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Midstream Energy REITs?

Potential for more midstream assets existing within REITs

As the MLP asset class continues to evolve, we have received more recent inbound inquiries into the potential for Midstream REITs. REITs offer a broader investor audience (offering a 1099 instead of a K-1), while still sheltering an entity from corporate-level taxes, and REIT-eligible assets could provide potential value arbitrage for midstream corporates. In this note, after conversations with legal experts, we walk through some of the recent rulings that have likely tipped this conversation, as well as some of the practical implications, roadblocks and opportunities.

- **What is new with Midstream REITs?** There is really just one relevant midstream REIT, CorEnergy Infrastructure Trust, Inc. (NYSE: CORR, Not Covered). CORR owns pipeline assets that are leased to third-party operators (and CORR collects rents). However, earlier this year, the IRS issued a private letter ruling (PLR) that effectively would allow a REIT to both own and operate specific pipeline and storage assets. This is meaningful, with the potential for midstream operators to increasingly utilize the REIT structure.
- **Takeaways from the PLR.** There are many, and most of these takeaways can help us narrow down the types of assets that could potentially be warehoused within a REIT structure. The PLR identified storage facilities and pipelines as having sufficient rent from real property to qualify for REIT status. A few notable caveats: (i) the assets must be contracted for the capacity or have acreage dedications, (ii) if services are provided that are customary or personal, the REIT must usually set up a taxable REIT subsidiary to perform the services, (iii) the taxable REIT subsidiary cannot be more than 20% of the fair market value of the REIT's total asset value, and (iv) the customer is able to pay one fee to the REIT, who then will pay the taxable REIT subsidiary at arms-length. We walk through other takeaways from the PLR in this note, including relevant income and asset tests.
- **What are some of the broader implications?** We think private markets could be first to utilize the REIT structure, but the application could reach into potential conversion for public MLPs and midstream C-Corps. Private infrastructure funds could potentially place assets into a REIT structure to allow for a more liquid exit opportunity through an IPO. For public MLPs and C-Corps, the ability for an MLP to warehouse more midstream assets within a REIT structure would, in theory, allow for a broader institutional investor base or value uplift opportunity. A few other notable implications... (i) tax exempt investors such as pensions and endowments that typically do not invest in MLPs due to the UBTI could find it easier to invest in REITs, (ii) a REIT is also easier to own for foreign investors, who have more tax implications from selling MLPs than selling REITs, and (iii) REITs would not be subject to the same qualifying income tests as MLPs.
- **What are some of the roadblocks?** Not all midstream assets would qualify with rents from real property that are needed to qualify as a REIT. For example, a processing plant provides services that are customary and personal to the customer, and this income would not be considered rent from real property. If midstream assets have too much spot volume exposure, this income stream would not be deemed rent from real property. Midstream assets cannot be related party transactions, which could be problematic for equity volumes or sponsor-backed entities with midstream assets supporting the sponsor.
- **How receptive would REIT investors be?** REIT conversions have helped expand and broaden the industry, but it may take some time for REIT investors to focus on this new potential asset. We walk through some history of new REIT strategies and market acceptance in this note. Dedicated REIT investors and passive fund interests can vary depending if stocks are added to major indices.

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MLPs vs REITs vs Midstream C-Corp

This is not a new conversation, with the yield-oriented investments often compared to one another. However, as the MLP asset class continues to shrink, there has been growing concern on the availability of investor capital to allocate to the MLP space. As REITs have a larger institutional ownership base, the ability for midstream assets to classify into the REIT structure could offer a wider audience while still maintaining tax advantages. In this note, we walk through some of the recent developments related to midstream infrastructure into the REIT structure.

Exhibit 1: Structural differences – MLPs vs REITs vs Midstream C-Corp

	MLPs	REITs	Midstream C-Corp
Corporate-level tax	Pass through; mostly return of capital	Pass through; mostly ordinary income (but can be return of capital or qualified)	Taxable
Tax filing form	K-1	1099	1099
Suitable for an IRA?	Not ideal due to UBTI	Yes	Yes
Midstream qualifying	Yes	TBD (focus of this note)	Yes
Required payout	None	90% of income	None
Foreign Ownership	Limited	Easier	Easiest

Source: RBC Capital Markets estimates

MLPs – total market capitalization of ~$250 B

MLPs and REITs are both pass-through vehicles that avoid corporate-level taxation; however, REITs are corporations with better corporate governance and less onerous tax reporting

As of September 2019, we estimate there are ~36 midstream MLPs left with a combined market cap of ~$250B. We estimate this represents about 45% of the Midstream Energy universe. An MLP is classified as a pass-through entity for income tax purposes, which means income is passed to unitholders directly with no corporate level taxation. Unlike C-Corps and REITs, MLPs issue K-1s for income tax filing purposes, which can be cumbersome for investors. Given the recent challenges MLPs have faced, the MLP structure has undergone a major transformation over the past few years. Some of these changes include the elimination of complex IDRs (incentive distribution rights), improved corporate governance, higher distribution coverage, and a shift towards a self-funding business model.

REITs – total market capitalization of >$1,000B

We estimate there are over 200 public REITs in the US, owning approximately ~$2T in assets and have a total market capitalization of more than $1T. REITs are companies that own, operate, or finance income-producing real estate. Like MLPs, REITS are treated as a pass-through entity for income tax purposes, but file a normal 1099. Additionally, unlike MLPs, REITs are suitable for retirement accounts. These two dynamics afford REITs a larger investor base and a more efficient market.

REITs invest in a wide spectrum of real estate properties, including apartments, offices, hotels, retail centers, warehouses, medical facilities, data centers, cell towers, and even energy infrastructure. In fact, there is one Midstream Energy company that has adopted the

REIT structure. CorEnergy Infrastructure Trust, Inc. (NYSE: CORR, Not Covered) enters into purchase leaseback arrangements with operators of the leased asset managed by the customer. As detailed more in this note, a 2019 private letter ruling from the IRS indicates that a midstream REIT may be able to own and operate assets under certain circumstances, which is something yet to really be established in the public markets.

Midstream C-Corp – total market capitalization of ~$300B

As of September 2019, we estimate there are ~21 midstream energy C-Corps with a combined market cap of ~$300B. We estimate this represents about 55% of the Midstream Energy universe in North America. The Midstream C-Corp space has grown over the past two years due to MLP conversions as companies look to broaden their investor base, improve corporate governance, and eliminate burdensome IDRs. We note FERC's recently implemented ITA policy also motivated some sponsored MLPs to be rolled-up into their C-Corp parent. While Midstream C-Corps do initially enjoy a tax-free status driven by the step-up in cost basis from the conversion, they do eventually turn into tax payers.

2019 Midstream REIT Private Letter Ruling

In February 2019, the IRS released a private letter ruling ("PLR") in response to letters from a "Taxpayer". In this section, we walk through the highlights of the PLR (full PLR can be accessed HERE). The Taxpayer was identified as a REIT that principally invests in US energy infrastructure assets. The REIT was seeking a ruling that the amounts it could receive from unrelated third parties for the use of certain real property would qualify as rents from real property under the Internal Revenue Code ("Code") for REIT qualification purposes. The unique part of this ruling is that it would allow the REIT to both own and operate midstream assets (more on this herein). Currently, the only public midstream REIT leases assets to a third-party operator (and then just collects rents). The key factors of the PLR appear to be the ability to classify certain assets as "real property", the qualifying tests needed to meet REIT status, and the use of a taxable REIT subsidiary to potentially operate the assets.

The unique part of the February 2019 PLR is that it would allow a REIT to both own <u>and</u> operate midstream assets

Brief backdrop for the PLR process

The market requires a high level of tax opinion to market an entity to investors. When there is less clarity on the ability of a company to qualify to not pay corporate-level tax, the company will typically go to the IRS for a PLR. This was common in the growth stage of the MLP asset class earlier this decade. Once 4 to 5 PLRs for specific companies and assets were issued, the market was more comfortable with the tax opinion. We would expect the same process for Midstream REITs, with the February 2019 PLR one of the first for this specific qualification process. A PLR has to be related to a specific proposed transaction or conversion and can take typically 6-8 months to work through with the IRS. This time period can shorten as the similarities between assets increases. A PLR is also different than published guidance, as it is only binding the IRS to the taxpayer that receives the PLR.

PLRs are unique to the taxpayer actually seeking the ruling for a certain transaction, but as the assets identified within a PLR are more common, it is easier to market an entity to investors

Real Property

In the PLR from February, the most salient points were included in the IRS response to the REIT's request for ruling related to storage facilities and pipelines. The PLR provides some insight into how certain assets can qualify as real property under the REIT definition.

Storage Facilities

The REIT intends to purchase several storage tank facilities from third parties. The REIT will be paid a fee on a monthly basis fixed for a prescribed amount of storage capacity. This storage fee is deemed rent from real property under section 856(d) of the Code.

- The storage tank facilities include rights to occupy land, driveways, roads, docks, rail spurs, dikes, fencing, loading/unloading facilities, and storage tanks. The facilities also include other real property, such as pipes, racks, and docks.
- The REIT will enter into certain term agreements that can either (i) specify specific tanks the third party will store product or (ii) provide the third party a fixed portion of capacity. The REIT will not oversell capacity.
- The REIT will only inspect, maintain, repair and construct real property at the storage tank facilities (i.e. painting, testing product to maintain safety, provide security).
- A ***taxable REIT subsidiary ("TRS") will perform all services***. These services include loading, unloading, and moving product; adding agents or additives to product for the benefit of the user; taking samples; measuring or weighing product for the user; heating and blending. The TRS will operate, maintain and repair all equipment used for these purposes.
- The TRS receives arms-length compensation from the REIT for the services.
- The third party is allowed to exceed the capacity it reserved, and, in these cases, the fee that it pays the REIT will include an additional amount for excess capacity.
- The fee paid to the REIT will include the amounts paid for the services performed by the TRS.

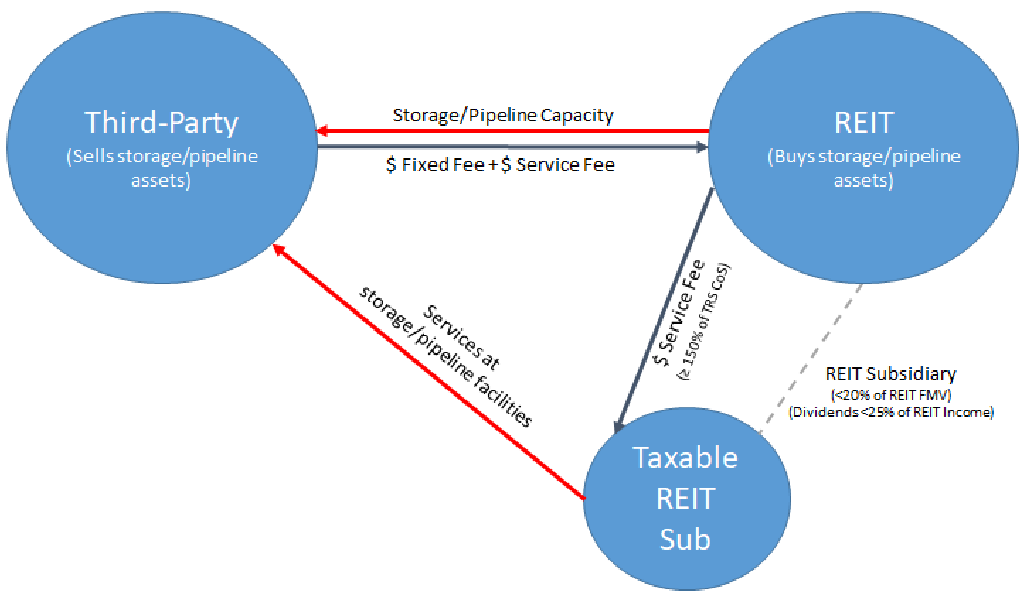
The February 2019 PLR identified that fees paid by customers unrelated to the REIT for onshore storage facilities and pipelines qualify as rents from real property (i.e. "good" REIT income")
One key feature within the PLR was that the REIT would form a taxable REIT subsidiary to operate the storage assets and pipelines… some tax leakage but the bulk of the income would be from contracted rents

Pipelines

The REIT intends to purchase oil and gas pipelines from third parties. The pipeline users will pay a fee calculated on a monthly basis. The fee will either be for a specific capacity on the pipeline or will be volumetric (but part of an acreage dedication). The pipeline fee is deemed rent from real property under section 856(d) of the Code.

- The REIT will not oversell capacity on the pipeline and will enter into third-party agreements for a certain term.
- The REIT will inspect and monitor the physical condition of the pipeline, mark locations of buried pipelines to minimize potential damage from digging, supervise maintenance, repair and construction, and test product that enters the pipeline.
- A taxable REIT subsidiary will perform all services. These services include scheduling the use of the pipeline with customers, loading product on the pipeline, and unloading product off the pipeline. The TRS will also own, monitor, maintain, and operate all compressors or pumps.
- The TRS receives arms-length compensation from the REIT for the services.
- The third party is allowed to exceed the capacity it reserved, and, in these cases, the fee that it pays the REIT will include an additional amount for excess capacity.
- The fee paid to the REIT will include the amounts paid for the services performed by the TRS.

Exhibit 2: Midstream REIT mechanics



Source: RBC Capital Markets; IRS PLR

Taxable REIT Subsidiary ("TRS")

In a real estate world, REITs were set up to be passive and to rent property to tenants. Over time, the IRS has provided some more direction that a REIT is able to make space usable for the tenant. The REIT is able to provide services such as HVAC repair, security services, and/or janitorial services. However, personal services to the tenant (such as a health club in an office building) have to be provided by an independent contractor or by a taxable REIT subsidiary set up by the REIT. Porting this thought process to midstream energy, a midstream REIT can do simple maintenance on qualified real property, but it cannot provide services that are more custom to the lessee (like loading and unloading product from pipelines).

Even with a taxable REIT subsidiary, the customer can still pay one fee to the REIT, who then reimburses the TRS at arms-length

Arms-Length Compensation

The TRS is paid a fee for the services rendered based on an arms-length transaction. There are safety nets to ensure proper payment to the TRS, most notably a safe harbor provision that the fee paid to the TRS is at least 150% of the TRS's direct cost of providing the service.

Collecting one fee from the customer

Importantly, so long as the services provided by the TRS are customary to the customers in that specific geography, the REIT is able to collect just one fee from the third party user. The REIT is then able to pay the TRS a fee at arms-length for the services provided.

TRS is limited in size, so tax leakage manageable

The TRS is taxed at the identified corporate income tax rate and then its dividends are flowed back up to the REIT. However, the vast majority of the income to the REIT should be from rents received from the real property. A TRS cannot account for more than 25% of the income received by a REIT.

Qualifying tests

There are several tests that the taxpayer must meet in order to qualify for REIT status.

Income Test

A REIT is subject to two income tests.

- The **first income test** requires that **75%** or more of a REIT's gross income must be derived from rents from real property (this test can also include some other items such as gains on sale of real property, interest on real property, commitment fees, and qualified temporary income).
- The **second income test** requires that at least **95%** of the REIT's gross income for the taxable year must be derived from items that meet the 75% income test, as well as other dividends, interest, and gain from the sale or other disposition of stock or securities that are not dealer property.

When we apply the income test to the potential for Midstream REITs, the implication is that the dividends a midstream REIT would receive from its TRS cannot exceed 25% of the gross income for the REIT. This would therefore satisfy both the 75% and 95% income test. If the TRS dividends accounts for more than 25% of the gross income, the REIT would fail the 75% income test (too much dividend income). Since dividends can be timed appropriately, it is likely that the REIT will be able to manage the TRS effectively to meet the income test in our view.

Asset tests

In order to maintain REIT status, the taxpayer must meet several asset tests that make sure the assets are primarily and substantially related to real property.

The key tests for the midstream to qualify are likely the asset tests, with the TRS not able to account for more than 20% of the total value of a REIT's assets

TRS Size

Up to 20% of the total value of a REIT's assets can be invested in one or more TRS. A TRS is permitted to engage in activities that the REIT cannot engage in directly, but the TRS is taxable as a regular non-REIT corporation. Based on our conversations with legal experts, we think the asset test is the most transparent test for midstream assets, whereby the typical equipment, pumps, compressors, etc cannot exceed 20% of the total value of the REIT's assets.

Personal property test

A REIT must invest at least 75% of its assets in assets that qualify for rent from real property. Further, ancillary personal property (such as equipment used in operating the storage facility or pipeline) is treated as real property only if the fair market value does not exceed 15% of the total fair market value of the leased property. If the personal property makes up more than 15% of the FMV for a particular asset, that personal property has to be separated out and viewed from a longer lens against the total real + personal property from the entire taxpayer.

Broader Implications of the PLR

It is clearly early days in considering midstream assets to be warehoused within the REIT structure, but we think the 2019 PLR is interesting, especially as we consider the limitations that the MLP asset class has had in attracting a wider range of investors. Would MLPs or Midstream C-Corps convert to a REIT and why?

MLPs may want to convert to a REIT to find a broader investor base

C-Corps could utilize the REIT structure as a tax strategy

An MLP is already a pass-through vehicle obviously, so the motivation for converting an existing MLP into a REIT would most likely be seeking a wider investor set. To date, most MLPs that have considered this have converted to a C-Corp. The C-Corp structure has yet to bring obvious valuation uplift (although some of the larger-cap C-Corps are catching some tailwinds as generalists allocate to the space… just haven't seen enough of an energy up cycle recently to know). The downfall of a C-Corp is obviously the exposure to corporate-level taxation. This has been mitigated thus far from large tax shields upon the step-up from conversions, but as the space starts to moderate the capital spend, we think the midstream C-Corp cash tax thresholds should start to be a more meaningful conversation over the coming years. A C-Corp could enjoy most of the same benefits of its institutional investor base as a REIT and, at the same time, enter a structure that allows for tax pass-throughs.

Mechanically, we think MLPs could essentially convert to corporations (dealing with IDRs in the process), and then either form a TRS and elect REIT status or just keep the REIT option on the table. Alternatively, an MLP could form a private REIT subsidiary to warehouse certain assets (and even potentially spin the REIT out to unitholders). We could envision this scenario with some larger MLPs that want to market specific REIT-able assets for sale, with the REIT structure allowing a broader investor set (include foreign funds). An existing C-Corp could form a REIT to warehouse its REIT assets.

Pension & Endowments

REITs are easier to own than MLPs for pensions, endowments, and foreign investors

Tax exempt investors such as pensions and endowments have difficulty allocating directly into MLPs given substantial unrelated business taxable income ("UBTI").

Foreign Investment Considerations

Most foreign investors have limitations on investing into US partnerships given the tax structure (K-1s) and necessary tax withholding limitations. With the 2017 tax changes, a foreign seller of an MLP has effectively connected income, which is subject to a tax of 10% on the amount realized (a broader provision to the Foreign Investment in Real Property Tax Act, from which REITs and MLPs are exempt if they own 10% of less of the outstanding units/shares). REITs are not subject to this newer 10% tax on effectively connected income.

Private REITs

We think private markets may be the first users of midstream REITS

We think potentially the first place we may see midstream assets more widespread in the REIT structure would be in the private markets. As private equity infrastructure funds that have deployed capital will ultimately look for an exit, the REIT market may offer better liquidity points. Private REITs in real estate PE funds are used all the time. A private infrastructure fund could form a REIT subsidiary to hold individual pieces or portfolios, with the ultimate exit an IPO of the REIT rather than the specific assets.

Qualifying Income

REITs are not subject to the limitations of qualifying income that dictate the types of products acceptable into an MLP. With this, a broader range of products can be potentially moved or stored under the REIT structure than the MLP structure.

Roadblocks to Midstream REITs

We think the REIT structure makes some theoretical sense for midstream assets (and can work for certain assets better than others), but a couple of major roadblocks make a larger wave of conversions rather complex in our view.

Qualifying Assets

Not all midstream assets will qualify for the REIT structure, with the amount of customary or personal services that an asset performs for a customer a limiting factor (REITs need passive, rent-like collecting income)

Not every midstream asset will qualify for the REIT structure. As we discussed previously, real estate REITs were originally designed as passive investment vehicles to collect rent from real property, and this theory ports over to midstream infrastructure in largely the same way. If a midstream asset is more customizable to the customer or offers services that are deemed more personal in nature, these income streams would not be deemed simply rent. In the following exhibit, we walk through our view on how certain midstream assets may be weighed within the IRS' view of REIT qualifying income.

Exhibit 3: Midstream Assets

Assset	REIT?	Comment
Gathering pipes	✓	Per the 2019 PLR, as long as this primarily tied to contracts and/or acreage dedications
Processing plant	✗	Processing is a personal and customary service that would likely not qualify
Storage facilities	✓	Per the 2019 PLR, as long as the rent received is 75% of the income and the services tied to the TRS are 25% or less
Offshore platform	✓	Per the 2019 PLR, platform deemed real property; affiliated equipment is deemed personal property so some asset tests likely required
Fractionation	✗	Fractionating the liquids would be a personal service that would likely not qualify
Long haul natural gas pipelines	✓	Most natural gas long haul pipes sell capacity, which would seemingly fit within the context of the 2019 PLR
LNG export	?	LNG export facilities fit within the context that capacity is generally sold out, but these facilities have a lot of equipment that may exceed certain asset tests
Crude oil takeaway pipelines	?	This would depend we think on the amount of spot volumes (bad income for a REIT)
Natural gas compression	✗	Per the 2019 PLR, assets such as pumps and compressors would fall under the TRS
Retail fuel & distribution	?	Will depend on the revenue stream – if too much of the revenue is from buying & selling a commodity, then not likely; brick/mortar assets more likely to be ok
Water gathering infrastructure	✓	Water handling should read similar to gathering pipes, so long as the asset is subject to contracts or acreage dedications
Export docks	?	Will depend on the amount of capacity that is used for spot services vs what is contracted to third parties
Marine barges	✗	We believe this would be a more personal service rather than a contracted asset

Source: RBC Capital Markets estimates

Spot Volumes

For certain assets such as crude takeaway pipelines or export docks, the ability for a midstream asset to qualify as real property within the REIT context may be constrained by the amount of spot volumes. Per the 2019 PLR, one key factor in the IRS decision to rule the assets as real property was that capacity was sold to third parties. If an asset has more spot volumes, this would limit the acceptable rent on real property needed for REIT qualification.

Related Party Income

Real estate REITs must abide by certain related party tenant rules, whereby there are restrictions for REIT-qualifying rents from related parties. For midstream energy, this may be problematic if either a pipeline or other asset is moving equity barrels or if an asset is tied to a sponsor or parent (refining or E&P sponsored midstream assets). To qualify for rent on real property, the vast majority of the income stream will need to come from clear third party customers.

REIT conversions have helped expand and broaden the industry

REIT sector diversification has meaningfully improved

Real Estate Investment Trusts (REITs) were created in 1960 when President Eisenhower signed into law the REIT Act Title contained in the Cigar Excise Tax Extension. The REIT renaissance though did not start until 1992 driven in part by the Tax Reform Act of 1986. The industry grew eleven fold between 1992 and 1999 with the total market cap jumping to $118 billion from $11 billion. The industry continued to expand in the new millennium due to growth in existing sectors along with the addition of several new sectors. We estimate the top three sectors represented ~75% of the industry in 1999 including office/industrial (30%), retail (22%), and residential (21%). The industry today has a $1.3 trillion total market cap with the top four sectors only accounting for 55% of the total value including infrastructure (16%), residential (15%), retail (13%), and healthcare (10%).

Dedicated-investor interests in new names vary greatly

The public REIT industry's growth has been largely driven by a strong macro and fundamental backdrop combined with the addition of several new companies pursuing different property-types. However, dedicated active investors and passive fund interests in these new REITs vary depending if the stocks are added to the major indices. Companies that are expanding existing core REIT sectors are generally included in the indices. Conversely, sectors that focus on vastly different property types have not yet been included in the indices. We note the largest REIT ETF, Vanguard Real Estate (VNQ), changed its benchmark to MSCI US Investable Market Real Estate 25/50 Index in early 2018. While the Timber and Infrastructure REITs are not in the primary REIT indices, they are in the aforementioned 25/50 index and have benefited from increased ETF flows.

Sector familiarity bolsters the probability of an index add

New REITs that pursue strategies that are in parallel with existing core REIT sectors are generally accepted. The datacenter sector has grown rapidly over the past fifteen years and today has an $88 billion market cap and is the sixth largest sector in the industry. Digital Realty Trust (DLR) completed its IPO in 2004, and paved the way for the aforementioned growth. The name was initially included in the Office sector, but with the addition of several datacenter REITs over the next decade, the space slowly became its own sector. Similarly, the gaming REITs have grown rapidly with three publicly traded companies solely focused on the property type: Gaming and Leisure Properties (GLPI), MGM Growth Properties (MGP), and VICI Properties (VICI). Due to the structure of the leases, this space is viewed as a natural extension to the triple NET REIT sector. The cannabis and temperature controlled warehouses are two niche spaces, but similar to above, are lumped into the industrial REIT sector.

Names that pursue unique strategies are under-owned

The industry has also seen growth from companies with a focus on non-traditional property types such as Timber and Infrastructure. However, these two sectors are largely under followed and are not included in most of the major indices. The timber sector has existed for the past two decades with Plum Creek Timber Company (PCL) converting to a REIT in 1999. The space steadily grew with the addition of Rayonier (RYN) in 2004, Potlatch Deltic Corporation (PCH) in 2006, and Weyerhaeuser (WY) in 2010. Despite the sector's long-standing REIT status, the names are largely under-owned. The infrastructure sector was created with American Tower Corporation (AMT) converting in 2012 followed by Crown Castle (CCI) in 2015, SBA Communication (SBAC) in 2018, and Uniti Group (UNIT) in 2016. Additionally, CoreEngery Infrastructure Trust (CORR) was an MLP that converted into a REIT in 2013, and is included in this sector. Despite the sector being the largest component of the industry, the names are largely under-owned. There are a few infrastructure dedicated funds that will actively invest in these names, but these funds already invest in MLPs.

Exhibit 4: Historical REIT Conversions

Sector	Ticker	Company Name	Date of First Announcement	Date of REIT Conversion/IPO	Announcement - Conversion (Months)	Pre-REIT Structure	Date of Addition to Index	Conversion - Index (Months)
Advertising	LAMR	Lamar Advertising Company	Aug-12	Nov-14	27	C-Corp	-	-
	OUT	Outfront Media, Inc.	Jan-13	Jul-14	18	Spin-Off	-	-
Datacenters/Other	CONE	CyrusOne	Feb-12	Jan-13	11	Spin-Off	Nov-13	9
	EQIX	Equinix, Inc.	Sep-12	May-15	32	C-Corp	Aug-15	2
	IRM	Iron Mountain, Inc.	Jun-12	Jun-14	24	C-Corp	Nov-14	4
Energy	CORR	CorEnergy Infrastructure Trust, Inc.	Apr-11*	Oct-13*	29	MLP	-	-
Gaming	GLPI	Gaming and Leisure Properties Inc.	Nov-12	Nov-13	11	Spin-Off	Feb-14	3
	MGP	MGM Growth Properties LLC	Oct-15	Apr-16	5	Spin-Off	Nov-16	6
	VICI	VICI Properties Inc.	Jun-17	Oct-17	4	Spin-Off	May-18	6
Lodging	PK	Park Hotels & Resorts	Feb-16	Jan-17	10	Spin-Off	Jan-17	0
	RHP	Ryman Hospitality Properties Inc.	May-12	Dec-12*	7	Spin-Off	Feb-13	1
Timber	PCH	Potlatch Deltic	Sep-05	Mar-06*	5	C-Corp	-	-
	RYN	Rayonier Inc.	Aug-03	Jan-04	4	C-Corp	-	-
	WY	Weyerhaeuser Company	Dec-09	Oct-10*	9	C-Corp	-	-
Prison	CXW	Corecivic Inc	May-12	Feb-13	9	C-Corp	Feb-13	0
	GEO	Geo Group	Aug-12	Dec-12	3	C-Corp	Feb-13	1
Retail	FCPT	Four Corners Property Trust	Jun-15	Nov-15	4	Spin-Off	Feb-16	2
	SRG	Seritage Growth Properties	Apr-15	Jul-15	3	Spin-Off	Nov-15	3
Towers	AMT	American Tower Corp.	May-11	Dec-11	7	C-Corp	-	-
	CCI	Crown Castle International Corp.	Sep-13	Dec-14	15	C-Corp	-	-
	SBAC	SBA Communications Corp.	Oct-16	Jan-17	3	C-Corp	-	-
	UNITI	Uniti Group Inc.	Jul-14	Apr-15	8	Spin-Off	-	-

Note: * Marks an approximate conversion as no specific date is available; Sorted alphabetically

Source: RBC Capital Markets and Company Reports

Required disclosures

Conflicts disclosures

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BUY [Top Pick & Outperform]	**748**	**51.73**	**208**	**27.81**
HOLD [Sector Perform]	**618**	**42.74**	**126**	**20.39**
SELL [Underperform]	**80**	**5.53**	**3**	**3.75**

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