

National Office Investment Market Review

Office Sales Transactions and \$Volume All of Canada, Greater than \$10 Million Closed and Confirmed

Asset Class	2007		2008		2009	
	Closed Deals	\$ Volume	Closed Deals	\$ Volume	Closed Deals	\$ Volume
Vancouver	10	\$403,825,000	8	\$256,829,091	10	\$567,815,000
Edmonton	10	\$594,437,004	6	\$383,780,646	3	\$150,700,000
Calgary	15	\$1,049,672,522	15	\$1,026,231,577	5	\$195,487,815
Toronto	25	\$1,947,540,196	23	\$1,926,820,613	15	\$600,918,620
Ottawa	10	\$1,769,504,832	3	\$105,400,000	3	\$126,200,000
Montreal	12	\$1,181,845,838	10	\$1,148,065,000	3	\$145,034,801
Other	9	\$309,164,448	8	\$310,161,218	2	\$119,000,000
Total Office Transaction:	91	\$7,255,989,840	73	\$5,157,288,145	41	\$1,905,156,236
Total of All Assets Types	433	\$17,673,300,989	293	\$11,914,195,371	136	\$4,444,432,005

For deals greater than 10 million dollars, transactional activity for the nation decreased nearly 20% between 2007 and 2008 and a further 44% over 2008 and 2009. Vancouver was the only market with improving conditions between 2007 and 2009. In 2009, there was reduced deal activity in the first half of the year, with the notable exception being the sale transaction of Bentall V in Vancouver. The latter half of 2009 witnessed an overall improvement in sale activity for the office market, particularly in Eastern Canada. A brief summary of major office transactions since early 2009 is provided on the following page.

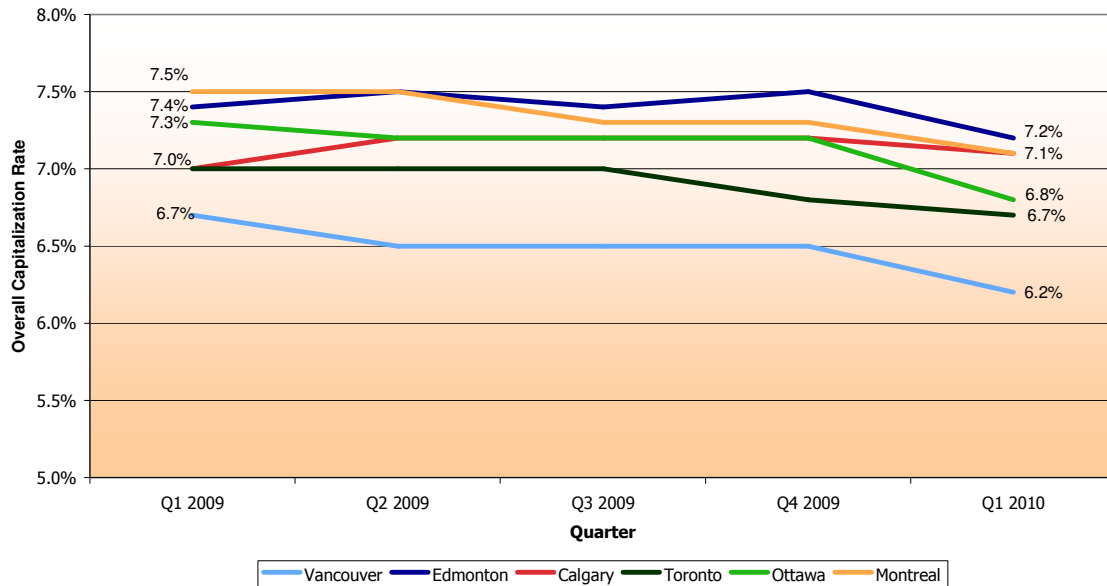
There currently remains limited availability of Tier I office available for sale in major Canadian office markets. Ottawa, Vancouver and Halifax markets are exhibiting the lowest availability in their respective downtown districts, which support a stronger investment profile. Although there is weakness attributable to new supply risk in other major markets (i.e. Calgary / Toronto), there still remains office product that continue to demonstrate good income characteristics.

The following is a snapshot of Mean OCR's for flagship AA Office buildings across major Canadian cities, with a list of investment activity displayed below:

ITS Historical Mean OCR's

Q1 2010 - Rolling Five Quarter

Downtown Class "AA" Office



Notable Sales Since Q1 2009

Complex	City	Closing Date	Adjusted Price	\$P.S.F
EDC Building	Ottawa, ON	11/1/2011	\$165,450,000	\$352
Interplex - Opus II	Calgary, AB	3/1/2010	\$70,000,000	\$316
Adelaide Place	Toronto, ON	1/18/2010	\$211,500,000	\$323
77 Bloor St W	Toronto, ON	12/15/2009	\$96,500,000	\$261
60 Bloor St W	Toronto, ON	12/15/2009	\$90,100,000	\$352
Stampede Station I	Calgary, AB	7/14/2009	\$74,000,000	\$457
The Grosvenor Building	Vancouver, BC	6/30/2009	\$84,000,000	\$412
Bentall V	Vancouver, BC	5/21/2009	\$298,500,000	\$510
Cityplace	Winnipeg, MB	5/4/2009	\$81,500,000	\$180
Phase II Bell Canada	Montréal - Verdun, QC	3/25/2009	\$91,694,801	\$396
Atco Centre	Edmonton, AB	1/13/2009	\$110,000,000	\$385

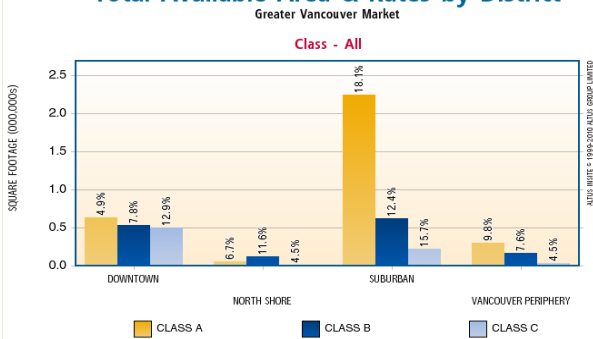
Office Leasing Overview (Q2 2010)

VANCOUVER

Availability rate for the Greater Vancouver Market was 10.8% in Q1 2010. The Greater Vancouver Market witnessed an increase of 50 bps since last quarter and an increase of 360 bps since Q1 2009.

The last time availability in Greater Vancouver was over 10% was in Q1 2005. Current availability levels are still off the peak achieved in Q4 2003 (14.3%). The Downtown and North Shore districts continue to lead the market, while the Suburban district is displaying the most weakness (i.e. Burnaby, Richmond) with the Class “A” segment demonstrating this circumstance.

Total Available Area & Rates by District



District	Rate	Change from Last Quarter	Change from Last Year
Greater Vancouver	10.80%	50 bps	360 bps
Downtown	7.10%	- 20 bps	160 bps
North Shore	8.00%	40 bps	480 bps
Suburban	16.70%	150 bps	650 bps
Vancouver Periphery	8.60%	60 bps	250 bps

Greatest Change in Occupancy (Last 3 Months)

Building	Area Change (sq.ft.)	Location	Building Availability
<i>Greatest Decline</i>			
3700 Gilmore Way	-46,892	Suburban	98.0%
6500 River Road	-46,800	Suburban	73.1%
<i>Greatest Increase</i>			
Central City	49,953	Suburban	23.4%
1045 Howe Street	42,515	Downtown	9.8%
Panorama Place	30,000	Suburban	25.7%

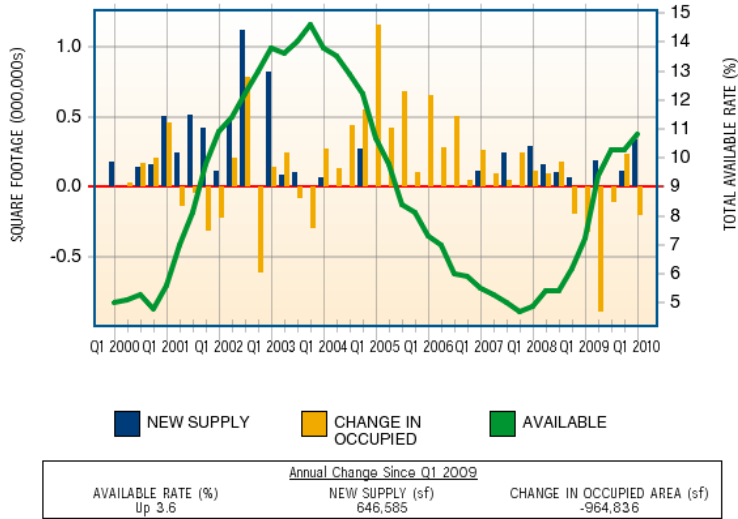
Absorption in Q1 2009 across the Metro Vancouver market was negative (-198,777 s.f.). Absorption did turn positive toward the end of 2009 (234,159 s.f.) after three quarters of negative performance, while new supply additions remained relatively moderate as a component of the entire market inventory.

Additional new supply risk is evident, with 1.138 Million s.f. under construction that are 12.30% pre-leased. The majority of this supply is located Burnaby market, while the downtown district remains relatively muted to the prospect of new entrants to the market within the short term.

Historical Market Summary

Greater Vancouver Market

Class - ALL



TOTAL AVAILABLE RATE (%) ALTUS INTELLIGENCE © 1999-2010 ALTUS GROUP LIMITED

Demand Drivers	Forecast Direction
Availability	↔
New Supply	↑
Absorption	↔
Rental Rates	↔

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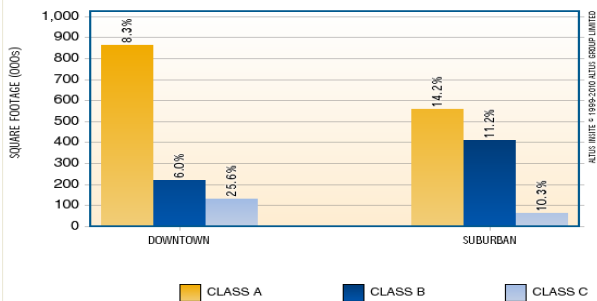
EDMONTON

Availability in the Greater Edmonton Market increased 60 basis points (bps), at 9.4% for Q1 2010 over the last quarter, and 300 bps for the past 12 months. Office space demand contracted both in the private and public sectors, principally driven by a slowdown in the energy industry. Coupled with the shift in demand, new office space has come onto the market in both the downtown and suburban sectors. Until there is resumption in employment growth to work through the excess supply, fundamentals will remain soft.

Total Available Area & Rates by District

Greater Edmonton Market

Class - All



District	Rate	Change from Last Quarter	Change from Last Year
Greater Edmonton	9.40%	60 bps	300 bps
Downtown	8.00%	70 bps	200 bps
Suburban	11.70%	20 bps	480 bps

Greatest Change in Occupancy (Last 3 Months)

Building	Area Change (sq.ft.)	Location	Building Availability
<i>Greatest Decline</i>			
4445 Calgary Trail S.	-45,776	Suburban	35.8%
4723 52 nd Avenue	-44,265	Suburban	99.9%
8525 Davies Road	-30,511	Suburban	100.0%
<i>Greatest Increase</i>			
2134 Premier Way	61,892	Suburban	0%
4810 93 Street	27,362	Suburban	0%
10020 – 100 Street	23,750	Downtown	0%

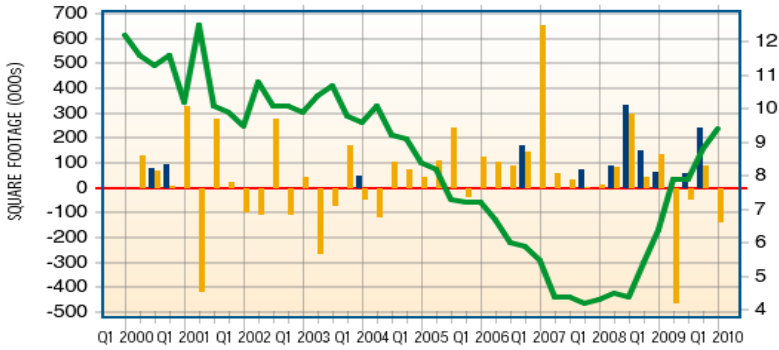
Absorption in Q1 2009 across the Greater Edmonton market was negative (-140,940 s.f.), did turn positive for Q4 2009 (91,614 s.f.), but again has slumped in Q1 2010 (-127,000 s.f.).

Edmonton's first downtown high rise office building in 22 years is presently under construction in comprising 625,000 s.f., of which is 73% pre-leased and forecast to be added to the downtown market inventory in Q2 – Q3 2011.

Historical Market Summary

Greater Edmonton Market

Class - ALL



NEW SUPPLY CHANGE IN OCCUPIED AVAILABLE

Annual Change Since Q1 2009		
AVAILABLE RATE (%) Up 3.0	NEW SUPPLY (sf) 300,000	CHANGE IN OCCUPIED AREA (sf) -562,540

Demand Drivers	Forecast Direction
Availability	↑
New Supply	↑
Absorption	↓
Rental Rates	↓

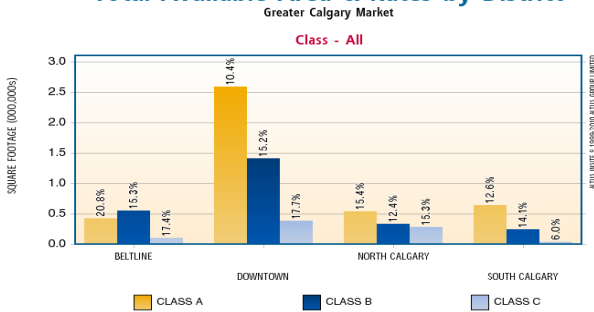
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CALGARY

Over the course of 2009, availability in the Downtown District increased to 13.1% (Q1 2010) from 6.9% a year earlier. Similar trends were observed in the North, South and Beltline districts where availability soared from 2008 levels. For the Greater Calgary Market, sublet availability rose from 2.2% in Q1 2009 to 4.5% in Q1 2010. The South Calgary district is the only area which has displayed some improvement since the end of the 2009, with availability declining 110 bps to 12.80% for Q1 2010.

Current availability levels are now in excess of the peak observed in Q1 2003 (12.8%). Significant new supply is forecast to enter the market with eight buildings totaling 4.10 Million s.f. under construction which are 59.60% pre-leased.

Total Available Area & Rates by District



District	Rate	Change from Last Quarter	Change from Last Year
Greater Calgary	13.10%	100 bps	620 bps
Beltline	16.80%	130 bps	1060 bps
Downtown	12.10%	150 bps	580 bps
North Calgary	14.90%	50 bps	470 bps
South Calgary	12.80%	- 110 bps	600 bps

Greatest Change in Occupancy (Last 3 Months)

Building	Area Change (sq.ft.)	Location	Building Availability
<i>Greatest Decline</i>			
112 4 th Avenue SW	-151,000	Downtown	37.6%
401 9 th Avenue SW	-108,433	Downtown	24.0%
411 1 st Street SE	-82,079	Downtown	15.4%
<i>Greatest Increase</i>			
215 9 th Avenue SW	222,295	Downtown	43.5%
903 8 th Avenue SW	98,175	Downtown	20.6%
140 10 th Avenue SE	77,643	Beltline	71.3%

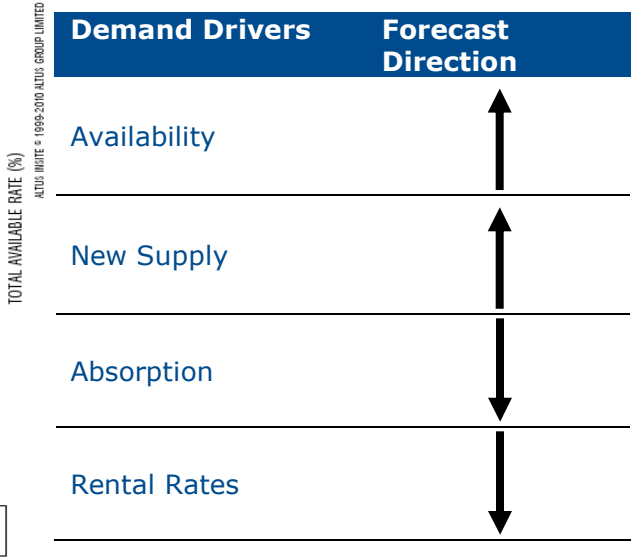
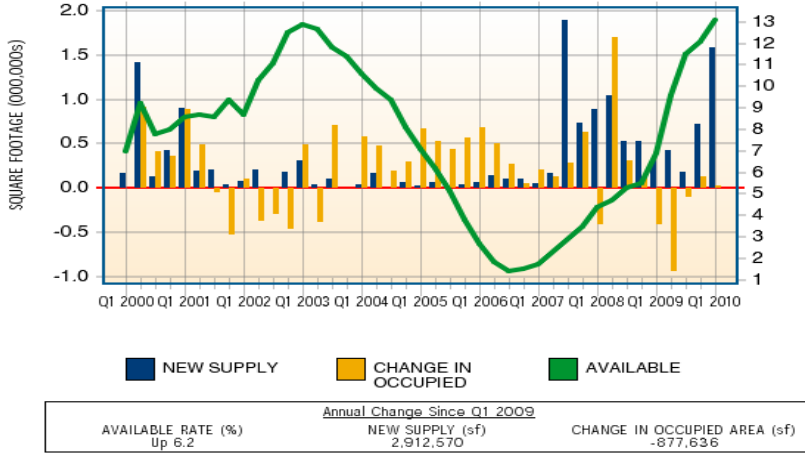
Despite positive absorption in Q1 2010 (32,903 s.f.) and Q4 2009 (129,599 s.f.), the Greater Calgary market faced negative absorption of more than 1.3 million square feet over 2009.



Historical Market Summary

Greater Calgary Market

Class - ALL



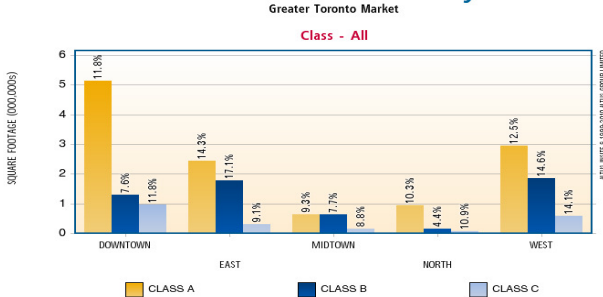
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TORONTO

Availability across the GTA market increased from 10.2% in Q1 2009 to 11.7% in Q1 2010. The East / West districts are displaying the greatest availability, while the Midtown district has the lowest amount of inventory available and is displaying improving conditions.

GTA availability at 11.7% is still below of the peak observed in Q2 2003 (13.8%). There are currently 11 office buildings under construction in the GTA (2,147,220 s.f.) that are 52% pre-leased, with 2 buildings located in the downtown district (880,176 s.f.).

Total Available Area & Rates by District



District	Rate	Change from Last Quarter	Change from Last Year
Greater Toronto	11.70%	30 bps	120 bps
Downtown	10.60%	10 bps	180 bps
East	14.40%	70 bps	120 bps
Midtown	8.50%	- 200 bps	- 200 bps
North	9.20%	10 bps	190 bps
West	13.50%	110 bps	240 bps

Greatest Change in Occupancy (Last 3 Months)

Building	Area Change (sq.ft.)	Location	Building Availability
<i>Greatest Decline</i>			
22 St. Clair Avenue East	-54,126	Midtown	19.4%
5000 Yonge Street	-52,984	North	11.3%
4 Robert Speck Parkway	-50,974	West	25.4%
<i>Greatest Increase</i>			
333 Bay Street	166,687	Downtown	25.8%
2050 Derry Road West	88,586	West	29.0%

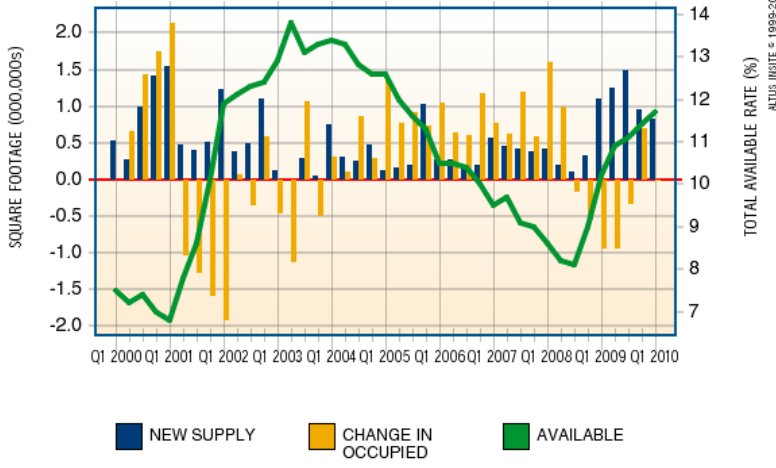
Consistent with other major Canadian office markets, absorption turned positive in Q4 2009 (688,106 s.f.) after being negative for the previous three quarters with a net loss of 1.50 Million s.f. for the year. For Q1 2010, absorption was particularly strong in the downtown district, with 323,350 s.f. of positive absorption.



Historical Market Summary

Greater Toronto Market

Class - ALL



Annual Change Since Q1 2009		
AVAILABLE RATE (%)	NEW SUPPLY (sf)	CHANGE IN OCCUPIED AREA (sf)
Up 1.5	4,520,742	-597,134

Demand Drivers	Forecast Direction
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Availability	↔
New Supply	↑
Absorption	↔
Rental Rates	↓

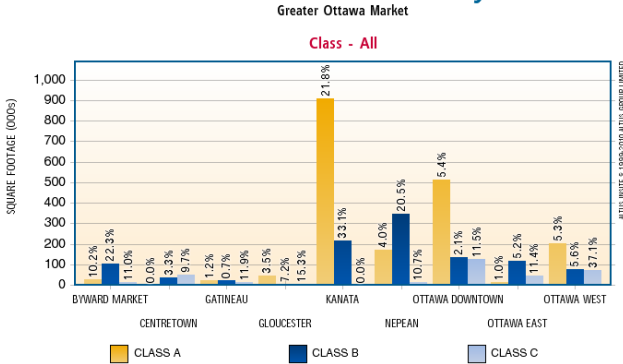
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OTTAWA

Availability rate for the Greater Ottawa Market stood at 7.3% for Q1 2010, and is the lowest across major Canadian cities. Increase in availability experienced in 2009 was 140 bps from 12 months prior, which is higher than the increase experienced in the Greater Toronto market. The Kanata and Byward Market districts are displaying the highest amount of availability, while the Gloucester, Ottawa East / West districts have shown signs of improvements.

The last time availability in Greater Ottawa was at over 10% was in Q1 2005, with this period reflecting the last peak achieved in the last 10 years.

Total Available Area & Rates by District



District	Rate	Change from Last Quarter	Change from Last Year
Greater Ottawa	7.30%	40 bps	140 bps
Byward Market	17.20%	40 bps	480 bps
Centretown	7.60%	0 bps	110 bps
Gatineau	1.20%	20 bps	50 bps
Gloucester	3.30%	- 110 bps	20 bps
Kanata	23.70%	90 bps	450 bps
Nepean	9.10%	10 bps	0 bps
Ottawa Downtown	4.50%	80 bps	190 bps
Ottawa East	4.30%	- 30 bps	- 10 bps
Ottawa West	6.20%	30 bps	- 10 bps

Greatest Change in Occupancy (Last 3 Months)

Building	Area Change (sq.ft.)	Location	Building Availability
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Greatest Decline

1-9 Brewer Hunt Way	-37,100	Kanata	79.3%
11 Hines Road	-33,250	Kanata	43.8%
555 Legget Dr.	-25,026	Kanata	34%

Greatest Increase

180 Kent Street	158,487	Ottawa Downtown	11.4%
750 Palladium Drive	55,604	Kanata	35.9%
21 Richardson Side Rd	37,100	Kanata	0%



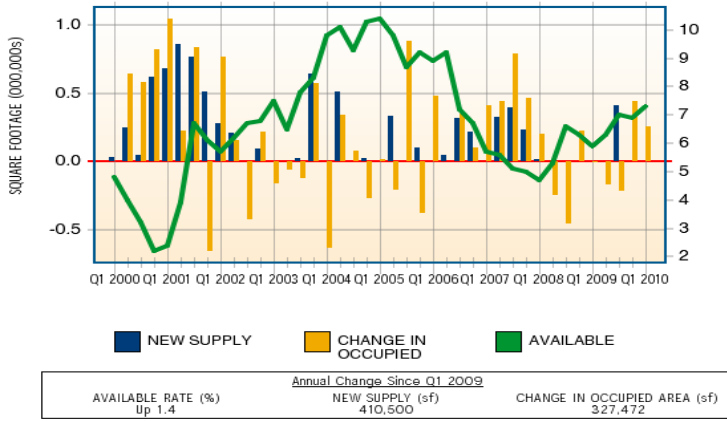
The Ottawa market has recently displayed improving occupancy, posting 445,902 s.f. (Q4 2009) and 255,056 s.f. (Q1 2010) of occupancy growth in the last two quarters.

There are 3 buildings under construction in the Ottawa market totalling 711,450 s.f. that are 97.2% leased, with the largest being a 529,000 s.f. project being constructed in the Ottawa Downtown.

Historical Market Summary

Greater Ottawa Market

Class - ALL



Demand Drivers	Forecast Direction
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Availability	↔
New Supply	↑
Absorption	↑
Rental Rates	↔

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MONTREAL

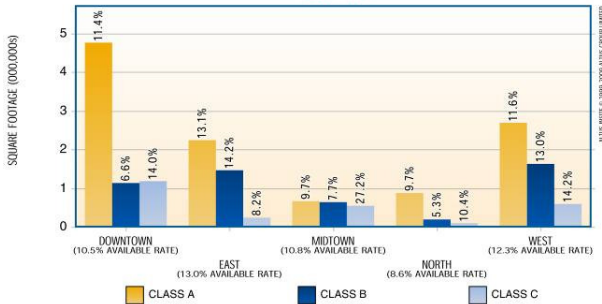
Availability in the Greater Montreal Market was 11.8% in Q1 2010, having declined slightly from Q4 2009 (down 10 bps), although it is still up 110 bps from 12 months earlier, The Laval and East End districts lead the market with lowest availability (7.6% / 8.1%, respectively), while the West Island district has the higher availability (20.1%).

Conditions in the Greater Montreal Market are still below peak availability levels achieved in 2002 to 2005 when availability trended just below 13% for the entire market.

Total Available Area & Rates by District

Greater Toronto Market

Class - All



District	Rate	Change from Last Quarter	Change from Last Year
Greater Montreal	11.80%	- 10 bps	110 bps
Downtown	9.90%	30 bps	180 bps
East End	9.50%	200 bps	300 bps
Laval	8.80%	40 bps	20 bps
Midtown	15.50%	40 bps	- 30 bps
South Shore	13.80%	- 70 bps	360 bps
West Island	16.00%	- 400 bps	- 50 bps

Greatest Change in Occupancy (Last 3 Months)

Building	Area Change (sq.ft.)	Location	Building Availability
<i>Greatest Decline</i>			
100 place Charles-Lemoyne	-75,000	South Shore	100%
1800 McGill College	-43,367	Downtown	20.9%
<i>Greatest Increase</i>			
4705 Dobrin Street	155,000	West Island	0%
21100 Chemin Sainte-Marie	40,000	West Island	0%
1000 De La Gaucheterie O.	29,936	Downtown	18.1%

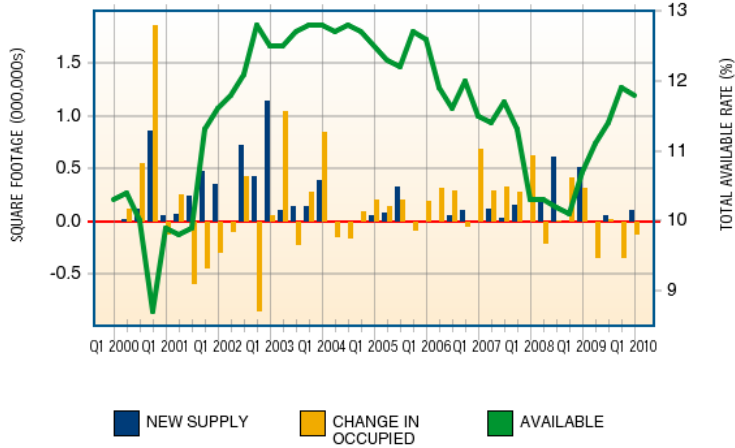
Absorption has been mostly negative over the last 12 months, with 3 of 4 quarters indicating declining occupancy. Absorption was -126,632 s.f. in Q1 2010 and -352,785 s.f, in Q4 2009.



Historical Market Summary

Greater Montreal Market

Class - ALL



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Annual Change Since Q1 2009		
AVAILABLE RATE (%) Up 1.1	NEW SUPPLY (sf) 166,372	CHANGE IN OCCUPIED AREA (sf) -812,042

Demand Drivers	Forecast Direction
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Availability	↔
New Supply	↑
Absorption	↔
Rental Rates	↔

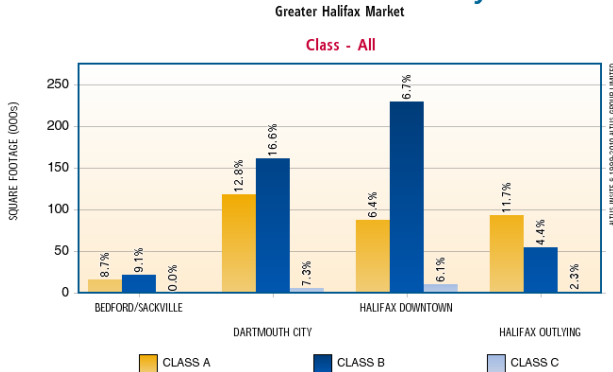
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HALIFAX

Availability in the Greater Halifax Market has declined since early 2009, with a decrease of 40 bps since Q4 2009 and has moved down slightly from 12 months ago. The Halifax Downtown has however exhibited a declining trend over the last 12 months, with availability increasing 120 bps since Q1 2009.

The last peak achieved in the Greater Halifax Market was in Q3 2002 when availability was nearly 11%.

Total Available Area & Rates by District



District	Rate	Change from Last Quarter	Change from Last Year
Greater Halifax	8.80%	- 40 bps	- 10 bps
Bedford/Sackville	12.80%	40 bps	240 bps
Dartmouth City	14.60%	0 bps	310 bps
Halifax Downtown	6.60%	140 bps	120 bps
Halifax Outlying	8.00%	- 500 bps	- 670 bps

Greatest Change in Occupancy (Last 3 Months)

Building	Area Change (sq.ft.)	Location	Building Availability
<i>Greatest Increase</i>			
7071 Bayers Rd	106,300	Halifax Outlying	0%
126 Cromarty Dr	28,000	Darthmouth City	0%
800 Windmill Rd	14,792	Darthmouth City	55.3%

Absorption has been positive over the last 3 quarters, with occupancy having increased 221,576 s.f. during this time.

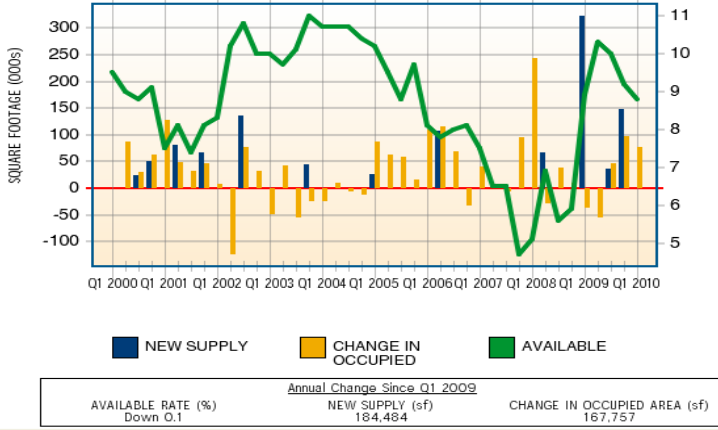
There is minimal new construction in Halifax, with the market having added just over 300,000 s.f. since the end of 2008 in non-core areas (Dartmouth City / Halifax Outlying).



Historical Market Summary

Greater Halifax Market

Class - ALL



TOTAL AVAILABLE RATE (%)
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Demand Drivers	Forecast Direction
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Availability	↑
New Supply	↑
Absorption	↔
Rental Rates	↔

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