



FANTINI'S GAMING REPORT®

*More Important Than Your Morning Coffee...
... And Now More Important Than Ever™*

Special Reporting Service

June 15, 2020

Frank Fantini – *Publisher*

Ashley Diem – *Associate Publisher and Executive Editor*

Blake Weishaar – *Editor*

Fantini's COVID-19 Gaming Daily

INDEX

ERI, CZR, VICI, GLPI MAKE FINANCIAL MOVES

MACAU REVENUE ESTIMATES REMAIN DOWN

OPENINGS

COMPANIES: GC, LVS, MLCO, WYNN

US: AR, CA, IA, NV, OK, PA

INTERNATIONAL: DOMINICAN

COMPANIES: DNA, PENN, SUCCESS UNIVERSE, WYNN MACAU

INTERNATIONAL: BRAZIL

FANTINI'S VIRTUAL TRADE SHOW

CONVENTIONS, TRADE SHOWS, CONFERENCES, EXPOS

NOTE: A four-part white paper series on how to reopen casinos is being published by The Strategy Organization and Fantini Research. These succinct papers look beyond sanitation and social distancing protocols.

The first edition, Employee & Guest Sentiment focuses on how to capture and maintain the customer enthusiasm displayed so far throughout the reopening.

Part One is available at <https://www.fantiniresearch.com/links/the-strategy-organization-fantini-research-white-paper.html>. Parts Two through Four will be published weekly on Mondays.

ERI, CZR, VICI, GLPI MAKE FINANCIAL MOVES

In the face of the COVID-19 impact in the gaming industry, Eldorado Resorts, Caesars, VICI Properties and Gaming & Leisure Properties have announced a number of transactions aimed at strengthening their balance sheets.

ERI has entered into a five-year \$400 million mortgage with VICI, secured by the recently opened Caesars Forum Convention Center in Las Vegas.

The mortgage bears interest of 7.7 percent and is subject to a 2 percent annual escalator after three years.

Additionally, VICI will acquire 23 acres of undeveloped land adjacent to the center of the Las Vegas Strip from ERI for \$103.5 million.

The transactions depend on ERI closing on its acquisition of Caesars Entertainment but should close in the third quarter.

In addition:

- ERI will sell 18 million shares with an additional 2.7 million option to underwriters.
- VICI will sell 22 million shares with an additional 3.3 million option to underwriters.
- Gaming and Leisure Properties amended ERI's lease, eliminating the EBITDAR-based escalator test with no rent escalation this year or next.

Rent will escalate 1.25 percent in 2022 to 2 percent after 2026.

The master lease has also been extended through 2038 with a renewal option of up to 20 years.

The deal allows ERI to sell the operations of Belle of Baton Rouge, in which case GLPI would sell the real estate.

- CAESARS has won relief by amending revolver covenants of subsidiary Caesars Resort Collection eliminating testing of its maximum 6.35-1 leverage ratio until September 2021 as part of COVID relief.

Caesars Resort Collection must maintain \$200 million in cash or unused commitment under the revolver, which matures in 2022.

MACAU REVENUE ESTIMATES REMAIN DOWN

Estimates for Macau gaming revenue remain down as border re-openings and travel visa issuances are taking longer than expected, Vitaly Umansky of Bernstein said.

He expects a decline of 44 percent for the year with a rebound of 96 percent next year.

June should be similar to April and May, where revenue fell in the mid-90s if visas and cross-border travel do not resume, he said.

Andrew Lee of Jefferies expects June to decline 93.5 percent.

Revenue for the first 14 days of June plummeted 93 percent to US\$94 million.

OPENINGS:

COMPANIES: GC, LVS, MLCO, WYNN

- GREAT CANADIAN received confirmation that it can reopen Casino Nova Scotia.
- LAS VEGAS SANDS' Venetian in Las Vegas will bring back multi-table tournaments Friday and Saturday for 80 players at 16 five-handed tables, the Las Vegas Review-Journal reported.
- MELCO RESORTS has reopened its four Cyprus casinos sans smoking at table games and slots.
- WYNN Las Vegas may be the first buffet to reopen, but with a twist.

Customers will have two hours to order as much food as they like through table service, the Las Vegas Review-Journal reported.

US STATES: AR, CA, IA, NV, OK, PA

- ARKANSAS. Cherokee Casino has reopened with temperature checks, masks required and smoking not permitted.
- CALIFORNIA. Eagle Mountain casino will open July 1.
- IOWA. Blackbird Bend Casino reopened Monday with modified hours.

The casino is open 8 a.m. to midnight Sunday through Thursday and 8 a.m. to 2 a.m. Friday and Saturday.

- NEVADA. Avi Casino near Laughlin has reopened but bingo will be permanently closed.
- OKLAHOMA. Guymon Casino will reopen Monday.
- PENNSYLVANIA. Mohegan Sun at Pocono Downs will become the state's fourth casino to reopen next Monday.

Pennsylvania is reopening on a county-by-county basis. So far, the only openings have been in western PA – Rush Street's Rivers in Pittsburgh, PENN-operated Meadows near Pittsburgh and Churchill Downs' Nemacolin Lady Luck.

INTERNATIONAL: DOMINICAN

- DOMINICAN REPUBLIC. Hard Rock Punta Cana is reopening on July 1.

COMPANIES: DNA, PENN, SUCCESS UNIVERSE, WYNN MACAU

- DONACO received waivers on financial covenants until December.

Additionally, primary lender Mega Bank deferred DNA's US\$5.5 million loan payment until December.

DNA must maintain cash of at least \$12 million through December. The company had \$11.5 million in cash at the end of March.

- PENN NATIONAL plans to lay off 750 employees at Hollywood and River City casinos near St. Louis, the St. Louis Post-Dispatch reported.
- SUCCESS UNIVERSE's Ponte 16 in Macau could get back to last year's gaming revenue in the fourth quarter if tourists return starting in July, GGRAsia quoted Success Universe Deputy Chairman Hoffman Ma Ho Man.

Macau could see an explosive rebound in gaming demand from mainland China, Ma said.

- WYNN MACAU plans to place \$750 million in 5.5 percent senior unsecured notes due 2026 to qualified institutional investors outside of the US.

INTERNATIONAL: BRAZIL

- BRAZIL. A bill has been introduced to legalize sports betting to raise \$7.3 billion for COVID relief.

Licenses would be awarded in a bidding process. No timeline is set in the bill.

FANTINI'S VIRTUAL TRADE SHOW

As COVID-19 has caused the cancellation of many trade shows, now is the time to turn to a virtual show to display and advertise all your product lines and news events too. To exhibit your company, contact Dee Wild-Shyver at DWild@FantiniResearch.com.

See products, demos, and news from exhibitors at www.FantinisGamingShow.com.

CONVENTIONS, TRADE SHOWS, CONFERENCES, EXPOS

Shows and conferences have been canceled or postponed, due to the coronavirus outbreak. As new dates become available or for those that transition to webinars, they will be listed in our online calendar at <https://www.fantiniresearch.com/conventions.html>.

ABOUT THIS REPORT:

In Fantini's COVID-19 Gaming Daily report we consolidate all developments about the virus that have business and investment implications for the gaming industry. We will post them on our website until further notice. Fantini's COVID-19 Gaming Daily is a Special Report that is included with all levels of Fantini's Gaming Report subscriptions.

SUBSCRIBER RIGHTS AND CONDITIONS:

Copyright®: Fantini's Gaming Report® and Fantini Research are divisions of Morning Report Research, Inc. All rights reserved. Our reports and content are protected by copyright and we reserve all rights except for as granted in this paragraph, and subject to the conditions stated below. We grant each subscriber and secondary recipient the right to receive, read, and utilize the reports and report contents for their individual use only. Your Subscriber Rights and Conditions give subscribers and secondary recipients the right to receive, read, and utilize the copyrighted reports and report contents for their individual use only. This right of individual use does not authorize providing whole or partial copies to others (even in your company) in any way, such as forwarding, posting, printing, file sharing, scanning, making photocopies, circulating, selling, publishing or otherwise. The right does not authorize any use by a person before he or she becomes a subscriber or secondary recipient. Any other right must be granted in writing by Morning Report Research, Inc. You agree to inform paid subscribers and recipients of the conditions on their use, and you authorize us, in our discretion, to employ tracking services to check their compliance. Unauthorized copying or distribution violates copyright law and may carry serious consequences.

SUBSCRIPTIONS:

Subscriptions to Fantini's Gaming Report are available for \$7,099 a year for the Full Service Suite, \$1,999 for the Enhanced Service, and \$1,099 for the Basic level. Subscriptions are limited to one primary subscriber who may, with permission, add a secondary recipient at the same company and URL at no additional charge, with Morning Report Research, Inc. first giving you written permission to do so. Affordable multi-user licenses are available and can be customized for any number of designated recipients. See Subscriber Rights and Conditions above. For additional information, call +1-302-730-3793. Subscriptions can be ordered by phone or online at <http://www.FantiniResearch.com>. Credit card payments and bank transfers are available or send payment to Morning Report Research, Inc., P.O. Box 1676, Dover, DE, USA 19903-1676.

T061220/ds

STAFF/CONTACT US:

Frank Fantini, publisher. FFantini@FantiniResearch.com
Ashley Diem, associate publisher and executive editor. ADiem@FantiniResearch.com
Dee Wild-Shyver, associate editor and VP of Virtual Trade Show.
DWild@FantiniResearch.com
Laura Briggs, director of policy editor. LBriggs@FantiniResearch.com
Blake Weishaar, editor. BWeishaar@FantiniResearch.com
Hannah Wilmarth, writer. HWilmarth@FantiniResearch.com
Dylan Kaplan, writer and project team member. DKaplan@FantiniResearch.com
Alex Capitle, marketing specialist. ACapitle@FantiniResearch.com
Cindy Konowitz, business manager. CKonowitz@FantiniResearch.com

Subscription inquiries: Subscriptions@FantiniResearch.com

Analyst notes: Analysts@FantiniResearch.com

News releases: Editor@FantiniResearch.com