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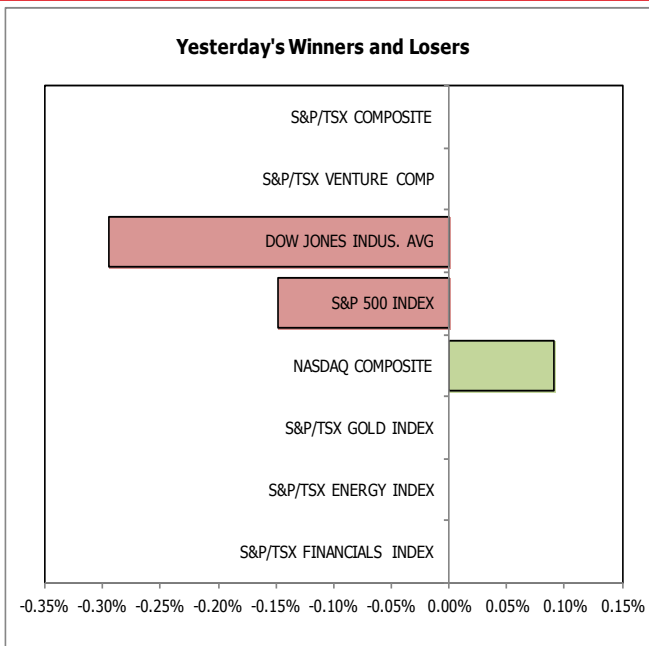
MORNING OUTLOOK

August 6, 2013

World Indices - As of Last Close	Price (\$)	1 Day Change %	MTD Change %	YTD Change %	1 Year Change %
DOW JONES INDUS. AVG	15,612.13	-0.30	0.73	19.14	19.02
S&P 500 INDEX	1,707.14	-0.15	1.27	19.70	22.44
NASDAQ COMPOSITE	3,692.95	0.09	1.84	22.30	23.51
S&P/TSX COMPOSITE	12,603.25	0.00	0.93	1.37	8.07
S&P/TSX 60 INDEX	799.50	0.00	1.16	1.30	8.64
S&P/TSX ENERGY INDEX	2,782.60	0.00	1.96	4.82	6.19
S&P/TSX GOLD INDEX	1,516.50	0.00	-3.17	-39.78	-34.87
S&P/TSX FINANCIALS INDEX	1,875.68	0.00	0.76	6.83	17.20
S&P/TSX VENTURE COMP	923.56	0.00	0.68	-24.38	-22.19
FTSE 100 INDEX	6,610.26	-0.14	-0.16	12.08	13.80
CAC 40 INDEX	4,049.97	0.18	1.43	11.23	19.06
DAX INDEX	8,406.08	-0.01	1.57	10.43	21.50
NIKKEI 225	14,258.04	-1.44	4.31	37.16	63.39
HANG SENG INDEX	22,222.01	0.14	1.55	-1.92	11.12
Shanghai	2,050.48	2.84	2.84	-9.64	-4.85
S&P/ASX 200 INDEX	5,105.60	-0.11	1.06	9.82	19.50

Commodity Spot Prices	Market Price @ 6:35am	Current Change %	MTD Change %	YTD Change %	1 Year Change %
GOLD	1,302.20	-0.62	-0.79	-22.29	-19.32
SILVER	19.72	-0.96	0.47	-34.76	-29.23
COPPER	3.17	-0.14	1.59	-13.26	-6.52
ZINC	0.83	-0.71	1.67	-10.40	-0.03
URANIUM	35.90	0.42	2.57	-16.99	-27.11
CRUDE	106.56	-0.36	1.46	16.05	15.57
BRENT	107.77	-0.31	0.28	-2.58	-0.25
NATURAL GAS	3.32	-0.84	-3.69	-1.37	14.13

Source: Capital IQ, M Partners



Source: Capital IQ

COMPANY NEWS: InterDigital Inc. (IDCC – NASDAQ, \$36.48 | BUY \$46.00) Michael Froman, US Trade Representative intervened in the Samsung ITC case against Apple, ruling generally that the ITC cannot ban imports for Standards Essential Patents. This sets precedent in the IDCC ITC case against Huawei, ZTE, and Nokia, along with a second case against the three that also includes Samsung. Without the ability to utilize the ITC to impose import bans, InterDigital may have to resort to other means of negotiations, which could slow progress and impact rates. Disclosure: None

INDUSTRY NEWS: Brookfield Office Properties Inc. (BPO – TSX, \$17.44 | N/R) announced it is extending its previously announced cash tender offer to purchase all outstanding shares of preferred stock of MPG Office Trust, Inc. (MPG.A – NYSE, \$26.01 | N/R) until 12:00am (ET) on Saturday, August 10, 2013. The merger agreement was originally offered April 24, 2013. Upon the closing of the tender offer, preferred stockholders of MPG will receive \$25.00 in cash for each share of MPG preferred stock validly tendered and not validly withdrawn in the offer, without interest and less any required withholding taxes. Disclosure: None

Duluth Metals Ltd. (DM – TSX, \$1.38 | N/R) announced drill results from its 100% owned Rook property in northeastern Minnesota including 95.0 ft of 0.95% copper, 0.26% nickel, and 2.9 g/t silver. The Rook property is located on the southeastern boundary of Teck Resources' Mesaba copper-nickel project in the Duluth Complex and approximately three miles southwest of the Twin Metals Minnesota project. Disclosure: None

Solimar Energy Ltd. (SXS – TSXV, \$0.015 | N/R) announced that the K 2-33 well, the first well of the Kreyenhagen Phase I program in California, reached a total depth of 1,472 feet and was subsequently logged and cased. K 2-33 was directionally drilled and encountered close to 600 ft gross interval of the Temblor heavy oil formation. The company plans to include the well in the upcoming Phase II thermal pilot test scheduled for early 2014. Disclosure: None

ECONOMIC DATA FOR AUGUST 6, 2013

U.S. – Trade Balance **CDN – Canadian International Merchandise Trade**

EARNINGS FOR AUGUST 6, 2013

Alexco Resource Corp. (AXR), Amerigo Resources Ltd. (ARG), Brookfield Residential Properties Inc. (BRP), Canaccord Financial Inc. (CF), Canam Group Inc. (CAM), Carfinco Financial Group Inc. (CFN), Dejour Energy Inc. (DEJ), Endeavour Silver Corp. (EDR), Epsilon Energy Ltd. (EPS)

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ENTERPRISE GROUP, INC. (E-TSX, \$0.76)

Rating: BUY
12-Month Target: \$2.05

Q2/13 PREVIEW ~ ACQUISITIONS & ORGANIC GROWTH TO DRIVE RESULTS

ENTERPRISE GROUP, INC.		TSX : E	
<i>(Currency is C\$ unless noted otherwise)</i>			
Closing Price August 02, 2013			\$0.76
12 Month Target Price			\$2.05
Dividend (annual)			\$0.00
Dividend Yield			0.0%
Potential Total Return			169.7%
52 Week Range		\$0.15 - \$0.84	
Average Daily Volume (100-Day)			447,220
MARKET INFO			
Market Cap (millions)			\$64.2
Enterprise Value (millions)			\$71.6
Shares O/S (000's)			70,065
Fully Diluted (000's)			84,535
FYE: DEC 31	2012	2013E	2014E
Revenue (millions)	\$18.5	\$43.5	\$65.3
Revenue Growth (%)	3.5%	135.2%	50.0%
EBITDA (millions)	\$4.4	\$17.3	\$26.9
EBITDA Margin (%)	23.5%	39.8%	41.3%
Fully Diluted EPS	\$0.04	\$0.16	\$0.17
Cash (millions)	\$1.2	\$5.4	\$9.6
Total Debt (millions)	\$13.2	\$12.4	\$7.9
VALUATION	2012	2013E	2014E
EV / EBITDA	9.2x	4.1x	2.7x
P/E (tax adjusted basis)	16.1x	6.7x	4.4x
Website: www.enterprisegrp.ca			
DISCLOSURE:	5, 6		
<i>(Please refer to the applicable disclosures that are listed on the back page)</i>			

Source: Thomson One, M Partners



COMPANY DESCRIPTION

Enterprise Group Inc. (E-TSX) is a diversified construction, utilities and oilfield services company with 3 operational business segments: TC Backhoe & Directional Drilling (which includes Calgary Tunnelling & Horizontal Augering Ltd.), Artic Therm and E One Limited. Enterprise Group operates in western Canada with most of their revenue derived from the Province of Alberta. Enterprise Group is also a consolidator of similar businesses in western Canada which adds a growth by acquisition aspect to its organic growth strategy.

EVENT: Enterprise Group, Inc. is expected to report its Q2/13 results before the markets open on Monday, August 12, 2013. Further details are expected in the coming days.

- It should be noted that there are only two analysts, inclusive of M Partners, providing research coverage on Enterprise Group. There are no consensus estimates for the quarter as the M Partners estimates are the only estimates for the quarter.
- For Q2/13, we are expecting Enterprise Group to report **fully diluted EPS** of \$0.02. The year-over-year increase in earnings is attributable to the acquisition of Calgary Tunnelling & Horizontal Augering Ltd. (CTHA), higher revenue driven by the organic growth at TC Backhoe and the creation of its equipment rental business, E One, with a smaller contribution from the acquisition of Artic Therm.

Quarter-end Q2/13	Last Year	M Partners	Consensus
(in C\$ millions, except EPS)	in Q2/12	Estimates	Estimate
Revenue	\$ 3.89	\$ 9.35	
Gross Profit	\$ 1.47	\$ 4.01	No
<i>Gross Profit Margin</i>	<i>37.7%</i>	<i>42.9%</i>	
EBITDA	\$ 0.67	\$ 2.36	Consensus
<i>EBITDA Margin</i>	<i>17.3%</i>	<i>25.3%</i>	
EBIT	\$ 0.22	\$ 1.63	Estimates
Net Income	\$ 0.17	\$ 1.45	
EPS - fully diluted, adjusted	\$ 0.00	\$ 0.02	

Source: M Partners, Bloomberg

- Revenue** in Q2/13 is expected to increase to \$9.35 million, up from \$3.89 million in Q2/12. Revenue should be driven higher with the addition of CTHA which we believe will add \$2.98 million of incremental revenue in the quarter, new contracts & territories at TC Backhoe and the ramp up of E One and the addition of Artic Therm which is expected to make a small contribution given the long and cold winter experienced in western Canada.
- Gross Profit** in Q2/13 is expected to increase to \$4.01 million, up from \$1.47 million in Q2/12. Our **Gross Margin** estimate is 42.9% versus 37.7% in Q2/12 reflecting a shift in revenue mix, the addition of CTHA and the exiting of certain low margin business.
- EBITDA** in Q2/13 is expected to increase to \$2.36 million, up from \$0.67 million in Q2/12. Our **EBITDA margin** estimate is 25.3% versus 17.3% in Q2/12. The expected improvement in EBITDA margin versus last year is due to a shift in revenue mix to higher margin businesses and the addition of CTHA.
- EBIT** is expected to reach \$1.63 million in Q2/13, up from \$0.22 million in Q2/12. The improvement in EBIT is expected to be driven by the higher revenue and the stronger gross & EBITDA margins expected in Q2/13 as discussed above.
- We believe higher utilization rates at E One, the expansion of territories at TC Backhoe, the addition of CTHA and a longer and colder winter in western Canada will provide for strong results in Q2/13 for Enterprise Group. This should provide a near term catalyst for what we believe is a "show me" stock at this stage.
- Beyond the quarter, Enbridge and TransCanada recently announced plans to move ahead with the Woodland Pipeline extension and the Energy East Pipeline project. Enterprise is well positioned to participate in these and other pipeline projects that are expected to be built over the next five years. Please refer to our note titled, *TRANSFORMATIVE ACQUISITION CLOSES ~ SIGNIFICANT GROWTH EXPECTED*, that was published on June 18, 2013 for a list of planned pipeline projects.

DURING THE QUARTER

On May 2, 2013, Enterprise Group announced that PNC Bank Canada Branch increased Enterprise Group's senior secured credit facility from \$12.5 million to \$20.0 million at the existing interest rate of prime plus 2%. Further to the existing terms, PNC also agreed to increase Enterprise Group's 2013 capital expenditure program from \$3.0 million to \$11.0 million. We believe this capital expenditure increase will facilitate the expected addition of six 1.5 million to 3.0 million BTU heater trucks for Artic Therm by the end of 2013 as well as other growth initiatives.

On May 21, 2013, Enterprise Group announced that it had closed on the previously announced (on March 25, 2013) \$6,000,000 financing arrangement with Difference Capital Funding Inc. (DCF | TSXV : Not Rated). Proceeds of this financing were used to complete the CTHA acquisition. The financing consisted of approximately \$6,000,000 of unsecured convertible debentures with an annual coupon of 6.00% per annum. The debentures have a two-year term and are convertible into common shares of Enterprise Group, Inc. at a price of \$0.50 per common share.

On May 28, 2013, Enterprise Group announced that it had closed on its previously announced (on April 25, 2013) brokered private placement offering. Enterprise Group issued 8,587,586 common shares at a price of \$0.48 per share for gross proceeds of approximately \$4.12 million. All the securities issued in connection with the offering are subject to a four months and one day hold period from closing. In addition, upon closing, 515,255 common share purchase warrants were issued. Each warrant will entitle the holder to purchase one common share at a price of \$0.49 per share at any time prior to the date that is 12 months from closing. Net proceeds of the offering were used for capital expenditures related to Artic Therm, acquisition and integration costs associated with the CTHA acquisition and for general working capital purposes.

On June 17, 2013, Enterprise Group announced it had closed on the previously announced acquisition of Calgary Tunnelling & Horizontal Augering Ltd. for which it signed a Letter of Intent (LOI) to purchase on February 28, 2013. For the year ended 2012, the private company generated \$14.9 million of revenue, \$5.8 million EBITDA and an estimated \$0.04 to \$0.05 of fully diluted EPS (EPS is an M Partners estimate). The purchase price of the transaction was \$12 million which was funded by cash, debt financing (as detailed above) and \$1 million in vendor take-back financing to be paid over two years. We believe this acquisition is transformative and impactful to Enterprise Group as it has the potential to immediately increase Enterprise Group's revenue and EBITDA by about 50%. Furthermore, management has indicated that it expects CTHA can generate \$22 million to \$25 million of revenue in a year's time. We are forecasting a \$23.6 million revenue contribution from CTHA in 2014, generating \$9.5 million of EBITDA (40.5% EBITDA margin) and \$0.07 of fully diluted EPS. For further details about the CTHA acquisition and a presentation of our estimates by way of the financial statements, please refer to our note titled, *TRANSFORMATIVE ACQUISITION CLOSES ~ SIGNIFICANT GROWTH EXPECTED*, that was published on June 18, 2013.

On June 20, 2013, Enterprise Group Inc. announced that it had acquired Pro Tech Construction Inc. of Edmonton, Alberta for a purchase price of \$2,050,000 which was funded through cash. The deal, which had an effective date of June 19, 2013, included 12.29 acres of land and buildings combined with a development permit that allows for future expansion on a property located in West Edmonton's Acheson Industrial park. The location will serve as a field office for TC Backhoe and Directional Drilling LP and Artic Therm International, helping both companies expand their operations while being located near TC Backhoe's new regional contract with a major utility company which is located in the same vicinity. Benefits of the transaction also include a reduction in travel time from Sherwood Park and Slave Lake Alberta which will result in wages, fuel costs and maintenance costs savings which management believes will save Enterprise Group approximately \$230,000 annually. For further details about the Pro Tech Construction Inc. acquisition, please refer to our note titled, *ENTERPRISE GROUP ACQUIRES LAND IN EDMONTON*, that was published on June 21, 2013.

RECOMMENDATION

We are maintaining our BUY recommendation and our 12-month target price of \$2.05 on Enterprise Group.

Our valuation is based on a 12.0x P/E multiple applied to our 2014 EPS of \$0.17 which translates into a 7.0x EV/2014 EBITDA multiple.

With Enterprise Group trading at 4.4x on a 2014 P/E basis and 2.7x on a EV/2014 EBITDA basis, we continue to believe that Enterprise Group is trading at a deep valuation discount compared to its peers as the current valuation does not, in our opinion, accurately reflect the CTHA acquisition, the organic growth expected in 2013 and 2014, the Artic Therm acquisition and the investment made (and being made) in Artic Therm to expand the business.

Note, we are not applying a micro-cap discount to our valuation multiples as we believe Enterprise Group will cross the \$100 million market capitalization threshold in the short-term as it proves out both the CTHA acquisition as well as the Artic Therm acquisition and the subsequent expansion of that business. Thus we are using the same valuation multiples to value Enterprise Group as we are using to value the other infrastructure companies in our research coverage universe.

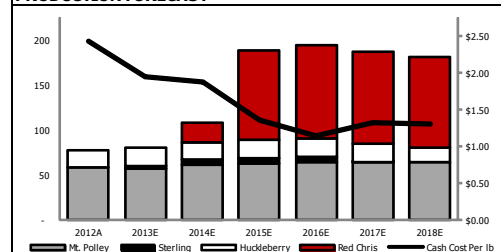
IMPERIAL METALS CORP. (III-TSX, \$10.33)

Rating: BUY
Target: \$13.50

RIDING RED CHRIS' CASH FLOW GROWTH

IMPERIAL METALS CORP.		TSX:III	
<i>(Currency is C\$ unless noted otherwise)</i>			
Closing Price			\$10.33
Target Price			\$13.50
Potential Return			31%
52 Week Low / High		\$8.50 /	\$14.95
Net Asset Value Per Share			\$11.29
CAPITALIZATION		Basic	Diluted
Shares Outstanding (M)		74.4	76.0
Market Capitalization (\$MM)		\$768.3	\$784.9
Enterprise Value (\$MM)			\$919.9
Last Reported Cash (\$MM)			\$0.1
Total Debt (\$MM)			\$151.6
FYE: DEC 31	FY2013E	FY2014E	FY2015E
Copper Produced (MM lbs)	55.2	72.4	131.7
Copper Eq. Prod (MM lbs)	80.67	108.14	187.89
Cash Costs (US\$ per lb)	\$1.95	\$1.87	\$1.36
Operating Cost (\$MM)	\$126.2	\$146.6	\$191.3
Gross Revenue (\$MM)	\$205.0	\$285.2	\$544.1
EBITDA (\$MM)	\$76.0	\$135.9	\$351.0
Net Income (\$MM)	\$15.7	\$44.4	\$194.9
CFPS	(\$3.91)	(\$0.46)	\$3.92
EPS	\$0.21	\$0.60	\$2.62
Cash At Year End	\$168.93	\$133.91	\$424.98
Debt At Year End	\$555.6	\$555.0	\$554.4
RELATIVE FY2015E	EV/EBITDA	P/CF	P/NAV
Imperial Metals Corp.	2.62x	0.38x	0.92x
Thompson Creek Metals	3.63x	3.44x	0.73x
First Quantum Minerals Ltd.	4.76x	5.44x	0.75x
Lundin Mining Corporation	4.06x	5.18x	0.66x
Capstone Mining Corp.	1.62x	3.11x	0.49x

PRODUCTION FORECAST



MAJOR SHAREHOLDERS

Management (12.42%), Edco Financial Holdings Lt. (21.83%), Fairholme Capital Manag. (14.22%), Edco Capital Corporation (7.15%), Franklin Resources Inc. (3.29%)

DISCLOSURE CODE:

none

(Please refer to the applicable disclosures listed on the back page)

Source: M Partners estimates, Company Information, Capital IQ



INITIATING COVERAGE

- Ramp-up of the lower-cost Red Chris mine should see attributable copper production double. Start-up is currently on track for H2 2014.
- Construction financing on the horizon. Strong shareholder likely to continue to mitigate timing risk related to debt financing.
- Significant cash flow growth potential in an excellent mining jurisdiction supports premium valuation.

INITIATING COVERAGE

We are initiating coverage of Imperial Metals Corp. with a BUY rating and one-year target price of \$13.50, implying a rate of return of 31%. Our target price is based on an EV/EBITDA methodology. Specifically, our target is based on a 4.6x multiple applied to our 2015 EBITDA estimate of \$351MM. We have chosen 2015 as this represents the first full-year of Red Chris production and is more reflective of Imperial's future run-rate. Our 4.6x multiple, is a slight discount to a more typical 5.0x, which is reflective of the longer than normal timeline to our estimate period. We note that Imperial is currently trading at 0.92x our NAVPS_{@8%} of \$11.29, while our target price implies a P/NAVPS multiple of 1.2x. When applying spot commodity and currency prices to our estimates, Imperial is trading at 22% discount to our NAVPS_{@8%} of \$12.65.

COMPANY HIGHLIGHTS

Doubling of production and decreased costs expected following commissioning of Red Chris. We believe the completion of Red Chris will be a game changer for Imperial as it is expected to add approximately 75MM lbs Cu production per year at an anticipated average LOM cost of \$1.30/lb Cu, more than doubling 2012 production of 51MM lbs Cu. We model Red Chris starting production in H2/14, in line with guidance. We plan to confirm this view with an upcoming site visit.

Financing of Red Chris construction supported by significant shareholder. Imperial's largest shareholder, who through its subsidiaries, owns 36% of the outstanding shares, has guaranteed or holds \$150MM of Imperials \$225MM in outstanding/available debt. At the end of Q1 2013, Imperial had completed approximately \$153MM of the anticipated \$500MM in capex. We believe this support is likely to continue and should help smooth the pending debt financing. We expect \$550MM in debt to be added this quarter, which should allow the company to pay-off their existing debt facilities and fund the construction of Red Chris.

Significant cash flow growth and a favourable jurisdiction likely warrants a premium valuation. With all key assets permitted and located in British Columbia, Imperial is subject to low political risk. We believe that when combined with the expectation of significant cash flow growth over the next two years, Imperial will warrant a premium valuation. Our view is that as Red Chris is further de-risked (debt financing, construction progression, etc) investors may look to 2015 to value Imperial. Based on our estimates Imperial is currently trading at 2.6x our 2015 EV/EBITDA estimate (peers 3.0x); however, as Red Chris is de-risked, a +5.0x multiple may be warranted, implying a share price over \$15.

UPCOMING CATALYSTS & MILESTONES

- Debt financing for Red Chris – Q3 2013
- Initial production at Red Chris – H2 2014

For more information please see our full length report published today.

PARTNERS REIT (PAR.UN-TSX, \$6.61)

Rating: Buy
12-Month Target: \$8.00

Q2/13 PREVIEW: PROXY BATTLE HIGHLIGHTS QUARTER

PARTNERS REIT		TSX:PAR.UN	
<i>(Currency is C\$ unless noted otherwise)</i>			
MARKET INFO			
Last Price			\$6.61
12 Month Target Price			\$8.00
Return to Target Price (incl. distribution)			30.7%
52-Week Trading Range		\$6.40 - \$8.70	
Units Outstanding (m, b/fd)		25.7 / 25.7	
Market Capitalization - Basic (\$m)		\$172.6	
Enterprise Value (\$m)		\$476.3	
Implied Cap Rate (Last Price/Target)		7.2%/6.7%	
Distribution Yield		9.7%	
FYE: DEC. 31	2012A	2013E	2014E
Revenue (\$m)	\$43.0	\$62.3	\$92.1
Net Operating Income (\$m)	\$28.0	\$39.1	\$58.0
NOI Margin	65.1%	62.7%	63.0%
FFO Per Unit (FD)	\$0.64	\$0.67	\$0.70
FFO Payout Ratio	99.9%	96.1%	92.0%
AFFO Per Unit (FD)	\$0.61	\$0.61	\$0.65
AFFO Payout Ratio	104.7%	105.5%	98.9%
Distribution Per Unit	\$0.64	\$0.64	\$0.64
MOST RECENT QUARTER			
Mar-13			
Revenue (\$m)			\$13.2
Net Operating Income (\$m)			\$8.2
NOI Margin			61.9%
FFO Per Unit (FD)			\$0.15
FFO Payout Ratio			109.0%
AFFO Per Unit (FD)			\$0.13
AFFO Payout Ratio			122.0%
Debt-to-Gross Book Value			60.9%
Interest Coverage Ratio			2.49x
Debt Service Coverage Ratio			1.63x
Gross Leasable Area (m/sqft)			2.4
Occupancy			96.0%
Weighted Average Interest Rate			4.48%
Lease Term Maturity (yrs)			6.6
VALUATION	2012A	2013E	2014E
P/BV (x)	0.9x	0.8x	0.8x
P/FFO (x)	10.3x	9.9x	9.5x
P/AFFO (x)	10.8x	10.9x	10.2x
DISCLOSURE CODE:	6		
<i>(Please refer to applicable disclosures on the back page)</i>			
Source: M Partners, Capital IQ			

We expect Partners will release its Q2/13 financial results next week.

Figure 1: Key Financial Metrics

	M Partners				
	Q2/13E	Q1/13A	Q2/12A	Q/Q %	Y/Y %
Property Revenue (\$m)	\$14.5	\$13.2	\$11.3	9.7%	28.0%
Net Operating Income (\$m)	\$9.1	\$8.2	\$7.3	11.7%	24.0%
NOI Margin	63.0%	61.9%	65.0%	1.1%	-2.0%
FFO Per Unit (FD)	\$0.17	\$0.15	\$0.18	15.3%	-3.9%
AFFO Per Unit (FD)	\$0.16	\$0.13	\$0.15	21.9%	5.7%
AFFO Payout Ratio	100.9%	122.0%	95.0%	-21.1%	5.9%

Source: Company Reports, M Partners

ESTIMATES

We estimate the REIT will report property revenue and NOI of \$14.5 million (+28% Y/Y) and \$9.1 million (+24% Y/Y), respectively; we expect this will translate into FFO per unit (FD) and AFFO per unit (FD) of \$0.17 and \$0.16, respectively.

LEAGUE WINS PROXY BATTLE

During the quarter, the independent trustees of Partners announced they had provided notice to LAPP Global Asset Management Corp., the external manager of the REIT, that they decided to internalize management of the REIT. The six week process concluded with a proxy battle with the "Gold" proxy featuring the four trustees nominated by IGW REIT, which owns 14.7% of Partners, obtaining approximately 65% of the counted votes, beating out the competing "Blue" proxy offered by the incumbent trustees. The existing management team led by CEO Patrick Miniutti stayed in place; the REIT's new board of trustees now consists of Patrick Miniutti and new independent trustees James Bullock, Graham Senst, and Wilbur Smith. Following the vote, Partners' new board of trustees announced it had commenced a review process to determine the most effective approach to internalizing management of the REIT. We will be looking for an update with respect to this process.

THREE PROPERTIES CLOSED DURING QUARTER

Partners closed on the acquisition of three properties with a combined purchase price of \$72 million during the quarter. The acquisitions were consistent with the REIT's strategy of acquiring grocery and drug-store anchored shopping centres tenanted by national retailers; the two Quebec properties acquired are anchored by a Metro grocery store and a Familiprix pharmacy, respectively, while the Vancouver Island property is anchored by a Save-On-Foods grocery store. Subsequent to the quarter, the REIT has announced the acquisition of a shopping centre in Grand Prairie, Alberta for \$16.6 million; particularly given the current challenges facing real estate equity markets, we will be looking for an update on the REIT's acquisition outlook.

MAINTAIN BUY RECOMMENDATION

We are maintaining our Buy recommendation and \$8.00 twelve month price target which is based on our FY 2014E FFO per unit (FD) estimate of \$0.70 and a 11.5 times FWD P/FFO multiple.



Figure 2: Retail Valuation Comparison

Company Name	Ticker	Current Price	Market Cap (\$m)	Yield	Current Fiscal Year			Next Fiscal Year		
					P/FFO	P/AFFO	AFFO Payout	P/FFO	P/AFFO	AFFO Payout
Riocan REIT	TSX:REI.UN	\$24.32	\$7,367	5.8%	15.6x	16.8x	97.1%	14.6x	16.0x	92.8%
Calloway REIT	TSX:CWT.UN	\$24.76	\$3,284	6.3%	13.6x	14.5x	90.7%	13.1x	13.9x	87.0%
First Capital Realty Inc.	TSX:FCR	\$17.08	\$3,540	4.9%	16.3x	18.6x	91.4%	15.5x	17.4x	85.5%
Crombie REIT	TSX:CRR.UN	\$13.40	\$1,234	6.6%	12.2x	14.4x	95.2%	11.7x	13.6x	90.8%
Retrocom Real Estate Investment Trust	TSX:RMM.UN	\$4.95	\$307	9.1%	11.1x	13.3x	121.0%	10.1x	11.9x	107.9%
Plazacorp Retail Properties Ltd.	TSX:PLZ	\$4.02	\$258	5.6%	14.3x	15.3x	86.3%	11.4x	12.5x	70.2%
Partners REIT	TSX:PAR.UN	\$6.61	\$173	9.7%	9.9x	10.9x	105.5%	9.5x	10.2x	98.9%
Average				6.9%	13.3x	14.8x	98.2%	12.3x	13.7x	90.5%

Source: Capital IQ, M Partners

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Rating System	
Buy:	Price expected to rise
Hold:	Properly priced
Sell:	Price is inflated and expected to decrease
Under Review:	Not currently rated

Summary of Recommendations (as of July 2, 2013)		
Buy	52	93%
Hold	4	7%
Sell	0	0%
Total	56	100%