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# Activist Urges Six Flags to Monetize Its Real Estate

Land & Buildings has a roughly 3% stake in the theme-park operator, presentation says



Six Flags posted revenue in the three months ended in early October of \$505 million, a 21% drop from the prior year.

PHOTO: LUCY NICHOLSON/REUTERS

By *Lauren Thomas* [Follow](#)

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An activist shareholder has accumulated a stake in Six Flags Entertainment Corp.

SIX **-1.83%** ▼ and is pushing the theme-park operator to sell or spin off its real estate to help reverse a decline in the shares.

Land & Buildings Investment Management LLC has a position of roughly 3% in Six Flags, according to a presentation the firm plans to make to other investors that was seen by The Wall Street Journal.

The firm's founder and chief investment officer, Jonathan Litt, has been in touch with Six Flags management, including Chief Executive Selim Bassoul, to discuss splitting the business into separate operating and property companies, according to the presentation. The company's real estate could be sold to partners and leased back to Six Flags, Mr. Litt argues.

Six Flags runs 27 theme and water parks across North America, including in Valencia, Calif., Queensbury, N.Y., and Mexico City, according to its website.

Mr. Litt believes that Six Flags's real estate alone is likely worth more than its current market capitalization, of roughly \$1.7 billion, and that several real-estate and private-equity firms could be interested in gobbling up land for leisure assets like theme parks.

Six Flags, under prior leadership, had explored monetizing its real estate through creating a real-estate investment trust structure several years ago but decided against it at the time.

Mr. Litt has had success in the past pushing companies to do a so-called opco-propco split.

In 2015, he urged MGM Resorts International to split into a separate real-estate investment trust and hotel-management company. The Las Vegas casino giant eventually created real-estate investment trust MGM Growth Properties LLC for some of its properties. Earlier this year, MGM Growth Properties was sold to real-estate firm VICI Properties Inc.

Land & Buildings isn't the only activist at Six Flags, or the biggest. H Partners Management LLC, the company's largest shareholder, has a seat on the board and last month amended its cooperation agreement with Six Flags to increase its ownership of the theme-park operator's common stock to 19.9%.

Mr. Bassoul was appointed chief executive in November 2021, as Six Flags was regaining its footing after the Covid-19 pandemic temporarily closed its attractions in 2020 and traffic to its properties plummeted.

His initiatives—raising prices and scaling back free perks—were aimed at attracting consumers willing to shell out more for a day of roller coasters and waterslides, even if that means losing longtime attendees who rely on cheap passes.



Six Flags runs 27 theme and water parks across North America, including in Mexico City, Mexico.

PHOTO: GERARDO VIEYRA/ZUMA PRESS

The company's results have suffered and the shares are down more than 50% this year.

Six Flags reported revenue in the three months ended Oct. 2 of \$505 million, a 21% drop from the prior year.

The company said the falloff was primarily driven by lower attendance that was largely the result of hiked ticket prices and less discounting.

Total attendance was about eight million people, a 33% decline from a year earlier, the company said.

“These improvements require time to implement and continue to be a work in progress, and some parks have been more successful than others,” Mr. Bassoul said on a November earnings call.

Mr. Litt is supportive of Mr. Bassoul's turnaround strategy.

Land & Buildings, founded in 2008 and based in Stamford, Conn., has taken on a number of real-estate-focused companies over the years, including Saks Fifth Avenue parent Hudson's Bay Co., casino real-estate owner Gaming and Leisure Properties Inc. and, more recently, the real-estate investment trust Apartment Investment & Management Co., or Aimco.

Earlier this month, Land & Buildings had one of its two director nominees elected at Aimco, in the first proxy contest to go to a vote since new rules requiring the use of a so-called universal proxy card were enacted.

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