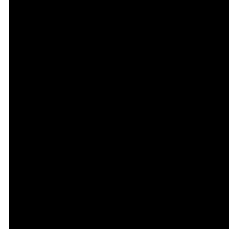
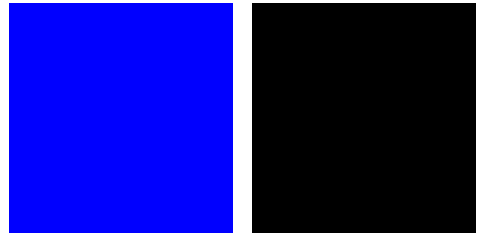


MARKET SURVEY (DECEMBER 2012) GREATER ST. JOHN'S OFFICES



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 St. John's Area. A team of trained researchers collected rental, operating expense and vacancy data on 66 buildings with an aggregate rentable area of 3,081,614 ft.². The survey successfully collected information on 98% of the rental stock polled. The following results flow from what we believe is the most comprehensive survey of office space ever undertaken in Greater St. John's.

Vacancy Rates

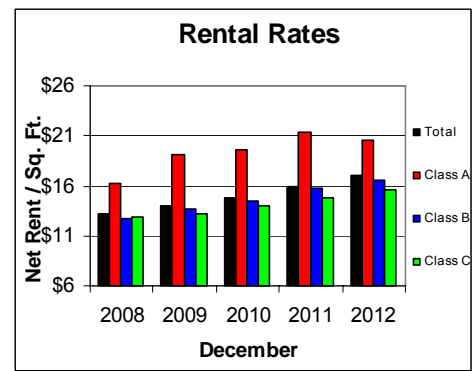
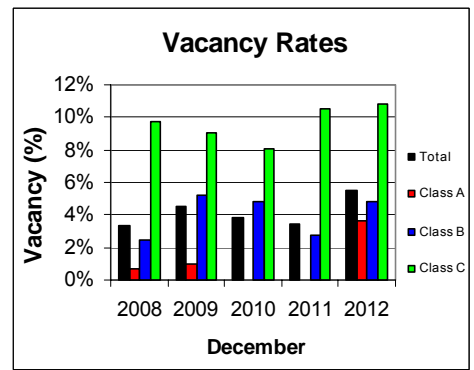
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer "no frills" modern, air conditioned 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.

Despite an increase in vacancy from 3.22% in 2011 to 5.46%, St. John's has the lowest overall vacancy rate in Atlantic Canada. This translates into strong year-over-year growth in net rents and the highest net absolute rents in Atlantic Canada. The current average net absolute rental rates per square foot are: Class A \$20.50; Class B \$16.64; Class C \$15.66; Overall \$17.01. The current vacancy rates in Greater St. John's are: Class A 3.60%; Class B 4.81%; Class C 10.86%; Overall 5.46%.

Our survey includes all the major centres in Atlantic Canada. The overall office vacancy rate by location is as follows: Greater Fredericton 7.33%; Greater Saint John 21.17%; Greater Moncton 9.25%; Greater St. John's 5.46%; Halifax Regional Municipality 10.28%; Greater Charlottetown 14.77% .

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will increase dramatically to 10.54% in the next year. While growth in demand is expected to remain robust, large additions to supply scheduled to come on stream will result in a strong initial increase in vacancy but this is expected to trend down over time as demand catches up. The net absolute rent/ft.² will continue to rise despite this increase in vacancy, reflecting the strong rental market and the quality of the new space.



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