

VICI Properties: Where should the next dollar go?

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VICI Properties had built its portfolio around long-term leases on casinos and other experiential properties. Its June 2026 filing described a portfolio that was fully leased and had a weighted average lease term of 39.6 years when extension options were included. The same filing showed substantial dependence on two gaming operators and the Las Vegas Strip. Recent investments had begun to add operators, geographies and non-gaming experiences, but those forms of diversification were not interchangeable. [C1]

Assume you are advising a hypothetical VICI capital-allocation committee on the next increment of discretionary capital. Existing transactions, commitments and contractual obligations remain in place. The committee has not disclosed a fixed internal allocation conflict, approved alternatives or preferred answer. Your task is to recommend which opportunity deserves priority for the next stage of underwriting and what conditions should govern a commitment.

Decision question: How should VICI allocate its next increment of capital among gaming acquisitions and sale-leasebacks, non-gaming experiential partnerships or development, and financing and distribution flexibility?

Assignment: Prepare a two-page recommendation for the hypothetical committee. Rank the paths, identify the strongest counterargument, and specify the evidence and decision gates that would change your recommendation. No financial model is required; use only the supplied facts and label any proposed thresholds as your assumptions.

A long-lease model with concentrated exposures

VICI is a real estate investment trust that owns experiential properties and leases them to operating companies, with some investment also made through real-estate loans. Its leases are generally triple-net: tenants are responsible for property taxes, insurance, maintenance, repairs, improvements and other capital spending. That allocation reduces VICI's direct property operating burden, but does not guarantee rent collection. If an operator weakens, contractual rent remains due while the tenant's ability to pay, guarantor value, asset re-leasing prospects and collateral recovery may deteriorate. VICI does not operate the casinos. [C1-C2]

At June 30, 2026, VICI reported 103 experiential assets: 63 gaming and 40 other experiential properties in the United States and Canada. It described its properties as "100% leased"; that is the company's portfolio descriptor, not a conventional occupancy rate or a measure of tenant credit. Its 39.6-year weighted average lease term includes tenant extension options and does not assure renewal or collection over that period. [C1]

The Q2 filing reported that Caesars and MGM represented 35% and 37% of lease revenue, respectively, while Las Vegas Strip properties represented approximately 49%. These are separate concentration measures: operator exposure is not the same as property-location exposure. A new tenant may diversify counterparty exposure without changing market concentration; a property in a new geography may still be tied to an existing master lease. [C1]

Recent portfolio activity illustrates those distinctions. VICI's April acquisition of seven Golden Entertainment properties involved a new 30-year master lease with Golden OpCo, a Sartini-controlled holding-company guaranty and financial covenants. The properties are concentrated in Nevada. The transaction included approximately 24.3 million VICI shares and repayment of Golden debt, and the lease is accounted for as a financing receivable under GAAP. It therefore added an operating counterparty but was not simply a cash purchase of seven unrelated assets. [C1]

In Alberta, VICI acquired real estate associated with three gaming properties and two adjacent hotels and added them to the existing PURE master lease. The transaction expanded geographic reach, but did not add a named master-lease tenant. Northfield Park moved from MGM's master lease to a separate lease guaranteed by a Clairvest affiliate when MGM sold the operating business; Northfield's initial rent was offset by a reduction in MGM master-lease rent. These transactions changed different dimensions of the portfolio in different ways. [C1]

VICI also agreed to fund redevelopment at Club Med's Carambola Beach Resort in St. Croix. As of June 30, the resort was under development and the lease had not commenced because the lessee did not control the property during construction. Summer 2026 construction and a Q4 2027 reopening were expected, not completed outcomes. Separately, the company had committed \$1.5 billion of mezzanine financing to the One Beverly Hills project, subordinate to a \$2.8 billion senior-loan commitment. Its initial funding was \$650 million; future drawdowns were expected. This illustrates the potential scale, duration and subordination of non-casino experiential or development-related exposure. [C1, C3]

Capital is committed across time

At June 30, VICI reported \$17.218 billion of debt principal and \$288.1 million of cash. Debt principal maturities included \$1.75 billion for the remainder of 2026 and \$1.5 billion in 2027. Most debt was fixed rate, but fixed-rate exposure does not remove refinancing, liquidity or opportunity-cost considerations. The balance sheet is a snapshot; it does not state how much capital management considers available for a new transaction. [C1]

VICI paid a Q2 dividend of \$0.45 per share, or \$495.3 million in aggregate. Q2 AFFO attributable to common holders was \$679.6 million, up 7.8% year over year; AFFO per share was \$0.62, up 4.6%. Management's 2026 AFFO guidance was \$2.675-\$2.695 billion, or \$2.45-\$2.47 per share. Guidance is a forecast, not a realized return or a company-specific investment hurdle. AFFO is non-GAAP. The company said it could not provide GAAP net-income guidance or reconcile the forecast because it could not predict future changes in its CECL allowance with reasonable certainty. [C3]

GAAP net income to common holders for Q2 was \$526.5 million, down 39.1% year over year; the company reported a \$271.1 million increase in CECL allowance expense for the quarter. This non-cash accounting movement should not be read as a direct measure of current-period rent collection or as a realized cash loss. It also should not be ignored: allowance judgments reflect credit expectations, and the underlying tenant and loan exposures still matter. [C1, C3]

Three paths for the next increment

The alternatives below are teaching constructs, not disclosed VICI proposals. Existing commitments continue under their terms. A recommendation can prioritize one path for additional diligence while retaining options on the others.

Path	What the committee could prioritize	Strategic case	Key questions before commitment
A. Gaming sale-leasebacks and acquisitions	Seek additional casino, gaming or related-property transactions with long-term leases, guarantees and covenants.	Builds on VICI's established underwriting and operator relationships; long leases can support predictable contractual rent.	Does the transaction add meaningful tenant and geographic diversification, or chiefly add assets to existing operator/market exposures? What are the guarantor's resources, lease protections, alternative uses and recovery values? Is the expected return adequate after financing and dilution costs?
B. Non-gaming experiential partnerships and development	Advance opportunities such as destination resorts, hospitality or entertainment partnerships, including development or structured financing.	Could broaden the experiential opportunity set and create relationships beyond casino operators.	How much capital is exposed before lease commencement or stabilization? What completion, cost-overrun, opening and demand risks remain? What collateral and recourse support repayment if the operating plan fails?
C. Preserve financing and distribution flexibility	Retain more capacity for debt maturities, refinancing, liquidity and distributions while pacing new discretionary commitments.	Preserves resilience and future choice as debt falls due and investment terms change.	What opportunity cost follows from waiting? Which contractual commitments cannot be deferred? How should investors weigh current distributions against future growth and balance-sheet capacity?

Evidence and uncertainty

Academic research on REIT tenant concentration offers competing mechanisms. A study of U.S. equity REITs found tenant concentration associated with stronger operating efficiency and cash flows but also lower valuation and trading liquidity; results varied across specifications and the sample excluded hotel and multifamily REITs. A second study's abstract reports profitability benefits alongside higher idiosyncratic risk and borrowing costs, with effects conditioned on tenant quality. Neither study estimates VICI-specific returns or a target tenant mix. [A1-A2]

A third study's abstract reports positive average announcement returns in an older sample of REIT portfolio acquisitions, with results associated in part with reaffirming geographic focus and transaction financing. Its full text was not available for this case's research; its older sample and announcement-period outcome cannot determine whether VICI should diversify or focus today. [A3]

Several explanations could fit the same portfolio facts. Concentration in large operators may support scale, monitoring and long-duration leases, yet increase exposure to operator distress. New tenants may spread credit exposure, while remaining tied to similar locations or specialized properties. Non-gaming assets may broaden demand drivers, but development and subordinated financing can extend the period before rent begins and increase loss severity if a project fails. Preserving capital may protect refinancing capacity, but delay attractive investments. Public disclosures do not provide the full deal pipeline, expected transaction pricing, property-level recovery values, available lending capacity or management's internal hurdle rates.

Your recommendation

Recommend which path should receive priority for VICI's next increment of discretionary capital. Explain how your recommendation accounts for operator concentration, geography, asset specificity, lease and guaranty protections, funding needs, maturities and distributions. Identify the evidence needed to compare the alternatives on a risk-adjusted basis and state what would cause you to switch paths. Do not treat "100% leased," long lease terms, AFFO guidance or a stated transaction structure as proof of credit quality or realized return.

Discussion questions

1. Which forms of diversification matter most for VICI: tenant, geography, property type, operating partner or financing structure? Why?
2. What do triple-net leases transfer to tenants, and what material risks remain with the landlord and its lenders or shareholders?
3. How should the committee assess a development or mezzanine opportunity before rent commencement, when collateral and recovery may differ from stabilized real estate?
4. What should be protected first when comparing investment, maturities, liquidity and distributions? Which data would change your answer?

Sources and conventions

Source IDs, publication dates, original locators, reading depth and access limits are in the accompanying VICI source register. Company facts stop at the cutoff above. C1-C3 figures are reported company data unless otherwise identified; "100% leased" and weighted average lease term use company definitions. Proposed paths, ranking criteria and decision gates are case constructs, not company plans. Academic findings are observational or abstract-only and are not VICI forecasts. No post-cutoff information is used.