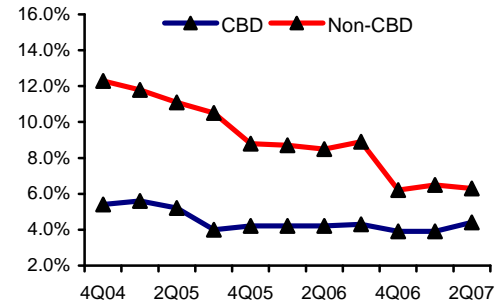


Leasing activity expected to meet or exceed previous year's record of 2 msf.

The Ottawa office market maintained vacancy at 5.5% in the second quarter and saw demand strengthen with positive absorption of just over 280,000 square feet (sf). Just over 240,000 sf of that total can be attributed to the completion of the third tower of Constitution Square. This demonstrates that currently the majority of office activity is not being observed in large contractions or expansions of existing space, or any new large requirement of space, but rather more in lease renewals and tenant relocations. This situation is certainly benefiting leasing activity, which continues to be the story in 2007. In the second quarter over 500,000 sf was leased, bringing the year-to-date total close to 900,000 sf. It is expected that leasing activity this year will achieve, and perhaps even exceed, last years record total of 2 million square feet (msf). Momentum is expected to pick up in the latter half of the year as four additional office buildings are expected to be completed, which will bring close to 500,000 sf of new supply to the market.

Overall Vacancy Rates
CBD vs. Non-CBD



Vacancy in the central market rose slightly this quarter edging up to 4.4%. Overall leasing activity was just over 200,000 sf, with almost two thirds of that located in the downtown core. With a few exceptions, the vast majority of these transactions were under 5,000 sf. Absorption amounted to just over 230,000 sf, with the completion of 340 Albert as the foundation of the equation. Indicative of the central market as a whole, downtown core vacancy rose this quarter, reaching 4.4%. The class A market also saw an increase of a percentage point making the new vacancy rate 3.6%. A contributing factor to this increase was the 30,000 sf pocket of space left vacant in Clarica Centre by the move of Oracle to World Exchange Plaza. Looking ahead to the remainder of 2007, it is expected that vacancy in the downtown core will continue to rise as new supply is not expected to be enough to counter act the affect of tenant relocations. However this forecast may change depending on activity from the federal government; whether it is a requirement for new space or at least short term swing space as they renovate many of their existing properties. One developer who is confident in the continued strength of the downtown core market is Minto, who broke ground this quarter on their new 370,000 sf office tower - which is being built entirely on speculation. This building will be the first multi-tenant office tower designed to meet the gold level LEED standard in Ontario.

...leasing activity was very strong (in the suburban market) particularly the western suburbs with close to 350,000 sf leased

The overall suburban market showed improvement this quarter over last with vacancy edging down slightly to reach 6.5%. Demand also rebounded, with just under 50,000 sf of absorption. Leasing activity was very strong with close to 350,000 sf, particularly in the western suburban market. After a slight hiccup last quarter the Kanata market steadied as vacancy declined slightly and overall demand picked up. The suburban west market, particularly Kanata, will experience a boost to absorption as two build-to-suits, and one fully leased building, totalling 380,000 sf will be completed in the second half of the year. Although there will be a few pockets of space that will need to be filled, particularly the 75,000 sf that EMS Technologies will be vacating, vacancy is not expected to be impacted significantly in the second half of 2007 as two of these newly constructed buildings represent

significant expansions by Dell Canada and EMS Technologies. Strength in the eastern suburban market continued this quarter as vacancy declined to 4.0%, along with positive absorption and leasing activity.

CUSHMAN & WAKEFIELD LEPAGE MARKET HIGHLIGHTS**Significant 2Q07 New Lease Transactions**

BUILDING	SUBMARKET	TENANT	SQUARE FEET	BUILDING CLASS
145 Robertson Road	Nepean	Resolve	44,500	B
100 Murray Street	Byward Market	SAP Canada	18,695	A
340 Albert Street	Central Business District	IBM	13,506	A

Significant 2Q07 Sale Transactions

BUILDING	SUBMARKET	BUYER	SQUARE FEET	PURCHASE PRICE
1580 Merivale Road	Nepean	1727844 Ontario Inc.	76,000	\$12,900,000
145 Robertson Road	Nepean	Dymon Corporation	46,450	\$5,100,000

Significant 2Q07 Construction Completions

BUILDING	SUBMARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
340 Albert Street	Central Business District	IDRC	330,000	Q2 2007
Palladium Drive	Kanata	Smart Technologies	260,000	Q2 2007

Significant Projects Under Construction

BUILDING	SUBMARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
180 Kent Street	Central Business District	N/A	370,000	Q2 2009
Bill Leathers Drive	Nepean	JDS	150,000	Q1 2008
1101 Farrar Road	Kanata	Dell Canada	145,000	Q4 2007
353 Preston Street	Ottawa West	Government of Ontario	130,000	Q3 2007
215 Slater Street	Central Business District	Telus	110,000	Q3 2007
400 Maple Grove Drive	Kanata	EMS	105,000	Q3 2007

CUSHMAN & WAKEFIELD LEPAGE MARKET/SUBMARKET STATISTICS

Market/Submarket	Inventory	No. of Buildings	Overall Vacancy Rate	1 Year Ago	Direct Vacancy Rate	Q2 Leasing Activity	YTD Leasing Activity	Q2 Absorption	YTD Absorption	Direct Wtd. Avg. Rental Rate*
CBD	13,847,298	79	4.4%	4.2%	3.7%	136,171	213,023	235,677	228,719	\$21.12
Centretown	1,658,757	30	4.7%	13.7%	4.6%	26,376	33,572	(27,431)	(25,839)	\$12.58
Byward Market	914,861	13	4.4%	4.8%	4.3%	39,001	39,001	25,921	21,115	\$17.41
Kanata	4,322,768	55	7.9%	8.7%	6.5%	102,854	156,076	11,522	(3,136)	\$11.92
Ottawa West	3,485,529	54	7.5%	10.1%	6.6%	61,263	111,701	(14,510)	(43,567)	\$14.12
Nepean	4,467,369	73	7.3%	10.2%	4.0%	138,447	220,134	21,973	(12,919)	\$13.28
Ottawa East	3,699,402	52	4.5%	5.1%	3.9%	26,627	85,412	19,780	3,213	\$11.92
Gloucester	1,312,799	12	2.7%	5.0%	1.1%	16,375	32,868	9,353	10,111	\$14.94
Total	33,708,783	368	5.5%	6.8%	4.4%	547,114	891,787	282,285	177,697	\$15.82

* Rental rates reflect \$psf/year