SMITHFAX

COMMERCIAL REAL ESTATE INFORMATION

DECEMBER 2004

Smith Company Commercial Real Estate Services Inc. is an ISO 9001 Registered commercial real estate brokerage firm specializing in office leasing and sales in Metropolitan Toronto

Fourth Quarter 2004 Market Survey

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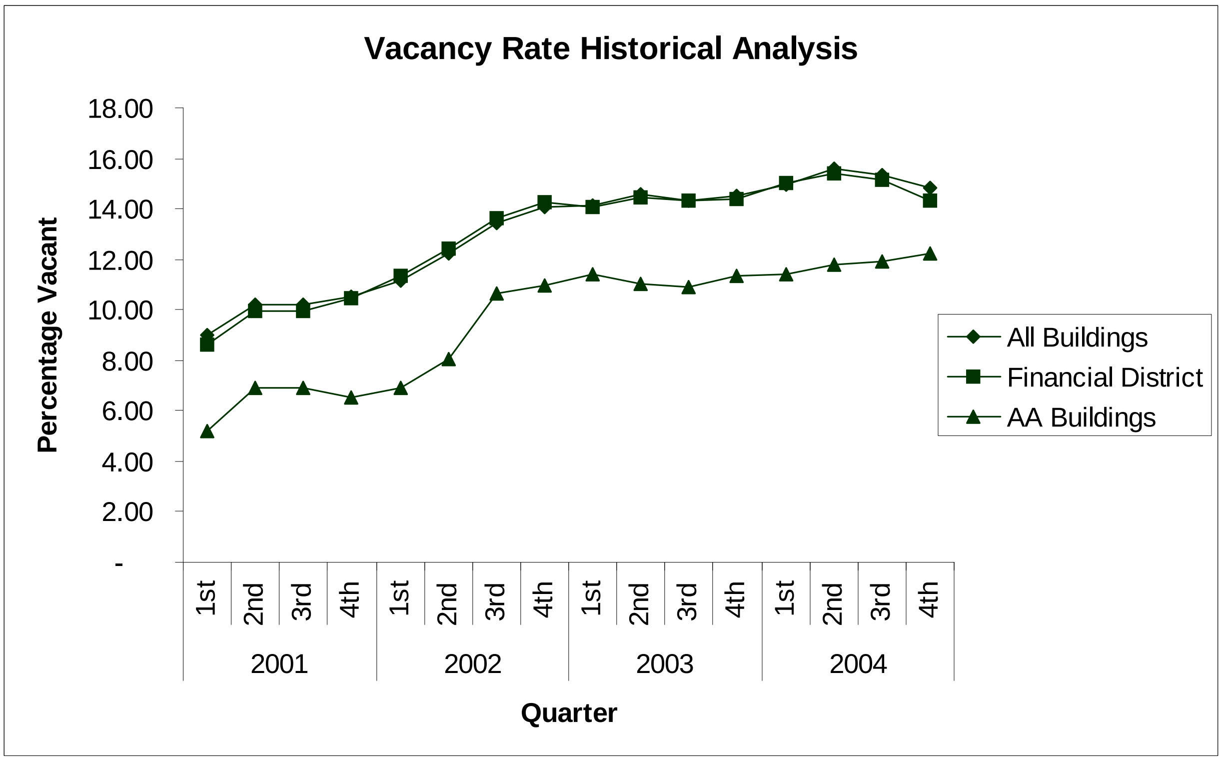
Financial Core, Financial North, Bloor Street, St. Clair, Eglinton & North York Area Commercial Space Availability

CLASS A BUILDINGS CONTINUE TO SHOW SIGNIFICANT ACTIVITY

Smith Company is pleased to present the quarterly market survey for the Winter of 2004 obtained from thorough research of current inventory of available commercial property compiled in a state-of-the-art database.

We are continuing to see a thriving economy in Ontario. Employment is up by 86,000 jobs over the last 12 months with an increase of 32,000 jobs in October alone. The business climate is still energized with an 8.5% increase in year over year corporate profits. Forecast growth in GDP in 2005 is 3.3% compared to GDP growth of 2.6% in 2004. We have also seen a peak in vacancy rates for all buildings reporting and an increase in absorption over the past three quarters. This overall trend is not applicable to Class “AA” buildings where the vacancy rates have continued to rise since 2000.

The following chart shows vacancy rates for all buildings reporting, all buildings in the financial district (Financial Core, Financial North and Bloor Street) and for Class "AA" buildings reporting in the financial core. This information is from the first quarter 2001 to the current quarter.



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Quarterly Market Survey

This past year we have seen vacancy rates rise throughout the year and then return to 2003 levels. The vacancy rate at year end 2003 for all buildings reporting was 14.54% versus 14.86% in December 2004. The overall absorption was negative at 240,000 square feet. In saying this however, it seems that vacancy rates peaked through the second quarter of 2004. This is true for all buildings reporting except for Class “AA” buildings where absorption was negative at 153,000 square feet and the vacancy rates continue to rise, from 11.32% in fourth quarter 2003 to 12.23% in fourth quarter 2004. As in 2003, the negative absorption has occurred from direct space coming back onto the market. In 2004 we saw a decrease again in the amount of sublet space available.

This past quarter, for all buildings reporting, there has been positive absorption of approximately 350,000 square feet. This number includes 170,000 square feet of sublet space taken off the market in the Financial North in one of its Class “A” buildings. The overall vacancy rate has fallen from 15.32% to 14.86%. The vacancy rate for Class "AA" buildings has risen from 11.92% to 12.23% with negative absorption of approximately 52,000 square feet. The bulk of activity was a decrease in the amount of space available in Class “A” buildings in the Financial Core and Financial North areas with an increase in the amount of space available in Class “A” buildings in the Bloor Street area. Absorption was positive for Class “A” and “B” buildings and negative for Class “AA” and Class “C” buildings.

FINANCIAL CORE (Front Street/ Simcoe Street/ Queen Street/ Church Street)

The overall vacancy rate in the core decreased this last quarter from 13.66% to 13.12%. There was positive absorption of over 161,000 square feet. Class "AA" buildings had negative absorption of over 52,000 square feet and the vacancy rate rose from 11.92% to 12.23%. Class "A" buildings had positive absorption of over 168,000 square feet and a drop in the vacancy rate from 13.00% to 9.64%. Class "B" buildings saw the vacancy rates fall from 15.82% to 14.74% with positive absorption of almost 57,000 square feet. Absorption for Class "C" buildings was negative at 12,000 square feet and the vacancy rate rose from to 19.79% to 19.94%. There was a decrease in both the amount of sublet space and direct space available.

On an annual basis the vacancy rate fell from 13.64% in fourth quarter 2003 to 13.12% in fourth quarter 2004. There was an increase in the amount of direct space available and a decrease in the amount of sublet space available. Annual absorption was positive at 142,000 square feet. Of note, the vacancy rates of Class “AA” buildings continue to rise from a low of approximately 5.00% in fourth quarter 2000 to 12.23% this past quarter.

FINANCIAL NORTH (Queen Street/ University Avenue/ Wellesley Street/ Church Street)

The Financial North had positive absorption of just over 338,000 square feet this past quarter. Of this amount, approximately 170,000 square feet is a result of sublet space being taken off the market in one of the Class “A” buildings reporting. The vacancy rate fell from 20.97% to 16.87%. There was a decrease in both the amount of direct space and sublet space available. Vacancy rates in Class "A", Class "B" and Class “C” space fell from 29.23% to 20.39%, 16.38% to 16.08% and 10.51% to 8.60% respectively.

On an annual basis the vacancy rate rose slightly from 16.00% in fourth quarter 2003 to 16.87% in fourth quarter 2004. There was an increase in the amount of sublet space available with the amount of direct space available remaining unchanged. Annual absorption was negative at 122,000 square feet.

BLOOR STREET (Wellesley Street / Bathurst Street / Davenport Avenue / Church Street)

The Bloor Street area had negative absorption of over 147,000 square feet this past quarter and saw an

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increase in the vacancy rate from 13.96% to 15.93%. There was an increase in both the amount of direct space and sublet space available. Vacancy rates in Class "A" and Class "B" buildings rose from 12.75% to 15.27% and 17.24% to 18.37% respectively. Vacancy rates in Class "C" remain unchanged at 1.94%

On an annual basis the vacancy rate rose from 15.36% in fourth quarter 2003 to 15.93% in fourth quarter 2004. There was an increase in the amount of direct space available and a decrease in the amount of sublet space available. There was negative annual absorption of 47,000 square feet.

ST. CLAIR AREA (Bathurst Street, Bayview Avenue, Bloor /Davenport, Moore Avenue)

The St. Clair area showed negative absorption this quarter of just over 38,000 square feet and an increase in the vacancy rate from 14.83% to 16.36%. There was an increase in both the amount of direct space and sublet space available. The vacancy rate for Class "A" and Class "B" buildings rose from 22.07% to 23.87% and 9.97% to 11.49% respectively. The vacancy rates for Class "C" buildings remained unchanged at 32.95%.

On an annual basis the vacancy rate rose from 13.76% in fourth quarter 2003 to 16.36% in fourth quarter 2004. There was an increase in the amount of direct space available and a decrease in the amount of sublet space available. Total annual absorption was negative at 65,000 square feet.

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EGLINTON AREA (Bathurst Street, Bayview Avenue, Martin Avenue, Lawrence Avenue)
The Eglinton area reported positive absorption this last quarter of just over 30,000 square feet and a decrease in the vacancy rate from 16.55% to 15.31%. There was a decrease in both the amount of direct space available and the amount of sublet space available. The vacancy rates in Class "A" and Class “C” buildings rose from 15.05% to 21.04% and 11.94% to 15.30% respectively. Vacancy rates for Class “B” buildings fell from 17.61% to 14.46%.

On an annual basis the vacancy rate fell from 17.14% in fourth quarter 2003 to 15.31% in fourth quarter 2004. There was an increase in the amount of direct space available and a decrease in the amount of sublet space available. The annual absorption was positive at 47,000 square feet.

NORTH YORK (Bathurst Street, Bayview Avenue, Lawrence Avenue, Steeles Avenue)
North York again this quarter has reported negative absorption of over 44,000 square feet. There was an increase in both the amount of direct space available and the amount of sublet space available. The vacancy rate rose from 16.27% to 18.14%.

On an annual basis the vacancy rate rose from 14.86% in fourth quarter 2003 to 18.14% in fourth quarter 2004. There was an increase in both the amount of direct and sublet space available. The annual absorption was negative at 206,000 square feet.

Highlights of our market survey for this quarter are:

	Curr. Quarter All Areas	*Prev. Quarter All Areas*	*Curr.Quarter Finan. Core, Finan. North, And Bloor*	*Prev. Quarter Finan. Core, Finan. North, And Bloor*
Total Space Reporting	59,291,486	59,005,069	47,471,906	47,206,649
Total Direct Space Available	7,090,749	7,029,268	5,360,226	5,519,333
Total Sublet Space Available	1,799,958	2,011,090	1,435,604	1,628,717
%Vacant	14.86%	15.32%	14.32%	15.14%
Absorption	300,295	135,539	352,220	125,372
% Vacant Year End 2003	14.54%		14.38%	
Annual Absorption 2003	(275,303)		(55,316)	
Annual Absorption 2004	(240,762)		(16,807)	

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