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Real Estate

INDUSTRY UPDATE

January 09, 2019

Canadian REITs 2019 Outlook

More Of The Same?

Our Conclusion

The Canadian REIT Index returned +6% in 2018 (total return), in line with our 5%-15% total return expectation. Overall REIT performance in 2018 continued to be dominated by several recurring (and ongoing) themes: 1) interest rate volatility; 2) stable property-level fundamentals; 3) commodity and currency volatility; and, 4) an unrelentingly negative sentiment towards the Retail sub-sector balanced by outsized positive momentum in the Multi-Family and Industrial sectors.

We largely expect that many of these factors will continue to persist well into 2019. However, we continue to believe that current pricing fairly reflects the existing property fundamentals and broader economic outlook. The REIT sector reflects what we believe to represent fair value for investors with a long-term horizon and an attractive income proposition within the context of the current environment.

Implications

We believe several key investment themes will continue to have varying degrees of impact on relative performance in 2019:

1) Interest rates
2) Balance sheets and debt maturities
3) Development pipelines
4) Valuation
5) Western Canada's effect on the economy

Much like 2018, it seems likely that 2019 will be another stock pickers' year for REITs. We anticipate, however, that the exceptionally wide dispersion of returns witnessed in 2018 (in excess of 80% difference between the top and bottom) should be tighter.

Valuation

We believe that 2019 will (once again) be an income-driven year, comprising ~4% cap-weighted average FFO growth, a 6% weighted-average yield, and flat (to possibly down) average multiples. We continue to favour below-average valuations and above-average sector yields combined with stable operational performance from large-cap REITs REI, SRU, HR, AP and small(er) caps including KMP, CRR, APR, NVU, WIR, and SIA.

All figures in Canadian dollars, unless otherwise stated.

For required regulatory disclosures please refer to "Important Disclosures" beginning on page 71.

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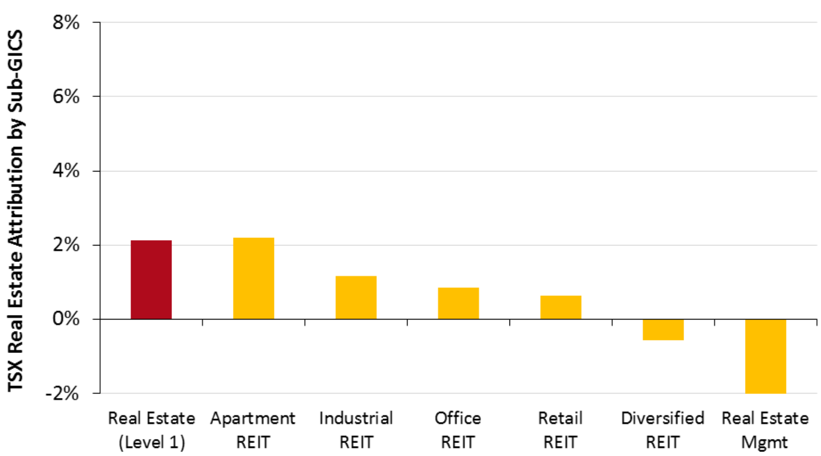
2018: The Year It Was – Mostly "In Line"

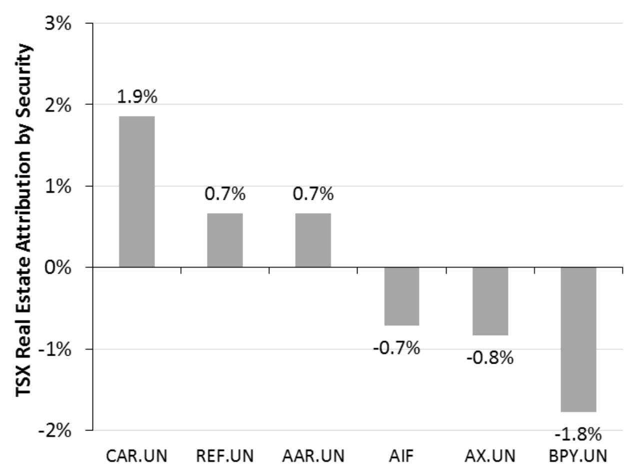
2018 Met Expectations With REIT Index Up 6%

The S&P/TSX Canadian REIT Index delivered a +6% total return in 2018, significantly outpacing the S&P/TSX Composite Index, which delivered a -9% total return. Over the course of the year, the 10-year GoC bond yield decreased by 8 bps and the average REIT yield spread increased by 89 bps to 507 bps (above the long-term average of 458 bps). The unweighted-average total return among our coverage universe was +1%, skewed to the downside by the relative underperformance of the retirement and diversified sub-sectors.

Overall, 2018 full-year returns were in line with our expectations of +5% to +15% total returns. The path to delivering those returns, however, was very dynamic, and somewhat disparate, clearly favouring industrial, apartments, and, to a lesser extent, office and retail. The diversified and retirement subgroups, on average, materially underperformed the broader real estate sector.

Exhibit 1. S&P/TSX Real Estate Index Total Return Attribution By Sub-Index (Left) And Key Securities (Right)



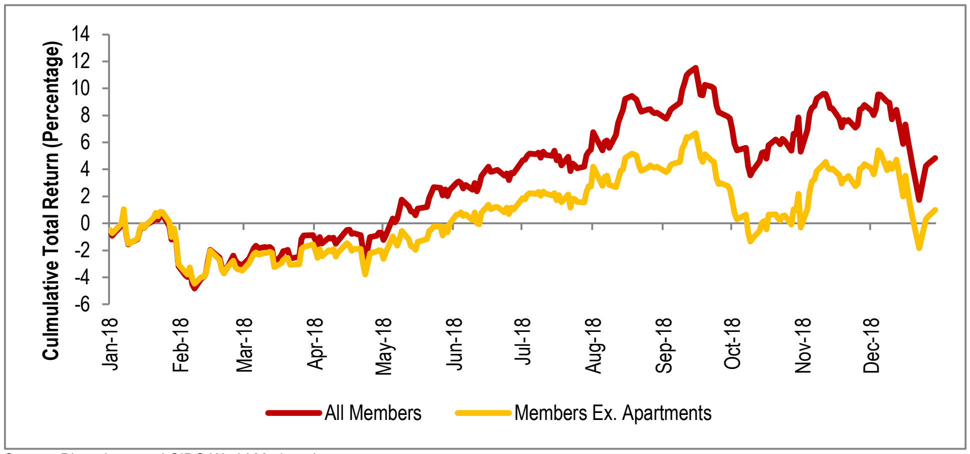


Source: Bloomberg and CIBC World Markets Inc.

Digging a little deeper, we note that while the S&P/TSX Canadian REIT Index was up 6% over the course of last year, this index would have been up only 1% ex-apartments. This suggests that the majority of the index's returns were attributable to apartment REITs, even though this sector represented only ~24% of the index's market cap weighting as of December 31, 2018. Not unlike 2017, apartment REITs clearly "punched above their weight class" in 2018.

This relative outperformance by the apartments sub-segment is a key factor as we shape our view for 2019. Given that the apartment sub-sector is trading at a relatively (approaching all-time) high valuation level compared to historical averages, we believe that it is unlikely that apartments REITs will once again "carry" the REIT sector to the extent that they have over the past two years, which, to be clear, isn't to say we think they will materially underperform – we simply believe that mean reversion is a powerful dynamic (more on that later).

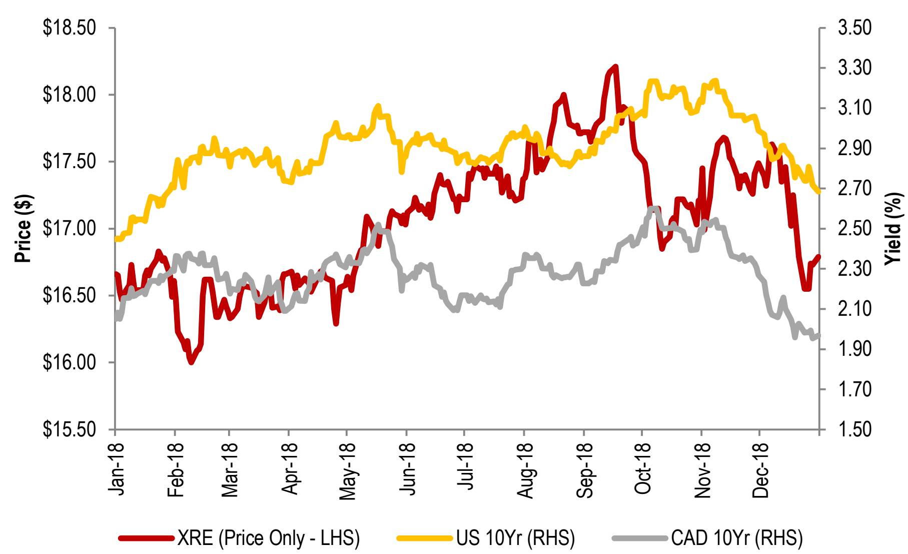
Exhibit 2. S&P/TSX REIT Index Total Return Analysis (All Members Vs. Members Ex-Apartments)



Source: Bloomberg and CIBC World Markets Inc.

2018 began on a rather muted note for Canadian REITs, with modestly discounted valuations that remained relatively unchanged through the first half of the year. The tone then turned more positive from July to September, led by industrials (on M&A-fueled cap rate compression) and apartments (on strong fundamentals in a majority of the Canadian markets and valuation expansion). However, since October, against the backdrop of a rate hike from the Bank of Canada, corrections in global equity markets, and a sharp decline in oil prices, the tone turned decidedly more negative for the REIT sector, and early gains were partially, albeit not fully, reversed.

Exhibit 3. REITs (XRE) Vs. Bond Yields



Source: FactSet and CIBC World Markets Inc.

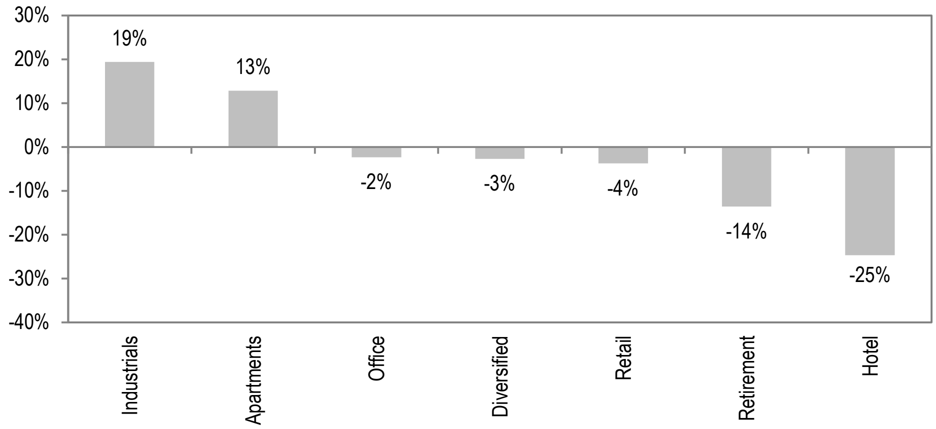
Operationally, 2018 same-property net operating income (NOI) growth was positive overall as new supply was relatively constrained on average, with office markets remaining the exception. 2018 also marked an active year for Canadian M&A with deals transpiring across several sub-sectors (e.g., industrial, retail and diversified).

Exhibit 4. 2018 Comparative Returns Summary

	Currency	Price Appreciation (%)	Total Return (%)
S&P/TSX Index	C$	(11.6%)	(8.7%)
S&P/TSX REIT Index	C$	+0.9%	+6.4%
Bloomberg REIT Index (U.S. REITs)	US$	(8.7%)	(4.3%)

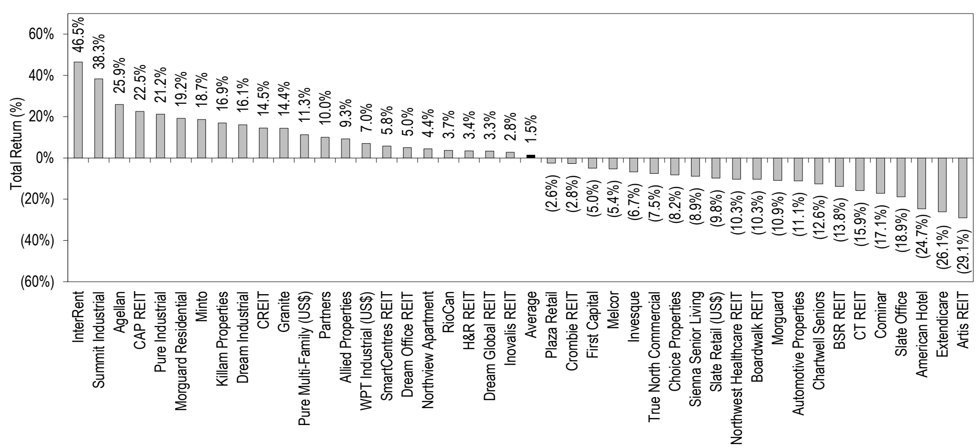
Source: Bloomberg

Exhibit 5. 2018 Total Returns By Property Type



Source: Company reports and CIBC World Markets Inc.

Exhibit 6. Total Return (%), 2018



Source: Bloomberg and CIBC World Markets Inc.

The best-performing segments of 2018 were industrial REITs (+19%) and apartment REITs (+13%). The best-performing REITs in 2018 were InterRent (+47%), Summit Industrial (+38%), and Agellan (+26%), while laggards Artis and Extendicare posted the lowest total returns, with declines of -29% and -26%, respectively.

Exhibit 7. REIT Total Returns By Property Type (%)

Property Type	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Oct 2018	Nov 2018	Dec 2018	2018
Apartments	59.3%	(3.7%)	(18.2%)	30.8%	28.7%	21.3%	19.7%	(7.9%)	13.0%	6.0%	22.9%	17.0%	(0.5%)	1.4%	(3.8%)	12.8%
Hotel	24.6%	15.8%	(46.8%)	24.6%	16.9%	(30.5%)	(11.3%)	28.1%	20.7%	4.0%	23.6%	(2.8%)	(10.6%)	(17.8%)	(2.9%)	(24.7%)
Diversified Commercial	27.0%	(4.6%)	(33.4%)	75.1%	29.2%	22.9%	14.8%	(2.5%)	6.3%	(5.5%)	20.2%	6.5%	(2.9%)	(0.3%)	(0.1%)	(2.7%)
Office	44.4%	(9.1%)	(33.7%)	65.9%	18.2%	13.6%	25.4%	(7.4%)	4.0%	(0.6%)	17.2%	22.5%	(3.6%)	(0.3%)	(7.7%)	(2.3%)
Shopping Centers*	24.9%	(4.6%)	(33.9%)	63.6%	25.0%	19.2%	17.4%	(4.1%)	9.2%	8.4%	17.0%	2.8%	(0.8%)	1.9%	(3.6%)	(3.7%)
Industrials	5.9%	(32.2%)	(62.7%)	106.0%	81.1%	12.1%	25.4%	(1.6%)	5.0%	5.0%	22.4%	18.4%	(1.5%)	2.6%	(0.8%)	19.4%
Retirement/LT Care	(6.1)%	13.5%	(44.8%)	59.7%	14.6%	6.1%	19.3%	(5.3%)	22.8%	61.1%	11.5%	6.7%	(4.0%)	(1.3%)	(3.8%)	(13.6%)
Average – Overall	27.5%	0.6%	(33.7%)	59.1%	25.0%	12.7%	17.9%	(3.6%)	10.9%	9.3%	18.7%	12.2%	(2.4%)	0.1%	(3.6%)	1.5%
Average – Excl. Hotels	28.1%	(2.3%)	(32.3%)	63.0%	25.9%	16.0%	20.0%	(6.1%)	10.3%	9.6%	18.4%	12.5%	(2.2%)	0.5%	(3.6%)	2.1%

* Includes returns for large-capitalization shopping center REITs.

Source: Bloomberg and CIBC World Markets Inc.

As of December 31, 2018, large-cap Canadian REITs have an average P/2019E FFO multiple of 12.5x compared to an average multiple of 16.2x for U.S. large-cap REITs, while Canadian large-cap distribution yields are 5.6%, on average, compared to dividend yields averaging 4.4% for U.S. large caps (in part due to higher payout ratios in Canada).

Exhibit 8. Real Estate Equities' Average Annual Rates Of Return Versus S&P/TSX Indices

	S&P/TSX Composite	S&P/TSX Financial Index	Real Estate Stocks Unweighted	REITs Unweighted	S&P/TSX REIT Index	Bloomberg U.S. REIT Index	UBS Bloomberg CMCI Composite USD Total Return Index
2001	(13%)	NA	21%	22%	30%	14%	(15%)
2002	(12%)	(3%)	5%	9%	7%	4%	21%
2003	27%	28%	32%	25%	26%	36%	28%
2004	15%	19%	17%	15%	14%	32%	28%
2005	24%	24%	20%	19%	25%	12%	38%
2006	17%	18%	34%	28%	25%	36%	20%
2007	10%	(1%)	(11%)	1%	(6%)	(17%)	23%
2008	(33%)	(36%)	(51%)	(34%)	(38%)	(38%)	(33%)
2009	35%	46%	79%	59%	55%	30%	33%
2010	18%	9%	47%	25%	23%	29%	18%
2011	(9%)	(4%)	21%	13%	22%	8%	(7%)
2012	7%	17%	22%	18%	17%	19%	3%
2013	13%	27%	2%	(4%)	(6%)	2%	(7%)
2014	11%	13%	(3%)	11%	10%	29%	(19%)
2015	(8%)	(3%)	(10%)	9%	(5%)	3%	(24%)
2016	21%	24%	11%	19%	18%	9%	17%
2017	9%	13%	14%	12%	10%	9%	8%
2018	(9%)	(7%)	(9%)	1%	6%	(5%)	(10%)
15 Years (2004–2018)	7%	9%	8%	11%	9%	9%	4%
10 Years (2009–2018)	8%	12%	15%	15%	14%	13%	0%

*Total Returns assumes distributions/dividends are reinvested in the index.
Source: Bloomberg and CIBC World Markets Inc.

2019 Outlook For 0%-10% Total Returns (Déjà Vu All Over Again…)

We anticipate the path for Canadian REIT returns, in aggregate, could largely mirror (with a potentially slight negative bias) those of 2018, with expectations in the 0%-10% total return range. Current valuations are roughly in line with long-term historical averages (albeit somewhat skewed by higher-than-average valuations in the apartment and industrial sectors, offset by lower-than-average valuations in the retail and diversified sectors); we expect earnings growth to be in the low single-digit range; and, current yields sit in an average 7%-ish range. With little to suggest multiples will (or should) expand over the next 12 months, we believe it's reasonable, if not probable, to expect 2019 to be another year of largely income-driven returns for the sector.

It may be that consensus NAVs are potentially on the high side, and a ~25% bps increase in utilized cap rates (not an unrealistic assumption) would have the sector trading more in line with its historical NAV parity (time will tell on this one).

Within the context of average valuations as outlined above, we are hard-pressed to identify a clear catalyst that suggests either materially greater-than-expected earnings growth and/or multiple expansion over the next 12 months. Certainly, one could argue that, on the surface at least, the current implied average ~15% discount to NAV looks relatively attractive (and has historically represented a good entry point); however, in that multiples are, on average, just average, it may be that consensus NAVs are potentially on the high side, and a ~25 bps increase in utilized cap rates (not an unrealistic assumption) would have the sector trading more in line with its historical NAV parity (time will tell on this one).

We believe there will be several key themes for investors in 2019 that will have material implications for the path of potential returns and alpha generation:

1. **Interest Rates**: The continued path of interest rate normalization will be a prevalent theme in 2019 (much as it was in 2018). While it's highly likely we see near-term increased upward pressure on rates we wouldn't be at all surprised if the narrative switches to a more dovish posture as the year progresses, indeed current pricing models actually skew the odds in favour of cuts by 2020. The eventual path of REIT returns is likely to be determined more so by the embedded term structure of the curve than by the absolute rate move in and of itself.

2. **Balance Sheets And Debt Maturities:** 2019 will begin to see the emergence of increasing rates on debt rolls, as lower-cost financings put into place over the past five years finally have hit the point where they are starting to turn higher – a trend we foresee extending over the next few years and potentially becoming a greater headwind in time. We estimate there are in excess of $7B of debt maturities in the sector occurring in 2019, representing ~9% of outstanding obligations that will mature at an average rate of ~3.5%, which would be on the low end of the historical financing spread to current bond yields.

3. **Development Pipelines, Highest And Best Use:** With acquisition spreads narrowing over the past few years (largely a reflection of declining cap rates), internal growth opportunities such as development, re-development, and intensification have taken center stage for many Canadian REITs (especially across the retail sector). We expect many REITs to increase their focus (and indeed disclosure) surrounding these value-surfacing initiatives over the course of 2019, which we wholeheartedly welcome – what may remain a larger question, longer term, will ultimately be the funding mechanism for the eventual completion of such plans.

4. **Relative Valuation**: While Canadian REITs are trading broadly in line with historical measures, valuations vary widely on an asset-class basis. While valuation momentum continues to favour residential REITs, this sub-sector carries substantially more valuation risk. Conversely, we continue to see a dichotomy between relatively healthy fundamentals in the retail sector and historically low valuations; although we are hard-pressed to see a clear catalyst for multiple expansion, our bias generally remains on the upside in terms of valuation expansion/contraction.

5. **Western Canada**: With oil pulling back significantly through the latter months of 2018, concerns over Western Canadian exposure have re-emerged. We are also beginning to witness an asymmetric sensitivity between REIT unit prices (those with exposure to Western Canada) and changes in oil prices: unit prices are declining substantially during periods in which oil prices pull back, but are not recovering proportionately when oil rebounds.

A final theme (if we can call it that), and one not entirely specific to Real Estate but we believe to the market overall, will be volatility, which may prove beneficial to a more active approach to stock-specific position management as the year unfolds (i.e., trading). We find it interesting that the current spate of synchronized equity underperformance comes against a backdrop of relatively benign risk measures (e.g., VIX, credit defaults, etc. – although they showed heightened levels into the final trading week of the year), suggesting a rather orderly (however still painful) decline, and while we can't be sure of how long such a dynamic will persist we fall back on the stoic Victorian era musings of Rudyard Kipling (slightly shortened) for a sage observation;

> *If you can keep your head when all about you are losing theirs ...*
> *If you can wait and not be tired by waiting ...*
> *If you can think – and not make thoughts your aim ...*
> *If you can trust yourself when all men doubt you ...*
> *Yours is the Earth and everything that's in it*

We believe that path to delivering alpha in 2019 may not be merely a case of "picking the right horses" but also one of when to place your bets and knowing when to, as Kenny Rogers so eloquently (or at least musically) puts it, "fold 'em."

Picking 2019's Winners = Right Asset Class + Favourable Valuation Trend

With 2018 behind us and investors looking to rebalance their portfolios for the year ahead, we, by design, find ourselves pontificating about who the "potential winners" of 2019 are likely to be. To this end, we explore herewith the likely primary drivers of outperformance over the coming year, and make the following general observations:

1. Correlations within sub-sectors of the REIT asset class are very high. While we maintain that alpha can be generated through active REIT selection, making the right call on a sub-sector is arguably just as important, if not more so.
2. It is the valuation expansion of a sub-sector that will typically drive asset class outperformance over short periods (one year or less).
3. Sector valuations tend to revert towards their historical averages over time, although this dynamic can take longer than one year to play out (two to three years appears to be a reasonable time-frame).

With the P/FFO multiple of the residential asset class trading well above (20%+) its three-year trailing average for the better part of the last two years, history would suggest that multiple contraction in 2019 is a possible scenario. Conversely, the odds are favourable for potential multiple expansion within the retail sector.

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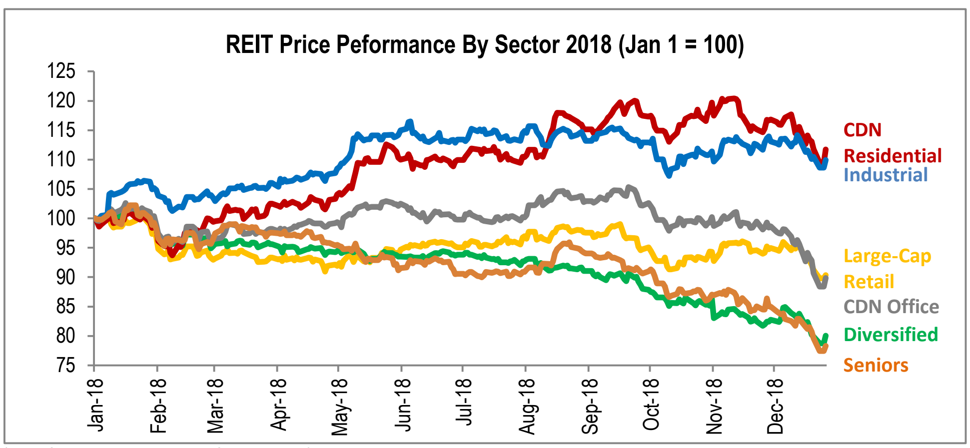
A Closer Look At Performance In 2018: Below, we observe the wide dispersion of price returns delivered by various Canadian REIT asset classes over the course of last year. We have excluded recent IPOs and those REITs that have been acquired (or have outstanding acquisition bids) for the purposes of the analysis in this section, as we view these as "one-off" events that can skew the price performance of each asset class.

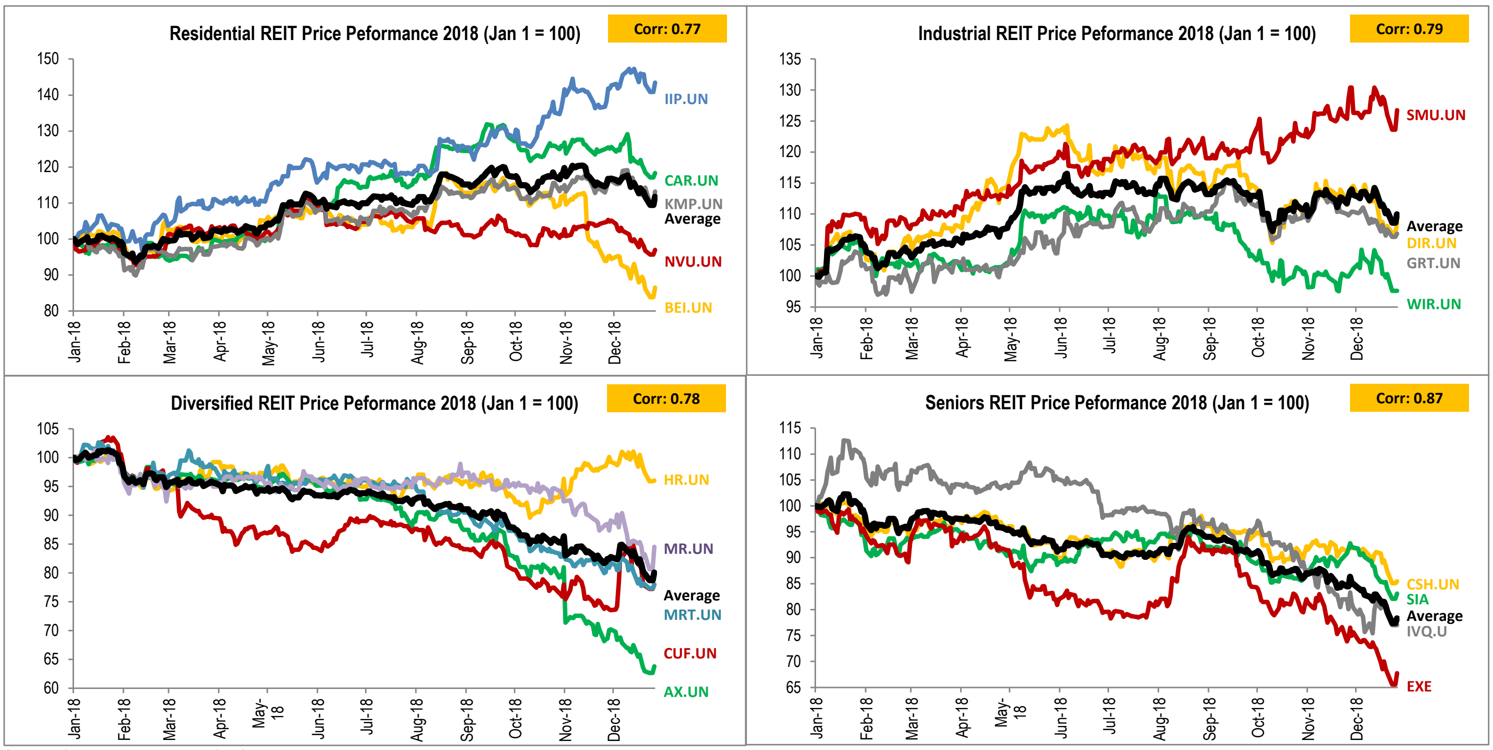
Exhibit 9. Residential And Industrial REITs Outperformed In 2018



*MI, HOM.U, AAR, REF, and ACR excluded from analysis
Source: Company reports and CIBC World Markets Inc.

The Importance Of Picking The Right Asset Class: As highlighted above, Canadian residential and industrial REITs were obvious outperformers, while seniors and diversified REITs lagged considerably. We further break down the performance of the individual REITs within these asset classes in the charts below. We see that the correlation of each REIT to the average performance of its wider respective asset class is meaningful, and ranged from 0.77-0.87. Investors were very likely to outperform this figure regardless of REIT selection had they invested within the multi-family residential asset class, and underperformed with a higher weighting investment in the seniors or diversified asset class. Indeed, nine of the top 10 performing REITs in 2018 were either in the residential or industrial asset classes. The takeaway is a relatively straightforward but often overlooked proposition – selecting the right asset class is practically (but not exclusively) a necessity in picking outperformers within the Canadian REIT universe.

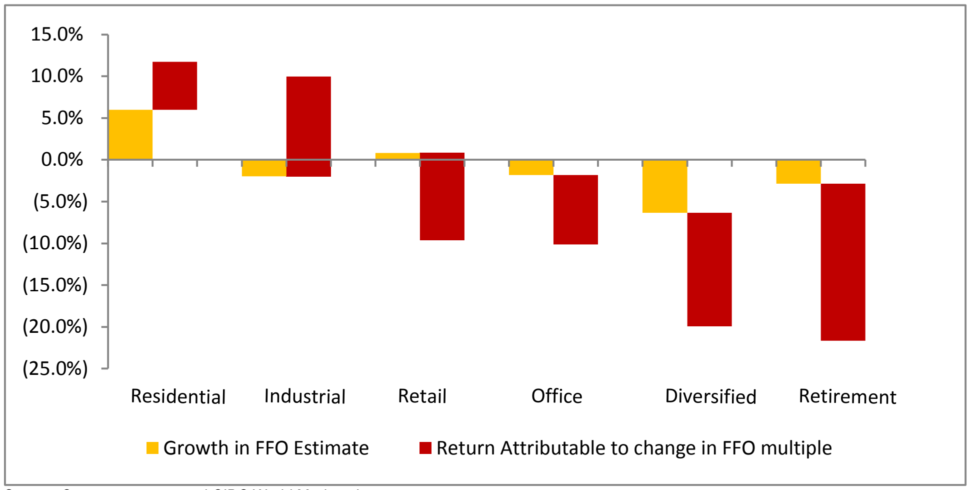
Exhibit 10. REITs Exhibit High Correlation Within Sub-sectors



Source: Company reports and CIBC World Markets Inc.

Valuation Is A Key Driver Of Sub-sector Performance: The logical subsequent question in our line of reasoning is "what drives sub-sector outperformance?" To this end we defer to a simple truism – assuming REIT investors use forward P/FFO as a relevant valuation metric, the price return of a REIT over the course of a year can be explained by either the change in P/FFO or changes in the forward FFO estimate (note that NAV could be substituted for FFO as well). Mathematically, this would equate to: Price Return = (1 + change in P/FFO)*(1 + change in the forward FFO estimate)-1. In the following chart, we highlight the approximate portion of price returns within each asset class that is attributable to P/FFO expansion/contraction (i.e., valuation) vs. actual changes in forward FFO estimates.

Exhibit 11. Impact Of Valuation On Price Returns



Source: Company reports and CIBC World Markets Inc.

Our key observations are as follows:

1. **Changes in forward FFO estimates (essentially reflecting FFO estimate growth) had a relatively modest impact on price returns** and, indeed, have a high degree of predictability (results tend to be relatively close to consensus estimates and forward growth prospects tends to be within a narrow range); and,

2. **Valuation expansion (contraction) is a more sizable driver of relative performance**, and at the extremes accentuated the degree of outperformance/underperformance (i.e., residential REITs benefitted from the highest FFO estimate growth among asset classes as well as valuation expansion, while diversified REITs saw the largest deterioration in forward FFO while also seeing multiples contract). Importantly, we note that this is not always the case, with industrial REIT price returns (on a sub-sector-wide basis) almost fully explained by a favourable trend in valuation (REITs within this sector became priced for a take-out after the acquisition of Pure Industrial REIT early in the year).

We acknowledge that our analysis does come with some limitations, such as the selection of which valuation metric and the fact that valuation multiples do reflect longer-term future growth prospects. However, for all intents and purposes, this is arguably irrelevant; our intention is simply to demonstrate the relevance of valuation in making a sector call. Accordingly, we would suggest that ascertaining the direction of valuations (momentum) by asset class is a key consideration in picking the REITs that are likely to outperform in 2019.

The multiple that investors are ultimately willing to ascribe to a given REIT is a function of many variables, including but not limited to: growth prospects, liquidity, the existence (or lack of) external management contracts, M&A appeal, and broader sub-sector headwinds/tailwinds. While some factors are REIT-specific, we observe that valuations within each asset class, perhaps unsurprisingly, are also closely correlated. Indeed, with the exclusion of BEI.UN, which is largely exposed to negative investor sentiment towards Western Canada, the correlation between P/FFO movements within the Canadian residential REIT asset class was an (perhaps to some) astonishingly high 0.88 in 2018.

We intend to revisit this topic in much more detail in 2019 (stay tuned) with a deeper dive into valuation, momentum and mean reversion. For now we are generally of the view that deviations in valuation from historical averages are likely to revert to said averages over time, barring any material change that could impact the long-term fundamentals of the underlying asset class. Opposing this dynamic is the impact of valuation momentum, which we believe has been somewhat evident over the past few years (we would suggest that an appropriate definition of momentum in this context is valuation expansion/contraction that is not well explained by changes in underlying fundamentals or the above-mentioned drivers of valuation).

History Supports A Valuation Contraction For Residential REITs In 2019: Residential REITs have traded over 20% above their historical three-year trailing averages for the better part of the last two years. This would suggest that the Residential sector had an 80%+ probability of a material valuation contraction over the subsequent three years in early 2017. Putting it another way, the residential sector is unlikely to move through 2019 without a contraction in valuation.

Retail REITs Positioned For Multiple Expansion: Conversely, the retail sub-sector has been trading modestly below its trailing three-year average since mid-2017. With 18 months having transpired without a material uptick in valuations, the odds would favor multiple expansion over the course of 2019.

While valuation trends clearly favour retail REITs at the expense of the residential REITs in 2019, we round out our analysis by summarizing our overarching thoughts on the various Canadian asset classes within our coverage universe. In the table below, we provide an overview of our fundamental expectations (FFO estimates), the factors that we believe to be key drivers of performance over 2019, and our general thoughts on valuation for each sub-sector.

Exhibit 12. Summary Table - By Asset Class

Asset Class	Average Y/Y FFO Growth	Valuation Risk	Valuation Momentum	Economic Risk	What We're Looking For/What Will Likely Drive Share Performance In 2019?
Retail	3.5%	Below Average	Negative	Average	We continue to see a disconnect between retail REIT valuations and underlying fundamentals, but we continue to struggle in finding a catalyst that will lead to an upward multiple rerating. However, we believe that many REITs within this sector have material valuation upside for those investors with a longer-term horizon. We are watching leasing spreads carefully as the downward trend appears to have stabilized and may, in turn, inflect going forward (remains early days to tell). We also note that we are starting to see a divergence in core vs. secondary markets (core looks to be holding up more favourably). We expect development activity to be particularly topical for the retail asset class in 2019 (and thereafter), as many REITs within this sub-sector have made such initiatives a strategic focus. Those best able to communicate the inherent value of their development pipelines, should they have one, may be rewarded.
Domestic Residential	6.6%	Above Average	Positive	Below Average	Valuations remain stretched for most names within the sector, but we don't necessarily see an immediate catalyst that would suggest a correction. That being said, we believe that investors should be cognizant of the relatively high valuation risk. We continue to like fundamentals within this asset class, with CDN residential REITs standing to benefit from sustained economic growth, strong population growth stemming from immigration trends, and an increase in the propensity to rent. In addition, many residential REITs are expected to continue to benefit from constrained rental supply in their major markets. We surmise that portfolio turnover in Ontario, on average, may be in a secular decline as tenants seek to avoid materially higher rents. With Ontario legislation effectively capping rent increases on renewals at ~2%, we believe that Ontario-exposed REITs will be hard pressed to achieve overall rent growth in excess of 3%-4% absent a material uptick in turnover.
Office	5.1%	Average	Neutral	Above Average	Differences in valuations and performance of office REITs partly reflect relative exposure to downtown and less-urban/secondary market fundamentals, with downtown exposure delivering better returns in 2018 and commanding superior valuations. The office market in Calgary remains relatively weak and current energy markets are not supportive of a fundamental or valuation improvement in the near term. New construction has picked up in Toronto and Vancouver, but with strong employment growth, we believe that absorption rates should continue to be at least near historical averages, which should keep the market healthy.
Industrial	5.7%	Above Average	Positive	Average	Industrial fundamentals across Canada are generally strong, with many markets recording record low-availability rates, rent growth above historical averages and limited new supply under construction. E-commerce sales continue to take share from traditional retailers. The continued trend towards on-demand consumption, same-day delivery service, and the evolution of omni-channel supply chains are expected to lead to further demand for warehousing and logistics space. On average, we believe that rents still need to rise quite substantially in several markets to incentivize development. Toronto stands out as requiring rents of at least 14% higher vs. last reported rents (~$6.80 psf) to stimulate construction activity.
Seniors	4.3%	Below Average	Negative	Below Average	Retirement housing organic growth has been pressured in part due to supply growth that has outpaced demand and rising labour costs. Supply-side disclosure is anticipated for 2019, while labour cost pressures are expected to moderate with the passing of Bill 47 in Ontario. Continued Ontario long-term care stability is expected, with support from the waiting list backlog, government-controlled supply, and government-backed funding. Class C redevelopment activity is projected to accelerate in 2019.

Source: Company reports and CIBC World Markets Inc.

Catalysts, Expectations, And Top Picks

While the correlation of REIT performance within asset classes is indeed high, and a factor that can't be ignored, we still maintain that a REIT is much more than a mere collection of passive income-producing assets, and, as such, the idiosyncratic characteristics at the individual security level can, and in fact do, offer incremental alpha-generating opportunities.

Herewith, we outline the key drivers/catalysts likely to impact individual REIT performance over the course of 2019 (see summary tables on subsequent pages). We also estimate the exposure of each REIT to a number of key risks that could potentially impact a significant number of the REITs within our coverage universe: valuation risk (always a key driver, as outlined above); refinancing risk; oil risk (through exposure to Western Canada); and, economic risk.

Exhibit 13. Summary Of Our Top Picks By Sub-sector

REIT	Refinancing Risk	Valuation Risk	Oil Price Risk	Economic Risk	Why Is It Our Top Pick?
RETAIL					
REI	Average	Below Average	Below Average	Average	REI's strategic disposition program, which aims to materially reduce the REIT's exposure to secondary markets, is progressing well, and should be complete by year-end. With the REIT undergoing an active de-leveraging of the balance sheet, and an increasing proportion of capital outlays to be directed towards multi-family developments (which are characterized by a more robust FFO growth runway), we believe that REI has outlined a clear strategic path for the next decade (and one that we believe will increasingly resonate with investors). With a dividend yield of ~6% and a P/FFO multiple that is close to the five-year low, we believe REI offers investors an attractive risk/reward with limited valuation risk.
DOMESTIC RESIDENTIAL					
KMP	Average	Average	Below Average	Below Average	KMP offers investors exposure to solid multi-family fundamentals (and associated FFO growth prospects) at an attractive valuation when compared to its most immediate peer group. The REIT continues to successfully execute on its strategic geographical diversification strategy (i.e., increase NOI generated outside of Atlantic Canada), and indeed exceeded all of its 2018 strategic targets at the end of Q3/18. While the Eastern Canadian portfolio provides stable income generation, KMP's increased exposure to the Ontario market may be a catalyst for an upward multiple re-rating.
OFFICE					
AP	Below Average	Above Average	Below Average	Above Average	We like AP for its combination of a strong balance sheet, growth potential, and favourable markets (over 80% of office GLA is in the downtowns of Vancouver, Toronto and Montreal). From a balance sheet perspective, leverage is among the lowest in the REIT space with debt/assets of under 30% , which compares to the REIT average of ~46% . We see several growth avenues for Allied, including: 1) organic growth in its office portfolio from strong leasing momentum; 2) organic growth from continued lease-up at 250 Front Street and incremental cross-connect revenues; and, 3) growth through the delivery of development
INDUSTRIAL					
SMU	Average	Above Average	Average	Average	SMU has high portfolio exposure to strong fundamentals, a pipeline from its data centre investment program, and solid organic growth prospects. Nearly ~50% of industrial GLA is in the GTA and ~20% in Greater Montreal, with the GTA market experiencing very strong fundamentals. The company is unique amongst industrial REITs with its Urbacon data centre joint venture, which offers attractive yields and fair value upside on future projects. Summit is expected to continue to grow through acquisitions, and we believe that organic growth is poised to accelerate into 2019 as previously vacant properties are now fully leased, and high-single to low-double-digit rent spreads are locked in.
DIVERSIFIED					
HR	Average	Below Average	Average	Average	Within the diversified asset class, HR has ample size and liquidity in comparison to many of its peers. With a relatively high (and covered) dividend of over 6% , we believe that the REIT provides investors with a stable source of income while offering substantial valuation upside (current discount to NAV in excess of 20%). In addition, unlike some of its diversified peers, HR is not amidst a strategic shift in direction, as it is quite far along in its simplification process (and we do not see any reason to suggest that this process will not play out as outlined by management).
RETIREMENT/NURSING HOMES/HEALTH CARE					
SIA	Average	Below Average	None	Below Average	We like SIA for its balanced portfolio of higher organic growth retirement homes and steady LTC (segment mix is advancing towards management target of 50-50). Sienna is a solid operator as evidenced by its peer-leading margins and health care quality metrics. On value-add activities, we think SIA's Class C redevelopment strategy to create senior living campuses (i.e., LTC with additional retirement home suites) will give residents the potential to "age in place" and be NAV accretive compared with stand-alone Class C conversions.

Risk Definitions

Refinancing Risk: *Negative Impact to 2019E FFO, assuming maturing debt is refinanced at rates that are 100 bps higher than current market rates. Also considers the impact of floating rate debt.*

Valuation Risk: *Extent to which valuation multiples would contract if P/FFO multiples reverted to five-year trailing averages.*

Oil Price Risk: *Based on geographical exposure to Alberta (we expect sentiment may drag on price performance regardless of whether a REIT is fundamentally exposed to the oil complex).*

Economic Risk: *The extent to which we believe a REIT/sector may be impacted operationally given an economic slowdown.*

Source: Company reports and CIBC World Markets Inc.

Exhibit 14. What We're Looking For In 2019 - Retail REITs

REIT	2019E FFO CIBCe	2019E FFO Cons.	FFO Growth (CIBCe)	Refinancing Risk	Valuation Risk	Oil Price Risk	Economic Risk	What We're Looking For/What Will Likely Drive Share Performance In 2019?	Our Take
RETAIL									
REI	1.80	1.82	(1.1%)	Average	Below Average	Below Average	Average	Updates on the strategic disposition program - management currently guiding for completion by end of 2019	Slight Positive - Likely to complete on time given current progress
								Leasing spreads - remain positive (showing signs of stabilization)	Neutral - Too early to make a call, but a reversal of trend could see broader sentiment towards retail improve
								Viability as an acquisition target	Slight Positive - Not base case, but possesses attributes sought by large potential buyers (i.e., lack of controlling shareholders)
SRU	2.41	2.35	4.3%	Average	Below Average	Below Average	Average	Development updates - especially VMC - could help reshape implied growth profile	Slight Positive - Embedded expertise suggests likely to deliver on promises, but may take years for value to surface
								Sentiment regarding Walmart (~26% gross rent)	Neutral - Walmart (and Walmart Canada) appear to be doing just fine
								Overarching negative sentiment towards retail real estate	Slight Negative - Don't see a direct catalyst for sentiment to subside, but strong operational performance could mitigate impact
FCR	1.25	1.25	2.5%	Below Average With Potential Upside	Below Average	Average	Average	Refinancing of maturing debt	Positive - FCR would benefit in a flat interest environment, also one of most defensive REITS in rising rate environment
								Updates on development and zoning - REIT has over 21MM sq. ft. of incremental density but majority not zoned	Slight Positive - Zoning progress, if achieved, would bring credence to the REIT's ability to deliver on its dev. pipeline
								Changes in oil price - ~22% annual minimum rent in Alberta (irrelevant whether portfolio directly exposed)	Neutral - Not making a call on oil prices but significant change could influence investor sentiment towards the REIT
CRR	1.26	1.24	3.3%	Average	Below Average	Average	Below Average	Disposition activity will be key - this is the REIT's preferred source of funding for its developments	Slight Positive - Sufficient asset sales should alleviate concerns over the need to issue additional equity
								Changes in oil price - ~21% annual minimum rent in Alberta (irrelevant whether portfolio directly exposed)	Neutral - Not making a call on oil prices but significant change could influence investor sentiment towards the REIT
								Sentiment towards Sobeys (slightly over half of minimum rent as at Q3/18)	Neutral - Operational turnaround under new management has been progressing well
CHP	1.05	1.03	1.9%	Average	Below Average	Below Average	Below Average	Development of long-term strategy (target leverage, capital recycling, and full scope of the REIT's dev. pipeline)	Positive - After a transformational 2018, a clear path forward will help investors evaluate the inherent long-term potential
								Milestones on major developments	Slight Positive - Mixed-use developments remain a long-term growth play; increased disclosure in near term could boost sentiment
								Sentiment towards Loblaw (over half of gross rent as of Q3/18)	Neutral - With vend-ins slowing, we do not expect sq. ft. growth; however, general pessimism around grocers could weigh on units
CRT	R	R	Restricted						
SMALL CAP RETAIL									
PLZ	0.36	0.35	5.9%	Below Average	Below Average	Below Average	Average	Investor sentiment towards secondary retail markets	Slight Negative - While PLZ has a long track record of active management in these markets, they are likely to remain out of favor with investors
								Shift in capital allocation towards buybacks, with distribution growth on pause	Neutral - Adapting the capital allocation strategy to market conditions is positive, but meaningful buyback activity is needed to boost unit prices
								Cap rates in secondary markets	Neutral - Too early to tell but substantial supply in secondary regions may come to market as other REITs exit these markets
SRT	1.31*	1.31*	2.3%	Below Average	Below Average	None	Below Average	Sentiment towards retail and grocery	Neutral - Sentiment remains negative, no clear catalyst for reversal, but valuation risk may be limited given already depressed multiples
								Continued focus on organic growth	Neutral - Expect acquisitions to be opportunistic (given leverage at ~59% and high NAV discount) and SP-growth to be the key driver
								Refinancing of maturing debt	Positive - In a rising rate environment, SRT is one of the most defensive REITs (maturing debt is at a high interest rate)
APR	1.08	1.04	8.0%	Average	Below Average	Average	Below Average	Changes in oil price - ~27% of GLA in Alberta (irrelevant whether portfolio directly exposed)	Neutral - Not making a call on oil prices but significant change could influence investor sentiment towards the REIT
								Sentiment towards automotive companies	Neutral - We are confident in the quality of APR's tenant mix and focus on strong OEM brands; expect continued stable performance
								Acquisition activity (number and size)	Positive - Recent large acquisition served as proof of concept and larger market cap may serve to increase liquidity and institutional interest

*USD Dollars

Source: Company reports and CIBC World Markets Inc.

Exhibit 15. What We're Looking For In 2019 - Residential REITs

REIT	2019E FFO CIBCe	2019E FFO Cons.	FFO Growth (CIBCe)	Refinancing Risk	Valuation Risk	Oil Price Risk	Economic Risk	What We're Looking For/What Will Likely Drive Share Performance In 2019?	Our Take
DOMESTIC RESIDENTIAL									
CAR	2.06	2.11	3.0%	Below Average	Above Average	Below Average	Below Average	Portfolio Turnover - important for all apartment REITs but CAP REIT explicitly reports this figure	Slight Negative - Continues to be on a downtrend and will likely continue to decline given limited supply and rent control
								Can current valuations be sustained?	Negative - While momentum may continue to drive prices higher, valuation risk is among the highest across all CDN REITs
								Refinancing of maturing debt	Slight Positive - Benefits in a flat interest rate environment, relatively defensive in a rising rate environment
BEI	2.48	2.49	11.2%	Above Average	Below Average	Above Average	Below Average	Fundamentals to continue improving? (BEI has posted 4 consecutive quarters of positive SP-revenue growth)	Slight Positive - As rental incentives burn off through 2019, the overall trend should remain biased to the upside
								Changes in oil price - ~64% of stabilized NOI in Alberta (irrelevant whether portfolio directly exposed)	Slight Negative - Not making a call on oil prices but have witnessed asymmetric sensitivity to oil downside
								Refinancing of maturing debt	Negative - Even in a flat interest rate environment, BEI will have to refinance at meaningfully higher borrowing costs
NVU	2.22	2.18	4.7%	Average But Potential Upside	Below Average	Average	Below Average	Possibility of upward multiple rerating as REIT continues to diversify into non-resource high-growth markets	Positive - NVU continues to trade at significant discount to peers, which we believe reflects historical geographical exposure
								Changes in oil price - ~23% of NOI exposed to Western Canada (irrelevant whether portfolio directly exposed)	Slight Negative - Not making a call on oil prices but have witnessed asymmetric sensitivity to oil downside
								Refinancing of maturing debt	Depends on Interest Rates - Benefits in flat interest environment but somewhat exposed to refinancing risk if rates increase
KMP	0.99	0.99	6.5%	Average	Average	Below Average	Below Average	Can current valuations be sustained?	Slight Positive - We would expect KMP to hold up better than some of it peers if entire asset class sells off
								Refinancing of maturing debt	Negative - KMP will likely have to refinance at higher borrowing costs than that on maturing 2019 debt
								Viability as an acquisition target	Slight Positive - Not our base-case scenario, but KMP possesses many attributes sought by large potential buyers
IIP	0.49	0.49	8.9%	Below Average	Above Average	None	Below Average	Can current valuations be sustained?	Negative - While momentum may continue to drive prices higher, valuation risk is among the highest across all CDN REITs
								Refinancing of maturing debt	Positive - In a rising rate environment, IIP is one of the most defensive REITS (maturing debt is at a high interest rate)
								Slow-down of SP-NOI growth?	Neutral - With portfolio turnover slowing, double-digit growth will be difficult to achieve (but may still be high among REITs)
MI	0.82	0.83	5.1%	Below Average	NA	Below Average	Below Average	Valuation - MI trading at discount to closest peers but said peer group has substantial valuation risk	Positive Bias - We suspect that the valuation gap to peers may narrow, but broader peer group could correct substantially
								Portfolio Turnover - important for all apartment REITs but MI explicitly reports this figure	Slight Negative - Continues to be on a downtrend and will likely continue to decline given limited supply and rent control
								Refinancing of maturing debt	Positive - In a rising rate environment, MI is one of the most defensive REITS (maturing debt is at a high interest rate)
NORTH AMERICAN RESIDENTIAL									
MRG	1.24	1.26	6.0%	Below Average	Below Average	Below Average	Below Average	Will valuation discount to CDN residential peers narrow? (currently at historically elevated levels)	Slight Positive - We see some valuation upside, but note that spread primarily reflects stretched CDN residential valuations
								CAD/USD Exchange rate	Neutral - While we won't make a call on future exchange rates we do note that our Economics team expects a weaker USD in 2019
								Refinancing of maturing debt	Positive - In a rising rate environment, MRG is one of the most defensive REITS (maturing debt is at a high interest rate)
RUF.U	0.40*	0.38*	17.6%	Average	Above Average	None	Below Average	How long will the REIT be in the "penalty box" re: the strategic review process?	Slight Positive - Sentiment may take some time to rebound, would expect gradual recovery of valuation over the year
								Fundamentals in the U.S. Sunbelt region - can RUF continue to achieve above-average rental rate increases?	Slight Positive - Elevated construction activity in Dallas/Fort Worth may cause frictional vacancy but demand remains strong
								There are six outstanding property tax appeals	Slight Positive - May serve to benefit the REITs operating margin if resolved (upside not factored in our forecasts)
HOM.U	0.80*	0.81*	5.3%	Below Average	NA	None	Below Average	Levered acquisitions could be a catalyst for above-average growth in 2019	Positive - We believe the REIT can acquire $75MM-$100MM of properties to get within targeted leverage ratios
								Fundamentals in U.S. Sunbelt states (recall that approximately half of NOI is generated in Texas)	Neutral - Early signs that housing may be turning but still too early to tell; many aspects remain more attractive than Canada
								Refinancing of maturing debt	Positive - In a rising rate environment, HOM.U is one of the most defensive REITS (maturing debt is at a high interest rate)

*USD Dollars

Source: Company reports and CIBC World Markets Inc.

Exhibit 16. What We're Looking For In 2019 - Office And Industrial REITs

REIT	2019E FFO CIBCe	2019E FFO Cons.	FFO Growth (CIBCe)	Refinancing Risk	Valuation Risk	Oil Price Risk	Economic Risk	What We're Looking For/What Will Likely Drive Share Performance In 2019?	Our Take
OFFICE									
AP	2.27	2.21	4.6%	Below Average	Above Average	Below Average	Above Average	Data centre lease-up at 250 Front could be a catalyst for further NOI upside	Slight Positive - Securing lease transactions to bring occupancy to ~75% from 61%
								Downtown office fundamentals in core markets with tight availability and rent growth	Positive - Market strength expected in Toronto and Vancouver in 2019, pre-deliveries to support positive MTM, rent growth
								Development pipeline execution and further pre-leasing success of development projects	Positive - Leasing momentum has been positive across major projects, retail pre-leasing to begin at The Well in 2019
D	1.67	1.66	1.2%	Average	Average	Below Average	Above Average	Demonstrates progress in obtaining approval for downtown Toronto development applications	Slight Positive - Intensifications not included in current NAV and could be incremental as milestones achieved
								Downtown Toronto office fundamentals that support strong rent growth	Positive - Market strength expected in Toronto prior to deliveries in 2020 to support positive MTM on lease rollovers
								Continued progress on non-core asset sales	Neutral - With the exception of a major asset in Montreal, we already model in successful dispositions
SOT	0.85	0.89	4.9%	Above Average	Below Average	Below Average	Above Average	Fundamentals for suburban office markets and effect on organic growth	Slight Positive - Suburban GTA is improving and Chicago assets offer leasing upside, which could drive SP-NOI growth
								Balance sheet deleveraging along with corresponding impact on FFO growth and payment	Negative - Higher leverage of ~60% vs. REIT average of ~46% . Asset sales could limit growth and distribution flexibility
								Exposure to rising interest rates	Negative - High proportion of floating rate debt results in higher sensitivity to rising interest rates
TNT	0.61	0.61	1.7%	Below Average	Below Average	Below Average	Above Average	Progress in leasing and returning portfolio to full occupancy	Slight Positive - Portfolio is ~97% occupied; modest room for gains from new leasing
								Fundamental strength in suburban office markets	Slight Positive - Historically has softer fundamentals vs. urban markets but suburban GTA office is improving
								Exposure to rising interest rates and refinancing of maturing debt	Negative - Leverage is relatively high at ~56% vs. REIT average of ~46% ; in-place rates are below market
INTERNATIONAL OFFICE									
DRG	1.08	1.07	3.8%	Below Average	Below Average	Below Average	Average	Fundamental strength in German and Dutch office markets	Positive - Market strength, low deliveries expected to support occupancy, rent and SP-NOI growth
								External growth through acquisitions completed at large cap rate spreads over the cost of financing	Positive - Above-average prospects to drive FFO accretion and a healthy pipeline
								Higher portfolio valuation	Positive - Likelihood of NAV growth supported by cap rate compression, particularly in the Dutch segment
INDUSTRIAL									
DIR	0.90	0.90	4.7%	Below Average	Average	Above Average	Average	Softening economic outlook in Western Canada that could impact industrial tenant demand	Slight Negative - Fundamentals in Western and Atlantic Canada have been improving but still lagging other markets
								Further grow the portfolio, reach desired geographic mix, and relever to management's target range	Slightly Positive - Ample acquisition capacity that can grow the portfolio in both the U.S. and Canada via off-market deals
								Fundamental strength in U.S. industrial markets and valuations	Positive - Favourable investment backdrop expected to continue along with strong tenant absorption outpacing supply growth
WPT	0.95*	0.95*	4.4%	Below Average	Average	Below Average	Average	Fundamental strength in U.S. industrial markets and valuations	Positive - Favourable investment backdrop expected to continue along with strong tenant absorption outpacing supply growth
								Deployment of the AIMCo/CPPIB JV and growth of the asset management platform	Positive - NAV growth expected as capital from the JV is deployed
								Progress on value-add activities and the development pipeline	Slight Positive - Potential for an additional 1 million sf of development that can drive accretion
SMU	0.62	0.62	10.7%	Average	Above Average	Average	Average	Further strength in industrial fundamentals, resulting in accelerating organic growth	Positive - GTA setting new records and expected to drive strong SP-NOI growth as SMU's largest exposure
								Progress in data centre investment program with JV partner Urbacon	Positive - Barker Business Park pipeline could provide similar attractive returns to DC1 (yields over 10%)
								Continued acquisition growth	Slightly Positive - Expect continued acquisition growth, though accretion getting more challenging with lower cap rates

*USD Dollars

Source: Company reports and CIBC World Markets Inc.

Exhibit 17. What We're Looking For In 2019 – Diversified, Retirement And Hotel REITs

REIT	2019E FFO CIBCe	2019E FFO Cons.	FFO Growth (CIBCe)	Refinancing Risk	Valuation Risk	Oil Price Risk	Economic Risk	What We're Looking For/What Will Likely Drive Share Performance In 2019?	Our Take
DIVERSIFIED									
HR	1.78	1.78	2.9%	Average	Below Average	Average	Average	Execution of simplification plan	Slight Positive - REIT remains on track to deliver, no reason in particular stands out to suggest a complication
								Valuation to narrow towards peers?	Positive - Narrowing of valuation spread is increasingly likely given 20% + discount to NAV
								Development progress to be reflected in unit prices	Positive - Visibility on the impact of some of these initiatives is relatively high, as long as REIT demonstrates progress
CUF	1.21	1.19	3.4%	Average	Below Average	None	Average	Improvement in organic growth, at accelerated pace vs. last year	Positive - Impact of committed leasing, plus a continuation of net rent growth expected to lift SP-NOI growth
								Strategy update and long-term targets from new board	Positive - Expect greater clarity around target leverage, AFFO, capital recycling and NCIB plans
								Performance of retail segment could stay depressed due to Sears vacancies	Negative - Expect redevelopment and lease-up to take several years, which could weigh on SP-NOI, or constrain asset sales
AX	1.35	1.33	3.1%	Average	Below Average	Above Average	Average	Updates on recently announced three-point strategic plan	Neutral - The extent to which favourable valuations are realized on dispositions is likely to be a key driver (could be hindered by rising rates)
								Changes in oil price - ~44% of proportionate NOI exposed to Western Canada (~21% directly to Alberta)	Slight Negative - Not making a call on oil prices but have witnessed asymmetric sensitivity to oil downside
								Refinancing of maturing debt	Negative - AX will likely have to refinance at higher borrowing costs than that on maturing 2019 debt
MRT	1.53	1.51	5.5%	Average	Below Average	Above Average	Average	Changes in oil price - ~57% of NOI exposed to Western Canada (~29% directly to Alberta)	Slight Negative - Fundamentals in Western Canada have been improving but still lagging other markets
								Lease-up in enclosed mall segment	Negative - SP-NOI could improve due to a tough comparable year; however, leasing could to continue to see headwinds
								NCIB purchases and Morguard Corp (MRC) ownership could increase (from current ~56%)	Slight Positive - Growing investment by MRC, or unit repurchases, could support unit price
MR	0.94	0.93	2.2%	Above Average	Below Average	Above Average	Average	Changes in oil price - ~100% of NOI from Western Canada (mostly Alberta)	Slight Negative - Fundamentals have been improving but recovery in Edmonton office is likely to take longer
								Improvement in AFFO payout ratio	Slight Positive - Expect an improvement as proceeds from asset sales are deployed
								Refinancing of maturing debt	Slight Negative - $34.5MM of 5.5% convertible debt matures; could prompt another convertible issuance at higher rates
RETIREMENT/NURSING HOMES/HEALTH CARE									
CSH	0.99	0.98	8.8%	Below Average	Below Average	Below Average	Average	Market fundamentals and absorption of excess retirement housing supply in several markets	Slight Negative - Retirement housing supply has been outpacing demand in certain markets such as Ottawa and Durham
								Progress on development pipeline and potential intensification opportunities in property portfolio	Positive - Pre-development, active projects, Batimo pipeline, and underutilized land bank provide long runway for growth
								Change in regulatory environment - lower labour cost growth and potential funding improvements	Slightly Positive - PC government in Ontario has been friendly so far; possible for incremental reform to benefit seniors housing
EXE	0.66	0.71	4.8%	Below Average	Below Average	Below Average	Below Average	Reaching optimal capital structure and leverage via redeployment of balance sheet	Slight Positive - EXE has the lowest leverage amongst seniors housing peers; dry powder for redevelopment/acquisitions
								Operational improvement in ParaMed (home care) segment, alleviating pressure from labour costs	Slight Negative - Margins have been on the decline and are expected to be under 10% for the next four quarters
								New CEO; New Vision	Mixed - New CEO not from seniors housing; awaiting vision for the company
IVQ.U	0.97*	0.97*	0.0%	Below Average	Below Average	Below Average	Below Average	Stabilization in market fundamentals, additional clarity on impact from SNF regulatory funding changes	Slight Positive - Stabilizing through 2019 with concerns on seniors housing supply and SNF reimbursement changes
								Trends in operator metrics such as occupancy and coverage	Mixed - Trailing occupancy and coverage ratios have been stable; awaiting rebound in financial performance of Symphony
								Balance sheet and acquisition ambitions	Mixed - Leverage at ~54% is above the REIT average. With soft unit price, acquisition upside is limited
NWH	0.91	0.89	15.2%	Average But Potential Upside	Below Average	Below Average	Below Average	Growth of asset management platform and resolution to Healthscope real estate transaction	Slight Positive - Could build on $2B JV with Singapore wealth fund, could replicate success in Europe, Brazil
								Foreign exchange	Slight Negative - Canadian dollar strength could be a source of negative variance
								Refinancing of maturing debt and progress with deleveraging	Mixed - Balance sheet highly levered but relatively higher in-place rates could bring refinancing gains
SIA	1.43	1.42	3.6%	Average	Below Average	None	Below Average	Market fundamentals and absorption of excess retirement housing supply in several markets	Slight Negative - Retirement housing supply has been outpacing demand in certain markets such as Ottawa and Durham
								Progress on seniors housing campus developments, including LTC class C redevelopments	Slight Positive - Two projects in preliminary approval expected to begin in 2019, total program should be NAV accretive
								Change in regulatory environment - lower labour cost growth and potential funding improvements	Slightly Positive - PC government in Ontario has been friendly so far; possible for incremental reform to benefit seniors housing
HOTEL									
HOT	0.83*	0.81*	12.2%	Below Average	Below Average	None	Above Average	Extent of earnings variability due to renovation efforts	Mixed - While this effort should lay a solid foundation for RevPar/FFO growth, near-term impact may be greater than expected
								Valuation multiples to expand?	Positive - Multiples could expand as AHIP repositions its portfolio towards premium select-service hotels (trading below U.S. peers)
								Refinancing of maturing debt	Positive - In a rising rate environment, HOT is one of the most defensive REITS (maturing debt is at a high interest rate)

*USD Dollars

Source: Company reports and CIBC World Markets Inc.

2019 Themes To Watch…

1. Interest Rates: Pay Attention To The Term Structure

While Canadian REIT unit prices have tended to demonstrate above-average short-term trading price sensitivity to interest rate changes, we expect financial results and value per unit metrics to be significantly more stable and enduring in the medium and longer terms.

A good year and a half has elapsed since the Bank of Canada started increasing its target overnight rate, yet the total return delivered by the Canadian REIT universe has largely outpaced that of the TSX. As such, the relative outperformance would perhaps go against the conventional wisdom of the crowd (i.e., REITs underperform in a rising rate environment) and we believe that 2019 will likely continue this trend. While the focus on rising rates is undeniable, what remains, in our view, a little more opaque is the perception of REIT performance in such an environment. Below are a number of insights that we believe will help investors to optimally set their asset allocation mix in a potentially rising rate environment.

1. **REIT Outperformance In The Current Rate Cycle Is Not An Anomaly:** Canadian REITs outperformed the TSX Index (total return basis) in four of the last six periods during which the BoC raised interest rates.

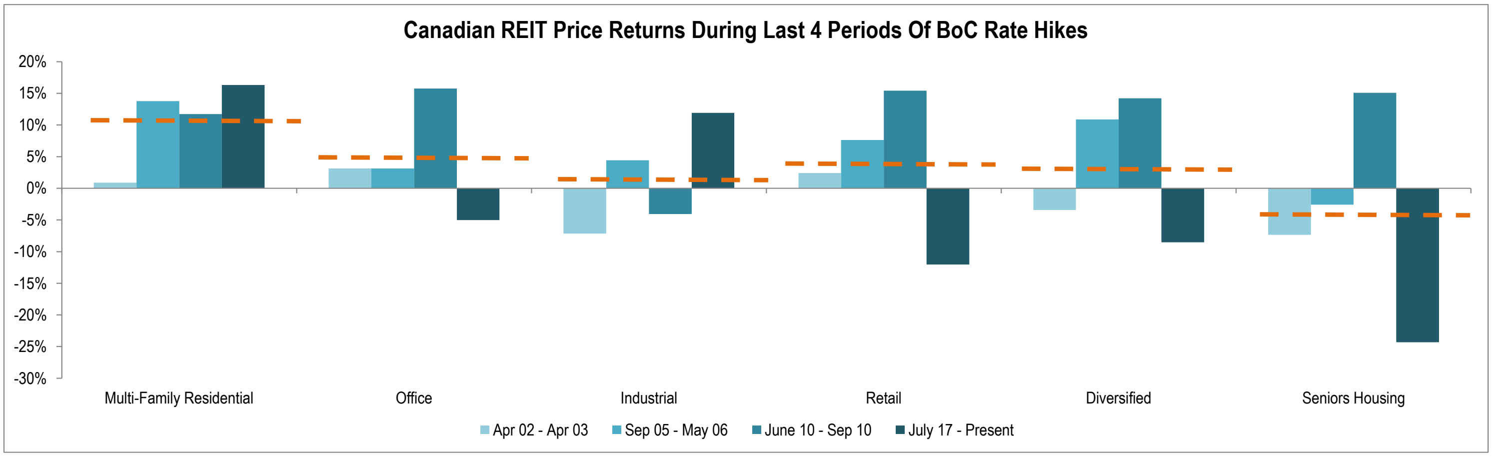
2. **Limited Downside When BoC Raises Rates:** Canadian REITs did not deliver negative returns in any of the six aforementioned periods (total return basis).

3. **Underlying Fundamentals Take Precedence:** REIT sector performance has sometimes exhibited a positive correlation to rates over prolonged periods, especially those of meaningful economic prosperity or contraction.

4. **Yield-oriented Investments Such As REITs Tend To Be Priced On The Long End Of The Yield Curve:** This is a simple yet often overlooked proposition, and is important given the central bank's arguably limited influence on longer-term rates.

5. **Negative Immediate Price Reaction Usually Represents Buying Opportunity:** As it pertains to long-term rates, the immediate price reaction of REITs to rate moves tends to be negative; in the intermediate term (i.e., six months after period of increasing long-term rates), REITs typically outperform.

Exhibit 18. REIT Sectors With Shorter-term Durations Have Outperformed Longer-duration Sectors During Periods Of Short-term Interest Rate Hikes

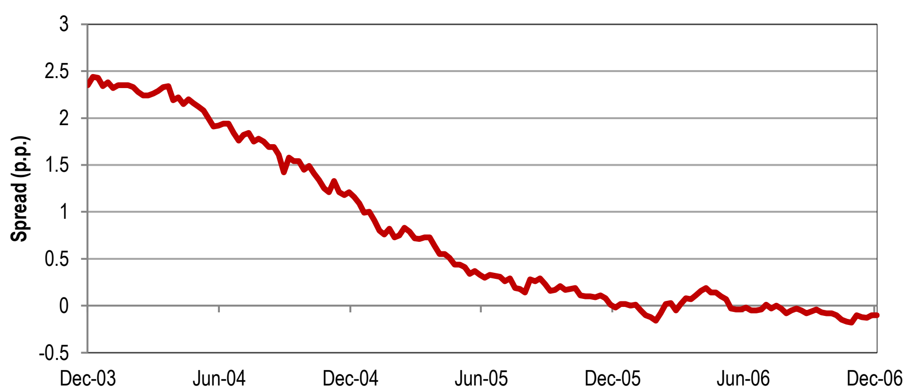


Source: Bloomberg and CIBC World Markets Inc.

All things equal, and presuming a sustainable increase in long-term rates that is driven or coincides with robust economic expansion (as is typically the case), we believe that **sub-sectors with lower lease durations, lower financial leverage levels, and higher cap rates (or at least above historical norms) are all factors that may influence a REIT's ability to potentially mitigate some of the impact of rising rates.**

We have long believed that concerns about the potential ramifications of higher interest rates have had a deleterious impact on valuations of Canadian REITs in recent years. And as we have frequently noted the mere act of the Fed raising its overnight rate does not necessarily (or at least immediately) result in the increasing of the benchmark interest rates in and of themselves; in fact, during the last rate hike cycle, the Fed raised overnight rates 17 times before the impact was sustainably observed in the benchmark 10-year bond yield, by which time the yield curve eventually inverted.

Exhibit 19. U.S. Two- To 10-year Spread

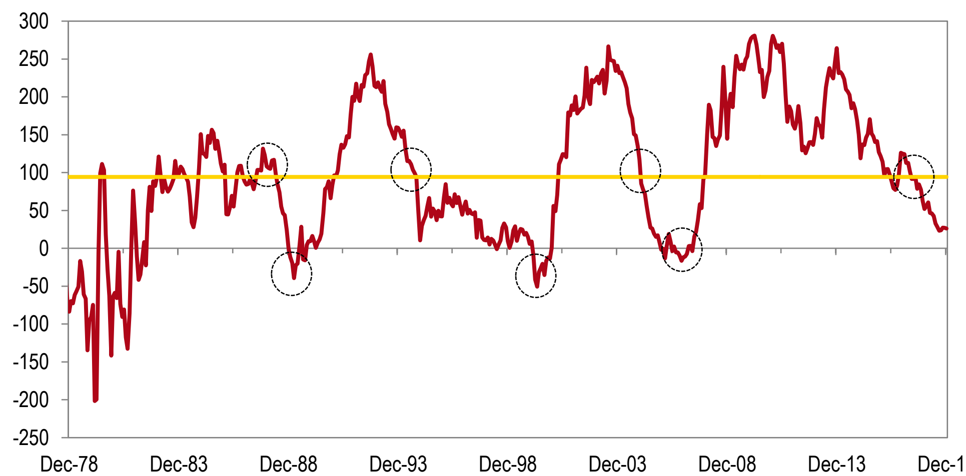


Source: FactSet and CIBC World Markets Inc.

Looking at the longer-term trend in the aforementioned two- to 10-year spread, several things stand out:

- Over time, the slope of the yield curve has been extremely volatile, having been inverted by as much as 200 bps during recessionary periods and widening in excess of 250 bps during economic expansions.
- Like most time series data, the spread tends to be mean reversionary and, despite a fairly wide dispersion, tends to anchor to its long-term average spread of ~100 bps.
- Every time the trend line has broken this long-term average from prior highs, the mean reversion has manifested itself in an inverted curve. **The current trend shows no sign of a reversal of the well-established pattern.**

Exhibit 20. U.S. Generic Government Two- To 10-year Spread

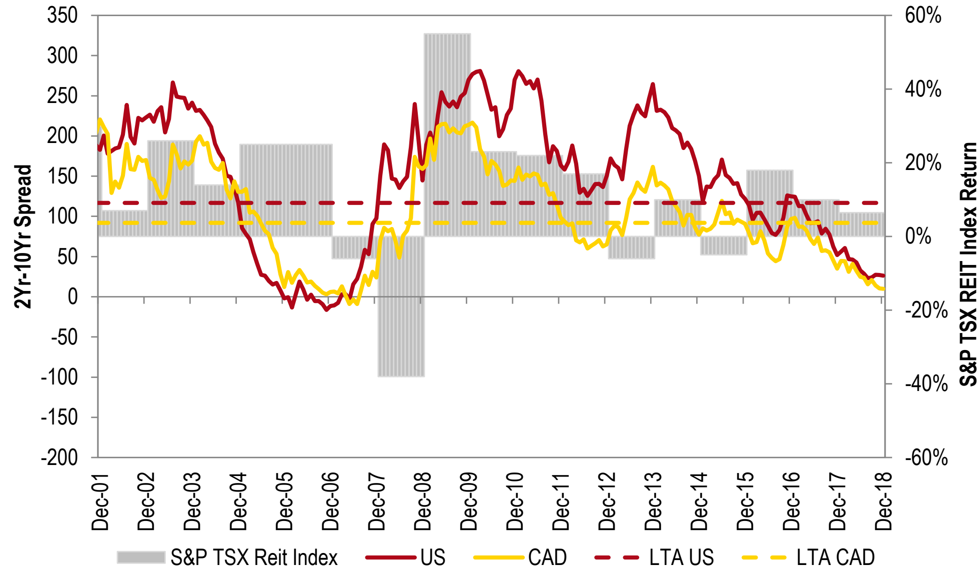


Source: Bloomberg and CIBC World Markets Inc.

If history holds (and we think it will), it would suggest that, even in the face of potentially increasing short-term rates, the benchmark bond yield from which REIT pricing is viewed to take its cues may continue to remain relatively unchanged, as it has for much of the past five years—suggesting perhaps little change in REIT pricing and returns, which would be predominantly in line with current yields (and in keeping with our 0% to 10% total return outlook). The key question, however, does remain: is this a bull or a bear flattener?

However, if one were to believe that "this time it's different" and the current environment is more a function of global synchronized growth and bond yields around the world are likely to increase in a similar fashion and magnitude (something we think would need to happen for a sustained move in North American long rates), then that would portend a potential headwind to not just the REIT space but to all competitive yield-oriented investments. While this outcome is not our base-case assumption, we believe it continues to be the single-largest potential downside risk to our total return forecast.

Exhibit 21. S&P/TSX REIT Returns Vs. The Yield Curve



Source: Bloomberg and CIBC World Markets Inc.

With the combination of modest potential cash flow impacts if interest rates rise, current NAVs already incorporating higher interest rates (although we believe that the current sector NAV discount could converge to parity on a ~25 bps upward revaluation of assumed cap rates), and progress on delivering and refocusing on value creation, we expect Canadian REITs are positioned to perform relatively well should a modestly higher interest rate environment emerge. While REITs tend to, and should be expected to, sell off during periods of sharply rising bond yields, we expect any such material downward pressure from current fairly valued levels could present attractive opportunities to buy Canadian REITs, particularly for investors with an income orientation and a longer-term focus.

CIBC Economics anticipates that the GoC 10-year bond yield could stabilize modestly higher from current levels to ~2.50% by 2019 year-end.

Exhibit 22. CIBC World Markets' Interest Rate Forecast (%)

	Current	2019E				2020E			
End Of Period:	31-Dec-18	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
98-Day Treasury Bills	1.65	2.10	2.20	2.25	2.20	2.10	2.05	2.00	1.95
Chartered Bank Prime	3.95	2.50	2.55	2.40	2.30	2.25	2.20	2.15	2.05
10-Year Gov't. Bond	1.97	2.50	2.65	2.65	2.50	2.45	2.40	2.35	2.20
30-Year Gov't. Bond	2.18	2.45	2.55	2.60	2.60	2.65	2.65	2.55	2.50

Source: Bank of Canada, FactSet and CIBC World Markets Inc.

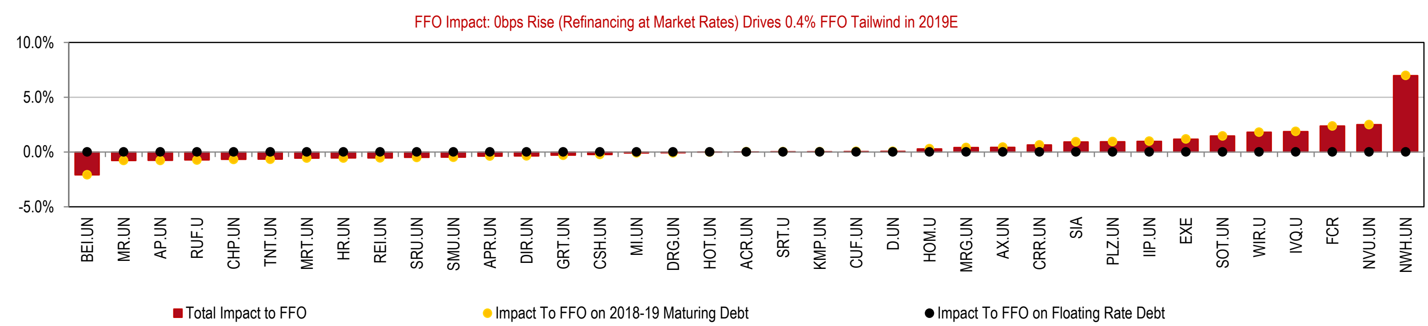
2. Balance Sheets And Debt Maturities

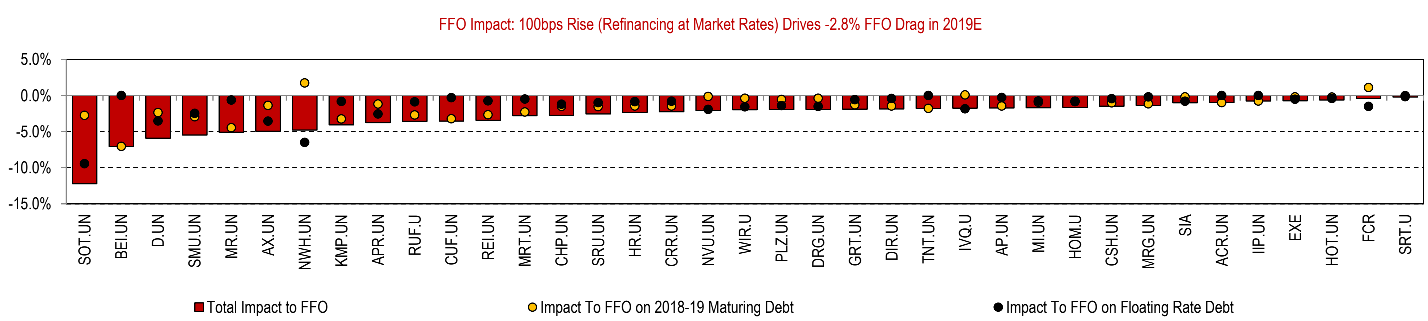
While we believe that the REIT outlook in 2019 may remain constructive despite a potentially rising rate environment, it is important to acknowledge that Canadian REITs employ significant levels of debt within their respective capital structures, and, as such, re-financing risk can be material on an individual REIT basis. More explicitly, the level of re-financing risk for any given REIT over the short term (i.e., through 2019) is a function of the aggregate debt maturing over this period, the spread between a given REIT's current effective rate on maturing debt and prevailing market borrowing rates, and the mix of fixed/floating rate debt.

One could argue that this is merely a second order impact of the rising rate issue noted above, but we believe that it's an issue to which investors haven't had to pay much attention over the past few years in that, even though rates have been increasing, the debt roll has still, ostensibly, been positive for most REITs. We expect that dynamic of debt roll-down will begin to erode in 2019 and that which was a tailwind is potentially turning into a headwind – this has more to do with the passage of time than the actual move in rates per se.

Below, we highlight the sensitivity of projected FFO to increases in each REIT's respective long-term benchmark interest rate (i.e., CAD 10-year Treasury yield for most Canadian REITs). More specifically, the charts below depict the impact to 2019 FFO assuming all maturing 2018 (last few weeks) and 2019 debt is refinanced under the following scenarios: 1) a flat rate environment; and, 2) a 100 bps rise in rates (borrowing costs). For purposes of simplification, we have assumed that each REIT elects to extend its debt by 10 years on maturity, acknowledging that that is the most conservative assumption (particularly in that average terms tend to cluster around the five-year mark).

Exhibit 23. The Impact Of Re-financing At Various Interest Rate Levels On 2019E FFO





Source: Bloomberg and CIBC World Markets Inc.

For those investors aiming to actively mitigate re-financing risk, SRT.U, FCR, HOT.UN, and EXE screen particularly well in a 100 bps higher interest rate environment. We would also note that unhedged floating rate debt is an important consideration; NWH.UN, for example, would stand to benefit from refinancing in a flat interest rate environment (maturing debt is at higher rates than market borrowing rates), yet 2019E FFO would be quite sensitive to rising interest rates due to the relatively high proportion of floating rate debt.

3. Developments In Real Estate: Highest And Best Use

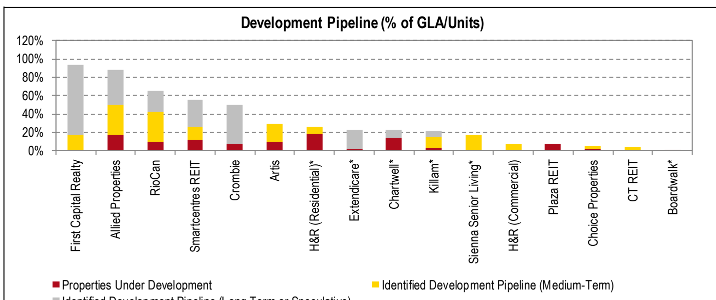
With acquisition spreads narrowing over the past few years (largely a reflection of declining cap rates), internal growth opportunities such as development, re-development, and intensification have taken center stage for many Canadian REITs. We expect development activity to be particularly topical for the retail asset class in 2019 (and thereafter), as many REITs within this sub-sector have made such initiatives a strategic focus. Further, we believe that many retail REITs, especially those with portfolios in core urban areas, are well positioned to deliver; low-density retail properties can be re-developed/intensified into higher-value mixed-use properties at a substantially lower cost than many competing developers, as the land is already owned by the REIT (note that raw land prices have increased substantially over the past decade).

While this growth strategy offers attractive and significant value-creation opportunities for many Canadian REITs, it is also more complicated and difficult to execute than other strategies. Indeed, when asked a decade ago why they don't do more development, Canadian REIT CEOs almost unanimously answered with three points: 1) it's too slow; 2) it's too much work and risk; and, 3) development doesn't move the needle (i.e., grow scale or impact per unit metrics materially). We highlight a number of challenges REITs face in capitalizing on development and intensification opportunities in the exhibit below.

In addition, in terms of recognition of value, while development and intensification may be viewed as value-creation activities, we would note that a significant portion of the value "created" through these activities can be more accurately described as value that is being surfaced, as these development sites have seen their values rise substantially on a highest and best-use basis. This, in a sense, means that while Canadian REITs are well positioned to benefit from rising values for developable sites, capital gains recognition constrains (but does not preclude) these REITs' ability to surface, crystalize, and benefit from this rising value.

We expect that demonstrating and gaining recognition from unitholders and analysts of the value of pipelines and value created through development will require significant additional disclosure and education efforts, which may or may not result in a fuller reflection of value in unit prices.

Exhibit 24. Development Pipeline By REIT; Challenges In Pursuing Development Strategy



Challenges in Pursuing Development and Intensification Strategies	
Capped Allocations	Difficult to achieve scale as most REIT declarations of trust only limit 15% of assets to development activity.
Recognition of Capital Gains	Capital gains recognition limits potential sales in absolute value limiting the ability of REITs to efficiently recycle capital.
Limited FFO/AFFO Accretion	Development yields (excl. land costs) of purpose-built apartment developments do not materially exceed Canadian REITs' overall cost of capital.
Lease-up Drag	Completed developments that are not fully pre-leased can take up to 24 months to stabilize, muting the cash flow growth profile.
Limitation On JV Structures	While a JV structure allows REITs to pursue development initiatives, these structures limit the ability for REITs to sell density.
Reflecting Value	The full development potential value is not wholly reflected in unit-pricing.

Source: Company reports and CIBC World Markets Inc.

From a development prospect, we favor those REITs with a meaningful pipeline of potential developments (see exhibit above), demonstrated development experience (e.g., AP.UN and SRU.UN), and those REITs further along in the development cycle (e.g., REI.UN, which has significant zoning approvals representing almost half of its development pipeline in place).

4. The Wild Wild West

There is no question that Canada's economy, and currency, has faced significant challenges related to the sharp declines in oil prices since the summer of 2014. Canadian REITs have been impacted by weakening property market conditions in Alberta, particularly in the office asset class. While we have also seen material weakness in the apartment asset class, we note the underlying fundamentals in the apartment space do appear to be somewhat improving. That being said, recent weakness in WCS has brought into question the sustainability of said recovery.

We expect higher energy prices are required to materially impact demand for space on a sustained basis. We expect the larger capital projects and corporate activity that would return the core economic centres of Western Canada to above-average growth levels are unlikely to resume in the very near term, absent an oil price close to US$70/Bbl or higher and, perhaps more meaningfully, a sense of stability in WCS, which may have been, in part, provided recently with some unconventional measures, although time will tell on that front.

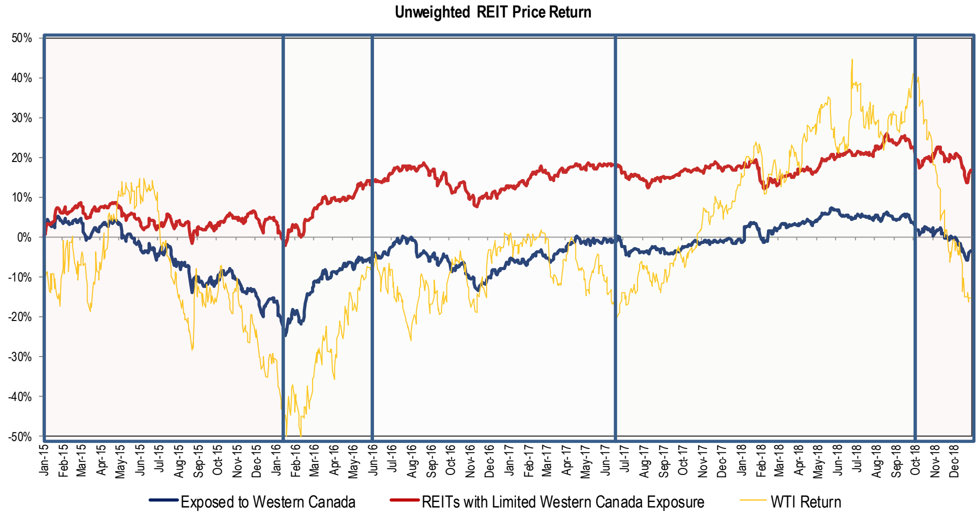
We expect the lagged economic impact of depressed energy sector investment and employment, combined with significant new property development in the province, to result in further erosion of NOI (albeit at a slowing pace), particularly in the office sector, and a moderation of conditions for industrial and retail properties. As mentioned above, while the outlook for the multi-family sector did improve through much of 2018, a renewed sense of concern re-emerged in the late stages of the year.

We believe markets often under-estimate the magnitude and duration of the lagged impact of economic trends on property fundamentals. We expect that until we see a sustainable rally in the price of oil (and closing of the aforementioned diffs) to significantly higher levels, the REITs with above-average Western Canada exposure are likely to maintain (or in the near term revert to) above-average NAV discounts. Should a sharp and, arguably more importantly, sustainable rally in energy prices materialize, the reversal of these substantial discounts could offer outsized returns when sentiment towards the price of oil improves.

Looking at past cycles, the disruptive consequences of a supply shock against a deteriorating economic backdrop can be clearly seen. In the early 1980s, an increase in supply coupled with a commodity price drop resulted in a marked increase in office vacancies from rather robust low single digits to well in excess of 20% over the span of a few years (not at all unlike the dynamic playing out right now). However, an oft-overlooked component of the recovery is the time component thereto; it took well beyond a decade for vacancies to recover, while the delayed impact on rents (both nominal and effective) took even longer to recover—a dynamic we believe is set to repeat itself.

Given the lagging impact of economic weakness on property fundamentals, we expect Alberta-exposed REITs could underperform in the near term, particularly if erosion of fundamental and financial performance becomes apparent in quarterly reports, and if Alberta-related news flow is negative (e.g., job losses, housing and insolvency statistics). Indeed, the City of Calgary's own internal property value assessments for 2018 were down 32% for the office sector alone.

Exhibit 25. Unweighted REIT Price Return & Asymmetry To Oil Prices



	WTI Price	WTI Move	REIT Returns (WC Exposure)	Proportionate Move (REIT/WTI Return)	Beta
Jan 2015 - Jan 2016	Decrease	(50.1%)	(20.6%)	41.2%	0.6
Jan 2016 - June 2016	Increase	92.0%	21.3%	23.1%	2.0
June 2016 -June 2017	Stable	(17.1%)	2.3%	(13.6%)	0.8
June 2017 - Oct 2018	Increase	77.4%	2.3%	3.0%	(0.1)
Oct 2018 - Present	Decrease	(39.8%)	(10.3%)	25.9%	0.1

REITs with material exposure to Western Canada): AX.UN, BEI.UN, CRR.UN, D.UN, DIR.UN, NVU.UN, MR.UN, MRT.UN; Includes FCR, SIA, and EXE corporations, which have similar operating and financial policies to REITs.

Source: FactSet and CIBC World Markets Inc.

Exhibit 26. Unweighted Average REITs' Total Return

	Western Canada Exposure (%)	Limited Exposure (%)	Oil Price Change (%)
2015	(9.1)	10.2	(30.6)
2016	19.1	17.7	44.8
2017	12.8	11.0	12.3
Jan 2018	2.2	0.1	7.2
Feb 2018	(0.1)	(3.2)	(5.2)
March 2018	2.2	2.4	5.6
April 2018	1.3	0.8	5.7
May 2018	3.3	2.8	(2.3)
June 2018	(2.1)	1.3	10.7
July 2018	0.1	0.4	(5.7)
August 2018	0.9	3.2	(0.1)
Sep 2018	(1.1)	(0.4)	4.8
Oct 2018	(2.1)	(1.5)	(10.7)
Nov 2018	(2.7)	2.1	(22.2)
Dec 2018	(2.9)	(3.5)	(10.5)
2018	(5.2)	6.3	(24.8)

REITs with material exposure to Western: AX.UN, BEI.UN, CRR.UN, D.UN, DIR.UN, NVU.UN, MR.UN, MRT.UN, Includes FCR, SIA and EXE corporations that have similar operating and financial policies to REITs.

Source: FactSet and CIBC World Markets Inc.

The Valuation Environment

In addition to the traditional valuation metrics that we have provided investors in the past, we are rolling out a PEGY valuation metric for the REIT sector, and will be providing such on a going-forward basis. We believe that this measure can provide a meaningful supplemental valuation metric for those investors who focus on the P/FFO valuation metric, as it helps explain away differences in valuation that can be rightfully attributable to expected future growth prospects.

What Is The PEGY Valuation Metric? While a typical PEG analysis measures the P/E multiple over the estimated earnings growth rate of a stock, we use P/FFO and estimated FFO growth (into 2020) as the equivalent and relevant metrics for Canadian REITs. In addition, given that REITs tend to be income-oriented investments, our assumed growth accounts for the current yield of each REIT (i.e., growth = FFO growth + current yield).

Exhibit 27. CIBC PEGY By Sub-Sector

	FFO Growth (19/20)	Yield	Total Growth	Forward P/FFO	PEGY
Retail					
Shopping Centre	4.3%	6.1%	10.3%	11.9	1.2
Small Cap Retail	0.8%	9.2%	10.1%	8.7	1.0
Total Retail	**2.9%**	**7.4%**	**10.2%**	**10.6**	**1.1**
Residential					
Domestic Residential	6.0%	3.5%	9.6%	18.3	2.1
North American Residential	5.1%	5.6%	10.7%	12.6	1.2
Total Residential	**5.7%**	**4.2%**	**9.9%**	**16.4**	**1.8**
Office					
Domestic Office	4.5%	7.8%	12.3%	12.1	1.2
International Office	1.9%	8.0%	10.0%	10.6	1.1
Total Office	**3.4%**	**7.9%**	**11.3%**	**11.5**	**1.1**
Industrial	**4.0%**	**6.0%**	**9.9%**	**13.6**	**1.4**
Diversified	**2.9%**	**7.2%**	**10.1%**	**8.7**	**0.9**
Seniors	**4.1%**	**7.1%**	**11.2%**	**10.4**	**1.0**
Average All Sectors	**3.9%**	**6.7%**	**10.6%**	**12.0**	**1.2**

Source: FactSet and CIBC World Markets Inc.

With the average PEGY of REIT sub-sectors at 1.2x, we use this as the benchmark in comparing whether an asset class is relatively cheap/expensive after controlling for its respective growth prospects. We find that domestic residential REITs trade at a relatively stretched 2.1x PEGY, which suggests that investors are paying substantially more for potential growth in this sub-sector. Said a different way, the total growth that is estimated into 2020 within this asset class is actually very similar to other sub-sectors (roughly 10% after accounting for yield), yet the P/FFO multiple ascribed to apartments is magnitudes higher. This is yet another valuation data point that would be supportive of a potential valuation correction for the broader apartment sub-sector in 2019.

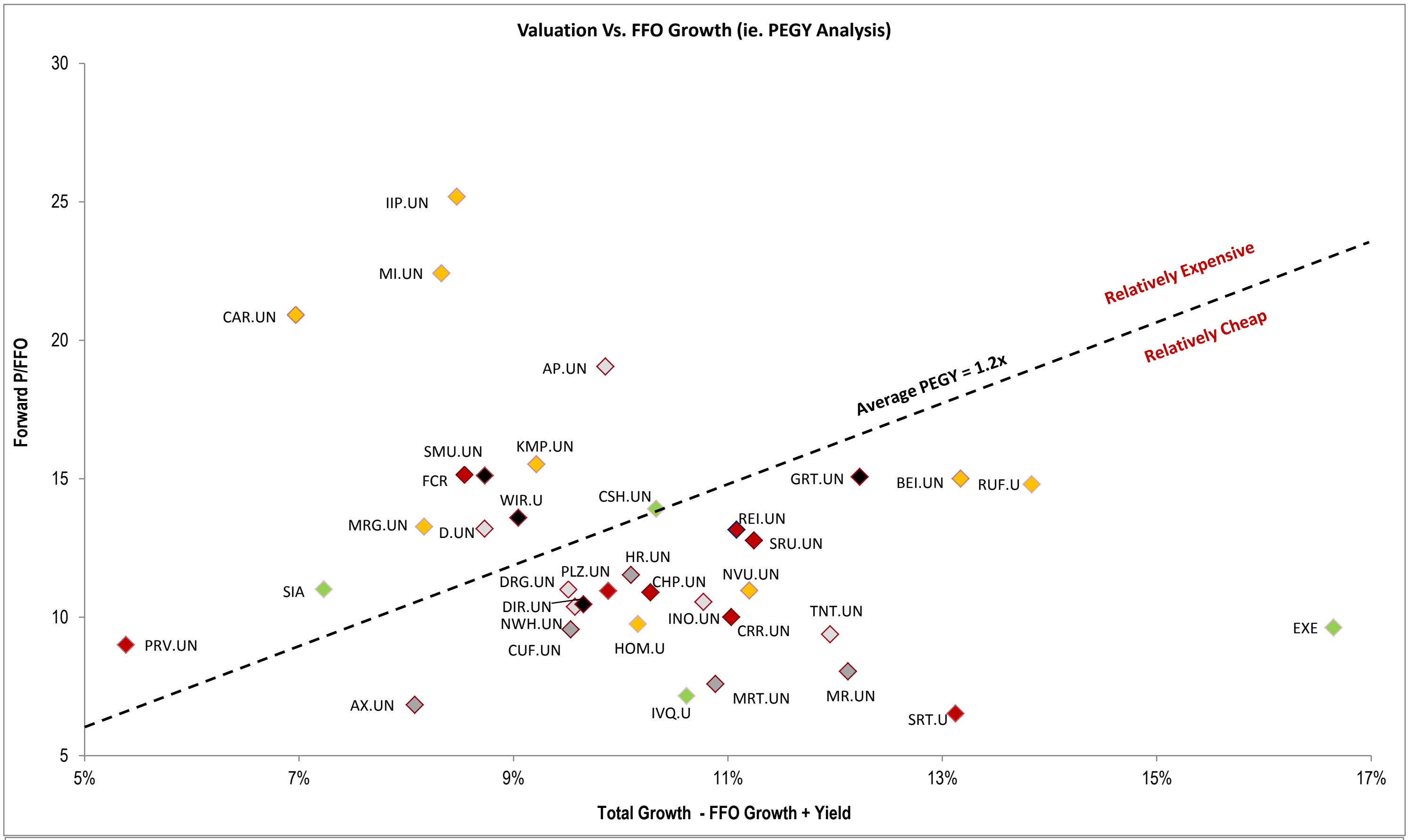
In the subsequent tables below we illustrate the PEGY of individual REITs under our coverage, and observe the following:

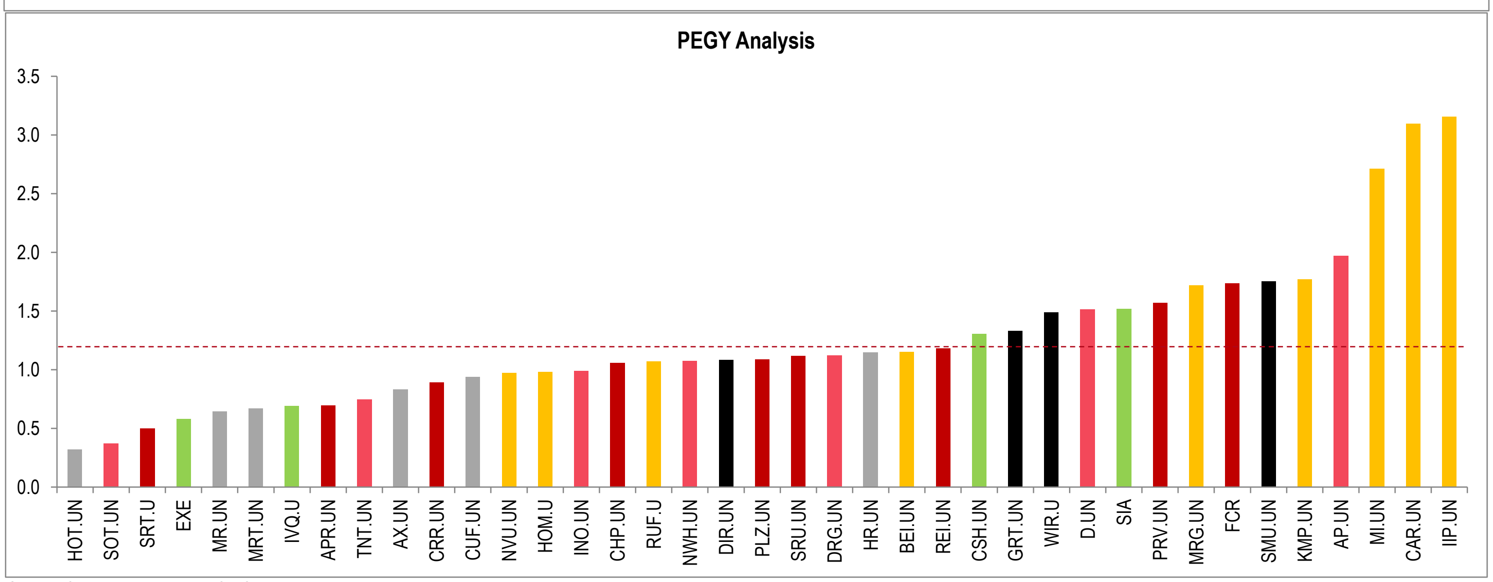
1. IIP.UN, CAR.UN and MI.UN screen as the most expensive REITs within our coverage space on a PEGY basis.

2. While residential REITs screen poorly on average, certain REITs may represent good value (namely NVU.UN and the U.S.-centric residential REITs).

3. Retail REITs as a sub-sector have a PEGY that is in line with the broader real estate sector, but there is a large divergence within this sub-sector (FCR.UN's PEGY is well above the average, for example, while those for CRR.UN and SRT.UN screen favourably).

Exhibit 28. PEGY Analysis By REIT





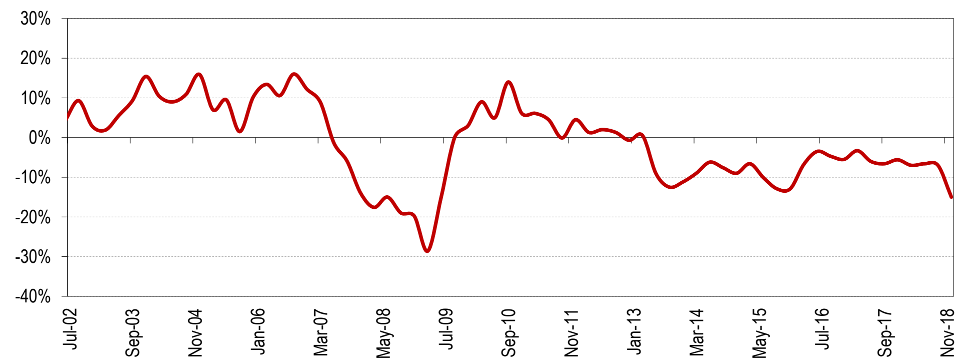
Source: Company reports and CIBC World Markets Inc.

The Traditional Measures

Canadian REITs (broadly defined by our coverage universe) are trading at valuations that are relatively in line with long-term historical measures on a multiple basis (P/FFO) but below our estimated net asset values (i.e., ~15% discount to NAV, on average). We note that, on average, a ~10% discount (or more) to NAV for the REIT space as a whole has represented a relatively attractive buying opportunity, with the beginning of the financial crisis representing a distinct exception to this phenomenon.

However, as touched on previously, it could be that consensus NAV estimates are potentially on the high side, and a ~25 bps increase in utilized cap rates (not an unrealistic assumption) would have the sector trading more in line with its historical NAV parity.

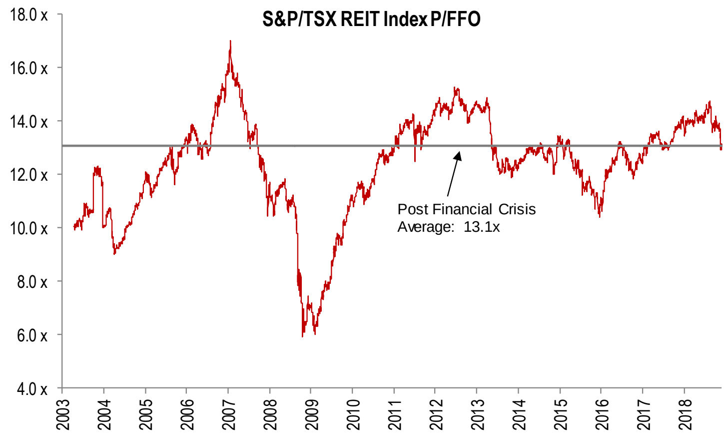
Exhibit 29. Historical Premium/ (Discount) To Estimated NAV

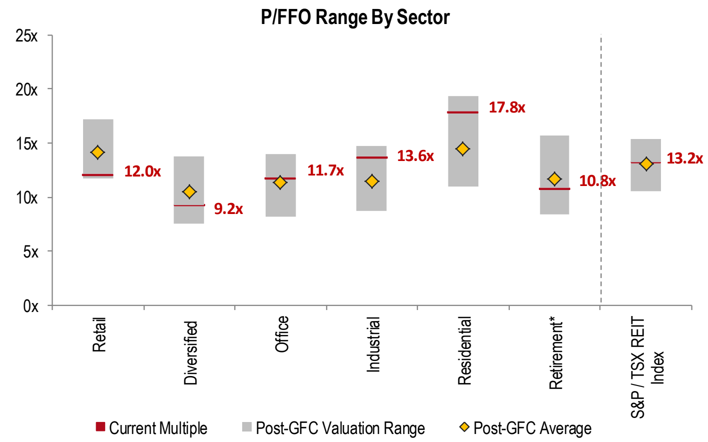


Source: FactSet and CIBC World Markets Inc.

Canadian REIT valuations are significantly influenced not just by the level of interest rates but also by the prospects and outlook for economic growth. Compared to historical valuations, current REIT prices reflect an average 2019E FFO multiple of 13.2x, slightly higher than the five-year average of 12.9x and post-Great Financial Crisis (2010 onwards) average of 13.1x. Moderating, but still quite favourable, property fundamentals would typically imply that perhaps lower multiples are appropriate relative to the 2012 highs; however, exceptionally low interest rates and a larger and more liquid REIT market suggest this valuation could be far too low. As discussed earlier, we expect REIT valuations to remain vulnerable to any spike in benchmark bond yields, with any such sell-offs representing attractive buying opportunities, in our view.

Exhibit 30. P/FFO NTM Multiple Since 2003



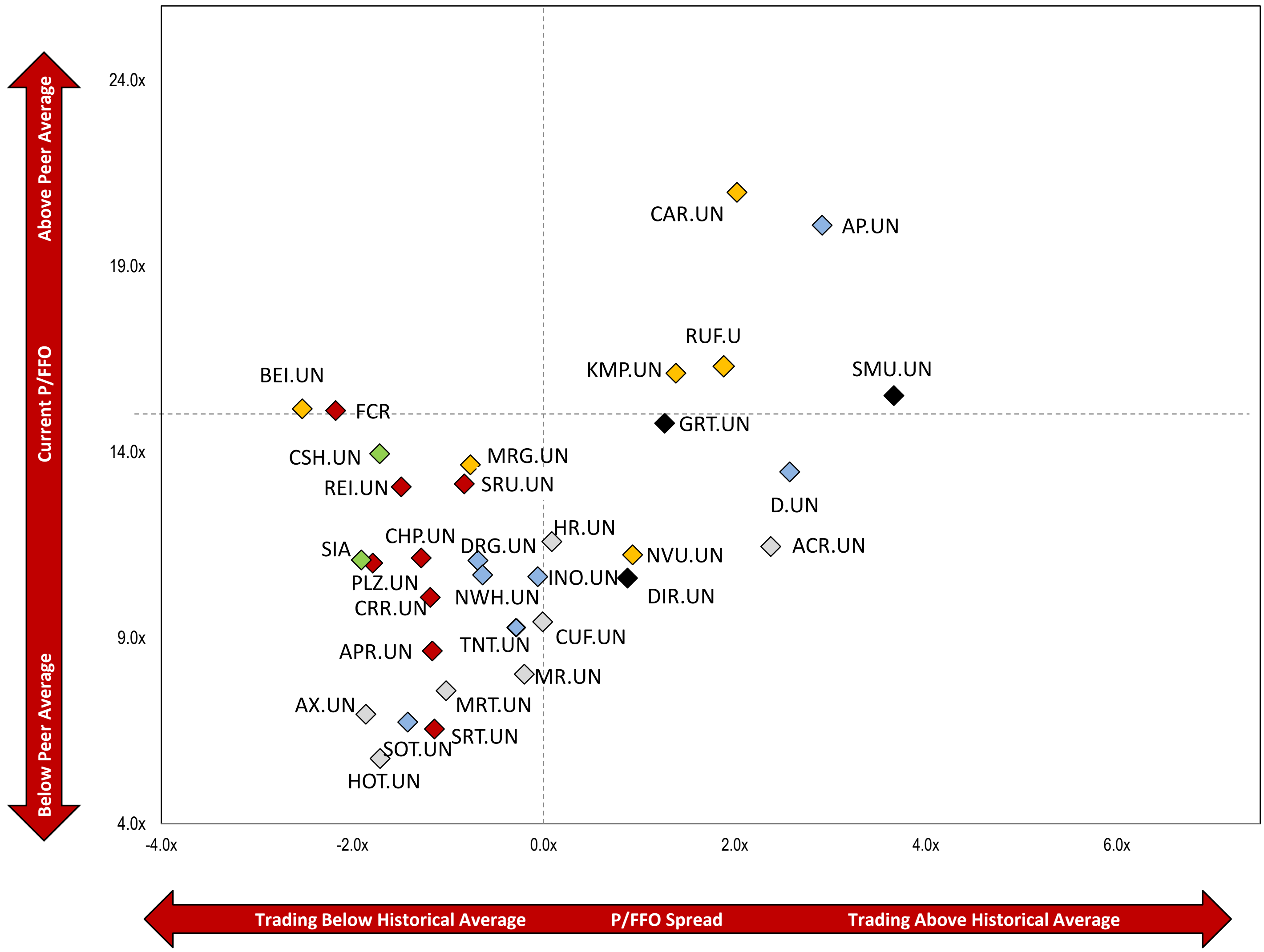


*Data excludes the following REITs/REOCs: RLC, ACC, BOX, REF, ONR, PAR, and AAR.

Source: FactSet and CIBC World Markets Inc.

Although on an aggregate basis REITs' valuations appear to be in line with historical FFO multiples, REITs with below-average multiples that have experienced multiple contraction may carry an overall lower valuation risk profile, such as the Retail sector trading at the historical lower boundary of its range vs. the Apartment sector which is at its relative high. We expect deviations from the historical average price to revert to the historical average over time, barring any material change that could impact the long-term fundamentals of the underlying asset.

Exhibit 31. Mean Reversion: P / FFO (NTM Consensus)

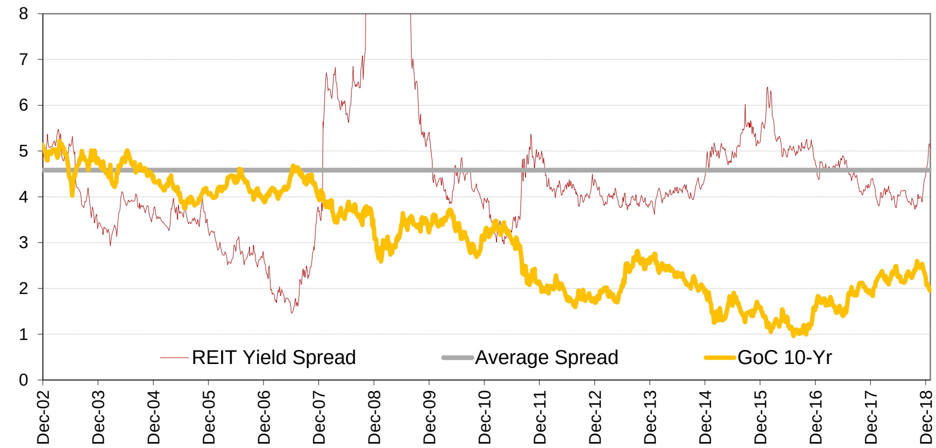


Source: FactSet and CIBC World Markets Inc.

The spread between REIT yields and the GoC 10-year bond yield is moderately above the long-term average seen during non-credit-crisis periods. The current spread of 507 bps is ~175 bps above the average of 332 bps during 2002-2007 inclusive (and a 2007 low of 133 bps). Notably, the spread remained largely close to or above 400 bps from mid-2011, when the 10-year GoC dropped sharply, below 3.0%, through until late 2013 and then again for most of 2014 and 2015. A significantly wider-than-average spread is suggestive of a valuation “cushion,” with REITs effectively already pricing in significantly higher interest rates. As discussed earlier, we expect the “new normal” REIT yield spread may be wider in today’s REIT environment than has been the case over the past 15 years.

In previous instances in 2003, 2010, and 2012, the 500 bps threshold had correctly identified discounted pricing, and the market quickly responded with price gains. Of course, the spread also exceeded the 500 bps threshold in 2008/2009, which ultimately did turn out to be a good buying opportunity, albeit over a slightly longer horizon.

Exhibit 32. REIT Yield Spread History (%)



Source: Bloomberg and CIBC World Markets Inc.

With REIT yield spreads having spent a portion of the most recent cycle at 500 bps or more, we believe our new normal spread range of 350 bps to 500 bps (with a strong buy signal at 600 bps) could be a reliable valuation tool in an environment of more moderate (and in some cases quite soft) property fundamentals, bottoming interest rates, and lower economic growth.

Looking at the REIT yield spread combined with the relative change in the GoC 10-year bond yield as a predictive tool for REIT returns, over the past 15 years, in years that began with both 1) a 400 bps or higher REIT yield spread and 2) a ~50 bps or more decline in 10-year GoC yields the prior year, the total return in the following year has averaged 24% (including 2015's -5% return). That is ~12.9% bps higher than the average total annual return of 11.1% over the past 15 years (unweighted REITs).

Exhibit 33. Yield Spreads, 10-year Bond Movements And Future Returns

Year	REIT Yield Spread Jan 1	Prior Year GCAN10YR Yield Move (bps)	S&P/TSX REIT Index Total Return
2000	551	135	21%
2001	**601**	**(-86)**	**30%**
2002	389	(-4)	7%
2003	**537**	**(-56)**	**26%**
2004	330	(-14)	14%
2005	357	(-35)	25%
2006	322	(-33)	25%
2007	212	11	-6%
2008	561	(-10)	-38%
2009	**1159**	**(-131)**	**55%**
2010	453	93	23%
2011	**400**	**(-49)**	**22%**
2012	**486**	**(-118)**	**17%**
2013	424	(-14)	-6%
2014	368	96	10%
2015	**482**	**(-97)**	**-5%**
2016	541	(-39)	18%
2017	468	33	10%
2018	408	32	6%
2019E	507	(-8)	0-10%
Average When	**> 400**	**<= (-50)**	**24%**

Source: Bloomberg, company reports and CIBC World Markets Inc.

Exhibit 34. Year-end REIT Yield Spreads Versus Following-year Unweighted REIT Returns

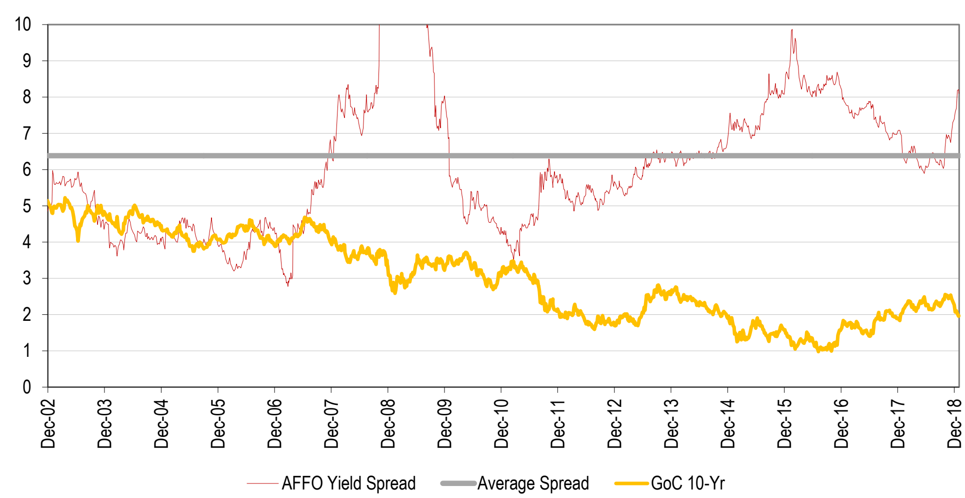
Year-end	Year-end REIT Yield Spread	Following-year Unweighted REIT Return
1997	2.7%	(9.9%)
1998	6.7%	11.1%
1999	5.5%	18.6%
2000	6.0%	22.0%
2001	3.9%	8.6%
2002	5.4%	25.2%
2003	3.3%	14.7%
2004	3.6%	18.9%
2005	3.2%	27.5%
2006	2.1%	1.0%
2007	3.7%	(33.7%)
2008	9.8%	59.1%
2009	4.5%	25.0%
2010	4.0%	12.7%
2011	5.0%	17.9%
2012	4.2%	(3.6%)
2013	3.7%	10.9%
2014	4.8%	9.3%
2015	5.4%	18.7%
2016	4.7%	12.2%
2017	4.2%	1.5%
2018A/2019E	**5.1%**	**0%-10%**
Median (1997–2018)	**4.2%**	**14.0%**

* Subsequent year's return is CIBC forecast return for 2019.

Source: CIBC World Markets Inc.

This spread is also somewhat skewed by changing REIT dynamics, as payout ratios have declined over time and the liquidity of REITs has improved dramatically with the doubling of the aggregate market capitalization of the REIT sector since the peak in 2007. If, instead of using REIT distribution yields, we use AFFO yields, the spread is even more dramatic and apparent.

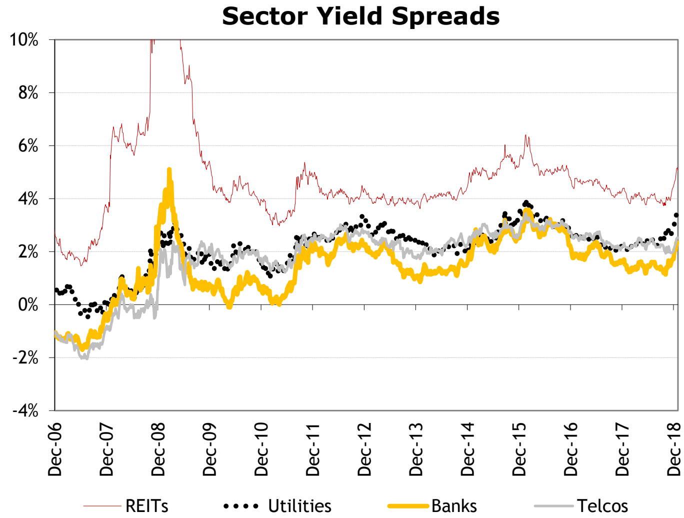
Exhibit 35. REIT AFFO Yield Spread History (%)

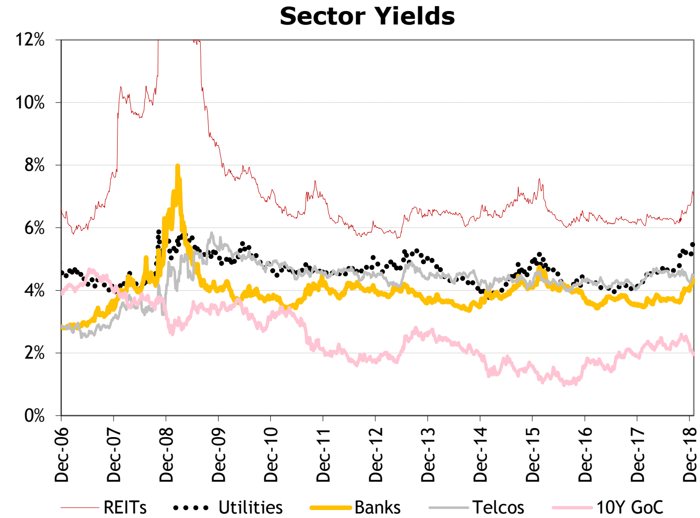


Source: Bloomberg and CIBC World Markets Inc.

On the surface, REIT valuations look attractive (even if modestly so) when viewed through the lens of the competitive landscape.

Exhibit 36. Relative Yields And Spreads





Source: FactSet, Bloomberg and CIBC World Markets Inc.

From a direct property-market cap rate perspective, the picture is similar. The spread between cap rates for good-quality commercial property (column A, Exhibit 37) and *real* 10-year Government of Canada bond yields (column G, Exhibit 37) is currently 660 bps (column H, Exhibit 37), in the wider end of the historical range (above historical average of ~470 bps) over the past 25 years of 90 bps to as much as 750 bps.

Exhibit 37. Comparison Of Commercial Property Cap Rates (Yields), Nominal GoC Yields, Real GoC Yields, Nominal Corporate A Bond Yields, And Real Corporate A Bond Yields

	Est. Average Commercial Property Yield (Cap Rate)	10-year Nominal GOC Yield	Average Spread: Commercial Property Yield Over Nominal 10-year GOC Yield	10-year Canada Corporate A Bond Yield	Average Spread: Commercial Property Yield Over 10-year Canada Corporate A Bond Yield	CPI	10-year GOC Yield Minus Inflation	Average Spread: Commercial Property Yield (Cap Rate) Over 10-year GOC Yield Minus Inflation	10-year Canada Corporate A Yield Minus Inflation	Average Spread: Commercial Property Yield Over 10-year Canada Corporate A Bond Yield Minus Inflation
Column	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**	**J**
1988	8.2%	10.0%	(1.8%)			4.0%	6.0%	2.2%		
1989	7.9%	10.2%	(2.3%)			4.5%	5.7%	2.2%		
1990	7.3%	9.6%	(2.3%)			5.0%	4.6%	2.7%		
1991	7.6%	10.3%	(2.7%)			6.3%	4.0%	3.6%		
1992	7.4%	8.1%	(0.7%)	9.3%	(1.9%)	1.6%	6.5%	**0.9%**	7.7%	(0.3%)
1993	7.9%	7.9%	0.0%	7.7%	0.2%	1.8%	6.1%	1.8%	5.9%	2.0%
1994	8.8%	6.6%	2.2%	9.8%	(1.0%)	0.2%	6.4%	2.4%	9.6%	**(0.8%)**
1995	8.9%	9.1%	(0.2%)	7.8%	1.2%	2.5%	6.6%	2.3%	5.3%	3.7%
1996	9.4%	7.1%	2.3%	6.7%	2.7%	1.4%	5.7%	3.7%	5.3%	4.1%
1997	9.2%	6.4%	2.8%	6.2%	3.1%	1.7%	4.7%	4.5%	4.5%	4.8%
1998	9.0%	5.6%	3.4%	5.7%	3.3%	0.8%	4.8%	4.2%	4.9%	4.1%
1999	8.5%	4.9%	3.6%	7.1%	1.4%	1.7%	3.2%	5.3%	5.4%	3.1%
2000	9.3%	5.9%	3.4%	6.5%	2.8%	2.7%	3.2%	6.1%	3.8%	5.5%
2001	9.0%	5.5%	3.5%	6.4%	2.6%	2.5%	3.0%	6.0%	3.9%	5.1%
2002	9.3%	5.4%	3.9%	5.8%	3.5%	2.3%	3.1%	6.2%	3.5%	5.8%
2003	8.9%	4.8%	4.1%	5.3%	3.7%	2.8%	2.0%	6.9%	2.5%	**6.5%**
2004	8.6%	4.6%	4.0%	4.9%	3.7%	1.8%	2.8%	5.8%	3.1%	5.5%
2005	8.0%	4.1%	3.9%	4.7%	3.3%	2.2%	1.9%	6.1%	2.5%	5.5%
2006	6.4%	4.2%	2.2%	4.9%	1.5%	2.0%	2.2%	4.2%	2.9%	3.5%
2007	6.2%	4.0%	2.2%	5.2%	1.0%	2.1%	1.9%	4.3%	3.1%	3.1%
2008	6.4%	2.6%	3.8%	6.6%	(0.2%)	1.7%	0.9%	5.5%	4.9%	1.5%
2009	7.0%	3.6%	3.4%	4.7%	2.3%	1.7%	1.9%	5.1%	3.0%	4.0%
2010	6.5%	3.1%	3.4%	4.3%	2.2%	1.8%	1.3%	5.2%	2.5%	4.0%
2011	6.5%	1.9%	4.6%	3.4%	3.1%	2.9%	(1.0%)	**7.5%**	1.4%	6.0%
2012	6.0%	1.8%	4.2%	3.0%	3.0%	1.5%	0.3%	5.7%	1.0%	4.5%
2013	6.0%	2.8%	3.2%	3.9%	2.1%	0.9%	1.9%	4.1%	1.9%	3.0%
2014	6.0%	1.8%	4.2%	3.1%	2.9%	1.9%	(0.1%)	6.1%	1.2%	4.8%
2015	6.0%	1.4%	4.6%	3.3%	2.7%	1.9%	(0.5%)	6.5%	1.4%	4.6%
2016	6.0%	1.7%	4.3%	3.0%	3.0%	1.7%	0.0%	6.0%	1.3%	4.7%
2017	6.0%	2.0%	4.0%	3.1%	2.9%	1.6%	0.4%	5.6%	1.5%	4.5%
2018	**6.25%**	**2.0%**	**4.3%**	**3.4%**	**2.9%**	**2.3%**	**(0.3%)**	**6.6%**	**1.1%**	**5.2%**

Source: StatsCan, ICREIM/IPD and CIBC World Markets Inc.

We view this spread (column H) as a proxy for the risk premium for investing in real estate. It remains at quite wide levels, consistent with the current REIT yield spread, which is wider than the historical range, reflecting moderating fundamentals across Canadian property markets.

The move to valuation discounts to NAV since mid-2013 appears to reflect the expected medium-term direction of trends in interest rates and development activity, as well as lower FFO growth and likely weaker occupier demand for certain property types and markets. Interest rates could be headed higher in the medium term, and several large new development projects have been announced across the country, including large office projects. The slightly less supportive environment formed by these conditions could suggest REITs may continue to trade at modest discounts to NAV—roughly in line with current valuations.

In our view, the cap rates reflected in our NAVs reflect conservative estimates of current market conditions). Current market prices for REITs reflect an approximate 15% discount to our NAV estimates, on average, and an average implied cap rate of ~6.6% (NAV cap rate of ~6.2%).

The M&A Environment

In our discussions with investors on the topic of M&A activity, we are often asked why, if conditions are ideal for M&A (which we believe they generally are), there hasn't been more activity. Our response is generally to list the recent activity, which invariably is met with comments like "Oh yeah. I forgot about those."

M&A has been a fairly consistent feature of the Canadian REIT sector for the past several years, averaging about three takeovers a year for the last 15 years. However, with the volume of news and activity investors and analysts face on a daily basis, and only a handful of transactions a year, it's easy to see how perceptions of frequency tend to diminish.

On the M&A front, 2018 was in line with our expectations at the start of the year for three transactions (approximate average for the last 15 years). The acquisitions of Pure Industrial REIT by Blackstone, Canadian REIT by Choice Properties REIT, and Agellan Commercial by the El-Ad Group reflect a healthy level of activity across multiple real estate sub-sectors. The three takeovers were announced at a ~16% premium to the prior day closing price and a 10% premium to NAV (relatively lower than the post-2009 historical average).

Exhibit 38. 2018 M&A Activity

Announcement Date	Target	Acquirer	Takeover Unit Price	Premium % to Closing Price	Forward P/FFOE	Forward P/AFFOE	Forward P/NAV
14-Nov-2018	Agellan Commercial REIT	El-Ad Group	$14.25	4.9%	13.0x	14.4x	106%
4-May-2018	Canadian REIT	Choice Properties REIT	$53.61	23.1%	16.3x	19.9x	110%
9-Jan-2018	Pure Industrial REIT	Blackstone	$8.10	20.5%	18.8x	20.8x	116%
			2018 M&A Average	**16.2%**	**16.0x**	**18.4x**	**110%**
			Historical Average (2010-18)	**25.3%**	**14.3x**	**19.2x**	**115%**

Source: Company reports and CIBC World Markets Inc.

Although there were no privatizations of REITs/REOCs by pension funds in 2018 (the last example being Amica Mature Lifestyles), we believe the current discount to NAV of ~15% (vs. long-term average discount of ~1%) is supportive of conditions for further potential takeover activity in the coming year. Most Canadian pension funds continue to be underweight real estate relative to target allocations, with some estimates of the shortfall reaching as high as $50B (for global real estate allocations, not just for Canadian property). With Canadian REITs broadly trading at discounts to NAV, and pension funds underweight, we expect conditions could be ideal for the privatization of select Canadian REITs by pension funds.

We expect several REITs could hold high appeal to large institutional investors with a preference for high-quality properties and large-scale portfolios. A potential takeover scenario would also require either a lack of controlling shareholder and an internal management structure, or an amenable controlling shareholder or external manager.

We would advise against investor speculation in REITs solely for the potential of being acquired. That being said, we believe the REITs that could be likely to receive takeover offers in the future might include: RioCan REIT, Chartwell Seniors Housing, WPT Industrial REIT, Killam Apartment REIT, InterRent REIT, and CAP REIT.

Low Betas And Correlations Provide Diversification

Canadian REITs have historically offered low betas and low correlations to the S&P/TSX Composite Index. We expect Canadian REITs could continue to offer strong diversification benefits in all but the most severe and turbulent of capital market conditions. We believe many investors today are seeking attractive income yields and investment stability, diversification, and low correlations, particularly in light of the continued market volatility.

During the credit crisis, the beta and correlation of REIT prices rose to all-time highs (on a full-year basis) of 1.04 and 0.73, respectively, in 2008, and remained at historically high levels in 2009 as betas and correlations converged for all assets during this period. As investors' concerns about credit market stability eased and investors began to focus on broader economic factors and global growth prospects, the beta and correlation of REIT prices fell throughout 2010, rose slightly during 2011, then fell significantly in 2012.

The sector continues to provide significant diversification benefits to equity portfolios, with low beta and correlation.

Exhibit 39. S&P/TSX REIT Index Beta – Weekly

	Beta Vs. S&P/TSX Composite Index	
	1-Year Beta	r^2 (Correlation)
2000	0.05	0.03
2001	0.33	0.44
2002	0.23	0.12
2003	0.14	0.05
2004	0.50	0.20
2005	0.73	0.24
2006	0.61	0.20
2007	0.79	0.39
2008	1.04	0.73
2009	0.81	0.65
2010	0.44	0.20
2011	0.49	0.41
2012	0.17	0.04
2013	0.59	0.19
2014	0.38	0.21
2015	0.42	0.19
2016	0.60	0.39
2017	0.38	0.12
2018	0.47	0.24

Source: Bloomberg.

We expect REITs could continue to provide attractive diversification and income characteristics, enhancing returns and reducing overall volatility.

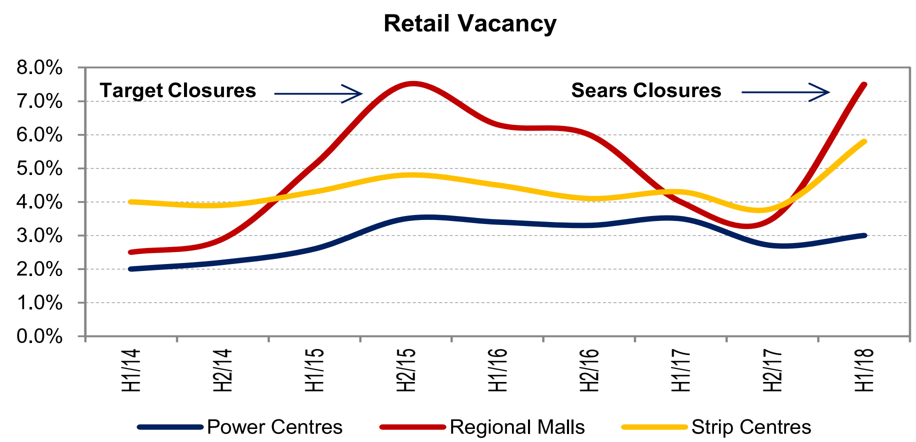
Canadian REITs' operating results continue to reflect conservative capital structures, diversified portfolios, and, in many cases, long-term leases. We expect Canadian REITs, on average, to deliver very steady and reliable results.

Absent any further unforeseen broad-based and dramatic credit market disruptions (which generally tend to drive betas and correlations for all risk assets to close to 1), we expect REITs could continue to provide attractive diversification and income characteristics for investor portfolios, enhancing returns and reducing overall volatility.

Retail – Knights In White Satin

Retail-oriented REITs continue to be pressured by the pervasive (and all too wrong, in our opinion) negative narrative hanging over it like the sword of Damocles. While in the aggregate 2018 was characterized by a modest deterioration of fundamentals in the retail real estate market, with average national retail vacancy rates climbing to 4.7% in H1/18 from 3.3% in H2/17 (as reported by CBRE), the story of retail is at best bifurcated and at worst largely misunderstood.

Exhibit 40. Retail Vacancy Rates



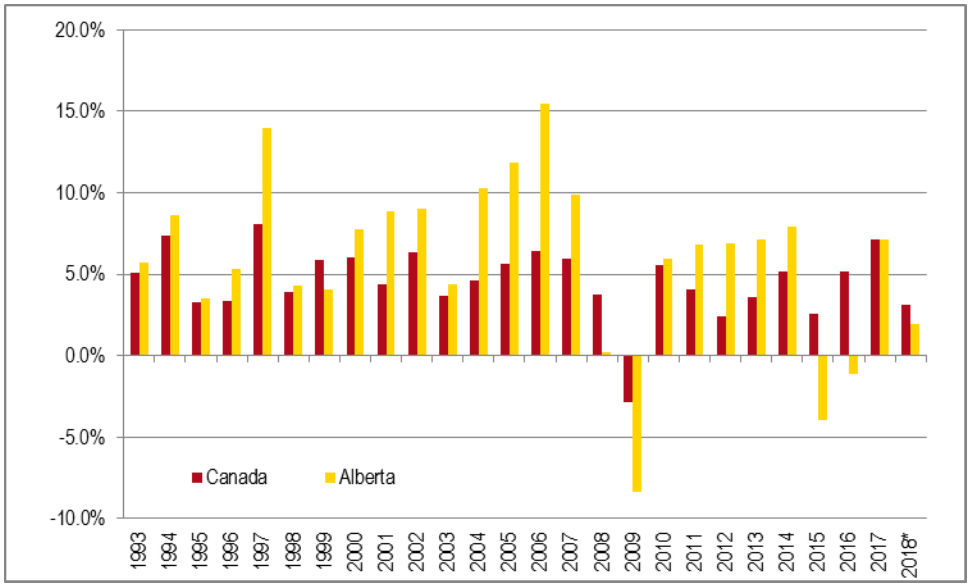
Source: CBRE and CIBC World Markets Inc.

We are firmly of the view that a REIT is much more than a group of properties passively collecting rent and waiting to react to the next market shock. High-quality REITs are greater than the sum of their parts and should be judged by the totality of their platform and by management's foresight to identify changing trends in the market and its ability to adjust its strategies accordingly – a point that we feel is often overlooked (particularly in NAV analysis which tends to forecast forward one year's NOI and divide it by a current estimate of a cap rate). Perhaps no better interpretation of this dynamic can been garnered from a recent interview of the CEO of a small U.S.-based retail REIT wherein he was quoted as saying: "We've worked diligently to address unproductive department store space over the previous couple of years and recent reports of an imminent Sears bankruptcy filing shouldn't come as a surprise to any landlord unless they own a few Zayre or E.J. Korvette locations trapped in a space-time continuum where the Sansabelt clad relax on shag carpeting, illuminated by the warm glow of a lava lamp while they drink Tang and vodka and listen to The Moody Blues." Suffice it to say, a retail REIT is a business, not just a location.

Of all format types, regional shopping centres experienced the greatest increase in vacancy of 380 bps from H2/17 to 7.5% in H1/18, partially due to the final closure of Sears Canada across the country, which brought ~15 million square feet of anchor space to the market at the beginning of the year. That supply shock has had the effect of swinging the balance of negotiating strength more in favour of tenants (at least in the very near term). To meet the demand from mostly smaller regional retailers, many landlords have chosen to subdivide the former Sears space, which provides them significant opportunity to capture higher rents on re-leasing. In some cases, the former Sears space has been converting to office and residential uses. With the growth of e-commerce, many landlords continued to work on improving their properties (i.e., intensification projects) in 2018 to further differentiate themselves from the rest to attract better retailers and more shoppers.

In terms of new supply, approximately 4.1 million square feet of retail space was delivered in 2018, well below the annual average of 5.7 million square feet over the past five years. For the most part, demand continues to keep pace with the somewhat limited supply, while nominal retail sales growth has continued to remain positive in most markets.

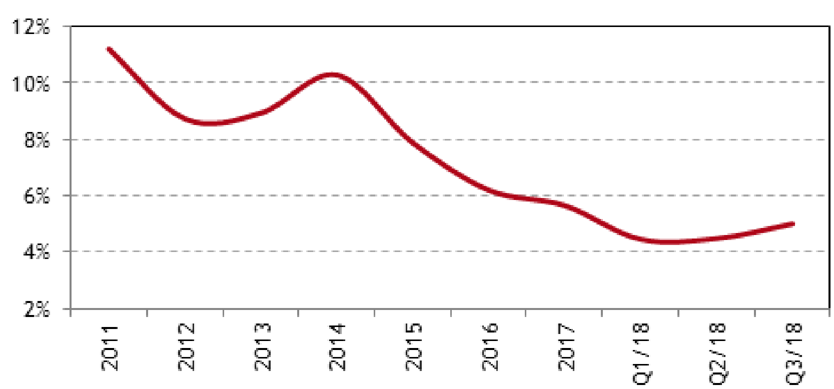
Exhibit 41. Nominal Retail Sales Growth



*From January 2018 to October 2018.
Source: Statistics Canada and CIBC World Markets Inc.

Following several years of decline, leasing spreads across our coverage universe appear to be stabilizing and, in fact, have begun trending upward, and sat at a relatively healthy and positive ~5% as of Q3/18.

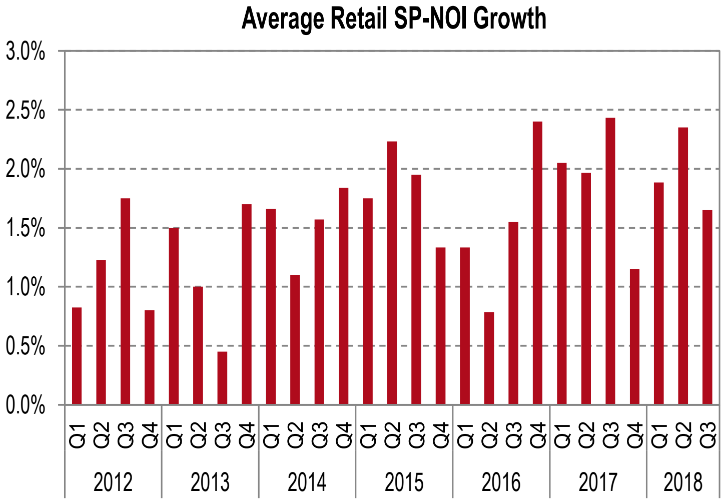
Exhibit 42. Canadian Retail REIT Leasing Spreads

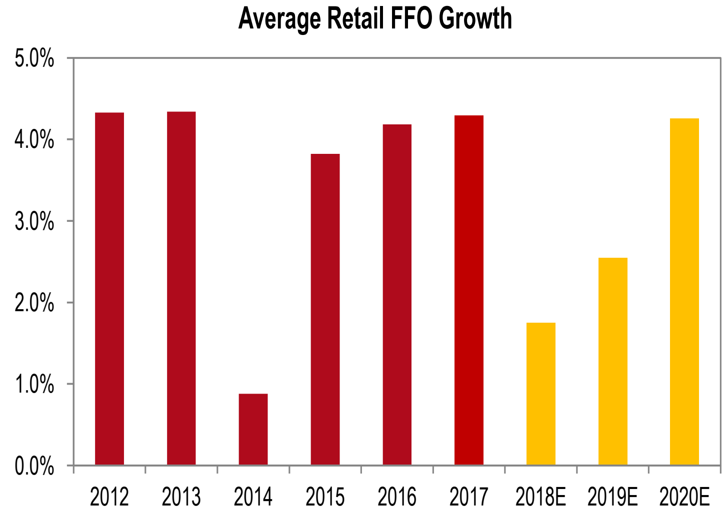


*Source: RioCan REI, SmartCentres, First Capital Realty and Crombie REIT.

We anticipate that, with the progress made on backfilling the vacated Target and Sears spaces at many retail centres, we could see the leasing spread trend continue to improve and potentially have a knock-on effect on the current and all-too-common narrative surrounding retail (i.e., Amazon is taking over all things retail). We note that the operating performances on SP-NOI growth and per unit FFO metrics are largely at odds with the unit price performance of the underlying sector.

Exhibit 43. Retail SP NOI And FFO Growth





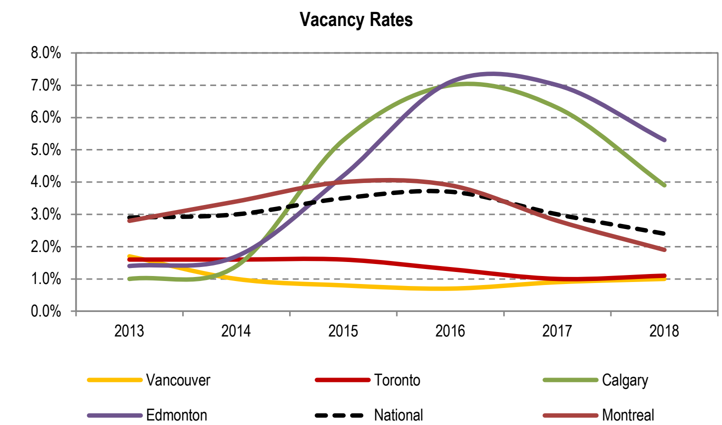
Source: Company reports and CIBC World Markets Inc.

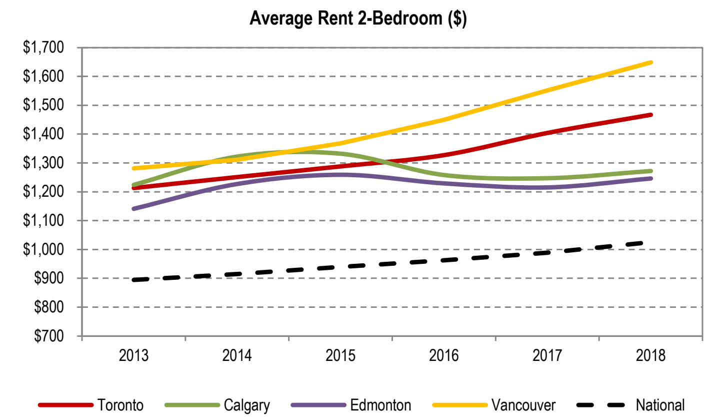
In the long term, we believe the value of Canadian retail property is unlikely to be materially affected by the proliferation of online retailing. Having said that, in the shorter term many retailers could struggle, potentially impacting shorter-term cash flows and occupancy in certain retail properties. In the current environment, we continue to expect more defensive property types, like grocery-anchored retail and urban retail with density intensification opportunities, to perform better than average.

Multi-family – Toronto, Vancouver And The Rest

In 2018, multi-family residential fundamentals remained exceptionally strong in Canada with low national vacancy and steady demand from renters coast to coast. According to Canada Mortgage Housing Corp., Canada's overall vacancy rate decreased for the second year in a row, reaching 2.4% as of October 2018 (vs. 3.0% a year ago) (see exhibit below). Rental housing demand continued to outpace supply, attributable in part to the strong increase in international immigration, growth in youth employment, aging of the population and a general deterioration of home ownership affordability. The average national rent for two-bedroom apartments rose by ~3.5% Y/Y to $1,025 as of October 2018, a rate higher than inflation in Canada during the same period (+2.4%). In the section below, we explore in greater detail the Ontario and Alberta markets (arguably the most relevant regions for Canadian Multi-family REITs in 2019).

Exhibit 44.Vacancy Rates And Market Rents

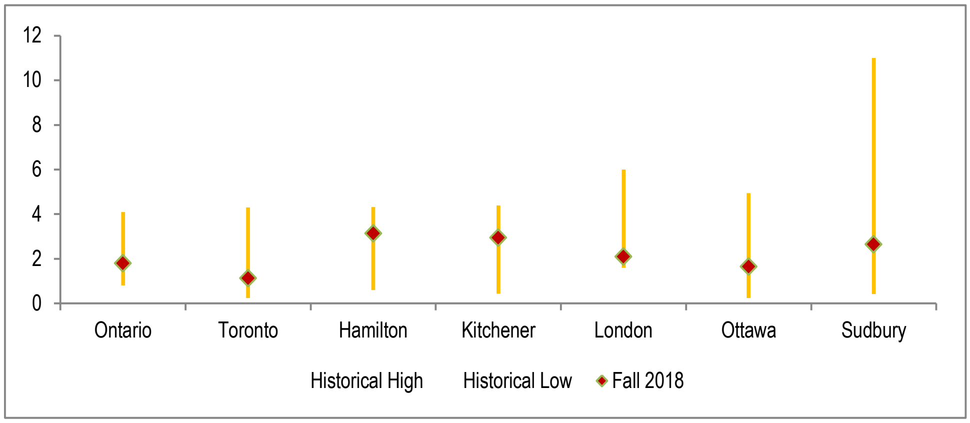




Source: CMHC and CIBC World Markets Inc.

Ontario - Fundamentally Sound: A robust Ontario market should see rental rate increases that are among the highest in the nation in 2019, with vacancy rates to remain near historical lows. Demand will be supported by the following: 1) Less accommodating mortgage market conditions for first-time buyers. We note that the share of first-time buyers in Ontario is close to a decade low, with many looking to the rental markets in lieu of a first home; 2) Ontario employment remains poised to grow at one of the strongest rates of the post-Financial Crisis period (the Ontario market is pro-cyclical, and unemployment rates remain at a four-decade low); and, 3) Ontario is capturing a growing share of immigrants (levels not seen since the early 2000s). A large percentage of immigrants lack the requirements for mortgage financing (i.e., necessary savings and credit history) and, consequently, about two-thirds move into rental accommodation upon arrival in Canada. Partially offsetting this robust demand is a growing trend of younger adults' inability to leave their parental home (reflecting higher debt service costs and rising rents).

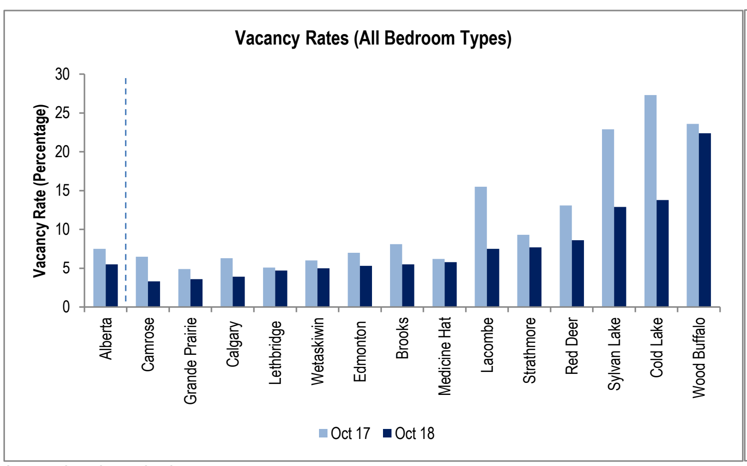
Exhibit 45. Historical Rental Apartment Vacancy Rates In Ontario

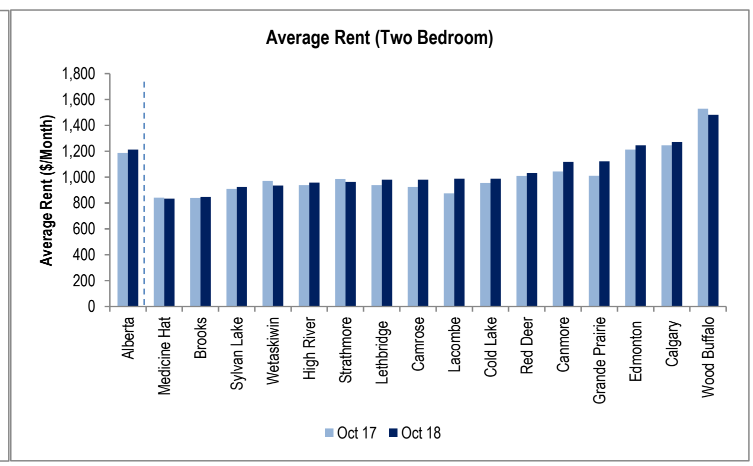


Source: CMHC and CIBC World Markets Inc.

Alberta - Recovering, But For How Long? CMHC industry reports indicate that Alberta's primary rental apartments vacancy (in urban centers) declined roughly 200 bps Y/Y to ~5.5% (as of October 2018). This decline was observed despite a 2.9% increase in supply. However, we note that some municipalities are far from "a full recovery" from the past oil shock and recession, such as Wood Buffalo with a vacancy rate of 22.4%. Rental rates broadly increased across the province last year (after two years of declines), with the average rent for a two-bedroom apartment up ~1.6%. However, we believe that further rental growth may be limited, with the health of the Western Canadian oil complex representing the primary swing factor; oil sands activity (along with the indirect secondary economic activity that it supports) will be a key driver of employment and migration dynamics in the province, which will, in turn, define the level of demand for rentals.

Exhibit 46. Alberta Vacancy And Average Rents By Municipality





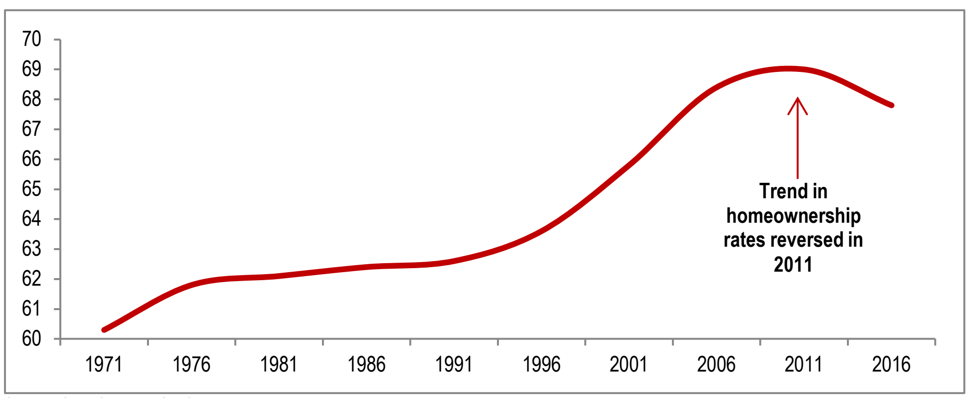
Source: CMHC and CIBC World Markets Inc.

A Favourable Backdrop For Further Growth In Rental Demand

We continue to expect solid growth in rental accommodation demand for the foreseeable future. Underpinning said demand are a myriad of factors, including:

1. **An Increase In The Propensity To Rent:** Homeownership, in the current environment, has become increasingly unattainable, with many looking to rentals as the only viable alternative. This a direct reflection of rising home prices (especially in Toronto and Vancouver) and, more recently, more stringent mortgage financing regulation.
2. **Net Immigration Posting Strong Gains:** The majority of newcomers tend to rent upon arrival to Canada. We note that, after reaching already high levels in 2017, net international migration increased by 23% Y/Y over the first half of 2018. Federal Canadian policy remains supportive of net positive migration looking forward.
3. **An Aging Population:** The Canadian population aged 65 and older is more inclined to rent after turning 65. This positive tailwind was observed last year, with this cohort registering strong growth across Canada since the beginning of 2018.
4. **Employment Remains A Key Factor:** Employment among younger workers (i.e., 15 to 29) has increased slightly over the past 12 months. This cohort represents a substantial portion of rental demand, and any further gains in employment (should job markets improve) would, therefore, be an incremental positive (we will leave employment forecasts to the economists).

Exhibit 47. Household Ownership In Canada (1971-2016)



Source: StatsCan and CIBC World Markets Inc.

Supply To Play "Catch-up" With Demand

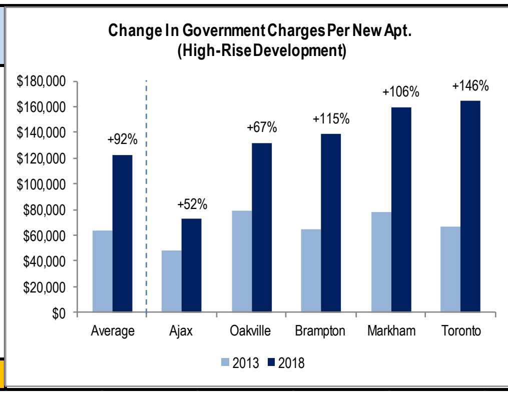
It is important to note that while demand for rental accommodation continues to outstrip supply, it is not necessarily for a lack of trying to address the issue (at least on a nationwide basis). Indeed, the amount of new rental property under construction over the last decade has tripled, and current levels are roughly on par with the construction of housing stock for home ownership. More recently still, rental prices in Toronto and Vancouver have incentivized many retail REITs to push towards intensifying their properties (we expect to explore this particular topic in greater detail this year).

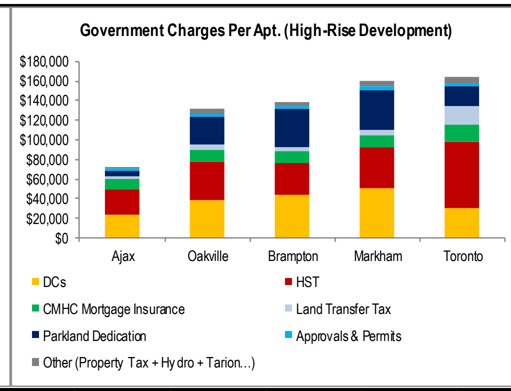
New Supply Is Scarce In Certain Urban Pockets: On a more regional basis, we note that new supply has been a challenge in Ontario – a factor of the rising costs associated with development within the province. In a recent whitepaper the Altus Group highlighted that government charges on high-rise developments have increased by 92% since 2013, while charges in Toronto increased by 146% over the same period. Similarly, the underlying land value of high-rise condos has increased by an average 74% since 2015, with values more than doubling in certain parts of downtown Toronto. Anecdotally, but perhaps adding greater context to the situation, we believe, and it has been suggested, rents pushing upwards of $4/sq. ft. may be needed to support greenfield development in parts of Toronto. Needless to say, the economics of new supply remain quite challenged in such a high-cost environment.

Exhibit 48. Land Values And Government Charges Continue To Trend Upwards

High-Rise Land Value Breakdown

Sub-Market	Market Value of $/SF		Percentage Increase
	2015	2018	
Downtown West	$67 - $75	$160 - $170	132%
Downtown East	$65 - $73	$150 - $160	125%
Downtown Core	$110 - $115	$215 - $225	96%
Toronto West	$55 - $62	$90 - $100	62%
Toronto East	$60- $67	$80 - $90	34%
Bloor Yorkville	$135 - $145	$240 - $250	75%
North Toronto	$90 - $95	$160 - $170	78%
North Yonge Corridor	$65 - $70	$85 - $90	30%
Hwy. 7 / Yonge Corridor	$40 - $45	$60 - $65	47%
Vaughan	$35 - $40	$55 - $65	60%
Average			74%





Source: Altus Group, MCAP and CIBC World Markets Inc.

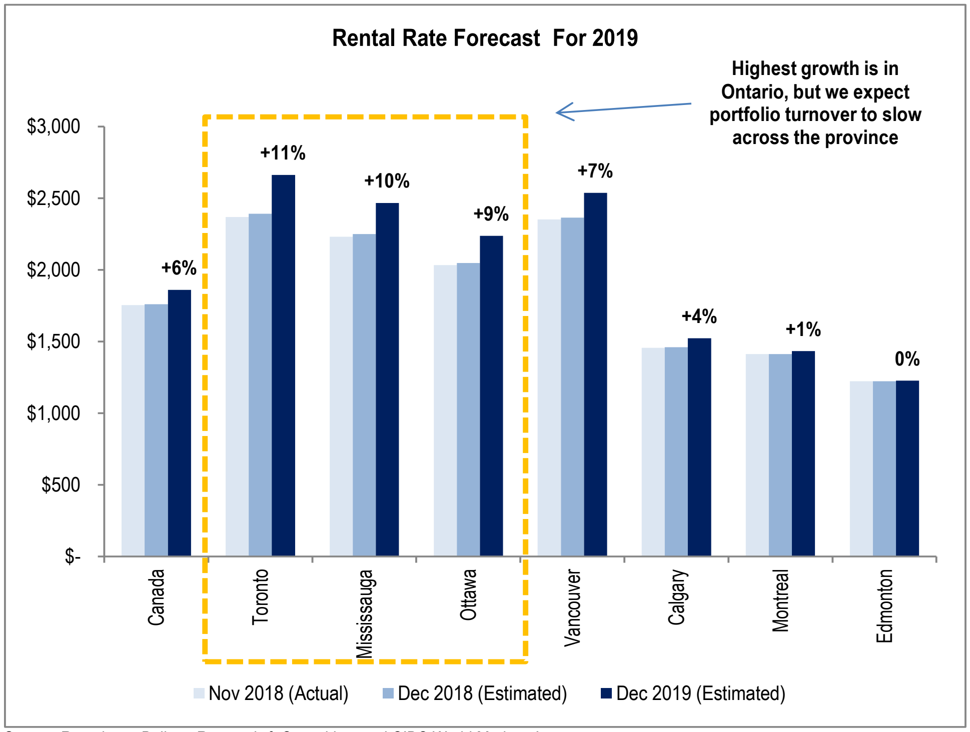
New Construction In Ontario Now Exempt From Rent Controls, But Impact Likely Delayed: In November 2018 the PC government exempted new rental stock from current rent control legislation (i.e., capped rental rate increases, which are roughly indexed to inflation). The logic of such is relatively straightforward – the cash flow profile of a development is marginally improved if cash flow growth is not capped. That being said, only time will tell if this change in policy does unlock new supply, as the extent to which development costs continue to rise may continue to undermine the feasibility of future supply. To this end, we note that new supply is not likely to “shock” the market given that a typical project entails a multi-year process. We also believe that a secondary knock-on effect may be a shift in demand towards older properties; all things equal, tenants are likely to favor a prospective apartment that is covered by rent-control legislation.

Looking Forward Into 2019, Valuations Largely Reflect Solid Fundamentals

In the exhibit below, we summarize market expectations of 2019 rental rate growth by municipality (as forecast by Rentals.ca and Bullpen Research & Consulting). While total Canadian rental growth is expected to grow roughly 6% over the course of the next 12 months, there remains a relatively wide dispersion between municipalities; cities in Ontario are expected to grow at the highest rates (Toronto tops the list at 11%) and Western Canadian cities are forecast to have the lowest growth rates (i.e., no rental rate growth expected in Edmonton).

The expectation for double-digit rental growth in Toronto would, at least at face value, help explain the record-low cap rates (and consequent record valuation levels) that investors are currently ascribing to residential REITs with high exposure to this region.

Exhibit 49. Ontario To Lead Rental Rate Growth In 2019, But Turnover Will Be A Constraint



Source: Rentals.ca, Bullpen Research & Consulting, and CIBC World Markets Inc.

While we accept the premise that market rents will continue to grow meaningfully, we propose that portfolio turnover in Ontario, on average, may be in a secular decline as tenants seek to avoid materially higher rents (indeed CMHC indicates that the Ontario turnover rate reached 14.9% in the fall of 2018, down substantially from 18.3% in 2017, with the GTA posting turnover rates well below provincial averages). This could serve to increase the spread between in-place and markets rents, which will in all likelihood be captured over a longer period of time than before. With Ontario legislation effectively capping rent increases on renewals at ~2%, we believe that Ontario-exposed REITs will be hard pressed to achieve overall rent growth in excess of 3%-4% absent a material uptick in turnover.

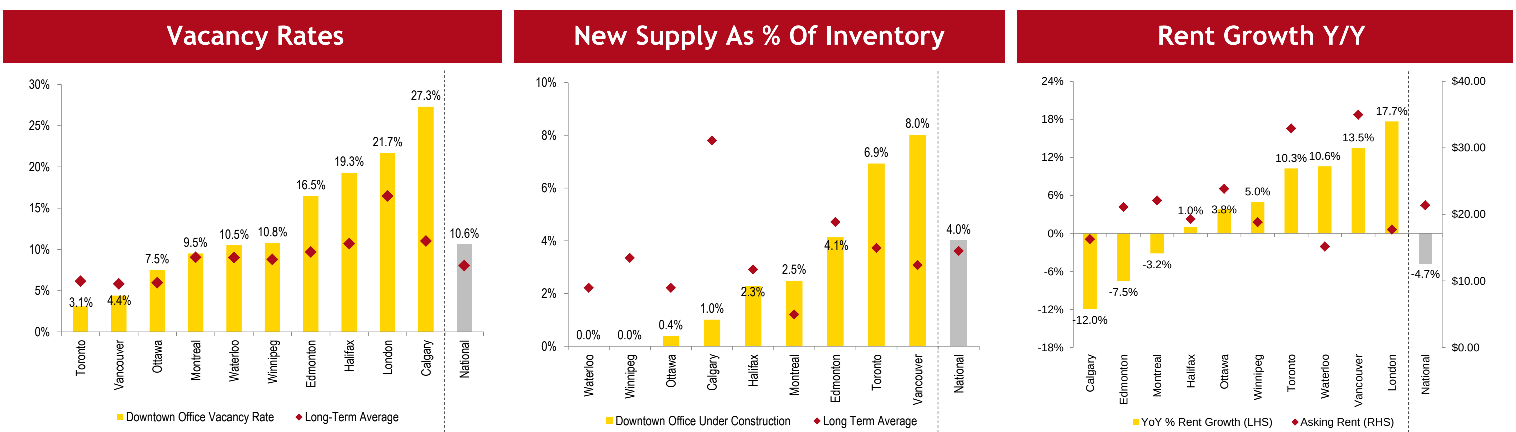
Office – Sticking Downtown

Differences in valuations and performances of office REITs partly reflect, we think, relative exposure to downtown (AP.UN and D.UN) and less urban/secondary market office fundamentals (SOT.UN and TNT.UN), with the former delivering better returns in 2018 and commanding superior valuations. Allied and Dream also have superior balance sheets compared with Slate Office and True North.

In terms of fundamentals, the office market continues to be a tale of strength predominantly in downtown Toronto and Vancouver, of weak Calgary markets, and of lackluster performance in the suburbs with some green shoots in suburban Toronto. Exposure to technology tenants has been driving relative outperformance for leasing in office nodes. According to CBRE, the Canadian national office vacancy rate decreased by 30 bps Q/Q to 12.4% in Q3/18 (10.4% for downtown, 14.7% for suburban), the lowest rate since Q4/15, and net absorption gains were recorded across nine of the 10 major markets. However, new construction has noticeably increased in some of the stronger markets (e.g., ~7% and 8% of total inventory in downtown Toronto and Vancouver, respectively) and could moderate market strength beyond 2020.

CIBC Economics projects Canadian unemployment to be 5.8% in 2018, slightly lower at 5.7% in 2019E before picking up to 6.1% in 2020E, levels that overall should be supportive of office demand. Ontario, BC, and Quebec are projected to have unemployment rates below the national average. The biggest risk to the overall outlook is a spike in unemployment and loss of jobs in the office sector, leading to a reduction in demand for space at a time when supply is being delivered to the market.

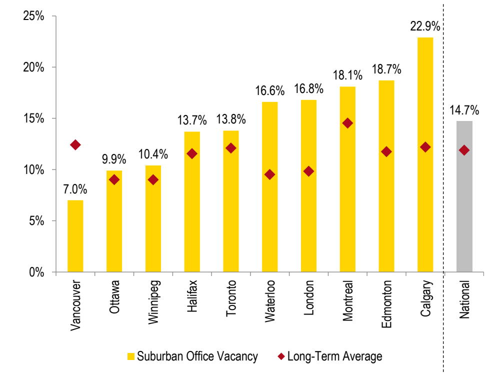
Exhibit 50. Canadian Downtown Office Market Fundamentals



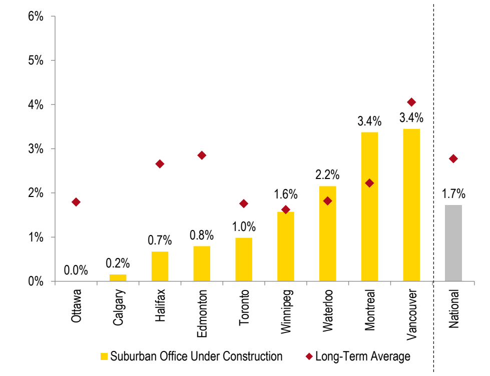
Source: CBRE and CIBC World Markets Inc.

Exhibit 51. Canadian Suburban Office Market Fundamentals

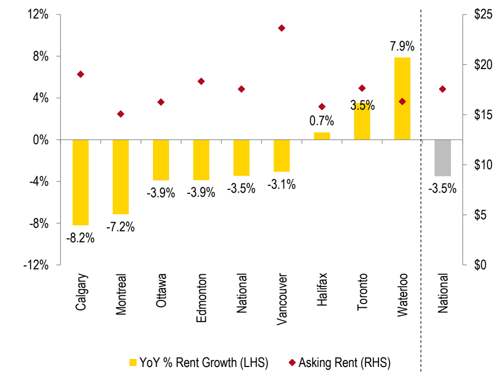
Vacancy Rates



New Supply As % Of Inventory



Rent Growth Y/Y

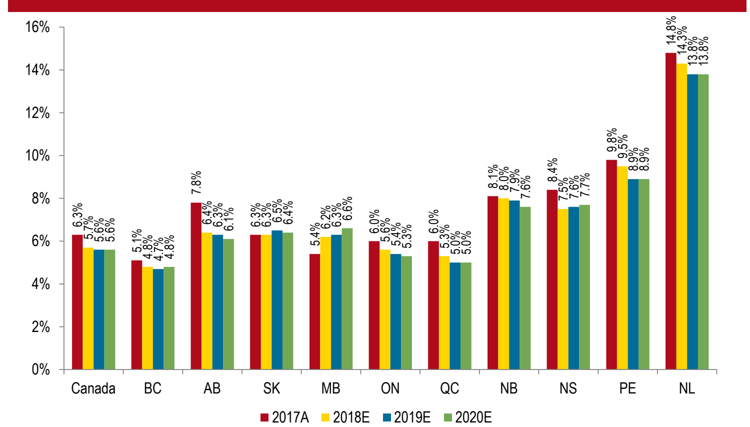


Source: CBRE and CIBC World Markets Inc.

Exhibit 52. Unemployment Rates

Canada Unemployment Rate

Provincial Unemployment Rate Forecast



Source: Statistics Canada, CIBC Economics and CIBC World Markets Inc.

The Rise Of Technology

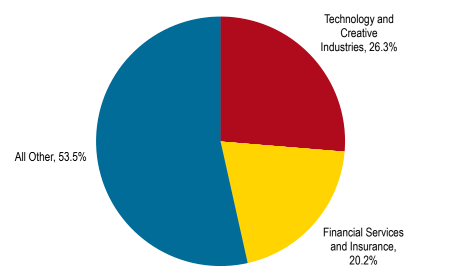
Technology users have become an increasingly important user of office space, and a source of market outperformance. According to CBRE, at Q1/18 technology was the number one demander of office space. Job growth in technology occupations outpaced that in non-tech between 2012 and 2017. In CBRE's listing of the 50 top-ranked tech-talent markets in North America (based on competitive advantages and appeal to tech-talent and employers), Toronto ranks number four, Ottawa thirteenth, Montreal fourteenth, and Vancouver twenty-fifth. In the Canadian-specific ranks, outside the four cities previously mentioned, Waterloo is ranked fifth.

Some of the most notable recent leasing deals in Toronto were for technology, advertising, media and information (TAMI) tenants, including WPP and MaRS at the Waterfront Innovation Centre, and Shopify and Index Exchange at The Well (Allied Properties and RioCan JV).

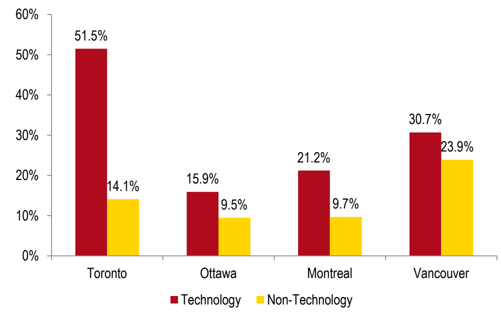
These trends have been favorable for Allied Properties, as telecommunications, information technology, media and entertainment tenants account for nearly 41% of rental revenue (including data centres) as at Q3/18.

Exhibit 53. Increasing Importance Of Tech Employment

Office User Demand By Tenant Type



Job Growth 2012-2017



CBRE Tech Talent Ranking

Canada Ranking	North America Ranking	City	Score
1	4	Toronto	87.3
2	13	Ottawa	77.0
3	14	Montreal	69.3
4	25	Vancouver	67.3
5	NA	Waterloo Region	66.6
6	NA	Calgary	56.9
7	NA	Halifax	51.8
8	NA	Quebec City	47.6
9	NA	Hamilton	47.5
10	NA	Victoria	46.4

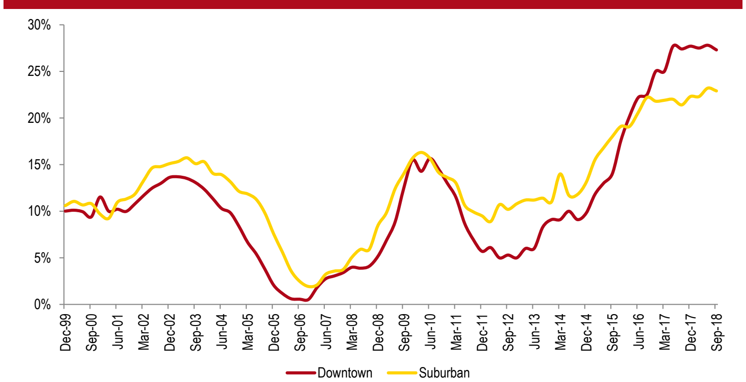
Source: CBRE and CIBC World Markets Inc.

Calgary Still Challenging

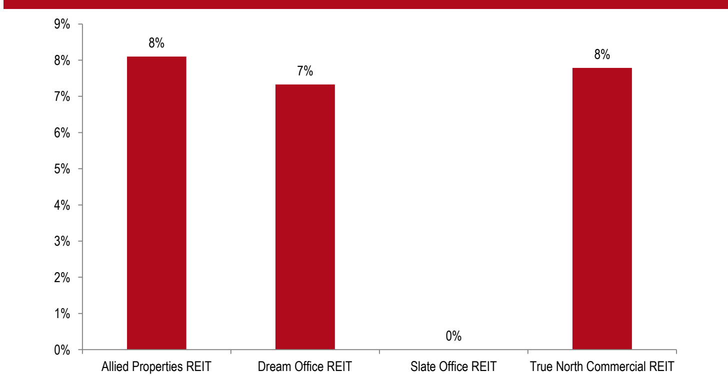
The office market in Calgary remains relatively weak. Downtown Calgary vacancy has oscillated between 27% and 28% since Q2/17. Asking rents appeared to be stabilizing in mid-2017 through early 2018 (single-digit Y/Y declines in rent), but look to be taking another leg down, declining 10%+ over the last two quarters. Current energy markets are not supportive of an improvement in Calgary in the near term. We note that while a sustained Calgary recovery is still some years away, exposure is sub-10% of office GLA for any given office REIT.

Exhibit 54. Calgary Office Vacancy Rates And REIT Exposure

Calgary Office Vacancy Rates



% Of GLA In Calgary Office

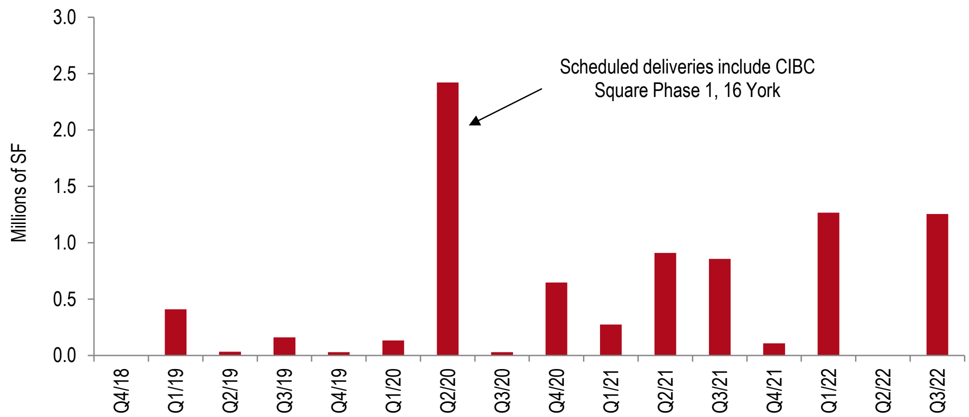


Source: CBRE, company reports and CIBC World Markets Inc.

Downtown Toronto Supply Could Become An Issue Beyond 2020

New supply under construction has picked up in Toronto and Vancouver, and as at Q3/18 represent 6.9% and 8.0% of inventory, respectively. In downtown Toronto, major deliveries are expected to begin in 2020. With strong employment growth, we believe that absorption rates should remain at least near historical averages, which should keep the market healthy. Recessionary levels of absorption as new supply is delivered could tip the market in favour of tenants.

Exhibit 55. Downtown Toronto – Planned Office Deliveries



Source: Altus Group Limited and CIBC World Markets Inc.

Industrial – Still Strutting

The industrial REITs started the year with a bang as Blackstone privatized Pure Industrial REIT at a 16% premium to our estimated NAV and a sub-5% implied cap rate. Industrial REITs were some of the strongest performers on a total return basis in 2018.

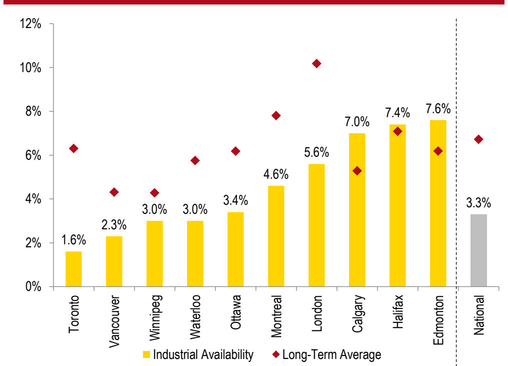
With few exceptions, industrial fundamentals across Canada are strong, with many markets recording record-low availability rates, mid-single to high-teen annual rent growth, and limited inventory under construction. Of note is that in Ottawa, excluding Amazon's distribution facility, supply under construction is ~0.1% of inventory.

Strong industrial production, capacity utilization, and manufacturing sales continue to generate strong demand, where absorption in Q3/18 was a record 13.7 million square feet.

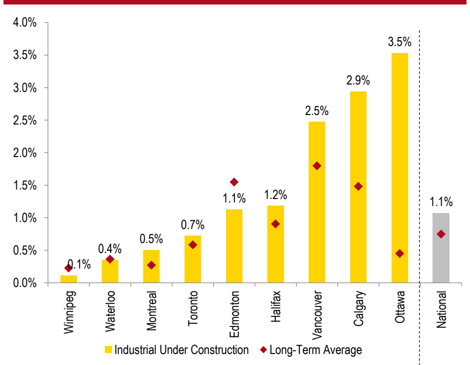
CIBC Economics forecasts GDP growth of 2.1% in 2018, with a deceleration to 1.8% in 2019E and 1.5% in 2020E. While this forecast could slow the rate of demand, with tight markets and little under construction, we expect fundamentals to generally remain favorable for industrial landlords.

Exhibit 56. Canadian Industrial Fundamentals

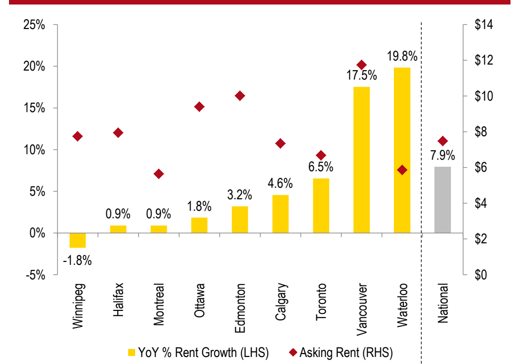
Availability Rates



New Supply As % Of Inventory



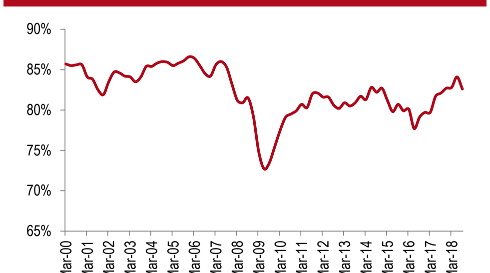
Rent Growth Y/Y



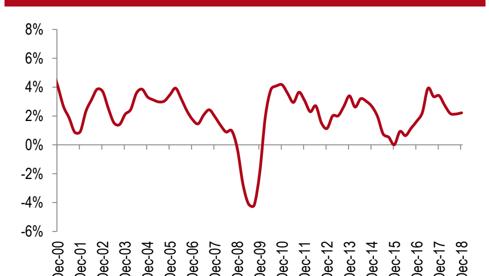
Source: CBRE and CIBC World Markets Inc.

Exhibit 57. Solid Economic Backdrop

Capacity Utilization



Industrial Production Y/Y



Manufacturing Sales Y/Y

Source: Statistics Canada, Bloomberg, CBRE and CIBC World Markets Inc.

E-commerce Helping Demand, Fuelling Supply

E-commerce sales continue to take share from traditional retailers. The continued trend towards on-demand consumption, same-day delivery service, and the evolution of omni-channel supply chains are expected to lead to further demand for warehousing and logistics space. According to a January 2018 forecast by eMarketer, online sales in Canada were expected to account for 9.0% of retail sales in 2018, up from 7.5% in 2017. By 2021, eMarketer forecasts online will represent 13.7% of total sales.

Online retailers record product return rates of 15% to 30% compared with 8% for bricks and mortar, meaning more storage is required for e-commerce sales. According to CBRE, online retailers require on average three times more space than traditional warehouse users, and that for every $1B of new online sales per year, over 1 million square feet of additional space is required. Relative to 2018E, eMarketer forecasts an incremental ~$37B of e-commerce sales through 2021, implying ~30 million square feet of industrial GLA would be required, or ~1.7% of supply at Q3/18, and compared with current construction activity of ~19.5 million square feet.

Most of the supply required to fulfill e-commerce demand will likely come in the form of new, purpose-built construction. By way of example, Amazon announced its third major fulfillment centre in Canada in the past 12 months. In September 2018, Amazon announced plans to build a 450K-square-feet facility at the Delta Port in BC Lower Mainland, to be completed in 2019. The centre joins Amazon's announced 1-million-square-feet centre in Caledon (announced July 2018), a 1-million-square-feet centre in Ottawa (announced in May 2018), and a 600K-square-feet facility outside Calgary (announced October 2017).

To illustrate the impact Amazon can have on a market, as indicated earlier, if we exclude the Amazon facility in Ottawa (which will be 100% occupied by Amazon on completion), supply under construction in the market is 0.1% compared with the 3.5% reported as at Q3/18.

Rents Still Need To Rise In Many Markets

We present a framework to get an idea of the difference between current market asking rents and rents required on new development to stimulate construction. Our analysis is based on a 100,000-square-feet warehouse with 40% site coverage. We use land transaction price data and hard cost estimates (from January 2018, so arguably a little conservative) from Altus Group, and assume a soft cost ratio of 20% of total costs. To estimate required rent to proceed with construction, we assume that market participants require a development yield of 100 bps in excess of market cap rates, and calculate this value over a range of scenarios based on low, mid, and high hard costs and development yields.

On average, we believe that rents still need to rise quite substantially in several markets to incentivize development. Toronto stands out as requiring rents of at least 14% higher than the reported asking rent of $6.68 at Q3/18 to stimulate construction activity. Regions where market rents currently exceed rents required to meet the criteria we describe have seen some sort of supply response (e.g., Vancouver).

Exhibit 58. Estimated Replacement Costs And Rent Differential Between Market And Economic Rents

Estimated Replacement Costs				Estimated Difference Between Market And Required Rents To Stimulate Construction Activity			
	Low	Mid	High		Lowest Rent	Average Rent	Highest Rent
Vancouver	$214	$242	$270	Vancouver	-18%	-2%	15%
Edmonton	$136	$151	$167	Edmonton	-15%	-2%	13%
Calgary	$143	$159	$174	Calgary	17%	35%	54%
Toronto	$152	$171	$190	Toronto	14%	37%	63%
Montreal	$100	$122	$144	Montreal	6%	38%	72%
Ottawa	$118	$130	$143	Ottawa	-31%	-20%	-9%

Source: Altus Group, CBRE, company reports and CIBC World Markets Inc.

U.S. Industrial Trends Intact

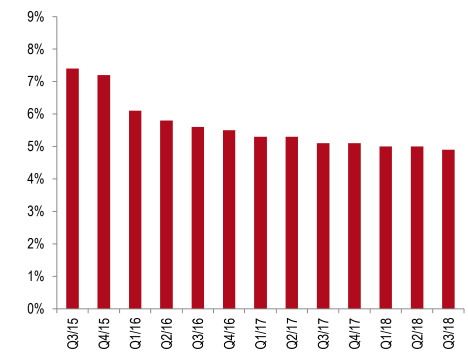
With YTD absorption of approximately 1.3% of total supply, it is expected that the U.S. industrial absorption rate in 2018 will be one of the three strongest on record. Driven by higher absorption rates, U.S. industrial availability declined to 4.9% at Q3/18, at a historical low (compares with five-year average of 6.2%), with the lowest municipal availability rates (sub 3%) unsurprisingly near major population centers and gateway cities, including Los Angeles, San Francisco, and Central New Jersey where net rents are climbing sharply. According to Cushman, tightening availability in primary markets is expected to drive tenants into secondary markets for 2018. Over the past few years, low vacancy and strong rent growth (+6.0% nationwide in Q3/18) have steadily led to increased construction activity, with new supply totaling ~2% of inventory. In primary gateway cities, multi-storey warehouse developments could potentially make further headlines following several ground-breaking projects in 2018 (e.g., Prologis' Georgetown Crossroads in Seattle and Innovo/Square Mile's Bruckner development in the Bronx).

Similar to the landscape in Canada, e-commerce sales have supported fundamentals for industrial real estate and were projected by the U.S. Department of Commerce to have risen +14.5% in Q3/18, following a robust growth rate of +16% in 2017. E-commerce sales in the U.S. are estimated to now comprise ~10% of total retail sales.

Total U.S. industrial capacity utilization was ~78.5% at November 2018, the highest level since November 2014. CIBC Economics projects U.S. GDP to grow +2.9% in 2018, followed by a moderation to 2.1% in 2019E and 1.5% in 2020E.

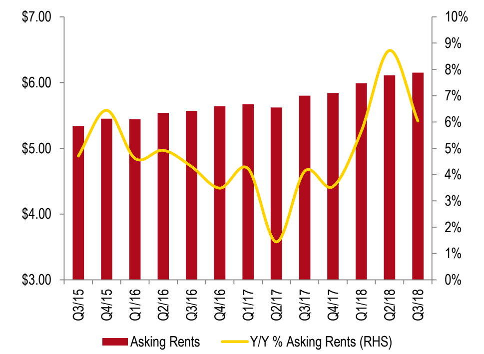
Exhibit 59. U.S. Industrial Fundamentals

Vacancy Rates



New Supply As % Of Inventory

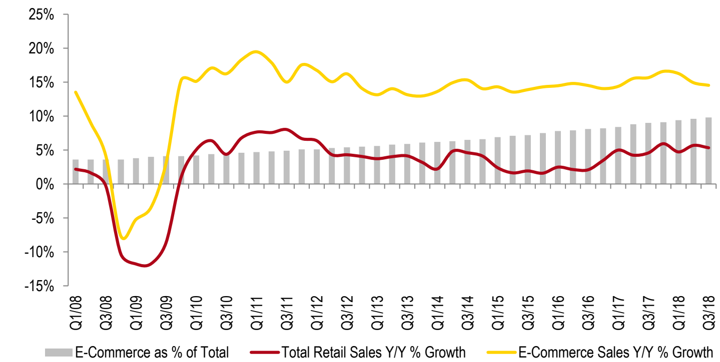
Rent Growth Y/Y



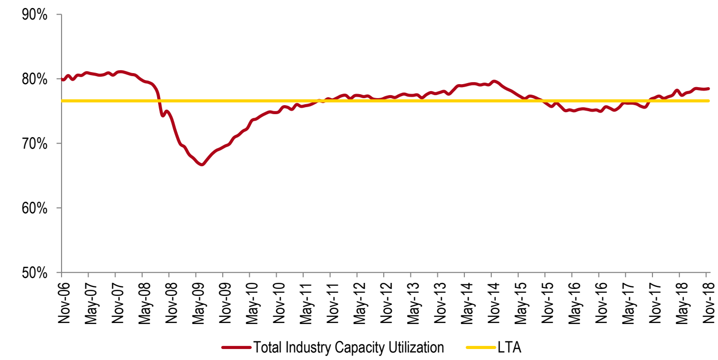
Source: Cushman & Wakefield and CIBC World Markets Inc.

Exhibit 60. Industrial Demand Drivers

U.S. E-Commerce Sales



U.S. Industrial Capacity Utilization



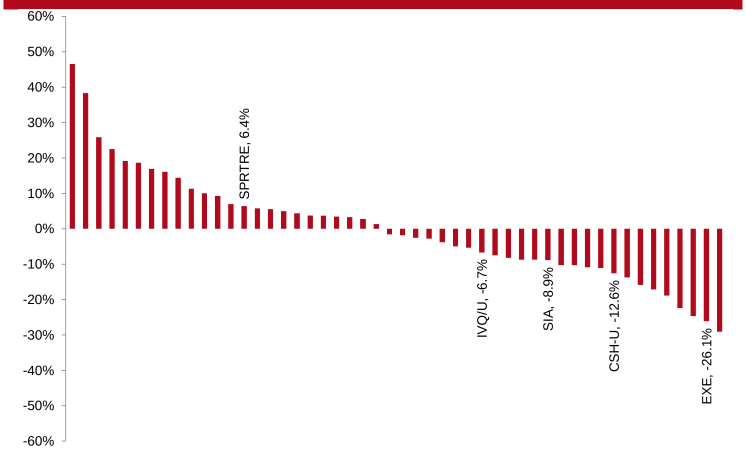
Source: U.S. Department of Commerce, Board of Governors of the Federal Reserve System (US) and CIBC World Markets Inc. .

Seniors Housing - Tough 2018 Sets Up For Potential Rebound In 2019

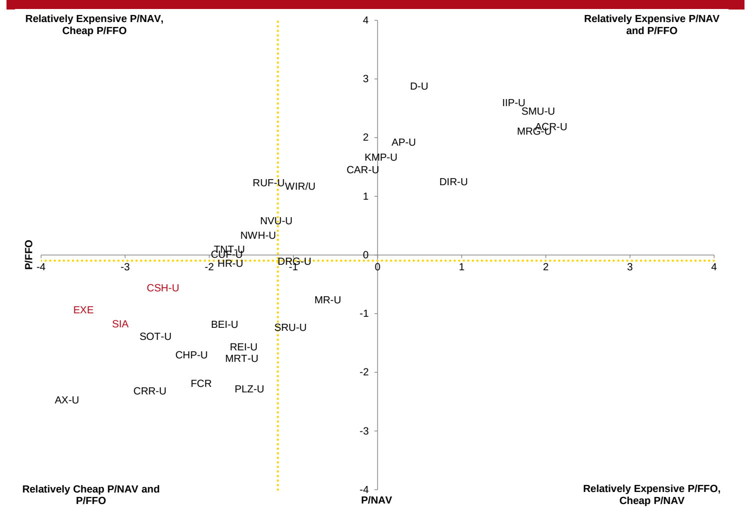
Canadian seniors housing-related stocks were some of the poorest performing in the real estate space in 2018. Relative to five-year averages, seniors housing names screen relatively favorably on a standard deviation basis, trading 3.0 standard deviations below average on P/NAV and 0.9 standard deviations below forward P/FFO multiples.

Exhibit 61. Returns And Standard Deviations Of Multiples

YTD Total Return Of Real Estate Stocks



 # Of Standard Deviations P/NAV And P/FFO Vs. Five-year Averages



Source: FactSet, company reports and CIBC World Markets Inc.

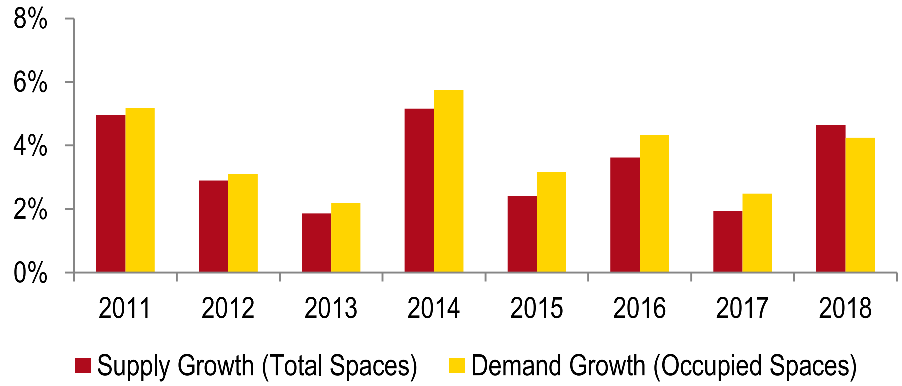
Retirement Housing:
Better Growth Potential Not Being Recognized

At ~90% of NOI, Chartwell has the highest degree of exposure to the private pay retirement home space, followed by Sienna at ~44% and Extendicare at ~6%.

We believe the narrative around supply growth in certain markets was responsible for some of the underperformance. The last supply data point was in the annual CMHC Seniors' Housing Report published in June 2018, which suggested supply modestly outpacing demand. While the annual balance between supply and demand can ebb and flow, we believe that supply needs to grow by necessity in order to meet the undeniable structural demand in the sector, which we estimate will grow by 4%+ over the next five years. In addition, as the services component of retirement housing "rent" is unregulated, pricing levers do exist in the portfolio to support top-line growth in stronger markets to moderate the impact of occupancy challenges in markets with new supply.

Chartwell intends to release its own internally generated supply measures, which could be a more timely and localized indicator of market dynamics. Details should be forthcoming with the release of its Q4/18 results.

Exhibit 62. Supply Has Largely Grown With Demand



Source: CMHC and CIBC World Markets Inc.

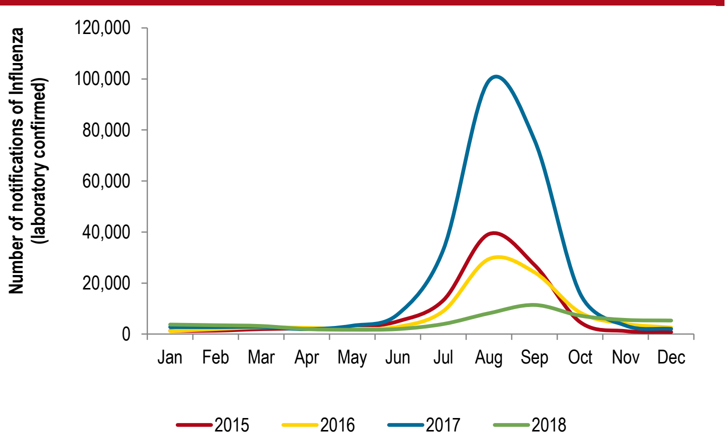
Hoping For A Better Flu Season

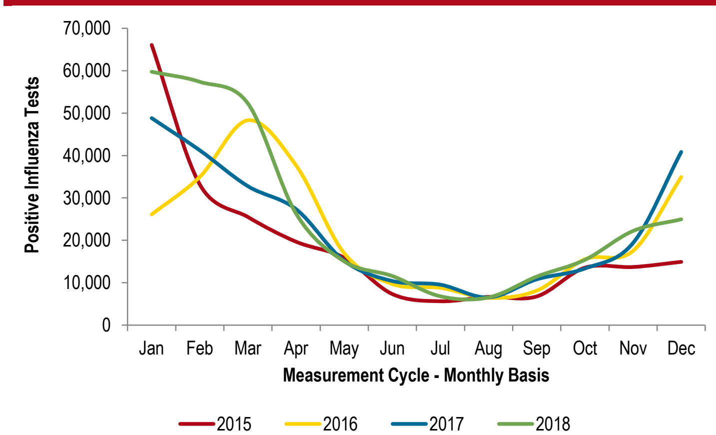
We believe occupancy for 2018 was partially anchored by a harsher flu season. There was a 30% increase in positive tests for the 2017/2018 flu season compared with 2016/2017. High flu incidence has the effect of: 1) resulting in "move-outs"; and, 2) limiting touring activity in homes with outbreaks. Both factors have a deleterious impact on occupancy.

We believe that there is the potential for the 2018/2019 flu season to make for easier comparisons in 2019. The Australian flu season peaks in August of the calendar year, giving us an early indication of the potential magnitude of the coming flu season in Canada, which peaks in January/February. Compared with 2017, the 2018 flu season in Australia looks to show a dramatic improvement in the number of notifications of influenza. This could suggest the potential that Q1 and Q2 results in 2019 benefit from an easier "flu comp."

Exhibit 63. Australia And Canada Flu Season Comparison

Australia	Canada





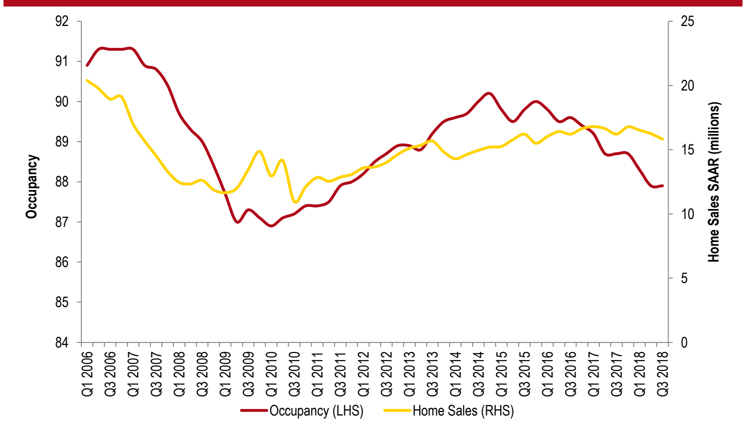
Source: Australian Government Department of Health, Public Health Agency of Canada and CIBC World Markets Inc.

A Look At Housing

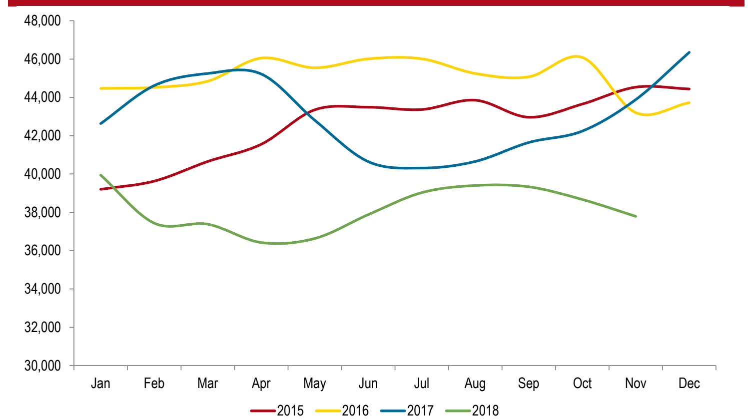
Typically an individually sells their primary residence when moving into a retirement home. During the Great Financial Crisis (a housing-led recession), in the U.S. changes in independent living occupancy rates appear to be correlated with existing home sales. In 2018, unit sales activity in Canada fell when compared with the prior few years which may have had some marginal impact on the ability for a senior to move. The Canadian Real Estate Association (CREA) projects national home sales to be down 0.5% and prices to be up 1.7% compared with 2018. If sales activity continues to stabilize, on a year-over-year basis, any negative impact from housing in 2018 (was never specifically called out) should be lapped in 2019. However, we do acknowledge that if home sales continue to moderate lower, this could lead to the creation of pent-up demand (as it takes longer for a senior to sell the home) and a temporary oversupply situation.

Exhibit 64. Existing Home Sales And Retirement Home Occupancy

U.S. Existing Home Sales And Independent Living Occupancy



Canadian Monthly Residential Unit Sales



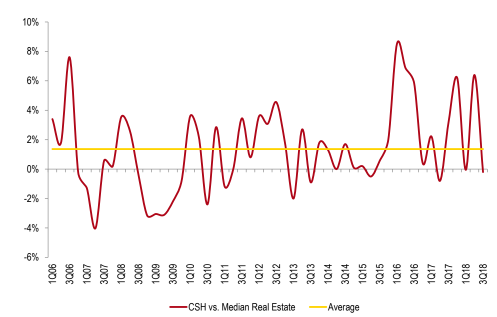
Source: National Investment Centre, National Association of Realtors, CREA and CIBC World Markets Inc.

Room For Valuation Catch-Up Based On Fundamentals

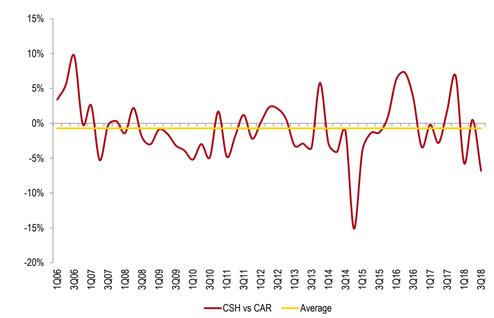
Retirement home organic growth (using Chartwell as a national proxy) has typically exceeded the median REIT in Canada, and has over time been fairly comparable with apartments (using Canadian Apartment REIT as the benchmark). Retirement housing rents directionally move with apartment rents, and should continue to benefit from tight conditions in the multi-family sector.

Exhibit 65. Organic Growth Comparison (Same Property NOI)

CSH.UN vs. Median REIT



CSH.UN vs. CAR.UN

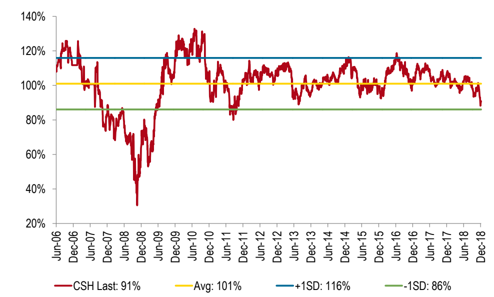


Source: Company reports and CIBC World Markets Inc.

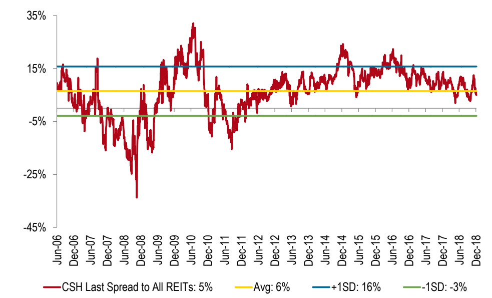
The market has historically rewarded this organic growth profile with a price to net asset value premium to the overall REIT sector and a P/NAV multiple comparable to CAR.UN. At year-end 2018, CSH.UN was trading at a ~500 bps NAV premium to the overall REIT sector compared with its historical ~600 bps premium and at a 1100 bps discount to CAR.UN compared with a ~100 bps discount on a long-term historical basis.

Exhibit 66. Price To Consensus NAV Multiples

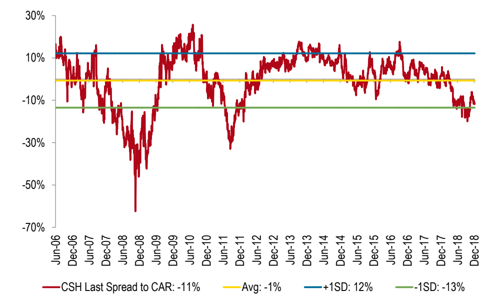
CSH.UN (Absolute)



CSH.UN vs. REITs



CSH.UN vs. CAR.UN



Source: Bloomberg, FactSet, S&P Global Market Intelligence, company reports and CIBC World Markets Inc.

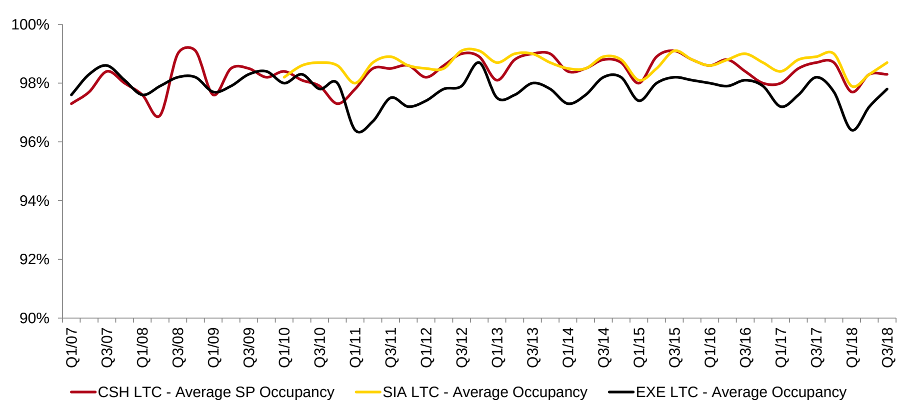
Long-term Care: Continued Resilience Expected

Sienna Senior Living has the highest degree of exposure to publicly funded LTC at ~56% of NOI, followed by Extendicare at ~54% (with another ~30% in primarily government-backed home care income), and lastly Chartwell at ~10%.

We expect Class C redevelopment activity to pick up this year. Extendicare (3,283 beds) and Sienna (2,239) have larger programs, with the latter aiming to create senior living campuses that include retirement homes.

There are other indicators to suggest that we might be getting late in this economic cycle. Due to the waiting list, government-controlled supply, and government-backed funding (which historically has never been cut), the long-term care sector has historically been relatively recession resilient and occupancy tends to oscillate in a narrow band. In Ontario, if occupancy exceeds 97% in an LTC home, the government reimburses based on 100% occupancy.

Exhibit 67. LTC Occupancy Rates



Source: Company reports and CIBC World Markets Inc.

New Ontario PC Government – Reason For Optimism

Actions taken by the Ontario PC government so far have generally been positive for health care owner/operators.

In Ontario, the minimum wage increased over 20% in 2018 to $14 per hour. The previous Liberal government had mandated another $1 increase (~7%) for 2019. While the pool of direct minimum wage workers is small among seniors housing operators, we believe that these increases caused upward pressure on wages for some lower-skilled health care workers (e.g., personal support workers). The PC government removed the proposed increase, capping the minimum wage at $14 per hour, which should result in a moderation in labour cost increases in 2019.

The previous Liberal government had created "Personal Support Services Ontario," which was intended to be a public owned and operated home care provider. In September, the PC government abolished the organization.

The Ontario Retirement Communities Association (ORCA) has been lobbying for a "Seniors Services Benefit" – a monthly allowance that is sent directly to a senior to help pay for health care needs. Similar programs are currently in place in certain European countries like Germany and France, as well as Australia. Saskatchewan and Quebec have similar models. The basic idea is that seniors would be given a "voucher" based on the level of care required, and the individual could direct the spend as they wish (a self-directed funding model). For example, if a senior is given a $1,000/month voucher, they could apply it toward home care, physiotherapy, a retirement housing suite, etc. The use of vouchers towards retirement home rents could have a positive impact on occupancy as at the margin previously "unaffordable" rates are subsidized by the program. ORCA argues that the program would alleviate financial pressure, empower choice, and allow seniors to benefit from a congregate setting where social interaction can help with a senior's health and wellbeing. The Ford government is aiming to "End Hallway Health Care" and such a program could help this endeavor. We understand that such a program may be in consideration by the current government and, if adapted, the details would likely be in a budget update (though not necessarily in 2019).

It is difficult to handicap what the government will or will not do, and we do not assume any benefits from this program in our base case, but illustrate some of the potential impact. The capture rate in Ontario in 2018 was ~5.5% (compared with the national average of 9.2%), with occupancy of ~90.1% (compared with the national average of 92.7%). Based on 2018 data, all else equal we estimate that a 10 bps change in the capture rate could drive occupancy in Ontario by 160 bps.

We think that there is a possibility that the current funding formula for LTC Class C redevelopments could be reviewed. In 2014, the capital subsidy model was improved, giving owners a capital subsidy that ranged from $16.65 per diem to a maximum of $23.03 per diem. The problem with the model was that these subsidy rates were fixed, while construction costs have continued to escalate, depressing the returns for redevelopments. As a result, owners have been slow to make much headway on the 30,000 LTC beds slated for redevelopment. With Ontario being under Liberal stewardship from 2003 to 2018, perhaps a change in leadership may result in a change in thinking around funding LTC redevelopments that could result in more favorable economics for owners, and meet the provincial objective of updating the aging LTC inventory. Part of the equation may include the allocation of new bed licenses to operators to allow for better economies of scale.

Exhibit 68. Canadian Large-capitalization REITs

Ticker	Name	Mkt. Cap. ($ mlns.)	Last Price 12/31/2018	2018E FD FFO Per Share	2018E FD FFO % Change	2019E FD FFO Per Share	2019E FD FFO % Change	P/FFO 2018E	P/FFO 2019E	Dividend Indicated	Dividend Yield	2019E FFO Payout Ratio
Canadian Shopping Centre REITs												
REI.UN	RioCan REIT	$7,314	$23.80	$1.82	1.7%	$1.80	(1.1%)	13.1x	13.2x	$1.44	6.1%	80%
SRU.UN	SmartREIT	$4,970	$30.83	$2.31	3.6%	$2.41	4.3%	13.3x	12.8x	$1.80	5.8%	75%
CRR.UN	Crombie REIT	$1,898	$12.52	$1.22	1.7%	$1.26	3.3%	10.3x	9.9x	$0.89	7.1%	71%
CHP.UN	Choice Properties	$7,693	$11.52	$1.03	(3.7%)	$1.05	1.9%	11.2x	11.0x	$0.74	6.4%	70%
CRT.UN	CT REIT	$2,479	$11.53	R	R	R	R	R	R	$0.76	6.6%	R
FCR	First Capital Realty	$4,803	$18.85	$1.22	5.2%	$1.25	2.5%	15.5x	15.1x	$0.86	4.6%	69%
Average		**$29,157**	**(Total)**		**1.8%**		**2.5%**	**12.2x**	**11.9x**		**6.1%**	**71%**
Apartment REITs												
BEI.UN	Boardwalk REIT	$1,921	$37.81	$2.23	5.7%	$2.48	11.2%	17.0x	15.2x	$1.00	2.6%	40%
CAR.UN	CAP REIT	$6,477	$44.30	$2.00	9.9%	$2.06	3.0%	22.2x	21.5x	$1.33	3.0%	65%
NVU.UN	Northview REIT	$1,552	$24.48	$2.12	1.9%	$2.22	4.7%	11.5x	11.0x	$1.63	6.7%	73%
Average		**$9,949**	**(Total)**		**5.8%**		**6.3%**	**16.9x**	**15.9x**		**4.1%**	**59%**
Canadian Diversified Commercial (Office/Industrial/Retail)												
HR.UN	H&R REIT	$6,228	$20.65	$1.73	(4.9%)	$1.78	2.9%	11.9x	11.6x	$1.38	6.7%	78%
AX.UN	Artis REIT	$1,421	$9.24	$1.31	(8.4%)	$1.35	3.1%	7.1x	6.8x	$0.54	5.8%	40%
MRT.UN	Morguard REIT	$692	$11.40	$1.45	(7.6%)	$1.53	5.5%	7.9x	7.5x	$0.96	8.4%	63%
AP.UN	Allied Properties REIT	$4,605	$44.32	$2.17	1.9%	$2.27	4.6%	20.4x	19.5x	$1.56	3.5%	69%
CUF.UN	Cominar REIT	$2,037	$11.20	$1.19	(13.8%)	$1.15	(3.4%)	9.4x	9.7x	$0.72	6.4%	63%
D.UN	Dream Office REIT	$1,449	$22.29	$1.63	(19.6%)	$1.65	1.4%	13.7x	13.5x	$1.00	4.5%	60%
Average		**$16,432**	**(Total)**		**(8.8%)**		**2.3%**	**11.7x**	**11.4x**		**5.9%**	**62%**
Overall Average – Canada		**$55,538**	**(Total)**		**(1.6%)**		**3.2%**	**13.0x**	**12.5x**		**5.6%**	**65%**
Government Of Canada 10-year Bond											**1.93%**	
Canada REIT Yield Spread											**+ 380 bps**	

R - Restricted

Source: Bloomberg and CIBC World Markets Inc.

Exhibit 69. U.S. Large-capitalization REITs

Ticker	Name	Mkt. Cap. ($ mlns.)	Last Price 12/31/2018	2018E FD FFO Per Share	2018E FD FFO % Change	2019E FD FFO Per Share	2019E FD FFO % Change	P/FFO 2018E	P/FFO 2019E	Dividend/Dist' Indicated	Dividend/Dist' Yield	2019E FFO Payout Ratio
U.S. Shopping Centre REITs												
FRT-US	Federal Realty Invs Trust	$8,719	$118.04	$6.22	8.3%	$6.43	3.4%	19.0x	18.4x	$4.08	3.5%	63%
KIM-US	Kimco Realty Corp	$6,173	$14.65	$1.47	(5.4%)	$1.46	(0.5%)	10.0x	10.0x	$1.12	7.6%	77%
REG-US	Regency Centers Corp	$9,943	$58.68	$3.80	2.9%	$3.91	2.9%	15.5x	15.0x	$2.22	3.8%	57%
DDR-US	Developers Diversified Realty	$2,044	$11.07	$1.65	(30.1%)	$1.17	(28.9%)	6.7x	9.4x	$0.80	7.2%	68%
SKT-US	Tanger Factory Outlet Center	$1,899	$20.22	$2.45	15.6%	$2.40	(2.2%)	8.3x	8.4x	$1.40	6.9%	58%
WRI-US	Weingarten Realty Investors	$3,184	$24.81	$2.31	(5.9%)	$2.23	(3.2%)	10.8x	11.1x	$1.58	6.4%	71%
SPG-US	Simon Property Group Inc	$51,959	$167.99	$12.13	8.2%	$12.50	3.1%	13.8x	13.4x	$7.90	4.7%	63%
MAC-US	Macerich Co/The	$6,105	$43.28	$3.75	(2.0%)	$3.81	1.4%	11.5x	11.4x	$3.00	6.9%	79%
TCO-US	Taubman Centers Inc	$2,778	$45.49	$3.77	7.3%	$3.71	(1.5%)	12.1x	12.3x	$2.62	5.8%	71%
Average		**$92,803**	**(Total)**		**(0.1%)**		**(2.9%)**	**12.0x**	**12.2x**		**5.9%**	**67%**
U.S. Apartment REITs												
AVB	Avalonbay Communities Inc.	$24,058	$174.05	$9.01	4.6%	$9.35	3.7%	19.3x	18.6x	$5.88	3.4%	63%
ESS	Essex Property Trust Inc.	$16,200	$12.62	$12.62	6.0%	$13.10	3.8%	19.4x	18.7x	$7.44	3.0%	57%
ACC	American Campus Communities	$5,672	$2.30	$2.30	(0.2%)	$2.42	5.0%	18.0x	17.1x	$1.84	4.4%	76%
CPT	Camden Property Trust	$8,201	$4.77	$4.77	5.2%	$5.06	6.1%	18.5x	17.4x	$3.08	3.5%	61%
EQR	Equity Residential	$24,321	$3.26	$3.26	4.0%	$3.43	5.2%	20.3x	19.3x	$2.16	3.3%	63%
MAA	Mid-America Apartment Comm	$10,894	$6.04	$6.04	1.7%	$6.28	4.0%	15.8x	15.2x	$3.84	4.0%	61%
UDR	UDR Inc.	$10,917	$1.94	$1.94	6.0%	$2.06	6.0%	20.4x	19.3x	$1.29	3.3%	63%
Average		**$100,262**	**(Total)**		**3.9%**		**4.8%**	**18.8x**	**17.9x**		**3.6%**	**63%**
U.S. Office REITs												
SLG	SL Green Realty Corp	$6,743	$79.08	$6.63	2.9%	$6.90	4.0%	11.9x	11.5x	$3.40	4.3%	49%
BXP	Boston Properties Inc.	$17,382	$112.55	$6.37	2.4%	$6.84	7.4%	17.7x	16.4x	$3.80	3.4%	56%
VNO	Vornado Realty Trust	$11,803	$62.03	$3.64	(2.9%)	$4.19	15.1%	17.0x	14.8x	$2.52	4.1%	60%
CLI	Mack-Cali Realty Corp	$1,769	$19.59	$1.83	(18.0%)	$1.81	(1.1%)	10.7x	10.8x	$0.80	4.1%	44%
BDN	Brandywine Realty Trust	$2,299	$12.87	$1.37	6.1%	$1.40	2.6%	9.4x	9.2x	$0.76	5.9%	54%
EQC	Equity Commonwealth	$3,646	$30.01	$0.62	(32.3%)	$0.59	(5.9%)	48.2x	51.2x	$0.00	0.0%	0%
Average		**$43,643**	**(Total)**		**(7.0%)**		**3.7%**	**19.2x**	**19.0x**		**3.6%**	**44%**
U.S. Industrial/Warehouse REITs												
PLD	Prologis	$36,966	$58.72	$3.02	17.5%	$3.15	4.5%	19.4x	18.6x	$1.92	3.3%	61%
EGP	Eastgroup Properties Inc.	$3,306	$91.73	$4.66	16.0%	$4.83	3.6%	19.7x	19.0x	$2.88	3.1%	60%
FR	First Industrial Realty Trust	$3,645	$28.86	$1.59	9.7%	$1.68	5.5%	18.2x	17.2x	$0.87	3.0%	52%
Average		**$43,917**	**(Total)**		**14.4%**		**4.5%**	**19.1x**	**18.3x**		**3.1%**	**57%**
Overall Average – U.S.		**$280,625**	**(Total)**		**1.1%**		**1.8%**	**16.5x**	**16.2x**		**4.4%**	**59%**
10-year U.S. Treasury											**2.67%**	
U.S. REIT Yield Spread											**+ 169 bps**	

Source: FactSet and CIBC World Markets Inc.

Exhibit 70. REIT Debt Profiles (As Of Q3/18)

REIT	Total Debt ($ MM)	Debt/ GBV Assets	Int. Cov.	Short Term* ($MM)	Short Term* % Tot.	Long Term* ($ MM)	Long Term* % Tot.	Conv. Debt ($ MM)	Conv. Debt Due (Years)	Avg. Term (Years)	Avg. Int. Rate	2018 ($ MM)	2018 %	2018 Rate	2019 ($ MM)	2019 %	2019 Rate	2020 ($ MM)	2020 %	2020 Rate	2021 ($ MM)	2021 %	2021 Rate
Shopping Centre																							
RioCan	6,019	42%	3.8x	831	13.8%	5,188	86.2%	-	-	3.3	3.5%	265	4.4%	3.8%	916	15.2%	3.7%	859	14.3%	3.2%	940	15.6%	3.5%
SmartCentres REIT	4,136	45%	3.1x	537	13.0%	3,600	87.0%	-	-	5.0	3.7%	102	2.5%	3.6%	308	7.5%	3.4%	540	13.1%	3.7%	323	7.8%	4.0%
First Capital Realty[1]	4,259	43%	2.5x	516	12.1%	3,744	87.9%	-	-	5.1	4.3%	128	3.0%	5.3%	369	8.7%	6.0%	443	10.4%	5.3%	248	5.8%	4.6%
Crombie	2,463	48%	2.9x	344	14.0%	2,119	86.0%	-	-	4.8	4.3%	175	7.1%	4.0%	227	9.2%	4.5%	350	14.2%	4.2%	393	16.0%	3.9%
Choice Properties	7,234	49%	3.2x	382	5.3%	6,852	94.7%	-	-	5.5	3.7%	32	0.4%	3.6%	559	7.7%	2.8%	772	10.7%	2.7%	694	9.6%	3.4%
CT REIT	2,596	46%	3.4x	40	1.5%	2,557	98.5%	-	-	9.2	4.1%	33	1.3%	2.8%	44	1.7%	3.5%	252	9.7%	4.1%	150	5.8%	2.2%
Diversified (Office/Retail/Industrial)																							
H&R	6,267	46%	3.0x	125	2.0%	6,142	98.0%	-	-	4.5	3.9%	125	2.0%	5.0%	404	6.4%	2.8%	1,029	16.4%	4.1%	1,016	16.2%	3.9%
Cominar	3,691	51%	2.4x	55	1.5%	3,637	98.5%	-	-	3.7	4.1%	55	1.5%	3.5%	685	18.5%	4.0%	481	13.0%	4.6%	526	14.3%	4.3%
Artis	2,586	49%	3.0x	448	17.3%	2,138	82.7%	-	-	3.4	4.2%	63	2.4%	4.4%	518	20.0%	4.0%	379	14.7%	3.9%	720	27.8%	3.9%
Morguard	1,333	44%	2.6x	226	17.0%	1,106	83.0%	168	'21	4.3	4.1%	-	0.0%	0.0%	162	12.2%	3.6%	114	8.6%	4.6%	329	24.7%	4.4%
Melcor	394	48%	2.7x	39	9.9%	354	90.1%	55	'19, 22	3.9	3.7%	15	3.9%	n/a	82	20.9%	n/a	48	12.3%	n/a	51	13.1%	n/a
Agellan	235	34%	3.3x	6	2.3%	229	97.7%	-	-	n/a	4.3%	-	0.0%	0.0%	44	18.7%	4.0%	42	17.8%	3.9%	0	0.0%	0.0%
Office																							
Allied Properties	1,749	30%	2.9x	255	14.6%	1,495	85.4%	-	-	4.7	3.8%	202	11.5%	3.5%	-	0.0%	0.0%	229	13.1%	3.8%	299	17.1%	3.3%
Dream Office	1,409	41%	2.8x	91	6.4%	1,318	93.6%	-	-	4.0	3.9%	-	0.0%	0.0%	73	5.2%	4.0%	194	13.8%	4.0%	134	9.5%	4.7%
Slate Office	1,194	59%	3.1x	192	16.0%	1,003	84.0%	28	'23	3.8	4.0%	-	0.0%	0.0%	251	21.0%	4.6%	232	19.4%	3.8%	487	40.8%	3.9%
True North Commercial	511	57%	3.1x	33	6.5%	478	93.5%	-	-	3.8	3.4%	10	2.0%	n/a	32	6.3%	n/a	76	14.9%	n/a	29	5.7%	n/a
Dream Global	2,428	46%	4.9x	89	3.7%	2,339	96.3%	-	-	4.9	1.6%	64	2.6%	n/a	-	0.0%	n/a	384	15.8%	n/a	583	24.0%	n/a
NorthWest Healthcare	2,594	50%	2.1x	412	15.9%	2,182	84.1%	295	"19,"20,"21	n/a	4.3%	85	3.3%	5.5%	527	20.3%	5.4%	348	13.4%	4.6%	368	14.2%	4.4%
Inovalis	387	51%	3.5x	70	18.0%	317	82.0%	-	-	5.5	2.1%	-	0.0%	n/a	35	9.0%	n/a	-	0.0%	n/a	0	0.0%	n/a
Industrial																							
Granite	716	27%	NA	6	0.9%	710	99.1%	-	-	4.2	2.5%	-	0.0%	n/a	-	0.0%	n/a	-	0.0%	n/a	250	34.9%	3.8%
Dream Industrial	926	36%	3.3x	89	9.6%	837	90.4%	-	-	4.3	3.7%	13	1.4%	4.2%	52	5.6%	3.6%	136	14.7%	3.8%	144	15.5%	3.7%
WPT Industrial	486	43%	3.7x	32	6.6%	454	93.4%	-	-	3.3	3.7%	1	0.2%	0.0%	4	0.8%	3.4%	4	0.9%	3.1%	4	0.8%	4.6%
Summit Industrial Income	594	41%	2.9x	124	20.8%	471	79.2%	-	-	5.3	3.7%	22	3.8%	3.6%	65	10.9%	3.8%	57	9.5%	3.6%	46	7.7%	3.7%
Small Cap Retail																							
Plaza Retail	560	49%	2.2x	94	16.8%	466	83.2%	53	"21, "23	5.7	4.4%	-	0.0%	0.0%	56	10.1%	4.0%	107	19.0%	4.6%	14	2.5%	4.8%
Slate Retail	875	59%	2.4x	3	0.3%	872	99.7%	-	-	3.4	4.1%	-	0.0%	0.0%	-	0.0%	0.0%	147	16.8%	3.9%	373	42.6%	4.1%
Automotive Properties	339	49%	3.5x	-	0.0%	339	100.0%	-	-	4.3	3.5%	3	0.8%	n/a	23	6.8%	n/a	11	3.2%	n/a	17	4.9%	n/a

Long-term Debt Maturities (Mortgages & Unsecured Debentures): columns 2018–2021.

Source: Company reports and CIBC World Markets Inc.

Exhibit 71. REIT Debt Profiles (As Of Q3/18, cont'd)

REIT	Total Debt ($ MM)	Debt/ GBV Assets	Int. Cov.	Short Term* ($MM)	Short Term* % Tot.	Long Term* ($	Long Term* % Tot.	Conv. Debt ($ MM)	Conv. Debt Due (Years)	Avg. Term (Years)	Avg. Int. Rate	2018 ($ MM)	2018 %	2018 Rate	2019 ($ MM)	2019 %	2019 Rate	2020 ($ MM)	2020 %	2020 Rate	2021 ($ MM)	2021 %	2021 Rate
Residential																							
CAPREIT	3,964	41%	3.3x	362	9.1%	3,602	90.9%	-	-	5.2	3.1%	19	0.5%	4.2%	273	6.9%	3.4%	637	16.1%	1.9%	349	8.8%	3.8%
Boardwalk	2,645	46%	2.6x	299	11.3%	2,345	88.7%	-	-	3.7	2.6%	89	3.4%	2.7%	538	20.3%	2.5%	300	11.4%	2.5%	348	13.1%	2.4%
Northview Apartment	2,138	55%	3.0x	549	25.7%	1,589	74.3%	20	'19	4.3	3.2%	161	7.6%	4.4%	344	16.1%	3.3%	187	8.8%	2.8%	286	13.4%	3.5%
Killam Properties	1,338	48%	3.2x	265	19.8%	1,073	80.2%	-	-	4.5	3.0%	7	0.5%	4.6%	269	20.1%	3.0%	232	17.3%	2.6%	138	10.3%	2.6%
Minto Apartment	520	47%	NA	36	6.9%	484	93.1%	-	-	6.0	3.2%	-	0.0%	0.0%	25	4.9%	2.8%	-	0.0%	0.0%	23	4.4%	3.6%
InterRent REIT	802	44%	2.8x	42	5.2%	760	94.8%	-	-	6.2	3.0%	42	5.2%	3.8%	52	6.5%	3.3%	97	12.0%	3.0%	53	6.6%	3.5%
North American Residential																							
Morguard NA Residential	1,376	49%	2.2x	31	2.3%	1,345	97.7%	83	'23	6.1	3.5%	-	0.0%	0.0%	99	7.2%	3.2%	9	0.6%	4.3%	75	5.5%	4.0%
BSR REIT	393	45%	NA	34	8.7%	359	91.3%	-	-	10.1	3.9%	-	0.0%	0.0%	35	8.9%	3.9%	14	3.6%	3.8%	14	3.5%	4.0%
Pure Multi-Family	622	53%	2.1x	34	5.5%	588	94.5%	22	'20	8.1	3.7%	2	0.3%	n/a	9	1.4%	n/a	59	9.5%	n/a	7	1.2%	n/a
Retirement/Nursing Homes																							
Chartwell Seniors Housing	2,141	50%	3.4x	168	7.8%	1,973	92.2%	-	-	7.1	3.8%	54	2.5%	4.2%	116	5.4%	3.4%	118	5.5%	4.0%	191	8.9%	4.2%
Extendicare[1]	524	36%	3.2x	64	12.3%	460	87.7%	120	'25	7.8	4.8%	46	8.7%	n/a	16	3.1%	n/a	61	11.6%	n/a	16	3.0%	n/a
Sienna Senior Living[1]	1,015	49%	4.1x	90	8.9%	925	91.1%	-	-	5.0	3.9%	22	2.2%	5.8%	84	8.3%	4.5%	78	7.7%	3.5%	335	33.0%	3.5%
Invesque Inc. [1]	751	51%	2.2x	109	14.6%	642	85.4%	89	"22, 23	4.1	5.0%	94	12.5%	n/a	58	7.7%	n/a	78	10.3%	n/a	60	8.0%	n/a
Hotel																							
American Hotel Income	742	54%	3.3x		1.7%	729	98.3%	46	'22	6.7	4.6%	2	0.2%	n/a	12	1.7%	n/a	10	1.3%	n/a	14	1.9%	n/a
Average		**46%**	**3.0x**		**9.6%**		**90.4%**			**5.1**	**3.7%**		**2.4%**	**2.7%**		**9.0%**	**3.5%**		**10.6%**	**3.6%**		**12.5%**	**3.7%**
Average – Commercial		**45%**	**3.0x**		**9.8%**		**90.2%**			**4.6**	**3.7%**		**2.1%**	**2.6%**		**9.4%**	**3.6%**		**12.3%**	**4.0%**		**14.9%**	**3.8%**
Average – Res. & Seniors		**48%**	**2.9x**		**10.7%**		**89.3%**			**6.1**	**3.6%**		**3.6%**	**2.8%**		**9.2%**	**3.3%**		**8.2%**	**2.9%**		**9.2%**	**3.5%**

Long-term Debt Maturities (Mortgages & Unsecured Debentures): 2018–2021 columns.

*Short term includes current debt and debentures due; long term includes mortgage debt and unsecured debentures.

[1] Extendicare Inc., Sienna Senior Living, First Capital Realty and Invesque Inc. are taxable Canadian corporations.

Source: Company reports and CIBC World Markets Inc.

Exhibit 72. Asset Mix Of REITs (As Of Q3/18)

		Geographic Mix				Property Type Mix						
REIT	Ticker	Western Canada[5]	Central Canada	Atlantic Canada	United States	Office	Retail	Indust.	Data C.	Res.[6]	Seniors	Hotel
RioCan	REI.UN	24.7%	73.6%	1.7%	0.0%	6.0%	92.2%	0.0%	0.0%	1.8%	0.0%	0.0%
SmartCentres REIT	SRU.UN	18.8%	76.4%	4.8%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
First Capital Realty[1]	FCR	34.3%	65.7%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Crombie[2]	CRR.UN	41.7%	24.7%	33.6%	0.0%	3.7%	96.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Choice Properties	CHP.UN	24.4%	33.0%	42.6%	0.0%	5.5%	69.8%	24.4%	0.0%	0.2%	0.0%	0.0%
CT REIT	CRT.UN	27.4%	65.8%	6.8%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
H&R[3]	HR.UN	27.6%	34.5%	11.0%	26.9%	53.5%	26.9%	8.0%	0.0%	11.6%	0.0%	0.0%
Cominar	CUF.UN	0.0%	100.0%	0.0%	0.0%	38.5%	36.9%	24.6%	0.0%	0.0%	0.0%	0.0%
Artis	AX.UN	44.1%	11.1%	0.0%	44.8%	52.6%	20.4%	27.0%	0.0%	0.0%	0.0%	0.0%
Morguard	MRT.UN	57.0%	43.0%	0.0%	0.0%	47.0%	51.0%	2.0%	0.0%	0.0%	0.0%	0.0%
Melcor	MR.UN	100.0%	0.0%	0.0%	0.0%	41.1%	50.0%	6.8%	0.0%	2.2%	0.0%	0.0%
Agellan	ACR.UN	0.0%	14.0%	0.0%	86.0%	41.0%	0.0%	59.0%	0.0%	0.0%	0.0%	0.0%
Allied Properties REIT	AP.UN	11.2%	88.8%	0.0%	0.0%	74.3%	8.0%	0.0%	17.7%	0.0%	0.0%	0.0%
Dream Office REIT	D.UN	17.1%	80.1%	0.0%	2.8%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Slate Office REIT	SOT.UN	7.8%	45.5%	33.6%	13.2%	94.9%	1.0%	0.5%	0.8%	0.0%	0.0%	2.8%
True North Commercial	TNT.UN	15.1%	64.0%	20.9%	0.0%	97.8%	0.0%	2.2%	0.0%	0.0%	0.0%	0.0%
Dream Global [7]	DRG.UN	0.0%	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NorthWest Healthcare REIT	NWH.UN	0.0%	33.0%	0.0%	67.0%	54.0%	0.0%	0.0%	0.0%	0.0%	46.0%	0.0%
Inovalis REIT [7]	INO.UN	0.0%	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Granite REIT	GRT.UN	0.0%	19.0%	0.0%	81.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Dream Industrial REIT	DIR.UN	32.1%	41.8%	14.7%	11.4%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
WPT Industrial REIT	WIR.U	0.0%	0.0%	0.0%	100.0%	0.9%	0.0%	99.1%	0.0%	0.0%	0.0%	0.0%
Summit Industrial Income REIT	SMU.UN	9.4%	90.2%	0.4%	0.0%	0.0%	0.0%	99.4%	0.6%	0.0%	0.0%	0.0%
Plaza Retail	PLZ.UN	1.9%	35.6%	62.6%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Slate Retail	SRT.U	0.0%	0.0%	0.0%	100.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Partners REIT[4]	PAR.UN	15.0%	85.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Automotive Properties	APR.UN	47.0%	53.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CAP REIT[8]	CAR.UN	17.8%	75.5%	5.4%	1.3%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Boardwalk REIT	BEI.UN	74.8%	25.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Northview REIT	NVU.UN	50.1%	36.4%	13.5%	0.0%	0.0%	11.9%	0.0%	0.0%	88.1%	0.0%	0.0%
Killam	KMP.UN	4.4%	22.5%	73.1%	0.0%	3.7%	0.0%	0.0%	0.0%	96.3%	0.0%	0.0%
Minto Apartment	MI.UN	9.2%	90.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
InterRent	IIP.UN	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Morguard NA Residential	MRG.UN	2.1%	38.5%	0.0%	59.4%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
BSR REIT	HOM.U	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Pure Multi-Family	RUF.U	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Chartwell Seniors Housing	CSH.UN	17.0%	83.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
Extendicare Inc.[1]	EXE	36.7%	63.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
Sienna Senior Living [1]	SIA	17.4%	82.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
Invesque Inc. [1]	IVQ.U	2.9%	11.4%	0.0%	85.7%	4.4%	0.0%	0.0%	0.0%	0.0%	95.6%	0.0%
American Hotel Income	HOT.UN	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

1 First Capital, Sienna Senior Living, Extendicare Inc. and Invesque Inc. are taxable Canadian corporations but have operating, financial and payout ratio policies that are similar to REITs.

2 Crombie's retail amount includes mixed-use property which includes some office, hotel and warehouse space.

3 Excludes properties under development. Properties listed as 'others' have been presented in "Atlantic Canada".

4 Includes office and mixed-use GLA as part of retail portfolio.

5 Includes Nunavut, Northwest Territories and the Yukon.

6 Includes MHC units.

7 NOI from Australia and Europe are included in the U.S. column.

8 Includes MHC Land Lease Sites.

Source: Company reports and CIBC World Markets Inc.

Exhibit 73. Canadian REIT Estimates And Statistics

	Rating	31-Dec-18 Unit Price	Units O/S[1] (millions)	Market Cap. ($millions)	Current D/GBV[2] Assets	FFO Per Unit[3] ($) 2018E	2019E	19E-18E	2020E	20E-19E	AFFO Per Unit[4] ($) 2018E	2019E	19E-18E	2020E	20E-19E
Shopping Centre															
RioCan (REI.UN)	OP	$23.80	307.3	$7,314	42%	$1.82	$1.80	-1.1%	$1.89	5.0%	$1.65	$1.63	(1.2%)	$1.73	6.1%
SmartCentres (SRU.UN)	OP	30.83	161.2	4,970	44%	2.31	2.41	4.3%	2.54	5.4%	2.18	2.28	4.6%	2.41	5.7%
First Capital Realty (FCR) [6]	NT	18.85	254.8	4,803	42%	1.22	1.25	2.5%	1.30	4.0%	1.11	1.16	4.5%	1.21	4.3%
Crombie (CRR.UN)	OP	12.52	151.6	1,898	51%	1.22	1.26	3.3%	1.31	4.0%	1.02	1.07	4.9%	1.13	5.6%
Choice Properties (CHP.UN)	NT	11.52	667.8	7,693	47%	1.03	1.05	1.9%	1.09	3.8%	0.83	0.86	3.6%	0.91	5.8%
CT REIT (CRT.UN)	R	11.53	220.2	2,539	46%					RES					
Shopping Centre Average				**29,216**				**2.5%**		**4.3%**			**3.1%**		**5.3%**
Diversified (Office/Retail/Industrial)															
H&R (HR.UN)	OP	20.65	301.6	6,228	46%	1.73	1.78	2.9%	1.84	3.4%	1.48	1.51	2.0%	1.57	4.0%
Cominar (CUF.UN)	NT	11.20	181.9	2,037	52%	1.17	1.21	3.4%	1.25	3.3%	0.92	0.92	0.0%	0.97	5.4%
Artis (AX.UN)	NT	9.24	153.8	1,421	49%	1.31	1.35	3.1%	1.38	2.2%	1.13	1.07	(5.3%)	1.09	1.9%
Morguard (MRT.UN)	NT	11.40	60.7	692	45%	1.45	1.53	5.5%	1.57	2.6%	1.08	1.19	10.2%	1.22	2.5%
Melcor REIT (MR.UN)	NT	7.46	28.1	210	49%	0.92	0.94	2.2%	0.97	3.2%	0.67	0.70	4.5%	0.72	2.9%
Agellan Commercial REIT (ACR.UN)	NT	14.11	33.8	477	32%	1.10	1.28	16.4%	N/A	N/A	0.99	1.13	14.1%	N/A	N/A
PRO REIT (PRV.UN) [7]	NR	1.91	93.8	179	51%	0.15	0.22	41.3%	0.21	-5.4%	0.17	0.22	26.9%	0.20	(11.4%)
Diversified Commercial Sector Average				**11,244**				**12.0%**		**1.6%**			**7.5%**		**0.9%**
Office															
Allied Properties (AP.UN)	OP	44.32	103.9	4,605	28%	2.17	2.27	4.6%	2.41	6.2%	1.79	1.84	2.8%	1.95	6.0%
Dream Office (D.UN) [7]	NT	22.29	65.0	1,449	37%	1.65	1.67	1.2%	1.74	4.2%	1.11	1.21	9.0%	1.27	5.0%
Slate Office (SOT.UN)	NT	5.97	75.2	449	62%	0.81	0.85	4.9%	0.90	5.9%	0.67	0.69	3.0%	0.74	7.2%
True North Commercial (TNT.UN)	NT	5.66	61.4	348	56%	0.60	0.61	1.7%	0.62	1.6%	0.59	0.60	1.7%	0.61	1.7%
Dream Global (DRG.UN)	OP	11.90	192.1	2,286	45%	1.04	1.08	3.8%	1.11	2.8%	0.95	0.99	4.2%	1.02	3.0%
NorthWest Healthcare (NWH.UN)	NT	9.48	121.1	1,148	53%	0.79	0.91	15.2%	0.92	1.1%	0.78	0.83	6.4%	0.84	1.2%
Inovalis (INO.UN) [7]	NR	9.45	23.3	220	51%	0.85	0.89	4.0%	0.91	1.9%	0.86	0.86	0.0%	0.94	8.5%
Office Sector Average				**10,504**				**5.1%**		**3.4%**			**3.9%**		**4.7%**
Industrial															
Granite (GRT.UN) [7]	NR	53.21	46.9	2,497	22%	3.46	3.60	4.2%	3.86	7.2%	3.02	3.20	5.7%	3.43	7.3%
Dream Industrial (DIR.UN)	OP	9.52	110.1	1,048	44%	0.86	0.90	4.7%	0.92	2.2%	0.75	0.79	5.3%	0.80	1.3%
WPT Industrial (WIR.U)	OP	12.85	50.7	651	45%	0.91	0.95	4.4%	0.98	3.2%	0.77	0.81	5.2%	0.83	2.5%
Summit Industrial (SMU.UN)	OP	9.56	100.4	960	44%	0.56	0.62	10.7%	0.64	3.2%	0.49	0.55	12.2%	0.57	3.6%
Industrial Sector Average				**5,157**				**6.0%**		**4.0%**			**7.1%**		**3.7%**
Small-Cap Shopping Centre Average															
Plaza Retail (PLZ.UN)	NT	3.88	104.0	404	48%	0.34	0.36	5.9%	0.37	2.8%	0.33	0.35	6.1%	0.36	2.9%
Slate Retail (SRT.UN)	NT	8.54	45.7	390	59%	1.28	1.31	2.3%	1.35	3.1%	0.87	0.95	9.2%	1.06	11.6%
Automotive Properties (APR.UN)	OP	8.97	31.7	284	53%	1.00	1.08	8.0%	1.11	2.8%	0.93	1.01	8.6%	1.04	3.0%
Small-Cap Shopping Centre Average				**1,078**				**5.4%**		**2.9%**			**8.0%**		**5.8%**
Total Commercial Average (Retail/Office/Industrial)				**57,199**				**4.8%**		**3.5%**			**4.8%**		**4.5%**

Notes are located on the following page.
Source: Company reports, FactSet and CIBC World Markets Inc.

Exhibit 74. Canadian REIT Estimates And Statistics (cont'd.)

	Rating	31-Dec-18 Unit Price	Units O/S[1] (millions)	Market Cap. ($millions)	Current D/GBV[2] Assets	FFO Per Unit[3] ($) 2018E	2019E	19E-18E	2020E	20E-19E	AFFO Per Unit[4] ($) 2018E	2019E	19E-18E	2020E	20E-19E
Residential															
CAP REIT (CAR.UN)	NT	$44.30	146.2	$6,477	41%	$2.00	$2.06	3.0%	$2.14	3.9%	$1.71	$1.76	2.9%	$1.81	2.8%
Boardwalk (BEI.UN)	NT	37.81	50.8	1,921	45%	2.23	2.48	11.2%	2.74	10.5%	1.70	1.95	14.7%	2.20	12.8%
Northview (NVU.UN)	OP	24.48	63.4	1,552	55%	2.12	2.22	4.7%	2.32	4.5%	1.71	1.81	5.8%	1.91	5.5%
Killam Apartment (KMP.UN)	OP	15.94	85.0	1,355	49%	0.93	0.99	6.5%	1.04	5.1%	0.75	0.80	6.7%	0.85	6.3%
InterRent REIT (IIP.UN)	NT	13.05	109.3	1,426	39%	0.45	0.49	8.9%	0.52	6.1%	0.39	0.44	12.8%	0.47	6.8%
Minto Apartment (MI.UN)	OP	18.50	36.7	679	46%	0.78	0.82	5.1%	0.87	6.1%	0.65	0.69	6.2%	0.74	7.2%
Residential Sector Average				**13,410**				**6.6%**		**6.0%**			**8.2%**		**6.9%**
North American Residential															
Morguard NA Res. (MRG.UN)	OP	17.15	50.9	873	49%	1.17	1.24	6.0%	1.29	4.0%	1.02	1.07	4.9%	1.11	3.7%
Pure Multi-Family (RUF.U)	OP	6.15	76.7	471	53%	0.34	0.40	17.6%	0.43	7.5%	0.32	0.38	18.8%	0.40	5.3%
BSR REIT (HOM.U)	OP	8.00	39.7	318	45%	0.76	0.80	5.3%	0.83	3.7%	0.65	0.69	6.2%	0.72	4.3%
North American Residential Sector Average				**1,662**				**9.6%**		**5.1%**			**9.9%**		**4.4%**
Retirement/Nursing Homes															
Chartwell (CSH.UN)	NT	13.67	214.7	2,935	49%	0.91	0.99	8.8%	1.05	6.1%	0.86	0.92	7.0%	0.98	6.5%
Extendicare (EXE)[6]	NT	6.35	88.4	561	36%	0.63	0.66	4.8%	0.72	9.1%	0.70	0.73	4.3%	0.79	8.2%
Sienna Senior Living (SIA)[6]	OP	15.74	65.9	1,037	48%	1.38	1.43	3.6%	1.45	1.4%	1.46	1.46	0.0%	1.47	0.7%
Invesque Inc. (IVQ.U)	OP	7.13	60.8	434	47%	0.97	0.97	0.0%	0.97	0.0%	0.81	0.83	2.5%	0.85	2.4%
Retirement/Nursing Homes Sector Average				**4,967**				**4.3%**		**4.1%**			**3.4%**		**4.5%**
Hotel[5]															
American Hotel (HOT.UN)	OP	4.64	78.1	363	53%	0.74	0.83	12.2%	0.86	3.6%	0.63	0.69	9.5%	0.72	4.3%
Hotel Sector Average				**363**				**12.2%**		**3.6%**			**9.5%**		**4.3%**
By Property Type															
Shopping Centre Total/Averages				**29,216**				**2.5%**		**4.3%**			**3.1%**		**5.3%**
Diversified Total/Averages				**11,244**				**12.0%**		**1.6%**			**7.5%**		**0.9%**
Office Sector Total/Averages				**10,504**				**5.1%**		**3.4%**			**3.9%**		**4.7%**
Industrial Total/Averages				**5,157**				**6.0%**		**4.0%**			**7.1%**		**3.7%**
Average/Total – All REITs				**76,425**				**5.5%**		**4.1%**			**5.6%**		**4.8%**
Average/Total – All REITs, excl. Hotels				**76,062**				**5.4%**		**4.1%**			**5.5%**		**4.8%**
Average – Commercial And Residential REITs				**71,095**				**5.5%**		**4.1%**			**5.8%**		**4.9%**

[1] Units o/s include exchangeable securities.

[2] Excluding Convertible Debentures.

[3] Net earnings plus depreciation, amortization and deferred taxes.

[4] AFFO (Adjusted Funds from Operations) is cash flow minus a normalized provision for tenant inducements and maintenance-type capital expenditures.

[5] REIT cash flows in the hotel sector are not contractual in nature and have above-average potential for fluctuation during the course of an economic cycle.

[6] FCR, SIA and EXE are taxable Canadian corporations, but have operating, financial and payout policies that are similar to REITs.

[7] Company is not covered by CIBC. Estimates used are consensus.

OP = Outperformer; NT = Neutral; UN = Underperformer; R = Restricted; NR = Not Rated.

Source: Company reports, FactSet and CIBC World Markets Inc.

Exhibit 75. Canadian REIT Estimates And Statistics

	Distributions ($)			P/FFO[1]			P/AFFO[2]			Est. NAV	Est. NAV	Unit Price (Discount)/ Premium	Sensitivity Of NAV To +/-50 bps
	Current Annualized	Current Yield	% Of 2018E AFFO	2018E	2019E	2020E	2018E	2019E	2020E	Per Unit ($)	Cap Rate (%)	To Est. NAV (%)	In Cap Rate (%)
Shopping Centre													
RioCan	$1.44	6.1%	87%	13.1	13.2	12.6	14.4	14.6	13.8	$27.00	5.50%	(11.9%)	15.1%
SmartCentres REIT	1.80	5.8%	83%	13.3	12.8	12.1	14.1	13.5	12.8	34.00	5.50%	(9.3%)	15.7%
First Capital Realty [4]	0.86	4.6%	77%	15.5	15.1	14.5	17.0	16.3	15.6	22.00	5.25%	(14.3%)	15.9%
Crombie	0.89	7.1%	87%	10.3	9.9	9.6	12.3	11.7	11.1	16.00	6.00%	(21.8%)	17.1%
Choice Properties	0.74	6.4%	89%	11.2	11.0	10.6	13.9	13.4	12.7	13.00	5.75%	(11.4%)	16.3%
CT REIT						RESTRICTED							
Shopping Centre Average		**6.1%**	**84%**	**12.2**	**11.9**	**11.4**	**14.0**	**13.6**	**12.9**		**5.67%**	**(14.9%)**	**15.9%**
Diversified (Office/Retail/Industrial)													
H&R	1.38	6.7%	93%	11.9	11.6	11.2	14.0	13.7	13.2	26.50	6.00%	(22.1%)	13.7%
Cominar	0.72	6.4%	78%	9.6	9.3	9.0	12.2	12.2	11.5	14.75	6.25%	(24.1%)	18.1%
Artis	0.54	5.8%	48%	7.1	6.8	6.7	8.2	8.6	8.5	14.50	6.50%	(36.3%)	17.7%
Morguard REIT	0.96	8.4%	89%	7.9	7.5	7.3	10.6	9.6	9.3	17.50	6.75%	(34.9%)	14.5%
Melcor	0.68	9.0%	101%	8.1	7.9	7.7	11.1	10.7	10.4	8.75	6.75%	(14.7%)	19.8%
Agellan	0.81	5.7%	82%	12.8	11.0	N/A	14.3	12.5	N/A	13.50	7.50%	4.5%	10.5%
PRO REIT	0.21	11.0%	121%	12.5	8.8	9.3	11.0	8.7	9.8	2.25	6.75%	N/A	N/A
Diversified Commercial Sector Average		**7.6%**	**87%**	**10.0**	**9.0**	**8.5**	**11.7**	**11.2**	**10.6**		**6.64%**	**(21.3%)**	**15.7%**
Office													
Allied Properties	1.60	3.6%	89%	20.4	19.5	18.4	24.8	24.1	22.7	41.50	5.40%	6.8%	10.2%
Dream Office [5]	1.00	4.5%	90%	13.5	13.3	12.8	20.1	18.4	17.6	24.25	5.60%	(8.1%)	14.9%
Slate Office	0.75	12.6%	112%	7.4	7.0	6.6	8.9	8.7	8.1	8.25	6.60%	(27.6%)	21.2%
True North Commercial	0.59	10.4%	100%	9.4	9.3	9.1	9.6	9.4	9.3	6.25	6.70%	(9.4%)	18.0%
Dream Global	0.80	6.7%	84%	11.4	11.0	10.7	12.5	12.0	11.7	15.00	5.50%	(20.7%)	16.3%
NorthWest Healthcare	0.80	8.4%	103%	12.0	10.4	10.3	12.2	11.4	11.3	11.25	6.40%	(15.7%)	15.3%
Inovalis [5]	0.83	8.8%	96%	11.1	10.6	10.4	11.0	11.0	10.1	11.25	6.00%	(16.0%)	N/A
Office Sector Average		**7.9%**	**96%**	**12.2**	**11.6**	**11.2**	**14.1**	**13.6**	**13.0**		**6.03%**	**(13.0%)**	**16.0%**
Industrial													
Granite REIT [5]	2.72	5.1%	90%	15.4	14.8	13.8	17.6	16.7	15.5	57.25	6.75%	(7.1%)	N/A
Dream Industrial	0.70	7.4%	93%	11.1	10.6	10.3	12.7	12.1	11.9	10.25	6.40%	(7.1%)	15.9%
WPT Industrial	0.76	5.9%	99%	14.1	13.5	13.1	16.7	15.9	15.5	14.25	6.00%	(9.8%)	14.0%
Summit Industrial	0.52	5.4%	105%	17.1	15.4	14.9	19.5	17.4	16.8	8.75	5.50%	9.3%	12.9%
Industrial Sector Average		**5.9%**	**97%**	**14.4**	**13.6**	**13.0**	**16.6**	**15.5**	**14.9**		**6.16%**	**(3.7%)**	**14.2%**
Small-Cap Shopping Centre Average													
Plaza Retail	0.28	7.2%	85%	11.4	10.8	10.5	11.8	11.1	10.8	4.75	7.00%	(18.3%)	14.6%
Slate Retail	0.86	10.1%	99%	6.7	6.5	6.3	9.8	9.0	8.1	11.50	7.25%	(25.7%)	18.0%
Automotive Properties	0.80	8.9%	86%	9.0	8.3	8.1	9.6	8.9	8.6	11.25	6.50%	(20.3%)	15.4%
Small-Cap Shopping Centre Average		**8.7%**	**90%**	**9.0**	**8.5**	**8.3**	**10.4**	**9.7**	**9.2**		**6.92%**	**(21.4%)**	**16.0%**
Total Commercial Average (Retail/Office/Industrial)		**7.1%**	**89%**	**11.6**	**11.0**	**10.6**	**13.5**	**12.9**	**12.3**		**6.2%**	**(14.9%)**	**15.7%**

Notes are located on the following page.
Source: Company reports, FactSet and CIBC World Markets Inc.

Exhibit 76. Canadian REIT Estimates and Statistics (cont'd.)

	Distributions ($)			P/FFO[1]			P/AFFO[2]			Est. NAV	Est. NAV	Unit Price (Discount)/ Premium	Sensitivity Of NAV To +/-50 bps
	Current Annualized	Current Yield	% Of 2018E AFFO	2018E	2019E	2020E	2018E	2019E	2020E	Per Unit ($)	Cap Rate (%)	To Est. NAV (%)	In Cap Rate (%)
Residential													
CAP REIT	41.33	3.0%	78%	22.2	21.5	20.7	25.9	25.2	24.5	$42.50	4.50%	4.2%	18.3%
Boardwalk	1.00	2.6%	59%	17.0	15.2	13.8	22.2	19.4	17.2	48.00	5.25%	(21.2%)	19.9%
Northview	1.63	6.7%	95%	11.5	11.0	10.6	14.3	13.5	12.8	29.00	5.75%	(15.6%)	18.8%
Killam Apartment	0.64	4.0%	85%	17.1	16.1	15.3	21.3	19.9	18.8	16.75	5.25%	(4.8%)	17.8%
InterRent REIT	0.29	2.2%	74%	29.0	26.6	25.1	33.5	29.7	27.8	11.75	4.50%	11.1%	18.8%
Minto Apartment	0.41	2.2%	63%	23.7	22.6	21.3	28.5	26.8	25.0	17.50	4.50%	5.7%	20.5%
Residential Sector Average		**3.5%**	**76%**	**20.1**	**18.8**	**17.8**	**24.3**	**22.4**	**21.0**		**4.96%**	**(3.4%)**	**19.0%**
North American Residential													
Morguard NA Residential REIT	0.68	4.0%	67%	14.7	13.8	13.3	16.8	16.0	15.5	20.00	5.50%	(14.3%)	20.6%
Pure Multi-Family	0.38	6.1%	117%	18.1	15.4	14.3	19.2	16.2	15.4	7.50	5.25%	(18.1%)	22.6%
BSR REIT	0.50	6.3%	77%	10.5	10.0	9.6	12.3	11.6	11.1	11.25	6.25%	(28.9%)	15.1%
North American Residential Sector		**5.4%**	**86.9%**	**14.4**	**13.1**	**12.4**	**16.1**	**14.6**	**14.0**		**5.67%**	**(16.2%)**	**21.6%**
Retirement/Nursing Homes													
Chartwell	0.59	4.3%	68%	15.0	13.8	13.0	15.9	14.9	13.9	15.00	6.20%	(8.9%)	12.5%
Extendicare [4,]	0.48	7.6%	69%	10.1	9.6	8.8	9.1	8.7	8.0	9.25	8.30%	(31.4%)	7.6%
Sienna Senior Living [4,]	0.92	5.8%	63%	11.4	11.0	10.9	10.8	10.8	10.7	19.25	6.90%	(18.2%)	12.1%
Invesque Inc.	0.74	10.3%	91%	7.4	7.4	7.4	8.8	8.6	8.4	8.75	7.80%	(18.5%)	17.3%
Retirement/Nursing Homes Sector Average		**7.0%**	**73%**	**11.0**	**10.4**	**10.0**	**11.1**	**10.7**	**10.3**		**7.30%**	**(19.2%)**	**12.4%**
Hotel[3]													
American Hotel	0.65	14.0%	103%	6.3	5.6	5.4	7.4	6.7	6.4	7.25	8.25%	(36.0%)	13.4%
Hotel Sector Average		**14.0%**	**103%**	**6.3**	**5.6**	**5.4**	**7.4**	**6.7**	**6.4**		**8.25%**	**(36.0%)**	**13.4%**
By Property Type													
Shopping Centre Total/Averages		**6.1%**	**84%**	**12.2**	**11.9**	**11.4**	**14.0**	**13.6**	**12.9**		**5.67%**	**(14.9%)**	**15.9%**
Diversified Total/Averages		**7.6%**	**87%**	**10.0**	**9.0**	**8.5**	**11.7**	**11.2**	**10.6**		**6.64%**	**(21.3%)**	**15.7%**
Office Sector Total/Averages		**7.9%**	**96%**	**12.2**	**11.6**	**11.2**	**14.1**	**13.6**	**13.0**		**6.03%**	**(13.0%)**	**16.0%**
Industrial Total/Averages		**5.9%**	**97%**	**14.4**	**13.6**	**13.0**	**16.6**	**15.5**	**14.9**		**6.16%**	**(3.7%)**	**14.2%**
Average/Total – All REITs		**6.7%**	**87%**	**12.6**	**11.9**	**11.5**	**14.6**	**13.8**	**13.2**		**6.18%**	**(14.7%)**	**16.0%**
Avg/Total – All REITs, Ex-Hotels		**6.5%**	**86%**	**12.8**	**12.1**	**11.6**	**14.8**	**14.0**	**13.4**		**6.12%**	**(14.1%)**	**16.1%**
Average – Commercial And Residential REITs		**6.4%**	**88%**	**13.0**	**12.3**	**11.8**	**15.3**	**14.4**	**13.7**		**5.98%**	**(13.5%)**	**16.6%**

[1] Net earnings plus depreciation, amortization and deferred taxes.

[2] AFFO (Adjusted Funds from Operations) is cash flow minus a normalized provision for tenant inducements and maintenance-type capital expenditures.

[3] REIT cash flows in the hotel sector are not contractual in nature and have above-average potential for fluctuation during the course of an economic cycle.

[4] FCR, SIA, EXE are taxable Canadian corporations, but have operating, financial and payout policies that are similar to REITs.

[5] Company is not covered by CIBC. Estimates used are consensus.

Source: Company reports, FactSet and CIBC World Markets Inc.

IMPORTANT DISCLOSURES:

Analyst Certification: Each CIBC World Markets Corp./Inc. research analyst named on the front page of this research report, or at the beginning of any subsection hereof, hereby certifies that (i) the recommendations and opinions expressed herein accurately reflect such research analyst's personal views about the company and securities that are the subject of this report and all other companies and securities mentioned in this report that are covered by such research analyst and (ii) no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by such research analyst in this report.

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In addition to 1% ownership positions in covered companies that are required to be specifically disclosed in this report, CIBC World Markets Corp./Inc. may have a long position of less than 1% or a short position or deal as principal in the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon.

Recipients of this report are advised that any or all of the foregoing arrangements, as well as more specific disclosures set forth below, may at times give rise to potential conflicts of interest.

Important Disclosure Footnotes for Companies Mentioned in this Report that Are Covered by CIBC World Markets Corp./Inc.:

Stock Prices as of 01/09/2019:
Agellan Commercial REIT (2g) (ACR.UN-TSX, C$14.22)
Allied Properties Real Estate Investment Trust (2a, 2c, 2e, 2g) (AP.UN-TSX, C$44.46)
American Hotel Income Properties REIT LP (2g) (HOT.U-TSX, US$5.03)
Artis Real Estate Investment Trust (2a, 2c, 2e, 2g) (AX.UN-TSX, C$9.74)
Automotive Properties Real Estate Investment Trust (2a, 2c, 2e, 2g) (APR.UN-TSX, C$9.20)
Boardwalk REIT (2g, 7) (BEI.UN-TSX, C$38.23)
BSR Real Estate Investment Trust (2a, 2c, 2e, 2g, 7) (HOM.U-TSX, US$8.00)
Canadian Apartment Properties REIT (2a, 2c, 2e, 2g) (CAR.UN-TSX, C$44.19)
Chartwell Retirement Residences (2a, 2e, 2g) (CSH.UN-TSX, C$14.00)
Choice Properties REIT (2a, 2c, 2e, 2g, 7) (CHP.UN-TSX, C$11.78)
Cominar Real Estate Investment Trust (2g, 7) (CUF.UN-TSX, C$11.89)
Crombie REIT (2a, 2e, 2g, 7) (CRR.UN-TSX, C$12.88)
CT Real Estate Investment Trust (2a, 2c, 2e, 2g) (CRT.UN-TSX, C$11.85)
Dream Global REIT (2a, 2c, 2e, 2g) (DRG.UN-TSX, C$12.32)
Dream Industrial REIT (2a, 2c, 2e, 2g) (DIR.UN-TSX, C$9.86)
Dream Office REIT (2g) (D.UN-TSX, C$22.24)
Extendicare Inc. (2a, 2c, 2e, 2g) (EXE-TSX, C$6.66)
First Capital Realty Inc. (2a, 2c, 2e, 2g) (FCR-TSX, C$19.61)
H&R REIT (2a, 2c, 2e, 2g, 3a, 3c, 7) (HR.UN-TSX, C$21.15)
InterRent Real Estate Investment Trust (2a, 2c, 2e, 2g) (IIP.UN-TSX, C$12.46)
Invesque Inc. (2a, 2c, 2e, 2g) (IVQ.U-TSX, US$6.95)
Killam Apartment REIT (2a, 2c, 2e, 2g) (KMP.UN-TSX, C$16.05)

Important Disclosure Footnotes for Companies Mentioned in this Report that Are Covered by CIBC World Markets Corp./Inc.: (Continued)

Stock Prices as of 01/09/2019:
Melcor REIT (2g) (MR.UN-TSX, C$7.73)
Minto Apartment Real Estate Investment Trust (2a, 2c, 2e, 2g) (MI.UN-TSX, C$18.19)
Morguard North American Residential REIT (2a, 2c, 2e, 2g) (MRG.UN-TSX, C$16.51)
Morguard REIT (2g) (MRT.UN-TSX, C$11.69)
Northview Apartment REIT (2a, 2c, 2e, 2g) (NVU.UN-TSX, C$24.50)
NorthWest Healthcare Properties REIT (2a, 2c, 2e, 2g) (NWH.UN-TSX, C$10.22)
Plaza Retail REIT (2a, 2c, 2e, 2g, 7) (PLZ.UN-TSX, C$4.00)
Pure Multi-Family REIT LP (2g) (RUF.U-V, US$6.15)
RioCan REIT (2a, 2c, 2e, 2g, 7) (REI.UN-TSX, C$24.09)
Sienna Senior Living Inc. (2a, 2c, 2e) (SIA-TSX, C$16.21)
Slate Office REIT (2a, 2c, 2e, 2g) (SOT.UN-TSX, C$6.01)
Slate Retail REIT (2g, 7) (SRT.U-TSX, US$9.09)
SmartCentres Real Estate Investment Trust (2g) (SRU.UN-TSX, C$31.23)
Summit Industrial Income REIT (2a, 2c, 2e, 2g) (SMU.UN-TSX, C$9.81)
True North Commercial REIT (2a, 2c, 2e, 2g, 7) (TNT.UN-TSX, C$5.88)
WPT Industrial REIT (2g) (WIR.U-TSX, US$12.95)

Important disclosure footnotes that correspond to the footnotes in this table may be found in the "Key to Important Disclosure Footnotes" section of this report.

Key to Important Disclosure Footnotes:

1a	CIBC WM Corp. makes a market in the securities of this company.
1b	CIBC WM Inc. makes a market in the securities of this company.
1c	CIBC WM Plc. makes a market in the securities of this company.
2a	This company is a client for which a CIBC World Markets company has performed investment banking services in the past 12 months.
2b	CIBC World Markets Corp. has managed or co-managed a public offering of securities for this company in the past 12 months.
2c	CIBC World Markets Inc. has managed or co-managed a public offering of securities for this company in the past 12 months.
2d	CIBC World Markets Corp. has received compensation for investment banking services from this company in the past 12 months.
2e	CIBC World Markets Inc. has received compensation for investment banking services from this company in the past 12 months.
2f	CIBC World Markets Corp. expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.
2g	CIBC World Markets Inc. expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.
3a	This company is a client for which a CIBC World Markets company has performed non-investment banking, securities-related services in the past 12 months.
3b	CIBC World Markets Corp. has received compensation for non-investment banking, securities-related services from this company in the past 12 months.
3c	CIBC World Markets Inc. has received compensation for non-investment banking, securities-related services from this company in the past 12 months.
4a	This company is a client for which a CIBC World Markets company has performed non-investment banking, non-securities-related services in the past 12 months.
4b	CIBC World Markets Corp. has received compensation for non-investment banking, non-securities-related services from this company in the past 12 months.
4c	CIBC World Markets Inc. has received compensation for non-investment banking, non-securities-related services from this company in the past 12 months.
5a	The CIBC World Markets Corp. analyst(s) who covers this company also has a long position in its common equity securities.
5b	A member of the household of a CIBC World Markets Corp. research analyst who covers this company has a long position in the common equity securities of this company.
6a	The CIBC World Markets Inc. fundamental analyst(s) who covers this company also has a long position in its common equity securities.
6b	A member of the household of a CIBC World Markets Inc. fundamental research analyst who covers this company has a long position in the common equity securities of this company.
7	CIBC World Markets Corp., CIBC World Markets Inc., and their affiliates, in the aggregate, beneficially own 1% or more of a class of equity securities issued by this company.
8	An executive of CIBC World Markets Inc. or any analyst involved in the preparation of this research report has provided services to this company for remuneration in the past 12 months.
9	An executive committee member or director of Canadian Imperial Bank of Commerce ("CIBC"), the parent company to CIBC World Markets Inc. and CIBC World Markets Corp., or a member of his/her household is an officer, director or advisory board member of this company or one of its subsidiaries.
10	Canadian Imperial Bank of Commerce ("CIBC"), the parent company to CIBC World Markets Inc. and CIBC World Markets Corp., has a significant credit relationship with this company.
11	The equity securities of this company are restricted voting shares.
12	The equity securities of this company are subordinate voting shares.
13	The equity securities of this company are non-voting shares.
14	The equity securities of this company are limited voting shares.

CIBC World Markets Corp./Inc. Stock Rating System

Abbreviation	Rating	Description
Stock Ratings		
OP	Outperformer	Stock is expected to outperform similar stocks in the coverage universe during the next 12-18 months.
NT	Neutral	Stock is expected to perform in line with similar stocks in the coverage universe during the next 12-18 months.
UN	Underperformer	Stock is expected to underperform similar stocks in the coverage universe during the next 12-18 months.
NR	Not Rated	CIBC World Markets does not maintain an investment recommendation on the stock.
R	Restricted	CIBC World Markets is restricted (due to potential conflict of interest) from rating the stock.
Stock Ratings Prior To December 09, 2016		
SO	Sector Outperformer	Stock is expected to outperform the sector during the next 12-18 months.
SP	Sector Performer	Stock is expected to perform in line with the sector during the next 12-18 months.
SU	Sector Underperformer	Stock is expected to underperform the sector during the next 12-18 months.
NR	Not Rated	CIBC World Markets does not maintain an investment recommendation on the stock.
R	Restricted	CIBC World Markets is restricted (due to potential conflict of interest) from rating the stock.
Sector Ratings (note: Broader market averages refer to S&P 500 in the U.S. and S&P/TSX Composite in Canada.)		
O	Overweight	Sector is expected to outperform the broader market averages.
M	Marketweight	Sector is expected to equal the performance of the broader market averages.
U	Underweight	Sector is expected to underperform the broader market averages.
NA	None	Sector rating is not applicable.

"Speculative" indicates that an investment in this security involves a high amount of risk due to volatility and/or liquidity issues.

Ratings Distribution*: CIBC World Markets Corp./Inc. Coverage Universe

(as of 09 Jan 2019)	Count	Percent	Inv. Banking Relationships	Count	Percent
Outperformer (Buy)	156	47.6%	Outperformer (Buy)	140	89.7%
Neutral (Hold/Neutral)	149	45.4%	Neutral (Hold/Neutral)	131	87.9%
Underperformer (Sell)	15	4.6%	Underperformer (Sell)	13	86.7%
Restricted	7	2.1%	Restricted	7	100.0%

Ratings Distribution: Real Estate Coverage Universe

(as of 09 Jan 2019)	Count	Percent	Inv. Banking Relationships	Count	Percent
Outperformer (Buy)	21	52.5%	Outperformer (Buy)	21	100.0%
Neutral (Hold/Neutral)	18	45.0%	Neutral (Hold/Neutral)	18	100.0%
Underperformer (Sell)	0	0.0%	Underperformer (Sell)	0	0.0%
Restricted	1	2.5%	Restricted	1	100.0%

*Although the investment recommendations within the three-tiered,relative stock rating system utilized by CIBC World Markets Corp./Inc.do not correlate to buy, hold and sell recommendations, for the purposes of complying with FINRA rules, CIBC World Markets Corp./Inc. has assigned buy ratings to securities rated Outperformer, hold ratings to securities rated Neutral, and sell ratings to securities rated Underperformer. The distributions above reflect the combined historical ratings of CIBC World Markets Corp. and CIBC World Markets Inc.

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CIBC World Markets Corp./Inc. Price Chart

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