



Real Estate Market Commentary

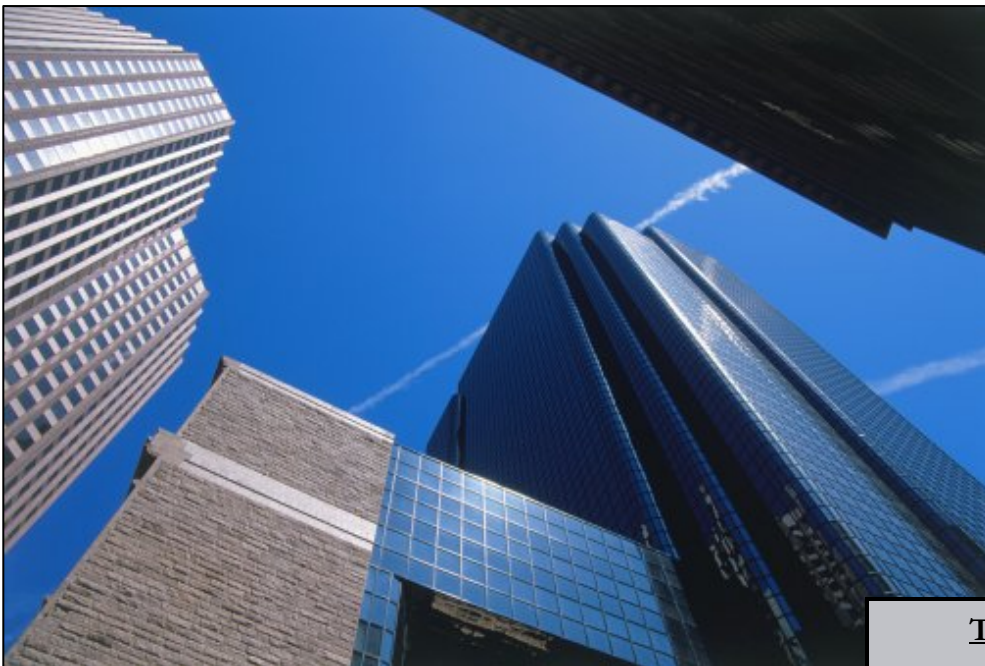


Table of Contents

Economic Highlights	1
Toronto	2
Ottawa	3
Calgary	4
Vancouver	5
Retail Market	6



Economic Highlights

CANADA

- Canada's economy delivered a higher than expected 3.1% gain in 2010 led by strong export growth and much improved consumer demand. Expectations are for slightly slower growth at a level less than 3.0% in 2011 primarily due to less export demand from the US.

ONTARIO

- Expectations for growth in Ontario increased slightly in the past quarter to 2.6% for 2011. The recovery in manufacturing and auto sectors has begun and is expected to continue. The provincial government has also taken steps to improve the corporate climate.
- Challenges to growth include a large provincial deficit and the continued strong performance of the Canadian dollar weighing down the goods producing industries.

ALBERTA

- Expectations for growth in Alberta improved significantly in the past quarter to 3.9% for 2011. High oil prices, an increase in drilling activity, and more migrants from within Canada and abroad are expected in the coming year.
- The main challenge to growth remains the continued lack of diversification within the economic base that could be affected should a broad-based drop in commodity prices occur.

BRITISH COLUMBIA

- Expectations for growth in BC improved marginally to 2.8% for 2011. The strong demand for commodities is expected to be the primary source of growth generation.
- Challenges to growth include a possible over-valuation of residential real estate resulting in slower housing sales and construction activity. The strength of the Canadian dollar versus most global currencies is expected to have a negative effect on the tourist trade as well.

Real GDP	2010	2011 (f)	2012 (f)
Canada	3.1%	2.9%	2.7%
Ontario	3.0%	2.6%	2.5%
Alberta	3.3%	3.9%	3.4%
British Columbia	3.4%	2.8%	3.0%

Unemployment Rate	Mar 2011	Dec 2010	Mar 2010
Canada	7.7%	7.6%	8.2%
Ontario	8.1%	8.1%	8.8%
Alberta	5.7%	5.5%	7.5%
British Columbia	8.1%	7.6%	7.9%

Job Creation (000)	Mar 2011	Dec 2010	Last 12 mos.
<i>*monthly change except for last 12 mos.</i>			
Canada	-1.5	30.4	304.6
Ontario	5.6	21.7	136.9
Alberta	5.7	-0.9	68.8
British Columbia	3.5	-12.8	19.9

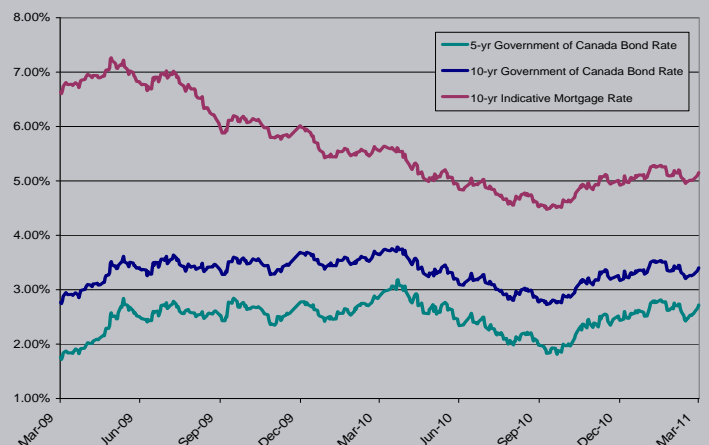
CPI	Mar 2011	Dec 2010	Last 12 mos.
<i>*monthly change except for last 12 mos.</i>			
Canada	1.1%	0.0%	3.3%
Ontario	1.2%	-0.1%	3.6%
Alberta	0.2%	0.2%	2.0%
British Columbia	0.8%	-0.3%	3.1%

Retail Sales	Feb 2011	Nov 2010	Last 12 mos.
<i>*monthly change except for last 12 mos.</i>			
Canada	0.4%	1.3%	3.7%
Ontario	0.7%	1.2%	5.4%
Alberta	1.5%	2.2%	5.7%
British Columbia	0.7%	1.3%	0.3%

Sources: Statistics Canada, Bank of Nova Scotia, CIBC, BMO, RBC, TD, National Bank

YIELD TREND ANALYSIS

	Government of Canada Bond Yield		10-yr Indicative Mortgage
	5-yr	10-yr	Face Rate
31-Mar-11	2.72%	3.40%	5.15%
<i>Increase / (Decrease) from Prior Periods to March 31, 2011</i>			
31-Dec-10	0.29%	0.23%	0.23%
30-Sep-10	0.74%	0.62%	0.62%
30-Jun-10	0.38%	0.31%	0.31%
31-Mar-10	(0.16%)	(0.24%)	(0.39%)
31-Dec-09	(0.06%)	(0.27%)	(0.84%)
30-Sep-09	0.19%	0.05%	(0.81%)
30-Jun-09	0.23%	0.03%	(1.64%)
31-Mar-09	0.96%	0.64%	(1.48%)





Toronto Market Commentary

	Office			Industrial		
	Q1-2011	Q4-2010	Q1-2010	Q1-2011	Q4-2010	Q1-2010
Vacancy						
Downtown	5.9%	6.5%	6.9%	--	--	--
Overall	7.8%	8.5%	8.1%	6.3%	6.3%	6.7%
Average Capitalization Rate						
Downtown	6.6%	6.8%	7.6%	--	--	--
Suburban	7.5%	7.5%	8.1%	7.0%	7.0%	7.9%
Lease Rates (per sq.ft.)	\$16.98	\$17.46	\$17.47	\$4.64	\$4.77	\$4.91
New Supply (thousand sq.ft.)	140	0	564	273	233	600
Under Construction (thousand sq.ft.)	1,379	1,316	2,091	1,639	959	950
Absorption (thousand sq.ft.)	882	326	349	2,090	4,889	3,030

Source: Cushman & Wakefield, Colliers, CB Richard Ellis, DTZ Barnicke

Office

Demand Spurs Discussion of New Development

While office vacancy rates remain weak for many suburban GTA markets, high demand has continued in downtown Toronto. With downtown's most recent developments almost completely leased up (approximately 93% occupied), discussion has begun regarding the potential downtown development of one, two or even three new office buildings.

New Standards Set in Downtown Office Market

Following the completion of Bay Adelaide Centre, Telus Tower and RBC Centre (combined 2.9 million sq.ft.) in 2010, new office standards are being set in the Toronto downtown market. Significant amounts of office space continue to be exchanged between tenants looking to move into or expand within these new spaces. With growing demand for modern building systems, efficient floor layouts, lower operating costs and LEED certifications, older properties are requiring upgrades to remain competitive.

Industrial

Investment Market Remains Strong into 2011

The GTA industrial investment market has remained active into 2011 as properties of all sizes continue to be purchased. Over 16 million sq.ft. has sold over the past six months, which equates to nearly the entire transaction volume experienced in 2009. As major institutions and REITs seek to hold on to their assets in the near future, a reduction in good investment opportunities could potentially be seen.

GTA Industrial Set to Withstand Japan Disaster

While the recent disaster in Japan will no doubt produce a ripple affect within the GTA industrial market, a reduction in supplies from the Asian market is not expected to have a significant impact on production and the availability of industrial space. Despite recent shift cancellations at Honda's automobile plants and related manufacturers in southern Ontario, both the transportation and warehousing sectors are expected to grow during the remainder of 2011.



Ottawa Market Commentary

	Office			Industrial		
	Q1-2011	Q4-2010	Q1-2010	Q1-2011	Q4-2010	Q1-2010
Vacancy						
Downtown	5.4%	4.1%	3.6%	--	--	--
Overall	7.3%	6.5%	6.2%	6.7%	6.0%	5.2%
Average Capitalization Rate						
Downtown	6.8%	6.9%	7.3%	--	--	--
Suburban	7.8%	7.8%	8.4%	7.6%	7.9%	8.3%
Lease Rates (per sq.ft.)	\$17.35	\$16.53	\$16.65	\$8.28	\$7.72	\$7.70
New Supply (thousand sq.ft.)	0	0	0	0	23	123
Under Construction (thousand sq.ft.)	654	573	575	109	109	127
Absorption (thousand sq.ft.)	-471	-3	201	-185	-23	-5

Source: Cushman & Wakefield, CB Richard Ellis, DTZ Barnicke

Office

Vacant Space Enters Kanata Office Market

Following five consecutive quarters of declining office vacancy in the Kanata market, Q1-2011 experienced a quarterly increase of 350 bps to 15.4% (80 bps increase year-over-year) according to CBRE. The significant rise in vacancy is the result of contracting private sector tenants who entered into leases during the hi-tech boom. As a correction to the Kanata market continues, companies such as Mitel, Oracle and PMC-Sierra have together been responsible for providing over 150,000 sq.ft. of vacant space into the Kanata market since the beginning of the year.

Industrial

Industrial Market Records Significant Rise in Rental Rates

Despite increasing vacancy rates, significant increases in average rental rates were experienced in the Ottawa industrial market during the first quarter of the year. This strong rise in rental rates can be attributed to multiple new industrial properties entering the market, some of which include retail rental rates as a result of their retail/industrial nature.



Calgary Market Commentary

	Office			Industrial		
	Q1-2011	Q4-2010	Q1-2010	Q1-2011	Q4-2010	Q1-2010
Vacancy						
Downtown	10.6%	11.7%	11.9%	--	--	--
Overall	11.2%	12.1%	13.2%	4.6%	4.8%	5.7%
Average Capitalization Rate						
Downtown	7.4%	7.9%	8.1%	--	--	--
Suburban	7.5%	7.8%	8.4%	6.9%	7.0%	7.8%
Lease Rates (per sq.ft.)	\$18.50	\$18.67	\$18.61	\$7.84	\$7.57	\$7.49
New Supply (thousand sq.ft.)	0	1,044	2,623	78	49	89
Under Construction (thousand sq.ft.)	2,399	2,107	3,348	575	80	308
Absorption (thousand sq.ft.)	515	440	1,049	540	367	645

Source: Cushman & Wakefield, Colliers, CB Richard Ellis, Avison Young

Office

Strengthening Oil and Gas Market Reignites Downtown Office Demand

Demand for downtown office space has remained strong during the first quarter of 2011 as a result of high oil prices and a resurgence in oil sands projects. Demand for Class A and AA space remains strongest, as evidenced by the recent leasing of 90,000 sq.ft. in both Suncor Centre and Scotia Centre to Suncor and Shaw Communications Inc., respectively.

Potential for Eighth Avenue Place - West

A renewed sense of confidence has emerged in the Calgary office market as the returning oil and gas industry seeks to bolster the economic, and consequently development landscape. Discussion has emerged regarding the potential development of Eighth Avenue Place - West. As talks between the developer and potential tenants continue, the project could break ground within the next 12 months.

Industrial

Industrial Land Investment Looks Inward

Despite large amounts of land (over 1,500 acres) suitably zoned for industrial use on Calgary's outskirts, focus has turned inward to properties located within the city limits. Proximity to suppliers, clients and employees have begun to take precedence over price advantages offered by peripheral locations.

Sales Activity Closes Strong in 2010

Transaction volume in the Calgary industrial market reached \$305 million in 2010, up 34% from the previous year (\$228 million in 2009). Excluding strata units, average price per sq.ft. declined 3% in 2010 to \$118 (\$121 in 2009). Overall transactions during 2010 increased to 47 (35 in 2009), with investors accounting for 68% (61% in 2009) of the purchases. Entering 2011, many believe the bottom of the cycle has occurred, presenting potential strategic buying opportunities.



Vancouver Market Commentary

	Office			Industrial		
	Q1-2011	Q4-2010	Q1-2010	Q1-2011	Q4-2010	Q1-2010
Vacancy						
Downtown	4.0%	4.6%	5.2%	--	--	--
Overall	8.3%	8.5%	8.8%	4.4%	4.7%	4.5%
Average Capitalization Rate						
Downtown	5.8%	5.9%	6.3%	--	--	--
Suburban	6.6%	6.8%	7.1%	6.3%	6.4%	6.8%
Lease Rates (per sq.ft.)	\$20.38	\$20.57	\$23.41	\$7.78	\$7.91	\$8.05
New Supply (thousand sq.ft.)	100	123	259	204	462	489
Under Construction (thousand sq.ft.)	749	805	790	1,613	1,434	1,743
Absorption (thousand sq.ft.)	155	149	19	758	538	125

Source: Cushman & Wakefield, Colliers, CB Richard Ellis, DTZ Barnicke

Office

Downtown Office Development Expected to Break Ground in 2011

Downtown office activity continues to intensify as limited supply, coupled with corporate expansion and labour growth, contribute to historically low vacancy levels. As the number of office projects in the pipeline increases, the race to market continues. With development permits obtained by both Oxford Properties Group Ltd. (1021 W. Hastings St., 290,000 sq.ft.) and Bentall Kennedy (745 Thurlow St., 380,000 sq.ft.), construction is expected to begin this year on at least one tower. While no major announcements regarding the Telus Tower (500 Block of W. Georgia St., 500,000 sq.ft.) were made during the quarter, construction on the Westbank Holdings Ltd. project is also expected to commence in 2011. After working through an extensive rezoning process, Aquilini Development and Construction Ltd. are attempting to begin construction in February 2012 on a 240,000 sq.ft. office tower adjacent to Rogers Arena.

Industrial

Limited Supply Drives Strata Construction

Vacancy in the Metro Vancouver industrial market has continued to remain stable over the past six months due to a lack of land and new development. Limited new supply, combined with low borrowing costs, has produced stronger demand for strata industrial space. Historically only seen in small- and mid-bay properties, this trend can now also be witnessed with larger properties (10,000 – 20,000 sq.ft.). Until interest rates begin to rise and more leasing opportunities become available, the appeal of strata construction will likely continue.



Retail Market Commentary

	Toronto	Ottawa	Calgary	Vancouver
Vacancy	4.5%	2.7% ↓	2.4% ↓	3.3% ↑
as of...	Q4 - 2010	Q4 - 2010	Q4 - 2010	Q4 - 2010
Average Capitalization Rate	7.1% ↔	7.4% ↓	6.9% ↓	6.1% ↔
as of...	Q1 - 2011	Q1 - 2011	Q1 - 2011	Q1 - 2011
Lease Rates (per sq.ft.)	n/a	\$19.81 ↓	\$26.37 ↑	n/a
as of...	--	Q4 - 2010	Q4 - 2010	--
Unemployment Rate	8.5% ↑	6.5% ↓	6.1% ↑	8.2% ↑
as of...	Mar 2011	Mar 2011	Mar 2011	Mar 2011

Source: Cushman & Wakefield, Colliers, CB Richard Ellis, Statistics Canada

Canadian Consumer Confidence



Source: Conference Board of Canada

Retail

Marshalls Opens for Business in Canada

With a growing number of US retailers looking to capitalize on the attractive Canadian consumer market, Marshalls has become one of the first to open its doors to business in Canada. Marshalls is owned by The TJX Companies, Inc., which also owns Winners, HomeSense and T.J. Maxx. With the launch of three locations in March and two in April (all in the Greater Toronto Area), increased pressure is expected to be placed on its sister company Winners, along with Loblaws, Wal-Mart and many other established Canadian retailers.

Further Development Proposed for Canada Olympic Park

WinSport Canada has proposed a new retail and commercial development located at Calgary's Canada Olympic Park (COP). Currently before the City of Calgary, the 400,000 sq.ft. proposed development (located on 56 acres of land)

would include multiple restaurant and retail locations. In an effort to complement the existing sporting venues and activities located at COP, the proposal has also included plans for at least one hotel. Construction on the multi-phase development has been proposed for early 2012.

Mixed-use Development Proposed for Tsawwassen First Nation Lands

Partnering with Ivanhoe Cambridge and the Property Development Group, the Tsawwassen First Nation (TFN) has entered into a memorandum agreement for the development 175 acres of TFN land. Located on the north side of Highway 17 (near the Tsawwassen ferry terminal south of the City of Vancouver), the approximately 1.8 million sq.ft. retail, office, and entertainment development would be constructed in multiple phases. Tentatively named "Tsawwassen Mills", construction of the project could commence as early as 2012.



ACM Advisors Ltd. is a fund management company specializing in the origination and underwriting of commercial mortgages and debt instruments for the Canadian real estate marketplace since 1992. ACM Advisors Ltd. currently manages four fixed income funds aggregating approximately \$1 billion of assets.

Should you have any questions or comments regarding this or any future commentary, please contact Graham Collings, Vice President – Investments, at 604-661-0669 or gcollings@acma.ca

The statements, opinions and statistical data contained herein are a compilation of available sources at the time of publication, which include, but are not limited to information provided by: Colliers, DTZ Barnicke, Cushman & Wakefield, CB Richard Ellis, Avison Young, Canaccord, National Bank Financial Group, RBC Economics Research, BMO Capital Markets Economics, TD Economics, CIBC World Markets Inc., Scotia Economics, Morguard, the Globe & Mail, the National Post, The Vancouver Sun, Statistics Canada and the Conference Board of Canada. The particulars contained herein were obtained by sources which we believe to be reliable but are not guaranteed by us and may be incomplete. We make no representation or warranty, express or implied, as to its accuracy or completeness. E&OE. (MM = millions, M = thousands)