

MGM Growth Properties LLC
Form S-11
March 22, 2016
Table of Contents

As filed with the Securities and Exchange Commission on March 22, 2016

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-11
FOR REGISTRATION UNDER THE SECURITIES ACT OF 1933
OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

MGM Growth Properties LLC
(Exact name of registrant as specified in governing instruments)

6385 S. Rainbow Blvd., Suite 500

Las Vegas, Nevada 89118

(702) 669-1480

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

John M. McManus, Esq.

Executive Vice President, General Counsel and Secretary

MGM Resorts International

3600 Las Vegas Boulevard South

Las Vegas, Nevada 89109

(702) 693-7120

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a copy to:

Rod Miller, Esq.

**Milbank, Tweed, Hadley & McCloy
LLP**

28 Liberty Street

New York, New York 10005

(212) 530-5000

Michael J. Aiello, Esq.

Mark Schwed, Esq.

Weil, Gotshal & Manges LLP

767 Fifth Avenue

New York, New York 10153

(212) 310-8000

Kirk A. Davenport II, Esq.

Julian T.H. Kleindorfer, Esq.

Latham & Watkins LLP

885 Third Avenue

New York, New York 10022

(212) 906-1200

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer " Accelerated filer "
 Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company "

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price⁽¹⁾⁽²⁾	Amount of Registration Fee
Class A common shares representing limited liability company interests	\$100,000,000	\$10,070

(1) Estimated solely for the purposes of calculating the registration fee pursuant to Rule 457(o) of the Securities Act of 1933, as amended.

(2) Includes shares subject to the underwriters' option to purchase additional shares from us, if any.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated , 2016

PROSPECTUS

Shares

MGM Growth Properties LLC

Class A Common Shares

This is the initial public offering of MGM Growth Properties LLC ("MGP"). We are offering Class A common shares representing limited liability company interests (the "Class A shares"). We anticipate that the initial public offering will price between \$ and \$ per share. Currently, no public market exists for the Class A shares.

Following this offering, we will have two classes of authorized and outstanding voting common shares (collectively, the "shares"): Class A shares and a single Class B common share ("Class B share"). Following this offering, our Class B share will be owned by MGM Resorts International ("MGM"). Our Class A shareholders will be entitled to one vote per share, while our Class B shareholder will be entitled to an amount of votes representing a majority of the total voting power of our shares. The Class B share holds no economic rights. If the holder of the Class B share and its controlled affiliates (excluding us and our subsidiaries) aggregate beneficial ownership of the combined economic interests in us and the Operating Partnership, as defined herein, falls below 30%, the Class B share will not be entitled to any voting rights. To the extent that the Class B share is entitled to majority voting power pursuant to our operating agreement, the Class B share may only be transferred (other than transfers to us, MGM or the holder of the Class B share s controlled affiliates) if and to the extent that such transfer is approved by Special Approval (as defined herein) by the conflicts committee, not to be unreasonably withheld. When determining whether to grant such approval, the conflicts committee must take into account the interests of our Class A shareholders and us ahead of the interests of the holder of the Class B share.

We intend to list our Class A shares under the ticker symbol "MGP" on the New York Stock Exchange (the "NYSE") and have received clearance from the NYSE to file an application for listing.

We are a controlled company under the corporate governance rules for NYSE listed companies, and our board of directors has determined not to have an independent nominating function and instead to have the full board of directors be directly responsible for nominating members of our board.

We intend to elect and qualify to be taxed as a real estate investment trust (REIT) as defined under Section 856(a) of the Internal Revenue Code of 1986, as amended (the Code), for U.S. federal income tax purposes. We currently expect such election to be effective commencing with our taxable year ending December 31, 2016. To assist us in qualifying to be taxed as a REIT, among other purposes, our operating agreement contains certain restrictions relating to the ownership and transfer of our shares and a provision generally restricting shareholders from owning more than 9.8% in value or in number, whichever is more restrictive, of any class of our shares (other than our Class B share) or 9.8% in value of the aggregate outstanding shares of all classes and series of our shares, including if repurchases by us cause a person's holdings to exceed such limitations. See Description of Shares of MGP Restrictions on Ownership and Transfer of our Shares for a detailed description of the ownership and transfer restrictions applicable to our shares.

We are an emerging growth company as the term is used in The Jumpstart Our Business Startups Act of 2012 (the JOBS Act), and, as such, are allowed to provide in this prospectus more limited disclosures than an issuer that would not so qualify. See Prospectus Summary JOBS Act.

Investing in our Class A shares involves risks. You should carefully consider the matters described under the caption Risk Factors beginning on page 28 of this prospectus.

	Per Share	Total
Initial public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to us	\$	\$

The underwriters may also exercise their option to purchase an additional _____ shares from us, at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The underwriters expect to deliver the shares against payment in New York, New York on _____, 2016.

Joint Book-Running Managers

BofA Merrill Lynch
Barclays

J.P. Morgan
Citigroup

Morgan Stanley
Deutsche Bank Securities

Evercore ISI

Co-Managers

The date of this Prospectus is _____, 2016.

Table of Contents

[PICTURE, TEXT AND/OR GRAPHICS FOR INSIDE COVER.]

Table of Contents

TABLE OF CONTENTS

<u>PROSPECTUS SUMMARY</u>	1
<u>RISK FACTORS</u>	28
<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	54
<u>USE OF PROCEEDS</u>	56
<u>CAPITALIZATION</u>	57
<u>DISTRIBUTION POLICY</u>	58
<u>DILUTION</u>	62
<u>SELECTED HISTORICAL FINANCIAL DATA</u>	64
<u>MGP UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION</u>	66
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	72
<u>INDUSTRY</u>	79
<u>BUSINESS AND PROPERTIES OF MGP</u>	84
<u>MANAGEMENT OF MGP</u>	100
<u>EXECUTIVE COMPENSATION</u>	103
<u>MGP SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	112
<u>DESCRIPTION OF SHARES OF MGP</u>	114
<u>CONFLICTS OF INTEREST AND FIDUCIARY DUTIES</u>	126
<u>SHARES ELIGIBLE FOR FUTURE SALE</u>	134
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	136
<u>DESCRIPTION OF PARTNERSHIP AGREEMENT OF OPERATING PARTNERSHIP</u>	147
<u>POLICIES WITH RESPECT TO CERTAIN ACTIVITIES AND TRANSACTIONS</u>	154
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	157
<u>UNDERWRITING</u>	178
<u>LEGAL MATTERS</u>	184
<u>EXPERTS</u>	184
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	184
<u>INDEX TO FINANCIAL STATEMENTS</u>	F-1
<u>ANNEX I UNAUDITED RECONCILIATION OF NON-U.S. GAAP MEASURES OF MGM</u>	A-1
<u>ANNEX II CALCULATION OF MGM HISTORICAL CORPORATE RENT COVERAGE RATIO</u>	A-3

You should rely only on the information contained in this prospectus, any free writing prospectus prepared by us or information to which we have referred you. Neither we, MGM nor the underwriters have authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we, MGM nor the underwriters are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus or another date specified herein. Our business, financial condition and prospects may have changed since such dates.

TRADEMARKS AND TRADE NAMES

The names of the brands under which our casino resorts operate are registered trademarks of the respective owners of those brands, and neither they nor any of their officers, directors, agents or employees:

have approved any disclosure in which they or the names of their brands appear; or

are responsible or liable for any of the content of this document.

Table of Contents

BASIS OF PRESENTATION

In connection with this offering, MGM will engage in a series of transactions (the Formation Transactions) prior to the effectiveness of the Registration Statement of which this prospectus forms a part, as further described under

Prospectus Summary Our Formation and Organizational Structure. Except as otherwise indicated or unless the context otherwise requires, all references in this prospectus to (i) we, our, us, ourselves, MGP, the Company, and our company refer to MGM Growth Properties LLC, a Delaware limited liability company, and unless the context requires otherwise, its consolidated subsidiaries (which will include MGM Growth Properties Operating Partnership LP (the Operating Partnership) so long as MGP, or a subsidiary of MGP, is the general partner of the Operating Partnership) and (ii) MGM refers to MGM Resorts International, a Delaware corporation, and, unless the context requires otherwise, its consolidated subsidiaries, including MGP.

In connection with the Formation Transactions, certain subsidiaries of MGM will transfer the real estate assets that comprise the Properties (as defined herein) to newly formed property company subsidiaries that are controlled by MGM (each a Property Holdco), with 100% of the ownership interests in the Property Holdcos subsequently directly or indirectly transferred to the Operating Partnership. Such Property Holdcos will then be contributed to a subsidiary of the Operating Partnership, and subsequently merge into a single Property Holdco, which we refer to in this prospectus as the Landlord. In light of the foregoing, such real estate assets and related operations are referred to as our predecessor (the Predecessor or Propco), and the financial statements of the Predecessor are referred to herein as the Predecessor Financial Statements.

Unless otherwise indicated, the information contained in this prospectus is as of the date set forth on the cover of this prospectus, assumes that the underwriters' option to purchase additional shares is not exercised and assumes that the Class A shares to be sold in this offering are sold at \$ per share, which is the midpoint of the price range set forth on the front cover of this prospectus.

Some of the statements in this prospectus constitute forward-looking statements. See Cautionary Note Regarding Forward-Looking Statements.

CERTAIN OPERATIONAL AND NON-U.S. GAAP FINANCIAL MEASURES OF MGM

In order to evaluate the business results of casino resorts, MGM monitors their net revenues and Adjusted Property EBITDA, as well as the key hotel performance indicators of occupancy rate, average daily rate (ADR) and revenue per available room (REVPAR). MGM's calculation of ADR, which is the average price of occupied rooms per day, includes the impact of complimentary rooms. Complimentary room rates are determined based on an analysis of retail or cash rates for each customer segment and each type of room product to estimate complimentary rates which are consistent with retail rates. Complimentary rates are reviewed at least annually and on an interim basis if there are significant changes in market conditions. Because the mix of rooms provided on a complimentary basis, particularly to casino customers, includes a disproportionate suite component, the composite ADR including complimentary rooms is slightly higher than the ADR for cash rooms, reflecting the higher retail value of suites. REVPAR is a summary measure of hotel results, combining ADR and occupancy rate.

MGM uses Adjusted EBITDA and Adjusted Property EBITDA as the primary profit measure for its reportable segments. Adjusted EBITDA is a measure defined as earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening and start-up expenses, and property transactions, net. Adjusted Property EBITDA is a measure defined as Adjusted EBITDA before corporate expense and stock compensation expense related to MGM's stock option plan, not allocated to each casino resort. Adjusted EBITDA or Adjusted Property EBITDA should not be construed as an alternative to operating income or net income, as an

indicator of MGM's performance; or as an alternative to cash flows from operating activities, as a measure of liquidity; or as any other measure determined in accordance with generally accepted accounting principles. MGM has significant uses of cash flows, including capital expenditures, interest payments, taxes and

Table of Contents

debt principal repayments, which are not reflected in Adjusted EBITDA or Adjusted Property EBITDA. Also, other companies in the gaming and hospitality industries that report Adjusted EBITDA or Adjusted Property EBITDA information may calculate Adjusted EBITDA or Adjusted Property EBITDA in a different manner.

Please see Annex I for a reconciliation of MGM's Adjusted EBITDA and Adjusted Property EBITDA to net income (loss) and of MGM's operating income (loss) to Adjusted Property EBITDA and Adjusted EBITDA, all as reported by MGM. We are unable to provide a reconciliation of estimated or targeted stabilized Adjusted Property EBITDA to estimated net income or operating income for future development projects as a result of the uncertainty regarding, and the potential variability of, start-up and related expenses, depreciation and amortization expense and other expenses, that are expected to be incurred in the future.

MARKET AND INDUSTRY DATA

Although we are responsible for all of the disclosures contained in this prospectus, this prospectus contains industry, market and competitive position data and estimates that are based on industry publications and studies conducted by third parties. The industry publications and third-party studies generally state that the information that they contain has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe that the market position, market opportunity and market size information included in this prospectus is generally reliable, we have not independently verified such data. The industry forward-looking statements included in this prospectus may be materially different than our or the industry's actual results.

Table of Contents**PROSPECTUS SUMMARY**

This summary highlights information contained elsewhere in this prospectus, is not complete and does not contain all of the information that you should consider before making your investment decision. For a more complete understanding of our business, you should read this summary together with the more detailed information and financial statements appearing elsewhere in this prospectus. You should read this entire prospectus carefully, including the Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations and Cautionary Note Regarding Forward-Looking Statements sections and the consolidated and pro forma financial information and the notes to those financial statements appearing elsewhere in this prospectus before making an investment decision to purchase our Class A shares.

Overview of MGP

Following the completion of this offering, we expect to be one of the leading publicly traded REITs engaged in the acquisition, ownership and leasing of large-scale destination entertainment and leisure resorts, whose diverse amenities include casino gaming, hotel, convention, dining, entertainment and retail offerings. In connection with this offering, we will acquire from MGM nine premier destination resorts in Las Vegas and elsewhere across the United States and one dining and entertainment complex expected to open in April 2016. As of December 31, 2015, these properties collectively comprise 24,466 hotel rooms, approximately 2.5 million convention square footage, over 100 retail outlets, over 200 food and beverage outlets and approximately 20 entertainment venues. As a growth-oriented public real estate entity, we expect our relationship with MGM will attractively position us for the acquisition of additional properties across the entertainment, hospitality and leisure industries that MGM may develop in the future.

We will be organized in an umbrella partnership REIT (commonly referred to as an UPREIT) structure in which we will own substantially all of our assets and conduct substantially all of our business through our Operating Partnership subsidiary, which will be owned by us and certain other subsidiaries of MGM and whose general partner will be one of our subsidiaries. We will initially generate all of our revenue by leasing all ten of our assets to a subsidiary of MGM (the Tenant) pursuant to a long-term triple-net master lease agreement (the Master Lease). During our first year of operation, our Tenant will be obligated to pay us \$550.0 million of rent under the Master Lease. The Tenant's performance and payments under the Master Lease will be guaranteed by MGM. MGM will continue to hold a controlling interest in us following the completion of this offering through its ownership of our Class B share, but will not hold any of our Class A shares. Certain of MGM's operating and other subsidiaries will also directly hold a majority economic interest in, and will participate in distributions made by, the Operating Partnership through their ownership of approximately % of the partnership units of the Operating Partnership (Operating Partnership Units). See Our Formation and Organizational Structure. The Class B share structure was put in place to align MGM's voting rights in us with its economic interest in the Operating Partnership. As further described below, MGM will no longer be entitled to any voting rights if MGM and its controlled affiliates (excluding us and our subsidiaries) aggregate beneficial ownership of the combined economic interests in us and the Operating Partnership falls below 30%. Our initial ten assets represent a core component of MGM's existing domestic asset base, accounting for approximately 57% of MGM's wholly owned domestic Adjusted Property EBITDA for the year ended December 31, 2015, which we believe strongly aligns MGM's incentives with ours. We believe MGM's economic interest in our Operating Partnership subsidiary and the large proportion of MGM's current real estate portfolio that will be owned by us after this offering will provide added stability to our ongoing financial performance as well as position us favorably for future potential acquisitions.

Our initial portfolio will consist of nine premier destination resorts operated by MGM, including properties that we believe are among the world's finest casino resorts, and The Park in Las Vegas (collectively, the Properties) with gross book value including land, buildings and improvements to be contributed to us in connection with this offering of

Edgar Filing: MGM Growth Properties LLC - Form S-11

\$10.0 billion as of December 31, 2015. The Properties will include six large-scale entertainment and gaming-related properties located on the Las Vegas Strip (the Strip): Mandalay Bay, The

Table of Contents

Mirage, Monte Carlo, New York-New York, Luxor and Excalibur, and The Park, a dining and entertainment complex located between New York-New York and Monte Carlo which is expected to open in April 2016. Outside of Las Vegas, we will also own three market-leading casino resort properties: MGM Grand Detroit in Detroit, Michigan and Beau Rivage and Gold Strike Tunica, both of which are located in Mississippi. In the future, we plan to explore opportunities to expand by acquiring similar properties as well as strategically targeting a broader universe of real estate assets within the entertainment, hospitality and leisure industries.

Our Properties include a total of 24,466 hotel rooms as of December 31, 2015, which will make us among the five largest publicly traded REITs by number of owned hotel rooms in the United States. Further, we own one of the largest portfolios of properties in terms of total number of hotel rooms and convention square footage on the Strip with approximately 24% of the hotel rooms and approximately 35% of the privately owned convention and meeting space on the Strip as of December 31, 2015. These amenities are concentrated in a largely contiguous campus in the heart of Las Vegas, one of the largest convention markets in the United States and a premier travel destination that received a record 42.3 million visitors in 2015. In addition, under the operation of MGM, our Properties have consistently won numerous awards, including multiple AAA Four Diamond designations for Mandalay Bay, The Mirage, MGM Grand Detroit and Beau Rivage, and a Four Star designation from Forbes Travel Guide for MGM Grand Detroit.

Overview of MGM

The Tenant will be a wholly owned subsidiary of MGM, and MGM will guarantee the Tenant's performance and payments under the Master Lease. MGM formed the REIT in order to optimize MGM's real estate holdings and establish a growth-oriented public real estate entity that will benefit from its relationship with MGM and is expected to generate reliable and growing quarterly cash distributions on a tax-efficient basis. MGM is a premier operator of a portfolio of well-known destination resort brands, with Adjusted EBITDA of \$2.2 billion, net revenues of \$9.2 billion and consolidated net loss of \$1.0 billion for the year ended December 31, 2015. MGM is one of the world's largest destination entertainment and leisure resort operators, with a market capitalization of more than \$12 billion and an enterprise value (defined as the sum of market capitalization, noncontrolling interests, and long term debt less cash and cash equivalents) of more than \$26 billion as of December 31, 2015.

MGM has significant holdings in gaming, hospitality and entertainment with current ownership or operating interests in a high quality portfolio of casino resorts with approximately 50,000 hotel rooms, 25,000 slot machines and 1,800 table games on a combined basis, including our Properties, MGM Macau and MGM's unconsolidated affiliates. MGM owns a 51% interest in MGM China Holdings Limited (MGM China), a publicly traded company listed on the Hong Kong Stock Exchange, which owns the MGM Macau resort and casino and is developing MGM Cotai, which is anticipated to open at the end of the first quarter of 2017. MGM is also currently in the process of developing MGM National Harbor in Maryland, which is expected to be completed in the fourth quarter of 2016, and MGM Springfield in Massachusetts, which is expected to be completed in late 2018.

MGM's revenues are diversified across geographies, customers and business lines, with 59% of MGM's net revenues from domestic resorts in 2015 attributable to its non-gaming operations, including hotel, food and beverage, entertainment and other amenities. MGM owns a premium portfolio of destination entertainment and leisure resorts and continually reinvests in its properties to maintain its competitive advantage through newly remodeled hotel rooms, convention space expansions, restaurants, entertainment and nightlife offerings, as well as other new features and amenities. Since the beginning of 2010, MGM has reinvested \$924 million in total capital expenditures into our Properties (including capital expenditures on assets related to the Properties but which are not part of the Properties being contributed to us). Nearly all MGM-managed properties are connected through the M Life customer loyalty program, a broad-based program recognizing and rewarding customer loyalty and spending, which MGM believes

fosters long-term customer relationships and drives visitation across properties.

Table of Contents

2015 Consolidated MGM Resorts Revenue by Geography⁽¹⁾

2015 MGM Resorts Wholly Owned Domestic Revenue by Business Line

(1) Excludes management and other operations and properties sold during 2015.

Overview of Management and Governance

We have a dedicated, experienced management team with extensive experience in the gaming, lodging and leisure industry, and who will receive incentive-based equity compensation linked to the performance of our company. Our Chief Executive Officer, James C. Stewart, and Chief Financial Officer, Andy H. Chien, are both industry veterans with approximately 30 years of combined experience in the real estate and leisure sectors and bring significant strategic acquisition expertise which we believe will help drive future growth and diversification. This leadership team will be bolstered by a board of directors that will include independent directors as of the closing of this offering.

Our operating agreement will provide that whenever a potential conflict of interest exists or arises between MGM or any of its affiliates (other than the Company and its subsidiaries), on the one hand, and the Company or any of its subsidiaries, on the other hand, any resolution or course of action by our board of directors in respect of such conflict of interest shall be conclusively deemed to be fair and reasonable to the Company if it is (i) approved by a majority of a conflicts committee which consists solely of independent directors (which we refer to as Special Approval) (such independence determined in accordance with the NYSE's listing standards, the standards established by the Securities Exchange Act of 1934 to serve on an audit committee of a board of directors and certain additional independence requirements in our operating agreement), (ii) determined by our board of directors to be fair and reasonable to the Company or (iii) approved by the affirmative vote of the holders of at least a majority of the voting power of the outstanding voting shares (excluding voting shares owned by MGM and its affiliates); provided, however, that our operating agreement will provide that any transaction, individually or in the aggregate, over \$25.0 million between MGM or any of its affiliates (other than the Company and its subsidiaries), on the one hand, and the Company or any of its subsidiaries, on the other hand (any such transaction, a Threshold Transaction), shall be permitted only if (i) Special Approval is obtained or (ii) such transaction is approved by the affirmative vote of the holders of at least a majority of the voting power of the outstanding voting shares (excluding voting shares owned by MGM and its affiliates). See Conflicts of Interest and No Fiduciary Duties below.

Overview of the Master Lease

The Master Lease has an initial lease term of ten years with the potential to extend the term for four additional five-year terms thereafter at the option of the Tenant. The Master Lease provides that any extension of its term must apply to all of the Properties under the Master Lease at the time of the extension. The Master Lease has a triple-net structure, which requires the Tenant to pay substantially all costs associated with each Property,

Table of Contents

including real estate taxes, insurance, utilities and routine maintenance, in addition to the base rent, ensuring that the cash flows associated with our Master Lease will remain relatively predictable for the duration of its term.

Additionally, the Master Lease provides us with a right of first offer with respect to MGM's development properties located in National Harbor, Maryland and Springfield, Massachusetts, which we may exercise should MGM elect to sell these properties in the future (collectively, the ROFO Properties).

We anticipate that the annual rent payments due under the Master Lease will initially be \$550.0 million. Rent under the Master Lease will consist of a base rent component (the Base Rent) and a percentage rent component (the Percentage Rent). For the first year, the Base Rent is expected to represent 90% of the initial total rent payments due under the Master Lease, or \$495.0 million, and the Percentage Rent is expected to represent 10% of the initial total rent payments due under the Master Lease, or \$55.0 million. The Base Rent includes a fixed annual rent escalator of 2.0% for the second through the sixth lease years (as defined in the Master Lease). Thereafter, the annual escalator of 2.0% will be subject to the Tenant and, without duplication, the MGM operating subsidiary sublessees of our Tenant (such sublessees, collectively, the Operating Subtenants), meeting an adjusted net revenue to rent ratio of 6.25:1.00 based on their adjusted net revenue from the leased properties subject to the Master Lease (excluding net revenue attributable to certain scheduled subleases). We expect this escalator to provide the opportunity for stable, long-term growth, which will result in the Base Rent growing over \$50 million from the fixed annual rent escalator during the first six years of our Master Lease. The Percentage Rent will initially be a fixed amount for approximately the first six years and will then be adjusted every five years based on the average actual annual adjusted net revenues of our Tenant and, without duplication, the Operating Subtenants from the leased properties subject to the Master Lease at such time for the trailing five-calendar-year period (calculated by multiplying the average annual adjusted net revenues, excluding net revenue attributable to certain scheduled subleases, for the trailing five-calendar-year period by 1.4%). The Master Lease will include covenants that impose ongoing reporting obligations on the Tenant relating to MGM's financial statements which, in conjunction with MGM's public disclosures to the SEC, will give us insight into MGM's financial condition on an ongoing basis. The Master Lease will also require MGM, on a consolidated basis with the Tenant, to maintain an EBITDAR to rent ratio (as described in the Master Lease) of 1.10:1.00.

Distribution Policy

We intend to pay regular quarterly distributions to holders of our Class A shares. We intend to pay a pro rata initial distribution with respect to the period commencing on the completion of this offering and ending on the last day of the then-current fiscal quarter (which will be paid at the end of the first full fiscal quarter following the closing of this offering), based on a distribution of \$ per share for a full quarter. On an annualized basis, this would be \$ per share, or an annual distribution rate of approximately % based on the midpoint of the estimated price range set forth on the cover of this prospectus.

We intend to maintain a distribution rate for the twelve-month period following completion of this offering that is at or above our initial distribution rate unless actual results of operations, economic conditions or other factors differ materially from the assumptions used in our estimates. We do not intend to reduce the expected distributions per share if the underwriters exercise their option to purchase additional Class A shares. Based on our estimate and the related assumptions and our intention to acquire assets with characteristics similar to our Properties, we expect to grow our cash available for distribution and increase our quarterly cash distributions over time; however, any future distributions we make will be at the discretion of our board of directors and will be dependent upon a number of factors, including prohibitions or restrictions under financing agreements or applicable law and other factors described herein. See Risk Factors There can be no assurance that we will be able to make distributions to our Class A shareholders or maintain our anticipated level of distributions over time.

Table of Contents**Our Properties**

The following table summarizes certain features of the Properties, all as of or for the year ended December 31, 2015 unless otherwise indicated. The Properties are diversified across a range of primary uses, including gaming, hotel, convention, dining, entertainment, retail and other resort amenities and activities.

		Net	Adjusted Property EBITDA ⁽¹⁾	Hotel	Approximate	Approximate	Approximate	Occupancy	REVPAR ⁽¹⁾
	Location	Revenues (in thousands)	(in thousands)	Rooms	Acres	Casino Square Footage	Convention Square Footage	Rate	
<i>Las Vegas</i>									
Mandalay Bay	Las Vegas, NV	\$ 906,243	\$ 203,474	4,752 ⁽²⁾	124	160,000	2,121,000 ⁽³⁾	90.6%	\$ 184
The Mirage	Las Vegas, NV	\$ 568,607	\$ 112,475	3,044	77	100,000	170,000	94.2%	\$ 157
<i>New York-New</i>									
York	Las Vegas, NV	\$ 308,319	\$ 106,457	2,024	20	90,000	25,000	97.6%	\$ 126
Luxor	Las Vegas, NV	\$ 372,426	\$ 87,169	4,400	58	116,000	20,000	94.2%	\$ 99
Monte Carlo	Las Vegas, NV	\$ 290,240	\$ 85,962	2,992	21	87,000	30,000	96.4%	\$ 115
Excalibur	Las Vegas, NV	\$ 289,324	\$ 82,247	3,981	51	95,000	30,000	93.2%	\$ 82
The Park	Las Vegas, NV				3				
<i>Subtotal</i>		\$ 2,735,159	\$ 677,784	21,193	354	648,000	2,396,000	93.9%	\$ 128
<i>Regional Properties</i>									
<i>MGM Grand</i>									
Detroit	Detroit, MI	\$ 547,399	\$ 154,979	400	24	127,000	30,000	59.1%	\$ 141
Beau Rivage	Biloxi, MS	\$ 367,587	\$ 88,843	1,740	25	74,000	50,000	94.0%	\$ 95
Gold Strike Tunica	Tunica, MS	\$ 160,863	\$ 46,023	1,133	24	53,000	17,000	71.8%	\$ 53
<i>Subtotal</i>		\$ 1,075,849	\$ 289,845	3,273	73	254,000	97,000	82.1%	\$ 86
Total/Weighted Average		\$ 3,811,008	\$ 967,629	24,466	427	902,000	2,493,000	92.3%	\$ 122

(1) For a discussion of this metric, see Certain Operational and Non-U.S. GAAP Financial Measures of MGM.

(2) Includes 1,117 rooms at the Delano and 424 rooms at the Four Seasons Hotel, both of which are located at our Mandalay Bay property.

(3) Includes 26,000 square feet at the Delano and 30,000 square feet at the Four Seasons, both of which are located at our Mandalay Bay property.

Business Strengths

We will own a high-quality portfolio of large-scale assets anchored by branded destination entertainment resorts located at the heart of the Strip. We will own high-quality mixed-use properties with a significant presence in Las Vegas, which we believe is one of the most attractive travel destinations in the United States. Las Vegas attracted a

record 42.3 million visitors in 2015 and is a market characterized by steady economic growth and high consumer and business demand with limited new supply. Our Las Vegas properties feature gaming entertainment, large-scale hotels, extensive food and beverage options, state-of-the-art convention facilities, retail outlets, entertainment showrooms and other amenities, and MGM's brands include many of the most highly recognized names in the gaming industry, such as Mandalay Bay and The Mirage.

We believe that our Las Vegas properties are well positioned and collectively have a leading share in a strong Las Vegas market which continues to benefit from positive macroeconomic trends, including record visitation levels in 2015, and strong convention attendance, hotel occupancy and average daily rates, among other key indicators. With 72% of their overall net revenues for the year ended December 31, 2015 derived from non-gaming uses, including hotel, food and beverage, entertainment and other non-gaming amenities, our Properties located on the Strip generate diversified revenue streams and showcase a wide variety of customer offerings. Our Properties in Las Vegas include a total of 21,193 hotel rooms, or approximately 24% of the total hotel rooms on the Strip. Our Properties on the Strip exceed Strip average industry performance metrics, with an average occupancy rate of 94%, compared to 90% for the Strip as a whole, ADR of \$136, compared to \$120 for the Strip as a whole, and REVPAR of \$128, compared to \$105 for the Strip as a whole, for the year ended December 31, 2015.

Table of Contents

Our portfolio consists of properties in unique locations supported by strong net asset values. Our Properties on the Strip benefit from their prime location in a Las Vegas market that is characterized by limited availability of desirable land directly along the Strip and the significant amount of capital investment and time required to develop large-scale casino resorts. We estimate that the construction cost for upscale resorts in Las Vegas is currently approximately \$1 million per room. As a result, over the next several years, few lodging or gaming real estate developments of significance are expected to open along the Strip despite a rebounding Las Vegas economy. This limited new supply, coupled with strong and growing visitation levels, has already driven improved performance in Las Vegas, as evidenced by hotel occupancy levels of nearly 90% for 2015 and a compound annual growth rate in average daily hotel room rates of 4.8% since 2010.

Further, the net asset value of our Las Vegas real estate provides strong valuation support, as evidenced by recent precedent construction and acquisition transactions in the Las Vegas market. For instance, in 2015, it was announced that the Blackstone Group purchased the Cosmopolitan of Las Vegas, a 2,959-room luxury resort casino in Las Vegas, for approximately \$1.7 billion, resulting in an implied valuation multiple of approximately 18 times the Cosmopolitan's prior twelve months' adjusted EBITDA based on its public filings with the SEC prior to the acquisition. In addition, based on public records from the 2014 acquisition of the former New Frontier land by Crown Resorts, we estimate that Las Vegas Strip land values are approximately \$12 million per acre.

We will also own market-leading regional resorts featuring significant invested capital. The three Properties that we will own outside of Las Vegas include award-winning casino resorts that are market leaders within their respective regions. MGM Grand Detroit has been a AAA Four Diamond-rated hotel since 2008, among other notable designations, and has been the gaming market leader in Detroit as measured by revenues since 2005. Beau Rivage is comparable to MGM Grand Detroit as it is also one of the largest resorts within its market, offering 1,740 guest rooms, approximately 50,000 square feet of convention space and over 2,000 gaming positions. In addition, it has won numerous awards, including the AAA Four Diamond award each year since 2002, and has twice been designated the Best Casino in the South by AAA Southern Traveler. The property has consistently been a market leader and currently captures gaming revenue market share of approximately 25% in the Gulf Coast Region. Gold Strike Tunica is also a market-leading resort and is ranked number one in size for the Northern River sub-market, capturing gaming revenue market share of 15% in the Mississippi River Counties, which is the state's publicly reported segment that includes the Northern River Counties. MGM has invested a significant amount of capital into these regional properties, including capital expenditures related to restaurant renovations, casino enhancements, convention facility improvements and other updated amenities and offerings.

Our Properties feature a diversified portfolio of businesses with a broad and varied customer base. Our Properties are occupied by multiple businesses spanning a broad set of product offerings, including lodging, convention, gaming, food and beverage and entertainment. Our Properties include a total of 24,466 hotel rooms, including 21,193 hotel rooms in Las Vegas, representing approximately 24% of total rooms on the Strip as of December 31, 2015. Further, we own one of the largest portfolios of properties in terms of total convention square footage on the Strip with approximately 35% of the privately owned convention and meeting space on the Strip. In addition to our extensive hotel and convention offerings, our Properties feature over 100 retail outlets, over 200 food and beverage outlets and approximately 20 entertainment venues. In 2015, over three million tickets were sold for various sporting and entertainment events at our Properties.

In addition to these broad business offerings, our portfolio is further diversified across geographies and customers. Our Las Vegas Properties attract a diverse mix of customers from locations all over the world, driven by the city's position as a hub for leisure, business, convention and tourism travel. We believe that our Properties offer a broad range of attractions which cater to numerous demographics with large representation across gender, age and other socioeconomic differentiators (i.e., low, mid and high-end customers). Outside of Las Vegas, our regional properties

provide further geographic, market-specific and customer diversification across the United States.

Table of Contents

All of our Properties will be leased to a subsidiary of MGM, which is a premier operator in the entertainment and leisure industry, with leading iconic brands and market position. We believe that our relationship with MGM provides us with significant benefits. First and foremost, this relationship is expected to augment our financial stability, as MGM will guarantee the payment and performance of the Tenant under the Master Lease. In addition, the lease structure offers an attractive corporate rent coverage ratio of approximately 3.7x for the year ended December 31, 2015 and historically has exceeded 2.0x each year since the 2008 recession.

The following chart shows MGM's corporate rent coverage ratio for the last three years (see also Risk Factors Risks Related to Our Business and Operations MGM's historical results, including its historical corporate rent coverage ratio described in this prospectus, may not be a reliable indicator of its future results):

MGM Historical Corporate Rent Coverage Ratio⁽¹⁾⁽²⁾

(1) MGM's Corporate Rent Coverage Ratio is calculated by dividing (a) the sum of Adjusted EBITDA as report