STIFEL

September 12, 2016

Agree Realty Corporation
ADC – NYSE
Buy
Triple-Net REITs

Company Update

Takeaways From Management Meetings With Agree Realty Corporation

- ***Hosted Management Meetings.*** *We recently hosted meetings with Agree Realty Corporation's management.*
- ***Why ADC?*** *Agree has a high-quality net-lease pure-play retail REIT portfolio that has been transformed over the last few years. The company's size and unique growth platform could result in some of the best AFFO growth of the next few years. The dividend is well-covered and should continue to grow. Additionally, ADC has one of the strongest balance sheets in the sector.*

- **Main Message.** Management's main message is that the company has created value and continues to create value across its three platforms.
- **Diversified Business Model.** Agree has three growth platforms: acquisitions, development, and Partner Capital Solutions (PCS). Acquisitions yields are in the mid-7.0% range, development yields are in the 9.0% range, and PCS yields are somewhere in between.
- **How Is ADC Differentiated From Its Peers?** Management believes it differentiates itself from the other net-lease peers in that it focuses strictly on retail, is a real estate focused company as opposed to being more of a finance company, and management believes its development capabilities also stand out.
- **Becoming More Relevant.** Agree has become increasingly more relevant in the triple-net sector and among REIT investors as it has reached a certain mass and size. The company's enterprise value is currently $1.5 billion.
- **Should Have Some of the Best AFFO Growth Among the Group.** Our 2016, 2017, and 2018 AFFO estimates are $2.53, $2.84, and $3.05, respectively. On an AFFO basis, the company also has some of the highest expected CAGR from 2014-2017E of 8.5%, above the sector average of 6.2%. The cumulative growth is third behind Gramercy Property Trust (26.6%) and STORE Capital Corporation (10.1%).
- **Economies of Scale.** The company today has 25 employees, up from only 12 just 36 months ago. The company has quadrupled over the last few years. Management believes it can double the size of the company by acquiring $250-$275 million/year of acquisitions with $50-$100 million of development with very little incremental SG&A. This could provide further earnings upside for the company. Management felt the optimal size for the enterprise is ~$3.0 billion.
- **Recent Value Creation Opportunities.** Some recent and current value creation opportunities include a Starbucks turn-key lease at the strip center in Lakeland, FL, a ground-lease Chick-fil-A in Frankfort, KY, a ground-lease Texas Roadhouse in Mount Pleasant, MI, and the Family Fare Quick Stop in Marshall, MI. Another opportunity is the 20,745 sf Off Broadway lease in Boynton Beach, FL that expires next year. The lease was an original Borders location and

Changes	Previous	Current
Rating	—	Buy
Target Price	—	$54.00
FY16E FFO	—	$2.52
FY17E FFO	—	$2.82
FY16E FAD	—	2.53
FY17E FAD	—	2.84

Price (09/12/16):	$47.80
52-Week Range:	$51 – $28
Market Cap.(mm):	1,128.1
Shr.O/S-Diluted (mm):	23.6
Enterprise Val. (mm):	$1,514.0
Avg Daily Vol (3 Mo):	166,542
LT Debt/Total Cap.:	23.4%
NAV (US$):	$42.00
Premium/Discount:	13.8 %
Dividend($ / %)	$1.92 / 4.0%
S&P Index	2,159.04

FFO	2015A	2016E	2017E
Q1	$0.56	$0.61A	$NE
Q2	0.62	0.61A	NE
Q3	0.61	0.63	NE
Q4	0.60	0.67	NE
FY Dec	$2.39A	$2.52	$2.82

FAD	2015A	2016E	2017E
Q1	0.57	0.61A	NE
Q2	0.62	0.61A	NE
Q3	0.60	0.64	NE
Q4	0.60	0.67	NE
FY Dec	2.38A	2.53	2.84

Simon Yarmak, CFA yarmaks@stifel.com (443) 224-1345
Stifel Equity Trading Desk (800) 424-8870

accounts for half of the rent roll.in 2017. The property could be expanded by 15,500 sf and re-leased at higher rates.

- **YTD Acquisition Volume.** YTD, Agree has purchased $192 million of acquisitions at a 7.8% cap rate. Acquisition volume included a $79.5 million, 11-property portfolio with a weighted average lease term of 11.4 year with assets primarily located in L.A. and S.F. as well as Seattle, Austin, Denver, and Orlando. Acquisition guidance is $250-$275 million, which was increased 40.0%. Additionally, the company's PCS division has completed or commenced nine projects.

- **Portfolio Statistics.** The company's portfolio is 99.6% leased, with a weighted average lease term of 11.0 years, one of the longest in the industry. Only 12.4% of revenue is rolling in the next five years. The company has the highest investment-grade concentration (46.1%) among its peers. Although non-investment grade, Hobby Lobby and Tractor Supply have solid balance sheets.

- **Has Pared Down Walgreens Exposure.** Exposure to the company's top tenant Walgreens is currently 13.7%, down from 21.9% as of January 2015. Last quarter, ADC sold a Walgreens in Port St. John, Florida for $7.3 million, or a 5.5% cap rate. It hopes to sell $20-$50 million of Walgreens this year at very attractive cap rates. Overall pharmacy concentration has been reduced by over 1,100 bps over the same time-frame. Management would like to continue to reduce Walgreens concentration to below 10.0% by year-end 2017 and below 5.0% over the next 3-4 years.

- **Recently Added New Director.** Last week, ADC appointed Merrie S. Frankel to its board of directors. She will replace outgoing board member Eugene Silverman, who has served for over 20 years on the board. Ms. Frankel most recently worked for Moody's Investors Service for the last 18 years in the Commercial Real Estate Finance Group as VP and senior credit officer.

- **Dividend.** In early May, Agree raised its quarterly dividend 3.20% to $0.48 or annual yield of 4.02%. The current 2016E 76.0% FAD payout is below the group average by 200 bps and at the lower-end of management's payout range. This means the company has ample cushion to raise the dividend going forward.

- **Obtained $100 Million Of Unsecured Financings Earlier This Quarter.** In early July, ADC obtained $100 million of unsecured financings with a weighted average lease term of 10 years at a blended interest rate of 3.87%. The financings consist of a seven-year $40 million unsecured term loan at 3.0% and a 12-year $60 million privately placed senior unsecured note at 4.42%. The company is likely eligible for an investment grade rating but does not feel it needs one at its current size.

- **Strong Balance Sheet.** The company's balance sheet remains strong, in our view, with net-debt+preferred/EV at a healthy 25.4%, one of the lowest in the sector, and net-debt+preferred to EBITDA at 5.1x, also among the lowest in the sector. No debt matures until 2018.

- **Valuation.** Our 2Q16 NAV per share estimate of $42.00 reflects a 6.0% cap rate. Our value range of $47.50-$37.50 reflects cap rates of 5.5%-6.5%. Shares currently trade at an implied 5.5% cap rate and at a 13.8% premium to our NAV. Our estimated 2017 AFFO multiple is 16.9x, almost 3.5x below National Retail Properties (NNN, $49.42, Buy) and Realty Income (O, $65.54, Buy).

Target Price Methodology/Risks

Our target price of $54.00 reflects a 17.7x our 2018 AFFO estimate of $3.05. Risks to our target price include a prolonged economic downturn or recession, interest rate movements, and general market risk, including continued weakness in the mortgage-backed securities market and commercial real estate fundamentals.

Company Description

Agree Realty Corporation is a publicly traded real estate investment trust primarily engaged in the acquisition and development of properties net leased to industry-leading retail tenants. The company currently owns and operates a portfolio of 330 properties, located in 42 states and containing approximately 6.4 million square feet of gross leaseable space.

Agree Realty Corporation
Net Asset Value Analysis
9/12/2016

Simon Yarmak
STIFEL
(443) 224-1345

								Implied Cap Rate
Current Price	**$47.80**							
Assumed cap. rate	**5.25%**	**5.50%**	**5.75%**	**6.00%**	**6.25%**	**6.50%**	**8.00%**	**5.47%**
NAV per common share	**$50.50**	**$47.46**	**$44.69**	**$42.14**	**$39.80**	**$37.64**	**$27.51**	**$47.80**
Currently Over(Under)-Valued	**(5.4%)**	**.7%**	**7.0%**	**13.4%**	**20.1%**	**27.0%**	**73.7%**	**0.0%**
Wholly Owned Properties	3 mos ending 6/30/2016	3 mos ending 6/30/2016	3 mos ending 6/30/2016	3 mos ending 6/30/2016	3 mos ending 6/30/2016	3 mos ending 6/30/2016	3 mos ending 6/30/2016	3 mos ending 6/30/2016
Annual NOI	86,100	86,100	86,100	86,100	86,100	86,100	86,100	86,100
Annual NOI	86,100	86,100	86,100	86,100	86,100	86,100	86,100	86,100
Less Straight Line Rents & lease term fees	(3,100)	(3,100)	(3,100)	(3,100)	(3,100)	(3,100)	(3,100)	(3,100)
Adjusted NOI	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000
Mkt. value of owned properties	1,580,952	1,509,091	1,443,478	1,383,333	1,328,000	1,276,923	1,037,500	1,517,073
Cash & cash equiv.	6,035	6,035	6,035	6,035	6,035	6,035	6,035	6,035
A/R	9,974	9,974	9,974	9,974	9,974	9,974	9,974	9,974
Real Estate Inventory @ book	4,091	4,091	4,091	4,091	4,091	4,091	4,091	4,091
Recent acquisitions	0	0	0	0	0	0	0	0
Other assets	2,702	2,702	2,702	2,702	2,702	2,702	2,702	2,702
Total Assets	1,603,754	1,531,893	1,466,280	1,406,135	1,350,802	1,299,725	1,060,302	1,539,875
Line of Credit	0	0	0	0	0	0	0	0
Mortgage Payable	(90,464)	(90,464)	(90,464)	(90,464)	(90,464)	(90,464)	(90,464)	(90,464)
Unsecured Debt	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Other liabilities	(19,522)	(19,522)	(19,522)	(19,522)	(19,522)	(19,522)	(19,522)	(19,522)
Preferred (at liquidation value)	0	0	0	0	0	0	0	0
Total Liabilities	(409,986)	(409,986)	(409,986)	(409,986)	(409,986)	(409,986)	(409,986)	(409,986)
Net mkt. asset value	1,193,768	1,121,907	1,056,294	996,149	940,816	889,739	650,316	1,129,889
Diluted wtg. avg. com. shs. ots.	23,638	23,638	23,638	23,638	23,638	23,638	23,638	23,638
Debt+Preferred to EV	25.6%	26.8%	28.0%	29.2%	30.4%	31.5%	38.7%	

Source: Stifel estimates and company data

Agree Realty Corporation
Quarterly Earnings Model
(in thousands, except per share data)

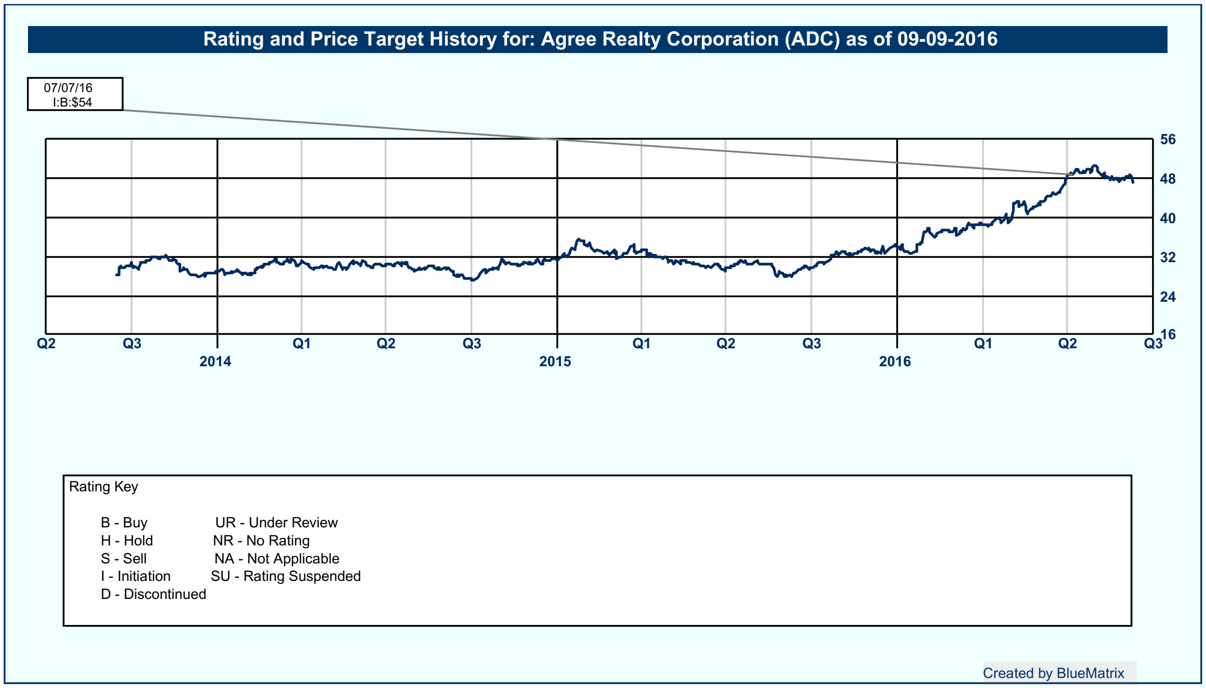
Simon Yarmak
STIFEL
(443) 224-1345

Assumptions:	2013 A	2014 A	1Q15 A	2Q15 A	3Q15 A	4Q15 A	2015 A	1Q16 A	2Q16 A	3Q16 E	4Q16 E	2016 E	2017 E	2018 E
	$99,000	$134,483	$58,662	$55,368	$17,100	$60,000	$191,130	$38,300	$146,200	$60,000	$95,000	$339,500	$200,000	$200,000
Rate of return on new acquisitions		8.8%	8.1%	7.9%	8.1%	7.8%	8.0%	7.9%	7.8%	7.9%	7.9%	7.9%	7.7%	7.7%
Revenue growth - existing properties (quarterly)	NA	5.3%	8.1%	0.4%	0.4%	0.4%	2.3%	8.7%	2.2%	0.4%	0.4%	2.9%	0.4%	0.4%
Percentage rents	0.1%	0.3%	0.1%	0.9%	0.2%	(0.1%)	0.3%	1.0%	0.0%	0.2%	0.0%	0.3%		
Tenant reimbursements as a percent of operating expenses	NA	77.9%	80.4%	77.5%	73.8%	93.0%	81.2%	85.5%	76.4%	77.8%	97.0%	84.2%	85.2%	86.2%
Other property related revenue growth	NA	1378.9%	-96.6%	-66.7%	-7.0%	1.8%	-42.1%	-4000.0%	-587.5%	-587.5%	-587.5%	-1440.6%	0.0%	0.0%
Opex as % of Rent	9.1%	10.0%	10.1%	8.9%	7.9%	12.8%	9.9%	10.1%	12.7%	7.9%	12.7%	10.8%	9.9%	9.9%
G&A as % of net operating income	15.0%	13.6%	11.7%	11.0%	10.7%	10.7%	11.0%	11.1%	10.6%	9.8%	9.5%	10.2%	9.0%	8.7%
Avg. interest rate on avg. debt outstanding (annual)	NA	4.4%	3.3%	4.7%	5.3%	5.8%	4.7%	4.4%	3.8%	4.3%	4.3%	4.2%	4.5%	4.5%
Additional debt issued (retired) during quarter	NA	NA	(38,583)	(65,182)	11,299	90,288	-2,178	32,021	27,975	30,159	64,108	154,262	54,215	34,861
Additional common equity issued during quarter	NA	NA	1,854	11,990	23,255	55,791	92,890	4,275	109,080	27,461	27,246	168,062	124,878	136,230
Additional common shares issued during quarter	NA	2,657	63	451	835	1,749	3,097	117	2,875	600	600	4,192	2,750	3,000
Projected FFO/stock price multiple	12.1	13.2	12.8	11.5	11.9	13.3	14.0	14.9	18.1	17.4	17.0	19.0	16.9	15.8
Ending stock price	$25.50	$28.96	$31.14	$27.99	$29.09	$33.58	$33.58	$38.47	$48.24	$47.80	$47.80	$47.80	$47.80	$47.80
NOI from existing properties: (2)														
Existing property rental income	$40,895	$49,404	$14,554	$15,972	$16,736	$17,016	$64,278	$18,491	$19,912	$19,992	$20,072	$78,466	$81,093	$82,398
Percentage rents	$36	$160	10	141	38	(9)	$180	183	7	40	-	$230	$247	$251
Tenant reimbursements	$2,568	$3,825	1,178	1,098	970	2,031	$5,277	1,589	1,934	1,322	2,204	$7,049	$6,982	$7,177
Other property related revenue	$19	$281	1	8	106	116	$231	(39)	(39)	(39)	(39)	($156)	($156)	($156)
Less operating expenses, real estate taxes & land sale costs	($3,720)	($4,916)	(1,466)	(1,416)	(1,314)	(2,183)	($6,379)	(1,859)	(2,530)	(1,570)	(2,549)	($8,508)	($8,062)	($8,192)
NOI from existing properties (2)	39,798	$48,754	14,277	15,803	16,536	16,971	$63,587	18,365	19,284	19,745	19,688	$77,081	$80,104	$81,478
NOI from acquired property - cumulative (2)	$0	$0	-	-			$0	-	-	2,501	4,044	$6,544	$27,828	$43,728
NOI from development - cumulative (2)	$0	$0	-	-	-	-	$0	-	-	-	-	$0	$0	$0
Total NOI (2)	39,798	$48,754	14,277	15,803	16,536	16,971	$63,587	18,365	19,284	22,245	23,732	$83,626	$107,932	$125,205
Other income and expenses:	$0	$0					$0					$0	$0	$0
Interest and other income (includes tax benefits)	$0	$0	-	-	-	-	$0	-	-	-	-	$0	$0	$0
Equity in earnings from uncons. investments	($515)	($425)	(126)	(201)	(281)	(137)	($745)	(150)	(167)	(300)	(150)	($767)	($767)	($767)
General and administrative expenses	($5,952)	($6,629)	(1,668)	(1,744)	(1,769)	(1,808)	($6,989)	(2,045)	(2,042)	(2,180)	(2,254)	($8,522)	($9,739)	($10,840)
Other expenses	$0	$0	-	-	-	-	$0	-		-		$0	$0	$0
EBITDA	33,331	$41,700	12,483	13,858	14,486	15,026	$55,853	16,170	17,075	19,765	21,327	$74,337	$97,426	$113,599
Reconciliation of EBITDA to funds from operations (FFO):														
Less: Interest expense	($6,475)	($8,587)	(2,461)	(2,933)	(2,964)	(3,947)	($12,305)	(3,649)	(3,497)	(4,707)	(4,931)	($16,783)	($20,826)	($22,632)
Less: Non-real estate deprec. and amort.	$0	$0	118	-	-	110	$228	110	178	178	178	$644	$712	$712
Other nonrecurring gains and (expenses)	1,514	318	(187)	186	(285)	566	280			-	-	-	-	-
Funds from operations (FFO)	**28,370**	**$33,431**	**$9,953**	**$11,111**	**11,237**	**11,755**	**$44,056**	**12,631**	**$13,756**	**$15,237**	**16,574**	**$58,198**	**$77,312**	**$91,679**
Add: Non-real estate depreciation & other	393	507	305	131	144	126	706	133	141	141	141	556	564	564
Less: Straight-line rents	(1,612)	(1,881)	(714)	(724)	(725)	(750)	(2,913)	(765)	(772)	(772)	(772)	(3,081)	(3,081)	(3,081)
Add: Stock based comp	1,813	1,987	524	521	477	470	1,992	708	601	675	675	2,659	2,950	3,100
Funds available for distribution (FAD)	**$28,964**	**$34,044**	**$10,068**	**$11,039**	**$11,133**	**$11,601**	**$43,841**	**$12,707**	**$13,726**	**$15,281**	**$16,618**	**$58,332**	**$77,745**	**$92,262**
FFO per common share equivalent - diluted	**$2.10**	**$2.19**	**$0.56**	**$0.62**	**$0.61**	**$0.60**	**$2.39**	**$0.61**	**$0.61**	**$0.63**	**$0.67**	**$2.52**	**$2.82**	**$3.03**
FAD per common share equivalent	**$2.14**	**$2.23**	**$0.57**	**$0.62**	**$0.60**	**$0.60**	**$2.38**	**$0.61**	**$0.61**	**$0.64**	**$0.67**	**$2.53**	**$2.84**	**$3.05**
Dividends per share	$1.640	$1.740	$0.450	$0.465	$0.465	$0.465	$1.845	$0.465	$0.480	$0.480	$0.480	$1.905	$1.980	$2.000
Weighted average common shares and OP units:														
Common shares and units out at end of period	14,883	17,540	17,603	18,054	18,888	20,637	20,637	20,754	23,638	24,238	24,838	24,838	27,588	30,588
Weighted avg. shares and units outstanding - basic	13,066	14,960	17,717	17,539	18,009	19,411	18,169	20,786	22,533	23,938	24,838	23,024	27,319	30,213
Converted warrants, options, pref., debs. (treas. method)	439	327	47	396	403	66	228	74	80	80	80	78	80	80
Weighted avg. shares and units out - diluted	13,505	15,286	17,764	17,935	18,412	19,477	18,397	20,828	22,613	24,018	24,918	23,094	27,399	30,293
Capitalization Analysis														
Average net debt outstanding		200,763	302,471	250,588	223,647	274,440	262,786	335,355	370,795	405,544	452,677	391,092	465,553	505,885
Ending net debt outstanding	158,398	321,762	283,179	217,997	229,296	319,584	319,584	351,125	390,464	420,623	484,731	484,731	538,946	573,807
Preferred stock outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending common shares outstanding	14,883	17,540	17,603	18,054	18,888	20,637	20,637	20,754	23,638	24,238	24,838	24,838	27,588	30,588
Equity market capitalization	379,525	420,959	548,145	505,318	549,464	693,001	693,001	798,417	1,140,290	1,158,569	1,187,249	1,187,249	1,318,699	1,462,099
Total market capitalization	537,923	742,721	831,324	723,315	778,760	1,012,585	1,012,585	1,149,542	1,530,754	1,579,192	1,671,980	1,671,980	1,857,645	2,035,906
Debt/total market cap	29.4%	43.3%	34.1%	30.1%	29.4%	31.6%	31.6%	30.5%	25.5%	26.6%	29.0%	29.0%	29.0%	28.2%
Ratios:														
Interest coverage	5.15	4.86	5.07	4.72	4.89	3.81	4.54	4.43	4.88	4.20	4.33	4.43	4.68	5.02
Fixed charges coverage	5.15	4.86	5.07	4.72	4.89	3.81	4.54	4.43	4.88	4.20	4.33	4.43	4.68	5.02
Dividend yield (div/stock price)	6.4%	6.0%	5.8%	6.6%	6.4%	5.5%	5.5%	4.8%	4.0%	4.0%	4.0%	4.0%	4.1%	4.2%
FFO growth (per share)	NA	4.1%	-3.4%	10.7%	-1.6%	-1.6%	9.5%	1.7%	0.0%	3.3%	6.3%	5.2%	12.0%	7.3%
FFO payout ratio - diluted (div/FFO per share)	78.1%	79.6%	80.4%	75.0%	76.2%	77.5%	77.0%	76.2%	78.7%	76.2%	71.6%	75.6%	70.2%	66.1%
FAD payout ratio - diluted (div/FAD per share)	76.5%	78.1%	78.9%	75.0%	77.5%	77.5%	77.4%	76.2%	78.7%	75.0%	71.6%	75.4%	69.8%	65.7%

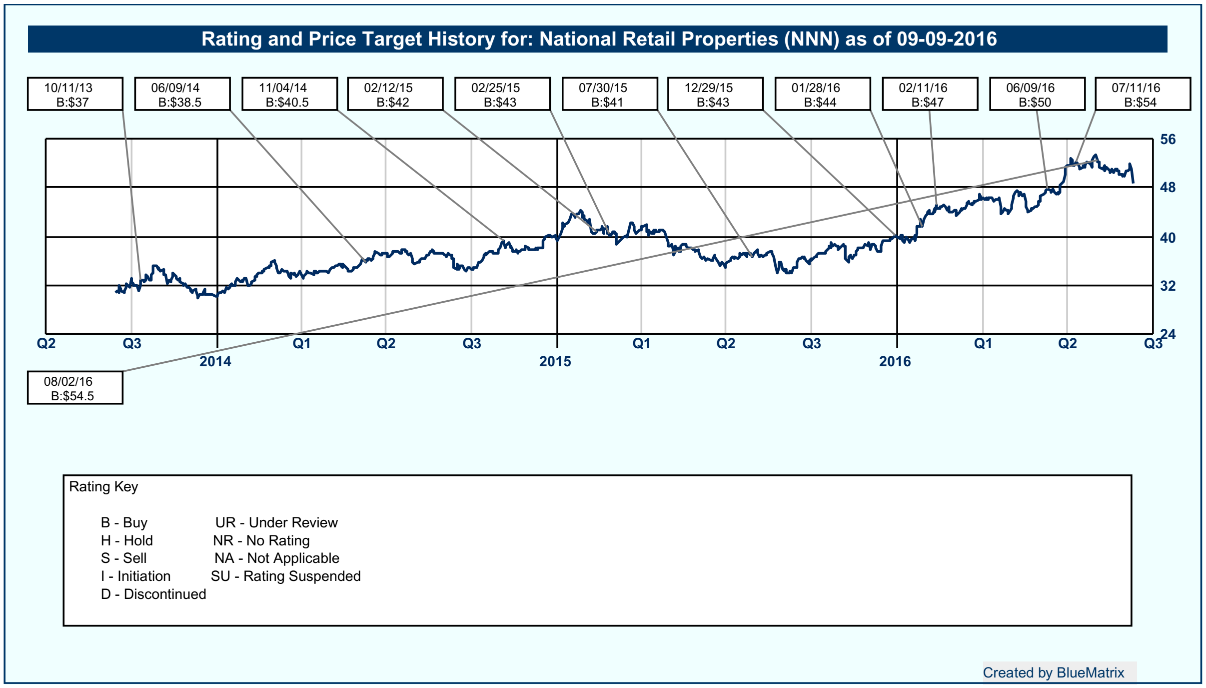
(1) Assumes midperiod acquisition or development revenue convention.
(2) Net operating income (NOI) is defined as rental revenue plus tenant reimbursements less property-level operating expenses and real estate taxes.
(3) Adjusted EBITDA equals EBITDA less property sale gains and straight line-rents.
Source: Stifel estimates and company data

Important Disclosures and Certifications

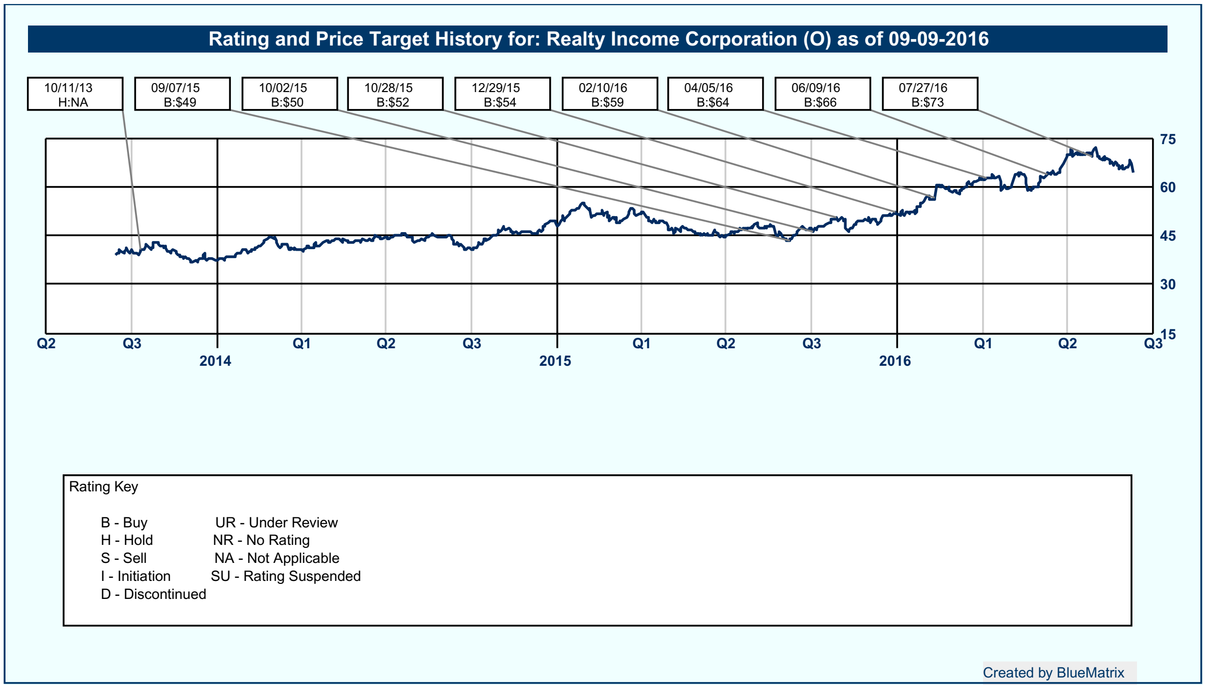
I, Simon Yarmak, certify that the views expressed in this research report accurately reflect my personal views about the subject securities or issuers; and I, Simon Yarmak, certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report. Our European Policy for Managing Research Conflicts of Interest is available at www.stifel.com.



For a price chart with our ratings and any applicable target price changes for ADC go to http://sf.bluematrix.com/bluematrix/Disclosure?ticker=ADC



For a price chart with our ratings and any applicable target price changes for NNN go to http://sf.bluematrix.com/bluematrix/Disclosure?ticker=NNN



For a price chart with our ratings and any applicable target price changes for O go to
http://sf.bluematrix.com/bluematrix/Disclosure?ticker=O

The rating and target price history for National Retail Properties and Realty Income Corporation and its securities prior to February 25, 2015, on the above price chart reflects the research analyst's views under a different rating system than currently utilized at Stifel. For a description of the investment rating system previously utilized go to.www.stifel.com.

Agree Realty Corporation, National Retail Properties and Realty Income Corporation is a client of Stifel or an affiliate or was a client of Stifel or an affiliate within the past 12 months.

Agree Realty Corporation, National Retail Properties and Realty Income Corporation is provided with investment banking services by Stifel or was provided with investment banking services by Stifel or an affiliate within the past 12 months.

National Retail Properties is provided with non-investment banking, securities related services by Stifel or an affiliate or was provided with non-investment banking, securities related services by Stifel or an affiliate within the past 12 months.

Stifel or an affiliate has received compensation for investment banking services from Agree Realty Corporation, National Retail Properties and Realty Income Corporation in the past 12 months.

Stifel or an affiliate has received compensation for non-investment banking, securities related services from National Retail Properties in the past 12 months.

Stifel or an affiliate expects to receive or intends to seek compensation for investment banking services from Agree Realty Corporation, National Retail Properties and Realty Income Corporation in the next 3 months.

Stifel or an affiliate managed or co-managed a public offering of securities for Agree Realty Corporation, National Retail Properties and Realty Income Corporation in the past 12 months.

Stifel or an affiliate is a market maker or liquidity provider in the securities of Agree Realty Corporation, National Retail Properties and Realty Income Corporation.

The equity research analyst(s) responsible for the preparation of this report receive(s) compensation based on various factors, including Stifel's overall revenue, which includes investment banking revenue.

Our investment rating system is three tiered, defined as follows:

BUY -We expect a total return of greater than 10% over the next 12 months with total return equal to the percentage price change plus dividend yield.

HOLD -We expect a total return between -5% and 10% over the next 12 months with total return equal to the percentage price change plus dividend yield.

SELL -We expect a total return below -5% over the next 12 months with total return equal to the percentage price change plus dividend yield.

Occasionally, we use the ancillary rating of **SUSPENDED** (SU) to indicate a long-term suspension in rating and/or target price, and/or coverage due to applicable regulations or Stifel policies. **SUSPENDED** indicates the analyst is unable to determine a “reasonable basis” for rating/target price or estimates due to lack of publicly available information or the inability to quantify the publicly available information provided by the company and it is unknown when the outlook will be clarified. **SUSPENDED** may also be used when an analyst has left the firm.

Of the securities we rate, 49% are rated Buy, 42% are rated Hold, 3% are rated Sell and 6% are rated Suspended.

Within the last 12 months, Stifel or an affiliate has provided investment banking services for 15%, 7%, 0% and 13% of the companies whose shares are rated Buy, Hold, Sell and Suspended, respectively.

Additional Disclosures

Please visit the Research Page at www.stifel.com for the current research disclosures and respective target price methodology applicable to the companies mentioned in this publication that are within Stifel's coverage universe. For a discussion of risks to target price please see our stand-alone company reports and notes for all Buy-rated and Sell-rated stocks.

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed by us and is not a complete summary or statement of all available data, nor is it considered an offer to buy or sell any securities referred to herein. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of Stifel, or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed within. Past performance should not and cannot be viewed as an indicator of future performance.

As a multi-disciplined financial services firm, Stifel regularly seeks investment banking assignments and compensation from issuers for services including, but not limited to, acting as an underwriter in an offering or financial advisor in a merger or acquisition, or serving as a placement agent in private transactions.

Affiliate Disclosures

“Stifel”, includes Stifel Nicolaus & Company (“SNC”), a US broker-dealer registered with the United States Securities and Exchange Commission and the Financial Industry National Regulatory Authority and Stifel Nicolaus Europe Limited (“SNEL”), which is authorized and regulated by the Financial Conduct Authority (“FCA”), (FRN 190412) and is a member of the London Stock Exchange.

Registration of non-US Analysts: Any non-US research analyst employed by SNEL contributing to this report is not registered/qualified as a research analyst with FINRA and is not an associated person of the US broker-dealer and therefore may not be subject to FINRA Rule 2241 or NYSE Rule 472 restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account.

Country Specific and Jurisdictional Disclosures

United States: Research produced and distributed by SNEL is distributed by SNEL to “Major US Institutional Investors” as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended. SNEL is a non-US broker-dealer and accordingly, any transaction by Major US Institutional Investors in the securities discussed in the document would need to be effected by SNC. SNC may also distribute research prepared by SNEL directly to US clients that are professional clients as defined by FCA rules. In these instances, SNC accepts responsibility for the content. Research produced by SNEL is not intended for use by and should not be made available to retail clients, as defined by the FCA rules.

Canadian Distribution: Research produced by SNEL is distributed in Canada by SNC in reliance on the international dealer exemption. This material is intended for use only by professional or institutional investors. None of the investments or investment services mentioned or described herein is available to other persons or to anyone in Canada who is not a “permitted client” as defined under applicable Canadian securities law.

UK and European Economic Area (EEA): This report is distributed in the EEA by SNEL, which is authorized and regulated in the United Kingdom by the FCA. In these instances, SNEL accepts responsibility for the content. Research produced by SNEL is not intended for use by and should not be made available to non-professional clients.
The complete preceding 12-month recommendations history related to recommendation(s) in this research report is

available at https://stifel2.bluematrix.com/sellside/MAR.action

Brunei: This document has not been delivered to, registered with or approved by the Brunei Darussalam Registrar of Companies, Registrar of International Business Companies, the Brunei Darussalam Ministry of Finance or the Autoriti Monetari Brunei Darussalam. This document and the information contained within will not be registered with any relevant Brunei Authorities under the relevant securities laws of Brunei Darussalam. The interests in the document have not been and will not be offered, transferred, delivered or sold in or from any part of Brunei Darussalam. This document and the information contained within is strictly private and confidential and is being distributed to a limited number of accredited investors, expert investors and institutional investors under the Securities Markets Order, 2013 ("Relevant Persons") upon their request and confirmation that they fully understand that neither the document nor the information contained within have been approved or licensed by or registered with the Brunei Darussalam Registrar of Companies, Registrar of International Business Companies, the Brunei Darussalam Ministry of Finance, the Autoriti Monetari Brunei Darussalam or any other relevant governmental agencies within Brunei Darussalam. This document and the information contained within must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which the document or information contained within is only available to, and will be engaged in only with Relevant Persons.

In jurisdictions where Stifel is not already licensed or registered to trade securities, transactions will only be affected in accordance with local securities legislation which will vary from jurisdiction to jurisdiction and may require that a transaction carried out in accordance with applicable exemptions from registration and licensing requirements. Non-US customers wishing to effect transactions should contact a representative of the Stifel entity in their regional jurisdiction except where governing law permits otherwise. US customers wishing to effect transactions should contact their US salesperson.

The recommendation contained in this report was produced at 12 September 2016 19:36EDT and disseminated at 12 September 2016 19:36EDT

Additional Information Is Available Upon Request