

LANDandBUILDINGS

Land and Buildings Issues Public Letter to MGM Resorts Shareholders

- *At last week's G2E gaming conference it was clear to us that MGM shareholders lack confidence in Chairman and CEO Jim Murren –*
- *Mr. Murren's new employment contract is an outrage to shareholders as he gets paid for staying in his chair not whether he is making or losing money for shareholders –*
- *Multiple alternative pathways to unlock 35%+ upside at MGM Resorts –*

Stamford, CT (October 6, 2016) – Land and Buildings Investment Management, LLC ("Land and Buildings") today issued the following public letter to the shareholders of MGM Resorts International (NYSE: MGM) ("MGM" or the "Company") following the G2E gaming conference last week in Las Vegas:

Dear fellow MGM shareholders:

Last week we attended the G2E gaming conference in Las Vegas and made a few important observations with regard to MGM. It was clear that other MGM shareholders agree with our view, which we have consistently stated in the past, that CEO Murren has lost credibility with shareholders and the market.

- "Jim's gotta go," was a common refrain and "that would be worth a few EBITDA multiple turns in valuation" often followed.
- "Anybody but Jim," was another common refrain, but some did raise the question of who would be a logical replacement. Clearly if Matt Maddox from Wynn Resorts (Nasdaq: WYNN) or Rob Goldstein from Las Vegas Sands (NYSE: LVS) could be pried loose it would be a huge coup for MGM. However, we believe there are other highly qualified executives who could lead MGM and would be perfectly well suited to replace discredited CEO Murren.
- Investors were dumbfounded to hear Murren say in recent months that he would not buy MGM stock (as Steve Wynn did with Wynn, for example), because in the last downturn Murren lost 90% of his investment in MGM shares.
- How can a CEO who has been making about \$10 million a year for the past decade, regardless of his performance, have so little confidence in his own strategy that he is unwilling to buy the stock of the company he leads because he *might* lose 90% of his investment? Does he really believe MGM shareholders could lose that much? What is he doing to mitigate that risk?
- Yet, despite his inadequate performance the Board renewed Murren's employment agreement and blessed a compensation scheme that does not appropriately align his compensation to his or the Company's performance
- Murren's new employment contract makes it clear to us that Murren is once again unwilling to bet on himself and his ability to lead MGM and generate outsized returns for shareholders. Why should we?
- Shareholders are in our view justifiably outraged that the Board would so generously and unconditionally reward Murren after MGM's material underperformance to peers under his leadership as we outlined in our letter on September 22nd that is available at

www.RestoreMGM.com. Billions lost on poorly conceived developments and bloated expenses are rewarded with guaranteed compensation paid out as long as Murren stays in his chair.

Investors want to know what steps a new executive could take to unlock the substantial value locked up in MGM. MGM's fair value is by our estimate in excess of \$35 per share, or 35% above current levels. Below are some potential paths we see:

- **Reduce Board overlaps and conflicts:** Separating the chairman role of each of the public companies (MGM China, MGM Resorts, and MGM Growth Properties) would be a healthy start along with removing overlapping directors among the Boards at those companies.
- **Separate MGM China:** Liquidate, spin or create a tracking stock of MGM China.
- **Sell CityCenter:** CityCenter can be sold on a tax efficient basis given the substantial net operating losses, and the cash proceeds can be used to pay down debt.
- **Divest assets:** Sell the real estate of Bellagio and MGM Grand to the highest bidder on a tax efficient basis.
- **Reduce parent debt:** Borrow against the operating units at MGM Growth Properties REIT as well as Bellagio and MGM Grand to reduce exposure to the real estate of those entities and raise capital to reduce debt at the parent MGM Resorts.
- **Build lodging/gaming brand:** Create a leading lodging/gaming operating brand similar to Marriott and Hilton which trade at double digit EBITDA multiples.
- **Seek favorable legislation:** Lobby, along with other Gaming REITs and companies, for the antiquated REIT legislation prohibiting gaming REITs from owning their lessee in a taxable REIT subsidiary. Lodging REITs successfully did this over 15 years ago and it is time for the gaming companies to do the same.

It was clear at G2E that Las Vegas fundamentals are robust and the outlook is bright. However, MGM needs a leader that can instill confidence with MGM shareholders that the Company is well positioned to capitalize on the opportunities that lie ahead.

Sincerely,



Jonathan Litt

Founder & CIO

Land and Buildings Investment Management, LLC

###

About Land and Buildings:

Land and Buildings is a registered investment manager specializing in publicly traded real estate and real estate related securities. Land and Buildings seeks to deliver attractive risk adjusted returns by opportunistically investing in securities of global real estate and real estate related companies, leveraging its investment professionals' deep experience, research expertise and industry relationships.

Media Contact:

Dan Zacchei

Sloane & Company

212-486-9500

Dzacchei@sloanepr.com