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GENERAL

MGM Grand Paradise is a Subconcessionaire that owns and operates MGM Macau in Macau. Both we and MGM Grand Paradise are subject to regulation by the Macau Government. The Macau Government has adopted various laws and administrative regulations governing the operation of casinos in Macau.

LAWS AND ADMINISTRATIVE REGULATIONS GOVERNING THE OPERATION OF CASINOS IN MACAU

Macau law prohibits (1) all forms of operation of, promotion of or assistance to gaming outside of the premises and areas authorized by the Macau Government, (2) any illicit form of gaming in the authorized areas and premises, and (3) unlicensed granting of loans or gaming credits to gaming patrons.

A number of laws and administrative regulations have been enacted by the Macau Government to regulate the gaming industry, which include the following principal laws and regulations:

Gaming Law and Related Regulations

The Gaming Law became effective on September 25, 2001. The Gaming Law establishes the legal framework for the regulation of casinos and principal rules for operating games of fortune in casinos in Macau. Its stated purpose is to ensure, among other things, (1) the adequate management and operation of games of fortune in casinos, (2) that the persons involved in the inspection, management and operation of games of fortune are suitable to carry out these functions and (3) that the management and operation of games of fortune in casinos is conducted in a fair and honest manner, free from any criminal influence. In addition to defining the types of permitted games and specifying the locations and periods for operating games of fortune, the Gaming Law contains provisions dealing with Macau's concession system, detailing concessionaires' obligations and laid the foundation for the Macau Government's grant of the three current 20-year concessions through a public tender process.

The Gaming Tender Regulation became effective on October 31, 2001. The Gaming Tender Regulation supplements the Gaming Law and sets forth the terms of the public tender process through which the casino concessions were awarded. It also established the eligibility criteria for bidders as well as the financial requirements that the bidders for concessions and subconcessions had to satisfy. It was subsequently amended and supplemented several times. The Tender Committee for the Concession of Gaming Operation officially started the public tender process on November 2, 2001. The results were announced on February 8, 2002, and casino concessions were awarded to Galaxy, SJM and Wynn Macau.

Following adoption of the Gaming Law, the Macau Government promulgated additional rules to supplement the rules of casino games set forth in Section 55 of the Gaming Law. The supplemental rules were approved by the External Dispatches of the Secretary for Economy and Finance Nos. 41/2003, 42/20003, 55/2004, 56/2004, 57/2004, 58/2004, 59/2004, 60/2004, 61/2004, 65/2004, 89/2004, 73/2005 and 69/2006, 42/2007, 63/2007, 64/2007, 67/2007, 11/2008, 78/2008, 97/2008, 2/2009, 57/2009, 71/2009, 95/2010 and 97/2010 which set out or renew detailed procedures and rules for certain games of chance, namely football poker, wheel of fortune, baccarat, soccer poker, black jack, fish-prawn-crab, roulette, wheel of fortune, Q poker, cussec, fantan, stud poker, super pan 9, pai kao, makccarat, Texas holdem poker, fortune 8, fénix and omaha poker.

Extension of Credit for Gaming

The Gaming Credit Law became effective on July 1, 2004. The Gaming Credit Law regulates the extension of gaming credit in Macau and authorizes Concessionaires, Subconcessionaires and gaming promoters who enter into a contract with a Concessionaire or Subconcessionaire to carry out credit granting activities in connection with gaming and betting in casinos in Macau. The

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Gaming Credit Law specifies that the extension of gaming credit is limited to the following three types of creditors: (1) a Concessionaire or Subconcessionaire (as creditor) may grant gaming credit to a gaming patron (as borrower); (2) an authorized gaming promoter (as creditor) may extend gaming credit to a gaming patron (as borrower); and (3) a Concessionaire or Subconcessionaire (as creditor) may extend gaming credit to an authorized gaming promoter (as borrower). Pursuant to the Gaming Credit Law, Concessionaires, Subconcessionaires and authorized gaming promoters may not carry out their credit granting activities through a third party or entity. The Gaming Credit Law thus effectively prohibits the assignment or transfer of the permit to extend gaming credit. It also stipulates the creditors' obligations towards the DICJ and details the scope of the DICJ's supervision of credit granting activities. Other restrictions and conditions imposed by the Gaming Credit Law on creditors include requirements of persons extending credit to:

- act with prudence and integrity and in accordance with the laws, regulations and professional codes in conducting the business (Article 9);
- keep confidential and refrain from exploiting any information obtained in connection with the extension of gaming credit with certain exceptions set forth in Article 11 (Article 10); and
- assist the DICJ in its supervision of gaming credit activities, when necessary, and the law enforcement in crime prevention and investigations, when requested (Article 15).

Under the Gaming Credit Law, the credit extended pursuant to the Gaming Credit Law is legally enforceable — specifically, enforceable as a civil debt pursuant to Article 4 of the Gaming Credit Administrative Regulation. For a discussion of enforcement risks that may be encountered outside of Macau, see the section headed “Risk Factors — Risks Relating to Our Business — Risks Relating to Gaming Promoters and Clients — We are exposed to credit risk on credit extended to our patrons and gaming promoters” in this prospectus.

Role and Responsibilities of the DICJ

The DICJ is the principal regulatory and supervisory authority in charge of Macau's gaming industry. Pursuant to Administrative Regulation No. 34/2003, the DICJ's role is to provide guidance and assistance to the Chief Executive of Macau on the definition and execution of the economic policies for, among other things, the operation of games of fortune.

Administrative Regulation No. 34/2003 further specifies that the DICJ's primary responsibilities are to:

- collaborate in the definition, coordination and execution of economic policies for the operations of games of fortune or other gaming activities offered to the public;
- examine, supervise and monitor the activities of the Concessionaires and Subconcessionaires, especially on their compliance with legal, statutory and contractual obligations;
- examine, supervise and monitor the eligibility and financial capability of the Concessionaires, Subconcessionaires or other parties stipulated by the law;
- collaborate with the Macau Government in the process of authorization and classification of locations and places as “casinos” for the operation of games of fortune or other gaming activities;
- authorize and certify all equipment and utensils used by the Concessionaires and Subconcessionaires in connection with their operations authorized under the respective concessions;
- issue licenses to gaming promoters;

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- examine, supervise and monitor the activities of gaming promoters, especially their compliance with legal, statutory and contractual obligations, and other responsibilities stipulated in the applicable legislation;
- examine, supervise and monitor the eligibility of gaming promoters, their partners and principal employees;
- investigate and penalize any administrative violations in accordance with the applicable substantive and procedural laws;
- ensure that the relationship of the Concessionaires and Subconcessionaires with the Macau Government and with the public complies with the applicable regulations and is in the best interest of Macau; and
- perform any other duties as may be determined by the Chief Executive of Macau or as may be required by applicable laws.

The DICJ also plays an important role in fulfilling the stated objectives of the Gaming Law. In particular, it supervises and monitors the operations of the Concessionaires and Subconcessionaires to ensure compliance with their obligations imposed by the applicable gaming laws and administrative regulations and as set forth in their respective concession agreements. Concessionaires and Subconcessionaires are required to make all significant documentation and periodic reports regarding their business and operations available to the DICJ for record and/or inspection, and must submit to the DICJ all matters requiring approval or authorization from the Macau Government, including requests for changes in their shareholder structure, changes in directorship, key employees and gaming equipment, changes in control or some other changes and other matters related to the operation of games of fortune.

In addition, the DICJ (1) assesses the taxes and other amounts payable by the Concessionaires and Subconcessionaires to the Macau Government, (2) monitors the daily operations of Concessionaires and Subconcessionaires as well as gaming promoters, their directors, key employees and qualifying shareholders, and (3) conducts the licensing process for gaming promoters.

Responsibility of the Gaming Commission

The Gaming Commission was created pursuant to Executive Ruling No. 120/2000, dated as at July 4, 2000 and as amended by Executive Ruling No. 194/2003, No. 291/2007, and more recently by Executive Ruling No. 38/2010 which changed its structure. The Gaming Commission is a specialized commission directly reporting to and presided over by the Chief Executive of Macau. Its responsibility is to study the development of Macau's gaming operations, to create and update the relevant regulatory framework, to supervise gaming operations and formulate policies to guide gaming operations.

Regulation of Concessionaires and Subconcessionaires

For a detailed description of the concession regime and the Subconcession, see the section headed "The Subconcession" in this prospectus.

Regulation of Gaming Promoters

The Gaming Promoters Regulation became effective on April 1, 2002. The Gaming Promoters Regulation is the main law applicable to gaming promoters in Macau. It provides that gaming promoters must be licensed by the Macau Government in order to do business with and receive compensation from Concessionaires and Subconcessionaires. For a license to be obtained, direct and indirect owners of 5% or more of a gaming promoter (regardless of its corporate form or sole proprietor status), its directors and its key employees must be found suitable by the government, and the gaming promoter must be sponsored by a Concessionaire or Subconcessionaire. Applicants

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are required to pay the cost of license investigations and to maintain suitability standards during the period of licensure. The term of a gaming promoter's license is one calendar year, and licenses can be renewed for additional periods upon the submission of renewal applications. Gaming promoter licensees who are individual persons are subject to a suitability verification process every three years, and business entity licensees are subject to the same process every six years. A gaming promoter may be suspended from business or have its license terminated if (i) the Macau Government determines that the gaming promoter fails to meet certain official suitability standards and does not renew the gaming promoter's license, or (ii) the gaming promoter's sponsoring concessionaire or subconcessionaire terminates business relations with such gaming promoter in accordance with the terms of such gaming promoter's contract. Further regulatory procedures for the suspension, termination or assessment of fines against gaming promoters are set forth in further detail in Administrative Regulation no. 27/2009 titled "Amendment to Administrative Regulation no. 6/2002 with respect to the payment of commissions or other kind of remuneration paid to gaming promoters." For further details on our gaming promoter contracts, see the section headed "Business — Gaming Patrons — Gaming Promoters" in this prospectus.

Pursuant to the Gaming Promoters Regulation, licensed gaming promoters must identify collaborators who assist them in their promotion activities. These collaborators are subject to approval of the Macau Government. Changes in the management structure of gaming promoter licensees must be reported to the Macau Government, and any transfer or encumbering of interests in such licensees is ineffective without prior government approval. To conduct gaming promotion activities, licensees must be registered with one or more Concessionaires or Subconcessionaires and must have written contracts with such Concessionaires or Subconcessionaires, copies of which must be submitted to the Macau Government.

The Gaming Promoters Regulation further provides that Concessionaires and Subconcessionaires are jointly responsible with their gaming promoters for the activities of such promoters' representatives and their directors and contractors in the Concessionaires' and Subconcessionaires' casinos, and for their compliance with applicable laws and regulations. Concessionaires and Subconcessionaires must submit annual lists of their gaming promoters for the following year. The Macau Government may designate a maximum number of gaming promoters and specify the number of gaming promoters a Concessionaire or a Subconcessionaire is permitted to engage. Concessionaires and Subconcessionaires are subject to periodic reporting requirements with respect to commissions paid to their gaming promoters' representatives, and are required to oversee their activities and report instances of unlawfulness.

Following the amendment to the Gaming Promoters Regulation, by Dispatch no. 83/2009 published in Macau Official Gazette no. 38, dated September 21, 2009, the Secretary for Economy and Finance set the gaming promoters' commission cap at 1.25% of the amount bet (net rolling chip) regardless of the calculation basis used by the Concessionaire or Subconcessionaire and required all contracts to be updated accordingly. It also states that the gaming promoters remuneration may include any bonus, gratuity, service or other benefits susceptible of pecuniary evaluation granted or provided to the gaming promoter by the Concessionaire or Subconcessionaire, in Macau or abroad, directly or indirectly.

Anti-Money Laundering and Anti-Terrorism Financing Regulations

MGM Grand Paradise is required to comply with various laws and regulations in Macau with respect to identifying, reporting and preventing money laundering and terrorism financing crimes at casinos owned and operated by MGM Grand Paradise. Under these laws and regulations, MGM Grand Paradise is required to, among other things,

- identify any client and transaction where there is a suspicion of money laundering or terrorism financing, or which involves significant sums of money in the context of the transaction, even if any suspicion of money laundering is absent;

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- refuse to deal with any client who fails to provide any information requested by us to make the above determination;
- keep records following the identification of a client for a period of five years;
- notify the Macau Financial Information Bureau if there is any suspicion of money laundering or terrorism financing; and
- cooperate with the Macau Government by providing all information and documentation requested in relation to fighting money laundering and terrorism financing.

Under Administrative Regulation No. 7/2006, effective November 12, 2006, and the DICJ Instruction No. 2/2006, effective November 13, 2006, we are also required to track and report cash transactions and the granting of credit involving MOP500,000 (HK\$485,000) or more. Pursuant to the legal requirements above, if a client provides all required information, and after submitting the reports, MGM Grand Paradise may continue to deal with such client whom it reported to the DICJ and, in case of suspicious transactions, to the Financial Information Bureau.

Labor Quotas

All businesses in Macau must apply to the Macau Human Resources Office for labor quotas to import non-skilled workers from China and other countries. Businesses are free to employ Macau residents in any position without any type of quota, as by definition all Macau residents have the right to work in Macau. As a Subconcessionaire MGM Grand Paradise has two main labor quotas, one to import non-skilled workers from China and the other to import non-skilled workers from all other countries. MGM Grand Paradise's non-China labor quota allows it to employ 771 non-skilled employees. MGM Grand Paradise's China labor quota allows it, through its affiliate Prime Hotel Management Limited, to employ 488 non-skilled employees from China. MGM Grand Paradise is required by law to employ only Macau citizens as dealers and gaming supervisors. It employs a full time team within its human resources department, to apply for and maintain its labor quotas. Non-resident skilled workers are also subject to authorization by the Macau Human Resource Office, which is given individually on a case by case basis.

Pursuant to the Macau Social Security System, which was approved by Decree Law no. 58/93/M, revised Decree Law no. 41/96/M, Decree Law no. 29/98/M, Administrative Regulation no. 19/2008 and Law no. 21/2009 and recently amended by Law no. 4/2010, Macau employers must register their employees under the mandatory Social Security Fund and make social security contributions for each of its resident employees and pay a special duty for each of its non-resident employees on a quarterly basis. Employers must also buy insurance to cover employment accidents for all employees.

In the particular case of gaming Concessionaires and Subconcessionaires, there is also a general obligation to make annual contributions to urban development, tourism promotion and social security pursuant to the Gaming Law as well as to contribute annually to a public foundation that promotes studies and the development of cultural, social, economic, educational, scientific, academic and philanthropic actions and activities.

Land Use and Title Process Laws in Macau

Macau land is divided into lots, each of which is given a number. There is a small amount of private freehold land in Macau, typically found in the original area of the Macau territory, both in the Macau peninsula and Taipa and Coloane Islands. Where the land is private freehold land, no Government rent is payable and there are no temporal limits to the ownership of the land or the buildings erected on the land, which are of private property. The rest of the land, including land reclamation areas, belongs to the Macau Government.

The Macau government may dispose of its land by various legal means, the most common being land concessions. The land concession contract is similar to a lease and published in the Macau

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Official Gazette. Land concessions impose special development conditions, an upfront land premium and also a nominal amount of annual Government rent. The land is initially granted on a provisional basis, subject to completion of the proposed development and only upon completion of the development is the land concession converted into definitive status and registered with the Macau Property Registry.

Land concessions are granted for a determined period of time not exceeding 25 years and may be renewed successively for 10 year periods. Renewal of the land concession can be requested in writing six months prior to expiry. Such application may be submitted to the Public Works Department by any proprietor, co-owner or mortgagee, or any other person having an interest in the land, in a building or unit built on such land whose title is registered, as well as any holder of another right that could be affected by the expiration of the land concession (such as a tenant).

Macau property and all land concessions are subject to the Macau title registration system. Title can be established by reference to the title register. The person or party registered is recognized as the legal holder of the right/ title registered. The records in the Macau Land Registry are public and anyone who searches the title register can rely on the registered rights. Following the registration of title in Macau, the registered title holder will be officially recognized and able to enforce his rights vis-à-vis any third parties.

All ownership rights over the properties or buildings subject to a land concession (being strata title for residential units or full ownership of any building or fraction thereof) are also registered with the Macau Property Registry and fall under a private ownership regime.

Potential Regulatory Changes

To further strengthen the legal framework on gaming operations, the Macau Government may revise existing gaming laws and regulations in the near future. Certain revisions to the existing gaming laws and regulations in Macau are already under way with preliminary drafts of such revisions having already been completed by the DICJ. As announced by the DICJ, these revisions are not intended to be deep and the sole objective of the revisions is to implement certain casino access restrictions, namely raising the minimum age requirement for entering casinos from 18 to 21 years and covering preventive interdiction of players in casinos. These revisions are still subject to discussion within the legislative assembly and thus are not currently expected to be concluded within the current year.

The legal framework for slot-machine operations is under way to (i) establish slot-machine certification rules, (ii) set an interval regarding slot ratio payouts (within international practices) and (iii) keep slot-machine establishments out of residential areas. This regulation may be approved in 2011.

On the non-gaming side, the Land Law is under revision and still to be discussed within the Legislative Assembly and the Macau environmental framework will also certainly be a key issue in the coming legislative developments. The Macau Legislative Assembly has approved new smoking prevention laws which may have an indirect impact on the gaming-related industries due to the smoking ban proposed for food and beverage, retail, recreational and entertainment spaces. The legislation prohibits smoking in casinos from January 1, 2013, except in designated smoking zones of up to 50% of their gaming areas.

Regulatory Compliance

Our senior management continuously monitors the operations at MGM Macau and meets regularly with management and employees with a view to ensuring compliance with all applicable laws and regulations. We employ various measures, including the hiring of professional managers and experts to monitor compliance with local laws, regulations and permits and licensing requirements and to maintain constant communication between management and employees for the carrying out of relevant compliance measures. We also employ rules and procedures designed to ensure that we have all necessary licenses for the non-casino parts of our business operations; for our casino operations, we have adopted a manual on internal control requirements which governs all gaming activities at MGM Macau and which has been approved by and filed with the DICJ. A certificate was issued by the DICJ on March 18, 2011, which covers compliance with applicable Macau laws and regulations since the commencement of the operations of MGM Grand Paradise.