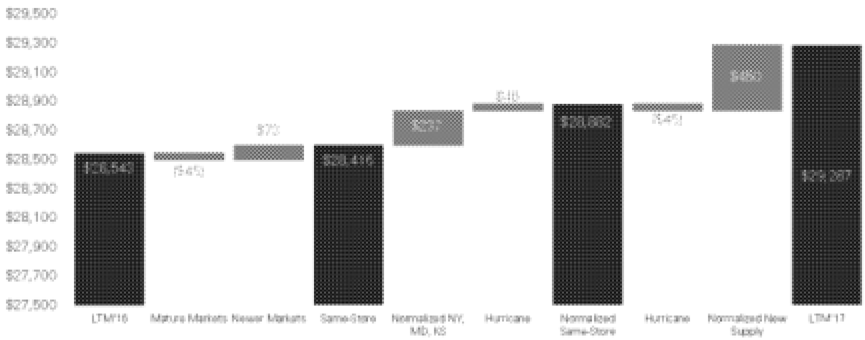
Excluding the impact from jurisdictions with new supply (Kansas, Maryland and New York) GGR has been largely flat, as the $73 million incremental contribution from jurisdictions with newer gaming assets that have not fully ramped up (Ohio, Louisiana & Massachusetts) has been largely offset by a $45 million lower contribution from mature markets that are facing cannibalization from neighboring states (such as West Virginia) or from other forms of gaming (such as VGTs in Illinois). We also note that results at some jurisdictions were negatively impacted by unfavorable weather events (such as hurricanes Harvey, Nate and Irma). We estimate this impact to be ~$45 million. If we consider the normalized contribution (excludes supply-driven revenue growth) from states that had new supply, we estimate LTM normalized same-store revenue growth of ~1.2%. Of note, we have assumed that the revenue displacement at existing properties from new supply is ~$403 million (~48% of the $852 million generated by Kansas Crossing, Jake's 58, Rivers Casino, del Lago Resort, and MGM National Harbor).

Exhibit 2: GGR Bridge LTM 2016 to LTM 2017 ($ Millions)



Source: State gaming agencies and Deutsche Bank

It is worth noting that while GGR for most regional operators is growing at low single digits, EBITDA is increasing in the mid to high single digits. We believe that this is a combination of two factors: operators focusing their reinvestment on more profitable players and the implementation of operational cost saving initiatives (such as strategic sourcing, better labor management & augmenting functional shared services).

Looking into 2018, we believe that lower taxes, positive consumer sentiment related to political agendas centered on job creation & wage growth, and rising interest rates should result in a normalized same-store GGR growth rate of ~2.75%. Including the impact from new supply (Resorts World Catskills, Tiverton, Hard Rock Atlantic City and MGM Springfield), we estimate 2018 GGR growth at 3.5%. We note that tax reform will provide the consumer with higher disposable income in 2018. Meanwhile, the combination of lower unemployment & higher wages will lead regional consumers to feel more engaged and positive on the economic outlook, thus improving their propensity to spend more of their disposable income on the casino floor. Further, higher interest rates will also benefit casino operators, as incremental interest income is positive for senior citizens, which comprise a large portion of regional gaming revenue.

A Closer Look to Tax Reform. We believe that the implementation of President's Trump tax reform will be a positive catalyst for gaming industry GGR in 2018, as it will benefit casino patrons and thus the operators. For your convenience, we have summarize some of the provisions we believe are relevant for the casino industry: