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Research Memorandum

April 2007



Intelligent
Real Estate Solutions

Avison Young Manitoba Investment Sales Group

Largest Transaction in Winnipeg's History

- Murray W. Bonk

On March 1, 2007, Bentall Investment Management, on behalf of its client British Columbia Investment Management Corporation (bcIMC), closed on the acquisition of the Sun-X Properties industrial portfolio - the largest commercial real estate transaction in Winnipeg history. The Asset Manager has advised that the transaction was not of an asset nature in terms of legal conveyancing, and therefore did not proceed through the Winnipeg Land Titles office. As such, the price details are not a matter of public information, and the purchaser and vendor have also chosen to keep this information confidential.

Avison Young's Manitoba Investment Sales Group has researched this sale and developed a sale transaction value which we believe is materially close, if not equal to, the actual transaction closing price. Based upon discussions with other connected sources, we estimate that the final sale price, including 35 acres of undeveloped, serviced industrial land, is in the range of \$180 million.

Summary details as follows:

Total Portfolio Size (s.f.):	2,200,000
Total Buildings:	46
Estimated Portfolio Sale Price:	\$180,000,000
Development Land: (35 acres @120,000/acre)	\$ 4,200,000
Estimated Sale Price of Income Properties:	\$175,800,000
Estimated NOI In Place:	\$ 12,920,000
Estimated Stabilized NOI: (After Reserves)	\$ 12,500,000
Estimated Overall Portfolio Cap Rate: (Stabilized)	6.9%
Estimated Cap Rate, Excluding Land: (Stabilized)	7.1%
Estimated Sale Price PSF, Income Properties:	\$ 80



1313 King Edward Street



1679 Burrows Avenue



1305 King Edward Street



214 DeBeats Street

It should be noted that in finalizing the portfolio, bcIMC excluded approximately 200,000 square feet of buildings which they did not consider a fit.

Sun-X Properties is Winnipeg's largest industrial landlord, with 2.4 million square feet of space, wholly owned and internally managed by the Andjelic Family. The company grew over the last forty years through a combination of internal development and the acquisition of properties from third-party owners. The "crown jewel" of the portfolio is the Sun-X Centre, a 550,000 square foot office and warehouse development on a strategic site in Winnipeg's popular St. James Industrial District. This project was developed in 1999-2001 and "raised the bar" in Winnipeg's industrial inventory by introducing "state-of-the-art" high cube, tilt up, concrete office / warehouse product to the market on an impressive scale.

The Sun-X Portfolio is comprised of a wide variety of properties built over the past five decades, concentrated in four industrial districts.

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25 DeBaets Street

The Portfolio is comprised of relatively newer buildings. By square footage, 65% of the Portfolio has been developed since 1990, while 51% of the portfolio has been built since 2000. This latter component of post-2000 buildings has definitely “skewed up” the sale price per square foot (psf) of the income properties to an average of \$80 given the relatively high replacement cost of this component, on a leased basis.

Avison Young has prepared this insight into the portfolio:

Age	No. of Buildings	% of Portfolio by Area
1960s	3	8%
1970s	11	13%
1980s	12	14%
1990-2005	20	65%
Total	46	100%

The estimated Capitalization Rate of 7.1% (stabilized) on the income properties (excluding the development land) is considered “new territory” for Winnipeg industrial. This

average Cap Rate suggests an allocation of a 6.0% to 6.5% stabilized Cap for the “new” component comprising 51% of the portfolio and 7.5% to 8.0% Cap for the 49% “older” component comprising buildings from the 1960’s to 1990’s.

In summary, we believe this truly “landmark” transaction will further intensify the strong investor interest - particularly institutional - that has been witnessed in our market in recent years. This implies continued strong liquidity for existing property owners.

Avison Young’s Manitoba Investment Sales Group

We trust that you have found this commentary of interest. The Avison Young Manitoba Investment Sales Group look forward to assisting with your acquisition or disposition requirements and providing our services with:

- Professionalism
- Leading edge market knowledge
- Trust



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