LANDandBUILDINGS

# Land and Buildings Sees Catalysts to Unlock MGM Resorts Substantial Undervaluation

*- Tracinda's Forced Liquidation of its 16.2% Stake Likely to Accelerate Strategic Initiatives, Such as a REIT Conversion or Sale of the Company -*

*- Rumored Wynn Resorts and MGM Merger Could Be Holy Grail for MGM Shareholders -*

*- Bank of America Merrill Lynch, J.P. Morgan and Evercore Appear to be Working Diligently on Potential MGM REIT Conversion -*

**Stamford, CT** (June 30, 2015) – Land and Buildings Investment Management, LLC ("Land and Buildings") today issued the following statement regarding MGM Resorts International (NYSE: MGM) ("MGM" or the "Company"):

Dear Fellow MGM Shareholders:

We continue to believe MGM is severely undervalued, with a net asset value of at least $30 per share, and there are numerous viable paths for improving performance and creating sustainable shareholder value. Recent commitments made by management and the impending liquidation of Tracinda Corp.'s ("Tracinda") stake following the passing of legendary investor Kirk Kerkorian, give us hope that the likelihood of unlocking significant value through strategic and operational actions has increased materially.

It is our understanding that Bank of America and J.P. Morgan are leading the MGM advisory group and are working expeditiously through a complex process to evaluate all options to unlock value for all MGM shareholders. Specifically, MGM's management and its insider shareholders/Board of Director ("Board") members have committed to evaluating:

- REIT conversion
- Real estate monetization through the sale of "any of [the Company's] assets"
- Improved operating margins
- An increased focus on return on invested capital
- Improved dividend policy to reduce leverage at the parent company

MGM's shareholder base has evolved following management's commitments to unlock value and Land and Buildings' public campaign. As of the March 31, 2015 13F filings, numerous deep-value investors whom have demonstrated a willingness to hold management teams accountable now own significant amounts of MGM stock. Given the 12% decline since the Company's Annual Meeting on May 28, 2015 (the "2015 Annual Meeting"), shareholder unrest is likely heightened.

MGM's Chairman and CEO Jim Murren noted at the 2015 Annual Meeting that the "company will be a leader" in regards to adopting a REIT structure and creating value for shareholders. Mr. Murren also noted, "I hope many of you are here next year, because we'll have a lot more to talk about this [REITs/Corporate Structuring] over the next 12 months..." We believe MGM shareholders are likely to hold Mr. Murren to his promise.

**Tracinda Stake Sale Should Accelerate Strategic Options**

The time line to unlock value at MGM has likely accelerated as Tracinda, MGM's largest shareholder at 16.2%, is mandated to sell its stake in the Company in an "orderly" manner following the passing of Tracinda's founder, Kirk Kerkorian. New opportunities to unlock value are likely on the table, including the sale of the entire Company. A REIT conversion is simpler once Tracinda's stake is liquidated as there will be no related party issues. Following a sale of the Tracinda stake, the less concentrated shareholder base may provide management and the Board with additional urgency to pursue value unlocking strategic options.

**Rumored Wynn Resorts and MGM Merger**

Numerous media sources, including Jim Cramer of CNBC, have reported on a potential merger between Wynn Resorts Ltd. ("Wynn") and MGM. We expect such a merger of Wynn and MGM would have extraordinary synergies and we hope that should a merger be completed MGM would adopt Wynn's commitment to operational excellence and balance sheet discipline.

Further, in our view, Wynn's corporate restructuring in 2014 (Wynn's real estate is now owned by its corporate subsidiary Wynn America) could facilitate a Wynn REIT/C-corp. split. This new structure could simplify a merger between the Wynn C-Corp and the MGM C-Corp as the real estate is spun out which we believe would be the Holy Grail for MGM shareholders.

**Convert all Properties into a REIT**

REITs are an excellent structure for maintaining luxury assets. For example, Host Hotels & Resorts, a REIT, owns a portfolio of luxury resorts and hotels and has spent more on maintenance capital expenditures annually at 27% of EBITDA since 2010 than MGM, which has spent 21% of EBITDA on their portfolio. MGM would likely garner a premium valuation for a REIT to Gaming and Leisure Properties, a regional gaming REIT that trades at 16x EBITDA, all else equal, given the inclusion of iconic assets such as the Bellagio. Meanwhile, MGM trades at 11x EBITDA today.

As Jim Murren stated at the 2015 Annual Meeting, "it is very likely that the gaming industry will look a lot more like the hotel industry does today," implying that the real estate will be separate from the operations, just as hotel REITs (e.g. Host Hotels & Resorts) are separate entities from the managers (e.g. Marriott International).

**Sell CityCenter, Don't Buy the Rest In**

Management has been loath to sell any assets to reduce debt prior to our engagement. MGM's 50% stake in CityCenter could likely be sold for $2-$3 billion with minimal tax implications given MGM's high cost basis in the asset. This sale would help the Company to meaningfully reduce debt. CityCenter's EBITDA of $300 million has been uninspiring when compared to Wynn's similar vintage and cheaper to construct Las Vegas assets with EBITDA of over $500 million in 2014.

CityCenter's neighbor, The Cosmopolitan of Las Vegas, sold last year for 17x EBITDA to Blackstone, which expects to drive material improvement in its EBITDA. The Tropicana, an older asset on the strip, sold several months ago for a similar valuation.

It is time for management to sell assets and reduce debt, and CityCenter can be sold on a tax efficient basis to achieve these objectives.

**MGM Fundamental Outlook is Solid**

The outlook for MGM's domestic business, which represents more than 85% of the Company's pro-rata EBITDA, is strong, buoyed by an improving U.S. consumer, strong convention and group business outlook and essentially no new competition. Second quarter results in Las Vegas are off to a robust start, with MGM's April RevPAR growth of 4% and market-wide April and May gaming revenue growth of 4%. MGM likely disproportionately benefited in May from hosting the Manny Pacquiao vs. Floyd Mayweather boxing match, outperforming the market.

The third quarter is traditionally the lowest contributor to EBITDA and given the smaller convention calendar in June, July and August versus a year ago, we expect results to be muted. The outlook for the fourth quarter and 2016 appears strong based on early reads into the convention schedule and group bookings as many of the same drivers of strong U.S. lodging demand and improving consumer confidence and spending should benefit Las Vegas.

Macau results are roughly in-line with our expectations, although, as we expected, the street estimates were too high to start the year, and remain too high. It is unclear when Macau will stabilize, or if a bottom has been reached. Reducing, spinning, or exiting the 51% interest in MGM China would allow investors to enjoy the benefits of the recovery of the US gaming business.

With a solid foundation but deep undervaluation, MGM is ripe for the specific and executable strategic and operational enhancements that management and the Board have committed to and should take with a great sense of urgency to unlock shareholder value.

Land and Buildings remains committed to ensuring that MGM undertakes and properly executes initiatives to realize the Company's full potential. We will continue to monitor the Company's progress and remain engaged with shareholders and MGM's management team.

Sincerely,

Jonathan Litt

Founder & CIO

Land and Buildings Investment Management, LLC

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**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.

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