

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM 8-K**

CURRENT REPORT PURSUANT TO  
SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
Date of report (Date of earliest event reported): October 28, 2019

**VICI Properties Inc.**  
(Exact Name of Registrant as Specified in its Charter)

Maryland  
(State or Other Jurisdiction  
of Incorporation)

001-38372  
(Commission  
File Number)

81-4177147  
(IRS Employer  
Identification No.)

430 Park Avenue, 8<sup>th</sup> Floor  
New York, New York 10022  
(Address of Principal Executive Offices) (Zip Code)

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

Not Applicable  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

**Item 7.01. Regulation FD Disclosure.**

***Press Release and Investor Presentation***

On October 28, 2019, VICI Properties Inc., a Maryland corporation (together with its subsidiaries, the “Company”), issued a press release announcing the entry into the JACK Cleveland/Thistledown Acquisition (as defined below) and posted an investor presentation relating to the transaction to its website under the “Investors” tab, subheading “Events and Presentations.” A copy of the press release and the investor presentation are attached hereto as Exhibit 99.1 and Exhibit 99.2, respectively, and are incorporated by reference into this Item 7.01.

The information referenced in this Item 7.01 of this Current Report on Form 8-K, including the press release furnished as Exhibit 99.1 and the presentation furnished as Exhibit 99.2, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any of the Company’s filings under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and regardless of any general incorporation language in such filings, except to the extent expressly set forth by specific reference in such a filing. The furnishing of this Item 7.01 of this Current Report on Form 8-K shall not be deemed an admission as to the materiality of any information herein that is required to be disclosed solely by reason of Regulation FD.

**Item 8.01. Other Events.**

***Purchase of JACK Cleveland Casino and JACK Thistledown Racino Properties***

On October 28, 2019, the Company entered into a definitive agreement to acquire the casino-entitled land and real estate and related assets of the JACK Cleveland Casino (“**JACK Cleveland Casino**”), located in Cleveland, Ohio and the JACK Thistledown Racino (“**JACK Thistledown Racino**”) located in North Randall, Ohio (the “**JACK Cleveland/Thistledown Acquisition**”) from affiliates of JACK Entertainment LLC (“**JACK Entertainment**”). Pursuant to the agreement, the purchase price payable by the Company in connection with the acquisition of 100% of the membership interests of one or more subsidiaries of JACK Entertainment that own the casino-entitled land and real estate and related assets of JACK Cleveland Casino and JACK Thistledown Racino is \$843.3 million. Simultaneous with the closing of the JACK Cleveland/Thistledown Acquisition, the Company will enter into a master triple-net lease agreement for the JACK Cleveland Casino and JACK Thistledown Racino with a subsidiary of JACK Entertainment. The lease will have an initial total annual rent of \$65.9 million and an initial term of 15 years, with four five-year tenant renewal options. The tenant’s obligations under the lease will be guaranteed by Rock Ohio Ventures LLC (“**Rock Ohio Ventures**”). Additionally, the Company will make a \$50 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 ROV Loan will bear interest at 9.0% per annum for a period of five years with two one-year extension options. The closing of the JACK Cleveland/Thistledown Acquisition is subject to customary closing conditions, including regulatory approvals.

**Cautionary Note Regarding Forward-Looking Statements**

This Current Report on Form 8-K 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,” 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 the Company’s control and could materially affect actual results, performance, or achievements. Among those risks, uncertainties and other factors are risks related to the following: the JACK Cleveland/Thistledown Acquisition may not be consummated on the terms or timeframe described herein, or at all; the ability of the parties to satisfy the conditions set forth in the definitive transaction documents, including the ability to receive, or delays in obtaining, the governmental and regulatory approvals and consents required to consummate our pending acquisitions, including the JACK Cleveland/Thistledown Acquisition, or other delays or impediments to completing these transactions; the ultimate timing and outcome of our pending acquisitions, including the JACK Cleveland/Thistledown Acquisition, including our ability to obtain the financing necessary to complete such acquisitions; the possibility that one or more of our pending acquisitions, including the JACK Cleveland/Thistledown Acquisition, may not be completed or that completion may be unduly delayed; disruptions to the real property and operations of JACK

Cleveland Casino and/or JACK Thistledown Racino during the pendency of the closing; risks that the Company may not achieve the benefits contemplated by the acquisition (including any expected accretion or the amount of any future rent payments); not all potential risks and liabilities have been identified in the due diligence; and the effects of our pending acquisitions, including the JACK Cleveland/Thistledown Acquisition, on us, including the post-acquisition impact on our financial condition, financial and operating results, cash flows, strategy and plans. Important risk factors that may affect the Company's business, results of operations and financial position are detailed from time to time in the Company's filings with the Securities and Exchange Commission. The Company 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.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">99.1</a>	<a href="#">Press Release of VICI Properties Inc., dated October 28, 2019</a>
<a href="#">99.2</a>	<a href="#">Transaction Overview: JACK Cleveland and JACK Thistledown Investor Presentation, October 28, 2019</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**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 hereunto duly authorized.

Date: October 28, 2019

**VICI PROPERTIES INC.**

By: /s/ SAMANTHA S. GALLAGHER  
Samantha S. Gallagher  
Executive Vice President, General Counsel and Secretary



## VICI PROPERTIES INC. TO ACQUIRE JACK CLEVELAND CASINO AND JACK THISTLEDOWN RACINO IN SALE LEASEBACK TRANSACTION WITH JACK ENTERTAINMENT

*– Acquiring Market-Leading Properties at Attractive 7.8% Capitalization Rate –  
– Further Diversifying Tenant Roster Through Long-Term Partnership with JACK Entertainment –  
– Acquisition Expected to be Immediately Accretive at Closing –*

**NEW YORK, NY – October 28, 2019** – VICI Properties Inc. (NYSE: VICI) (“VICI Properties” or the “Company”), an experiential real estate investment trust, today announced it has entered into a definitive agreement with an affiliate of JACK Entertainment LLC (“JACK Entertainment”) to acquire 100% of the membership interests of its affiliates that own casino-entitled land and real estate and related assets associated with JACK Cleveland Casino, located in downtown Cleveland, Ohio, and JACK Thistledown Racino, located approximately 10 miles southeast of downtown Cleveland in the city of North Randall, Ohio, for an aggregate purchase price of approximately \$843.3 million in cash.

Simultaneous with the closing of the transaction, the Company will enter into a master triple-net lease agreement with JACK Entertainment related to the assets. The master lease will have an initial total annual rent of \$65.9 million, for an implied capitalization rate of 7.8%, and an initial term of 15 years with four 5-year tenant renewal options. The rent coverage ratio at closing is expected to be approximately 1.72x and the tenant’s obligations under the lease will be guaranteed by Rock Ohio Ventures LLC. Additionally, the Company will provide a \$50 million loan secured by certain non-gaming real estate assets of Rock Ohio Ventures LLC, which will bear interest at 9.0% for a period of five years with two 1-year extension options.

John Payne, President and Chief Operating Officer of VICI Properties said, “We are excited to partner with the team at JACK Entertainment as they focus on investing and operating in the Cleveland market. Ohio continues to be one of the healthiest and fastest growing regional gaming markets and we are thrilled to add high-quality, urban real estate to our portfolio at an attractive capitalization rate. This transaction represents another great example of VICI’s ability to creatively source and execute accretive deals that bring value to our shareholders, while furthering our strategic goal to diversify our roster of best-in-class gaming operators.”

“JACK Entertainment looks forward to continuing to operate JACK Cleveland Casino and JACK Thistledown Racino,” said Mark Dunkeson, Chief Executive Officer of JACK Entertainment. “The combined efforts of our gaming properties together with the other Cleveland assets operated by our sister companies including the Cleveland Cavaliers, Avenue Shops at Tower City and the May Company Building, have created a strong connection to the city and allows us to remain heavily committed to the Cleveland area. We have invested more than \$700 million into JACK Cleveland Casino and JACK Thistledown Racino since the properties opened in 2012 and we will continue to invest significant capital into these properties which will have a lasting positive impact on the city and Cuyahoga County.”

David Kieske, EVP, Chief Financial Officer of VICI Properties, also commented, “The acquisition of JACK Cleveland Casino and JACK Thistledown Racino will add an additional \$65.9 million of rent to our portfolio upon closing. Importantly, we will not issue additional equity to finance the transaction as we prudently secured our equity funding requirements through our successful June 2019 equity offering. Accordingly, we anticipate closing our remaining

pending transactions, including our previously announced transactions with Century Casinos, Inc. and Eldorado Resorts, Inc., on a leverage-neutral basis.”

JACK Cleveland Casino opened in May 2012 in the historic Higbee Building in downtown Cleveland, Ohio. The property features approximately 96,000 square feet of gaming space, 1,300 gaming machines, over 120 table games and eight food and beverage outlets. The property is connected to the 205-key Ritz-Carlton and 440-key Renaissance hotels in downtown Cleveland. JACK Thistledown Racino opened in April 2013 in North Randall, Ohio and is the leading thoroughbred racino in the Cleveland MSA. The property is situated on 129 acres and features approximately 57,000 square feet of gaming space, 1,459 gaming machines and six food and beverage outlets.

The transaction is subject to regulatory approvals and customary closing conditions and is expected to close in early 2020. The acquisition is expected to be accretive immediately upon closing.

In addition to this release, the Company has furnished a Transaction Overview presentation, which is available on our website in the "Investors" section, under the menu heading "Events & Presentations."

Goldman Sachs & Co. LLC is acting as financial advisor and Kramer Levin Naftalis & Frankel LLP is acting as legal advisor to VICI Properties for the transaction described herein.

#### **About VICI Properties**

VICI Properties is an experiential real estate investment trust that owns one of the largest portfolios of market-leading gaming, hospitality and entertainment destinations, including the world-renowned Caesars Palace. VICI Properties' national, geographically diverse portfolio consists of 24 gaming facilities comprising over 40 million square feet and features approximately 15,200 hotel rooms and more than 150 restaurants, bars and nightclubs. Its properties are leased to industry leading gaming and hospitality operators, including Caesars Entertainment Corporation, Penn National Gaming and Hard Rock International. VICI Properties also owns four championship golf courses and 34 acres of undeveloped land adjacent to the Las Vegas Strip. VICI Properties' strategy is to create the nation's highest quality and most productive experiential real estate portfolio. For additional information, please visit [www.viciproperties.com](http://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," 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 the Company's control and could materially affect actual results, performance, or achievements. Among those risks, uncertainties and other factors are risks that we may not achieve the benefits contemplated by the acquisition of the JACK Cleveland Casino and JACK Thistledown Racino casino-entitled land and real estate and related assets; that not all potential risks and liabilities have been identified in our due diligence of the JACK Cleveland Casino and JACK Thistledown Racino real estate assets; that our pending transactions with Century Casinos, Inc. and Eldorado Resorts, Inc. (the "pending transactions") may not be consummated on the terms or timeframes previously disclosed, or at all; the ability of the parties to satisfy the

conditions set forth in the definitive transaction documents, including the ability to receive, or delays in obtaining, the governmental and regulatory approvals and consents required to consummate our pending transactions, or other delays or impediments to completing these transactions; our ability to obtain the financing necessary to complete our pending transactions on the terms we currently expect or at all; disruptions to the real property and operations of the subject properties during the pendency of the closing of the pending transactions; and risks that the Company may not achieve the benefits contemplated by the pending transactions (including any expected accretion or the amount of any future rent payments). Important factors that may affect the Company's business, results of operations and financial position are detailed from time to time in the Company's filings with the Securities and Exchange Commission. The Company 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.

**Investor Contacts:**

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Or

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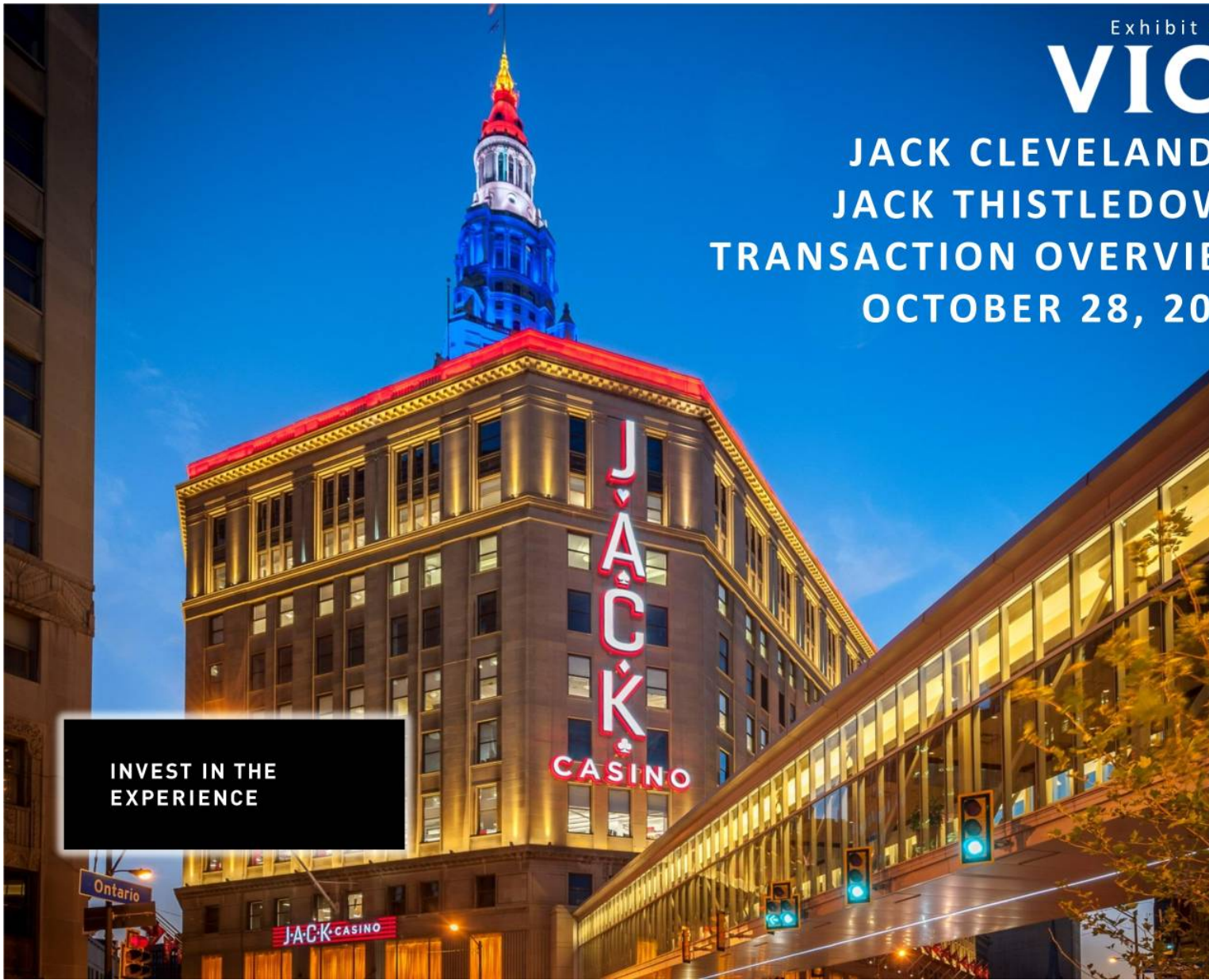
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Exhibit

# VIC

JACK CLEVELAND  
JACK THISTLEDON  
TRANSACTION OVERVIEW  
OCTOBER 28, 20

INVEST IN THE  
EXPERIENCE



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# DISCLAIMERS

## Forward-Looking Statements

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## JACK Entertainment Information

The Company makes no representation as to the accuracy or completeness of the information regarding JACK Entertainment LLC (“JACK”) included in this presentation. Certain financial and other information for JACK included in this presentation has been derived from publicly available presentations and press releases.

## Market and Industry Data

This presentation contains estimates and information concerning the Company’s industry and certain relevant markets, including macroeconomic data and gross gaming revenue (“GGR”), that are based on industry publications, reports and public filings. This information involves a number of assumptions and limitations, and you are cautioned not to rely on or give undue weight to this information. The Company has not independently verified the accuracy or completeness of the data contained in these industry publications, reports or filings. The industry in which the Company operates is subject to a high degree of uncertainty and risk due to variety of factors, including those described above under “Forward-Looking Statements.”

## Non-GAAP Financial Measures

This presentation includes reference to Adjusted Funds From Operations (“AFFO”), and Adjusted EBITDARM, 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 AFFO provides a meaningful perspective of the underlying operating performance of our business. We use Adjusted EBITDARM to evaluate the capacity of the tenant under the lease agreement for JACK Cleveland / Thistle-down to meet its obligations thereunder.

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 Adjusted EBITDARM, 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.

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# VICI

# JACK CLEVELAND/THISTLEDOWN – ACQUISITION STRATEGIC RATIONALE



JACK Cleveland Casino

## Transaction Highlights

- ✓ Attractive acquisition cap rate of 7.8% for the urban real estate of JACK Cleveland Casino and for JACK Thistledown Racino (collectively, “JACK Cleveland / Thistledown”)
- ✓ Transaction is immediately accretive to AFFO
- ✓ Fifth tenant partnership formed since 2017, demonstrating VICI’s success in diversifying its tenant base
- ✓ Strong revenue and EBITDARM performance at JACK Cleveland / Thistledown year-over-year, with exceptional performance under the JACK Entertainment team and \$30 million of additional growth capex to be invested over the next 24 – 36 months
- ✓ Increases annual rental revenue by \$65.9 million with initial rent coverage of 1.71x<sup>1</sup>
- ✓ Corporate guarantee by Rock Ohio Ventures
- ✓ VICI providing a secured \$50 million loan to JACK Entertainment at a 9.0% interest rate



JACK Thistledown Racino

## Diversifying Tenant Relationships

- ✓ Transaction creates a new tenant partnership with JACK Entertainment
- ✓ Continuity of management at the JACK Cleveland Casino and JACK Thistledown Racino
- ✓ Establishment of a relationship with Dan Gilbert and affiliates for future business opportunities

## Attractive Regional Markets

- ✓ Expands VICI’s footprint in Ohio, one of the best performing regional gaming markets
- ✓ Favorable regulatory environment given high barriers to entry as only four land-based casinos are currently allowed to operate in Ohio
- ✓ Demonstrated commitment by JACK Entertainment and affiliated companies to the markets

## LTM Q3’19 Financials

LTM Q3’19 Financials	
(\$ in millions)	
Net Revenues	\$ 37
Adj. EBITDARM <sup>2</sup>	\$ 11
Margin	30.1%



1. Initial rent coverage does not include \$5.1 million of estimated costs needed to replace services currently provided centrally by JACK Entertainment LLC pursuant to a management agreement and subject to the management fee charged to the properties. Inclusive of these estimated costs, the initial rent coverage is 1.64x. See page 10 of this presentation for additional detail.  
 2. See page 10 of this presentation for a reconciliation to the most comparable GAAP financial measure.

# JACK CLEVELAND/THISTLEDOWN – TRANSACTION OVERVIEW

JACK Cleveland/Thistledown Acquisition		JACK Entertainment Partnership	
PropCo Purchase Price	\$843.3 million	Tenant	Subsidiary of JACK Ohio Finance LLC
LTM Q3 2019 Adj. EBITDARM <sup>1</sup>	\$112.8 million	Guarantor	Rock Ohio Ventures LLC
Initial Rent Coverage <sup>2</sup> Initial Rent	1.71x \$65.9 million	Lease Term	Initial term of 15 years, followed by four 5-year renewal options (at Tenant's option)
PropCo Multiple Implied RE Cap Rate	12.80x 7.8%	Annual Escalator Summary <sup>3</sup>	1.0% in years 2-3, 1.5% in years 4-6 and the greater of 1.5% and CPI beginning in year 7 <sup>4</sup>



**VICI**

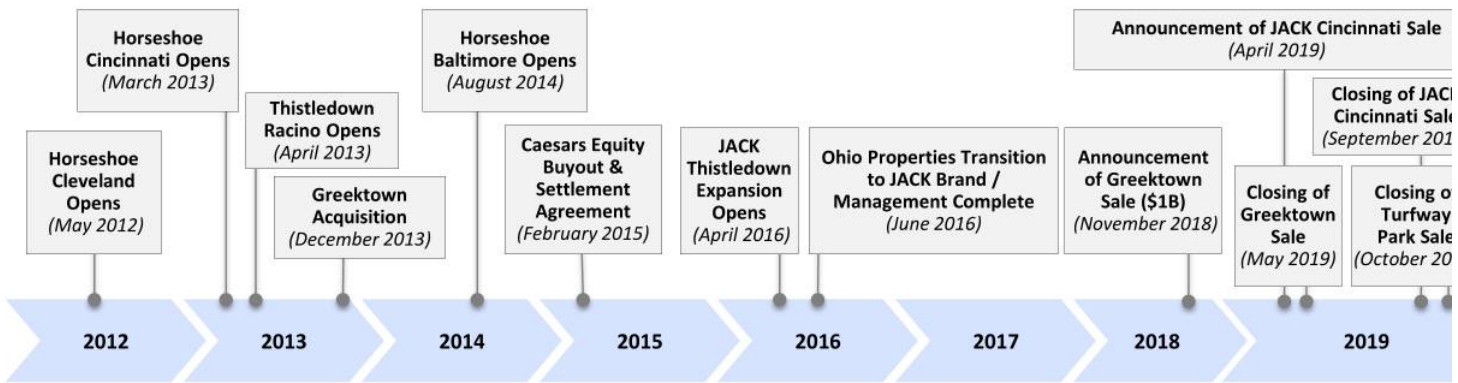
1. See page 10 of this presentation for a reconciliation to the most comparable GAAP financial measure. Does not include potential synergies or pro forma corporate overhead.
2. Initial rent coverage does not include \$5.1 million of estimated costs needed to replace services currently provided centrally by JACK Entertainment LLC pursuant to a management agreement and subject to the management fee charged to the properties. Inclusive of these estimated costs, the initial rent coverage is 1.64x. See page 10 of this presentation for additional detail.
3. In any lease year (commencing in lease year 5) if the escalator will cause the minimum rent coverage ratio (based on a ratio of net revenue to rent) to be less than 4.90:1.00, there will be no escalation in rent for such lease year.
4. Annual escalation capped at 2.5%.

# NEW PARTNERSHIP WITH JACK ENTERTAINMENT

## JACK Entertainment Overview

- JACK Entertainment LLC (“JACK”) is a Detroit-based urban gaming company currently controlled by Dan Gilbert and affiliates. JACK is part of the Rock Ventures Family of Companies, which employs nearly 4,500 team members in the greater Cleveland area at Quicken Loans, Bedrock, the Cleveland Cavalry and Rocket Mortgage FieldHouse
  - Over the past 10 years, the Rock Ventures Family of Companies has increased its investments and commitment to the long-term future of Cleveland with JACK focused on the development and operation of gaming facilities in the Ohio market
- In 2011, JACK and Caesars Entertainment (“Caesars”) partnered to develop two full-scale casinos in Ohio (current JACK Cincinnati and JACK Cleveland) as well as Thistledown Racino. JACK obtained 100% ownership of the Ohio properties in February 2015, fully assuming day-to-day management in June 2016. Since 2012, JACK has invested over \$700mm of capital into these assets
  - Between September 30, 2018 and September 30, 2019, LTM EBITDARM of JACK Cleveland / Thistledown improved 7.5%<sup>1</sup>
  - Other JACK assets include the Higbee building, Huron Road Development Site, the May Company Garage and a ~31% equity stake in Horseshoe Baltimore
  - In 2013, JACK acquired 100% ownership of Greektown Casino-Hotel (subsequently sold in May 2019), and EBITDARM improved substantially to date with similar outperformance achieved at JACK Cleveland / Thistledown

## JACK Entertainment History



1. See page 10 of this presentation for a reconciliation to the most comparable GAAP financial measure.

# JACK CLEVELAND CASINO – LEADING URBAN CASINO IN STRENGTHENING OHIO MARKET

## Property Overview

- ✓ JACK Cleveland Casino opened in May 2012 in the historic Higbee Building as the only full-scale urban casino in a 100-mile radius
- ✓ The casino serves the broader Cleveland MSA, which consists of ~2.8 million people, and generates over 3.2 million visits annually
- ✓ Connected to the 205-key Ritz-Carlton and 440-key Renaissance hotels
- ✓ 670 new parking spaces will be connected directly to JACK Cleveland via a pedestrian bridge between the Higbee Building and the May Company parking garage, in addition to the current 1,300 parking spaces
- ✓ In addition to JACK's casino presence, JACK's nearby sister companies, such as the Cleveland Cavaliers, Avenue Shops at Tower City and the May Company Building, demonstrate commitment to the market

## Asset Highlights

- ✓ Fastest growing full-scale casino in the state of Ohio in the year to date<sup>1</sup>
- ✓ Located in the heart of downtown within walking distance to sports arenas and growing nightlife
- ✓ Planned capital projects at JACK Cleveland include the May Co. Garage renovation and connection to the casino, as well as an expansion to the gaming space
- ✓ Immediate high-ROI capital projects include the Vintage Bar gaming expansion, ClubJACK relocation and the creation of a High Limit Bar

## JACK Cleveland

**~96,000**  
Sq. ft. of  
gaming space

**1,329**  
Gaming machines

**124**  
Table games

**8**  
Restaurants / bars



**VICI**

Source: Ohio Casino Control Commission  
1. As of Q3 2019.

# JACK THISTLEDOWN RACINO – NEWLY REFURBISHED RACINO SERVING CLEVELAND MSA

## Property Overview

- ✓ JACK Thistledown Racino opened in April 2013 in North Randall, Ohio, and is the leading thoroughbred racino in the Cleveland MSA
- ✓ The property underwent an 18-month \$75 million expansion and refurbishment between 2015 and 2017
- ✓ The racetrack hosts races every May through October and is host to the Ohio Derby, Ohio's most prestigious race
- ✓ JACK Thistledown generates over 1.6 million visits annually across its 57,000 square feet of gaming space
- ✓ The property features 2,400 parking spaces and is beneficially located across the street from the new Amazon Distribution Center, which employs approximately 2,000 people

## Asset Highlights

- ✓ One of the fastest growing gaming properties in Ohio with ~11% gaming revenue growth year to date<sup>1</sup>
- ✓ Racetrack hosts Ohio's most prestigious horse race, the Ohio Derby
- ✓ ~\$100 million of capital investments have been made in JACK Thistledown since the initial investment
- ✓ Additional property upgrades are expected to open in late 2020

## JACK Thistledown Racino

~57,000

Sq. ft. of gaming space

1,477

Gaming machines

6

Restaurants / bars

129

Acres of property



VICI

Source: Ohio Casino Control Commission  
1. As of Q3 2019.

# OHIO IS A WELL POSITIONED MARKET WITH STRONG ORGANIC GROWTH TRENDS

## Market & Regulatory Overview

### Market Highlights

- ✓ Ohio has quickly become one of the largest regional gaming markets with \$1.9bn of GGR as of LTM September 2019
- ✓ The Cleveland MSA includes approximately 2.8 million residents, with the majority inside urbanized areas
- ✓ Strong macroeconomic drivers, including employment growth and a diverse economy
- ✓ The number of jobs in Ohio is expected to increase by ~250,000 over 2016 – 2026, or 4.4%

### Regulatory Highlights

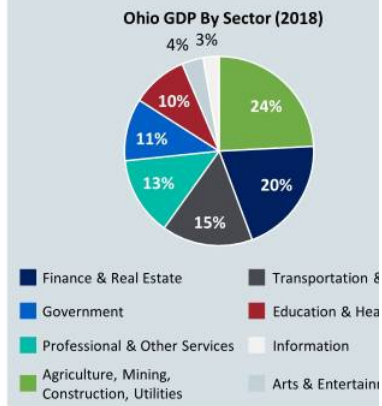
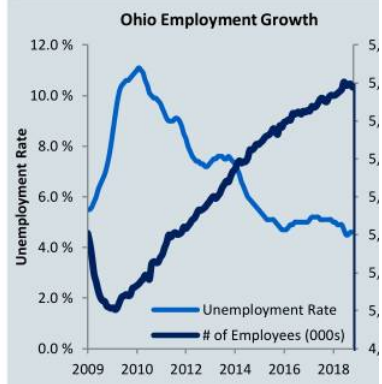
- ✓ Casino gaming was legalized in Ohio by amending the Ohio Constitution in 2009
- ✓ Favorable competitive environment with no new gaming licenses expected and only a limited number currently available (4 casino licenses and 7 video lottery terminal facilities licensed)<sup>1</sup>
  - Toledo, Cincinnati, Cleveland and Franklin County (Columbus) are each authorized to have one casino facility

## Strong GGR Growth in New Gaming Market

(\$ in millions)



## Favorable Macroeconomic Trends



Source: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, Ohio Casino Control Commission, Ohio Department of Job and Family Services

1. The state of Ohio is limited by its constitution to have only four casino facilities with table games. However, there are currently seven racino gaming facilities in the state operating video lottery terminals. In addition to state gaming taxes, racino facilities are required to contribute 9-11% of net win to Ohio Horsemen's Associations.

# JACK CLEVELAND/THISTLEDOWN LEASE AGREEMENT OVERVIEW

Initial Cash Rent	\$65.9 million
Annual Escalator <sup>1</sup>	1.0% in lease years 2-3 1.5% in lease years 4-6 > of 1.5% and CPI beginning in lease year 7 <sup>2</sup>
Rent Adjustment	Year 8: 80% Base (subject to escalator) / 20% Variable
Variable Rent Adjustment Mechanic	<u>4% of net revenue increase / decrease</u> Year 8: Average of years 5-7 less average of years 1-3 Year 11: Average of years 8-10 less average of years 5-7
Term	15-year initial term with four 5-year renewal options
Guarantor	Rock Ohio Ventures LLC
Capex	Minimum of \$30 million in first 3 years <sup>3</sup> 1.0% of net revenues beginning in lease year 4 <sup>4</sup>

**VICI**

1. In any lease year (commencing in lease year 5) if the escalator will cause the minimum rent coverage ratio (based on a ratio of net revenue to rent) to be less than 4.90:1.00, there will be no escalation in rent for such lease year.
2. Annual escalation capped at 2.5%.
3. Minimum of \$30 million includes amounts spent on gaming equipment and the May Company Garage from the period commencing April 1, 2019 until December 31, 2022.
4. 25% of JACK's expenditures on gaming equipment may be credited towards the minimum capex requirements in lease years 4-10. 1.0% of net revenue calculated on a rolling 3-year basis.

# RECONCILIATION FROM GAAP TO NON-GAAP FINANCIAL MEASURES

## CALCULATION OF JACK CLEVELAND/THISTLEDOWN ADJUSTED EBITDARM

(\$ in millions)	Last Twelve Months Ended September 30, 2019	Last Twelve Months Ended September 30, 2018
<b>Net Income</b>	<b>\$ 62.6</b>	<b>\$ 51.5</b>
Management Fees	12.7	11.5
Depreciation and Amortization	30.7	34.8
JACK Cleveland Rent	6.6	6.4
Other <sup>1</sup>	0.2	0.2
<b>Adjusted EBITDARM</b>	<b>\$ 112.8</b>	<b>\$ 104.9</b>
<i>Year-Over-Year Adjusted EBITDARM Increase (%)</i>	7.5%	
Pro Forma Corporate Overhead <sup>2</sup>	(5.1)	
<b>Adjusted EBITDARM (Incl. Pro Forma Corporate Overhead)</b>	<b>\$ 107.7</b>	
Year 1 Annual Rent	65.9	
<b>Pro Forma Rent Coverage (Excl. Pro Forma Corporate Overhead)</b>	<b>1.71x</b>	
<b>Pro Forma Rent Coverage (Incl. Pro Forma Corporate Overhead)</b>	<b>1.64x</b>	

**VICI**

1. "Other" includes interest income, gain / loss on disposal of assets and straight-line rent adjustments attributable to JACK Cleveland.
2. JACK Entertainment's preliminary estimate of costs needed to replace services currently provided centrally by JACK Entertainment LLC pursuant to a management agreement and subject to the management fee charged to the property as noted above. These estimates may change as further analysis and assessment of the necessary organization structure is performed.

