for \$22.0 million to Rubico Acquisition Corp. We are entitled to receive \$5.5 million of the proceeds from the sale and Caesars is entitled to \$16.5 million of the proceeds. The annual rent payments under the Regional Master Lease Agreement will remain unchanged following completion of the disposition, which remains subject to regulatory approval and customary closing conditions.

Chelsea Piers Mortgage Loan

On August 31, 2020, we entered into an \$80.0 million mortgage loan agreement (the “Chelsea Piers Mortgage Loan”) with Chelsea Piers New York (“Chelsea Piers”) secured by the Chelsea Piers complex in New York City, pursuant to which we provided (i) an initial term loan of \$65.0 million and (ii) a \$15.0 million delayed draw term loan at the borrowers’ election (which remained undrawn as of September 30, 2021), subject to certain conditions. The Chelsea Piers Mortgage Loan bears interest at a rate of 7.0% per annum, with a term of 7 years.

Consummation of the Eldorado Transaction

On July 20, 2020, concurrent with the consummation of the Eldorado/Caesars Merger, we consummated the Eldorado Transaction contemplated by the Eldorado MTA and the Harrah’s Original Call Property Purchase Agreements (as defined below). We funded the Eldorado Transaction with a combination of cash on hand, the proceeds from the physical settlement, on June 2, 2020, of the forward sale agreements entered into in June 2019 and the proceeds from our February 2020 Senior Unsecured Notes offering. Any references to Caesars in the subsequent transaction discussion refer to the combined Eldorado/Caesars subsequent to the consummation of the Eldorado/Caesars Merger.

The closing of the Eldorado Transaction includes the consummation of the transactions contemplated by the following agreements:

- *Acquisition of the Harrah’s Original Call Properties.* We acquired all of the land and real estate assets associated with Harrah’s New Orleans, Harrah’s Laughlin and Harrah’s Atlantic City (collectively, the “Harrah’s Original Call

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Properties”) for an aggregate purchase price of \$1,823.5 million (the “Harrah’s Original Call Properties Acquisitions”). The Regional Master Lease Agreement was amended to, among other things, include each such property, with initial aggregate total annual rent payable to us increased by \$154.0 million to \$621.7 million, and to extend the initial term to July 2035 and to adjust certain minimum capital expenditure requirements and other related terms and conditions as a result of the Harrah’s Original Call Properties being included in the Regional Master Lease Agreement as further described in “—Lease Amendments and Terminations” below. We completed the Harrah’s Original Call Properties Acquisitions pursuant to the following agreements: (i) a Purchase and Sale Agreement (the “Harrah’s New Orleans Purchase Agreement”) pursuant to which we agreed to acquire, and Eldorado agreed to cause to be sold, all of the fee and leasehold interests in the land and real property improvements associated with Harrah’s New Orleans in New Orleans, Louisiana (“Harrah’s New Orleans”) for a cash purchase price of \$789.5 million, (ii) a Purchase and Sale Agreement (the “Harrah’s Atlantic City Purchase Agreement”) pursuant to which we agreed to acquire, and Eldorado agreed to cause to be sold, all of the land and real property improvements associated with Harrah’s Resort Atlantic City and Harrah’s Atlantic City Waterfront Conference Center in Atlantic City, New Jersey for a cash purchase price of \$599.3 million; and (iii) a Purchase and Sale Agreement (the “Harrah’s Laughlin Purchase Agreement” and, collectively with the Harrah’s New Orleans Purchase Agreement and the Harrah’s Atlantic City Purchase Agreement, the “Harrah’s Original Call Property Purchase Agreements”) pursuant to which we agreed to acquire, and Eldorado agreed to cause to be sold, all of the equity interests in a newly formed entity that acquired the land and real property improvements associated with Harrah’s Laughlin Hotel & Casino in Laughlin, Nevada for a cash purchase price of \$434.8 million. Each of our call options on the Harrah’s Original Call Properties terminated upon the closing of the Harrah’s Original Call Properties Acquisitions.

On July 20, 2020, in connection with the completion of the purchase of Harrah’s New Orleans, the tenant’s leasehold interest in that certain Second Amended and Restated Lease Agreement (the “HNO Ground Lease”) dated as of April 3, 2020, by and among Jazz Casino Company, L.L.C., a Louisiana limited liability company (“JCC”), New Orleans Building Corporation (“NOBC”) and the City of New Orleans, was assigned by JCC to us. The HNO Ground Lease sets forth the terms and conditions pursuant to which we lease from NOBC a portion of the land upon which Harrah’s New Orleans is located. Simultaneous with entering into the assignment of the HNO Ground Lease, we subleased our interest in the HNO Ground Lease to Caesars in accordance with the terms and conditions of the Regional Master Lease Agreement.

Pursuant to the Regional Master Lease Agreement, Caesars is required to perform our obligations as tenant under the HNO Ground Lease, which include the obligation to construct a new hotel intended to be located on the ground-leased premises and to expend at least \$325.0 million in connection with the construction of such hotel. The HNO Ground Lease contains certain rights in our favor should Caesars fail to perform our obligations thereunder, including providing us with additional cure periods to cure defaults. If we are unable to cure a Caesars default during any such additional cure period, then, subject to certain conditions more particularly set forth in the HNO Ground Lease, we will have a further additional period (up to 12-24 months) to seek to terminate Caesars as tenant and to enter into a replacement sublease with a new operator with respect to the leased premises. If we fail to cure such default at the end of such additional cure period, NOBC would have the right to exercise remedies, including termination of the HNO Ground Lease, in which case we would no longer have any right, title or interest to the leased premises or the improvements located thereon.

- *Creation of Las Vegas Master Lease.* In consideration of a payment by us to (i) the tenant under the CPLV Lease Agreement of \$1,189.9 million (the “CPLV Lease Amendment Payment”) and (ii) the tenant under the HLV Lease Agreement of \$213.8 million (the “HLV Lease Amendment Payment”), upon the consummation of the Eldorado Transaction, (a) the CPLV Lease Agreement was amended to (A) combine the CPLV Lease Agreement and the HLV Lease Agreement into a single Las Vegas Master Lease Agreement, (B) increase the annual rent payable to us thereunder associated with Caesars Palace Las Vegas by \$83.5 million (the “CPLV Additional Rent Acquisition”), (C) increase the annual rent previously payable to us with respect to the Harrah’s Las Vegas property by \$15.0 million (the “HLV Additional Rent Acquisition”) under the Las Vegas Master Lease Agreement and (D) to provide for the amended terms described below, and (b) the HLV Lease Agreement and the related lease guaranty were terminated. As a result of such amendments, the Harrah’s Las Vegas property is also now subject to the higher rent escalator under the Las Vegas Master Lease Agreement.
- *Lease Amendments and Terminations.* Each of the Caesars Lease Agreements was amended to, among other things, (i) remove the rent coverage floors, which coverage floors served to reduce the rent escalators under such leases in

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the event that the “EBITDAR to Rent Ratio” (as defined in the applicable Caesars Lease Agreements) coverage was below the stated floor and (ii) extend the term of each such lease by such additional period of time as necessary to ensure that each lease will have a full 15-year initial lease term following the consummation of the Eldorado Transaction. The Regional Master Lease Agreement was also amended to, among other things: (a) permit the tenant under the Regional Master Lease Agreement to cause facilities subject to the Regional Master Lease Agreement that in the aggregate represent up to five percent of the aggregate EBITDAR of (A) all of the facilities under such Regional Master Lease Agreement and (B) the Harrah’s Joliet facility, for the 2018 fiscal year (defined as the “2018 EBITDAR Pool” in the Regional Master Lease Agreement, without giving effect to any increase in the 2018 EBITDAR Pool as a result of a facility being added to the Regional Master Lease Agreement) to be sold (whereby the tenant and landlord under the Regional Master Lease Agreement would sell the operations and real estate, respectively, with respect to such facility), provided, among other things, that (1) we and Caesars mutually agree to the split of proceeds from such sales, (2) such sales do not result in any impairment(s)/asset write down(s) by us, (3) rent under the Regional Master Lease Agreement remains unchanged following such sale and (4) the sale does not result in us recognizing certain taxable gain; (b) restrict the ability of the tenant thereunder to transfer and sell the operating business of Harrah’s New Orleans and Harrah’s Atlantic City to replacement tenants without our consent and remove such restrictions with respect to Horseshoe Southern Indiana (in connection with the restrictions applying to Harrah’s New Orleans) and Horseshoe Bossier City (in connection with the restrictions applying to Harrah’s Atlantic City), provided that the tenant under the Regional Master Lease Agreement may only sell such properties if certain terms and conditions are met, including that replacement tenants meet certain criteria provided in the Regional Master Lease Agreement; and (c) require that the tenant under the Regional Master Lease Agreement complete and pay for all capital improvements and other payments, costs and expenses related to the extension of the existing operating license with respect to Harrah’s New Orleans, including, without limitation, any such payments, costs and expenses required to be made to the City of New Orleans, the State of Louisiana or any other governmental body or agency.

Caesars has executed new guaranties with respect to the Las Vegas Master Lease Agreement (the “Las Vegas Lease Guaranty”), the Regional Master Lease Agreement (the “Regional Lease Guaranty”) and the Joliet Lease Agreement (the “Joliet Lease Guaranty” and, together with the Las Vegas Lease Guaranty and the Regional Lease Guaranty, the “Caesars Guaranties”), guaranteeing the prompt and complete payment and performance in full of: (i) all monetary obligations of the tenants under the Caesars Lease Agreements, including all rent and other sums payable by the tenants under the Caesars Lease Agreements and any obligation to pay monetary damages in connection with any breach and to pay any indemnification obligations of the tenants under the Caesars Lease Agreements, and (ii) the performance when due of all other covenants, agreements and requirements to be performed and satisfied by the tenants under the Caesars Lease Agreements.

In connection with entering into the amendments to the Caesars Lease Agreements and the Caesars Guaranties described above, we and Caesars terminated the Management and Lease Support Agreements, dated as of October 6, 2017, with respect to each of the Caesars Lease Agreements, pursuant to which, among other things, Pre-Merger Caesars previously guaranteed the tenants’ monetary obligations under the Caesars Lease Agreements, and the Guaranty of Lease dated as of December 22, 2017 pursuant to which, among other things, a subsidiary of Pre-Merger Caesars guaranteed the tenant’s obligations under the HLV Lease Agreement.

- *Centaur Properties Put-Call Agreement.* Prior to the consummation of the Eldorado Transaction, we were party to a right of first refusal agreement with affiliates of Pre-Merger Caesars with respect to two gaming facilities in Indiana - Harrah’s Hoosier Park and Indiana Grand (together, the “Centaur Properties”). Upon the consummation of the Eldorado Transaction, the Second Amended and Restated Right of First Refusal Agreement between us and Pre-Merger Caesars terminated in accordance with its terms, which included the right of first refusal that we had with respect to the Centaur Properties, and we entered into a Put-Call Right Agreement with Caesars (the “Centaur Put-Call Agreement”), whereby (i) we have the right to acquire all of the land and real estate assets associated with the Centaur Properties at a price equal to 13.0x the initial annual rent of each facility (determined as provided below), and to simultaneously lease back each such property to a subsidiary of Caesars for initial annual rent equal to the property’s trailing four quarters EBITDA at the time of acquisition divided by 1.3 (i.e., the initial annual rent will be set at 1.3x rent coverage) and (ii) Caesars will have the right to require us to acquire the Centaur Properties at a price equal to 12.5x the initial annual rent of each facility, and to simultaneously lease back each such Centaur Property to a subsidiary of Caesars for initial annual rent equal to the property’s trailing four quarters EBITDA at the time of acquisition divided by 1.3 (i.e., the initial annual rent will be set at 1.3x rent coverage). Either party will be able to

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trigger its respective put or call, as applicable, beginning on January 1, 2022 and ending on December 31, 2024. The Centaur Put-Call Agreement provides that the leaseback of the Centaur Properties will be implemented through the addition of the Centaur Properties to the Regional Master Lease Agreement.

- *Amended and Restated Caesars Forum Convention Center Put-Call Agreement.* Upon the consummation of the Eldorado Transaction, we entered into an A&R Put-Call Right Agreement with Caesars amending and restating that certain put-call agreement related to the Caesars Forum Convention Center. In connection with the consummation of the Forum Convention Center Mortgage Loan on September 18, 2020, we further amended the agreement as described above in “—Amended and Restated Convention Center Put-Call Agreement”.
- *Las Vegas Strip Assets ROFR.* Upon the consummation of the Eldorado Transaction, we entered into a right of first refusal agreement with Caesars (the “Las Vegas Strip ROFR Agreement”) pursuant to which we have the first right, with respect to the first two Las Vegas Strip assets described below that Caesars proposes to sell, whether pursuant to a sale leaseback or a WholeCo sale, to a third party, to acquire any such asset (it being understood that we will have the opportunity to find an operating company should Caesars elect to pursue a WholeCo sale). The Las Vegas Strip assets subject to the Las Vegas Strip ROFR Agreement are the land and real estate assets associated (i) with respect to the first such asset subject to the Las Vegas Strip ROFR Agreement, the Flamingo Las Vegas, Paris Las Vegas, Planet Hollywood and Bally’s Las Vegas gaming facilities, and (ii) with respect to the second asset subject to the Las Vegas Strip ROFR Agreement, the foregoing assets plus The LINQ gaming facility. If we enter into a sale leaseback transaction with Caesars on any of these facilities, the leaseback may be implemented through the addition of such properties to the Las Vegas Master Lease Agreement.
- *Horseshoe Baltimore ROFR.* Upon the consummation of the Eldorado Transaction, we entered into a right of first refusal agreement with Caesars pursuant to which we have the first right to enter into a sale leaseback transaction with respect to the land and real estate assets associated with the Horseshoe Baltimore gaming facility (subject to any consent required from Caesars’ joint venture partners with respect to this asset).

Omnibus Capex Amendment to Caesars Leases

On June 1, 2020, we entered into an Omnibus Amendment to Leases (the “Omnibus Amendment”) with Pre-Merger Caesars. Pursuant to the Omnibus Amendment, Caesars has been granted certain relief with respect to a portion of their capital expenditure obligations under the Caesars Lease Agreements conditioned upon (i) funding by Caesars of certain minimum capital expenditures in fiscal year 2020 (which represent a reduction of the minimum capital expenditure amounts currently set forth in the Caesars Lease Agreements), (ii) timely payment of Caesars’ rent obligations under the Caesars Lease Agreements during the compliance period set forth in the Omnibus Amendment, and (iii) no tenant event of default occurring under any of the Caesars Lease Agreements during the compliance period set forth in the Omnibus Amendment. Caesars will receive credit for certain deemed capital expenditure amounts, which credit may be used to satisfy certain of their capital expenditure obligations in the 2020, 2021 and 2022 fiscal years, provided that the foregoing conditions are satisfied. If Caesars fails to satisfy any of the foregoing conditions, Caesars will be required to satisfy the capital expenditure obligations set forth in the Caesars Lease Agreements or, in certain cases, to deposit amounts in respect thereof into a capital expenditure reserve in accordance with the Omnibus Amendment.

On October 27, 2020, we and Caesars entered into an Amended and Restated Omnibus Amendment to Leases, which provides for a proportionate adjustment to certain relief previously granted under the Omnibus Amendment with respect to a portion of the capital expenditure obligations of Caesars under the Caesars Lease Agreements in order to account for the addition of the Harrah’s Original Call Properties to the Regional Master Lease Agreement pursuant to the Harrah’s Original Call Properties Acquisitions on July 20, 2020.

Closing of Purchase of JACK Cleveland/Thistledown, Subsequent Amendments to the JACK Cleveland/Thistledown Lease Agreement and Termination of the Amended and Restated ROV Loan

On January 24, 2020, we completed the previously announced transaction to acquire the casino-entitled land and real estate and related assets of the JACK Cleveland Casino (“JACK Cleveland”), located in Cleveland, Ohio and the JACK Thistledown Racino (“JACK Thistledown”) located in North Randall, Ohio (the “JACK Cleveland/Thistledown Acquisition”) from JACK Entertainment, for approximately \$843.3 million. Simultaneous with the closing of the JACK Cleveland/Thistledown Acquisition, we entered into a master triple-net lease agreement for JACK Cleveland and JACK Thistledown with a subsidiary of JACK Entertainment. The lease had an initial total annual rent of \$65.9 million and an initial term of 15 years, with four five-

VICI PROPERTIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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year tenant renewal options. The tenant's obligations under the lease are guaranteed by Rock Ohio Ventures. Additionally, we made a \$50.0 million loan (the "ROV Loan") to affiliates of Rock Ohio Ventures secured by, among other things, certain non-gaming real estate assets owned by such affiliates and guaranteed by Rock Ohio Ventures. The terms of the JACK Cleveland/Thistledown Lease Agreement and the ROV Loan were subsequently amended on July 16, 2020 and, subsequent to September 30, 2021, on October 4, 2021, as described below. We determined that the land and building components of the JACK Cleveland/Thistledown Lease Agreement meet the definition of a sales-type lease and, since we purchased and leased the assets back to the seller under a sale leaseback transaction, control is not considered to have transferred to us under GAAP. Accordingly, the JACK Cleveland/Thistledown Lease Agreement is accounted for as Investments in leases - financing receivables on our Balance Sheet, net of allowance for credit losses in accordance with ASC 310.

On July 16, 2020, we and JACK Entertainment entered into an amendment to the JACK Cleveland/Thistledown Lease Agreement (the "First JACK Lease Agreement Amendment"), pursuant to which, among other things, we agreed to fund \$18.0 million for the construction of a new gaming patio amenity at JACK Thistledown Racino, which will be leased by JACK Entertainment pursuant to the First JACK Lease Agreement Amendment. In connection with the construction of the gaming patio, commencing on April 1, 2022, rent under the JACK Cleveland/Thistledown Lease Agreement (as amended by the First JACK Lease Agreement Amendment) will be increased by an incremental \$1.8 million. The First JACK Lease Agreement Amendment also provides for relief with respect to certain existing covenants through March 31, 2022, adds an additional five years to the initial lease term, with the tenant under the JACK Cleveland/Thistledown Lease Agreement having three (rather than four) five-year renewal options as a result of such extension of the initial lease term, and provides for rent escalation to begin in 2022 rather than 2021.

Simultaneously with entry into the First JACK Lease Agreement Amendment, we and affiliates of Rock Ohio Ventures entered into an amendment and restatement of our existing \$50.0 million term loan agreement with such affiliates of Rock Ohio Ventures (the "Amended and Restated ROV Loan"), pursuant to which, among other things, we increased our existing term loan to \$70.0 million (the "ROV Term Loan") which bears interest at a rate of 9.0% per annum (which interest, at the option of JACK Entertainment, may be paid-in-kind through April 30, 2021 with any paid-in-kind interest required to be paid in cash in eleven equal monthly installments ending March 31, 2022), and added a \$25.0 million revolving credit facility (the "ROV Credit Facility"), which bears interest at a rate of LIBOR plus 2.75% per annum. A commitment fee of 0.50% per annum calculated on the unused portion of the ROV Credit Facility is payable quarterly. The Amended and Restated ROV Loan, which includes the ROV Term Loan and ROV Credit Facility, matures in January 2025 which maturity date may be extended at the borrower's election for up to two additional years if certain conditions are satisfied. In connection with the amendment and restatement, we received additional collateral, including an additional land parcel in proximity to JACK Cleveland so that the loan was secured by a first priority lien on substantially all gaming and non-gaming real and personal property of JACK Entertainment, including the furniture, fixtures and equipment associated with the properties. The Amended and Restated ROV Loan also provides the obligors with relief with respect to certain existing financial covenants through March 31, 2022. During the nine months ended September 30, 2021, the borrower under the ROV Term Loan elected to make prepayments in an aggregate amount of \$30.0 million, plus accrued and unpaid interest in the amount of \$3.7 million, reducing the outstanding aggregate principal amount of the ROV Term Loan to \$40.0 million as of September 30, 2021.

Subsequent to September 30, 2021, on October 4, 2021, we and JACK Entertainment entered into an amendment to the JACK Cleveland/Thistledown Lease Agreement (the "Second JACK Lease Agreement Amendment"), pursuant to which, among other things, (i) the variable rent and the rent coverage floor provisions were removed and, accordingly, all of the rent in the JACK Cleveland/Thistledown Lease Agreement will escalate on an annual basis for the duration of its term, and (ii) the rent escalation in 2022 was increased to mitigate the effect of the forgone rent escalation in 2021 that was agreed to as part of the First JACK Lease Agreement Amendment. Concurrent with the Second JACK Lease Agreement Amendment, JACK Entertainment also repaid the ROV Term Loan in full and we terminated our commitment under the ROV Credit Facility and, accordingly, the Amended and Restated ROV Loan.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Note 4 — Real Estate Portfolio

As of September 30, 2021, our real estate portfolio consisted of the following:

- Investments in leases - sales-type, representing our investment in 23 casino assets leased on a triple-net basis to our tenants, Caesars, Penn National, Hard Rock, Century Casinos and EBCI, under eight separate lease agreements;
- Investments in leases - financing receivables, representing our investment in five casino assets leased on a triple-net basis to our tenants, Caesars and JACK Entertainment, under two separate lease agreements;
- Investments in loans, representing our investment in the Amended and Restated ROV Loan, Chelsea Piers Mortgage Loan, Forum Convention Center Mortgage Loan and Great Wolf Mezzanine Loan; and
- Land, representing our investment in certain underdeveloped or undeveloped land adjacent to the Las Vegas strip and non-operating, vacant land parcels.

The following is a summary of the balances of our real estate portfolio as of September 30, 2021 and December 31, 2020:

<i>(In thousands)</i>	September 30, 2021	December 31, 2020
Minimum lease payments receivable under sales-type leases ⁽¹⁾	\$ 44,752,017	\$ 45,500,260
Estimated residual values of leased property (not guaranteed)	3,342,508	3,348,174
Gross investment in sales-type leases	48,094,525	48,848,434
Unamortized initial direct costs	23,465	23,764
Less: Unearned income	(34,561,227)	(35,390,353)
Less: Allowance for credit losses	(432,554)	(454,201)
Investments in leases - sales-type, net	13,124,209	13,027,644
Investments in leases - financing receivables, net	2,640,399	2,618,562
Total investments in leases, net	15,764,608	15,646,206
Investments in loans, net	523,897	536,721
Land	153,576	158,190
Total real estate portfolio	\$ 16,442,081	\$ 16,341,117

(1) Minimum lease payments do not include contingent rent, as discussed below, that may be received under the Lease Agreements.

VICI PROPERTIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Lease Portfolio

The following table details the components of our income from direct financing, sales-type and operating leases and lease financing receivables:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<i>(In thousands)</i>				
Income from sales-type and direct financing leases, excluding contingent rent ⁽¹⁾	\$ 290,706	\$ 270,188	\$ 870,417	\$ 718,192
Income from operating leases ⁽²⁾	—	3,638	—	25,464
Income from lease financing receivables ^{(1) (3)}	60,178	49,799	180,139	77,743
Total revenue, excluding contingent rent	350,884	323,625	1,050,556	821,399
Contingent rent ⁽¹⁾	1,353	86	2,920	229
Total lease revenue	352,237	323,711	1,053,476	821,628
Non-cash adjustment ⁽⁴⁾	(31,142)	(18,942)	(88,417)	(11,879)
Total contractual lease revenue	\$ 321,095	\$ 304,769	\$ 965,059	\$ 809,749

(1) At lease inception (or upon modification), we determine the minimum lease payments under ASC 842 (or ASC 840), which exclude amounts determined to be contingent rent. Contingent rent is generally amounts in excess of specified floors or the variable rent portion of our leases. The minimum lease payments are recognized on an effective interest basis at a constant rate of return over the life of the lease and the contingent rent portion of the lease payments are recognized as earned, both in accordance with ASC 842. As of September 30, 2021, we have only recognized contingent rent on our Margaritaville Lease Agreement and Greektown Lease Agreement, in relation to the variable rent portion of the respective leases. Refer to the Lease Provisions section below for information regarding contingent rent on each lease.

(2) Represents the portion of land separately classified and accounted for under the operating lease model associated with our investment in Caesars Palace Las Vegas and certain operating land parcels contained in the Regional Master Lease Agreement. Upon the consummation of the Eldorado Transaction on July 20, 2020, the land component of Caesars Palace Las Vegas and certain operating land parcels were reassessed for lease classification and were determined to be a sales-type lease. Accordingly, subsequent to July 20, 2020, such income is recognized as Income from sales-type leases.

(3) Represents the Harrah's Original Call Properties and the JACK Cleveland/Thistledown Lease Agreement, both of which were sale leaseback transactions. In accordance with ASC 842, since the lease agreements were determined to meet the definition of a sales-type lease and control of the asset is not considered to have been transferred to us, such lease agreements are accounted for as financings under ASC 310.

(4) Amounts represent the non-cash adjustment to the minimum lease payments from direct financing leases, sales-type leases and lease financing receivables in order to recognize income on an effective interest basis at a constant rate of return over the term of the leases.

At September 30, 2021, minimum lease payments owed to us for each of the five succeeding years under sales-type leases and our leases accounted for as financing receivables, are as follows:

	Minimum Lease Payments ^{(1) (2)}		
	Investments in Leases		Total
	Sales-Type	Financing Receivables	
<i>(In thousands)</i>			
2021 (remaining)	\$ 266,793	\$ 55,938	\$ 322,731
2022	1,075,509	227,017	1,302,526
2023	1,094,189	231,332	1,325,521
2024	1,111,961	235,421	1,347,382
2025	1,126,098	237,826	1,363,924
2026	1,140,571	240,191	1,380,762
Thereafter	38,936,896	7,999,428	46,936,324
Total	\$ 44,752,017	\$ 9,227,153	\$ 53,979,170
Weighted Average Lease Term ⁽²⁾	32.8	33.8	33.0

(1) Minimum lease payments do not include contingent rent, as discussed below, that may be received under the Lease Agreements.

(2) The minimum lease payments and weighted average remaining lease term assumes the exercise of all tenant renewal options, consistent with our conclusions under ASC 842 and ASC 310.

VICI PROPERTIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Lease Provisions
Caesars Lease Agreements - Overview

The following is a summary of the material lease provisions of our Caesars Lease Agreements:

<i>(\$ In thousands)</i>	Regional Master Lease Agreement and Joliet Lease Agreement		Las Vegas Master Lease Agreement
Lease Provision ⁽¹⁾			
Initial Term ⁽²⁾	18 years		18 years
Initial Term maturity ⁽²⁾	7/31/2035		7/31/2035
Renewal Terms	Four, five-year terms		Four, five-year terms
Current annual rent ⁽³⁾	\$639,972		\$402,609
Escalator ⁽⁴⁾	Lease years 2-5 - 1.5% Lease years 6-end of term - CPI subject to 2.0% floor		> 2% / change in CPI
Variable Rent adjustment	Year 8: 70% base rent / 30% variable rent Years 11 & 16: 80% base rent / 20% variable rent		Years 8, 11 & 16: 80% base rent / 20% variable rent
Variable Rent adjustment calculation ⁽⁵⁾	<u>4% of revenue increase/decrease:</u> Year 8: Avg. of years 5-7 less avg. of years 0-2 Year 11: Avg. of years 8-10 less avg. of years 5-7 Year 16: Avg. of years 13-15 less avg. of years 8-10		<u>4% of revenue increase/decrease:</u> Year 8: Avg. of years 5-7 less avg. of years 0-2 Year 11: Avg. of years 8-10 less avg. of years 5-7 Year 16: Avg. of years 13-15 less avg. of years 8-10

(1) All capitalized terms used without definition herein have the meanings detailed in the applicable Caesars Lease Agreements.

(2) Upon the consummation of the Eldorado Transaction, the Caesars Lease Agreements were extended such that each lease has a full 15-year initial term.

(3) The amounts represent the current annual base rent payable for the current lease year, which is the period from November 1, 2020 through October 31, 2021. Annual rental payments under the Regional Master Lease Agreement were reduced by \$32.5 million, which represents the annual rent for the EBCI Lease Agreement related to the Caesars Southern Indiana property, the operations of which were acquired by EBCI from Caesars on September 3, 2021, as further described in Note 3 - Property Transactions. Refer to the EBCI Lease Agreement summary below for details of the EBCI Lease Agreement.

(4) Any amounts representing rents in excess of the CPI floors specified above are considered contingent rent in accordance with GAAP. No such rent has been recognized for the three and nine months ended September 30, 2021 and 2020.

(5) Variable Rent is not subject to the Escalator.

VICI PROPERTIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Penn National Lease Agreements - Overview

The following is a summary of the material lease provisions of our Penn National Lease Agreements:

(\$ In thousands)

Lease Provision	Margaritaville Lease Agreement	Greektown Lease Agreement
Initial term	15 years	15 years
Initial term maturity	1/31/2034	5/23/2034
Renewal terms	Four, five-year terms	Four, five-year terms
Current annual rent ⁽¹⁾	\$23,462	\$51,312
Escalation commencement ⁽²⁾	Lease year two	Lease year four
Escalation	2% of Building base rent, subject to the net revenue to rent ratio floor	2% of Building base rent, subject to the net revenue to rent ratio floor
Performance to rent ratio floor ⁽²⁾	6.1x net revenue commencing lease year two	Net revenue ratio to be mutually agreed upon prior to the commencement of lease year four
Percentage rent ⁽³⁾	\$3,000 (fixed for lease year one and two)	\$6,384 (fixed for lease year one and two)
Percentage rent reset	Lease year three and each and every other lease year thereafter	Lease year three and each and every other lease year thereafter
Percentage rent multiplier	The product of (i) 4% and (ii) the excess (if any) of (a) the average annual net revenue of a trailing two-year period preceding such reset year over (b) a threshold amount (defined as 50% of LTM net revenues prior to acquisition)	The product of (i) 4% and (ii) the excess (if any) of (a) the average annual net revenue of a trailing two-year period preceding such reset year over (b) a threshold amount (defined as 50% of LTM net revenues prior to acquisition)

(1) In relation to the Margaritaville Lease Agreement, the amount represents current annual base rent payable for the current lease year, which is the period from February 1, 2021 through January 31, 2022. In relation to the Greektown Lease Agreement, the amount represents current annual base rent payable for the current lease year, which is the period from June 1, 2021 through May 31, 2022.

(2) In the event that the net revenue to rent ratio coverage, as applicable, is below the stated floor, the escalation will be reduced to such amount to achieve the stated net revenue to rent ratio coverage, as applicable, provided that the amount shall never result in a decrease to the prior year's rent. In relation to the Greektown Lease Agreement, in May 2020, the lease was adjusted to remove the escalation for lease years 2 and 3 and to provide for a net revenue to rent ratio coverage floor to be mutually agreed upon by both parties prior to the commencement of lease year four.

(3) Percentage rent is subject to the percentage rent multiplier. After the percentage rent reset in lease year three, any amounts related to percentage rent are considered contingent rent in accordance with GAAP. In relation to the Margaritaville Lease Agreement, we recognized approximately \$0.8 million and \$2.2 million in contingent rent during the three and nine months ended September 30, 2021, respectively, and approximately \$0.1 million and \$0.2 million in contingent rent during the three and nine months ended September 30, 2020, respectively. In relation to the Greektown Lease Agreement during the three and nine months ended September 30, 2021 we recognized approximately \$0.5 million and \$0.7 million, respectively, in contingent rent. No such contingent rent was recognized for the three and nine months ended September 30, 2020 for the Greektown Lease Agreement.

VICI PROPERTIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

Hard Rock Cincinnati Lease Agreement - Overview

The following is a summary of the material lease provisions of our Hard Rock Cincinnati Lease Agreement:

(\$ In thousands)

Lease Provision	Term
Initial term	15 years
Initial term maturity	9/30/2034
Renewal terms	Four, five-year terms
Current base rent ⁽¹⁾	\$44,042
Escalator commencement	Lease year two
Escalator ⁽²⁾	Lease years 2-4 - 1.5% Lease years 5-15 - The greater of 2% or the change in CPI unless the change in CPI is less than 0.5%, in which case there is no escalation in rent for such lease year
Variable rent commencement/reset	Lease year 8
Variable rent split ⁽³⁾	80% base rent and 20% variable rent
Variable rent percentage ⁽³⁾	4%

⁽¹⁾ The amount represents the current annual base rent payable for the current lease year, which is the period from October 1, 2021 through September 30, 2022.

⁽²⁾ Any amounts representing rents in excess of the CPI floors specified above are considered contingent rent in accordance with GAAP. No such rent has been recognized for the three and nine months ended September 30, 2021 and 2020.

⁽³⁾ Variable rent is not subject to the escalator and is calculated as an increase or decrease of the average of net revenues for lease years 5 through 7 compared to the average net revenue for lease years 1 through 3, multiplied by the Variable rent percentage.

Century Portfolio Lease Agreement - Overview

The following is a summary of the material lease provisions of our Century Portfolio Lease Agreement:

(\$ In thousands)

Lease Provision	Term
Initial term	15 years
Initial term maturity	12/31/2034
Renewal terms	Four, five-year terms
Current annual rent ⁽¹⁾	\$25,250
Escalator commencement	Lease year two
Escalator ⁽²⁾	Lease years 2-3 - 1.0% Lease years 4-15 - The greater of 1.25% or the change in CPI
Net revenue to rent ratio floor	7.5x commencing lease year six - if the coverage ratio is below the stated amount the escalator will be reduced to 0.75%
Variable rent commencement/reset	Lease year 8 and 11
Variable rent split ⁽³⁾	80% Base Rent and 20% Variable Rent
Variable rent percentage ⁽³⁾	4%

⁽¹⁾ The amount represents the current annual base rent payable for the current lease year, which is the period from January 1, 2021 through December 31, 2021.

⁽²⁾ Any amounts representing rents in excess of the CPI floors specified above are considered contingent rent in accordance with GAAP. No such rent has been recognized for the three and nine months ended September 30, 2021 and 2020.

⁽³⁾ Variable rent is not subject to the escalator and is calculated for lease year 8 as an increase or decrease of the average of net revenues for lease years 5 through 7 compared to the average net revenue for lease years 1 through 3 and for lease year 11 as an increase or decrease of the average of net revenues for lease years 8 through 10 compared to the average net revenue for lease years 5 through 7, in each case multiplied by the Variable rent percentage.

VICI PROPERTIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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JACK Cleveland/Thistledown Lease Agreement - Overview

The following is a summary of the material lease provisions of our JACK Cleveland/Thistledown Lease Agreement, as amended by the Second JACK Lease Agreement Amendment on October 4, 2021:

(\$ In thousands)

Lease Provision	Term
Initial term	20 years
Initial term maturity	1/31/2040
Renewal terms	Three, five-year terms
Current annual rent ⁽¹⁾	\$65,880
Escalator commencement	Lease year three
Escalator ⁽²⁾	Lease year 3 - 1.0% Lease years 4-6 - 1.5% Lease years 7-20 - The greater of 1.5% or the change in CPI capped at 2.5%

(1) The amount represents the current annual base rent payable for the current lease year, which is the period from February 1, 2021 through January 31, 2022.

(2) Any amounts representing rents in excess of the CPI floors specified above are considered contingent rent in accordance with GAAP. No such rent has been recognized for the three and nine months ended September 30, 2021 and 2020.

EBCI Lease Agreement - Overview

The following is a summary of the material lease provisions of our EBCI Lease Agreement, which was entered into on September 3, 2021:

(\$ In thousands)

Lease Provision	Term
Initial term	15 years
Initial term maturity	8/31/2036
Renewal terms	Four, five-year terms
Current annual rent ⁽¹⁾	\$32,500
Escalator commencement	Lease year two
Escalator ⁽²⁾	Lease years 2-5 - 1.5% Lease years 6-15 - The greater of 2.0% or the change in CPI
Variable rent commencement/reset	Lease year 8 and 11
Variable rent split ⁽³⁾	80% Base Rent and 20% Variable Rent
Variable rent percentage ⁽³⁾	4%

(1) The amount represents the current annual base rent payable for the current lease year, which is the period from September 3, 2021 through August 31, 2022.

(2) Any amounts representing rents in excess of the CPI floors specified above are considered contingent rent in accordance with GAAP. No such rent has been recognized for the three and nine months ended September 30, 2021 and 2020.

(3) Variable rent is not subject to the escalator and is calculated for lease year 8 as an increase or decrease of the average of net revenues for lease years 5 through 7 compared to the average net revenue for the year preceding lease commencement and lease years 1 through 2 and for lease year 11 as an increase or decrease of the average of net revenues for lease years 8 through 10 compared to the average net revenue for lease years 5 through 7, in each case multiplied by the variable rent percentage.

Capital Expenditure Requirements

We manage our residual asset risk through protective covenants in our Lease Agreements, which require the tenant to, among other things, hold specific insurance coverage, engage in ongoing maintenance of the property and invest in capital improvements. With respect to the capital improvements, the Lease Agreements specify certain minimum amounts that our tenants must spend on capital expenditures that constitute installation, restoration and repair or other improvements of items with respect to the leased properties.

VICI PROPERTIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

The following table summarizes the capital expenditure requirements of the respective tenants under the Caesars Lease Agreements:

Provision	Regional Master Lease Agreement and Joliet Lease Agreement	Las Vegas Master Lease Agreement
Yearly minimum expenditure	1% of net revenues ⁽¹⁾	1% of net revenues for CPLV (commencing in 2022 with respect to HLV) ⁽¹⁾
Rolling three-year minimum ⁽²⁾	\$311 million	\$84 million
Initial minimum capital expenditure	N/A	\$171 million (2017 - 2021) (with respect solely to HLV)

(1) The lease agreements require a \$114.5 million floor on annual capital expenditures for Caesars Palace Las Vegas, Joliet and the Regional Master Lease Agreement properties in the aggregate. Additionally, annual building & improvement capital improvements must be equal to or greater than 1% of prior year net revenues.

(2) Certain tenants under the Caesars Lease Agreements, as applicable, are required to spend \$384.3 million on capital expenditures (excluding gaming equipment) over a rolling three-year period, with \$290.0 million allocated to the regional assets, \$84.0 million allocated to Caesars Palace Las Vegas and the remaining balance of \$10.3 million to facilities (other than the Harrah's Las Vegas Facility) covered by any Caesars Lease Agreement in such proportion as such tenants may elect. Additionally, the tenants under the Regional Master Lease Agreement and Joliet Lease Agreement are required to expend a minimum of \$537.5 million on capital expenditures (including gaming equipment) across certain of its affiliates and other assets, together with the \$384.3 million requirement.

In connection with the ongoing COVID-19 pandemic and its impact on operations and financial performance, we agreed with Caesars to provide limited relief with respect to a portion of their capital expenditure obligations under the Las Vegas Master Lease Agreement, the Regional Master Lease Agreement and the Joliet Lease Agreement (which relief was subsequently adjusted on October 27, 2020 to provide for a proportionate adjustment to account for the addition of the Harrah's Original Call Properties to the Regional Master Lease Agreement). This relief is conditioned upon (i) expenditures by Caesars of certain minimum capital expenditures, (ii) timely payment of Caesars' rent obligations under the Caesars Lease Agreements and (iii) no event of default occurring under any of the Caesars Lease Agreements during the applicable compliance period. If Caesars fails to satisfy any of the foregoing conditions, Caesars will be required to satisfy the capital expenditure obligations currently set forth in the Las Vegas Master Lease Agreement, the Regional Master Lease Agreement and the Joliet Lease Agreement.

The following table summarizes the capital expenditure requirements of the respective tenants under the Penn National Lease Agreements, Hard Rock Cincinnati Lease Agreement, Century Portfolio Lease Agreement, JACK Cleveland/Thistledown Lease Agreement and EBCI Lease Agreement:

Provision	Penn National Lease Agreements	Hard Rock Cincinnati Lease Agreement	Century Portfolio Lease Agreement	JACK Cleveland/Thistledown Lease Agreement	EBCI Lease Agreement
Yearly minimum expenditure	1% of net revenues based on rolling four-year basis	1% of net revenues	1% of net gaming revenues ⁽¹⁾	Initial minimum of \$30 million ⁽²⁾ Thereafter - 1% of net revenues on a rolling three-year basis	1% of net revenues

(1) Minimum of 1% of net gaming revenue on a rolling three-year basis for each individual facility and 1% of net gaming revenues per fiscal year for the facilities collectively. In May 2020, in connection with the ongoing COVID-19 pandemic and its impact on operations and financial performance, we agreed to waive Century's capital expenditure requirements for 2020 and defer to not later than December 31, 2021 certain other expenditures contemplated in connection with the underwriting of the acquired casino properties, conditioned upon (i) Century's timely payment of rent obligations under the Century Portfolio Lease Agreement during the compliance period set forth in the amendment and (ii) no tenant event of default occurring under the Century Portfolio Lease Agreement during the compliance period set forth in the amendment. If Century fails to satisfy any of the foregoing conditions, Century will be required to satisfy the capital expenditure obligations set forth in the Century Portfolio Lease Agreement or, in certain cases, to deposit amounts in respect thereof into a capital expenditure reserve for expenditure in accordance with the amendment.

(2) Initial minimum required to be spent from the period commencing April 1, 2019 through December 31, 2022, which includes \$18.0 million advanced by us and expended by JACK Entertainment for the construction of the new gaming patio amenity at JACK Thistledown Racino (which construction was completed in the first quarter of 2021).

VICI PROPERTIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Loan Portfolio

The following is a summary of our investments in loans as of September 30, 2021 and December 31, 2020:

		September 30, 2021				
<i>(\$ In thousands)</i>						
Investment Name	Loan Type	Principal Balance	Carrying Value ⁽¹⁾	Future Funding Commitments ⁽²⁾	Interest Rate ⁽³⁾	Final Maturity ⁽⁴⁾
Forum Convention Center Mortgage Loan	Senior Secured	\$ 400,000	\$ 400,038	\$ —	7.854 %	9/18/2025
Chelsea Piers Mortgage Loan	Senior Secured	65,000	64,994	15,000	7.0 %	8/31/2027
Amended and Restated ROV Loan						
ROV Term Loan ⁽⁵⁾	Senior Secured	40,000	40,000	—	9.0 %	1/24/2027
ROV Credit Facility ⁽⁵⁾	Senior Secured	—	—	25,000	L + 2.75%	1/24/2027
Great Wolf Mezzanine Loan	Mezzanine	19,161	18,865	60,339	8.0 %	7/9/2026
Total		\$ 524,161	\$ 523,897	\$ 100,339	7.5 %	

		December 31, 2020				
<i>(\$ In thousands)</i>						
Investment Name	Loan Type	Principal Balance	Carrying Value ⁽¹⁾	Future Funding Commitments ⁽²⁾	Interest Rate ⁽³⁾	Final Maturity ⁽⁴⁾
Forum Convention Center Mortgage Loan	Senior Secured	\$ 400,000	\$ 400,045	\$ —	7.7 %	9/18/2025
Chelsea Piers Mortgage Loan	Senior Secured	65,000	64,880	15,000	7.0 %	8/31/2027
Amended and Restated ROV Loan						
ROV Term Loan	Senior Secured	70,000	71,796	—	9.0 %	1/24/2027
ROV Credit Facility	Senior Secured	—	—	25,000	L + 2.75%	1/24/2027
Total		\$ 535,000	\$ 536,721	\$ 40,000	7.8 %	

(1) Carrying value is net of unamortized loan origination costs and allowance for credit losses.

(2) Our future funding commitments are subject to our borrowers' compliance with the financial covenants and other applicable provisions of each respective loan agreement.

(3) Represents current interest rate per annum. The interest rate of the Forum Convention Center Mortgage Loan is subject to 2.0% annual escalation.

(4) Final maturity assumes all extension options are exercised; however, our loans may be repaid, subject to certain conditions, prior to such date.

(5) Subsequent to September 30, 2021, on October 4, 2021, the ROV Term Loan was repaid in full and the Amended and Restated ROV Loan, including the ROV Credit Facility, was terminated.

Note 5 — Allowance for Credit Losses
Adoption of ASC 326

On January 1, 2020, we adopted ASC 326 and, as a result, we are required to estimate and record non-cash credit losses related to our historical and any future investments in sales-type leases, lease financing receivables and loans. Upon adoption, we recorded a \$309.4 million cumulative adjustment, representing a 2.88% CECL allowance. Such amount was recorded as a cumulative-effect adjustment to our opening balance sheet with a reduction in our Investments in leases - sales-type and a corresponding charge to retained (deficit) earnings.

Allowance for Credit Losses

During the three months ended September 30, 2021, we recognized a \$9.0 million increase in our allowance for credit losses primarily driven by (i) the increase in the Long-Term Period probability of default, or PD, for one of our tenants during the third quarter of 2021 and (ii) an increase in the existing amortized cost balances subject to the CECL allowance. During the nine months ended September 30, 2021, we recognized a \$24.5 million decrease in our allowance for credit losses primarily driven by (i) the decrease in the reasonable and supportable period, or R&S Period PD, of our tenants and their parent guarantors as a result of an improvement in their economic outlook due to the reopening of all of their gaming operations and relative performance of such operations during the first and second quarters of 2021, (ii) the decrease in the Long-Term Period

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PD due to an upgrade of the credit rating of the senior secured debt used to determine the Long-Term Period PD for two of our tenants during the second quarter of 2021 and (iii) the decrease in the R&S Period PD and loss given default, or LGD, as a result of standard annual updates that were made to the inputs and assumptions in the model that we utilize to estimate our CECL allowance. This decrease was partially offset by the increase for the three months ended September 30, 2021 described above.

During the three months ended September 30, 2020, we recognized a \$177.1 million increase in our allowance for credit losses primarily driven by the increase in investment balances subject to CECL. Specifically, the increase was primarily attributable to (i) the increase in investment balances resulting from the Eldorado Transaction, which includes (A) an initial CECL allowance on our \$1.8 billion investment in the Harrah's Original Call Properties, (B) an additional CECL allowance on our aggregate \$1.4 billion increased investment in the Las Vegas Master Lease Agreement as a result of the CPLV Additional Rent Acquisition and the HLV Additional Rent Acquisition, and (C) an additional CECL allowance on the \$333.4 million increased balance of our existing Caesars Lease Agreements as a result of the mark to fair value in connection with the reassessment of lease classification, and (ii) an increase in the R&S Period PD of Caesars as a result of the Eldorado/Caesars Merger. This increase was partially offset by a decrease in the R&S Period PD of our other tenants and their parent guarantors as a result of an improvement in their economic outlook due to the reopening of a majority of their gaming operations and relative performance of such operations during the third quarter of 2020. During the nine months ended September 30, 2020, we recognized a \$261.1 million increase in our allowance for credit losses primarily driven by the increase in investment balances subject to CECL. Specifically, the increase was primarily attributable to (i) the Eldorado Transaction, Eldorado/Caesars Merger and Forum Convention Center Mortgage Loan as described above, (ii) an increase related to our initial investment in JACK Cleveland/Thistledown and the ROV Loan in January 2020, and (iii) an increase in the Long-Term Period PD of our tenants due to downgrades on certain of the credit ratings of our tenants' senior secured debt in connection with the impact of the COVID-19 pandemic.

As of September 30, 2021 and December 31, 2020, and since our formation date on October 6, 2017, all of our Lease Agreements and loan investments are current in payment of their obligations to us and no investments are on non-accrual status.

The following tables detail the allowance for credit losses as of September 30, 2021 and December 31, 2020:

September 30, 2021				
<i>(In thousands)</i>	Amortized Cost	Allowance ⁽¹⁾	Net Investment	Allowance as a % of Amortized Cost
Investments in leases - sales-type	\$ 13,556,763	\$ (432,554)	\$ 13,124,209	3.19 %
Investments in leases - financing receivables	2,729,021	(88,622)	2,640,399	3.25 %
Investments in loans	524,330	(433)	523,897	0.08 %
Other assets - sales-type sub-leases	280,768	(6,508)	274,260	2.32 %
Totals	<u>\$ 17,090,882</u>	<u>\$ (528,117)</u>	<u>\$ 16,562,765</u>	<u>3.09 %</u>

December 31, 2020				
<i>(In thousands)</i>	Amortized Cost	Allowance	Net Investment	Allowance as a % of Amortized Cost
Investments in leases - sales-type	\$ 13,481,845	\$ (454,201)	\$ 13,027,644	3.37 %
Investments in leases - financing receivables	2,709,520	(90,958)	2,618,562	3.36 %
Investments in loans	538,547	(1,826)	536,721	0.34 %
Other assets - sales-type sub-leases	284,376	(6,894)	277,482	2.42 %
Totals	<u>\$ 17,014,288</u>	<u>\$ (553,879)</u>	<u>\$ 16,460,409</u>	<u>3.26 %</u>

(1) The total allowance excludes the CECL allowance for unfunded loan commitments. As of September 30, 2021, such allowance is \$1.3 million and is recorded in Other liabilities. As of December 31, 2020, there was no CECL allowance related to unfunded loan commitments.

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The following chart reflects the roll-forward of the allowance for credit losses on our real estate portfolio for the nine months ended September 30, 2021 and 2020:

<i>(In thousands)</i>	Nine Months Ended September 30,	
	2021	2020
Beginning Balance December 31,	\$ 553,879	\$ —
Initial allowance upon adoption	—	309,362
Initial allowance from current period investments	1,725	228,919
Current period change in credit allowance	(26,177)	32,161
Charge-offs	—	—
Recoveries	—	—
Ending Balance September 30,	\$ 529,427	\$ 570,442

Credit Quality Indicators

We assess the credit quality of our investments through the credit ratings of the senior secured debt of the guarantors of our leases, as we believe that our Lease Agreements have a similar credit profile to a senior secured debt instrument. The credit quality indicators are reviewed by us on a quarterly basis as of quarter-end. In instances where the guarantor of one of our Lease Agreements does not have senior secured debt with a credit rating, we use either a comparable proxy company or the overall corporate credit rating, as applicable. We also use this credit rating to determine the Long-Term Period PD when estimating credit losses for each investment.

The following tables detail the amortized cost basis of our investments by the credit quality indicator we assigned to each lease or loan guarantor as of September 30, 2021 and 2020:

<i>(In thousands)</i>	September 30, 2021					
	Ba3	B1	B2	B3	N/A ⁽¹⁾	Total
Investments in leases - sales-type and financing receivable, Investments in loans, Other assets and Other liabilities	\$ 952,620	\$ 14,905,789	\$ 866,312	\$ 281,869	\$ 84,292	\$ 17,090,882

<i>(In thousands)</i>	September 30, 2020					
	Ba3	B1	B2	B3	N/A ⁽¹⁾	Total
Investments in leases - sales-type and financing receivable, Investments in loans, Other assets and Other liabilities	\$ —	\$ 15,724,024	\$ 921,511	\$ 281,123	\$ 65,000	\$ 16,991,658

⁽¹⁾ We estimate the CECL allowance for the Chelsea Piers Mortgage Loan and Great Wolf Mezzanine Loan using a traditional commercial real estate model based on standardized credit metrics to estimate potential losses.

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Note 6 — Other Assets and Other Liabilities

Other Assets

The following table details the components of our other assets as of September 30, 2021 and December 31, 2020:

<i>(In thousands)</i>	September 30, 2021	December 31, 2020
Sales-type sub-leases, net ⁽¹⁾	\$ 274,260	\$ 277,482
Property and equipment used in operations, net	68,434	69,204
Debt financing costs	42,917	8,879
Deferred acquisition costs	21,641	1,788
Right of use assets	16,990	17,507
Tenant receivables	3,715	3,384
Prepaid expenses	3,190	2,710
Interest receivable	2,624	2,746
Other receivables	669	803
Other	2,769	2,027
Total other assets	\$ 437,209	\$ 386,530

(1) As of September 30, 2021 and December 31, 2020, sales-type sub-leases are net of \$6.5 million and \$6.9 million of Allowance for credit losses, respectively. Refer to [Note 5 - Allowance for Credit Losses](#) for further details.

Property and equipment used in operations, included within other assets, is primarily attributable to the land, building and improvements of our golf operations and consists of the following as of September 30, 2021 and December 31, 2020:

<i>(In thousands)</i>	September 30, 2021	December 31, 2020
Land and land improvements	\$ 59,166	\$ 59,115
Buildings and improvements	14,879	14,697
Furniture and equipment	8,247	7,020
Total property and equipment used in operations	82,292	80,832
Less: accumulated depreciation	(13,858)	(11,628)
Total property and equipment used in operations, net	\$ 68,434	\$ 69,204

<i>(In thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Depreciation expense	\$ 771	\$ 910	\$ 2,320	\$ 2,990

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Other Liabilities

The following table details the components of our other liabilities as of September 30, 2021 and December 31, 2020:

<i>(In thousands)</i>	September 30, 2021	December 31, 2020
Finance sub-lease liabilities	\$ 280,768	\$ 284,376
Other accrued expenses	72,980	6,518
Lease liabilities	16,990	17,507
Accrued payroll and other compensation	6,156	8,474
Deferred income taxes	3,830	3,533
CECL allowance for unfunded loan commitments	1,309	—
Accounts payable	514	734
Derivative liability	—	92,521
Total other liabilities	<u>\$ 382,547</u>	<u>\$ 413,663</u>

Note 7— Debt

The following tables detail our debt obligations as of September 30, 2021 and December 31, 2020:

<i>(\$ In thousands)</i>	September 30, 2021			
Description of Debt	Maturity	Interest Rate	Face Value	Carrying Value ⁽¹⁾
Revolving Credit Facility ⁽²⁾	2024	L + 2.00%	\$ —	\$ —
Senior Unsecured Notes ⁽³⁾				
2025 Notes	2025	3.500%	750,000	742,091
2026 Notes	2026	4.250%	1,250,000	1,235,258
2027 Notes	2027	3.750%	750,000	740,990
2029 Notes	2029	4.625%	1,000,000	986,931
2030 Notes	2030	4.125%	1,000,000	986,762
Total Debt			<u>\$ 4,750,000</u>	<u>\$ 4,692,032</u>

<i>(\$ In thousands)</i>	December 31, 2020			
Description of Debt	Maturity	Interest Rate	Face Value	Carrying Value ⁽¹⁾
VICI PropCo Senior Secured Credit Facilities				
Revolving Credit Facility ⁽²⁾	2024	L + 2.00%	\$ —	\$ —
Term Loan B Facility ⁽⁴⁾	2024	L + 1.75%	2,100,000	2,080,974
Senior Unsecured Notes ⁽³⁾				
2025 Notes	2025	3.500%	750,000	740,333
2026 Notes	2026	4.250%	1,250,000	1,233,119
2027 Notes	2027	3.750%	750,000	739,733
2029 Notes	2029	4.625%	1,000,000	985,730
2030 Notes	2030	4.125%	1,000,000	985,643
Total Debt			<u>\$ 6,850,000</u>	<u>\$ 6,765,532</u>

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- (1) Carrying value is net of unamortized original issue discount and unamortized debt issuance costs incurred in conjunction with debt.
- (2) Interest on any outstanding balance is payable monthly. Borrowings under the Revolving Credit Facility will bear interest at a rate based on a leverage-based pricing grid with a range of 1.75% to 2.00% over LIBOR, or between 0.75% and 1.00% over the base rate depending on our total net debt to adjusted total assets ratio. Additionally, the commitment fee under the Revolving Credit Facility is calculated on a leverage-based pricing grid with a range of 0.375% to 0.5%, in each case depending on our total net debt to adjusted total assets ratio. For the three and nine months ended September 30, 2021, the commitment fee was 0.375%.
- (3) Interest is payable semi-annually.
- (4) The Term Loan B Facility was repaid in full on September 15, 2021 using the proceeds from the settlement of the June 2020 Forward Sale Agreement and the September 2021 equity offering and all of our outstanding interest rate swap agreements were subsequently unwound and settled. As of December 31, 2020, we had six interest rate swap agreements outstanding with third-party financial institutions having an aggregate notional amount of \$2.0 billion at a blended LIBOR rate of 2.7173%.

The following table is a schedule of future minimum payments of our debt obligations as of September 30, 2021:

<i>(In thousands)</i>	Future Minimum Payments
2021 (remaining)	\$ —
2022	—
2023	—
2024	—
2025	750,000
2026	1,250,000
Thereafter	2,750,000
Total minimum repayments	\$ 4,750,000

Senior Unsecured Notes

November 2019 Senior Unsecured Notes

On November 26, 2019, the Operating Partnership and the Co-Issuer (together with the Operating Partnership, the “Issuers”), our wholly owned subsidiaries, issued (i) \$1,250.0 million in aggregate principal amount of 4.250% 2026 Notes, which mature on December 1, 2026, and (ii) \$1,000.0 million in aggregate principal amount of 4.625% 2029 Notes, which mature on December 1, 2029, under separate indentures, each dated as of November 26, 2019, among the Issuers, the subsidiary guarantors party thereto and UMB Bank, National Association, as trustee (the “Trustee”). We used a portion of the net proceeds of the offering to repay in full the \$1.55 billion mortgage financing of Caesars Palace Las Vegas, and pay certain fees and expenses including the net prepayment penalty of \$55.4 million. On January 24, 2020, the remaining net proceeds were used to pay for a portion of the purchase price of the JACK Cleveland/Thistledown Acquisition.

Interest on the November 2019 Senior Unsecured Notes is payable semi-annually in cash in arrears on June 1 and December 1 of each year. The 2026 Notes and 2029 Notes are redeemable at our option, in whole or in part, at any time on or after December 1, 2022 and December 1, 2024, respectively, at the redemption prices set forth in the respective indenture. We may redeem some or all of the 2026 Notes or the 2029 Notes prior to such respective dates at a price equal to 100% of the principal amount thereof plus a “make-whole” premium. Prior to December 1, 2022, we may redeem up to 40% of the aggregate principal amount of the 2026 Notes or the 2029 Notes using the proceeds of certain equity offerings at the redemption price set forth in the respective indenture.

February 2020 Senior Unsecured Notes

On February 5, 2020, the Issuers issued (i) \$750.0 million in aggregate principal amount of 3.500% 2025 Notes, which mature on February 15, 2025, (ii) \$750.0 million in aggregate principal amount of 3.750% 2027 Notes, which mature on February 15, 2027, and (iii) \$1.0 billion in aggregate principal amount of 4.125% 2030 Notes, which mature on August 15, 2030, under separate indentures, each dated as of February 5, 2020, among the Issuers, the subsidiary guarantors party thereto and the Trustee. We placed \$2.0 billion of the net proceeds of the offering into escrow pending the consummation of the Eldorado Transaction (which was subsequently released from escrow and used to fund a portion of the purchase price of the Eldorado Transaction on July 20, 2020), and used the remaining net proceeds from the 2025 Notes, together with cash on hand, to redeem in full the outstanding \$498.5 million in aggregate principal amount of the Second Lien Notes plus the Second Lien Notes

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Applicable Premium (as defined in the Second Lien Notes indenture), for a total redemption cost of approximately \$537.5 million.

Interest on the February 2020 Senior Unsecured Notes is payable semi-annually in cash in arrears on February 15 and August 15 of each year. The 2025 Notes, 2027 Notes and 2030 Notes are redeemable at our option, in whole or in part, at any time on or after February 15, 2022, February 15, 2023, and February 15, 2025, respectively, at the redemption prices set forth in the respective indenture. We may redeem some or all of the 2025 Notes, 2027 Notes or 2030 Notes prior to such respective dates at a price equal to 100% of the principal amount thereof plus a “make-whole” premium. Prior to February 15, 2022, with respect to the 2025 Notes, and February 15, 2023, with respect to the 2027 Notes and 2030 Notes, we may redeem up to 40% of the aggregate principal amount of the 2025 Notes, 2027 Notes or 2030 Notes using the proceeds of certain equity offerings at the redemption price set forth in the respective indenture.

Guarantee and Financial Covenants

The November 2019 Senior Unsecured Notes and the February 2020 Senior Unsecured Notes (together, the “Senior Unsecured Notes”) are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by each existing and future direct and indirect wholly owned material domestic subsidiary of the Operating Partnership that incurs or guarantees certain bank indebtedness or any other material capital market indebtedness, other than certain excluded subsidiaries and the Co-Issuer.

The Operating Partnership and its subsidiaries represent our “Real Property Business” segment, with the “Golf Course Business” segment corresponding to the portion of our business operated through entities that are not direct or indirect subsidiaries of the Operating Partnership or obligors of the Senior Unsecured Notes. Refer to [Note 14 - Segment Information](#) for more information about our segments.

The respective indentures for the Senior Unsecured Notes each contain covenants that limit the Issuers’ and their restricted subsidiaries’ ability to, among other things: (i) incur additional debt; (ii) pay dividends on or make other distributions in respect of their capital stock or make other restricted payments; (iii) make certain investments; (iv) sell certain assets; (v) create or permit to exist dividend and/or payment restrictions affecting their restricted subsidiaries; (vi) create liens on certain assets to secure debt; (vii) consolidate, merge, sell or otherwise dispose of all or substantially all of their assets; (viii) enter into certain transactions with their affiliates; and (ix) designate their subsidiaries as unrestricted subsidiaries. These covenants are subject to a number of exceptions and qualifications, including the ability to declare or pay any cash dividend or make any cash distribution to VICI to the extent necessary for VICI to fund a dividend or distribution by VICI that it believes is necessary to maintain its status as a REIT or to avoid payment of any tax for any calendar year that could be avoided by reason of such distribution, and the ability to make certain restricted payments not to exceed 95% of our cumulative Funds From Operations (as defined in the Senior Unsecured Notes indentures), plus the aggregate net proceeds from (i) the sale of certain equity interests in, (ii) capital contributions to, and (iii) certain convertible indebtedness of the Operating Partnership. As of September 30, 2021, the restricted net assets of the Operating Partnership were approximately \$9.2 billion.

Senior Secured Credit Facilities

In December 2017, VICI PropCo entered into a credit agreement (the “Credit Agreement”) comprised of a \$2.2 billion Term Loan B Facility and a \$400.0 million Revolving Credit Facility (the Term Loan B Facility and the Revolving Credit Facility, as amended as discussed below, are referred to together as the “Senior Secured Credit Facilities”).

On May 15, 2019, VICI PropCo, entered into Amendment No. 2 (“Amendment No. 2”) to the Credit Agreement, pursuant to which certain lenders agreed to provide VICI PropCo with incremental revolving credit commitments and availability under the revolving credit facility in the aggregate principal amount of \$600.0 million on the same terms as VICI PropCo’s previous revolving credit facility under the Revolving Credit Facility. After giving effect to Amendment No. 2, the Credit Agreement, provided total borrowing capacity pursuant to the revolving credit commitments in the aggregate principal amount of \$1.0 billion.

On May 15, 2019, immediately after giving effect to Amendment No. 2, VICI PropCo entered into Amendment No. 3 (“Amendment No. 3”) to the Credit Agreement, which amended and restated the Credit Agreement in its entirety as of May 15, 2019 (as subsequently amended, the “Amended and Restated Credit Agreement”) to, among other things, (i) refinance the Revolving Credit Facility in whole with a new class of revolving commitments, (ii) extend the maturity date to May 15, 2024, which represents an extension of the December 22, 2022 maturity date of the Revolving Credit Facility, (iii) provide that borrowings under the Revolving Credit Facility will bear interest at a rate based on a leverage-based pricing grid with a range of

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between 1.75% to 2.00% over LIBOR, or between 0.75% and 1.00% over the base rate, in each case depending on our total net debt to adjusted total assets ratio, (iv) provide that the commitment fee payable under the Revolving Credit Facility will bear interest at a rate based on a leverage-based pricing grid with a range of between 0.375% to 0.50% depending on our total net debt to adjusted total assets ratio, (v) amend the existing springing financial covenant, which previously required VICI PropCo to maintain a total net debt to adjusted asset ratio of not more than 0.75 to 1.00 if there was 30% utilization of the Revolving Credit Facility, to require that, only with respect to the Revolving Credit Facility commencing with the first full fiscal quarter ending after the effectiveness of Amendment No. 3, VICI PropCo maintain a maximum total net debt to adjusted asset ratio of not more than 0.65 to 1.00 as of the last day of any fiscal quarter (or, during any fiscal quarter in which certain permitted acquisitions were consummated and the three consecutive fiscal quarters thereafter, not more than 0.70 to 1.00), and (vi) include a new financial covenant only with respect to the Revolving Credit Facility, requiring VICI PropCo to maintain, commencing with the first full fiscal quarter after the effectiveness of Amendment No. 3, an interest coverage ratio (defined as EBITDA to interest charges) of not less than 2.00 to 1.00 as of the last day of any fiscal quarter. The Revolving Credit Facility is available to be used for working capital purposes, capital expenditures, permitted acquisitions, permitted investments, permitted restricted payments and for other lawful corporate purposes. The Amended and Restated Credit Agreement provides for capacity to add incremental loans in an aggregate amount of: (x) \$1.2 billion to be used solely to finance certain acquisitions; plus (y) an unlimited amount, subject to VICI PropCo not exceeding certain leverage ratios.

On January 24, 2020, VICI PropCo entered into Amendment No. 1 to the Amended and Restated Credit Agreement, which, among other things, reduced the interest rate on the Term Loan B Facility from LIBOR plus 2.00% to LIBOR plus 1.75%.

On September 15, 2021, we used the proceeds from the settlement of the June 2020 Forward Sale Agreement, as defined in [Note 11 - Stockholders Equity](#), and the proceeds from the issuance of 65,000,000 shares of common stock from the September 2021 equity offering to repay in full the Term Loan B Facility, including outstanding accrued interest. In connection with the full repayment, we recognized a loss on extinguishment of debt of \$15.6 million during the three and nine months ended September 30, 2021, representing the write-off of the remaining unamortized deferred financing costs. Following the repayment in full of the Term Loan B Facility, the Revolving Credit Facility remains in effect pursuant to the Amended and Restated Credit Agreement.

The Amended and Restated Credit Agreement provides that, in the event the LIBOR Rate is no longer in effect, a comparable or successor rate approved by the Administrative Agent under such facility shall be utilized, provided that such approved rate shall be applied in a manner consistent with market practice.

The Amended and Restated Credit Agreement contains customary covenants that are consistent with those set forth in the Credit Agreement (except as to the financial covenants described above), which, among other things, limit the ability of VICI PropCo and its restricted subsidiaries to: (i) incur additional indebtedness; (ii) merge with a third party or engage in other fundamental changes; (iii) make restricted payments; (iv) enter into, create, incur or assume any liens; (v) make certain sales and other dispositions of assets; (vi) enter into certain transactions with affiliates; (vii) make certain payments on certain other indebtedness; (viii) make certain investments; and (ix) incur restrictions on the ability of restricted subsidiaries to make certain distributions, loans or transfers of assets to VICI PropCo or any restricted subsidiary. These covenants are subject to a number of exceptions and qualifications, including, with respect to the restricted payments covenant, the ability to make unlimited restricted payments to maintain our REIT status and to avoid the payment of federal or state income or excise tax, the ability to make restricted payments in an amount not to exceed 95% of our Funds from Operations (as defined in the Amended and Restated Credit Agreement) subject to no event of default under the Amended and Restated Credit Agreement and pro forma compliance with the financial covenant pursuant to the Amended and Restated Credit Agreement, and the ability to make additional restricted payments in an aggregate amount not to exceed the greater of 0.6% of Adjusted Total Assets or \$30.0 million. We are also subject to the financial covenants under the Revolving Credit Facility, as previously described above.

The Senior Secured Credit Facilities are secured by a first priority lien on substantially all of VICI PropCo's and its existing and subsequently acquired wholly owned material domestic restricted subsidiaries' material assets, including mortgages on their respective real estate, subject to customary exclusions. None of VICI nor certain subsidiaries of VICI PropCo, including CPLV Borrower, are subject to the covenants of the Amended and Restated Credit Agreement or are guarantors of the Senior Secured Credit Facilities.

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Bridge Facilities*MGP Transactions Bridge Facility*

On August 4, 2021, in connection with the MGP Transactions, VICI PropCo entered into a Commitment Letter (the “MGP Transactions Commitment Letter”) with Morgan Stanley Senior Funding, Inc., JPMorgan Chase Bank, N.A. and Citigroup Global Markets Inc. (collectively, the “MGP Transactions Bridge Lender”), pursuant to which, and subject to the terms and conditions set forth therein, the MGP Transactions Bridge Lender provided commitments in an amount up to \$9.3 billion in the aggregate, consisting of a 364-day first lien secured bridge facility (the “MGP Transactions Bridge Facility”), for the purpose of providing a portion of the financing necessary to fund (i) the consideration to be paid in connection with the Redemption pursuant to the terms of the MGP Master Transaction Agreement, (ii) amounts to be paid in connection with offers to repurchase the MGP OP Notes pursuant to their respective indentures if the assumption of such notes by the Operating Partnership in the Mergers is unsuccessful and (iii) related fees and expenses. The commitment fee is equal to, (i) with respect to any commitments that remain outstanding on or prior to September 15, 2021, 0.25% of such commitments, (ii) with respect to any commitments that remain outstanding after September 15, 2021 and are terminated on or prior to August 4, 2022, 0.50% of such commitments, and (iii) with respect to any commitments that remain outstanding after August 4, 2022, 0.75% of such commitments. For the three and nine months ended September 30, 2021, we recognized \$27.0 million of fees related to the MGP Transactions Bridge Facility in Interest expense on our Statement of Operations.

Commitments and loans under the MGP Transactions Bridge Facility will be reduced or prepaid, as applicable, in part with the proceeds of certain incurrences of indebtedness, issuances of equity and asset sales. If we use the MGP Transactions Bridge Facility, funding is contingent on the satisfaction of certain customary conditions set forth in the MGP Transactions Commitment Letter, including, among others, (i) the execution and delivery of definitive documentation with respect to the MGP Transactions Bridge Facility in accordance with the terms set forth in the MGP Transactions Commitment Letter and (ii) the consummation of the MGP Transactions in accordance with the MGP Master Transaction Agreement. Although we do not currently expect VICI PropCo to make any borrowings under the MGP Transactions Bridge Facility, there can be no assurance that such borrowings will not be made or that we will be able to incur alternative long-term debt financing in lieu of borrowings under the MGP Transactions Bridge Facility on favorable terms, or at all. Interest under the MGP Transactions Bridge Facility, if funded, will be calculated on a rate between (i) LIBOR plus 200 basis points and LIBOR plus 275 basis points or (ii) the base rate plus 100 basis points and the base rate plus 175 basis points, in each case depending on duration. The MGP Transactions Bridge Facility, if funded, will contain restrictive covenants and events of default substantially similar to those contained in the Senior Secured Credit Facilities. If we draw upon the MGP Transactions Bridge Facility, there can be no assurances that we would be able to refinance the MGP Transactions Bridge Facility on satisfactory terms, or at all.

On September 23, 2021, following the successful early tender results and participation of the Exchange Offers and Consent Solicitations, the execution of the MGP OP Supplemental Indentures and the elimination of the change of control covenants in connection therewith, \$4,242.0 million in committed financing (representing the second tranche of the MGP Transactions Bridge Facility) was terminated in accordance with the terms of the MGP Transactions Commitment Letter.

Venetian Acquisition Bridge Facility

On March 2, 2021, in connection with the Venetian Acquisition, VICI PropCo entered into a Commitment Letter (the “Venetian Acquisition Commitment Letter”) with Deutsche Bank Securities Inc. and Deutsche Bank AG Cayman Islands Branch, and Morgan Stanley Senior Funding, Inc. (collectively, the “Venetian Acquisition Bridge Lender”), pursuant to which, and subject to the terms and conditions set forth therein, the Venetian Acquisition Bridge Lender has provided commitments in an amount up to \$4.0 billion in the aggregate, consisting of a 364-day first lien secured bridge facility (the “Venetian Acquisition Bridge Facility”), for the purpose of providing a portion of the financing necessary to fund the consideration in connection with the Venetian PropCo Acquisition. The commitment fee is equal to, (i) with respect to any commitments that remain outstanding prior to April 1, 2021, 0.25% of such commitments, (ii) with respect to any commitments that remain outstanding on April 1, 2021 and are terminated prior to March 2, 2022, 0.50% of such commitments, and (iii) with respect to any commitments that remain outstanding after March 2, 2022, 0.75% of such commitments. For the three and nine months ended September 30, 2021, we recognized \$3.0 million and \$10.9 million of fees, respectively, related to the Venetian Acquisition Bridge Facility in Interest expense on our Statement of Operations.

Commitments and loans under the Venetian Acquisition Bridge Facility will be reduced or prepaid, as applicable, in part with the proceeds of certain incurrences of indebtedness, issuances of equity and asset sales. If we use the Venetian Acquisition Bridge Facility, funding is contingent on the satisfaction of certain customary conditions set forth in the Venetian Acquisition

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Commitment Letter, including, among others, (i) the execution and delivery of definitive documentation with respect to the Venetian Acquisition Bridge Facility in accordance with the terms set forth in the Venetian Acquisition Commitment Letter and (ii) the consummation of the Venetian Acquisition in accordance with the Purchase Agreements. Although we do not currently expect VICI PropCo to make any borrowings under the Venetian Acquisition Bridge Facility, there can be no assurance that such borrowings will not be made or that we will be able to incur alternative long-term debt financing in lieu of borrowings under the Venetian Acquisition Bridge Facility on favorable terms, or at all. Interest under the Venetian Acquisition Bridge Facility, if funded, will be calculated on a rate between (i) LIBOR plus 200 basis points and LIBOR plus 275 basis points or (ii) the base rate plus 100 basis points and the base rate plus 175 basis points, in each case depending on duration. The Venetian Acquisition Bridge Facility, if funded, will contain restrictive covenants and events of default substantially similar to those contained in the Senior Secured Credit Facilities. If we draw upon the Venetian Acquisition Bridge Facility, there can be no assurances that we would be able to refinance the Venetian Acquisition Bridge Facility on satisfactory terms, or at all.

On March 8, 2021, following the entry into the March 2021 Forward Sale Agreements, the commitments under the Venetian Acquisition Bridge Facility were reduced by \$1,890.0 million.

Eldorado Transaction Bridge Facilities

On June 24, 2019, in connection with the Eldorado Transaction, VICI PropCo entered into a commitment letter with Deutsche Bank Securities Inc. and Deutsche Bank AG Cayman Islands Branch (collectively, the “Eldorado Transaction Bridge Lender”), pursuant to which and subject to the terms and conditions set forth therein, the Eldorado Transaction Bridge Lender agreed to provide (i) a 364-day first lien secured bridge facility of up to \$3.3 billion in the aggregate and (ii) a 364-day second lien secured bridge facility of up to \$1.5 billion in the aggregate (collectively the “Eldorado Transaction Bridge Facilities”), for the purpose of providing a portion of the financing necessary to fund the consideration to be paid pursuant to the terms of the Eldorado Transaction documents and related fees and expenses. Following the November 2019 Senior Unsecured Notes offering, the commitments under the Bridge Facilities were reduced by \$1.6 billion, to \$3.2 billion. Following the February 2020 Senior Unsecured Notes offering, we placed \$2.0 billion of the net proceeds of the offering into escrow pending the consummation of the Eldorado Transaction and the commitments under the Bridge Facilities were further reduced by \$2.0 billion to \$1.2 billion. The Eldorado Transaction Bridge Facilities were subject to a tiered commitment fee based on the period the commitment is outstanding and a structuring fee. The structuring fee was equal to 0.10% of the total aggregate commitments at June 24, 2019 and was payable as such commitments were terminated. For the nine months ended September 30, 2020, we recognized \$3.1 million of fees related to the Eldorado Transaction Bridge Facilities in Interest expense on our Statement of Operations. No such amount was recognized for the three and nine months ended September 30, 2021 as the Eldorado Transaction Bridge Facilities were fully terminated at our election in June 2020.

Second Lien Notes

The Second Lien Notes were issued on October 6, 2017, pursuant to an indenture by and among VICI PropCo and its wholly owned subsidiary, VICI FC Inc., the subsidiary guarantors party thereto, and UMB Bank National Association, as trustee. On February 20, 2020, we used a portion of the proceeds from the issuance of the 2025 Notes, together with cash on hand, to redeem in full the Second Lien Notes at a redemption price of 100% of the principal amount of the Second Lien Notes then outstanding plus the Second Lien Notes Applicable Premium (as defined in the Second Lien Notes indenture), for a total redemption cost of \$537.5 million. In connection with the full redemption, we recognized a loss on extinguishment of debt of \$39.1 million during the nine months ended September 30, 2020.

Financial Covenants

As described above, our debt obligations are subject to certain customary financial and protective covenants that restrict the Operating Partnership, VICI PropCo and its subsidiaries’ ability to incur additional debt, sell certain asset and restrict certain payments, among other things. These covenants are subject to a number of exceptions and qualifications, including the ability to make restricted payments to maintain our REIT status. At September 30, 2021, we are in compliance with all financial covenants under our debt obligations.

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Note 8 — Derivatives

On April 24, 2018, we entered into four interest rate swap agreements with third-party financial institutions having an aggregate notional amount of \$1.5 billion. On January 3, 2019, we entered into two additional interest rate swap agreements with third-party financial institutions having an aggregate notional amount of \$500.0 million, which matured on January 22, 2021. The interest rate swap transactions were designated as cash flow hedges that effectively fixed the LIBOR component of the interest rate on a portion of the outstanding debt under the Term Loan B Facility at 2.8297%. On September 15, 2021, in connection with the full repayment of the Term Loan B Facility, we unwound and settled all of our outstanding interest rate swap agreements resulting in a cash payment of \$66.9 million, inclusive of accrued interest of \$2.7 million. As the Term Loan B Facility was repaid in full with proceeds from the issuance of 65,000,000 shares of common stock on September 14, 2021 and proceeds from the settlement of the June 2020 Forward Sale Agreement with no replacement debt, the full amount held in Other comprehensive income, \$64.2 million, was immediately reclassified to Interest expense.

The following table details our outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk as of December 31, 2020:

<i>(\$ In thousands)</i>		December 31, 2020			
Instrument	Number of Instruments	Fixed Rate	Notional	Index	Maturity
Interest Rate Swaps	4	2.8297%	\$ 1,500,000	USD LIBOR	April 22, 2023
Interest Rate Swaps	2	2.3802%	\$ 500,000	USD LIBOR	January 22, 2021

As of December 31, 2020, the interest rate swaps were in a net unrealized loss positions and were recorded within Other liabilities. The following table presents the effect of our derivative financial instruments on our Statement of Operations:

<i>(In thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Interest recorded in interest expense	\$ 8,792	\$ 12,970	\$ 29,960	\$ 29,664
Interest rate swap settlement recorded in interest expense	\$ 64,239	\$ —	\$ 64,239	\$ —

Note 9 — Fair Value

The following table summarizes our assets and liabilities measured at fair value on a recurring basis as of December 31, 2020. There were no assets or liabilities that were recorded at fair value on a recurring basis as of September 30, 2021.

<i>(In thousands)</i>	December 31, 2020			
	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Financial assets:				
Short-term investments ⁽¹⁾	\$ 19,973	\$ —	\$ 19,973	\$ —
Financial liabilities:				
Derivative instruments - interest rate swaps ⁽²⁾	\$ 92,521	\$ —	\$ 92,521	\$ —

⁽¹⁾ The carrying value of these investments is equal to their fair value due to the short-term nature of the investments as well as their credit quality.

⁽²⁾ The fair values of our interest rate swap derivative instruments were estimated using advice from a third-party derivative specialist, based on contractual cash flows and observable inputs comprising interest rate curves and credit spreads, which are Level 2 measurements as defined under ASC 820.

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The estimated fair values of our financial instruments as of September 30, 2021 and December 31, 2020 for which fair value is only disclosed are as follows:

<i>(In thousands)</i>	September 30, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Investments in leases - financing receivables ⁽¹⁾	\$ 2,640,399	\$ 3,097,984	\$ 2,618,562	\$ 2,684,955
Investments in loans ⁽²⁾	523,897	524,161	536,721	538,151
Cash and cash equivalents	669,514	669,514	315,993	315,993
Financial liabilities:				
Debt ⁽³⁾				
Revolving Credit Facility	\$ —	\$ —	\$ —	\$ —
Term Loan B Facility	—	—	2,080,974	2,065,875
2025 Notes	742,091	763,125	740,333	766,875
2026 Notes	1,235,258	1,301,563	1,233,119	1,296,875
2027 Notes	740,990	775,313	739,733	763,125
2029 Notes	986,931	1,080,000	985,730	1,070,000
2030 Notes	986,762	1,058,750	985,643	1,045,000

(1) These investments represent the JACK Cleveland/Thistledown Lease Agreement and the Harrah's Original Call Properties. The fair value of these assets are based on significant "unobservable" market inputs and, as such, these fair value measurements are considered Level 3 of the fair value hierarchy.

(2) These investments represent the (i) Caesars Forum Convention Center Mortgage Loan, (ii) Chelsea Piers Mortgage Loan, (iii) Amended and Restated ROV Loan (which was terminated subsequent to September 30, 2021, on October 4, 2021) and (iv) Great Wolf Mezzanine Loan. We believe the current principal balance of the investments approximates their fair value.

(3) The fair value of our debt instruments was estimated using quoted prices for identical or similar liabilities in markets that are not active and, as such, these fair value measurements are considered Level 2 of the fair value hierarchy.

Gain Upon Lease Modification in Connection with the Eldorado Transaction

On July 20, 2020, in connection with the Eldorado Transaction and as required under ASC 842, we reassessed the lease classifications of the Las Vegas Master Lease Agreement, Regional Master Lease Agreement and Joliet Lease Agreement and determined the leases meet the definition of a sales-type lease, including the land component of Caesars Palace Las Vegas. As a result of the reclassifications of the Caesars Lease Agreements from direct financing and operating leases to sales-type leases, we recorded the investments at their estimated fair values as of the modification date and recognized a net gain equal to the difference in fair value of the asset and its carrying value immediately prior to the modification.

We valued the real estate portfolio using a rent multiple taking into consideration a variety of factors, including (i) asset quality and location, (ii) property and lease-level operating performance and (iii) supply and demand dynamics of each property's respective market. With respect to certain assets which were subject to signed sale agreements as of the date of reassessment, and were subject to removal from the Regional Master Lease Agreement upon consummation of such transactions, which includes Harrah's Reno, Bally's Atlantic City and Louisiana Downs, these assets were recorded at fair value using the contract price less costs to sell.

As a result of the re-measurement of the Caesars Lease Agreements to fair value, we recognized a \$333.4 million gain upon lease modification in our Statement of Operations during the three and nine months ended September 30, 2020.

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The following table summarizes our assets measured at fair value on a non-recurring basis in relation to the gain upon modification of the Caesars Lease Agreements on July 20, 2020, the date of modification:

(In thousands)	July 20, 2020				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	
Financial assets:					
Investments in sales-type leases - Caesars Lease Agreements ⁽¹⁾	\$ 10,228,465	\$ —	\$ —	\$ 10,228,465	
Investments in sales-type leases - assets subject to sales agreements ⁽²⁾	\$ 24,266	\$ —	\$ 24,266	\$ —	

(1) The fair value measurement of the Caesars Lease Agreements excludes the Harrah's Original Call Properties Acquisitions, HLV Additional Rent Acquisition and CPLV Additional Rent Acquisition as these transactions occurred in connection with the Eldorado Transaction and the investments are measured at historical cost.

(2) Represents the Harrah's Reno, Bally's Atlantic City and Louisiana Downs assets, which were subject to sales agreements at the date of the modification. The fair value of these investments is based on the contract price and represents a Level 2 measurement as defined in ASC 820.

The following table summarizes the significant unobservable inputs used in non-recurring Level 3 fair value measurements:

(In thousands)	Asset Type	Fair Value ⁽¹⁾	Valuation Technique	Significant Assumptions	
				Range	Weighted Average ⁽²⁾
	Investment in sales-type lease - Casinos	\$ 10,228,465	Rent Multiple	9.75x - 15.50x	13.0x

(1) The fair value measurement of the Caesars Lease Agreements excludes the Harrah's Original Call Properties Acquisitions, HLV Additional Rent Acquisition and CPLV Additional Rent Acquisition as these transactions occurred in connection with the Eldorado Transaction and the investments are measured at historical cost.

(2) Weighted by relative fair value.

Note 10 — Commitments and Contingent Liabilities

Litigation

In the ordinary course of business, from time to time, we may be subject to legal claims and administrative proceedings. As of September 30, 2021, we are not subject to any litigation that we believe could have, individually or in the aggregate, a material adverse effect on our business, financial condition or results of operations, liquidity or cash flows.

In connection with the Mergers, nine lawsuits have been filed challenging disclosures related to the Mergers, captioned: (i) *Lin v. MGM Growth Properties LLC, et al.*, No. 1:21-cv-07807 (SDNY) (filed September 17, 2021) (the "Lin Complaint"), (ii) *Whitfield v. MGM Growth Properties LLC, et al.*, No. 1:21-cv-08110 (SDNY) (filed September 30, 2021) (the "Whitfield Complaint"), (iii) *Bushansky v. VICI Properties Inc., et al.*, No. 1:21-cv-18429 (DNJ) (filed October 12, 2021) (the "Bushansky Complaint"), (iv) *Kent v. VICI Properties, Inc., et al.*, No. 1:21-cv-08504 (SDNY) (filed October 15, 2021) (the "Kent Complaint"), (v) *Mintz v. VICI Properties, Inc., et al.*, No. 1:21-cv-05788 (EDNY) (filed October 16, 2021) (the "Mintz Complaint"), (vi) *Hopkins v. MGM Growth Properties LLC, et al.*, No. 2:21-cv-04556 (ED Pa) (filed October 18, 2021) (the "Hopkins Complaint"), (vii) *Anderson v. VICI Properties Inc., et al.*, No. 1:21-cv-08603 (SDNY) (filed October 20, 2021) (the "Anderson Complaint"), (viii) *Brown v. VICI Properties Inc., et al.*, No. 1:21-cv-08621 (SDNY) (filed October 20, 2021) (the "Brown Complaint") and (ix) *Finger v. VICI Properties Inc., et al.*, No. 2:21-cv-19213 (DNJ) (filed October 21, 2021) (the "Finger Complaint"). The Lin Complaint, the Whitfield Complaint and the Hopkins Complaint were filed by purported MGP shareholders and name as defendants MGP, MGP OP, MGM, the individual members of the MGP board of directors, VICI, New VICI Operating Company, the Operating Partnership and REIT Merger Sub. The Bushansky Complaint, the Kent Complaint, the Mintz Complaint, the Anderson Complaint, the Brown Complaint and the Finger Complaint were filed by purported VICI stockholders and name as defendants VICI and the individual members of the VICI board of directors. The Lin Complaint alleges that the September 8, 2021 Registration Statement on Form S-4 regarding the proposed Mergers contains inadequate disclosures in violation of the federal securities laws. The Whitfield Complaint, the Bushansky Complaint, the Kent Complaint, the Mintz Complaint, the Hopkins Complaint, the Anderson Complaint, the Brown Complaint and the Finger

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Complaint allege that the September 23, 2021 Prospectus on Form 424B3 regarding the proposed Mergers contains inadequate disclosures in violation of the federal securities laws. The plaintiffs in each action seek, among other things, to enjoin the Mergers and the transactions contemplated by the MGP Master Transaction Agreement and an award of costs and attorneys' fees. Although the ultimate outcome of these actions cannot be predicted with certainty, we believe that these lawsuits are without merit and accordingly no amounts have been accrued as of September 30, 2021. Additional lawsuits arising out of the MGP Transactions may be filed in the future.

Operating Lease Commitments

We are liable under various operating leases for: (i) land at the Cascata golf course, which expires in 2038 and (ii) offices in New Orleans, LA and New York, NY, which expire in 2022 and 2030, respectively. The discount rates for the leases was determined based on the yield of our current secured borrowings, adjusted to match borrowings of similar terms, and are between 5.3% and 5.5%. The weighted average remaining lease term as of September 30, 2021 under our operating leases was 14.7 years. Our Cascata ground lease has three 10-year extension options. The rent of such options would be the in-place rent at the time of renewal.

Total rental expense, included in golf operations and general and administrative expenses in our Statement of Operations and contractual rent expense under these agreements were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<i>(In thousands)</i>				
Rent expense	\$ 503	\$ 503	\$ 1,507	\$ 1,506
Contractual rent	\$ 470	\$ 465	\$ 1,410	\$ 1,133

As of September 30, 2021, we have a \$17.0 million right of use asset and corresponding lease liability recorded in Other assets and Other liabilities, respectively, on our Balance Sheet related to our operating lease commitments for which we are the lessee.

The future minimum lease commitments relating to the base lease rent portion of noncancelable operating leases at September 30, 2021 are as follows:

<i>(In thousands)</i>	Lease Commitments
2021 (remaining)	\$ 471
2022	1,884
2023	1,827
2024	1,847
2025	1,908
2026	1,959
Thereafter	17,117
Total minimum lease commitments	\$ 27,013
Discounting factor	10,023
Lease liability	\$ 16,990

Finance Lease Commitments

Certain of our acquisitions necessitate that we assume, as the lessee, ground and use leases, the cost of which is passed to our tenants through the Lease Agreements, which require the tenants to pay all costs associated with such ground and use leases and provide for their direct payment to the landlord.

We have determined we are the primary obligor of certain of such ground and use leases and, accordingly, have presented these leases on a gross basis on our Balance Sheet and Statement of Operations. Further, we assessed the classification of the sub-lease to our tenant through the Lease Agreements, and our obligation as primary obligor of the ground and use leases and determined that they meet the definition of a sales-type lease and finance lease, respectively.

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The following table details the balance and location in our Balance Sheet of the ground and use leases as of September 30, 2021 and December 31, 2020, which is primarily comprised of the HNO Ground Lease:

<i>(In thousands)</i>	September 30, 2021	December 31, 2020
Others assets (sales-type sub-leases, net)	\$ 274,260	\$ 277,482
Other liabilities (finance sub-lease liabilities)	\$ 280,768	\$ 284,376

Total rental income and rental expense, included in Other income and Other expenses, respectively, in our Statement of Operations and contractual rent expense under these agreements were as follows:

<i>(In thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Rental income and expense	\$ 5,604	\$ 5,699	\$ 16,905	\$ 5,976
Contractual rent	\$ 8,838	\$ 11,838	\$ 20,513	\$ 12,146

The future minimum lease commitments relating to the ground and use leases at September 30, 2021 are as follows:

<i>(In thousands)</i>	Lease Commitments
2021 (remaining)	\$ 5,838
2022	26,350
2023	23,350
2024	23,350
2025	23,350
2026	23,350
Thereafter	741,730
Total minimum lease commitments	\$ 867,318
Discounting factor	586,550
Finance sub-lease liability	\$ 280,768

The discount rate for the ground and use leases was determined based on the yield of our current secured borrowings, adjusted to match borrowings of similar terms, and are between 6% and 8%. The weighted average remaining lease term as of September 30, 2021 under our finance leases was 37.0 years.

Note 11 — Stockholders' Equity

Stock

Authorized

Effective September 10, 2021, we amended our Articles of Amendment and Restatement to increase: (i) the number of shares of stock that we are authorized to issue from 1,000,000,000 to 1,400,000,000, (ii) the number of shares of common stock, par value \$0.01 per share, that we are authorized to issue from 950,000,000 to 1,350,000,000, and (iii) the aggregate par value of all authorized shares of our stock having par value from \$10,000,000 to \$14,000,000, in order to have sufficient authorized shares to complete the MGP Transactions, which remain subject to customary closing conditions, regulatory approvals and approval by the stockholders of the Company. We had previously amended our Articles of Amendment and Restatement, effective March 2, 2021, to increase: (i) the number of shares of stock that we were authorized to issue from 750,000,000 to 1,000,000,000, (ii) the number of shares of common stock, par value \$0.01 per share, that we were authorized to issue from 700,000,000 to 950,000,000, and (iii) the aggregate par value of all authorized shares of our stock having par value from \$7,500,000 to \$10,000,000. As of September 30, 2021, we have the authority to issue 1,400,000,000 shares of stock, consisting of 1,350,000,000 shares of common stock, \$0.01 par value per share, and 50,000,000 shares of preferred stock, \$0.01 par value per share.

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Primary Follow-on Offerings

September 2021 Offering

On September 14, 2021, we completed a primary follow-on offering of 115,000,000 shares of common stock consisting of (i) 65,000,000 shares of common stock (including 15,000,000 shares sold pursuant to the exercise in full of the underwriters' option to purchase additional common stock) and (ii) 50,000,000 shares of common stock that were subject to forward sale agreements (collectively the "September 2021 Forward Sale Agreements"), which require settlement by September 9, 2022, in each case at a public offering price of \$29.50 per share for an aggregate offering value of \$3.4 billion, resulting in net proceeds, after deduction of the underwriting discount and expenses, of \$1,859.0 million from the sale of the 65,000,000 shares (including 15,000,000 shares sold pursuant to the exercise in full of the underwriters' option to purchase additional common stock). We did not initially receive any proceeds from the sale of the 50,000,000 shares subject to the September 2021 Forward Sale Agreements, which were sold to the underwriters by the forward purchasers or their respective affiliates and remain subject to settlement in accordance with the terms of the September 2021 Forward Sale Agreements. We determined that the September 2021 Forward Sale Agreements meet the criteria for equity classification and are therefore exempt from derivative accounting. We recorded the September 2021 Forward Sale Agreements at fair value at inception, which we determined to be zero. Subsequent changes to fair value are not required under equity classification.

We expect to settle the 50,000,000 shares under the September 2021 Forward Sale Agreements entirely by the physical delivery of shares of our common stock in exchange for cash proceeds, although we may elect cash settlement or net share settlement for all or a portion of our obligations under the September 2021 Forward Sale Agreements. As of September 30, 2021, the forward share price was \$28.25 and would result in us receiving approximately \$1,412.3 million in cash proceeds if we were to physically settle the shares under the September 2021 Forward Sale Agreements. Alternatively, if we were to net cash settle the shares under the September 2021 Forward Sale Agreements, it would result in a cash outflow of \$8.2 million or, if we were to net share settle the shares under the September 2021 Forward Sale Agreements, it would result in us delivering approximately 0.3 million shares.

March 2021 Offering

On March 4, 2021, we completed a primary follow-on offering of 69,000,000 shares of common stock (inclusive of 9,000,000 shares sold pursuant to the exercise in full of the underwriters' option to purchase additional common stock) at a public offering price of \$29.00 per share for an aggregate offering value of \$2,001.0 million, all of which are subject to forward sale agreements (the "March 2021 Forward Sale Agreements"), which require settlement by March 4, 2022. We did not initially receive any proceeds from the sale of the shares of common stock in the offering, which were sold to the underwriters by the forward purchasers or their respective affiliates. We determined that the March 2021 Forward Sale Agreements meet the criteria for equity classification and are therefore exempt from derivative accounting. We recorded the March 2021 Forward Sale Agreements at fair value at inception, which we determined to be zero. Subsequent changes to fair value are not required under equity classification.

We expect to settle the 69,000,000 shares under the March 2021 Forward Sale Agreements entirely by the physical delivery of shares of our common stock in exchange for cash proceeds, although we may elect cash settlement or net share settlement for all or a portion of our obligations under the March 2021 Forward Sale Agreements. As of September 30, 2021, the forward share price was \$26.93 and would result in us receiving approximately \$1,858.3 million in cash proceeds if we were to physically settle the shares under the March 2021 Forward Sale Agreements. Alternatively, if we were to net cash settle the shares under the March 2021 Forward Sale Agreements, it would result in a cash outflow of \$102.0 million or, if we were to net share settle the shares under the March 2021 Forward Sale Agreements, it would result in us delivering approximately 3.6 million shares.

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June 2020 Offering

On June 17, 2020, we completed a primary follow-on offering of 29,900,000 shares of common stock (inclusive of 3,900,000 shares sold pursuant to the exercise in full of the underwriters' option to purchase additional common stock) at a public offering price of \$22.15 per share for an aggregate offering value of \$662.3 million, all of which are subject to a forward sale agreement (the "June 2020 Forward Sale Agreement"), which initially required settlement by September 17, 2020. On September 16, 2020, we amended the June 2020 Forward Sale Agreement to extend the maturity date from September 17, 2020 to June 17, 2021. On April 26, 2021, we further amended the June 2020 Forward Sale Agreement to extend the maturity date from June 17, 2021 to December 17, 2021. We did not initially receive any proceeds from the sale of the shares of common stock in the offering, which were sold to the underwriters by the forward purchaser or its affiliates. We determined that the June 2020 Forward Sale Agreement meets the criteria for equity classification and is therefore exempt from derivative accounting. We recorded the June 2020 Forward Sale Agreement at fair value at inception, which we determined to be zero. Subsequent changes to fair value are not required under equity classification.

On September 28, 2020, we partially settled the June 2020 Forward Sale Agreement by delivering 3,000,000 shares of our common stock to the forward purchaser, in exchange for total net proceeds of approximately \$63.0 million, which was calculated based on the net forward sale price on the settlement date of \$21.04 per share. On September 9, 2021, we physically settled the remaining shares under the June 2020 Forward Sale Agreement by delivering 26,900,000 shares of our common stock to the forward purchaser in exchange for total net proceeds of approximately \$526.9 million, which was calculated based on the net forward sale price on the settlement date of \$19.59 per share. The physical settlements of the June 2020 Forward Sale Agreement were calculated based on the initial forward sale price per share of \$21.37, as adjusted for a floating interest rate factor and other fixed amounts based on the passage of time, as specified in the June 2020 Forward Sale Agreement.

The shares of common stock issuable upon settlement of any outstanding forward sale agreements are reflected in our diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of our common stock used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares of common stock that would be issued upon full physical settlement of the shares under the outstanding forward sale agreements over the number of shares of common stock that could be purchased by us in the market (based on the average market price during the period) using the proceeds receivable upon physical settlement of the remaining shares (based on the adjusted forward sales price at the end of the reporting period). If and when we physically settle the shares under the outstanding forward sale agreements, the delivery of shares of our common stock will result in an increase in the number of shares of common stock outstanding and dilution to our earnings per share. We intend to use the net proceeds upon settlement of the shares under the September 2021 Forward Sale Agreements and March 2021 Forward Sale Agreements to fund a portion of the purchase price of the Venetian Acquisition and for general corporate purposes, which may include future transactions, the acquisition, development and improvement of properties, capital expenditures, working capital and the repayment of indebtedness.

At-the-Market Offering Program

In May 2021, we entered into an equity distribution agreement (the "ATM Agreement") pursuant to which we may sell, from time to time, up to an aggregate sales price of \$1,000.0 million of our common stock (the "ATM Program"). Sales of common stock, if any, made pursuant to the ATM Program may be sold in negotiated transactions or transactions that are deemed to be "at the market" offerings, as defined in Rule 415 of the Securities Act. The ATM Program also provides that the Company may sell shares of its common stock under the ATM Program through forward sale contracts. Actual sales under the ATM Program will depend on a variety of factors including market conditions, the trading price of our common stock, our capital needs, and our determination of the appropriate sources of funding to meet such needs. During the nine months ended September 30, 2020, we sold a total of 7,500,000 shares under our previous at-the-market offering program (which was terminated in connection with our entry into the ATM Program) for net proceeds of \$200.0 million. During the nine months ended September 30, 2021, we did not sell any shares under the ATM Program. We have no obligation to sell the remaining shares available for sale under the ATM Program.

VICI PROPERTIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

The following table details the issuance of outstanding shares of common stock, including restricted common stock:

Common Stock Outstanding	Nine Months Ended September 30,	
	2021	2020
Beginning Balance January 1,	536,669,722	461,004,742
Issuance of common stock in primary follow-on offerings	65,000,000	—
Issuance of common stock upon physical settlement of forward sale agreements ⁽¹⁾	26,900,000	68,000,000
Issuance of common stock under the at-the-market offering program	—	7,500,000
Issuance of restricted and unrestricted common stock under the stock incentive program, net of forfeitures	375,165	164,037
Ending Balance September 30,	628,944,887	536,668,779

(1) Excludes the 50,000,000 and 69,000,000 remaining shares subject to the September 2021 Forward Sale Agreements and March 2021 Forward Sale Agreements, respectively, as such shares are not yet settled.

Dividends

Dividends declared (on a per share basis) during the nine months ended September 30, 2021 and 2020 were as follows:

Nine Months Ended September 30, 2021				
Declaration Date	Record Date	Payment Date	Period	Dividend
March 11, 2021	March 25, 2021	April 8, 2021	January 1, 2021 - March 31, 2021	\$ 0.3300
June 10, 2021	June 24, 2021	July 8, 2021	April 1, 2021 - June 30, 2021	\$ 0.3300
August 4, 2021	September 24, 2021	October 7, 2021	July 1, 2021 - September 30, 2021	\$ 0.3600

Nine Months Ended September 30, 2020				
Declaration Date	Record Date	Payment Date	Period	Dividend
March 12, 2020	March 31, 2020	April 9, 2020	January 1, 2020 - March 31, 2020	\$ 0.2975
June 11, 2020	June 30, 2020	July 10, 2020	April 1, 2020 - June 30, 2020	\$ 0.2975
September 10, 2020	September 30, 2020	October 8, 2020	July 1, 2020 - September 30, 2020	\$ 0.3300

Note 12 — Earnings Per Share

Basic earnings per share is computed by dividing net income attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, excluding net income attributable to participating securities (unvested restricted stock awards). Diluted earnings per share reflects the additional dilution for all potentially dilutive securities such as stock options, unvested restricted shares, unvested performance-based restricted shares and the shares to be issued by us upon settlement of any outstanding forward sale agreements. The shares issuable upon settlement of any outstanding forward sale agreements, as described in [Note 11 - Stockholders' Equity](#), are reflected in the diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of our common stock used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares of common stock that would be issued upon full physical settlement of the shares under any outstanding forward sale agreements over the number of shares of common stock that could be purchased by us in the market (based on the average market price during the period) using the proceeds receivable upon full physical settlement (based on the adjusted forward sales price at the end of the reporting period). If and when we physically or net share settle the shares under the outstanding forward sale agreements, the delivery of shares of common stock will result in an increase in the number of shares outstanding and dilution to earnings per share.

VICI PROPERTIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

The following tables reconcile the weighted-average shares of common stock outstanding used in the calculation of basic earnings per share to the weighted-average shares of common stock outstanding used in the calculation of diluted earnings per share:

<i>(In thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Determination of shares:				
Weighted-average shares of common stock outstanding	555,154	533,408	542,844	496,003
Assumed conversion of restricted stock	891	501	920	323
Assumed settlement of forward sale agreements	15,850	2,271	13,350	3,656
Diluted weighted-average shares of common stock outstanding	<u>571,895</u>	<u>536,180</u>	<u>557,114</u>	<u>499,982</u>

<i>(In thousands, except per share data)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Basic:				
Net income attributable to common stockholders	\$ 161,862	\$ 398,274	\$ 732,372	\$ 603,664
Weighted-average shares of common stock outstanding	555,154	533,408	542,844	496,003
Basic EPS	<u>\$ 0.29</u>	<u>\$ 0.75</u>	<u>\$ 1.35</u>	<u>\$ 1.22</u>
Diluted:				
Net income attributable to common stockholders	\$ 161,862	\$ 398,274	\$ 732,372	\$ 603,664
Diluted weighted-average shares of common stock outstanding	571,895	536,180	557,114	499,982
Diluted EPS	<u>\$ 0.28</u>	<u>\$ 0.74</u>	<u>\$ 1.31</u>	<u>\$ 1.21</u>

Note 13 — Stock-Based Compensation

The 2017 Stock Incentive Plan (the “Plan”) is designed to provide long-term equity-based compensation to our directors and employees. It is administered by the Compensation Committee of the Board of Directors. Awards under the Plan may be granted with respect to an aggregate of 12,750,000 shares of common stock and may be issued in the form of: (a) incentive stock options, (b) non-qualified stock options, (c) stock appreciation rights, (d) dividend equivalent rights, (e) restricted stock, (f) restricted stock units or (g) unrestricted stock. In addition, the Plan limits the total number of shares of common stock with respect to which awards may be granted to any employee or director during any one calendar year. At September 30, 2021, 11,588,589 shares of common stock remained available for issuance by us as equity awards under the Plan.

The following table details the stock-based compensation expense recorded as General and administrative expense in the Statement of Operations:

<i>(In thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Stock-based compensation expense	\$ 2,395	\$ 2,013	\$ 7,067	\$ 5,375

VICI PROPERTIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

The following table details the activity of our time-based restricted stock and performance-based restricted stock units:

	Nine Months Ended September 30, 2021		Nine Months Ended September 30, 2020	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
<i>(In thousands, except per share data)</i>				
Outstanding at beginning of period	855	\$ 21.48	601	\$ 21.16
Granted	493	18.83	422	21.49
Vested	(371)	19.41	(116)	21.08
Forfeited	(60)	19.90	(25)	21.21
Canceled	—	—	—	—
Outstanding at end of period	917	\$ 21.00	882	\$ 21.32

As of September 30, 2021, there was \$12.0 million of unrecognized compensation cost related to non-vested stock-based compensation arrangements under the Plan. This cost is expected to be recognized over a weighted average period of 1.82 years.

Note 14 — Segment Information

Our real property business and our golf course business represent two reportable segments. The real property business segment consists of leased real property and our real estate lending activities and represents the substantial majority of our business. The golf course business segment consists of four golf courses, with each being operating segments that are aggregated into one reportable segment.

VICI PROPERTIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

The results of each reportable segment presented below are consistent with the way our management assesses these results and allocates resources. The following table presents certain information with respect to our segments:

<i>(In thousands)</i>	Three Months Ended September 30, 2021			Three Months Ended September 30, 2020		
	Real Property Business	Golf Course Business	VICI Consolidated	Real Property Business	Golf Course Business	VICI Consolidated
Revenues	\$ 369,200	\$ 6,504	\$ 375,704	\$ 334,015	\$ 5,638	\$ 339,653
Interest expense	(165,099)	—	(165,099)	(77,399)	—	(77,399)
Gain upon lease modification	—	—	—	333,352	—	333,352
Loss on extinguishment of debt	(15,622)	—	(15,622)	—	—	—
Income before income taxes	163,953	619	164,572	395,763	87	395,850
Income tax (expense) benefit	(245)	(143)	(388)	386	(18)	368
Net income	163,708	476	164,184	396,149	69	396,218
Depreciation	29	742	771	31	879	910
Total assets	\$ 17,453,567	\$ 95,237	\$ 17,548,804	\$ 16,761,134	\$ 90,696	\$ 16,851,830
Total liabilities	\$ 5,402,358	\$ 17,660	\$ 5,420,018	\$ 7,465,576	\$ 16,715	\$ 7,482,291

<i>(In thousands)</i>	Nine Months Ended September 30, 2021			Nine Months Ended September 30, 2020		
	Real Property Business	Golf Course Business	VICI Consolidated	Real Property Business	Golf Course Business	VICI Consolidated
Revenues	\$ 1,104,812	\$ 21,602	\$ 1,126,414	\$ 835,283	\$ 17,273	\$ 852,556
Interest expense	(321,953)	—	(321,953)	(231,185)	—	(231,185)
Gain upon lease modification	—	—	—	333,352	—	333,352
Loss on extinguishment of debt	(15,622)	—	(15,622)	(39,059)	—	(39,059)
Income before income taxes	736,991	4,497	741,488	604,985	1,206	606,191
Income tax expense	(1,128)	(1,000)	(2,128)	(128)	(267)	(395)
Net income	735,863	3,497	739,360	604,857	939	605,796
Depreciation	92	2,228	2,320	85	2,905	2,990
Total assets	\$ 17,453,567	\$ 95,237	\$ 17,548,804	\$ 16,761,134	\$ 90,696	\$ 16,851,830
Total liabilities	\$ 5,402,358	\$ 17,660	\$ 5,420,018	\$ 7,465,576	\$ 16,715	\$ 7,482,291

Note 15 — Subsequent Events

We have evaluated subsequent events and, except for the Second JACK Lease Agreement Amendment, the repayment of the ROV Term Loan and the termination of the ROV Credit Facility and the Amended and Restated ROV Loan on October 4, 2021 (as described in [Note 3 - Property Transactions](#)), and the payment of dividends on October 7, 2021 (as described in [Note 11 - Stockholders' Equity](#)), there were no other events relative to the Financial Statements that require additional disclosure.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the financial position and operating results of VICI Properties Inc. for the three and nine months ended September 30, 2021 should be read in conjunction with the Financial Statements and related notes thereto and other financial information contained elsewhere in this Quarterly Report on Form 10-Q and the audited consolidated financial statements and related notes for the year ended December 31, 2020, which were included in our [Annual Report on Form 10-K for the year ended December 31, 2020](#). All defined terms included herein have the same meaning as those set forth in the [Notes to the Consolidated Financial Statements](#) contained within this Quarterly Report on Form 10-Q.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Quarterly Report on Form 10-Q, including statements such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “project,” “target,” “can,” “could,” “may,” “should,” “will,” “would” or similar expressions, constitute “forward-looking statements” within the meaning of the federal securities law. Forward-looking statements are based on our current plans, expectations and projections about future events. We caution you therefore against relying on any of these forward-looking statements. They give our expectations about the future and are not guarantees. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements to materially differ from any future results, performance and achievements expressed in or implied by such forward-looking statements.

Currently, one of the most significant factors that could cause actual outcomes to differ materially from our forward-looking statements is the impact of the COVID-19 pandemic on our, and our tenants' financial condition, results of operations, cash flows and performance. The extent to which the COVID-19 pandemic continues to adversely affect our tenants, and ultimately impacts our business and financial condition, depends on future developments which cannot be predicted with confidence, including the impact of the actions taken to contain the pandemic or mitigate its impact, including the availability, distribution, public acceptance and efficacy of approved vaccines, new or mutated variants of COVID-19 (including vaccine-resistant variants) or a similar virus, the direct and indirect economic effects of the pandemic and containment measures on our tenants, the ability of our tenants to successfully operate their businesses, including the costs of complying with regulatory requirements necessary to keep their respective facilities open, such as reduced capacity requirements, the need to close any of the facilities after reopening as a result of the COVID-19 pandemic, and the effects of the negotiated capital expenditure reductions and other amendments to the Lease Agreements that we agreed to with certain of its tenants in response to the COVID-19 pandemic. Each of the foregoing could have a material adverse effect on our tenants' ability to satisfy their obligations under their Lease Agreements with us, including their continued ability to pay rent in a timely manner, or at all, and/or to fund capital expenditures or make other payments required under their leases. Investors are cautioned to interpret many of the risks identified under the section entitled “Risk Factors” in our [Annual Report on Form 10-K for the year ended December 31, 2020](#), our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K as being heightened as a result of the ongoing and numerous adverse impacts of the COVID-19 pandemic.

The forward-looking statements included herein are based upon our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results, performance and achievements could differ materially from those set forth in the forward-looking statements and may be affected by a variety of risks and other factors, including, among others: risks associated with the pending MGP Transactions, including our ability or failure to complete the pending MGP Transactions and to realize the anticipated benefits of the MGP Transactions, including as a result of delay in completing the pending MGP Transactions; the impact of changes in general economic conditions, including low consumer confidence, unemployment levels and depressed real estate prices resulting from the severity and duration of any downturn in the U.S. or global economy; our dependence on subsidiaries of Caesars, Penn National, Hard Rock, Century Casinos, JACK Entertainment and EBCI (and, following the completion of the pending MGP Transactions and the Venetian Acquisition, MGM and the Venetian Tenant) as tenants of our properties and Caesars, Penn National, Seminole Hard Rock, Century Casinos, Rock Ohio Ventures and EBCI (and, following the completion of the pending MGP Transactions, MGM) or certain of their respective subsidiaries as guarantors of the lease payments and the negative consequences any material adverse effect on their respective businesses could have on us; our borrowers' ability to repay their outstanding loan obligations to us; our dependence on the gaming industry; our ability to pursue our business and growth strategies may be limited by our substantial debt service requirements and by the requirement that we distribute 90% of our REIT taxable income in order to

qualify for taxation as a REIT and that we distribute 100% of our REIT taxable income in order to avoid current entity-level U.S. Federal income taxes; the impact of extensive regulation from gaming and other regulatory authorities; the ability of our tenants to obtain and maintain regulatory approvals in connection with the operation of our properties and the completion of pending transactions on a timely basis, or at all, or the imposition of conditions to such regulatory approvals; the possibility that our tenants may choose not to renew the Lease Agreements following the initial or subsequent terms of the leases; restrictions on our ability to sell our properties subject to the Lease Agreements; Caesars', Penn National's, Hard Rock's, Century Casinos', JACK Entertainment's and EBCI's (and, following the completion of the pending MGP Transactions and the Venetian Acquisition, MGM's and the Venetian Tenant's) historical results may not be a reliable indicator of their future results; our substantial amount of indebtedness, including indebtedness to be assumed by us upon consummation of the pending MGP Transactions, and ability to service, refinance and otherwise fulfill our obligations under such indebtedness; our historical financial information may not be reliable indicators of our future results of operations, financial condition and cash flows; our ability to obtain the financing necessary to complete our pending acquisitions or related transactions on the terms we currently expect in a timely manner, or at all; the possibility that our pending transactions may not be completed or that completion may be unduly delayed, and the potential adverse impact on our business, operations and stock price; the possibility that we identify significant environmental, tax, legal or other issues that materially and adversely impact the value of assets acquired or secured as collateral (or other benefits we expect to receive) in any of our pending or recently completed transactions; the effects of our pending and recently completed transactions on us, including the future impact on our financial condition, financial and operating results, cash flows, strategy and plans; the impact of changes to the U.S. Federal income tax laws; the impact and outcome of current and potential litigation relating to the pending MGP Transactions, including the possibility that any adverse judgment may prevent the pending MGP Transactions from being consummated on a timely basis, or at all; the possibility of adverse tax consequences as a result of our pending transactions; increased volatility in our stock price as a result of our pending transactions; the possibility of foreclosure on our properties if we are unable to meet required debt service payments; the impact of a rise in interest rates on us; our inability to successfully pursue investments in, and acquisitions of, additional properties; the impact of natural disasters, war, political and public health conditions or uncertainty or civil unrest, violence or terrorist activities or threats on our properties and changes in economic conditions or heightened travel security and health measures instituted in response to these events; the loss of the services of key personnel; the inability to attract, retain and motivate employees; the costs and liabilities associated with environmental compliance; failure to establish and maintain an effective system of integrated internal controls; our inability to maintain our qualification for taxation as a REIT; our reliance on distributions received from the Operating Partnership to make distributions to our stockholders; the potential impact on the amount of our cash distributions if we were to sell any of our properties in the future; our ability to continue to make distributions to holders of our common stock or maintain anticipated levels of distributions over time; competition for transaction opportunities, including from other REITs, investment companies, private equity firms and hedge funds, sovereign funds, lenders, gaming companies and other investors that may have greater resources and access to capital and a lower cost of capital or different investment parameters than us; and additional factors discussed herein and listed from time to time as "Risk Factors" in our filings with the SEC, including without limitation, in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Any of the assumptions underlying forward-looking statements could be inaccurate. You are cautioned not to place undue reliance on any forward-looking statements. All forward-looking statements are made as of the date of this Quarterly Report on Form 10-Q and the risk that actual results, performance and achievements will differ materially from the expectations expressed herein will increase with the passage of time. Except as otherwise required by the Federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason. In light of the significant uncertainties inherent in forward-looking statements, the inclusion of such forward-looking statements should not be regarded as a representation by us.

OVERVIEW

We are an owner and acquirer of experiential real estate assets across leading gaming, hospitality, entertainment and leisure destinations. Our national, geographically diverse portfolio currently consists of 28 market leading properties, including Caesars Palace Las Vegas and Harrah's Las Vegas, two of the most iconic entertainment facilities on the Las Vegas Strip. Our entertainment facilities are leased to leading brands that seek to drive consumer loyalty and value with guests through superior services, experiences, products and continuous innovation. Across over 47 million square feet, our well-maintained properties are currently located across urban, destination and drive-to markets in twelve states, contain approximately 17,800 hotel rooms and feature over 200 restaurants, bars and nightclubs.

Our portfolio also includes four real estate debt investments, which we have originated for strategic reasons in connection with transactions that may provide the potential to convert our investment into the ownership of certain of the underlying real estate in the future. In addition, we own approximately 34 acres of undeveloped or underdeveloped land on and adjacent to the Las Vegas Strip that is leased to Caesars, which we may look to monetize as appropriate. We also own and operate four championship golf courses located near certain of our properties, two of which are in close proximity to the Las Vegas Strip.

We lease our properties to subsidiaries of Caesars, Penn National, Hard Rock, Century Casinos, JACK Entertainment and EBCI, with Caesars being our largest tenant. We believe we have a mutually beneficial relationship with each of Caesars, Penn National, Hard Rock, Century Casinos, JACK Entertainment and EBCI, all of which are leading owners and operators of gaming, entertainment and leisure properties. Our long-term triple-net Lease Agreements with subsidiaries of our operators provide us with a highly predictable revenue stream with embedded growth potential. We believe our geographic diversification limits the effect of changes in any one market on our overall performance. We are focused on driving long-term total returns through managing experiential asset growth and allocating capital diligently, maintaining a highly productive tenant base, and optimizing our capital structure to support external growth. As a growth focused public real estate investment trust with long-term investments, we expect our relationship with our partners will position us for the acquisition of additional properties across leisure and hospitality over the long-term. Despite the ongoing uncertainty surrounding the COVID-19 pandemic, we continue to evaluate and opportunistically pursue accretive acquisitions or investments that arise in the market.

Our portfolio is competitively positioned and well-maintained. Pursuant to the terms of the Lease Agreements, which require our tenants to invest in our properties (subject in certain cases to temporary relief we granted certain tenants on a portion of their capital expenditure obligations in connection with the impact of the COVID-19 pandemic), and in line with our tenants' commitment to build guest loyalty, we anticipate our tenants will continue to make strategic value-enhancing investments in our properties over time, helping to maintain their competitive position. In addition, given our scale and deep industry knowledge, we believe we are well-positioned to execute highly complementary single-asset and portfolio acquisitions, as well as other investments, to augment growth as market conditions allow, with a focus on disciplined capital allocation.

We conduct our operations as a real estate investment trust ("REIT") for U.S. federal income tax purposes. We generally will not be subject to U.S. federal income taxes on our taxable income to the extent that we annually distribute all of our net taxable income to stockholders and maintain our qualification as a REIT. We believe our election of REIT status, combined with the income generation from the Lease Agreements, will enhance our ability to make distributions to our stockholders, providing investors with current income as well as long-term growth, subject to the macroeconomic impact of the COVID-19 pandemic and market conditions more broadly. We conduct our real property business through our Operating Partnership and our golf course business through a taxable REIT subsidiary (a "TRS"), VICI Golf.

The financial information included in this Quarterly Report on Form 10-Q is our consolidated results (including the real property business and the golf course business) for the three and nine months ended September 30, 2021.

Impact of the COVID-19 Pandemic on Our Business

Since the emergence of the COVID-19 pandemic in early 2020, among the broader public health, societal and global impacts, the pandemic has resulted in state governments and/or regulatory authorities issuing various directives, mandates, orders or similar actions, which resulted in temporary closures of our tenants' operations at all of our properties and our golf course operations. Although all of our leased properties and our golf courses are currently open and operating, without restriction in some jurisdictions, they remain subject to any current or future operating limitations, restrictions or closures imposed by state and local governments and/or regulatory authorities. While our tenants' recent performance at many of our leased properties has been at or above pre-pandemic levels, they may continue to face additional challenges and uncertainty due to the impact of the COVID-19 pandemic, such as complying with operational and capacity restrictions and ensuring sufficient employee staffing and service levels, and the sustainability of maintaining improved operating margins and financial performance. Due to prior

closures, operating restrictions and other factors, our tenants' operations, liquidity and financial performance have been adversely affected, and the ongoing nature of the pandemic, including emerging variants, may further impact our tenants' businesses and, accordingly, our business and financial performance.

All of our tenants have fulfilled their rent obligations through October 2021 and we regularly engage with our tenants in connection with their business performance, operations, liquidity and financial results. As a triple-net lessor, we believe we are generally in a strong creditor position and structurally insulated from operational and performance impacts of our tenants, both positive and negative. However, the full extent to which the COVID-19 pandemic continues to adversely affect our tenants, and ultimately impacts us, depends on future developments which cannot be predicted with confidence, including the actions taken to contain the pandemic or mitigate its impact, including the availability, distribution, public acceptance and efficacy of approved vaccines, new or mutated variants of COVID-19 (including vaccine-resistant variants) or a similar virus, the direct and indirect economic effects of the pandemic and containment measures on our tenants, our tenants' financial performance and any future operating limitations. These factors may contribute to increased uncertainty with respect to our business and operating results through 2021 and we will continue to closely monitor the impact of the COVID-19 pandemic on us and our tenants. For more information, refer to the section entitled "Risk Factors" in our [Annual Report on Form 10-K for the year ended December 31, 2020](#) and as updated from time to time in our other filings with the SEC.

Third Quarter 2021 Highlights

Operating Results

- Collected 100% of rent in cash.
- Total revenues increased 10.6% year-over-year to \$375.7 million.
- Net income attributable to common stockholders was \$161.9 million, or \$0.28 per diluted share.
- AFFO increased 12.9% year-over-year to \$257.4 million and AFFO per diluted share increased 5.9% to \$0.45.

Acquisition and Investment Activity

- Announced the strategic acquisition of MGP for \$17.2 billion, which upon closing, will add \$1,009.0 million of annualized rent (inclusive of MGP's pending acquisition of MGM Springfield) to our portfolio from 15 Class A entertainment casino resort properties spread across nine regions and comprising 33,000 hotel rooms, 3.6 million square feet of meeting and convention space and hundreds of food, beverage and entertainment venues. We expect the MGP Transactions, which are subject to regulatory approvals, approval by the Company's stockholders, and customary closing conditions, to be completed in the first half of 2022.
- Announced a strategic arrangement with ClubCorp whereby we may provide up to \$80.0 million of mortgage financing for the construction of up to five new BigShots Golf™ facilities throughout the United States, subject to the negotiation of definitive documentation.

Capital Markets and Financing Activity

- Announced an increase in our quarterly cash dividend to \$0.36 per share (or \$1.44 per share on an annualized basis), representing a 9.1% increase compared to our previous quarterly dividend.
- Completed an equity offering of 115,000,000 shares at \$29.50 per share for an aggregate offering value of \$3.4 billion, of which 65,000,000 shares were issued and sold by us and 50,000,000 shares were sold through the September 2021 Forward Sale Agreements.
- Settled the remaining 26,900,000 shares of the Company's outstanding June 2020 Forward Sale Agreement for net proceeds of approximately \$526.9 million.
- Used the proceeds from the September 2021 equity offering and settlement of the June 2020 Forward Sale Agreement to repay in full the \$2.1 billion Term Loan B Facility and settle the outstanding interest rate swap agreements. As of September 30, 2021, we have a \$1.0 billion secured revolving facility available and had no outstanding secured debt.
- Obtained the requisite participation and consents to the Exchange Offers and Consent Solicitations to (i) exchange the MGP OP Notes tendered in the Exchange Offer for new notes to be issued by the VICI Issuers on or about the closing of the MGP Transactions and (ii) amend the MGP OP Notes Indentures to eliminate or modify certain of the covenants, restrictions, provisions and events of default in each of the indentures.

SIGNIFICANT ACTIVITIES DURING 2021

Acquisition and Investment Activity

- **MGP Transactions.** On August 4, 2021 we, MGP and MGM, MGP's controlling shareholder, announced that we entered into the MGP Master Transaction Agreement, pursuant to which we will acquire MGP for total consideration of \$17.2 billion, inclusive of the assumption of approximately \$5.7 billion of debt. MGP is a publicly traded gaming REIT and the transaction will add \$1,009.0 million of annualized rent (inclusive of MGP's pending acquisition of MGM Springfield) to our portfolio from 15 Class A entertainment casino resort properties spread across nine regions and comprising 33,000 hotel rooms, 3.6 million square feet of meeting and convention space and hundreds of food, beverage and entertainment venues.

Under the terms of the MGP Master Transaction Agreement, holders of MGP Common Shares will receive 1.366 shares of our newly issued common stock in exchange for each Class A common share of MGP. The fixed Exchange Ratio represents an agreed upon price of \$43.00 per share of MGP Class A common shares based on our trailing 5-day volume weighted average price of \$31.47 as of July 30, 2021. MGM will receive \$43.00 per unit in cash for the redemption of the majority of its MGP Operating Partnership units that it holds for total cash consideration of approximately \$4.404 billion and will also retain approximately 12.0 million units in a newly formed operating partnership of VICI Properties. The MGP Class B share that is held by MGM will be cancelled and cease to exist.

Simultaneous with the closing of the transaction, we will enter into the MGM Master Lease Agreement with MGM. The MGM Master Lease Agreement will have an initial term of 25 years, with three 10-year tenant renewal options and, subject to the closing of the pending acquisition of MGM Springfield by MGP from MGM (the "Springfield Transaction"), will have an initial total annual rent of \$860.0 million. Rent under the MGM Master Lease Agreement will escalate at a rate of 2.0% per annum for the first 10 years and thereafter at the greater of 2.0% per annum and the annual increase in the CPI, subject to a 3.0% cap. Additionally, we will retain MGP's existing 50.1% ownership stake in the BREIT JV, which owns the real estate assets of MGM Grand Las Vegas and Mandalay Bay. The BREIT JV lease will remain unchanged and provides for current annual base rent of approximately \$298.0 million, of which \$149.0 million is attributable to MGP's investment in the BREIT JV, and an initial term of 30 years, with two 10-year tenant renewal options. Rent under the BREIT JV lease escalates at a rate of 2.0% per annum for the first 15 years and thereafter at the greater of 2.0% per annum and the annual increase in CPI, subject to a 3.0% cap. On a combined basis, the MGM Master Lease Agreement and BREIT JV lease will deliver initial attributable rent to us of approximately \$1,009.0 million. The tenant's obligations under the MGM Master Lease and BREIT JV lease will be guaranteed by MGM.

We expect the MGP Transactions to be completed in the first half of 2022, subject to regulatory approvals, approval by the Company's stockholders, and customary closing conditions. However, we can provide no assurances that the MGP Transactions described herein will close in the anticipated timeframe, on the contemplated terms or at all. We intend to fund the cash portion of the MGP Transactions with proceeds from long-term debt financing.

- **BigShots Strategic Arrangement.** On September 15, 2021, we and ClubCorp announced that we entered into a strategic arrangement to grow BigShots Golf™, whereby we may provide up to \$80.0 million of mortgage financing for the construction of up to five new BigShots Golf™ facilities throughout the United States. As part of the non-binding arrangement, we will have a call right to acquire the real estate assets associated with any BigShots Golf™ facility financed by us, which transaction will be structured as a sale leaseback. In addition, for so long as the mortgage financing remains outstanding and we continue to hold a majority interest therein, we will have a right of first offer on any additional mortgage, mezzanine, preferred equity, or other similar financing that is treated as debt to be obtained by BigShots Golf™ (or any of its affiliates) for any multisite financing related to the development of BigShots Golf's™ extensive existing and growing pipeline of facilities. Pursuant to a non-binding letter agreement, the terms and conditions of any transaction between the parties will be set forth in definitive documentation.
- **Great Wolf Mezzanine Loan.** On June 16, 2021, we entered into the Great Wolf Mezzanine Loan with an affiliate of Great Wolf to provide up to \$79.5 million to partially fund the development of the Great Wolf Lodge Maryland, a 48-acre indoor water park resort located in Perryville, MD. The Great Wolf Mezzanine Loan bears interest at a rate of 8.0% per annum and has an initial term of 3 years with two successive 12-month extension options, subject to certain conditions. Our commitment will be funded subject to customary terms and conditions in disbursements to the borrower based upon construction of the development and, as of September 30, 2021, approximately \$19.2 million of funds have been disbursed. We expect to fund our entire \$79.5 million commitment by mid-2022.

In addition, pursuant to a non-binding letter agreement, we will have the opportunity for a period of up to five years to provide up to a total of \$300.0 million of mezzanine financing, inclusive of the \$79.5 million related to the Great Wolf Lodge Maryland, for the development and construction of Great Wolf's extensive domestic and international indoor water park resort pipeline.

- **Venetian Acquisition.** On March 2, 2021, we entered into definitive agreements to acquire from LVS, all of the land and real estate assets associated with the Venetian Resort Las Vegas and the Venetian Expo, located in Las Vegas, Nevada, for \$4.0 billion in cash, and the OpCo Buyer, has agreed to acquire the operating assets of the Venetian Resort for \$2.25 billion, subject to certain post-closing adjustments, of which \$1.2 billion is in the form of a secured term loan from LVS and the remainder is payable in cash. Simultaneous with the closing of the Venetian Acquisition, we will enter into the Venetian Lease with the Venetian Tenant. The Venetian Lease will have an initial total annual rent of \$250.0 million and an initial term of 30 years, with two ten-year tenant renewal options. The annual rent will be subject to escalation equal to the greater of 2.0% and the increase in the CPI, capped at 3.0%, beginning in the earlier of (i) the beginning of the third lease year, and (ii) the month following the month in which the net revenue generated by the Venetian Resort returns to its 2019 level (the year immediately prior to the onset of the COVID-19 pandemic) on a trailing twelve-month basis. The closing of the Venetian Acquisition is subject to customary closing conditions, including regulatory approvals.

In addition, LVS has agreed with the Venetian Tenant pursuant to the Contingent Lease Support Agreement to be entered into simultaneous with the closing of the Venetian Acquisition to provide lease payment support designed to guarantee the Venetian Tenant's rent obligations under the Venetian Lease through 2023, subject to early termination if EBITDAR (as defined in such agreement) generated by the Venetian Resort in 2022 equals or exceeds \$550.0 million, or a tenant change of control occurs. We will be a third-party beneficiary of the Contingent Lease Support Agreement and will have certain enforcement rights pursuant thereto. The Contingent Lease Support Agreement is limited to coverage of the Venetian Tenant's rent obligations and does not cover any environmental expenses, litigation claims, or any cure or enforcement costs. The obligations of the Venetian Tenant under the Venetian Lease will not be guaranteed by Apollo Global Management, Inc. or any of its affiliates. After the termination of the Contingent Lease Support Agreement, the Venetian Tenant will be required to provide a letter of credit to secure seven and one-half months of the rent, real estate taxes and assessments and insurance obligations of the Venetian Tenant if the operating results from the Venetian Resort do not exceed certain thresholds. We expect the Venetian Acquisition to close during the first quarter of 2022. However, we can provide no assurances that the Venetian Acquisition will close in the anticipated timeframe, on the contemplated terms or at all.

Other Portfolio Activity

- **Caesars Southern Indiana Lease Agreement.** On September 3, 2021, in connection and concurrent with EBCI's acquisition of the operations of Caesars Southern Indiana from Caesars, we entered into the EBCI Lease Agreement with a subsidiary of EBCI with respect to the real property associated with Caesars Southern Indiana. Initial total annual rent under the lease with EBCI is \$32.5 million. The lease has an initial term of 15 years, with four 5-year tenant renewal options. The tenant's obligations under the lease are guaranteed by EBCI. Annual base rent payments under the Regional Master Lease Agreement were reduced by \$32.5 million upon completion of EBCI's acquisition of the operations of Caesars Southern Indiana and the execution of the lease between us and the tenant. In addition, as part of the transaction, EBCI and Caesars entered into a right of first refusal agreement pursuant to which we have the first right to enter into a sale leaseback transaction with respect to the real property associated with the development of a new casino resort in Danville, Virginia.

Financing and Capital Markets Activity

- **Repayment of Term Loan B Facility and Settlement of Interest Rate Swaps.** On September 15, 2021, we used \$2,102.5 million of proceeds from the September 2021 equity offering and settlement of the June 2020 Forward Sale Agreement to repay in full the Term Loan B Facility. In connection with the payoff of the Term Loan B Facility, the related interest rate swap agreements were unwound and settled and VICI PropCo incurred swap breakage costs of approximately \$64.2 million and an accrued interest payment of approximately \$2.7 million.

- **September 2021 Equity Offering.** On September 14, 2021, we completed a primary follow-on offering of 115,000,000 shares of common stock consisting of (i) 65,000,000 shares of common stock (including 15,000,000 shares sold pursuant to the exercise in full of the underwriters' option to purchase additional common stock) and (ii) 50,000,000 shares of common stock that are subject to the September 2021 Forward Sale Agreements to be settled by September 9, 2022, in each case at a public offering price of \$29.50 per share for an aggregate offering value of \$3.4 billion. We received net proceeds of \$1,859.0 million from the sale of the 65,000,000 shares and did not initially receive any proceeds from the sale of the 50,000,000 shares subject to the September 2021 Forward Sale Agreements.
- **Settlement of June 2020 Forward Sale Agreement.** On September 9, 2021, we fully settled the remaining shares outstanding under the June 2020 Forward Sale Agreement by delivering 26,900,000 shares of our common stock to the forward purchaser in exchange for total net proceeds of approximately \$526.9 million.
- **Exchange Offers and Consent Solicitations.** On September 27, 2021, we announced the successful early tender and participation results of the Exchange Offers and Consent Solicitations for the MGP OP Notes, as well as the extension of the Expiration Date to December 31, 2021. Following the successful Consent Solicitations, the MGP Issuers executed the MGP OP Supplemental Indentures to each of the MGP OP Notes Indentures in order to, among other things, eliminate or modify certain of the covenants, restrictions, provisions and events of default in each of the indentures. The MGP OP Supplemental Indentures will become operative upon the Settlement Date, which is expected to occur on or about the closing date of the MGP Transactions. The supplemental indentures will become operative upon the Settlement Date, which is expected to occur on or about the closing date of the MGP Transactions.

PENDING TRANSACTIONS

- **Sale of Louisiana Downs.** On September 3, 2020, we and Caesars entered into definitive agreements to sell Harrah's Louisiana Downs Casino for \$22.0 million to Rubico Acquisition Corp. We are entitled to receive \$5.5 million of the proceeds from the sale and Caesars is entitled to \$16.5 million of the proceeds. The annual rent payments under the Regional Master Lease Agreement will remain unchanged following completion of the disposition, which remains subject to regulatory approval and customary closing conditions.

RESULTS OF OPERATIONS

Segments

Our real property business and our golf course business represent our two reportable segments. The real property business segment consists of leased real property and loan investments and represents the substantial majority of our business. The golf course business segment consists of four golf courses, with each being operating segments that are aggregated into one reportable segment. The results of each reportable segment presented below are consistent with the way our management assesses these results and allocates resources.

<i>(In thousands)</i>	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Variance	2021	2020	Variance
Revenues						
Income from sales-type and direct financing leases	\$ 292,059	\$ 270,274	\$ 21,785	\$ 873,337	\$ 718,421	\$ 154,916
Income from operating leases	—	3,638	(3,638)	—	25,464	(25,464)
Income from lease financing receivables and loans	70,205	52,827	17,378	210,578	82,696	127,882
Other income	6,936	7,276	(340)	20,897	8,702	12,195
Golf revenues	6,504	5,638	866	21,602	17,273	4,329
Total revenues	375,704	339,653	36,051	1,126,414	852,556	273,858
Operating expenses						
General and administrative	8,379	8,047	332	24,092	22,560	1,532
Depreciation	771	910	(139)	2,320	2,990	(670)
Other expenses	6,936	7,263	(327)	20,897	8,702	12,195
Golf expenses	5,143	4,672	471	14,881	13,181	1,700
Change in allowance for credit losses	9,031	177,052	(168,021)	(24,453)	261,080	(285,533)
Transaction and acquisition expenses	177	2,026	(1,849)	9,689	7,703	1,986
Total operating expenses	30,437	199,970	(169,533)	47,426	316,216	(268,790)
Interest expense	(165,099)	(77,399)	(87,700)	(321,953)	(231,185)	(90,768)
Interest income	26	214	(188)	75	6,743	(6,668)
Loss from extinguishment of debt	(15,622)	—	(15,622)	(15,622)	(39,059)	23,437
Gain upon lease modification	—	333,352	(333,352)	—	333,352	(333,352)
Income before income taxes	164,572	395,850	(231,278)	741,488	606,191	135,297
Income tax (expense) benefit	(388)	368	(756)	(2,128)	(395)	(1,733)
Net income	164,184	396,218	(232,034)	739,360	605,796	133,564
Less: Net (income) loss attributable to non-controlling interest	(2,322)	2,056	(4,378)	(6,988)	(2,132)	(4,856)
Net income attributable to common stockholders	\$ 161,862	\$ 398,274	\$ (236,412)	\$ 732,372	\$ 603,664	\$ 128,708

Revenue

For the three and nine months ended September 30, 2021 and 2020, our revenue was comprised of the following items:

(In thousands)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Variance	2021	2020	Variance
Leasing revenue	\$ 352,237	\$ 323,711	\$ 28,526	\$ 1,053,476	\$ 821,628	\$ 231,848
Income from loans	10,027	3,028	6,999	30,439	4,953	25,486
Other income	6,936	7,276	(340)	20,897	8,702	12,195
Golf revenues	6,504	5,638	866	21,602	17,273	4,329
Total revenues	\$ 375,704	\$ 339,653	\$ 36,051	\$ 1,126,414	\$ 852,556	\$ 273,858

Leasing Revenue

The following table details the components of our income from sales-type, direct financing, operating and financing receivables leases:

(In thousands)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Variance	2021	2020	Variance
Income from sales-type and direct financing leases	\$ 292,059	\$ 270,274	\$ 21,785	\$ 873,337	\$ 718,421	\$ 154,916
Income from operating leases ⁽¹⁾	—	3,638	(3,638)	—	25,464	(25,464)
Income from lease financing receivables ⁽²⁾	60,178	49,799	10,379	180,139	77,743	102,396
Total leasing revenue	352,237	323,711	28,526	1,053,476	821,628	231,848
Non-cash adjustment ⁽³⁾	(31,142)	(18,942)	(12,200)	(88,417)	(11,879)	(76,538)
Total contractual leasing revenue	\$ 321,095	\$ 304,769	\$ 16,326	\$ 965,059	\$ 809,749	\$ 155,310

(1) Represents portion of land separately classified and accounted for under the operating lease model associated with our investment in Caesars Palace Las Vegas and certain operating land parcels contained in the Regional Master Lease Agreement. Upon the consummation of the Eldorado Transaction on July 20, 2020, the land component of Caesars Palace Las Vegas and the certain operating land parcels were reassessed for lease classification and determined to be a sales-type lease. Accordingly, subsequent to July 20, 2020, such income is recognized as Income from sales-type and direct financing leases.

(2) Represents the Harrah's Original Call Properties and the JACK Cleveland/Thistledown Lease Agreement, both of which were sale leaseback transactions. In accordance with ASC 842, since the lease agreements were determined to meet the definition of a sales-type lease and control of the asset is not considered to have transferred to us, such lease agreements are accounted for as financings under ASC 310.

(3) Amounts represent the non-cash adjustment to income from sales-type leases, direct financing leases and lease financing receivables in order to recognize income on an effective interest basis at a constant rate of return over the term of the leases.

Leasing revenue is generated from rent from our Lease Agreements. Total leasing revenue increased \$28.5 million and \$231.8 million during the three and nine months ended September 30, 2021, respectively, compared to the three and nine months ended September 30, 2020, respectively. Total contractual leasing revenue increased \$16.3 million and \$155.3 million during the three and nine months ended September 30, 2021, respectively, compared to the three and nine months ended September 30, 2020, respectively. The increase was primarily driven by the addition of the Harrah's Original Call Properties to our real estate portfolio in July 2020, as well as the CPLV Additional Rent Acquisition and the HLV Additional Rent Acquisition in July 2020.

Income From Loans

Income from loans increased \$7.0 million and \$25.5 million during the three and nine months ended September 30, 2021, respectively, compared to the three and nine months ended September 30, 2020, respectively. The increase was driven by the addition of the Amended and Restated ROV Loan, the Chelsea Piers Mortgage Loan, the Forum Convention Center Mortgage Loan and the Great Wolf Mezzanine Loan to our real estate investment portfolio in July 2020, August 2020, September 2020 and June 2021, respectively.

Other Income

Other income decreased \$0.3 million during the three months ended September 30, 2021 compared to the three months ended September 30, 2020 as a result of normal fluctuations in income recognition. Other income increased \$12.2 million during the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020, driven primarily by the additional income and offsetting expense as a result of the assumption of the HNO Ground Lease as part of the Harrah's Original Call Properties Acquisitions. Refer to [Note 3 - Property Transactions](#) for further description of the HNO Ground Lease.

Golf Revenues

Revenues from golf operations increased \$0.9 million and \$4.3 million during the three and nine months ended September 30, 2021, respectively, compared to the three and nine months ended September 30, 2020, respectively. The change was primarily driven by (i) an increase in rounds played at the golf courses, (ii) the closure of our golf courses in mid-March 2020 until early to mid-May 2020 as a result of the COVID-19 pandemic and (iii) an increase in the contractual fees paid to us by Caesars for the use of our golf courses, pursuant to a golf course use agreement.

Operating Expenses

For the three and nine months ended September 30, 2021 and 2020, our operating expenses were comprised of the following items:

(In thousands)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Variance	2021	2020	Variance
General and administrative	\$ 8,379	\$ 8,047	\$ 332	\$ 24,092	\$ 22,560	\$ 1,532
Depreciation	771	910	(139)	2,320	2,990	(670)
Other expenses	6,936	7,263	(327)	20,897	8,702	12,195
Golf expenses	5,143	4,672	471	14,881	13,181	1,700
Change in allowance for credit losses	9,031	177,052	(168,021)	(24,453)	261,080	(285,533)
Transaction and acquisition expenses	177	2,026	(1,849)	9,689	7,703	1,986
Total operating expenses	<u>\$ 30,437</u>	<u>\$ 199,970</u>	<u>\$ (169,533)</u>	<u>\$ 47,426</u>	<u>\$ 316,216</u>	<u>\$ (268,790)</u>

General and Administrative Expenses

General and administrative expenses increased \$0.3 million and \$1.5 million for the three and nine months ended September 30, 2021, respectively, as compared to the three and nine months ended September 30, 2020, respectively. The increase was primarily driven by an increase in compensation, including stock-based compensation.

Other Expenses

Other expenses decreased \$0.3 million during the three months ended September 30, 2021 compared to the three months ended September 30, 2020 as a result of normal fluctuations in expense recognition. Other expenses increased \$12.2 million during the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. The increase was driven by the additional income and offsetting expense as a result of the assumption of the HNO Ground Lease as part of the Harrah's Original Call Properties Acquisitions. Refer to [Note 3 - Property Transactions](#) for further description of the HNO Ground Lease.

Golf Expenses

Expenses from golf operations increased \$0.5 million and \$1.7 million during the three and nine months ended September 30, 2021, respectively, compared to the three and nine months ended September 30, 2020, respectively. The change was primarily driven by the closure of our golf courses in mid-March 2020 until early to mid-May 2020 as a result of the COVID-19 pandemic, partially offset by an increase in the water usage charges at one of our golf courses during 2020. Additionally, even though our courses were closed from mid-March 2020 until early to mid-May as a result of the COVID-19 pandemic, we continued to pay all of our golf course employees their full salaries and benefits for a period of time and, accordingly, the change in our golf course operating revenues during this time was not proportionately offset by the change in golf course operating expenses.

Change in Allowance for Credit Losses

Under ASU No. 2016-13 - *Financial Instruments-Credit Losses (Topic 326)*, we are required to record an estimated credit loss for our (i) Investments in leases - sales-type, (ii) Investments in leases - financing receivables and (iii) Investments in loans. During the three months ended September 30, 2021, we recognized a \$9.0 million increase in our allowance for credit losses primarily driven by (i) the increase in the Long-Term Period PD for one of our tenants during the third quarter of 2021 and (ii) an increase in the existing amortized cost balances subject to the CECL allowance. During the nine months ended September 30, 2021, we recognized a \$24.5 million decrease in our allowance for credit losses primarily driven by (i) the decrease in the R&S Period PD of our tenants and their parent guarantors as a result of an improvement in their economic outlook due to the reopening of all of their gaming operations and relative performance of such operations during the first three quarters of 2021, (ii) the decrease in the Long-Term Period PD due to an upgrade of the credit rating of the senior secured debt used to determine the Long-Term Period PD for two of our tenants during the second quarter of 2021 and (iii) the decrease in the R&S Period PD and LGD as a result of standard annual updates that were made to the inputs and assumptions in the model that we utilize to estimate our CECL allowance. This decrease was partially offset by the increase for the three months ended September 30, 2021, described above.

During the three months ended September 30, 2020, we recognized a \$177.1 million increase in our allowance for credit losses primarily driven by the increase in investment balances subject to CECL. Specifically, the increase was primarily attributable to (i) the increase in investment balances resulting from the Eldorado Transaction, which includes (A) an initial CECL allowance on our \$1.8 billion investment in the Harrah's Original Call Properties, (B) an additional CECL allowance on our aggregate \$1.4 billion increased investment in the Las Vegas Master Lease Agreement as a result of the CPLV Additional Rent Acquisition and HLTV Additional Rent Acquisition and (C) an additional CECL allowance on the \$333.4 million increased balance of the Caesars Lease Agreements as a result of the mark to fair value in connection with the reassessment of lease classification and (ii) an increase in the R&S Period PD of Caesars as a result of the Eldorado/Caesars Merger. This increase was partially offset by a decrease in the R&S Period PD of our other tenants and their parent guarantors as a result of an improvement in their economic outlook due to the reopening of a majority of their gaming operations and relative performance of such operations during the third quarter of 2020. During the nine months ended September 30, 2020, we recognized a \$261.1 million increase in our allowance for credit losses primarily driven by the increase in investment balances subject to CECL. Specifically, the increase was primarily attributable to (i) the Eldorado Transaction, Eldorado/Caesars Merger and Forum Convention Center Mortgage Loan as described above, (ii) an increase related to our initial investment in JACK Cleveland/Thistledown and the ROV Loan in January 2020, and (iii) an increase in the Long-term Period PD of our tenants due to downgrades on certain of the credit ratings of our tenants' senior secured debt in connection with the impact of the COVID-19 pandemic. Refer to [Note 5 - Allowance for Credit Losses](#) for further details.

Transaction and Acquisition Expenses

Transaction and acquisition expenses decreased \$1.8 million during the three months ended September 30, 2021 compared to the three months ended September 30, 2020, and increased \$2.0 million during the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. Changes in transaction and acquisition expenses are related to fluctuations in (i) costs incurred for investments during the period that are not capitalizable under GAAP and (ii) costs incurred for investments that we are no longer pursuing.

Non-Operating Income and Expenses

Interest Expense

Interest expense increased \$87.7 million and \$90.8 million during the three and nine months ended September 30, 2021, respectively, as compared to the three and nine months ended September 30, 2020, respectively. The increase during the three months ended September 30, 2021 is primarily related to the \$64.2 million payment in connection with the early settlement of the outstanding interest rate swap agreements and the amortization of the commitment fees associated with the Venetian Acquisition Bridge Facility and the MGP Transactions Bridge Facility, partially offset by the full repayment of the Term Loan B Facility in September 2021. The increase during the nine months ended September 30, 2021 is primarily attributable to reasons stated above for the three months ended September 30, 2021, as well as the increase in aggregate debt of \$2.5 billion from the February 2020 Senior Unsecured Notes offering, partially offset by a reduction in debt of \$498.5 million as a result of the full redemption of the Second Lien Notes in February 2020 and the full repayment of the Term Loan B Facility in September 2021.

Additionally, the weighted average annualized interest rate of our debt decreased to 4.02% and 4.03% during the three and nine months ended September 30, 2021, respectively, from 4.18% and 4.48% during the three and nine months ended September 30,

2020, respectively, as a result of (i) the weighted average interest rate on the February 2020 Senior Unsecured Notes being lower than the weighted average interest rate of the Second Lien Notes and (ii) a decrease in LIBOR on the \$600.0 million portion of our variable rate debt that was not hedged for the portion of the period the Term Loan B Facility was still outstanding.

Interest Income

Interest income decreased \$0.2 million and \$6.7 million during the three and nine months ended September 30, 2021, respectively, compared to the three and nine months ended September 30, 2020, respectively. The decrease was primarily driven by an overall decrease in our cash on hand and a decrease in the interest rates earned on our excess cash.

Loss on Extinguishment of Debt

During the nine months ended September 30, 2021, we recognized a loss on extinguishment of debt of \$15.6 million resulting from the write-off of the unamortized deferred financing fees in connection with the full repayment of our Term Loan B Facility in September 2021. During the nine months ended September 30, 2020, we recognized a loss on extinguishment of debt of \$39.1 million resulting from the full redemption of our Second Lien Notes in February 2020.

Gain Upon Lease Modification

In connection with the Eldorado Transaction and as required under ASC 842, we reassessed the lease classification of the Las Vegas Master Lease Agreement, Regional Master Lease Agreement and Joliet Lease Agreement and determined the leases meet the definition of a sales-type lease, including the land component of Caesars Palace Las Vegas. As a result of the reclassifications of the Caesars Lease Agreements from direct financing and operating leases to sales-type leases, we recorded the investments at their estimated fair values as of the modification date and recognized a net gain equal to the difference in fair value of the assets and their carrying values immediately prior to the modification.

RECONCILIATION OF NON-GAAP MEASURES

We present Funds From Operations (“FFO”), FFO per share, Adjusted Funds From Operations (“AFFO”), AFFO per share, and Adjusted EBITDA, which are not required by, or presented in accordance with, generally accepted accounting principles in the United States (“GAAP”). These are non-GAAP financial measures and should not be construed as alternatives to net income or as an indicator of operating performance (as determined in accordance with GAAP). We believe FFO, FFO per share, AFFO, AFFO per share and Adjusted EBITDA provide a meaningful perspective of the underlying operating performance of our business.

FFO is a non-GAAP financial measure that is considered a supplemental measure for the real estate industry and a supplement to GAAP measures. Consistent with the definition used by the National Association of Real Estate Investment Trusts (NAREIT), we define FFO as net income (or loss) attributable to common stockholders (computed in accordance with GAAP) excluding (i) gains (or losses) from sales of certain real estate assets, (ii) depreciation and amortization related to real estate, (iii) gains and losses from change in control and (iv) impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity.

AFFO is a non-GAAP financial measure that we use as a supplemental operating measure to evaluate our performance. We calculate AFFO by adding or subtracting from FFO non-cash leasing and financing adjustments, non-cash change in allowance for credit losses, non-cash stock-based compensation expense, transaction costs incurred in connection with the acquisition of real estate investments, amortization of debt issuance costs and original issue discount, other non-cash interest expense, non-real estate depreciation (which is comprised of the depreciation related to our golf course operations), capital expenditures (which are comprised of additions to property, plant and equipment related to our golf course operations), impairment charges related to non-depreciable real estate, gains (or losses) on debt extinguishment and interest rate swap settlements, other non-recurring non-cash transactions (such as non-cash gain upon lease modification) and non-cash adjustments attributable to non-controlling interest with respect to certain of the foregoing.

We calculate Adjusted EBITDA by adding or subtracting from AFFO contractual interest expense and interest income (collectively, interest expense, net) and income tax expense.

These non-GAAP financial measures: (i) do not represent cash flow from operations as defined by GAAP; (ii) should not be considered as an alternative to net income as a measure of operating performance or to cash flows from operating, investing and financing activities; and (iii) are not alternatives to cash flow as a measure of liquidity. In addition, these measures should not

be viewed as measures of liquidity, nor do they measure our ability to fund all of our cash needs, including our ability to make cash distributions to our stockholders, to fund capital improvements, or to make interest payments on our indebtedness. Investors are also cautioned that FFO, FFO per share, AFFO, AFFO per share and Adjusted EBITDA, as presented, may not be comparable to similarly titled measures reported by other real estate companies, including REITs, due to the fact that not all real estate companies use the same definitions. Our presentation of these measures does not replace the presentation of our financial results in accordance with GAAP.

Reconciliation of Net Income to FFO, FFO per Share, AFFO, AFFO per Share and Adjusted EBITDA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<i>(In thousands, except share data and per share data)</i>				
Net income attributable to common stockholders	\$ 161,862	\$ 398,274	\$ 732,372	\$ 603,664
Real estate depreciation	—	—	—	—
FFO	161,862	398,274	732,372	603,664
Non-cash leasing and financing adjustments	(30,865)	(18,919)	(88,063)	(11,826)
Non-cash change in allowance for credit losses	9,031	177,052	(24,453)	261,080
Non-cash stock-based compensation	2,395	2,013	7,067	5,375
Transaction and acquisition expenses	177	2,026	9,689	7,703
Amortization of debt issuance costs and original issue discount	34,098	4,368	50,723	15,504
Other depreciation	742	879	2,228	2,905
Capital expenditures	(131)	(337)	(1,638)	(1,982)
Loss on extinguishment of debt and interest rate swap settlements ⁽¹⁾	79,861	—	79,861	39,059
Non-cash gain upon lease modification	—	(333,352)	—	(333,352)
Non-cash adjustments attributable to non-controlling interest	250	(4,097)	773	(3,990)
AFFO	257,420	227,907	768,559	584,140
Interest expense, net	66,736	72,817	206,916	208,938
Income tax expense	388	(368)	2,128	395
Adjusted EBITDA	\$ 324,544	\$ 300,356	\$ 977,603	\$ 793,473
Net income per common share				
Basic	\$ 0.29	\$ 0.75	\$ 1.35	\$ 1.22
Diluted	\$ 0.28	\$ 0.74	\$ 1.31	\$ 1.21
FFO per common share				
Basic	\$ 0.29	\$ 0.75	\$ 1.35	\$ 1.22
Diluted	\$ 0.28	\$ 0.74	\$ 1.31	\$ 1.21
AFFO per common share				
Basic	\$ 0.46	\$ 0.43	\$ 1.42	\$ 1.18
Diluted	\$ 0.45	\$ 0.43	\$ 1.38	\$ 1.17
Weighted average number of shares of common stock outstanding				
Basic	555,153,692	533,407,916	542,843,855	496,002,850
Diluted	571,894,545	536,180,175	557,113,510	499,982,269

⁽¹⁾ Includes swap breakage costs of approximately \$64.2 million incurred by VICI PropCo in connection with the early settlement of the outstanding interest rate swap agreements.

LIQUIDITY AND CAPITAL RESOURCES

Overview

As of September 30, 2021, our available cash balances, capacity under our Revolving Credit Facility and additional available proceeds from the settlement of forward sale agreements were as follows:

<i>(In thousands)</i>	September 30, 2021	
Cash and cash equivalents	\$	669,514
Capacity under Revolving Credit Facility ⁽¹⁾		1,000,000
Proceeds available from settlement of the September 2021 Forward Sale Agreements and March 2021 Forward Sale Agreements ⁽²⁾		3,270,578
Total	\$	4,940,092

(1) Subject to compliance with the financial covenants and other applicable provisions of our Revolving Credit Facility.

(2) Assumes the physical settlement of 50,000,000 and 69,000,000 shares under the September 2021 Forward Sale Agreements and March 2021 Forward Sale Agreements, respectively, at the forward sale price of \$28.25 and \$26.93, respectively, calculated as of September 30, 2021.

Our short-term obligations consist primarily of regular interest payments on our debt obligations, dividends to our common stockholders, normal recurring operating expenses, recurring expenditures for corporate and administrative needs, certain lease and other contractual commitments related to our golf operations and certain non-recurring expenditures. For a list of our material contractual commitments, refer to [Note 10 - Commitments and Contingent Liabilities](#).

Our long-term obligations consist primarily of principal payments on our outstanding debt obligations and future funding commitments under our lease and loan agreements. As of September 30, 2021, we have \$4.8 billion of debt obligations outstanding, none of which are maturing in the next twelve months. As of September 30, 2021, we have \$100.3 million in future funding commitments consisting of (i) \$60.3 million related to the Great Wolf Mezzanine Loan, (ii) \$25.0 million related to the ROV Credit Facility and (iii) \$15.0 million related to the Chelsea Piers Mortgage Loan. Subsequent to September 30, 2021, on October 4, 2021, the ROV Credit Facility was terminated and no future commitments are due under such facility. For a summary of principal debt balances and their maturity dates and principal terms, refer to [Note 7 - Debt](#). For a summary of our future funding commitments under our loan portfolio, refer to [Note 4 - Real Estate Portfolio](#).

As described in our leases, capital expenditures for properties under the Lease Agreements are the responsibility of the tenants. Minimum capital expenditure spending requirements of the tenants pursuant to the Lease Agreements are described in [Note 4 - Real Estate Portfolio](#).

Information concerning our obligations and commitments to make future payments under contracts such as our indebtedness and future minimum lease commitments under operating leases is included in the following table as of September 30, 2021:

(In thousands)	Payments Due By Period					2025 and Thereafter
	Total	2021 (remaining)	2022	2023	2024	
Long-term debt, principal						
2025 Notes ⁽¹⁾	\$ 750,000	\$ —	\$ —	\$ —	\$ —	\$ 750,000
2026 Notes ⁽¹⁾	1,250,000	—	—	—	—	1,250,000
2027 Notes ⁽¹⁾	750,000	—	—	—	—	750,000
2029 Notes ⁽¹⁾	1,000,000	—	—	—	—	1,000,000
2030 Notes ⁽¹⁾	1,000,000	—	—	—	—	1,000,000
Revolving Credit Facility ⁽²⁾	—	—	—	—	—	—
Scheduled interest payments	1,313,114	50,646	198,802	198,802	196,427	668,437
Total debt contractual obligations	6,063,114	50,646	198,802	198,802	196,427	5,418,437
Leases and contracts						
Future funding commitments – loan investments and lease agreements ⁽³⁾	100,339	12,446	47,893	—	—	40,000
Operating lease for Cascata Golf Course Land	19,050	234	951	970	990	15,905
Golf maintenance contract for Rio Secco and Cascata Golf Course	7,537	837	3,350	3,350	—	—
Office leases	7,963	237	933	857	857	5,079
Total leases and contract obligations	134,889	13,754	53,127	5,177	1,847	60,984
Total contractual commitments	\$ 6,198,003	\$ 64,400	\$ 251,929	\$ 203,979	\$ 198,274	\$ 5,479,421

(1) The 2025 Notes, 2026 Notes, 2027 Notes, 2029 Notes and 2030 Notes will mature on February 15, 2025, December 1, 2026, February 15, 2027, December 1, 2029 and August 15, 2030, respectively.

(2) The Revolving Credit Facility will mature on May 15, 2024.

(3) The allocation of our future funding commitments is based on the construction draw schedule, commitment funding date or expiration date, as applicable, however we may be obligated to fund these commitments earlier than such date. Subsequent to September 30, 2021, on October 4, 2021, the ROV Credit Facility was terminated and no future commitments are due under such facility.

We expect the Venetian Acquisition to close in the first quarter of 2022 and the MGP Transactions to close in the first half of 2022, and expect to fund the purchases with a mix of cash on hand, proceeds from the physical settlement of our outstanding forward sale agreements, and debt (through additional long-term debt financing, under our Revolving Credit Facility, under our Venetian Acquisition Bridge Facility and/or under the MGP Transactions Bridge Facility, as the case may be). In particular, we currently intend to issue additional senior unsecured notes to fund a portion of the cash consideration for the Venetian Acquisition and the entire cash portion of the MGP Transactions, but, absent such a long-term debt financing, we may draw on the Venetian Acquisition Bridge Facility and/or MGP Transactions Bridge Facility in connection with the closing of the Venetian Acquisition or MGP Transactions, respectively, to fund a portion of the consideration and then, in the future, would expect to incur long-term debt financing to refinance such amounts borrowed under the Venetian Acquisition Bridge Facility or MGP Transactions Bridge Facility, as applicable, subject to market and other conditions. Our ability to raise long-term debt financing on favorable terms or at all may be adversely affected by market or economic conditions that change after the date of this Quarterly Report on Form 10-Q. If we draw upon the Venetian Acquisition Bridge Facility or MGP Transactions Bridge Facility, there can be no assurances that we would be able to refinance the Venetian Acquisition Bridge Facility or MGP Transactions Bridge Facility, as applicable, on terms satisfactory to us, or at all. We anticipate funding future transactions with a mix of debt, equity and available cash.

We believe that we have sufficient liquidity to meet our liquidity and capital resource requirements primarily through currently available cash and cash equivalents, short-term investments, cash received under our Lease Agreements, borrowings from banks, including undrawn capacity under our Revolving Credit Facility, and proceeds from the issuance of debt and equity securities (including issuances under our outstanding forward sale agreements and our ATM Agreement).

All of the Lease Agreements call for an initial term of between fifteen and twenty years with additional tenant renewal options and are designed to provide us with a reliable and predictable long-term revenue stream. However, the COVID-19 pandemic has adversely impacted our tenants and their financial condition, and may continue to do so, due to the impact of operating restrictions and limitations imposed from time to time, as well as potential property reclosures. In the event our tenants are unable to make all of their contractual rent payments as provided by the Lease Agreements, we believe we have sufficient liquidity from the other sources discussed above to meet all of our contractual obligations for a significant period of time. Additionally, we do not have any debt maturities until 2024. For more information, refer to the risk factors incorporated by reference into [Part II. Item 1A. Risk Factors](#) herein from our [Annual Report on Form 10-K for the year ended December 31, 2020](#).

Our cash flows from operations and our ability to access capital resources could be adversely affected due to uncertain economic factors and volatility in the financial and credit markets, including as a result of the COVID-19 pandemic. In particular, in connection with the COVID-19 pandemic and its impact on our tenants' operations and financial performance, we can provide no assurances that our tenants will not default on their leases or fail to make full rental payments if their businesses become challenged due to, among other things, current or future adverse economic conditions. In addition, any such tenant default or failure to make full rental payments could impact our operating performance and result in us not satisfying the financial covenants applicable to our outstanding indebtedness, which could result in us not being able to incur additional debt, including the available capacity under our Revolving Credit Facility, or result in a default. Further, current or future economic conditions could impact our tenants' ability to meet capital improvement requirements or other obligations required in our Lease Agreements that could result in a decrease in the value of our properties.

Our ability to raise funds through the issuance of debt and equity securities and access to other third-party sources of capital in the future will be dependent on, among other things, uncertainties related to COVID-19 and the impact of our response and our tenants' responses to COVID-19, general economic conditions, general market conditions for REITs, market perceptions and the trading price of our stock. We will continue to analyze which sources of capital are most advantageous to us at any particular point in time, but the capital markets may not be consistently available on terms we deem attractive, or at all.

Cash Flow Analysis

The table below summarizes our cash flows for the nine months ended September 30, 2021 and 2020:

<i>(In thousands)</i>	Nine Months Ended September 30,		Variance
	2021	2020	
Cash, cash equivalents and restricted cash			
Provided by operating activities	\$ 610,924	\$ 539,521	\$ 71,403
Provided by (used in) investing activities	19,856	(4,556,349)	4,576,205
(Used in) provided by financing activities	(277,259)	3,058,992	(3,336,251)
Net increase (decrease) in cash, cash equivalents and restricted cash	353,521	(957,836)	1,311,357
Cash, cash equivalents and restricted cash, beginning of period	315,993	1,101,893	(785,900)
Cash, cash equivalents and restricted cash, end of period	\$ 669,514	\$ 144,057	\$ 525,457

Cash Flows from Operating Activities

Net cash provided by operating activities increased \$71.4 million for the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020. The increase is primarily driven by an increase in cash rental and interest payments from the Eldorado Transaction in July 2020 and the addition of the Amended and Restated ROV Loan, the Chelsea Piers Mortgage Loan, the Forum Convention Center Mortgage Loan and the Great Wolf Mezzanine Loan to our real estate portfolio in July 2020, August 2020, September 2020 and June 2021, respectively. The increase was partially offset by the \$64.2 million payment for early settlement of the outstanding interest rate swap agreements.

Cash Flows from Investing Activities

Net cash provided by investing activities increased \$4,576.2 million for the nine months ended September 30, 2021 compared with the nine months ended September 30, 2020.

During the nine months ended September 30, 2021, the primary sources and uses of cash from investing activities included:

- Proceeds from partial repayment of the Amended and Restated ROV Loan and receipt of deferred fees of \$30.4 million;
- Proceeds from net maturities of short-term investments of \$20.0 million;
- Payments to fund a portion of the Great Wolf Mezzanine Loan in the amount of \$19.2 million;
- Final payment of the funding of a new gaming patio amenity at JACK Thistledown Racino of \$6.0 million;
- Capitalized transaction costs of \$9.2 million;
- Proceeds from the sale of certain parcels of vacant land in the aggregate amount of \$3.8 million; and
- Acquisition of property and equipment costs of \$1.7 million.

During the nine months ended September 30, 2020, the primary sources and uses of cash from investing activities include:

- The JACK Cleveland/Thistledown Acquisition and the Eldorado Transaction for a total cost of \$4,101.8 million, including acquisition costs;
- The ROV Loan, the Chelsea Piers Mortgage Loan and the Forum Convention Center Mortgage Loan for a total cost of \$535.5 million, including loan origination costs;
- Proceeds from the sale of Harrah's Reno in the aggregate amount of \$31.1 million;
- Proceeds from net maturities of short-term investments of \$39.5 million;
- Capitalized transaction costs of \$0.8 million; and
- Acquisition of property and equipment costs of \$2.5 million.

Cash Flows from Financing Activities

Net cash used in financing activities decreased \$3,336.3 million for the nine months ended September 30, 2021, compared with the nine months ended September 30, 2020.

During the nine months ended September 30, 2021, the primary uses of cash in financing activities included:

- Net proceeds from the sale of an aggregate of \$2,386.1 million of our common stock from our September 2021 equity offering and pursuant to the full physical settlement of the June 2020 Forward Sale Agreement;
- Full repayment of the \$2,100.0 million outstanding aggregate principal amount of our Term Loan B Facility;
- Dividend payments of \$532.4 million;
- Debt issuance costs of \$23.2 million; and
- Distributions of \$6.2 million to non-controlling interest.

During the nine months ended September 30, 2020, the primary sources and uses of cash from financing activities included:

- Net proceeds from the sale of an aggregate of \$1,539.7 million of our common stock pursuant to the full physical settlement of the forward sale agreements entered into in June 2019 and our ATM Program;
- Gross proceeds from our February 2020 Senior Unsecured Notes offering of \$2,500.0 million;
- Full redemption of the \$498.5 million outstanding aggregate principal amount of our Second Lien Notes, as well as the \$39.0 million Second Lien Notes Applicable Premium (as defined in the Second Lien Notes indenture), plus fees;
- Dividend payments of \$435.2 million;
- Debt issuance costs of \$57.8 million;
- Reimbursement of the CPLV CMBS Debt prepayment penalty from Caesars in the amount of \$55.4 million; and
- Distributions of \$5.4 million to non-controlling interest.

Debt

For a summary of our debt obligations as of September 30, 2021, refer to [Note 7 - Debt](#).

Covenants

Our debt obligations are subject to certain customary financial and protective covenants that restrict our ability to incur additional debt, sell certain asset and restrict certain payments, among other things. In addition, these covenants are subject to a number of important exceptions and qualifications, including, with respect to the restricted payments covenant, the ability to make unlimited restricted payments to maintain our REIT status. At September 30, 2021, we were in compliance with all debt-related covenants.

Non-Guarantor Subsidiaries of Senior Unsecured Notes

The subsidiaries of the Operating Partnership that do not guarantee the Senior Unsecured Notes accounted for (i) 4.6% of the Operating Partnership's revenue (or 4.5% of our consolidated revenue) for the nine months ended September 30, 2021 and (ii) 3.7% of the Operating Partnership's total assets (or 3.7% of our consolidated total assets) as of September 30, 2021.

Distribution Policy

We intend to make regular quarterly distributions to holders of shares of our common stock. Dividends declared (on a per share basis) during the nine months ended September 30, 2021 and 2020 were as follows:

Nine Months Ended September 30, 2021				
Declaration Date	Record Date	Payment Date	Period	Dividend
March 11, 2021	March 25, 2021	April 8, 2021	January 1, 2021 - March 31, 2021	\$ 0.3300
June 10, 2021	June 24, 2021	July 8, 2021	April 1, 2021 - June 30, 2021	\$ 0.3300
August 4, 2021	September 24, 2021	October 7, 2021	July 1, 2021 - September 30, 2021	\$ 0.3600

Nine Months Ended September 30, 2020

Declaration Date	Record Date	Payment Date	Period	Dividend
March 12, 2020	March 31, 2020	April 9, 2020	January 1, 2020 - March 31, 2020	\$ 0.2975
June 11, 2020	June 30, 2020	July 10, 2020	April 1, 2020 - June 30, 2020	\$ 0.2975
September 10, 2020	September 30, 2020	October 8, 2020	July 1, 2020 - September 30, 2020	\$ 0.3300

Federal income tax law requires that a REIT distribute annually at least 90% of its REIT taxable income (with certain adjustments), determined without regard to the dividends paid deduction and excluding any net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its REIT taxable income, determined without regard to the dividends paid deduction and including any net capital gains. In addition, a REIT will be required to pay a 4% nondeductible excise tax on the amount, if any, by which the distributions it makes in a calendar year are less than the sum of 85% of its ordinary income, 95% of its capital gain net income and 100% of its undistributed income from prior years.

We intend to continue to make distributions to our stockholders to comply with the REIT requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and to avoid or otherwise minimize paying entity level federal income or excise tax (other than at any TRS of ours). We may generate taxable income greater than our income for financial reporting purposes prepared in accordance with GAAP. Further, we may generate REIT taxable income greater than our cash flow from operations after operating expenses and debt service as a result of differences in timing between the recognition of REIT 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.

Critical Accounting Policies and Estimates

A complete discussion of our critical accounting policies and estimates is included in our [Annual Report on Form 10-K for the year ended December 31, 2020](#). There have been no significant changes in our critical policies and estimates for the nine months ended September 30, 2021.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our interest rate risk management objective is to limit the impact of future interest rate changes on our earnings and cash flows. To achieve this objective, our consolidated subsidiaries primarily borrow on a fixed-rate basis for longer-term debt issuances. At September 30, 2021, we had \$4.8 billion aggregate principal amount of outstanding indebtedness, all of which has fixed rate interest. We are exposed to interest rate risk between the time we enter into a transaction and the time we finance the related transaction with long-term fixed-rate debt. In addition, when that long-term debt matures, we may have to refinance the real estate at a higher interest rate. Market interest rates are sensitive to many factors that are beyond our control.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) designed to provide reasonable assurance that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within the specified time periods, and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management has evaluated, under the supervision and with the participation of our principal executive officer and principal financial officer, the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e) as of the end of the period covered by this report. Based upon this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the three months ended September 30, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The information contained under the heading “Litigation” in [Note 10 - Commitments and Contingent Liabilities](#) to our Financial Statements included in this report is incorporated by reference into this Item 1.

Item 1A. Risk Factors

A description of certain factors that may affect our future results and risk factors is set forth in our [Annual Report on Form 10-K for the year ended December 31, 2020](#). There have been no material changes to those factors for the nine months ended September 30, 2021, except as set forth below and in our [Quarterly Report on Form 10-Q for the quarter ended March 31, 2021](#), which risk factors are incorporated herein by reference. The risk factors set forth below supplement, and should be read together with, the risk factors disclosed in our [Annual Report on Form 10-K for the year ended December 31, 2020](#) and our [Quarterly Report on Form 10-Q for the quarter ended March 31, 2021](#).

Risks Related to the Mergers

Failure to complete the Mergers in a timely manner or at all could adversely affect our business and operations and negatively affect our stock price.

Under the MGP Master Transaction Agreement, we are subject to certain restrictions on the conduct of our business prior to completing the Mergers. These restrictions, the waiver of which are subject to the written consent of the other party, and subject to certain exceptions and qualifications, may prevent us from pursuing certain strategic transactions, acquiring and disposing of assets, undertaking certain capital expenditure projects, undertaking certain financing transactions and otherwise pursuing other actions that are not in the ordinary course of business, even if such actions could prove beneficial. Additionally, the pendency of the Mergers may cause distractions from our strategies and day-to-day operations for employees and management.

Delays in completing the Mergers or the failure to complete the Mergers at all could adversely affect our business and operations, and, in that event, the market price of shares of our common stock may decline significantly, particularly to the extent that the current market price reflects a market assumption that the Mergers will be completed. If the Mergers are not completed for any reason, we will not achieve the expected benefits thereof. In addition, we will be required to pay certain costs relating to the Mergers, whether or not the Mergers are completed.

The Exchange Ratio is fixed and will not be adjusted in the event of any change in the stock price of either us or MGP.

At the effective time of the REIT Merger, each outstanding MGP Common Share (other than shares held by MGP or any wholly-owned subsidiary of MGP) will be converted into the right to receive the REIT Merger Consideration, consisting of 1.366 shares of our common stock, plus the right, if any, to receive cash in lieu of fractional shares of our common stock into which such MGP Common Shares would have been converted pursuant to the terms and subject to the conditions set forth in the MGP Master Transaction Agreement.

The Exchange Ratio of 1.366 shares of our common stock per MGP Common Share was fixed in the MGP Master Transaction Agreement and, except for certain adjustments on account of changes in the capitalization of us or MGP, or the payment of certain dividends by us or MGP that are necessary to maintain our or MGP's respective status as a REIT, will not be adjusted for changes in the market prices of our common stock or MGP Common Shares. Changes in the market price of shares of our common stock prior to the Mergers will affect the market value of the REIT Merger Consideration that MGP shareholders will be entitled to receive on the closing date of the Mergers. Stock price changes may result from a variety of factors (many of which are beyond the control of us and MGP), including the following:

- changes in the respective businesses, operations, assets, liabilities and prospects of us and MGP;
- changes in market assessments of the business, operations, financial position and prospects of us or MGP;
- market assessments of the likelihood that the Mergers will be completed;
- interest rates, general market and economic conditions and other factors generally affecting the market prices of our common stock and MGP Common Shares;

- federal, state and local legislation, governmental regulation and legal developments in the business in which we and MGP operate; and
- other factors, including those described or referred to elsewhere under this [Item 1A “Risk Factors.”](#)

The market price of our common stock at the closing of the Mergers may vary from its price on the date the MGP Master Transaction Agreement was executed and on the date of the special meeting of our stockholders in connection with the Mergers (the “VICI Special Meeting”) and may be greater than, less than or the same as the price per share of our common stock at each of the aforementioned times. As a result, the market value of the REIT Merger Consideration represented by the Exchange Ratio will also vary.

Because the Exchange Ratio is fixed:

- if the price of our common stock increases between the date the MGP Master Transaction Agreement was executed and the closing of the Mergers, MGP shareholders will receive shares of our common stock that have a market value upon completion of the Mergers that is greater than the market value of such shares calculated pursuant to the Exchange Ratio on the date the MGP Master Transaction Agreement was executed; and
- if the price of our common stock declines between the date the MGP Master Transaction Agreement was executed and the closing of the Mergers, MGP shareholders will receive shares of our common stock that have a market value upon the completion of the Mergers that is less than the market value of such shares calculated pursuant to the Exchange Ratio on the date the MGP Master Transaction Agreement was executed.

Therefore, while the number of shares of our common stock to be issued per MGP Common Share is fixed, VICI stockholders cannot be sure of the market value of the REIT Merger Consideration that MGP shareholders will receive upon the closing of the REIT Merger. The market price of our common stock is subject to general price fluctuations in the market for publicly traded equity securities and has experienced volatility in the past. You should obtain current market price quotations for our common stock; however, as noted above, the prices at the effective time of the REIT Merger may be greater than, the same as or less than such price quotations.

There may be unexpected delays in the completion of the Mergers or the Mergers may not be completed at all.

The Mergers are currently expected to close in the first half of 2022, assuming that all of the conditions in the MGP Master Transaction Agreement are either satisfied or waived. The MGP Master Transaction Agreement provides that either we or MGP may terminate the MGP Master Transaction Agreement, subject to certain conditions set forth in the MGP Master Transaction Agreement, if the Mergers have not occurred on or before the fifteen month anniversary of the date of the MGP Master Transaction Agreement, which is November 4, 2022 (the “Outside Date”). Certain events may delay the completion of the Mergers or result in a termination of the MGP Master Transaction Agreement. Some of these events are outside the control of VICI and MGP. In particular, completion of the Mergers requires the affirmative vote on the proposal to approve the issuance of our common stock to holders of MGP Common Shares of the majority of the votes cast by our stockholders on such proposal at the VICI Special Meeting of Stockholders to be held on October 29, 2021 (the “VICI Special Meeting”), assuming a quorum is present. If the requisite shareholder approval is not obtained at the VICI Special Meeting (including any postponement or adjournment thereof), either we or MGP may terminate the MGP Master Transaction Agreement.

We may incur significant additional costs in connection with any delay in completing the Mergers or the termination of the MGP Master Transaction Agreement, in addition to significant transaction costs, including legal, financial advisory, accounting and other costs we have already incurred. In addition, if the Mergers are terminated under certain circumstances specified in the MGP Master Transaction Agreement, we will be required to pay to MGP a termination fee of up to \$709.0 million. We cannot assure you that the conditions to the completion of the MGP Master Transaction Agreement will be satisfied or waived or that any adverse change, effect, event, circumstance, occurrence or state of facts that could give rise to the termination of the MGP Master Transaction Agreement will not occur.

Our stockholders will have a substantially smaller ownership and voting interest in VICI upon completion of the Mergers, compared to their ownership and voting interest in VICI prior to the Mergers.

Upon completion of the Mergers, based on the number of MGP Common Shares and shares of our common stock outstanding on September 17, 2021, we estimate that, after giving effect to the settlement of the March 2021 Forward Sale Agreements and the September 2021 Forward Sale Agreements, continuing stockholders will own approximately 78% of the issued and outstanding shares of our common stock, and former MGP shareholders will own approximately 22% of the issued and

outstanding shares of our common stock. Accordingly, our current stockholders will exercise significantly less influence over us after the Mergers relative to their influence over us prior to the Mergers, and thus will have a less significant impact on the approval or rejection of our future proposals submitted to a stockholder vote.

There can be no assurance that we will be able to secure the financing in connection with the Redemption on acceptable terms, in a timely manner, or at all, and therefore may be compelled to consummate the MGP Transactions without obtaining financing on attractive terms.

We are required to finance the cash required in connection with the Redemption with long-term debt financing or proceeds from the MGP Transactions Bridge Facility in accordance with the terms of the MGP Transactions Commitment Letter. The MGP Transactions Commitment Letter provides for funding to the Operating Partnership of up to \$5,008.0 million, which can be used to fund the Redemption and pay transaction costs, following the termination of \$4,242.0 million in committed financing representing the second tranche of the MGP Transactions Bridge Facility in accordance with the terms of the MGP Transactions Commitment Letter. Additionally, we may continue to evaluate alternative financing structures and amounts based on our needs and capital markets conditions. The availability of the borrowings under the MGP Transactions Bridge Facility is subject to the satisfaction of certain customary conditions, including the substantially concurrent consummation of the Mergers.

The consummation of the MGP Transactions is not conditioned on our ability to obtain financing or on the consummation of the transactions contemplated by the MGP Transactions Commitment Letter. If we are unable to obtain funding contemplated by the MGP Transactions Commitment Letter from our financing sources for the cash required in connection with the Redemption, we may be compelled to specifically perform our obligations to consummate the MGP Transactions with financing that is not on attractive terms or could otherwise be subject to claims under the MGP Master Transaction Agreement, each of which could have a material adverse effect on us.

The MGP Master Transaction Agreement contains provisions that could discourage a potential acquirer of VICI from making a favorable proposal, could result in any such proposal being at a lower price than it might otherwise be and, in specified circumstances, could require us to make a substantial termination payment to MGP.

Pursuant to the MGP Master Transaction Agreement, we and MGP have, subject to certain exceptions, agreed not to (i) solicit proposals relating to certain alternative transactions, (ii) enter into discussions or negotiations or provide non-public information concerning proposals relating to an alternative business combination transaction, (iii) approve or recommend any agreements providing for any such alternative business combination transaction, (iv) enter into any letter of intent, agreement in principle, merger agreement or other similar definitive agreements related to an alternative business combination transaction, (v) grant any waiver, amendment or release of any standstill under any standstill or confidentiality agreement or any takeover statute, or (vi) agree to do any of the foregoing. Notwithstanding such “no-shop” restrictions, prior to obtaining stockholder approval of the issuance of our common stock to holders of MGP Common Shares in the REIT Merger pursuant to the MGP Master Transaction Agreement, under certain specified circumstances and in accordance with their respective duties as directors under applicable law, our board of directors may change its recommendation and terminate the MGP Master Transaction Agreement to accept a superior proposal upon payment of the respective termination fees described below.

The MGP Master Transaction Agreement also provides that, in connection with the termination of the MGP Master Transaction Agreement by us under certain specified circumstances, we will be required to pay to MGP a termination fee of up to \$709 million.

These provisions could discourage a potential acquirer that might have an interest in acquiring all or a significant part of VICI from considering or proposing such an acquisition, or might result in a potential acquirer proposing to pay a lower per share value than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances under the MGP Master Transaction Agreement.

If the Mergers are not consummated by the Outside Date, either we or MGP may terminate the MGP Master Transaction Agreement.

Either we or MGP may terminate the MGP Master Transaction Agreement if the Mergers have not been consummated by the Outside Date, which is November 4, 2022. However, this termination right will not be available to a party if that party’s failure to comply with any provision of the MGP Master Transaction Agreement has been the principal cause of, or resulted in, the failure of the Mergers to occur by the Outside Date. In the event the MGP Master Transaction Agreement is terminated by either party due to the failure of the Mergers to close by the Outside Date, we will have incurred significant costs and will have

diverted significant management focus and resources from other strategic opportunities without realizing the anticipated benefits of the Mergers.

Gaming regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or cannot be met.

Consummation of the Mergers is conditioned on the receipt of approvals from a number of gaming regulatory authorities, including, among others, the Illinois Gaming Control Board, the Indiana Gaming Commission, the Louisiana Gaming Control Board, the Maryland Lottery and Gaming Control Agency, the Maryland Lottery and Gaming Control Commission, the Massachusetts Gaming Commission, the Michigan Gaming Control Board, the Mississippi Gaming Commission, the Missouri Gaming Commission, the Nevada Gaming Commission, the Nevada Gaming Control Board, the New Jersey Casino Control Commission, the New Jersey Division of Gaming Enforcement, the New York State Gaming Commission, the Ohio Casino Control Commission, the Ohio Lottery Commission, the Ohio State Racing Commission, the Pennsylvania Gaming Control Board and the Pennsylvania Racing Commission. In some instances, these approvals may also include findings of suitability for our officers and members of our board of directors. These approvals and findings may not be received at all, may not be received in a timely fashion and/or may contain conditions on the consummation of the Mergers. In addition, these regulatory bodies may impose conditions on the granting of such approvals and findings. Such conditions and the process of obtaining such regulatory approvals could have the effect of delaying or impeding consummation of the Mergers or of imposing additional costs or limitations on us following the Mergers. In addition, to the extent any of our officers or a member of our board of directors is found unsuitable, we would need to find a replacement, which may take time and could adversely impact our financial and operational performance, including our ability to successfully consummate the Mergers and integrate MGP into VICI. Any such finding of unsuitability by regulatory authorities and resulting resignation or removal of an officer of VICI or a member of our board of directors could also impact our governance structure following the Mergers.

An adverse judgment in any litigation challenging the Mergers may prevent the Mergers from becoming effective or from becoming effective within the expected timeframe.

Securities class action lawsuits and derivative lawsuits are often brought against companies that have entered into merger agreements or other agreements similar to the MGP Master Transaction Agreement. As of the date of this Quarterly Report on Form 10-Q, six lawsuits have been filed by purported MGP shareholders and three lawsuits have been filed by purported VICI stockholders challenging the disclosures made, as applicable, in the Registration Statement on Form S-4 filed on September 8, 2021 and the Prospectus on Form 424B3 filed on September 23, 2021, each in connection with the Mergers. Additional lawsuits arising out of the Mergers may be filed in the future. For a more detailed description of this litigation, see “Litigation” in [Note 10 - Commitments and Contingent Liabilities](#) to our Financial Statements included in this report.

We cannot assure you as to the outcome of these lawsuits or any other lawsuit that may be filed, including the amount of costs associated with defending these claims or any other liabilities that may be incurred in connection with the litigation of these claims. If any of the plaintiffs are successful in obtaining an injunction prohibiting the parties from completing the MGP Transactions on the agreed-upon terms, such an injunction may delay the consummation of the MGP Transactions in the expected timeframe, or could indefinitely enjoin the MGP Transactions from being consummated altogether. Whether or not any plaintiff’s claim is successful, this type of litigation may result in significant costs and divert management’s attention and resources, which could adversely affect the operation of our business.

If the REIT Merger does not qualify as a reorganization there may be adverse tax consequences.

The parties intend that the REIT Merger will be treated as a reorganization within the meaning of Section 368(a) of the Code, and it is a condition to the consummation of the Mergers that we and MGP receive opinions from Hogan Lovells US LLP and Weil, Gotshal & Manges LLP, respectively, to the effect that, for U.S. federal income tax purposes, the REIT Merger will constitute a reorganization within the meaning of Section 368(a) of the Code. These tax opinions represent the legal judgment of counsel rendering the opinion and are not binding on the Internal Revenue Service (the “IRS”) or the courts. If the REIT Merger were to fail to qualify as a reorganization, U.S. holders of MGP Common Shares generally would recognize gain or loss, as applicable, equal to the difference between (i) the sum of the fair market value of our common stock and the cash in lieu of fraction shares, if any, received by such holder in the REIT Merger; and (ii) such holder’s adjusted tax basis in its MGP Common Shares.

Risks Related to VICI Following the MGP Transactions

We expect to incur substantial expenses related to the MGP Transactions.

We expect to incur substantial expenses in completing the MGP Transactions and integrating the business, operations, systems, technologies, policies and procedures of MGP with our own. While we have assumed that a certain level of expenses would be incurred, there are a number of factors beyond our control that could affect the total amount or the timing of the expenses relating to the completion of the MGP Transactions and the integration of our and MGP's operations. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. As a result, the expenses associated with the MGP Transactions could, particularly in the near term, reduce the savings that we expect to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings following the completion of the MGP Transactions and impact our business and operations and the market price of our common stock.

Following the Mergers, we may be unable to integrate the current operations of MGP and VICI successfully and fail to realize the anticipated synergies and other benefits of the Mergers or do so within the anticipated timeframe.

The Mergers involve the combination of two companies which currently operate as independent public companies. We are expected to benefit from the elimination of duplicative costs associated with general and administrative expenses, including those related to supporting a public company platform and the leveraging of technology and systems. However, we will be required to devote significant management attention and resources to integrating the business practices and operations of MGP into VICI. Potential difficulties we may encounter in the integration process include, among others, the following:

- the inability to successfully combine the operations of VICI and MGP in a manner that permits us to achieve the cost savings anticipated to result from the Mergers, which would result in the anticipated benefits of the Mergers not being realized in the timeframe currently anticipated or at all;
- the additional complexities of increasing the number of properties owned by us and the additional tenants, including additional time and attention required by management;
- potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the Mergers;
- failure to retain key employees of VICI; and
- additional complexities of combining two companies with different histories, regulatory restrictions, markets and tenants.

For all these reasons, you should be aware that it is possible that the integration process could result in the distraction of our management, the disruption of our ongoing business or inconsistencies in our operations, services, standards, controls, procedures and policies, any of which could adversely affect our ability to maintain relationships with tenants, customers, vendors and employees or to achieve the anticipated benefits of the Mergers, or could otherwise adversely affect our business and financial results.

Our anticipated level of indebtedness will increase upon completion of the MGP Transactions and will increase the related risks we now face.

Contemporaneously with the execution of the MGP Master Transaction Agreement, we entered into the MGP Transactions Commitment Letter with the MGP Transactions Bridge Lender pursuant to which it has committed to provide the Operating Partnership with bridge financing for the MGP Transactions in the amount of \$5,008.0 million, following the termination of \$4,242.0 million in committed financing representing the second tranche of the MGP Transactions Bridge Facility in accordance with the terms of the MGP Transactions Commitment Letter. We will also assume and/or refinance certain indebtedness of MGP in connection with the MGP Transactions and will be subject to increased risks associated with debt financing, including an increased risk that our cash flow could be insufficient to meet required payments on our debt.

Our increased indebtedness could have important consequences to holders of our common stock, including:

- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements;

- with respect to floating rate indebtedness, risks associated with increases in interest rates;
- requiring the use of a substantial portion of our cash flow from operations for the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund working capital, acquisitions, capital expenditures and general corporate requirements;
- limiting our ability to pay dividends to our stockholders;
- limiting our flexibility in planning for, or reacting to, changes in our business and our industry; and
- putting us at a disadvantage compared to our competitors with less indebtedness.

Counterparties to certain significant agreements with MGP may exercise contractual rights under such agreements in connection with the Mergers.

MGP is a party to certain agreements that give the applicable counterparty certain rights following a “change in control.” In certain of these agreements, such rights may be triggered upon the closing of the Mergers and may trigger a consent or the right to terminate the agreement. It is not a condition to completion of the Mergers that the counterparties consent to the Mergers or waive their contractual rights. Certain counterparties may also require modifications to their respective agreements or the execution of new agreements as a condition to granting a waiver or consent under their agreement. The pursuit of such rights by the counterparties may result in us suffering a loss of potential future revenue or incurring liabilities and may result in the loss or modification of rights that are material to our business. There can be no assurances that such counterparties will not exercise their rights under these agreements, including termination rights where available, or that the exercise of any such rights under, or modification of, these agreements will not adversely affect our business or operations.

We depend on key senior executives and employees for our future success, and the loss of key personnel or inability to attract and retain key personnel could significantly harm our business.

Our ability to maintain our competitive position depends on the efforts and abilities of our senior executives and employees. Finding suitable replacements for senior executives and other key employees can be difficult, time consuming and expensive. Losing the services of one or more of these senior executives or key employees following consummation of the Mergers could adversely affect our business, results of operations, strategic relationships, including relationships with tenants, joint venture partners and vendors, and limit our ability to execute our business strategies.

We are and will always be significantly dependent on our tenants for our revenues, including MGM following the MGP Transactions, and unless or until we substantially diversify our portfolio an event that has a material adverse effect on any of our significant tenants’ businesses, financial condition, liquidity, results of operations or prospects could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects.

We depend on our tenants to operate the properties that we own in a manner that generates revenues sufficient to allow the tenants to meet their obligations to us. Currently, a substantial majority of our revenue comes from our leases with subsidiaries of Caesars, Penn National, Hard Rock, JACK Entertainment, Century Casinos and EBCI, with the most significant percentage of our revenues coming from Caesars. Following the completion of the MGP Transactions, MGM will also become a significant tenant of VICI, with Caesars representing approximately 41% of total estimated annualized cash rent and MGM representing approximately 40% of total estimated annualized cash rent. Accordingly, the risks to us described under the Risk Factor titled “We are and will always be significantly dependent on our tenants for our revenues, and unless or until we substantially diversify our portfolio an event that has a material adverse effect on any of our tenants’ businesses, financial condition, liquidity, results of operations or prospects could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects.” in our Annual Report on Form 10-K for the year ended December 31, 2020, which Risk Factor is incorporated herein by reference, will also apply with respect to MGM following the completion of the MGP Transactions, and an event that has a material adverse effect on MGM’s businesses, financial condition, liquidity, results of operations or prospects could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects.

Risks Related to an Investment in VICI Following the MGP Transactions

The market price and trading volume of our common stock may be volatile.

The United States stock markets, including the NYSE, on which our common stock will continue to be listed under the symbol “VICI” after the Mergers, have experienced significant price and volume fluctuations. As a result, the market price of shares of our common stock is likely to be similarly volatile, and investors in shares of our common stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. We cannot assure you that the market price of our common stock will not fluctuate or decline significantly in the future.

In addition to the risks listed in this [Item 1A “Risk Factors”](#), a number of factors could negatively affect our share price or result in fluctuations in the price or trading volume of our common stock, including:

- the annual yield from distributions on our common stock as compared to yields on other financial instruments;
- equity issuances by us, or future sales of substantial amounts of our common stock by our existing or future stockholders, or the perception that such issuances or future sales may occur;
- increases in market interest rates or a decrease in our distributions to stockholders that lead purchasers of our common stock to demand a higher yield;
- changes in market valuations of similar companies;
- fluctuations in stock market prices and volumes;
- additions or departures of executive officers or other key employees;
- our operating performance and the performance of other similar companies;
- actual or anticipated differences in our quarterly operating results;
- changes in expectations of future financial performance or changes in estimates of securities analysts;
- publication of research reports about us or our industry by securities analysts;
- failure to qualify as a REIT for U.S. federal income tax purposes;
- adverse market reaction to any indebtedness we incur in the future;
- strategic decisions by us or our competitors, such as acquisitions, divestments, spin-offs, joint ventures, strategic investments or changes in business strategy;
- legislative or other regulatory developments that adversely affect us or our industry;
- speculation in the press or investment community;
- changes in our earnings;
- failure to satisfy the listing requirements of the NYSE;
- failure to comply with the requirements of the Sarbanes Oxley Act of 2002, as amended;
- actions by our institutional stockholders;
- changes in accounting principles; and
- general economic and/or market conditions, including factors unrelated to our performance.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management’s attention and resources, which could have a material adverse effect on our cash flows, our ability to execute our business strategy and our ability to make distributions to our stockholders.

The market price of our common stock following the consummation of the MGP Transactions may be affected by factors different from those affecting the price of our common stock before the consummation of the MGP Transactions.

The results of our operations, as well as the market price of our common stock, after the consummation of the MGP Transactions may be affected by factors different from those currently affecting our results of operations and the market prices of our common stock. These factors include:

- a greater number of shares of our common stock outstanding;
- different stockholders in us; and
- us owning new assets with different tenants and capitalization structures.

Accordingly, the historical market prices and financial results of us and MGP may not be indicative of these matters for us after consummation of the MGP Transactions.

The market price of our common stock may decline as a result of the MGP Transactions.

The market price of our common stock may decline as a result of the MGP Transactions if we do not achieve the perceived benefits of the MGP Transactions as rapidly or to the extent anticipated by financial or industry analysts, or the effect of the MGP Transactions on our financial results is not consistent with the expectations of financial or industry analysts.

In addition, upon consummation of the MGP Transactions, our stockholders will own interests in a company operating an expanded business with a different mix of properties, risks and liabilities. Current stockholders may not wish to continue to invest in VICI, or for other reasons may wish to dispose of some or all of their shares of our common stock. If, following the closing of the MGP Transactions, significant amounts of our common stock are sold, the price of our common stock could decline.

The issuance of our common stock in connection with the MGP Master Transaction Agreement may cause the market price of our common stock to decline.

In connection with the consummation of the Mergers, based on the number of MGP Common Shares outstanding on September 17, 2021, we expect to issue approximately 214.5 million shares of our common stock, which, after giving effect to the settlement of the March 2021 Forward Sale Agreements and the September 2021 Forward Sale Agreements, will represent approximately 29% of the issued and outstanding shares of our common stock prior to the consummation of the Mergers and approximately 22% of the issued and outstanding shares of our common stock after consummation of the Mergers. We expect that some MGP shareholders who receive shares of our common stock are likely to sell such shares promptly after the consummation of the Mergers. Both the issuance of this amount of new shares and any subsequent sales of these shares may cause the market price of our common stock to decline.

Following the MGP Transactions, we may not continue to pay dividends at or above the rate we currently pay.

Following the MGP Transactions, our stockholders may not receive dividends at the same rate they received dividends as our stockholders prior to the MGP Transactions for various reasons, including the following:

- we may not have enough cash to pay such dividends due to changes in our cash requirements, capital spending plans, cash flow or financial position;
- decisions on whether, when and in which amounts to make any future distributions will remain at all times entirely at the discretion of our board of directors, which reserves the right to change our current dividend practices at any time and for any reason;
- we may desire to retain cash to maintain or improve our credit ratings; and
- the amount of dividends that our subsidiaries may distribute to us may be subject to restrictions imposed by state law and restrictions imposed by the terms of any current or future indebtedness that these subsidiaries may incur.

Our stockholders will have no contractual or other legal right to dividends that have not been declared by our board of directors.

We may need to incur additional indebtedness in the future.

In connection with executing our business strategies in advance of, or following, the MGP Transactions, we expect to continue to evaluate additional acquisitions and other strategic investment opportunities, and we may elect to finance these endeavors by incurring additional indebtedness. For example, we expect to incur additional long-term indebtedness in connection with the pending Venetian Acquisition. The amount of such indebtedness could have material adverse consequences for us, including:

- hindering our ability to adjust to changing market, industry or economic conditions;
- limiting our ability to access the capital markets to refinance maturing debt or to fund acquisitions or emerging businesses;
- limiting the amount of free cash flow available for future operations, acquisitions, dividends, stock repurchases or other uses;
- making us more vulnerable to economic or industry downturns, including interest rate increases; and
- placing us at a competitive disadvantage compared to less leveraged competitors.

The impact of any of these potential adverse consequences could have a material adverse effect on our results of operations, financial condition and liquidity.

Risks Related to Taxes Following the MGP Transactions

The MGM Tax Protection Agreement, during its term, imposes certain limits on our operations and could require New VICI Operating Company to indemnify MGM for certain tax liabilities.

We have agreed with MGM to enter into the MGM Tax Protection Agreement pursuant to which New VICI Operating Company will agree, subject to certain exceptions, to indemnify the Protected Parties (as defined in the MGM Tax Protection Agreement) for certain tax liabilities resulting from, during the Protected Period (as defined in the MGM Tax Protection Agreement), (1) the sale, transfer, exchange or other disposition of Protected Property (as defined in the MGM Tax Protection Agreement), (2) a merger, consolidation, or transfer of all of the assets of, or certain other transactions undertaken by, New VICI Operating Company pursuant to which the ownership interests of the Protected Parties in New VICI Operating Company are required to be exchanged in whole or in part for cash or other property, (3) the failure of New VICI Operating Company to maintain approximately \$8.5 billion of nonrecourse indebtedness allocable to the Protected Parties, which amount may be reduced over time in accordance with the MGM Tax Protection Agreement, and (4) the failure of New VICI Operating Company or us to comply with certain tax covenants that would impact the tax liabilities of the Protected Parties. In the event that we or New VICI Operating Company breach restrictions in the MGM Tax Protection Agreement, New VICI Operating Company will be liable for grossed-up tax amounts (based on an assumed effective tax rate) associated with the income or gain recognized as a result of such breach. In addition, the BREIT JV previously entered into a tax protection agreement with MGM with respect to built-in gain and debt maintenance related to MGM Grand Las Vegas and Mandalay Bay, which is effective through mid-2029, and by acquiring MGP, we will bear MGP's approximate 50.1% proportionate share in the BREIT JV of any indemnity under this existing tax protection agreement.

Therefore, although it may be in the best interests of our stockholders for us to sell a Protected Property, enter into certain significant transactions involving New VICI Operating Company, reduce nonrecourse indebtedness of New VICI Operating Company allocable to MGM or otherwise not comply with certain tax covenants, it may be economically prohibitive for us to do so during the Protected Period because of these indemnity obligations.

We may incur adverse tax consequences if we have failed or fail, or if MGP has failed, to qualify as a REIT for U.S. federal income tax purposes.

We have operated in a manner that we believe has allowed us to qualify as a REIT for U.S. federal income tax purposes under the Code and intend to continue to do so through the time of the REIT Merger. We intend to operate in a manner that we believe allows us to qualify as a REIT after the REIT Merger. Neither we nor MGP has requested or plans to request a ruling from the IRS that it qualifies as a REIT. Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The complexity of these provisions and of the applicable treasury regulations that have been promulgated under the Code is greater in the case of a REIT that holds its assets through a partnership (such as we will after the Mergers). The determination of various factual matters and circumstances not entirely within the control of us or MGP may affect its ability to qualify as a REIT. In order to qualify as a REIT, each of us

and MGP must satisfy a number of requirements, including requirements regarding the ownership of its stock and the composition of its gross income and assets. Also, a REIT must make distributions to stockholders aggregating annually at least 90% of its net taxable income, excluding any net capital gains.

If we lose our REIT status, or are determined to have lost our REIT status in a prior year, we will face material tax consequences that would substantially reduce our cash available for distribution, including cash available to pay dividends to our stockholders, because:

- we would be subject to U.S. federal income tax and state and local income taxes on our net income at regular corporate rates for the years we did not qualify for taxation as a REIT (and, for such years, would not be allowed a deduction for dividends paid to stockholders in computing our taxable income);
- unless we are entitled to relief under applicable statutory provisions, neither we nor any “successor” corporation, trust or association could elect to be taxed as a REIT until the fifth taxable year following the year during which we were disqualified;
- if we were to re-elect REIT status, we would have to distribute all earnings and profits from non-REIT years before the end of the first new REIT taxable year;
- for the five years following re-election of REIT status, upon a taxable disposition of an asset owned as of such re-election, we would be subject to corporate-level tax with respect to any built-in gain inherent in such asset at the time of re-election.

Even if we retain our REIT status, if MGP loses its REIT status for a taxable year ending on or before the effective time of the REIT Merger, we would be subject to adverse tax consequences that would substantially reduce our cash available for distribution, including cash available to pay dividends to our stockholders, because:

- unless we are entitled to relief under applicable statutory provisions, VICI, as the “successor” by merger to MGP for U.S. federal income tax purposes, could not elect to be taxed as a REIT until the fifth taxable year following the year during which MGP was disqualified;
- VICI, as the successor by merger to MGP, would be subject to any corporate income tax liabilities of MGP, including penalties and interest;
- assuming that we otherwise maintained our REIT qualification, we would be subject to corporate-level tax on the built-in gain in each asset of MGP existing at the time of the REIT Merger if we were to dispose of such MGP asset during the five-year period following the REIT Merger; and
- assuming that we otherwise maintained our REIT qualification, we would succeed to any earnings and profits accumulated by MGP for taxable periods that it did not qualify as a REIT, and we would have to pay a special dividend and/or employ applicable deficiency dividend procedures (including interest payments to the IRS) to eliminate such earnings and profits (or if we do not timely distribute those earnings and profits, we could fail to qualify as a REIT).

In addition, if there is an adjustment to MGP’s taxable income or dividends paid deductions, we could elect to use the deficiency dividend procedure in order to maintain MGP’s REIT status. That deficiency dividend procedure could require us to make significant distributions to our stockholders and to pay significant interest to the IRS.

As a result of these factors, our failure (before or after the REIT Merger) or MGP’s failure (before the REIT Merger) to qualify as a REIT could impair our ability after the REIT Merger to expand our business and raise capital, and would materially adversely affect the market value of our common stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

(b) Use of Proceeds from Registered Securities

Not applicable.

(c) Issuer Purchases of Equity Securities

During the three months ended September 30, 2021, we did not repurchase any equity securities registered pursuant to Section 12 of the Exchange Act.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference		
			Form	Exhibit	Filing Date
2.1**	Master Transaction Agreement, dated August 4, 2021 by and among the Company, MGP, MGP OP, REIT Merger Sub, Existing VICI OP, New VICI Operating Company and MGM		8-K	2.1	8/5/2021
3.1	Articles of Amendment to the Articles of Amendment and Restatement of VICI Properties Inc.		8-K	3.1	9/14/2021
10.1	Debt Commitment Letter, dated August 4, 2021, from Morgan Stanley Senior Funding, Inc., JPMorgan Chase Bank, N.A. and Citigroup Global Markets Inc.		8-K	10.1	8/5/2021
10.2	Letter dated August 3, 2021 re: Purchase and Sale Agreement dated as of March 2, 2021 by and among Las Vegas Sands Corp., Pioneer OpCo, LLC and VICI Properties L.P.	X			
10.3	Amendment dated October 7, 2021 to Letter dated August 3, 2021 re: Purchase and Sale Agreement dated as of March 2, 2021 by and among Las Vegas Sands Corp., Pioneer OpCo, LLC and VICI Properties L.P.	X			
10.4	Fifth Amendment to Las Vegas Lease, dated as of September 3, 2021, by and among CPLV Property Owner LLC and Claudine Propco LLC as Landlord and, Desert Palace LLC, CEOC, LLC and Harrah's Las Vegas LLC	X			
10.5	Eighth Amendment to Regional Lease, dated as of September 3, 2021, by and among the entities listed on Schedules A and B thereto	X			
10.6	Fifth Amendment to Lease (Joliet), dated as of September 3, 2021, by and between Harrah's Joliet Landco LLC and Des Plaines Development Limited Partnership	X			
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X			
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X			
32.1	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	*			
32.2	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	*			
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	X			
101.SCH	XBRL Taxonomy Extension Schema Document	X			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	X			
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	X			
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	X			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	X			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

* Furnished herewith

** Pursuant to Item 601(a)(5) of Regulation S-K, certain schedules and exhibits have been omitted.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VICI PROPERTIES INC.

Signature	Title	Date
<hr/> <div>/s/ EDWARD B. PITONIAK Edward B. Pitoniak</div>	Chief Executive Officer and Director (Principal Executive Officer)	October 27, 2021
<hr/> <div>/s/ DAVID A. KIESKE David A. Kieske</div>	Chief Financial Officer (Principal Financial Officer)	October 27, 2021
<hr/> <div>/s/ GABRIEL F. WASSERMAN Gabriel F. Wasserman</div>	Chief Accounting Officer (Principal Accounting Officer)	October 27, 2021



August 3, 2021

Pioneer OpCo, LLC
c/o Apollo Management Holdings, L.P.
9 West 57th Street, 34th Floor
New York, NY 10019

Attention: Alex Van Hoek
David Sambur
email: sambur@apollo.com
avanhoek@apollo.com

VICI Properties L.P.
535 Madison Avenue, 20th Floor
New York, NY 10022

Attention: Samantha S. Gallagher
email: corplaw@viciproperties.com

Re: Project Pioneer: Letter Agreement Re Raiders Seats

Ladies and Gentlemen:

Reference is made to that certain Purchase and Sale Agreement, dated as of March 2, 2021 (as amended, restated, modified or supplemented, the “Agreement”), by and among Las Vegas Sands Corp., a Nevada corporation (“Seller”), Pioneer OpCo, LLC, a Nevada limited liability company (“OpCo Purchaser”) and VICI Properties L.P., a Delaware limited partnership (“PropCo Purchaser”), which provides that the Agreement (and the Exhibits and Schedules thereto) may be amended by an instrument in writing executed by each of the parties thereto. Capitalized terms used and not otherwise defined in this letter agreement (the “Second Letter Agreement”) shall have the meanings ascribed to them in the Agreement.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller, OpCo Purchaser and PropCo Purchaser (the “Parties”) hereby agree as follows:

1. Effectiveness. This Second Letter Agreement shall be effective as of July 14, 2021 (the “Effective Date”).
2. Acquisition of Additional Specified Acquired Assets.
 - a. Pursuant to Section 5(b) of the Agreement, OpCo Purchaser consents, as of the Effective Date, to Seller or one of its Affiliates entering into (i) the Personal Seat

License Agreement with Clark County Stadium Authority dated as of June 1, 2021 attached hereto as Exhibit A and (ii) the Personal Seat License Agreement with Clark County Stadium Authority dated as of June 1, 2021 attached hereto as Exhibit B (collectively, the “Raiders Contracts”).

3. Amendments. Pursuant to and in accordance with Section 24(f) of the Agreement, the Parties agree, as of the Effective Date, as follows:

- a. Section 1 of the Agreement is amended by adding the following definitions and by amending and restating certain definitions thereto:

“**Closing Raiders Amount**” means the sum of all payments made by Seller and its Affiliates prior to Closing to Clark County Stadium Authority, Raiders Football Club, LLC and/or their respective designees pursuant to the Raiders Contracts.

“**Estimated CapEx True-Up**” has the meaning set forth in Section 4(c).

“**Estimated Closing Raiders Amount**” has the meaning set forth in Section 4(c).

“**Final CapEx True-Up**” has the meaning set forth in Section 4(d)(ii).

“**Final Closing Raiders Amount**” has the meaning set forth in Section 4(d)(ii).

“**Raiders Contracts**” means (i) the Personal Seat License Agreement with Clark County Stadium Authority, dated as of June 1, 2021, attached as Exhibit A to that certain Letter Agreement, effective as of July 14, 2021 by and among Seller, OpCo Purchaser and PropCo Purchaser and (ii) the Personal Seat License Agreement with Clark County Stadium Authority, dated as of June 1, attached as Exhibit B to that certain Letter Agreement, effective as of July 27, 2021 by and among Seller, OpCo Purchaser and PropCo Purchaser.

- b. The following definitions are amended and restated in their entirety:

“**Estimated OpCo Cash Consideration**” means the (i) OpCo Base Cash Amount, (ii) *plus* the Estimated Closing Net Working Capital Adjustment Amount, (iii) *minus* the Estimated Closing Indebtedness, (iv) *plus* the Estimated Closing Raiders Amount and (v) *minus* the Estimated CapEx True-Up.

“**Final OpCo Cash Consideration**” means (i) the OpCo Base Cash Amount, (ii) *plus* the Final Closing Net Working Capital Adjustment Amount determined in accordance with Section 4(d)(i), (iii) *minus* the Final Closing Indebtedness determined in accordance with Section 4(d)(i), (iv) *plus* the Final Closing Raiders Amount determined in accordance with Section 4(d)(i), and (v) *minus* the Final CapEx True-Up determined in accordance with Section 4(d)(i).

- c. Schedule 1.1 (*Specified Acquired Assets*) of the Agreement is amended by adding a new item 12 as follows:

12. The Raiders Contracts.

d. Section 4(c) of the Agreement is amended and restated as follows:

(c) Closing Certificate. No less than five (5) Business Days prior to the Closing Date, Seller shall prepare and deliver (or cause to be prepared and delivered) to OpCo Purchaser a certificate (the “**Closing Certificate**”) of an executive officer of Seller setting forth Seller’s good faith estimate and a reasonably detailed calculation of the Closing Net Working Capital (the “**Estimated Closing Net Working Capital**”), Closing Indebtedness (the “**Estimated Closing Indebtedness**”), the Closing Raiders Amount (the “**Estimated Closing Raiders Amount**”), and the CapEx True-Up (the “**Estimated CapEx True-Up**”), together with such schedules and data with respect to the determination thereof as may be reasonably appropriate to support the calculations set forth in the Closing Certificate. The Closing Certificate will be prepared in accordance with the Accounting Principles. From and after the delivery of the Closing Certificate until the final determination of Closing Net Working Capital, Closing Indebtedness, the Closing Raiders Amount and the CapEx True-Up in accordance with Section 4(d)(i), Seller shall provide OpCo Purchaser and OpCo Purchaser’s Representatives with reasonable access to the applicable books and records and the Persons involved in preparing or reviewing the Closing Certificate, for purposes of OpCo Purchaser’s review and verification thereof; provided, however, that such access shall be in a manner that does not interfere with the normal business operations of Seller or, prior to the Closing, the Business. During the period after delivery of the Closing Certificate and prior to the Closing, Seller and OpCo Purchaser shall reasonably cooperate with each other to update the calculations in the Closing Certificate to the extent they believe in good faith that such updates would make the estimated calculations more accurate; provided that the foregoing shall not operate to delay the Closing.

e. Section 4(d) of the Agreement is amended and restated as follows:

(d) Post-Closing Certificate and Determination of Closing Net Working Capital, Closing Indebtedness, the Closing Raiders Amount and the CapEx True-Up. Within ninety (90) days after the Closing Date, OpCo Purchaser shall prepare and deliver (or cause to be prepared and delivered) to Seller a certificate (the “**Post-Closing Certificate**”) of an executive officer of OpCo Purchaser setting forth OpCo Purchaser’s good faith estimate and a reasonably detailed calculation of the Closing Net Working Capital, Closing Indebtedness, the Closing Raiders Amount, and the CapEx True-Up, together with such schedules and data with respect to the determination thereof as may be reasonably appropriate to support the calculations set forth in the Post-Closing Certificate. The Post-Closing Certificate will be prepared in accordance with the Accounting Principles. From and after the delivery of the Post-Closing Certificate until the final determination of Closing Net Working Capital, Closing Indebtedness, the Closing Raiders Amount and the CapEx True-Up in accordance with Section 4(d)(i), OpCo Purchaser shall provide Seller and its Representatives with reasonable access to the applicable books and records and the Persons involved in preparing or reviewing the Post-Closing Certificate, for purposes of Seller’s review and verification thereof; provided, however, that such access shall be in a manner that does not interfere with the normal business operations of OpCo Purchaser or the Business. The Post-Closing Certificate as amended,

supplemented or modified, shall be deemed final ninety (90) days after the Closing Date (the “**Post-Closing Certificate Posting Date**”). Seller and OpCo Purchaser acknowledge and agree that no adjustments shall be made to the Target Net Working Capital.

(i) The Post-Closing Certificate shall become final and binding upon Seller and OpCo Purchaser on the forty-fifth (45th) day following the Post-Closing Certificate Posting Date, unless Seller delivers written notice of its disagreement with the Post-Closing Certificate or the calculation of Closing Net Working Capital, Closing Indebtedness, the Closing Raiders Amount or the CapEx True-Up (a “**Notice of Disagreement**”) to OpCo Purchaser prior to such date. The Notice of Disagreement shall (A) specify in reasonable detail the nature of any disagreement so asserted and (B) only include good faith disagreements based on Closing Net Working Capital, Closing Indebtedness, the Closing Raiders Amount or the CapEx True-Up not being calculated in accordance with the Accounting Principles, together with such schedules and data with respect to the determination thereof as may be appropriate to support the calculations set forth in the Notice of Disagreement. If the Notice of Disagreement is received by OpCo Purchaser in a timely manner, then OpCo Purchaser and Seller shall negotiate in good faith to resolve such disagreements within thirty (30) days after the delivery of the Notice of Disagreement (the “**Resolution Period**”), and, if the same are so resolved within the Resolution Period, the Post-Closing Certificate shall be final and binding with such changes as may have been previously agreed in writing by OpCo Purchaser and Seller. If, at the end of the Resolution Period, OpCo Purchaser and Seller have not resolved in writing all of the matters specified in the Notice of Disagreement, then OpCo Purchaser and Seller shall submit to Ernst & Young LLP or, if such firm is unwilling or unable to act, then such other nationally recognized independent public accounting firm as shall be agreed upon by OpCo Purchaser and Seller in writing (the “**Accounting Firm**”), for resolution in accordance with the standards set forth in this Section 4(d)(i), only matters set forth in the Notice of Disagreement that remain in dispute. The Accounting Firm shall function as an expert and not as an arbitrator. OpCo Purchaser and Seller shall use reasonable efforts to cause the Accounting Firm to render any written decision resolving the matters submitted to the Accounting Firm within thirty (30) days of the receipt of such submission. The scope of the disputes to be resolved by the Accounting Firm shall be limited to the matters set forth in the Notice of Disagreement that remain in dispute between OpCo Purchaser and Seller and to fixing mathematical errors and determining whether the items in dispute were determined in accordance with the Accounting Principles, and the Accounting Firm is not to make any other determination. The Accounting Firm’s decision shall be based solely on written submissions by OpCo Purchaser and Seller and their respective representatives and not by independent review. The Accounting Firm may not assign a value greater than the greatest value for such item claimed by either party or smaller than the smallest value for such item claimed by either party. Judgment may be entered upon the determination of the Accounting Firm in any court having jurisdiction over the party against which such determination is to be enforced. The determination made by the Accounting Firm shall be final and binding on OpCo Purchaser and Seller and shall be enforceable in any court of competent jurisdiction. The fees and expenses of the Accounting Firm incurred pursuant to

this Section 4(d) shall be paid by Seller, on the one hand, and by OpCo Purchaser, on the other hand, based upon the percentage that the amount actually contested but not awarded to Seller or OpCo Purchaser, respectively, bears to the aggregate amount actually contested by Seller and OpCo Purchaser, such that the prevailing party pays the lesser proportion of such fees and expenses.

(ii) Upon the final determination of Closing Net Working Capital (“**Final Closing Net Working Capital**”), Closing Indebtedness (“**Final Closing Indebtedness**”), the Closing Raiders Amount (“**Final Closing Raiders Amount**”) and the CapEx True-Up (“**Final CapEx True-up**”) in accordance with Section 4(d)(i), (A) if the Post-Closing Adjustment Payment Amount is a positive number (the absolute value of such number, if any, the “**Deficiency Amount**”), then OpCo Purchaser shall pay to Seller by wire transfer of immediately available funds to an account designated by Seller an amount equal to the Deficiency Amount, if any; and (B) if the Post-Closing Adjustment Payment Amount is a negative number (the absolute value of such number, the “**Excess Amount**”), then Seller shall pay to OpCo Purchaser by wire transfer of immediately available funds to an account designated by OpCo Purchaser an amount equal to the Excess Amount, if any, in the case of each of clauses (A) and (B), within five (5) Business Days after the Final Closing Net Working Capital, the Final Closing Indebtedness, the Final Closing Raiders Amount and the Final CapEx True-Up are determined in accordance with Section 4(d)(i).

(iii) For the avoidance of doubt, it is understood and agreed that PropCo Purchaser shall not be obligated to pay, or entitled to receive, any amount or be subject to any liability to any other Person with respect to the calculation of Final Closing Net Working Capital, Final Closing Indebtedness, the Final Closing Raiders Amount or the Final CapEx True-Up as set forth in Section 4(d)(ii) or for any amounts to be paid to OpCo Purchaser or Seller as the Deficiency Amount or Excess Amount pursuant to Section 4(d)(ii).

f. Section 3(b)(xiii) of the Agreement is deleted in its entirety.

Except as expressly consented to and modified as provided herein, nothing contained herein shall operate as an amendment of any provision of the Agreement, which remains in full force and effect in all respects in accordance with its terms. In addition, except as expressly set forth herein, this Second Letter Agreement shall not be deemed a waiver of any term or condition of the Agreement and shall not be deemed to prejudice any right or rights which any Party may now have or may have in the future under or in connection with the Agreement or any of the instruments or agreements referred to therein, as the same may be amended from time to time. Whenever in the Agreement or any certificate, letter, notice or other instrument or document reference is made to the Agreement, such reference without more shall be deemed to mean the Agreement as modified by this Second Letter Agreement and any other instrument (if any) in writing executed by each of the parties hereto.

This Second Letter Agreement may be executed in separate counterparts, each of which when executed, shall be deemed to be an original and which together shall be deemed to be one and the same instrument binding upon each of the parties hereto notwithstanding the fact that all parties hereto are not signatory to the original or the same counterpart. For purposes of this Second Letter Agreement, facsimile and pdf signatures shall be deemed originals.

Sections 24 (*Miscellaneous*), 25 (*Notices*), 27 (*Confidentiality*), 28 (*Publicity*), 30 (*No Recourse; Release*), 31 (*Expenses*), 33 (*Binding Effect*) and 34 (*Interpretation*) of the Agreement are hereby incorporated herein by reference as if set forth herein and should apply to the terms and provisions of this Second Letter Agreement *mutatis mutandis*.

* * *

[Signature Pages to Follow]

Sincerely,

Las Vegas Sands Corp.

By: /s/ David Z. Hudson

Name: David Z. Hudson

Title: Secretary

Pioneer OpCo, LLC

By: /s/ Alexander van Hoeck

Name: Alexander van Hoeck

Title: Vice President, Treasurer and Secretary

VICI Properties L.P.

By: /s/ Samantha Sacks Gallagher

Name: Samantha Sacks Gallagher

Title: Secretary

[Signature Page to Second Letter Agreement Re Raiders Seats]

CC:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019-6064
Attention: Ross A. Fieldston, Esq. (rfieldston@paulweiss.com)
Peter E. Fisch, Esq. (pfisch@paulweiss.com)
Brian C. Lavin, Esq. (blavin@paulweiss.com)

– and –

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Attention: James P. Godman, Esq. (jgodman@kramerlevin.com)
Todd E. Lenson, Esq. (tlenson@kramerlevin.com)
Jordan M. Rosenbaum, Esq. (jrosenbaum@kramerlevin.com)

– and –

Skadden, Arps, Slate, Meagher & Flom LLP
One Manhattan West
New York, New York 10001
Attention: Howard L. Ellin, Esq. (howard.ellin@skadden.com)
Kenneth M. Wolff, Esq. (kenneth.wolff@skadden.com)
Audrey L. Sokoloff, Esq. (audrey.sokoloff@skadden.com)



October 7, 2021

Pioneer OpCo, LLC
c/o Apollo Management Holdings, L.P.
9 West 57th Street, 34th Floor
New York, NY 10019

Attention: Alex Van Hoek
David Sambur
email: sambur@apollo.com
avanhoek@apollo.com

VICI Properties L.P.
535 Madison Avenue, 20th Floor
New York, NY 10022

Attention: Samantha S. Gallagher
email: corplaw@viciproperties.com

Re: Project Pioneer: Amendment to Letter Agreement Re Raiders Seats

Ladies and Gentlemen:

Reference is made to that certain Letter Agreement, dated as of July 14, 2021 (as amended, restated, modified or supplemented, the “Second Letter Agreement”), by and among Las Vegas Sands Corp., a Nevada corporation (“Seller”), Pioneer OpCo, LLC, a Nevada limited liability company (“OpCo Purchaser”) and VICI Properties L.P., a Delaware limited partnership (“PropCo Purchaser”). Capitalized terms used and not otherwise defined in this amendment to the Second Letter Agreement (the “Amendment to Second Letter Agreement”) shall have the meanings ascribed to them in the Second Letter Agreement.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller, OpCo Purchaser and PropCo Purchaser (the “Parties”) hereby agree to modify and amend the Second Letter Agreement as follows:

1. Acquisition of Additional Specified Acquired Assets. Section 1 (*Acquisition of Additional Specified Acquired Assets*) of the Second Letter Agreement is hereby amended and restated in its entirety as follows:

Pursuant to Section 5(b) of the Agreement, OpCo Purchaser hereby consents to Seller or one of its Affiliates entering into (i) the Personal Seat License Agreement with Clark County Stadium Authority dated as of July 14, 2021 attached hereto as Exhibit A, (ii) the Personal Seat License Agreement with Clark County Stadium Authority dated as of July 14, 2021 attached hereto as Exhibit B and (iii) the Personal Seat

License Agreement with Clark County Stadium Authority dated as of September 29, 2021 attached hereto as Exhibit C (collectively, the “Raiders Contracts”).

2. Definitions. The definition of “Raiders Contracts” set forth in Section 2(a) (*Amendments*) of the Second Letter Agreement is hereby amended and restated in its entirety as follows:

“**Raiders Contracts**” means (i) the Personal Seat License Agreement with Clark County Stadium Authority, dated as of July 14, 2021, attached as Exhibit A to that certain Letter Agreement, dated as of July 14, 2021 as amended on October 7, 2021 by that certain Amendment to Second Letter Agreement by and among Seller, OpCo Purchaser and PropCo Purchaser, (ii) the Personal Seat License Agreement with Clark County Stadium Authority, dated as of July 14, 2021, attached as Exhibit B to that certain Letter Agreement, dated as of July 14, 2021 as amended on October 7, 2021 by that certain Amendment to Second Letter Agreement by and among Seller, OpCo Purchaser and PropCo Purchaser and (iii) the Personal Seat License Agreement with Clark County Stadium Authority, dated as of September 29, 2021 (the “Third Personal Seat License Agreement”) attached as Exhibit C to that certain Letter Agreement, dated as of July 14, 2021 as amended on October 7, 2021 by that certain Amendment to Second Letter Agreement by and among Seller, OpCo Purchaser and PropCo Purchaser.

3. Exhibit C. The Second Letter Agreement is hereby amended to attach the Third Personal Seat License Agreement attached as Exhibit A hereto as Exhibit C thereto.

Except as expressly consented to and modified as provided herein, nothing contained herein shall operate as an amendment of any provision of the Second Letter Agreement, which remains in full force and effect in all respects in accordance with its terms. In addition, except as expressly set forth herein, this Amendment to Second Letter Agreement shall not be deemed a waiver of any term or condition of the Agreement or the Second Letter Agreement and shall not be deemed to prejudice any right or rights which any Party may now have or may have in the future under or in connection with the Agreement, the Second Letter Agreement or any of the instruments or agreements referred to therein, as the same may be amended from time to time. Whenever in the Agreement or any certificate, letter, notice or other instrument or document reference is made to the Agreement, such reference without more shall be deemed to mean the Agreement as modified by the Second Letter Agreement, as amended by this Amendment to Second Letter Agreement, and any other instrument (if any) in writing executed by each of the parties hereto.

This Amendment to Second Letter Agreement may be executed in separate counterparts, each of which when executed, shall be deemed to be an original and which together shall be deemed to be one and the same instrument binding upon each of the parties hereto notwithstanding the fact that all parties hereto are not signatory to the original or the same counterpart. For purposes of this Amendment to Second Letter Agreement, facsimile and pdf signatures shall be deemed originals.

Sections 24 (*Miscellaneous*), 25 (*Notices*), 27 (*Confidentiality*), 28 (*Publicity*), 30 (*No Recourse; Release*), 31 (*Expenses*), 33 (*Binding Effect*) and 34 (*Interpretation*) of the Agreement (as defined in the Second Letter Agreement) are hereby incorporated herein by reference as if set forth herein and should apply to the terms and provisions of this Amendment to Second Letter Agreement mutatis mutandis.

* * *

[Signature Pages to Follow]

Sincerely,

Las Vegas Sands Corp.

By: /s/ David Z. Hudson

Name: David Z. Hudson

Title: Secretary

Pioneer OpCo, LLC

By: /s/ Alexander van Hoeck

Name: Alexander van Hoeck

Title: Vice President, Treasurer and Secretary

VICI Properties L.P.

By: /s/ David A. Kieske

Name: David A. Kieske

Title: Treasurer

[Signature Page to Amendment to Letter Agreement Re Raiders Seats]

CC:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019-6064
Attention: Ross A. Fieldston, Esq. (rfieldston@paulweiss.com)
Peter E. Fisch, Esq. (pfisch@paulweiss.com)
Brian C. Lavin, Esq. (blavin@paulweiss.com)

– and –

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Attention: James P. Godman, Esq. (jgodman@kramerlevin.com)
Todd E. Lenson, Esq. (tlenson@kramerlevin.com)
Jordan M. Rosenbaum, Esq. (jrosenbaum@kramerlevin.com)

– and –

Skadden, Arps, Slate, Meagher & Flom LLP
One Manhattan West
New York, New York 10001
Attention: Howard L. Ellin, Esq. (howard.ellin@skadden.com)
Kenneth M. Wolff, Esq. (kenneth.wolff@skadden.com)
Audrey L. Sokoloff, Esq. (audrey.sokoloff@skadden.com)

FIFTH AMENDMENT TO LEASE

This **FIFTH AMENDMENT TO LEASE** (this “Amendment”) is entered into as of September 3, 2021, by and among **CPLV PROPERTY OWNER LLC** and **CLAUDINE PROPCO LLC**, each a Delaware limited liability company (collectively, and together with their respective successors and assigns, “Landlord”), **DESERT PALACE LLC**, a Nevada limited liability company, **CEOC, LLC**, a Delaware limited liability company (for itself and as successor by merger to Caesars Entertainment Operating Company, Inc., a Delaware corporation), and **HARRAH’S LAS VEGAS, LLC**, a Nevada limited liability company (collectively, and together with their respective successors and assigns, “Tenant”) and, solely for the purposes of the last paragraph of Section 1.1 of the Lease (as defined below), Propco TRS LLC, a Delaware limited liability company (“Propco TRS”).

RECITALS

WHEREAS, Landlord, Tenant and, solely for the purposes of the last paragraph of Section 1.1 of the Lease, Propco TRS are parties to that certain Lease (CPLV), dated as of October 6, 2017, as amended by that certain First Amendment to Lease (CPLV), dated as of December 26, 2018, as amended by that certain Omnibus Amendment to Leases, dated as of June 1, 2020, as amended by that certain Second Amendment to Lease (CPLV), dated as of July 20, 2020, as amended by that certain Third Amendment to Lease, dated as of September 30, 2020, as amended by that certain Amended and Restated Omnibus Amendment to Leases, dated as of October 27, 2020, and as amended by that certain Fourth Amendment to Lease, dated as of November 18, 2020 (collectively, as amended, the “Lease”), pursuant to which Landlord leases to Tenant, and Tenant leases from Landlord, certain real property as more particularly described in the Lease;

WHEREAS, on the date hereof, CEOC, LLC and Roman Holding Company of Indiana LLC, collectively as sellers (collectively, “Sellers”), and EBCI MezzCo LLC, as purchaser, are closing a purchase and sale transaction under that certain Equity Purchase Agreement, dated as of December 24, 2020, with respect to Sellers’ aggregate one hundred percent (100%) equity interest in Caesars Riverboat Casino, LLC, which entity operates the gaming and entertainment facility known as Caesars Southern Indiana (formerly known as Horseshoe Southern Indiana), located in Elizabeth, Indiana (and, together with Roman Holding Company of Indiana LLC, leases such facility pursuant to the terms of the “Regional Lease” (as defined in the Lease)) (the “Southern Indiana Transaction”); and

WHEREAS, in connection with the Southern Indiana Transaction, the parties hereto desire to amend the Lease as set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **Definitions.** Except as otherwise defined herein, all capitalized terms used herein without definition shall have the meanings applicable to such terms, respectively, as set forth in the Lease.

2. **Amendments to the Lease.**

a. **Triennial Minimum Cap Ex Amount B.** Article II of the Lease is hereby amended such that the definition of “Triennial Minimum Cap Ex Amount B” is hereby revised and modified to replace the reference therein to “Four Hundred Five Million Two Hundred Thousand and No/100 Dollars (\$405,200,000.00)” with a reference to “Three Hundred Eighty-Four Million Three Hundred Thousand and No/100 Dollars (\$384,300,000.00)”.

b. **Partial Periods.**

i. Section 10.5(a)(v)(b) of the Lease is hereby amended to (a) replace the reference therein to “Four Hundred Five Million Two Hundred Thousand and No/100 Dollars (\$405,200,000.00)” with a reference to “Three Hundred Eighty-Four Million Three Hundred Thousand and No/100 Dollars (\$384,300,000.00)” and (b) replace the reference therein to “One Hundred Thirty-Five Million Sixty-Six Thousand Six Hundred Sixty-Six and 67/100 Dollars (\$135,066,666.67)” with a reference to “One Hundred Twenty-Eight Million One Hundred Thousand and No/100 Dollars (\$128,100,000.00)” and

ii. The second sentence of Section 10.5(a)(v) of the Lease is hereby amended to (a) replace the reference therein to “Four Hundred Five Million Two Hundred Thousand and No/100 Dollars (\$405,200,000.00)” with a reference to “Three Hundred Eighty-Four Million Three Hundred Thousand and No/100 Dollars (\$384,300,000.00)” and (b) replace the reference therein to “One Hundred Thirty-Five Million Sixty-Six Thousand Six Hundred Sixty-Six and 67/100 Dollars (\$135,066,666.67)” with a reference to “One Hundred Twenty-Eight Million One Hundred Thousand and No/100 Dollars (\$128,100,000.00)”.

3. **No Other Modification or Amendment to the Lease.** The Lease shall remain in full force and effect except as expressly amended or modified by this Amendment. From and after the date of this Amendment, all references in the Lease to the “**Lease**” shall be deemed to refer to the Lease as amended by this Amendment.

4. **Governing Law; Jurisdiction.** This Amendment shall be construed according to and governed by the laws of the jurisdiction(s) specified by the Lease without regard to its or their conflicts of law principles. The parties hereto hereby irrevocably submit to the jurisdiction of any court of competent jurisdiction located in such applicable jurisdiction in connection with any proceeding arising out of or relating to this Amendment.

5. **Counterparts.** This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of such counterparts taken together shall

be deemed to constitute one and the same instrument. Facsimile and/or .pdf signatures shall be deemed to be originals for all purposes.

6. **Effectiveness**. This Amendment shall be effective, as of the date hereof, only upon execution and delivery by each of the parties hereto.

7. **Miscellaneous**. If any provision of this Amendment is adjudicated to be invalid, illegal or unenforceable, in whole or in part, it will be deemed omitted to that extent and all other provisions of this Amendment will remain in full force and effect. Neither this Amendment nor any provision hereof may be changed, modified, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of such change, modification, waiver, discharge or termination is sought. The paragraph headings and captions contained in this Amendment are for convenience of reference only and in no event define, describe or limit the scope or intent of this Amendment or any of the provisions or terms hereof. This Amendment shall be binding upon and inure to the benefit of the parties and their respective heirs, legal representatives, successors and permitted assigns.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized representatives, all as of the date hereof.

LANDLORD:

CPLV PROPERTY OWNER LLC,
a Delaware limited liability company

By: /s/ David Kieske
Name: David Kieske
Title: Treasurer

CLAUDINE PROPCO LLC,
a Delaware limited liability company

By: /s/ David Kieske
Name: David Kieske
Title: Treasurer

[Signatures Continue on Following Pages]

[Signature Page to Fifth Amendment to Las Vegas Lease]

TENANT:

DESERT PALACE LLC,
a Nevada limited liability company

By: /s/ Bret D. Yunker
Name: Bret D. Yunker
Title: Chief Financial Officer

CEOC, LLC,
a Delaware limited liability company

By: /s/ Bret D. Yunker
Name: Bret D. Yunker
Title: Chief Financial Officer

HARRAH'S LAS VEGAS, LLC,
a Nevada limited liability company

By: /s/ Bret D. Yunker
Name: Bret D. Yunker
Title: Chief Financial Officer

[Signatures Continue on Following Pages]

[Signature Page to Fifth Amendment to Las Vegas Lease]

Acknowledged and agreed, solely for the purposes of the last paragraph of Section 1.1 of the Lease:

PROPCO TRS LLC,
a Delaware limited liability company

By: /s/ David Kieske
Name: David Kieske
Title: Treasurer

[Signature Page to Fifth Amendment to Las Vegas Lease]

ACKNOWLEDGMENT AND AGREEMENT OF GUARANTOR

The undersigned (“Guarantor”) hereby: (a) acknowledges receipt of the Fifth Amendment to Lease (the “Amendment”; capitalized terms used herein without definition having the meanings set forth in the Amendment), dated as of September 1, 2021, by and among CPLV Property Owner LLC and Claudine Propco LLC, each a Delaware limited liability company, collectively as Landlord, Desert Palace LLC, a Nevada limited liability company, CEOC, LLC, a Delaware limited liability company (for itself and as successor by merger to Caesars Entertainment Operating Company, Inc., a Delaware corporation), and Harrah’s Las Vegas, LLC, a Nevada limited liability company, collectively as Tenant, and the other parties party thereto; (b) consents to the terms and execution thereof; (c) ratifies and reaffirms Guarantor’s obligations to Landlord pursuant to the terms of that certain Guaranty of Lease, dated as of July 20, 2020 (the “Guaranty”), by and between Guarantor and Landlord, and agrees that nothing in the Amendment in any way impairs or lessens the Guarantor’s obligations under the Guaranty; and (d) acknowledges and agrees that the Guaranty is in full force and effect and is valid, binding and enforceable in accordance with its terms.

IN WITNESS WHEREOF, the undersigned has caused this Acknowledgment and Agreement of Guarantor to be duly executed as of September 1, 2021.

CAESARS ENTERTAINMENT, INC.

By: /s/ Bret D. Yunker

Name: Bret D. Yunker

Title: Chief Financial Officer

EIGHTH AMENDMENT TO LEASE

This **EIGHTH AMENDMENT TO LEASE** (this “Amendment”) is entered into as of September 3, 2021, by and among the entities listed on Schedule A attached hereto (collectively, and together with their respective successors and assigns, “Landlord”), the entities listed on Schedule B attached hereto (collectively, and together with their respective successors and assigns, “Tenant”) and, solely for the purposes of the penultimate paragraph of Section 1.1 of the Lease (as defined below), Propco TRS LLC, a Delaware limited liability company (“Propco TRS”).

RECITALS

WHEREAS, Landlord, Tenant and, solely for the purposes of the penultimate paragraph of Section 1.1 of the Lease, Propco TRS, are parties to that certain Lease (Non-CPLV), dated as of October 6, 2017, as amended by that certain First Amendment to Lease (Non-CPLV), dated as of December 22, 2017, as amended by that certain Second Amendment to Lease (Non-CPLV) and Ratification of SNDA, dated as of February 16, 2018, as amended by that certain Third Amendment to Lease (Non-CPLV), dated as of April 2, 2018, as amended by that certain Fourth Amendment to Lease (Non-CPLV), dated as of December 26, 2018, as amended by that certain Omnibus Amendment to Leases, dated as of June 1, 2020, as amended by that certain Fifth Amendment to Lease (Non-CPLV), dated as of July 20, 2020, as amended by that certain Sixth Amendment to Lease, dated as of September 30, 2020, as amended by that certain Amended and Restated Omnibus Amendment to Leases, dated as of October 27, 2020, and as amended by that certain Seventh Amendment to Lease, dated as of November 18, 2020 (collectively, as amended, the “Lease”), pursuant to which Landlord leases to Tenant, and Tenant leases from Landlord, certain real property as more particularly described in the Lease;

WHEREAS, on December 28, 2020, Bluegrass Downs Property Owner LLC conveyed to McCracken County, Kentucky certain real property interests associated with the former gaming and entertainment facility known as Bluegrass Downs located in Paducah, Kentucky, which facility was (prior to such conveyance) subject to the Lease (the “Bluegrass Downs Transaction”), and the Bluegrass Downs Leased Property (as defined below) was severed from the Lease as of such date;

WHEREAS, on the date hereof, CEOC, LLC and Roman Holding Company of Indiana LLC, collectively as sellers (collectively, “Sellers”), and EBCI MezzCo LLC, as purchaser, are closing a purchase and sale transaction under that certain Equity Purchase Agreement, dated as of December 24, 2020, with respect to Sellers’ aggregate one hundred percent (100%) equity interest in Caesars Riverboat Casino, LLC (“Operator”), which entity operates the gaming and entertainment facility known as Caesars Southern Indiana (formerly known as Horseshoe Southern Indiana), located in Elizabeth, Indiana (and, together with Roman Holding Company of Indiana LLC, leases such facility pursuant to the terms of the Lease) (the “Southern Indiana Transaction”); and

WHEREAS, in connection with the Southern Indiana Transaction, the Southern Indiana Leased Property (as defined below) will be severed from the Lease and Landlord will enter into a

new lease with Operator in respect of the Southern Indiana Facility (as defined below) (the “New Lease”); and

WHEREAS, in connection with the Bluegrass Downs Transaction and the Southern Indiana Transaction, the parties hereto desire to amend the Lease as set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **Definitions**. Except as otherwise defined herein, all capitalized terms used herein without definition shall have the meanings applicable to such terms, respectively, as set forth in the Lease.

2. **Amendments to the Lease for Bluegrass Downs Transaction**. Effective as of December 28, 2020 (the “Bluegrass Downs Severance Date”):

A. **Termination of the Lease as to the Bluegrass Downs Facility**.

- i. the Lease is hereby terminated with respect to the Bluegrass Downs Leased Property, the Bluegrass Downs Leased Property no longer constitutes Leased Property under the Lease, and neither Landlord nor Tenant has any further liabilities or obligations under the Lease, from and after the Bluegrass Downs Severance Date, in respect of the Bluegrass Downs Facility (as defined below) and the Bluegrass Downs Leased Property (provided that any such liabilities or obligations arising prior to such date shall not be terminated, limited or affected by or upon entry into this Amendment); and
- ii. the Guaranty hereby automatically, and without further action by any party, ceases to apply with respect to any Obligations (as defined in the Guaranty) with respect to the Bluegrass Downs Facility or the Bluegrass Downs Leased Property to the extent arising from and after the Bluegrass Downs Severance Date (provided that any such Obligations arising prior to such date shall not be terminated, limited or affected by or upon entry into this Amendment). The term “Bluegrass Downs Facility” refers to the applicable Facility identified as Facility 16 on the list of the Facilities annexed as Exhibit A to the Lease (prior to giving effect to the replacement of said Exhibit A pursuant to Section 3.K.i of this Amendment). The term “Bluegrass Downs Leased Property” refers to the Land set forth on Annex B hereto and any other Leased Property pertaining to the Bluegrass Downs Facility.

B. **Rent**. Landlord and Tenant hereby expressly acknowledge and agree that there shall be no reduction in the Rent under the Lease as a result of the removal of the Bluegrass Downs Facility from the Lease or otherwise as a result of the Bluegrass Downs Transaction.

C. Variable Rent. From and after the Bluegrass Downs Severance Date, for purposes of any calculation of Variable Rent under the Lease, including any adjustments in Variable Rent based on increases or decreases in Net Revenue, such calculations of Net Revenue shall exclude Net Revenue attributable to the Bluegrass Downs Facility.

D. Bluegrass Downs Transaction.

- i. Each of Landlord and Tenant hereby acknowledge and agree that (i) such party consented to the Bluegrass Downs Transaction, including the severance of the Bluegrass Downs Leased Property from the Lease as of the Bluegrass Downs Severance Date, and (ii) the removal of the Bluegrass Downs Facility from the Lease shall not constitute a L1/L2 Transfer nor a transfer and sale pursuant to Section 22.2(ix) of the Lease.
- ii. All of the applicable requirements and conditions set forth in Article XVIII or Article XXII of the Lease with respect to the Bluegrass Downs Transaction (if, and to the extent, applicable to the Bluegrass Downs Transaction) are deemed satisfied or waived.
- iii. The amounts of the 2018 EBITDAR Pool and 2018 EBITDAR Pool Before Fifth Amendment shall not be reduced as a result of the Bluegrass Downs Facility no longer being a Facility under the Lease, and, without limitation, Schedule 11 to the Lease (setting forth the 2018 Facility EBITDAR of Tenant and Joliet Tenant) shall not be modified as a result of the Bluegrass Downs Transaction.
- iv. The treatment of the Bluegrass Downs Transaction hereunder is not intended to serve as a precedent for the treatment of future dispositions (if any) which may be effectuated under any applicable provision of the Lease.

E. Revisions to Exhibits and Schedules to the Lease. The Exhibits and Schedules to the Lease are hereby amended as follows:

- i. Facilities. Exhibit A annexed to the Lease (setting forth the list of Facilities under the Lease) is hereby amended such that the Bluegrass Downs Facility is hereby deleted from said Exhibit A. For the avoidance of doubt, (i) the amendment effectuated by this Section 2.E.i. shall be made with respect to Exhibit A annexed to the Lease prior to giving effect to the replacement of said Exhibit A pursuant to Section 3.K.i. of this Amendment and (ii) the replacement Exhibit A that is annexed hereto as Schedule C reflects the amendment effectuated by this Section 2.E.i.
- ii. Legal Description. The legal descriptions with respect to the Leased Property set forth on Exhibit B annexed to the Lease are hereby amended such that the legal description with respect to the Leased Property pertaining to the Bluegrass Downs Facility, as set forth on Annex B attached hereto, is hereby deleted from said Exhibit B.

- iii. Ground Leased Property. The legal descriptions with respect to the Ground Leased Property set forth on Exhibit E annexed to the Lease are hereby amended such that the legal description with respect to the Ground Leased Property pertaining to the Bluegrass Downs Facility, as set forth on Annex C attached hereto, is hereby deleted from said Exhibit E.
- iv. Description of Title Policies. The list of Title Policies set forth on Exhibit J annexed to the Lease is hereby amended such that the reference thereon to the Title Policy relating solely to the Bluegrass Downs Facility is hereby deleted from said Exhibit J.
- v. Brands. The list of Brands set forth on Exhibit M annexed to the Lease is hereby amended such that “Bluegrass Downs” is hereby deleted from said Exhibit M.
- vi. Managed Facilities IP Trademarks. The list of Managed Facilities IP set forth on Exhibit P annexed to the Lease is hereby amended such that “Bluegrass Downs” is hereby deleted from said Exhibit P.
- vii. Landlord Entities. The list of entities comprising Landlord set forth on Schedule A annexed to the Lease shall be amended such that, from and after the Bluegrass Downs Severance Date, Bluegrass Downs Property Owner LLC shall be deleted from said Schedule A and Bluegrass Downs Property Owner LLC shall no longer be a Landlord under the Lease.
- viii. Tenant Entities. The list of entities comprising Tenant set forth on Schedule B annexed to the Lease shall be amended such that, from and after the Bluegrass Downs Severance Date, Players Bluegrass Downs LLC shall be deleted from said Schedule B and Players Bluegrass Downs LLC shall no longer be a Tenant under the Lease.
- ix. Ground Leases. The list of Ground Leases set forth on Schedule 2 annexed to the Lease is hereby amended such that the Ground Leases pertaining to the Bluegrass Downs Facility, as set forth on Annex D attached hereto, are hereby deleted from said Schedule 2.

3. **Amendments to the Lease for Southern Indiana Transaction.**

A. Termination of the Lease as to the Southern Indiana Facility. Effective as of the date hereof:

- i. the Lease is hereby terminated with respect to the Southern Indiana Leased Property, the Southern Indiana Leased Property no longer constitutes Leased Property under the Lease, and neither Landlord nor Tenant has any further liabilities or obligations under the Lease, from and after the date of this Amendment, in respect of the Southern Indiana Facility and the Southern Indiana Leased Property (provided that, subject to Sections 3.A.v and 3.A.vi, any such

liabilities or obligations arising prior to such date shall not be terminated, limited or affected by or upon entry into this Amendment);

- ii. the Guaranty hereby automatically, and without further action by any party, ceases to apply with respect to any Obligations with respect to the Southern Indiana Facility or the Southern Indiana Leased Property to the extent arising from and after the date of this Amendment (provided that, subject to Sections 3.A.v and 3.A.vi, any such Obligations arising prior to such date shall not be terminated, limited or affected by or upon entry into this Amendment);
- iii. Article II of the Lease is hereby amended by deleting the following words from the definition of “Continuous Operation Facilities” in their entirety: “Horseshoe Southern Indiana,”;
- iv. The term “Southern Indiana Facility” refers to the applicable Facility identified as Facility 4 on the list of the Facilities annexed as Exhibit A to the Lease (prior to giving effect to the replacement of said Exhibit A pursuant to Section 3.K.i of this Amendment). The term “Southern Indiana Leased Property” refers to the Land set forth on Annex A hereto and any other Leased Property pertaining to the Southern Indiana Facility;
- v. (x) Operator hereby assigns to CEOC, LLC, and CEOC, LLC hereby assumes from Operator, (1) all of Operator’s rights, title and interest in respect of, or arising under, the Lease, whenever arising and (2) all of the Operator’s duties, obligations and liabilities in respect of, or arising under, the Lease, whenever arising (the matters set forth in this clause (2), collectively, the “Operator Liabilities”) and (y) Landlord hereby consents to the foregoing assignment and assumption (provided CEOC, LLC shall not further assign the Operator Liabilities to any other Person, provided, the foregoing is not intended to and shall not restrict any transfers permitted under Section 22.2 of the Lease); and
- vi. effective (1) immediately after giving effect to the assignment and assumption provided for in the immediately preceding Section 3.A.v and (2) immediately prior to the effectiveness of the New Lease: (x) Landlord hereby absolutely and unconditionally releases and forever discharges Operator, to the fullest extent permitted under law, from all Operator Liabilities and any and all claims, liabilities, demands, expenses and other obligations of any kind, at law, equity or otherwise, whether past, present or future, known or unknown, actual or contingent, or direct or indirect, arising out of or relating in any manner to the Operator Liabilities; and (y) Operator (on behalf of itself, but not on behalf of any other Tenant entity) hereby absolutely and unconditionally releases and forever discharges Landlord, to the fullest extent permitted under law, from all of Landlord’s duties, obligations and liabilities (if any) in respect of, or arising under, the Lease, whenever arising (collectively, the “Landlord Liabilities”) and any and all claims, liabilities, demands, expenses and other obligations of any kind, at law, equity or otherwise, whether past, present or future, known or unknown, actual or contingent, or direct or indirect, arising out of or relating in

any manner to the Landlord Liabilities. For the avoidance of doubt, the parties hereto acknowledge and agree that the releases contained in this Section 3.A.vi, are not intended to, and shall not, have any effect with respect to the rights and obligations of Operator and Landlord under the New Lease. Operator hereby represents, warrants and covenants to Landlord that it has taken all necessary action to authorize the release of Landlord as set forth in this Section 3.A.vi, and such release does not conflict with, or result in a breach of, any agreement or instrument by which Operator is bound. Landlord hereby represents, warrants and covenants to Operator that it has taken all necessary action to authorize the release of Operator as set forth in this Section 3.A.vi, and such release does not conflict with, or result in a breach of, any agreement or instrument by which Landlord is bound.

B. Rent.

- i. Article II of the Lease is hereby amended by adding the following three (3) definitions thereto:

““Eighth Amendment Date”: September 1, 2021.”

““Southern Indiana Property”: The portion of the Leased Property (as of the date that immediately precedes the Eighth Amendment Date) that pertained to the gaming and entertainment facility known as Caesars Southern Indiana (formerly known as Horseshoe Southern Indiana) located in Elizabeth, Indiana. As of the Eighth Amendment Date, the Southern Indiana Property no longer constitutes Leased Property under this Lease.”

““Specified Eighth Amendment Date Rent Amount”: As defined in the definition of Rent.”

- ii. Article II of the Lease is hereby amended such that clause (a) of the definition of “Rent” is hereby deleted and replaced with the following:

“(a) (i) For the first (1st) Lease Year, Rent shall be equal to Four Hundred Thirty-Three Million Three Hundred Thousand and No/100 Dollars (\$433,300,000.00); (ii) for the second (2nd) Lease Year, Rent shall be equal to Four Hundred Sixty Million Seven Hundred Ninety-Nine Thousand Five Hundred and No/100 Dollars (\$460,799,500.00) (provided, that for the second (2nd) Lease Year only, an incremental portion of the annual Rent due for such Lease Year equal to Twenty-One Million and No/100 Dollars (\$21,000,000.00) relating to the Chester Property (which Twenty-One Million and No/100 Dollars (\$21,000,000.00) is included in the Four Hundred Sixty Million Seven Hundred Ninety-Nine Thousand Five Hundred and No/100 Dollars (\$460,799,500.00) amount in this clause (ii)) shall be prorated and payable only with respect to the period from and after the Fourth Amendment Date such that Tenant shall not be required to pay any portion of such incremental portion of the annual Rent relating to the Chester Property with respect to the portion of the second (2nd)

Lease Year occurring prior to the Fourth Amendment Date); (iii) for the third (3rd) Lease Year, Rent shall be equal to Six Hundred Twenty-One Million Seven Hundred Eleven Thousand Four Hundred Ninety-Two and 52/100 Dollars (\$621,711,492.52) (provided, that, for the third (3rd) Lease Year only, an incremental portion of the annual Rent due for such Lease Year in an amount equal to One Hundred Fifty-Four Million and No/100 Dollars (\$154,000,000.00) relating to the Fifth Amendment Additional Property (the “Fifth Amendment Date Rent Increase”) (which Fifth Amendment Date Rent Increase amount is included in the Six Hundred Twenty-One Million Seven Hundred Eleven Thousand Four Hundred Ninety-Two and 52/100 Dollars (\$621,711,492.52) amount in this clause (iii)) shall be prorated and payable only with respect to the period from and after the Fifth Amendment Date such that Tenant shall not be required to pay any portion of the Fifth Amendment Date Rent Increase with respect to the portion of the third (3rd) Lease Year occurring prior to the Fifth Amendment Date); (iv) for the fourth (4th) Lease Year, Rent shall be equal to Five Hundred Ninety-Eight Million Five Hundred Thirty-Seven Thousand One Hundred Sixty-Five and No/100 Dollars (\$598,537,165.00) (provided, that, for the fourth (4th) Lease Year only, an additional amount of annual Rent equal to Thirty-Two Million Five Hundred Thousand and No/100 Dollars (\$32,500,000.00) relating to the Southern Indiana Property (which Thirty-Two Million Five Hundred Thousand and No/100 Dollars (\$32,500,000.00) is not included in the Five Hundred Ninety-Eight Million Five Hundred Thirty-Seven Thousand One Hundred Sixty-Five and No/100 Dollars (\$598,537,165.00) amount in this clause (iv)) shall be prorated and payable with respect to the period prior to the Eighth Amendment Date, such that Tenant shall be required to pay such additional amount of annual Rent relating to the Southern Indiana Property (the “Specified Eighth Amendment Date Rent Amount”) with respect to the portion of the fourth (4th) Lease Year occurring prior to (but not from and after) the Eighth Amendment Date); and (v) for the fifth (5th) through and including the seventh (7th) Lease Years, the Rent payable for each such Lease Year shall be adjusted as provided in the next succeeding sentence. On each Escalator Adjustment Date during the fifth (5th) through and including the seventh (7th) Lease Years, the Rent payable for each such Lease Year shall be adjusted to be equal to the Rent payable for the immediately preceding Lease Year (as in effect on the last day of such preceding Lease Year, and disregarding, for the avoidance of doubt, for purposes of the calculation under this sentence, the Specified Eighth Amendment Date Rent Amount), multiplied by the Escalator. For purposes of clarification, there shall be no Variable Rent (defined below) payable during the first seven (7) Lease Years.”

- iii. Section 3.1(b) is hereby amended by deleting the word “and” that immediately follows clause (v) thereof and adding the following immediately after clause (vi) thereof as subsection (vii):

“, and (vii) on the Eighth Amendment Date, the amount of each remaining monthly installment of Rent in the Lease Year in which the Eighth Amendment Date occurs (i.e., each installment of Rent payable in such Lease Year after the

Eighth Amendment Date, but not, for the avoidance of doubt, the installment of Rent payable in respect of the month in which the Eighth Amendment Date occurs) shall be recalculated to give effect to the changes to Rent effectuated by the amendments to this Lease on the Eighth Amendment Date. With respect to the portion of the Specified Eighth Amendment Date Rent Amount prepaid by Tenant in respect of the month in which the Eighth Amendment Date occurs (if any), Tenant may seek a credit for such sum directly from the purchaser of the equity interests in the operator of the Southern Indiana Property.”

C. Variable Rent.

- i. From and after the date hereof, for purposes of any calculation of Variable Rent under the Lease, including any adjustments in Variable Rent based on increases or decreases in Net Revenue, such calculations of Net Revenue shall exclude Net Revenue attributable to the Southern Indiana Facility.
- ii. Article II of the Lease is hereby amended such that the definition of “Base Net Revenue Amount” is hereby deleted and replaced with the following:

“‘Base Net Revenue Amount’: An amount equal to the arithmetic average of the following: (i) Three Billion One Hundred Forty-One Million Eighty Thousand Nine Hundred Eighty-Four and No/100 Dollars (\$3,141,080,984.00), which amount Landlord and Tenant agree represents Net Revenue for the Fiscal Period immediately preceding the first (1st) Lease Year (i.e., the Fiscal Period ending September 30, 2017), (ii) Three Billion One Hundred Fifty-Seven Million One Hundred Twenty-Four Thousand Nine Hundred and No/100 Dollars (\$3,157,124,900.00), which amount Landlord and Tenant agree represents the Net Revenue for the Fiscal Period immediately preceding the end of the first (1st) Lease Year (i.e., the Fiscal Period ending September 30, 2018) and (iii) Three Billion Forty-Nine Million One Hundred Sixty-Five Thousand Seven Hundred Nine and No/100 Dollars (\$3,049,165,709.00), which amount Landlord and Tenant agree represents the Net Revenue for the Fiscal Period immediately preceding the end of the second (2nd) Lease Year (i.e., the Fiscal Period ending September 30, 2019). For the avoidance of doubt, the term “arithmetic average” as used in this definition refers to the quotient obtained by dividing (x) the sum of the amounts set forth in clauses (i), (ii) and (iii) by (y) three (3).”

- D. Annual Minimum Cap Ex Amount. Article II of the Lease is hereby amended such that the definition of “Annual Minimum Cap Ex Amount” is hereby revised and modified to replace the reference therein to “One Hundred Fourteen Million Five Hundred Thousand and No/100 Dollars (\$114,500,000.00)” with a reference to “One Hundred Eight Million Six Hundred Thousand and No/100 Dollars (\$108,600,000.00)”.
- E. Annual Minimum Per-Lease B&I Cap Ex Requirement. Landlord and Tenant hereby acknowledge, for the avoidance of doubt, that the Net Revenue attributable to the Southern Indiana Facility for the 2020 Fiscal Year and the 2021 Fiscal Year shall not be

included for purposes of calculating the Capital Expenditures required under Section 10.5(a)(ii) of the Lease.

- F. Triennial Allocated Minimum Cap Ex Amount B Floor. Article II of the Lease is hereby amended such that the definition of “Triennial Allocated Minimum Cap Ex Amount B Floor” is hereby revised and modified to replace the reference therein to “Three Hundred Eleven Million and No/100 Dollars (\$311,000,000.00)” with a reference to “Two Hundred Ninety Million and No/100 Dollars (\$290,000,000.00)”.
- G. Triennial Minimum Cap Ex Amount A. Article II of the Lease is hereby amended such that the definition of “Triennial Minimum Cap Ex Amount A” is hereby revised and modified to replace the reference therein to “Five Hundred Sixty-Six Million Seven Hundred Thousand and No/100 Dollars (\$566,700,000.00)” with a reference to “Five Hundred Thirty-Seven Million Five Hundred Thousand and No/100 Dollars (\$537,500,000.00)”.
- H. Triennial Minimum Cap Ex Amount B. Article II of the Lease is hereby amended such that the definition of “Triennial Minimum Cap Ex Amount B” is hereby revised and modified to replace the reference therein to “Four Hundred Five Million Two Hundred Thousand and No/100 Dollars (\$405,200,000.00)” with a reference to “Three Hundred Eighty-Four Million Three Hundred Thousand and No/100 Dollars (\$384,300,000.00)”.
- I. Partial Periods.
- i. Section 10.5(a)(v)(b) of the Lease is hereby amended to (a) replace the reference therein to “Five Hundred Sixty-Six Million Seven Hundred Thousand and No/100 Dollars (\$566,700,000.00)” with a reference to “Five Hundred Thirty-Seven Million Five Hundred Thousand and No/100 Dollars (\$537,500,00.00)” and (b) replace the reference therein to “One Hundred Eighty-Eight Million Nine Hundred Thousand and No/100 Dollars (\$188,900,000.00)” with a reference to “One Hundred Seventy-Nine Million One Hundred Sixty-Six Thousand Six Hundred Sixty-Seven and No/100 Dollars (\$179,166,667.00)”.
 - ii. Section 10.5(a)(v)(c) of the Lease is hereby amended to (a) replace the reference therein to “Four Hundred Five Million Two Hundred Thousand and No/100 Dollars (\$405,200,000.00)” with a reference to “Three Hundred Eighty-Four Million Three Hundred Thousand and No/100 Dollars (\$384,300,000.00)” and (b) replace the reference therein to “One Hundred Thirty-Five Million Sixty-Six Thousand Six Hundred Sixty-Six and 67/100 Dollars (\$135,066,666.67)” with a reference to “One Hundred Twenty-Eight Million One Hundred Thousand and No/100 Dollars (\$128,100,000.00)”, and
 - iii. The second sentence of Section 10.5(a)(v) of the Lease is hereby amended to (a) replace the reference therein to “Five Hundred Sixty-Six Million Seven Hundred Thousand and No/100 Dollars (\$566,700,000.00)” with a reference to “Five Hundred Thirty-Seven Million Five Hundred Thousand and No/100 Dollars (\$537,500,000.00)”, (b) replace the reference therein to “One Hundred Eighty-

Eight Million Nine Hundred Thousand and No/100 Dollars (\$188,900,000.00)” with a reference to “One Hundred Seventy-Nine Million One Hundred Sixty-Six Thousand Six Hundred Sixty-Seven and No/100 Dollars (\$179,166,667.00)”, (c) replace the reference therein to “Four Hundred Five Million Two Hundred Thousand and No/100 Dollars (\$405,200,000.00)” with a reference to “Three Hundred Eighty-Four Million Three Hundred Thousand and No/100 Dollars (\$384,300,000.00)” and (d) replace the reference therein to “One Hundred Thirty-Five Million Sixty-Six Thousand Six Hundred Sixty-Six and 67/100 Dollars (\$135,066,666.67)” with a reference to “One Hundred Twenty-Eight Million One Hundred Thousand and No/100 Dollars (\$128,100,000.00)”.

J. Section 22.2(vii) Transfer.

- i. Landlord and Tenant hereby acknowledge and agree that the Southern Indiana Transaction shall be deemed to be, and treated as, a transfer and sale of the entire Leasehold Estate with respect to a Facility pursuant to Section 22.2(vii) of the Lease (including, without limitation, for purposes of any determinations under clause (6) thereof), irrespective of whether or not Section 22.2(vii) and Section 22.9 of the Lease are applicable to the Southern Indiana Transaction. For the avoidance of doubt, after giving effect to the Southern Indiana Transaction, the percentage of the 2018 EBITDAR Pool that remains available for application to any and all subsequent transfers pursuant to Section 22.2(vii) of the Lease shall not exceed 18.4% in the aggregate.
- ii. All of the applicable requirements and conditions set forth in Section 22.2(vii) and Section 22.9 of the Lease with respect to such transfer and sale (if, and to the extent, applicable to the Southern Indiana Transaction) are deemed satisfied or waived by the execution of this Amendment and the consummation of the closing of the Southern Indiana Transaction.
- iii. The amounts of the 2018 EBITDAR Pool and 2018 EBITDAR Pool Before Fifth Amendment shall not be reduced as a result of the Southern Indiana Facility no longer being a Facility under the Lease, and, without limitation, Schedule 11 to the Lease (setting forth the 2018 Facility EBITDAR of Tenant and Joliet Tenant) shall not be modified as a result of the Southern Indiana Transaction.
- iv. The treatment of the Southern Indiana Transaction hereunder is not intended to serve as a precedent for the treatment of future dispositions (if any) which may be effectuated under any applicable provision of the Lease.

K. Revisions to Exhibits and Schedules to the Lease. The Exhibits and Schedules to the Lease are hereby amended as follows:

- i. Facilities. Exhibit A annexed to the Lease (setting forth the list of Facilities under the Lease) is hereby replaced with the replacement Exhibit A that is annexed hereto as Schedule C.

ii. Legal Description (Southern Indiana). The legal descriptions with respect to the Leased Property set forth on Exhibit B annexed to the Lease are hereby amended such that the legal description with respect to the Leased Property pertaining to the Southern Indiana Facility as set forth on Annex A attached hereto is hereby deleted from said Exhibit B.

iii. Property Specific IP. The list of Property Specific IP set forth on Exhibit H annexed to the Lease is hereby amended such that:

(a) the following items of Property Specific IP listed thereon are hereby deleted from said Exhibit H:

Mark	Jurisdiction	Brand	Specific/ Enterprise	Property	App. No.	App. Date	Reg. No.	Reg. Date	Status
Midwest Poker Championships	Regional Indiana	Horseshoe	Specific	Caesars Southern Indiana	N/A	6/1/2016	2016- 0311	6/1/2016	Registered
The Venue (logo)	Indiana	Horseshoe	Specific	Caesars Southern Indiana	2009- 0045	1/21/2009	2009- 0045	1/21/2009	Registered

(b) the following item of Property Specific IP is hereby added to said Exhibit H:

Mark	Jurisdiction	Brand	Specific/ Enterprise	Property	App. No.	App. Date	Reg. No.	Reg. Date	Status
The Venue (logo)	Indiana	Horseshoe	Specific	Horseshoe Hammond	2009-0045	1/21/2009	2009-0045	1/21/2009	Registered

iv. Description of Title Policies. The list of Title Policies set forth on Exhibit J annexed to the Lease is hereby amended such that the reference thereon to the Title Policy relating solely to the Southern Indiana Facility is hereby deleted from said Exhibit J.

v. Managed Facilities IP Trademarks. The list of Managed Facilities IP set forth on Exhibit P annexed to the Lease is hereby amended such that “Caesars Southern Indiana” is hereby deleted from said Exhibit P.

vi. Landlord Entities. The list of entities comprising Landlord set forth on Schedule A annexed to the Lease is hereby amended such that, from and after the date hereof, Horseshoe Southern Indiana LLC shall be deleted from said Schedule A and Horseshoe Southern Indiana LLC shall no longer be a Landlord under the Lease.

vii. Tenant Entities. The list of entities comprising Tenant set forth on Schedule B annexed to the Lease is hereby amended such that, from and after the date hereof,

Caesars Riverboat Casino, LLC and Roman Holding Company of Indiana LLC shall be deleted from said Schedule B and Caesars Riverboat Casino, LLC and Roman Holding Company of Indiana LLC shall no longer be Tenants under the Lease.

- viii. Gaming Licenses. The list of Gaming Licenses set forth on Schedule 1 annexed to the Lease is hereby amended such that the Gaming Licenses bearing Unique IDs 458 and 121 relating to the Southern Indiana Facility are hereby deleted from said Schedule 1.
- ix. Maximum Fixed Rent Term. The schedule setting forth the Maximum Fixed Rent Term with respect to each Facility set forth on Schedule 3 annexed to the Lease is hereby amended such that the reference to “Horseshoe Southern Indiana” thereon is hereby deleted from said Schedule 3.
- x. Specified Subleases. The list of Specified Subleases set forth on Schedule 4 annexed to the Lease is hereby amended such that the Specified Subleases bearing Contract ID Nos. 8804, 14892, 8891, 8892, 14839, 14840, 15228, and 14893 are hereby deleted from said Schedule 4.
- xi. Property Specific Rent Allocation. The schedule setting forth the property-specific rent allocation with respect to the two (2) facilities set forth on Schedule 5-A annexed to the Lease is hereby amended such that the reference to “Horseshoe Southern Indiana: \$3,221,235.00” thereon is deleted from said Schedule 5-A.

4. **No Other Modification or Amendment to the Lease**. The Lease shall remain in full force and effect except as expressly amended or modified by this Amendment. From and after the date of this Amendment, all references in the Lease to the “**Lease**” shall be deemed to refer to the Lease as amended by this Amendment. For the avoidance of doubt, the Lease shall continue in full force and effect with respect to the balance of (x) the Facilities (other than (i) the Bluegrass Downs Facility as of the Bluegrass Downs Severance Date in accordance with Section 2.A of this Amendment and (ii) the Southern Indiana Facility as of the date hereof in accordance with Section 3.A of this Amendment) and (y) the Leased Property (other than (i) the Bluegrass Downs Leased Property as of the Bluegrass Downs Severance Date in accordance with Section 2.A of this Amendment and (ii) the Southern Indiana Leased Property as of the date hereof in accordance with Section 3.A of this Amendment).

5. **Governing Law; Jurisdiction**. This Amendment shall be construed according to and governed by the laws of the jurisdiction(s) specified by the Lease without regard to its or their conflicts of law principles. The parties hereto hereby irrevocably submit to the jurisdiction of any court of competent jurisdiction located in such applicable jurisdiction in connection with any proceeding arising out of or relating to this Amendment.

6. **Counterparts**. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of such counterparts taken together shall

be deemed to constitute one and the same instrument. Facsimile and/or .pdf signatures shall be deemed to be originals for all purposes.

7. **Effectiveness**. This Amendment shall be effective, as of the date hereof, only upon execution and delivery by each of the parties hereto.

8. **Miscellaneous**. If any provision of this Amendment is adjudicated to be invalid, illegal or unenforceable, in whole or in part, it will be deemed omitted to that extent and all other provisions of this Amendment will remain in full force and effect. Neither this Amendment nor any provision hereof may be changed, modified, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of such change, modification, waiver, discharge or termination is sought. The paragraph headings and captions contained in this Amendment are for convenience of reference only and in no event define, describe or limit the scope or intent of this Amendment or any of the provisions or terms hereof. This Amendment shall be binding upon and inure to the benefit of the parties and their respective heirs, legal representatives, successors and permitted assigns.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized representatives, all as of the date hereof.

LANDLORD:

HORSESHOE COUNCIL BLUFFS LLC
HARRAH'S COUNCIL BLUFFS LLC
HARRAH'S METROPOLIS LLC
CAESARS SOUTHERN INDIANA PROPCO LLC (f/k/a HORSESHOE SOUTHERN INDIANA LLC)
NEW HORSESHOE HAMMOND LLC
NEW HARRAH'S NORTH KANSAS CITY LLC
GRAND BILOXI LLC
HORSESHOE TUNICA LLC
NEW TUNICA ROADHOUSE LLC
CAESARS ATLANTIC CITY LLC
BALLY'S ATLANTIC CITY LLC
HARRAH'S LAKE TAHOE LLC
HARVEY'S LAKE TAHOE LLC
HARRAH'S RENO LLC
BLUEGRASS DOWNS PROPERTY OWNER LLC
VEGAS DEVELOPMENT LLC
VEGAS OPERATING PROPERTY LLC
MISCELLANEOUS LAND LLC
PROPCO GULFPORT LLC
PHILADELPHIA PROPCO LLC
HARRAH'S ATLANTIC CITY LLC
NEW LAUGHLIN OWNER LLC
HARRAH'S NEW ORLEANS LLC
each, a Delaware limited liability company

By: /s/ David Kieske
Name: David Kieske
Title: Treasurer

HORSESHOE BOSSIER CITY PROP LLC
HARRAH'S BOSSIER CITY LLC
each, a Louisiana limited liability company

By: /s/ David Kieske
Name: David Kieske
Title: Treasurer

[Signatures Continue on Following Pages]

TENANT:

CEOC, LLC, a Delaware limited liability company,
HBR REALTY COMPANY LLC, a Nevada limited liability company,
HARVEYS IOWA MANAGEMENT COMPANY LLC, a Nevada limited liability company,
SOUTHERN ILLINOIS RIVERBOAT/CASINO CRUISES LLC, an Illinois limited liability company,
CAESARS RIVERBOAT CASINO, LLC, an Indiana limited liability company,
ROMAN HOLDING COMPANY OF INDIANA LLC, an Indiana limited liability company,
HORSESHOE HAMMOND, LLC, an Indiana limited liability company,
HARRAH'S BOSSIER CITY INVESTMENT COMPANY, L.L.C., a Louisiana limited liability company,
HARRAH'S NORTH KANSAS CITY LLC, a Missouri limited liability company,
GRAND CASINOS OF BILOXI, LLC, a Minnesota limited liability company,
ROBINSON PROPERTY GROUP LLC, a Mississippi limited liability company,
TUNICA ROADHOUSE LLC, a Delaware limited liability company,
CAESARS NEW JERSEY LLC, a New Jersey limited liability company,
HARVEYS TAHOE MANAGEMENT COMPANY LLC, a Nevada limited liability company,
PLAYERS BLUEGRASS DOWNS LLC, a Kentucky limited liability company,
CASINO COMPUTER PROGRAMMING, INC., an Indiana corporation,
HARVEYS BR MANAGEMENT COMPANY, INC., a Nevada corporation,
HARRAH'S LAUGHLIN, LLC, a Nevada limited liability company,
JAZZ CASINO COMPANY, L.L.C., a Louisiana limited liability company

By: /s/ Bret D. Yunker

Name: Bret D. Yunker

Title: Chief Financial Officer

[Signature Page to Eighth Amendment to Regional Lease]

HORSESHOE ENTERTAINMENT,
a Louisiana limited partnership

By: New Gaming Capital Partnership,
a Nevada limited partnership,
its general partner

By: Horseshoe GP, LLC,
a Nevada limited liability company,
its general partner

By: /s/ Bret D. Yunker
Name: Bret D. Yunker
Title: Chief Financial Officer

BOARDWALK REGENCY LLC,
a New Jersey limited liability company

By: Caesars New Jersey LLC,
a New Jersey limited liability company,
its sole member

By: /s/ Bret D. Yunker
Name: Bret D. Yunker
Title: Chief Financial Officer

HOLE IN THE WALL, LLC,
a Nevada limited liability company

By: CEOC, LLC,
a Delaware limited liability company,
its sole member

By: /s/ Bret D. Yunker
Name: Bret D. Yunker
Title: Chief Financial Officer

[Signature Page to Eighth Amendment to Regional Lease]

CHESTER DOWNS AND MARINA, LLC,

a Pennsylvania limited liability company

By: Harrah's Chester Downs Investment Company, LLC,
its sole member

By: /s/ Bret D. Yunker

Name: Bret D. Yunker

Title: Chief Financial Officer

HARRAH'S ATLANTIC CITY OPERATING COMPANY, LLC,

a New Jersey limited liability company

By: Caesars Resort Collection, LLC,
a Delaware limited liability company,
its sole member

By: /s/ Bret D. Yunker

Name: Bret D. Yunker

Title: Chief Financial Officer

[Signature Page to Eighth Amendment to Regional Lease]

Acknowledged and agreed, solely for the purposes of the penultimate paragraph of Section 1.1 of the Lease:

PROPCO TRS LLC,
a Delaware limited liability company

By: /s/ David Kieske
Name: David Kieske
Title: Treasurer

[Signature Page to Eighth Amendment to Regional Lease]

ACKNOWLEDGMENT AND AGREEMENT OF GUARANTOR

The undersigned ("Guarantor") hereby: (a) acknowledges receipt of the Eighth Amendment to Lease (the "Amendment"; capitalized terms used herein without definition having the meanings set forth in the Amendment), dated as of September 1, 2021, by and among the entities listed on Schedule A attached thereto, as Landlord, and the entities listed on Schedule B attached thereto, as Tenant, and the other parties party thereto; (b) consents to the terms and execution thereof; (c) ratifies and reaffirms Guarantor's obligations to Landlord pursuant to the terms of that certain Guaranty of Lease, dated as of July 20, 2020 (the "Guaranty"), by and between Guarantor and Landlord, and agrees that, except as expressly set forth in Section 2.A.ii and Section 3.A.ii of the Amendment, nothing in the Amendment in any way impairs or lessens the Guarantor's obligations under the Guaranty; and (d) acknowledges and agrees that the Guaranty is in full force and effect and is valid, binding and enforceable in accordance with its terms.

IN WITNESS WHEREOF, the undersigned has caused this Acknowledgment and Agreement of Guarantor to be duly executed as of September 1, 2021.

CAESARS ENTERTAINMENT, INC.

By: /s/ Bret D. Yunker

Name: Bret D. Yunker

Title: Chief Financial Officer

Schedule A

LANDLORD ENTITIES

Horseshoe Council Bluffs LLC

Harrah's Council Bluffs LLC

Harrah's Metropolis LLC

Caesars Southern Indiana Propco LLC (formerly known as Horseshoe Southern Indiana LLC)

New Horseshoe Hammond LLC

Horseshoe Bossier City Prop LLC

Harrah's Bossier City LLC

New Harrah's North Kansas City LLC

Grand Biloxi LLC

Horseshoe Tunica LLC

New Tunica Roadhouse LLC

Caesars Atlantic City LLC

Bally's Atlantic City LLC

Harrah's Lake Tahoe LLC

Harvey's Lake Tahoe LLC

Harrah's Reno LLC

Bluegrass Downs Property Owner LLC

Vegas Development LLC

Vegas Operating Property LLC

Miscellaneous Land LLC

Propco Gulfport LLC

Philadelphia Propco LLC

Harrah's Atlantic City LLC

New Laughlin Owner LLC

Harrah's New Orleans LLC

Schedule B

TENANT ENTITIES

CEOC, LLC, successor in interest by merger to Caesars Entertainment Operating Company, Inc.
HBR Realty Company LLC
Harveys Iowa Management Company LLC
Southern Illinois Riverboat/Casino Cruises LLC
Caesars Riverboat Casino LLC
Roman Holding Company of Indiana LLC
Horseshoe Hammond, LLC
Horseshoe Entertainment
Harrah's Bossier City Investment Company, LLC
Harrah's North Kansas City LLC
Grand Casinos of Biloxi, LLC
Robinson Property Group LLC
Tunica Roadhouse LLC
Boardwalk Regency LLC
Caesars New Jersey LLC
Harveys Tahoe Management Company LLC
Players Bluegrass Downs LLC
Casino Computer Programming, Inc.
Harveys BR Management Company, Inc.
Hole in the Wall, LLC
Chester Downs and Marina, LLC
Harrah's Atlantic City Operating Company, LLC
Harrah's Laughlin, LLC
Jazz Casino Company, L.L.C.

Schedule C

[follows immediately]

Schedule C

EXHIBIT A

FACILITIES

No.	Property	State	Fee Owner	Operating Entity
1.	Horseshoe Council Bluffs	Iowa	Horseshoe Council Bluffs LLC	HBR Realty Company LLC Harveys BR Management Company, Inc.
2.	Harrah's Council Bluffs	Iowa	Harrah's Council Bluffs LLC	Harveys Iowa Management Company LLC CEOC, LLC, successor in interest by merger to Caesars Entertainment Operating Company, Inc.
3.	Harrah's Metropolis	Illinois	Harrah's Metropolis LLC	Southern Illinois Riverboat/Casino Cruises LLC
4.	Horseshoe Hammond	Indiana	New Horseshoe Hammond LLC	Horseshoe Hammond, LLC
5.	Horseshoe Bossier City	Louisiana	Horseshoe Bossier City Prop LLC	Horseshoe Entertainment
6.	Harrah's Bossier City (Louisiana Downs)	Louisiana	Harrah's Bossier City LLC	Harrah's Bossier City Investment Company, L.L.C.
7.	Harrah's North Kansas City	Missouri	New Harrah's North Kansas City LLC	Harrah's North Kansas City LLC
8.	Harrah's Gulf Coast (formerly known as Grand Biloxi Casino Hotel) and Biloxi Land	Mississippi	Grand Biloxi LLC	Grand Casinos of Biloxi, LLC Casino Computer Programming, Inc.

Schedule C

9.	Horseshoe Tunica	Mississippi and Arkansas	Horseshoe Tunica LLC	Robinson Property Group LLC
10.	Tunica Roadhouse	Mississippi	New Tunica Roadhouse LLC	Tunica Roadhouse LLC
11.	Caesars Atlantic City (includes Wild Wild West and Block 488 Parcel)	New Jersey	Caesars Atlantic City LLC	Boardwalk Regency LLC
			Bally's Atlantic City LLC	Caesars New Jersey LLC
12.	Harrah's Lake Tahoe	Nevada	Harrah's Lake Tahoe LLC	Harveys Tahoe Management Company LLC
				CEOC, LLC, successor in interest by merger to Caesars Entertainment Operating Company, Inc.
13.	Harvey's Lake Tahoe	Nevada and California	Harvey's Lake Tahoe LLC	Harveys Tahoe Management Company LLC
14.	Reno Billboard Parcel	Nevada	Harrah's Reno LLC	CEOC, LLC, successor in interest by merger to Caesars Entertainment Operating Company, Inc.
15.	Las Vegas Land Assemblage Properties	Nevada	Vegas Development LLC	Hole in the Wall, LLC
				CEOC, LLC, successor in interest by merger to Caesars Entertainment Operating Company, Inc.
16.	Harrah's Airplane Hangar	Nevada	Vegas Operating Property LLC	CEOC, LLC, successor in interest by merger to Caesars Entertainment Operating Company, Inc.

Schedule C

17.	Land Leftover from Harrah's Gulfport	Mississippi	Propco Gulfport LLC	CEOC, LLC, successor in interest by merger to Caesars Entertainment Operating Company, Inc.
18.	Vacant Land in Splendora, TX	Texas	Miscellaneous Land LLC	CEOC, LLC, successor in interest by merger to Caesars Entertainment Operating Company, Inc.
19.	Vacant Land at Turfway Park	Kentucky	Miscellaneous Land LLC	CEOC, LLC, successor in interest by merger to Caesars Entertainment Operating Company, Inc.
20.	Harrah's Philadelphia	Pennsylvania	Philadelphia Propco LLC	Chester Downs and Marina, LLC
21.	Harrah's Atlantic City	New Jersey	Harrah's Atlantic City LLC	Harrah's Atlantic City Operating Company, LLC
22.	Harrah's Laughlin	Nevada	New Laughlin Owner LLC	Harrah's Laughlin, LLC
23.	Harrah's New Orleans	Louisiana	Harrah's New Orleans LLC	Jazz Casino Company, L.L.C.

Schedule C

Annex A

Southern Indiana Leased Property

PARCEL I:

TRACT I:

Part of Section 12, Township 4 South, Range 5 East, in Posey Township, in Harrison County, Indiana, more particularly described as follows: Commencing at a point on the bank of the Ohio River referred to as a stone corner to James Farnsley and Arthur J. Cunningham in the Townsend deed, said point also being the Southernmost corner of Lot #3 of the Farnsley Survey, as recorded in Deed Record "Z" page 148; thence with the Southern line of Lot #3 of said Farnsley Survey North 64 degrees 29 minutes 9 seconds West, 271.46 feet to a #4 reinforcing bar in the Northern right of way of State Road #111, THIS BEING THE POINT OF BEGINNING; thence continue with the Southern line of #3 North 64 degrees 29 minutes 9 seconds West, 141.04 feet, North 21 degrees 30 minutes 51 seconds East, 495.00 feet, North 11 degrees 29 minutes 9 seconds West, 657.19 feet, North 74 degrees 14 minutes 25 seconds West, 1444.07 feet to an iron pin; thence North 4 degrees 5 minutes 13 seconds West, 418.77 feet to an iron pin found; thence South 86 degrees 54 minutes 47 seconds West, 429.00 feet; thence North 84 degrees 40 minutes 23 seconds West, 891.00 feet; thence South 51 degrees 54 minutes 51 seconds West, 561.00 feet to an iron pin found in the Southern line of Tract #3 of the Farnsley Survey; thence along the Eastern line of Tract #6 of the Farnsley Survey continuing as follows: South 29 degrees 55 minutes 31 seconds West, 495.00 feet to an iron pin found, South 4 degrees 25 minutes 31 seconds West, 561.00 feet to an iron pin found; thence along the South line of Tract #6 South 89 degrees 34 minutes 29 seconds East, 555.60 feet to a point in the center of the Old Dug Road; thence along the center of the Old Dug Road as follows: North 2 degrees 3 minutes 54 seconds East, 161.56 feet, North 15 degrees 56 minutes 4 seconds East, 102.40 feet, North 73 degrees 13 minutes 24 seconds East, 139.57 feet, South 76 degrees 36 minutes 56 seconds East, 139.40 feet, North 80 degrees 16 minutes 44 seconds East, 135.03 feet, North 52 degrees 10 minutes 34 seconds East, 125.26 feet, North 39 degrees 22 minutes 34 seconds East, 53.31 feet, North 37 degrees 8 minutes 44 seconds East, 149.95 feet, North 66 degrees 10 minutes 4 seconds East, 98.95 feet, North 71 degrees 55 minutes 54 seconds East, 115.29 feet, North 44 degrees 54 minutes 04 seconds East, 223.85 feet, North 57 degrees 11 minutes 44 seconds East, 217.43 feet, South 89 degrees 31 minutes 46 seconds East, 91.00 feet, South 38 degrees 49 minutes 56 seconds East, 69.42 feet; thence leaving the center of said road South 16 degrees 47 minutes 36 seconds East, 196.85 feet to a #4 reinforcing bar; thence South 82 degrees 52 minutes 16 seconds West, 391.74 feet; thence South 17 degrees 15 minutes 54 seconds East, 600.00 feet; thence North 80 degrees 01 minutes 40 seconds East, 289.89 feet to an iron pin found on the top of the bluff; thence along the top of the bluff as follows: South 10 degrees 58 minutes 17 seconds East, 6.57 feet, South 26 degrees 36 minutes 3 seconds East, 52.67 feet, South 11 degrees 47 minutes 12 seconds West, 167.91 feet, South 10 degrees 59 minutes 28 seconds East, 86.18 feet, South 14 degrees 46 minutes 32 seconds West, 222.64 feet, South 3 degrees 39 minutes 48 seconds East, 117.73 feet, South 12 degrees 21 minutes 48 seconds East, 73.62 feet, South 16 degrees 51 minutes 48 seconds East, 78.03 feet, South 16 degrees 23 minutes 22 seconds West, 88.62 feet,

Annex A

South 8 degrees 14 minutes 52 seconds West, 74.71 feet; thence leaving the top of said bluff South 88 degrees 28 minutes 56 seconds East, 459.18 feet to a #4 reinforcing bar; thence North 27 degrees 11 minutes 34 seconds East, 26.92 feet to a point in the Northern line of Bridge Street, in the Town of Bridgeport, as recorded in the Harrison County Courthouse; thence along the Northern right of way of Bridge Street, South 73 degrees 59 minutes 56 seconds East, 477.21 feet to a right of way marker in the Northern right of way of State Road #111; thence with said right of way as follows: North 63 degrees 2 minutes 1 second East, 460.09 feet, North 75 degrees 19 minutes 58 seconds East, 140.83 feet; thence along a curve concave Northwesterly whose radius is 502.96 feet and whose long chord bears North 57 degrees 18 minutes 17 seconds East, having a length of 100.41 feet, a distance of 100.58 feet to the point of beginning.

ALSO:

Part of Section 12, Township 4 South, Range 5 East, in Posey Township, in Harrison County, Indiana, more particularly described as follows: Commencing at a point on the bank of the Ohio River referred to as a stone corner of James Farnsley and Arthur J. Cunningham in the Townsend deed, said point also being the Southernmost corner of Lot #3 of the Farnsley Survey, as recorded in Deed Record Book "Z" page 148, THIS BEING THE POINT OF BEGINNING; thence along the Southern line of Lot 3 of said Farnsley tract North 64 degrees 29 minutes 9 seconds West, 87.64 feet to a #4 reinforcing bar in the Southern right of way of State Road #111; thence with said right of way as follows: Along a curve concave Northwesterly whose radius is 672.96 feet and whose long chord bears South 47 degrees 1 minute 20 seconds West, having a length of 54.93 feet, a distance of 54.95 feet to a #4 reinforcing bar; thence South 24 degrees 35 minutes 30 seconds West, 274.71 feet to a #4 reinforcing bar; thence along a curve concave Northwesterly whose radius is 226.00 feet and whose long chord bears South 38 degrees 7 minutes 12 seconds West, 105.73 feet, a distance of 106.72 feet to a #4 reinforcing bar; thence South 6 degrees 31 minutes 30 seconds West, 298.78 feet to a point at the edge of the Ohio River; thence North 27 degrees 51 minutes 54 seconds East, 712.09 feet to the point of beginning.

TRACT II:

Part of Section 12, Township 4 South, Range 5 East, in Posey Township, in Harrison County, Indiana AND Part of Section 7, Township 4 South, Range 6 East of the Second Principal Meridian, in Franklin Township, in Floyd County, Indiana, more particularly described as follows: Commencing at a stone corner to James Farnsley and Arthur J. Cunningham, which is also the Southernmost corner of Lot #3 of the Farnsley Survey, as recorded in Deed Record Book "Z" page 148, said point being recreated and being on the bank of the Ohio River, THIS BEING THE POINT OF BEGINNING, thence along the Southwestern line of Lot #3 of said Farnsley Tract North 64 degrees 29 minutes 9 seconds West, 87.64 feet to a #4 reinforcing bar placed in the Southern right of way of Indiana State Highway #111; thence along the right of way of said highway as follows: Along a curve concave Northwesterly whose radius is 672.96 feet and whose long chord bears North 34 degrees 10 minutes 30 seconds East, having a length of 245.46 feet, a distance of 246.84 feet to a #4 reinforcing bar; thence continuing along said right of way North 8 degrees 11 minutes 51 seconds West, 119.27 feet to a #4 reinforcing bar; thence North

65 degrees 10 minutes 25 seconds West, 70.00 feet to a #4 reinforcing bar; thence South 44 degrees 7 minutes 0 seconds West, 105.95 feet to a #4 reinforcing bar; thence along a curve concave Northwesterly whose radius is 502.96 feet and whose long chord bears South 37 degrees 37 minutes 17 seconds West, having a length of 242.57 feet, a distance of 244.99 feet to a #4 reinforcing bar in the Southern line of Lot #3 of said Farnsley Tract; thence with said line North 64 degrees 29 minutes 9 seconds West, 141.04 feet; thence along the line of Lot #3 as follows: North 21 degrees 30 minutes 51 seconds East, 495.00 feet, North 11 degrees 29 minutes 9 seconds West, 657.19 feet, North 74 degrees 14 minutes 25 seconds West, 543.21 feet to an iron pin found marking the corner of property, recorded in Deed Record Book "C-9" page 128; thence leaving the Southern line of Lot #3 and along the property line of said tract as follows: North 18 degrees 26 minutes 36 seconds West, 112.26 feet to an iron pin found, North 57 degrees 5 minutes 56 seconds West, 194.06 feet to an iron pin found, North 47 degrees 22 minutes 31 seconds West, 157.28 feet to an iron pin found, North 35 degrees 54 minutes 56 seconds West, 172.63 feet to an iron pin found, North 65 degrees 25 minutes 11 seconds West, 134.39 feet to an iron pin found, North 79 degrees 11 minutes 31 seconds West, 166.74 feet to an iron pin found, North 59 degrees 5 minutes 30 seconds West, 227.74 feet to an iron pin found marking the Northwestern corner of said tract; thence said point being a corner of Lot #3 of said Farnsley Tract; thence continue along the perimeter of said Lot #3 of Farnsley Tract as follows: South 86 degrees 54 minutes 47 seconds West, 429.00 feet, North 84 degrees 40 minutes 23 seconds West, 891.00 feet, South 51 degrees 54 minutes 51 seconds West, 561.00 feet to an iron pin found, North 60 degrees 23 minutes 49 seconds West, 746.55 feet to an iron pin found; thence leaving the Southern line of Lot #3 of said Farnsley Tract North 13 degrees 9 minutes 43 seconds West, 135.00 feet to an iron pin found; thence South 50 degrees 42 minutes 35 seconds West, 282.00 feet to a iron pin found in the West line of the Northeast Quarter of the Northwest Quarter; thence with the West line of said Quarter, Quarter North 0 degrees 6 minutes 54 seconds East, 967.33 feet to an iron pin found at the Northwest corner of the Northeast Quarter of the Northwest Quarter of Section 12; thence with the North line of said Section, East, basis of bearings this description, 132.86 feet to a pin found as set in a legal survey completed April, 1979; thence continuing with said line East, 3027.53 feet to a stone found; thence South 57 degrees 1 minute 58 seconds East, 672.07 feet to a stone found; thence South 56 degrees 22 minutes 46 seconds East, 39.82 feet to an iron pin found; thence South 1 degree 8 minutes 40 seconds East, 281.84 feet to an iron pin found; thence South 74 degrees 0 minutes 16 seconds East, 724.42 feet to an iron pin found; thence South 66 degrees 32 minutes 11 seconds East, 922.90 feet to a point at the top of the bank of the Ohio River; thence with the bank of said river as follows: South 38 degrees 32 minutes 6 seconds West, 240.86 feet, South 33 degrees 40 minutes 44 seconds West, 208.82 feet, South 15 degrees 36 minutes 28 seconds West, 215.79 feet, South 27 degrees 58 minutes 14 seconds West, 188.90 feet, South 30 degrees 59 minutes 57 seconds West, 198.02 feet, South 29 degrees 30 minutes 53 seconds West, 229.26 feet, South 22 degrees 41 minutes 22 seconds West, 203.10 feet, South 24 degrees 17 minutes 17 seconds West, 194.43 feet, South 8 degrees 50 minutes 5 seconds West, 206.21 feet, South 27 degrees 15 minutes 27 seconds West, 205.43 feet to the point of beginning.

EXCEPT that part conveyed to Hoosier Energy Rural Electric Cooperative in a deed recorded August 31, 1998 as Instrument No. 98056759 and more particularly described as follows: Being a part of Section 12, Township 4 South, Range 5 East, in Harrison County, Indiana, and being

part of the property conveyed to RDI/Caesars Riverboat Casino, LLC, as described by deed, recorded in Deed Book "9-O" page 337, said part being more particularly described as follows: Commencing at the Northwest corner of the Northeast Quarter of the Northwest Quarter of Section 12, Township 4 South, Range 5 East of the Second Principal Meridian; thence South 00 degrees 06 minutes 54 seconds West, 967.33 feet, North 50 degrees 42 minutes 35 seconds East, 282.00 feet, South 13 degrees 09 minutes 43 seconds East, 135.00 feet, South 60 degrees 23 minutes 49 seconds East, 756.44 feet, North 51 degrees 54 minutes 51 seconds East, 561.00 feet, South 84 degrees 40 minutes 23 seconds East, 891.00 feet; and thence crossing Stuckeys Road, North 86 degrees 54 minutes 47 seconds East, 429.00 feet to a four inch diameter steel pipe; thence North 38 degrees 51 minutes 17 seconds East, 285.15 feet to THE TRUE POINT OF BEGINNING of the tract being herein described; thence North 22 degrees 13 minutes 02 seconds East, 280.00 feet to a point; thence South 67 degrees 46 minutes 58 seconds East, 185.00 feet to a point; thence South 22 degrees 13 minutes 02 seconds West, 280.00 feet to a point; thence North 67 degrees 46 minutes 58 seconds West, 185.00 feet to the true point of beginning.

TRACT III:

Being a part of the Northeast Quarter of Fractional Section 12, Township 4 South, Range 5 East, in Posey Township, in Harrison County, Indiana, and being the same property conveyed to Melvin Earl Porter and Marilyn Sue Porter as described by deed, recorded in Deed Book "C-9" page 128, said property being more particularly described as follows: Commencing at the Northwest corner of the Northeast Quarter of the Northwest Quarter of Fractional Section 12, Township 4 South, Range 5 East of the Second Principal Meridian; thence the following courses: South 00 degrees 06 minutes 54 seconds West, 967.33 feet, North 50 degrees 42 minutes 35 seconds East, 282.00 feet, South 13 degrees 09 minutes 43 seconds East, 135.00 feet, South 60 degrees 23 minutes 49 seconds East, 756.55 feet, North 51 degrees 54 minutes 51 seconds East, 561.00 feet, South 84 degrees 40 minutes 23 seconds East, 891.00 feet, and North 86 degrees 54 minutes 47 seconds East, 429.00 feet to a found four-inch diameter steel pipe, BEING THE TRUE POINT OF BEGINNING of the tract being herein described; thence with the line between Porter and Caesar's (Deed Book "9-O" page 449), South 59 degrees 05 minutes 30 seconds East, 227.74 feet to a 5/8" diameter steel rebar; thence South 79 degrees 11 minutes 31 seconds East, 166.74 feet to a 5/8" diameter steel rebar; thence South 65 degrees 25 minutes 11 seconds East, 134.39 feet to a 5/8" diameter steel rebar; thence South 35 degrees 54 minutes 56 seconds East, 172.63 feet at a 5/8" diameter steel rebar; thence South 47 degrees 22 minutes 31 seconds East, 157.28 feet to a 5/8" diameter steel rebar; thence South 57 degrees 05 minutes 56 seconds East, 194.06 feet to a 5/8" diameter steel rebar; thence South 18 degrees 26 minutes 36 seconds East, 112.26 feet to a 5/8" diameter steel rebar in the line between Porter and Caesar's (Deed Book "9-N" page 458); thence with said line, North 74 degrees 14 minutes 25 seconds West, 900.36 feet to a nail in Stuckeys Road; thence with Stuckeys Road part of the way and beyond, North 04 degrees 05 minutes 13 seconds West, 418.77 feet to the point of beginning. (Being the same real estate as intended in Deed Record Book "R-9" page 320, in the Recorder's Office, in Harrison County, Indiana.)

PARCEL II:

Being a part of the Northwest Quarter of fractional Section 13, Township 4 South, Range 5 East, in Harrison County, Indiana and being part of the property conveyed to Lytle L. Smith as described by deed recorded in Deed Book 8-D, page 531, said part being more particularly described as follows:

Commencing at the northwest corner of the northwest quarter of fractional Section 13; thence east with the north line of Section 13, 1125.00 feet to a point in Lotticks Corner Road; thence continuing East 380.99 feet to a point; thence departing the road and with the east line of Meytz (Deed Book 9-F, page 440), south 05 degrees 58 minutes 36 seconds West 723.72 feet to a found iron pipe; thence with the north line of Voogd (Deed Book 9-K, page 967), East 63.80 feet to the true point of beginning of the tract being herein described; thence North 34 degrees 30 minutes 38 seconds East 220.00 feet to a point; thence East 220.00 feet to a point in Doolittle Hill road; thence with Doolittle Hill road, South 34 degrees 30 minutes 38 seconds West 220.00 feet to a point; thence departing the road and with the north line of Voogd, West (passing a found iron pipe at 21.78 feet) 220.00 feet in all to the true point of beginning.

Annex A

Annex B

Bluegrass Downs Leased Property

TRACT 1:

(Map Number 094-20-01-022)

Beginning at a 1/2" rebar located S. 55° 05' 21" E., 93.65 feet from a 1" iron pipe marking the northeast corner of Stuart Nelson Park, said northeast corner of Stuart Nelson Park located approximately 343 feet west of the centerline of Metcalf Lane, if extended, and located approximately 2436 feet north of the north right-of-way line of Hinkleville Road (U.S. Highway 60); thence from said point of beginning and along the north line of Stuart Nelson Park, N. 55° 05' 21" W., 458.52 feet to a 1/2" rebar located at the southeast corner of J.E.D.D., as recorded in Deed Book 695, Page 849 in the McCracken County Court Clerk's Office; thence along the east line of said J.E.D.D., N. 15° 02' 24" E., 666.47 feet to a 1/2" rebar located on the south line of Illinois Central Railroad; thence along the south line of Illinois Central Railroad, N. 82° 27' 04" E., 561.21 feet to a 1/2" rebar located on the East line of H. G. Ullerich, as recorded in Deed Book 282, Page 113, aforesaid clerk's office; thence along said Ullerich's East line, S. 19° 49' 41" W., 1041.53 feet to the point of beginning.

Being in all respects the same property conveyed to Players Bluegrass Downs, Inc., a Kentucky Corporation, by deed dated and recorded November 22, 1993, in Deed Book 801, Page 408, McCracken County Court Clerk's Office.

TRACT 2:

(Map Number 095-30-00-001)

Commencing at a right-of-way monument located on the East side of Metcalf Lane, 46 feet left of centerline station 107+45.00 as shown on the Kentucky Department of Transportation plans for Hinkleville Road, Project No. S.P. 73-6172; thence along the North right-of-way line of Hinkleville Road, S. 87° 07' 11" E., 746.09 feet; thence along the West right-of-way line of Downs Drive, N. 1° 55' 08" E., 400.04 feet to a 1/2" rebar located at the northwest corner of Downs Drive and said rebar being the point of beginning of the property herein described; thence from said point of beginning and along the North line of N. S. Rhodes Property, as recorded in Deed Book 716, Page 626 in the McCracken County Court Clerk's Office, N. 87° 08' 26" W., 440.94 feet to a 1/2" rebar located on the East line of H. W. Roberts, Jr. Property, as recorded in Deed Book 540, Page 295, aforesaid clerk's office; thence along the East line of C. S. Pirtle, as recorded in Deed Book 429, Page 531 and Deed Book 667, Page 704, aforesaid clerk's office, Mary Sue Taylor, as recorded in Deed Book 783, Page 748, aforesaid clerk's office, and Barbara Riley, as recorded in Deed Book 530, Page 688, aforesaid clerk's office, N. 02° 27' 00" E., 719.12 feet to a 1/2" rebar; thence along the North Property line of said Barbara Riley, N. 87° 43' 24" W., 316.20 feet to a 1/2" rebar located at the Northeast corner of Metcalf Lane; thence N. 87° 37' 18" E., 5.00 feet from said northwest corner; thence along the west right-of-way line of Metcalf Lane, 25 feet from and parallel to the centerline thereof, S. 02° 22' 42" W., 92.00 feet to

a 1/2" rebar located on the North Line of D. F. Crosthwaite, as recorded in Deed Book 471, Page 564, aforesaid clerk's office; thence along said Crosthwaite's North line, N. 87° 37' 18" W. 317.95 feet to a 1/2" rebar located at the northwest corner of said Crosthwaite; thence N. 02° 25' 25" E. 953.75 feet to a 1/2" rebar located at the southeast corner of Stuart Nelson Park; thence along the East line of Stuart Nelson Park, N. 02° 12' 35" E., 461.23 feet to a 1" iron pipe located at the Northeast corner of Stuart Nelson Park; thence S. 55° 05' 21" E., 93.65 feet to a 1/2" rebar; thence N. 19° 49' 41" E., 40.68 feet to a 1/2" rebar located at the Southwest corner of H. G. Ullerich, as recorded in Deed Book 282, Page 113, aforesaid clerk's office; thence along the South Line of H. G. Ullerich, as recorded in Deed Book 282, Pages 34 and 113, aforesaid clerk's office, Helen Gramse, as recorded in Deed Book 240, Page 508, aforesaid clerk's office, and William Baumer, as recorded in Deed Book 723, Page 557, aforesaid clerk's office, the following three calls: S. 59° 40' 47" E., 1655.72 feet to a 1/2" rebar; S. 63° 24' 13" E., 94.30 feet to a 1/2" rebar; S. 59° 03' 33" E., 1054.28 feet to a 1/2" rebar located on the West right-of-way line of the Floodwall, S. 24° 02' 34" W. 40.29 feet to a 1/2" rebar located on the North line of Gibraltar Management Co., Inc., as recorded in Deed Book 528, Page 298 and Deed Book 559, Page 81, aforesaid clerk's office; thence along said Gibraltar Management Co., Inc. Property, the following three calls: N. 59° 03' 33" W., 1057.60 feet to a nail in the race track, thence N. 63° 24' 13" W., 94.09 feet to a nail in the race track; thence S. 03° 20' 54" W., 1225.40 feet to a 1/2" rebar located at the Northeast corner of Wynn Sales and Service, Inc., as recorded in Deed Book 667, Page 786, aforesaid clerk's office; thence along the north line of said Wynn Sales and Service, Inc., N. 87° 08' 26" W., 335.75 feet to a 1/2" rebar located at the Northeast corner of Downs Drive; thence N. 87° 08' 26" W., 60.00 feet to the point of beginning.

Less and except an off-conveyance to the City of Paducah (1.065 acres) by deed dated December 17, 2004, of record in Deed Book 1055, page 180, aforesaid clerk's office.

BEING in all respects the same property conveyed to Players Bluegrass Downs, Inc., a Kentucky Corporation, by deed dated and recorded November 22, 1993, in Deed Book 801, Page 411, McCracken County Court Clerk's Office.

TRACT 3:

(Map Number 095-10-00-014.01)

Being Parcel B, containing 9.480 acres more or less, as shown on Waiver of Subdivision, Plat of Survey for Harrah's Entertainment recorded on January 11, 2000 in Plat Section L, Page 404, McCracken County Clerk's Office, and being more particularly described as follows:

Being a tract of land located North of U.S. Highway 60 or Park Avenue and West of Metcalf Lane in the City of Paducah, McCracken County, Kentucky, more particularly described as follows: Beginning at a steel rod, ½ inch in diameter by 30 inches line with a plastic cap stamped "KRLS 1842" (hereinafter referred to as a steel rod and cap) set at the Southeasterly corner of the herein described property, said steel rod and cap being located North 02° 25' 25" East, a distance of 714.83 feet from a mag nail set on the Northerly right of way line of U.S. Highway 60, with said mag nail being located North 87° 08' 15" West, a distance of 307.10 feet from a concrete right of way marker located at the intersection of said Northerly right of way line with the

Westerly right of way line of Metcalf Lane; thence from said point of beginning proceed North 86° 34' 29" West along and with the Southerly line of the herein described parcel 328.86 feet to a rebar with a metal cap found at the Southwesterly corner of the subject site herein described; thence North 02° 31' 05" East, along and with the Westerly line of said site, 1,259.80 feet to a one inch diameter iron pipe found; the Northwesterly corner of the herein described tract; thence South 86° 34' 19" East, a distance of 326.78 feet to a steel rod and cap set at the Northeasterly corner of the subject site; thence South 02° 25' 25" West, a distance of 1,259.82 feet to the point of beginning.

Together with a non-exclusive 40 foot wide easement for ingress and egress set forth in Agreement by and among Inez Johnson, Wayne Simpson and Players Bluegrass Downs, Inc. dated December 16, 1999 recorded Deed Book 929, Page 367, and as shown on as shown on Waiver of Subdivision, Plat of Survey for Harrah's Entertainment recorded on January 11, 2000 in Plat Section L, Page 404, both in the McCracken County Clerk's office

Being the same property leased to by unrecorded lease dated May 22, 1987, by and between Inez Johnson and Coy Stacey and Bobby Dextor, the Original Lessees, and subsequently assigned to Bluegrass Downs of Paducah, Ltd., ("Successor Lessee") by an unrecorded Assignment of Lease dated June 1, 1987, all as evidenced of record by Memorandum of Lease dated June 1, 1987, of record in Deed Book 703, page 373. Said Successor Lessee having assigned all of its right, title and interest in and to said Lease to Players Bluegrass Downs, Inc., a Kentucky corporation, by Assignment of Lease dated November 22, 1993, as evidenced of record by memorandum thereof recorded in Deed Book 801, page 405, and as further affected by Agreement between Inez Johnson and Players Bluegrass Downs, Inc., dated December 16, 1999, recorded in Deed Book 929, page 367, all in the aforesaid clerk's office.

TRACT 4:

(A part of Map Number 095-10-00-014)

Being Parcel A, containing 1.950 acres more or less, as shown on Waiver of Subdivision, Plat of Survey for Harrah's Entertainment recorded on January 11, 2000 in Plat Section L, Page 404, McCracken County Clerk's Office, and being more particularly described as follows:

Being a parcel of land located North of U.S. Highway 60 or Park Avenue and West of Metcalf Lane in the City of Paducah, McCracken County, Kentucky, more particularly described as follows:

Beginning at a steel rod, ½" diameter by 30" long with a plastic cap stamped "KRLS 1842" set at the time of this survey (hereinafter referred to as a steel rod and cap) at the Southeasterly corner of the herein described property, said steel rod and cap being located N. 02°-25'-25" E., a distance of 229.35 feet from a mag. Nail set on the Northwesterly right-of-way line of U.S. Highway 60 with said Mag. Nail being located N. 87°-08'-15" W., as distance of 307.10 feet from a concrete right-of-way marker located at the intersection of said Northerly right-of-way line with the Westerly right-of-way line of Metcalf Lane; thence from said point of beginning proceed N. 87°-55'-41" W. along and with the Southwestly line of the herein described parcel

and with an existing six foot high chain link fence, 167.45 feet to a steel rod and cap set at the Southwesterly corner of the herein described property; thence N 25°-31'-05" W. and continuing along and with said chain-link fence, a distance of 20.17 feet to a steel rod and cap set on the Westerly line of the herein described parcel of land, thence N 03°03'-47" E. along and with the Westerly line aforesaid and continuing along and with the chain-link fence aforesaid, 471.72 feet to a steel rod and cap set, the Northwesterly corner of the subject property; thence S 86°-34'-29" E. along and with the Northerly line of said subject site, 171.66 feet to a steel rod and cap set, the Northeasterly corner of said site; thence S 02°-25'-25" W. along and with an existing six foot high chain-link fence, 485.48 feet to the point of beginning.

Together with a non-exclusive 40 foot wide easement for ingress and egress set forth in Agreement by and among Inez Johnson, Wayne Simpson and Players Bluegrass Downs, Inc. dated December 16, 1999 recorded Deed Book 929, Page 367, and as shown on as shown on Waiver of Subdivision, Plat of Survey for Harrah's Entertainment recorded on January 11, 2000 in Plat Section L, Page 404, both in the Office aforesaid.

Being the same property leased to Wayne Simpson and Gloria Simpson from Inez Johnson, by unrecorded lease dated July 31, 1987, and assigned to Players Bluegrass Downs, Inc., by Assignment of Lease dated June 13, 1994, of record in Deed Book 805, Page 423, in the office aforesaid, and as amended by Agreement between Inez Johnson, Wayne Simpson and Gloria Simpson, husband and wife, and Players Bluegrass Downs, Inc., dated December 16, 1999, recorded in Deed Book 929, Page 343, all in the office aforesaid.

Annex B

Annex C

Ground Leased Property (Bluegrass Downs Facility)

BLUEGRASS DOWNS - TRACT 3

TRACT 3:

(Map Number 095-10-00-014.01)

Being Parcel B, containing 9.480 acres more or less, as shown on Waiver of Subdivision, Plat of Survey for Harrah's Entertainment recorded on January 11, 2000 in Plat Section L, Page 404, McCracken County Clerk's Office, and being more particularly described as follows:

Being a tract of land located North of U.S. Highway 60 or Park Avenue and West of Metcalf Lane in the City of Paducah, McCracken County, Kentucky, more particularly described as follows: Beginning at a steel rod, ½ inch in diameter by 30 inches line with a plastic cap stamped "KRLS 1842" (hereinafter referred to as a steel rod and cap) set at the Southeasterly corner of the herein described property, said steel rod and cap being located North 02° 25' 25" East, a distance of 714.83 feet from a mag nail set on the Northerly right of way line of U.S. Highway 60, with said mag nail being located North 87° 08' 15" West, a distance of 307.10 feet from a concrete right of way marker located at the intersection of said Northerly right of way line with the Westerly right of way line of Metcalf Lane; thence from said point of beginning proceed North 86° 34' 29" West along and with the Southerly line of the herein described parcel 328.86 feet to a rebar with a metal cap found at the Southwesterly corner of the subject site herein described; thence North 02° 31' 05" East, along and with the Westerly line of said site, 1,259.80 feet to a one inch diameter iron pipe found; the Northwesterly corner of the herein descried tract; thence South 86° 34' 19" East, a distance of 326.78 feet to a steel rod and cap set at the Northeasterly corner of the subject site; thence South 02° 25' 25" West, a distance of 1,259.82 feet to the point of beginning.

Together with a non-exclusive 40 foot wide easement for ingress and egress set forth in Agreement by and among Inez Johnson, Wayne Simpson and Players Bluegrass Downs, Inc. dated December 16, 1999 recorded Deed Book 929, Page 367, and as shown on as shown on Waiver of Subdivision, Plat of Survey for Harrah's Entertainment recorded on January 11, 2000 in Plat Section L, Page 404, both in the McCracken County Clerk's office.

Being the same property leased to by unrecorded lease dated May 22, 1987, by and between Inez Johnson and Coy Stacey and Bobby Dextor, the Original Lessees, and subsequently assigned to Bluegrass Downs of Paducah, Ltd., ("Successor Lessee") by an unrecorded Assignment of Lease dated June 1, 1987, all as evidenced of record by Memorandum of Lease dated June 1, 1987, of record in Deed Book 703, page 373. Said Successor Lessee having assigned all of its right, title and interest in and to said Lease to Players Bluegrass Downs, Inc., a Kentucky corporation, by Assignment of Lease dated November 22, 1993, as evidenced of record by memorandum thereof recorded in Deed Book 801, page 405, and as further affected by Agreement between Inez

Johnson and Players Bluegrass Downs, Inc., dated December 16, 1999, recorded in Deed Book 929, page 367, all in the aforesaid clerk's office.

BLUEGRASS DOWNS - TRACT 4

TRACT 4:

(A part of Map Number 095-10-00-014)

Being Parcel A, containing 1.950 acres more or less, as shown on Waiver of Subdivision, Plat of Survey for Harrah's Entertainment recorded on January 11, 2000 in Plat Section L, Page 404, McCracken County Clerk's Office, and being more particularly described as follows:

Being a parcel of land located North of U.S. Highway 60 or Park Avenue and West of Metcalf Lane in the City of Paducah, McCracken County, Kentucky, more particularly described as follows:

Beginning at a steel rod, ½" diameter by 30" long with a plastic cap stamped "KRLS 1842" set at the time of this survey (hereinafter referred to as a steel rod and cap) at the Southeasterly corner of the herein described property, said steel rod and cap being located N. 02°-25'-25" E., a distance of 229.35 feet from a mag. Nail set on the Northwesterly right-of-way line of U.S. Highway 60 with said Mag. Nail being located N. 87°-08'-15" W., as distance of 307.10 feet from a concrete right-of-way marker located at the intersection of said Northerly right-of-way line with the Westerly right-of-way line of Metcalf Lane; thence from said point of beginning proceed N. 87°-55'-41" W. along and with the Southwesterly line of the herein described parcel and with an existing six foot high chain link fence, 167.45 feet to a steel rod and cap set at the Southwesterly corner of the herein described property; thence N 25°-31'-05" W. and continuing along and with said chain-link fence, a distance of 20.17 feet to a steel rod and cap set on the Westerly line of the herein described parcel of land, thence N 03°03'-47" E. along and with the Westerly line aforesaid and continuing along and with the chain-link fence aforesaid, 471.72 feet to a steel rod and cap set, the Northwesterly corner of the subject property; thence S 86°-34'-29" E. along and with the Northerly line of said subject site, 171.66 feet to a steel rod and cap set, the Northeasterly corner of said site; thence S 02°-25'-25" W. along and with an existing six foot high chain-link fence, 485.48 feet to the point of beginning.

Together with a non-exclusive 40 foot wide easement for ingress and egress set forth in Agreement by and among Inez Johnson, Wayne Simpson and Players Bluegrass Downs, Inc. dated December 16, 1999 recorded Deed Book 929, Page 367, and as shown on as shown on Waiver of Subdivision, Plat of Survey for Harrah's Entertainment recorded on January 11, 2000 in Plat Section L, Page 404, both in the Office aforesaid.

Being the same property leased to Wayne Simpson and Gloria Simpson from Inez Johnson, by unrecorded lease dated July 31, 1987, and assigned to Players Bluegrass Downs, Inc., by Assignment of Lease dated June 13, 1994, of record in Deed Book 805, Page 423, in the office aforesaid, and as amended by Agreement between Inez Johnson, Wayne Simpson and Gloria

Simpson, husband and wife, and Players Bluegrass Downs, Inc., dated December 16, 1999, recorded in Deed Book 929, Page 343, all in the office aforesaid.

Annex C

Annex D

Ground Leases (Bluegrass Downs Facility)

Bluegrass Downs

Lease Agreement dated as of May 22, 1987, by and between the Inez Johnson, as landlord, and Coy Stacey and Bobby Dexter, as tenant, as assigned to Bluegrass Downs of Paducah, LTD, as of June 1, 1987, as further assigned to Players Bluegrass Downs, Inc. as of November 22, 1993

Leases dated as of July 31, 1987, by and between the Inez Johnson, as landlord, and Wayne and Gloria Simpson, as tenant, as assigned to Players Bluegrass Downs Inc., as of December 16, 1999, and as extended by that certain Extension of Lease Agreement dated as of September 8, 2017

Annex D

FIFTH AMENDMENT TO LEASE

This **FIFTH AMENDMENT TO LEASE** (this “Amendment”) is entered into as of September 3, 2021, by and among **HARRAH’S JOLIET LANDCO LLC**, a Delaware limited liability company (together with its successors and assigns, “Landlord”), **DES PLAINES DEVELOPMENT LIMITED PARTNERSHIP**, a Delaware limited partnership (together with its successors and assigns, “Tenant”) and, solely for the purposes of the last paragraph of Section 1.1 of the Lease (as defined below), Propco TRS LLC, a Delaware limited liability company (“Propco TRS”).

RECITALS

WHEREAS, Landlord, Tenant and, solely for the purposes of the last paragraph of Section 1.1 of the Lease, Propco TRS are parties to that certain Lease (Joliet), dated as of October 6, 2017, as amended by that certain First Amendment to Lease (Joliet), dated as of December 26, 2018, as amended by that certain Omnibus Amendment to Leases, dated as of June 1, 2020, as amended by that certain Second Amendment to Lease (Joliet), dated as of July 20, 2020, as amended by that certain Third Amendment to Lease, dated as of September 30, 2020, as amended by that certain Amended and Restated Omnibus Amendment to Leases, dated as of October 27, 2020, and as amended by that certain Fourth Amendment to Lease, dated as of November 18, 2020 (collectively, as amended, the “Lease”), pursuant to which Landlord leases to Tenant, and Tenant leases from Landlord, certain real property as more particularly described in the Lease;

WHEREAS, on December 28, 2020, Bluegrass Downs Property Owner LLC conveyed to McCracken County, Kentucky certain real property interests associated with the former gaming and entertainment facility known as Bluegrass Downs located in Paducah, Kentucky, which facility was (prior to such conveyance) subject to the “Regional Lease” (as defined in the Lease) (the “Bluegrass Downs Transaction”), and the Bluegrass Downs Leased Property (as defined in the amendment to the Regional Lease being entered into concurrently with this Amendment in connection with the Bluegrass Downs Transaction and the LAD Transaction (as defined below)) was severed from the Regional Lease as of such date;

WHEREAS, on the date hereof, CEOC, LLC and Roman Holding Company of Indiana LLC, collectively as sellers (collectively, “Sellers”), and EBCI MezzCo LLC, as purchaser, are closing a purchase and sale transaction under that certain Equity Purchase Agreement, dated as of December 24, 2020, with respect to Sellers’ aggregate one hundred percent (100%) equity interest in Caesars Riverboat Casino, LLC, which entity operates the gaming and entertainment facility known as Caesars Southern Indiana (formerly known as Horseshoe Southern Indiana), located in Elizabeth, Indiana (and, together with Roman Holding Company of Indiana LLC, leases such facility pursuant to the terms of the “Regional Lease” (as defined in the Lease)) (the “Southern Indiana Transaction”); and

WHEREAS, in connection with the Bluegrass Downs Transaction and the Southern Indiana Transaction, the parties hereto desire to amend the Lease as set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **Definitions.** Except as otherwise defined herein, all capitalized terms used herein without definition shall have the meanings applicable to such terms, respectively, as set forth in the Lease.

2. **Amendments to the Lease.**

- a. **Annual Minimum Cap Ex Amount.** Article II of the Lease is hereby amended such that the definition of “Annual Minimum Cap Ex Amount” is hereby revised and modified to replace the reference therein to “One Hundred Fourteen Million Five Hundred Thousand and No/100 Dollars (\$114,500,000.00)” with a reference to “One Hundred Eight Million Six Hundred Thousand and No/100 Dollars (\$108,600,000.00)”.
- b. **Annual Minimum Per-Lease B&I Cap Ex Requirement.** Landlord and Tenant hereby acknowledge, for the avoidance of doubt, that the Net Revenue attributable to the Southern Indiana Facility (as defined in the amendment to the Regional Lease being entered into concurrently with this Amendment in connection with the Bluegrass Downs Transaction and the Southern Indiana Transaction) for the 2020 Fiscal Year and the 2021 Fiscal Year shall not be included for purposes of calculating the Capital Expenditures required under Section 10.5(a)(ii) of the Lease.
- c. **Triennial Allocated Minimum Cap Ex Amount B Floor.** Article II of the Lease is hereby amended such that the definition of “Triennial Allocated Minimum Cap Ex Amount B Floor” is hereby revised and modified to replace the reference therein to “Three Hundred Eleven Million and No/100 Dollars (\$311,000,000.00)” with a reference to “Two Hundred Ninety Million and No/100 Dollars (\$290,000,000.00)”.
- d. **Triennial Minimum Cap Ex Amount A.** Article II of the Lease is hereby amended such that the definition of “Triennial Minimum Cap Ex Amount A” is hereby revised and modified to replace the reference therein to “Five Hundred Sixty-Six Million Seven Hundred Thousand and No/100 Dollars (\$566,700,000.00)” with a reference to “Five Hundred Thirty-Seven Million Five Hundred Thousand and No/100 Dollars (\$537,500,000.00)”.
- e. **Triennial Minimum Cap Ex Amount B.** Article II of the Lease is hereby amended such that the definition of “Triennial Minimum Cap Ex Amount B” is hereby revised and modified to replace the reference therein to “Four Hundred Five Million Two Hundred Thousand and No/100 Dollars (\$405,200,000.00)” with a reference to “Three Hundred Eighty-Four Million Three Hundred Thousand and No/100 Dollars (\$384,300,000.00)”.

f. Partial Periods.

- i. Section 10.5(a)(v)(b) of the Lease is hereby amended to (a) replace the reference therein to “Five Hundred Sixty-Six Million Seven Hundred Thousand and No/100 Dollars (\$566,700,000.00)” with a reference to “Five Hundred Thirty-Seven Million Five Hundred Thousand and No/100 Dollars (\$537,500,000.00)” and (b) replace the reference therein to “One Hundred Eighty-Eight Million Nine Hundred Thousand and No/100 Dollars (\$188,900,000.00)” with a reference to “One Hundred Seventy-Nine Million One Hundred Sixty-Six Thousand Six Hundred Sixty-Seven and No/100 Dollars (\$179,166,667.00)”,
- ii. Section 10.5(a)(v)(c) of the Lease is hereby amended to (a) replace the reference therein to “Four Hundred Five Million Two Hundred Thousand and No/100 Dollars (\$405,200,000.00)” with a reference to “Three Hundred Eighty-Four Million Three Hundred Thousand and No/100 Dollars (\$384,300,000.00)” and (b) replace the reference therein to “One Hundred Thirty-Five Million Sixty-Six Thousand Six Hundred Sixty-Six and 67/100 Dollars (\$135,066,666.67)” with a reference to “One Hundred Twenty-Eight Million One Hundred Thousand and No/100 Dollars (\$128,100,000.00)”, and
- iii. The second sentence of Section 10.5(a)(v) of the Lease is hereby amended to (a) replace the reference therein to “Five Hundred Sixty-Six Million Seven Hundred Thousand and No/100 Dollars (\$566,700,000.00)” with a reference to “Five Hundred Thirty-Seven Million Five Hundred Thousand and No/100 Dollars (\$537,500,000.00)”, (b) replace the reference therein to “One Hundred Eighty-Eight Million Nine Hundred Thousand and No/100 Dollars (\$188,900,000.00)” with a reference to “One Hundred Seventy-Nine Million One Hundred Sixty-Six Thousand Six Hundred Sixty-Seven and No/100 Dollars (\$179,166,667.00)”, (c) replace the reference therein to “Four Hundred Five Million Two Hundred Thousand and No/100 Dollars (\$405,200,000.00)” with a reference to “Three Hundred Eighty-Four Million Three Hundred Thousand and No/100 Dollars (\$384,300,000.00)” and (d) replace the reference therein to “One Hundred Thirty-Five Million Sixty-Six Thousand Six Hundred Sixty-Six and 67/100 Dollars (\$135,066,666.67)” with a reference to “One Hundred Twenty-Eight Million One Hundred Thousand and No/100 Dollars (\$128,100,000.00)”.

g. Regional Lease Section 22.2(vii) Transfer.

- i. Landlord and Tenant hereby acknowledge and agree that the Southern Indiana Transaction shall be deemed to be, and treated as, a transfer of a Regional Facility by Regional Tenant in accordance with Section 22.2(vii) of the Regional Lease (including, without limitation, for purposes of any determinations under clause (6) of Section 22.2(vii) of the Lease), irrespective of whether or not Section 22.2(vii) or Section 22.9 of the Regional Lease is

applicable to the Southern Indiana Transaction. For the avoidance of doubt, after giving effect to the Southern Indiana Transaction, the percentage of the 2018 EBITDAR Pool that remains available for application to any and all subsequent transfers pursuant to Section 22.2(vii) of the Lease shall not exceed 18.4% in the aggregate.

- ii. The amount of the 2018 EBITDAR Pool shall not be reduced as a result of the Southern Indiana Facility no longer being a Regional Facility under the Regional Lease, and, without limitation, Schedule 7 to the Lease (setting forth the 2018 Facility EBITDAR of Tenant and Regional Tenant) shall not be modified as a result of the Southern Indiana Transaction.
- iii. The treatment of the Southern Indiana Transaction hereunder is not intended to serve as a precedent for the treatment of future dispositions (if any) which may be effectuated under any applicable provision of the Regional Lease.

h. Bluegrass Downs Transaction.

- i. The amount of the 2018 EBITDAR Pool shall not be reduced as a result of the Bluegrass Downs Facility (as defined in the amendment to the Regional Lease being entered into concurrently with this Amendment in connection with the Bluegrass Downs Transaction and the Southern Indiana Transaction) no longer being a Regional Facility under the Regional Lease, and the removal of the Bluegrass Downs Facility from the Regional Lease shall not constitute a L1 Transfer or a L2 Transfer under the Regional Lease.
- ii. The treatment of the Bluegrass Downs Transaction hereunder is not intended to serve as a precedent for the treatment of future dispositions (if any) which may be effectuated under any applicable provision of the Regional Lease.

3. **No Other Modification or Amendment to the Lease.** The Lease shall remain in full force and effect except as expressly amended or modified by this Amendment. From and after the date of this Amendment, all references in the Lease to the “**Lease**” shall be deemed to refer to the Lease as amended by this Amendment.

4. **Governing Law; Jurisdiction.** This Amendment shall be construed according to and governed by the laws of the jurisdiction(s) specified by the Lease without regard to its or their conflicts of law principles. The parties hereto hereby irrevocably submit to the jurisdiction of any court of competent jurisdiction located in such applicable jurisdiction in connection with any proceeding arising out of or relating to this Amendment.

5. **Counterparts.** This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Facsimile and/or .pdf signatures shall be deemed to be originals for all purposes.

6. **Effectiveness.** This Amendment shall be effective, as of the date hereof, only upon execution and delivery by each of the parties hereto.

7. **Miscellaneous.** If any provision of this Amendment is adjudicated to be invalid, illegal or unenforceable, in whole or in part, it will be deemed omitted to that extent and all other provisions of this Amendment will remain in full force and effect. Neither this Amendment nor any provision hereof may be changed, modified, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of such change, modification, waiver, discharge or termination is sought. The paragraph headings and captions contained in this Amendment are for convenience of reference only and in no event define, describe or limit the scope or intent of this Amendment or any of the provisions or terms hereof. This Amendment shall be binding upon and inure to the benefit of the parties and their respective heirs, legal representatives, successors and permitted assigns.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized representatives, all as of the date hereof.

LANDLORD:

HARRAH'S JOLIET LANDCO LLC,
a Delaware limited liability company

By: /s/ David Kieske
Name: David Kieske
Title: Treasurer

[Signatures Continue on Following Pages]

[Signature Page to Fifth Amendment to Joliet Lease]

TENANT:

DES PLAINES DEVELOPMENT LIMITED PARTNERSHIP,
a Delaware limited partnership

By: Harrah's Illinois LLC,
a Nevada limited liability company,
its general partner

By: /s/ Bret D. Yunker
Name: Bret D. Yunker
Title: Chief Financial Officer

[Signatures Continue on Following Pages]

[Signature Page to Fifth Amendment to Joliet Lease]

Acknowledged and agreed, solely for the purposes of the last paragraph of Section 1.1 of the Lease:

PROPCO TRS LLC,
a Delaware limited liability company

By: /s/ David Kieske
Name: David Kieske
Title: Treasurer

[Signatures Continue on Following Pages]

[Signature Page to Fifth Amendment to Joliet Lease]

CEOC, LLC hereby acknowledges this Amendment and reaffirms its joinder attached to the Lease.

CEOC, LLC,
a Delaware limited liability company

By: /s/ Bret D. Yunker
Name: Bret D. Yunker
Title: Chief Financial Officer

[Signature Page to Fifth Amendment to Joliet Lease]

ACKNOWLEDGMENT AND AGREEMENT OF GUARANTOR

The undersigned ("Guarantor") hereby: (a) acknowledges receipt of the Fifth Amendment to Lease (the "Amendment"; capitalized terms used herein without definition having the meanings set forth in the Amendment), dated as of September 1, 2021, by and among Harrah's Joliet Landco LLC, a Delaware limited liability company, as Landlord, Des Plaines Development Limited Partnership, a Delaware limited partnership, as Tenant, and the other parties party thereto; (b) consents to the terms and execution thereof; (c) ratifies and reaffirms Guarantor's obligations to Landlord pursuant to the terms of that certain Guaranty of Lease, dated as of July 20, 2020 (the "Guaranty"), by and between Guarantor and Landlord, and agrees that nothing in the Amendment in any way impairs or lessens the Guarantor's obligations under the Guaranty; and (d) acknowledges and agrees that the Guaranty is in full force and effect and is valid, binding and enforceable in accordance with its terms.

IN WITNESS WHEREOF, the undersigned has caused this Acknowledgment and Agreement of Guarantor to be duly executed as of September 1, 2021.

CAESARS ENTERTAINMENT, INC.

By: /s/ Bret D. Yunker

Name: Bret D. Yunker

Title: Chief Financial Officer

I, Edward B. Pitoniak, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of VICI Properties Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2021

By: /s/ EDWARD B. PITONIAK

Edward B. Pitoniak
Chief Executive Officer

I, David Kiese, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of VICI Properties Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2021

By: /s/ DAVID A. KIESKE
David A. Kiese
Chief Financial Officer

Certification of Principal Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of VICI Properties Inc. (the “Company”), hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 27, 2021

By: /s/ EDWARD B. PITONIAK

Edward B. Pitoniak
Chief Executive Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Certification of Principal Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of VICI Properties Inc. (the “Company”), hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 27, 2021

By: _____ /s/ DAVID A. KIESKE

David A. Kieske
Chief Financial Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.