

**ORDER 2017-111**  
**AN ORDER OF THE INDIANA GAMING COMMISSION**  
**CONCERNING GRANTING TRANSFER OF OWNERSHIP**  
**INTEREST IN RIVERBOAT OWNER'S LICENSE**

Horseshoe Hammond, LLC ("Horseshoe Hammond") and Caesars Riverboat Casino, LLC ("Horseshoe Southern Indiana") are casinos located in Hammond and Elizabeth, Indiana, respectively. Horseshoe Hammond and Horseshoe Southern Indiana hold Indiana casino owner's licenses.

Caesars Entertainment Operating Company Inc. ("CEOC") proposes to make certain structural changes culminating in a spin-off of its real property to create a Real Estate Investment Trust ("REIT"). As part of the transaction, CEOC's parent company, Caesars Entertainment Corp. ("CEC") created CEOC LLC. CEOC will merge into CEOC LLC with CEOC LLC surviving.

As it relates to the Indiana casinos, the parent company for Horseshoe Hammond will remain Horseshoe Gaming Holding, LLC. The parent company of Horseshoe Gaming Holding, LLC will be CEOC, LLC. The parent company of Horseshoe Southern Indiana will become Roman Holding LLC of Indiana. The parent company of Roman Holding LLC of Indiana will be Caesars World, LLC, whose parent company will be CEOC LLC.

As part of this spin-off, VICI Properties, Inc. ("VICI") has been created to serve as the REIT. VICI has formed LLCs to receive and hold various real estate assets of CEOC. In this instance, the real estate assets of Horseshoe Hammond and Horseshoe Southern Indiana will be owned indirectly by VICI. VICI, contemporaneously with this transfer of ownership application, applied for a supplier's license pursuant to 68 IAC 2-2-1(c)(5). Horseshoe Hammond and Horseshoe Southern Indiana, the Commission's casino owner's licensees, will continue to be responsible for casino gambling operations.

The restructuring plan necessitates transferring the ownership of the casino owner's licensees, Horseshoe Hammond and Horseshoe Southern Indiana, as set forth above.

As part of this transaction, CEOC LLC will also undertake debt activity which must be approved by the Commission pursuant to Ind. Code § 4-33-4-21 and 68 Ind. Admin. Code § 5-3-2. Debt transactions are analyzed to ensure the financial health of casino licensees and to ensure that a casino owner's license is not leased or hypothecated and that money is not borrowed or loaned against a casino owner's license. Here, the debt activity was reviewed by Commission Financial Investigator Bill Murphy.

Ind. Code § 4-33-4-21 provides that a licensed owner must apply for and receive Commission approval before an owner's license is transferred, sold, or purchased. 68 IAC 2-1-4(d) provides that an applicant that changes from one form of legal entity to another is a new applicant and requires a new Part I of the application and an application fee. The application and fee have been submitted for Horseshoe Hammond and Horseshoe Southern Indiana.

VICI will submit for approval by the Executive Director a written power of attorney identifying the person who, if approved, would serve as VICI's trustee to maintain and oversee the real property assets owned in the State of Indiana. VICI will renew its power of attorney annually on the same date it renews its supplier's license.

### COMMISSION ACTION

The Commission hereby takes the following actions:

1. **APPROVES** the transfer of ownership interest in casino owner's licensees as follows:
  - a. Horseshoe Hammond and Horseshoe Southern Indiana from CEOC to CEOC LLC; and
  - b. Horseshoe Southern Indiana from Roman Holding Corp. of Indiana to Roman Holding LLC.
2. **APPROVES** CEOC LLC's debt financing package related to the transaction with VICI allowing the transfer of the real property assets of Horseshoe Hammond and Horseshoe Southern Indiana to VICI. The Commission also **WAIVES** the so-called "two meeting requirement" of 68 IAC 5-3-2(b)(2) and (3).

The Commission's approval is conditioned upon: (1) receipt of closing financing by CEOC LLC and VICI, (2) VICI receiving a permanent supplier's license, (3) submission and approval by the Executive Director of a written power of attorney identifying the person who would serve as VICI's trustee to maintain and oversee the real property assets owned in the State of Indiana and (4) no material changes to the proposed transaction or financing.

In addition, the Commission hereby requires CEOC LLC and VICI (sometimes collectively referred to as "the parties") to provide notice to Commission staff regarding the following:

1. CEOC LLC shall annually report capital expenditures at Horseshoe Hammond and Horseshoe Southern Indiana as a percentage of net revenue;
2. The parties shall report all CEOC LLC capital expenditure requests submitted to VICI for its consent and VICI's response;
3. The parties shall report the annual rental amount by January 31<sup>st</sup> of each year;
4. The parties shall promptly report the details of any lease dispute submitted to an arbitration panel pursuant to Sec. 34.2 of the lease;
5. The parties shall report any uncured master lease event of default immediately;
6. The parties shall report any bankruptcy filing or any default on the terms of any financing agreement immediately;
7. The parties shall report any material master lease amendment thirty (30) days before the amendment would become effective, unless such amendment is necessary to comply with any material law, rule or regulation, in which case such amendment may be effective immediately and reported promptly;
8. The parties shall report any master lease renewal thirty (30) days before the renewal date;
9. The parties shall promptly report any change in their respective bond rating from Fitch Ratings, Inc., Standard & Poor's Ratings Services, Inc., Moody's Investors Service, Inc., or any other rating agency designated by the Commission;

10. VICI shall report any other sales and dispositions of real property approved by the VICI Board of Directors, regardless if such transactions involve property in Indiana;
11. VICI shall report any new financing or refinancing of any of its debt obligations; and
12. VICI shall report any material changes in corporate structure, including but not limited to, any changes in directors and executive officers named in its filings with the Securities and Exchange Commission.

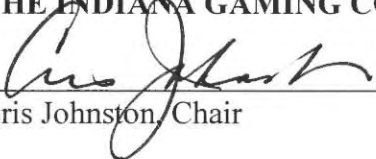
These foregoing notice requirements, as applied to VICI, also extend to all Indiana real properties to which VICI is authorized to be supplier licensee.

**EFFECTIVE DATE:** This Order shall be effective upon the occurrence of both:

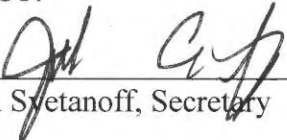
1. Approval by CEC shareholders of the Merger Agreement with Caesars Acquisition Corp. (“CAC”); and
2. Approval of the Merger Agreement by CAC shareholders.

**IT IS SO ORDERED THIS 29<sup>th</sup> DAY OF JUNE, 2017**

**THE INDIANA GAMING COMMISSION:**

  
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Cris Johnston, Chair

ATTEST:

  
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Joseph Syetanoff, Secretary