EDMONTON YEAR-END 2017

COMMERCIAL REAL ESTATE INVESTMENT ANALYSIS

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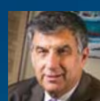
"Edmonton's commercial real estate (CRE) investment market was remarkably stable during 2017, with total dollar volume down just 2.9% year-over-year. There was a game of musical chairs among some asset classes; office investment dominated the year while industrial investment faded. Retail stayed put."



David Wallach, ***CCIM, President & Broker***
Barclay Street Real Estate

DURING 2017, EDMONTON'S COMMERCIAL REAL ESTATE (CRE) MARKET DEMONSTRATED THREE CONSECUTIVE QUARTERS OF YEAR-OVER-YEAR DOLLAR VOLUME INCREASES WITH ONLY THE FINAL QUARTER FALLING SHORT OF THE PREVIOUS YEAR'S LEVELS.

Driven by renewed interest in office properties and a consistent demand for retail assets, $1.79 billion in overall dollar volume invested in commercial properties. The renewed appeal of commercial real estate that took hold in mid-2016 held and while the number of transactions declined slightly, the transactions taking place through 2017 were generally larger in nature than the previous year.

Tracking sales greater than or equal to $1 million, the dollar volume invested across the Office, Retail, Industrial, Multi-Residential and ICI/Residential land asset classes represented 97% consistency in dollar volume as compared to that invested last year.

There were significant shifts noted in investor focus; activity among office properties increased by 61% which translated into more than triple year-over-year dollar volume, while dollar volume invested in Industrial and Residential Land assets represented only about two-thirds of previous-year levels. Dollar volume invested in retail properties remained consistent with prior year levels. Barclay Street tracks activity level (the number of transactions) by property price range, which yields data showing demand continued to broaden as more mid-priced assets changed hands.

While a healthy appetite remained evident for Multi-Residential properties and Industrial, Commercial & Investment (ICI) land, demand for office assets saw a substantial uptick during the second half of 2017. Especially sought in the latter asset class were B Class and C Class properties as general prices remained in the sub-$200 range. In contrast, pricing per square foot for retail assets continued a multi-year upward trajectory,

	Year-End 2016	Year-End 2017	Year-Over-Year Change
Total Dollar Volume	$1,839,222,388	$1,786,266,065	($52,956,323
Volume Excluding Residential Land	$1,651,993,964	$1,669,473,532	$17,479,568
Residential Land Only	$187,228,424	$116,792,533	($70,435,891)

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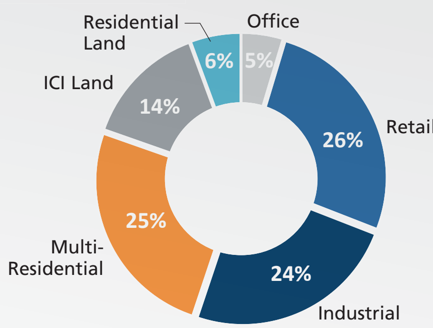
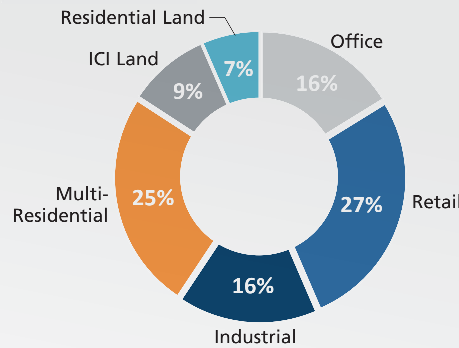
even as overall dollar volume remained flat and investor activity decreased slightly. Investors were willing to pay well-above $600 per square foot in several instances, for assets in trendy neighbourhoods or where assets can be densified. Barclay Street remains confident in Edmonton's investment market, based on the historical prices paid per square foot, per unit (Multi-Residential) and per acre across all CRE asset classes. With the exception of office properties, the aforementioned metric remained well above the pricing seen during Alberta's widely-regarded economic boom years of 2011-2013.

YEAR-END 2016 COMMERCIAL REAL ESTATE INVESTMENT SALES OF $1M AND GREATER



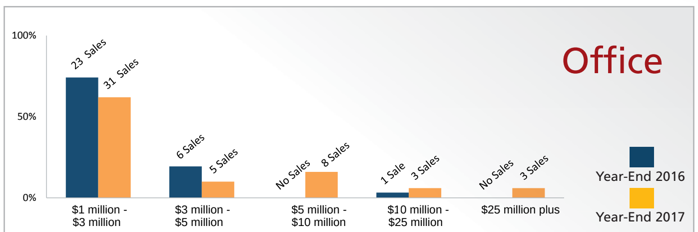
YEAR-END 2017 COMMERCIAL REAL ESTATE INVESTMENT SALES OF $1M AND GREATER



TOTAL DOLLAR VOLUME

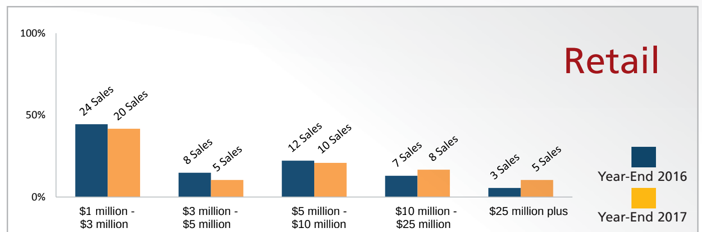
TOTAL SALES ACTIVITY

YEAR-END 2017 VS. YEAR-END 2016 TRANSACTION ACTIVITY DISTRIBUTION, PERCENTAGE OF TOTAL SALES



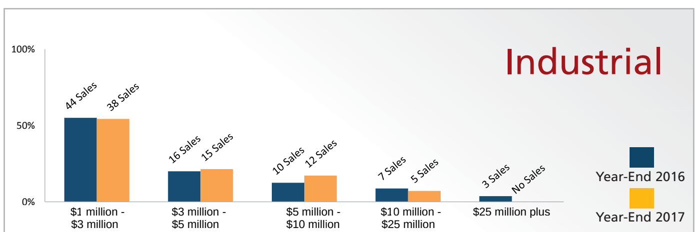
DOLLAR VOLUME Year-End 2016 $85M; Year-End 2017 $290M

SALES ACTIVITY Year-End 2016 31 Sales; Year-End 2017 50 Sales



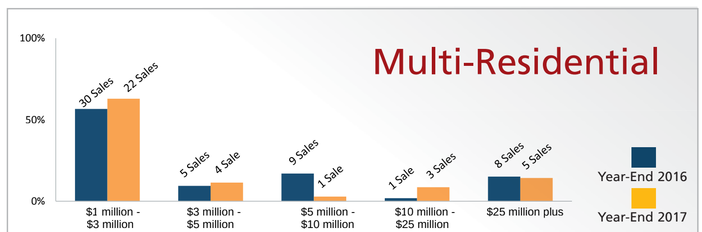
DOLLAR VOLUME Year-End 2016 $483M; Year-End 2017 $488M

SALES ACTIVITY Year-End 2016 54 Sales; Year-End 2017 48 Sales



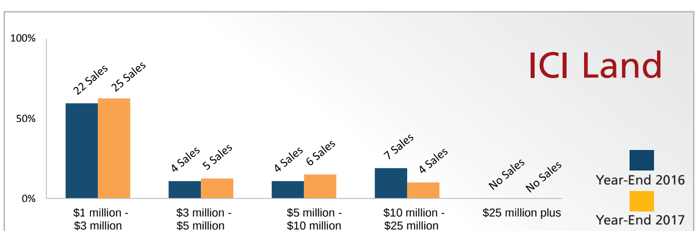
DOLLAR VOLUME Year-End 2016 $446M; Year-End 2017 $283M

SALES ACTIVITY Year-End 2016 80 Sales; Year-End 2017 70 Sales



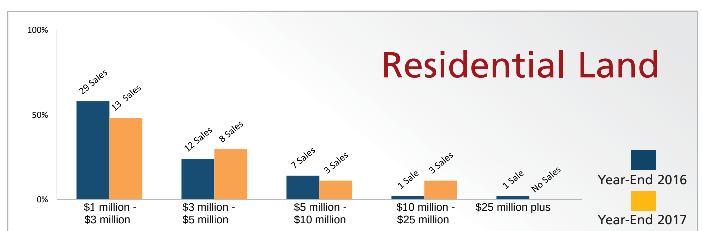
DOLLAR VOLUME Year-End 2016 $464M; Year-End 2017 $444M

SALES ACTIVITY Year-End 2016 53 Sales; Year-End 2017 35 Sales



DOLLAR VOLUME Year-End 2016 $174M; Year-End 2017 $166M

SALES ACTIVITY Year-End 2016 37 Sales; Year-End 2017 40 Sales



DOLLAR VOLUME Year-End 2016 $187M; Year-End 2017 $117M

SALES ACTIVITY Year-End 2016 50 Sales; Year-End 2017 27 Sales

Office Investment

INVESTOR APPETITE FOR OFFICE BUILDINGS INCREASED MARKEDLY YEAR-OVER-YEAR AND AS A RESULT, DOLLAR VOLUME DURING 2017 MORE THAN TRIPLED COMPARED TO ONE YEAR PRIOR.

The office investment market in Edmonton saw 50 office transactions during this reporting period, totalling just under $300 million, up from $85.5 million during 2016. This particular activity was bolstered by two purchases by Albari Holdings Ltd.: 10250 101st Street and the ING Building (10130 103rd Street) for a combined $60 million. These were B and C Class properties that sold for an average of $101 per square foot (psf). Crescent Star Holdings Inc. was also active, purchasing 10030 104 Street and HSBC Building (10055 106 Street) for a combined $19.75 million. These properties averaged $73.00 psf.

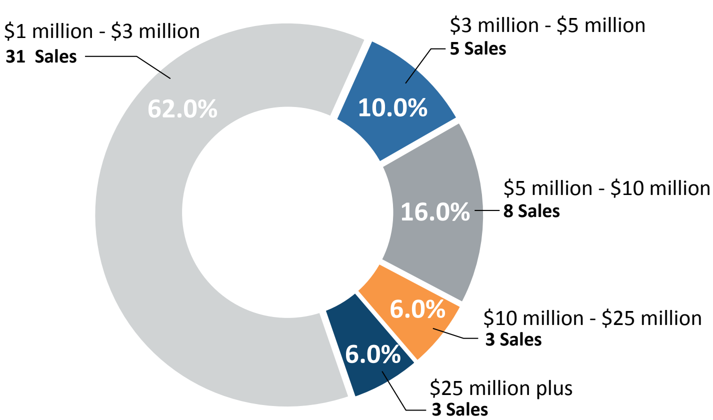
OFFICE TRANSACTIONS OVER $1 MILLION (TOTAL ANNUAL)

	2012	2013	2014	2015	2016	2017
Total $ Volume	$316,491,537	$331,146,760	$241,427,055	$89,703,950	$85,510,735	$289,580,302
# of Transactions	32	18	20	27	31	50
Avg. Bldg. Price per Square Foot	$258	$290	$245	$330	$272	$230
Average Price Per Transaction	$9,890,361	$18,397,042	$12,071,353	$3,322,369	$2,758,411	$5,791,606
Average Building Size (sf)	38,318	63,466	52,235	12,473	13,308	43,715

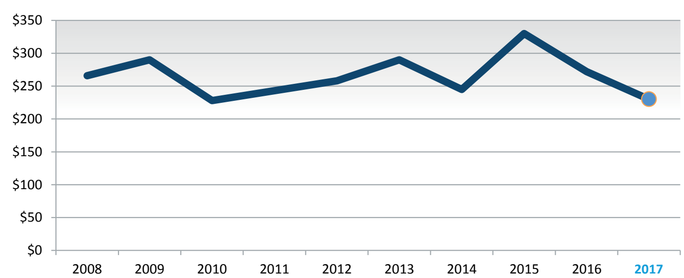
Source: The Network

Similar to 2016, office condominium transactions were a significant contributor to overall investment. During 2017, office condos comprised 34% of sales in this asset class versus 29% the previous year. This sustained interest is worth noting, as Barclay Street first observed a growing trend in ownership versus leasing approximately 18 months ago in the Edmonton market. We see small to mid-sized professional services firms being drawn to the ownership model, as it offers the opportunity to build equity over time. During 2017, office condominiums sold for an average of $330 psf. This is nearly twice that of office buildings, which sold for a low average of $176 psf. This was due in large part to several transactions involving Dream of Canada/Dundeal Canada properties selling for between $42 psf and $108 psf.

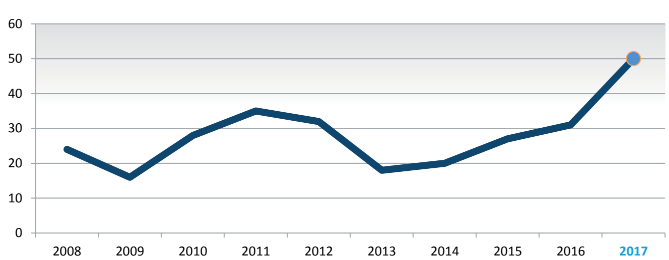
YEAR-END 2017 OFFICE INVESTMENT ACTIVITY DISTRIBUTION



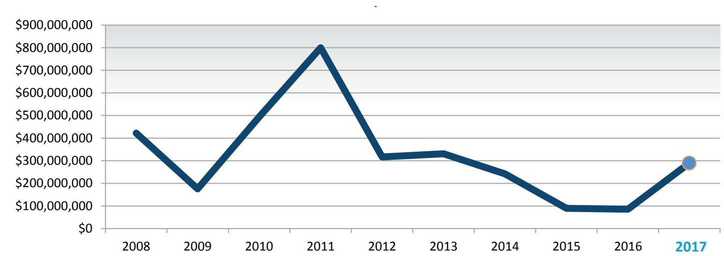
AVERAGE PRICE PER SQUARE FOOT



NUMBER OF TRANSACTIONS



TOTAL $ VOLUME



Retail Investment

CONTINUING FROM 2016, THE RETAIL ASSET CLASS SAW ROBUST INVESTMENT DOLLAR VOLUME TOTALLING $488 MILLION.

RETAIL TRANSACTIONS OVER $1 MILLION (TOTAL ANNUAL)

	2012	2013	2014	2015	2016	2017
Total $ Volume	$685,056,341	$240,003,499	$356,600,076	$138,038,238	$482,888,288	$487,656,213
# of Transactions	49	43	50	33	54	48
Avg. Bldg. Price per Square Foot	$237	$320	$305	$239	$375	$405
Average Price Per Transaction	$13,980,742	$5,581,477	$7,132,002	$4,182,977	$8,942,376	$10,159,504
Average Building Size (sf)	59,109	18,125	34,046	18,794	29,628	23,192

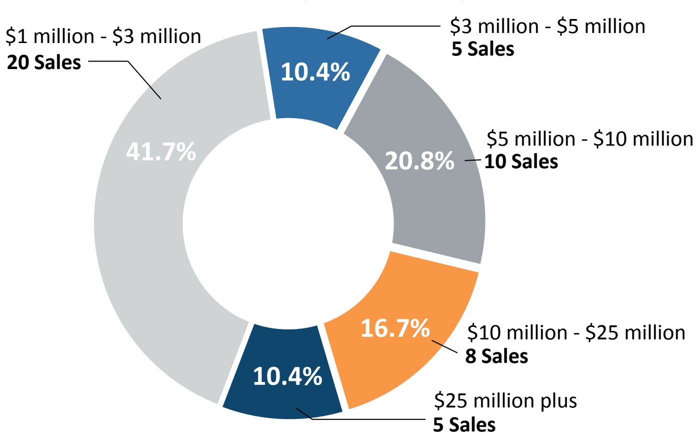
Source: The Network

Investment in retail properties was especially strong in the first half of 2017, bringing the total dollar to nearly double that seen at same point the previous year. Beginning in the third quarter however, activity quieted and year-over-year dollar volume rose by 1%. This comes on the heels of a year when retail investment more than tripled as shown by the historical transaction table at right. Four sales greater than $30 million closed, the most notable of them being the $103 million purchase of 11103 Ellerslie Road SW by C Store USA from 7-Eleven Canada Inc.

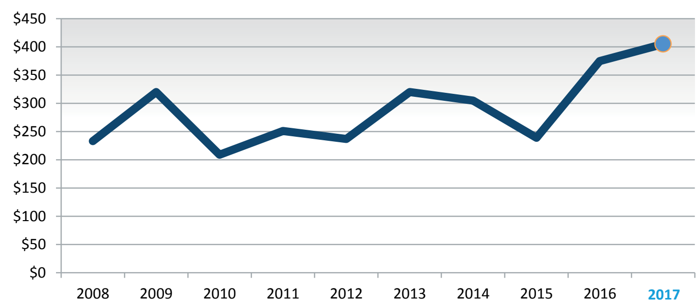
With the aforementioned deal and six others closing above $600 per square foot (psf), average price per square foot continued a multi-year upward trajectory to $405. A major contributor to the increased demand and corresponding rise in price per square foot was the stronger than anticipated economic recovery, which spurred retail spending. This led to increased leasing activity and sales volumes through the second half of 2017. The greater sales volumes, in turn, began motivating retailers to seek newer and/or better-located spaces, especially as construction continued among several new developments on the city's periphery. Within the city, high-profile mixed-use developments on Whyte Avenue are underway, as densification efforts along it and other corridors such as Jasper Avenues and 124th Street get underway. These areas are likely to become very attractive for retailers.

As mentioned earlier, investment in Edmonton's retail asset class decreased in the second half of the year, in both dollar volume and the number of overall sales. Speaking to the latter, activity fell by approximately 11%, with 48 transactions closed. Barclay Street's analysis shows significant year-over-year dispersion of transactions among the various price ranges, with big-ticket properties once again on investors' radar in a meaningful way. During 2017, five sales closed above $25 million versus two during 2016. The largest transaction of the year was the purchase of 11103 Ellerslie Road SW by C Store USA Properties, LLC for just under $104 million.

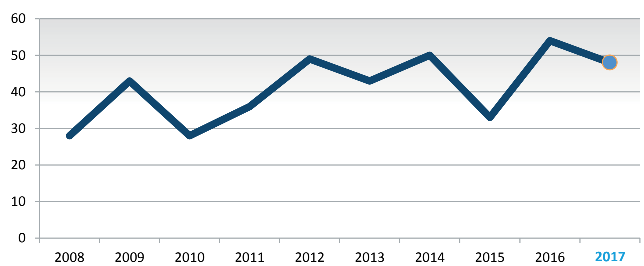
YEAR-END 2017 RETAIL INVESTMENT ACTIVITY DISTRIBUTION



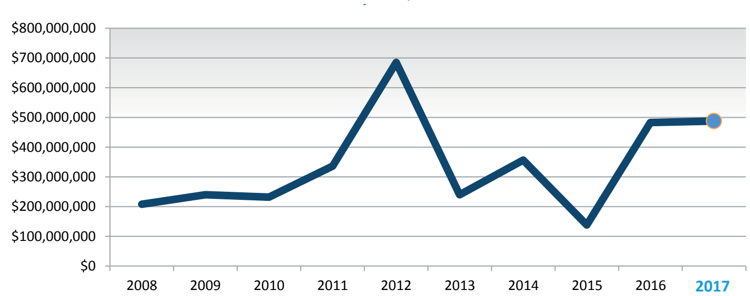
AVERAGE PRICE PER SQUARE FOOT



NUMBER OF TRANSACTIONS



TOTAL $ VOLUME



Industrial Investment

THE GREATER EDMONTON AREA INDUSTRIAL REAL ESTATE MARKET DEMONSTRATED ONGOING STRENGTH AS 2017 PROGRESSED. A late-year surge of leasing activity brought vacancy in this market below 8%. Demand by owner/users continued to increase for buildings ranging between 10,000 square feet (sf) and 30,000 sf, keeping values for these properties stable. Of the 70 transactions closed during the year, investor demand was focused on IM (industrial manufacturing)-zoned properties and IB (industrial business) -zoned properties with 35 sales and 27 sales, respectively. The former properties achieved an average of $215 p/sf while the latter achieved $212 p/sf. Continuing from mid-year, demand was high for properties with access to arterial roadways and particularly for IB-zoned buildings that can accommodate a variety of industrial uses.

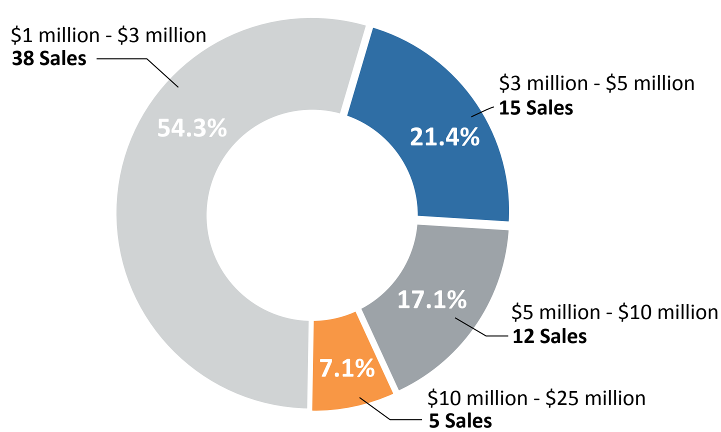
Although the Industrial sector investment activity during 2017 was relatively consistent with the previous two years and the price per square foot recovered, total dollar volume was down markedly year-over-year. This is due to the absence of transactions greater than $25 million and fewer sales priced between $10 million and $25 million compared to 2016. Referring to the distribution chart below, Barclay Street's analysis demonstrates that more than half of investor activity occurred at the low end of the price spectrum during 2017, bucking the general trend of broadened price range activity seen in the other asset classes. During the year, the largest transaction by price was the purchase of 3300 76 Ave by Mid-Nite Sun Transportation Ltd. for $17.2 million.

INDUSTRIAL TRANSACTIONS OVER $1 MILLION (TOTAL ANNUAL)

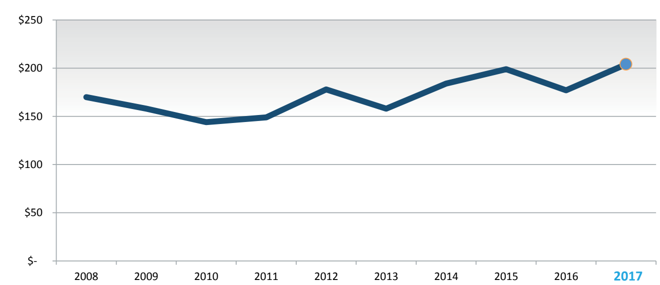
	2012	2013	2014	2015	2016	2017
Total $ Volume	$430,366,599	$621,302,291	$423,331,760	$315,031,543	$445,979,265	$282,694,810
# of Transactions	83	132	97	85	80	70
Average Price per Square Foot	$178	$158	$184	$199	$177	$204
Average Price	$5,185,140	$4,706,836	$4,364,245	$3,706,253	$5,574,741	$4,038,497
Average Building Size (sf)	34,866	39,753	31,965	24,504	41,596	27,781

Source: The Network

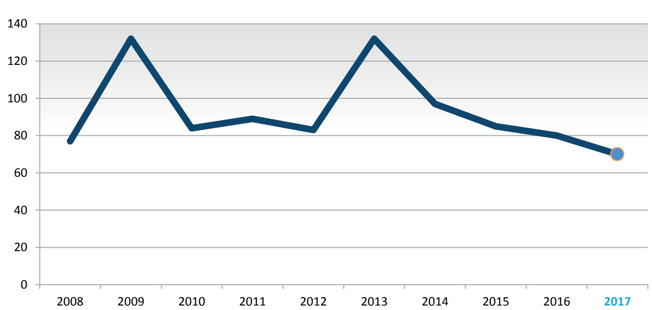
YEAR-END 2017 INDUSTRIAL INVESTMENT ACTIVITY DISTRIBUTION



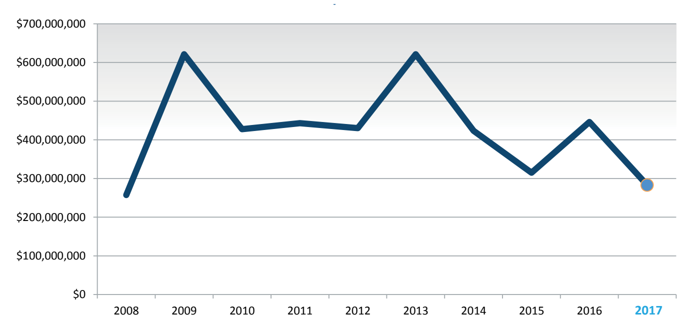
AVERAGE PRICE PER SQUARE FOOT



NUMBER OF TRANSACTIONS



TOTAL $ VOLUME



Multi-Residential Investment

WHILE EDMONTON'S MULTI-RESIDENTIAL MARKET EXPERIENCED A 20% YEAR-OVER-YEAR INCREASE IN DOLLAR VOLUME DURING THE FIRST HALF OF 2017, THE YEAR ENDED WITH OVERALL INVESTMENT AT 96% OF THE PREVIOUS YEAR'S LEVELS.

MULTI-RESIDENTIAL TRANSACTIONS OVER $1 MILLION (TOTAL ANNUAL)

	2012	2013	2014	2015	2016	2017
Total $ Volume	$201,891,312	$297,041,684	$325,246,716	$289,110,217	$463,718,535	$443,741,401
# of Transactions	59	59	64	45	53	35
Average Price per Unit	$100,204	$118,542	$133,198	$141,482	$134,309	$128,287
Average Price	$3,421,887	$5,034,605	$5,081,980	$6,424,671	$8,749,406	$12,678,326
Average Building Size (Units)	28	39	32	41	53	74

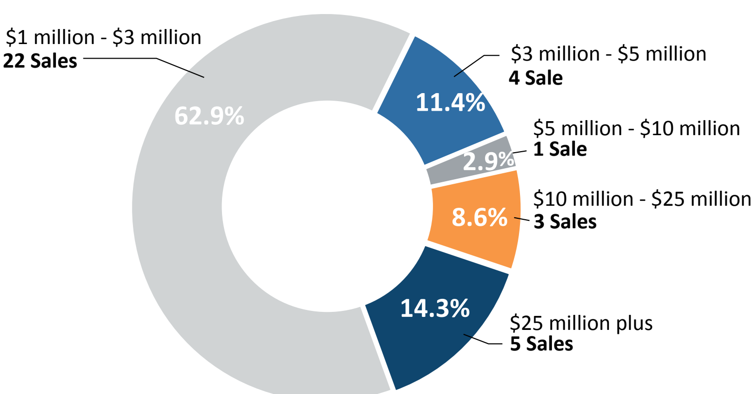
Source: The Network

This is noteworthy given the substantial decrease in the number of transactions from more than 50 in 2016 to 35 during 2017. Buoying the asset class this year was the sale of Edgewater (8508 Jasper Avenue) to Resport Equities Inc. for $191 million. This transaction accounted for 43% of the year's dollar volume and is the largest single transaction in Edmonton's Multi-Residential market history.

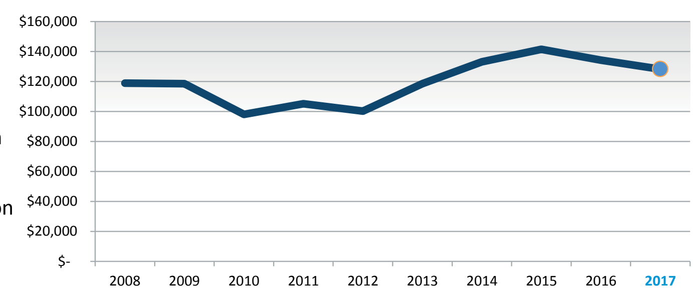
The aforementioned activity pertaining to large assets is noteworthy as two of the largest transactions to take place during the year also came with the highest per-unit price. For example, Edgewater sold for more than $275,000 per door while 10510 111th Street – purchased by 1937394 Alberta Ltd. -went for more than $235,000 per door. Overall, price per unit remained generally stable compared to 2016, posting only a minor decrease of approximately 4.5% year-over-year.

For purchasers seeking a stable cash flow, vacancy in this asset class sat just below 7% at year-end; remaining remarkably stable despite the introduction of several new developments comprising more than 1,700 new units. Additional new supply is also in the pipeline for 2018 with approximately 2,000 new units anticipated. The demand for this product in Edmonton's market is regarded as being sufficient to absorb the new developments without substantially increasing vacancy rates.

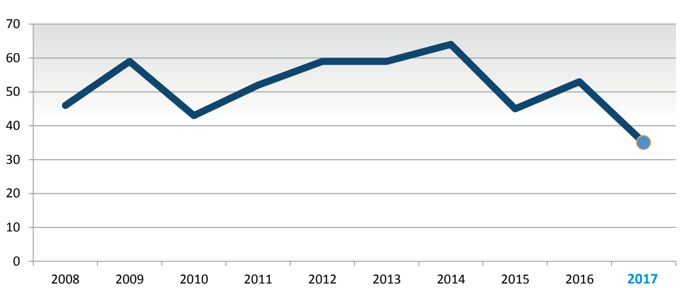
YEAR-END 2017 MULTI-RESIDENTIAL INVESTMENT ACTIVITY DISTRIBUTION



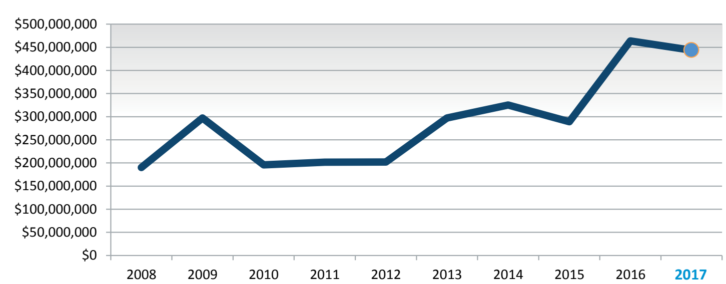
AVERAGE PRICE PER UNIT



NUMBER OF TRANSACTIONS



TOTAL $ VOLUME



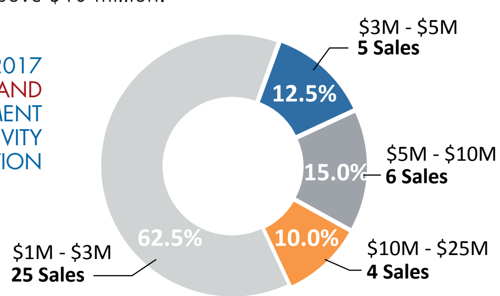
ICI & Residential Land Investment

THE ICI (INDUSTRIAL, COMMERCIAL AND INVESTMENT) LAND SECTOR CONTRIBUTED APPROXIMATELY $166 MILLION OF THE $283 MILLION IN TOTAL LAND SALES GENERATED DURING 2017.

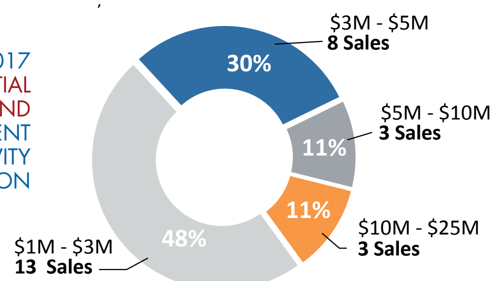
This represents a 5% year-over-year decrease in dollar volume despite a small increase in overall sales. The average ICI transaction closed at $4.1 million, with four transactions greater than $10 million; the largest of which were the purchase of 107 acres of industrial land at 12920 33rd St NE by 1679852 Alberta Inc. for $14.6 million and 33.6 acres of land at 2028 156th St SW by Winderemere At Glenridding Inc. for $22.6 million.

In terms investment activity, the ICI Land asset class saw a small year-over-year increase, with 40 transactions completed versus 37 during 2016. Referring to the distribution pie chart below, Barclay Street's analysis shows that during 2017, investors placed heavy emphasis on properties priced in the $1 million to $3 million dollar range, and on a year-over-year basis there were fewer transactions closed above $10 million.

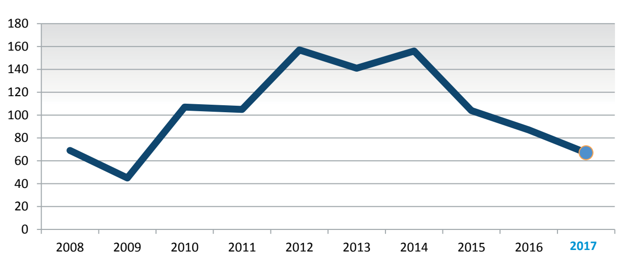
YEAR-END 2017 ICI LAND INVESTMENT ACTIVITY DISTRIBUTION



YEAR-END 2017 RESIDENTIAL LAND INVESTMENT ACTIVITY DISTRIBUTION



ICI+RESIDENTIAL NUMBER OF TRANSACTIONS



ICI & RESIDENTIAL LAND TRANSACTIONS OVER $1 MILLION (TOTAL ANNUAL)

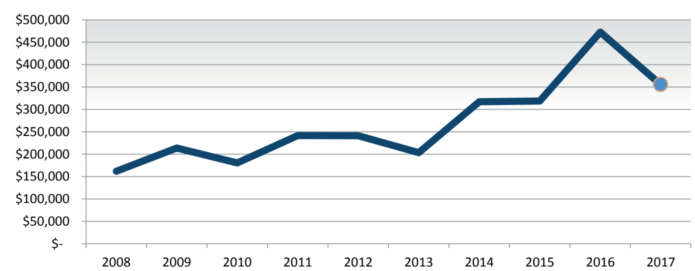
	2012	2013	2014	2015	2016	2017
Total $ Volume	$679,795,944	$840,219,090	$766,549,218	$493,437,396	$361,125,565	$282,593,339
# of Transactions	157	141	156	104	87	67
Average Price per Acre	$241,251	$203,562	$317,257	$318,817	$472,677	355,463.32
Average Price	$4,329,910	$5,959,000	$4,913,777	$4,512,179	$4,222,246	$4,235,335
Average Land Area (Acres)	24	21	12	21	5	10

Source: The Network

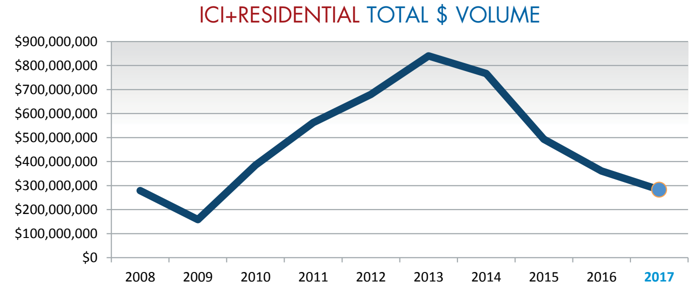
Residential Land sales, when compared to 2016, saw a substantial decrease in both investor activity and dollar volume. At December 31st, this asset class saw dollar volume fall to less than two-thirds of previous year levels while overall activity (number of transactions) was just over half that seen during 2016. During this reporting period, 27 transactions took place at an average of $4.3 million, boosted by the $18.1 million purchase of 10019/27 104th Street by Tissot Management Ltd. One other notable transaction was the purchase of 1.4 acres at 10537 104th Street - a lot near Rogers Place – by Ice District Corp. for $14 million.

Combined, the land sector saw the average price per acre decrease to $355,000 /acre from the multi-year high of $473,000/acre reached in 2016. This is due to the near absence of partial-acre ICI Land purchases during the year, whereas sales of less than one acre comprised the majority of Residential Land transactions during 2016. From mid- year 2015 through 2016, Barclay Street noted this substantial number of partial-acre sales as a significant contributor to price-per-acre inflation over that period. On this topic, the single ICI Land transaction of 2017 was 0.49 acres at 12133 97th Street which sold for the equivalent of $2.26 million/acre.

ICI+RESIDENTIAL AVERAGE PRICE PER ACRE



ICI+RESIDENTIAL TOTAL $ VOLUME



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