



## COMPANY UPDATE / ESTIMATE CHANGES

### Key Metrics

ACC - NYSE (as of 6/15/2017)	\$48.16
Price Target	NA
52-Week Range	\$44.65 - \$54.56
Shares & Units Outstanding (mm) (3/17)	134
Market Cap. (\$mm)	\$6,453
3-Mo. Average Daily Volume (000)	621
Institutional Ownership	NA
Debt/Total Market Capital (3/17)	25.4%
Dividend	\$1.76
Dividend Yield	3.7%
Interest Coverage (3/17)	4.9x

### FFOM Per Share FY 12/31

	2016	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q	\$0.62		\$0.62 A	\$0.68	\$0.69
2Q	\$0.54	\$0.57	\$0.53	\$0.60	\$0.58
3Q	\$0.45	\$0.48	\$0.46	\$0.49	\$0.50
4Q	\$0.65	\$0.69	\$0.73	\$0.72	\$0.74
Year	\$2.27	\$2.36	\$2.34	\$2.50	\$2.51
P/FFOM	21.2x		20.6x		19.2x

Quarterly FFOM per share may not add up to annual amounts due to the impact of rounding and the timing of stock offerings.

### Revenue (\$mm)

	2016	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q	\$200		\$193 A	\$216	\$223
2Q	\$186	\$187	\$179	\$205	\$207
3Q	\$196	\$197	\$199	\$213	\$221
4Q	\$204	\$218	\$229	\$232	\$241
Year	\$786	\$794	\$799	\$867	\$893

\*Previous revenue numbers have not been restated.

**Company Description:** American Campus Communities, headquartered in Austin, Texas, is a REIT that owns or manages 194 student housing properties containing approximately 127,200 beds throughout the United States as of March 31, 2017. ACC also develops properties for its own portfolio and third party owners.

### REITs

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## American Campus Communities, Inc.

ACC -- NYSE – Underperform-- 3

### Revising Estimates

- Estimate Changes.** After reviewing ACC's 10-Q, talking with management, and taking into account recent company events, we are revising our estimates for ACC. Our revised estimates include the impact of a recent acquisition, our assumption of lower revenue from summer short-term leases than last year, a few beds coming offline in 2Q, and our assumption that more funding will come from the company's ATM (at-the-market) equity program rather than from dispositions, etc. Our 2017 & 2018 FFOM per share estimates are \$2.34 and \$2.51 compared to \$2.36 and \$2.50 previously. Our second quarter 2017 FFOM per share estimate is lowered by four cents to \$0.53.
- Dividend Increase.** In May, ACC increased its quarterly dividend 4.8% to \$0.44 per share. This was ACC's fifth consecutive annual dividend increase.
- Recent Acquisition.** ACC purchased an apartment property in Seattle, Washington from AvalonBay (AVB - \$195.96) for \$112.1 million. ACC has renamed this property Twelve at U District. This is ACC's initial entry into the University of Washington market.
- We maintain our Underperform rating on ACC.** Our rating is based on valuation only, as we like the fundamentals for the company.

**Note Important Disclosures on Pages 2 - 3.**  
**Note Analyst Certification on Page 2.**

**Suitability**

We assign shares of American Campus Communities a suitability rating of 3 on our scale of 1 - 4 (1=most conservative, 4=most aggressive). Our rating is based on the company's lack of property type diversification offset by a strong balance sheet, in our view.

**Risks and Considerations**

Risks to owning shares of ACC include external factors beyond the company's control or internal factors. We believe these risk factors include general economic conditions, rising construction costs, weather, inability to achieve financing on favorable terms, increased competition, a decline in college enrollment, a change in university housing policy, etc. These factors could have an impact on ACC's FFOM.

Annual yield is calculated by dividing the distribution amount by the current market price of the security. For US income tax purposes, the Company may classify all or a portion of its distributions as dividends or other non-dividend distributions. Note that for some investors, for US income tax purposes all or a portion of the Company's 2016 dividend or distribution was treated as return of capital and not as "dividend income" as reflected on the IRS Form 1099-Div for the 2016 tax year. The Company generally makes a final determination regarding the proper tax treatment of distributions after calendar year end. We urge each shareholder to consult with his or her own tax advisor to determine the tax consequences of the distributions received, including any state, local or foreign tax considerations.

*Additional information is available upon request.*

**Analyst Certification**

I, Carol L. Kemple, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company (ies) and it's (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

**Important Disclosures**

Hilliard Lyons' analysts receive bonus compensation based on Hilliard Lyons' profitability. They do not receive direct payments from investment banking activity.

**Investment Ratings**

**Buy** - We believe the stock has significant total return potential in the coming 12 months.

**Long-term Buy** - We believe the stock is an above average holding in its sector, and expect solid total returns to be realized over a longer time frame than our Buy rated issues, typically 2-3 years.

**Neutral** - We believe the stock is an average holding in its sector, is currently fully valued, and may be used as a source of funds if better opportunities arise.

**Underperform** - We believe the stock is vulnerable to a price set back in the next 12 months.

**Suitability Ratings**

**1** - A large cap, core holding with a solid history

**2** - A historically secure company which could be cyclical, has a shorter history than a "1" or is subject to event driven setbacks

- 3 - An above average risk/reward ratio could be due to small size, lack of product diversity, sporadic earnings or high leverage
- 4 - Speculative, due to small size, inconsistent profitability, erratic revenue, volatility, low trading volume or a narrow customer or product base



Rating	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
	# of Stocks Covered	% of Stocks Covered	Banking	No Banking
Buy	34	27%	12%	88%
Hold/Neutral	80	65%	8%	93%
Sell	10	8%	0%	100%

As of 7 June 2017

**Other Disclosures**

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