EQUITY RESEARCH

August 3, 2020 **Industry Update**

Canadian REITs Monthly

As The Sector Lags, The Relative Opportunity Widens

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Sector:
Real Estate

Our Conclusion

While the broader S&P/TSX continues to rebound from its March lows (now down ~4% YTD), the real estate recovery has effectively stalled (REITs have delivered a YTD -25% total return on an unweighted basis, with price levels largely unchanged from mid-April levels). To this end, the "catch-up trade" could prove to be significant. Indeed, given the above-average (and for the most part sustainable) yields and the embedded valuation optionality of most REITs under our coverage (we believe that there is, in totality, a rather large disconnect between underlying fundamentals and current prices), the REIT complex overall offers an attractive risk/reward for longer-term investors, in our view.

Key Points

Q2/20 Earnings Preview: Consensus is calling for an FFO/unit decline of 7.7% for commercial REITs (excluding small-cap retail REITs) in Q2/20. For the entire universe excluding hotels, consensus has FFO/unit declining 8.6%. On consensus estimates, the industrial REIT sub-sector is expected to lead the pack with ~4% FFO/unit growth. All other sub-sectors are expected to post negative growth (excluding apartments, which are expected to be flat Y/Y). For more sub-sector-specific previews, we published detailed notes on the **retail** and **seniors** asset classes.

With the initial phases of the recovery well under way across Canada, we believe that investors are unlikely to place much emphasis on the actual results achieved in the second quarter. Instead, we expect the spotlight to turn to the traditional drivers of real estate markets and how these key metrics have trended over the past few months (i.e., are leasing spreads, occupancy, and rent collectability rebounding with the economy?). While we would generally submit that these drivers have likely not come under the pressure expected by many investors, the ultimate impact to real estate fundamentals will remain to be seen, especially in light of the unprecedented level of stimulus and "safety nets" provided by the government this year (i.e., support that is temporary and has softened the impact of COVID-19 on all sectors).

We continue to favour those REITs that carry relatively lower valuation risk, above-average yield, and strong balance sheets, including BPY, REI, SRU, APR, KMP, GRT, WIR, AP, and HOM. In addition to our fundamental views noted above, we recently teamed up with our strategy group to explore how quantitatively based approaches might drive outperformance in the real estate space. Our findings suggest that NAV, FFO, and dividend growth are powerful metrics. In addition, the sector is very sensitive to momentum (i.e., more so than other GICs sectors). Names that are attractive under our proposed multi-factor REIT model include IIP, CAR, GRT, KMP, CRT, AP, and SMU. Of interest, the majority of these names fall within the "beds and sheds" theme.

All figures in Canadian dollars unless otherwise stated.

Table of Contents

CIBC Canadian REIT Cheat Sheet

CIBC CANADIAN REIT CHEAT SHEET	General				Valuation						Debt and Liquidity Metrics (As At Q1/20)						Distribution Sustainability		
	Current Price	2020 Peak To Current	Quartile (1st = largest reversion potential)	Economic Risk	Current NAV	Current P/NAV	2010-2019 NAV Trough	Variance to 2010-2019 NAV Trough	GFC NAV Trough	Variance to GFC NAV Trough	D/GBV	Interest Coverage	Liquidity/ 2020 Debt	Quartile (1st = lowest debt cover)	Months Revenue Cover	Quartile (1st = lowest mth rev cover)	Current Yield	2020 AFFO Payout	Quartile (1st = lowest payout)
Shopping Centre																			
RioCan	$14.84	(47%)	1st	Average	$24.50	(39%)	(11%)	28%	(40%)	(1%)	43%	3.5x	1.4x	3rd	11.1x	3rd	9.7%	95%	4th
SmartCentres	$20.06	(38%)	2nd	Average	$30.00	(33%)	(17%)	16%	(55%)	(22%)	43%	3.5x	1.3x	3rd	7.1x	2nd	9.2%	89%	3rd
First Capital	$13.06	(40%)	2nd	Average	$20.00	(35%)	(11%)	24%	(36%)	(1%)	47%	2.3x	3.6x	4th	15.5x	4th	6.6%	95%	3rd
Crombie	$12.76	(23%)	4th	Below Average	$16.00	(20%)	(16%)	4%	(44%)	(24%)	50%	3.2x	5.1x	4th	13.2x	4th	7.0%	84%	2nd
Choice Properties	$12.46	(18%)	4th	Below Average	$13.75	(9%)	(6%)	4%	NA	NA	44%	3.6x	5.2x	4th	12.6x	4th	5.9%	93%	3rd
CT REIT	$13.57	(21%)	4th	Below Average	$15.50	(12%)	(6%)	6%	NA	NA	43%	3.4x	1.3x	2nd	7.5x	3rd	5.8%	79%	2nd
Diversified																			
BPY (USD)*	$11.19	(44%)	2nd	Average	$26.00	(57%)	(48%)	9%	NA	NA	55%	NA	2.3x	3rd	12.4x	4th	11.9%	166%	4th
H&R	$9.80	(55%)	1st	Average	$20.00	(51%)	(28%)	23%	(79%)	(28%)	51%	3.3x	0.8x	2nd	1.4x	1st	7.0%	50%	1st
Cominar	$8.05	(47%)	1st	Average	$15.00	(46%)	(26%)	20%	(38%)	9%	51%	2.4x	1.1x	2nd	9.7x	3rd	8.9%	99%	4th
Artis	$7.61	(44%)	1st	Average	$12.00	(37%)	(33%)	4%	(71%)	(35%)	53%	3.1x	0.5x	1st	5.1x	2nd	7.1%	57%	1st
Morguard REIT	$4.96	(61%)	1st	Average	$11.00	(55%)	(44%)	11%	NA	NA	48%	2.3x	0.5x	1st	3.9x	1st	9.7%	51%	1st
Melcor	$3.55	(57%)	1st	Average	$6.25	(43%)	(28%)	15%	NA	NA	50%	2.4x	0.3x	1st	2.0x	1st	10.1%	61%	1st
Office																			
Allied Properties	$40.81	(32%)	3rd	Average	$48.00	(15%)	(13%)	2%	(32%)	(17%)	27%	3.3x	>10.0x	4th	8.0x	3rd	4.0%	83%	2nd
Dream Office	$19.96	(45%)	1st	Average	$28.75	(31%)	(49%)	(18%)	(64%)	(33%)	38%	3.0x	>10.0x	4th	11.6x	4th	5.0%	86%	3rd
Slate Office	$3.67	(38%)	2nd	Average	$6.75	(46%)	(33%)	13%	NA	NA	58%	2.2x	0.2x	1st	2.4x	1st	10.9%	70%	2nd
True North Commercial	$5.91	(27%)	3rd	Average	$6.25	(5%)	NA	NA	NA	NA	58%	3.0x	1.7x	3rd	3.4x	1st	10.0%	107%	4th
International Office																			
NorthWest Healthcare	$10.90	(18%)	4th	Below Average	$11.25	(3%)	(23%)	(20%)	NA	NA	45%	2.9x	0.8x	2nd	0.7x	1st	7.3%	105%	4th
Industrial																			
Granite	$74.96	0%	4th	Average	$68.00	10%	(24%)	(34%)	NA	NA	22%	10.4x	>10.0x	4th	27.7x	4th	3.9%	81%	2nd
Dream Industrial	$10.65	(25%)	3rd	Average	$11.50	(7%)	(40%)	(33%)	NA	NA	28%	3.9x	6.4x	4th	10.9x	3rd	6.6%	111%	4th
WPT Industrial (USD)	$12.92	(14%)	4th	Average	$13.75	(6%)	(25%)	(19%)	NA	NA	52%	2.9x	5.1x	4th	11.5x	3rd	5.9%	101%	4th
Summit Industrial Income	$11.42	(19%)	4th	Average	$11.25	2%	(14%)	(15%)	NA	NA	47%	2.8x	4.0x	4th	3.6x	1st	4.7%	95%	3rd
Small Cap Retail																			
Plaza Retail	$3.33	(30%)	3rd	Average	$4.50	(26%)	(16%)	10%	NA	NA	53%	2.3x	0.5x	1st	3.5x	1st	8.4%	97%	4th
Slate Retail (USD)	$6.94	(32%)	3rd	Below Average	$10.00	(31%)	(29%)	2%	NA	NA	59%	2.4x	>10.0x	4th	20.3x	4th	12.4%	107%	4th
Automotive Properties	$9.52	(26%)	3rd	Below Average	$10.75	(11%)	(10%)	2%	NA	NA	45%	3.5x	3.6x	3rd	14.0x	4th	8.4%	99%	4th
Domestic Residential																			
CAP REIT	$47.52	(22%)	4th	Below Average	$50.00	(5%)	(19%)	(14%)	(30%)	(25%)	36%	3.9x	0.7x	2nd	4.0x	2nd	2.9%	73%	2nd
Boardwalk	$30.12	(42%)	2nd	Below Average	$44.00	(32%)	(35%)	(4%)	(47%)	(16%)	46%	2.8x	0.9x	2nd	7.9x	3rd	3.3%	51%	1st
Northview Apartment	$34.76	(5%)	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Killam Apartment	$16.65	(29%)	3rd	Below Average	$20.00	(17%)	(22%)	(6%)	(44%)	(28%)	44%	3.3x	0.4x	1st	4.1x	2nd	4.1%	86%	3rd
InterRent	$13.31	(29%)	3rd	Below Average	$14.00	(5%)	(33%)	(28%)	(35%)	(30%)	33%	3.2x	0.7x	1st	8.6x	3rd	2.3%	67%	1st
Minto Apartment	$17.77	(37%)	2nd	Below Average	$22.00	(19%)	NA	NA	NA	NA	43%	1.9x	1.6x	3rd	18.7x	4th	2.5%	57%	1st
International Residential																			
European Residential	$3.98	(26%)	3rd	Below Average	€ 3.00	(16%)	NA	NA	NA	NA	45%	3.7x	>10.0x	4th	15.4x	4th	2.6%	88%	3rd
Tricon (USD)	$9.23	(23%)	3rd	Below Average	$10.00	(8%)	(38%)	(30%)	NA	NA	62%	NA	0.4x	1st	5.8x	2nd	3.0%	77%	2nd
Morguard NA Residential	$14.04	(33%)	2nd	Below Average	$23.00	(39%)	(34%)	4%	NA	NA	44%	2.4x	4.6x	4th	5.9x	2nd	5.0%	76%	2nd
BSR REIT (USD)	$10.24	(22%)	4th	Below Average	$12.00	(15%)	NA	NA	NA	NA	49%	NA	1.9x	3rd	7.1x	3rd	4.9%	88%	3rd
Seniors																			
Chartwell	$9.64	(34%)	2nd	Average	$12.50	(23%)	(20%)	3%	(33%)	(10%)	54%	3.2x	4.7x	4th	4.1x	2nd	6.3%	78%	2nd
Extendicare	$5.52	(37%)	2nd	Below Average	$9.00	(39%)	(34%)	5%	(53%)	(15%)	33%	3.1x	1.4x	3rd	2.0x	1st	8.7%	94%	3rd
Sienna Senior Living	$9.95	(49%)	1st	Below Average	$16.50	(40%)	(16%)	24%	NA	NA	47%	4.2x	>10.0x	4th	4.0x	2nd	9.4%	70%	1st
Invesque Inc. (USD)	$2.06	(71%)	1st	Below Average	$5.50	(63%)	NA	NA	NA	NA	58%	1.8x	0.9x	2nd	2.0x	1st	0.0%	0%	1st
Hotel																			
American Hotel (USD)	$1.87	(67%)	1st	Above Average	$3.75	(50%)	(38%)	12%	NA	NA	59%	1.6x	>10.0x	4th	5.6x	2nd	0.0%	0%	1st

* BPY AFFO Payout Ratio does not include realized gains. Including such gains, payout would be significantly lower.

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

Company News

American Hotel Income Properties (Operational Update): On July 2, AHIP REIT provided an operational update. For the month of June, occupancy across its portfolio of 79 Premium Branded hotels averaged 49.0%, an increase from an average of 32.8% in May and 21.7% in April. In the last two weeks of June, AHIP recorded average hotel occupancy of 52.3%. AHIP believes that when monthly occupancy returns to a sustained 50% level, its current cost-containment measures will enable it to operate at an overall cash flow breakeven level. AHIP also remains current on all of its monthly loan payment obligations.

Boardwalk REIT (Operational Update): On July 6, Boardwalk provided an operational update. Rental Revenue collection has trended upwards, with collection rates of 97.5%, 97.9% and 98.0% in the months of April, May and June, respectively. Occupancy has also trended positively at 96.6%, 96.7%, and 97.1%, respectively.

Brookfield Property Partners (Substantial Issuer Bid): On July 2, BPY announced that it would commence a substantial issuer bid (SIB) to purchase up to 74,166,670 of BPY's limited partnership units for a price of $12.00 per unit. The total value of the offer is approximately $890MM. BPY will fund the offer by drawing on an equity commitment it has received from Brookfield Asset Management Inc. for up to $1B. BAM's equity commitment will be funded as 50% from cash on hand and the remainder from managed accounts on behalf of certain of its institutional clients. BAM currently owns 55% of the outstanding units of BPY. If the SIB is fully subscribed, BAM and its affiliates will hold an aggregate of 593,915,513 Units and Redeemable/Exchangeable Units, or approximately 63% of BPY. The offer will expire on August 28, 2020, unless extended or withdrawn by BPY.

CAP REIT (Disposition): On July 15, CAP REIT announced that it had sold a "non-core" 188-suite townhome property in Calgary, Alberta for $30.5MM.

Chartwell Retirement Residences (Business Update): On July 10, CSH announced that four retirement residences had positive COVID-19 cases and that there were no positive COVID-19 cases in its long-term care residences. Same-property retirement occupancy declined 110 bps in June to 83.4%, after declining 120 bps in May.

Choice Properties REIT (Acquisition): On July 28, Choice announced the acquisition of two properties from Wittington Properties at an aggregate price of ~$206MM (both properties are in Toronto; GLA is ~585K sq. ft.). The deal will be funded fully with equity; the REIT will issue 16.5MM units. The first property is the 60% the REIT does not already own of West Block, a mixed-use site that is anchored by a Loblaws and office space, while the second is the Weston Centre, a multi-tenant office and retail site also anchored by a Loblaws. The deal is expected to close around July 31.

European Residential REIT (TSX Listing): On July 6, ERES REIT announced that it would be listed and commence trading on the TSX at the opening of markets on July 7, 2020 under the existing symbol "ERE.UN."

Extendicare (Business Update): On July 21, EXE announced that three long-term care homes were in outbreak, with one or two active cases of COVID-19 in each home, and that one third-party-managed long-term care home was in outbreak. Stabilized retirement occupancy at June 30 was 91.3% and down 150 bps from March 31. For home care, average daily volume for Q2 was down 17.4% from Q1, but has steadily improved and is up 6.1% for the four weeks ending July 12 compared to Q2. For the six months ended June 30, the company incurred a net impact of $11.0MM of pandemic-related expenses and has built up $12.7MM in PPE inventory.

Granite REIT (Business Update): On July 8, GRT announced it completed the acquisition of eight properties in the U.S., totaling 4.0MM sq. ft., for $332MM (cap rate of ~5.5%). GRT has collected 99% of rent for April, May, and June, and has not granted any rent deferrals or rent abatements. The REIT also announced the publication of its 2020 ESG overview. On July 1, GRT closed on two previously announced acquisitions in the Netherlands for ~$108.4MM.

Killam Apartment REIT (Equity Offering & Operational Update): On July 29, Killam completed a $69MM equity offering (including overallotment) of 4.04MM units for $17.10/unit. The size of the offering was increased from $50MM due to strong investor demand. Killam intends to use the net proceeds from the offering to repay amounts outstanding on its credit facility (current outstanding balance of approximately $40MM), to fund future acquisitions and developments and for general trust purposes. Upon completion of the offering and the use of proceeds, Killam expects to have access to approximately $100MM of available capital through its credit facilities. The REIT also provided an operational update on July 21. As of this date, Killam had collected 98.0% of total rents for June, including 99.7% of apartment, 98.7% of MHC and 77.3% of commercial rents. July rent collection has been generally in line with the average rent collected by the 20th day of the month.

H&R REIT (Business Update & Senior Executive Appointments/Retirements): On July 28, H&R provided a rent collection update. The REIT has collected 88% of July rent (through July 27), including 100% office, 56% enclosed malls, 91% other retail, 95% residential, and 97% industrial. The enclosed mall portfolio (of most concern) is trending decidedly upwards (June collection rate was 46%). CECRA (Canada Emergency Commercial Rent Assistance) applications on behalf of ~565 tenants across 25 Primaris properties covering $15.3MM of gross rent at H&R's share, cumulatively for the four months of April, May, June and July, were submitted July 23. The associated 25% abatement is estimated at $3.8MM (at the REIT's share) and H&R expects to collect a significant portion of the remaining $11.5MM due under CECRA from tenants and the Government of Canada in the near term. In the remainder of the REIT's portfolio there are an additional 43 tenants with CECRA applications covering $1.3MM of rent for the four months April through July, and an associated expected abatement of $0.3MM, at H&R's share. The REIT also announced: 1) the appointment of Alex Avery as Executive Vice President, Asset Management & Strategic Initiatives; 2) the promotion of Blair Kundell to Executive Vice President, Operations; and, 3) the retirement of Nathan Uhr from the role of Chief Operating Officer.

Melcor REIT (Business Update): On July 15, Melcor provided a rent collection update. To date, the REIT has received 86% of April rent, 80% of May rent, 78% of June rent and 78% of July rent. This is an improvement over the REIT’s June 15 business update, which showed rent collections of 83% in April, 75% in May and 70% in June. Melcor is applying for CECRA on behalf of tenants; no applications have been processed to date.

Plaza Retail REIT (Development Update): On July 7, Plaza announced that it will be developing a new retail centre on Hogan Court in Halifax. Atlantic Superstore is the project’s anchor tenant, with the development also having ~20K sq. ft. of essential-needs and convenience-oriented retail offerings. Construction began in early July with the first retailers expected to open in spring 2021.

Sienna Senior Living (Business Update): On July 27, Sienna announced that same-property retirement occupancy declined 70 bps in June to 82.3%, after declining 70 bps in May. Post Q2, the company resumed in-person property tours in Ontario and British Columbia. In long-term care, as of July 26, two LTC homes were in outbreak. For Q2, the net impact of pandemic expenses totalled $10.7MM.

Tricon Residential (Name Change & Securitization): On July 8, TCN announced that it received shareholder approval to change its name to Tricon Residential Inc. On July 9, TCN reported that it has priced its most recent US$553MM securitization at a weighted average coupon of 2.34% with a term to maturity of six years. The transaction proceeds represent 72.5% of the value of the securitized portfolio of 3,540 single-family rental properties owned by the JV. The transaction proceeds will be used to refinance existing JV debt and are expected to result in approximately $55MM to $60MM of net proceeds to the JV to be used primarily for future acquisitions of single-family rental homes.

Q2/20 Earnings Preview – In The Muddy Trenches For A Little Longer

Q2/20 Growth Expectations: Consensus is calling for an FFO/unit decline of 7.7% for commercial REITs (excluding small-cap retail REITs) in Q2/20. For the entire universe excluding hotels, consensus has FFO/unit declining 8.6%. On consensus estimates, the industrial sub-sector is expected to lead all sub-sectors with ~4% FFO/unit growth.

What We're Looking For In The Quarter: Certain key figures will remain front and centre across all asset classes in Q2/20, including rent collection statistics, trends in occupancy /rental rates, upcoming debt obligations, and access to liquidity. For more sub-sector specific previews, we published detailed notes on the **retail** and **seniors** asset classes.

Retail: 1) Tenant participation in CECRA will provide visibility into the underlying health of each REIT's tenant base. We would expect participation to increase in proportion to each REIT's exposure to small business tenants; 2) Rent collection statistics for the past few months should be provided – our going-in assumption would be that collection rates bottomed in April/May and have started to recover; 3) we are expecting only modest pressure on occupancy and leasing spreads, and would view a material deterioration in either as a negative surprise; and, 4) we anticipate that reported book values are likely to face a degree of downward pressure, converging towards our NAV estimates [we took down our estimates by ~7% (~11% excluding single-tenant-dominated REITs) with Q1 reporting vs. an average valuation adjustment of only 85 bps by the retail REITs.]

Residential: 1) With the eviction moratorium coming to an end, we will be looking for commentary on expected turnover, and the potential flow-through impact to achieved rents; 2) trends in market rents – we suspect that the affordable rental stock (i.e., which our coverage universe generally owns) has been less impacted, on average; and, 3) rent deferral trends – a modest uptick from the low levels seen to date would be a negative surprise.

Office: The sector began the pandemic on solid footing with historically low vacancy rates in major markets and accelerating rent growth; however, the outlook has been clouded with concerns about new supply deliveries, higher adoption of telecommuting offset by higher needs for social distancing in the office (**link to WFH note**), and a potential rise in sub-leasing. On quarterly conference calls, focus will be on: 1) tenant discussions regarding returning space and layout planning; 2) shifting tenant preferences, away from leasing in the downtown core and to more suburban areas; and, 3) ongoing development pre-leasing.

Industrial: With the pandemic dramatically pulling forward e-commerce penetration, warehouse and logistics properties have transformed from playing a role in an omni-channel strategy to becoming indispensable. As a result, rent collection has been generally strong relative to other sub-sectors, with stress generally skewed towards smaller or recreation-related tenants. Several players are continuing to grow their industrial footprints, and on conference calls, we think the spotlight will be on: 1) acquisition and development pipelines; and, 2) landlord exposure to more economically challenged industries such as energy.

Seniors: With seniors care largely a necessity-based service, improving supply dynamics along with current demographic trends should support longer-term fundamentals for seniors housing. The new funding model for LTC development also shows government commitment to this sector. In the near term, however, there remains a great deal of headline risk from inquiries into the long-term care sector's handling of the pandemic as well as from COVID-19-related litigation. Additionally, although properties are reopening, fears linger that a potential second wave will cause another shutdown that prohibits move-ins and touring activity. We think conference calls will focus on: 1) retirement occupancy trends; 2) the impact of the new funding model for LTC developments/redevelopments; and, 3) ongoing litigation headlines.

Exhibit 1: Q2/20 Expected FFO Results

	Quarterly FFO					Annual FFO						
REIT	Q2/2019A	Consensus Q2/2020E	Y/Y Growth	CIBC Q2/2020E	Variance to Consensus	2018A	2019A	'19A/'18A (%)	Consensus 2020E	'20E/'19A (%)	CIBC 2020E	Variance to Consensus
Shopping Centre												
RioCan REIT**	$0.48	$0.37	**(23%)**	$0.35	**(5%)**	$1.85	$1.87	**1%**	$1.58	**(16%)**	$1.60	**1%**
SmartCentres REIT	$0.56	$0.52	**(8%)**	$0.48	**(7%)**	$2.30	$2.28	**(1%)**	$2.18	**(4%)**	$2.20	**1%**
Crombie REIT	$0.29	$0.26	**(9%)**	$0.25	**(5%)**	$1.21	$1.16	**(4%)**	$1.07	**(8%)**	$1.09	**2%**
Choice Properties**	$0.25	$0.20	**(20%)**	$0.20	**(0%)**	$1.03	$0.99	**(4%)**	$0.91	**(8%)**	$0.90	**(1%)**
First Capital Realty	$0.31	$0.25	**(21%)**	$0.22	**(11%)**	$1.21	$1.23	**2%**	$1.05	**(15%)**	$1.03	**(2%)**
CT REIT	$0.29	$0.29	**(0%)**	$0.28	**(3%)**	$1.14	$1.18	**4%**	$1.18	**0%**	$1.15	**(3%)**
Shopping Centre Average			**(13%)**		**(5%)**			**(0%)**		**(8%)**		**(0%)**
Diversified (Office/Retail/Industrial)												
H&R REIT	$0.42	$0.40	**(4%)**	$0.39	**(3%)**	$1.73	$1.75	**1%**	$1.67	**(5%)**	$1.65	**(1%)**
Morguard REIT**	$0.35	$0.27	**(23%)**	$0.21	**(22%)**	$1.48	$1.43	**(3%)**	$1.15	**(19%)**	$1.05	**(9%)**
Artis REIT	$0.36	$0.32	**(11%)**	$0.32	**0%**	$1.30	$1.41	**8%**	$1.31	**(7%)**	$1.29	**(1%)**
Cominar REIT	$0.26	$0.25	**(3%)**	$0.23	**(9%)**	$1.16	$1.07	**(8%)**	$1.02	**(4%)**	$0.97	**(5%)**
Melcor REIT	$0.23	$0.19	**(16%)**	$0.20	**5%**	$0.93	$0.91	**(2%)**	$0.80	**(12%)**	$0.82	**2%**
Diversified Commercial Average			**(11%)**		**(6%)**			**(1%)**		**(10%)**		**(3%)**
Office												
Dream Office REIT	$0.44	$0.38	**(13%)**	$0.39	**2%**	$1.66	$1.70	**2%**	$1.55	**(9%)**	$1.57	**2%**
Allied Properties REIT**	$0.57	$0.57	**1%**	$0.56	**(2%)**	$2.17	$2.26	**4%**	$2.31	**2%**	$2.28	**(1%)**
Slate Office REIT**	$0.19	$0.17	**(11%)**	$0.18	**6%**	$0.79	$0.76	**(4%)**	$0.68	**(11%)**	$0.72	**6%**
True North Comm. REIT	$0.15	$0.15	**(0%)**	$0.15	**0%**	$0.59	$0.57	**(3%)**	$0.60	**5%**	$0.60	**0%**
Office Sector Average			**(6%)**		**2%**			**(0%)**		**(3%)**		**2%**
International Office												
NorthWest Healthcare	$0.22	$0.21	**(6%)**	$0.20	**(3%)**	$0.79	$0.84	**6%**	$0.82	**(2%)**	$0.81	**(2%)**
Inovalis REIT*	$0.20	$0.18	**(10%)**	N/A	**N/A**	$0.98	$0.83	**(15%)**	$0.69	**(16%)**	N/A	**N/A**
International Office Sector Average			**(8%)**		**(3%)**			**(4%)**		**(9%)**		**(2%)**
Industrial												
WPT Industrial (USD)	$0.21	$0.23	**10%**	$0.23	**0%**	$0.89	$0.85	**(4%)**	$0.89	**5%**	$0.92	**3%**
Dream Industrial	$0.20	$0.18	**(10%)**	$0.18	**0%**	$0.86	$0.78	**(9%)**	$0.72	**(7%)**	$0.73	**1%**
Granite REIT	$0.89	$0.97	**8%**	$0.97	**0%**	$3.68	$3.62	**(2%)**	$3.97	**10%**	$4.00	**1%**
Summit Industrial Income	$0.15	$0.16	**7%**	$0.17	**7%**	$0.56	$0.58	**4%**	$0.63	**9%**	$0.65	**3%**
Industrial Sector Average			**4%**		**2%**			**(3%)**		**4%**		**2%**
Small-cap Retail												
Plaza Retail REIT	$0.08	$0.09	**8%**	$0.08	**(12%)**	$0.33	$0.40	**21%**	$0.35	**(13%)**	$0.33	**(5%)**
Slate Retail REIT (USD)**	$0.31	$0.25	**(19%)**	$0.26	**4%**	$1.27	$1.20	**(6%)**	$1.07	**(11%)**	$1.12	**5%**
Automotive Prop. REIT	$0.27	$0.22	**(17%)**	$0.21	**(5%)**	$0.99	$1.00	**1%**	$0.90	**(10%)**	$0.87	**(3%)**
Small-cap Retail Average			**(9%)**		**(4%)**			**5%**		**(11%)**		**(1%)**
Wtd. Avg – Commercial REITs (Retail, Office, Industrial)			**(7.9%)**		**(2.7%)**			**(0.5%)**		**(6.1%)**		**(0.3%)**
Wtd. Average – Commercial REITs Excl. Small-cap Retail			**(7.7%)**		**(2.5%)**			**(1.3%)**		**(5.4%)**		**(0.1%)**

*Company is not covered by CIBC. Estimates used are consensus.

**Company has already reported. Consensus/CIBC estimates reflect actual results for Q2/20.

R - Restricted

Company reports, FactSet, SNL and CIBC World Markets Inc.

Exhibit 2: Q2/20 Expected FFO Results (cont'd.)

REIT	Quarterly FFO Q2/2019A	Consensus Q2/2020E	Y/Y Growth	CIBC Q2/2020E	Variance to Consensus	Annual FFO 2018A	2019A	'19A/'18A (%)	Consensus 2020E	'20E/'19A (%)	CIBC 2020E	Variance to Consensus
Residential												
Boardwalk REIT	$0.68	$0.66	**(3%)**	$0.63	**(4%)**	$2.21	$2.57	**16%**	$2.51	**(2%)**	$2.50	**(0%)**
Minto Apartment REIT	$0.21	$0.21	**(1%)**	$0.22	**4%**	$0.79	$0.84	**6%**	$0.85	**1%**	$0.88	**4%**
CAP REIT	$0.54	$0.57	**6%**	$0.56	**(1%)**	$2.01	$2.13	**6%**	$2.24	**5%**	$2.22	**(1%)**
Northview Apartment REIT	R	R	**R**	R	**R**	R	R	**R**	R	**R**	R	**R**
Killam Apartment REIT	$0.25	$0.24	**(2%)**	$0.24	**0%**	$0.94	$0.98	**4%**	$0.94	**(4%)**	$0.96	**2%**
InterRent REIT	$0.12	$0.12	**(1%)**	$0.13	**8%**	$0.45	$0.48	**7%**	$0.49	**2%**	$0.51	**4%**
Residential Sector Average			(0%)		1%			8%		0%		2%
International Residential												
European Residential REIT	€ 0.04	€ 0.03	**(25%)**	€ 0.04	**33%**	NA	€ 0.14	N/A	€ 0.14	**0%**	€ 0.14	**0%**
BSR REIT	$0.19	$0.17	**(11%)**	$0.16	**(6%)**	$0.75	$0.71	**(5%)**	$0.65	**(8%)**	$0.61	**(6%)**
Morguard NA Residential**	$0.31	$0.27	**(14%)**	$0.34	**28%**	$1.18	$1.19	**1%**	$1.07	**(10%)**	$1.23	**15%**
Tricon Residential	NA	$0.09	**N/A**	$0.09	**0%**	NA	NA	N/A	$0.41	**N/A**	$0.40	**(2%)**
North American Residential Average			(17%)		14%			(2%)		(6%)		1%
Retirement/LTC												
Sienna Senior Living	$0.36	$0.32	**(11%)**	$0.17	**(46%)**	$1.40	$1.38	**(1%)**	$1.31	**(5%)**	$1.18	**(10%)**
Extendicare Inc.	$0.14	$0.09	**(36%)**	$0.00	**(100%)**	$0.60	$0.52	**(13%)**	$0.45	**(13%)**	$0.42	**(7%)**
Invesque Inc.	$0.18	$0.17	**(6%)**	$0.17	**0%**	$0.87	$0.73	**(16%)**	$0.70	**(4%)**	$0.71	**1%**
Chartwell Retirement	$0.22	$0.19	**(15%)**	$0.17	**(10%)**	$0.90	$0.92	**2%**	$0.82	**(11%)**	$0.79	**(4%)**
Retirement/Nursing Homes Sector Average			(17%)		(39%)			(7%)		(8%)		(5%)
Hotel												
American Hotel	$0.23	($0.10)	NA	($0.06)	NA	$0.70	$0.70	0%	-$0.03	NA	$0.03	NA
Hotel Sector Average			NA		NA			0%		NA		NA
Wtd. Average All REITs			(8.6%)		(4.4%)			(0.1%)		(5.5%)		(0.3%)
Wtd. Average REITs Excl. Hotels			(8.6%)		(4.4%)			(0.1%)		(5.5%)		(0.3%)
Wtd. Average REITs Excl. Hotels & Retirement/LTC			(7.5%)		(0.1%)			0.8%		(5.1%)		0.3%

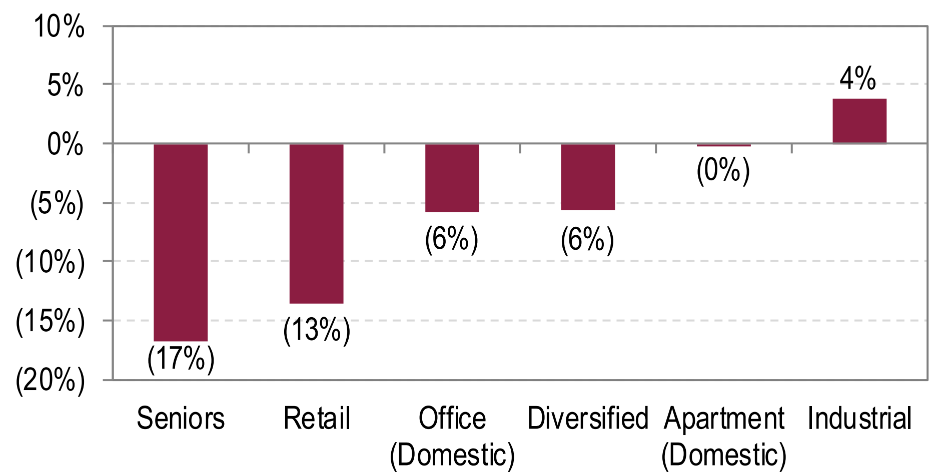
*Company is not covered by CIBC. Estimates used are consensus.

**Company has already reported. CIBC estimates reflect actual results for Q2/20.

R – Restricted

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

Exhibit 3: Q2/20E FFO Growth (Unweighted Average)



Source: FactSet and CIBC World Markets Inc.

July Performance

In the month of July (to July 27), Canadian REITs were down 1.0% on an unweighted basis, while the broader S&P/TSX Composite Index increased by 3.3% over the same period. The industrial (+1.5%), office (+1.2%) and diversified (+0.7%) asset classes led, while the seniors (-1.6%), retail (-2.3%), apartment (-3.0%) and hotel (-7.7%) segments lagged. We note that this was the first month since the "beds and sheds" theme diverged; both of these asset classes had seen positive monthly returns since March. YTD (through July 27), the apartment and industrial asset classes have proven to be the most resilient, while hotel, diversified, and seniors REITs have seen the largest declines.

YTD, Canadian REITs have delivered -24.7% on a total return, unweighted basis (-22.1% for the large-cap-weighted S&P/TSX Canadian REIT Index) compared to the S&P/TSX Composite Index's total return of -4.4%.

The top-performing REITs/REOCs in July were BPY (+12%) and Sienna (+9%), while Minto (-10%) and Invesque (-18%) trailed. YTD, the top-performing REITs/REOCs are Northview (+20% on a privatization announcement) and Granite (+15%), while American Hotel (-63%) and Invesque (-68%) have lagged.

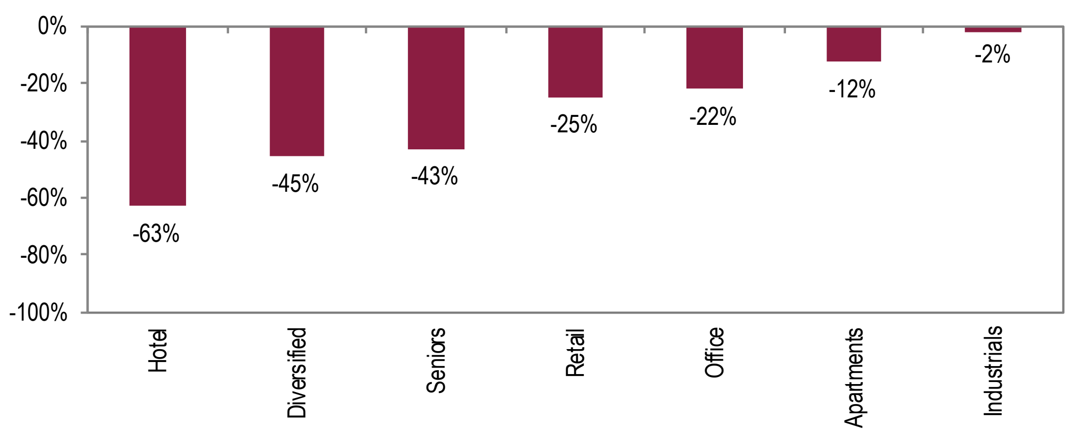
Relative to its allocation in the broader Index, the Real Estate GICS sector (including real estate services) has underperformed this year, a stark reversal of trends (read momentum) experienced over the past few years.

Exhibit 4: S&P/TSX Industry Sector Attribution (As At July 27)

GICS Sector	Index Weight	Total Return	Contribution
Communication Services	5.7%	-8.9%	-0.6%
Consumer Discretionary	3.7%	-7.9%	-0.4%
Consumer Staples	4.3%	6.4%	0.3%
Energy	14.1%	-28.7%	-5.0%
Financials	30.5%	-14.6%	-5.3%
Health Care	1.1%	-33.2%	-0.4%
Industrials	11.5%	0.8%	0.1%
Information Technology	7.9%	59.3%	3.9%
Materials	12.9%	27.5%	3.9%
Real Estate	**3.3%**	**-18.9%**	**-0.9%**
Utilities	5.2%	2.0%	0.0%
SPTSX Composite	**100.0%**	**-4.4%**	**-4.4%**

Source: Bloomberg.

Exhibit 5: 2020 YTD* Total Returns By Property Type



*As at July 27, 2020. Source: FactSet and CIBC World Markets Inc.

Exhibit 6: Real Estate Equities' Average Annual Rates Of Return Versus S&P/TSX Indices

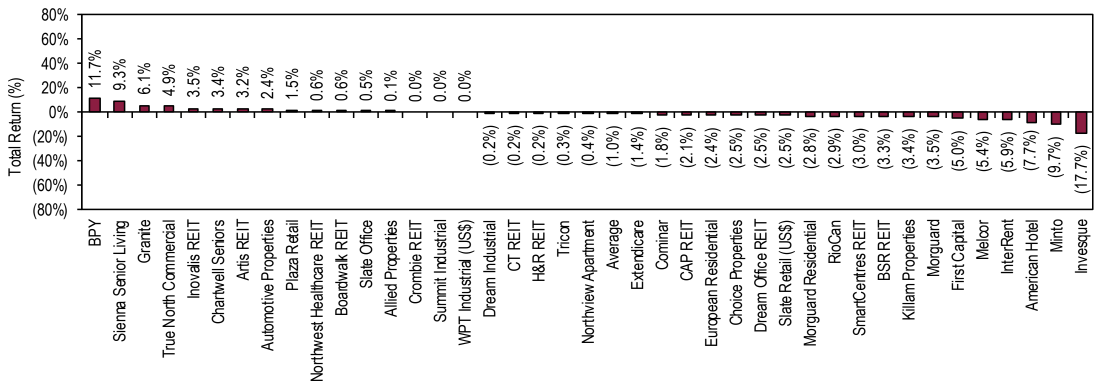
	S&P/TSX Composite	S&P/TSX Financial Index	Real Estate Stocks Unweighted	REITs Unweighted	S&P/TSX REIT Index	Bloomberg U.S. REIT Index	UBS Bloomberg CMCI Composite USD Total Return Index
2001	-13%	NA	**21%**	**22%**	30%	14%	-15%
2002	-12%	-3%	**5%**	**9%**	7%	4%	21%
2003	27%	28%	**32%**	**25%**	26%	36%	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%
2019	23%	24%	**34%**	**26%**	24%	27%	11%
20 Years (2000-2019)	8%	12%	**14%**	**14%**	14%	13%	7%
15 Years (2005-2019)	9%	11%	**13%**	**14%**	12%	10%	5%
10 Years (2010–2019)	8%	11%	**13%**	**13%**	12%	13%	-1%
20-Jan	2%	2%	**1%**	**3%**	4%	1%	-7%
20-Feb	-6%	-5%	**4%**	**-4%**	-3%	-7%	-5%
20-Mar	-17%	-18%	**-32%**	**-32%**	-27%	-19%	-15%
20-Apr	11%	2%	**2%**	**11%**	6%	9%	-2%
20-May	3%	1%	**(11%)**	**(3%)**	(2%)	2%	8%
20-June	2%	4%	**6%**	**5%**	3%	2%	5%
20-July*	3%	2%	**(3%)**	**(1%)**	(1%)	0%	4%
2020 YTD*	(4%)	(13%)	**(32%)**	**(25%)**	(22%)	(14%)	(13%)

Note: Total returns assume distributions/dividends are reinvested in the index. 10-, 15- and 20-year returns are compound annual returns.

*As at July 27, 2020

Source: Bloomberg and CIBC World Markets Inc.

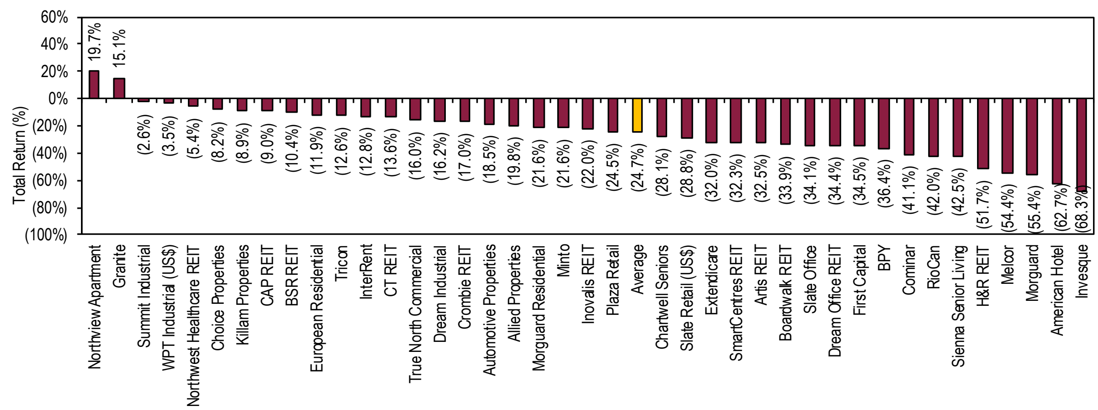
Exhibit 7: Total Return (%), July 2020*



*As at July 27, 2020

Source: FactSet and CIBC World Markets Inc.

Exhibit 8: Total Return (%), YTD 2020*



*As at July 27, 2020

Source: FactSet and CIBC World Markets Inc.

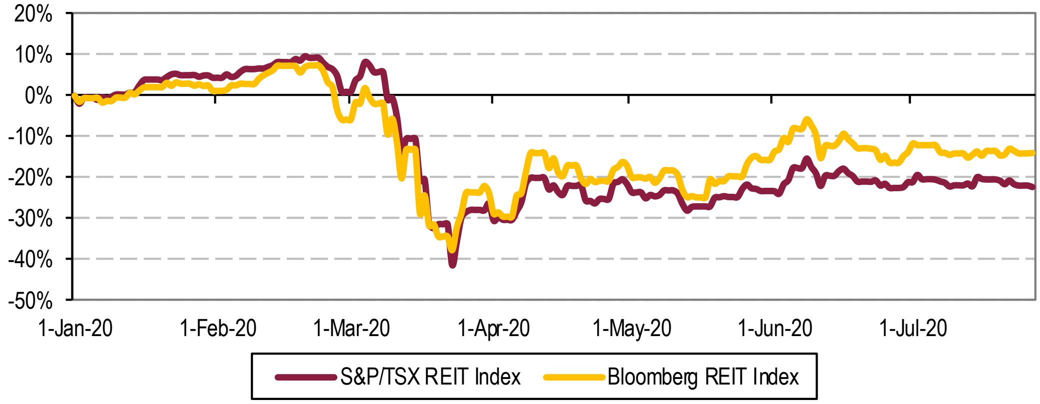
Exhibit 9: 2020 YTD* Comparative Returns Summary

	Currency	Price Appreciation (%)	Total Return (%)
S&P/TSX Index	C$	-6 %	-4%
S&P/TSX REIT Index	C$	-24%	-22%
Bloomberg REIT Index (U.S. REITs)	US$	-16%	-14%

*As at July 27, 2020

Source: Bloomberg and CIBC World Markets Inc.

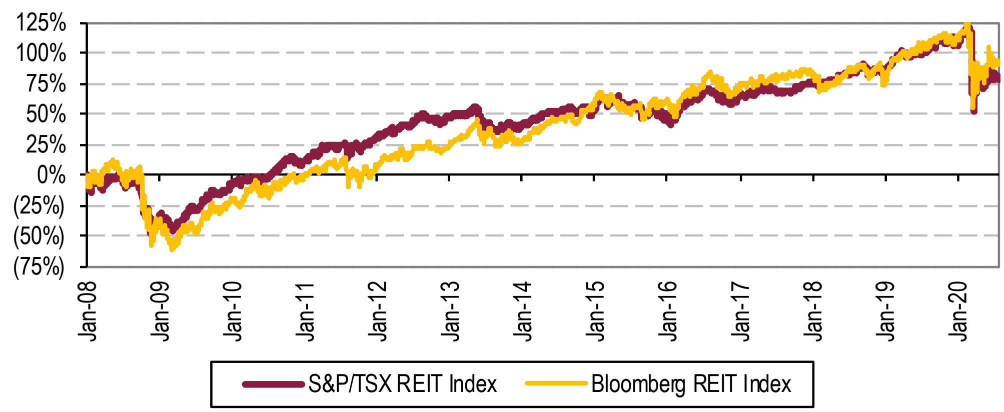
Exhibit 10: 2020 YTD* Comparative Total Returns (Local Currency)



*As at July 27, 2020

Source: Bloomberg and CIBC World Markets Inc.

Exhibit 11: 2008–2020 YTD* Comparative Returns (Local Currency)



*As at July 27, 2020

Source: Bloomberg and CIBC World Markets Inc.

Exhibit 12: REIT Total Returns By Property Type (%)

Property Type	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD 2020*
Apartments	-3.70%	-18.20%	30.80%	28.70%	21.30%	19.70%	-7.90%	13.00%	6.00%	22.90%	16.90%	12.80%	27.60%	-12.30%
Hotel	15.80%	-46.80%	24.60%	16.90%	-30.50%	-11.30%	28.10%	20.70%	4.00%	23.60%	-2.80%	-24.70%	24.70%	-62.70%
Diversified	-4.60%	-33.40%	75.10%	29.20%	22.90%	14.80%	-2.50%	6.30%	-5.50%	20.20%	8.80%	-2.70%	18.60%	-45.30%
Office	-9.10%	-33.70%	65.90%	18.20%	13.60%	25.40%	-7.40%	4.00%	-0.60%	17.20%	21.90%	-2.30%	31.60%	-22.00%
Retail	-4.60%	-33.90%	63.60%	25.00%	19.20%	17.40%	-4.10%	9.20%	8.40%	17.00%	2.80%	-3.70%	25.20%	-24.60%
Industrials	-32.20%	-62.70%	106.00%	81.10%	12.10%	25.40%	-1.60%	5.00%	5.00%	22.40%	18.40%	19.40%	31.50%	-1.80%
Retirement	13.50%	-44.80%	59.70%	14.60%	6.10%	19.30%	-5.30%	22.80%	61.10%	11.50%	10.00%	-13.60%	18.70%	-42.70%
Average – Overall	0.60%	-33.70%	59.10%	25.00%	12.70%	17.90%	-3.60%	10.90%	9.30%	18.70%	11.70%	1.50%	26.10%	-24.70%
Average – Ex Hotels	-2.30%	-32.30%	63.00%	25.90%	16.00%	20.00%	-6.10%	10.30%	9.60%	18.40%	12.10%	2.10%	26.10%	-23.70%

*As at July 27, 2020

Source: Bloomberg and CIBC World Markets Inc.

Key Investment Themes

In thinking about the path of potential REIT returns through the end of the year, we would suggest that the single most important driver (for REITs and the broader market) will be the pace of the recovery from the COVID-19 pandemic. To this end, we will be the first to admit that we have relatively low confidence in estimating the sustainability of the recovery that appears to be occurring at this time.

In addition to the pace of the COVID-19 recovery, we believe that a number of other themes could have an impact on the path of potential returns within the REIT complex (although they will likely take a backseat to the pandemic over the immediate near term).

Interest Rates: Interest rates in many countries across the globe are near record lows. At this time, we believe that significant upward pressure on rates is unlikely. Should the COVID-19 pandemic prove to be short-lived, we believe that the "lower-for-longer" interest rate narrative is likely to remain a central theme across the investment universe, which should, in turn, provide a favourable backdrop for real estate valuations. We would also stress that the eventual path of REIT returns is determined more so, we believe, by the embedded term structure of the curve than by the absolute rate move in and of itself. That being said, excessive moves in benchmark bond yields (either way) have represented good trading opportunities for the space historically – to the extent that rate volatility could increase over the next 12 months, alpha generation may be rooted in a more active approach to risk management and active trading strategies.

Momentum – Volatility Was Low (And Now It Isn't): Recall that the real estate sector has for some time (over the past few years) screened favourably for quantitative investment strategies such as Low Volatility and Momentum. At the beginning of the year, we had suggested that sectors that have exhibited near-term positive momentum often represent a disproportionate weighting relative to benchmarks (i.e., we believed that Low Volatility funds had a real estate weighting that was well in excess of Real Estate's weighting in the broader composite index). Implicit in that assumption was that some of the premium afforded to many REITs was a result of quantitative funds flows, and any increase in volatility and/or degradation in momentum could manifest itself in a sell-side imbalance. This dynamic appears to have played out, as the so-called "momentum trade" seems to have reversed.

A Quantitative Approach To REIT Investing: Our analysis (in conjunction with our Strategy group) suggests that net asset value, funds from operations, and dividend growth are powerful quantitative metrics. Momentum and current dividend yields (inverse) are also strong predicative factors of alpha. We propose a five-factor quantitative model based on the above. The top-quintile REITs (under our coverage) based on the model include: IIP, GRT, CAR, KMP, CRT, AP, and SMU.

Valuation – More Important In The Long Term: The sharp decline in REIT prices resulting from the COVID-19 pandemic has resulted in valuation levels that are well below historical averages on a P/NAV basis (notably the apartment and industrial REITs have held up significantly better than other sectors). Key takeaways from our work on valuation are: 1) most REITs are trading below 2010-2019 trough valuations, but are still above Global Financial Crisis (GFC) troughs; 2) prior valuation troughs are a poor indicator of "price floors" given the nature of the current crisis (we believe sentiment will trump valuation in the near term); 3) the underlying value of the real estate has for the most part seen only a modest deterioration, and most REITs do exhibit tremendous valuation optionality (especially in a "smooth recovery" situation); and, 4) valuation levels vary significantly across asset classes, with the hotel, seniors, and diversified asset classes trading at the largest discounts to NAV. Looking further out, we would expect the prevailing interest rate environment at that time to lay the foundation for valuations (a lower-for-longer rate environment is generally positive for the sector).

Don't Discount Development: 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). For the time being, we would expect development efforts to generally be pushed out until the COVID-19 situation dissipates.

However, over time, we expect many REITs to increase their focus (and disclosure) on these value-surfacing initiatives, which we wholeheartedly welcome – what may remain a question, longer term, will ultimately be the funding mechanism for the eventual completion of such plans and at what point the market will ultimately begin to give credit for such.

Balance Sheets And Debt Maturities: We are several years into a low rate cycle and, as a result, we have for some time called for the emergence of increasing rates on debt rolls (as we believed that low-cost financings put into place over the past five years would eventually hit the point where they started to turn higher). However, given the largely unforeseen current interest rate environment (i.e., rates are far lower than the vast majority would have predicted), the dynamic of favourable debt rolls looks to be a tailwind that may persist over the foreseeable future.

Pace Of COVID-19 Recovery To Dictate Path Of REIT Returns

The impact of the current pandemic situation has prompted the real estate complex to sell off to a magnitude that we suggest is perhaps disproportionate to the long-term value of the underlying assets. And while this circumstance likely represents an opportunity not seen since the 2008 global financial crisis, we are also pragmatic enough to recognize that the "unknown unknowns" will dominate the tape for the foreseeable future. Unlike the 2008 period, however, which was a banking crisis that permeated the economy, this is a pandemic that has entered the financial community. We would note that debt is the de facto lifeblood to real estate, and a widespread freezing of credit could have a lasting impact on not just real estate but on the broader economy at large.

Needless to say, we don't have much clarity on what the ultimate impact from the COVID-19 outbreak will be on the direct commercial property environment. From what we have seen to date, there have been some temporary dislocations, but it is not clear to what extent such dislocations might cause a longer-term impact. Once the economy restarts, and the majority of us are no longer at home, most of the fundamental market forces that were under way in the various asset classes should resume, albeit potentially at a more measured pace – that which was working will in all likelihood continue to do so.

Ultimately, we believe that the path of potential returns within the real estate complex will be driven by a number of factors. First and foremost, the recovery time associated with COVID-19 will be of great importance. In an optimistic scenario, where the current recovery continues, and a material "second wave" is avoided in Canada, we would generally expect a strong "reversion trade" (i.e., those REITs that have seen the largest price declines are likely to deliver the highest torque on the upside). Alongside the length of the situation/recovery time, the prospects of a prolonged recession will most likely be considered by most market participants. To the extent that a deep and elongated recession looks increasingly likely, we would expect those REITs that are generally more economically defensive to outperform. Under a more pessimistic scenario, in which the COVID-19 recovery does not continue, or the impact of the pandemic proves to be more detrimental to the overall economy than consensus currently assumes, the potential impact to REIT cash flows could be material (as rent deferment begins to compound and rent abatement could become a more realistic dynamic). Should this occur, those REITs with the highest available liquidity and most resilient balance sheets are most likely to outperform.

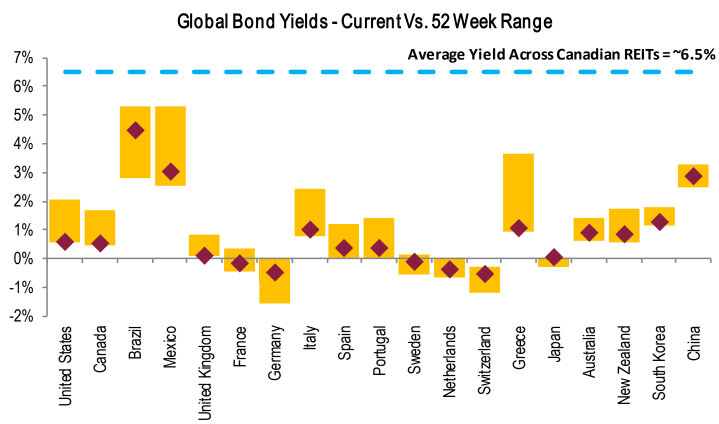
In general, we believe that the real estate complex is well capitalized as the use of leverage has fallen significantly since the GFC. Most REITs have sufficient liquidity to "cover" between four to 14 months of their top line (with an average of eight months), which we believe is more than sufficient to absorb a temporary economic shock without stressing balance sheets beyond repair. Indeed, we believe that many industries are in as good, if not better, shape from a current liquidity perspective. That being said, in a prolonged period of economic stress, it's possible that all of this liquidity is called upon contemporaneously and might have the impact of stressing the banking system to the point that credit does get curtailed. While that's certainly not our base-case assumption, and we have seen multiple advances of increased credit facilities for REITs (at more advantageous terms we might add) since the pandemic started, it's a risk that can't nor shouldn't be ignored.

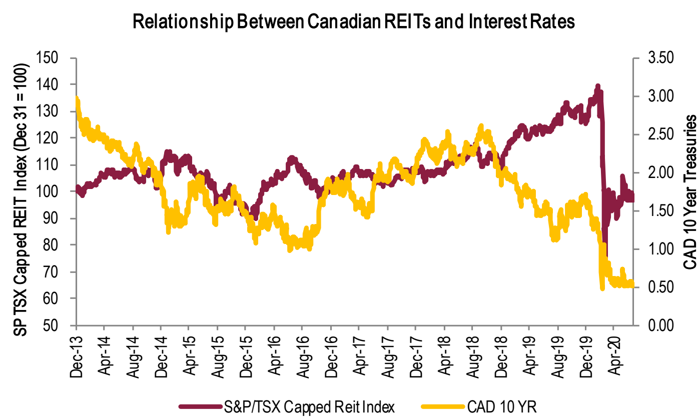
Interest Rates: Lower For Longer?

While the prevailing interest rate environment is always a key consideration in evaluating valuation levels within the REIT complex, we believe rate levels will likely take a back seat to the market's broader sentiment in regards to the COVID-19 pandemic for the foreseeable future. As such, the discussion below should be read within the context of an improving COVID-19 situation.

As we illustrate in the exhibit below, while the relationship is far from perfect, sharp pullbacks/increases in CAD 10-year Treasuries have had an inverse impact on the return profile of Canadian REITs (this was particularly evident in 2019).

Exhibit 13: A Lower-for-longer Yield Environment Generally Benefits All Yield-oriented Sectors





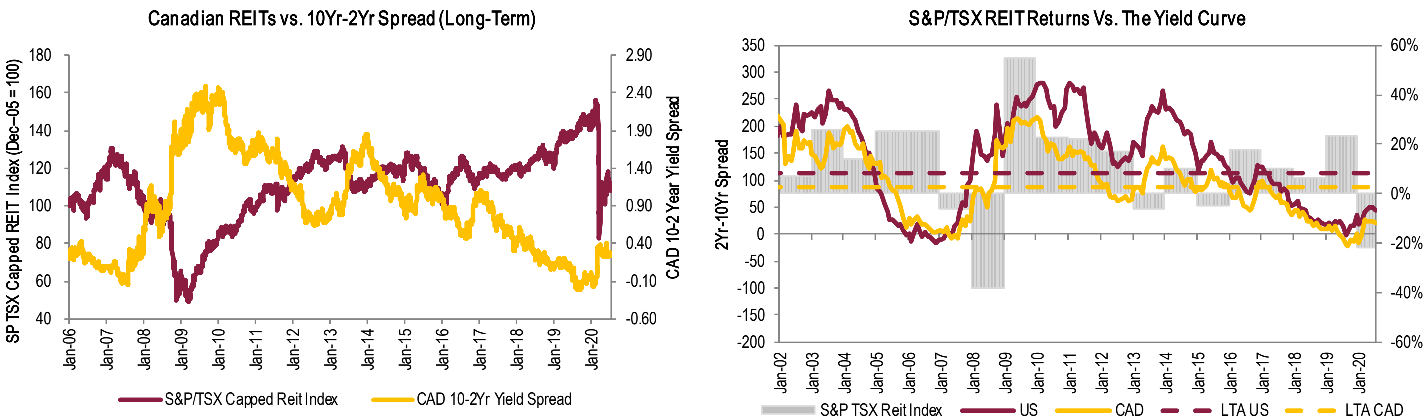
Source: Bloomberg, FactSet and CIBC World Markets Inc.

To this end, we are of the view that within an increasingly benign interest rate environment, valuation levels across all yield-oriented investments are likely to find support at levels that are higher than they have been historically (all things equal, of course). All this is to say that:

- Once the COVID-19 situation is in the rear-view mirror, if interest rates remain at such low levels, a rebound to pre-COVID-19 valuation levels is plausible.
- The entire complex should continue to demonstrate a heightened volatility to any sharp (i.e., unexpected) moves in interest rates (…again, assuming a recovery from COVID-19).
- Should long-term interest rates increase, or should the yield curve steepen, valuation levels are more likely to eventually revert closer to historical levels (i.e., not the elevated pre-COVID-19 levels).

Taking a step back, we would note that while much attention is given to the directionality of long-term interest rates, the flattening/steepening of the yield curve has proven to be a more accurate harbinger of REIT performance (with REITs delivering higher returns when the yield curve flattens, and vice versa). We demonstrate the high correlation between REIT performance and the structure of the yield curve in the exhibit below.

Exhibit 14: The Term Structure Of The Yield Curve Drives REIT Performance

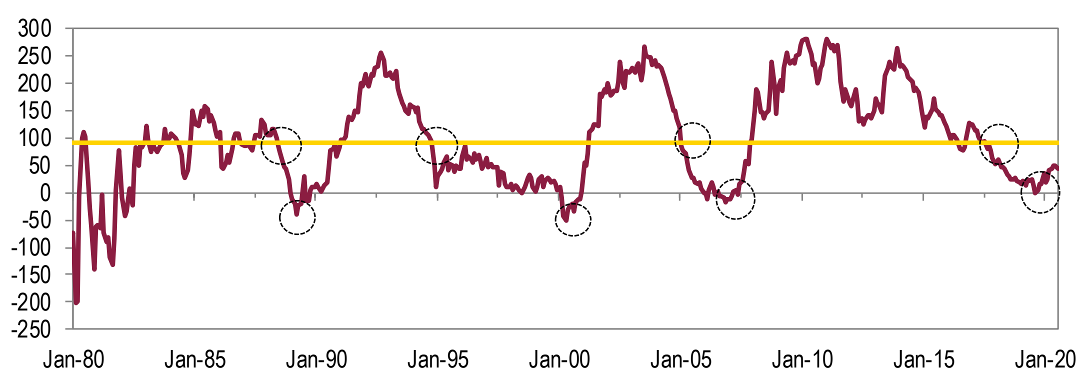


Source: FactSet and CIBC World Markets Inc.

Looking at the longer-term trend in two- to 10-year spreads, 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. From current levels, the potential for a steepening of the yield curve is a risk that cannot be ignored.

Exhibit 15: U.S. Generic Government Two- To 10-year Spread



Source: Bloomberg and CIBC World Markets Inc.

With the combination of modest potential cash flow impacts if interest rates rise, current NAVs already incorporating slightly higher interest 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 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 should remain relatively low through 2020.

Exhibit 16: CIBC World Markets' Interest Rate Forecast (%)

	Current	2020		2021			
End Of Period:	27-July-20	Sep	Dec	Mar	June	Sep	Dec
98-Day Treasury Bills	0.17	0.25	0.25	0.25	0.35	0.35	0.35
Chartered Bank Prime	2.45	2.45	2.45	2.45	2.45	2.45	2.45
10-Year Gov't. Bond	0.49	0.70	0.75	0.80	0.85	0.85	1.25
30-Year Gov't. Bond	0.97	1.30	1.20	1.30	1.40	1.50	1.80

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

Momentum: It Works, Until It Doesn't

While momentum investing (in its crudest definition, investing in stocks based on the premise that an existing market trend is likely to continue) has been a well-known concept/strategy for some time (i.e., the pioneering research behind the strategy occurred before the turn of the millennium), the rising prominence of quantitative investing has resulted in an increase in AUM that is specifically dedicated to the strategy.

Consider that our Strategy team estimates that over 20% of Canadian stocks are now owned by entities using at least some quantitative discipline for security selection. Further, "Low Volatility" and "Momentum" are among the most common "factors" screened by quantitative investors; of note is that many stocks that screen well on one of these factors also screen well on the other (i.e., there is oftentimes significant overlap between a portfolio of stocks that screen well on low volatility and a portfolio that screens well on momentum – coincidence or causality?).

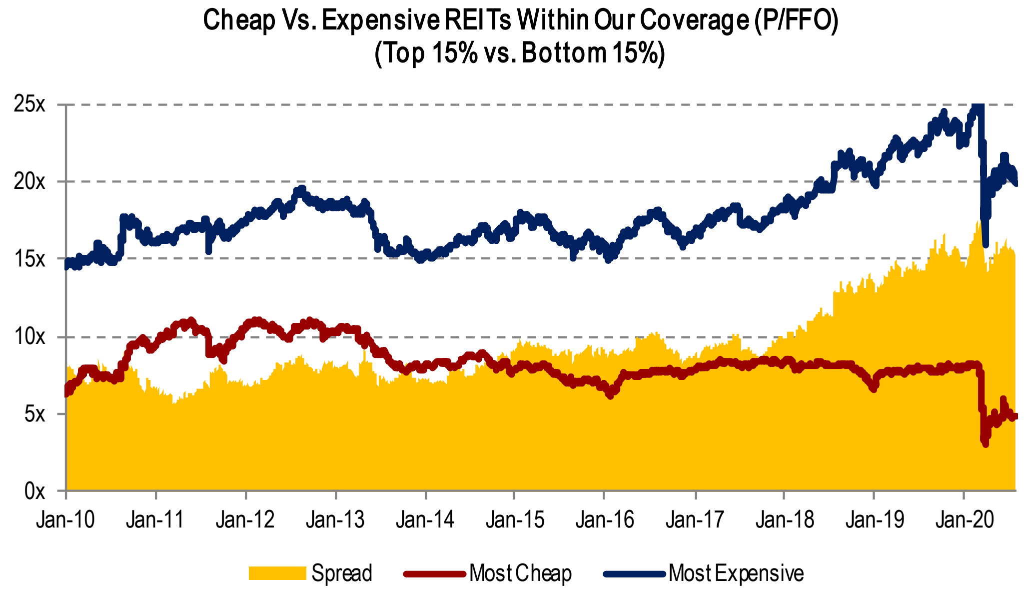
So why does this matter for REIT investors? We believe, even if at the margin, that momentum was a significant driver of the premium valuations afforded to REITs over the past few years. In support of this thesis, we note that industry research suggested (in late 2019) that the REIT sector had in recent times screened increasingly well for inclusion in "low volatility" portfolios and, therefore, by extension, momentum portfolios.

Further, our research indicated that a sector can very quickly become "out of favour" from a momentum/low volatility perspective. Our key takeaway from the above was straightforward – any increase in volatility and/or degradation in momentum may manifest itself in a sell-side imbalance (a dynamic that has since played out); to the extent that valuation is, in its simplest form, a function of supply and demand, the premium afforded to the REIT sector (pre-COVID-19) was at least partially a result of funds flow in a growing pool of invested assets, which, given its mathematical nature, was not necessarily long-term committed capital.

Where do we go from here? We suspect (while fully acknowledging that we are by no means experts in such matters) that given the real estate sector's underperformance YTD, the complex will no longer screen positively for most quant investors. As such, we believe that the tailwind of being part of the "momentum trade" has all but abated.

In an attempt to illustrate the impact that momentum can have on REIT returns on an individual stock basis, we provide in the exhibit below the average valuation of the most "expensive" and most "cheap" REITs since 2010 (i.e., the top and bottom 15% of REITs on a P/FFO basis). As per the chart, momentum has been particularly strong since mid-2017 (primarily favoring the industrial and residential sub-sectors), with the difference between the most expensive and cheapest REITs reaching a high of ~19x in early March 2020 (vs. an average spread of ~9x). We would note that the spread has since declined to ~15x.

Exhibit 17: Momentum Has Been Particularly Strong Over Past Two Years



Source: FactSet and CIBC World Markets Inc.

A Quantitative Approach To REITs

In addition to our own work on momentum (see section above), we recently teamed up with our Portfolio Strategy group to explore the merits of a quantitative approach to REIT investing (our June 21 report, “A Quantitative Approach To REITs,” explains our methodology and provides a closer look at the factors we tested).

We find that there are opportunities to use quantitatively based approaches to drive outperformance in the real estate space. While only having its own GICS category for less than four years, REIT fundamentals have always been unique, so quant analysis needs to be tailored to the sector. Our analysis suggests that growth in net asset value, funds from operations, and dividend yield are powerful metrics.

In addition, the sector is very sensitive to momentum, while yield is an inverse factor. We are not surprised to see that momentum has been a powerful indicator of future returns (such has been easily observed for those closely monitoring the REIT complex over the past few years). However, we do note the following. The “beds and sheds” theme has prevailed for much of the recent past, with the vast majority of REITs within the apartment and industrial sub-sectors generally outperforming the broader sector. As such, we propose that the observed strength of momentum as a factor in stock selection may be closely related to this fundamental theme. This would further imply that the momentum factor is perhaps most important at the sub-sector level (i.e., those sub-sectors that have recently outperformed may continue to outperform).

Comfortingly, several factors that REIT fundamental investors consider relevant (i.e., those mentioned above) scored well upon a quantitative review. On the other hand, there was little quantitative support for other commonplace metrics such as leverage, payout ratios, and same-property growth. Our conclusions do not suggest that investors eschew rigorous, multi-faceted analysis – rather that use of quantitative metrics can enhance returns.

With the above in hand, we create a multi-factor REIT model for stock selection that appears to drive alpha. It uses NAV growth, dividend growth, FFO growth, current dividend yield, and momentum. REITs that are currently attractive based on this model are highlighted below.

Exhibit 18: REITs Recommended By Our Multi-factor Quantitative Model

Quintile (Ranking)				
1	2	3	4	5
IIP-U	MRG-U	CRR-U	PLZ-U	BTB-U
GRT-U	MI-U	SIA	DIR-U	HR-U
SVI	WIR/U	CSH-U	AX-U	EXE
CAR-U	BEI-U	SRU-U	NXR-U	CUF-U
KMP-U	HOM/U	CHP-U	INO-U	MR-U
MEQ	NWH-U	TNT-U	PRV-U	SRT-U
CRT-U	D-U	APR-U	BPY	HOT-U
SMU-U		FCR-U	IVQ/U	SOT-U
AP-U		REI-U		MRT-U

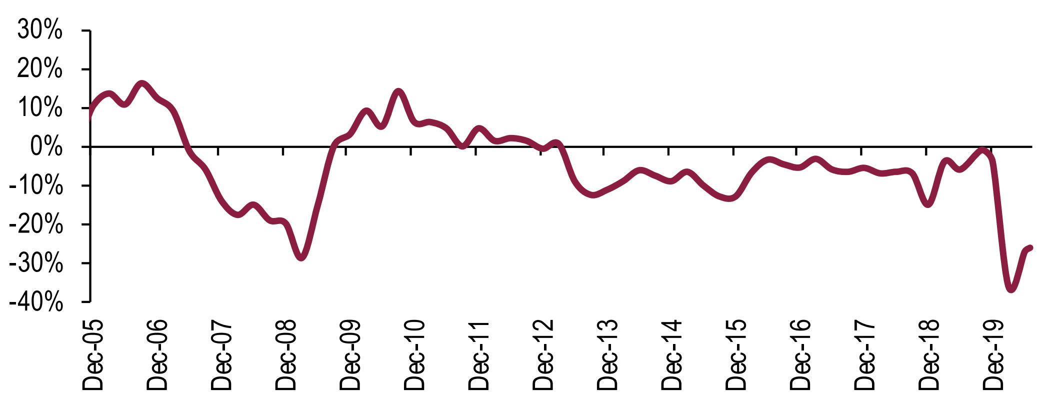
Source: CIBC World Markets Inc.

Valuation – More Important For The Long Term

Canadian REITs (broadly defined by our coverage universe) are trading at valuations (overall) that are well below long-term historical measures on a P/NAV basis (our preferred valuation measure at this time). However, the COVID-19 pandemic is a unique situation, and valuation levels need to be evaluated within this context. To this end, we would note the following:

- Many REITs are trading below 2010-2019 trough valuations, although residential and industrial REITs are a notable exception. The vast majority of REITs are still above GFC trough levels.
- Prior valuation troughs are a poor indicator of “price floors” given the nature of the current crisis (we believe sentiment will trump fundamentals and valuation levels in the near term).
- The underlying value of real estate has for the most part deteriorated only modestly (so far), and most REITs do exhibit tremendous valuation optionality (especially in a “quick recovery” situation).
- Valuation levels vary significantly across asset classes, with the hotel, seniors, and diversified asset classes trading at the largest discounts to NAV.
- Looking further out, we would expect the prevailing interest rate environment at that time to lay the foundation for valuations (a lower-for-longer rate environment is generally positive for the sector).

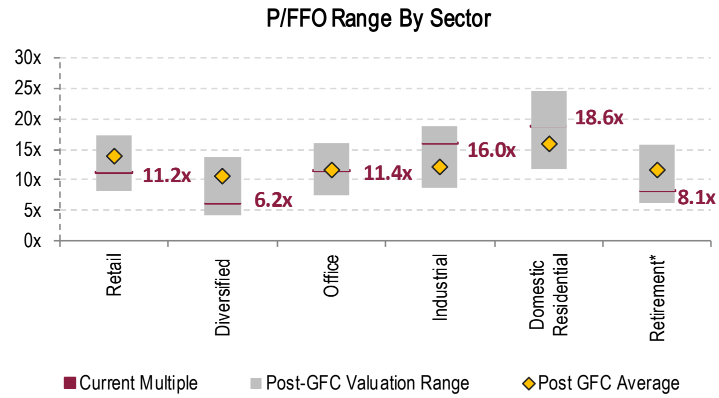
Exhibit 19: Canadian REITs – Historical Discount To NAV

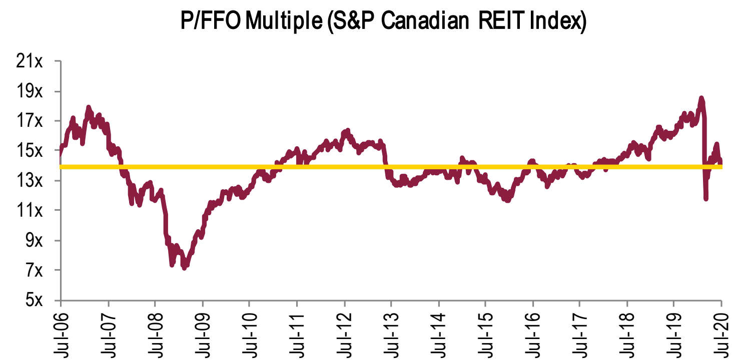


Source: FactSet and CIBC World Markets Inc.

Compared to historical valuations, current REIT prices (with the S&P/TSX Canadian REIT Index serving as a proxy) reflect an average NTM FFO multiple of 14.2x, in line with the five-year average of 14.2x and post-GFC (2010 onwards) average of 14.1x. However, we believe that forward FFO estimates are a poor indicator of the longer-term cash flow potential of the underlying real estate of most REITs given the presumably short-term impact of COVID-19 on cash flows and, as a result, we place relatively low importance on P/FFO multiples at this time (P/NAV is our preferred measure).

Exhibit 20: P/FFO Range By Sector; P/FFO NTM Multiple Since 2006

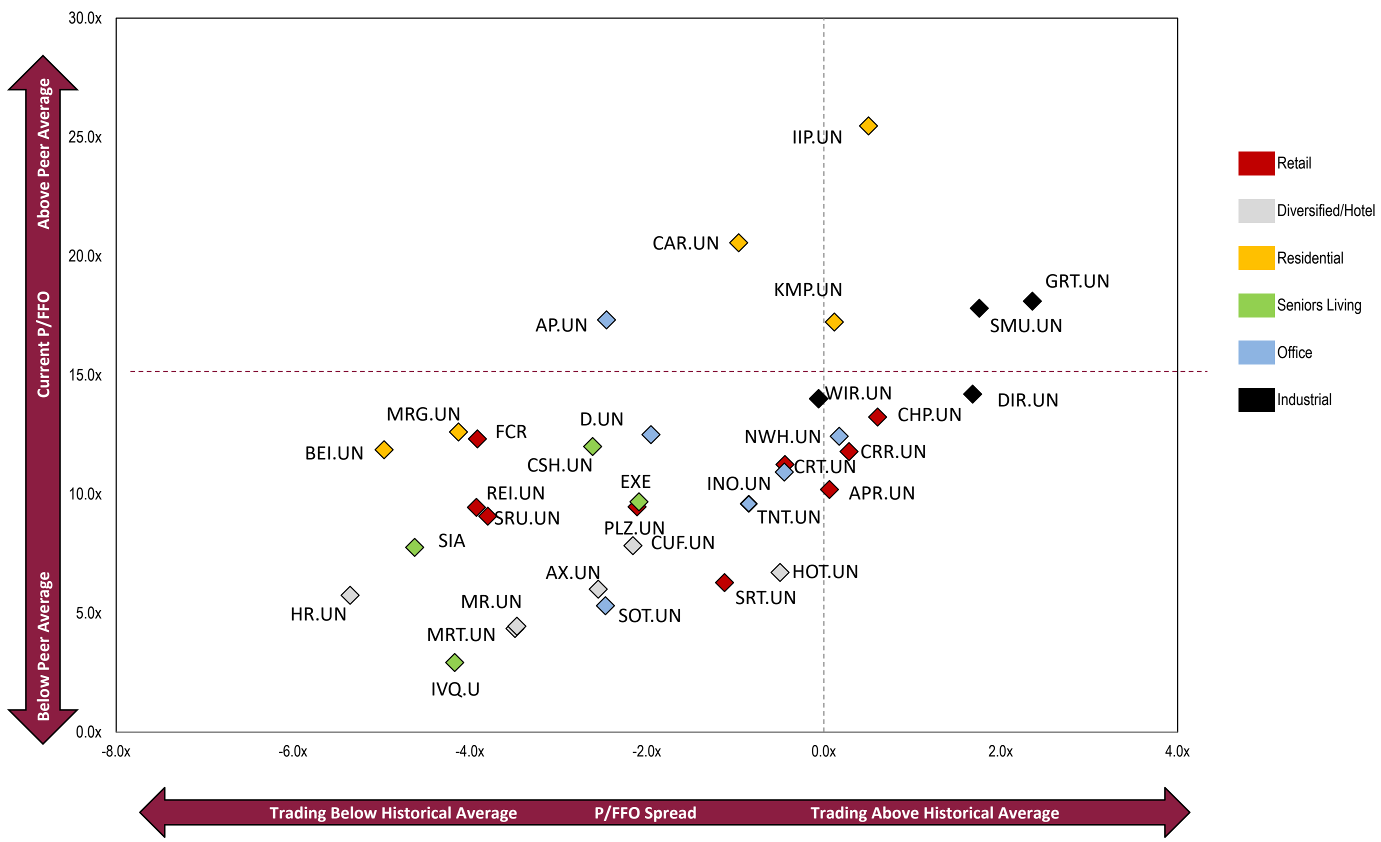




Source: FactSet, Bloomberg and CIBC World Markets Inc.

REITs with below-average multiples that have experienced significant multiple contraction may carry an overall lower valuation risk profile, such as certain REITs within the diversified, retail, and retirement sectors (which are generally trading at below-average multiples) vs. the apartment and industrial sub-sectors, which are trading near (and even above) historical multiple averages. We expect large deviations from historical averages to revert to said averages over time, barring any material change that could impact the long-term fundamentals of the underlying asset.

Exhibit 21: Mean Reversion: P/FFO (NTM Consensus)



Source: FactSet and CIBC World Markets Inc.

In the section below, we provide a PEGY analysis for the Canadian REIT sector. We believe 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.

Exhibit 22: CIBC PEGY By Sub-sector

	FFO Growth (20E/21E)	Yield	Total Growth	Forward P/FFO	PEGY
Retail					
Shopping Centre	7.0%	7.4%	14.4%	11.3	0.9
Small Cap Retail	3.1%	9.8%	12.9%	9.0	0.7
Total Retail	5.4%	8.3%	13.8%	10.4	0.8
Residential					
Domestic Residential	7.7%	3.3%	11.0%	18.9	1.9
International Residential	10.0%	3.9%	13.9%	16.2	1.3
Total Residential	8.6%	3.5%	12.1%	17.8	1.6
Office					
Domestic Office	6.2%	7.5%	13.7%	11.3	0.9
International Office	9.6%	9.0%	18.6%	12.3	0.7
Total Office	7.3%	8.0%	15.3%	11.6	0.8
Industrial	5.1%	5.3%	10.4%	16.2	1.7
Diversified	7.4%	9.1%	16.5%	6.4	0.5
Seniors	8.6%	6.1%	14.7%	8.7	1.0
Average All Sectors	7.1%	6.5%	13.6%	13.5	1.1

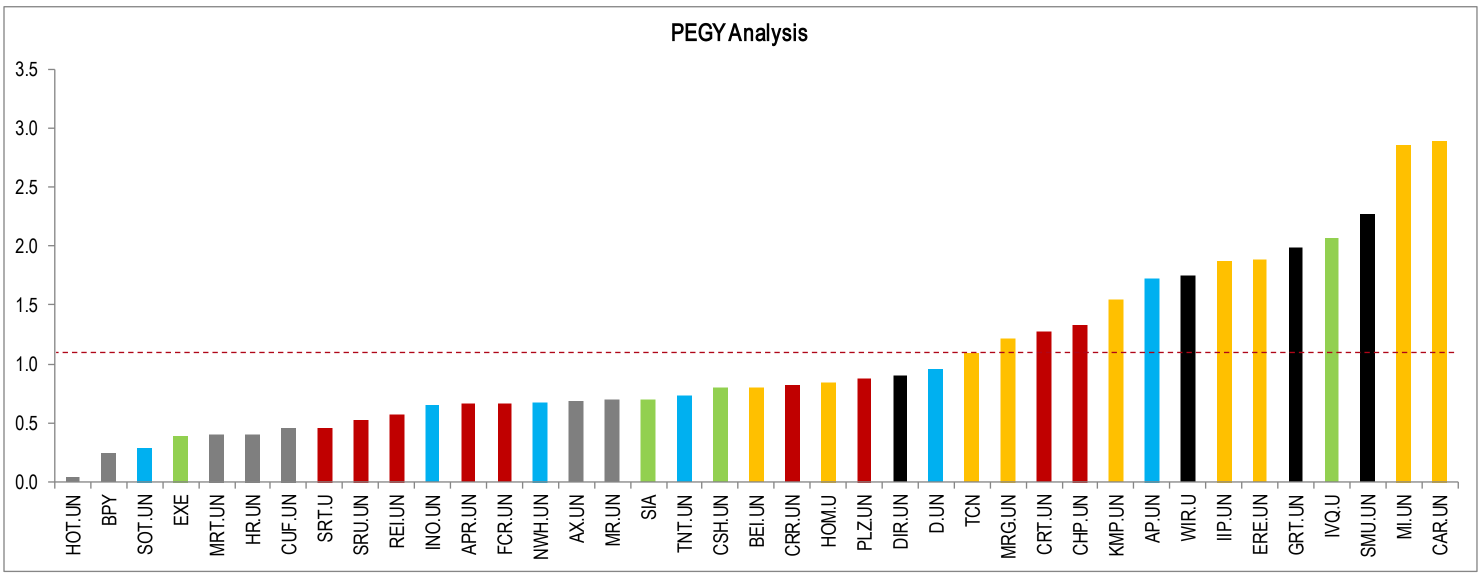
Source: FactSet and CIBC World Markets Inc.

With the average REIT trading at a PEGY of 1.1x, 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 continue to trade at a relative high of a 1.9x PEGY, which suggests that investors are paying substantially more for potential growth (after accounting for yield as well) in this sub-sector. On the other hand, the diversified asset class screens particularly well, which is partially a reflection of the very high yield currently being offered by diversified REITs.

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

- CAR.UN and MI.UN screen as the most expensive REITs within our coverage space on a PEGY basis.
- Retail REITs as a sub-sector have a PEGY that is slightly below the broader Real Estate sector, but there is a large divergence within this sub-sector (SRT.UN, SRU.UN, and REI.UN screen most favourably).
- While Diversified REITs screen favourably as a whole, one should acknowledge the "diversification discount" typically applied to these REITs. We prefer high-quality names within the sub-sector, such as BPY and HR.UN.

Exhibit 23: PEGY Analysis By REIT

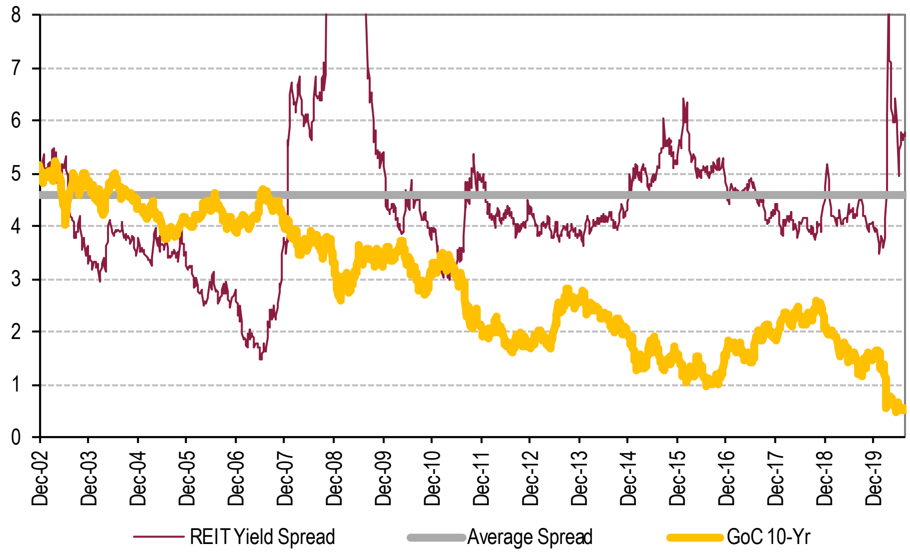


Source: FactSet and CIBC World Markets Inc.

The spread between REIT yields and the GoC 10-year bond yield, after generally declining over the past few years, has blown out since the beginning of the COVID-19 pandemic and is well above the long-term average seen during non-credit-crisis periods. The current spread of 579 bps is ~247 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."

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 24: 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, low interest rates, and lower economic growth. All things equal, the current yield spread of ~579 bps would suggest that current prices may prove to offer an attractive entry point for longer-term investors.

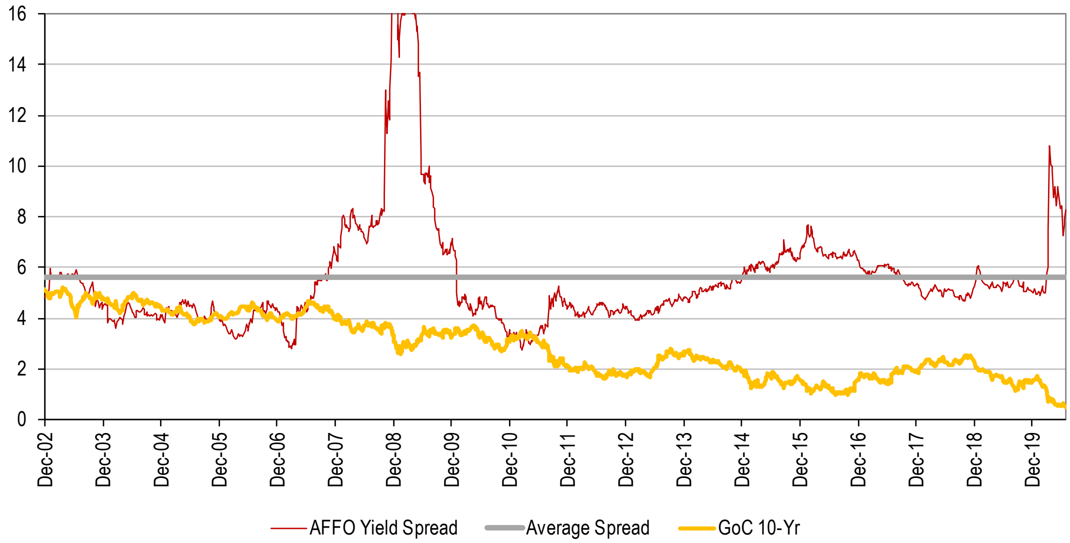
Exhibit 25: Year-end REIT Yield Spreads Versus Following-year Unweighted REIT Returns

Year-end	Year-end REIT Yield Spread	Following-year Unweighted REIT Return
1997	2.70%	-9.90%
1998	6.70%	11.10%
1999	5.50%	18.60%
2000	6.00%	22.00%
2001	3.90%	8.60%
2002	5.40%	25.20%
2003	3.30%	14.70%
2004	3.60%	18.90%
2005	3.20%	27.50%
2006	2.10%	1.00%
2007	3.70%	-33.70%
2008	9.80%	59.10%
2009	4.50%	25.00%
2010	4.00%	12.70%
2011	5.00%	17.90%
2012	4.20%	-3.60%
2013	3.70%	10.90%
2014	4.80%	9.30%
2015	5.40%	18.70%
2016	4.70%	12.20%
2017	4.20%	1.50%
2018	5.10%	26.10%
2019A/2020E	3.90%	NA
Median (1997–2019)	4.40%	13.70%

Source: Bloomberg and 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 a material increase 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 more dramatic.

Exhibit 26: REIT AFFO Yield Spread (%)

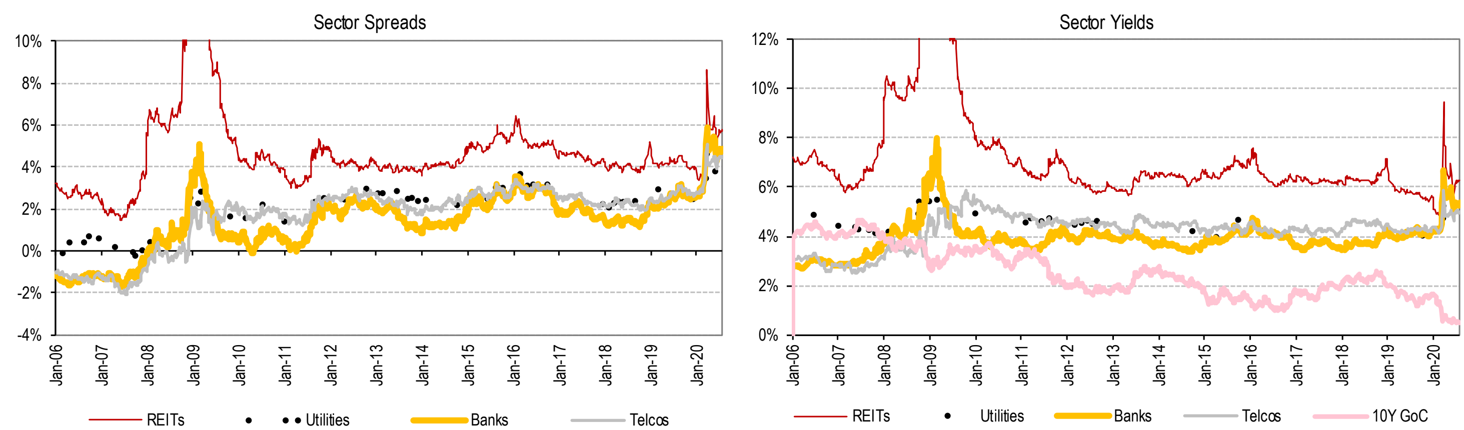


Note: FactSet TTM AFFO estimates used subsequent to May 2009.

Source: FactSet, Bloomberg and CIBC World Markets Inc.

On the surface, REIT valuations look attractive when viewed through the lens of the competitive landscape.

Exhibit 27: Relative Spreads And Yields By Sector



Source: FactSet, Bloomberg and CIBC World Markets Inc.

From a direct property-market cap rate perspective, the picture is perhaps even more compelling. The spread between cap rates for good-quality commercial property (column A, Exhibit below) and real 10-year Government of Canada bond yields (column G, Exhibit below) is 770 bps (column H, Exhibit below), at the widest end of the historical range (above historical average of ~470 bps) over the past 25 years of 90 bps to as much as 770 bps (i.e., now).

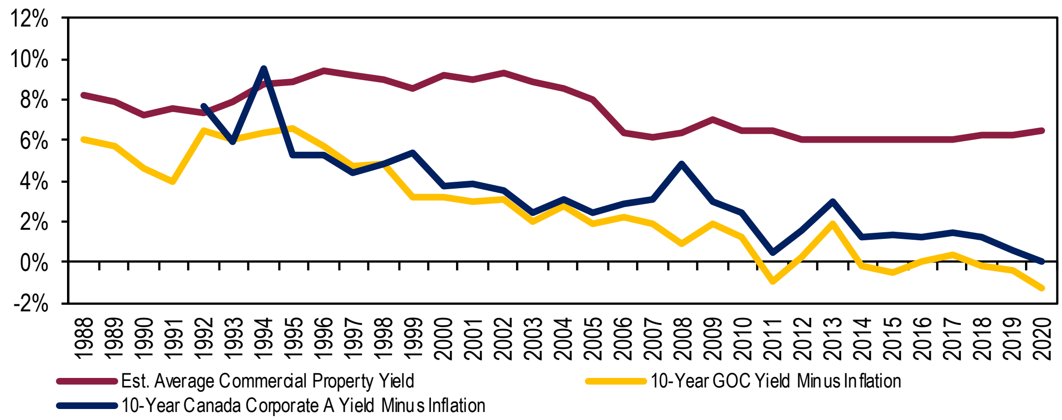
Exhibit 28: Comparison Of Commercial Property Cap Rates (Yields), Nominal GoC Yields, Real GoC Yields, Nominal Corporate A Bond Yields, And Real Corporate A Bond Yields

	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	8.20%	10.00%	-1.80%			4.00%	6.00%	2.20%		
1989	7.90%	10.20%	-2.30%			4.50%	5.70%	2.20%		
1990	7.30%	9.60%	-2.30%			5.00%	4.60%	2.70%		
1991	7.60%	10.30%	-2.70%			6.30%	4.00%	3.60%		
1992	7.40%	8.10%	-0.70%	9.30%	-1.90%	1.60%	6.50%	0.90%	7.70%	-0.30%
1993	7.90%	7.90%	0.00%	7.70%	0.20%	1.80%	6.10%	1.80%	5.90%	2.00%
1994	8.80%	6.60%	2.20%	9.80%	-1.00%	0.20%	6.40%	2.40%	9.60%	-0.80%
1995	8.90%	9.10%	-0.20%	7.80%	1.20%	2.50%	6.60%	2.30%	5.30%	3.70%
1996	9.40%	7.10%	2.30%	6.70%	2.70%	1.40%	5.70%	3.70%	5.30%	4.10%
1997	9.20%	6.40%	2.80%	6.20%	3.10%	1.70%	4.70%	4.50%	4.50%	4.80%
1998	9.00%	5.60%	3.40%	5.70%	3.30%	0.80%	4.80%	4.20%	4.90%	4.10%
1999	8.50%	4.90%	3.60%	7.10%	1.40%	1.70%	3.20%	5.30%	5.40%	3.10%
2000	9.30%	5.90%	3.40%	6.50%	2.80%	2.70%	3.20%	6.10%	3.80%	5.50%
2001	9.00%	5.50%	3.50%	6.40%	2.60%	2.50%	3.00%	6.00%	3.90%	5.10%
2002	9.30%	5.40%	3.90%	5.80%	3.50%	2.30%	3.10%	6.20%	3.50%	5.80%
2003	8.90%	4.80%	4.10%	5.30%	3.70%	2.80%	2.00%	6.90%	2.50%	6.50%
2004	8.60%	4.60%	4.00%	4.90%	3.70%	1.80%	2.80%	5.80%	3.10%	5.50%
2005	8.00%	4.10%	3.90%	4.70%	3.30%	2.20%	1.90%	6.10%	2.50%	5.50%
2006	6.40%	4.20%	2.20%	4.90%	1.50%	2.00%	2.20%	4.20%	2.90%	3.50%
2007	6.20%	4.00%	2.20%	5.20%	1.00%	2.10%	1.90%	4.30%	3.10%	3.10%
2008	6.40%	2.60%	3.80%	6.60%	-0.20%	1.70%	0.90%	5.50%	4.90%	1.50%
2009	7.00%	3.60%	3.40%	4.70%	2.30%	1.70%	1.90%	5.10%	3.00%	4.00%
2010	6.50%	3.10%	3.40%	4.30%	2.20%	1.80%	1.30%	5.20%	2.50%	4.00%
2011	6.50%	1.90%	4.60%	3.40%	3.10%	2.90%	-1.00%	7.50%	1.40%	6.00%
2012	6.00%	1.80%	4.20%	3.00%	3.00%	1.50%	0.30%	5.70%	1.00%	4.50%
2013	6.00%	2.80%	3.20%	3.90%	2.10%	0.90%	1.90%	4.10%	1.90%	3.00%
2014	6.00%	1.80%	4.20%	3.10%	2.90%	1.90%	-0.10%	6.10%	1.20%	4.80%
2015	6.00%	1.40%	4.60%	3.30%	2.70%	1.90%	-0.50%	6.50%	1.40%	4.60%
2016	6.00%	1.70%	4.30%	3.00%	3.00%	1.70%	0.00%	6.00%	1.30%	4.70%
2017	6.00%	2.00%	4.00%	3.10%	2.90%	1.60%	0.40%	5.60%	1.50%	4.50%
2018	6.25%	2.00%	4.30%	3.40%	2.90%	2.20%	-0.20%	6.50%	1.10%	5.10%
2019	6.25%	1.70%	4.60%	2.60%	3.70%	1.70%	0.00%	6.30%	0.90%	5.40%
YTD 2020	**6.50%**	**0.50%**	**6.00%**	**1.70%**	**4.80%**	**1.70%**	**-1.20%**	**7.70%**	**0.00%**	**6.50%**

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

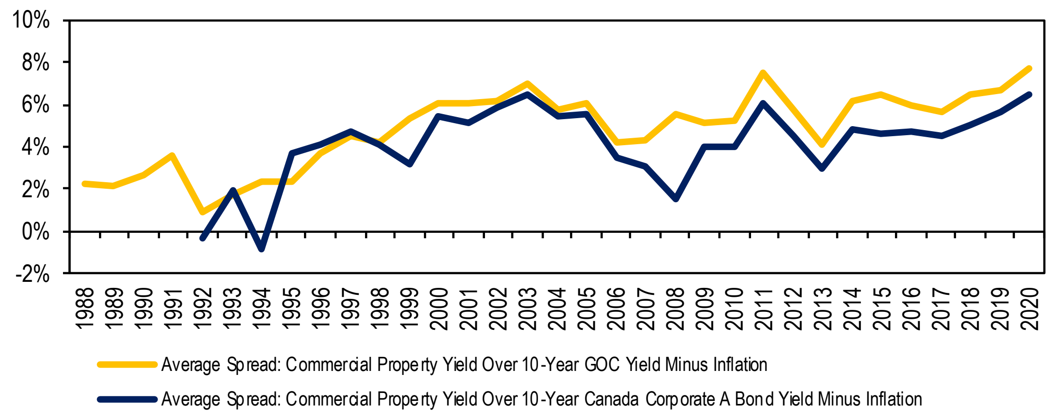
We view this spread (column H) as a proxy for the risk premium for investing in real estate. It remains at very wide levels, reflecting moderating fundamentals across Canadian property markets and the current low-interest-rate environment.

Exhibit 29: Average Commercial Property Cap Rates Vs. Real 10-year GoC Bonds And Real 10-year Corporate A Bond Yields



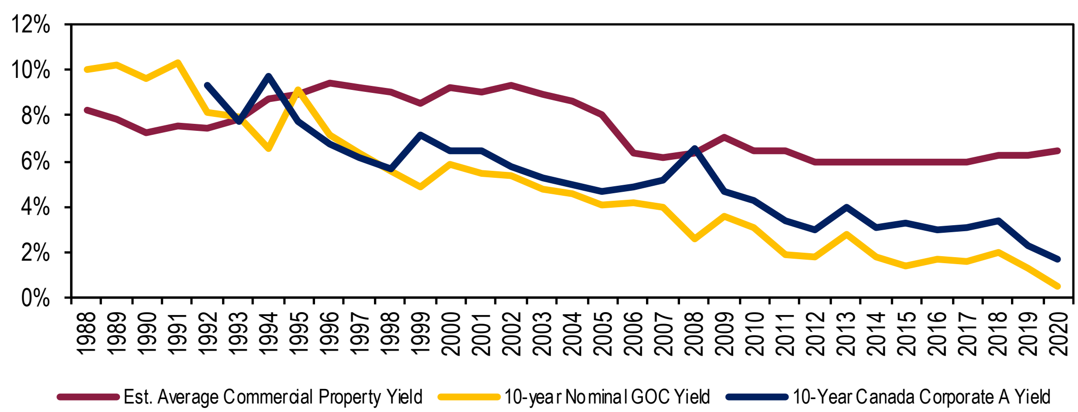
Source: Bloomberg and CIBC World Markets Inc.

Exhibit 30: Average Real Spreads: Commercial Property Cap Rates Vs. Real 10-year GoC Bond Yields And Real 10-year Corporate A Bond Yields



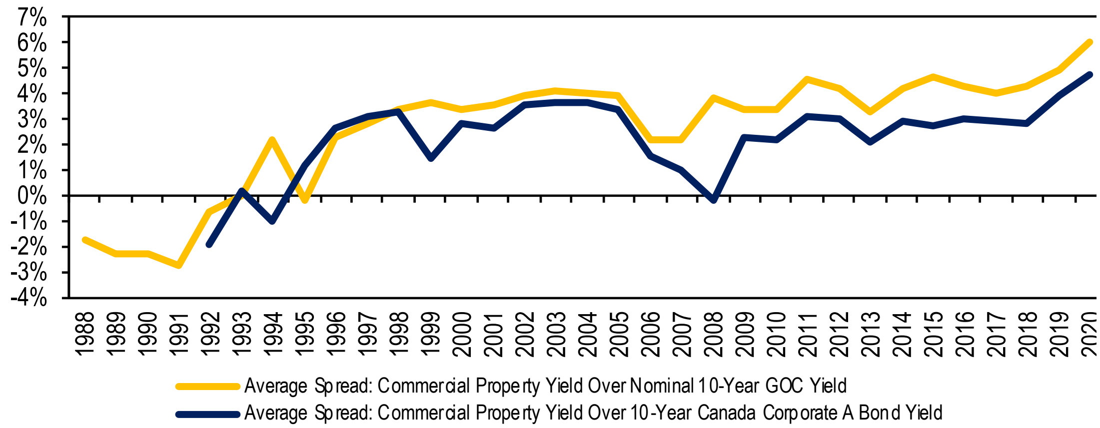
Source: Bloomberg and CIBC World Markets Inc.

Exhibit 31: Average Commercial Property Cap Rates Vs. Nominal 10-year GoC Bond Yields And Nominal 10-year Corporate A Bond Yields



Source: Bloomberg and CIBC World Markets Inc.

Exhibit 32: Nominal Average Spreads: Average Commercial Cap Rates Vs. Nominal 10-year GoC Bond Yields And Nominal 10-year Corporate A Bond Yields



Source: Bloomberg and CIBC World Markets Inc.

Don’t Discount Development

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 centre stage for many Canadian REITs. In the immediate near term, we expect the COVID-19 pandemic to result in the postponement (although not outright cancellation) of many development projects.

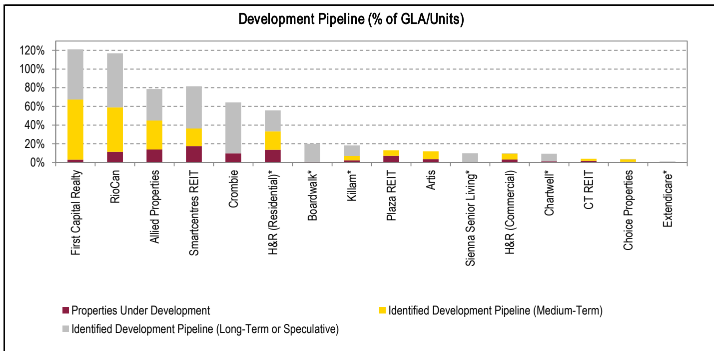
With that said, we continue to expect development activity to be particularly topical for the retail asset class in 2021 (and thereafter), as many REITs within this sub-sector have made such initiatives a strategic focus. Further, we believe that many retail REITs, especially those with portfolios in 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. We highlight a number of challenges REITs face in capitalizing on development and intensification opportunities in the exhibit below.

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

Exhibit 33: 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 perspective, we favour those REITs with a meaningful pipeline of potential developments (see exhibit above), demonstrated development experience (e.g., SRU.UN and AP.UN), and those further along in the development cycle (e.g., REI.UN, which has significant zoning approvals).

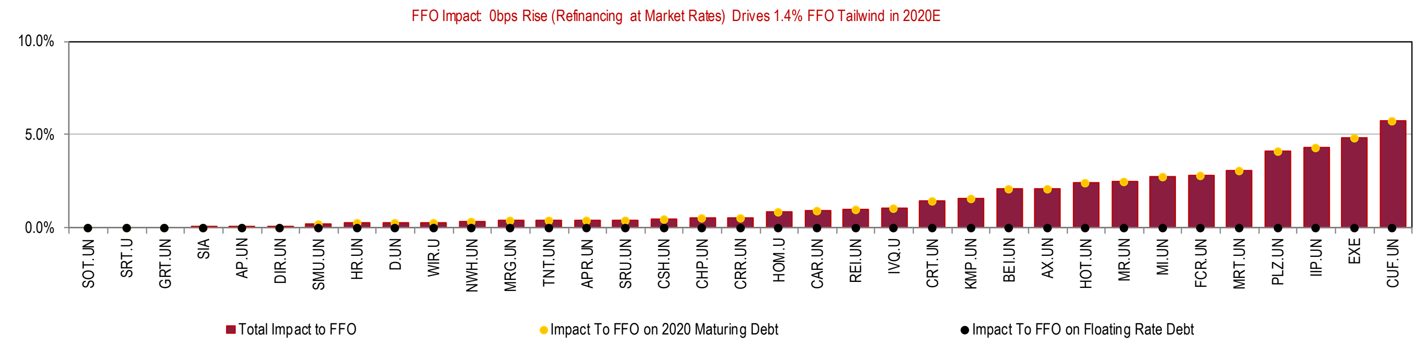
Balance Sheets And Debt Maturities

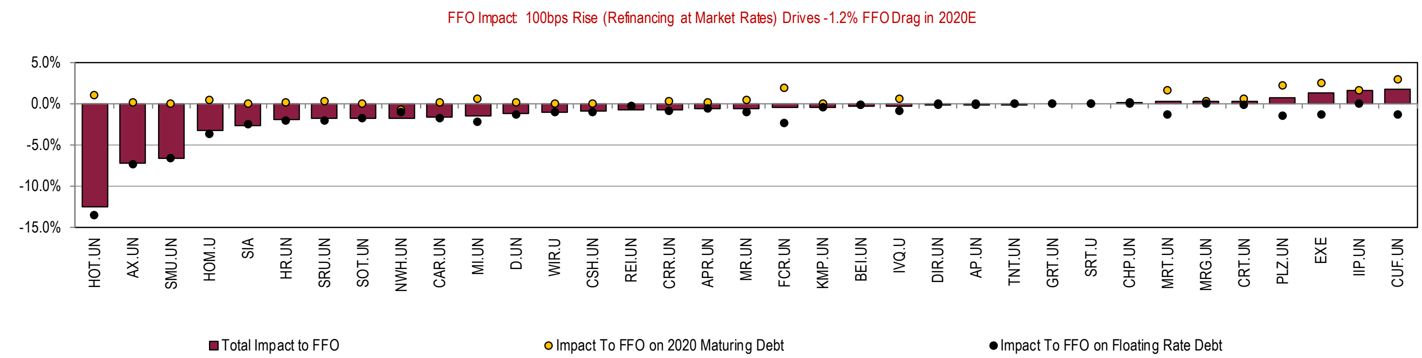
It is important to acknowledge that Canadian REITs employ significant levels of debt within their respective capital structures, and, as such, re-financing risk can be material on an individual REIT basis. More explicitly, the level of re-financing risk for any given REIT over the short term (i.e., through 2020) 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.

We are several years into a low rate cycle, and, as result, we have for some time called for the emergence of increasing rates on debt rolls (as we believed that low-cost financings put into place over the past five years would eventually hit the point where they started to turn higher). However, given the largely unforeseen current interest rate environment (i.e., rates are far lower than the vast majority would have predicted), the dynamic of favourable debt rolls looks to be a tailwind that may persist over the foreseeable future.

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 2020E FFO assuming all maturing 2020 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). For those investors aiming to actively mitigate re-financing risk, IIP.UN and CUF.UN screen particularly well in a 100 bps higher interest rate environment.

Exhibit 34: The Impact Of Re-financing At Various Interest Rate Levels On 2020E FFO (As At Q1/20)





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

Mind The Currency

Through assets owned and/or managed in the U.S., the REITs noted in the exhibit below provide direct U.S. dollar currency exposure. Hedging of this exposure is little (i.e., hedging of distributions) to none, which generally reflects a hedge of less than ~10% of the investment value. Ownership of U.S.-denominated assets largely tends to be funded through equity and U.S.-denominated debt, providing a 1:1 currency exposure to equity.

Exhibit 35: REIT NOI Exposure To US$

	% US (NOI)	Property-Type	Trading Price Currency	Currency Hedging
American Hotel	100%	Hotel	US$ / C$	US$ Distributions
Artis REIT[1]	50%	Diversified	C$	US$ Debt & US$ Preferred Stock
Brookfield Asset Management[2]	~50%		US$ / C$	Derivative Financial Instruments
H&R REIT[3]	48%	Diversified	C$	US$ Debt
Morguard NA Residential	63%	Multi-residential	C$	US$ Cash Flow Repays US$ Expenses and Debt
Slate Retail REIT	100%	Retail	US$ / C$	US$ Debt
WPT Industrial REIT	100%	Industrial	US$	US$ Debt
BSR REIT	100%	Multi-residential	US$	US$ Debt
BPY[4]	67%	Diversified	US$	Derivative Financial Instruments
Granite REIT	43%	Industrial	C$	Derivative Financial Instruments
Invesque	91%	Seniors	US$	US$ Debt
Slate Office	20%	Office	C$	Derivative Financial Instruments

1 Artis REIT has issued preferred equity in addition to US$ mortgage debt, which reduces the net US$ exposure.

2 BAM segmented by total consolidated assets (as at Q1/20) .

3 HR exposure based on fair value of assets (including PUDs and Equity Accounted Investments).

4 BPY exposure based on percentage of RE AUM at the Brookfield Property Group level – as per March 2020 corporate profile.

Source: Company reports and CIBC World Markets Inc.

Several of the REITs we cover own U.S. properties exclusively, and operate and report in U.S. dollars. Others offer a combination of Canadian and U.S. properties, reporting in either U.S. or Canadian dollars. We won't try to forecast the exchange rate – the Canadian dollar has been trading in a range of $0.69 to $0.77 for about a year.

Exhibit 36: CIBC Economics' Exchange Rate Forecast

	Current	2020		2021			
End Of Period:	(July 27)	Sep	Dec	Mar	Jun	Sep	Dec
USD/CAD	1.34	1.39	1.38	1.37	1.38	1.39	1.41
CAD/USD	0.75	0.72	0.72	0.73	0.72	0.72	0.71

Source: CIBC World Markets Inc.

Update On M&A

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 16 years. Our expectation for this year is for M&A activity to be in line with the historical average, at approximately three transactions.

One acquisition has been announced in 2020 thus far – the pending acquisition of Northview Apartment REIT by Starlight and KingSett for ~$4.8B in total value. We are restricted on Northview, but on a factual note, four of the last five major transactions have taken place in the multi-residential space, demonstrating high institutional interest for apartment assets.

For 2019, public M&A activity was concentrated in apartments, with the acquisitions of Pure Multi-Family and Starlight U.S. Multi-Family (No. 5) Core Fund. Continuum Residential REIT almost completed its IPO process when it sold its high-rise GTA portfolio to Starlight Investments for ~$1.7B. Blackstone also made a repeat appearance from 2018 with its acquisition of Dream Global. Valuations were more muted compared to historical levels on a NAV basis (average P/NAV of only ~102%). However, if the Dream Global acquisition is adjusted for our estimated value on the external management contract, the implied P/NAV rises to ~120%, and the average P/NAV takeout premium for 2019 becomes ~107%, or more in line with 2018.

South of the border, M&A was especially active for industrial REITs, with Blackstone's acquisition of Colony Industrial and the acquisition of Liberty Property Trust by Prologis.

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

Exhibit 37: 2018 To YTD 2020 – M&A Activity

Announcement Date	Target	Acquirer	Takeover Unit Price	Premium % to Closing Price	Forward P/FFO	Forward P/AFFO	Price To NAV
20-Feb-2020	Northview Apartment REIT	Starlight / KingSett	$36.25	11.5%	R	R	R
15-Sep-2019	Dream Global REIT	Blackstone	$16.79	18.5%	16.1x	17.7x	105%
18-Jul-2019	Pure Multi-Family REIT	Cortland Partners	US$7.61	4.0%	19.5x	21.1x	101%
2-Apr-2019	Starlight U.S. Multi-Family (No. 5) Class A	Tricon Capital Group	$11.10	26.0%	N/A	N/A	100%
			2019 M&A Average	**16.1%**	**17.8x**	**19.4x**	**102%**
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 (2010-19)	**24.5%**	**14.6x**	**19.2x**	**113%**

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

With the sustained low interest rate environment, we believe most Canadian pension funds continue to be underweight real estate relative to target allocations. According to NAREIT, the average pension fund target allocation for global real estate is estimated to be in the range of 7% to 10%, and falls below the optimal investable market weight of 15% to 20%. With total Canadian pension plan assets surpassing $2.0T in 2019 (as per StatsCan) and the average allocation to global real estate for trusteed pension plans in Canada estimated at ~10%, the shortfall in real estate exposure could exceed the market cap of all publicly traded REITs/REOCs in Canada.

With Canadian REITs broadly trading at a substantial discount to NAV, and pension funds underweight the asset class, we expect conditions could be ideal for the privatization of select Canadian REITs by pension funds that are looking for high-quality assets and an established management platform. 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 investing in REITs solely for the potential of being acquired; however, we believe the REITs that could be likely to receive takeover offers in the future might include:

- RioCan REIT;
- Chartwell Seniors Housing;
- Summit Industrial REIT; and,
- WPT Industrial REIT.

Cap Rates – Flight To Quality

The relationship between cap rates and interest rates, while certainly linked, is more complex than merely a linear mathematical relationship that moves lock step in a 1:1 fashion. The ultimate movement of cap rates also factors in such elements as underlying real estate fundamentals, inflation, investor risk appetite, capital flows, and asset allocation, to name a few. For Q2/20, according to CBRE's cap rate survey, cap rates expanded for retail properties, seniors housing, and assets located in Alberta, with higher increases for lower-quality assets. Investors appear to be gravitating towards higher-quality and better-located properties that are better positioned to weather the pandemic. Transaction volumes are still expected to remain soft given the ongoing COVID-19 health crisis.

Exhibit 38: Income Property Capitalization Rates (%) As Of Q2/20

		Toronto		Montreal		Ottawa		Calgary		Vancouver		Edmonton	
		Q2/20	Q1/20	Q2/20	Q1/20	Q2/20	Q1/20	Q2/20	Q1/20	Q2/20	Q1/20	Q2/20	Q1/20
Office:	Downtown Premium A	4.00-4.50%	4.00-4.50%	4.50-5.00%	4.50-5.00%	4.75-5.25%	4.75-5.25%	5.25-5.75%	5.25-5.75%	3.75-4.00%	3.75-4.00%	5.50-6.00%	5.50-6.00%
	Downtown Class A	4.25-4.75%	4.25-4.75%	4.75-5.25%	4.75-5.25%	5.00-5.50%	5.00-5.50%	**6.50-7.25%**	**6.25-7.00%**	3.75-4.25%	3.75-4.25%	6.75-7.50%	6.75-7.50%
	Suburban Class A	5.75-6.50%	5.75-6.50%	6.00-6.50%	6.00-6.50%	6.25-6.75%	6.25-6.75%	6.00-6.75%	6.00-6.75%	4.75-5.50%	4.75-5.50%	6.75-7.50%	6.75-7.50%
Retail:	Power Centers	6.00-7.00%	6.00-7.00%	6.25-6.75%	6.25-6.75%	6.00-6.75%	6.00-6.75%	**6.00-6.75%**	**5.75-6.25%**	**5.00-5.50%**	**5.00-5.00%**	6.25-6.75%	6.25-6.75%
	Regional Malls	4.25-5.50%	4.25-5.50%	5.50-6.00%	5.50-6.00%	5.00-5.75%	5.00-5.75%	**4.75-5.75%**	**4.75-5.50%**	4.00-4.50%	4.00-4.50%	5.00-5.50%	5.00-5.50%
	Strip Centers	6.00-7.00%	6.00-7.00%	7.00-7.75%	7.00-7.75%	6.50-7.50%	6.50-7.50%	**5.75-6.50%**	**5.75-6.25%**	5.00-5.50%	5.00-5.50%	6.25-6.75%	6.25-6.75%
Multi-Res:	High Rise Class A	2.75-3.75%	2.75-3.75%	3.75-4.25%	3.75-4.25%	3.50-4.00%	3.50-4.00%	4.00-4.50%	4.00-4.50%	2.50-3.00%	2.50-3.00%	4.00-4.50%	4.00-4.50%
	Low Rise Class A	2.75-3.75%	2.75-3.75%	4.50-5.00%	4.50-5.00%	3.50-4.00%	3.50-4.00%	**4.50-5.25%**	**4.50-5.00%**	2.75-3.25%	2.75-3.25%	5.25-5.75%	5.25-5.75%
Industrial:	Class A	3.75-4.25%	3.75-4.25%	4.50-5.00%	4.50-5.00%	4.50-5.00%	4.50-5.00%	5.00-5.50%	5.00-5.50%	3.50-4.00%	3.50-4.00%	5.25-5.75%	5.25-5.75%
Hotel*:	Downtown Full-Ser.	4.50-6.00%	4.50-6.00%	7.00-8.00%	7.00-8.00%	7.00-8.00%	7.00-8.00%	6.75-8.50%	6.75-8.50%	4.50-6.00%	4.50-6.00%	7.00-8.50%	7.00-8.50%
	Suburban – Lim.-Ser.	7.00-8.50%	7.00-8.50%	7.75-8.75%	7.75-8.75%	7.75-8.75%	7.75-8.75%	7.75-9.00%	7.75-9.00%	6.50-7.50%	6.50-7.50%	8.25-9.25%	8.25-9.25%
Seniors	Seniors IL/AL A	5.75-6.25%	5.75-6.25%	6.00-6.50%	6.00-6.50%	5.75-6.25%	5.75-6.25%	6.00-6.50%	6.00-6.50%	5.50-6.00%	5.50-6.00%	6.00-6.50%	6.00-6.50%
	Seniors IL/AL B	**7.00-7.75%**	**6.75-7.50%**	**7.25-8.25%**	**7.00-8.00%**	**7.00-7.75%**	**6.75-7.50%**	**7.25-8.00%**	**7.00-7.75%**	6.75-7.25%	6.50-7.00%	7.25-8.00%	7.00-7.75%
	Seniors LTC A	**7.00-7.50%**	**6.75-7.25%**	**7.75-8.25%**	**7.50-8.00%**	**7.00-7.50%**	**6.75-7.25%**	**7.25-8.00%**	**7.00-7.75%**	6.75-7.25%	6.50-7.00%	7.25-8.00%	7.00-7.75%

Note: * Hotel cap rates are based on net operating income after provisions for maintenance-type capital expenditures.

Source: CBRE and CIBC World Markets Inc.

While the ongoing COVID-19 crisis has led to potential short-term payment deferrals for tenants and borrowers alike, this has so far been limited to small businesses and financially stressed residential owners. We would highlight that the Canadian banking sector remains on sound footing and that, unlike the financial crisis, the current economic challenge originated outside of the financial system, and the largest corporate constituents have not forsaken their contractual obligations to deliver on rent or debt payments. We think debt remains available in the current environment, which is significantly more critical for the proper function of REITs and real estate markets than cost of debt. With capital and financing still readily available, this should stem any notion of panic selling and support more stability in cap rates.

Since the credit crisis, the private sector has undergone a significant de-levering, including declining corporate debt issuance and significant equity capital-raising activities. Canadian banks, in particular, have adopted more conservative leverage and lending practices, which are quite favourable for the conservative borrowing profile of secured mortgages in the largely fully recourse and prudent loan-to-value Canadian mortgage market.

At the outset of 2014, recognizing that interest rates had reached, or would soon likely reach, the end of a 30-year trend of declines, we outlined a view that the historically successful Canadian REIT model of higher leverage and higher payout ratios, driven by accretive acquisitions, would underperform relative to lower-leverage, lower payout-ratio, value-creation strategies in a flat or rising interest rate environment. In that report, we recommended that REITs focus on reducing payout ratios to below 80% of AFFO and improve EBITDA interest coverage to 3.0x or higher. We believe these metrics provide REITs with the flexibility to pursue value-creation strategies, including development, value-add acquisitions (i.e., partly occupied or under-leased properties), redevelopments and intensifications, among others.

Since 2007, we are pleased to see that many REITs have significantly improved payout ratios (down ~20%) and EBITDA interest coverage (up ~0.8x), and have outlined plans for significant value-creation strategies.

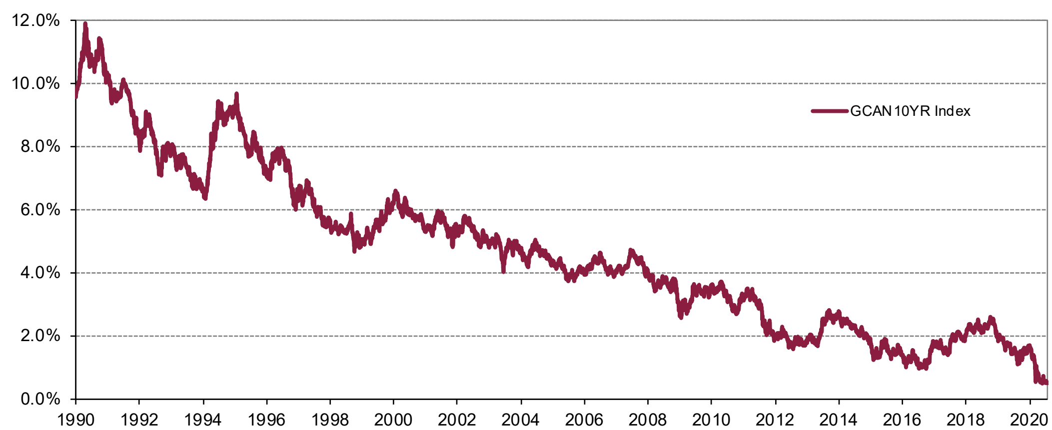
Exhibit 39: Continuing Members Of The S&P/TSX REIT Index

	EBITDA Interest Coverage		Forward AFFO Payout	
	Q4/07	Q1/20	Q4/07	Q1/20
AP.UN	2.8x	3.3x	84%	83%
AX.UN	2.4x	3.1x	106%	57%
BEI.UN	2.3x	2.8x	86%	51%
CAR.UN	1.9x	3.7x	105%	73%
CRR.UN	3.0x	3.0x	87%	82%
CUF.UN	2.9x	2.4x	90%	99%
SRU.UN	2.7x	3.5x	93%	87%
D.UN	2.4x	2.9x	109%	86%
HR.UN	2.3x	3.1x	94%	50%
NVU.UN	R	R	R	R
REI.UN	2.5x	3.5x	104%	92%
Average	**2.5x**	**3.3x**	**96%**	**76%**

Source: Company reports and CIBC World Markets Inc.

On the cost of debt, Canadian REITs have enjoyed a mostly continuous period of declining interest rates since the first REITs were formed in the early 1990s. While the COVID-19 economy is looking to potentially be a recessionary one, and there is downward pressure on interest rates in the near term, we think further declines in interest rates will likely be more limited and would, therefore, not expect declining interest rates to provide a comparable tailwind to what we have witnessed in the past (although there is a distinct possibility that favourable debt rolls may continue for the next few years).

Exhibit 40: Bond Yields Don't Have Much Further To Fall?



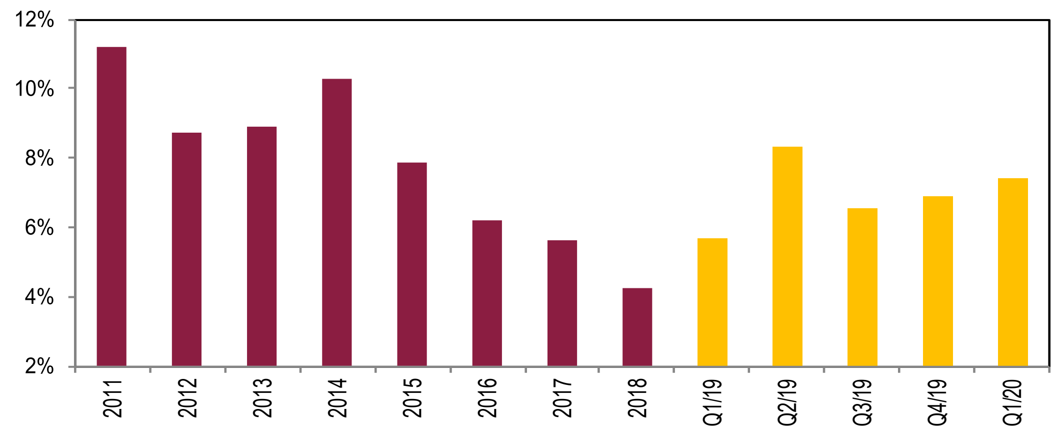
Source: Bloomberg and CIBC World Markets Inc.

Property Fundamentals

Retail – A Bifurcated Market

There is certainly truth to the fact that the retail operating environment is under pressure (even with COVID-19 aside), with e-commerce and high-profile department store bankruptcies impacting performance. With that said, we reiterate our view that such environment is bifurcated, with low-quality assets (especially in secondary markets) bearing a disproportionate share of operational risk. Indeed, a number of the retail REITs under our coverage have long understood this notion, and have actively undertaken strategic initiatives with a focus on curating a higher-quality and more resilient portfolio. We look to leasing trends as a general indicator of landlord pricing power, and would note that 2019 represented an inflection point in what was previously deemed a declining trend. It remains to be seen what the ultimate impact of the COVID-19 situation will be on leasing spreads; Q1/20 showed no indication of a deterioration in renewed rents, but at the same time captured only a few weeks of the impact of the pandemic.

Exhibit 41: Retail Leasing Spreads Have Rebounded Recently



Source: Company reports and CIBC World Markets Inc.

With respect to COVID-19, we would note that retail real estate is arguably the most visibly impacted by a pandemic-engendered shutdown (hotels aside). Indeed, the government's initial edict to close all non-essential business put these tenants in a precarious position. At this time, most provinces have already significantly loosened their restrictions on retailers.

Retail rent collections have been a particularly topical theme over the past few months. To this end, we note that given the contractual nature of commercial leases, tenants can't just stop paying rent, even in extreme circumstances. In situations where relief has been granted, landlords have primarily entered into deferral agreements that would allow relief during the "shutdown" period, with the rent effectively converting to a tenant receivable to be collected at such time as things are back to "normal." It is important to distinguish between a deferral and an outright rent abatement.

We generally believe that it is the smaller retailers that are at the highest risk of requiring rent assistance. To this end, the federal government announced in late April that it is providing rent relief through the "Canada Emergency Commercial Rent Assistance" program. In late May, (much needed) further details on the application process were provided.

The program, which is voluntary for landlords, provides rent relief to small businesses for the months of April, May, June, July and August (retroactively where applicable). The program can be broken down as follows:

1. The rent payable by small business tenants is reduced to 0-25% of the contractual rent.
2. The government pays 50% of the contractual rent.
3. As a result, the landlord will receive 50%-75% of the contractual rent.

Given that this program is indeed voluntary, we would generally expect the landlord to engage in this program upon evaluation that the tenant is not otherwise able to service its contractual obligation (but only time will tell on this front).

The Retail Recovery Thus Far: The COVID-19 pandemic has resulted in the quickest retail sales contraction on Canadian record. StatsCan estimated a 32.5% Y/Y (and 26.4% M/M) decline in April retail sales. While April will likely go down as the worst month ever for the Canadian economy, May sales rebounded by 18.7% M/M, with preliminary data suggesting a further 24.5% M/M rebound in June. Put simply, the worst appears to be well behind us, and our focus turns to the strength of the nascent recovery.

The initial rebound has been driven by both the pent-up demand from many consumers who have essentially sat at home for a few months and the substantial support to aggregate household incomes from government support packages such as the CERB. However, even if there isn't a large second wave of COVID-19 infections later in the year, the recovery in retail sales is likely to become slower and more uneven. Consumers may still be wary of visiting stores to make discretionary purchases, and the unemployment rate will remain elevated relative to pre-pandemic levels, particularly for younger people who are more likely to work in sectors that aren't allowed to fully reopen until a vaccine or treatment is available.

Multi-family: Defensive With Ample Liquidity

While perhaps not as visibly impacted by COVID-19 as the retail sector on the face of it, the multi-family REITs face another unique set of challenges in the current environment. For the better part of the pandemic, landlords have been prohibited from commencing eviction proceedings for renters who have fallen behind on their rent. As a positive counter, CHMC has also indicated that landlords who don't commence eviction proceedings will be able to defer interest payments – there was a pragmatic recognition that we are all going to share in the solution in one form or another.

With that said, the recent passing of Bill 184 in Ontario results in certain protections for landlords, including provisions to arrange for payment plans for rents otherwise in arrears and the effective lifting of the current moratorium on tenant evictions. While it is unclear to what extent we may see an uptick in eviction rates, it is worth noting that the incidence of tenant default and extended payment terms was very limited for the listed REITs during the past several months, as witnessed by both the high collection rate and very low reported deferral agreements.

Further, the ultimate impact of a wave of evictions on rental markets that were "tight" pre-COVID-19 is rather difficult to establish. Consider that many REITs are operating with substantial gain-to-lease opportunities (i.e., market rents are higher than in-place rents). In such a scenario, these REITs would actually benefit from heightened turnover. On the other hand, a sharp rise in supply could soften overall rental prices. It should be noted that while we have already seen significant rental rate pressure in certain segments of the market (such as premium condo rentals), the apartment REITs under our coverage tend to own more affordable rental stock, a sub-segment of the rental market that is more defensively positioned (consider that some renters who can no longer afford their current accommodation will move down-market towards more affordable rentals).

Looking further out, we believe that the largest unanswered question is the ultimate impact of COVID-19 on immigration (even post the pandemic), as a significant slowing of immigration demand could result in further pressure on rental prices.

Importantly, the above market pressures must be considered within the context of what was broadly considered a resilient rental market pre-COVID-19 (specifically in Ontario). As such, any mounting pressure would have to overcome the significant supply gap that persists in many regions. As a final note, the apartment REITs under our coverage are conservatively capitalized, and carry ample liquidity, suggesting that they are well positioned to maneuver a meaningful deterioration in fundamentals (which is certainly not our base case assumption).

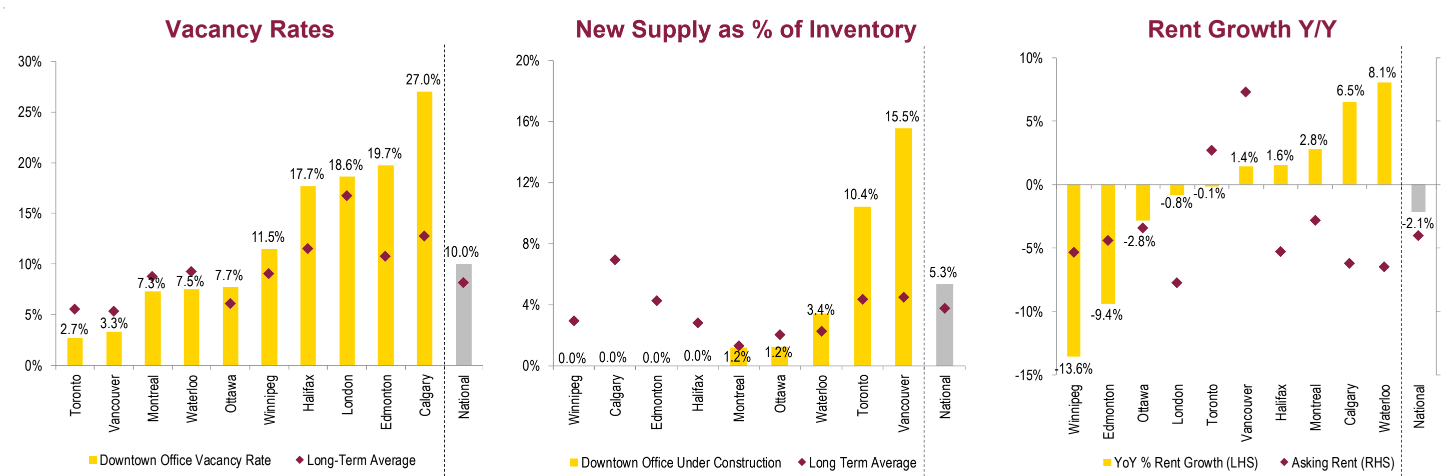
Office – Started From A Strong Base; Carefully Watching Downtown Subleasing Trends

Several commercial office landlords expect the COVID-19 crisis to have a lasting impact on office workplace layouts and other office trends, including telecommuting. Technology firms, including Twitter and Shopify, have also made headlines by shifting towards more permanent work-from-home arrangements for their employees. While the ultimate net effect on office demand once the pandemic subsides remains opaque, arguments on both sides have emerged, including higher adoption of telecommuting and elimination of common areas to be weighed against greater distancing requirements in the office and employee demands for more personal workspace. However, sublease velocity has been rising in downtown office markets, particularly in Vancouver and Toronto, although only Vancouver appears to be above long-term averages for now. As per Altus data, new subleasing in Q2/20 has added ~60 bps of vacancy in downtown Toronto and ~140 bps in downtown Vancouver.

The bigger issue is new supply and delivery of new office space this year across major markets remains inevitable. Weighed against these supply concerns and potential impact from COVID-19 is the fact that office vacancy rates entering this crisis were at historically low levels in Vancouver and the GTA. For office landlords, rent deferrals thus far have been limited to smaller tenants or storefront retail shops at the ground level of office buildings.

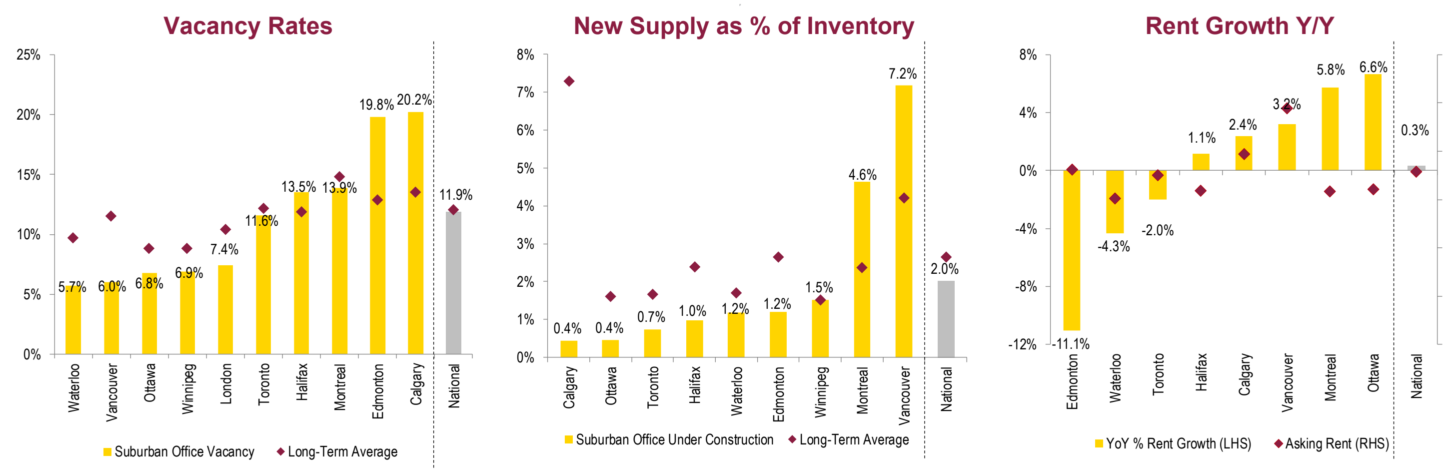
Fundamentals – Elevated New Supply In Toronto And Vancouver: At Q2/20, downtown vacancy rates were 2.7% and 3.3% for the GTA and Vancouver, respectively, an increase off record lows but still well below historical averages. In Toronto, rents were flat from the same time last year while in downtown Vancouver Y/Y rent growth was +1.4%, following nine consecutive quarters of double-digit % rent growth. New supply under construction remains high in both cities at ~10% of total inventory in the GTA and ~15.5% in Vancouver.

Exhibit 42: Downtown Office Fundamentals (Q2/20)



Source: CBRE and CIBC World Markets Inc.

Exhibit 43: Suburban Office Fundamentals (Q2/20)



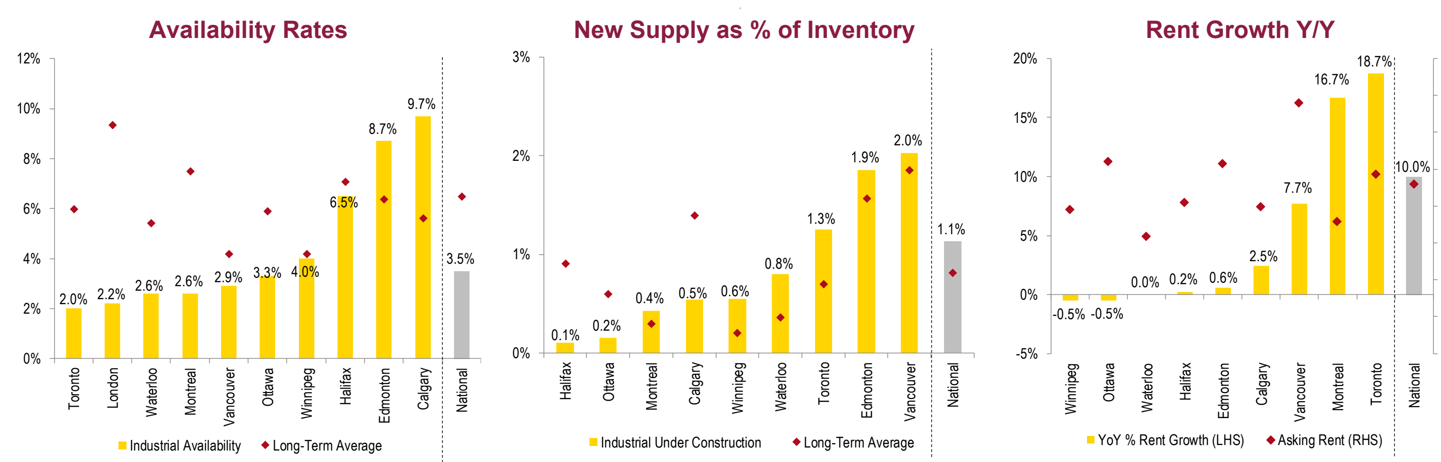
Source: CBRE and CIBC World Markets Inc.

Industrial – Strong Fundamentals To Be Tested

The COVID-19 crisis is anticipated to disproportionately affect more traditional retailers (lacking an online presence) and their corresponding supply chains, in addition to smaller bay product with a skew towards smaller businesses. Compared to the last crisis, we expect e-commerce to be a material demand factor for industrial real estate with a shift in consumption towards contactless delivery, which should mitigate softening fundamentals for other industrial tenants. As viable businesses abandon brick-and-mortar locations either temporarily or more permanently in lieu of direct deliveries or curbside pick-up locations, we expect warehouse demand to remain buoyant and the sector could outperform other real estate asset classes. By region, we anticipate that Western Canada and geographies with energy market exposure will underperform given the collapse in energy prices.

Industrial availability was tight across Canada for the last reported quarter prior to the full impact of COVID-19. At Q2/20, national vacancy increased ~40 bps sequentially to ~3.5%, but remains below the Canadian 10-year average of 5.1%. Rent growth continues to be robust, and, on average, rents across the country grew 10.0% from a year ago, led by +18.7% in Toronto. Among other major markets, Montreal has also returned strong rent growth of +16.7%. New supply on a national basis has been ticking up but remains restrained at ~1.1% of total inventory on a national level.

Exhibit 44: Canadian Industrial Fundamentals (Q2/20)

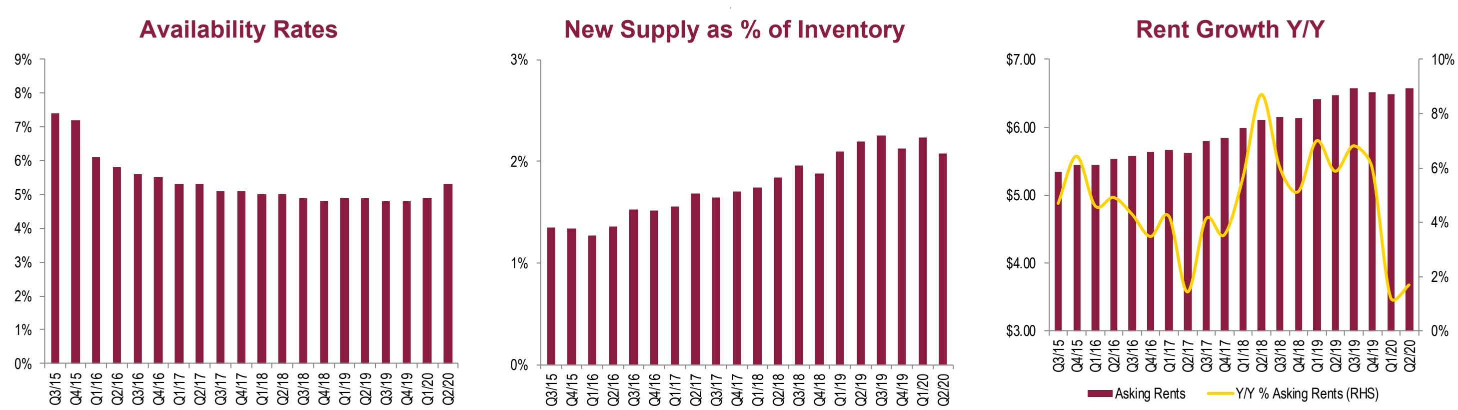


Source: CBRE and CIBC World Markets Inc.

U.S. Industrial: Similar to the environment in Canada, the pandemic is generally expected to create winners and losers within the industrial tenant rent-roll. Headlines of rising employment at e-commerce warehouses suggest that companies with omni-channel presence and a direct-to-consumer set-up will continue to operate and should continue to drive industrial real estate demand. Discussions with industry brokers have suggested that smaller bay tenants could face financial stress and consequently affect multi-tenant spaces (delivery operations generally require more capex and a larger footprint that small businesses cannot afford). Nonetheless, additional supply deliveries could add another wrinkle to the fundamental picture this year and, thus far, it appears that the continued streak of strong rent growth has slowed since the crisis has begun. We expect fundamental strength to be more tempered but this sub-sector could outperform other real estate asset classes in 2020.

Availability rose sequentially by 40 bps to 5.3% in Q2/20 while rent growth has moderated to +1.7%, in what appears to be a new normal from a range of ~5% over the last two years. New supply has been on a rising trend and stands at 2.1% of inventory, which is near medium-term averages; however, new deliveries could outpace tenant demand this year. Over the past five years, market absorption has averaged ~0.3% of total inventory per quarter, which compares to potential quarterly new deliveries totaling ~0.4% to ~0.6% of market inventory.

Exhibit 45: U.S. Industrial Fundamentals (Q2/20)



Source: Cushman & Wakefield and CIBC World Markets Inc.

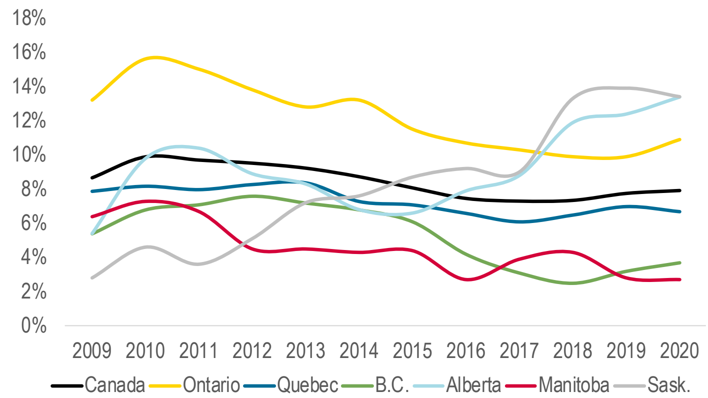
Seniors Housing

We expect the COVID-19 crisis to negatively weigh on demand trends and occupancy for private seniors housing properties in the near term, while demographic trends and the necessity-driven demand of services should continue to drive growth in the long term. Costs for staff and personal protection equipment have been temporarily elevated, impacting operator profits. The government has enacted several measures to support the sector and help with the additional costs of fighting the virus. In Ontario so far, $243MM has been allocated to the long-term care sector (including surge capacity planning) and $20MM for retirement homes; in British Columbia, $10MM has been allocated to assisted living and long-term care residences; and, in Quebec, various initiatives include funding for temporary pay increases to healthcare workers, amounting to $410MM.

In mid-March, the Ontario Ministry of Health advised that seniors housing residences were to allow only essential visitors – people visiting residents who are very ill or require end-of-life care. This measure has been negatively affecting retirement home property occupancy by limiting touring activity and deferring move-ins. The average length of stay at an IL/ISL home is typically three to five years (at the upper end in pure independent living), which implies that ~2% to 3% of residents move out per month. We would note that a high proportion of move-outs involve the transfer of a retirement home resident to a long-term care home, but under the current circumstances, move-outs to LTC are not taking place and residents are remaining in the retirement home, stemming this element of natural occupancy decline. In June 2020, certain retirement homes were allowed to reopen and conduct prospective tenant visits and property tours, and this re-opening trend has continued into July.

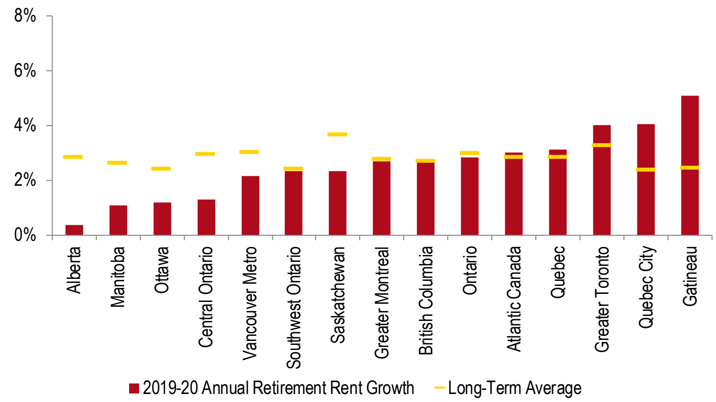
New deliveries were expected to lead to a modest occupancy decline in 2020 with an uneven distribution of results across provinces, and according to CMHC, occupancy slipped ~10 bps in 2020 even though the capture rent improved to 9.2%. However, operators have been historically reluctant to concede rate even during a market downturn, and rent growth was positive across all major regions over the past year.

Exhibit 46: CMHC Retirement Housing Vacancy



Source: CMHC and CIBC World Markets Inc.

Exhibit 47: CMHC Retirement Housing Rent Growth



Source: CMHC and CIBC World Markets Inc.

As discussed in our Chartwell note (**see here for further details**), a combination of reduced development activity owing to COVID-19 and an expected acceleration in the growth rate of the addressable market could lead to an undersupply of retirement homes in 2022.

To maintain occupancy at the 2020 level of ~92%, with a 9.2% capture rate (consistent with 2020), we estimate that over 25,000 additional suites will need to be delivered. The long-term average in net suite additions has been ~7,800 units per year and ~15,700 would be delivered at this long-term rate by 2022, resulting in an undersupplied market. Additionally, if units of supply grow at this long-term average rate compared to the over 25,000 new suites that are required, market occupancy could be ~95.2%, or ~320 bps above 2020 levels.

Chartwell would have the most exposure to this dynamic with ~90% of its NOI in 2019 tied to the sector, followed by SIA at ~44% and EXE at ~9%.

Exhibit 48: Canadian Retirement Home Market Could Be Undersupplied By 2022

	Capture Rate				
	8.9%	9.0%	9.1%	9.2%	9.3%
Supply Required By 2022E To Maintain Occupancy	15,844	18,970	22,096	25,221	28,347
Supply Growth To 2022E (Long-Term Rate)	15,684	15,684	15,684	15,684	15,684
Oversupply / (Undersupply)	***(161)***	***(3,286)***	***(6,412)***	***(9,538)***	***(12,663)***
Occupancy in 2022E at Average Supply Growth	92.1%	93.2%	94.2%	95.2%	96.3%
Occupancy Change vs. 2020	***0.1%***	***1.1%***	***2.1%***	***3.2%***	***4.2%***

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

For government-funded long-term care, in Ontario full reimbursement is provided as long as occupancy remains above 97%, and given the long waiting list for this essential care, we expect full funding to continue. We highlight that the long-term care sector has been faced with negative headlines in recent weeks which has weighed on investor sentiment, but our read of the situation does not suggest a pattern of poor operatorship. The most impacted homes we believe faced staffing availability issues and physical structure limitations in densely populated environments. With respect to staffing, we understand that employee absenteeism put tremendous pressure on the remaining employees to try and maintain care levels. We also believe that some of the hardest-hit properties are Class C, which feature multiple residents per room and limited space to permit physical distancing, creating an environment for the disease to more easily spread.

The Ontario government is launching an independent commission into the long-term care sector's response during COVID-19. It is still early and, with the issue being highly politicized, it is currently challenging to predict what the government's ultimate response may be toward the LTC sector. We would expect that as partners in providing care to seniors, an amicable solution can be found. We think that acceleration of the redevelopment of Class C properties is likely to occur given the recently announced $1.75b funding to create 8,000 new beds and redevelop 12,000 existing beds. With many uncertainties, sentiment may remain cautious until a more definitive government response is available.

Summary Of Current Ratings

Exhibit 49: Current Ratings

Outperformer	Neutral	Underperformer	Restricted
Allied Properties REIT	AHIP REIT		Northview Apartment REIT
Automotive Properties REIT	Artis REIT		
Brookfield Asset Management	Boardwalk REIT		
Brookfield Property Partners	Canadian Apartment REIT		
BSR REIT	Choice Properties REIT		
Chartwell Retirement Residences	CT REIT		
Colliers International	Dream Office REIT		
Cominar REIT	First Capital REIT		
Crombie REIT	Extendicare Inc.		
Dream Industrial REIT	InterRent REIT		
Dream Unlimited	Invesque Inc.		
European Residential REIT	NorthWest Healthcare Properties		
Granite REIT	Melcor REIT		
H&R REIT	Morguard REIT		
Killam Apartment REIT	Plaza Retail REIT		
Minto Apartment REIT	Slate Office REIT		
Morguard Corp.	Slate Retail REIT		
Morguard North American REIT	Summit Industrial Income REIT		
RioCan REIT	True North Commercial REIT		
Sienna Senior Living REIT			
SmartCentres REIT			
Tricon Residential			
WPT Industrial REIT			

Source: CIBC World Markets Inc.

Exhibit 50: Canadian Large-capitalization REITs

Ticker	Name	Mkt. Cap. ($millions)	Last Price 7/27/2020	2020E FD FFO Per Share	2020E FD FFO % Change	2021E FD FFO Per Share	2021E FD FFO % Change	P/FFO 2020E	P/FFO 2021E	Dividend/Dist. Indicated	Dividend/Dist. Yield	2020E FFO Payout
Canadian Shopping Centre REITs												
REI.UN	RioCan REIT	$4,715	$14.84	$1.60	(14.4%)	$1.66	3.7%	9.3x	8.9x	$1.44	9.7%	90%
SRU.UN	SmartCentres REIT	$3,460	$20.06	$2.20	(3.5%)	$2.38	8.2%	9.1x	8.4x	$1.85	9.2%	84%
CRR.UN	Crombie REIT	$2,017	$12.76	$1.09	(6.0%)	$1.17	7.3%	11.7x	10.9x	$0.89	7.0%	82%
CHP.UN	Choice Properties	$8,727	$12.46	$0.90	(9.1%)	$0.94	4.4%	13.8x	13.3x	$0.74	5.9%	82%
CRT.UN	CT REIT	$3,101	$13.57	$1.15	(2.5%)	$1.19	3.5%	11.8x	11.4x	$0.79	5.8%	68%
FCR.UN	First Capital REIT	$2,850	$13.06	$1.03	(16.3%)	$1.16	12.6%	12.7x	11.3x	$0.86	6.6%	83%
Average		**$24,870**	**(Total)**		**(8.6%)**		**6.6%**	**11.4x**	**10.7x**		**7.4%**	**82%**
Apartment REITs												
BEI.UN	Boardwalk REIT	$1,536	$30.12	$2.50	(2.7%)	$2.79	11.6%	12.0x	10.8x	$1.00	3.3%	40%
CAR.UN	CAP REIT	$8,126	$47.52	$2.22	4.2%	$2.32	4.5%	21.4x	20.5x	$1.38	2.9%	62%
NVU.UN	Northview REIT	$2,339	$34.76	R	R	R	R	R	R	R	R	R
Average		**$12,001**	**(Total)**		**2.5%**		**7.5%**	**16.5x**	**15.5x**		**3.6%**	**59%**
Canadian Diversified Commercial (Office/Industrial/Retail)												
BPY	Brookfield Property Partners*	$10,495	$11.19	$1.13	(19.9%)	$1.46	29.2%	9.9x	7.7x	$1.33	11.9%	118%
HR.UN	H&R REIT	$2,961	$9.80	$1.65	(5.7%)	$1.78	7.9%	5.9x	5.5x	$0.69	7.0%	42%
AX.UN	Artis REIT	$1,036	$7.61	$1.29	(8.5%)	$1.31	1.6%	5.9x	5.8x	$0.54	7.1%	42%
MRT.UN	Morguard REIT	$308	$4.96	$1.05	(26.6%)	$1.13	7.6%	4.7x	4.4x	$0.48	9.7%	46%
AP.UN	Allied Properties REIT	$5,024	$40.81	$2.28	0.9%	$2.41	5.7%	17.9x	16.9x	$1.65	4.0%	72%
CUF.UN	Cominar REIT	$1,468	$8.05	$0.97	(9.3%)	$1.06	9.3%	8.3x	7.6x	$0.72	8.9%	74%
D.UN	Dream Office REIT	$1,214	$19.96	$1.57	(7.6%)	$1.70	8.3%	12.7x	11.7x	$1.00	5.0%	64%
Average		**$22,505**	**(Total)**		**(11.0%)**		**9.9%**	**9.3x**	**8.5x**		**7.7%**	**65%**
Overall Average – Canada		**$59,375**	**(Total)**		**(7.6%)**		**8.2%**	**11.5x**	**10.6x**		**6.8%**	**70%**
Government Of Canada 10-year Bond											**0.51%**	
Canada REIT Yield Spread											**+629 bps**	

*FFO payout ratio does not include realized LP gains - payout ratio would be significantly lower after including realized gains

R - Restricted

Source: Company reports and CIBC World Markets Inc.

Exhibit 51: U.S. Large-capitalization REITs

Ticker	Name	Mkt. Cap. ($millions)	Last Price 6/26/2020	2020E FD FFO Per Share	2020E FD FFO % Change	2021E FD FFO Per Share	2021E FD FFO % Change	P/FFO 2020E	P/FFO 2021E	Dividend/Dist. Indicated	Dividend/Dist. Yield	2020E FFO Payout
U.S. Shopping Centre REITs												
FRT	Federal Realty Invs Trust	$5,577	$73.74	$5.40	(12.5%)	$5.79	7.2%	13.7x	12.7x	$4.20	5.7%	78%
KIM	Kimco Realty Corp	$4,643	$10.74	$1.21	(15.8%)	$1.32	9.1%	8.9x	8.1x	$0.00	0.0%	0%
REG	Regency Centers Corp	$6,780	$39.97	$3.41	(12.2%)	$3.59	5.3%	11.7x	11.1x	$2.38	6.0%	70%
SITC	SITE Centers Corp	$1,367	$7.08	$0.97	(23.7%)	$1.00	2.8%	7.3x	7.1x	$0.00	0.0%	0%
SKT	Tanger Factory Outlet Center	$622	$6.65	$1.58	(30.5%)	$1.54	(2.4%)	4.2x	4.3x	$0.00	0.0%	0%
WRI	Weingarten Realty Investors	$2,142	$16.72	$1.75	(16.7%)	$1.88	7.7%	9.6x	8.9x	$0.72	4.3%	41%
SPG	Simon Property Group Inc.	$18,923	$61.89	$10.15	(15.7%)	$10.56	4.0%	6.1x	5.9x	$5.20	8.4%	51%
MAC	Macerich Co/The	$1,117	$7.89	$2.62	(34.5%)	$2.46	(6.0%)	3.0x	3.2x	$2.00	25.3%	76%
TCO	Taubman Centers Inc.	$2,366	$38.40	$2.63	(24.9%)	$2.60	(1.2%)	14.6x	14.8x	$0.00	0.0%	0%
Average		**$43,536**	**(Total)**		**(20.7%)**		**2.9%**	**8.8x**	**8.5x**		**5.5%**	**35%**
U.S. Apartment REITs												
AVB	Avalonbay Communities Inc.	$20,522	$145.83	$9.16	(1.9%)	$9.23	0.7%	15.9x	15.8x	$6.36	4.4%	69%
ESS	Essex Property Trust Inc.	$13,902	$212.52	$13.33	(0.4%)	$13.51	1.4%	15.9x	15.7x	$8.31	3.9%	62%
ACC	American Campus Communities	$4,851	$35.25	$2.08	(13.9%)	$2.33	11.7%	16.9x	15.1x	$1.88	5.3%	90%
CPT	Camden Property Trust	$8,691	$89.25	$4.98	(1.2%)	$5.17	3.7%	17.9x	17.3x	$3.32	3.7%	67%
EQR	Equity Residential	$19,857	$53.36	$3.35	(3.9%)	$3.34	(0.5%)	15.9x	16.0x	$2.41	4.5%	72%
MAA	Mid-America Apartment Comm	$12,632	$110.47	$6.03	(7.9%)	$6.33	4.9%	18.3x	17.5x	$4.00	3.6%	66%
UDR	UDR Inc.	$10,412	$35.31	$2.09	0.4%	$2.08	(0.3%)	16.9x	17.0x	$1.44	4.1%	69%
Average		**$90,868**	**(Total)**		**(4.1%)**		**3.1%**	**16.8x**	**16.3x**		**4.2%**	**71%**
U.S. Office REITs												
SLG	SL Green Realty Corp	$3,596	$46.98	$6.88	(1.8%)	$6.79	(1.2%)	6.8x	6.9x	$3.54	7.5%	51%
BXP	Boston Properties Inc.	$13,945	$89.76	$7.12	1.6%	$7.46	4.7%	12.6x	12.0x	$3.92	4.4%	55%
VNO	Vornado Realty Trust	$6,637	$34.73	$3.10	(40.9%)	$3.11	0.2%	11.2x	11.2x	$2.64	7.6%	85%
CLI	Mack-Cali Realty Corp	$1,305	$14.41	$1.25	(22.9%)	$1.06	(14.8%)	11.5x	13.5x	$0.80	5.6%	64%
BDN	Brandywine Realty Trust	$1,836	$10.77	$1.38	(3.6%)	$1.41	2.5%	7.8x	7.6x	$0.76	7.1%	55%
EQC	Equity Commonwealth	$3,818	$31.42	$0.36	(51.1%)	$0.33	(7.1%)	88.0x	94.7x	$0.00	0.0%	0%
Average		**$31,137**	**(Total)**		**(19.8%)**		**(2.6%)**	**23.0x**	**24.3x**		**5.4%**	**52%**
U.S. Industrial/Warehouse REITs												
PLD	Prologis	$75,151	$101.75	$3.67	10.8%	$3.78	3.0%	27.7x	26.9x	$2.32	2.3%	63%
EGP	Eastgroup Properties Inc.	$4,847	$124.11	$5.19	4.1%	$5.40	4.1%	23.9x	23.0x	$3.00	2.4%	58%
FR	First Industrial Realty Trust	$5,310	$41.74	$1.79	3.1%	$1.85	3.0%	23.3x	22.6x	$1.00	2.4%	56%
Average		**$85,307**	**(Total)**		**6.0%**		**3.4%**	**25.0x**	**24.2x**		**2.4%**	**59%**
Overall Average – U.S.		**$250,848**	**(Total)**		**(12.6%)**		**1.7%**	**16.4x**	**16.4x**		**4.7%**	**52%**
10-year U.S. Treasury											**0.60%**	
U.S. REIT Yield Spread											**+414 bps**	

Source: Company reports and CIBC World Markets Inc.

Exhibit 52: Tax Allocation Of 2019 REIT Distributions

		2019 Distributions ($)			2019 Breakdown Of Distributions (%)						
REIT	Ticker	Taxable	Return Of Capital	Total	Eligible Dividend	Non-Eligible Dividend	Other Income	Capital Gain	Foreign Non-Business Income	Taxable	Return Of Capital
Allied Properties REIT	AP.UN	$0.45	$1.15	$1.60	-	-	28.1%	-	-	28.1%	71.9%
Automotive Properties REIT	APR.UN	$0.18	$0.63	$0.80	-	-	22.0%	-	-	22.0%	78.0%
AHIP ($CAD Listing)	HOT.UN	$0.07	$0.79	$0.86	NA	NA	NA	NA	NA	7.9%	92.1%
Artis REIT	AX.UN	$0.33	$0.21	$0.54	-	-	22.5%	-	38.6%	61.1%	38.9%
Boardwalk REIT	BEI.UN	$0.91	$0.09	$1.00	-	-	35.6%	55.7%	-	91.3%	8.7%
BSR REIT	HOM.U	$0.00	$0.50	$0.50	-	-	-	-	-	0.0%	100.0%
Canadian Apartment Properties REIT	CAR.UN	$0.40	$0.97	$1.37	0.1%	-	29.2%	-	-	29.3%	70.7%
Choice Properties REIT	CHP.UN	$0.81	$0.00	$0.81	-	-	86.6%	12.9%	0.5%	100.0%	-
Crombie REIT	CRR.UN	$0.89	$0.00	$0.89	-	-	55.8%	44.2%	-	100.0%	-
Chartwell Retirement Residences	CSH.UN	$0.00	$0.60	$0.60	-	-	-	-	-	0.0%	100.0%
CT REIT	CRT.UN	$0.65	$0.11	$0.76	-	-	84.7%	0.3%	-	85.0%	15.0%
Cominar REIT	CUF.UN	$0.64	$0.08	$0.72	0.5%	-	28.9%	60.0%	-	89.4%	10.7%
Dream Office REIT	D.UN	$0.01	$0.99	$1.00	-	-	1.0%	-	-	1.0%	99.0%
Dream Industrial REIT	DIR.UN	$0.57	$0.13	$0.70	-	-	47.6%	11.2%	23.1%	81.9%	18.1%
European Residential REIT	ERE.UN	€ 0.25	€ 0.16	€ 0.41	-	-	61.0%	-	-	61.0%	39.0%
Granite REIT	GRT.UN	$2.67	$0.14	$2.81	0.1%	-	18.7%	-	76.3%	95.0%	5.0%
H&R REIT	HR.UN	$1.38	$0.00	$1.38	-	-	31.3%	44.7%	24.0%	100.0%	0.0%
InterRent REIT	IIP.UN	$0.00	$0.29	$0.29	-	-	-	-	-	0.0%	100.0%
Killam Apartment REIT	KMP.UN	$0.32	$0.33	$0.66	21.8%	-	27.3%	-	-	49.1%	50.9%
Melcor REIT	MR.UN	$0.20	$0.47	$0.68	-	-	30.0%	-	-	30.0%	70.0%
Minto REIT	MI.UN	$0.23	$0.19	$0.42	-	-	55.5%	-	-	55.5%	44.5%
Morguard NA Residential REIT	MRG.UN	$0.15	$0.54	$0.68	-	-	21.6%	-	-	21.6%	78.4%
Morguard REIT	MRT.UN	$0.56	$0.40	$0.96	-	-	58.5%	-	-	58.5%	41.5%
Northview Apartment REIT	NVU.UN	$0.36	$1.27	$1.63	-	-	21.0%	0.8%	-	21.8%	78.2%
NorthWest Healthcare Prop. REIT	NWH.UN	$0.40	$0.40	$0.80	-	-	-	-	49.4%	49.4%	50.6%
Plaza Retail REIT	PLZ.UN	$0.14	$0.14	$0.28	-	17.6%	33.3%	-	-	51.0%	49.0%
RioCan REIT	REI.UN	$1.44	$0.00	$1.44	-	-	75.6%	24.4%	-	100.0%	0.0%
Summit Industrial Income REIT	SMU.UN	$0.51	$0.09	$0.60	-	-	3.6%	81.2%	-	84.8%	15.2%
Slate Office REIT	SOT.UN	$0.11	$0.35	$0.46	-	-	-	23.0%	-	23.0%	77.0%
Slate Retail REIT	SRT.UN	$0.55	$0.30	$0.86	-	-	-	11.6%	53.2%	64.8%	35.2%
SmartCentres REIT	SRU.UN	$1.44	$0.37	$1.81	-	-	73.5%	5.9%	-	79.4%	20.6%
True North Commercial REIT	TNT.UN	$0.00	$0.59	$0.59	-	-	-	-	-	0.0%	100.0%
WPT Industrial REIT	WIR.U	$0.31	$0.45	$0.76	-	-	-	-	40.4%	40.4%	59.6%

Source: Company reports and CIBC World Markets Inc.

Exhibit 53: REIT Debt Profiles (As Of Q1/20)

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	2020 ($ MM)	2020 %	2020 Rate	2021 ($ MM)	2021 %	2021 Rate	2022 ($ MM)	2022 %	2022 Rate	2023 ($ MM)	2023 %	2023 Rate
												Long-term Debt Maturities (Mortgages* & Unsecured Debentures)											
Shopping Centre																							
RioCan	6,593	43%	3.5x	979	14.8%	5,615	85.2%	-	-	3.9	3.3%	730	11.1%	3.2%	904	13.7%	3.4%	744	11.3%	3.3%	797	12.1%	3.4%
SmartCentres REIT	4,753	43%	3.5x	620	13.0%	4,133	87.0%	-	-	4.8	3.4%	354	7.4%	4.9%	527	11.1%	3.2%	561	11.8%	3.3%	379	8.0%	4.2%
First Capital REIT	4,945	47%	2.3x	471	9.5%	4,474	90.5%	-	-	4.9	4.0%	242	4.9%	5.5%	277	5.6%	4.7%	575	11.6%	4.3%	330	6.7%	4.0%
Crombie	2,346	50%	3.2x	229	9.7%	2,117	90.3%	-	-	4.2	4.1%	89	3.8%	4.3%	374	16.0%	4.1%	344	14.7%	4.2%	267	11.4%	4.3%
Choice Properties	6,563	44%	3.6x	512	7.8%	6,051	92.2%	-	-	6.1	3.8%	261	4.0%	4.0%	737	11.2%	3.5%	826	12.6%	3.6%	684	10.4%	3.9%
CT REIT	2,589	43%	3.4x	252	9.7%	2,337	90.3%	-	-	7.7	4.1%	252	9.7%	4.1%	150	5.8%	2.2%	159	6.2%	2.9%	56	2.2%	3.4%
Diversified (Office/Retail/Industrial)																							
Brookfield Property Partners	54,940	55%	NA	9,185	16.7%	45,755	83.3%	-	-	4.6	3.9%	3,169	5.8%	3.8%	6,390	11.6%	4.0%	4,452	8.1%	3.9%	6,272	11.4%	3.8%
H&R REIT	6,438	51%	3.3x	211	3.3%	6,227	96.7%	-	-	4.0	3.6%	159	2.5%	4.5%	958	14.9%	3.9%	932	14.5%	3.6%	705	10.9%	3.7%
Cominar REIT	3,616	51%	2.4x	481	13.3%	3,135	86.7%	-	-	4.1	3.9%	481	13.3%	4.6%	460	12.7%	4.1%	457	12.6%	3.8%	329	9.1%	4.3%
Artis REIT	2,748	53%	3.1x	747	27.2%	2,001	72.8%	-	-	2.2	3.7%	375	13.6%	3.6%	690	25.1%	3.4%	198	7.2%	3.7%	426	15.5%	3.7%
Morguard REIT	1,340	48%	2.3x	339	25.3%	1,001	74.7%	171	'21	3.5	4.1%	150	11.2%	4.4%	344	25.7%	4.3%	172	12.8%	3.8%	208	15.5%	3.7%
Melcor REIT	445	50%	2.4x	77	17.4%	368	82.6%	63	'22, '24	4.4	3.8%	48	10.7%	NA	54	12.1%	NA	58	13.0%	NA	57	12.9%	NA
Office																							
Allied Properties	2,366	27%	3.3x	29	1.2%	2,337	98.8%	-	-	3.6	3.7%	4	0.2%	5.0%	200	8.5%	2.9%	361	15.2%	4.1%	277	11.7%	4.7%
Dream Office	1,131	38%	3.0x	33	2.9%	1,098	97.1%	-	-	5.1	3.8%	15	1.3%	4.3%	107	9.4%	4.9%	192	17.0%	3.3%	140	12.4%	4.3%
Slate Office	991	58%	2.2x	481	48.6%	510	51.4%	28	'23	2.8	3.9%	192	19.4%	3.1%	494	49.9%	3.6%	9	0.9%	0.0%	217	21.9%	3.7%
True North Commercial	817	58%	3.0x	46	5.6%	771	94.4%	-	-	4.5	3.4%	25	3.0%	2.9%	23	2.8%	2.8%	155	19.0%	3.3%	142	17.3%	3.7%
NorthWest Healthcare	2,697	45%	2.9x	96	3.6%	2,601	96.4%	269	'20-23	n/a	3.6%	152	5.6%	3.9%	465	17.2%	4.2%	955	35.4%	3.5%	256	9.5%	4.2%
Industrial																							
Granite	1,310	22%	10.4x	-	0.0%	1,310	100.0%	-	-	4.1	1.8%	-	-	0.0%	250	19.1%	2.7%	0	0.0%	0.0%	399	30.4%	2.4%
Dream Industrial	889	28%	3.9x	39	4.4%	850	95.6%	-	-	4.1	3.6%	34	3.8%	2.7%	135	15.2%	3.9%	63	7.0%	3.1%	114	12.9%	3.6%
WPT Industrial	1,193	52%	2.9x	43	3.6%	1,149	96.4%	-	-	3.1	3.3%	32	2.7%	3.4%	70	5.8%	4.6%	24	2.0%	3.8%	82	6.9%	3.9%
Summit Industrial Income	1,320	47%	2.8x	378	28.6%	942	71.4%	-	-	5.8	3.7%	15	1.1%	3.7%	72	5.5%	3.7%	103	7.8%	3.8%	108	8.1%	3.9%
Small Cap Retail																							
Plaza Retail	595	53%	2.3x	131	22.0%	464	78.0%	45	'21, ''23	5.7	4.2%	66	11.0%	4.6%	38	6.4%	4.9%	47	8.0%	4.3%	72	12.1%	5.1%
Slate Retail	735	59%	2.4x	5	0.7%	730	99.3%	-	-	4.9	4.0%	-	0.0%	0.0%	-	0.0%	0.0%	-	-	-	249	33.8%	0
Automotive Properties	404	45%	3.5x	-	0.0%	404	100.0%	-	-	3.6	3.8%	24	5.9%	NA	18	4.5%	NA	270	67.0%	NA	0	0.0%	0.0%

Source: Company reports and CIBC World Markets Inc.

Exhibit 54: REIT Debt Profiles (As Of Q1/20)

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	2020 ($ MM)	2020 %	2020 Rate	2021 ($ MM)	2021 %	2021 Rate	2022 ($ MM)	2022 %	2022 Rate	2023 ($ MM)	2023 %	2023 Rate
												Long-term Debt Maturities (Mortgages* & Unsecured Debentures)											
Residential																							
CAPREIT	5,210	36%	3.9x	464	8.9%	4,746	91.1%	-	-	4.9	2.7%	402	7.7%	2.7%	566	10.9%	3.4%	535	10.3%	2.8%	577	11.1%	2.8%
Boardwalk	2,774	46%	2.8x	397	14.3%	2,376	85.7%	-	-	4.3	2.7%	344	12.4%	2.4%	440	15.9%	2.4%	492	17.7%	2.7%	395	14.2%	2.9%
Northview Apartment	2,312	52%	2.8x	433	18.7%	1,879	81.3%	-	-	4.7	3.0%	300	13.0%	3.2%	310	13.4%	3.5%	149	6.4%	2.8%	258	11.2%	3.1%
Killam Properties	1,538	44%	3.3x	248	16.1%	1,290	83.9%	-	-	4.8	2.8%	228	14.8%	2.5%	205	13.3%	2.6%	138	9.0%	2.8%	235	15.3%	3.3%
Minto Apartment	923	43%	1.9x	123	13.3%	801	86.7%	-	-	5.7	3.2%	123	13.3%	2.8%	37	4.0%	3.1%	101	11.0%	3.2%	105	11.4%	3.1%
InterRent REIT	947	33%	3.2x	171	18.1%	776	81.9%	-	-	4.8	3.0%	171	18.1%	3.1%	107	11.3%	3.0%	71	7.5%	2.8%	81	8.6%	2.8%
International Residential																							
Morguard NA Residential	1,382	44%	2.4x	30	2.2%	1,351	97.8%	83	'23	5.4	3.5%	27	1.9%	4.3%	101	7.3%	4.0%	103	7.4%	3.8%	269	19.5%	3.8%
BSR REIT	559	49%	NA	16	2.9%	543	97.1%	-	-	7.2	3.7%	29	5.2%	n/a	35	6.3%	n/a	181	32.4%	n/a	48	8.6%	n/a
Tricon	4,236	62%	NA	139	3.3%	4,097	96.7%	162	'22	NA	3.8%	550	13.0%	4.1%	548	12.9%	3.5%	1,001	23.6%	3.5%	160	3.8%	2.7%
European Residential[2]	621	45%	3.7x	1	0.2%	620	99.8%	-	-	5.1	1.6%	1	0.1%	n/a	1	0.2%	n/a	51	8.2%	1.4%	102	16.4%	1.5%
Retirement/Nursing Homes																							
Chartwell Seniors Housing	2,597	54%	3.2x	276	10.6%	2,320	89.4%	-	-	6.9	3.6%	72	2.8%	3.6%	203	7.8%	4.1%	228	8.8%	3.7%	268	10.3%	3.8%
Extendicare[1]	555	33%	3.1x	116	20.9%	438	79.1%	121	'25	6.6	4.6%	123	22.2%	n/a	53	9.6%	n/a	61	11.0%	n/a	51	9.2%	n/a
Sienna Seniors Living[1]	1,033	47%	4.2x	311	30.1%	722	69.9%	-	-	4.4	3.6%	5	0.5%	2.5%	300	29.1%	3.5%	28	2.7%	4.2%	61	5.9%	4.1%
Invesque Inc. [1]	1,006	58%	1.8x	41	4.1%	965	95.9%	91	"22, 23	4.8	4.6%	36	3.6%	n/a	16	1.6%	n/a	219	21.7%	n/a	342	34.0%	n/a
Hotel																							
American Hotel Income	782	59%	1.6x	5	0.6%	777	99.4%	47	'22	5.3	4.4%	3	0.4%	n/a	5	0.6%	n/a	109	14.0%	n/a	78	10.0%	n/a
Average		**47%**	**3.2x**		**11.7%**		**88.3%**			**4.8**	**3.5%**		**7.0%**	**3.5%**		**11.3%**	**3.5%**		**12.7%**	**3.1%**		**12.3%**	**3.4%**
Average – Commercial		**46%**	**3.3x**		**12.2%**		**87.8%**			**4.4**	**3.6%**		**6.1%**	**3.7%**		**12.4%**	**3.6%**		**12.6%**	**3.2%**		**12.1%**	**3.5%**
Average – Res./Seniors		**46%**	**3.0x**		**11.7%**		**88.3%**			**5.4**	**3.3%**		**9.2%**	**3.1%**		**10.3%**	**3.3%**		**12.7%**	**3.1%**		**12.8%**	**3.1%**

*Short term includes current debt and debentures due; long term includes mortgage debt (excludes scheduled principal amortization) and unsecured debentures.

1 Extendicare Inc., Sienna Senior Living, and Invesque Inc. are taxable Canadian corporations.

2 EUR denominated

Source: Company reports and CIBC World Markets Inc.

Exhibit 55: Asset Mix Of REITs (As Of Q1/20)

		Geographic Mix					Property Type Mix						
REIT	Ticker	Western Canada[3]	Central Canada	Atlantic Canada	United States	Other	Office	Retail	Indust.	Res.[4]	Healthcare	Hotel	Other
RioCan	REI.UN	22.3%	67.9%	9.8%	0.0%	0.0%	7.6%	92.4%	0.0%	0.0%	0.0%	0.0%	0.0%
SmartCentres REIT	SRU.UN	20.9%	73.7%	5.4%	0.0%	0.0%	0.8%	99.2%	0.0%	0.0%	0.0%	0.0%	0.0%
First Capital REIT	FCR.UN	35.6%	64.4%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Crombie[2]	CRR.UN	41.8%	23.6%	34.6%	0.0%	0.0%	4.1%	91.8%	4.1%	0.0%	0.0%	0.0%	0.0%
Choice Properties	CHP.UN	36.0%	54.0%	10.0%	0.0%	0.0%	7.1%	79.4%	13.6%	0.0%	0.0%	0.0%	0.0%
CT REIT	CRT.UN	27.9%	64.7%	7.4%	0.0%	0.0%	0.0%	84.4%	14.1%	0.0%	0.0%	0.0%	1.5%
Brookfield Property Partners	BPY.UN	NA	NA	NA	NA	NA	40.8%	49.6%	0.0%	1.3%	0.0%	2.9%	5.5%
H&R	HR.UN	26.0%	27.8%	10.0%	36.3%	0.0%	45.3%	31.9%	7.6%	15.2%	0.0%	0.0%	0.0%
Cominar	CUF.UN	0.0%	100.0%	0.0%	0.0%	0.0%	39.1%	34.0%	26.9%	0.0%	0.0%	0.0%	0.0%
Artis	AX.UN	39.6%	10.8%	0.0%	49.6%	0.0%	46.8%	18.7%	34.5%	0.0%	0.0%	0.0%	0.0%
Morguard	MRT.UN	58.0%	42.0%	0.0%	0.0%	0.0%	46.0%	53.0%	1.0%	0.0%	0.0%	0.0%	0.0%
Melcor	MR.UN	100.0%	0.0%	0.0%	0.0%	0.0%	41.0%	49.5%	7.2%	2.4%	0.0%	0.0%	0.0%
Allied Properties REIT	AP.UN	10.6%	89.4%	0.0%	0.0%	0.0%	75.8%	8.5%	0.0%	0.0%	0.0%	0.0%	15.7%
Dream Office REIT	D.UN	17.2%	79.2%	0.0%	3.5%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Slate Office REIT	SOT.UN	5.8%	38.4%	35.4%	20.4%	0.0%	94.2%	1.1%	0.5%	0.0%	0.0%	3.2%	0.9%
True North Commercial	TNT.UN	21.8%	66.6%	11.6%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NorthWest Healthcare REIT	NWH.UN	10.4%	16.8%	2.8%	0.0%	70.0%	49.0%	0.0%	0.0%	0.0%	51.0%	0.0%	0.0%
Granite REIT	GRT.UN	0.0%	18.0%	0.0%	43.0%	39.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Dream Industrial REIT	DIR.UN	27.0%	44.0%	0.0%	23.0%	6.0%	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%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Summit Industrial Income REIT	SMU.UN	28.7%	71.1%	0.2%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Plaza Retail	PLZ.UN	0.6%	45.8%	53.6%	0.0%	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%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Automotive Properties	APR.UN	40.8%	59.2%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CAP REIT[7]	CAR.UN	17.4%	69.8%	4.6%	0.0%	8.1%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
Boardwalk REIT	BEI.UN	73.9%	26.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
Northview REIT	NVU.UN	47.5%	41.2%	11.3%	0.0%	0.0%	0.0%	0.0%	0.0%	90.0%	0.0%	0.0%	10.0%
Killam	KMP.UN	8.8%	22.0%	69.2%	0.0%	0.0%	5.1%	0.0%	0.0%	94.9%	0.0%	0.0%	0.0%
Minto Apartment	MI.UN	11.0%	89.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	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%	0.0%
Morguard NA Residential	MRG.UN	2.0%	35.0%	0.0%	63.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	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%	0.0%
Tricon	TCN	NA	NA	NA	NA	NA	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
European Residential	ERE.UN	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	91.8%	0.0%	0.0%	8.2%
Chartwell Seniors Housing	CSH.UN	18.0%	82.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Extendicare Inc.[1]	EXE	16.5%	83.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Sienna Senior Living [1]	SIA	17.3%	82.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Invesque Inc. [1]	IVQ.U	1.0%	8.0%	0.0%	91.0%	0.0%	6.0%	0.0%	0.0%	0.0%	94.0%	0.0%	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%	0.0%

Notes:

1 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 Includes Nunavut, Northwest Territories and the Yukon.

4 Includes MHC units.

Source: Company reports and CIBC World Markets Inc.

Exhibit 56: Canadian REIT Estimate And Statistics

	Rating	27-Jul-20 Unit Price	Units O/S[1] (MM)	Market Cap. ($MM)	Current D/GBV[2] Assets	FFO Per Unit[3] ($) 2019A	2020E	19A-20E	2021E	20E-21E	AFFO Per Unit[4] ($) 2019A	2020E	19A-20E	2021E	20E-21E
Shopping Centre															
RioCan (REI.UN)	OP	$14.84	317.7	$4,715	44%	$1.87	$1.60	(14.4%)	$1.66	3.7%	$1.71	$1.45	(15.2%)	$1.51	4.1%
SmartCentres (SRU.UN)	OP	20.06	172.5	3,460	43%	2.28	2.20	(3.5%)	2.38	8.2%	2.16	2.08	(3.7%)	2.26	8.7%
First Capital (FCR.UN)	NT	13.06	218.2	2,850	47%	1.23	1.03	(16.3%)	1.16	12.6%	1.13	0.91	(19.5%)	1.05	15.4%
Crombie (CRR.UN)	OP	12.76	158.1	2,017	50%	1.16	1.09	(6.0%)	1.17	7.3%	0.98	1.06	8.2%	0.99	(6.6%)
Choice Properties (CHP.UN)	NT	12.46	700.4	8,727	44%	0.99	0.90	(9.1%)	0.94	4.4%	0.82	0.80	(2.4%)	0.82	2.5%
CT REIT (CRT.UN)	NT	13.57	228.5	3,101	43%	1.18	1.15	(2.5%)	1.19	3.5%	1.01	0.99	(2.0%)	1.02	3.0%
Shopping Centre Average/Total				**24,870**				**(8.6%)**		**6.6%**			**(5.8%)**		**4.5%**
Diversified (Office/Retail/Industrial)															
Brookfield Property Partners (BPY)	OP	11.19	937.9	14,067	55%	1.41	1.13	(19.9%)	1.46	29.2%	1.01	0.80	(20.8%)	1.06	32.5%
H&R (HR.UN)	OP	9.80	302.1	2,961	51%	1.75	1.65	(5.7%)	1.78	7.9%	1.31	1.38	5.3%	1.51	9.4%
Cominar (CUF.UN)	OP	8.05	182.4	1,468	51%	1.07	0.97	(9.3%)	1.06	9.3%	0.77	0.73	(5.2%)	0.79	8.2%
Artis (AX.UN)	NT	7.61	136.1	1,036	53%	1.41	1.29	(8.5%)	1.31	1.6%	1.10	0.94	(14.5%)	0.96	2.1%
Morguard (MRT.UN)	NT	4.96	60.7	301	48%	1.43	1.28	(10.5%)	1.28	0.0%	1.07	0.95	(11.2%)	0.94	(1.1%)
Melcor REIT (MR.UN)	NT	3.55	29.3	104	50%	0.91	0.82	(9.9%)	0.79	(3.7%)	0.65	0.59	(9.2%)	0.57	(3.4%)
PRO REIT [7]	NR	4.52	41.0	185	58%	0.43	0.55	27.5%	0.55	(0.7%)	0.58	0.51	(11.8%)	0.50	(1.2%)
Diversified Commercial Sector Average/Total				**20,122**				**(5.2%)**		**6.2%**			**(9.6%)**		**6.7%**
Office															
Allied Properties (AP.UN)	OP	40.81	123.1	5,024	29%	2.26	2.28	0.9%	2.41	5.7%	1.95	1.95	0.0%	1.97	1.0%
Dream Office (D.UN)	NT	19.96	60.8	1,214	38%	1.70	1.57	(7.6%)	1.70	8.3%	1.24	1.16	(6.5%)	1.28	10.3%
Slate Office (SOT.UN)	NT	3.67	73.2	269	58%	0.76	0.72	(5.3%)	0.78	8.3%	0.63	0.60	(4.8%)	0.63	5.0%
True North Commercial (TNT.UN)	NT	5.91	89.1	527	58%	0.57	0.60	5.3%	0.62	3.3%	0.55	0.55	0.0%	0.56	1.8%
NorthWest Healthcare (NWH.UN)	NT	10.90	177.9	1,939	45%	0.84	0.81	(3.6%)	0.91	12.3%	0.81	0.76	(6.2%)	0.85	11.8%
Inovalis (INO.UN) [7]	NR	7.86	34.3	270	47%	0.83	0.69	(16.4%)	0.74	6.9%	0.87	0.59	(32.2%)	0.66	12.3%
Office Sector Average				**9,241**				**(4.4%)**		**7.5%**			**(8.3%)**		**7.1%**
Industrial															
Granite (GRT.UN)	OP	74.96	58.0	4,348	22%	3.62	4.00	10.5%	4.22	5.5%	3.23	3.59	11.1%	3.79	5.6%
Dream Industrial (DIR.UN)	OP	10.65	171.2	1,823	28%	0.78	0.73	(6.4%)	0.80	9.6%	0.69	0.63	(8.7%)	0.70	11.1%
WPT Industrial (WIR.U)	OP	12.92	87.0	1,124	52%	0.85	0.92	8.2%	0.94	2.2%	0.65	0.75	15.4%	0.80	6.7%
Summit Industrial (SMU.UN)	NT	11.42	138.1	1,577	47%	0.58	0.65	12.1%	0.67	3.1%	0.51	0.57	11.8%	0.59	3.5%
Industrial Sector Average				**8,872**				**6.1%**		**5.1%**			**7.4%**		**6.7%**
Small-Cap Shopping Centre Average															
Plaza Retail (PLZ.UN)	NT	3.33	103.0	343	53%	0.40	0.33	(17.5%)	0.34	3.0%	0.35	0.29	(17.1%)	0.30	3.4%
Slate Retail (SRT.U)	NT	6.94	42.2	293	60%	1.20	1.12	(6.7%)	1.20	7.1%	0.95	0.89	(6.3%)	0.95	6.7%
Automotive Properties (APR.UN)	OP	9.52	47.6	453	45%	1.00	0.87	(12.7%)	0.94	8.0%	0.91	0.81	(10.8%)	0.87	7.4%
Small-Cap Shopping Centre Average				**1,089**				**(12.3%)**		**6.1%**			**(11.4%)**		**5.9%**
Total Commercial Average (Retail/Office/Industrial)				**64,201**				**(4.9%)**		**6.4%**			**(6.0%)**		**6.2%**

Notes:

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 SIA , IVQ 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.

8 FFO and AFFO estimates are denominated in EUR

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

Source: Company reports and CIBC World Markets Inc.

Exhibit 57: Canadian REIT Estimate And Statistics (Continued)

	Rating	27-Jul-20 Unit Price	Units O/S[1] (MM)	Market Cap. ($MM)	Current D/GBV[2] Assets	FFO Per Unit[3] ($) 2019A	FFO 2020E	FFO 19A-20E	FFO 2021E	FFO 20E-21E	AFFO Per Unit[4] ($) 2019A	AFFO 2020E	AFFO 19A-20E	AFFO 2021E	AFFO 20E-21E
Residential															
CAP REIT (CAR.UN)	NT	$47.52	171.0	$8,126	36%	$2.13	$2.22	4.2%	$2.32	4.5%	$1.81	$1.89	4.4%	$2.00	5.8%
Boardwalk (BEI.UN)	NT	30.12	51.0	1,536	46%	2.57	2.50	(2.7%)	2.79	11.6%	2.05	1.96	(4.4%)	2.24	14.3%
Northview (NVU.UN)	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Killam Apartment (KMP.UN)	OP	16.65	102.2	1,702	44%	0.98	0.96	(2.0%)	1.03	7.3%	0.80	0.79	(1.3%)	0.86	8.9%
InterRent REIT (IIP.UN)	NT	13.31	140.9	1,875	33%	0.48	0.51	6.3%	0.57	11.8%	0.43	0.46	7.0%	0.51	10.9%
Minto Apartment (MI.UN)	OP	17.77	59.0	1,048	43%	0.84	0.88	4.8%	0.92	4.5%	0.72	0.77	6.9%	0.81	5.2%
Residential Sector Average				**16,627**				**2.7%**		**7.7%**			**3.3%**		**8.8%**
International Residential															
European Residential (ERE.UN)[8]	OP	3.98	230.6	918	45%	0.14	0.14	0.0%	0.15	7.1%	0.12	0.12	0.0%	0.13	8.3%
Morguard NA Res. (MRG.UN)	OP	14.04	56.2	789	44%	1.19	1.23	3.4%	1.26	2.4%	1.04	1.03	(1.0%)	1.09	5.8%
Tricon (TCN)	OP	9.23	192.5	1,777	62%	0.42	0.40	(4.8%)	0.45	12.5%	NA	0.27	NA	0.31	14.8%
BSR REIT (HOM.U)	OP	10.20	44.5	454	49%	0.71	0.61	(14.1%)	0.70	14.8%	0.64	0.57	(10.9%)	0.61	7.0%
International Residential Sector Average				**3,938**				**(3.9%)**		**9.2%**			**(4.0%)**		**9.0%**
Retirement/Nursing Homes															
Chartwell (CSH.UN)	OP	9.64	218.1	2,102	54%	0.92	0.79	(14.1%)	0.88	11.4%	0.86	0.76	(11.6%)	0.82	7.9%
Extendicare (EXE)[6]	NT	5.52	90.5	500	33%	0.52	0.42	(19.2%)	0.53	26.2%	0.57	0.49	(14.0%)	0.59	20.4%
Sienna Senior Living (SIA)[6]	OP	9.95	67.0	667	47%	1.38	1.18	(14.5%)	1.28	8.5%	1.40	1.20	(14.3%)	1.30	8.3%
Invesque Inc. (IVQ.U)[6]	NT	2.06	55.2	114	58%	0.73	0.71	(2.7%)	0.72	1.4%	0.65	0.60	(7.7%)	0.63	5.0%
Retirement/Nursing Homes Sector Average				**3,382**				**(12.6%)**		**11.9%**			**(11.9%)**		**10.4%**
Hotel[5]															
American Hotel (HOT.U)	NT	1.87	78.1	146	59%	0.70	0.03	NM	0.56	NM	0.63	(0.05)	NM	0.43	NM
Hotel Sector Average				**146**				**NM**		**NM**			**NM**		**NM**
By Property Type															
Shopping Centre Total/Averages				**24,870**				**(8.6%)**		**6.6%**			**(5.8%)**		**4.5%**
Diversified Total/Averages				**20,129**				**(5.2%)**		**6.2%**			**(9.6%)**		**6.7%**
Office Sector Total/Averages				**9,241**				**(4.4%)**		**7.5%**			**(8.3%)**		**7.1%**
Industrial Total/Averages				**8,872**				**6.1%**		**5.1%**			**7.4%**		**6.7%**
Average/Total – All REITs				**87,375**				**(4.4%)**		**7.4%**			**(5.2%)**		**7.2%**
Average/Total – All REITs, excl. Hotels				**87,230**				**(4.5%)**		**7.4%**			**(5.2%)**		**7.2%**
Average – Commercial And Residential REITs				**83,847**				**(3.6%)**		**6.9%**			**(4.4%)**		**6.9%**

Notes:

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 SIA, IVQ 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.

8 FFO and AFFO estimates are denominated in EUR

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

Source: Company reports and CIBC World Markets Inc.

Exhibit 58: Canadian REIT Estimate And Statistics (Continued)

	Distributions ($) Current Annualized	Current Yield	% Of 2020E AFFO	P/FFO[1] 2019A	P/FFO[1] 2020E	P/FFO[1] 2021E	P/AFFO[2] 2019A	P/AFFO[2] 2020E	P/AFFO[2] 2021E	Est. NAV Per Unit ($)	Est. NAV Cap Rate (%)	Unit Price (Discount)/ Premium To Est. NAV (%)	Sensitivity Of NAV To +/-50 bps In Cap Rate (%)
Shopping Centre													
RioCan	$1.44	9.7%	99%	7.9	9.3	8.9	8.7	10.2	9.8	$24.50	5.50%	(39.4%)	14.9%
SmartCentres	1.85	9.2%	89%	8.8	9.1	8.4	9.3	9.6	8.9	30.00	5.75%	(33.1%)	15.0%
First Capital	0.86	6.6%	95%	10.6	12.7	11.3	11.6	14.4	12.4	20.00	5.50%	(34.7%)	17.4%
Crombie	0.89	7.0%	84%	11.0	11.7	10.9	13.0	12.0	12.9	16.00	6.25%	(20.3%)	15.3%
Choice Properties	0.74	5.9%	93%	12.6	13.8	13.3	15.2	15.6	15.2	13.75	6.00%	(9.4%)	13.6%
CT REIT	0.79	5.8%	79%	11.5	11.8	11.4	13.4	13.7	13.3	15.50	6.00%	(12.5%)	14.6%
Shopping Centre Average		**7.4%**	**90%**	**10.4**	**11.4**	**10.7**	**11.9**	**12.6**	**12.1**		**5.83%**	**(24.9%)**	**15.1%**
Diversified (Office/Retail/Industrial)													
Brookfield Property Partners [6]	1.33	11.9%	166%	7.9	9.9	7.7	11.1	14.0	10.6	26.00	5.75%	(57.0%)	23.3%
H&R	0.69	7.0%	50%	5.6	5.9	5.5	7.5	7.1	6.5	20.00	6.75%	(51.0%)	13.8%
Cominar	0.72	8.9%	99%	7.5	8.3	7.6	10.5	11.0	10.2	15.00	6.00%	(46.3%)	18.6%
Artis	0.54	7.1%	57%	5.4	5.9	5.8	6.9	8.1	7.9	12.00	6.75%	(36.6%)	20.9%
Morguard REIT	0.48	9.7%	51%	3.5	3.9	3.9	4.6	5.2	5.3	11.00	7.00%	(54.9%)	18.3%
Melcor	0.36	10.1%	61%	3.9	4.3	4.5	5.5	6.0	6.2	6.25	6.75%	(43.2%)	26.8%
PRO REIT [5]	0.45	10.0%	89%	10.5	8.2	8.3	7.8	8.9	9.0	6.00	6.90%	N/A	N/A
Diversified Commercial Sector Average		**9.2%**	**82%**	**6.3**	**6.6**	**6.2**	**7.7**	**8.6**	**8.0**		**6.56%**	**(48.2%)**	**20.3%**
Office													
Allied Properties	1.65	4.0%	85%	18.1	17.9	16.9	20.9	20.9	20.7	47.00	5.00%	(13.2%)	12.8%
Dream Office	1.00	5.0%	86%	11.7	12.7	11.7	16.1	17.2	15.6	28.75	5.20%	(30.6%)	13.5%
Slate Office	0.40	10.9%	67%	4.8	5.1	4.7	5.8	6.1	5.8	6.75	6.70%	(45.6%)	24.1%
True North Commercial	0.59	10.0%	107%	10.4	9.9	9.5	10.7	10.7	10.6	6.25	6.50%	(5.4%)	20.0%
NorthWest Healthcare	0.80	7.3%	105%	13.0	13.5	12.0	13.5	14.3	12.8	11.25	6.10%	(3.1%)	15.6%
Inovalis [5]	0.83	10.5%	140%	9.5	11.3	10.6	9.0	13.3	11.9	10.50	5.75%	(25.1%)	N/A
Office Sector Average		**8.0%**	**98%**	**11.2**	**11.7**	**10.9**	**12.7**	**13.8**	**12.9**		**5.88%**	**(20.5%)**	**17.2%**
Industrial													
Granite REIT	2.90	3.9%	81%	20.7	18.7	17.8	23.2	20.9	19.8	68.00	6.10%	10.2%	9.6%
Dream Industrial	0.70	6.6%	111%	13.7	14.6	13.3	15.4	16.9	15.2	11.50	5.70%	(7.4%)	13.0%
WPT Industrial	0.76	5.9%	101%	15.2	14.0	13.7	19.9	17.2	16.2	13.75	5.80%	(6.0%)	18.2%
Summit Industrial	0.54	4.7%	95%	19.7	17.6	17.0	22.4	20.0	19.4	11.25	4.80%	1.5%	18.9%
Industrial Sector Average		**5.3%**	**97%**	**17.3**	**16.2**	**15.5**	**20.2**	**18.8**	**17.6**		**5.60%**	**(0.4%)**	**14.9%**
Small-Cap Shopping Centre Average													
Plaza Retail	0.28	8.4%	97%	8.3	10.1	9.8	9.5	11.5	11.1	4.50	7.25%	(26.0%)	13.3%
Slate Retail	0.86	12.4%	97%	5.8	6.2	5.8	7.3	7.8	7.3	9.50	7.50%	(26.9%)	21.1%
Automotive Properties	0.80	8.4%	99%	9.5	10.9	10.1	10.5	11.8	10.9	10.75	6.75%	(11.4%)	13.5%
Small-Cap Shopping Centre Average		**9.8%**	**98%**	**7.9**	**9.1**	**8.6**	**9.1**	**10.3**	**9.8**		**7.17%**	**(21.5%)**	**15.9%**
Total Commercial Average (Retail/Office/Industrial)		**8.0%**	**92%**	**10.3**	**10.7**	**10.0**	**11.9**	**12.5**	**11.7**		**6.2%**	**(25.1%)**	**16.9%**

Notes:

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 SIA, IVQ and 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.

6 AFFO payout ratio does not include realized LP gains - payout ratio would be significantly lower after including realized gains

7 Distribution and NAV denominated in EUR

R – Restricted.

Source: Company reports and CIBC World Markets Inc.

Exhibit 59: Canadian REIT Estimate And Statistics (Continued)

	Distributions ($)			P/FFO[1]			P/AFFO[2]			Est. NAV	Est. NAV	Unit Price (Discount)/	Sensitivity Of NAV To
	Current	Current	% Of 2020E							Per Unit	Cap	Premium To Est.	+/-50 bps In Cap
	Annualized	Yield	AFFO	2019A	2020E	2021E	2019A	2020E	2021E	($)	Rate (%)	NAV (%)	Rate (%)
Residential													
CAP REIT	$1.38	2.9%	73%	22.3	21.4	20.5	26.3	25.1	23.8	$50.00	4.25%	(5.0%)	19.1%
Boardwalk	1.00	3.3%	51%	11.7	12.0	10.8	14.7	15.4	13.4	44.00	5.25%	(31.5%)	21.7%
Northview	R	R	R	R	R	R	R	R	R	R	R	R	R
Killam Apartment	0.68	4.1%	86%	17.0	17.3	16.2	20.8	21.1	19.4	20.00	4.75%	(16.8%)	18.5%
InterRent REIT	0.31	2.3%	67%	27.7	26.1	23.4	31.0	28.9	26.1	14.00	4.25%	(4.9%)	18.8%
Minto Apartment	0.44	2.5%	57%	21.2	20.2	19.3	24.7	23.1	21.9	22.00	4.00%	(19.2%)	20.5%
Residential Sector Average		**3.3%**	**71%**	**19.5**	**18.9**	**17.5**	**23.1**	**22.2**	**20.5**		**4.71%**	**(10.3%)**	**19.5%**
International Residential													
European Residential (ERE.UN) [7]	0.11	4.1%	88%	18.2	18.2	17.0	21.3	21.3	19.7	€ 3.00	4.00%	(14.8%)	24.4%
Morguard NA Res. (MRG.UN)	0.70	5.0%	68%	11.8	11.4	11.1	13.5	13.6	12.9	24.00	5.50%	(41.5%)	17.6%
Tricon (TCN)	0.28	3.0%	77%	16.4	17.2	15.3	NA	25.5	22.2	10.00	5.50%	(31.1%)	25.0%
BSR REIT (HOM.U)	0.50	4.9%	88%	14.4	16.7	14.6	15.9	17.9	16.7	12.00	5.75%	(15.0%)	16.7%
International Residential Sector		**4.3%**	**80%**	**15.2**	**15.9**	**14.5**	**16.9**	**19.6**	**17.9**		**5.19%**	**(25.6%)**	**20.9%**
Retirement/Nursing Homes													
Chartwell	0.61	6.3%	81%	10.5	12.2	11.0	11.2	12.7	11.8	12.50	6.30%	(22.9%)	5.8%
Extendicare [4]	0.48	8.7%	98%	10.6	13.1	10.4	9.7	11.3	9.4	8.75	8.80%	(36.9%)	6.6%
Sienna Senior Living [4]	0.94	9.4%	78%	7.2	8.4	7.8	7.1	8.3	7.7	16.00	7.30%	(37.8%)	6.1%
Invesque Inc. [4]	0.00	0.0%	0%	2.8	2.9	2.9	3.2	3.4	3.3	5.50	7.70%	(62.5%)	31.3%
Retirement/Nursing Homes Sector Average		**6.1%**	**64%**	**7.8**	**9.2**	**8.0**	**7.8**	**8.9**	**8.0**		**7.53%**	**(40.0%)**	**12.4%**
Hotel[3]													
American Hotel	0.00	0.0%	0%	2.7	NM	3.4	3.0	NM	4.4	3.75	8.00%	(49.1%)	22.6%
Hotel Sector Average		**0.0%**	**0%**	**2.7**	**NM**	**3.4**	**3.0**	**NM**	**4.4**		**8.00%**	**(49.1%)**	**22.6%**
By Property Type													
Shopping Centre Total/Averages		**7.4%**	**90%**	**10.4**	**11.4**	**10.7**	**11.9**	**12.6**	**12.1**		**5.83%**	**(24.9%)**	**15.1%**
Diversified Total/Averages		**9.2%**	**82%**	**6.3**	**6.6**	**6.2**	**7.7**	**8.6**	**8.0**		**6.56%**	**(48.2%)**	**20.3%**
Office Sector Total/Averages		**8.0%**	**98%**	**11.2**	**11.7**	**10.9**	**12.7**	**13.8**	**12.9**		**5.88%**	**(20.5%)**	**17.2%**
Industrial Total/Averages		**5.3%**	**97%**	**17.3**	**16.2**	**15.5**	**20.2**	**18.8**	**17.6**		**5.60%**	**(0.4%)**	**14.9%**
Average/Total – All REITs		**6.6%**	**82%**	**11.5**	**12.1**	**11.1**	**13.1**	**14.1**	**12.9**		**6.08%**	**(25.3%)**	**17.2%**
Avg/Total – All REITs, Ex-Hotels		**6.8%**	**85%**	**11.7**	**12.1**	**11.2**	**13.4**	**14.1**	**13.1**		**6.03%**	**(24.7%)**	**17.1%**
Average – Commercial And Residential REITs		**6.9%**	**87%**	**12.2**	**12.5**	**11.6**	**14.0**	**14.7**	**13.7**		**5.86%**	**(22.8%)**	**17.6%**

Notes:

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 SIA, IVQ and 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.

6 AFFO payout ratio does not include realized LP gains - payout ratio would be significantly lower after including realized gains

7 Distribution and NAV denominated in EUR

R – Restricted.

Source: Company reports and CIBC World Markets Inc.

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