RESEARCH REPORT

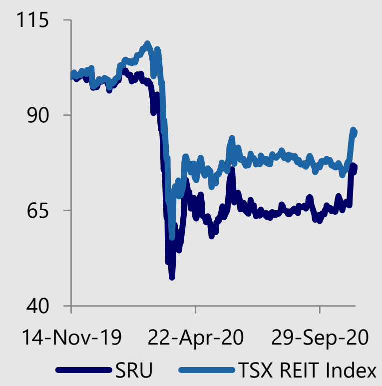
November 16, 2020

Stock Rating	SELL
Price Target	$26.00

Bear Case	Price Target	Bull Case
$25.00	$26.00	$28.00

Ticker	SRU.UN
Market Cap (MM)	$3,517.1
EV/EBITDA	16.9x
P/TBV	0.8x

52 Week Performance



SmartCentres REIT (TSX: SRU.UN)

Smarted from the Bottom

SmartCentres (or "SRU") is one of Canada's largest fully integrated REITs, operating 166 properties and specializing in retail developments. It has a strategic focus on acquiring value and essential based tenants in its forums, differentiating it from other traditional retail REITs.

SmartCentres has a strong development pipeline, and announced a shift in its strategic focus to mixed-use diversification in 2016.

While the retail real estate market has been heavily discounted in the market over the past few months, the FIG team believes that SmartCentres offers high quality power centres with a strong tenant roster, including resilient retailers such as Walmart. Until last week, the market applied the general bias against retail to SmartCentres, despite its premium position. Moreover, while retail has been negatively impacted by COVID-19, the impacts in Canada are not as severe as the market and media may portray. Canadian annual retail sales are up by 1.7% in 2020 YTD, with general merchandise and food & beverage up over 6%.

SmartCentres' top 25 tenants were analysed to assess store closures, future store opening guidance, bankruptcy risk, and ability to service debt and interest. Only 3 tenants are seen as potentially risky, representing ~4% of SRU's annualized revenue.

The FIG team's valuation shows a base case price target of $26.00, however, over the last week, SmartCentres has seen a ~15% increase in its stock price. This rally has reduced the margin of safety, and made the team's other REIT holding relatively more attractive.

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Company Overview

Overview of Business Operations

SmartCentres REIT is one of Canada's largest fully integrated REITs, operating 166 properties across Canada. It develops, leases, constructs, owns, and manages a variety of properties specializing in retail. Other properties managed by SmartCentres include office buildings, high-rise and low-rise condominiums, senior housing, townhome units, and self-storage facilities. The majority of its properties are located in the GTA, in both urban and suburban locations. SmartCentres has C$10.4B in assets and owns over 34 million square feet of income-producing retail space.

What Makes SmartCentres Different?

SmartCentres is unlike other retail REITs as it has a strategic focus on acquiring value and essential based tenants in its forums. These tenants include Walmart, Loblaws, Shoppers Drug Mart, Canadian Tire, and Lowes. This strategic focus has helped SmartCentres maintain an industry-leading occupancy rate of 97%.

Throughout the COVID-19 pandemic, its strategy has been extremely beneficial. 60% of tenants are considered essential services, 73% of properties are anchored with a Walmart location, and 98% of revenues are generated from open-air centres. SmartCentres has also looked to diversify its portfolio of properties through new developments. In 2018 it formed various joint venture partnerships to pursue mixed-use diversification.

Strategy and Development Pipeline

In 2016, SmartCentres' announced a shift in its strategic focus to mixed-use diversification. The purpose of this shift was to capitalize on the growth in multi-residential real estate and avoid downturns in the retail space. In 2019, SmartCentres launched SmartLiving to accelerate residential growth. Under SmartLiving, there are currently 3,000 units occupied or under construction, 10,000 units with applications submitted, and 3,500 units with prepared applications. These units include apartments, condominiums, townhomes, and seniors' residences.

EXHIBIT I

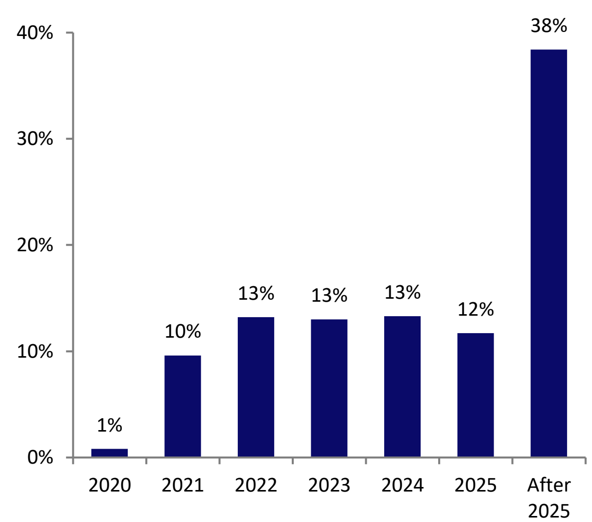
Top 5 Tenants

Tenant	% of Total Revenue
Walmart	25.6%
Canadian Tire, Mark's, FGL Sports	4.8%
Winners, HomeSense, Marshalls,	4.5%
Loblaws, Shoppers Drug Mart	2.8%
Sobeys	2.2%

Source(s): Company Filings

EXHIBIT II

Lease Expiry Schedule



Source(s): Company Filings

Company Overview

Apart from SmartLiving, SmartCentres has planned 256 individual development projects across 94 of its properties. Of the 256 projects, 77% are recurring income initiatives, while 23% are development income initiatives. These projects include self-storage facilities (48), office buildings (10), apartment buildings (88), seniors' residences (45), condos and townhomes (60), and hotels (5). Of these projects, 34 are currently underway, 71 are being actively planned, and 151 are set to begin development after 2026. These properties are estimated to create between C$1.3B - C$1.5B in value for SmartCentres, with C$675M being created within the first five years.

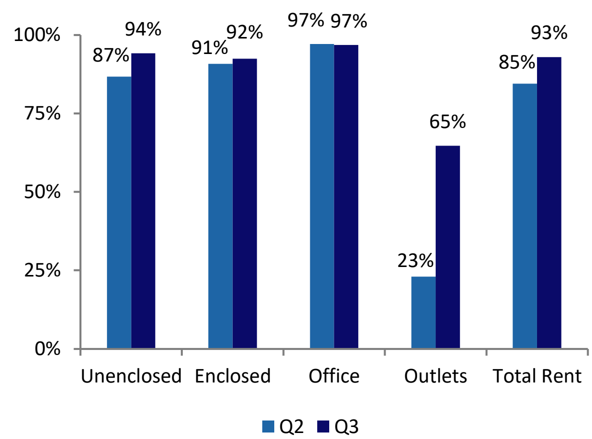
Recent and Historical Performance

In the past, SmartCentres has maintained approximately 98% occupancy within its forums. Throughout the COVID-19 pandemic, these occupancy levels have remained above 97%, partially due to the Canadian Emergency Commercial Rent Assistance program ("CECRA"). To keep tenants in business and prevent widespread retailer bankruptcy, the federal government introduced CECRA. In this program, tenants were only liable for 25% of their rent payments. The remaining rent was paid by the landlord (25%), and the federal government (50%). SmartCentres had almost 1,000 tenants that utilized the program from April to October. As a result, SmartCentres collected approximately C$15M in rental revenue while only having to provide C$3.75M to its tenants, suffering minimal rent losses.

Although occupancy rates have remained very high, rent collection rates have fallen significantly. Before the pandemic, rent collection rates were roughly 97%, but second-quarter 2020 collection rates fell to 74.2%. The low collection rates and higher provisions for credit losses caused the same property NOI to decline by approximately 13.2% YoY in the second quarter. Collection rates have since recovered, hitting 93% in the third quarter. Collection rates must return to pre-pandemic levels as SmartCentres is approaching significant debt walls and will have to repay or refinance its debt. Its debt schedule has two large payments of C$250M and C$350M coming up in 2020 and 2021, respectively.

EXHIBIT III

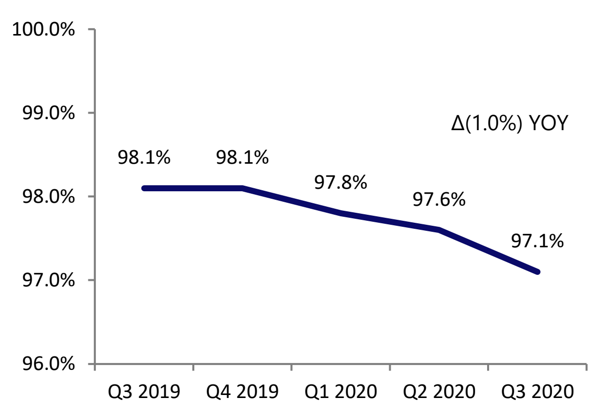
Rent Collection by Property Type



Source(s): Company Filings

EXHIBIT IV

Quarterly Occupancy Rates

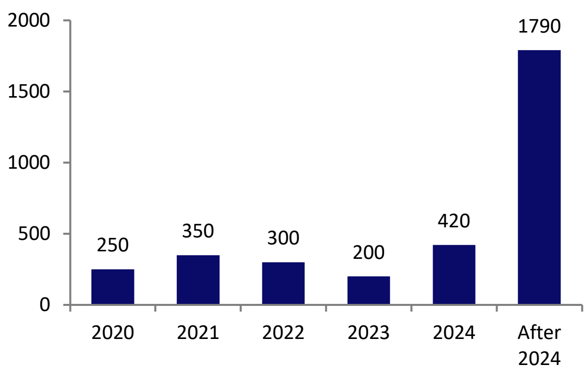


Source(s): Company Filings

Management Overview

EXHIBIT V

Debt Schedule ($M)



Source(s): Company Filings

Assessing Key Individuals

Mitchell Goldhar – Executive Chairman

Mr. Goldhar holds the position of Executive Chairman of the Board at SmartCentres, and he is the owner of the Penguin Group of Companies. He has been in the real estate development business for over 30 years and opened the first new Canadian Walmart store in Barrie in 1994. He has developed over 265 shopping centres across Canada, including the development of 175 Walmart stores. He provides active oversight and leadership in advancing corporate strategy and property management and assists in the daily operations of SmartCentres. He serves on various other corporate boards and is an Adjunct Professor of Commerce at the Rotman School of Business, University of Toronto.

Peter Forde – President and Chief Executive Officer

Mr. Forde has been involved in the Operations of SmartCentres since 2015. He previously worked as the Chief Financial Officer at Nexacor Realty Management in the late 1990s and the Penguin Group from 1998 to 2015. His roles over the years at the Penguin Group include Executive Vice President Finance and Administration and Chief Operating Officer. From 2015 to 2018, Mr. Forde served as the Chief Operating Officer at SmartCentres before his appointment to CEO in July of 2018. He is a CPA and has a BBA from York University.

Peter Sweeney – Chief Financial Officer

Mr. Sweeney was hired at SmartCentres in 2014 as the Chief Financial Officer. Prior to his hiring, he worked at DTZ Banicke, a leading real estate brokerage advisory firm, as the Chief Financial and Administrative Officer. He then worked as the Chief Financial Officer at Allied Properties REIT, a successful Canadian Office REIT. Overall, Mr. Sweeney has extensive experience in real estate and capital markets and is recognized in the Canadian financial community as a leader. He is also a CPA and a graduate of Ryerson University.

Overview of Compensation Policies

SmartCentres incentivizes its executives through a variety of instruments. A portion of compensation is the fixed base salaries of executives. It accounts for approximately 40% of executive compensation and 30% of the CEO's total compensation. The executives are then paid annual bonuses in equal amounts of cash and equity. The amount is determined by assessing company performance metrics (70%) and personal performance metrics (30%). Company metrics include;

1. FFO benchmark (25%)

2. New leasing (15%)

3. Maintaining occupancy levels (15%)

4. The initiation of new non-retail developments independently or with JV relationships (32%)

5. Initiating new development sites (8%)

6. Maintaining or reducing staff attrition (5%)

Management Overview

The metrics are measured by a base, target, and maximum case, where 50%, 100%, and 150% respectively of the pre-determined performance bonus can be achieved. If the base case is not achieved, the executives receive 0% of potential compensation. The final compensation tool SmartCentres uses is a Long-Term Incentive Plan ("LTIP"). The LTIP is based on SmartCentres relative share performance based on its peers and is paid in equity. The peer group includes a variety of comparable publicly traded REITs including Allied Properties REIT, RioCan REIT, and H&R REIT. A performance multiplier is decided based on the three-year performance of SmartCentre stock relative to this peer group. This multiplier is multiplied by the original incentive to determine the value of stock awarded to the executive. The multiplier is as follows:

1. 0% if below the 40th percentile

2. 75% if at the 40th percentile

3. 75-100% if above 40th percentile but below the median

4. 100% if at the median

5. 100-150% if above median but below 90th percentile

6. 150% if at 90th percentile or above

Overall, the compensation mix incentivizes management to grow the business effectively through new developments. It encourages executives to perform on a company level and on a personal level.

Ownership Breakdown

SmartCentres ownership breakdown consists of primarily public ownership, followed by institutional and individual ownership. Of the institutional owners, traditional investment managers account for 95% of ownerships, followed by government pension sponsors. SmartCentres' largest shareholder is Mitchell Goldhar, its executive chairman, owning C$369M of SmartCentres shares. Mr. Goldhar owns more than double the shares held by the second largest owner, RBC Global Asset Management. His ownership reinstates that he is committed to the success of SmartCentres, and how aligned SmartCentres management is with its shareholders.

EXHIBIT VI

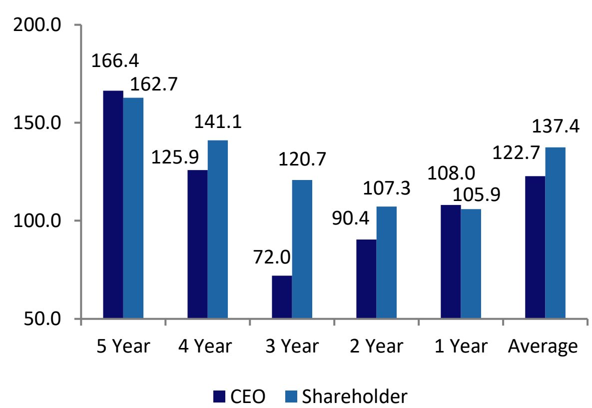
Fixed vs Variable Compensation

Fixed	Base Salary paid in cash
Variable	Cash Bonus based on company and personal performance metrics
	Equity Bonus based on company and personal performance metrics
	LTIP (Equity) based on share price performance relative to peers

Source(s): Company Filings

EXHIBIT VII

Shareholder Return vs CEO Compensation ($100 Base)



Source(s): Company Filings

Retail Real Estate Performance

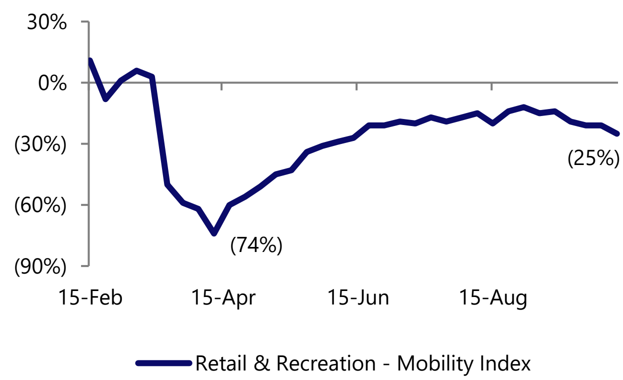
Overview

The retail landscape has widely been seen as one of the most affected sectors during this pandemic. However, the goal of this piece is to dive deeper into the sector and understand the degree of impact. In mid-March, nearly all of Canada announced shelter-in-place measures causing mobility to reach all time lows. Consumer movement in retail and recreation spaces reached a low of under 74% of baseline activity in mid-April (Exhibit I). This number has gradually recovered since then, however, it will remain low for some time given the government-mandated capacity limits, lower consumer comfortability for in-store shopping, and higher adoption rates for e-commerce options.

In 2020, online penetration will increase by 3.1% to 13.5% of total retail sales (Exhibit III). Core retail sales, which exclude automobile and gasoline sales, declined by 18.9% in April. However, there has been significant improvement since, with sales increasing by 0.4% in August. Moreover, year-to-date sales numbers are encouraging, as the growth is positive at 1.7% (Exhibit II). During the Great Financial Crisis, sales growth in Canada also remained positive at 4.1% in 2008 and 1.1% in 2009.

EXHIBIT VIII

Retail & Recreation – Mobility Index



Source(s): Google Mobility Data

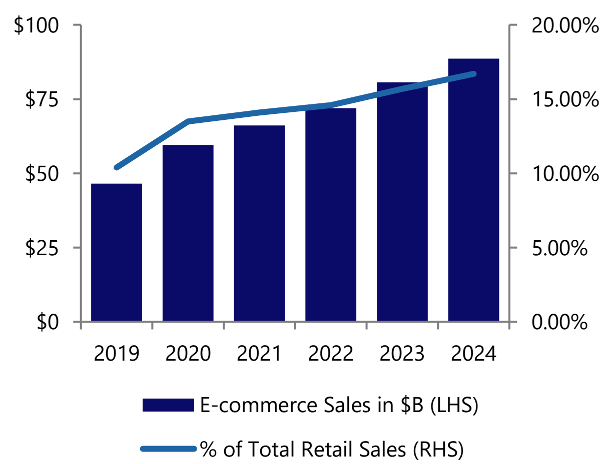
EXHIBIT IX

Canadian Annual Retail Sales Growth

Source(s): CBRE

EXHIBIT X

E-Commerce Penetration



Source(s): CBRE

Retail Real Estate Performance

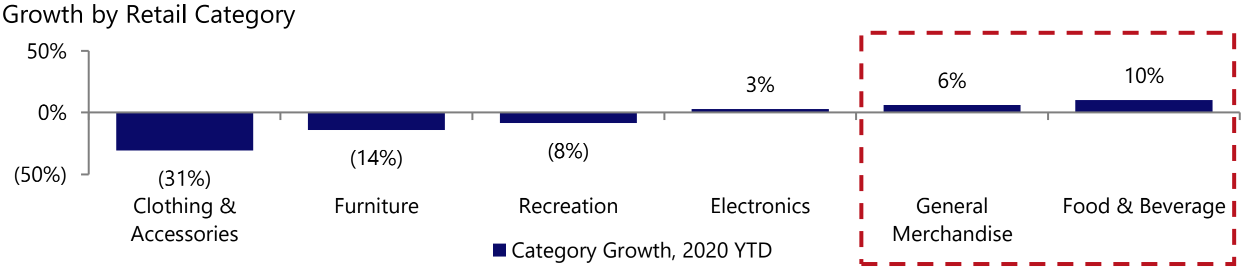
In addition, certain sectors within retail are impacted much more significantly than others. For YTD annual change figures, clothing & accessories sales are down 30.6%, furniture is down 14%, and recreation is down 8.4%. However, on the other hand, general merchandise is up by 6.2% and food & beverage is up by 10.1%. In relation to SmartCentres, this is positive, as the REIT is grocery anchored. Over 25% of revenue comes from Walmart and 73% of leasable area is anchored by Walmart. This has allowed SmartCentres to maintain occupancy rates in the range of 97% to 99%, even during the COVID pandemic.

The past year has brought many store closures, causing retail vacancy rates to increase slightly. Over 1,100 stores will close in the next year. The Canada Emergency Commercial Rent Assistance (CECRA) program was live from April to August of 2020. It deemed that tenants pay 25% of rent, landlords pay 25%, and the government contributes the remaining 50%. In addition, banks have been gracious with borrowers by extending most forbearances. While these measures were useful, they will expire. Retail Insider expects store closures and bankruptcies to peak in early 2021.

The total national vacancy rate for retail real estate is up 1% from the second half of 2019, as it now stands at 4.1%. The largest increase is seen in regional shopping centres, as they increase by 1.9% to 7.7.%. On the other hand, the power centres, community, neighborhood, and strip segments saw small increases and vacancy remains near 3-4%. The cap rates follow relatively in line with the vacancy rate impacts, with regional centres and non-anchored strip having the most impact. Therefore, the impact for SmartCentres, which predominately has power centres with strong tenant rolls in core markets, is quite limited.

EXHIBIT XI

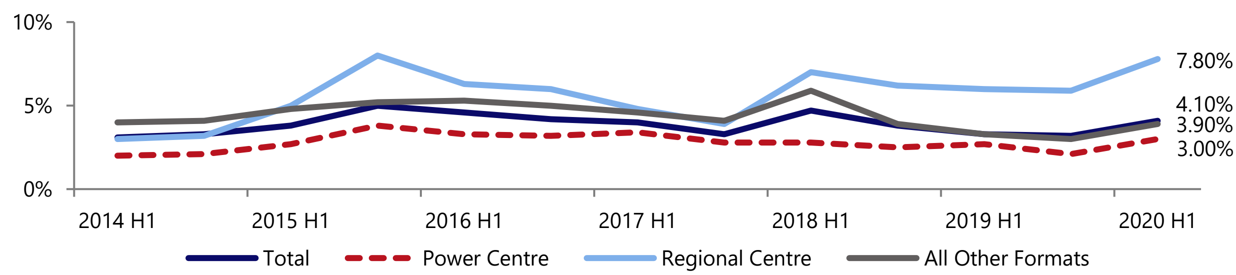
Growth by Retail Category



Source(s): CBRE

EXHIBIT XII

Vacancy Rates by Retail Real Estate Type



Source(s): CBRE

Tenant Analysis

The largest 25 tenants categorized by annualized gross rental revenue occupied 63.2% of SmartCentres' revenue, as of the third quarter. In total, this sums up to 816 stores, $499.2M in annualized rental revenue and 25,102,562 of leased square footage.

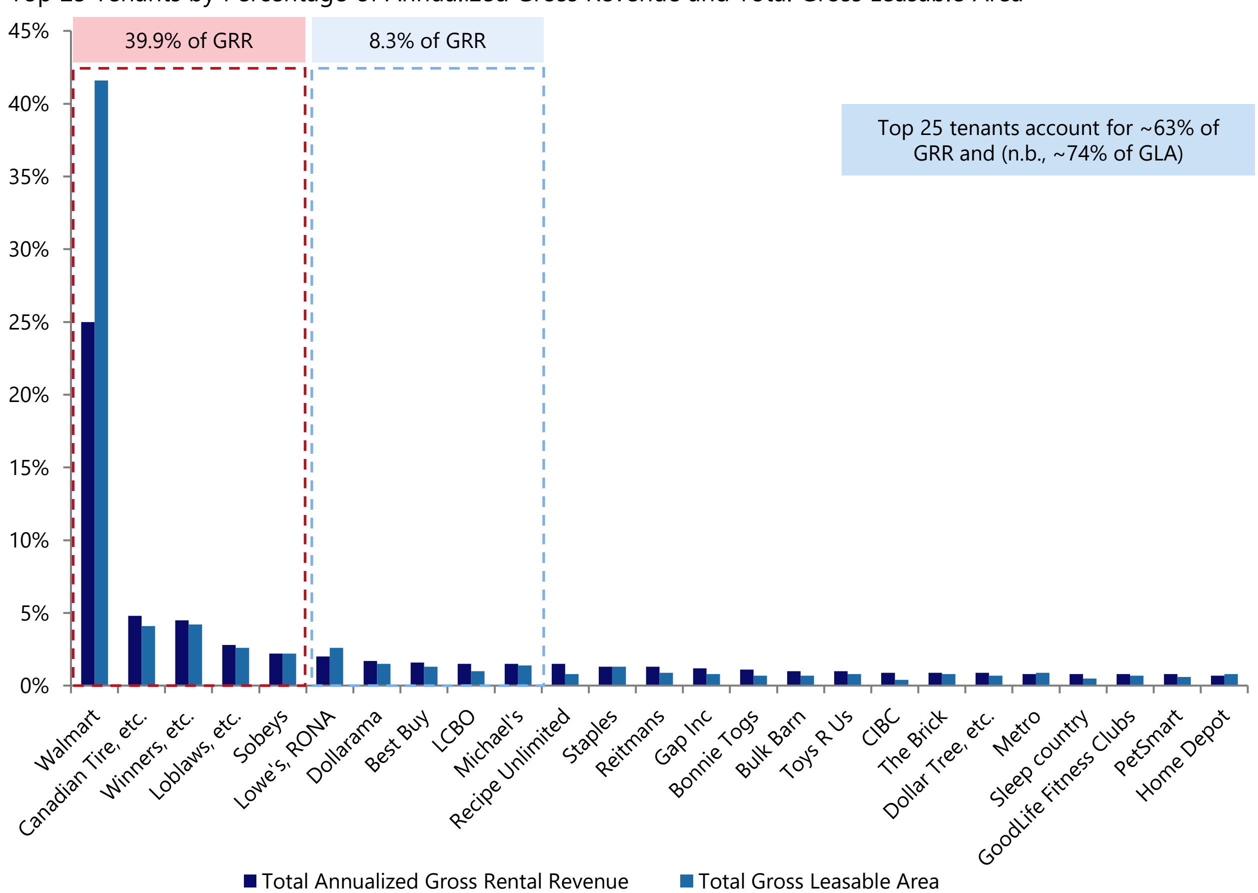
With over 101 stores and 14,097,599 square feet, SmartCentres is primarily anchored by Walmart SuperCentres— which holds 25.6% of annual revenue within the Trust.

Bankruptcy Filings

Reitmans, with $10.1M of annualized revenue and 321, 044 square feet of GLA, is the only tenant out of the top 25 tenants to have commenced proceedings under the Companies' Creditors Arrangement Act in May 2020. As a result, Reitmans will disclaim the leases of 24 out of the 60 locations that they currently occupy.

EXHIBIT XIII

Top 25 Tenants by Percentage of Annualized Gross Revenue and Total Gross Leasable Area



Source(s): Company Filings

Tenant Analysis

EXHIBIT XIV

Major Canadian Retailers Stores Outlook

	Number of Stores	Store Closures	Reportable Canadian Future Stores Opening in FY 2021
Empire Company	1,500	3	23
Alimentation Couche-Tard	2,100	2	36
Leon's Furniture Limited	350		8
Indigo Books & Music Inc	182		
Lululemon Athletica Inc	63	1	
North West Company	118	37	6
Aritzia Inc	67		6
Bed Bath & Beyond Inc	64	1	2
Roots Corporation	113	7	

EXHIBIT XV

SmartCentres' Top 25 Tenants Stores Outlook

	Number of Stores in Trust	Store Closures	Reportable Canadian Future Stores Opening in FY 2021
Walmart	101		2
Canadian Tire, etc.	73		
Winners, etc.	57		
Loblaws, etc.	24		
Sobeys	17		
Lowe's, RONA	8		
Dollarama	53		13
Best Buy	19		2
LCBO	34		
Michaels	24		
Recipe Unlimited	55		6
Staples	21		
Reitmans	60	24	
Gap Inc	26		
Bonnie togs	46		
Bulk Barn	52		
Toys R Us	7		
CIBC	27		
The Brick	10		
Dollar Tree, etc.	27		
Metro	9		
Sleep Country	37		8
Home Depot	3		

Source(s): Company Filings

Tenant Analysis

Assessing Risk

To determine the risk level of each tenant, the FIG Team evaluated the net debt-to-EBITDA, the interest coverage ratio (EBITDA-to-interest expense) and the percentage change in revenue. This would provide a high-level overview to each tenant's ability to service leverage, cover current interest payments with available earnings and ability to generate revenue, especially within economic downturns.

A tenant with either: a net debt-to-EBITDA ratio of over 8.0x, interest coverage ratio under 5 or a -15% change in revenue was categorized a "high" risk tenant from a liquidity standpoint.

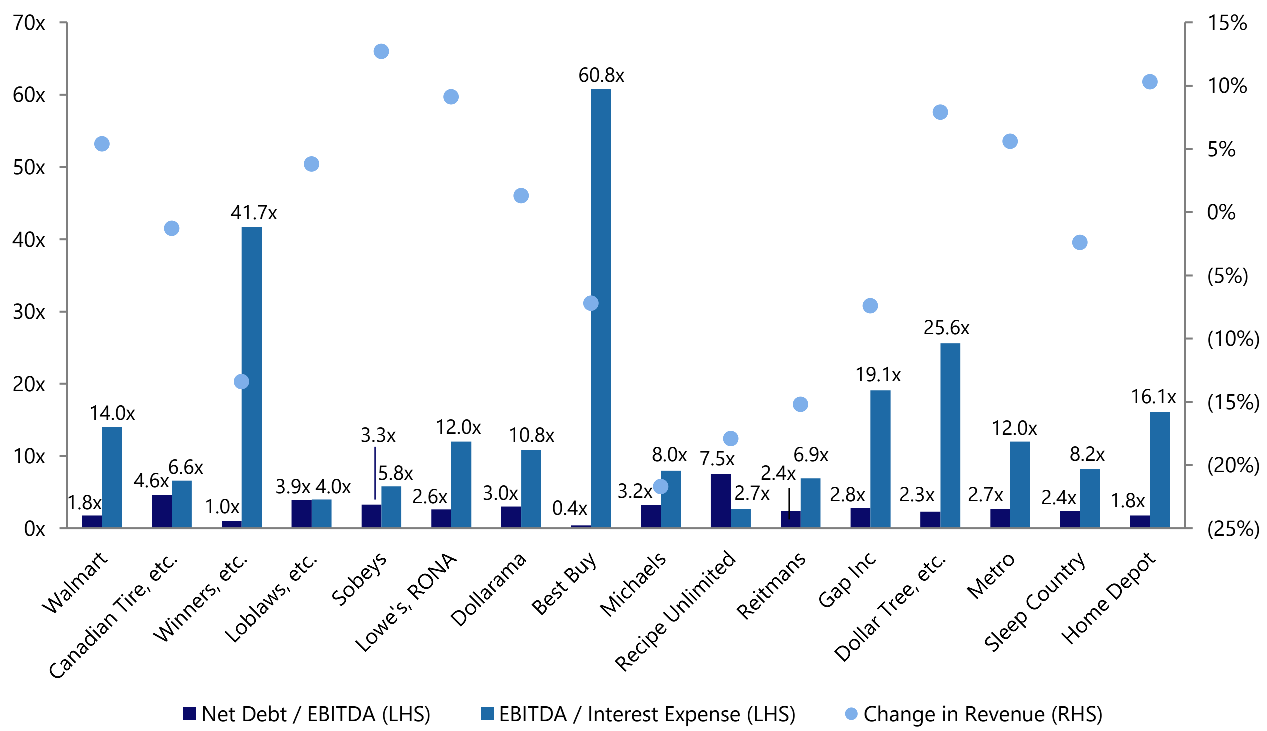
High Risk Tenants:

1. Recipes Unlimited: -21.7% in revenue change, 7.5x net debt-to-EBITDA 2.7x interest coverage ratio
2. Reitmans: -17.9% in revenue change, 2.4 net debt-to-EBITDA, 6.9x interest coverage ratio
3. Gap Inc: -15.2% in revenue change, 2.8x net debt-to-EBITDA, 19.1 interest coverage ratio

Excluding Reitmans, revenues only fell after 2019—likely due to COVID-19's effects on retail. Household debt and levels of disposable income may determine medium to long-term effects on consumer spending.

EXHIBIT XVI

Public Top 25 Tenants Leverage Metrics and LTM Revenue Δ



Source(s): Capital IQ

Tenant Analysis

Assessing Major Canadian Retailers

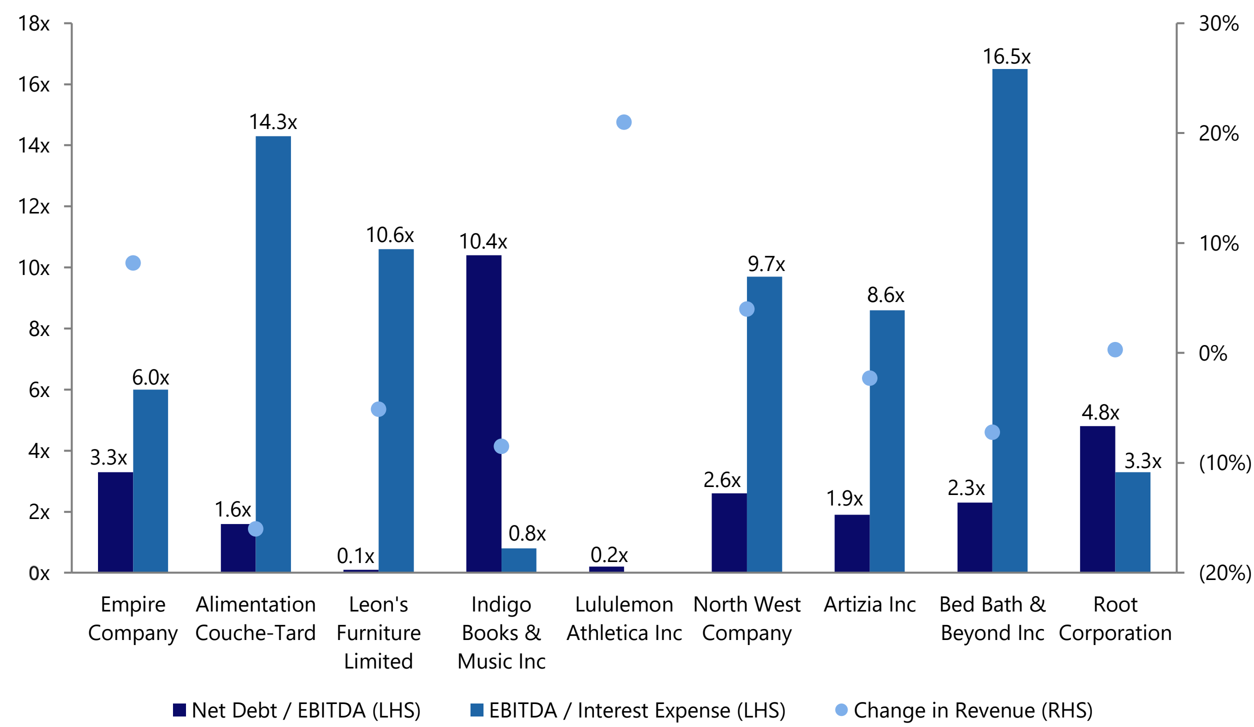
As supplementary material, the retailers that are not exclusively a part of the Trust were evaluated with the same metrics. Generally, the major Canadian retailers had a higher net debt-to-EBITDA at an average of 3.19x as compared to SRU top tenants' 2.87x. Conversely, the major Canadian retailers had an average of 8.73x and SRU top tenants had 15.9x for interest coverage. This indicates SRU's top tenant's strong ability to service leverage or cover interest through EBITDA— justifying the ability to sustain long-term rentals.

Conclusion

Including the reportable riskier tenants, there is a potential of losing 4% of SRU's annualized gross revenue., including Reitman disclaiming 40% of its properties. However, those tenants' negative changes in revenue may be strongly influenced by COVID and any long-term impact may be largely subject to macroeconomic factors. With the CECRA and CERS (federal commercial rent assistant programs) mitigating potential defaults and non-payments for such businesses, the tenants hold low risk level. Therefore, SmartCentre's tenants do not pose a major risk to it as an investment.

EXHIBIT XVII

Major Canadian Retailers Leverage Metrics and LTM Revenue Δ



Source(s): Capital IQ

Valuation

The FIG team derived an estimate of SRU's value by estimating its net asset value ("NAV") per unit ("NAVPU"). The NAVPU approach is effective for REITs where one can make reasonable estimates of stabilized NOI and prevailing private market capitalization rates ("cap rates") . SRU's size, stability, and low growth profile make this an effective approach. The Trust assets (primarily shopping centers) and JV assets (consisting of various mixed-use properties, including office, retail, self-storage, and residential properties) were treated separately.

Based on the team's qualitative assessment of occupancy, per square foot rental rates, and NOI margins, a stabilized NOI was calculated. The stabilized NOI figure is 3.0% below 2019A Trust NOI (n.b., 8.2% above Q3 2020A run-rate NOI), based on a 2.0% decline in gross rental revenue ("GRR") (n.b., 6.0% above Q3 2020A run-rate GRR) and a 62.0% Trust NOI margin. The PV of SRU's development pipeline was estimated based on current disclosures of estimated costs, stabilized development yields (for recurring income initiatives), profit margins (for transactional initiatives), prevailing private cap rates, and a 10% discount rate. The team ascribed ~$0.88/unit of PV to these initiatives. Our target price of $26.00 assumes a 1.0x P/NAV multiple and $0.88/unit of development PV, implying a ~7% capital return (n.b., ~15% all-in including the current 7.6% annual distribution yield). Relative to our other holdings, this margin of safety is unattractive.

EXHIBIT XVIII

Implied One Year All-In Return (Capital + Dividend)

Rental Income Growth	Trust Cap Rate (n.b., JV @ 5.65%)															
vs. 2019A	**5.70%**	**5.75%**	**5.80%**	**5.85%**	**5.90%**	**5.95%**	**6.00%**	**6.05%**	**6.10%**	**6.15%**	**6.20%**	**6.25%**	**6.30%**	**6.35%**	**6.40%**	**6.45%**
(4.3%)	17.9%	16.2%	14.4%	12.8%	11.1%	9.5%	7.9%	6.3%	4.8%	3.2%	1.8%	0.3%	(1.2%)	(2.6%)	(4.0%)	(5.4%)
(3.4%)	19.8%	18.1%	16.3%	14.6%	13.0%	11.3%	9.7%	8.1%	6.6%	5.0%	3.5%	2.0%	0.6%	(0.9%)	(2.3%)	(3.7%)
(2.5%)	21.7%	20.0%	18.2%	16.5%	14.8%	13.2%	11.5%	9.9%	8.4%	6.8%	5.3%	3.8%	2.3%	0.9%	(0.6%)	(2.0%)
(1.6%)	23.7%	21.9%	20.1%	18.4%	16.7%	15.0%	13.4%	11.8%	10.2%	8.6%	7.1%	5.5%	4.1%	2.6%	1.1%	(0.3%)
(0.7%)	25.6%	23.8%	22.0%	20.3%	18.5%	16.9%	15.2%	13.6%	12.0%	10.4%	8.8%	7.3%	5.8%	4.3%	2.9%	1.4%
0.2%	27.5%	25.7%	23.9%	22.1%	20.4%	18.7%	17.0%	15.4%	13.8%	12.2%	10.6%	9.1%	7.5%	6.0%	4.6%	3.1%
1.1%	29.4%	27.6%	25.8%	24.0%	22.3%	20.5%	18.9%	17.2%	15.6%	13.9%	12.4%	10.8%	9.3%	7.8%	6.3%	4.8%
2.0%	31.4%	29.5%	27.7%	25.9%	24.1%	22.4%	20.7%	19.0%	17.4%	15.7%	14.1%	12.6%	11.0%	9.5%	8.0%	6.5%
2.9%	33.3%	31.4%	29.6%	27.8%	26.0%	24.2%	22.5%	20.8%	19.2%	17.5%	15.9%	14.3%	12.8%	11.2%	9.7%	8.2%
3.8%	35.2%	33.3%	31.5%	29.6%	27.8%	26.1%	24.3%	22.6%	21.0%	19.3%	17.7%	16.1%	14.5%	13.0%	11.4%	9.9%
4.7%	37.1%	35.2%	33.4%	31.5%	29.7%	27.9%	26.2%	24.4%	22.8%	21.1%	19.4%	17.8%	16.2%	14.7%	13.1%	11.6%
5.6%	39.1%	37.1%	35.2%	33.4%	31.6%	29.8%	28.0%	26.3%	24.5%	22.9%	21.2%	19.6%	18.0%	16.4%	14.9%	13.3%
6.5%	41.0%	39.0%	37.1%	35.3%	33.4%	31.6%	29.8%	28.1%	26.3%	24.7%	23.0%	21.3%	19.7%	18.1%	16.6%	15.0%
7.4%	42.9%	41.0%	39.0%	37.1%	35.3%	33.4%	31.7%	29.9%	28.1%	26.4%	24.8%	23.1%	21.5%	19.9%	18.3%	16.7%
8.3%	44.8%	42.9%	40.9%	39.0%	37.1%	35.3%	33.5%	31.7%	29.9%	28.2%	26.5%	24.9%	23.2%	21.6%	20.0%	18.4%
9.2%	46.8%	44.8%	42.8%	40.9%	39.0%	37.1%	35.3%	33.5%	31.7%	30.0%	28.3%	26.6%	24.9%	23.3%	21.7%	20.1%
Δ to IFRS:	*0.00%*	*0.05%*	*0.10%*	*0.15%*	*0.20%*	*0.25%*	*0.30%*	*0.35%*	*0.40%*	*0.45%*	*0.50%*	*0.55%*	*0.60%*	*0.65%*	*0.70%*	*0.75%*

Rental Income Growth	Trust NOI Margin (n.b., JV @ 60.5%)															
vs. 2019A	**55.5%**	**56.0%**	**56.5%**	**57.0%**	**57.5%**	**58.0%**	**58.5%**	**59.0%**	**59.5%**	**60.0%**	**60.5%**	**61.0%**	**61.5%**	**62.0%**	**62.5%**	**63.0%**
(4.3%)	(9.2%)	(7.6%)	(6.0%)	(4.5%)	(2.9%)	(1.4%)	0.2%	1.8%	3.3%	4.9%	6.4%	8.0%	9.5%	11.1%	12.7%	14.2%
(3.4%)	(7.5%)	(5.9%)	(4.4%)	(2.8%)	(1.2%)	0.4%	1.9%	3.5%	5.1%	6.7%	8.2%	9.8%	11.4%	13.0%	14.5%	16.1%
(2.5%)	(5.8%)	(4.2%)	(2.7%)	(1.1%)	0.5%	2.1%	3.7%	5.3%	6.9%	8.5%	10.1%	11.6%	13.2%	14.8%	16.4%	18.0%
(1.6%)	(4.2%)	(2.6%)	(1.0%)	0.6%	2.2%	*3.9%*	5.5%	7.1%	8.7%	10.3%	11.9%	13.5%	15.1%	16.7%	18.3%	19.9%
(0.7%)	(2.5%)	(0.9%)	0.7%	2.4%	4.0%	5.6%	7.2%	8.8%	10.4%	12.1%	13.7%	15.3%	16.9%	18.5%	20.2%	21.8%
0.2%	(0.8%)	0.8%	2.4%	4.1%	5.7%	7.3%	9.0%	10.6%	12.2%	13.9%	15.5%	17.1%	18.8%	20.4%	22.0%	23.7%
1.1%	0.8%	2.5%	4.1%	5.8%	7.4%	9.1%	10.7%	12.4%	14.0%	15.7%	17.3%	19.0%	20.6%	22.3%	23.9%	25.6%
2.0%	2.5%	4.2%	5.8%	7.5%	9.1%	10.8%	12.5%	14.1%	15.8%	17.5%	19.1%	20.8%	22.5%	24.1%	25.8%	27.5%
2.9%	4.2%	5.8%	7.5%	9.2%	10.9%	12.5%	14.2%	15.9%	17.6%	19.3%	20.9%	22.6%	24.3%	26.0%	27.7%	29.3%
3.8%	5.8%	7.5%	9.2%	10.9%	12.6%	14.3%	16.0%	17.7%	19.4%	21.1%	22.8%	24.5%	26.1%	27.8%	29.5%	31.2%
4.7%	7.5%	9.2%	10.9%	12.6%	14.3%	16.0%	17.7%	19.4%	21.2%	22.9%	24.6%	26.3%	28.0%	29.7%	31.4%	33.1%
5.6%	9.1%	10.9%	12.6%	14.3%	16.0%	17.8%	19.5%	21.2%	22.9%	24.7%	26.4%	28.1%	29.8%	31.6%	33.3%	35.0%
6.5%	10.8%	12.5%	14.3%	16.0%	17.8%	19.5%	21.2%	23.0%	24.7%	26.5%	28.2%	29.9%	31.7%	33.4%	35.2%	36.9%
7.4%	12.5%	14.2%	16.0%	17.7%	19.5%	21.2%	23.0%	24.8%	26.5%	28.3%	30.0%	31.8%	33.5%	35.3%	37.0%	38.8%
8.3%	14.1%	15.9%	17.7%	19.4%	21.2%	23.0%	24.8%	26.5%	28.3%	30.1%	31.8%	33.6%	35.4%	37.1%	38.9%	40.7%
9.2%	15.8%	17.6%	19.4%	21.2%	22.9%	24.7%	26.5%	28.3%	30.1%	31.9%	33.6%	35.4%	37.2%	39.0%	40.8%	42.6%
Δ to 2019A:	*(7.11%)*	*(6.61%)*	*(6.11%)*	*(5.61%)*	*(5.11%)*	*(4.61%)*	*(4.11%)*	*(3.61%)*	*(3.11%)*	*(2.61%)*	*(2.11%)*	*(1.61%)*	*(1.11%)*	*(0.61%)*	*(0.11%)*	*0.39%*

Source(s): QUIC FIG Team Model

EXHIBIT XIX

SRU Valuation Matrix

Set Up		(-) 10%	(-) 5%	Last Close	(+) 5%	(+) 10%
Share Price		$21.89	$23.10	**$24.32**	$25.54	$26.75
FDUO (Public Units)		173.2	173.2	**173.2**	173.2	173.2
Market Cap.		$3,792	$4,002	**$4,213**	$4,424	$4,634
(+) Net Debt		$4,429	$4,429	**$4,429**	$4,429	$4,429
(+) NCI		$616	$616	**$616**	$616	$616
TEV		$8,836	$9,047	**$9,258**	$9,468	$9,679
Valuation						
Price /	Stat.					
NAV	$25.19	0.87x	0.92x	**0.97x**	1.01x	1.06x
ACFO (2019A)	$2.11	10.39x	10.97x	**11.55x**	12.13x	12.70x
ACFO (2020E)	$1.92	11.41x	12.04x	**12.67x**	13.31x	13.94x
FFO (2019A)	$2.06	10.61x	11.20x	**11.79x**	12.38x	12.97x
FFO (2020E)	$1.90	11.53x	12.17x	**12.82x**	13.46x	14.10x
Implied Cap Rate		6.15%	5.99%	**6.00%**	5.69%	5.55%
Estimated Private Market Cap Rate (Trust Assets)		5.90%	5.90%	**5.90%**	5.90%	5.90%
Implied - Private Cap Rate Spread		0.25%	0.09%	**0.10%**	(0.21%)	(0.35%)
Returns						
Price /	Stat.					
NAV@ 1.0x (+ $0.88/Unit PV of Dev. Pipeline)	$25.19	15.1%	9.0%	**3.6%**	(1.3%)	(5.8%)
(+) $0.88/Unit PV of Dev. Pipeline		19.1%	12.9%	**7.2%**	2.1%	(2.5%)
(+) $1.85/Unit of Distributions		27.6%	20.9%	**14.8%**	9.4%	4.4%
ACFO (2019A)	$2.11	10.4x	11.0x	**11.5x**	12.1x	12.7x
ACFO (2020E)	$1.81	12.1x	12.8x	**13.5x**	14.1x	14.8x
FFO (2019A)	$2.06	10.6x	11.2x	**11.8x**	12.4x	13.0x
FFO (2020E)	$1.84	11.9x	12.6x	**13.2x**	13.9x	14.5x
Leverage						
Debt /	Stat.					
GBV	$9,676			**50.7%**		
Total Debt /						
EBITDA (LTM)	$471			**10.4x**		
Net Debt /						
EBITDA (LTM)	$471			**9.4x**		

Source(s): QUIC FIG Team Model

References

1. Canada Mortgage and Housing Corporation
2. Company filings
3. Google Images
4. Google Mobility
5. S&P Capital IQ
6. Statistics Canada
7. CBRE