

Triple-Net REIT Comp Sheets 9/18/2016

- **REITs Pull Back, Sector Outperforms.** *The overall REIT sector pulled back 70 bps this past week and is +9.6% YTD. The triple-net sector outperformed gaining 10 bps for the week and is +28.7% YTD.*
 - **Dividend Yield.** *Triple-net REITs are trading at 16.3x 2017E FFO as compared to equity REITs trading at 17.2x. The current dividend yield for the sector is 4.78% vs. the REIT sector dividend yield of 3.82%. The 96 bps spread is 67 bps below the long-term average spread of 163 bps.*
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- **ADC Management Takeaways.** We recently hosted meetings with Agree Realty Corporation's (ADC, \$46.41 Buy) management. Management's main message is that the company has created value and continues to create value across its three platforms: acquisitions, development, and Partner Capital Solutions (PCS). 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. Acquisitions yields are in the mid-7.0% range, development yields are in the 9.0% range, and PCS yields are somewhere in between. 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 accounts for half of the rent roll in 2017. The property could be expanded by 15,500 sf and re-leased at higher rates.
 - **GPT Establishes Strategic Office Partners With TPG.** Gramercy Property Trust (GPT, \$9.26, Buy) announced that the company has formed Strategic Office Partners with TPG Real Estate. The platform will invest in up to \$1.0 billion of single-tenant office assets in high-growth MSAs. The entity will have \$400 million of equity and has obtained \$200 million of non-course financing. GPT will own a 25.0% interest in the venture. At close, GPT has sold six office assets (\$187.5 million) at a 9.5% cap rate with a weighted average lease term of 3.6 years. The assets are located in the Los Angeles MSA, San Francisco Bay Area, the San Diego MSA, Nashville, and Minneapolis.
 - **Also Receives Investment Grade Rating From Fitch.** Fitch provided GPT with an initial BBB rating with a stable outlook. The company also has a BBB- with a stable outlook from S&P and Baa3 with a stable outlook from Moody's. GPT now has investment grade ratings from all three major rating agencies.
 - **FCPT Purchases More Restaurants.** Four Corners Property Trust (FCPT, \$20.01, Not Covered) acquired four KFC restaurants in the Detroit, Michigan MSA for \$3.9 million with a weighted average lease terms of 20 years. Priced as of close 9-16-2016.



Triple-Net REIT Valuation Table

Total Return Analysis

Capital Structure

Company	Ticker	Price ¹			Price Appreciation %			Total Return %			Div. Yld. (%)	Annual Div. (\$)	2016E FAD Payout. Ratio	Eq. Pfd. Equity (\$MM)	Eq. Mkt. Cap. (\$MM)	Total Debt (\$MM)	Net Debt/TEV Ratio (%)	Cash (\$MM)	TEV (\$MM)	Fixed-Charge Covrge. Ratio	
		9/16/2016	52-Wk Range Low	52-Wk Range High	3-Mo ¹	TTM ¹	YTD ¹	3-Mo ¹	TTM ¹	YTD ¹											
Agree Realty Corp	(a) ADC	\$46.41	\$28.80	\$51.33	2.9%	59.5%	36.5%	4.0%	68.0%	39.6%	4.1%	\$1.92	76.0%	\$0	\$1,097	\$390	25.9%	\$6.0	\$1,481	3.7x	
EPR Properties	(a) EPR	\$76.40	\$50.37	\$84.67	2.0%	49.6%	30.7%	3.3%	58.6%	35.6%	5.0%	\$3.84	81.2%	\$346	\$5,024	\$2,115	28.2%	\$8.5	\$7,477	3.2x	
Four Corners Property Trust	FCPT	\$20.01	\$14.09	\$24.44	-0.3%	N/A	-17.2%	0.9%	N/A	33.6%	4.8%	\$0.97	67.8%	\$0	\$1,197	\$393	23.0%	\$36.1	\$1,554	6.2x	
Getty Realty	GTY	\$23.35	\$15.31	\$24.24	10.6%	49.9%	36.2%	11.9%	60.2%	39.6%	4.3%	\$1.00	69.9%	\$0	\$788	\$302	27.3%	\$6.8	\$1,084	2.7x	
Gramercy Property	(a) GPT	\$9.26	\$6.34	\$10.03	2.2%	36.4%	19.9%	3.5%	43.2%	23.0%	4.8%	\$0.44	68.8%	\$88	\$3,916	\$2,157	33.0%	\$185.1	\$5,975	3.8x	
National Retail Properties	(a) NNN	\$48.63	\$35.02	\$53.60	1.7%	36.0%	21.4%	2.6%	41.6%	25.0%	3.7%	\$1.82	75.4%	\$575	\$7,100	\$2,139	21.8%	\$2.4	\$9,812	3.4x	
Realty Income	(a) O	\$64.47	\$45.60	\$72.30	-0.9%	39.3%	24.9%	0.0%	45.1%	28.1%	3.8%	\$2.42	84.0%	\$409	\$16,630	\$4,971	22.5%	\$20.4	\$21,990	4.2x	
Select Income REIT	SIR	\$26.21	\$17.07	\$27.97	4.1%	40.6%	32.2%	6.0%	54.3%	41.6%	7.8%	\$2.04	81.6%	\$0	\$2,343	\$2,343	49.9%	\$10.8	\$4,675	4.2x	
Spirit Realty	SRC	\$12.96	\$8.90	\$13.97	7.6%	39.2%	29.3%	9.1%	48.6%	33.2%	5.4%	\$0.70	80.1%	\$0	\$6,217	\$3,636	36.7%	\$29.4	\$9,824	3.3x	
STORE Capital Corporation	(a) STOR	\$28.55	\$20.36	\$31.44	5.2%	35.4%	23.1%	6.2%	41.6%	25.5%	4.1%	\$1.16	69.9%	\$0	\$4,375	\$2,157	31.8%	\$118.5	\$6,414	3.0x	
VEREIT	(a) VER	\$9.96	\$6.68	\$11.09	1.5%	23.0%	25.8%	3.0%	31.1%	29.5%	5.5%	\$0.55	75.1%	\$1,071	\$9,962	\$6,864	38.2%	\$37.6	\$17,859	2.8x	
W.P. Carey & Co	WPC	\$64.30	\$51.12	\$72.89	-5.0%	10.8%	9.0%	-3.7%	18.0%	12.3%	6.1%	\$3.92	76.2%	\$0	\$6,799	\$4,642	39.7%	\$173.3	\$11,267	4.1x	
Triple-Net Total/Avg.					1.3%	33.6%	23.3%	2.5%	40.9%	27.8%	4.8%		77.8%				30.7%			3.6x	
MSCI US REIT Index								0.7%	18.3%	9.6%											

¹ Priced as of close, 9/16/16

(a) Stifel FFO estimates, all others are consensus estimates from SNL

Note: GPT FAD is adjusted to account for capital expenditures

Source: Stifel Estimates, SNL, FactSet, Company Reports

Triple-Net REIT Valuation Table
Cash Flow Analysis

Company	Ticker	Price ¹ 9/16/2016	FFO			Price/FFO			2015A P/FFO Rel. to Sector	2016E FFO Growth	2017E FFO Growth	2016E FFO Yield	FAD		Price/FAD		2016E FAD Payout	2017E FAD Payout	2017E FAD Yield
			2015A	2016E	2017E	2015A	2016E	2017E					2016E	2017E	2016E	2017E			
Agree Realty Corp	(a) ADC	\$46.41	\$2.39	\$2.52	\$2.82	19.4	18.4	16.4	106%	5.4%	12.0%	5.4%	\$2.53	\$2.84	18.4	16.4	76.0%	67.7%	6.1%
EPR Properties	(a) EPR	\$76.40	\$4.45	\$4.80	\$5.07	17.2	15.9	15.1	94%	7.9%	5.8%	6.3%	\$4.73	\$5.01	16.2	15.3	81.2%	76.7%	6.6%
Four Corners Property Trust	FCPT	\$20.01	\$1.51	\$1.31	\$1.35	13.3	15.3	14.9	72%	-13.2%	2.7%	6.5%	\$1.18	\$1.23	17.0	16.3	82.4%	78.9%	6.1%
Getty Realty	GTY	\$23.35	\$2.04	\$1.51	\$1.57	11.4	15.5	14.9	62%	-26.0%	4.0%	6.5%	\$1.43	\$1.50	16.3	15.6	69.9%	66.7%	6.4%
Gramercy Property	(a) GPT	\$9.26	\$0.61	\$0.75	\$0.79	15.2	12.3	11.7	83%	23.0%	5.3%	8.1%	\$0.64	\$0.73	14.5	12.7	68.8%	60.3%	7.9%
National Retail Properties	(a) NNN	\$48.63	\$2.22	\$2.36	\$2.54	21.9	20.6	19.2	119%	6.1%	7.5%	4.9%	\$2.41	\$2.59	20.1	18.8	75.4%	70.3%	5.3%
Realty Income	(a) O	\$64.47	\$2.77	\$2.85	\$3.04	23.3	22.7	21.2	127%	2.9%	7.0%	4.4%	\$2.89	\$3.07	22.3	21.0	84.0%	79.1%	4.8%
Select Income REIT	SIR	\$26.21	\$2.88	\$2.89	\$2.91	9.1	9.1	9.0	50%	0.5%	0.7%	11.0%	\$2.50	\$2.49	10.5	10.5	81.6%	81.9%	9.5%
Spirit Realty	SRC	\$12.96	\$0.82	\$0.87	\$0.92	15.8	14.8	14.1	86%	6.7%	5.4%	6.7%	\$0.87	\$0.92	14.8	14.1	80.1%	76.4%	7.1%
STORE Capital Corporation	(a) STOR	\$28.55	\$1.40	\$1.57	\$1.78	20.3	18.2	16.0	111%	11.7%	13.6%	5.5%	\$1.66	\$1.86	17.2	15.4	69.9%	62.5%	6.5%
VEREIT	(a) VER	\$9.96	\$0.63	\$0.77	\$0.73	15.8	12.9	13.7	86%	22.6%	-5.6%	7.8%	\$0.73	\$0.69	13.6	14.4	75.1%	79.7%	6.9%
W.P. Carey & Co	WPC	\$64.30	\$4.35	\$4.92	\$4.73	14.8	13.1	13.6	81%	13.1%	-3.9%	7.7%	\$5.14	\$5.23	12.5	12.3	76.2%	75.0%	8.1%
Triple-Net Total/Avg.						16.5	15.7	15.0		5.1%	4.5%	6.7%			16.1	15.2	76.7%	72.9%	6.8%
Weighted Average						18.4	17.0	16.3		9.1%	3.8%	6.3%			17.1	16.3	78.0%	74.9%	6.4%

¹ Priced as of close, 9/16/16

(a) Stifel FFO estimates, all others are consensus estimates from SNL

Note: GPT/VER FAD is adjusted to account for capital expenditures

Source: Stifel Estimates, SNL, Company Reports

Triple-Net REIT Valuation Table

Valuation Analysis

Company	Rating	Ticker	Price ¹ 16-Sep-16	Implied Cap Rate	2Q16 NAV	Sensitivity		
						NAV Cap Rate	Down 50 BPS	Up 50 BPS
Agree Realty Corporation	Buy	ADC	\$46.41	5.6%	\$42.14	6.00%	\$47.46	\$37.64
EPR Properties	Hold	EPR	\$76.40	6.3%	\$62.99	7.25%	\$69.70	\$57.14
Gramercy Property Trust	Buy	GPT	\$9.26	6.2%	\$8.17	6.75%	\$9.20	\$7.29
National Retail Properties	Buy	NNN	\$48.63	5.2%	\$37.89	6.25%	\$42.76	\$33.74
Realty Income	Buy	O	\$64.47	4.7%	\$45.81	6.00%	\$51.89	\$34.72
STORE Capital Corporation	Buy	STOR	\$28.55	5.8%	\$24.16	6.50%	\$27.30	\$21.48
VEREIT	Hold	VER	\$9.96	6.3%	\$9.05	6.60%	\$10.45	\$7.84
Average				5.5%				

¹ Priced as of close, 9/16/16

Source: Stifel Estimates, Company Reports

Triple-Net REIT Valuation Table

Balance Sheet Analysis

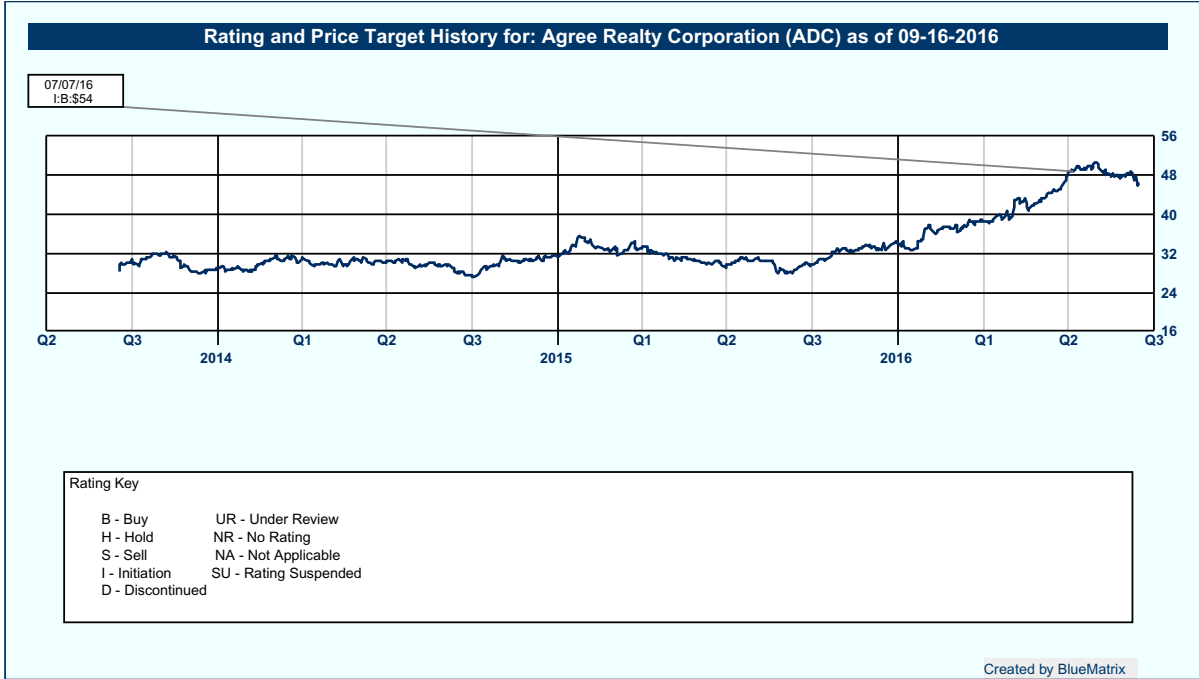
2Q16 REIT's	Price ¹	2016E FAD	Dividend	2016E FAD Payout	Fixed Charge Coverage	Line Size (\$MM)	Line Capacity (\$MM)	2016 Maturities (\$MM)	2016 Maturities as % of Total Debt	2017 Maturities (\$MM)	2017 Maturities as % of Total Debt	% of Fixed Rate Debt	Wtd Avg Interest Rate
ADC	\$46.41	\$2.53	\$1.92	76%	3.7x	\$200	\$200	\$0	0.0%	\$20	5.0%	100%	4.00%
EPR	\$76.40	\$4.73	\$3.84	81%	3.2x	\$650	\$303	\$43	2.0%	\$163	7.7%	85%	4.56%
GPT	\$9.26	\$0.64	\$0.44	69%	3.8x	\$850	\$680	\$32	1.5%	\$66	3.1%	81%	3.45%
NNN	\$48.63	\$2.41	\$1.82	75%	3.4x	\$650	\$650	\$0	0.0%	\$253	11.8%	93%	4.20%
O	\$64.47	\$2.89	\$2.42	84%	4.2x	\$2,000	\$1,488	\$280	5.6%	\$325	6.5%	89%	4.19%
STOR	\$28.55	\$1.66	\$1.16	70%	3.0x	\$500	\$500	\$15	0.7%	\$34	1.6%	100%	4.64%
VER	\$9.96	\$0.73	\$0.55	75%	2.8x	\$3,300	\$2,595	\$207	3.0%	\$421	6.1%	99%	3.90%

¹ Priced as of close, 9/16/16

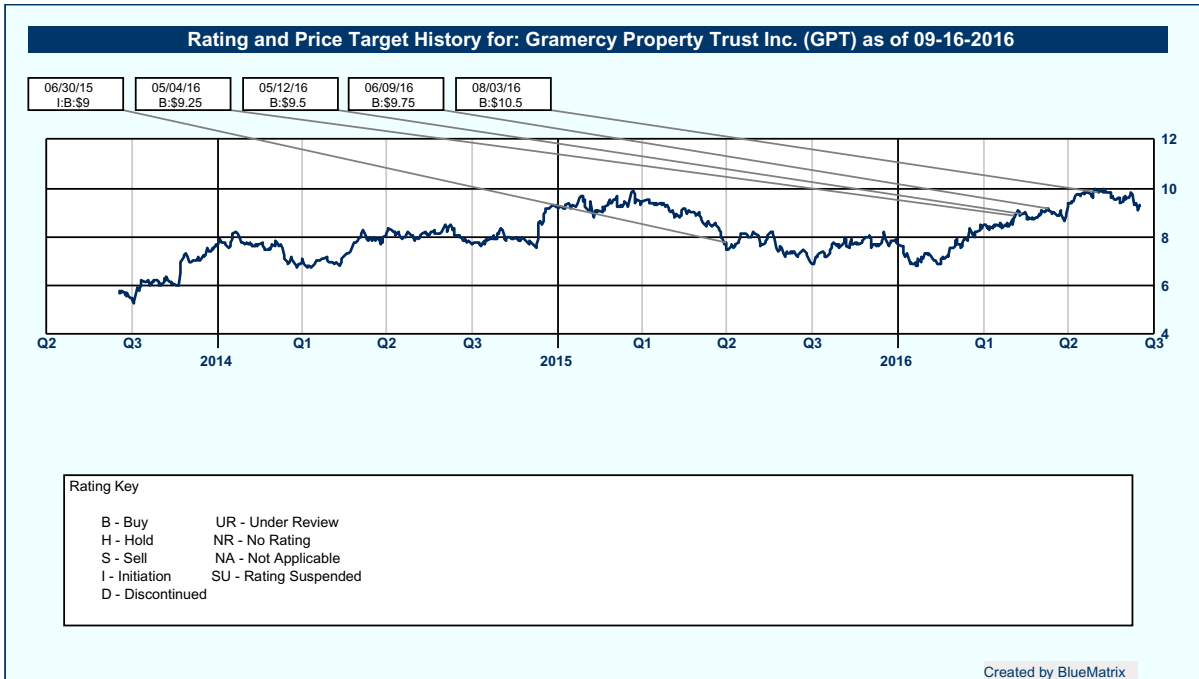
Source: Stifel Estimates, Company Reports

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