



Modest Yield with Safety

CCM Merger. We believe MotorCity will be able to further reduce leverage owing to its strong free cash flow generation. With this report we are maintaining our Buy rating on MOTOR 6.0% Senior Unsecured Notes due 2022 (\$102.5, 5.2% YTW, 300bps STW).

For 2017, we project CCM Merger to generate Adjusted EBITDA of \$130.0 million (+8.8% versus \$119.5 million). Factoring in interest expense of \$32.0 million, capital expenditures of \$10.0 million, dividends of \$5.0 million and \$4.0 million in tax distributions, we project CCM Merger to generate free cash flow of \$79.0 million. Achieving this level of free cash flow will de-lever the company to 4.5x at the end of the year. Factoring in a cash balance of \$52.7 million, we project net leverage at 4.1x by the end of 2017.

For 2018, we project CCM Merger to generate Adjusted EBITDA of \$132.0 million (+1.5% versus \$130.0 million). Factoring in interest expense of \$29.0 million, capital expenditures of \$30.0 million, dividends of \$5.0 million and \$5.0 million in tax distributions, we project CCM Merger to generate free cash flow of \$63.0 million. Achieving this level of free cash flow will de-lever the company to 4.0x at the end of the year. Factoring in a cash balance of \$52.7 million, we project net leverage at 3.6x by the end of 2018.

Exhibit 1: CCM Merger (\$ Millions)

	2015 (A)	2016 (A)	LTM	2017 (E)	2018 (E)
EBITDA	\$122.2	\$119.5	\$128.0	\$130.0	\$132.0
Less: Cash Interest	46.0	44.3	44.7	32.0	29.0
Less: Capital Expenditures	13.7	13.7	10.3	10.0	30.0
Less: Dividends	0.0	0.0	1.3	5.0	5.0
Less: Tax distributions	0.0	0.0	0.0	4.0	5.0
Free Cash Flow	\$62.5	\$61.6	\$71.7	\$79.0	\$63.0
Total Debt	\$707.6	\$661.3	\$600.0	\$587.1	\$524.1
Cash	35.1	42.6	52.7	52.7	52.7
Leverage	5.8x	5.5x	4.7x	4.5x	4.0x
Net Leverage	5.5x	5.2x	4.3x	4.1x	3.6x
Coverage	2.7x	2.7x	2.9x	4.1x	4.6x

Source: Company Filings and Deutsche Bank estimates

Downside risks to our call include increased promotional activity which could curtail MotorCity's market share and general domestic macroeconomic risks.

Gaming and Leisure Properties. We believe the company will be able to utilize its premium valuation, ample liquidity and low-cost debt to complete additional accretive acquisitions. In our view, GLPI will be able to engage in additional deals, outright acquisitions or sale-leaseback transactions, primarily with private operators, although there may be exceptions. Our thesis is based on the fact that private operators often do not have access to low-cost debt as public operators, and there is a degree of "friction cost" when dealing with public companies, given that public shareholders expect transactions to close at significant premiums from current trading levels. Lastly, private operators may show more willingness to accept GLPI equity as a form of compensation.

At this juncture, we rate the 5.375% Senior Unsecured Notes 2026 (\$107.4, 4.3% YTW, 193bps STW) with a Buy rating based on price. Supporting our Buy rating on GLPI, we note that this credit offers (1) stable revenue and EBITDA