

CAPITAL MARKETS
CANADIAN INVESTMENT
MARKET OVERVIEW
Q2 2020



TABLE OF CONTENTS

1

NATIONAL
ECONOMIC
OVERVIEW

2

NATIONAL
OFFICE
MARKET

3

NATIONAL
RETAIL
MARKET

4

NATIONAL
MULTIFAMILY
MARKET

5

NATIONAL
INDUSTRIAL
MARKET

6

NATIONAL
RESIDENTIAL
DEVELOPMENT
LAND MARKET

7

NATIONAL
MORTGAGE
LENDING AND
DEBT CAPITAL
MARKETS

8

COMPANY
OVERVIEW
NEWMARK
KNIGHT FRANK



NEWMARK KNIGHT FRANK

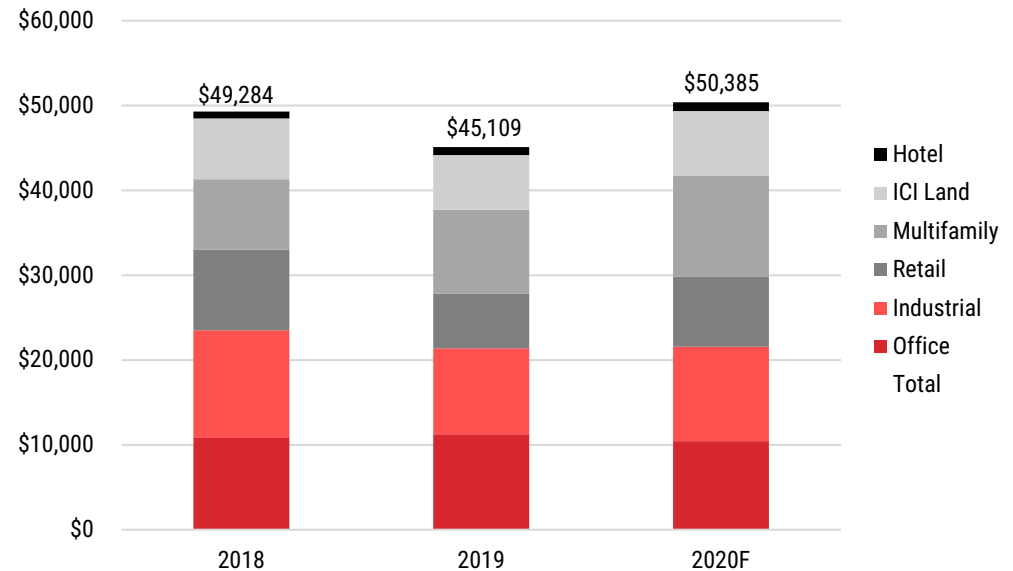
NATIONAL ECONOMIC OVERVIEW

NATIONAL ECONOMIC OVERVIEW

Canadian Market Overview

- Canada offers one of the most stable financial systems in the world
- Foreign Direct Investment reached all-time highs in 2019 after increasing more than 60% in 2018 to \$51.3bn
- Real estate remains one of the most coveted investments for domestic and international investors
- Major markets including Toronto, Vancouver, Montreal and Ottawa continue to experience significant growth in real estate values and underlying market rents
- The effect of COVID-19 continues to play out in the Canadian economy, so far there has been limited impact on property values; although transaction volumes have decreased significantly as owners and investors alike assess the situation

NATIONAL INVESTMENT VOLUMES (\$M) – PRE COVID-19 FORECAST



CONFERENCE BOARD OF CANADA – NATIONAL ECONOMIC FORECAST 2020 – PRE COVID-19

	2017	2018	2019	2020F	2021F	2022F	2023F	2024F
Real GDP at market prices (2007 \$ millions)	2,016,448	2,054,328	2,086,564	2,123,517	2,164,178	2,200,947	2,235,517	2,270,081
	3.0	1.9	1.6	1.8	1.9	1.7	1.6	1.5
Total employment (000s)	18,419	18,658	19,043	19,242	19,436	19,629	19,822	20,016
	1.9	1.3	2.1	1.0	1.0	1.0	1.0	1.0
Unemployment rate (per cent)	6.3	5.8	5.7	5.6	5.6	5.5	5.5	5.5
Household income per capita (\$)	47,133	48,378	49,744	51,325	52,827	54,377	55,989	57,579
	3.2	2.6	2.8	3.2	2.9	2.9	3.0	2.8
Population (000s)	36,489	36,994	37,466	37,833	38,198	38,568	38,941	39,314
	1.2	1.4	1.3	1.0	1.0	1.0	1.0	1.0
Single-family housing starts (000s)	76.8	65.9	60.4	62.9	59.6	56.4	52.8	48.8
Multifamily housing starts (000s)	142.9	146.9	154.7	149.2	149.6	149.8	148.1	144.5
Retail sales (\$ millions)	588,828	605,934	617,449	635,617	654,515	674,012	694,008	714,489
	7.1	2.9	1.9	2.9	3.0	3.0	3.0	3.0
CPI (2002 = 1.000)	1.304	1.334	1.359	1.385	1.414	1.442	1.472	1.501
	1.6	2.2	1.9	2.0	2.0	2.0	2.0	2.0

COVID-19 ECONOMIC IMPACT

Commentary

- COVID-19 containment measures have had a significant impact on world economies and global output
- Overall, global GDP is expected to contract -3.0% in 2020
- Advanced economies are expected to see the largest contraction in world output at an estimated -6.1% in 2020
- The global recovery is expected to follow in 2021 with world output increasing 5.8%
- The Canadian Market is already showing signs of recovery, however forecast GDP decline for 2020 is -6.2%, expected to rebound with 4.2% growth in 2021
- May 2020 brought the first signs of economic recovery in Canada with retail stores opening and a net gain of 289,600 jobs

GLOBAL GDP PROJECTION: IMPACT OF COVID-19

Year	2019	2020F	2021F
World Output	2.9%	-3.0%	5.8%
Advanced Economies	1.7%	-6.1%	4.5%
United States	2.3%	-5.9%	4.7%
Europe	1.2%	-7.5%	4.7%
Japan	0.7%	-5.2%	3.0%
United Kingdom	1.4%	-6.5%	4.0%
Canada	1.6%	-6.2%	4.2%
Other Advanced Economies	1.7%	-4.6%	4.5%
Emerging Markets & Developing Economies	3.7%	-1.0%	6.6%
China	6.1%	1.2%	9.2%
India	4.2%	1.9%	7.4%
ASEAN-5	4.8%	-0.6%	7.8%
Russia	1.3%	-5.5%	3.5%
Brazil	1.1%	-5.3%	2.9%
Mexico	-0.1%	-6.6%	3.0%
Saudi Arabia	0.3%	-2.3%	2.9%

IMPACT OF COVID-19 ON THE CANADIAN ECONOMY

COVID-19 IMPACT

Indicators	PRE-COVID-19 2020 FORECAST	MAY 2020
Forecast 2020 GDP Growth	1.6%	- 6.2%
Unemployment Rate	5.6%	13.7%
Labour Force Participation Rate	65.5%	61.4%
COVID-19 Cases	0	100K

SIGNS OF RECOVERY



Provincial Governments Continue to Initiate COVID-19 Rollout Plans

May 2020

Retail Stores Open with Limited Capacity Occupancy

+289,600

May 2020 Net Gain of Jobs



Daily New Cases Decline Significantly in May-June

MAJOR MARKET TRENDS

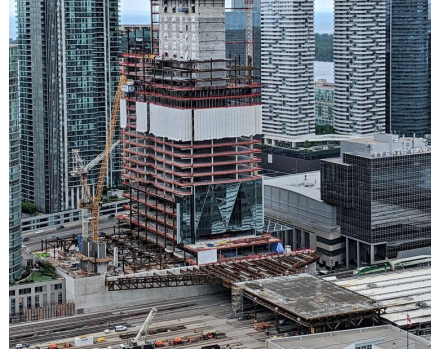
Canadian Market Overview



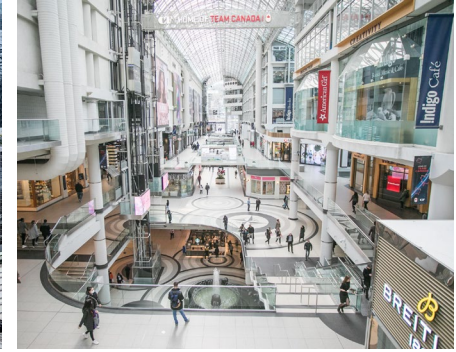
Premium Pricing for Toronto & Vancouver



Montreal Attracting New Investors



Development Market Remains Strong



Retail Continues to Face Headwinds



Suburban Office Yields Offer an Attractive Spread Over Downtown



Multifamily Highly Covered with Limited Available Opportunities



Private Debt Ready to Backfill Conventional Bank Lending



Scarcity of Industrial Land is Driving Record Pricing and Brownfield Redevelopment



NEWMARK KNIGHT FRANK

NATIONAL OFFICE MARKET

OFFICE INVESTMENT OVERVIEW

Introduction

COMMENTARY

- The Canadian office market continues to experience strong performance driven by historically low vacancy rates and a rising net rent environment
- Downtown AA capitalization rates in Toronto and Vancouver are in the 4.0% - 5.0% range
- Suburban A assets offer an attractive yield premium of ~100-150 bps with capitalization rates in the 5.0% - 6.5% range
- Limited fully-marketed core opportunities in Toronto and Vancouver has resulted in increased demand for assets in Montreal which offers an attractive yield premium of ~50 bps with capitalization rates typically in the 4.5% - 5.5% range for Downtown AA assets
- Off-market opportunities are available for both Downtown and Suburban office assets

KEY TRENDS



Strong Market Fundamentals



Capital Focused on Toronto, Vancouver & Montreal



Suburban Assets Offer an Attractive Yield Premium



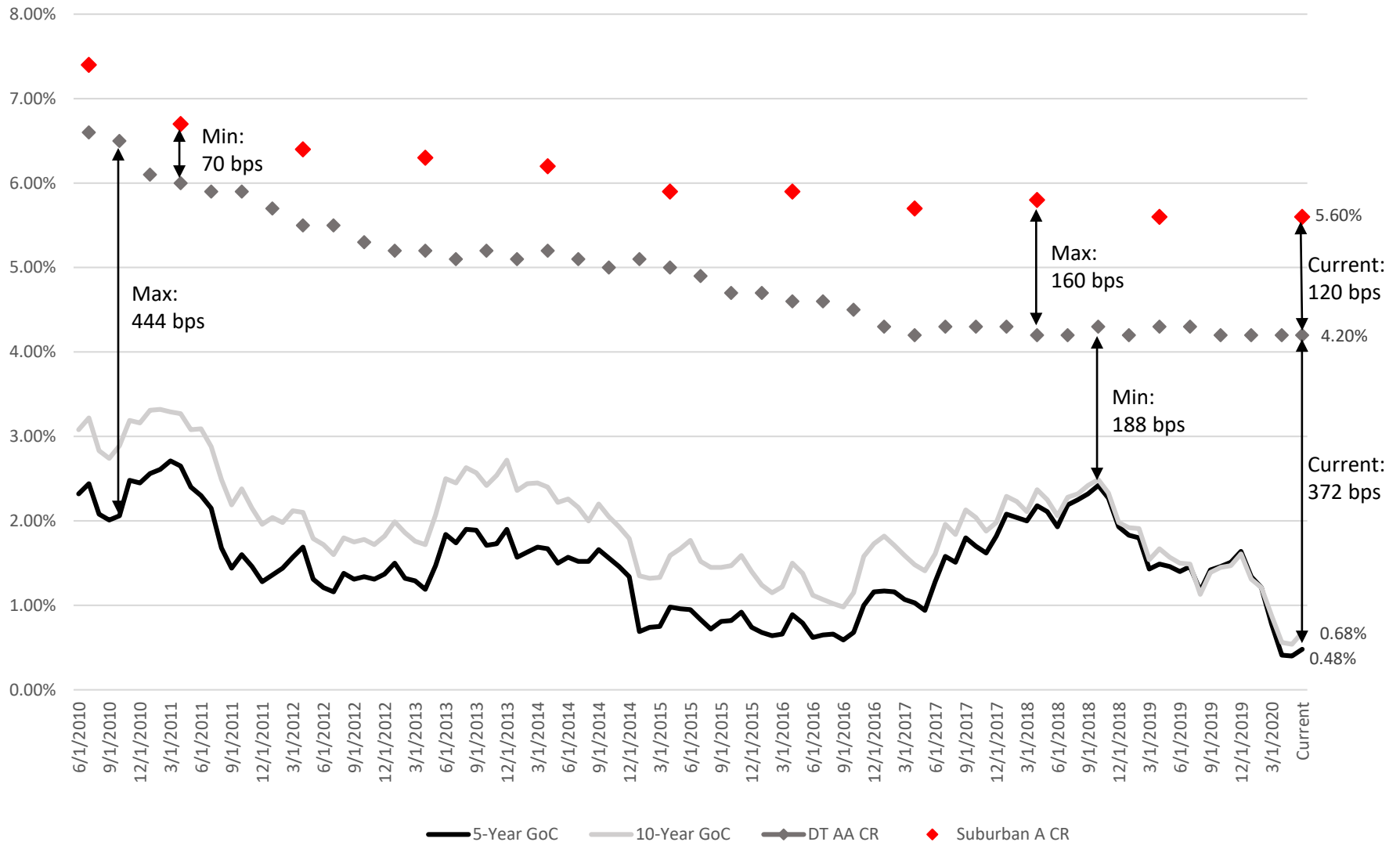
Off-Market Opportunities are Available

KEY METRICS – DOWNTOWN AA

Market	NET RENT	NET EFFECTIVE RENT	VACANCY RATE	CAP RATE RANGE
Toronto	\$35.00 - \$45.00	\$28.00 - \$40.00	2.2%	4.0% - 5.0%
Vancouver	\$35.00 - \$45.00	\$27.50 - \$40.00	2.3%	4.0% - 5.0%
Montreal	\$20.00 - \$30.00	\$12.00 - \$25.00	7.6%	4.5% - 5.5%
Calgary	\$16.00 - \$20.00	\$1.50 - \$16.62	27.2%	6.0% - 7.0%

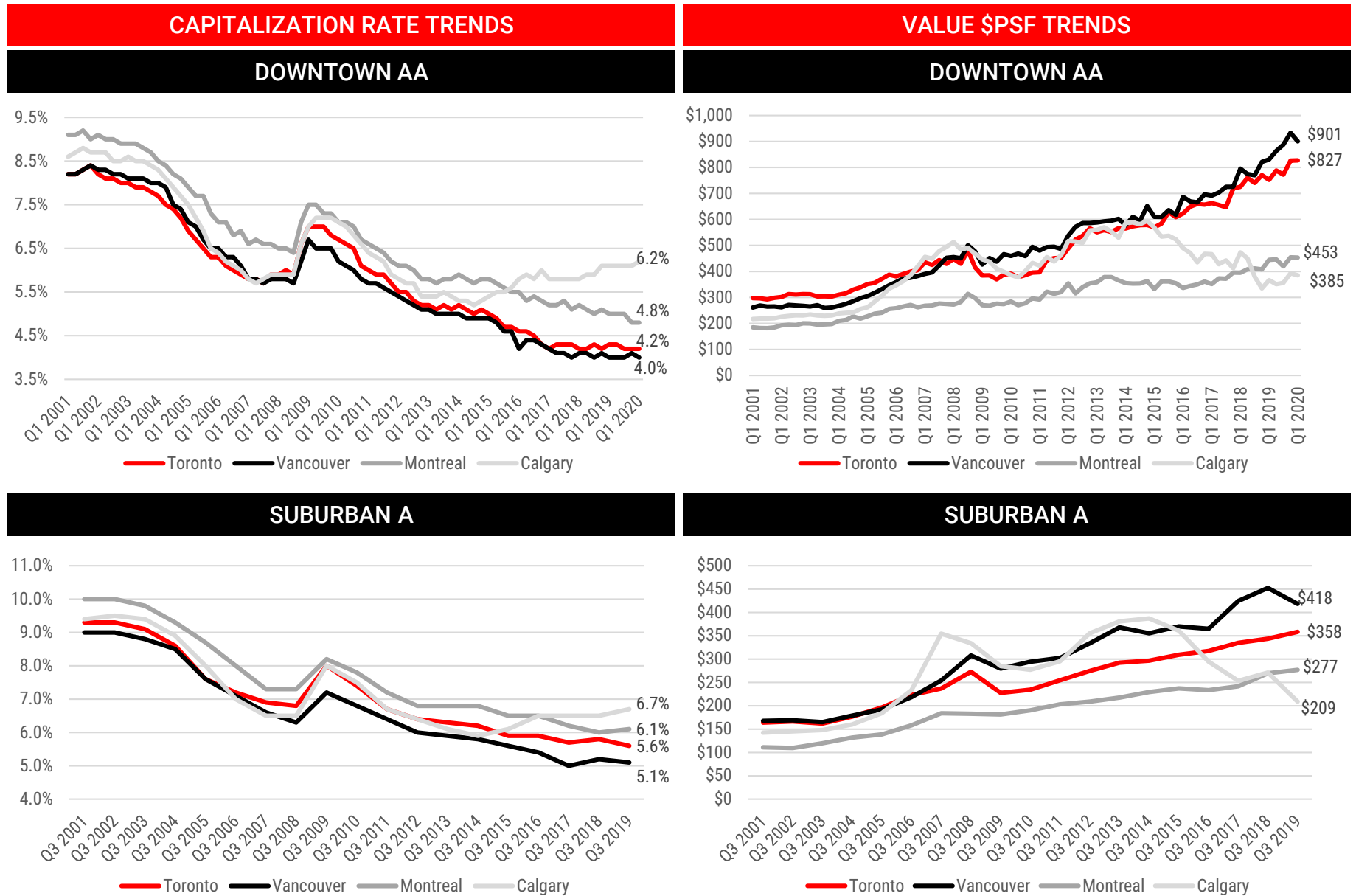
CAPITALIZATION RATE SPREAD TO CANADA BOND YIELD

Toronto Office Returns vs. Bond Yields



OFFICE INVESTMENT TRENDS

Downtown AA vs. Suburban A



Source: Altus ITS

NATIONAL INVESTMENT TRANSACTIONS

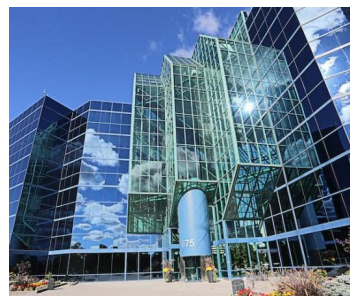
Downtown Office Transactions



#	1	2	3	4
Property	BENTHALL CENTRE	ATRIUM ON BAY	1250 RENE LEVESQUE	DYNAMIC FUNDS TOWER
Address	505-595 Burrard Street	595 Bay Street	1250 Rene Levesque Boulevard West	1 Adelaide Street East
Market	Vancouver, British Columbia	Toronto, Ontario	Montreal, Quebec	Toronto, Ontario
Area (SF)	1,474,000	1,100,000	1,036,193	650,000
Sale Date	June 2019	June 2019	May 2019	February 2019
Sale Price	\$1,070,000,000	\$640,000,000	\$605,000,000	\$473,000,000
\$ PSF	\$726	\$582	\$570	\$728
Interest Transferred	100%	100%	100%	100%
Cap Rate	4.8%	4.6%	4.4%	4.4%
Occupancy	98%	98%	100%	99%
Vendor	Anbang Insurance Group	H&R REIT	Benthall / Sun Life	Oxford / CPPIB
Purchaser	The Blackstone Group / Hudson Pacific Properties	Greystone / KingSett	PSP Investments / Oxford Properties	GWL / Investors Group /Trust

NATIONAL INVESTMENT TRANSACTIONS

Suburban Office Transactions



#	1	2	3	4
Property	ERINDALE CORPORATE CENTRE	675 COCHRANE DRIVE	101 MCNABB STREET	METROTOWN PLACE I & II
Address	1270-1300 Central Pkwy. W.	675 Cochrane Drive	101 McNabb Street	4330 / 4332 / 4334 Kingsway 5945 Kathleen Avenue
Market	Mississauga, Ontario	Markham, Ontario	Toronto, Ontario	Burnaby, British Columbia
Area (SF)	810,870	380,852	315,433	250,800
Sale Date	February 2020	December 2019	November 2019	March 2019
Sale Price	\$90,600,000	\$117,800,000	\$90,000,000	\$95,000,000
\$ PSF	\$264	\$309	\$285	\$379
Interest Transferred	100%	100%	100%	100%
Cap Rate	6.7%	6.7% (6.3% Ex Amort.)	5.9%	-
Occupancy	93%	98%	100%	0%
Vendor	Redbourne Group	Crown Realty Partners	OPTrust	Metro Vancouver
Purchaser	Montez / Adgar	True North Commercial REIT	True North Commercial REIT	Slate Asset Management

NATIONAL INVESTMENT TRANSACTIONS

Boutique Urban Office Transactions



#	1	2	3	4
Property	THE LANDING	LUMSDEN BUILDING	2323 YONGE STREET	THE LECKIE BUILDING
Address	375 / 385 / 387 / 389 Water Street	6 Adelaide Street East	2323 Yonge Street	206 / 220 Cambie Street
Market	Vancouver, British Columbia	Toronto, Ontario	Toronto, Ontario	Vancouver, British Columbia
Area (SF)	175,470	52,865	67,367	89,090
Sale Date	April 2020	September 2019	September 2019	November 2018
Sale Price	\$225,000,000	\$45,500,000	\$54,100,000	\$91,000,000
\$ PSF	\$1,282	\$861	\$803	\$1,021
Interest Transferred	100%	100%	100%	100%
Cap Rate	-	3.1%	3.7%	-
Occupancy	99%	100%	100%	100%
Vendor	Landing Holdings Limited	EmTwo Properties Inc.	Slate Asset Management	Leckie Building Holdings Ltd.
Purchaser	Allied Properties REIT	Dream Office REIT	RioCan REIT & Streamliner Properties Inc.	Global Relay (Leckie Building Holdings Ltd.)

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NATIONAL RETAIL MARKET

RETAIL INVESTMENT OVERVIEW

Introduction

COMMENTARY

- The extent of the impact of COVID-19 on the retail sector is still yet to be known
- Urban retail continues to be the most sought-after; with investors targeting daily needs: grocery, pharmacy, liquor store and discount retailers
- Opportunities to redevelop or intensify existing sites continues to drive cap rate compression
- Existing owners of retail are exploring adding residential to existing sites
- Older malls continue to be targets for developers as they represent the largest remaining under-intensified lands within the urban boundary
- There are a number of off-market opportunities for retail centres with development upside

KEY TRENDS



Full Impact of COVID-19 Remains Uncertain



Investors Targeting Urban Daily Needs Retail



Intensification Potential Drives Cap Rate Compression



Older Malls Targeted for Large-Scale Redevelopment

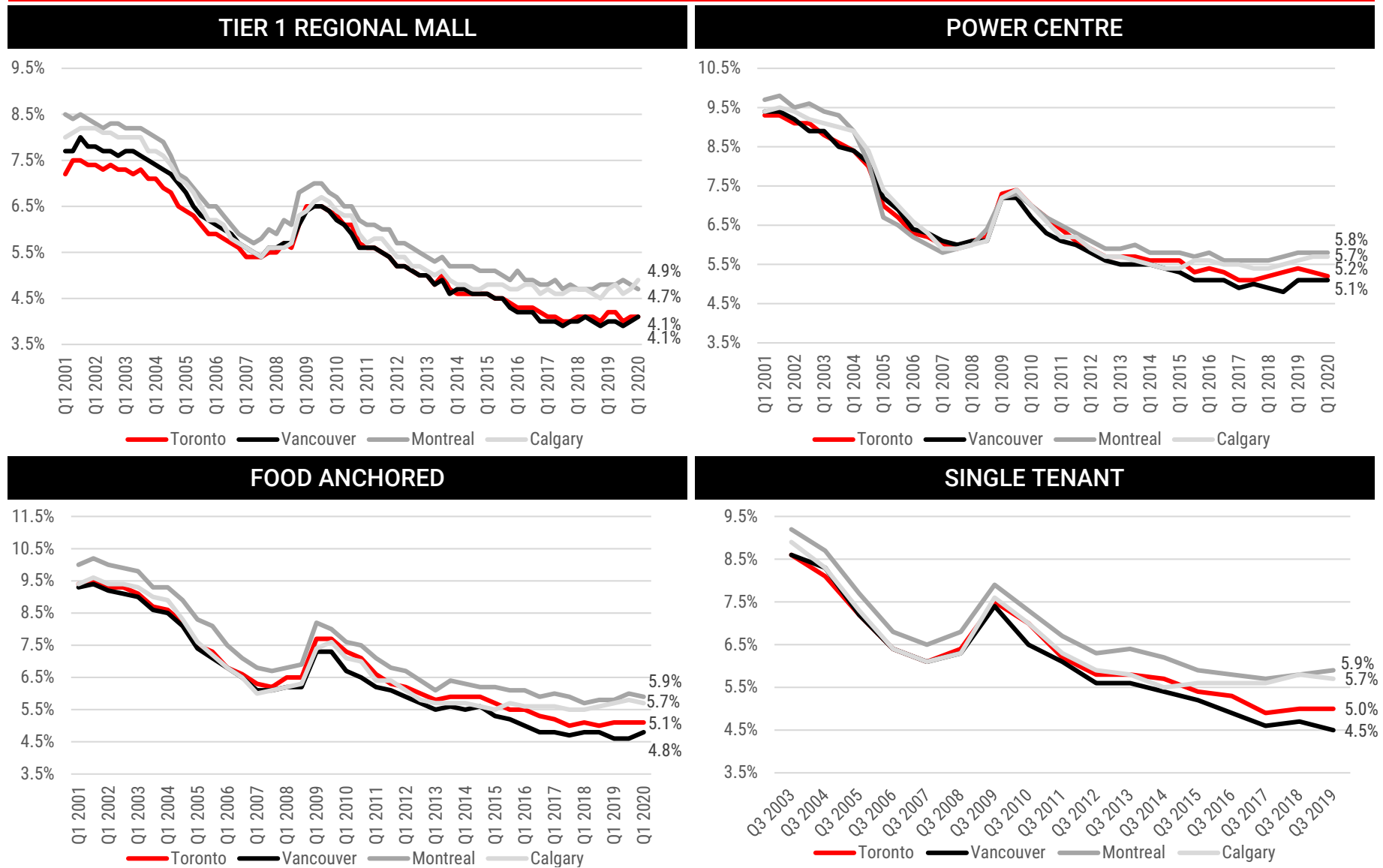
KEY METRICS

Market	TOTAL RETAIL SALES	RETAIL SALES PER CAPITA	NEW SUPPLY	CAP RATE RANGE
Toronto	\$96,552,961	\$14,941	940,000	4.0% - 7.0%
Vancouver	\$40,006,131	\$14,846	480,000	4.0% - 6.5%
Montreal	\$64,246,232	\$14,949	240,000	5.0% - 8.0%
Calgary	Not Reported	\$19,955	460,000	5.0% - 9.0%

RETAIL INVESTMENT TRENDS

Capitalization Rates by Retail Format

CAPITALIZATION RATE TRENDS



Source: Altus ITS

NATIONAL INVESTMENT TRANSACTIONS

Retail Portfolio Transactions

#	1	2	3	4	6	7	8	9	10
Portfolio	FCR Quebec City Portfolio	Choice - Oak Street Portfolio	Crombie - Oak Street Portfolio I & II	FCR Greater Ottawa Portfolio	Crombie - Firm Capital Portfolio	RioCan London Portfolio	RioCan Ontario BC Portfolio	Crombie REIT - Northam 2018	FCR London Portfolio
Market	Quebec City	National	National	Ottawa / Gatineau	Ontario, Alberta, Saskatchewan, Nova Scotia, Quebec	London, Ontario	Ontario / British Columbia	Ontario / British Columbia / Alberta	London, Ontario
Type	Grocery Anchored Enclosed Mall Strip Centre	Grocery Anchored Free-Standing	Grocery Anchored	Grocery Anchored Power Centre	Grocery Anchored	Grocery Anchored	Power Centre	Grocery Anchored Strip Centre	Grocery Anchored
Area (SF)	~1.0M	-	~1.5M	~1.0M	296,376	-	926,000	405,158	368,000
Sale Date	December 2019	September 2019	2019	May 2019	February 2019	Q3 2018	Q2 2018	May 2018	March 2018
Sale Price	\$165.0M	\$426.3M	\$380M(89%)	\$133.0M (50%)	\$41.6M (50%)	\$100.6M	\$216.2M	\$78.0M	\$66.0M
\$ PSF	\$162	-	~\$259	\$260	\$281	-	\$233	\$385	\$359
Interest Transferred	100%	100%	~89%	50%	50%	100%	100%	100%	100%
Cap Rate	6.6%	-	-	~6.5%	-	6.35%	6.1%	<5.5%	5.85%
Vendor	First Capital Realty	Choice Properties REIT	Crombie REIT	First Capital Realty	Crombie REIT	RioCan REIT	RioCan REIT	Crombie REIT	First Capital Realty
Purchaser	Trudel Alliance	Oak Street Real Estate Capital LLC	Oak Street Real Estate Capital LLC	Firm Capital	Firm Capital	Skyline	Fiera	Northam	Desjardins

NATIONAL INVESTMENT TRANSACTIONS

Open-Format Retail Transactions



#	1	2	3	4
Property	HALTON HILLS VILLAGE	BAYVIEW NORTH CENTRE	MCLAUGHLIN CORNERS WEST	ML PLAZA
Address	361-375 Mountainview Road	446 Hollandview Trail	10068 McLaughlin Road	33310 South Fraser Way
Market	Halton Hills, Ontario	Aurora, Ontario	Brampton, Ontario	Abbotsford, British Columbia
Area (SF)	111,746	48,928	105,452	35,217
Sale Date	December 2019	December 2019	November 2019	September 2019
Sale Price	\$42,225,000	\$28,100,000	\$38,090,000	\$15,000,000
\$ PSF	\$378	\$574	\$361	\$426
Interest Transferred	100%	100%	100%	100%
Cap Rate	5.8%	-	5.8%	4.6%
Vendor	First Capital Realty Inc.	Liberty Development Corp.	North American Development Group First Capital Realty	ML Plaza Holdings Ltd.
Purchaser	GWL Realty Advisors	2691331 Ontario Inc.	Ashiba Property Inc.	ML Plaza Holdings Ltd. - Private Investor

NATIONAL INVESTMENT TRANSACTIONS

Enclosed Mall Retail Transactions



#	1	2	3	4
Property	DIXIE OUTLET MALL	FAIRVIEW MALL	RICHMOND CENTRE	PLACE VERTU
Address	1250 S Service Road	1800 Sheppard Avenue East	6551 3 rd Rd	3131 Boulevard Cote-Vertu
Market	Mississauga, Ontario	Toronto, Ontario	Richmond, British Columbia	Montreal, Quebec
Area (SF)	419,710	858,000	795,598	670,893
Sale Date	March 2018	February 2018	February 2018	August 2017
Sale Price	\$180,908,000	\$481,000,000	\$421,000,000	\$117,885,000
\$ PSF	\$431	\$1,120	\$1,075	\$176
Interest Transferred	100%	50%	50%	100%
Cap Rate	4.5%	4.1%	4.0%	5.3%
Vendor	Cominar REIT	Cadillac Fairview	Ivanhoe Cambridge	KingSett Capital
Purchaser	Slate Asset Management	AIMCo & Greystone	AIMCo	LaSalle Investment Management



NEWMARK KNIGHT FRANK

NATIONAL MULTIFAMILY MARKET

MULTIFAMILY INVESTMENT OVERVIEW

Introduction

COMMENTARY

- Multifamily is widely seen as the most stable asset class in the Canadian Market
- Investors are actively pursuing opportunities in Major Markets with active groups including Pension Funds and REITs
- Net operating income upside through increasing rents, suite turnover, renovation programs and expense reduction continues to drive capitalization rate compression
- Market vacancy is at historical lows driving strong rental rate growth in major markets
- Developers are looking for sites to construct new Multifamily developments
- Most large-scale developments include a rental component
- Retail REITs are diversifying and spinning-off residential REITs developing new projects on existing retail sites

KEY TRENDS



Investors Target Multifamily for Long-Term Stability



Opportunities to Renovate Suites and Enhance Market Rents Drives Cap Rate Compression



Historically Low Vacancy Rates is Driving Strong Rental Rate Growth



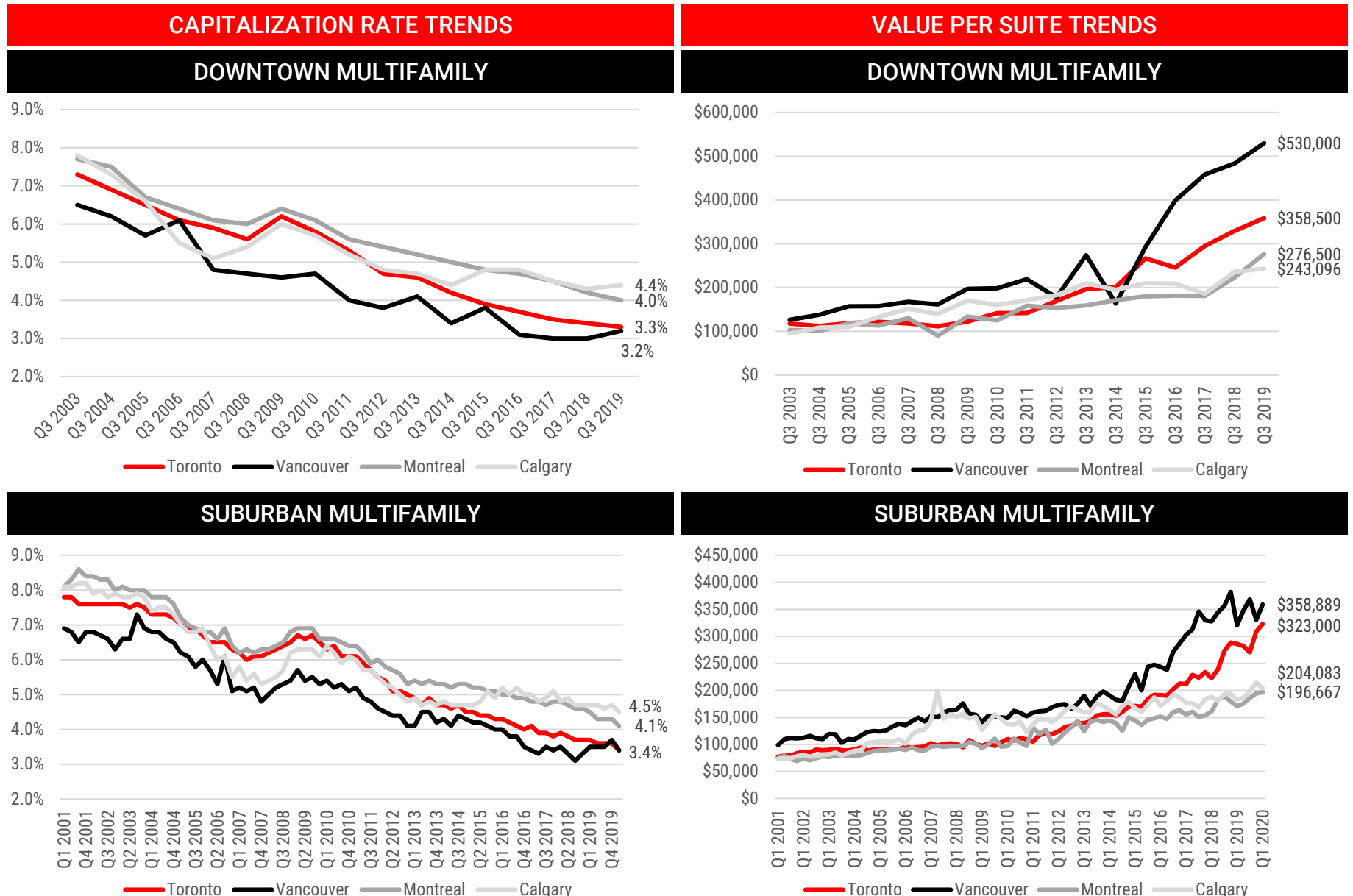
Developers are Actively Pursuing Opportunities to Build New Projects

KEY METRICS

Market	NEW SUPPLY (UNITS)	2-BEDROOM AVG. MONTHLY RENT	VACANCY	CAP RATE RANGE
Toronto	4,846	\$1,562	1.5%	3.0% - 4.0%
Vancouver	5,590	\$1,748	1.1%	3.0% - 4.0%
Montreal	12,303	\$855	1.5%	4.0% - 5.0%
Calgary	1,863	\$1,305	3.9%	4.0% - 5.0%

MULTIFAMILY INVESTMENT TRENDS

Capitalization Rates and Average Value Per Suite by Market



Source: Altus ITS

NATIONAL INVESTMENT TRANSACTIONS

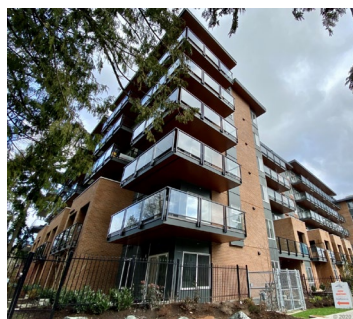
Multifamily Transactions



#	1	2	3	4
Property	HARLEY HOUSE	EQ8 (PHASES 3 & 4)	CONTINUUM REIT – STARLIGHT INVESTMENTS PORTFOLIO 2019	2333 TAUNTON ROAD
Address	1230 Nelson Street	6790 & 6890 Newman Boulevard	Multiple (44 Properties)	2333 Taunton Road
Market	Vancouver, British Columbia	Montreal, Quebec	Ontario	Oakville, Ontario
Units	107	300	6,271	286
Sale Date	March 2020	January 2020	December 2019	December 2019
Sale Price	\$51,000,000	\$105,000,000	\$1,731,520,560	\$164,000,000
\$ Unit	\$476,636	\$350,000	\$276,116	\$573,427
Interest Transferred	100%	100%	100%	100%
Cap Rate	2.7%	4.0%	3.6%	-
Vendor	Samuel Heller Ltd.	Armco Immobilier inc.	Starlight REIT	Branthaven Homes
Purchaser	Mayfair Properties Ltd.	Manulife Investment Management	Continuum REIT	Realstar Group

NATIONAL INVESTMENT TRANSACTIONS

Multifamily Transactions



#	5	6	7	8
Property	41 ROEHAMPTON AVENUE	FUSION	MONTECITO TOWERS	65 TIMES AVENUE
Address	41 Roehampton Avenue	13555 96 th Avenue	7360 & 7376 Halifax Street	65 Times Avenue
Market	Toronto, Ontario	Surrey, British Columbia	Burnaby, British Columbia	Markham, Ontario
Units	466	146	252	64
Sale Date	September 2019	September 2019	August 2019	March 2019
Sale Price	\$114,116,862	\$56,000,000	\$90,000,000	\$21,000,000
\$ Unit	\$489,722	\$383,562	\$357,143	\$328,125
Interest Transferred	50%	100%	100%	100%
Cap Rate	-	4.1%	3.0%	3.9%
Vendor	Metropia	Weststone Properties Ltd.	Banyan Holdings Corporation	KingSett Capital
Purchaser	RioCan REIT	Centurion Apartment REIT	Starlight Investments	Equiton Partners



NEWMARK KNIGHT FRANK

NATIONAL INDUSTRIAL MARKET

INDUSTRIAL INVESTMENT OVERVIEW

Introduction

COMMENTARY

- Industrial continues to experience strong investor demand in Toronto, Vancouver and Montreal
- Historically low capitalization rates are driven by scarcity of new supply and a rapidly escalating rent environment
- Limited greenfield development opportunities have resulted in an increasing number of brownfield developments and exploration of multi-level redevelopment opportunities
- Industrial rents continue to experience strong growth due to low vacancy rates and limited leasing opportunities for both large bay and small bay
- Specialized facilities are becoming increasingly frequent: cross-dock, automated, multi-level

KEY TRENDS



Strong Investor Demand for Major Markets



Historically Low Capitalization Rates



Rapidly Increasing Rent Environment



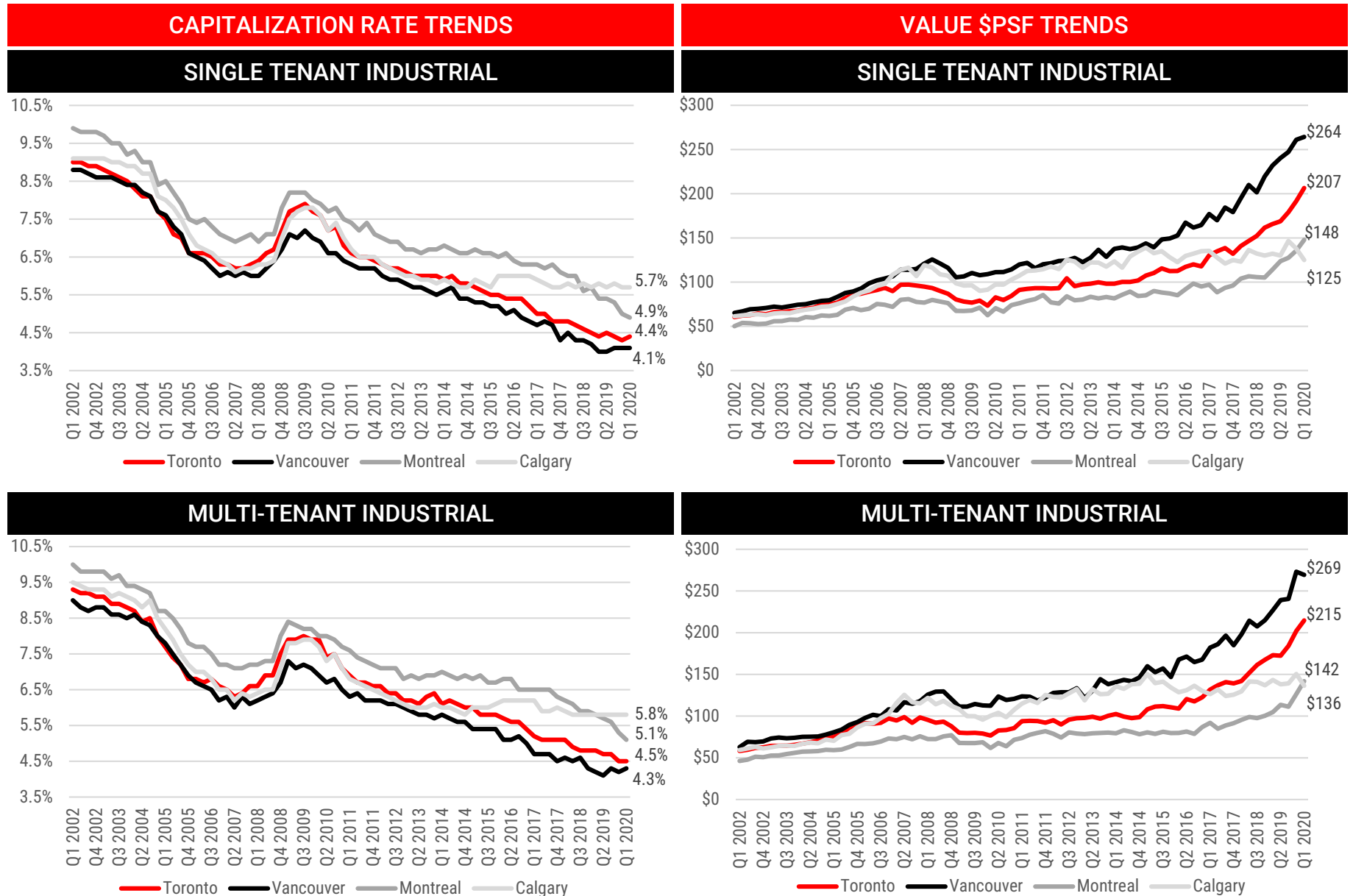
Brownfield Development and Multi-Level Facilities

KEY METRICS

Market	NET RENT	NEW SUPPLY	VACANCY RATE	CAP RATE RANGE
Toronto	\$8.75	9,100,000	1.4%	3.5% - 5.5%
Vancouver	\$13.50	4,800,000	2.4%	3.5% - 5.0%
Montreal	\$6.50	1,600,000	2.7%	4.5% - 6.5%
Calgary	\$8.00	3,200,000	8.8%	5.0% - 6.25%

INDUSTRIAL INVESTMENT TRENDS

Single Tenant vs. Multi-Tenant



Source: Altus ITS

NATIONAL INVESTMENT TRANSACTIONS

Multi-Tenant Industrial



#	1	2	3	4
Property	COCHRANE BUSINESS PARK	7725 LOUGHEED HIGHWAY; 3131, 3151 & 3171 LAKE CITY WAY	2200 YUKON COURT	FARMA BUSINESS PARK
Address	110 / 160 / 750 / 752 / 800 / 802 Cochrane Drive	3131 / 3151 / 3171 Lake City Way	2200 Yukon court	15050 54A Avenue
Market	Markham, Ontario	Burnaby, British Columbia	Milton, Ontario	Surrey, British Columbia
Use	Warehouse & Distribution	Manufacturing	Warehouse & Distribution	Flex Building
Tenancy / Occupancy	Multi Tenant / 94%	Multi Tenant / 100%	Multi Tenant / Under-Construction	Multi Tenant / 100%
Area (SF)	228,719	252,883	1,099,520	315,128
Sale Date	February 2020	February 2020	December 2019	September 2019
Sale Price	\$45,150,000	\$146,000,000	\$180,100,000	\$66,150,000
\$ PSF	\$197	\$577	\$164	\$210
Interest Transferred	100%	100%	100%	100%
Cap Rate	4.3%	-	4.5%	3.8%
Vendor	Public Sector Pension Investment Board	3131 Lake City Way Building Ltd. 7725 Lougheed Highway Building Limited	DSV (DSV Solutions Inc.)	Hydro Quebec
Purchaser	Summit REIT	Larco Investments Ltd.	The Canada Life Insurance Company of Canada (20%) GWL Realty Advisors (25%) The Canada Life Assurance Company (10%) London Life Insurance Company (45%)	CanFirst Capital Management

NATIONAL INVESTMENT TRANSACTIONS

Single Tenant Industrial



#	5	6	7	8
Property	5900 FOURTEENTH AVENUE	80 VIA RENZO DRIVE	18920 36TH AVENUE	12333 AIRPORT ROAD
Address	5900 Fourteenth Avenue	80 Via Renzo Drive	18920 36th Avenue	12333 Airport Road
Market	Markham, Ontario	Richmond Hill, Ontario	Surrey, British Columbia	Caledon, Ontario
Use	Warehouse & Distribution	Data Centre	Manufacturing	Warehouse & Distribution
Tenancy / Occupancy	Single Tenant / 100%	Single Tenant / 100%	Single Tenant / 100%	Single Tenant / 100%
Area (SF)	184,561	118,135	111,374	568,000
Sale Date	January 2020	September 2019	September 2019	July 2019
Sale Price	\$39,840,000	\$215,000,000	\$29,000,000	\$89,250,000
\$ PSF	\$216	\$1,820	\$260	\$157
Interest Transferred	100%	100%	100%	100%
Cap Rate	4.2%	-	4.2%	3.9%
Vendor	Kubota Canada Ltd.	Urbacon Properties Limited and Summit REIT	Garaventa Lift	Bentall Kennedy
Purchaser	Summit REIT	AIMCo	PFN Holdings Ltd.	Pure Industrial Real Estate Trust



NEWMARK KNIGHT FRANK

NATIONAL
RESIDENTIAL
DEVELOPMENT
LAND
MARKET

RESIDENTIAL DEVELOPMENT LAND INVESTMENT OVERVIEW

Introduction

COMMENTARY

- Demand for urban land is at an all-time high with significant development inventories in both the high-rise and low-rise markets
- Strong pre-sales and high absorption rates in major markets limit standing inventory
- Record-breaking pricing for new units driven by strong owner and investor demand
- Large scale redevelopment projects are planned for an increasing number of older malls and retail plazas
- Transit oriented development is occurring throughout the major markets
- Urban high-rise development continues to expand with multi-nodal intensification occurring in major centres
- Low-rise development opportunities are becoming increasingly scarce

KEY TRENDS



Planning Policies Continue to Support Rezoning and Intensification



High Density Land Pricing Continues to Escalate Due to Strong Pre-Sales and Limited Remaining Land



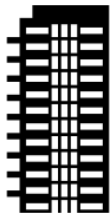
Low-Rise Land is Becoming Scarce with Environmental Protection Measures Limiting Urban Sprawl



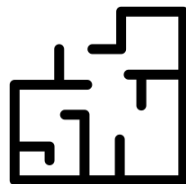
Transit Oriented Development is the Focus of Major Developers

KEY METRICS

TORONTO – HIGH RISE UNDER-CONSTRUCTION INVENTORY



144 Projects



48,764 Units



88% of Units
Are Sold



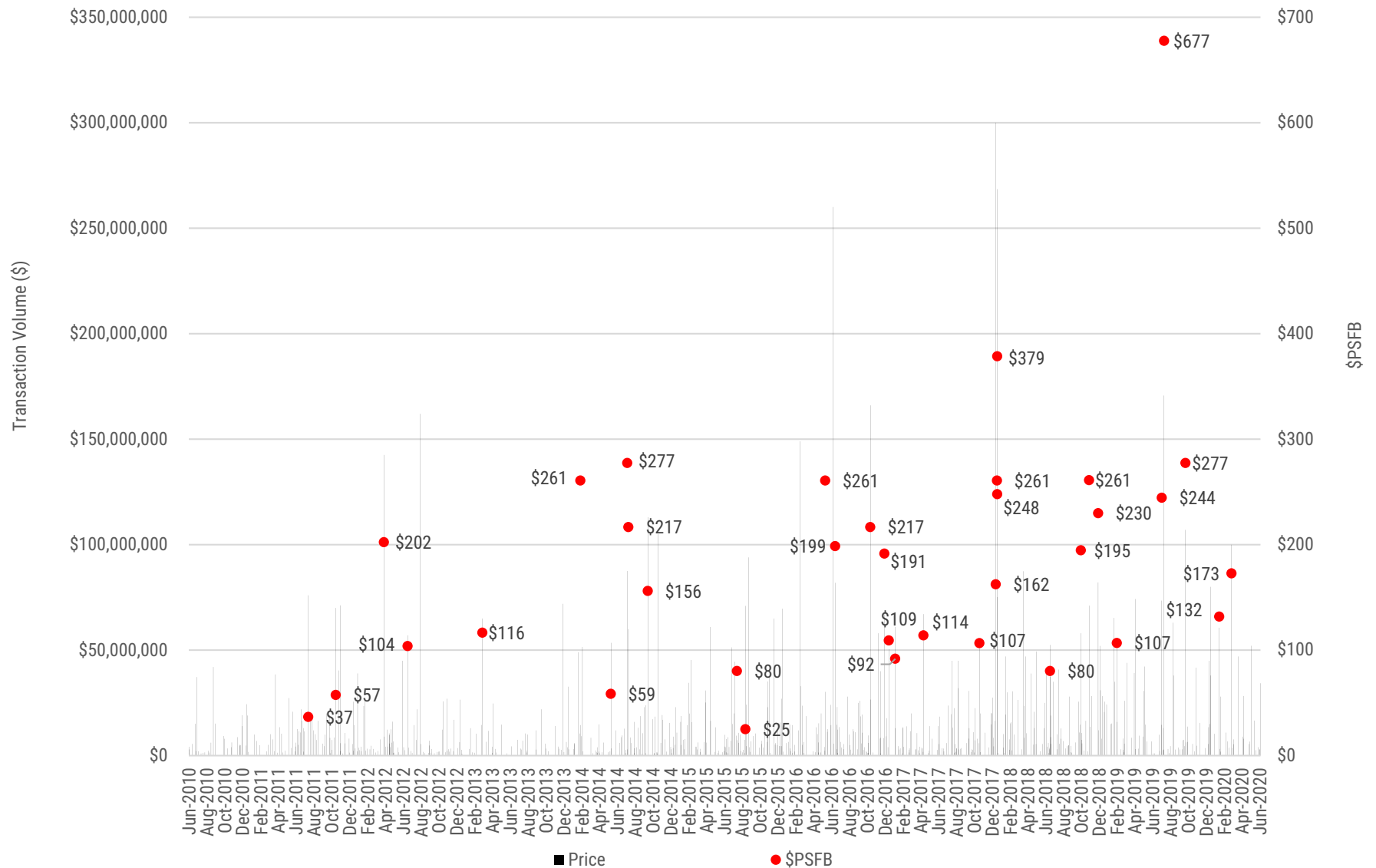
\$1,005 PSF
Average Price Of
Units Sold



\$1,358 PSF
Average Price
Unsold Units

RESIDENTIAL DEVELOPMENT LAND INVESTMENT TRENDS

Downtown Toronto Transaction Volume and \$PSFB



NATIONAL INVESTMENT TRANSACTIONS

High-Rise Residential Land Transactions



#	1	2	3	4
Property	200 QUEENS QUAY WEST	6851 & 6871 ELMBRIDGE WAY	88 QUEEN STREET EAST	89 & 97 CHURCH STREET
Market	Toronto, Ontario	Richmond, British Columbia	Toronto, Ontario	Toronto, Ontario
Site Area (ac.)	1.25	3.44	0.94	0.27
Sale Date	February 2020	January 2020	September 2019	July 2019
Sale Price	\$100,000,000	\$60,000,000	\$107,000,000	\$73,483,784
\$ PSFB	~\$175	\$201	\$210	\$244
Interest Transferred	100%	100%	100%	100%
Status	No Application	Under-Review	Approved	Approved
Density (SF)	~580,000	299,346	509,413	300,711
Vendor	Canada Lands Company CLC Limited	Bene Development Ltd.	Lee Development Group	2681007 Ontario Inc.
Purchaser	Lifetime Developments & DiamondCorp	Landa Global Properties Ltd.	AIMCo & Fitzrovia Real Estate	Minto Group

NATIONAL INVESTMENT TRANSACTIONS

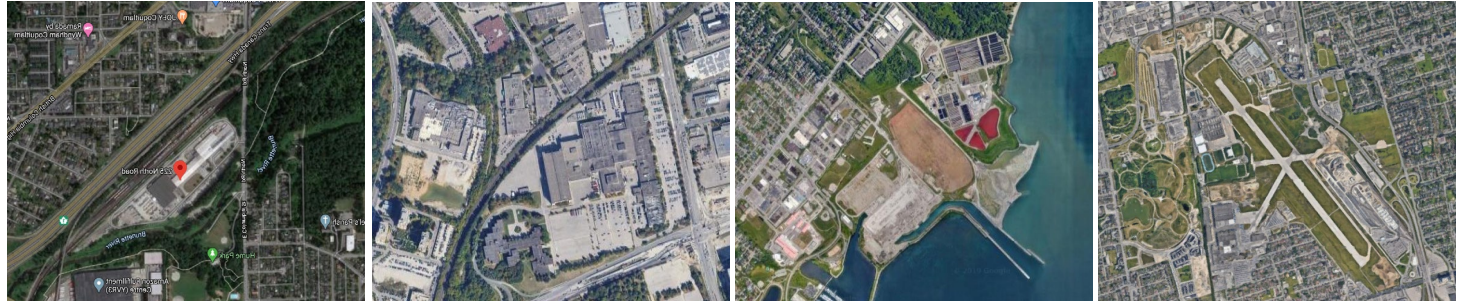
Low-Rise Residential Land Transactions



#	1	2	3	4
Property	2857 MCMILLAN ROAD	10690 MCCOWAN ROAD	2955 KING ROAD	16425 BAYVIEW AVENUE
Market	Abbotsford, British Columbia	Markham, Ontario	King, Ontario	Newmarket, Ontario
Site Area (ac.)	62.7	103.5	103.1	43.3
Sale Date	April 2020	March 2019	March 2019	March 2019
Sale Price	\$19,653,200	\$27,500,000	\$55,000,000	\$30,000,000
\$/Acre	\$313,448	\$531,262	\$533,359	\$693,401
Interest Transferred	100%	50%	100%	100%
Status	No Application	No Application	No Application	No Application
Vendor	Private Individual	McCowan Corner Development Corp.	Magna International Inc.	York Regional Police Association
Purchaser	Algras Bros Development	Fieldgate Homes	Zancor Homes	Andrin Homes

NATIONAL INVESTMENT TRANSACTIONS

Large-Scale Mixed-Use Land Transactions



#	1	2	3	4
Property	COQUITLAM LANDS	CELESTICA LANDS	LAKEVIEW LANDS	DOWNSVIEW AIRPORT
Market	Coquitlam, British Columbia	Toronto, Ontario	Mississauga, Ontario	Toronto, Ontario
Site Area (ac.)	26.8	60.5	176.7	364.8
Sale Date	May 2020	March 2019	March 2018	July 2018
Sale Price	\$82,500,000	\$347,801,025	\$274,770,000	\$825,000,000
\$/Acre	\$3,082,038	\$5,748,777	\$1,555,167	\$2,261,823
\$ PSFB	-	\$70	\$264	-
Interest Transferred	100%	100%	100%	100%
Status	No Application	Approved	Under-Review	Under-Review
Vendor	Alco Investment Company	Celestica	Ontario Power Generation Inc.	Parc Downsview Park Inc. / Bombardier Inc.
Purchaser	Translink (Government)	Aspen Ridge Homes	TACC, Greenpark, CCI Development, Branthaven Homes & Argo Development Corporation	Public Sector Pension Investment Board



NEWMARK KNIGHT FRANK

NATIONAL MORTGAGE LENDING AND DEBT CAPITAL MARKETS

MORTGAGE LENDING & DEBT CAPITAL MARKETS

Introduction

COMMENTARY

- The Canadian secured mortgage lending and debt capital markets remain strong with historically low rates
- Schedule 1 Banks continue to be conservative on new lending with the majority of funds allocated to existing clients with strong balance sheets
- For refinancing, lenders are trying to prevent cash equity take-outs and will require detailed plans on how the money is being spent with favour towards capital improvements or new acquisitions financed by the bank
- Private debt funds are being raised to backfill the debt requirements created by the Schedule 1 Banks constricting lending
- The Bank of Canada reduced its target overnight rate by 175 bps to 0.25% to stimulate the economy as a result of Coronavirus

KEY TRENDS



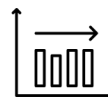
Good Availability of Mortgage Debt from Primary and Secondary Lenders



Schedule 1 Banks Are Conservative on New Lending



Private Capital and Federal Funds Poised to Backfill Mortgage Debt Requirements



Mortgage Rates Expected to Remain Stable Through 2020

KEY METRICS

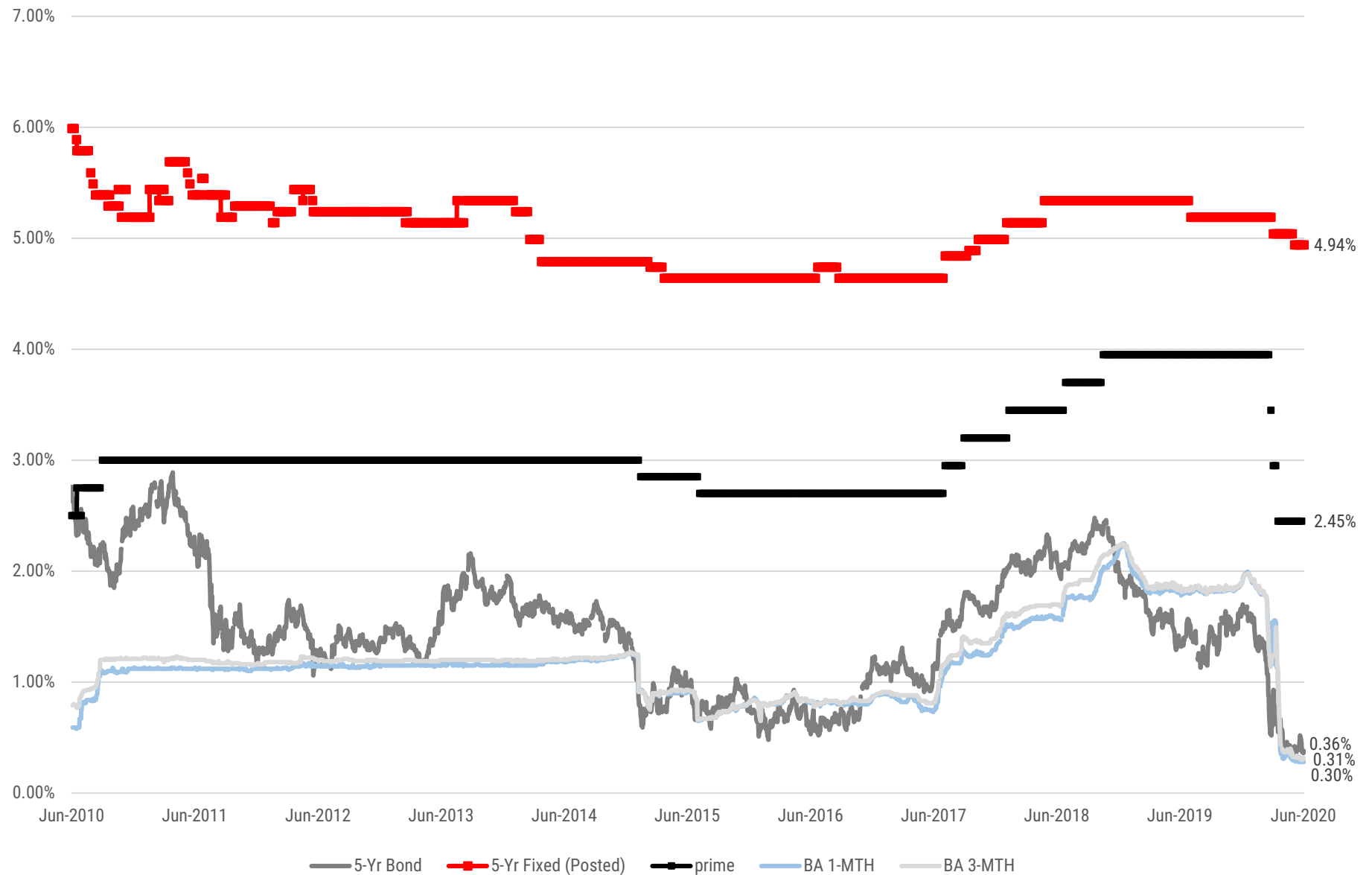
Term	5-YR	10-YR
Government of Canada Bond	0.37%	0.53%
Mortgage Rate	3.00% - 3.50%	3.25% - 3.75%
DSCR	1.2x - 1.3x	1.2x - 1.3x
LTV	Up to 75%	Up to 75%

MORTGAGE FUNDS RAISED

<p>Forgestone Capital</p> <p>\$100 Million</p> <p>Forgestone Mortgage Fund LP</p>	<p>Slate</p> <p>\$500 Million</p> <p>Slate Canadian Mortgage Fund</p>	<p>CMHC</p> <p>\$50 Billion</p> <p>CMHC Insured Mortgage Purchase Program (IMPP)</p>
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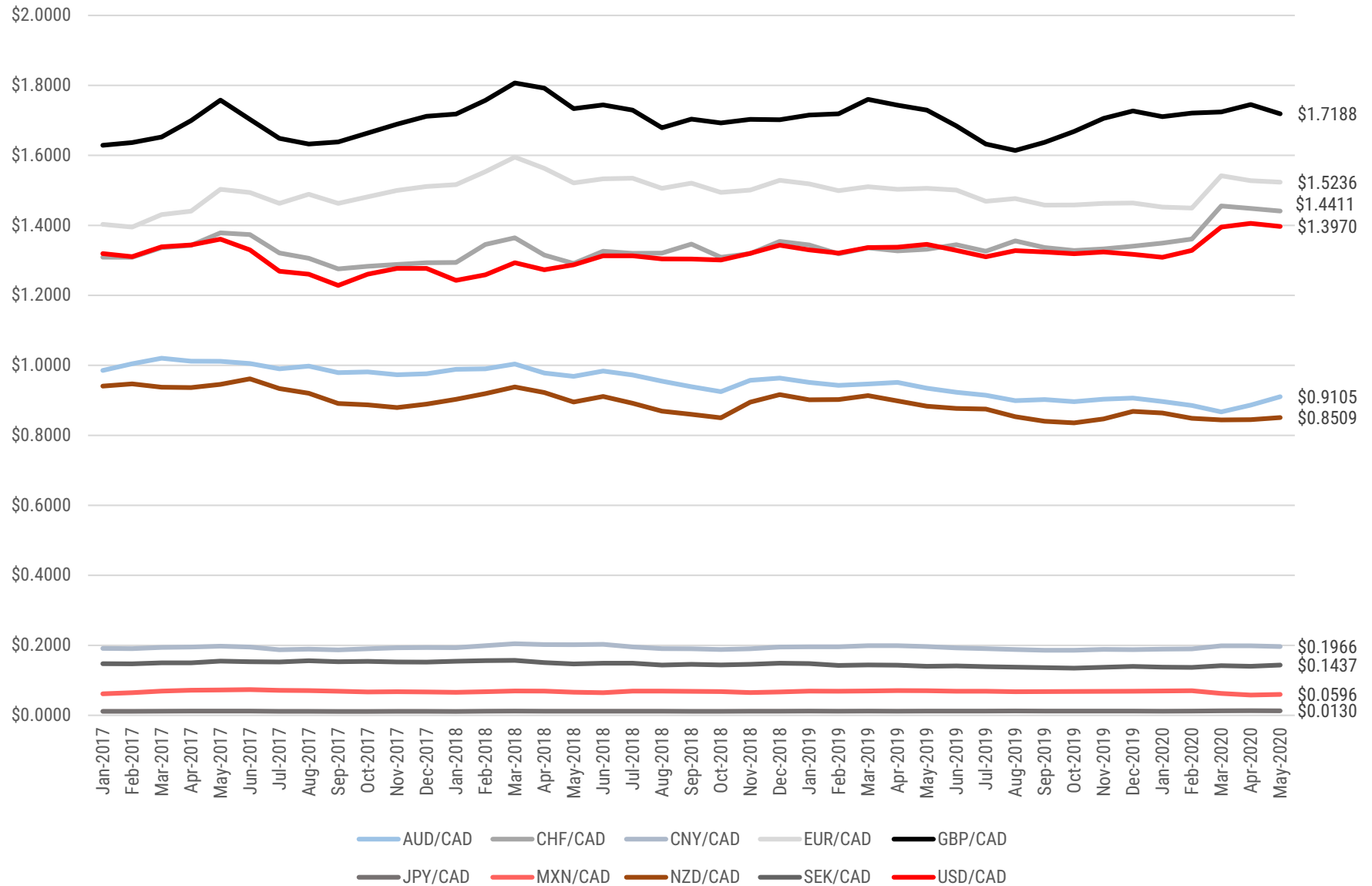
INTEREST RATE TRENDS

Bond Yield vs. Banker's Acceptance vs. Prime Rate vs. Posted Mortgage Rate



CURRENCY EXCHANGE RATES

Foreign Currency / Canadian Dollar



COMPANY OVERVIEW

NEWMARK KNIGHT FRANK

NKF GLOBAL COVERAGE

◆ NKF Offices
 ◆ NKF Global HQ



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By-The-Numbers

6
 Continents

58
 Countries

480+
 Offices

18,000+
 Employees

\$3.3B
 Annual Revenue

\$96.7B
 Capital Markets Volume

+400M
 Square Feet Managed



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NEWMARK KNIGHT FRANK BUSINESS LINES

About Newmark Knight Frank

Newmark Knight Frank is one of the world's leading and most trusted commercial real estate advisory firms, offering a complete suite of services and products for both owners and occupiers. Together with London-based partner Knight Frank and independently-owned offices, NKF's 18,000 professionals operate from approximately 480 offices on six continents. NKF's investor/owner services and products

include investment sales, agency leasing, property management, valuation and advisory, diligence, underwriting, government-sponsored enterprise lending, loan servicing, debt and structured finance and loan sales. Occupier services and products include tenant representation, real estate management technology systems, workplace and occupancy strategy, global corporate services consulting, project

management, lease administration and facilities management. For further information, visit www.ngkf.com.

Lines of Business | NKF's Comprehensive Platform



TEAM MEMBERS AND CREDENTIALS



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Broker of Record
Managing Broker

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EDUCATION, CERTIFICATIONS & LICENSES

- Wilfrid Laurier University, Honours Bachelor of Arts
- Wilfrid Laurier University, Graduate Diploma Program - Business Administration
- Canadian Securities Institute, The Canadian Securities Course
- University of British Columbia, Faculty of Commerce and Business Administration, Real Estate Sale Person's and Sub-Mortgage Broker's Pre-Licensing Course
- Broker of Record (Toronto), Real Estate Council of Ontario,
- Managing Broker (Vancouver), Real Estate Council of British Columbia
- Member, Toronto Real Estate Board
- Member, Real Estate Board of Greater Vancouver

Pat Langdon serves as Executive Managing Director of Business Development, Brokerage and Recruiting in Newmark Knight Frank's Toronto office, where he is responsible for recruiting new brokers and developing new business opportunities, both nationally and internationally. Mr. Langdon also provides NKF professionals in Canada with market information, strategic direction and negotiation expertise on assignments of various sizes, locations and disciplines. Additionally, he liaises with NKF professionals worldwide. A 30-year corporate real estate veteran, Mr. Langdon has spent most of his career as a client representative. He has in-depth knowledge of multi-market, national and international transactions, and he has completed transactions in all the major cities in Canada and the United States. His clients have included the Canadian Broadcasting Corporation (CBC), CIBC Mellon, Commonwealth Insurance, Education First, Facebook, the government of Ontario, Interactive Business Centres, London Property Corporation, the McGraw-Hill Group of Companies, Regus Business Centres and SunLife. Mr. Langdon joined Newmark Knight Frank in 2018, when the firm opened its first Canadian office. Prior to that, he worked with Newmark Knight Frank's Canadian affiliate as a senior vice president, with responsibilities similar to those of his current position. Previously, Mr. Langdon worked for 16 years at J.J. Barnicke Limited, where he was a Top Producer every year from 1996 to 2008 and a member of the Chairman's Circle 14 times. He served as vice president and national director of business development from 2008 to 2011. He also served on the firm's management committee. From 1992 to 1996, Mr. Langdon managed his own real estate firm. Based in Toronto, the firm focused on the acquisition, leasing and sale of projects in Toronto, Miami, San Diego and Mexico on behalf of Canadian, American and European partners as well as clients. A graduate of Wilfrid Laurier University, Mr. Langdon began his real estate career in 1988 at a major brokerage firm in London, Ontario. He transitioned to the developmental side of the industry the following year, becoming director of sales and leasing for one of southwestern Ontario's largest developers.

TEAM MEMBERS AND CREDENTIALS



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EDUCATION, CERTIFICATIONS & LICENSES

- MBA from the University of Queensland
- Member of the Royal Institution of Chartered Surveyors (RICS)
- Member, Toronto Real Estate Board

Ted Li joined Newmark Knight Frank as senior managing director. Ted has held senior roles at commercial real estate brokerage firms lead or involved with \$6.5 billion in real estate transactions. Mr. Li has more than 22 years of Capital Markets, Landlord Representation experience. He spent 17 years as the head of North China Capital Market department in Cushman & Wakefield Beijing office. He moved to London, UK in 2015 as a partner of Cushman Wakefield EMEA team. In 2018 he joined Colliers International Capital Market Toronto team as senior vice president. He specializes in Asia's investment market, especially inbound and outbound real estate commercial and residential investment, asset management, and landlord advisory. He represented life insurance companies, private equity funds, multinational companies and family offices to dispose or acquisition of various classes of asset in London, UK, Toronto and China.

TEAM MEMBERS AND CREDENTIALS



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EDUCATION, CERTIFICATIONS & LICENSES

- Ted Rogers School of Business, Ryerson University, Bachelor of Commerce, B. Comm.
- Sauder School of Business, University of British Columbia, Post Graduate Certificate in Real Property Valuation, PGCV
- Licensed Salesperson, Real Estate Council of Ontario
- Member, Toronto Real Estate Board

Andrew Joseph joined Newmark Knight Frank as an Associate Director – Capital Markets with over 10 years of capital markets, appraisal and leasing experience; specializing in underwriting, financial analysis and due diligence. Prior to Newmark Knight Frank Andrew held positions on CBRE's National Investment Team, BMO Capital Markets I&CB RE, Colliers Capital Markets and Altus Group specializing in retail, development land, office, industrial and multi-residential transactions.

Throughout his career Andrew has been instrumental in major asset and portfolio transactions across Canada with notable transactions including CPPIB Regional Mall Portfolio (\$1.2Bn), OPB Industrial Portfolio (\$351M), Starlight GTA Apartment Portfolio 2012 (\$350M), Sears Quebec Retail Portfolio (\$335M), 1 Front Street West (\$275M), 1075 West Georgia Street (\$274M), Minto Ottawa Multi-Residential Portfolio (\$180M), Mintz Multi-Residential Portfolio (\$170M), FCR Quebec City Retail Portfolio (\$165M), Park Place Barrie (\$153M), 675 Cochrane Drive (\$117.8M) and Sherwood Park (GTA) Multi-Residential Portfolio (\$110M), amongst others. Andrew has a strong background in high density residential land transactions having participated in more than \$500M in successful development land transactions. Andrew draws from a broad range of experience in asset classes and markets across Canada having underwritten successful transactions in Ontario, British Columbia, Alberta, Quebec, Saskatchewan and Manitoba. Andrew has completed a Bachelor of Commerce degree from the Ted Rogers School of Business at Ryerson University, the Post-Graduate Certificate in Real Property Valuation from the University of British Columbia and is a member of the Real Estate Council of Ontario and the Toronto Real Estate Board.

TEAM MEMBERS AND CREDENTIALS



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EDUCATION, CERTIFICATIONS & LICENSES

- Diploma from the British Columbia Institute of Technology
- Licensed Salesperson, Real Estate Council of British Columbia
- Member, Vancouver Real Estate Board

Kelvin Chu has been a practicing commercial real estate Broker in the Greater Vancouver area for the past 8 years and joined Newmark Knight Frank Canada Ltd as an Associate Director in 2019 with the intent to focus on growing and servicing his international client base. Kelvin's core work centres around the identification of off market opportunities for acquisition, the disposition of assets for clients with existing assets in Vancouver and Canada in general, as well as assisting in the leasing of acquired or owned properties on behalf of his local, national and international clients throughout the Greater Vancouver Region.

A Vancouver native, Kelvin is fluent in Cantonese, Mandarin as well as English and assists his varied client groups in their most comfortable language. Kelvin's strengths include client relationships and strategic planning and has had the opportunity to transact at many financial levels on behalf of his clients.

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