

MARKET SURVEY (DECEMBER 2010) CHARLOTTETOWN OFFICES

Scope

This survey included every office building with a total rentable area of 5,000 ft.² or greater, available for rent in the Greater Charlottetown area. A team of trained researchers collected rental, operating expense and vacancy data on 28 buildings with an aggregate rentable area of 887,278 ft.². The survey successfully collected information on 100% of the rental stock polled. Data analysis prior to June 2006 is based on information gathered by a similar but smaller survey conducted by Cushman & Wakefield LePage for PWGSC.

Vacancy Rates

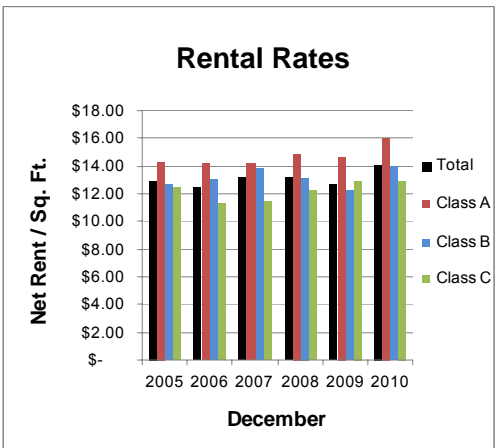
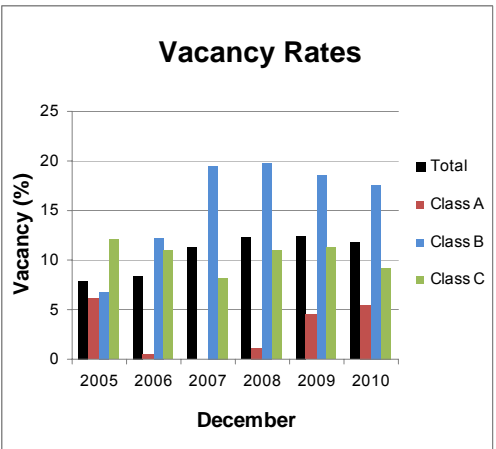
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer “no frills” modern, airconditioned space. Class C buildings make up the remainder of the office rental market. The vacancy rate and net rental rate are inversely correlated: empirical data indicates that generally a falling vacancy rate portends a rising net rental rate, while a rising vacancy rate indicates that net rental rate increases will moderate or even fall.

Charlottetown’s office rental market has the highest vacancy of Atlantic Canadian cities: while the vacancy rate has dropped from 12.44% in 2009, it remains above 11% for the fourth straight year. The current vacancy rates in Greater Charlottetown are: Class A 5.46%; Class B 17.54%; Class C 9.22%; Overall 11.76%. The current average net absolute rental rates per square foot are: Class A \$16.00; Class B \$14.01; Class C \$12.90; Overall \$14.02.

Our survey measured vacancy by geographic node. The overall vacancy rates by location are: Central 11.22%; Peripheral 14.07%. We also included all the major centres in Atlantic Canada. The overall vacancy rate by location is as follows: Greater Fredericton 6.07%; Greater Saint John 8.23%; Greater Moncton 11.14%; Greater St. John’s 3.80%; Halifax Regional Municipality 7.96%; Greater Charlottetown 11.76%.

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will increase to 13.33% in the next year, driven by increases in supply of rental space outpacing increased demand. As landlords have a harder time finding tenants, the net absolute rent/ft.² will fall slightly.



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MARKET SURVEY (DECEMBER 2010) CHARLOTTETOWN WAREHOUSES

Scope

This survey included every warehouse building with a total rentable area of 5,000 ft.² or greater, available for rent in the Greater Charlottetown area. A team of trained researchers collected rental, operating expense and vacancy data on 6 buildings with an aggregate rentable area of 210,983 ft.². The survey successfully collected information on 100% of the rental stock polled. Data analysis prior to June 2006 is based on information gathered by a similar but smaller survey conducted by Cushman & Wakefield LePage for PWGSC.

Vacancy Rates

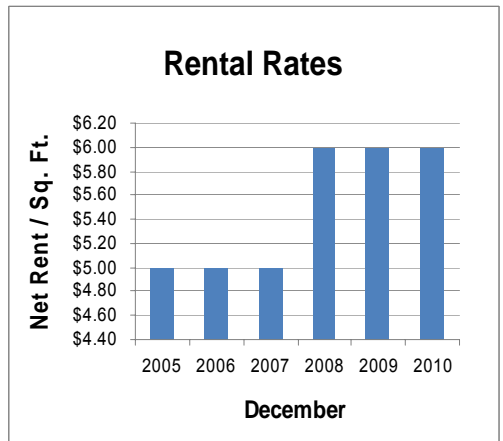
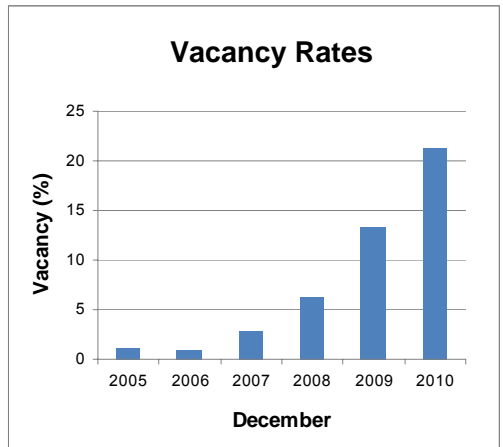
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Vacancy rates prior to June 2006 are based on data collected by the Cushman & Wakefield LePage surveys, and employ heuristic algorithms which compensate for missing data. The vacancy rate in Greater Charlottetown rose 7.95 percentage points from the 2009 level. The current overall vacancy rate is 21.30%, up from 13.35% last year. This increased vacancy rate, which is also the highest in Atlantic Canada, is the result of large additions to a small rental pool.

Our survey also measured rental rates. Greater Charlottetown industrial properties have the lowest rental rates when compared to the other major Atlantic Canadian cities. The overall average net rental rates by location are as follows: Greater Fredericton \$6.33; Greater Saint John \$6.11; Greater Moncton \$6.04; Greater St. John's \$8.65; Halifax Regional Municipality \$7.02; Greater Charlottetown \$6.00.

Our survey includes all the major centres in Atlantic Canada. The overall vacancy rate by location is as follows: Greater Fredericton 13.11%; Greater Saint John 13.75%; Greater Moncton 8.81%; Greater St. John's 4.39%; Halifax Regional Municipality 5.39%; Greater Charlottetown 21.30%.

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will increase to 22.88% from the current 21.30% as demand decreases. The net rental rate will remain unchanged.



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