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November 12, 2012

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**MINING REPORT**

Week of November 12, 2012 - RECAP: III, TMM, LSG, TV, VTR

Please see back page for important disclosure information

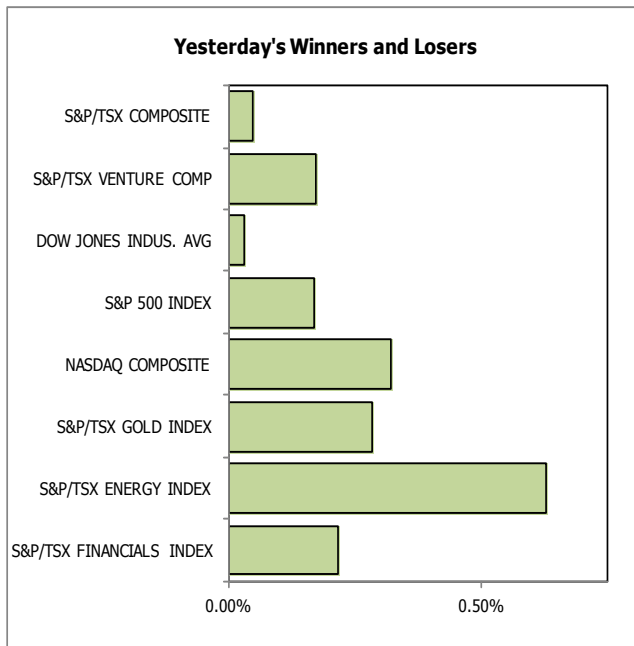
**MORNING OUTLOOK**

NOVEMBER 12, 2012

World Indices - As of Last Close	Price (\$)	1 Day Change %	MTD Change %	YTD Change %	1 Year Change %
DOW JONES INDUS. AVG	12,815.39	0.03	-2.15	4.89	5.44
S&P 500 INDEX	1,379.85	0.17	-2.29	9.72	9.18
NASDAQ COMPOSITE	2,904.87	0.32	-2.43	11.50	8.44
S&P/TSX COMPOSITE	12,196.80	0.05	-1.82	2.02	-0.65
S&P/TSX 60 INDEX	773.32	0.23	-1.72	2.71	0.11
S&P/TSX ENERGY INDEX	2,636.46	0.63	-2.36	-4.29	-5.02
S&P/TSX GOLD INDEX	2,806.72	-0.60	-3.63	-5.23	-21.01
S&P/TSX FINANCIALS INDEX	1,672.28	0.22	-0.63	7.42	9.72
S&P/TSX VENTURE COMP	1,300.92	0.17	-1.03	-12.38	-20.74
FTSE 100 INDEX	5,780.34	0.18	-0.04	3.73	4.24
CAC 40 INDEX	3,423.57	0.47	-0.17	8.35	8.71
DAX INDEX	7,178.54	0.21	-1.13	21.70	18.52
NIKKEI 225	8,757.60	-0.90	-1.91	3.57	2.86
HANG SENG INDEX	21,384.38	-0.85	-1.19	16.00	11.74
Shanghai	2,069.07	-0.12	0.01	-5.93	-16.61
S&P/ASX 200 INDEX	4,448.00	-0.31	-1.53	9.65	3.53

Commodity Spot Prices	Marked Price @ 6:35am	Current Change %	MTD Change %	YTD Change %	1 Year Change %
GOLD	1,730.90	0.28	0.69	10.47	-3.20
SILVER	32.60	1.11	0.88	16.78	-6.01
COPPER	3.45	-0.69	-2.05	0.28	-0.52
ZINC	0.84	-1.51	1.33	1.75	-1.06
URANIUM	41.25	1.48	-0.60	-21.05	-21.80
CRUDE	86.07	1.15	-0.20	-12.91	-12.96
BRENT	107.38	-1.46	-1.85	-0.22	-5.29
NATURAL GAS	3.63	-2.76	-4.87	20.49	-1.68

Source: Capital IQ, M Partners



Source: Capital IQ

**COMPANY NEWS: Balmoral Resources Ltd. (BAR – TSXV, \$0.95 | Buy \$1.25)** reported results from the first 3 of 20 holes from its fall drill program in the Bug Lake area of its Martiniere Property. Results include further confirmation of the high grade nature of the Bug Lake Footwall Zone including Hole MDE-12-65, which returned 7.94 g/t gold over 19.70 metres, containing a sulphide-rich core which returned 21.18 g/t gold over 6.45 metres at a depth of 50 meters from surface.

Disclosure: None

**INDUSTRY NEWS: Oracle Mining Corp. (OMN – TSX, \$0.94)** has filed a final short form prospectus in connection with a best efforts offering of up to 23.5M units, consisting of a common share and half warrant at \$0.85, for gross proceeds of up to \$20M. Oracle intends to use the net proceeds towards activities related to the continued development of its Oracle Ridge Copper Mine located in Arizona. Disclosure: None

**Leon's Furniture Limited (LNF – TSX, \$11.57)** has entered an agreement to acquire **The Brick Ltd. (BRK – TSX \$3.50)** for \$5.40 per share including acquiring the outstanding common share purchase warrants of The Brick for \$4.40 per warrant for a total purchase price of approximately \$700 million, a 62% premium to the 20 day VWAP. We estimate that the acquisition was completed at 6.5x to 7.0x EBITDA and has the support of approximately 2/3 of Brock's shareholders.

Disclosure: None

**ECONOMIC DATA FOR NOVEMBER 12, 2012**

U.S. – None, CDN – None

**EARNINGS FOR NOVEMBER 12, 2012**

Easyhome Ltd (EH), Jaguar Mining Inc. (JAG), St Andrew Goldfields Ltd (SAS),

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November 12, 2012

**PARTNERS REIT (PAR.UN-TSX, \$7.96)**

**Rating: Buy**  
**12-Month Target: \$9.00**

**Q3/12 REVIEW: PARTNERS CONTINUES TO EXECUTE**

PARTNERS REIT		TSX:PAR.UN	
<i>(Currency is C\$ unless noted otherwise)</i>			
<b>MARKET INFO</b>			
Last Price			\$7.96
12 Month Target Price			\$9.00
Return to Target Price (incl. distribution)			21.1%
52-Week Trading Range		\$6.60 - \$8.70	
Units Outstanding (m, b/fd)		21.7 / 21.7	
Market Capitalization - Basic (\$m)			\$170.2
Enterprise Value (\$m)			\$436.0
Implied Cap Rate (Last Price/Target)		6.8%/6.4%	
Distribution Yield			8.0%
<b>FYE: DEC. 31</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>
Revenue (\$m)	\$24.2	\$43.5	\$61.6
Net Operating Income (\$m)	\$15.5	\$28.3	\$39.4
NOI Margin	60.1%	65.1%	64.0%
FFO Per Unit (FD)	\$0.65	\$0.70	\$0.71
FFO Payout Ratio	99.0%	91.1%	89.9%
AFFO Per Unit (FD)	\$0.60	\$0.62	\$0.63
AFFO Payout Ratio	106.6%	103.6%	101.8%
Distribution Per Unit	\$0.64	\$0.64	\$0.64
<b>MOST RECENT QUARTER</b>			
			<b>Sep-12</b>
Revenue (\$m)			\$11.2
Net Operating Income (\$m)			\$7.6
NOI Margin			67.7%
FFO Per Unit (FD)			\$0.18
FFO Payout Ratio			91.2%
AFFO Per Unit (FD)			\$0.15
AFFO Payout Ratio			104.8%
Debt-to-Gross Book Value			62.0%
Interest Coverage Ratio			2.08x
Debt Service Coverage Ratio			1.44x
Gross Leasable Area (m/sqft)			2.2
Occupancy			96.4%
Weighted Average Interest Rate			4.64%
Lease Term Maturity (yrs)			6.4
<b>VALUATION</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>
P/BV (x)	1.1x	1.1x	1.1x
P/FFO (x)	12.2x	11.3x	11.2x
P/AFFO (x)	13.3x	12.9x	12.7x
<b>DISCLOSURE CODE:</b>			
6			
<i>(Please refer to applicable disclosures on the back page)</i>			
Source: M Partners, Capital IQ			

Partners reported strong Q3/12 results after market close on Friday. A conference call is scheduled for Tuesday, November 13, 2012 at 2:30 pm EST and can be accessed by dialing 416-849-2698 or 1-866-400-2270.

**SOLID QUARTERLY RESULTS**

The REIT reported property revenue of \$11.2 million, down 0.9% Q/Q, was below our estimate of \$12.5 million, net operating income of \$7.6 million (+3.1% Q/Q) was in-line with our estimate of \$7.8 million; the variance between our estimates and actual results was higher NOI margins of 67.7% for the quarter, while we were looking for 62.5%. FFO per unit (FD) of \$0.18 came in well-above our estimate of \$0.15, while AFFO per unit (FD) of \$0.15 was slightly above our estimate of \$0.14. The REIT reported an AFFO payout ratio of 104.8% for the quarter.

**Figure 1: Key Financial Metrics**

	As Reported		M Partners			
	Q3/12A	Q3/12E	Q2/12A	Q3/11A	Q/Q %	Y/Y %
Property Revenue (\$m)	\$11.2	\$12.5	\$11.3	\$6.2	-0.9%	81.8%
Net Operating Income (\$m)	\$7.6	\$7.8	\$7.3	\$4.1	3.1%	83.1%
NOI Margin	67.7%	62.5%	65.0%	67.2%	2.6%	0.5%
FFO Per Unit (FD)	\$0.18	\$0.15	\$0.18	\$0.16	0.0%	12.5%
AFFO Per Unit (FD)	\$0.15	\$0.14	\$0.16	0.14	-6.3%	7.1%
AFFO Payout Ratio	104.8%	115.7%	99.8%	114.3%	5.0%	-9.5%

Source: Company Reports, M Partners

**SAME PROPERTY NOI GROWTH OF 3.0%**

During Q3/12, Partners reported same property revenue of \$5.6 million, a slight decrease Y/Y of 1.3%. However, same property expenses declined by 10.1% Y/Y to \$1.7 million. The net result was same property NOI growth of 3.0%; the increase was primarily driven from decreased straight line rent revenue at the REIT's Mega Centre property in Quebec as a result of the new Wal-Mart lease.

**Figure 2: Same Property Metrics**

	Q3/12A	Q3/11A	Y/Y %
Same Property Revenue (\$m)	\$5.6	\$5.7	-1.3%
Same Property Expenses (\$m)	\$1.7	\$1.8	-10.1%
<b>Same-Asset NOI</b>	<b>\$3.9</b>	<b>\$3.8</b>	<b>3.0%</b>
<b>Same-Asset NOI Margin</b>	<b>70.3%</b>	<b>67.4%</b>	<b>2.9%</b>
<b>Total-Asset NOI Margin</b>	<b>67.7%</b>	<b>67.2%</b>	<b>0.5%</b>

Source: Company Reports

**ACQUISITIONS CONTINUE TO GROW PORTFOLIO**

While Partners did not close any acquisitions during the quarter, subsequent to quarter-end, the REIT has announced the acquisition of three properties. The properties, two located in Montreal and one in Timmins, comprise nearly 150,000 square feet of GLA and were purchased for a combined price of \$31.9 million; the purchase price translates into a weighted average cap rate of approximately 6.9%.

YTD, Partners has acquired \$175 million in properties encompassing 718,000 square feet of GLA; this has increased the REIT's total assets by over 67%. We have not changed our acquisition estimates going forward, maintaining \$50 million in Q4/12E and \$200 million in FY 2013E. With access to both debt and equity financing, as well as strong relationships with brokers and developers, we expect Partners to meet our estimates.

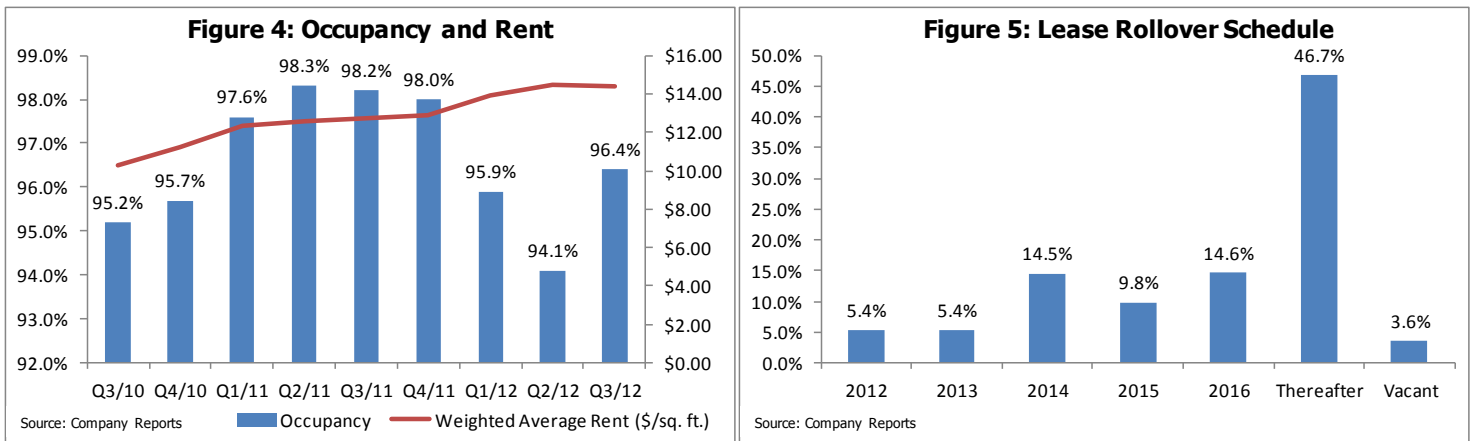
**Figure 3: Acquisitions YTD**

Property	Location	Date Announced	Square Footage	Acquisition Cost (\$m)
Acquired YTD (9)	N/A	N/A	569,025	\$143.5
Centre Village	Montreal, QC	01-Oct-12	95,000	\$18.9
Elgar Place	Montreal, QC	01-Oct-12	10,000	\$3.0
Timmins West Power Centre	Timmins, ON	09-Nov-12	43,774	\$10.0
<b>Total</b>			<b>717,799</b>	<b>\$175.3</b>



**LEASING SHOWS IMPROVEMENTS, MEGA CENTRE TO BENEFIT FROM WAL-MART LEASE**

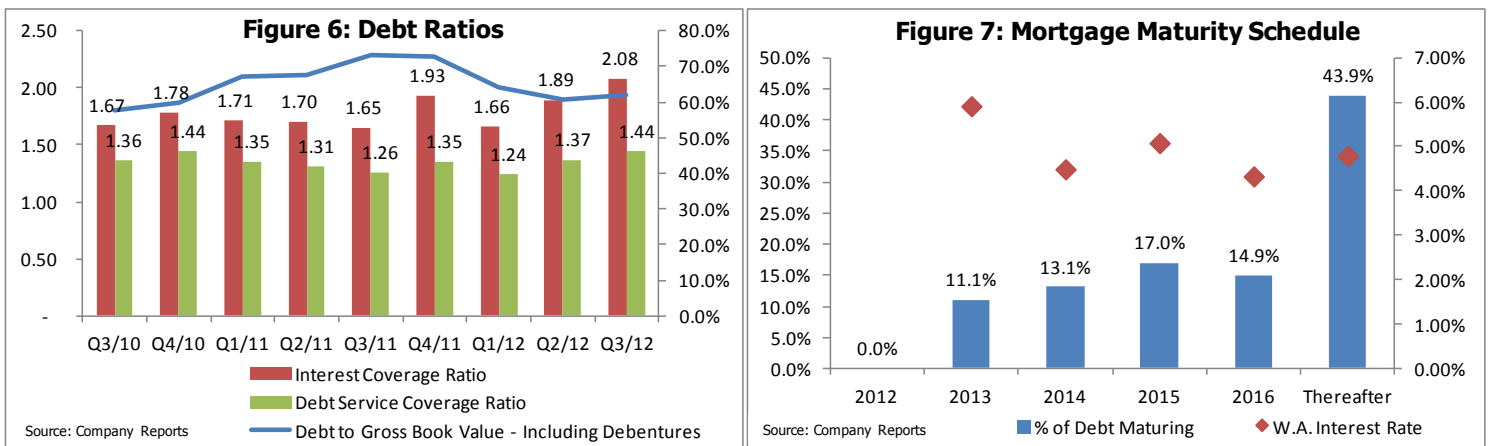
Partners ended Q3/12 with occupancy of 96.4%, an improvement of 230 bps Q/Q, while the portfolios weighted average rent remained relatively stable Q/Q at \$14.38 per square foot. Subsequent to quarter-end, the REIT announced it had entered into a fifteen year lease agreement with Wal-Mart for approximately 90,000 square feet at its Mega Centre property in Quebec. The space is significant as it represents approximately 4% of the REIT's GLA and now places Wal-Mart as the REIT's third largest tenant by GLA behind Shoppers Drug Mart and Canadian Tire. Meanwhile, when the Wal-Mart store opens, expected by Q2/13, this should help drive traffic and attract tenants to the property, which is Partners' largest at approximately 250,000 square feet of GLA. As for the rest of the portfolio, Partners is well-positioned with no significant near-term lease maturities, as only 10.8% of leases expire prior to FY 2014E and its portfolio features a weighted average lease term of 6.4 years.



**BALANCE SHEET CONTINUES TO STRENGTHEN**

Partners closed Q3/12 in a strong financial position. Its debt to gross book value increased slightly Q/Q to 62.0% from 60.9%, this was down significantly Y/Y from 73.3%; while this remains high relative to its peers, we expect this to gradually decline. More importantly, the REIT's coverage ratios continue to improve, as the REIT's interest and debt service coverage ratios increased to 2.08 times and 1.44 times respectively, from 1.89 times and 1.44 times in Q2/12 and 1.65 times and 1.26 times in Q3/11. The improvement reflects stronger financial results, as well as a continued decline in its weighted average interest rates.

Going forward, the REIT stands to realize interest savings and mitigate interest rate risk as it renews its maturing debt at historically low interest rates. With approximately \$46 million of mortgage debt maturing in the next two years with a weighted average interest rate of 5.14%, at current rates that are approximately 125 bps lower, the REIT will save roughly \$575,000 annually.



**COST OF CAPITAL DECLINING, INCREASED ACCESS TO FACILITATE GROWTH STRATEGY**

During the quarter, Partners closed its public offering of 6.0% convertible debentures for net proceeds of \$33.1 million. The offering demonstrates the REIT's declining cost of capital, which should continue to facilitate its growth objectives going forward. At 6.0%, this was 200 bps lower than its previous convertible debenture offering completed in February 2011 and the \$10.35 per unit conversion price represented an approximate 30% premium to the REIT's unit price at the time of the offering. With \$14.5 million in cash at quarter-end, a strong stock price of \$7.96, and access to additional debt and equity financing, the REIT is well-positioned to execute its growth strategy.

**STRONG QUARTER, OUTLOOK REAFFIRMED**

Overall, Q3/12 can be characterized as a strong quarter from both a financial and operational perspective. The REIT continued to report significant Y/Y improvements in per unit figures with FFO per unit (FD) and AFFO per unit (FD) of \$0.18 and \$0.15 respectively, while occupancy increased 230 bps Q/Q to a healthy 96.4%. In terms of growing its portfolio, although the REIT did not close on any acquisitions during the quarter, subsequent to quarter-end the REIT has announced the acquisition of three properties for approximately \$32 million. Meanwhile, the REIT's balance sheet remained strong, reporting interest coverage and debt service coverage ratios of 2.08 times and 1.44 times.

We have made some changes to our estimates to reflect lower revenue assumptions and wider NOI margins; the net result is nominal from a FFO and AFFO perspective. Our FY 2013E FFO per unit (FD) estimate remains unchanged at \$0.71, while our FY 2013E AFFO per unit (FD) estimate decreases slightly from \$0.64 to \$0.63; in turn, our FY 2013E AFFO payout ratio increases from 99.3% to 101.8%.

Looking forward, our outlook for the REIT remains positive as management continues to execute on its growth strategy, while showing improvement in leasing on the existing portfolio. With a current yield of 8.0%, we expect this to compress as the REIT gains greater investor awareness, grows its portfolio, and reduces its payout ratio. We are maintaining our Buy recommendation and \$9.00 twelve month price target, which is based on our FY 2013E FFO per unit (FD) estimate of \$0.71 and a 12.5 times FWD P/FFO multiple.

**Figure 8: 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	\$26.83	\$8,022	5.1%	18.7x	20.5x	105.3%	16.9x	18.9x	97.2%
Calloway REIT	TSX:CWT.UN	\$28.83	\$3,636	5.4%	16.3x	17.4x	93.2%	15.7x	16.7x	89.5%
First Capital Realty Inc.	TSX:FCR	\$18.22	\$3,682	4.6%	18.2x	21.0x	96.8%	17.2x	19.7x	90.7%
Crombie REIT	TSX:CRR.UN	\$14.90	\$1,306	6.0%	14.4x	17.6x	104.9%	13.7x	16.8x	100.3%
Primaris Retail REIT	TSX:PMZ.UN	\$22.75	\$2,172	5.4%	15.0x	18.1x	97.0%	14.6x	17.4x	93.5%
Retrocom REIT	TSX:RMM.UN	\$5.50	\$278	8.2%	12.8x	15.9x	129.8%	11.8x	14.2x	115.8%
Plazacorp Retail Properties Ltd.	TSXV:PLZ	\$4.95	\$300	4.3%	18.3x	20.1x	87.1%	14.2x	16.2x	74.0%
Partners REIT	TSX:PAR.UN	\$7.96	\$170	8.0%	11.3x	12.9x	103.6%	11.2x	12.7x	101.8%
<b>Average</b>				<b>5.9%</b>	<b>15.6x</b>	<b>17.9x</b>	<b>102.2%</b>	<b>14.4x</b>	<b>16.6x</b>	<b>95.3%</b>

Source: Capital IQ, M Partners

**FIGURE 9: EARNINGS**

(Figures in \$000's)	2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012E	2012E	2013E
Property Revenue - In Place	-	-	-	-	11,263		43,473
Property Revenue - Acquisitions	-	-	-	-	635		18,142
Property Revenue	24,165	9,078	11,302	11,196	11,898	43,473	61,615
Operating Costs	(8,626)	(3,290)	(3,952)	(3,619)	(4,283)	(15,144)	(22,182)
<b>Net Operating Income</b>	<b>15,539</b>	<b>5,788</b>	<b>7,349</b>	<b>7,577</b>	<b>7,614</b>	<b>28,329</b>	<b>39,433</b>
General and Administrative Expenses	(1,781)	(515)	(768)	(698)	(714)	(2,694)	(4,005)
Financing Costs	(9,577)	(3,101)	(3,534)	(3,568)	(3,810)	(14,013)	(18,725)
Other Transaction Costs	(959)	(67)	(116)	(315)	(338)	(836)	(1,632)
Fair Value Gain/loss	4,032	1,500	652	531	1,000	3,683	4,000
<b>Net Income (Loss)</b>	<b>7,253</b>	<b>3,607</b>	<b>3,583</b>	<b>3,526</b>	<b>3,753</b>	<b>14,468</b>	<b>19,071</b>
Amortization Costs	974	360	418	745	750	2,272	3,000
Unit Option Compensation Expense	57	45	34	4	15	98	60
Other Transaction Costs	731	-	43	6	100	148	400
Fair Value (Gains) Losses	(4,032)	(1,500)	(652)	(531)	(1,000)	(3,683)	(4,000)
<b>FFO</b>	<b>4,983</b>	<b>2,511</b>	<b>3,425</b>	<b>3,750</b>	<b>3,618</b>	<b>13,304</b>	<b>18,531</b>
Straight Line Rent and Capex to Maintain Current Operations	(968)	(228)	(326)	(484)	(475)	(1,513)	(2,150)
<b>AFFO</b>	<b>4,015</b>	<b>2,284</b>	<b>3,099</b>	<b>3,266</b>	<b>3,143</b>	<b>11,791</b>	<b>16,381</b>
<b>FFO per unit - Diluted</b>	0.65	0.18	0.18	0.18	0.17	0.70	0.71
<b>AFFO per unit - Diluted</b>	0.60	0.16	0.16	0.15	0.15	0.62	0.63
<b>Unit Data</b>							
Issued and outstanding units - average Basic	7,745	14,306	18,814	21,389	21,665	19,043	26,036
Issued and outstanding units - average Diluted	7,749	14,306	18,814	21,389	21,665	19,043	26,036
Distributions per unit	0.64	0.16	0.16	0.16	0.16	0.64	0.64
<b>Ratios</b>							
NOI Margin	64.2%	63.8%	65.0%	67.7%	64.0%	65.1%	64.0%
FFO Payout Ratio	99.0%	88.9%	90.3%	91.2%	95.8%	91.1%	89.9%
AFFO Payout Ratio	106.6%	103.0%	99.8%	104.8%	110.3%	103.6%	101.8%
<b>Assumptions</b>							
Net Acquisitions	-	-	-	-	50,000	50,000	200,000
Cap Rate on Acquisitions	-	-	-	-	6.5%	6.5%	6.5%

Source: M Partners, Company Reports

November 12, 2012

**PURE INDUSTRIAL REIT (AAR.UN-TSX, \$4.80)**

**Rating: Buy**  
**12-Month Target: \$5.75**

**Q3/12 PREVIEW: ACQUISITION OUTLOOK IN FOCUS**

Pure Industrial REIT		TSXV:AAR.UN	
<i>(Currency is C\$ unless noted otherwise)</i>			
<b>MARKET INFO</b>			
Last Price			\$4.80
12 Month Target Price			\$5.75
Return to Target Price (incl. distribution)			26.0%
52-Week Trading Range			\$3.20 - \$5.14
Units Outstanding (m, b/fd)			66.5 / 69.1
Market Capitalization - Basic (\$m)			\$364.7
Enterprise Value (\$m)			\$625.3
Implied Cap Rate (Last Price/Target)			6.6% / 6.0%
Distribution Yield			6.3%
<b>FYE: DEC. 31</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>
Revenue (\$m)	\$34.9	\$52.9	\$81.8
Net Operating Income (\$m)	\$27.2	\$40.2	\$62.0
NOI Margin	78.0%	76.0%	75.8%
FFO Per Unit (FD)	\$0.35	\$0.36	\$0.42
FFO Payout Ratio	85.7%	82.5%	72.1%
AFFO Per Unit (FD)	\$0.31	\$0.33	\$0.38
AFFO Payout Ratio	99.0%	89.8%	78.1%
Distribution Per Unit	\$0.30	\$0.30	\$0.30
<b>MOST RECENT QUARTER Jun-12</b>			
Revenue (\$m)			\$12.2
Net Operating Income (\$m)			\$9.2
NOI Margin			75.9%
FFO Per Unit (FD)			\$0.09
FFO Payout Ratio			87.4%
AFFO Per Unit (FD)			\$0.08
AFFO Payout Ratio			98.9%
Debt-to-Gross Book Value			49.3%
GLA (m)			5,145
Occupancy			99%
Weighted Average Interest Rate			4.77%
<b>VALUATION</b>			
	<b>2011</b>	<b>2012E</b>	<b>2013E</b>
P/BV (x)	1.2x	1.4x	1.6x
P/FFO (x)	13.7x	13.2x	11.5x
P/AFFO (x)	15.5x	14.4x	12.5x
<b>DISCLOSURE CODE:</b> None			
<i>(Please refer to applicable disclosures on the back page)</i>			
Source: M Partners, Capital IQ			

We expect PIRET to release its Q3/12 financial results before market open on Tuesday, November 13, 2012; a conference call will be held later that day at 4:30 pm (EST) and can be accessed by dialing 647-427-7450 or 1-888-231-8191.

**LOOKING FOR \$0.09 FFO**

We estimate PIRET will report rental revenue of \$13.7 million, up 37.4% Y/Y, and net operating income of \$10.4 million, an increase of 33.4% Y/Y. We expect FFO per unit (FD) of \$0.09 and AFFO per unit (FD) of \$0.09; this translates into an AFFO payout ratio of 83.5%.

**Figure 1: Key Financial Metrics**

	M Partners				
	Q3/12E	Q2/12A	Q3/11A	Q/Q %	Y/Y %
Rental Revenue (\$m)	\$13.7	\$12.2	\$10.0	12.6%	37.4%
Net Operating Income (\$m)	\$10.4	\$9.2	\$7.8	12.4%	33.4%
NOI Margin	75.8%	75.9%	78.1%	-0.1%	-2.3%
FFO Per Unit (FD)	\$0.09	\$0.09	\$0.09	4.4%	4.4%
FFO Payout Ratio	76.9%	87.4%	84.7%	-10.5%	-7.8%
AFFO Per Unit (FD)	\$0.09	\$0.08	\$0.08	8.2%	8.2%
AFFO Payout Ratio	83.5%	98.9%	96.9%	-15.4%	-13.4%

Source: Company Reports, M Partners

**ACQUISITION OUTLOOK**

YTD, the REIT has acquired 22 properties comprising 1.9 million square feet of GLA; the properties were purchased for a total price of \$185 million at a weighted average cap rate of 7.27%. In our estimates, we have built in \$80 million in acquisitions for the remainder of FY 2012E and \$300 million in FY 2013E; we will be looking for an update from management on its acquisition targets and outlook for the remainder of the year and beyond. Particularly, we will be interested in whether the start-up and emergence of several new public industrial REITs, notably Dundee Industrial REIT (DIR.UN - TSX, Not Rated), C2C Industrial Properties Inc. (CCH - TSXV), and Summit Industrial Income REIT (SMU.UN - TSXV, Not Rated), are having a noticeable impact on the bidding process and competition for assets.

**NEW PRESIDENT**

On September 20, 2012, PIRET announced the appointment of Kevan Gorrie as President of the REIT; this was to become effective October 14, 2012. With Mr. Gorrie being involved in real estate in Canada for the past fifteen years, most recently as VP, Industrial, of Oxford Properties, we do not expect a significant shift in the REIT's strategy or ability to execute on its plans going forward.

**MAINTAIN BUY RECOMMENDATION**

We believe PIRET's portfolio provides a high degree of cash flow visibility, which translates into a secure distribution, particularly as the REIT continues to reduce its payout ratio through accretive acquisitions. We are maintaining our Buy recommendation and \$5.75 twelve month price target based on our FY 2013E FFO per unit (FD) estimate of \$0.42 and a FWD P/FFO multiple of 13.5 times.



**Figure 2: Diversified Commercial Valuation Comparison**

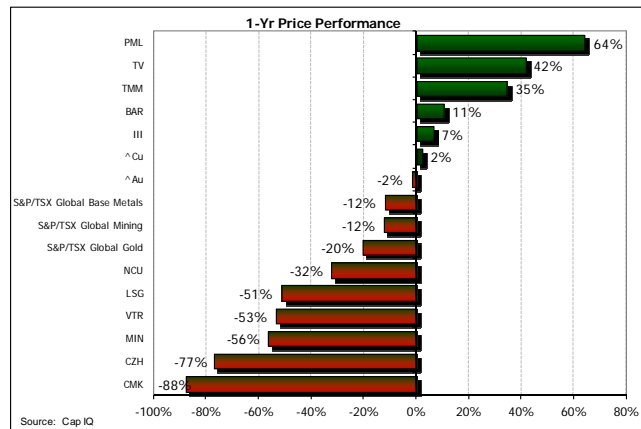
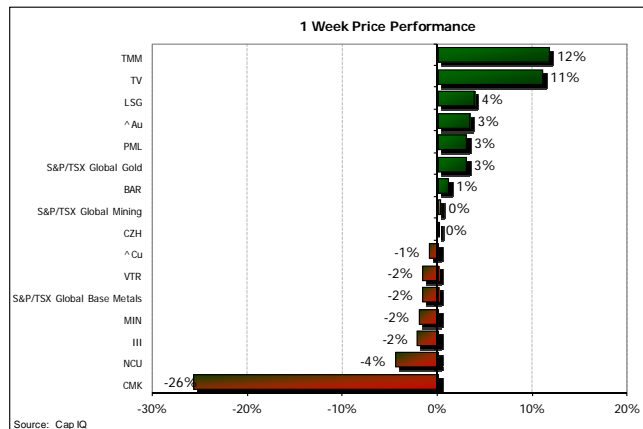
Company Name	Ticker	Current Price	Market Cap (\$m)	Yield	Current Fiscal Year			Next Fiscal Year		
					P/FFO	P/AFFO	AFFO Payout	P/FFO	P/AFFO	AFFO Payout
Artis REIT	TSX:AX.UN	\$15.74	\$1,776	6.9%	12.2x	14.3x	97.9%	11.5x	13.5x	92.6%
Cominar REIT	TSX:CUF.UN	\$22.70	\$2,859	6.3%	12.6x	14.9x	94.6%	12.1x	14.3x	90.6%
Canadian REIT	TSX:REF.UN	\$40.93	\$2,773	3.6%	15.8x	18.0x	65.5%	15.2x	17.2x	62.7%
H&R REIT	TSX:HR.UN	\$23.98	\$4,633	5.2%	14.6x	17.3x	90.1%	13.7x	15.4x	80.5%
Dundee Industrial REIT	TSX:DIR.UN	\$10.87	\$223	6.2%	12.8x	15.2x	94.6%	12.4x	14.6x	90.6%
Pure Industrial REIT	TSX:AAR.UN	\$4.80	\$356	6.3%	13.2x	14.4x	89.8%	11.5x	12.5x	78.1%
<b>Average</b>				<b>5.8%</b>	<b>13.5x</b>	<b>15.7x</b>	<b>88.8%</b>	<b>12.7x</b>	<b>14.6x</b>	<b>82.5%</b>

Source: Capital IQ, M Partners



**MINING REPORT**

WEEK OF NOVEMBER 12, 2012 – RECAP: III, TMM, LSG, TV, VTR



**RECAP:**

**Imperial Metals Corp (III – TSX, Buy \$25.00)** announced Q3 2012 results, reporting revenue of \$49.2M, based on one shipment from Mount Polley and two from Huckleberry. Income from mining operations increased 78.5% to \$15.2M from \$8.5M last year. For the nine months of 2012, production from Mount Polley and Huckleberry totalled 37.4M lbs Cu, 39,890 oz Au and 155,197 oz Ag, which is respectively 99%, 111% and 129% of the planned production. Management expects to be very close to production target of 50.5M lbs Cu and anticipates exceeding gold production target of 48,000 oz Au. Construction at Red Chris is well underway and during the quarter \$38M was spent on capital expenditures. For the first nine months \$63.7M have been recorded as capital expenditures towards the development/construction of Red Chris, which has been funded through cash flow and the recently increased line of credit.

**Timmins Gold Corp. (TMM – TSX, Buy \$3.40)** released strong Q3 results, reporting revenue of \$41.8M, a 9% increase over Q2, primarily reflecting increasing production and sales (25,153 oz Au recovered and sold). Production costs of \$18.4M remain fairly constant, a 1% increase from Q2, which translates well into cash costs of \$715 per oz (net of by-product). This was lower than the \$758 cash cost per oz Au in Q2 and our estimate of \$720 per oz. We are very encouraged with the progress TMM continues to make with the operational improvements and steady throughput increases. Crushing capacity expansion is progressing well, which is nicely materializing into increasing operating cash flows. Cash increased to \$28.3M after investing \$7.2M in exploration and processing capacity expansion. Timmins continues to make excellent progress in completing its capacity expansion program, which combined with its cost reduction program should result in further improvements in cash costs in the upcoming quarters.

**Lake Shore Gold Corp. (LSG – TSX, Buy \$2.90)** reported Q3 results, including cash costs of \$985/oz Au sold (or \$1,016/oz Au including royalty), which was higher Q/Q due to lower grade mined but below our estimate of \$1,085/oz Au including royalty. Lake Shore revised 2012 production guidance to above 85,000oz Au, which is in the lower range of earlier guidance; our estimate for FY2012 is 90,000oz Au. CAPEX including exploration totaled \$131.8M for the nine-months and remain in line with the 2012 CAPEX budget of \$170M to \$175M, with the focus continuing to be the completion of the Bell Creek Mill expansion, expected to reach 3,000tpd in Q2 2013.

**Trevalli Mining Corp. (TV – TSX, Buy \$2.85)** announced the closing of its previously announced Maple Minerals acquisition, which owns the Caribou Mine (Indicated and inferred resource of 1.27B lb Zn, 585M lbs Pb and 24.7M oz Ag) and 3,000tpd Mill Complex in the Bathurst Mining Camp, situated approximately 55km north of Halfmile. The acquisition eliminates roughly \$150M in capital costs associated with building a mill and we expect the mill will be back in operations by mid-2013. Travali also announced its \$10M bridge loan has been increased to \$16M under similar terms, which should be repaid once the \$60M senior debt facility with RMB resources has been closed. Additionally a \$20M working capital facility was signed with Glencore to cover short term capital needs at the Santander Mine.

**Volta Resources Inc. (VTR – TSX, Buy \$1.75)** filed the technical report for the initial resource estimate at the Kiaka South deposit, located 700 metres southwest of the main Kiaka Central project. The maiden resource at Kiaka South reported 123,000 oz Au @ 2.00 g/t Au (indicated plus inferred) using a 0.4g/t Au cut-off. Volta is currently undertaking Phase 4 drill program at Kiaka Central intended to upgrade inferred resources. With initial results highlighting consistency and continuity of the mineralization, we expect the program to successfully upgrade inferred resources to the M&I category translating into a potential increase in the existing reserves (reserves presently stand at 3.9M oz Au @ 0.96 g/t Au). Kiaka Central is advancing towards a feasibility study, which we anticipate in late Q2 2013.



**UPCOMING CATALYSTS & EVENTS**

The following catalysts and events are expected within the next few weeks related to companies we are following:

- Volta Resources Inc. (VTR-TSX, Buy, \$1.75): Ongoing drill results from Kiaka Central Phase 4 drill campaign intended to upgrade inferred resources. With initial results highlighting consistency and continuity of the mineralization, we expect the program to be successful translating into a potential increase in the existing reserves (3.9M oz Au @ 0.96 g/t).
- Nevada Copper Corp. (NCU-TSX, Buy, \$7.00): Feasibility study for the 6,500 short tons per day stand-alone underground mine at the high-grade East Deposit. The FS will support Pumpkin Hollow's flexibility of being developed as a staged or integrated operation. We expect that reduced project funding requirements, which we anticipate could be in the order of \$300M, will facilitate securing project financing.
- Excelsior Mining Corp. (MIN-TSXV, Buy, \$1.55): Metallurgical test work results, part of the ongoing PFS program. We anticipate results will confirm preliminary results and continue to technically de-risk the project.

**COVERAGE UNIVERSE**

The following are companies for which we provide regular research coverage with recommendation and target price.

Company	Ticker	Share Price	Market Cap. (\$M)	Rating	Target Price	% Change Weekly	% Change MTD	% Change YTD	52 Week Low	52 Week High
<b>Gold &amp; Silver</b>										
Lake Shore Gold Corp.	TSX:LSG	\$0.83	\$345	BUY	\$2.90	4%	-13%	-35%	\$0.74	\$1.84
Timmins Gold Corp.	TSX:TMM	\$3.35	\$479	BUY	\$3.40	12%	25%	72%	\$1.49	\$3.39
Volta Resources Inc.	TSX:VTR	\$0.60	\$93	BUY	\$1.75	-2%	15%	-38%	\$0.45	\$1.71
Balmoral Resources Ltd	TSXV:BAR	\$0.95	\$68	BUY	\$1.25	1%	-5%	19%	\$0.50	\$1.24
<b>Copper</b>										
Imperial Metals Corp.	TSX:III	\$12.73	\$946	BUY	\$25.00	-2%	7%	2%	\$8.13	\$17.45
Nevada Copper Corp.	TSX:NCU	\$3.39	\$247	BUY	\$7.00	-5%	-4%	-35%	\$1.75	\$5.61
Crazy Horse Resources Inc.	TSXV:CZH	\$0.07	\$4	BUY	\$0.80	0%	-13%	-81%	\$0.06	\$0.39
Excelsior Mining Corp.	TSXV:MIN	\$0.25	\$14	BUY	\$1.55	-2%	-11%	-61%	\$0.19	\$0.85
Panoro Minerals Ltd.	TSXV:PML	\$0.69	\$121	BUY	\$2.20	3%	-7%	82%	\$0.34	\$0.86
<b>Zinc</b>										
Trevali Mining Corporation	TSX:TV	\$1.22	\$215	BUY	\$2.85	11%	0%	30%	\$0.74	\$1.71
<b>Coal</b>										
Cline Mining Corp.	TSX:CMK	\$0.25	\$51	Under Review		-26%	23%	-85%	\$0.16	\$2.27
<b>Fertilizer</b>										
Plains Creek Phosphate Corporation	TSXV:PCP	\$0.02	\$6	Under Review		0%	-40%	-73%	\$0.01	\$0.08

Source: Cap IQ, M Partners.

**MINING WATCHLIST**

The following are companies for which we have published fact sheets and that we believe should be on your watch list:

Company	Ticker	Share Price	Market Cap. (\$M)	Rating	% Change Weekly	% Change MTD	% Change YTD	52 Week Low	52 Week High
<b>Gold</b>									
Bellhaven Copper & Gold Inc.	TSXV:BHV	\$0.19	\$23	Not Rated	0%	-10%	-57%	\$0.18	\$0.59
Calibre Mining Corp.	TSXV:CXB	\$0.26	\$49	Not Rated	4%	41%	58%	\$0.11	\$0.63
Gowest Gold Ltd	TSXV:GWA	\$0.10	\$12	Not Rated	12%	6%	-60%	\$0.08	\$0.27
Magellan Minerals Limited	TSXV:MNM	\$0.29	\$32	Not Rated	-13%	38%	-47%	\$0.18	\$0.76
SGX Resources Inc.	TSXV:SRX	\$0.29	\$32	Not Rated	24%	16%	-11%	\$0.20	\$0.87
Temex Resources Corp.	TSXV:TME	\$0.27	\$32	Not Rated	-10%	-15%	33%	\$0.10	\$0.36
<b>Silver</b>									
Soltoro Ltd.	TSXV:SOL	\$0.54	\$32	Not Rated	-5%	0%	-40%	\$0.35	\$1.03
<b>Copper</b>									
Entrée Gold Inc.	TSX:ETG	\$0.60	\$77	Not Rated	32%	11%	-52%	\$0.39	\$1.72
Quaterra Resources Inc.	TSXV:OTA	\$0.38	\$59	Not Rated	-10%	0%	-30%	\$0.33	\$0.89

Source: Cap IQ, M Partners

Disclosure - Please refer to the applicable disclosure listed on the back page.

Coverage: CMK: 5, 6; III: 5; NCU: 5, 6; CZH: None; LSG: 3, 5, 6; TMM: 3, 6; VTR: 3, 6; BAR: None; PCP: 3, 6; TV: 3, 5, 6; PML: 6; MIN: 5  
Fact Sheets: BHV: 5; CXB: None; ETG: 5; GWA: 6; MNM: None; SOL: None; SRX: 6; OTA: 5; TME: None.

Note: For all companies that are not in the M Partners Coverage Universe, M Partners does not and may not choose to provide continuous research coverage. We do not provide a formal recommendation or target price. Bulletins are unrelated to our normal rating system described in our disclosures.

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7. The analyst preparing the report received compensation based upon M Partners investment banking revenues for this issuer

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Rating System	
Buy:	Price expected to rise
Sell:	Price is inflated and expected to decrease
Hold:	Properly priced
Speculative Buy:	Price expected to rise; material risk to the investment exists
Under Review:	Not currently rated

Summary of Recommendations		
As of September 30, 2012		
Buy	49	84%
Hold	7	12%
Sell	2	3%
Total	58	100%