
MARYLAND LOTTERY and GAMING CONTROL COMMISSION

1800 Washington Blvd., Suite 330, Baltimore, Maryland 21230

COMMISSION REPORT



MGM GROWTH PROPERTIES, LLC

Report Date: September 19, 2017

“Commission Presentation”

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Introduction

You (the commissioners) have been provided with the complete investigative report on MGM Growth Properties, LLC. You have also received a copy of the letter MGM sent to Chairwoman Kimberly Robertson explaining the REIT and requesting approval of a material ownership change of a material change in ownership structure of MGM National Harbor. I will not be reading either report today. I will summarize the reports that have been given to you.

In accordance with Maryland's Gaming Law, a licensee may not sell or otherwise transfer more than 5% of the legal or beneficial interests of the licensee unless: (1) the licensee notifies the Commission of the proposed sale or transfer; (2) the Commission determines that the proposed buyer or transferee meets the requirements of Maryland's Gaming Law; and (3) the transfer is consistent with the policies and intent of Maryland's Gaming Law.

As required, MGM Resorts International contacted the Maryland Lottery and Gaming Control Commission ("the Commission") seeking approval for a material change in the ownership structure of the MGM National Harbor video lottery facility and, in connection therewith, a finding that MGM Growth Properties, LLC ("MGP"), and certain of MGP's affiliates are each qualified as

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a principal entity of MGM National Harbor, LLC, the holder of the video lottery facility operation license.

The Maryland Lottery and Gaming Control Agency (“MLGCA,” “we” or “our”), conducted a suitability background license investigation of MGM Growth Properties, LLC (“the Applicant” or “the Company”).

Background

MGM Growth Properties, LLC (the “Company” or “MGP”) is a limited liability company formed in Delaware on October 23, 2015. The Company is a publicly traded real estate investment trust (“REIT”) and a subsidiary of MGM Resorts International (“MGM”). MGP’s primary business consists of the acquisition, ownership and leasing of large-scale destination entertainment and leisure resorts, whose tenants generally offer diverse amenities including casino gaming, hotel, convention, dining, entertainment and retail offerings.

MGP is currently the direct or indirect parent of the following subsidiaries:

- MGM Growth Properties OP GP, LLC
- MGM Growth Properties Operating Partnership, LP
- MGP Finance Co-Issuer, Inc.
- MGP Lessor Holdings, LLC

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- MGP Lessor, LLC

MGP and its subsidiaries are organized in an umbrella partnership REIT structure that was formed in 2016.

MGM Growth Properties, LLC and each of the companies formed in conjunction with the REIT have submitted Principal Entity Disclosure forms to the Maryland Lottery and Gaming Control Commission.

Acquisition of MGM National Harbor, LLC

On September 5, 2017, MGM and its subsidiary, MGM National Harbor, LLC (“MGMNH”), MGP Lessor, LLC, the Operating Partnership, MGP, and MGM Lessee, LLC entered into an agreement for MGM National Harbor to become part of the REIT.

Discussion of Financial Performance of MGM Growth Properties

We performed a detailed analysis of the operating performance and financial condition of MGM Growth Properties LLC for calendar years 2016 and 2015.

MGM Growth Properties, LLC experienced positive operating performance in calendar year 2016.

There are no areas of concern with MGM Growth Properties, LLC, and its subsidiaries, MGM Growth Properties OP GP, LLC, MGM Growth

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Properties Operating Partnership, LP, MGP Lessor Holdings, LLC, MGP Lessor, LLC, or MGM Lessee, LLC's suitability as Principal Entities.

FINDINGS

Our financial and background investigation of MGP found the following:

MGP was found to have financial stability, integrity and responsibility

- 1) There are no financial backers
- 2) MGP possesses the requisite good character, honesty and integrity
- 3) MGP has sufficient business ability and experience
- 4) There are no potential disqualifying factors

The applicant satisfies the qualification criteria in the "Gaming Law."

QUALIFIERS

We found that these persons have satisfied the applicable qualification criteria and are qualified to be licensed per the criteria in the "Gaming Law"

1. Andy Chien – Chief Financial Officer / Treasurer
2. Elisa Gois – Board of Directors
3. Michael Rietbrock – Board of Directors
4. James Stewart – Chief Executive Officer

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5. Robert Smith – Board of Directors
6. Thomas Roberts – Board of Directors

CONCLUSIONS and OPINION

MLGCA’s investigation has confirmed that the Applicant has sufficient financial resources and found no derogatory information regarding the Applicant’s qualifications. Based on the criteria in the Gaming Law, we conclude that the Applicant and its qualifiers have established by clear and convincing evidence their qualifications and approval of the request for a material change in the ownership structure of the MGM National Harbor video lottery facility.