



VICI Properties Inc. Completes Acquisition of 38 Bowling Entertainment Centers in Sale-Leaseback Transaction With Bowlero Corp.

October 19, 2023

- Represents VICI's Inaugural Sale-Leaseback Transaction in Family Entertainment Sector with a Publicly Traded Operator Redefining the Bowling Category -

- Further Diversifies VICI's Tenant Base and Geographic Reach to Drive Future Potential Growth and Value Creation -

- Enhances VICI's Embedded Growth Pipeline -

- Transaction Expected to be Immediately Accretive to AFFO per Share -

NEW YORK--(BUSINESS WIRE)-- VICI Properties Inc. (NYSE: VICI) ("VICI Properties," "VICI" or the "Company"), an experiential real estate investment trust, today announced that it has acquired the real estate assets of 38 bowling entertainment centers (the "Bowlero Portfolio") from Bowlero Corp. (NYSE: BOWL) ("Bowlero") in a sale-leaseback transaction for an aggregate purchase price of \$432.9 million. Bowlero is a global leader in bowling entertainment, media, and events and is the largest operator of bowling centers in North America.

Simultaneous with the closing of the transaction, VICI Properties entered into a triple-net master lease agreement with Bowlero (the "Lease"). The Lease will have an initial total annual rent of \$31.6 million, representing an acquisition cap rate of 7.3%, and an initial term of 25 years, with six 5-year tenant renewal options. Rent under the Lease will escalate at the greater of 2.0% or CPI (subject to a 2.5% ceiling). The obligations of the tenants under the Lease are guaranteed by Bowlero Corp.

The transaction further enhances VICI's embedded growth pipeline with a right of first offer for a term of eight years to acquire the real estate of current or future Bowlero properties should Bowlero elect to enter into a sale-leaseback transaction.

Strategic Merits

- **Inaugural family entertainment experiential real estate acquisition:** The Bowlero business model meets each of VICI's investment criteria – lower than average cyclicity, low secular threat, proven durability, and favorable supply/demand dynamics. As a market innovator, Bowlero has redefined the programming and economics of the bowling experience, thus aligning with VICI's focus on partnering with best-in-class, growth-minded experiential operators with a demonstrated track record of enduring growth.
- **New partnership with market-leading company and management team:** The Lease is bolstered by a parent guarantee from a publicly traded company (NYSE: BOWL) and by Bowlero's market leadership as the largest bowling operator in North America with 350 operating centers, a footprint more than 6x greater than its next largest competitor, and a differentiated strategy that attracts nearly 30 million guests each year.
- **Diversifies tenant base and geographic reach:** The acquisition of the Bowlero Portfolio expands VICI's portfolio with 38 bowling entertainment centers across 17 states, representing 11 new states for VICI – seven of which do not currently have commercial casino gaming operations. Based on annualized rent as of October 1, 2023, Bowlero will represent 1% of VICI's rent roll. Bowlero is VICI's 12th tenant.
- **Enhances embedded growth pipeline:** VICI has a right of first offer for a term of eight years for future sale-leasebacks as Bowlero continues revamping the bowling landscape by executing its consolidation and conversion growth strategy, unlocking opportunity for potential future VICI acquisitions.
- **Immediately accretive to AFFO per share:** The transaction is expected to provide immediate accretion to AFFO per share.

Key Comments

- **Sector Initiation** – *John Payne, President & COO of VICI Properties:* "We are excited to announce our entry into the family entertainment sector, a \$15+ billion experiential category, with a best-in-class, growth-minded operator. At VICI, we seek to invest in non-commodity real estate centered on experiences benefiting from long-term secular tailwinds, and Bowlero's track record of growth and innovation in a resilient experiential sector aligns well with our investment framework. We are proud to be a key real estate and capital partner for the Bowlero team."
- **Innovative Operating Partner** – *David Kieske, EVP & CFO of VICI Properties:* "Bowlero's success represents a standout roll-up story in a compelling space with ample room for consolidation, margin expansion, and economic densification. We are thrilled to add another strong, publicly traded operator to our tenant roster, and VICI looks forward to supporting our

tenant and expanding our partnership along the way.”

- **Foundational Real Estate Partnership** - *Thomas Shannon, Chairman, Founder, and CEO of Bowlero*: “This transaction marks the beginning of a long-term, valuable partnership with VICI. John, David and team have been fantastic partners, and the support of VICI’s capital gives us the firepower to continue advancing our strategic directives. We look forward to growing the relationship over the coming years.”

The transaction was funded through cash on hand, partial settlement of outstanding forward equity sale agreements, and a combination of units in a newly formed VICI subsidiary issued to Bowlero. After funding this transaction, VICI maintains ample liquidity, including \$431 million in cash and cash equivalents, \$248 million of estimated net equity proceeds available upon settlement of outstanding forward sale agreements, and \$2.3 billion of availability under the revolving credit facility.

J.P. Morgan acted as exclusive financial advisor and Hogan Lovells US LLP and Kramer Levin Naftalis & Frankel LLP served as legal advisors to VICI Properties on the transaction.

In addition to this release, the Company has furnished a Transaction Overview presentation and video. Both are available on VICI’s website in the “Investors” section, under the menu heading “Events & Presentations.” For the presentation, please visit <https://investors.viciproperties.com/events-and-presentations/presentations>. For the video, please visit <https://investors.viciproperties.com/events-and-presentations/event-archive>.

About VICI Properties

VICI Properties Inc. is an S&P 500® experiential real estate investment trust that owns one of the largest portfolios of market-leading gaming, hospitality and entertainment destinations, including Caesars Palace Las Vegas, MGM Grand and the Venetian Resort Las Vegas, three of the most iconic entertainment facilities on the Las Vegas Strip. VICI Properties owns 92 experiential assets across a geographically diverse portfolio consisting of 54 gaming properties and 38 non-gaming experiential properties across the United States and Canada. The portfolio is comprised of approximately 125 million square feet, features approximately 60,300 hotel rooms and approximately 500 restaurants, bars, nightclubs and sportsbooks. Its properties are occupied by industry leading gaming, leisure and hospitality operators under long-term, triple-net lease agreements. VICI Properties has a growing array of real estate and financing partnerships with leading non-gaming experiential operators, including Bowlero, Great Wolf Resorts, Cabot, Canyon Ranch and Chelsea Piers. VICI Properties also owns four championship golf courses and 33 acres of undeveloped and underdeveloped land adjacent to the Las Vegas Strip. VICI Properties’ goal is to create the highest quality and most productive experiential real estate portfolio through a strategy of partnering with the highest quality experiential place makers and operators. For additional information, please visit www.viciproperties.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the federal securities laws. You can identify these statements by our use of the words “assumes,” “believes,” “estimates,” “expects,” “guidance,” “intends,” “plans,” “projects,” “will,” and similar expressions that do not relate to historical matters. All statements other than statements of historical fact are forward-looking statements. You should exercise caution in interpreting and relying on forward-looking statements because they involve known and unknown risks, uncertainties, and other factors which are, in some cases, beyond VICI’s control and could materially affect actual results, performance, or achievements. Among those risks, uncertainties and other factors are risks that VICI may not achieve the benefits contemplated by the acquisition of thirty-eight bowling entertainment centers from Bowlero Corp. (“Bowlero”), including any expected accretion or the amount of any future rent payments (including the anticipated rent escalations), entry into any future sale lease-back or other transactions between VICI and Bowlero, including pursuant to VICI’s right of first offer, or the anticipated benefits thereof. Additional important risk factors that may affect VICI’s business, results of operations and financial position are detailed from time to time in VICI’s filings with the Securities and Exchange Commission. VICI does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise,

except as may be required by applicable law. 

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