Canadian REITs/REOCs

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Almost 50% of Canadian REITs Are Small Caps

REIT Universe Composition by Market Cap (# of REITs)

- 24 Small Cap (<$500M), 47%
- 17 Large Cap (>$1.5B), 33%
- 10 Mid Cap ($500M - $1.5B), 20%

Source: BMO Capital Markets, Thomson Reuters
Small Cap REITs – High Yield Helps Performance

- Small Cap REITs make up for lesser capital appreciation with yield

**Average Total Return by Market Cap**

<table>
<thead>
<tr>
<th>Year</th>
<th>Large Cap (&gt;1.5 B)</th>
<th>Mid Cap ($500 M - $1.5B)</th>
<th>Small Cap (&lt;$500 M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>19.0%</td>
<td>21.5%</td>
<td>8.0%</td>
</tr>
<tr>
<td>2012</td>
<td>21.0%</td>
<td>16.9%</td>
<td>20.2%</td>
</tr>
<tr>
<td>2013</td>
<td>-1.4%</td>
<td>-2.7%</td>
<td>-7.6%</td>
</tr>
<tr>
<td>2014</td>
<td>10.7%</td>
<td>13.1%</td>
<td>4.6%</td>
</tr>
<tr>
<td>2015 YTD</td>
<td>-0.8%</td>
<td>-0.6%</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

Source: BMO Capital Markets, Thomson Reuters
Small Cap REITs: Structural Differences

Externally Managed REITs by Market Cap

Average Debt to Total Assets by Market Cap

Average Payout Ratio by Market Cap

Average Distribution Yield by Market Cap

Source: Bloomberg, SNL Financial, Thomson One, BMO Capital Markets
Lower Liquidity Relative to Large Cap REITs

- To accumulate a $20 million position in RioCan would take less than a day, while for Melcor it would take approximately seven months.

**Canadian REIT/REOC Average Daily Trading Volume (Last 6 Months)**

- **Bottom** 10 REIT / REOCs have an average market cap of less than $500 million.
- **Top** 10 REITs / REOCs have an average market cap of over $3 billion.

Source: Bloomberg, BMO Capital Markets

Note: BMO Capital Markets is restricted on Regal Lifestyle Communities.
Valuation Discount for Small Cap REITs

Average NAV Premium (Discount) by Market Cap

<table>
<thead>
<tr>
<th>Market Cap</th>
<th>Average NAV Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Cap</td>
<td>-12.4%</td>
</tr>
<tr>
<td>Mid Cap</td>
<td>-13.7%</td>
</tr>
<tr>
<td>Small Cap</td>
<td>-15.7%</td>
</tr>
</tbody>
</table>

Average P/AFFO by Market Cap

<table>
<thead>
<tr>
<th>Market Cap</th>
<th>Average P/AFFO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Cap</td>
<td>14.2x</td>
</tr>
<tr>
<td>Mid Cap</td>
<td>11.2x</td>
</tr>
<tr>
<td>Small Cap</td>
<td>10.6x</td>
</tr>
</tbody>
</table>

Source: Bloomberg, SNL Financial, Thomson One, BMO Capital Markets
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<table>
<thead>
<tr>
<th>Rating Category</th>
<th>BMO Rating</th>
<th>BMOCM US Universe*</th>
<th>BMOCM US IB Clients**</th>
<th>BMOCM US IB Clients***</th>
<th>BMOCM Universe****</th>
<th>BMOCM IB Clients*****</th>
<th>Starmine Universe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>42.0%</td>
<td>21.9%</td>
<td>53.3%</td>
<td>41.9%</td>
<td>54.3%</td>
<td>54.6%</td>
</tr>
<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>53.5%</td>
<td>14.4%</td>
<td>44.8%</td>
<td>53.3%</td>
<td>44.4%</td>
<td>40.0%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>4.4%</td>
<td>7.4%</td>
<td>1.9%</td>
<td>4.7%</td>
<td>1.3%</td>
<td>5.4%</td>
</tr>
</tbody>
</table>

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