

MISSOURI GAMING COMMISSION  
COMMISSION RESOLUTION NO. 17-049

APPROVING CAESARS ENTERTAINMENT CORPORATION, VICI PROPERTIES, INC.,  
CEOC, LLC and HARRAH'S NORTH KANSAS CITY, LLC'S OMNIBUS PETITION FOR  
APPROVAL OF TRANSFER OF INTEREST AND CHANGE IN CONTROL

September 27, 2017

WHEREAS, Caesars Entertainment Corporation ("CEC") is the holder of a Class A gaming license in Missouri and operates one Class B Licensee in Missouri, Harrah's North Kansas City, LLC ("HNKC");

WHEREAS, Caesars Entertainment Operating Company, Inc. ("CEOC, Inc.") is a Delaware Corporation and holder of a Key Business Entity License in Missouri and is a subsidiary of CEC, and as such owns and operates HNKC;

WHEREAS; VICI Properties, Inc. is a Maryland corporation and is a Key Business Entity applicant and is the owner and controlling entity of New Harrah's North Kansas City, LLC ("NHNKC"), said entities collectively referred to as (the "REIT");

WHEREAS, on January 15, 2015 CEOC, Inc. voluntarily filed for reorganization under Chapter 11 of the United States Bankruptcy Code;

WHEREAS, on January 17, 2017, the U.S. Bankruptcy Court for the Northern District of Illinois confirmed the Reorganization Plan of CEOC, Inc. The Reorganization Plan included requirements for the formation of the REIT and for the conversion by merger of CEOC, Inc. into CEOC, LLC, a Delaware Limited Liability Company, which is a Missouri Key Business Entity applicant;

WHEREAS, on June 15, 2017, in order to consummate the provisions of the Reorganization Plan the petitioners filed with the Missouri Gaming Commission their Petition for approval of the transaction, including the transfer of real estate from HNKC to NHNKC and for the merger of CEOC, Inc. into CEOC, LLC with CEOC, LLC being the surviving entity;

WHEREAS, 11 CSR 45-10.040(8)(A)(1) defines a Material Change in Control as "transfer or issuance of ownership interest in a gaming licensee or holding company or other contract or arrangement resulting in a person or group of persons . . . owning, controlling, or having power to vote twenty-five percent (25%) or more of the voting ownership interest in the gaming licensee;"

WHEREAS, 11 CSR 45-10.040(8)(A)(2) also defines a Material Change in Control as "any sale, transfer, or lease by a licensee of all or any portion of the real estate upon which a riverboat gaming operation is conducted or located;"

WHEREAS, the Commission has reviewed the parties Omnibus Petition for Approval of Transfer of Interest and Change in Control and other documents and information relating to said Omnibus Petition;

WHEREAS, in accordance with 11 CSR 45-10.040(12), the Commission finds that the Petitioners have proven by clear and convincing evidence that:

- (A) The transfers are in the best interest of the State of Missouri;
- (B) The transfers are not injurious to the public health, safety, morals, good order, or general welfare of the people of the State of Missouri, and that it would not discredit or tend to discredit the gaming industry or the State of Missouri;
- (C) The transfers would have no material negative competitive impact;
- (D) The transfers would have no potential to affect the licensee's suitability to hold a gaming license;
- (E) The transfers would not potentially result in any significant negative changes in the financial condition of the licensee; and

THEREFORE, BE IT RESOLVED by the Missouri Gaming Commission that the Omnibus Petition for Approval of Transfer of Interest in Change in Control filed by Caesars Entertainment Corporation, VICI Properties, Inc., CEOC, LLC and Harrah's North Kansas City, LLC, a copy of which is attached hereto and incorporated herein by reference, is hereby approved.

**IN THE MISSOURI GAMING COMMISSION  
STATE OF MISSOURI**

In re: )  
)  
CAESARS ENTERTAINMENT )  
CORPORATION )  
One Caesars Palace Drive )  
Las Vegas, NV 89109 )  
)  
VICI PROPERTIES INC. )  
One Caesars Palace Drive )  
Las Vegas, NV 89109 )  
)  
CEOC LLC )  
One Caesars Palace Drive )  
Las Vegas, NV 89109 )  
)  
And )  
)  
HARRAH'S NORTH KANSAS CITY LLC )  
1 Riverboat Drive )  
North Kansas City, MO 64116 )

**OMNIBUS PETITION FOR APPROVAL OF TRANSFER  
OF INTEREST AND CHANGE IN CONTROL**

COME NOW CAESARS ENTERTAINMENT CORPORATION ("CEC"), a Delaware corporation, CEOC, LLC, a Delaware limited liability company ("New CEOC"), VICI PROPERTIES INC., A Maryland corporation that converted from a Delaware limited liability company f/k/a Rubicon Controlled LLC (herein referred to as the "REIT") and HARRAH'S NORTH KANSAS CITY LLC ("HNKC" and along with CEC, New CEOC and the REIT collectively referred to herein as the "Petitioners"), and pursuant to 11 CSR 45-10.040 and other applicable regulations, petition the Missouri Gaming Commission ("Commission") for its approval of (1) the conversion by merger of Caesars Entertainment Operating Company, Inc., a

Delaware corporation ("CEOC"), into a Delaware limited liability company by the merger of CEOC with and into New CEOC with New CEOC being the surviving entity and (2) HNKC's transfer of title to all of its real estate assets and improvements upon which its Class B riverboat gaming operation is conducted to a wholly controlled subsidiary of the REIT, New Harrah's North Kansas City LLC, a Delaware limited liability company ("RE Holdco"). In support of their Omnibus Petition for Approval of Transfer of Interest and Change in Control, Petitioners state as follows:

#### FACTS

1. CEC is a publicly traded corporation that owns and operates 50 gaming entertainment properties, located in thirteen (13) states and five (5) countries with nearly sixty thousand (60,000) employees worldwide. CEC holds a majority interest in CEOC and a 100% equity ownership of New CEOC. CEC is the ultimate parent company of HNKC and as such was required by the Commission to obtain a Class A Riverboat Gaming License.

2. CEC holds a Class A License in Missouri, originally issued March 11, 1997. CEC's current period of licensure is set to expire on June 30, 2018. CEC operates only one Class B licensee in Missouri, HNKC. HNKC's Class B License was last renewed on July 1, 2014, and is set to expire on June 30, 2018.

3. CEOC is a Delaware corporation that, through subsidiaries, owns and operates many of CEC's gaming entertainment properties, including HNKC. On January 15, 2015, CEOC voluntarily filed for reorganization under Chapter 11 of the United States Bankruptcy Code.

4. CEOC holds a Key Business Entity License-Riverboat License in Missouri, originally issued February 20, 2015. CEOC's current period of licensure is set to expire on June 30, 2018. CEOC is affiliated with only one Class B licensee in Missouri, HNKC.

5. The REIT is a newly formed Delaware limited liability company that is wholly and directly owned by CEOC and that was formed for the purpose of allowing CEOC to create a viable plan for emergence from bankruptcy. The REIT is a key part of CEOC's Debtors' Plan of Reorganization (the "Reorganization Plan") which includes the formation of a REIT to hold various real estate assets held by subsidiaries of CEOC including HNKC. On January 17, 2017, the U.S. Bankruptcy Court for the Northern District of Illinois confirmed the Reorganization Plan to allow for the conclusion of CEOC's court-supervised restructuring process once all regulatory approvals are obtained, including approval of this Omnibus Petition for Change in Control. The Reorganization Plan includes various changes to the aggregate corporate structure of the Caesars enterprise including the merger of CEOC with and into New CEOC.

#### Count I

##### **CHANGE IN CONTROL WITH RESPECT TO TRANSFER OF REAL ESTATE**

6. Upon consummation of the Reorganization Plan (the "Restructuring Consummation"), the equity of the REIT will be issued to various entities in satisfaction of indebtedness owed to such entities by CEOC as well as various entities and individuals with smaller holdings. Attached to this Omnibus Petition as Exhibit A is a chart that reflects the anticipated ownership structure of the REIT at the time of Restructuring Consummation.

7. A Key Business Entity Application for the REIT (the "REIT Application") has been filed with the Missouri Gaming Commission. The REIT Application includes details and documentation related to the REIT formation and structure, as well as its proposed agreements impacting HNKC.

8. The REIT filed a Form 10 with the United States Securities and Exchange Commission on May 12, 2017 to register its common stock pursuant to Section 12(g) under the Securities Exchange Act of 1934, as amended. A copy of the this Form 10 is included in the REIT Application.

9. Following the Restructuring Consummation, the REIT will be a self-administered and self-managed Maryland REIT. The REIT will elect on its U.S. Federal Income Tax Returns to be treated as a REIT and intends to continue to be organized and to operate in a manner that will permit it to qualify as a REIT. The REIT's primary business will consist of acquiring, financing, and owning real estate property to be leased to gaming operators in "triple net" lease arrangements. Initially, these leases will be only with CEC affiliated gaming operations.

10. At the time of the Restructuring Consummation, the Petitioners plan to effect the transfer of title to the real estate assets and improvements of HNKC upon which its Class B riverboat gaming operation is conducted to a wholly controlled subsidiary of the REIT, RE Holdco, which transfer of title amounts to a material change in ownership or control under 11 CSR 10.040(8)(2) (such transfer of title hereinafter referred to as the "REIT Change in Control"). Simultaneous with the REIT Change in Control, that certain Lease (Non-CPLV) among the REIT, various entities wholly controlled by the REIT and various CEOC controlled operating

subsidiaries including HNKC (the "REIT Master Lease"). The REIT Master Lease will allow for the lease back to HNKC of all the real estate assets used in its riverboat gaming operations that were transferred to RE Holdco in connection with the REIT Change in Control.

11. The Petitioners have supplied the Commission staff with substantial information regarding the REIT Change in Control along with complete applications for the REIT and all key persons associated with the REIT to allow the Commission staff to assess whether the REIT Change in Control (i) is in the best interest of the state of Missouri, (ii) is not injurious to the public health, safety, morals, good order, or general welfare of the people of the state of Missouri, or a discredit to the gaming industry or the state of Missouri, (iii) would have no material negative competitive impact, (iv) would have no potential to affect the licensee's suitability to hold a gaming license and (v) would not potentially result in any significant negative changes in the financial condition of the licensee

**WHEREFORE**, the Petitioners respectfully request that the transfer of ownership interest and change in control of the Class B Licensee HNKC under this Count I in connection with the REIT Change in Control be approved by the Missouri Gaming Commission in accordance with 11 CSR 10.040(12).

#### Count II

#### **CHANGE IN CONTROL WITH RESPECT TO TRANSFER OF EQUITY**

12. In addition to the REIT Change in Control, the Reorganization Plan approved by the bankruptcy court requires that CEOC become a limited liability company. In order to

accomplish this entity change, it is necessary to merge CEOC out of existence with and into New CEOC.

13. A Key Business Entity Application for New CEOC (the "New CEOC Application") has been filed with the Missouri Gaming Commission. The New CEOC Application includes details and documentation related to the New CEOC formation and structure, as well as its proposed agreements impacting HNKC

14. CEOC is the current parent company of numerous Caesars operating subsidiaries, including HNKC. The transfer of the equity of HNKC from CEOC to New CEOC by operation of law in connection with the merger of CEOC with and into New CEOC amounts to a material change in ownership or control under 11 CSR 10.040(8)(1) (such transfer of equity hereinafter referred to as the "CEOC Change in Control").

15. The Petitioners have supplied the Commission staff with substantial information regarding the CEOC Change in Control along with complete applications for New CEOC and all key persons associated with it in order to allow the Commission staff to assess whether the CEOC Change in Control (i) is in the best interest of the state of Missouri, (ii) is not injurious to the public health, safety, morals, good order, or general welfare of the people of the state of Missouri, or a discredit to the gaming industry or the state of Missouri, (iii) would have no material negative competitive impact, (iv) would have no potential to affect the licensee's suitability to hold a gaming license and (v) would not potentially result in any significant negative changes in the financial condition of the licensee.

**WHEREFORE**, the Petitioners respectfully request that the transfer of ownership interest and change in control of the Class B Licensee HNKC under this Count II in connection with the CEOC Change in Control be approved by the Missouri Gaming Commission in accordance with 11 CSR 10.040(12).

Dated: June 14, 2017

Respectfully submitted,

LATHROP & GAGE LLP

By: 

Robert D. Cantwell, Bar Number 45027

Lathrop & Gage LLP

7701 Forsyth Boulevard, Suite 400

Clayton, Missouri 63105

Telephone No.: (314) 613-2831

Facsimile No.: (314) 613-2801