BOARDWALK REGENCY LLC

QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 2018

SUBMITTED TO THE
DIVISION OF GAMING ENFORCEMENT
OF THE
STATE OF NEW JERSEY

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

BOARDWALK REGENCY LLC
BALANCE SHEETS

AS OF MARCH 31, 2018 AND 2017

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2018 (c)	2017 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents	3 & 4	$15,304	$13,780
2	Short-Term Investments		0	0
	Receivables and Patrons' Checks (Net of Allowance for			
3	Doubtful Accounts - 2018, $9,500; 2017, $9,160)	3 & 5	11,743	14,775
4	Inventories	3	376	338
5	Other Current Assets	6	2,340	2,575
6	Total Current Assets		29,763	31,468
7	Investments, Advances, and Receivables	7	4,026	4,167
8	Property and Equipment - Gross	3 & 8	274,084	87,464
9	Less: Accumulated Depreciation and Amortization	3 & 8	(13,957)	(20,735)
10	Property and Equipment - Net	3 & 8	260,127	66,729
11	Other Assets	9	10,969	117,249
12	Total Assets		$304,885	$219,613
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$4,550	$11,786
14	Notes Payable		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates		0	0
16	External	11	0	1,929
17	Income Taxes Payable and Accrued	3	0	278
18	Other Accrued Expenses	10	11,919	321,270
19	Other Current Liabilities		3,550	3,196
20	Total Current Liabilities		20,019	338,459
	Long-Term Debt:			
21	Due to Affiliates	11	0	518,330
22	External	11	0	0
23	Deferred Credits	3	0	0
24	Other Liabilities	12	250,775	1,524
25	Commitments and Contingencies	13	0	0
26	Total Liabilities		270,794	858,313
27	Stockholders', Partners', or Proprietor's Equity		34,091	(638,700)
28	Total Liabilities and Equity		$304,885	$219,613

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BOARDWALK REGENCY LLC
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2018 (c)	2017 (d)	
	Revenue:				
1	Casino		$37,207	$47,590	*
2	Rooms		10,278	10,247	*
3	Food and Beverage		12,785	14,481	*
4	Other		3,489	4,051	*
5	Net Revenue		63,759	76,369	*
	Costs and Expenses:				
6	Casino		21,216	24,942	*
7	Rooms, Food and Beverage		13,067	14,511	*
8	General, Administrative and Other		16,899	16,646	*
9	Total Costs and Expenses		51,182	56,099	*
10	Gross Operating Profit		12,577	20,270	*
11	Depreciation and Amortization	3	7,212	2,138	
	Charges from Affiliates Other than Interest:				
12	Management Fees				
13	Other	4	4,851	5,775	
14	Income (Loss) from Operations		514	12,357	*
	Other Income (Expenses):				
15	Interest Expense - Affiliates				
16	Interest Expense - External		(11,562)	(4)	
17	CRDA Related Income (Expense) - Net	13	(226)	77	
18	Nonoperating Income (Expense) - Net		23	24	
19	Total Other Income (Expenses)		(11,765)	97	
20	Income (Loss) Before Taxes		(11,251)	12,454	*
21	Provision (Credit) for Income Taxes	3	0	800	
22	Net Income (Loss)		($11,251)	$11,654	*

* Prior year balances have changed to conform with current year presentation

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BOARDWALK REGENCY LLC
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017 AND THE THREE MONTHS ENDED MARCH 31, 2018

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock Shares (c)	Common Stock Amount (d)	Preferred Stock Shares (e)	Preferred Stock Amount (f)	Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
1	**Balance, December 31, 2016..........**		100	$1,370	0	$0	$387,457	$0	($1,010,827)	($622,000)
2	Net Income (Loss) - 2017.............								(33,219)	(33,219)
3	Contribution to Paid-in-Capital.....									0
4	Dividends..................................									0
5	Prior Period Adjustments.............						3,672		(3,672)	0
6	Equitization						(123,616)			(123,616)
7	Equitization of Intercompany									0
8	Debt and Interest						825,079			825,079
9										0
10	**Balance, December 31, 2017..........**		100	1,370	0	0	1,092,592	0	(1,047,718)	46,244
11	Net Income (Loss) - 2018.............								(11,251)	(11,251)
12	Contribution to Paid-in-Capital.....									0
13	Dividends..................................									0
14	Prior Period Adjustments.............									0
15	Equitization						(1,986)			(1,986)
16	Adj. prior year-Rev. Recognition								1,084	1,084
17	Reclassification of Equity						(1,040,903)		1,040,903	0
18										0
19	**Balance, March 31, 2018 ....**		100	$1,370	0	$0	$49,703	$0	($16,982)	$34,091

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BOARDWALK REGENCY LLC
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2018 (c)	2017 (d)	
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		($1,642)	$23,451	
	CASH FLOWS FROM INVESTING ACTIVITIES:				
2	Purchase of Short-Term Investments				
3	Proceeds from the Sale of Short-Term Investments				
4	Cash Outflows for Property and Equipment...........................		(550)	(1,256)	
5	Proceeds from Disposition of Property and Equipment..........				
6	CRDA Obligations		(299)	0	*
7	Other Investments, Loans and Advances made......................				
8	Proceeds from Other Investments, Loans, and Advances		0	895	
9	Cash Outflows to Acquire Business Entities..........................		0	0	
10	....				
11	....				
12	Net Cash Provided (Used) By Investing Activities....................		(849)	(361)	
	CASH FLOWS FROM FINANCING ACTIVITIES:				
13	Proceeds from Short-Term Debt				
14	Payments to Settle Short-Term Debt......................................				
15	Proceeds from Long-Term Debt				
16	Costs of Issuing Debt..				
17	Payments to Settle Long-Term Debt......................................		0	(75)	
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0	
19	Purchases of Treasury Stock...				
20	Payments of Dividends or Capital Withdrawals......................				
21	Borrowings/Payments of Intercompany Payable		(902)	(28,253)	
22	ASC606 adjustment to 2017 net income			(101)	*
23	Net Cash Provided (Used) By Financing Activities..................		(902)	(28,429)	
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		(3,393)	(5,339)	
25	Cash and Cash Equivalents at Beginning of Period..................		18,697	19,119	
26	Cash and Cash Equivalents at End of Period............................		$15,304	$13,780	

Line	Description	Notes	2018	2017
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....................................		$0	$2
28	Income Taxes...			

* Prior year balances have changed to conform with current year presentation

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BOARDWALK REGENCY LLC
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2018 (c)	2017 (d)	
	CASH FLOWS FROM OPERATING ACTIVITIES:				
29	Net Income (Loss)		($11,251)	$11,654	*
30	Depreciation and Amortization of Property and Equipment		7,028	1,984	
31	Amortization of Other Assets		184	154	
32	Amortization of Debt Discount or Premium				
33	Deferred Income Taxes - Current				
34	Deferred Income Taxes - Noncurrent				
35	(Gain) Loss on Disposition of Property and Equipment				
36	(Gain) Loss on CRDA-Related Obligations		226	(74)	*
37	(Gain) Loss from Other Investment Activities				
38	(Increase) Decrease in Receivables and Patrons' Checks		4,095	7,925	
39	(Increase) Decrease in Inventories		48	(70)	
40	(Increase) Decrease in Other Current Assets		(633)	409	
41	(Increase) Decrease in Other Assets		9	53	
42	Increase (Decrease) in Accounts Payable		(2,943)	4,276	
43	Increase (Decrease) in Other Current Liabilities		463	(2,859)	
44	Increase (Decrease) in Other Liabilities		1,132	(1)	
45					
46					
47	Net Cash Provided (Used) By Operating Activities		($1,642)	$23,451	

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2018 (c)	2017 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment		($550)	($1,256)
49	Less: Capital Lease Obligations Incurred			
50	Cash Outflows for Property and Equipment		($550)	($1,256)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired			
52	Goodwill Acquired			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed			
55	Issuance of Stock or Capital Invested			
56	Cash Outflows to Acquire Business Entities		$0	$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions		$0	$0
58	Less: Issuances to Settle Long-Term Debt		0	0
59	Consideration in Acquisition of Business Entities		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions		$0	$0

* Prior year balances have changed to conform with current year presentation

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

BOARDWALK REGENCY LLC
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE THREE MONTHS ENDED MARCH 31, 2018
(UNAUDITED)
($ IN THOUSANDS)

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	119,620	$6,203		
2	Food	181,051	4,669		
3	Beverage	2,028,257	4,057		
4	Travel			23,295	2,463
5	Bus Program Cash	159	12		
6	Promotional Gaming Credits	270,031	5,492		
7	Complimentary Cash Gifts	18,719	2,974		
8	Entertainment	132	25	643	80
9	Retail & Non-Cash Gifts	15,907	318	4,860	387
10	Parking			112,145	486
11	Other	591	638	25,528	321
12	Total	2,634,467	$24,388	166,471	$3,737

FOR THE THREE MONTHS ENDED MARCH 31, 2018

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	119,620	$6,203		
2	Food	181,051	4,669		
3	Beverage	2,028,257	4,057		
4	Travel			23,295	2,463
5	Bus Program Cash	159	12		
6	Promotional Gaming Credits	270,031	5,492		
7	Complimentary Cash Gifts	18,719	2,974		
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9	Retail & Non-Cash Gifts	15,907	318	4,860	387
10	Parking			112,145	486
11	Other	591	638	25,528	321
12	Total	2,634,467	$24,388	166,471	$3,737

*No item in this category (Other) exceeds 5%.

BOARDWALK REGENCY LLC
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED MARCH 31, 2018

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Division's Quarterly Report Instructions and Uniform Chart of Accounts.

3. To the best of my knowledge and belief, the information contained in this report is accurate.

4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.S.A. 5:12-84a(1)-(5) during the quarter.

Karen Worman

5/15/2018
Date

Karen Worman

Vice President of Finance
Title

006320-11
License Number

On Behalf of:

BOARDWALK REGENCY LLC
Casino Licensee

Boardwalk Regency LLC (Caesars Atlantic City)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 – ORGANIZATION

Caesars Atlantic City Hotel & Casino is a casino hotel resort located in Atlantic City, New Jersey, owned and operated by Boardwalk Regency LLC ("Caesars Atlantic City"), an indirect wholly owned subsidiary of CEOC LLC. CEOC LLC is a majority owned subsidiary of Caesars Entertainment Corporation ("CEC"). Caesars Atlantic City is licensed by the DGE and is subject to its rules and regulations. The license expired in December 2017, and Caesars Atlantic City has submitted the renewal application, which is pending as of the date of this report.

CEOC's Emergence from Bankruptcy and CEC's Acquisition of OpCo - Caesars Entertainment Operating Company, Inc. ("CEOC") and certain of its United States subsidiaries (collectively, the "Debtors" which includes the Company) voluntarily filed for reorganization under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") on January 15, 2015 (the "Petition Date"). On January 17, 2017, the Bankruptcy Court entered an order approving and confirming the Debtors' third amended joint plan of reorganization (the "Plan"), and the Debtors emerged from bankruptcy and consummated their reorganization pursuant to the Plan on October 6, 2017 (the "Effective Date"). As of the Effective Date, Boardwalk Regency Corporation was dissolved and new company Boardwalk Regency LLC was formed.

The Plan provided for, among other things, (i) the settlement of the majority of claims included in liabilities subject to compromise, with any remaining disputed claims being transferred to CEOC LLC for final resolution, (ii) the reorganization of CEOC into an operating company ("OpCo") and PropCo, and (iii) OpCo established an escrow trust that will be used to fund the resolution of unsecured claims that were unresolved at the time of CEOC's emergence from bankruptcy. PropCo holds certain real property assets formerly held by CEOC and leases those assets to OpCo. PropCo is a separate entity that is not consolidated by CEC and, on the Effective Date, was sold to VICI Properties Inc., the real estate investment trust that was initially owned by certain former creditors of CEOC and is independent from CEC. OpCo, which operates the properties and facilities formerly held by CEOC, was acquired by CEC on the Effective Date, and upon acquisition, was immediately merged with and into CEOC LLC, with CEOC LLC as the surviving entity.

Reorganization Items

The Company's reorganization items are as follows:

Loss on settlement of claims	$ (249,764)
Fresh-start adjustments	172,624
Amounts recongnized in Reorganization items	$ (77,140)

NOTE 2 - ACQUISITION BY CEC

As described in Note 1, the Company emerged from bankruptcy and consummated their reorganization pursuant to the Plan on the Effective Date. CEC's acquisition of OpCo was accounted for in accordance with FASB's ASC Topic 805, Business Combinations, ("ASC 805") with CEC considered the acquirer, which requires, among other things, that the assets acquired and liabilities assumed be recognized on CEC's balance sheet at their fair values as of the acquisition date. The excess of the purchase price over the net fair value of the assets and liabilities was recorded as goodwill. The fair value of the Company's assets and liabilities, as determined by CEC on the acquisition are summarized below. The Company elected to apply these adjusted fair values to their balance sheets as part of the acquisition.

The fair values of the assets acquired and liabilities assumed were determined using the market, income, and cost approaches. The fair value measurements were primarily based on significant inputs that are not observable in the market, inputs included an expected range of market values, expected cash flows, recent comparable transactions and discounted cash flows. The market approach, which indicates value for a subject asset based on available market pricing for comparable assets, was utilized to estimate the fair value of primarily property plant and equipment operating leases. The market approach included prices and other relevant information generated by market transactions involving comparable assets, as well as pricing guides and other sources. CEC considered the current market for the properties and the expected proceeds from the sale of the assets, among other factors. The income approach was used to value certain intangible assets, including player relationships. The income approach was used to determine the failed sale real estate assets fair value, based on the estimated present value of the future lease payments over the lease term, including renewal options, using an imputed discount rate of approximately 8.5%. Projected cash flows are discounted at a required market rate of return that reflects the relative risk of achieving the cash flows and the time value of money. The cost approach, which estimates value by determining the current cost of replacing an asset with another of equivalent economic utility, was used, as appropriate, for certain assets for which the market and income approaches could not be applied due to the nature of the asset. The cost to replace a given asset reflects the estimated reproduction or replacement cost for the asset, less an allowance for loss in value due to depreciation.

As part of the Plan, certain real estate assets were sold to PropCo and leased back to OpCo. The leases were evaluated as a sale-leaseback of real estate, and we determined that these transactions did not qualify for sale-leaseback accounting. Therefore, we accounted for the transaction as a financing.

Goodwill was recognized as a result of the transaction and relates to (i) the values of acquired assets that do not meet the definition of an identifiable intangible asset under ASC 805, but that do contribute to the value of the acquired business, including the assembled workforce and relationships with customers that are not tracked through our customer loyalty probram Total Rewards; (ii) the going-concern value associated with expectations of forging relationships with future customers; and (iii) the assemblage value associated with acquiring an on-going business whose value is worth more than simply the sum of its parts. None of the goodwill recognized is expected to be deductible for income tax purposes.

The income approach comparing the prospective cash flows with and without the customer relationships in place was used to estimate the fair value of the customer relationships with the fair value assumed to be equal to the discounted cash flows of the business that would be lost if the customer relationships were not in place and needed to be replaced (see note 3).

Failed Sale-Leaseback Financing Obligations - As described in Note 1, OpCo entered into leases with VICI on the Effective Date related to certain real property assets and related fixtures formerly held by CEOC: (i) for Caesars Palace Las Vegas, (ii) for a portfolio of casino properties at various locations throughout the United States, including the Companies, and (iii) for the Harrah’s Joliet Hotel and Casino (collectively, the “CEOC LLC Leases”).

Each lease agreement provides for fixed rent (subject to escalation) during an initial term, then rent consisting of both base rent and variable percentage rent elements, and has a 15 year initial term and four five-year renewal options. The Company Leases initially provide for annual fixed rent, but include escalation provisions beginning at various points in the initial term and continuing through the renewal terms equal to the greater of either: (i) 1% or 2% (varies by lease) or (ii) the Consumer Price Index. The leases also include provisions for contingent rental payments calculated based on a percentage of net revenue of the underlying lease properties commencing in year six for the Company.

The leases were evaluated as a sale-leaseback of real estate. Under the expected terms of the lease agreements, we are required to contribute to a FF&E reserve account that VICI may use as collateral in a future VICI financing. We determined that this contingent-collateral arrangement represents a prohibited form of continuing involvement. Among other things, we estimated that the length of the leases, including optional renewal periods, would represent substantially all (90% or more) of the remaining economic lives of the properties and facilities subject to the leases, and the terms of the renewal options give the Company the ability to renew the lease at a rate that has the potential of being less than a fair market value rate as determined at the time of renewal. These, among certain other conditions, represent a prohibited form of continuing involvement; and therefore, we determined that these transactions did not qualify for sale-leaseback accounting and therefore we accounted for the transaction as a financing.

The real estate assets that were sold to VICI and leased back by OpCo were first adjusted to fair value upon the Company’s emergence from bankruptcy and the failed sale-leaseback financing obligation was recognized at an amount equal to this fair value. The Company then recognized a failed sale-leaseback financing obligation equal to this fair value as part of CEC's acquisition of OpCo and immediate merger with and into the Company.

(All dollar amounts in thousands)

As described above, for failed sale-leaseback transactions, we continue to reflect the real estate assets on our Balance Sheets in Property and equipment, net as if we were the legal owner, and we continue to recognize depreciation expense over the estimated useful lives. We do not recognize rent expense related to the leases, but we have recorded a liability for the failed sale-leaseback obligations (see Note 12) and currently, all of the periodic lease payments are recognized as interest expense. In the initial periods, cash payments are less than the interest expense recognized on the Statements of Operations, which causes the related sale-leaseback liability to increase during the beginning of the lease term.

	Lease Commitments
2018	$ 31,263
2019	42,684
2020	42,684
2021	42,684
2022	42,826
Thereafter	2,142,739
Total minimum rental commitments	2,344,880

Guarantee for Failed Sale-Leaseback - Subject to certain exceptions, the payment of all monetary obligations under the Company Leases is guaranteed by CEC.

NOTE 3 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), which require the use of estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting periods. Management believes the accounting estimates are appropriate and reasonably stated; however, due to the inherent uncertainties in making these estimates, actual amounts could differ.

Principles of Consolidation - The accompanying consolidated financial statement schedules include the account balances of the Company and its wholly owned subsidiaries. As a result, all material intercompany transactions and balances have been eliminated in consolidation.

Cash and Cash Equivalents - Cash equivalents are highly liquid investments with original maturities of three months or less from the date of purchase and are stated at the lower of cost or market value.

Receivables - The Company issues credit to approved casino customers following investigations of creditworthiness. Business or economic conditions or other significant events could affect the collectibility of these receivables. Accounts receivable are typically non-interest bearing and are initially recorded at cost.

Marker play represents a portion of the Company's overall games volume. The Company maintains strict control over the issuance of markers and aggressively pursues collection from those customers who fail to pay their marker balances timely. These collection efforts includes the mailing of statements and delinquency notices, personal contacts, the use of outside collection agencies and civil litigation. Markers are generally legally enforceable instruments in the United States. Markers are not legally enforceable instruments in some foreign countries, but the United States' assets of foreign customers may be reached to satisfy judgments entered in the United States. The Company considers the likelihood and difficulty of enforceability, among other factors, when the Company issues credit to customers who are not residents of the United States.

Markers acquired as part of the acquisition of OpCo were accounted for at fair value on the Effective Date and will be accreted to interest income up to their expected realizable value over the life of their expected collectability. The acquired markers are subject to adjustment if the actual cash collection differs from the expected collectibility. The fair value which also represents the carrying amount of markers acquired as part of the acquisition of OpCo at the Effective Date for the Company was $9,723. As of March 31, 2018, the carrying amount of the markers acquired was $1,407.

Accounts are written off when management deems the account to be uncollectible. Recoveries of accounts previously written off are recorded when received. The Company reserves an estimated amount for gaming receivables that may not be collected to reduce the Company's receivables to their net carrying amount. Methodologies for estimating the allowance for doubtful accounts range from specific reserves to various percentages applied to aged receivables. Historical collection rates are considered, as are customer relationships, in determining specific reserves. As with many estimates, management must make judgments about potential actions by third parties in establishing and evaluating our reserves for allowance for doubtful accounts.

Inventories - Inventories, which consist primarily of food, beverage, and operating supplies, are stated at the lower of average cost or market value.

Long-Lived Assets – The Company has significant capital invested in long-lived assets, and judgments are made in determining the estimated useful lives of assets and salvage values and if or when an asset (or asset group) has been impaired. The accuracy of these estimates affects the amount of depreciation and amortization expense recognized in the Company's financial results and whether the Company has a gain or loss on the disposal of an asset. The Company assigns lives to its assets based on its standard policy, which is established by management as representative of the useful life of each category of asset.

The Company reviews the carrying value of its long-lived assets whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. The Company typically estimates its fair value of assets starting with a "Replacement Cost New" approach and then deducting appropriate amounts for both functional and economic obsolescence to arrive at fair value estimates. Other factors considered by management in performing this assessment may include current operating results, trends, prospects, and third-party appraisals, as well as the effect of demand, competition, and other economic, legal, and regulatory factors. In estimating expected future cash flows for determining whether an asset is impaired, assets are grouped at the lowest level of identifiable cash flows. These analyses are sensitive to management assumptions and the estimates of the obsolescence factors, and changes in the assumptions and estimates, could have a material impact on the analysis and the supplemental consolidated financial statements schedules.

Additions to property and equipment are stated at cost. The Company capitalizes the costs of improvements that extend the life of the asset. The Company expenses maintenance and repair costs as incurred. Gains or losses on the disposition of property and equipment are recognized in the period of disposal. Interest expense is capitalized on internally constructed assets at the applicable weighted-average borrowing rates of interest. Capitalization of interest ceases when the project is substantially complete or construction activity is suspended for more than a brief period of time.

Depreciation is calculated using the straight-line method over the shorter of the estimated useful life of the asset or the related lease as follows:

Useful Lives	
Land improvements	12 years
Buildings	20 to 40 years
Leasehold improvements	5 to 20 years
Furniture, fixtures, and equipment	2.5 to 20 years

Intangible Assets Other Than Goodwill – Intangible assets other than goodwill represents the customer database with a gross carrying value of $10,633 and $1,741 as of March 31, 2018 and 2017, respectively, with accumulated amortization of $367 and $154 as of March 31, 2018 and 2017, respectively. The customer database was determined to have a 15 year life based upon attrition rates and computations of incremental value derived from existing relationships.

Impairment of Intangible Assets - Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principle market or, if none exists, the most advantageous market, for the specific asset or liability at the measurement date (referred to as the "exit price"). Fair value is a market-based measurement that should be determined based upon assumptions that market participants would use in pricing an asset or liability, including consideration of nonperformance risk.

We assess the inputs used to measure fair value using the three-tier hierarchy promulgated under GAAP. This hierarchy indicates the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Inputs include quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable either directly or indirectly, including quoted prices for similar assets in active markets, quoted prices from identical or similar assets in inactive markets, and observable inputs such as interest rates and yield curves.

Level 3: Inputs that are significant to the measurement of fair value that are not observable in the market and include management's judgments about assumptions market participants would use in pricing the asset or liability (including assumptions about risk).

Our assessment of goodwill and other intangible assets for impairment includes an assessment using various Level 2 (EBITDA multiples and discount rate) and Level 3 (forecasted cash flows) inputs.

Fair Value of Financial Instruments - The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying amount of receivables and all current liabilities approximates fair value due to their short-term nature. After giving effect to their allowances, the Casino Reinvestment Development Authority (“CRDA”) bonds and deposits approximately reflect their fair value based upon their below-market interest rates.

Adoption of New Revenue Recognition Standard - On January 1, 2018, we adopted the new accounting standard Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers, and all related amendments.

In May 2014, the FASB issued a new standard related to revenue recognition, ASU 2014-09, Revenue from Contracts with Customers. We adopted the standard effective January 1, 2018, using the full retrospective method, which requires the Company to recast each prior reporting period presented consistent with the new standard. The most significant effects of adopting the new standard related to the accounting for our Total Rewards customer loyalty program and casino promotional allowances.

Total Rewards affects revenue from our four core businesses: casino entertainment, food and beverage, rooms and hotel, and entertainment and other business operations. Previously, the Company accrued a liability based on the estimated cost of fulfilling the redemption of Reward Credits, after consideration of estimated forfeitures (referred to as "breakage"), based upon the cost of historical redemptions. Upon adoption of the new accounting standard, Reward Credits are no longer recorded at cost, and a deferred revenue model is used to account for the classification and timing of revenue recognized as well as the classification of related expenses when Reward Credits are redeemed. This results in a portion of casino revenues being recorded as deferred revenue as Reward Credits are earned. Revenue is recognized in a future period based on when and for what good or service the Reward Credits are redeemed (e.g., a hotel room).

Additionally, we previously recorded promotional allowances in a separate line item within net revenues. As part of adopting the new standard, promotional allowances are no longer presented separately. Alternatively, revenue is recognized based on relative standalone selling prices for transactions with more than one performance obligation. For example, when a casino customer is given a complimentary room, we are required to allocate a portion of the casino revenues earned from the customer to rooms revenues based on the standalone selling price of the room. As a result of this change, we are reporting substantially lower casino revenues; however, there is no material effect on total net revenues.

Casino Revenues - Casino revenues include revenues generated by our casino operations and casino related activities such as poker, pari-mutuel wagering, and tournaments, less sales incentives and other adjustments. Casino revenues are measured by the aggregate net difference between gaming wins and losses. Jackpots, other than the incremental amount of progressive jackpots, are recognized at the time they are won by customers. We accrue the incremental amount of progressive jackpots as the progressive machine is played, and the progressive jackpot amount increases, with a corresponding reduction to casino revenues. Funds deposited by customers in advance along with chips and slot vouchers in a customer's possession are recognized as a liability until such amounts are redeemed or used in gaming play by the customer.

Non Gaming Revenues - Rooms revenue, food and beverage revenue, and entertainment and other revenue include: (i) the actual amounts paid for such services (less any amounts allocated to unperformed performance obligations, such as Reward Credits described below); (ii) the value of Reward Credits redeemed for such services; and (iii) the portion of the transaction price allocated to complimentary goods or services provided in conjunction with other revenue-generating activities. Rooms revenue is generally recognized over the course of the customer's reservation period. Food and beverage and entertainment and other revenues are recognized when services are performed or events are held. Amounts paid in advance, such as advance deposits on rooms and advance ticket sales, are recorded as a liability until the goods or services are provided to the customer.

Other Revenue - Other revenue primarily includes revenue from third-party real estate leasing arrangements at our casino properties. Rental income is recognized ratably over the lease term with contingent rental income being recognized when the right to receive such rental income is established according to the lease agreements.

Total Rewards Loyalty Program - Caesars' customer loyalty program, Total Rewards, grants Reward Credits to Total Rewards Members based on on-property spending, including gaming, hotel, dining, and retail shopping at all Caesars-affiliated properties. Members may redeem Reward Credits for complimentary or discounted goods and services such as rooms, food and beverages, merchandise, entertainment, and travel accommodations. Members are able to accumulate Reward Credits over time that they may redeem at their discretion under the terms of the program. A member's Reward Credit balance is forfeited if the member does not earn a Reward Credit for a continuous six-month period.

Because of the significance of the Total Rewards program and the ability for customers to accumulate Reward Credits based on their past play, we have determined that Reward Credits granted in conjunction with other earning activity represent a performance obligation. As a result, for transactions in which Reward Credits are earned, we allocate a portion of the transaction price to the Reward Credits that are earned based upon the relative standalone selling prices ("SSP") of the goods and services involved. When the activity underlying the "earning" of the Reward Credits has a wide range of selling prices and is highly variable, such as in the case of gaming activities, we use the residual approach in this allocation by computing the value of the Reward Credits as described below and allocating the residual amount to the gaming activity. This allocation results in a significant portion of the transaction price being deferred and presented as a Contract Liability on our accompanying Balance Sheets. Any amounts allocated to the Contract Liabilities are recognized as revenue when the Reward Credits are redeemed in accordance with the specific recognition policy of the activity for which the credits are redeemed. This balance is further described below under Contract Liabilities.

Our Total Rewards loyalty program includes various tiers that offer different benefits, and members are able to earn credits towards tier status, which generally enables them to receive discounts similar to those provided as complimentaries described below. We have determined that any such discounts received as a result of tier status do not represent material rights, and therefore, we do not account for them as distinct performance obligations.

We have determined the SSP of a Reward Credit by computing the redemption value of credits expected to be redeemed. Because Reward Credits are not otherwise independently sold, we analyzed all Reward Credit redemption activity over the preceding calendar year and determined the redemption value based on the fair market value of the goods and services for which the Reward Credits were redeemed. We have applied the practical expedient under the portfolio approach to our Reward Credit transactions because of the similarity of gaming and other transactions and the homogeneity of Reward Credits.

As part of determining the SSP for Reward Credits, we also determined that there is generally an amount of Reward Credits that are not redeemed, which is considered "breakage." We recognize the expected breakage proportionally with the pattern of revenue recognized related to the redemption of Reward Credits. We periodically reassess our customer behaviors and revise our expectations as deemed necessary on a prospective basis.

In addition to Reward Credits, the Company's customers can earn points based on play that are redeemable in Non-Negotiable Reel Rewards ("NNRR"). The Company accrues the costs of NNRR, after consideration of estimated breakage, as they are earned. The cost is recorded as contra-revenue and included in casino promotional allowances in the accompanying consolidated statements of operations. At March 31, 2018 and 2017, the liability related to outstanding NNRR, which is based on historical redemption, was approximately $879 and $651, respectively.

Complimentaries - As part of our normal business operations, we often provide lodging, transportation, food and beverage, entertainment and other goods and services to our customers at no additional charge. Such complimentaries are provided in conjunction with other revenue earning activities and are generally provided to encourage additional customer spending on those activities. Accordingly, we allocate a portion of the transaction price we receive from such customers to the complimentary goods and services. We perform this allocation based on the SSP of the underlying goods and services, which is determined based upon the weighted-average cash sales prices received for similar services at similar points during the year.

Gaming Tax — The Company remits weekly to the State of New Jersey a tax equal to 8% of the gross gaming revenue, as defined. Gaming taxes paid to the State of New Jersey for the three months ended March 31, 2018 and 2017, which are included in casino expenses in the accompanying consolidated statements of income, were $4,899 and $6,427, respectively.

Advertising Expenses – Advertising costs are expensed as incurred. Advertising expenses are $121 and $187 for the three months ended March 31, 2018 and 2017 respectively. Advertising expenses are included in general, administrative and other expenses in the accompanying statements of income.

Rent Expense - Rent expense, which includes both cancelable and non-cancelable leases for the three months ended March 31, 2018 and 2017, was $639 and $745, respectively. These amounts are included in the accompanying Statements of Income.

City of Atlantic City Real Property Tax and Interim Payment in Lieu of Taxes (PILOT) Financial Management – Beginning for calendar year 2017, each casino licensee entered into a 10-year financial agreement with the City of Atlantic City requiring to make quarterly payments in lieu of real estate taxes. The Company will be responsible for the payments based on its share as referenced in the agreement and will be subject to lien provisions if the payments are not made. The total amount of the payment in lieu of property taxes owed to the City of Atlantic City for 2017 will total $120,000. The company paid its respective quarterly obligations for the year. In September 2017, the Company settled the 2016 tax appeal with the City and the assessed value of the company was reduced by $54,000. In October 2017, the Company received a payment of $2,084, due to the reduction in the assessed value and is included in Non-Operating Income in the Statements of Income.

Income Taxes - The Company is not treated as a corporation for federal and state income tax purposes and is included in the consolidated income tax returns of CEC. Effective in 2017, the accompanying Consolidating Schedules do not include a provision for income taxes for the Company since any income or loss from the Company is reportable for income tax purposes by CEC.

Use of Estimates - The preparation of these financial statements in conformity with generally accepted accounting principles (GAAP) requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates and assumption.

Internet Gaming - Caesars Interactive Entertainment New Jersey, LLC as the affiliate of Boardwalk Regency Corporation, was issued an internet gaming permit on November 20, 2013 to conduct real money online gaming in the State of New Jersey. All real money online gaming is reported in the financial statements of Caesars Interactive Entertainment New Jersey, LLC.

Seasonal factors - The Company's operations are subject to seasonal factors and, therefore, the results of operations of the three months ended March 31, 2018 are not necessarily indicative of the results of operations for the full year.

Omission of Disclosures - In accordance with the Financial Reporting guidelines provided by the Division of Gaming Enforcement, the Company has elected not to include certain disclosures, which have not significantly changed since filing the most recent Annual Report. Accordingly, the following disclosures have been omitted: Future Lease Obligations, Employee Benefits and certain Income Tax disclosures.

NOTE 4 - RELATED PARTY TRANSACTIONS

The Company participates with CEOC and CEC's other subsidiaries in marketing, purchasing, insurance, employee benefit and other programs that are defined and negotiated by CEOC on a consolidated basis. The company believes that participating in these consolidated programs is beneficial in comparison to the terms for similar programs that it could negotiate on a stand-alone basis. The Company's property, assets and capital stock are pledged as collateral for certain of CEOC's outstanding debts.

Cash Activity with CEOC and Affiliates - The Company transfers cash in excess of its operating and regulatory needs to its parent on a daily basis. Cash transfers from its parent to the Company are also made based upon the needs of the Company to fund daily operations, including accounts payable and payroll, as well as capital expenditures. No interest is charged on transfers made to or from the companies.

Administrative and Other Services - Pursuant to a shared services agreement, CEOC provides the Company certain corporate and administrative services, and the costs of these services are allocated to the Company. Certain of these corporate and administrative services are now provided by Caesars Enterprise Services. The Company was charged $4,851 and $5,775 for these services for the three months ended March 31, 2018 and 2017 respectively. The fee is included in charges from affiliates in the accompanying statements of income.

Equitization of Intercompany Balances - During June 2013, the Company elected to equitize certain intercompany balances with its parent and affiliates that were previously classified as a receivable/liability. The offset to this was Additional Paid in Capital and Retained Earnings. This is shown separately on the Statemnt of Changes in Stockholder's Equity.

Boardwalk Regency LLC (Caesars Atlantic City)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 5 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of March 31 consist of the following:

	2018	2017
Casino Receivables (Net of Allowance for Doubtful Accounts - 2018, $8,237 & 2017, $8,350)	$ 8,308	$ 10,369
Other (Net of Allowance for Doubtful Accounts - 2018, $1,263 & 2017, $810)	3,435	4,406
	$ 11,743	$ 14,775

NOTE 6 –OTHER CURRENT ASSETS

Other Current Assets as of March 31 consist of the following:

	2018	2017
Prepaid Real Estate Taxes		$ 727
Other	$ 2,340	1,848
	$ 2,340	$ 2,575

NOTE 7 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of March 31 consist of the following:

	2018	2017
Casino Reinvestment Development Authority Investment Obligation ("CRDA") (net of valuation reserves- 2018, $5,893 and 2017, $6,147)	$ 4,026	$ 4,167
	$ 4,026	$ 4,167

Boardwalk Regency LLC (Caesars Atlantic City)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 8 – LAND, BUILDINGS AND EQUIPMENT

Property and Equipment as of March 31 consist of the following:

	2018	2017
Land	$ 14,920	$ 12,414
Buildings and Improvements	237,358	41,880
Furniture, Fixtures, and Equipment	17,998	31,124
Construction in Progress	3,808	2,046
	$ 274,084	$ 87,464
Less Accumulated Depreciation & Amortization	(13,957)	(20,735)
	$ 260,127	$ 66,729

NOTE 9 – OTHER ASSETS

Other assets as of March 31 consist of the following:

	2018	2017
Customer Database (less Accumulated Amortization of $367 in 2018 & $1,997 in 2017)	$ 10,633	$ 1,741
L/T Deferred Income Tax		111,900
Other	336	3,608
	$ 10,969	$ 117,249

NOTE 10 - OTHER ACCRUED EXPENSES

Other accrued expenses as of March 31 consist of the following:

	2018	2017
Accrued Payroll	$ 4,398	$ 4,777
Accrued Interest Payable	-	306,748
Accrued Sales Tax	781	757
Accrued Gaming Tax	405	253
Accrued Gaming License	1,019	437
Accrued Utilities	579	598
Other	4,737	7,700
	$ 11,919	$ 321,270

(All dollar amounts in thousands)

In preparation for the Debtors' emergence from bankruptcy, which occurred on October 6, 2017, all intercompany receivables and payables among the debtor entities were dissolved. This resulted in our accrued interest payable being forgiven and no longer outstanding as of September 30, 2017. As of March 31, 2018 and 2017, accrued interest related to the intercompany note totaled $0 and $306,748.

NOTE 11- LONG-TERM DEBT

Long-term debt, due to affiliates and other as of March 31, consists of the following:

	2018	2017
Due to Affiliates		
8.5% Note Payable to Caesars Entertainment, Ltd.		
("CEL") due December 1, 2020	$ -	$ 518,330
Due to Other		
Notes Payable		$ 1,854
Less: Current Portion of Notes Payable		$ (1,854)
Capitalized Leases	-	75
Less: Current Portion of Capitalized Leases	-	(75)
Long Term Portion of Other Debt	-	-
Total Long Term Debt	$ -	$ 518,330

On July 1, 2006, the note formerly held by Caesars Entertainment Finance Corp. ("CEFC") was assigned to CEL. Neither the terms nor the amounts of debt were affected by this assignment. The only notable change resulting from the assignment was a change in the timing of interest payments. Prior to the assignment interest payments were made monthly. However, for subsequent tax years, interest payments will be remitted annually, payable in the following year. Since the note was due to an affiliate, a determination of fair value was not considered meaningful.

In preparation for the Debtors' emergence from bankruptcy, which occurred on October 6, 2017, all intercompany receivables and payables among the debtor entities were dissolved. This resulted in our long-term debt due to affiliates being forgiven and no longer outstanding as of September 30, 2017.

(All dollar amounts in thousands)

NOTE 12 – OTHER LIABILITIES

Other Liabilities as of March 31 consisted of the following:

	2018	2017
Financial Lease Obligation (see note 2)	$ 250,759	$ -
Other	16	1,524
	$ 250,775	$ 1,524

NOTE 13 - LITIGATION, CONTRACTUAL COMMITMENTS AND CONTINGENCIES

CRDA Investment Obligation - The New Jersey Casino Control Act provides, among other things, for an assessment of licenses equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company previously satisfied this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the CRDA. Funds deposited with the CRDA were used to purchase bonds designated by the CRDA or, under certain circumstances, used to donate to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to 50 years and bear interest at below-market rate. Effective May 27, 2016 the CRDA investment obligation of 1.25% of gross gaming revenues was redirected to the City of Atlantic City to be used for debt service. The CRDA investment obligation will be reduced by previously contractually obligated Credit Agreements committed by the Authority.

CRDA Donation Credit Agreement - In July 2016, the Company, Bally's Park Place Inc.(BPP), Caesars Interactive Entertainment New Jersey LLC (CIE), Showboat Atlantic City Operating Company LLC and Harrah's Operating Company (the Companies) entered into a Donation Credit Agreement with the CRDA. The agreement provides that the Companies donate their current Investment Alternative Tax (IAT) funds on deposit with the CRDA, through the first quarter of 2016, in exchange for a donation credit of 50%, to be used by the Companies for any eligible nongaming project.

Upon execution of the Donation Credit Agreement, BPP entered into an agreement with CIE. CIE agreed to sell and assign all of its rights to the released IAT funds, which was approximately $700 to the company and BPP, and, in exchange, the company, on behalf of BPP and itself, agrees to and shall apply a $200 Rent Credit to CIE.

(All dollar amounts in thousands)

As of March 31, CRDA related assets were as follows:

	2018	2017
CRDA Bonds — net of amortized costs	$ 3,469	$ 3,304
Deposits — net of reserves	557	863
Total	$ 4,026	$ 4,167

The Company records charges to operations to reflect the estimated net realizable value of its CRDA investment. Charges to operations were $226 and $(77) for the three months ended March 31, 2018 and 2017, respectively, and is included in CRDA Income (Expense), in the consolidated statements of income.

The funds on deposits are held in an interest-bearing account by the CRDA. Initial obligation deposits are marked down by approximately 33% to represent their fair value and eventual expected conversion into bonds by the CRDA. Once CRDA Bonds are issued, we have concluded that the bonds are held-to-maturity since the Company has the ability and the intent to hold these bonds to maturity and, under the CRDA, they are not permitted to do otherwise. As such, the CRDA Bonds are measured at amortized cost. As there is no market for the CRDA Bonds, its fair value could only be determined based on unobservable inputs. Such inputs are limited to the historical carrying value of the CRDA Bonds that are reduced, consistent with industry practice, by 1/3 of their face value at the time of issuance to represent fair value. The Company accretes such discount over the remaining life of the bonds. Accretion for the three months ended March 31, 2018 and 2017 was $24 and $20, respectively, and is included in CRDA Expense in the consolidated statements of operations.

After the initial determination of fair value, the Company will analyze the recoverability of the CRDA Bonds on a quarterly basis and its effect on reported amount based upon the ability and likelihood of bonds to be repaid. When considering recoverability of the CRDA Bonds, the Company considers the relative credit-worthiness of each bondholder, historical collection experience and other information received from the CRDA. If indications exist that the amount expected to be recovered is less than its carrying value, the asset will be written down to its expected realizable amount.

All the Atlantic City casino properties and the CRDA entered into an agreement with the Atlantic City Alliance (the “ACA”) to provide funding to subsidize the Atlantic City market. This agreement was signed on November 2, 2011 and expired on December 31, 2016. The agreement provides that in exchange for funding, the ACA will create and implement a marketing plan for the AC Industry. As part of the agreement, the AC Industry provided an initial deposit of $5,000 in December 2011 and paid $30,000 annually until December 31, 2016. Beginning with 2017, as part of the PILOT program agreement with the State of New Jersey, the AC industry is required to provide $15,000 in

(All dollar amounts in thousands)

2017, $10,000 in 2018 and $5,000 from 2019 thru 2023. The Company expensed $305 and $521 for the three months ending March 31, 2018 and 2017.

Atlantic City Conference Center - In June 2013, Caesars established, AC Conference NewCo, LLC ("NewCo") to construct and operate a new conference center (the "Project") adjacent to Harrah's Atlantic City. NewCo is a direct wholly owned subsidiary of AC Conference HoldCo, LLC, which is a direct wholly owned subsidiary of Caesars.

Also in June 2013, Caesars signed an agreement with the CRDA regarding a grant for financial assistance in the amount of $45,000 (the "Project Grant") wherein the CRDA will provide Caesars cash to help fund the construction of the Project. Under the Project Grant, Caesars is obligated to contribute to the CRDA the following:

- $46,200 of Atlantic City Economic Development Investment Alternative Tax Obligation balances ("Existing Credits"), of which $1,200 represents a 2.75% administrative fee,
- $9,500 of CRDA Credits that the CRDA will use towards the construction of the CRDA's marketplace-style retail development project (the "Donation Credits"), and
- Land parcels with an appraised value of $7,300 on which the CRDA's Marketplace Project will be developed (the Marketplace Parcels).

The gross value of the credits and land parcels described above held by the Companies immediately prior to the transaction were as follows:

	Project Grant
Existing Credits	
Harrah's Atlantic City Holding, Inc. and Subs.	$ 23,400
Bally's Park Place Inc.	10,600
Boardwalk Regency Corporation	7,000
Ocean Showboat, Inc. and Subsidiaries	5,200
	$ 46,200
Donation Credits	
Ocean Showboat, Inc. and Subsidiaries	$ 9,500
Marketplace Parcels	
Bally's Park Place, Inc.	$ 4,600
Boardwalk Regency Corporation	2,700
	$ 7,300

In return for the above, the CRDA will deposit $45,000 into a Project Fund from which Caesars can draw on a pari-passu basis via reimbursements to NewCo based on amounts paid for the Project by NewCo. As of March 31, 2018, Caesars has received $43,375 in reimbursements from the Project Fund.

Litigation – The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, these matters will not have a material effect on the Company's financial position or results of operations.

Settlement of Disputed Claims - Prior to the Effective Date, Company's financial statements included amounts classified as LSTC, which represented estimates of pre-petition obligations impacted by the Chapter 11 reorganization process. These amounts represented the Debtors' then-current estimate of known or potential pre-petition obligations to be resolved in connection with Company's emergence from bankruptcy.

Following the Effective Date, actions to enforce or otherwise effect repayment of liabilities preceding January 15, 2015 (the "Petition Date"), as well as pending litigation against the Debtors related to such liabilities, generally have been permanently enjoined. Any unresolved claims were transferred to CEOC LLC and will continue to be subject to the claims reconciliation process under the supervision of the Bankruptcy Court.