The Henry Fund
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VICI Properties, Inc. (VICI)

March 4, 2023

Real Estate – Gaming REITs

Stock Rating **HOLD**

Investment Thesis

We recommend a HOLD rating on VICI Properties with a target price of $27 to $43, with respective downside of 11.8% and upside of 17.6% as of the current price. Since forming in 2017, VICI has delivered returns of 109.7%, outperforming the REIT index by four times[1]. We believe the company will continue to drive outperformance through accretive acquisitions, elevated cap rates, and favorable lease agreements.

Drivers of Thesis

- Triple net lease agreements allow VICI to generate steady revenue streams while avoiding general maintenance and property expenses. This enables a sustained operating margin of 94.8% over the projection period.
- VICI's tenants in the casino and gaming industry are well positioned to meet lease and debt obligations and have exhibited strong post-pandemic recovery with annual growth expectations of 11.8% from 2023 to 2025[3].
- VICI's lease agreements are well protected by uncapped annual escalators, protecting the firm from elevated inflation rates[2].

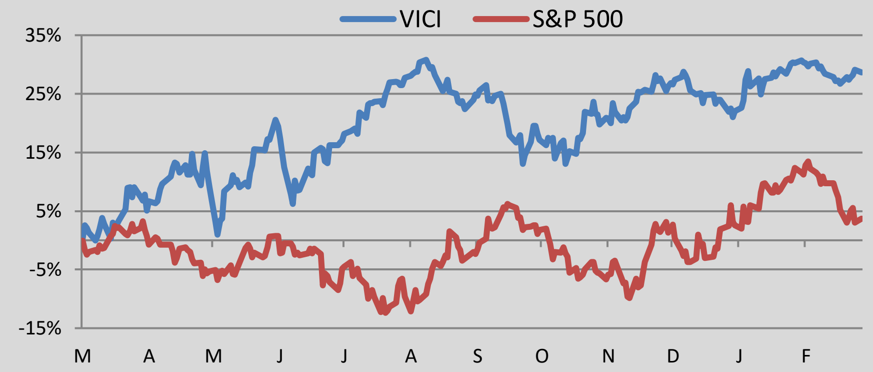
Risks to Thesis

- With 45% of VICI's total revenues coming from the Las Vegas Strip, the company's operations are reliant on the performance of these casinos and whether their partners can generate sufficient cash flows to service leases.
- More than half of VICI's lease agreements are capped at annual increases of 3.0%, placing downward pressure on cap rates with elevated inflation.
- Rising interest hinders the company's ability to expand their portfolio, but this provides opportunities for further investments in the company loan segment, supporting a revenue CAGR of 15.2%.

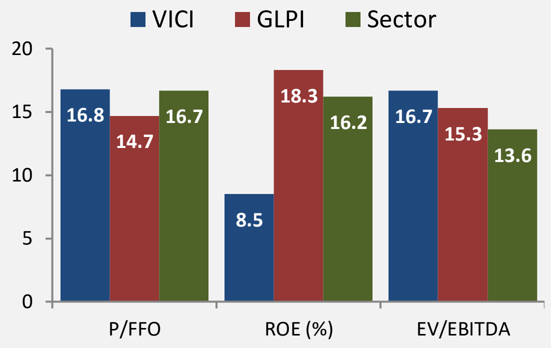
Earnings Estimates

Year	2020	2021	2022	2023E	2024E	2025E
FFO	$1.75	$1.76	$1.93	$2.21	$2.25	$2.49
Growth	*41.1%*	*0.6%*	*9.7%*	*17.3%*	*4.9%*	*2.6%*

12 Month Performance



Target Price	$30 – $40
Henry Fund DCF	$46
Henry Fund DDM	$30
Relative Multiple	$33
Price Data	
Current Price	$33.84
52wk Range	$26.42 – $35.69
Consensus 1yr Target	$38
Key Statistics	
Market Cap (B)	$34.2
Shares Outstanding (M)	1,004
Institutional Ownership	96.5%
Beta	0.66
Dividend Yield	4.6%
Est. 5yr Growth	6.8%
Price/FFO (2022E)	17.4
Price/FFO (2023E)	16.0
Price/AFFO (2023E)	16.0
Price/NAV (2023E)	1.1
Profitability	
Operating Margin	61.9%
Profit Margin	60.4%
Return on Assets (TTM)	5.0%
Return on Equity (TTM)	8.5%



Company Description

VICI Properties, Inc, is an experiential real estate investment trust (REIT) which owns, acquires, and develops gaming, hospitality, and entertainment properties in North America. The company generates income through three main segments: Leasing, Loans, and Golf. Their portfolio consists of 49 gaming facilities comprising approximately 124 million square feet across the U.S. and Canada. This portfolio includes over 59,000 hotel rooms and 450 restaurants and bars, and 500 retail outlets.

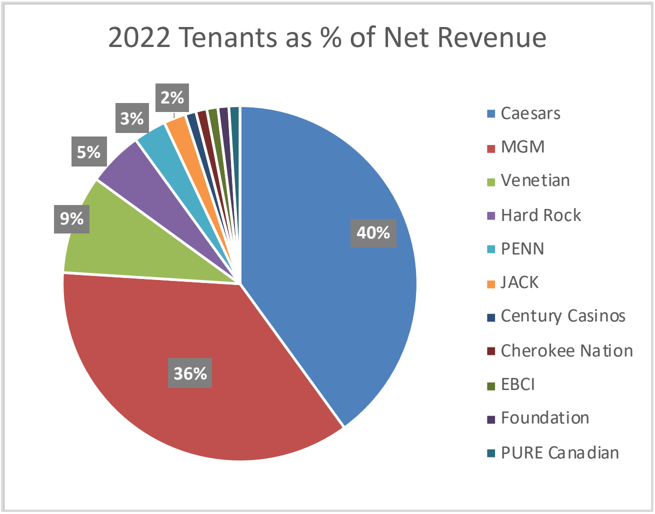
Important disclosures appear on the last page of this report.

COMPANY DESCRIPTION

VICI Properties, Inc. operates as an experiential Real Estate Investment Trust (REIT) headquartered in New York, NY. The company's real estate portfolio consists of 49 market-leading gaming properties, 4 championship golf courses, 34 acres of developable Las Vegas Strip land with a total of 124 million owned square feet.

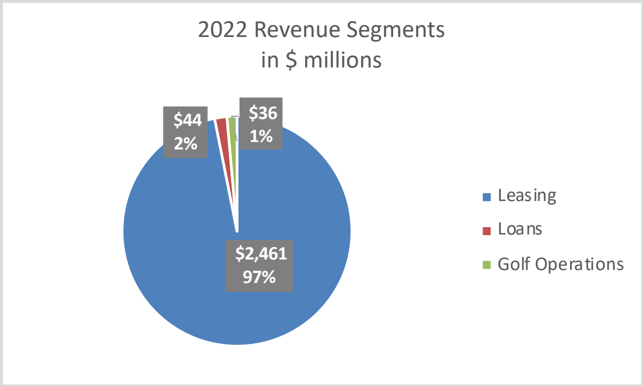
The company was formed in October of 2017 as part of Caesars Entertainment's emergence from Chapter 11 bankruptcy. After rejecting an offer from MGM Growth Properties, a REIT affiliated with MGM Resorts International, the company IPO'd in February of 2018 and went on to acquire MGM Growth Properties in 2022 for $17.2 billion in an all-stock deal. The company issue an additional 214.5 million shares[16]. VICI's portfolio is comprised of long-term triple net leases where the tenant agrees to pay property taxes, building insurance, maintenance expenses, and utilities.

The company's customer mix has altered substantially since inception, growing from a single tenant, Caesar's Entertainment, to 11 established gaming and leisure corporations.



Source: VICI Properties Q4 2022 Earnings[1]

The company generates revenue from three main segments: Leasing, Loans, and Golf Operations. The majority of VICI's revenue comes from leasing agreements with their 11 partners depicted in the chart above. About 2% of the company's revenue comes from loan origination, which is forecasted to increase over the projection period to further support partnerships with gaming corporations and supplement returns from investments in an increasing rate environment.



Source: VICI Properties Q4 2022 Earnings[1]

Leasing

In 2022, VICI's Leasing segment accounted for 94.6% of their total revenue. Over the past four years, this segment has grown at a CAGR of 30.6%. This elevated growth has been supported by numerous acquisitions. Square footage has grown from 39 million to 124 million, representing growth of 218.0% since 2018 and 100.0% in 2022 alone. VICI's portfolio now consists of over 59,000 hotel rooms, roughly 500 retail outlets, and 450 restaurants, bars, nightclubs, and sportsbooks. The following chart shows VICI's portfolio including a recent international acquisition of PURE Canadian's gaming properties, their first international acquisition since formation.

Source: VICI Properties Q4 2022 Earnings[1]

The company's portfolio has become increasingly concentrated in Las Vegas. Since formation, their Las Vegas exposure has grown from 27% of their overall portfolio to 47% in 2022.

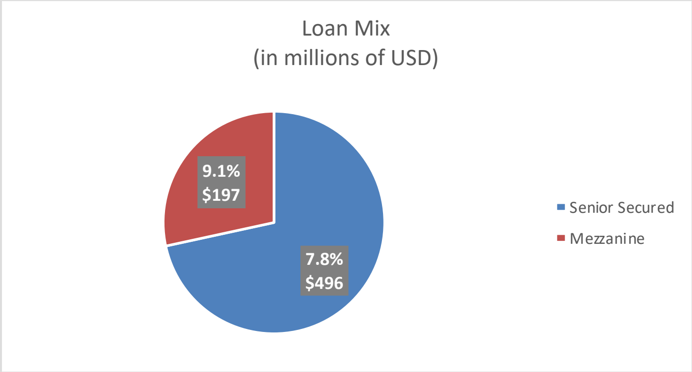
In 2022 alone, the company's leasing portfolio grew by 64 million square feet or roughly 100.0%. This growth in square footage is the result of over $4.3 billion in transactions, with a combined rental income of $341.7 million and a respective average capitalization rate of 8.0%. We projected square footage to grow at a much more modest CAGR of 3.0% following a historic year of transactions for the company. We see rising interest rates and the company's reluctance to enter capped lease arrangements as a head wind to the company's portfolio growth during the projection period, despite a record-setting year of acquisitions.

Loans

Loans are a very small portion of VICI's total revenue, representing only 2.0% of revenue in 2022. The company's loan portfolio is small but has grown from $16 million in 2020 to $44 million in 2022. During this period, VICI's investments in loans has grown from $537 million to $686 million, averaging a return of 8.2% on their investment.

In 2022, the company originated loans to the Great Wolf Northeast, Fontainebleau Las Vegas, and Canyon Ranch in Austin. As of December 2022, the principal balance of their loan portfolio was $692.5 million with a blended interest rate of 8.2% and an annualized income of $56.7 million. This information was built into the forecast period along with a projection of additional loans originated by the company and their respective average return.

This segment is well-positioned to perform well in the near-term due to rising interest rates and the nature of VICI's loans. Their loan segment provides opportunity in times when many firms are constrained by increasing cost of capital. The loan segment is still a very small portion of the company, accounting for 1.7% of total revenue, but a sharp rise in interest rates influenced by the Federal Reserve supports segment growth at a CAGR of 13.1% over the projection period. In the terminal year, we expect income from loans to account for 3.8% of total revenue.



Source: VICI Properties Q4 2022 Earnings$_1$

Golf Operations

VICI owns four championship, 7,000+ yard, par 72 golf courses each with respective clubhouses and restaurants. Cascata and Rio Secco are located within proximity to the Las Vegas Strip, capitalizing on the company's gaming portfolio. The other courses, Grand Bear and Chariot Run, are in Mississippi and Indiana. The company's golf operations, representing 1.4% of the company's total revenue in 2022, have consistently generated positive returns for the company since formation. The company has averaged a 30.1% margin on their golf operations over the past five years and we are forecasting an average margin of 34.3% over the projected period. The company's portfolio has not experienced expansion in terms of the number of golf courses, but the company has fostered a sound relationship with Cabot, supporting greater growth in golf real estate and revenues in coming years. Their growing partnerships with non-gaming companies support a modest CAGR of 3.3% over the projected period to 2029.

The golf course segment is subject to a management agreement that the company entered in October 2022, permitting Cabot to manage the courses and their respective day-to-day operations. Effectively, this relinquishes VICI's upkeep, maintenance, and staffing requirements allowing them to focus on their core real estate operations. The company also has a current use agreement with Caesars, bringing in a base of $11.5 million in annual memberships fees and $3.7 million of use fees.

VICI also generates additional revenues from individual membership fees.

Non-Gaming Growth Pipeline

VICI has crafted strategic, fundamental relationships with non-gaming companies to further their operations outside of the gaming and entertainment space. These relationships support the company's expanding loan portfolio. The ventures include Great Wolf Resorts, a leading operator of family oriented indoor waterparks; Cabot, an owner, developer, and operator of world-class destination golf resorts and communities; Canyon Ranch, an innovator in wellness facilities; BigShots Golf, a golf entertainment venue; and Chelsea Piers, a sports and fitness company with locations in the eastern region of the U.S.

This gives VICI an opportunity to diversify their leasing income away from their heavily concentrated portfolio of gaming facilities. The current agreements with these corporations enable relationships to grow despite a challenging macroeconomic environment of rising interest rates, decreased consumer spending, and high inflation rates.

Cost Structure

The company operates as a REIT whereby all of their tenants are entered into triple net lease agreements. This assumes that VICI Properties, Inc. is no responsible for the management, maintenance, insurance, or property taxes associated with owning their properties. This responsibility is passed on to the tenants that occupy VICI's renowned properties. As a result, the company maintains a strong operating margins with a historical average operating margin of 82.2% and net margin of 62.0%. Over the projected period, we forecast that VICI will experience a 94.3% operating margin, which is an improvement due to the company's growth in their portfolio. With their operating structure, the company runs an efficient portfolio with only 23 employees[1].

The company has invested heavily in their real estate portfolio with $22.8 billion, $21.3 billion, and $4.6 billion of acquisitions in 2022, 2021, and 2020 respectively. We have forecasted the company's capital expenditures more modestly in 2023 and beyond as the company's aggressive acquisitions will be hindered by high interest rates and ability to source low-cost capital.

Debt Maturity Analysis

Over the past five years, VICI Properties maintained an average debt-to-equity ratio 0.58. Despite rising costs of debt, VICI successfully executed numerous transactions in 2022. The company's net debt grew from $4.7 billion in 2021 to $13.7 billion in 2022. A large portion of this growth is attributable to their acquisition of MGM Growth Properties as the company raised $5.0 billion[1]. Despite a large jump in debt, the company maintains a strong liquidity position of $3.8 billion; however, this is down 23.7% from $5.0 billion in 2021. The following chart shows the company's upcoming debt obligations.

Maturity	Total Debt ($M)	Interest Rate
2024	$1,055	5.63%
2025	$2,026	4.15%
2026	$1,720	4.32%
2027	$1,502	4.75%
2028	$1,574	4.70%

Source: VICI Properties Q4 2022 Earnings[1]

ESG Analysis

VICI's Environmental, Social, and Governance risk is low, according to Morningstar's Sustainalytics. Among the peer group provided by Morningstar, VICI does not rank well.

Company	ESG Risk Rating		Industry Rank
SBA Communications Corp.	11.6	Low	123 out of 1058
Welltower, Inc.	12	Low	143 out of 1058
Digital Realty Trust, Inc.	12.6	Low	182 out of 1058
Simon Property Group, Inc.	13.6	Low	246 out of 1058
VICI Properties, Inc.	15.4	Low	342 out of 1058

Source: Morningstar Sustainalytics[4]

With triple net lease agreements, this makes it difficult for VICI to attain exceeding ESG scores. With triple net leases, the tenants are responsible for maintenance and upgrades to facilities; however, this does not negate the company's efforts to improve ESG. VICI has implemented a variety of ESG initiatives including Sustainability Data Sharing, Green Lease Provisions, and Climate Change Risk Analysis[2]. With sustainability data sharing, tenants willingly report key sustainability metrics and utility usage information to VICI too encouraging collaboration between the lessor and lessee. Recent negotiations have included green lease provisions aimed at improving conservation, sustainability, recycling, and waste reduction at VICI's properties. Their climate change risk analysis has been implemented as part of property-level assessments used to address climate strategy and risk management.

RECENT DEVELOPMENTS

Acquisition of MGM Growth Properties

VICI Properties originally announced the acquisition of MGM Growth Properties on August 4, 2021, and sequentially closed the transaction on April 29, 2022, for a total consideration of $11.6 billion, plus the assumption of $5.7 billion in debt. This deal also included a 50.1% share of the MGM Grand / Mandalay Bay joint venture with Blackstone Real Estate Investment Trust ("BREIT"). The acquisition consisted of the MGM Master Lease, BREIT JV Master Lease, and the Mirage Lease with annual lease income of $770.0 million, $149.2 million, and $70.0 million respectively. In total, VICI added 15 formerly MGM properties to their portfolio of gaming facilities in market-leading areas.

Prior to VICI's formation in late 2017, MGM Growth Properties attempted to purchase VICI Properties in January of 2018 with an offer of $5.9 billion. Instead, VICI Properties IPO'd raising $1.2 billion in capital. The company has made significant strides from 20 gaming facilities to over 45 market-leading properties and an implied valuation of $18.4 billion according to the Henry Fund DCF model.

The company's M&A strategy has proven to be accretive with an average funds from operations growth of 17.2% from 2020 to 2022[1].

Remaining 49.9% Interest in BREIT JV

As part of the acquisition of MGM Growth Properties, VICI acquired a 50.1% interest in Mandalay Bay in Las Vegas, Nevada. The company recently acquired the remaining portion of the joint venture and closed the acquisition in January of 2023. VICI properties is set to gain the remaining $151.6 million in annual lease income for a total of $2.8 billion. The cap rate on this property is currently 8.0%, implying VICI's aim to acquire high lease income on high-valued properties. This acquisition adds 9.5 million square feet, 990 slot machines, and 4,750 hotel rooms to the company rapidly growing casino and gaming portfolio.

We forecasted that the remaining interest in Mandalay Bay was completed at the end of their 2022 fiscal year.

Fourth Quarter Earnings Report

The company reported earnings on January 18, 2023, and surprised investors by beating quarterly EPS 8.6% and annual EPS by 0.5%. The market expected $0.58 EPS and VICI delivered $0.63, rallying the stock only 0.8% from the market's open. The company's executives talked about YoY performance: growing revenue by 72.3%, dividends by 34.0%, and delivering returns of 109.7%. The company also issued guidance for 2023 and expects to report Adjusted Funds from Operation (AFFO) between $2.10 to $2.13 per share[1]. VICI highlights their strong outlook with expected AFFO growth of 10.9% compared to the industry expectation of -0.6%[3]. This industry-beating AFFO growth is driven by built-in escalators in the company's lease agreements with Caesars and Century Casinos, allowing the company to escalate rent according to changes in the CPI.

VICI Properties' CEO, Edward Pitoniak, commented on the company's trajectory for the next five years. After outperforming the S&P 500 and NASDAQ by 200% over the past five years, the company expects to experience slower growth and outperformance relative to benchmarks[1]. VICI plans to expand categorically and geographically, exploring international opportunities, and staying disciplined in capital allocation.

The company also issued new guidance for the company, and they expect growth in Adjusted Funds from Operations (AFFO) in the range of $2.10 to $2.13 in 2023[1]. The company also anticipates issuing an additional 132.0 million in shares. In our forecast, we expect that the company will issue less shares in 2023 as they integrate recent acquisitions. This leads to a higher FFO in our model of $2.14 per share.

INDUSTRY OVERVIEW

The experiential Real Estate Investment Trust (REIT) industry invests in income-generating properties such as casino and gaming facilities, golf courses, wellness centers, fitness centers, and entertainment venues. The most prominent experiential REIT, aside from VICI Properties, is Gaming and Leisure Properties (GLPI). These REITs own the properties and generate revenue through rental income. It is common for this industry to use triple net leases, whereby the owner of the property does not pay for maintenance, property taxes, insurance, or utilities. The expenses are undertaken by the lessee of the property. The industry takes a unique position on the overall real estate investment trust industry. VICI Properties, Inc. and other experiential REITs have entered a market that has not yet been adopted by casinos, gaming, and entertainment companies. Contrasting retail properties to casino properties, 70% are owned by REITs while only 40% of casinos are owned by REITs[1]. We believe there is opportunity for growth in this specific area of the REIT industry; however, REITs face headwinds moving forward with higher costs of capital hindering portfolio expansion.

Cap Rates

Cap rates, also known as capitalization rates, are an important measure of the performance and value of industrial real estate investment trusts (REITs). Cap rates are calculated as the ratio of a property's net operating income (NOI) to its market value or purchase price.

For all REITs, cap rates are an important factor in determining the value of their properties and their overall portfolio. They provide a measure of the return that can be expected on a property based on its income-generating potential. Higher cap rates generally indicate a lower underlying property value, while higher cap rates suggest a lower asset value or higher expected returns. In the case of VICI, their portfolio generates a higher cap rate than the industry average of 5.9%[3]. The following chart shows VICI's recently acquired properties and their respective cap rates.

Property	Income ($M)	Transaction ($M)	Cap Rate
Rocky Gap Casino	$15.5	$203.9	7.6%
Pure Canadian	$16.1	$200.8	8.0%
Fitz + WaterView	$24.3	$293.4	8.3%
Century Casino	$4.2	$51.9	8.1%

Source: VICI Properties Q4 2022 Earnings[1]

In the case of VICI, their properties have a high market value and capture high annual rental income due to the prominence, location, and name. Cap rates are a critical measure of the value and performance of REITs, playing a crucial role in investment decisions, pricing, and market analysis. VICI generates high rental income from their properties due to the market-leading names associated with the casinos and gaming facilities. With 47% exposure to the Las Vegas strip, their real estate investments are concentrated in highly sought-after properties with strong name recognition.

Occupancy Rates

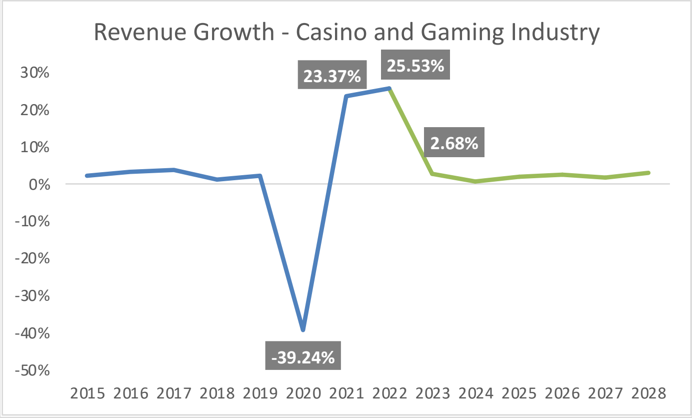
Occupancy rates are a key metric for REITs that measure the amount of space that is being occupied by tenants. With market uncertainty, occupancy across the REIT industry has faced downward pressure. VICI Properties currently leases 100% of their available properties. VICI's high occupancy is attributable to their acquisitions of portfolios associated with brands. Since the reorganization of Caesar's, many casinos such as PENN Entertainment, Ameristar, Boyd Gaming, and Bally have sold portions of their real property assets to REITs, relieving the burden of substantial debt. Entering into long-term lease agreements protects VICI from experiencing low occupancy rates. VICI's weighted average lease term is 43.4 years [2].

Occupancy rates also provide important information about market trends and the broader economy. For example, a decline in occupancy rates in a particular market may indicate a slowdown in economic activity or a shift in demand towards other types of real estate. Conversely, an increase in occupancy rates may indicate a growing demand for industrial real estate and a stronger economy.

TENANT PORTFOLIO

Source: Caesars, PENN, MGM, Venetian, and Hard Rock Hotels

It is imperative to analyze the financial positioning of VICI's tenants. The financial standing of these companies is imperative to meeting their lease and loan payment obligations to VICI. The casino and gaming industry has been no stranger to financial difficulties, with Caesars Entertainment Corporation filing for chapter 11 bankruptcy in 2015.



Source: IBIS World – Casino & Hotels[5]

On average, casino hotel revenue fell 39.2% due to pandemic related closures, but VICI still managed to collect 100% of rent in cash[2]. The company also maintained 100% same-store occupancy in their portfolio through 2020[2].

VICI's portfolio of tenants has a weighted average lease term of 43.4 years, meaning their tenants have a strong intent to occupy the properties they lease for the long-term. The following chart shows the breakdown of VICI's tenant portfolio.

Company	% of Rent
Caesars	40%
MGM	36%
Venetian	9%
Hard Rock	5%
PENN	3%
JACK	2%
Century Casinos	1%
Cherokee Nation	1%
EBCI	1%
Foundation	1%
PURE Canadian	1%

Source: VICI Properties Q4 2022 Earnings[1]

VICI has evolved significantly since formation, with their portfolio of tenants expanding from just Caesars to a list of 11 market-leading casinos in the U.S. and Canada. Diversifying their tenant portfolio will protect the company from firm-specific risks, but all their lease investments remain concentrated in the gaming and casino industry. The following chart shows the top public tenants and financial metrics that illustrate their financial standing as of their most recent fiscal year.

Company	Caesars	MGM	PENN
Market Cap ($M)	11,480	16,893	4,618
CFO ($M)	993	1,756	878
Operating Margin	16.1%	11.0%	15.2%
Interest Coverage	1.30	8.27	2.03
Debt to Capital	1.05	0.19	0.60
Credit Rating	B1	B1	Ba3
ROA (5-Year)	-1.8%	2.2%	0.1%
ROE (5-Year)	-14.7%	13.2%	4.1%
P/E (NTM)	45.3	62.5	18.0

Source: FactSet[3]

Based on the information above, Caesars Entertainment is the least-performing entertainment company with the highest debt-to-equity ratio and a low interest coverage ratio. The company also has $3.7 billion in variable debt maturing in 2024 at a current rate of 7.2%[13]. On the other hand, MGM Resorts International and PENN Entertainment seem to be in a better financial position from a brief overview of these metrics.

MARKETS AND COMPETITION

VICI is the biggest player in the experiential REIT industry with over $34.2 billion in market cap, with its closest comp, Gaming & Leisure Properties, having a market cap of $14.7 billion. For the sake of building a relative valuation model, it was imperative to research the metrics of REITs with a similar structure to VICI's. VICI's operating structure is unique because their real estate portfolio is composed of triple net leases and single-tenant properties. The following companies, aside from Gaming & Leisure Properties (GLPI), are not casino and gaming focused REITs but they meet other criteria that makes their operating structure like VICI's. With these companies, the prospect for growth may not be as prominent as VICI or GLPI.

For the peer comparison, we looked at Gaming & leisure Properties, Inc. (GLPI), Realty Income Corporation (O), and Equity Residential Corporation (EQR).

Company	VICI	GLPI	O	EQR
Market Cap ($B)	$ 32.90	$ 14.00	$ 40.47	$ 24.02
Properties	49	57	12,237	293
Square Footage (mm)	124	27.8	236.8	N/A
Revenue / Sq. Ft.	$ 20.98	$ 39.57	$ 11.57	N/A
Avg. Lease Term (years)	43.4	51.1	9.5	1.38
P/FFO	16.8	14.7	15.7	16.8
Dividend Yield	4.70%	5.60%	5.00%	4.30%

Source: FactSet[3]

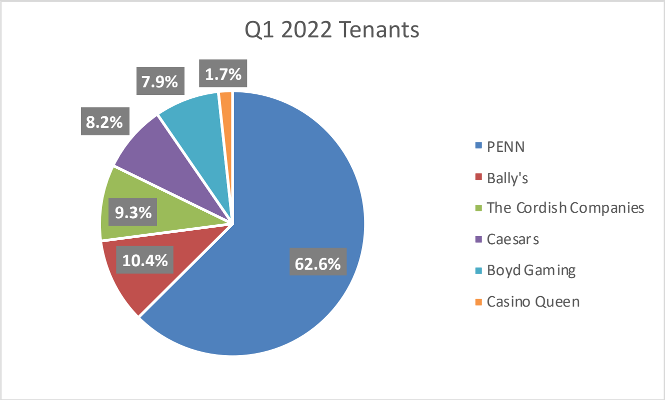
Gaming & Leisure Properties: +4.3% YTD

One of the important components of any company and industry report is comparing industry peers across a variety of financial and operating metrics. For example, metrics might include market cap, share price, sales, market share, net income, EPS, debt levels, profit margins, P/E, P/S, P/B, etc. Each individual analyst should decide which variables best help shape and construct their investment story.

Gaming & Leisure Properties, Inc. (GLPI) specializes in acquiring, financing, and owning real estate property leased to casino and gaming operators in triple net lease agreements. The company was founded in early 2013 and is headquartered in Wyomissing, Pennsylvania. The company's portfolio consists of 55, up 150% from 22 properties in 2014.

Source: Seeking Alpha - Gaming & Leisure Properties[17]

Much like VICI, this company has exhibited strong performance over the past three years, delivering over 80% in cumulative returns. GLPI's portfolio of tenants includes a list of well-known casino and leisure properties. The following chart depicts the company's tenants in terms of a percentage of total revenue.



Source: Gaming & Leisure Properties, Inc. Investor Relations[11]

The company has been active in executing transaction with a recent purchase of two additional Bally's casinos in Rhode Island for $1.0 billion, with rental income of $76.0 million and a cap rate of 7.6%. The company also acquired three high-quality casino properties from The Cordish Companies in the eastern region of the U.S. for a total of $1.8 billion and annual rent of $124.2 million, implying a cap rate of 6.9%.

Realty Income Corporation: 1.7% YTD

Realty Income Corporation is REIT that invests in single-tenant commercial properties in the United States, Spain, and United Kingdom, most of which are subject to triple net leases. The company's real estate portfolio serves grocery stores, convenience stores, restaurants, drug stores, health and fitness clubs, automotive services, and general merchandise stores. Some of the company's top tenants in terms of annual rent include Dollar General, Walgreens, 7-Eleven, Wynn Resorts, FedEx, LA Fitness, and CVS Pharmacy are among some of the largest tenants. In total, they have 84 tenants as of December 2022[15]. The company has a total of 1,240 properties, exhibiting a much larger portfolio than VICI or GLPI.

With 99.0% occupancy as of December 2022, the company's operations reflect the rates of an experiential REIT, which is substantial given the size of their property portfolio. This company captures slightly lower average cap rates of about 6.5%[15]. This is due to the nature of VICI's business, targeting market-leading properties with significant lease revenue.

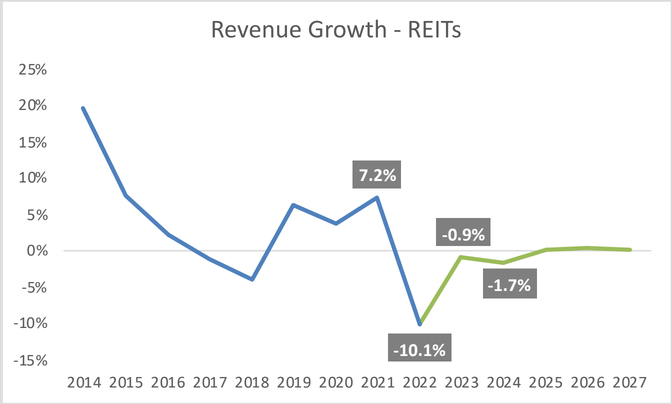
Equity Residential Corporation: +4.9% YTD

Equity Residential is a REIT engages in the acquisition, development, and management of rental properties and is headquartered in Chicago, Illinois[3]. The company capitalizes on the undersupply of housing the U.S. and recent trends that have favored rental housing due to elevated homeownership costs. The company has a presence in 6 established markets and 4 expansion markets with a total of 308 communities and 79,597 units[14]. The company maintains high physical occupancy of 96.2%, above the industry average of 94.6%[14]. The company does not use triple net leases and most of their properties are multi-tenant. Although this structure is not similar to VICI's, they are able to generate higher cap rates by individually leasing apartments in key, high-demand markets.

The company a strong outlook for 2023, stating that the company will be able to obtain 4.6% to 6.0% same-store revenue growth. This is possible because of the short-term nature of the leases that compose the company's portfolio. VICI, on the other hand, does not have as much tenant turnover, if any at all. Because of VICI's long-term agreements, their same-store growth is limited by the change in CPI or capped at 3.0%.

ECONOMIC OUTLOOK

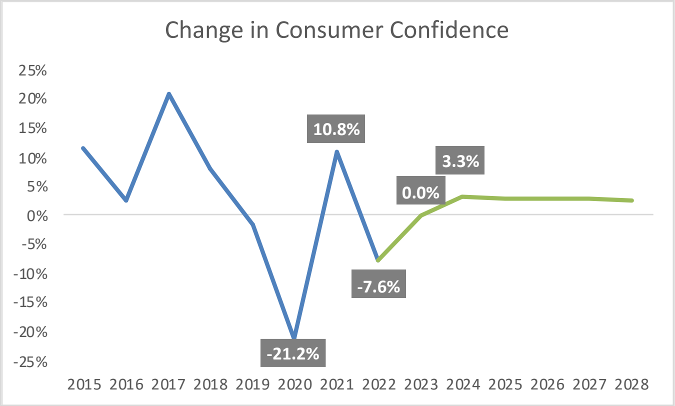
Revenue Growth - REITs



Source: IBIS World – REITs in the U.S.[6]

The REIT industry experienced a tough year in 2022 due to the federal reserve raising interest rates and overall S&P 500 performance. As interest rates continue to climb, this will become an even more challenging operating environment for REITs, but with VICI's growing loan segment they stand to gain from an increase in short term interest rates. Although the outlook for revenue growth looks marginal for REITs, experiential REITs are well-positioned to capitalize on gaming real estate that has not yet been capitalized by REIT companies.

Slow Recovery in Consumer Confidence



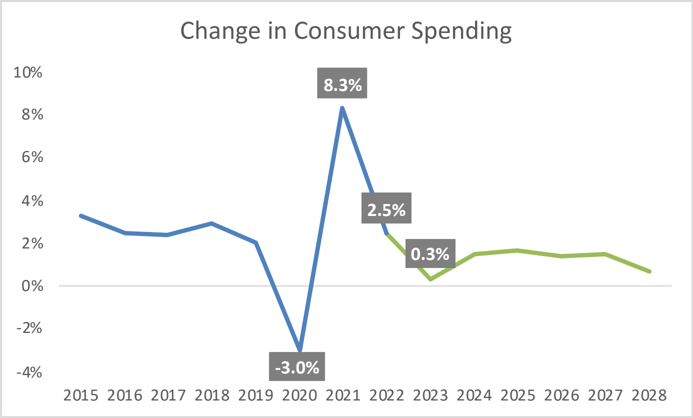
Source: IBIS World – Casino & Hotels[5]

Consumer confidence is an imperative metric for VICI as it drives the revenue associated with their casino tenants. The outlook for consumer confidence gives confidence in the cash flows generated by their tenants. Currently, consumer confidence looks grim, but this is relative to 2021. Consumer confidence boomed in 2021 in a post-pandemic world, but this was quicky overshadowed by poor S&P 500 market returns and elevated inflation.

Consumer Spending Fights Inflation

Consumer spending is another metric important to VICI Properties revenues. Following 2021, consumers were eager to travel after COVID-19 lockdowns. Government stimulus added fuel to the fire, resulting in a sharp rise in consumer spending. These capital injections served a vital role in the post-pandemic boom that we experienced, but this has become relative to a difficult year in 2022. Consumers battling inflation led to another sharp decline in spending. This implies that casino hotels and gaming facilities may not experience the traffic they received shortly after the pandemic.

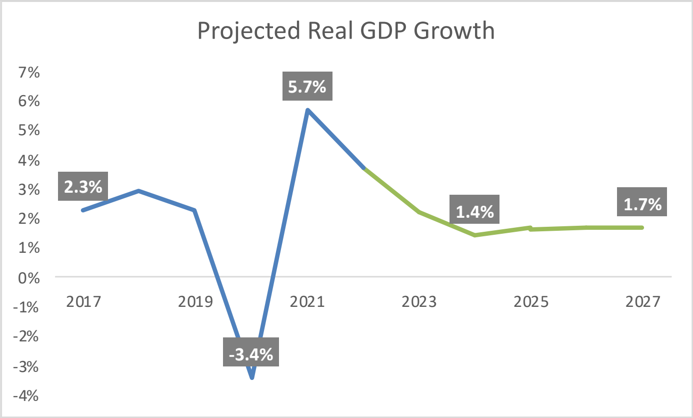
This provides a gloomy outlook moving forward as consumer spending appear to remain flat in the projection period.



Source: IBIS World – Casino & Hotels[5]

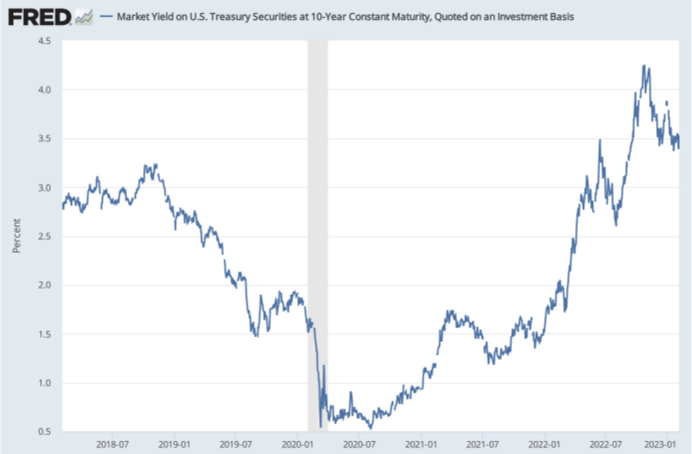
Real GDP – Slowing Growth

Overall, the REIT industry relies on gross domestic production because the amount of activity in the economy duels discretionary spending. VICI's tenants perform well during times of economic prosperity. Despite the sharp decline in GDP experienced in 2022, VICI still managed to collect 100% of tenant lease obligation. The chart below shows the forecasted real GDP growth to 2027.



Source: IBIS World – Casino & Hotels[5]

Interest Rates

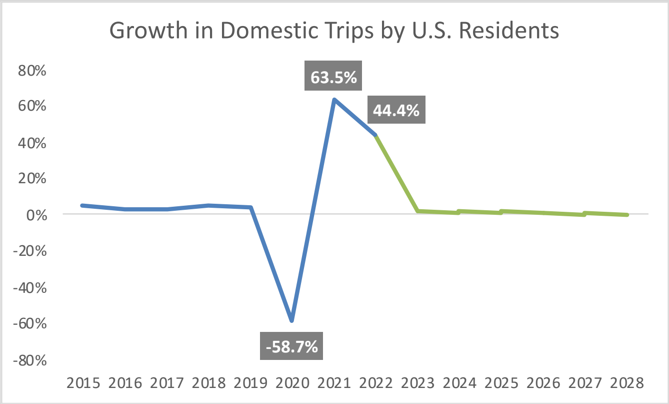


Source: FRED

With the Federal Reserve aggressively fighting elevated inflation levels with rate hikes expected throughout 2023, this hinders the REIT industry, especially VICI. Revenue in the forecast period is driven by their aggressive expansion of square footage. With interest rates on the rise, capital deployment towards additional gaming square footage will be constrained. Although the company has a strong balance sheet, the company will be unable to allocate funds at the same rate as they have in the past.

Domestic Trips by U.S. Residents

The COVID-19 pandemic attributed to a sudden drop in travel in the U.S. This period was followed by an even stronger consumer rebound in 2021 with domestic trips growing by 63.5%. The resilience of the consumer spilled over into 2022 as well, but this is followed by yet another steep decline in domestic trips by U.S. residents.



Source: IBIS World – Casino & Hotels[5]

Due to VICI's reliance on the casino and gaming industry and their exposure to real estate in Las Vegas, it is imperative to analyze the number of visitors to Las Vegas. Researchers show a positive outlook following the global pandemic, which positions VICI well to continue to collect 100.0% of tenant lease payments. The Las Vegas Convention and Visitors Authority expects the number of visitors to retreat to pre-pandemic levels in 2023 and 2024[18].

VALUATION

Revenue

VICI Properties' revenue was broken down by each segment: Leasing, Loans, and Golf Operations. The key assumptions in the leasing revenue projection were the growth in rent and the growth in square footage. Due to inflation, we projected that the annual growth in rent or escalation would be 7.5%. We feel that this is attainable given that almost half of VICI's lease agreements include uncapped escalation provisions, but they are limited by the other half other their portfolio being capped at 3.0%. Many of the company's leases include an annual escalator that states that the greater of the change in CPI or 2.0% would be applied. Following a strong year of $22.8 billion in acquisitions and over 100.0% growth in total square footage, we forecast that square footage growth will be much more modest throughout the projection period starting at 9.0% and decaying rapidly. Combining square footage growth and annual rent escalators, this supports a revenue CAGR of 2.8% over the projection period, which is very modest compared to their five-year historic revenue CAGR of 25.5%.

The company's loan segment is forecasted to grow at the highest CAGR of 13.1% compared to other segments. Currently, VICI generates 8.2% on a loan portfolio of $692.5 million consisting of 28.4% mezzanine loans and 71.6% loans. In 2023, we forecast the returns on this portfolio to be 8.9% as the Federal Reserve continues to raise rates. With a weighted average term of 3.5 years, our return on loans assumption will closely follow the increase in short term U.S. Treasury securities.

Finally, the golf segment was broken down into four fee components: membership, usage, greens, and additional golf fees. Annually, membership fees have grown at five-year average of 3.1%, usage at 6.1%, and additional fees at 5.2%. These growth rates were used in the beginning of the projection period and slowly forecasted to decay over the nine-year period to 2029.

In total, each segment contributes to a total revenue CAGR of 3.1%, driven mostly by the growth in leasing revenue, accounting for 92.6% of revenue in the terminal year.

Cost and Margin Assumptions

The main operating expenses include golf operations expenses, general and administrative, depreciation, and interest expense. Historically, the company has experienced an average operating margin of 82.2% due to the triple net lease operating model. The company's golf segment experiences an average margin of 33.1% and the margin was forecasted to improve to 34.27% as membership fees and additional golf revenues continue to rise. General and administrative expenses have been anywhere from 2.0% to 2.5% of total revenue and were forecasted in between at 2.3% to account for an increase in wages and performance-based compensation due to the company's outperformance. With a D/E ratio of 33.1%, the firm has a high interest expense, accounting for roughly 24.1% of their total revenue historically. With increased rates and a growing debt balance, interest expense rises to 33.6% of total revenue.

Capital Expenditures Projection

Following a record-setting year of acquisitions of $22.8 billion inclusive of 18 properties and three tenants, we forecast the company to reduce their capital expenditures significantly throughout the projection period from $2.4 billion in 2023 to $3.2 billion in the terminal year. In the midst of increased interest rates, the company has proven to continue to invest in real estate in the U.S. and internationally through debt, follow-on offerings, and strong operating cash flows. Moving forward, we forecast that the company will be slightly constrained by the rising cost of debt, but this will be partially offset by the firm's loan segment, generating a forecasted average return of 8.2% over the forecasted period.

Valuation Results

The discounted cash flow and economic profit model yielded a target price of $46.48 per share. This is 21.0% higher than street estimates of $38.39. With potential upside of 28.3% from the DCF price, this constitutes BUY rating for VICI Properties, Inc. This industry has shown some resistance during recessionary periods and despite current market conditions, the company has not slowed capital expenditures and has continued to invest in acquisitions and create relationships with operators.

The dividend discount model has returned a price of $29.91, which is below the street estimates and the current share price by 11.8%. This share price is driven by conservative terminal growth of EPS at 3.0% and an elevated cost of equity stemming from an increase in the treasury yield.

Finally, the relative P/FFO model retuned an average price target of $32.53. This model included estimates for EPS and FFO per share for a variety of comps including Gaming & Leisure Properties, Realty Income Corporation, Equity Residential, W.P. Carey, and Kimco Realty Corporation. We found that P/FFO was most accurate in calculating a target share price because funds from operations drives value for REIT investors. The following chart shows a breakdown of the price targets derived from the relative valuation model.

Ratio	Target Price	
P/FFO 2022E	$	29.57
P/FFO 2023E	$	34.03
P/FFO 2024E	$	34.00
Average	**$**	**32.53**

INVESTMENT POSITIVES

- The company takes an innovative approach to the well-established REIT industry. With only 40% of total casinos owned by REITs, there is room to acquire more assets.

- The company's stands to enhance operator relationships and grow their loans segment in an environment of rising rates.
- The company continues to grow their portfolio of relationships with a strong pipeline for non-gaming properties.
- After their first international acquisition at the beginning of 2023, the company noted they will begin to explore more international opportunities. This provides a positive outlook on the company creating a more diversified portfolio.

INVESTMENT NEGATIVES

- More than half of the company's leasing portfolio is capped at an annual increase of around 3.0%, which creates the possibility that the company's revenues will be outpaced by continued high inflation.
- Casinos and hotels have had their fair share of financial difficulties, especially during the pandemic. Another recessionary period could be detrimental to their ability to make lease obligations.
- The company's portfolio of tenants is almost 50% concentrated in Las Vegas, and this concentration level has grown since formation.
- The companies loan portfolio of unsecured debt could be at risk of default if economic conditions worsen, and we enter a recession.

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VICI Properties, Inc.

Revenue Decomposition

All figures in millions of USD

Fiscal Years Ending Dec. 31	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Historical CAGR	Projected CAGR
Total Revenues	**898**	**895**	**1,226**	**1,510**	**2,601**	**2,828**	**3,054**	**3,277**	**3,493**	**3,698**	**3,889**	**4,062**	**30.45%**	**5.31%**
Growth		-0.35%	36.97%	23.17%	72.28%	8.73%	8.02%	7.30%	6.58%	5.87%	5.16%	4.45%		
Total Leasing Revenue	**790**	**866**	**1,170**	**1,411**	**2,461**	**2,673**	**2,883**	**3,088**	**3,284**	**3,467**	**3,633**	**3,780**	**32.88%**	**5.07%**
Growth		9.67%	35.16%	20.56%	74.44%	8.61%	7.86%	7.10%	6.34%	5.57%	4.81%	4.03%		
Total Properties	22	28	28	25	49									
Total Square Footage (millions)	39	40	47	62	124	133	141	148	154	158	161	163	**33.53%**	**2.98%**
Growth		2.56%	17.50%	31.91%	100.00%	7.00%	6.00%	5.00%	4.00%	3.00%	2.00%	1.00%		
Revenue per Million Square Feet	20	22	25	23	20	20	20	21	21	22	23	23		
Growth		6.93%	15.03%	-8.60%	-12.78%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%		
Income from Loans	**-**	**-**	**16**	**40**	**44**	**52**	**62**	**73**	**86**	**101**	**120**	**141**	**67.89%**	**15.33%**
Investments in Loans	-	-	537	498	686	812	961	1,138	1,347	1,594	1,886	2,232		
Return on Loans				7%	9%	7.60%	7.58%	7.57%	7.55%	7.53%	7.52%	7.50%		
Golf Operations	**27**	**29**	**24**	**31**	**36**	**37**	**39**	**41**	**42**	**44**	**45**	**47**	**6.95%**	**3.31%**
Growth		6.39%	-17.79%	28.39%	16.53%	4.70%	4.70%	4.16%	4.13%	3.61%	3.45%	3.17%		
Use Agreement														
Membership	10.2	10.3	10.5	10.6	11.5	12.1	12.6	13.1	13.6	14.1	14.6	15.0		
Use fees	3.1	3.1	3.2	3.4	3.7	3.9	4.0	4.2	4.3	4.4	4.5	4.6		
Greens Fees	1.2	1.2	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.6	1.7	1.7		
Additional Golf Revenue	12.7	14.3	8.8	15.2	19.0	19.9	20.9	21.8	22.8	23.7	24.6	25.4		

Growth Rates	**t+1**	**t+2**	**t+3**	**t+4**	**t+5**	**t+6**	**t+7**
Square Footage Growth	7.00%	6.00%	5.00%	4.00%	3.00%	2.00%	1.00%
Rent Growth	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%
Return on Loans	7.60%	7.58%	7.57%	7.55%	7.53%	7.52%	7.50%
Tax Growth	2.25%	2.38%	2.50%	2.63%	2.75%	2.88%	3.00%
Membership Fees Growth	4.83%	4.53%	4.22%	3.92%	3.61%	3.31%	3.00%
Use Fees	4.57%	4.15%	3.72%	3.29%	2.86%	2.43%	2.00%
Additional Golf Revenue Growth	5.00%	4.75%	4.50%	4.25%	4.00%	3.75%	3.50%

VICI Properties, Inc.

Value Driver Estimation

All figures in millions of USD

Fiscal Years Ending Dec. 31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E
NOPLAT:										
Income from Direct Financing Leases	1,170	1,411	2,461	2,673	2,883	3,088	3,284	3,467	3,633	3,780
Income from Operating Leases	25	-	-	-	-	-	-	-	-	-
Income from Lease Financing Receivables and Loans	16	40	44	52	62	73	86	101	120	141
Tenant Reimbursement of Property Taxes	16	28	60	65	71	76	81	86	90	94
Golf Operations	24	31	36	37	39	41	42	44	45	47
General and Administrative	(31)	(33)	(48)	(64)	(70)	(75)	(80)	(84)	(89)	(93)
Tenant Reimbursements and Other Expenses	(16)	(28)	(60)	(58)	(63)	(68)	(72)	(76)	(80)	(84)
Golf Operations Expenses	(18)	(21)	(23)	(24)	(26)	(27)	(28)	(29)	(30)	(31)
Acquisition and Transaction Expenses	(9)	(10)	(23)	(11)	(10)	(9)	(8)	(6)	(4)	(2)
EBITA	**1,178**	**1,417**	**2,447**	**2,669**	**2,886**	**3,099**	**3,306**	**3,502**	**3,686**	**3,852**
Add: Income Tax Expense	1	3	3	5	5	5	6	6	6	6
Add: Tax Shield from Interest Expense	1	1	1	2	3	3	3	3	4	4
Less: Tax Shield from Interest Income	0	0	0	0	0	0	0	0	0	(0)
Total	2	4	4	7	8	8	9	9	10	10
NOPLAT	**1,177**	**1,414**	**2,443**	**2,662**	**2,878**	**3,091**	**3,297**	**3,493**	**3,676**	**3,842**
Invested Capital (IC):										
Normal Cash	101	121	209	209	245	263	281	297	(201)	(1,041)
Investments in Leases - Sales-Type And Direct Financing, Net	13,028	13,137	17,172	19,423	21,820	24,331	26,917	29,536	32,180	34,851
Investments in Operating Leases	-	-	-	-	-	-	-	-	-	-
Investments in Leases - Financing Receivables, Net	2,619	2,645	16,741	16,741	16,741	16,741	16,741	16,741	16,741	16,741
Investments in Loans, Net	537	498	686	812	961	1,138	1,347	1,594	1,886	2,232
Investments in Unconsolidated Affiliate	-	-	1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,461
Land	158	154	154	154	154	154	154	154	154	154
Operating Assets:										
Property and Equipment Used in Operations, net	387	425	936	927	1,002	1,075	1,146	1,213	1,275	1,332
Operating Liabilities:										
Accrued Expenses and Deferred Revenue	140	114	213	208	224	241	257	272	286	298
Other Liabilities	414	376	952	986	1,021	1,057	1,094	1,132	1,172	1,213
Total Invested Capital	**16,274**	**16,490**	**36,193**	**38,532**	**41,139**	**43,865**	**46,695**	**49,591**	**52,039**	**54,218**

Free Cash Flow (FCF):

NOPLAT	1,177	1,414	2,443	2,662	2,878	3,091	3,297	3,493	3,676	3,842
Change in IC	4,309	215	19,703	2,340	2,607	2,726	2,830	2,896	2,448	2,179
FCF	**(3,133)**	**1,198**	**(17,260)**	**322**	**271**	**364**	**467**	**597**	**1,228**	**1,663**

Return on Invested Capital (ROIC):

NOPLAT	1,177	1,414	2,443	2,662	2,878	3,091	3,297	3,493	3,676	3,842
Beginning IC	11,965	16,274	16,490	36,193	38,532	41,139	43,865	46,695	49,591	52,039
ROIC	**9.83%**	**8.69%**	**14.82%**	**7.35%**	**7.47%**	**7.51%**	**7.52%**	**7.48%**	**7.41%**	**7.38%**

Economic Profit (EP):

Beginning IC	11,965	16,274	16,490	36,193	38,532	41,139	43,865	46,695	49,591	52,039
x (ROIC - WACC)	2.34%	1.19%	7.32%	-0.14%	-0.03%	0.02%	0.02%	-0.01%	-0.08%	-0.11%
EP	**280**	**194**	**1,208**	**(50)**	**(10)**	**8**	**10**	**(6)**	**(40)**	**(57)**

Funds from Operations (FFO):

Net Income	917	1,014	1,118	1,867	1,906	2,019	2,140	2,235	2,324	2,384
+ Depreciation	-	-	-	-	-	-	-	-	-	-
+ Gains on Real Estate Transactions										
- Interest Income	(333)	-	-	-	-	-	-	-	-	-
FFO	**584**	**1,014**	**1,118**	**1,867**	**1,906**	**2,019**	**2,140**	**2,235**	**2,324**	**2,384**

VICI Properties, Inc.

Income Statement

All figures in millions of USD

Fiscal Years Ending Dec. 31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Operating Revenues:										
Income from Sales-Type Leases and Lease Financing Receivables	1,170	1,411	2,461	2,673	2,883	3,088	3,284	3,467	3,633	3,780
Income from Operating Leases	25	-	-	-	-	-	-	-	-	-
Income from Loans	16	40	44	52	62	73	86	101	120	141
Golf Operations	24	31	36	37	39	41	42	44	45	47
Total Operating Revenues	**1,251**	**1,510**	**2,601**	**2,828**	**3,054**	**3,277**	**3,493**	**3,698**	**3,889**	**4,062**
Operating Expenses:										
General and Administrative	(31)	(33)	(48)	(64)	(70)	(75)	(80)	(84)	(89)	(93)
Depreciation	(4)	(3)	(3)	(9)	(9)	(10)	(11)	(11)	(12)	(13)
Golf Operations	(18)	(21)	(23)	(24)	(26)	(27)	(28)	(29)	(30)	(31)
Change in Allowance for Credit Losses	(245)	20	(834)	-	-	-	-	-	-	-
Loss on Impairment	-	-	-	-	-	-	-	-	-	-
Acquisition and Transaction Expenses	(9)	(10)	(23)	(11)	(10)	(9)	(8)	(6)	(4)	(2)
Operating Income	**930**	**1,434**	**1,610**	**2,660**	**2,876**	**3,089**	**3,295**	**3,491**	**3,674**	**3,840**
Other Income (Expense):										
Interest Expense	(309)	(392)	(540)	(786)	(1,035)	(1,085)	(1,154)	(1,258)	(1,323)	(1,393)
Interest Income	7	0	10	18	90	41	26	30	3	(32)
Income from Unconsolidated Affiliate	-	-	60	-	-	-	-	-	-	-
Loss From Extinguishment of Debt	(39)	(16)	-	-	-	-	-	-	-	-
Gain Upon Lease Modification	333	-	-	-	-	-	-	-	-	-
Total Other Income (Loss)	**(8)**	**(408)**	**(471)**	**(768)**	**(945)**	**(1,044)**	**(1,128)**	**(1,228)**	**(1,320)**	**(1,425)**
Earnings Before Taxes	**923**	**1,026**	**1,139**	**1,892**	**1,932**	**2,045**	**2,167**	**2,263**	**2,353**	**2,414**
Current Income Tax Benefit (Expense)	(1)	(3)	(3)	(5)	(5)	(5)	(6)	(6)	(6)	(6)
Earnings from Continuing Operations / Consolidated Net Earnings	**922**	**1,023**	**1,136**	**1,887**	**1,926**	**2,040**	**2,161**	**2,257**	**2,347**	**2,408**
Net Earnings (Loss) Attributable to Noncontrolling Interests	(5)	(9)	(19)	(19)	(20)	(21)	(21)	(22)	(23)	(24)
Net Earnings Attributable to Common Stockholders	**917**	**1,014**	**1,118**	**1,867**	**1,906**	**2,019**	**2,140**	**2,235**	**2,324**	**2,384**
Weighted Average Shares										
Basic	506	564	878	878	884	889	898	911	925	948
Earnings Per Share										
Basic	1.81	1.80	1.27	2.13	2.16	2.27	2.38	2.45	2.51	2.52
Dividends Per Share of Common Stock	1.26	1.38	1.50	2.11	2.14	2.25	2.36	2.44	2.49	2.50
FFO	886	993	1,694	1,877	1,916	2,029	2,151	2,247	2,336	2,397
FFO Per Share	1.75	1.76	1.93	2.14	2.17	2.28	2.39	2.47	2.53	2.53
FFO Growth	41.13%	0.57%	9.66%	10.78%	1.40%	5.29%	4.90%	3.04%	2.37%	0.13%

VICI Properties, Inc.

Balance Sheet

All figures in millions of USD

Fiscal Years Ending Dec. 31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Assets										
Investments in Leases - Sales-Type And Direct Financing, Net	13,028	13,137	17,172	19,423	21,820	24,331	26,917	29,536	32,180	34,851
Investments in Operating Leases	-	-	-	-	-	-	-	-	-	-
Investments in Leases - Financing Receivables, Net	2,619	2,645	16,741	16,741	16,741	16,741	16,741	16,741	16,741	16,741
Investments in Loans, Net	537	498	686	812	961	1,138	1,347	1,594	1,886	2,232
Investments in Unconsolidated Affiliate	-	-	1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,461
Land	158	154	154	154	154	154	154	154	154	154
Net Investments	**16,341**	**16,433**	**36,213**	**38,590**	**41,137**	**43,824**	**46,619**	**49,485**	**52,422**	**55,438**
Cash, Cash Equivalents, and Restricted Cash	316	740	209	1,925	746	383	467	(201)	(1,041)	(1,518)
Short-Term Investments	20	-	217	226	236	246	256	267	278	290
Property and Equipment Used in Operations, net	387	425	936	927	1,002	1,075	1,146	1,213	1,275	1,332
Total Assets	**17,064**	**17,597**	**37,576**	**41,668**	**43,120**	**45,528**	**48,489**	**50,764**	**52,935**	**55,542**
Liabilities										
Debt, Net	6,766	4,695	13,740	17,783	18,962	21,103	23,644	25,349	26,849	28,385
Deferred Financing Liability	74	-	-	-	-	-	-	-	-	-
Accrued Expenses and Deferred Revenue	140	114	213	208	224	241	257	272	286	298
Dividends and Distributions Payable	177	226	380	380	380	380	380	380	380	380
Other Liabilities	414	376	952	986	1,021	1,057	1,094	1,132	1,172	1,213
Total Liabilities	**7,570**	**5,410**	**15,286**	**19,357**	**20,588**	**22,780**	**25,374**	**27,133**	**28,687**	**30,277**
Capital										
Common Stock and Additional Paid-In-Capital	9,369	11,761	21,655	21,662	21,869	22,069	22,419	22,919	23,519	24,519
Accumulated Other Comprehensive Income (Loss)	(93)	1	185	185	185	185	185	185	185	185
Retained Earnings	139	346	93	107	122	137	153	170	187	204
Noncontrolling Interests	78	79	356	356	356	356	356	356	356	356
Total Capital	**9,494**	**12,187**	**22,290**	**22,312**	**22,533**	**22,748**	**23,114**	**23,631**	**24,248**	**25,265**
Total Liabilities & Equity	**17,064**	**17,597**	**37,576**	**41,668**	**43,120**	**45,528**	**48,489**	**50,764**	**52,935**	**55,542**

VICI Properties, Inc.

Forecasted Cash Flow Statement

All figures in millions of USD

Fiscal Years Ending Dec. 31	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**
Operating Activities							
Net Income (Loss)	1,867	1,906	2,019	2,140	2,235	2,324	2,384
Add: Depreciation	9	9	10	11	11	12	13
Changes in Working Capital Accounts							
Property and Equipment used in Operations	0	(84)	(83)	(81)	(79)	(75)	(69)
Accrued Expenses and Deferred Revenue	(6)	17	16	16	15	14	13
Other Liabilities	34	35	36	37	39	40	41
Net Cash Provided by Operating Activities	**1,904**	**1,883**	**1,999**	**2,122**	**2,222**	**2,315**	**2,381**
Investing Activities							
Investments in Leases	(2,251)	(2,397)	(2,511)	(2,586)	(2,619)	(2,645)	(2,671)
Investments in Loans	(126)	(149)	(177)	(209)	(247)	(292)	(345)
Short-Term Investments	(9)	(9)	(10)	(10)	(11)	(11)	(12)
Net Cash Provided by Investing Activities	**(2,386)**	**(2,556)**	**(2,697)**	**(2,805)**	**(2,876)**	**(2,948)**	**(3,028)**
Financing Activities							
Proceeds from Debt	4,043	1,180	2,140	2,541	1,705	1,500	1,537
Proceeds from Common Stock Issuance	7	207	200	350	500	600	1,000
Payments of Dividends	(1,853)	(1,892)	(2,004)	(2,124)	(2,219)	(2,307)	(2,367)
Net Cash Provided by Financing Activities	**2,197**	**(505)**	**336**	**767**	**(13)**	**(207)**	**170**
Change in Cash	1,716	(1,179)	(363)	84	(668)	(840)	(477)
Ending Cash Balance	1,925	746	383	467	(201)	(1,041)	(1,518)

VICI Properties, Inc.

Historical Cash Flow Statement

All figures in millions of USD

Fiscal Years Ending Dec. 31	**2018**	**2019**	**2020**	**2021**	**2022**
Operating Activities					
Consodliated Net Earnings (Loss)	532	554	896	1,023	1,136
Adjustments to Reconcile Net income to Net Earnings					
Direct Financing Lease Adjustments	(45)	0	(42)	(120)	(338)
Share-Based Compensation	2	5	7	9	13
Depreciation	4	4	4	3	3
Amortization of Debt Issuance Costs and Original Issue Discount	6	33	20	71	32
Change in Allowance for Credit Losses	-	-	245	(20)	834
Loss on Impairment	12	-	-	-	-
Loss on Extinguishment of Debt	23	58	39	16	-
Gain Upon Lease Modification	-	-	(333)	-	-
Deferred Income Taxes	(0)	-	-	-	-
Changes in Operating Assets	(23)	(6)	(3)	1	(6)
Changes in Accrued Expenses and Deferred Revenue	(32)	33	50	(88)	52
Other Liabilities	25	0	1	0	(0)
Distributions from Unconsolidated Affiliate	-	-	-	-	65
Net Proceeds from Settlement of Derivatives	-	-	-	-	201
Non-Cash Transaction Costs	-	-	-	-	9
Income from Unconsolidated Affiliate	-	-	-	-	(60)
Net Operating Cash Flow	**504**	**682**	**884**	**896**	**1,943**
investing Activities					
Cash Paid in Connection with MGP Transactions	-	-	-	-	(4,575)
investments in Leases - Sales-Type	(772)	(1,812)	(1,407)	-	(4,018)
investments in Leases - Financing Receivables	-	-	(2,695)	(6)	(297)
investments in Loans	-	-	(535)	(34)	(194)
Principal Repayments of Lease Financing Receivables	-	-	2	1	-
Lease Modification Fee	159	-	-	-	
Principal Repayments of Loans and Receipts of Deferred Fees	-	-	-	70	6
Deferred Transaction Costs	(7)	(9)	(0)	(21)	(8)
investments in Short-Term investments	(942)	(440)	(20)	-	(307)
Maturities of Short-Term investments	421	902	59	20	89
Proceeds from Sale of Land	0	1	50	13	-
Acquisition of Property and Equipment	(1)	(3)	(3)	(3)	(2)
Net investing Cash Flow	**(1,141)**	**(1,361)**	**(4,549)**	**41**	**(9,304)**
Financing Activities					
Proceeds from Initial Public Offering of Common Stock	1,307	1,164	1,540	2,386	3,219
Proceeds from Follow-On offering of Common Stock	694	-	-	-	-
Proceeds from Issuance of Unsecured Debt	-	2,250	2,500	-	5,000
Payment of Term Loan B Facility	(100)	-	-	(2,100)	0
Payment of Second Lien Notes	(290)	-	(538)	-	-
Payment of Debt - CPLV CMBS Debt	-	(1,664)	-	-	-
Payment of Revolving Credit Facility	(300)	-	-		-
CPLV CMBS Debt Prepayment Penalty Reimbursement Receivable	-	-	55	-	-
Repurchase of Stock For Tax Withholding	-	-	(0)	(2)	(6)
Debt Issuance Costs	(1)	(56)	(58)	(31)	(146)
Distributions to Non-Controlling interests	(10)	(8)	(8)	(8)	(18)
Dividends Paid	(263)	(504)	(612)	(759)	(1,219)
Net Financing Cash Flow	**1,038**	**1,183**	**2,879**	**(514)**	**6,830**
Net increase in Cash	401	503	(786)	424	(531)
Beginning Cash	197	598	1,102	316	740
Ending Cash	598	1,102	316	740	209
Supplemental Disclosures					
Cash Paid for interest	(213)	(209)	(262)	(323)	(467)
Cash Paid for income Taxes	(1)	(3)	(1)	(2)	(3)
Dividends Declared, Not Paid	117	137	178	226	380
Debt Issuance Costs Payable	-	16	-	43	-
Changes in Accruals For Additions to Deferred Transaction Costs	1	1	0	4	3
Non-Cash Change in investments in Leases - Financing Receivables	-	-	8	21	189
Right-of-Use Asset and Lease Liability Recorded Upon Adoption of Asc 842	-	27	282	-	542
Transfer of investments in Leases - Modification of The Caesars Lease	-	-	1,023	-	-
Transfer of investments in Leases - Modification of The Caesars Lease	-	-	63	-	-
increase in investments in Leases - Direct Financing Due to Gain Upon Lease Modificatio	-	-	-	-	-
Transfer of investments in Operating Leases to Land	22	-	-	-	-
Transfer of investments in Direct Financing Leases to investments in Operating Leases	11	-	-	-	-
Cplv Cmbs Debt Prepayment Penalty Reimbursement Receivable From Eldorado	-	55	-	-	-

VICI Properties, Inc.

Common Size Income Statement

As % of Total Revenue

Fiscal Years Ending Dec. 31	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**
Operating Revenues:												
Income from Sales-Type Leases and Lease Financing Receivables	83.46%	92.26%	93.55%	93.47%	94.64%	94.53%	94.39%	94.22%	94.00%	93.74%	93.43%	93.05%
Income from Operating Leases	5.07%	4.65%	2.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income from Loans	0.00%	0.00%	1.25%	2.67%	1.70%	1.84%	2.02%	2.22%	2.46%	2.74%	3.08%	3.48%
Tenant Reimbursement of Property Taxes	8.59%	0.00%	1.26%	1.84%	2.29%	2.31%	2.32%	2.32%	2.33%	2.33%	2.32%	2.31%
Golf Operations	2.88%	3.08%	1.90%	2.02%	1.37%	1.32%	1.28%	1.24%	1.21%	1.19%	1.17%	1.15%
Total Operating Revenues	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
Operating Expenses:												
General and Administrative	-2.58%	-2.62%	-2.45%	-2.19%	-1.86%	-2.28%	-2.28%	-2.28%	-2.28%	-2.28%	-2.28%	-2.28%
Depreciation	-0.39%	-0.41%	-0.30%	-0.20%	-0.12%	-0.33%	-0.30%	-0.31%	-0.31%	-0.31%	-0.31%	-0.31%
Tenant Reimbursements and Other Expenses	-8.65%	0.00%	-1.26%	-1.84%	-2.29%	-2.07%	-2.07%	-2.07%	-2.07%	-2.07%	-2.07%	-2.07%
Golf Operations	-1.84%	-2.01%	-1.41%	-1.38%	-0.87%	-0.87%	-0.84%	-0.82%	-0.80%	-0.78%	-0.77%	-0.76%
Change in Allowance for Credit Losses	0.00%	0.00%	-19.55%	1.30%	-32.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loss on Impairment	-1.30%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Acquisition and Transaction Expenses	-0.04%	-0.53%	-0.69%	-0.69%	-0.87%	-0.40%	-0.34%	-0.28%	-0.22%	-0.16%	-0.11%	-0.05%
Operating Income	**85.20%**	**94.43%**	**74.34%**	**94.99%**	**61.90%**	**94.06%**	**94.17%**	**94.25%**	**94.33%**	**94.40%**	**94.47%**	**94.53%**
Other Income (Expense):												
Interest Expense	-22.48%	-26.47%	-24.67%	-25.99%	-20.76%	-27.79%	-33.88%	-33.10%	-33.05%	-34.01%	-34.03%	-34.31%
Interest Income	1.20%	2.13%	0.54%	0.01%	0.37%	0.63%	2.95%	1.26%	0.75%	0.82%	0.07%	-0.79%
Income from Unconsolidated Affiliate	0.00%	0.00%	0.00%	0.00%	2.30%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loss From Extinguishment of Debt	-2.44%	-6.20%	-3.12%	-1.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gain Upon Lease Modification	0.00%	0.00%	26.65%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Other Income (Loss)	**-23.72%**	**-30.53%**	**-0.60%**	**-27.02%**	**-18.10%**	**-27.16%**	**-30.93%**	**-31.84%**	**-32.29%**	**-33.19%**	**-33.96%**	**-35.09%**
Earnings Before Taxes	**61.48%**	**63.90%**	**73.74%**	**67.97%**	**43.80%**	**66.90%**	**63.24%**	**62.41%**	**62.04%**	**61.21%**	**60.51%**	**59.44%**
Current Income Tax Benefit (Expense)	-0.15%	-0.18%	-0.07%	-0.19%	-0.11%	-0.18%	-0.17%	-0.17%	-0.17%	-0.16%	-0.16%	-0.16%
Earnings from Continuing Operations / Consolidated Net Earnings	**61.32%**	**63.71%**	**73.67%**	**67.78%**	**43.69%**	**66.72%**	**63.07%**	**62.25%**	**61.87%**	**61.04%**	**60.35%**	**59.28%**
Net Earnings (Loss) Attributable to Noncontrolling Interests	-0.90%	-0.89%	-0.36%	-0.62%	-0.72%	-0.68%	-0.65%	-0.63%	-0.61%	-0.60%	-0.59%	-0.58%
Net Earnings Attributable to Common Stockholders	**60.43%**	**62.83%**	**73.31%**	**67.16%**	**42.97%**	**66.03%**	**62.42%**	**61.62%**	**61.26%**	**60.44%**	**59.76%**	**58.69%**

VICI Properties, Inc.

Common Size Balance Sheet

As % of Total Assets

Fiscal Years Ending Dec. 31	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Assets												
Investments in Leases - Sales-Type And Direct Financing, Net	84.90%	78.67%	80.92%	76.35%	74.65%	45.70%	46.61%	50.60%	53.44%	55.51%	58.18%	60.79%
Investments in Operating Leases	11.40%	9.59%	8.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Investments in Leases - Financing Receivables, Net	0.00%	0.00%	0.00%	15.35%	15.03%	44.55%	40.18%	38.82%	36.77%	34.53%	32.98%	31.63%
Investments in Loans, Net	0.00%	0.00%	0.00%	3.15%	2.83%	1.83%	1.95%	2.23%	2.50%	2.78%	3.14%	3.56%
Investments in Unconsolidated Affiliate	0.00%	0.00%	0.00%	0.00%	0.00%	3.89%	3.51%	3.39%	3.21%	3.01%	2.88%	2.76%
Land	0.76%	0.85%	0.71%	0.93%	0.87%	0.41%	0.37%	0.36%	0.34%	0.32%	0.30%	0.29%
Net Investments	**97.05%**	**89.10%**	**89.82%**	**95.77%**	**93.38%**	**96.37%**	**92.61%**	**95.40%**	**96.26%**	**96.14%**	**97.48%**	**99.03%**
Cash, Cash Equivalents, and Restricted Cash	2.03%	5.28%	8.31%	1.85%	4.20%	0.56%	4.62%	1.73%	0.84%	0.96%	-0.40%	-1.97%
Short-Term Investments	0.00%	4.60%	0.45%	0.12%	0.00%	0.58%	0.54%	0.55%	0.54%	0.53%	0.53%	0.53%
Property and Equipment Used in Operations, net	0.92%	1.02%	1.42%	2.27%	2.41%	2.49%	2.22%	2.32%	2.36%	2.36%	2.39%	2.41%
Total Assets	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
Liabilities												
Debt, Net	49.14%	36.37%	36.12%	39.65%	26.68%	36.57%	42.68%	43.98%	46.35%	48.76%	49.93%	50.72%
Deferred Financing Liability	0.76%	0.65%	0.55%	0.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Accrued Expenses and Deferred Revenue	0.92%	0.51%	0.68%	0.82%	0.65%	0.57%	0.50%	0.52%	0.53%	0.53%	0.54%	0.54%
Dividends and Distributions Payable	0.00%	1.03%	1.03%	1.04%	1.29%	1.01%	0.91%	0.88%	0.84%	0.78%	0.75%	0.72%
Other Liabilities	0.15%	0.55%	0.93%	2.42%	2.14%	2.53%	2.37%	2.37%	2.32%	2.26%	2.23%	2.21%
Total Liabilities	**50.96%**	**39.11%**	**39.32%**	**44.36%**	**30.74%**	**40.68%**	**46.45%**	**47.74%**	**50.04%**	**52.33%**	**53.45%**	**54.19%**
Capital												
Common Stock and Additional Paid-In-Capital	47.73%	58.70%	58.97%	54.91%	66.84%	57.63%	51.99%	50.72%	48.47%	46.24%	45.15%	44.43%
Accumulated Other Comprehensive Income (Loss)	0.00%	-0.20%	-0.49%	-0.54%	0.01%	0.49%	0.44%	0.43%	0.41%	0.38%	0.37%	0.35%
Retained Earnings	0.44%	1.65%	1.57%	0.82%	1.97%	0.25%	0.26%	0.28%	0.30%	0.32%	0.33%	0.35%
Noncontrolling Interests	0.87%	0.74%	0.63%	0.46%	0.45%	0.95%	0.86%	0.83%	0.78%	0.74%	0.70%	0.67%
Total Capital	**49.04%**	**60.89%**	**60.68%**	**55.64%**	**69.26%**	**59.32%**	**53.55%**	**52.26%**	**49.96%**	**47.67%**	**46.55%**	**45.81%**
Total Liabilities & Equity	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

VICI Properties, Inc.

Common Size Balance Sheet

As % of Total Revenue

Fiscal Years Ending Dec. 31	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Assets												
Investments in Leases - Sales-Type And Direct Financing, Net	874.11%	950.08%	858.03%	863.00%	505.12%	607.28%	635.89%	665.78%	696.54%	727.89%	759.53%	792.27%
Investments in Operating Leases	117.38%	115.79%	86.86%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Investments in Leases - Financing Receivables, Net	0.00%	0.00%	0.00%	173.46%	101.70%	592.02%	548.08%	510.80%	479.25%	452.70%	430.50%	412.15%
Investments in Loans, Net	0.00%	0.00%	0.00%	35.55%	19.15%	24.25%	26.59%	29.34%	32.58%	36.43%	40.99%	46.44%
Investments in Unconsolidated Affiliate	0.00%	0.00%	0.00%	0.00%	0.00%	51.66%	47.82%	44.57%	41.82%	39.50%	37.57%	35.96%
Land	7.78%	10.21%	7.57%	10.48%	5.91%	5.43%	5.03%	4.69%	4.40%	4.15%	3.95%	3.78%
Net Investments	**999.28%**	**1076.08%**	**952.46%**	**1082.50%**	**631.87%**	**1280.65%**	**1263.40%**	**1255.18%**	**1254.59%**	**1260.67%**	**1272.54%**	**1290.60%**
Cash, Cash Equivalents, and Restricted Cash	20.87%	63.77%	88.08%	20.93%	28.44%	7.39%	63.01%	22.76%	10.97%	12.64%	-5.16%	-25.62%
Short-Term Investments	0.00%	55.50%	4.75%	1.32%	0.00%	7.69%	7.41%	7.20%	7.04%	6.93%	6.86%	6.85%
Property and Equipment Used in Operations, net	9.48%	12.31%	15.08%	25.61%	16.33%	33.11%	30.35%	30.58%	30.78%	30.99%	31.19%	31.40%
Total Assets	**1029.62%**	**1207.67%**	**1060.37%**	**1130.36%**	**676.64%**	**1328.84%**	**1364.17%**	**1315.71%**	**1303.38%**	**1311.22%**	**1305.44%**	**1303.23%**
Liabilities												
Debt, Net	505.92%	439.26%	383.01%	448.18%	180.51%	485.89%	582.19%	578.59%	604.12%	639.37%	651.87%	661.00%
Deferred Financing Liability	7.78%	7.84%	5.88%	4.88%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Accrued Expenses and Deferred Revenue	9.48%	6.16%	7.23%	9.28%	4.37%	7.55%	6.80%	6.84%	6.89%	6.94%	6.98%	7.03%
Dividends and Distributions Payable	0.00%	12.39%	10.96%	11.72%	8.70%	13.44%	12.45%	11.60%	10.88%	10.28%	9.78%	9.36%
Other Liabilities	1.51%	6.65%	9.91%	27.40%	14.45%	33.68%	32.28%	31.14%	30.25%	29.58%	29.12%	28.86%
Total Liabilities	**524.70%**	**472.30%**	**416.98%**	**501.46%**	**208.03%**	**540.57%**	**633.71%**	**628.18%**	**652.15%**	**686.17%**	**697.75%**	**706.25%**
Capital												
Common Stock and Additional Paid-In-Capital	491.45%	708.88%	625.26%	620.63%	452.24%	765.82%	709.21%	667.28%	631.79%	606.25%	589.38%	579.03%
Accumulated Other Comprehensive Income (Loss)	0.00%	-2.36%	-5.20%	-6.13%	0.03%	6.55%	6.07%	5.66%	5.31%	5.01%	4.77%	4.56%
Retained Earnings	4.51%	19.94%	16.63%	9.24%	13.31%	3.29%	3.51%	3.72%	3.93%	4.15%	4.37%	4.61%
Noncontrolling Interests	8.97%	8.91%	6.70%	5.16%	3.03%	12.61%	11.67%	10.88%	10.21%	9.64%	9.17%	8.78%
Total Capital	**504.93%**	**735.36%**	**643.38%**	**628.90%**	**468.61%**	**788.27%**	**730.46%**	**687.53%**	**651.23%**	**625.05%**	**607.69%**	**596.98%**
Total Liabilities & Equity	**1029.62%**	**1207.67%**	**1060.37%**	**1130.36%**	**676.64%**	**1328.84%**	**1364.17%**	**1315.71%**	**1303.38%**	**1311.22%**	**1305.44%**	**1303.23%**

VICI Properties, Inc.

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:

CV Growth of NOPLAT	2.25%
CV Year ROIC	7.38%
WACC	7.49%
Cost of Equity	8.98%

Fiscal Years Ending Dec. 31	2023E	2024E	2025E	2026E	2027E	2028E	2029E
DCF Model:							
Free Cash Flow (FCF)	$ 322.1	$ 270.9	$ 364.4	$ 466.7	$ 597.3	$ 1,228.2	
Continuing Value (CV)							$ 50,950.6
PV of FCF	$ 299.6	$ 234.5	$ 293.4	$ 349.5	$ 416.2	$ 796.1	$ 33,026.7
Value of Operating Assets:	$ 35,416.0						
Non-Operating Adjustments							
Short-Term Investments	217.3						
Excess Cash	0.0						
Lease Liabilities	-298.3						
Debt	-13739.7						
Derivative Liabilities	-952.5						
ESOP	-3.5						
Noncontrolling Interest	-356.5						
Value of Equity	20282.9						
Shares Outstanding	877.5						
Intrinsic Value of Last FYE	$ 46.23						
Implied Price as of Today	**$ 46.48**						
EP Model:							
Economic Profit (EP)	$ (50.12)	$ (9.74)	$ 7.97	$ 9.95	$ (6.01)	$ (40.06)	
Continuing Value (CV)							$ (1,088.03)
PV of EP	$ (46.62)	$ (8.43)	$ 6.42	$ 7.45	$ (4.19)	$ (25.97)	$ (705.27)
Total PV of EP	-776.6						
Invested Capital (last FYE)	36192.6						
Value of Operating Assets:	$ 35,416.0						
Non-Operating Adjustments							
Short-Term Investments	217.3						
Excess Cash	0.0						
Lease Liabilities	-298.3						
Debt	-13739.7						
Derivative Liabilities	-952.5						
ESOP	-3.5						
Noncontrolling Interest	-356.5						
Value of Equity	20282.9						
Shares Outstanding	877.5						
Intrinsic Value of Last FYE	$ 46.23						
Implied Price as of Today	**$ 46.48**						

VICI Properties, Inc.

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Fiscal Years Ending Dec. 31	2023E	2024E	2025E	2026E	2027E	2028E	2029E
EPS	$ 2.13	$ 2.16	$ 2.27	$ 2.38	$ 2.45	$ 2.51	$ 2.52
Key Assumptions							
CV growth of EPS	3.20%						
CV Year ROE	9.83%						
Cost of Equity	8.98%						
Future Cash Flows							
P/E Multiple (CV Year)							11.67
EPS (CV Year)							$ 2.52
Future Stock Price							$ 29.36
Dividends Per Share	$ 2.11	$ 2.14	$ 2.25	$ 2.36	$ 2.44	$ 2.49	
Discounted Cash Flows	$ 1.96	$ 1.85	$ 1.81	$ 1.77	$ 1.70	$ 1.62	$ 19.03
Intrinsic Value as of Last FYE	$ 29.75						
Implied Price as of Today	$ 29.91						

VICI Properties, Inc.

Relative Valuation Models

Ticker	Company	Price	EPS 2022E	EPS 2023E	EPS 2024E	P/E 22	P/E 23	P/E 23	FFO 2022E	FFO 2023E	FFO 2024E	P/FFO 22E	P/FFO 23	P/FFO 24
GLPI	Gaming & Leisure Properties, Inc	$ 52.65	$ 2.52	$ 2.67	$ 2.81	20.89	19.72	18.74	$ 3.54	$ 3.71	$ 3.81	14.87	14.19	13.82
O	Realty Income Corporation	$ 64.76	$ 4.04	$ 4.09	$ 4.23	16.03	15.83	15.31	$ 4.04	$ 4.23	$ 4.55	16.03	15.31	14.23
EQR	Equity Residential	$ 62.81	$ 3.52	$ 3.76	$ 3.95	17.84	16.70	15.90	$ 3.52	$ 3.76	$ 3.95	17.84	16.70	15.90
WPC	W.P. Carey Corporation	$ 81.71	$ 5.52	$ 5.17	$ 5.43	14.80	15.80	15.05	$ 5.52	$ 5.17	$ 5.43	14.80	15.80	15.05
KIM	Kimco Realty Corporation	$ 20.63	$ 1.58	$ 1.57	$ 1.64	13.06	13.14	12.58	$ 1.58	$ 1.57	$ 1.64	13.06	13.14	12.58
				Average		**18.26**	**17.42**	**16.65**				**15.32**	**15.03**	**14.32**
VICI	VICI Properties, Inc.	$33.84	1.27	2.13	2.16	26.6	15.9	15.7	1.93	2.14	2.17	17.5	15.8	15.6

VICI Properties, Inc.

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:		*ASSUMPTIONS:*
Risk-Free Rate	4.08%	*10-Year U.S. Treasury Constant Maturity*
Beta	0.89	*52-week Beta*
Equity Risk Premium	5.50%	*Henry Fund Equity Risk Premium*
Cost of Equity	**8.98%**	
Cost of Debt:		
Risk-Free Rate	4.08%	*20-Year U.S. Treasury Constant Maturity*
Implied Default Premium	2.39%	
Pre-Tax Cost of Debt	6.47%	*YTM on company's 10-year corporate bond*
Marginal Tax Rate	0.27%	
After-Tax Cost of Debt	**6.45%**	

Market Value of Common Equity:		**MV Weights**
Total Shares Outstanding	877.50	
Current Stock Price	$33.84	
MV of Equity	**29,694.60**	41.18%
Market Value of Debt:		
Debt	13739.68	
Lease Liabilities	298.31	
Long-Term Debt	28,385.18	
MV of Total Debt	**42,423.16**	**58.82%**
Market Value of the Firm	**72,117.76**	**100.00%**

Estimated WACC	**7.49%**

VICI Properties, Inc.
Sensitivity Tables

DCF

		Beta						
	46.48	0.82	0.84	0.87	0.89	0.92	0.94	0.97
Risk-Free Rate	3.78%	52.35	51.17	50.01	48.89	47.78	46.71	45.65
	3.88%	51.49	50.32	49.19	48.08	47.00	45.94	44.90
	3.98%	50.64	49.50	48.38	47.29	46.22	45.18	44.16
	4.08%	49.81	48.68	47.59	46.51	45.46	44.44	43.43
	4.18%	48.99	47.88	46.80	45.75	44.71	43.70	42.71
	4.28%	48.18	47.10	46.03	44.99	43.98	42.98	42.01
	4.38%	47.39	46.32	45.27	44.25	43.25	42.27	41.31

DCF

		Pre-Tax Cost of Debt						
	46.48	5.72%	5.97%	6.22%	6.47%	6.72%	6.97%	7.22%
Dividend Yield	1.60%	55.74	52.52	49.50	46.64	43.95	41.40	38.99
	2.60%	55.68	52.46	49.44	46.59	43.90	41.36	38.95
	3.60%	55.61	52.40	49.38	46.53	43.85	41.31	38.90
	4.60%	55.54	52.34	49.32	46.48	43.80	41.26	38.86
	5.60%	55.48	52.28	49.26	46.42	43.74	41.21	38.81
	6.60%	55.41	52.21	49.20	46.37	43.69	41.16	38.76
	7.60%	55.34	52.15	49.14	46.31	43.64	41.11	38.71

DCF

		WACC						
	46.48	6.74%	6.99%	7.24%	7.49%	7.74%	7.99%	8.24%
CV Growth of NOPLAT	1.50%	61.49	56.11	51.21	46.73	42.63	38.86	35.37
	1.75%	61.99	56.38	51.30	46.67	42.45	38.57	35.01
	2.00%	62.53	56.68	51.40	46.61	42.25	38.27	34.62
	2.25%	63.14	57.01	51.50	46.54	42.04	37.94	34.19
	2.50%	63.82	57.38	51.62	46.46	41.80	37.58	33.73
	2.75%	64.59	57.79	51.76	46.37	41.54	37.18	33.23
	3.00%	65.46	58.25	51.90	46.27	41.25	36.74	32.67

DCF

		G&A as % of Revenue						
	46.48	-0.78%	-1.28%	-1.78%	-2.28%	-2.78%	-3.28%	-3.78%
Capex Growth	9.50%	47.28	46.53	45.77	45.02	44.27	43.52	42.77
	8.50%	47.77	47.02	46.27	45.52	44.77	44.01	43.26
	7.50%	48.26	47.51	46.75	46.00	45.25	44.50	43.75
	6.50%	48.73	47.98	47.23	46.48	45.73	44.98	44.23
	6.40%	48.78	48.03	47.28	46.53	45.78	45.03	44.28
	6.30%	48.82	48.07	47.32	46.57	45.82	45.07	44.32
	6.20%	48.87	48.12	47.37	46.62	45.87	45.12	44.37

DCF

		Equity Risk Premium						
	46.48	4.75%	5.00%	5.25%	5.50%	5.75%	6.00%	6.25%
Square Footage Growth	12.00%	75.55	73.21	70.94	68.76	66.66	64.63	62.66
	13.00%	80.64	78.19	75.84	73.56	71.37	69.25	67.20
	14.00%	85.85	83.31	80.85	78.48	76.19	73.99	71.85
	15.00%	91.20	88.54	85.99	83.52	81.14	78.84	76.62
	16.00%	96.67	93.91	91.25	88.68	86.20	83.81	81.50
	17.00%	102.28	99.41	96.64	93.97	91.39	88.90	86.50
	18.00%	108.02	105.04	102.16	99.39	96.71	94.12	91.62

DDM

		Dividend Payout						
	29.91	96.00%	96.50%	97.00%	97.50%	98.00%	98.50%	99.00%
Cost of Equity	8.35%	31.95	31.99	32.03	32.07	32.11	32.15	32.20
	8.45%	31.55	31.59	31.63	31.67	31.72	31.76	31.80
	8.55%	31.17	31.21	31.25	31.29	31.33	31.38	31.42
	8.65%	30.80	30.84	30.88	30.92	30.97	31.01	31.05
	8.75%	30.44	30.48	30.53	30.57	30.61	30.65	30.70
	8.85%	30.10	30.14	30.18	30.23	30.27	30.31	30.35
	8.95%	29.77	29.81	29.85	29.90	29.94	29.98	30.02

DCF

		Rent Growth						
	46.48	0.00%	0.50%	1.00%	1.50%	2.00%	2.50%	3.00%
Square Footage Growth	6.00%	36.31	38.30	40.31	42.35	44.41	46.51	48.62
	7.00%	40.25	42.30	44.37	46.48	48.61	50.77	52.96
	8.00%	44.28	46.40	48.54	50.72	52.92	55.15	57.41
	9.00%	48.41	50.60	52.82	55.06	57.33	59.64	61.97
	10.00%	52.65	54.91	57.20	59.52	61.86	64.24	66.65
	11.00%	57.00	59.33	61.69	64.08	66.51	68.96	71.45
	12.00%	61.46	63.86	66.30	68.76	71.26	73.80	76.36

Key Management Ratios

Fiscal Years Ending Dec. 31		2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Asset-Management Ratios:													
Capital Turnover	Revenue / TSE	0.14	0.12	0.13	0.12	0.12	0.13	0.14	0.14	0.15	0.16	0.16	0.16
PPE Turnover	Revenue / Net Investments	0.09	0.08	0.08	0.09	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Financial Leverage Ratios:													
Debt Ratio	Debt / Assets	0.36	0.36	0.40	0.27	0.37	0.43	0.44	0.46	0.49	0.50	0.51	0.51
Debt-to-Equity Ratio	Debt / Equity	0.60	0.60	0.71	0.39	0.62	0.80	0.84	0.93	1.02	1.07	1.11	1.12
Interest Coverage Ratio	EBITDA / Int. Expense	3.81	3.58	3.03	3.66	2.99	3.40	2.79	2.86	2.86	2.78	2.79	2.76
Debt-to-EBITDA	Debt / EBITDA	5.09	5.38	7.25	3.27	8.52	6.66	6.57	6.81	7.15	7.24	7.28	7.37
Profitability Ratios:													
Return on Equity	NI / Beg. TSE	11.97%	8.54%	11.39%	10.68%	9.17%	8.38%	8.54%	8.96%	9.41%	9.67%	9.83%	9.83%
Net Margin	NI / Total Rev.	61.32%	63.71%	73.67%	67.78%	43.69%	66.72%	63.07%	62.25%	61.87%	61.04%	60.35%	59.28%
ROI	NI / Net Investments	5.66%	4.95%	5.61%	6.17%	3.09%	4.84%	4.63%	4.61%	4.59%	4.52%	4.43%	4.30%
Operating Margin	Operating Income / Total Rev.	85.20%	94.43%	74.34%	94.99%	61.90%	94.06%	94.17%	94.25%	94.33%	94.40%	94.47%	94.53%
EBITDA Margin	Operating Income + Deprec. / Total Rev.	85.59%	94.84%	74.64%	95.19%	62.02%	94.39%	94.47%	94.56%	94.64%	94.71%	94.78%	94.84%
Golf Margin	Golf Operations Expenses / Golf Operations	36.14%	34.69%	25.89%	32.03%	36.50%	34.27%	34.27%	34.27%	34.27%	34.27%	34.27%	34.27%
Payout Policy Ratios:													
Dividend Payout Ratio	(Dividend/EPS)	64.09%	86.33%	69.26%	76.83%	117.77%	99.25%	99.23%	99.24%	99.25%	99.26%	99.27%	99.28%
Dividend Coverage	EPS / Dividends per Share	156.04%	115.83%	144.38%	130.15%	84.91%	100.76%	100.78%	100.77%	100.76%	100.75%	100.74%	100.73%
Dividend / FFO		69.76%	94.35%	71.71%	78.41%	77.72%	98.75%	98.75%	98.75%	98.75%	98.75%	98.75%	98.75%

VICI Properties, Inc.

Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares):	507,339
Average Time to Maturity (years):	1.90
Expected Annual Number of Options Exercised:	267,021
Current Average Strike Price:	$ 27.47
Cost of Equity:	8.98%
Current Stock Price:	$33.84

Fiscal Years Ending Dec. 31	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Increase in Shares Outstanding:	0.27	0.24	0.00	0.00	0.00	0.00	0.00
Average Strike Price:	$ 27.47	$ 27.47	$ 27.47	$ 27.47	$ 27.47	$ 27.47	$ 27.47
Increase in Common Stock Account:	**7**	**7**	**-**	**-**	**-**	**-**	**-**
Share Issuance Proceeds		200	200	350	500	600	1,000
Expected Price of Repurchased Shares:	$ 33.84	$ 35.32	$ 36.87	$ 38.48	$ 40.17	$ 41.93	$ 43.76
Number of Shares Issued:	**-**	**6**	**5**	**9**	**12**	**14**	**23**
Shares Outstanding (beginning of the year)	878	878	884	889	898	911	925
Plus: Shares Issued Through ESOP	0.27	0.24	0.00	0.00	0.00	0.00	0.00
Less: Shares Repurchased in Treasury	-	6	5	9	12	14	23
Shares Outstanding (end of the year)	**878**	**884**	**889**	**898**	**911**	**925**	**948**