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MARKET
INTELLIGENCE REPORT

Q4 2012

Private sector will set the pace for stable growth

VANCOUVER • TORONTO • CALGARY • EDMONTON • SASKATOON • ST.CATHARINES • MONTREAL • OTTAWA

CONTENTS

BTY GROUP'S IN-DEPTH FORECAST ON CONSTRUCTION TRENDS AND ESCALATION ACROSS CANADA, INCLUDING UNIT RATES FOR 2013.

PRIVATE SECTOR WILL SET THE PACE FOR 2013

Workload and escalation remain stable despite lower-growth environment

Private sector investment in the energy, mining, and commercial sectors will complement major ongoing and new infrastructure projects to keep construction workloads stable as new residential building cools in most of Canada.

Amid a slower than expected U.S. recovery, recession in the European Union, and lower growth rates in Asia, Canada continues to record substantial investment and a steady flow of immigrants that are helping to sustain construction levels and help meet a growing need for skilled labour.

In the longer term, strengthening US recovery and massive new infrastructure spending in China ($155 billion) and India ($900 billion) to stimulate growth there bode well for continuing slow but steady expansion in Canada.

In addition to major transportation and social infrastructure projects, massive energy projects valued at more than $43 billion, and record investments of nearly $40 billion in oilsands over the past two years, $140 billion will be invested in new mining projects in Canada from 2012 to 2017.

Complementing these projects is a multi-billion dollar expansion and redevelopment of office and retail space, spurred in part by the advent of major new US and UK chains across the country, such as Target, Nordstrom and Topshop.

Even with such investment counterbalancing a residential slowdown, however, the consensus view is that GDP growth will be 2.1% in 2012, then 2.0% in 2013, which is lower than previously expected.

The Bank of Canada will keep interest rates at or near historic lows. This approach serves to dampen inflation, which should also help to keep overall construction escalation low in 2013, with variations by province as noted below.

BRITISH COLUMBIA
Strength in both residential and non-residential construction will see BC perform above the national average.
Escalation: 1-2%

ALBERTA
High levels of sustained investment in oilsands and energy as well as high net migration will keep the province's construction boom going strong.
Escalation: 3-5%

SASKATCHEWAN
While slightly off the record pace of previous years, still healthy investment in mining, resources and high net migration will see the province lead the country in economic growth.
Escalation: 5-6%

MANITOBA
Exports will help expand the provincial economy in 2013 and strong net migration will support residential construction levels.
Escalation: 1-2%

DOWNWARD PRESSURE IS COMING FROM:

- Forecast for modest economic growth in 2013;
- Sustained strength of Canadian dollar lowering the cost of imported goods;
- Softer commodity prices that could cause a decrease in materials costs;
- Tighter restrictions on mortgage lending; and
- Slowdown in housing starts in all provinces, except BC and AB.

UPWARD PRESSURE ON PRICING IS COMING FROM:

- Continuing high oil prices;
- Investments in major oilsands, energy, and mining projects;
- Sustained spending on infrastructure;
- Continuing strong immigration; and
- Strong demand nationwide for skilled construction labour.

ONTARIO
Major transportation and hydro projects, resurgent commercial construction and redevelopment, and infrastructure for the 2015 Pan American Games will counterbalance a slowdown in residential building.
Escalation: 2-4%

QUEBEC
Massive infrastructure, energy (hydro) and mining projects will help offset slower economic growth and slower residential construction.
Escalation: 1-2%

ATLANTIC CANADA
Multi-billion dollar investments in ship building, mining and energy complemented by a commercial building mini-boom in Halifax, will drive increased construction activity.
Escalation: 3-5%

IF YOU BUILD IT, THEY WILL COME

INDUSTRY GROWTH SPURS COMPETITION THAT KEEPS ESCALATION LOW

The steady growth of Canada's construction industry over the past three years calls to mind the line from the movie *Field of Dreams*: "If you build it, they will come".

Infrastructure projects across Canada led the way as part of government response to the financial crisis of 2008. Now a steady stream of new infrastructure spending, and a fresh wave of private sector investment in energy, minerals, forestry and agriculture will spur solid growth in all regions, and remain a magnet for foreign investment and immigration.

Both are supporting sustained construction growth. Canada is projected to become the world's fifth largest global construction market by 2020, with forecasts that the construction industry will see a rise of 100,000 workers by 2020 to keep up with increased demand.

This expanded market capacity is creating stronger competition, which will help keep escalation rates low. Our reading of markets across the country shows a generally steady or growing volume of work accompanied by increased competition for it – with a good deal of the new competition coming from overseas or the United States.

Our experience on projects across the country also serves to remind us that construction remains the most local of activities – and stands to benefit most from the advice of those with local experience. It is in this spirit that we offer our opinions on industry trends in this and other market reports, and provide our services to the construction industry.

JOE M. REKAB
MANAGING PARTNER

ONTARIO

PRIMED TO PICK UP SPEED IN 2013

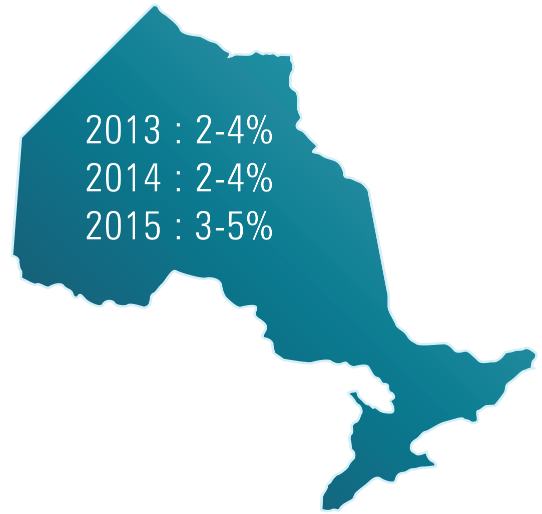
Major ongoing transportation and social infrastructure projects, and new commercial–retail investment will help sustain healthy construction levels in 2013. Signs of recovery in both the US auto and housing sectors augur well for Ontario's prospects as the year progresses. Growing strength in production, employment and investment in the factory sector are expected to drive continued modest growth.

After 2012's unexpectedly strong performance in residential building, CMHC projects housing starts will decline from 77,600 units in 2012 to 65,000 units in 2013. The GTA condo market is expected to experience a disproportionate share of the decline. Positive net migration levels will add strength to housing demand in the longer term.

Resurgent commercial construction and retail redevelopment will also help counterbalance the residential sector's breathing spell. Toronto has 16 new office towers in the works and multiple major malls being redeveloped. The arrival of US retailers Nordstrom, J. Crew and Target will further strengthen activity in the sector. In 2013 Target is opening 24 stores across Ontario, with construction costs of $230 million. This resurgence will support longer-term construction employment, which is expected to expand by almost 44,000 jobs – a 14% rise, with 14,000 (9%) in residential construction and 30,000 (17%) in non-residential, according to the Construction Sector Council.

Major mining projects, such as the $1.2 billion Detour Gold Mine and Vale's new Sudbury smelter, part of a $3.4 billion facilities upgrade, are bellwethers of strong longer-term growth. The "Ring of Fire" holds special promise. This area in northern Ontario is rich in minerals such as chromite and nickel – key ingredients in stainless steel, a material in high demand in China and India – and will require extensive infrastructure development for resource extraction.

Overall, the provincial government's ongoing fiscal restraint, still halting recovery in the key auto sector, and flagging consumer spending from debt-laden households will limit GDP growth. Forecast gains in 2013 range from 1.9% to 2.3%.



MAJOR TRANSPORTATION INFRASTRUCTURE PROJECTS INCLUDE:
- $8.2 billion Eglinton-Scarborough Crosstown LRT (Phase 1)
- $2.6 billion Spadina Subway Extension (completion 2015)
- $2.2 billion Ottawa Light Rail Transit
- $2 billion Highway 407 East Extension
- $1.5 billion Windsor-Essex Parkway (completion 2014)*
- $818 million Kitchener Waterloo LRT
- $640 million Union Station Renovations (completion 2015)
- $600 million in funding to create 25,000 new university spaces
- $456-million Toronto Air-Rail Link

MAJOR ICI (INDUSTRIAL/COMMERCIAL//INSTITUTIONAL) BUILDING:
- $2 billion New Oakville Hospital Project*
- $1.75 billion Humber River Regional Hospital*
- $800 million 2015 Pan American Games Athletes Village*
- $759 million Niagara Healthcare System*
- $622 million Bridgepoint Hospital*
- $581 million St. Joseph's Healthcare Hamilton West 5th Campus*
- $548 million Ontario Provincial Police Modernization Project*
- $460 million Women's College Hospital Redevelopment*
- $247 million Quinte Consolidated Courthouse*
- Kingston Providence Care Centre Replacement Hospital
- William Osler Health System– Phase 1 Peel Memorial Centre
- University of Ottawa Heart Institute – Cardiac Life Support Services

MAJOR ENERGY / UTILITIES PROJECTS:
- $7 billion in wind/solar power generation from consortium led by Samsung C&T Corp./Korea Electric Power Corp. (completion 2015)
- $2.6 billion Lower Mattagami Hydroelectric Complex
- $2.3 billion for Hydro 1's new transmission and distribution lines
- $1.6 billion Niagara Tunnel project
- $26 billion nuclear replacement / refurbishment program to 2020
- $3.4 billion Vale Smelter and facilities upgrade
- $1.2 billion Detour Gold Mine

* Denotes projects for which BTY Group has provided services

RESURGENT COMMERCIAL/ RETAIL BALANCES RESIDENTIAL SLOWDOWN

Significant investment in the commercial and retail sectors is expected to help counterbalance a slowdown in residential construction across Canada.

Toronto has 16 new office towers underway as well as major mall redevelopments. Vancouver will have six towers underway by the end of 2013 along with major regional mall redevelopments. Calgary has nearly 3 million square feet of new office space under construction for delivery by 2014.

In retail, the arrival of several new major American chains is sparking substantial renovation and new store construction. Discount department store Target plans to spend $2.8 billion to open 150 stores in Canada by 2014, with $1 billion of that for renovation at about $10 million per store. Some 125 stores are slated for 2013.

High-end retailer Nordstrom is opening four stores in 2014, three in former Sears locations. J. Crew and Tory Burch have already opened stores, and Ann Taylor and Kate Spade are scouting locations.

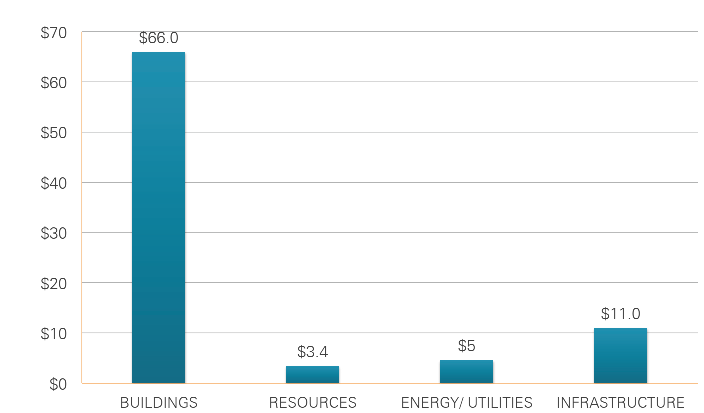
A strong Canadian dollar, relatively robust economy, and productive floor space are drawing the newcomers. Sales per square foot at Canadian malls were almost 50 percent higher in 2011 than those at American malls.

The new competition is also sparking building by established Canadian chains. Hudson's Bay is renovating many of its stores and Sears Canada plans to refurbish its remaining stores.

"Major new commitments to transportation and healthcare projects will help sustain healthy levels of activity as residential building cools in the GTA but remains stable elsewhere. Led by a spate of new office towers, renewed interest in commercial and retail also augurs well for 2013."

STEPHANIE BAX
ASSOCIATE

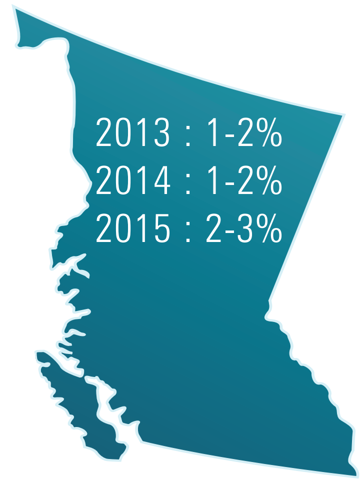
CONSTRUCTION WORKLOAD BY SECTOR IN $ BILLIONS



Sources: Statistics Canada, Capital expenditures for construction by sector, 2012 intentions; Natural Resources Canada, Capital Investment; Information Bulletin, June 2012; Infrastructure Ontario.

BRITISH COLUMBIA

PRIVATE INVESTMENT STABILIZES WORKLOAD IN BC



BC will continue to enjoy high levels of construction thanks to private investment in the mining, energy, and commercial/retail sectors, despite expectations that the return to the 12% PST/GST tax system in 2013 might dampen business investment.

The return to the former tax system is also expected to boost personal consumption as well as residential investment spending. Positive net migration, and job growth second only to Alberta for the first half of 2012, will support continued strong residential construction.

The Canada Mortgage and Housing Corporation (CMHC) projects that housing starts will buck the national downward trend and rise from 28,500 in 2012 to 29,100 in 2013. Overall, construction, retail-wholesale and a rebounding forestry sector buoyed by recovering US housing will lead the provincial economy. Major bank estimates of GDP growth range from 2.0% to 2.7%.

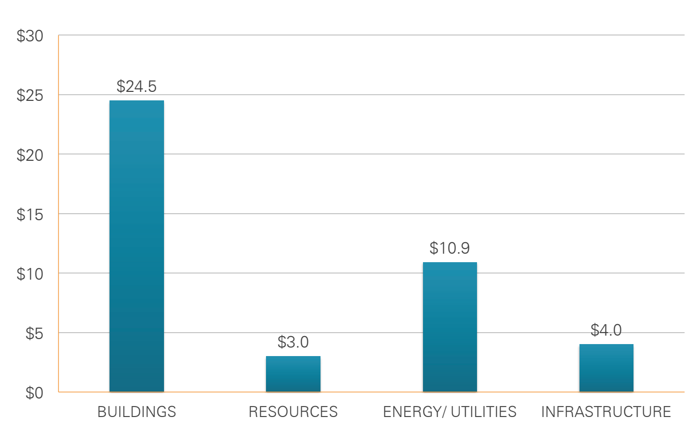
Investment in the oil and gas and mining sectors is especially strong, led by Encana/Apache's $4.7 billion Kitimat Liquid Natural Gas Terminal and Pipeline and Rio Tinto Alcan's $3.3 billion modernization of its Kitimat smelter. Even so, the largest single investment in BC is the federal government's $8 billion order for seven non-combat ships, an eight-year contract with a positive long-term impact.

In the commercial and retail sector, five new office towers – valued collectively at $1.6 billion – are underway in downtown Vancouver. Overall, there are 20 office buildings in the planning or rezoning stages. Three major mall renewals in the region are also planned or under way. Discount retailer Target will revamp 26 Zeller's stores across BC over the next two years at a cost of $10 million a store.

MAJOR TRANSPORTATION AND SOCIAL INFRASTRUCTURE PROJECTS INCLUDE:

- $3.1 billion Gateway Program; Hwy 1 (2014 completion)
- $1.2 billion South Fraser Perimeter Road (2013 completion)
- $1.4 billion Evergreen Rapid Transit Line (2015 completion)
- $950 million Port of Vancouver Centerm Expansion
- $650 million Prince Rupert Port Expansion
- $600 million for new Comox Valley Hospital and Campbell River Hospital
- $700 million Children's and Women's Health Centre Redevelopment*
- $239 million Surrey Memorial Hospital Expansion*
- $225 million BC Supportive Housing Initiative*
- $70 million British Columbia Cancer Agency Centre for the North*

CONSTRUCTION WORKLOAD BY SECTOR IN $ BILLIONS



Sources: Statistics Canada, Capital expenditures for construction by sector, 2012 intentions; Natural Resources Canada, Capital Investment; Information Bulletin, June 2012; Business Council of BC, BC Major Projects Inventory.

MAJOR RESIDENTIAL AND COMMERCIAL PROJECTS INCLUDE:

- $4 billion River District Development
- $750 million TELUS Garden office and residential project*
- $700 million Oakridge Re-development
- $267 million Rogers Arena West Tower*
- $500 million Burrard Gateway Development (PROPOSED)
- $400 million PCI Marine Gateway*
- $280 million Bentall 6 downtown tower
- $280 million Guildford Town Centre Expansion
- $200 million Credit Suisse Tower (PROPOSED)
- $150 million Oxford Development MNP tower

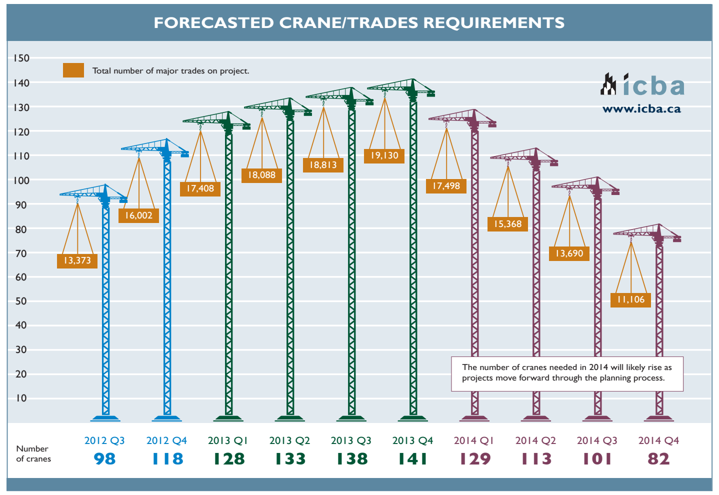
MAJOR MINING AND ENERGY PROJECTS INCLUDE:

- $4.7 billion Kitimat Liquid Natural Gas Terminal + Pipeline
- $3.3 billion Rio Tinto Alcan Smelter Expansion
- $917 million Mt. Milligan Mine
- $709 million ILM Transmission Line
- $700 million Forrest Kerr Hydroelectric Project
- $561 million Northwest Transmission Line (NTL) Project
- $900 million Mica Dam expansion
- $444 million Red Chris Copper/Gold mine
- $340 million Wildmare and Tumbler Ridge wind energy projects
- $288 million Shrum Power facility Turbine replacement

* Denotes projects for which BTY Group has provided services

"The outlook for construction in BC is very healthy. There is continuing strength in the residential sector, with resurgent commercial and retail building gaining momentum. New investment in energy and mining projects will help keep construction employment at close to record high levels."

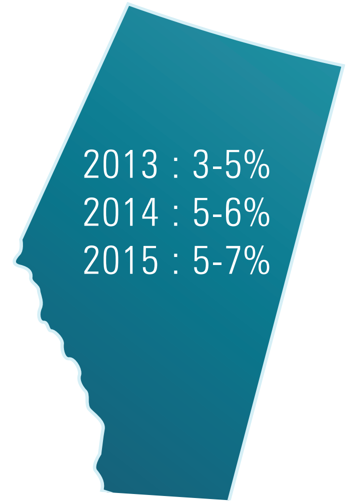
TOBY MALLINDER
PARTNER



The number of cranes up and running in Metro Vancouver indicates that 2013 is shaping up to be the busiest year in Metro Vancouver since the 2010 Olympics.
Source: Independent Contractors and Business Association of British Columbia

ALBERTA

INVESTMENT, IN-MIGRATION PROPEL SUSTAINED CONSTRUCTION BOOM



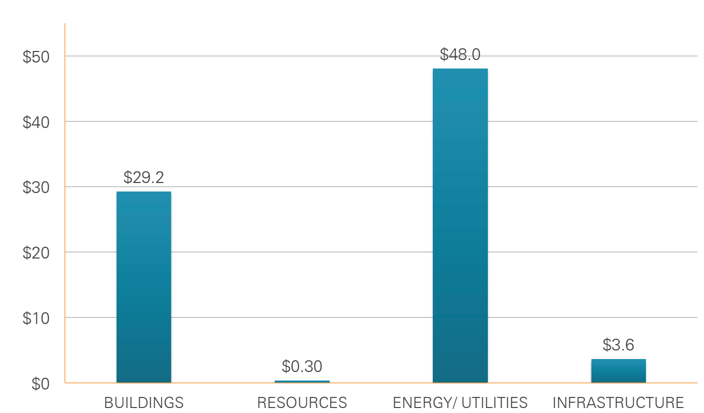
Alberta's sustained construction boom – fueled by consecutive record oil sands investments from 2010 to 2012 – should keep the economy firing on all cylinders. GDP growth estimates for 2013 range from a high of 3.6% to a low of 2.6%. While slightly lower than 2012's estimated 3.8% increase, both estimates easily eclipse the consensus forecast national average for 2013 of 2.0%.

Drawn by jobs in the oil patch, net migration is projected to reach 57,800 in 2012 and remain elevated at 48,500 in 2013. That influx will help push housing starts even higher; CMHC projects starts to increase from 31,800 in 2012 to 32,200 in 2013.

Increased capital spending is invigorating both public and private sectors, with transportation, social infrastructure and commercial and retail projects leading the way. Calgary alone has nearly 3 million square feet of new office space under construction for delivery by 2014. Retailer Target's arrival in Alberta alone will see a $232 million investment in revamping Zeller's stores and building a warehouse/distribution centre.

The steady increase in residential building, which the Construction Sector Council projects peaking in 2018, will see employment growth of 35% in the sector. Non-residential construction employment is expected to increase by 20% from 2012 to 2018.

CONSTRUCTION WORKLOAD BY SECTOR IN $ BILLIONS



Sources: Statistics Canada, Capital expenditures for construction by sector, 2012 intentions; Natural Resources Canada, Capital Investment; Information Bulletin, June 2012; Alberta Major Projects Inventory .

"Fueled by record oilsands investment, commitments to major energy and infrastructure projects, and continued strong in-migration that is helping drive housing demand, Alberta's building boom should continue at full steam in 2013."

ALISTAIR DEARIE
SENIOR ASSOCIATE

MAJOR TRANSPORTATION AND SOCIAL INFRASTRUCTURE PROJECTS:

- $1.8 billion North East Anthony Henday Drive*
- $1.3 billion concourse at Calgary Airport*
- $500 million Parallel Runway at Calgary Airport
- $1.8 billion expansion at the Edmonton Airport
- $1 billion in new hospitals
  (Grand Prairie Health Centre, $520 million, High Prairie Health Complex, $89 million, Edson Healthcare Centre, $108 million; Redevelopment of Medicine Hat Regional Hospital, $200 million, and Chinook Regional Hospital (Lethbridge), $113 million)
- $776 million West Light Rail Transit Expansion in Calgary (completion 2013)
- $769 million Southeast Section Stoney Trail Calgary
- $725 million Edmonton LRT extension
- $550 million Foothills Hospital Expansion
- $400 million Highway 63 Corridor
- $225 million Calgary Library
- $141 million Provincial Cancer Centre

MAJOR OILSANDS AND ENERGY PROJECTS INCLUDE:

- $5.5 billion Northwest Redwater Bitumen Upgrader Phase 1
- $3.4 billion Carmon Creek Bitumen
- $3 billion TransCanada Corp., and Phoenix Energy Holdings pipeline
- $2.5 billion Husky Energy Inc. / BP PLC 'Sunrise Thermal Project'
- $2.7 billion Cenovus Energy Inc. Christina Lake Thermal Expansion
- $2 billion Cenovus Energy / ConocoPhillips Foster Creek Oil Sands Project
- $1.7 billion Suncor Energy 'Firebag' Oil Sands Project Phase 4
- $1.65 billion eastern Alberta transmission line
- $1.5 billion Swan Hills ISCG Power project
- $865 million Quest carbon capture and sequestration
- $550 million Heartland Transmission line
- $500 million Blackspring Wind

MAJOR COMMERCIAL/ RETAIL PROJECTS:

- $2.25 billion Stonegate Office Retail and Industrial Development
- $500 million Airport Business Park Calgary
- $300 million Tricon Village
- $232 million in Target Stores Conversion and Warehouse
- $225 million New Calgary Library
- $195 million Eighth Avenue Place West Tower
- $150 million Stampede Trail Retail Development

* Denotes project for which BTY Group has provided services

GENERATING MOMENTUM

PRIVATE SECTOR INVESTMENT ENERGIZES CONSTRUCTION ACROSS CANADA

As the last of the infrastructure projects launched to stimulate the economy following the economic crisis of 2008-2009 wind down, fresh waves of investment in energy, oilsands, mining and the commercial sector are priming the pump for renewing construction across Canada, now ranked as the world's sixth most prosperous country by the Legatum Institute. The numbers are compelling:

- Investment in Canada's Top 100 Energy projects totaled $43 billion in 2012.
- Capital expenditures on oilsands projects are expected to be $20 billion in 2012, which eclipses 2011's record $19 billion, according to the Canadian Association of Petroleum Producers. The Canadian Energy Research Institute estimates the oilsands development will generate $2.1 trillion in economic benefits over the next 25 years and about 905,000 jobs by 2035.
- Canada's growth rate in wind power leads the world. The Canadian Wind Energy Association estimates that every gigawatt of new wind energy drives $2.5 billion in investments. 2012 was the second consecutive year that 1 gigawatt of newly installed capacity was added.
- The Mining Association of Canada projects $140 billion will be invested in the sector between 2012 and 2017.

Add to these investments projected infrastructure growth from 2010 to 2015 at a rate 2.5 times greater than the previous five years, a resurgent commercial sector and homebuilding to accommodate population growth buoyed by strong in-migration, and it becomes easier to see why Canada is expected to be among the world's top five construction markets by 2020.

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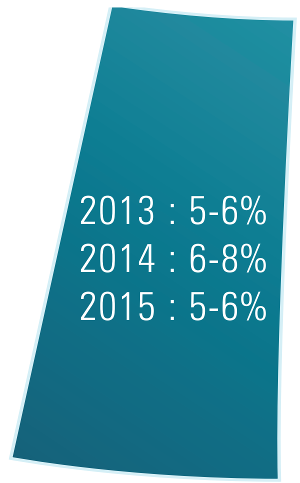
SASKATCHEWAN

CANADA'S GROWTH LEADER KEEPS ON ROLLING IN 2013



Most major banks are forecasting that Saskatchewan will eclipse Alberta as Canada's growth leader in 2013. Projected GDP increases range from a high of 4.0% to a low of 2.7%.

Major drivers are continuing strength in the oil and gas sector and $12 billion in ongoing investment in potash mining, despite some scaling back in response to softening global demand. Higher estimated output by volume of grains and oilseeds – and higher prices due to lower production in most other agricultural areas – will also bring a healthy jump in farm incomes.

These drivers will combine with stronger than expected gains in manufacturing sales, wholesale trade, and retail sales to generate healthy job creation of 2% in 2013 and 2014. The Construction Sector Council expects that 2013 will see employment in all sectors in the province's construction industry hit and sustain record or near record levels until 2018.

Net migration in 2012 is projected to surpass 2011's record of 11,742, and then slip back to 11,000 in 2013. The sustained high levels of new arrivals will help keep housing starts high. The CMHC forecast for housing starts is 9,200 for 2012 and 8,200 for 2013.

"Major drivers are continuing strength in the oil and gas sector and $12 billion in ongoing investment in potash mining."

MAJOR MINING AND ENERGY PROJECTS INCLUDE:

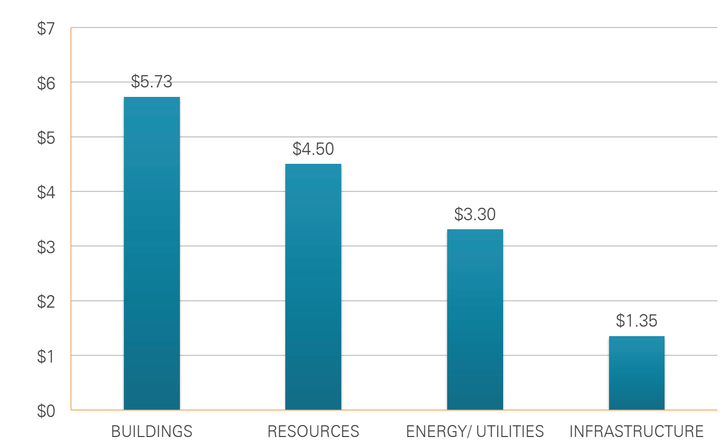
- $4.5 billion new Jansen mine (potash)
- $2.8 billion for mine Rocanville expansion (Potash Corp.)
- $3.25 billion new Legacy potash mine
- $2.3 billion Mosaic potash mine expansions
- $1.8 million Agrium potash mine expansion
- $1.8 billion Cigar Lake Uranium mine
- $1.8 billion oil/gas drilling and pipeline in Estevan and Weyburn
- $1.24 billion Sask Power Boundary Dam Power Station (carbon capture facility)
- $300 million Webb Wind Farm
- $250 million Vantage Pipeline
- $180 million Enbridge Bakken pipeline

MAJOR TRANSPORTATION AND SOCIAL INFRASTRUCTURE PROJECTS INCLUDE:

- $1 billion City of Regina revitalization (to 2015)
- $1 billion Clear Vistas residential community (Regina)
- $1 billion Harbour Landing Subdivision (Regina)
- $429 million Canadian Pacific Intermodal facility in Regina
- $285 million Highways Capital Program
- $278 million new Mosaic Stadium in Regina
- $250 million Victory Majors Retail/Office/Hotel Complex (Saskatoon)
- $229 million New Children's Hospital in Saskatoon*
- $231 million Civic Yards Relocation by City of Saskatoon
- $126 million Saskatchewan North Battleford Hospital
- $86 million North Commuter Bridge, Saskatoon
- $84 million Art Gallery of Saskatchewan*

* Denotes projects for which BTY Group has provided services

CONSTRUCTION WORKLOAD BY SECTOR IN $ BILLIONS



Sources: Statistics Canada, Capital expenditures for construction by sector, 2012 intentions; Natural Resources Canada, Capital Investment; Information Bulletin, June 2012; Saskatchewan Major Projects Inventory.

"Saskatchewan's stellar record in developing potash mining and oil and gas has created record high levels of in-migration – and employment -- that have helped sustain high levels of residential building. Look for more of the same good news in 2013 from Canada's new growth leader."

MICHAEL GABERT
COST CONSULTANT

QUEBEC

ENERGY AND RESOURCES DOMINATE

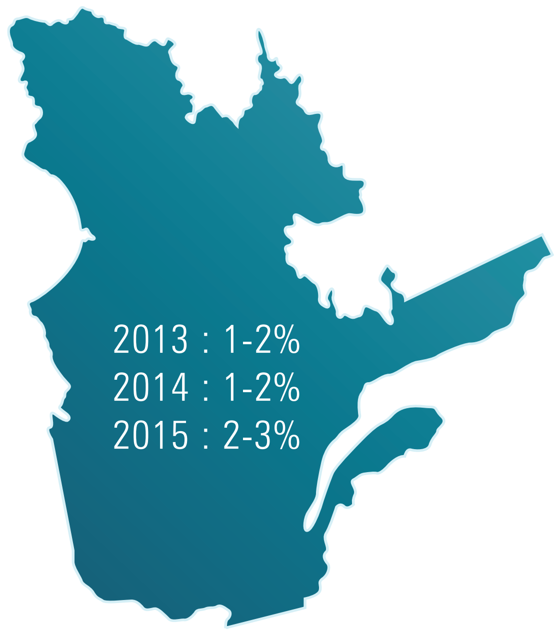
Quebec's outlook for 2013 is positive. Continued strong capital investment, especially in the energy and resource sectors, and improving prospects for Quebec exports to a strengthening US market will help the province return to its 10-year average GDP growth of 1.7% in 2013.

The rebound follows a challenging 2012 that saw sustained student protest, labour disruption affecting aluminium, the province's leading commodity export, ongoing investigation into corruption in the construction industry, and GDP growth of just 1%.

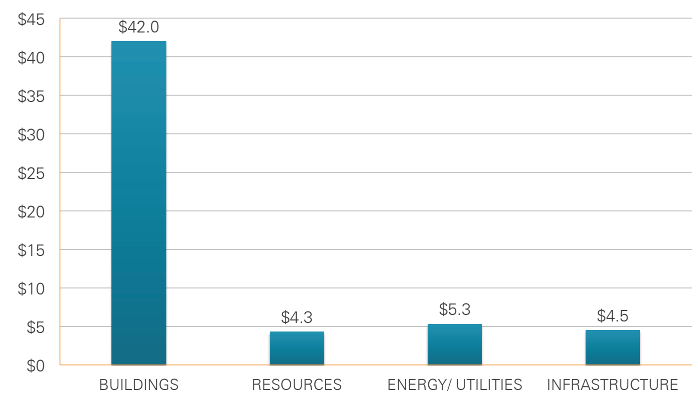
The resource investments – and major transportation and hydro-electric projects – will help counterbalance an expected decline in the residential sector. CMHC projects housing starts will drop from 46,700 in 2012 to 42,300 for 2013. In the longer term the Quebec government's northern development initiative, Plan Nord, calls for investing $80 billion in resource development over the next 25 years. The plan would drive considerable construction activity.

Labour requirements for such development will help create 11,500 new jobs between 2012 and 2020 in the non-residential sector. The overall construction labour force will rise by an estimated 5,000 workers each year from 2012 to 2020 in response to strong expansion of demand and low unemployment. Quebec will likely have to draw workers from other markets to meet a projected shortfall of 28,000 workers due to retirement.

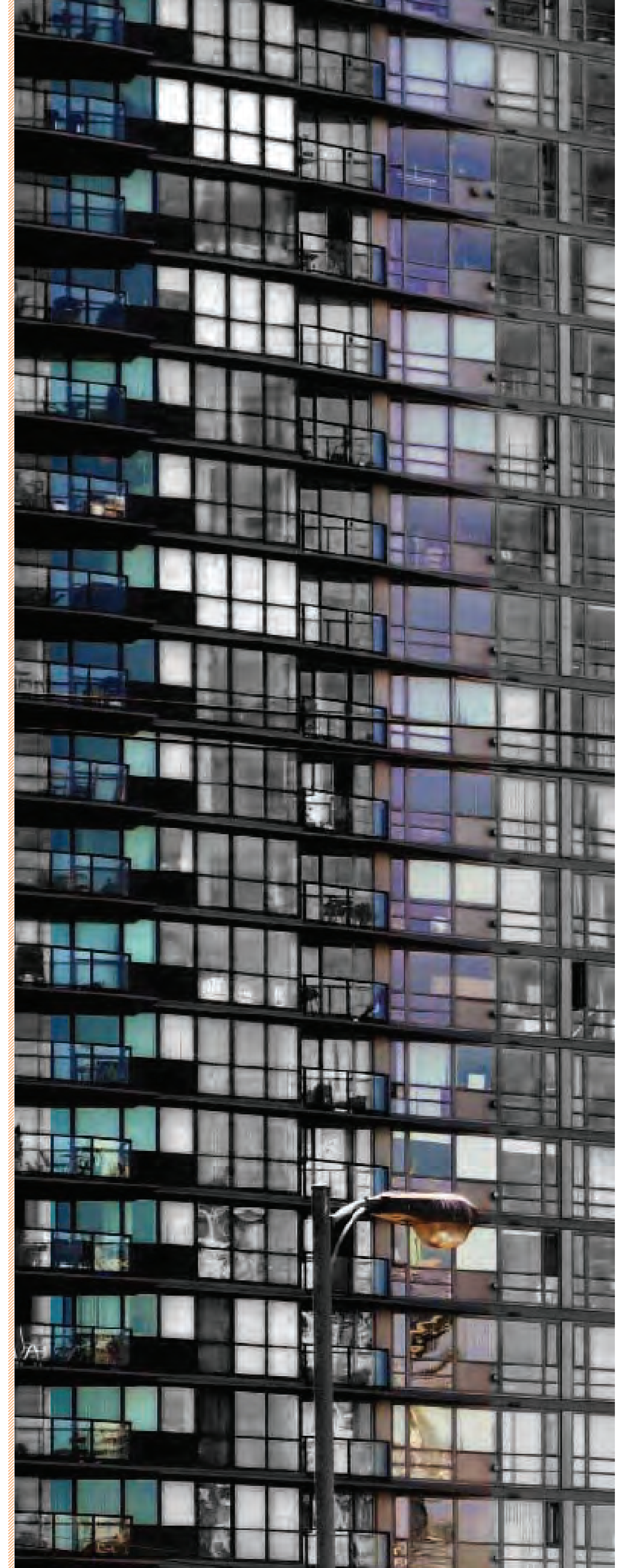
Another bright longer-term prospect for Quebec's overall economy is the aerospace sector. Bombardier Aeronautics won two major orders in 2012. The first, for 56 Global jets, is valued at $3.1 billion with an option for 86 more jets for a total sale worth $7.8 billion. The second, to NetJets, is for the production and maintenance of 275 Challenger business jets for $7.3 billion.



CONSTRUCTION WORKLOAD BY SECTOR IN $ BILLIONS



Sources: Statistics Canada, Capital expenditures for construction by sector, 2012 intentions; Natural Resources Canada, Capital Investment; Information Bulletin, June 2012; Commission de la Construction de Quebec.



MAJOR TRANSPORTATION PROJECTS INCLUDE:
- $3 billion Turcot Interchange in Montréal (completion 2016)
- $1 billion Autoroute 185
- $400 million Autoroute 35
- $230 million Autoroute 73 in Beauce
- $221 million Autoroute 410 in Sherbrooke

MAJOR HEALTHCARE AND EDUCATION PROJECTS INCLUDE:
- $3 billion+ for major healthcare projects:
  - Centre hospitalier de l'Université de Montréal*
  - McGill University Health Centre (completion 2014)*
  - Centre de recherche du centre hospitalier de l'Université de Montréal (completion 2013)*
- $995 million modernization of Centre hospitalier de l'Université Sainte-Justine*
- $715 Hotel Dieu Expansion/Renovation, Quebec City
- $100 million Shriners Hospital for Children
- $120 million Outremont Campus of l'Université de Montréal

MAJOR ENERGY PROJECTS INCLUDE:
- $30 billion in ongoing commitments to hydro and wind power projects
- $6.5 billion Romaine Complex A hydro-electric project (first commissioning 2014, completion 2020)
- $5 billion Eastmanin 1-A /Sarcelle/Rupert hydro-electric project

MAJOR MINING PROJECTS INCLUDE:
- $4 billion New Millennium DSO iron project
- $2.1 billion Alcoa modernization of 3 smelters
- $2.1 billion ArcelorMittal mine expansion at Mont Wright
- $1.4 billion Éléonore gold project in James Bay
- $1.3 billion Fire lake north Iron project
- $1 billion Xstrata's phase 2 of the Raglan mine (nickel and copper)
- $800 million Nunavuk Nickel project
- $600 million Blackrock Metals project (iron-vanadium-titanium)
- $450 million Stornoway Diamond Renard project

* Denotes projects for which BTY Group has provided services

"Resources and energy investment, as well as major new multi-billion aerospace contracts and a focus on social infrastructure will help Quebec generate stronger construction momentum over the next two years."

JACQUES AMELIN
DIRECTEUR D'AGENCE

ATLANTIC CANADA

MARITIMES, NEWFOUNDLAND AND LABRADOR TO SEE BIGGEST PROJECTS YET

A number of major projects are priming Atlantic Canada for future expansion in construction activity, according to the Atlantic Provinces Economic Council. Its 2012 inventory of 357 major projects, valued at a record $100 billion, is up more than 39% over the 2011 list.

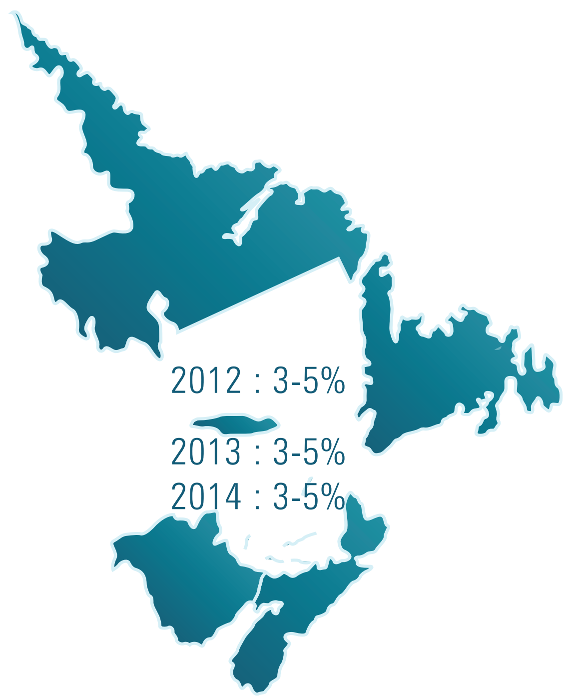
Spending in 2012 of $12.8 billion also sets a new record. Leading the investment surge is the $25 billion naval vessel-building contract for Irving Shipyards awarded in 2011. The positive impact of the 30-year contract will extend across multiple sectors as it boosts the regional economy.

Newfoundland and Labrador has 111 projects totalling $48.1 billion. Growth drivers are the Vale Inco $3.6 billion hydrometallurgical nickel plant, the Lower Churchill Hydro project, St. John's housing developments, the Terra Nova maintenance project and mining projects, including the New Millennium DSO Iron Ore project. The GDP Growth for 2013 estimated at 2% to 2.3%.

Nova Scotia has 133 projects totalling $32.7 billion. While the shipbuilding contract is the main driver, the oil and gas sector has been energized by Shell's $1 billion commitment to offshore exploration. Spurred by the naval contract, new commercial buildings and residential starts are creating a mini-boom in Halifax. The GDP growth estimate for 2013 is 1.3% to 1.4%.

New Brunswick has 75 projects totalling $17.7 billion. Highlights include a potential potash project valued at $4 billion and a planned $2 billion plus upgrade to the Mactaquac Dam. The GDP growth for 2013 is estimated at about 1%. Increased exports to an improving US economy should brighten the longer-term outlook.

Prince Edward Island has 38 projects totalling $1.8 billion, up 3% over 2011, with the increase due mainly to several new housing projects spurred by strong in-migration over the past four years. The GDP growth estimates range from 1.1% to 1.8%.



"An inventory of 367 major projects valued collectively at a record $100 billion, featuring mining and energy investments complemented by a commercial building mini-boom in Halifax, is setting the stage for a surge of new construction in Atlantic Canada."

MARK RAVELLE
PARTNER

RETROFITTING OFFICE TOWERS PROVIDES MULTIPLE RETURNS

The revitalization of two of Canada's most celebrated office towers -- BMO's First Canadian Place and the Mies van der Rohe designed TD Towers – are focusing national attention on retrofitting. The interest could not be more timely.

Rising energy costs, mandated reductions in greenhouse gas emissions, fiercely competitive real estate markets, and older buildings nearing a critical juncture in their life spans that require extensive repairs are all driving the market for retrofits.

Buildings are the largest contributor to climate change. In Toronto, buildings account for 76% of greenhouse gas emissions. Of that, commercial and residential buildings account for 61%.

Canada's building stock is showing its age. Relatively young for a city, Metro Vancouver alone has 1,697 high-rise buildings that are more than 30 years old; they represent 98.5 per cent of the city's commercial space. There are at least 5,000 more such aging towers across Canada, according to the Building Owners and Managers Association of BC (BOMA BC).

Retrofits can bring a building back to life for less than half the cost of new construction. The building skin, mechanical and electrical systems, elevators, escalators, and building interiors are the most common retrofit targets. Aging buildings are often heated with rugged but wasteful old boilers, cooled inefficiently, lack control systems and need lighting upgrades.

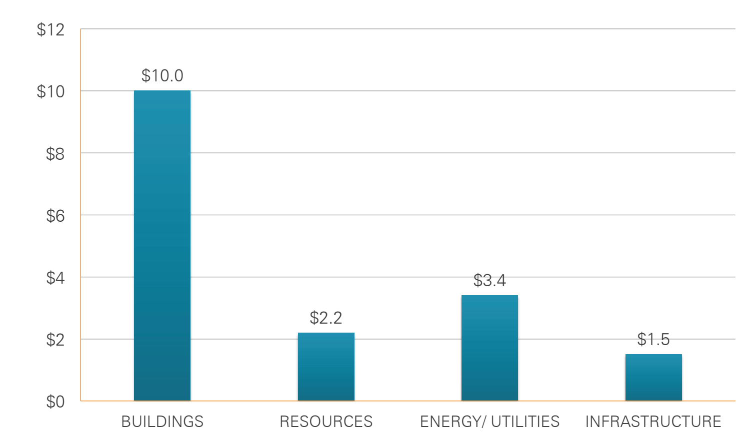
Bringing aging inventory up to modern energy-saving standards is an investment, not a cost. Studies have shown that the average return on investment for a whole-building retrofit of an aging commercial building is 9% or better.

The challenge is to calculate which components and/or systems – or combinations thereof when a whole-building retrofit is not feasible – will yield optimum energy savings as well as return on investment.

MAJOR PROJECTS INCLUDE:

- $3.6 billion Vale Inco hydrometallurgical nickel plant, (NL)
- $6 billion Lower Churchill Muskrat Falls Hydro project (NL)
- $2 billion upgrade to Mactaquac Dam
- $1.67 billion potash mine expansion (NB)
- $500 million Nova Centre development; (proposed, Halifax, NS)
- $353.7 million Maher Melford marine terminal (Sydney, NS)

CONSTRUCTION WORKLOAD BY SECTOR IN $ BILLIONS



Sources: Statistics Canada, Capital expenditures for construction by sector, 2012 intentions; Natural Resources Canada, Capital Investment; Information Bulletin, June 2012.

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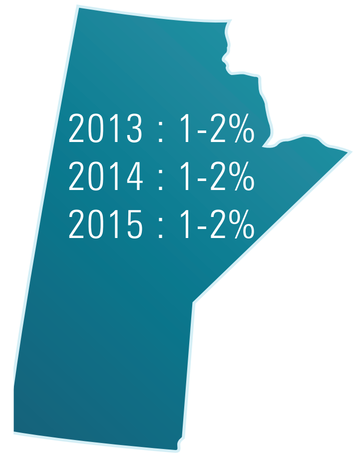


HIGHER PRICES FOR BUMPER CROPS SUPPORT STABLE GROWTH

Statistics Canada estimates that Manitoba will see an impressive 61 per cent increase in wheat and canola production in 2012. These higher yields – fetching higher prices due to lower global output – will help Manitoba's diversified economy see continued strong growth in 2013. Estimates for GDP increases range from 1.7% to 3.2%.

The jump in farm income is expected to help offset declines in manufacturing and weak base metals prices and boost consumer spending as well as construction levels and job creation.

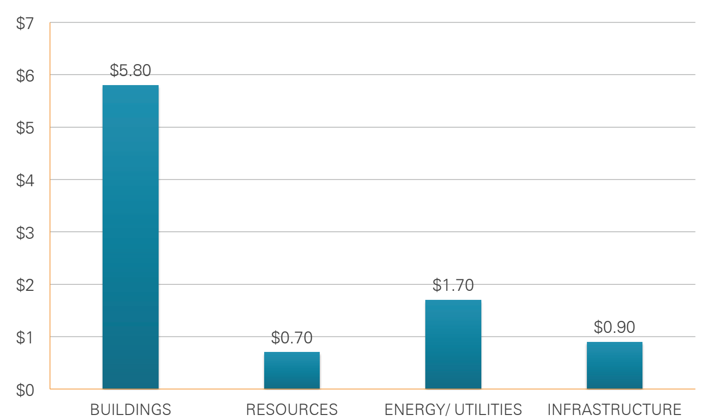
Rising construction labour requirements are centred in new residential and electrical utility-related work. While these sectors lead in job creation, there also will be steady gains in industrial, commercial and institutional construction, according to the Construction Sector Council.

Total net migration to Manitoba will remain elevated with around 10,000 people arriving in both 2012 and 2013. This influx, plus an improving employment picture, will help keep projected housing starts steady at 7,500 for 2012 and 7,000 for 2013.

MAJOR CONSTRUCTION PROJECTS INCLUDE:

- $5.6 billion KEYASK Generating station
- $3.28 Bipole Transmission Line
- $1.74 billion highway renewal (2011 to 2015)
- $1.6 billion Wuskwatim hydro-electric dam
- $700 million Lalor, zinc/copper/gold mine
- $400 million pointe duBois Spillway Replacement
- $212 million expressway as part of CentrePort Canada
- $70 million Reed Lake Copper mine

CONSTRUCTION WORKLOAD BY SECTOR IN $ BILLIONS



Sources: Statistics Canada, Capital expenditures for construction by sector, 2012 intentions; Natural Resources Canada, Capital Investment; Information Bulletin, June 2012.

"Slow, steady and diversified describes Manitoba's performance. Sustained in-migration that supports housing demand, record crop yields that offset weaker manufacturing, and investments in energy and infrastructure form a strong base for sustained levels of construction."

ROSS TEMPLETON
PARTNER

GUIDE TO MARKET INTELLIGENCE & UNIT RATES

BTY Group has been publishing the annual Market Intelligence Report since 2003. The Report provides the construction industry – both suppliers and clients – with our view of market conditions at the national and provincial levels, and what to expect in the coming year. With eight offices across the country, numerous active projects, a comprehensive and current in-house database, and sector specific experts, we are well placed to provide informed insight on market influences and forecast market conditions.

"It's important to note the difference between escalation and inflation. Escalation is the measure of changes in the price of specific goods or services in a given economy over a period of time. Inflation is the rate at which the overall level of prices for goods and services is rising and purchasing power is falling, as measured by the Consumer Price Index."

ELDON LAU
PARTNER

AN ANNUAL ANALYSIS OF CHANGES TO COST DATA PARAMETERS FOR SELECTED PROJECT CATEGORIES

BTY Group Cost Data Parameters are based on in-house data surveyed on a provincial level, which will have included tendered data where available. The cost data comparison provides actual data for 2012 and forecast data for 2013, using escalation data generated form the BTY Group escalation model. The unit rates reflect hard construction costs, including general requirements and fees, and excluding site works and tenant improvements.

Note: Variances in unit rates and escalation will occur due to the remoteness of some regions and prevailing local market conditions. Construction costs can also be affected by a multitude of factors that may not be limited to market conditions. For these reasons, securing the assistance of a Professional Quantity Surveyor (PQS) prior to establishing a budget for a specific project is advised.

COST DATA PARAMETERS COMPARISON

The comparisons below indicate the changes in construction costs, expressed in ranges, from 2012 to the forecasted 2013 levels. The data shown is indicative of general cost levels for typical projects of each type.

PROJECT CATEGORY	British Columbia				Alberta				Saskatchewan				Ontario				Quebec			
	2012		2013		2012		2013		2012		2013		2012		2013		2012		2013	
	$/m²	$/sq.ft	$/m²	$/sq.ft	$/m²	$/sq.ft	$/m²	$/sq.ft	$/m²	$/sq.ft	$/m²	$/sq.ft	$/m²	$/sq.ft	$/m²	$/sq.ft	$/m²	$/sq.ft	$/m²	$/sq.ft
Health Care																				
Residential Care	2190 - 2420	203 - 225	2223 - 2456	206 - 228	2496 - 2890	232 - 268	2596 - 3006	241 - 279	1399 - 1830	130 - 170	1476 - 1931	137 - 179	2330 - 2650	215 - 245	2400 - 2730	221 - 252	2054 - 2166	191 - 201	2085 - 2198	194 - 204
Ambulatory Care	4280 - 4500	398 - 418	4344 - 4568	404 - 424	4500 - 4900	418 - 455	4680 - 5096	435 - 473	4200 - 4900	390 - 455	4431 - 5170	411 - 480	4280 - 4820	400 - 450	4408 - 4965	412 - 464	4331 - 4553	403 - 423	4396 - 4621	409 - 429
Acute Care	5320 - 5810	495 - 540	5400 - 5897	502 - 548	5800 - 6760	539 - 604	6032 - 6042	561 - 628	5100 - 5600	473 - 520	5381 - 5908	499 - 549	5570 - 5990	515 - 555	5737 - 6170	530 - 572	5441 - 5941	506 - 552	5523 - 6030	514 - 560
Laboratories																				
Research Labroratories	5500 - 6050	511 - 562	5583 - 6141	519 - 570	5400 - 6800	502 - 632	5616 - 7072	522 - 657	5850 - 6660	543 - 619	6172 - 7026	573 - 653	5790 - 6540	540 - 610	5964 - 6736	556 - 628	5553 - 6107	516 - 568	5636 - 6199	524 - 577
Teaching Laboratories	4290 - 4730	400 - 440	4354 - 4801	406 - 447	4690 - 5650	436 - 525	4878 - 5876	453 - 546	4710 - 5190	437 - 483	4969 - 5475	461 - 510	4890 - 5620	455 - 520	5037 - 5789	469 - 536	4331 - 4775	403 - 444	4396 - 4847	409 - 451
Animal Research	6810 - 7500	635 - 700	6912 - 7613	645 - 711	7100 - 7800	660 - 725	7384 - 8112	686 - 754	7460 - 8000	693 - 744	7870 - 8440	731 - 785	5770 - 7550	535 - 700	5943 - 7777	551 - 721	6663 - 7552	619 - 702	6763 - 7665	628 - 713
High-rise Residential																				
Rental Units	1980 - 2530	184 - 235	2000 - 2555	186 - 237	2300 - 2663	214 - 248	2369 - 2743	220 - 255	2430 - 2990	225 - 278	2552 - 3140	236 - 292	2220 - 2850	205 - 265	2264 - 2907	209 - 270	1657 - 2208	154 - 205	1674 - 2230	156 - 207
Market Units Mid End Specifications	2260 - 2890	210 - 268	2283 - 2919	212 - 271	2295 - 2657	213 - 247	2364 - 2737	219 - 254	2200 - 2400	204 - 223	2310 - 2520	214 - 234	2540 - 3280	235 - 305	2591 - 3346	240 - 311	1998 - 2539	185 - 236	2018 - 2564	187 - 238
Market Units High End Specifications	2700 - 3470	251 - 322	2727 - 3505	254 - 325	2398 - 3215	223 - 299	2470 - 3311	230 - 308	2400 - 3500	223 - 325	2520 - 3675	234 - 341	3050 - 3950	285 - 365	3111 - 4029	291 - 372	2485 - 3312	231 - 308	2510 - 3345	233 - 311
Low-rise Residential																				
Rental Units	1220 - 1450	113 - 135	1232 - 1465	114 - 136	1027 - 1189	95 - 159	1058 - 1225	98 - 164	1390 - 1670	129 - 155	1460 - 1754	135 - 163	1150 - 1360	105 - 125	1173 - 1387	107 - 128	1118 - 1342	104 - 125	1129 - 1355	105 - 126
Market Units Mid End Specifications	1410 - 1680	131 - 156	1424 - 1697	132 - 158	1830 - 2119	170 - 197	1885 - 2183	175 - 203	1380 - 1570	128 - 146	1449 - 1649	134 - 153	1360 - 1580	125 - 145	1387 - 1612	128 - 148	1342 - 1677	125 - 156	1355 - 1694	126 - 158
Market Units High End Specifications	1790 - 2120	166 - 197	1808 - 2141	168 - 199	1912 - 2564	178 - 238	1969 - 2641	183 - 245	1520 - 1727	141 - 160	1596 - 1813	148 - 168	1690 - 2010	155 - 185	1724 - 2050	158 - 189	1677 - 2235	156 - 208	1694 - 2257	158 - 210
Townhouses (Wood Frame)																				
Rental Units	1040 - 1250	97 - 116	1050 - 1263	98 - 117	707 - 818	66 - 85	728 - 843	68 - 88	1200 - 1400	110 - 133	1260 - 1470	116 - 140	1150 - 1360	105 - 125	1173 - 1387	107 - 128	985 - 1205	92 - 112	995 - 1217	93 - 113
Market Units Mid End Specifications	1130 - 1350	105 - 125	1141 - 1364	106 - 126	777 - 900	72 - 84	800 - 927	74 - 87	1365 - 1500	127 - 139	1433 - 1575	133 - 146	1260 - 1470	115 - 135	1285 - 1499	117 - 138	1095 - 1423	102 - 132	1106 - 1437	103 - 133
Market Units High End Specifications	1220 - 1450	113 - 135	1232 - 1465	114 - 136	812 - 1089	75 - 101	836 - 1122	77 - 104	1500 - 1800	139 - 167	1575 - 1890	146 - 175	1470 - 1790	135 - 165	1499 - 1826	138 - 168	1423 - 1751	132 - 163	1437 - 1769	133 - 165
Shopping Centres																				
Strip Plaza	1030 - 1430	96 - 133	1045 - 1451	97 - 135	1890 - 2188	175 - 203	1966 - 2276	182 - 211	1600 - 2000	148 - 186	1688 - 2110	156 - 196	1260 - 1580	115 - 145	1298 - 1627	118 - 149	1014 - 1408	94 - 131	1029 - 1429	95 - 133
Enclosed Mall	2360 - 3080	220 - 286	2395 - 3126	223 - 290	2650 - 3460	153 - 321	2756 - 3598	159 - 334	2730 - 3560	254 - 331	2880 - 3756	268 - 349	1580 - 1890	145 - 175	1627 - 1947	149 - 180	2141 - 2817	199 - 262	2173 - 2859	202 - 266
Anchor/Department Store	1900 - 2350	177 - 219	1929 - 2385	180 - 222	2130 - 2650	198 - 246	2215 - 2756	206 - 256	2190 - 2730	203 - 254	2310 - 2880	214 - 268	1920 - 2260	180 - 210	1978 - 2328	185 - 216	1690 - 2084	157 - 194	1715 - 2115	159 - 197
Supermarket	1450 - 1800	134 - 167	1472 - 1827	136 - 170	1610 - 2020	150 - 188	1674 - 2101	156 - 196	1660 - 2070	154 - 193	1751 - 2184	162 - 204	1420 - 1810	130 - 170	1463 - 1864	134 - 175	1295 - 1577	120 - 147	1314 - 1601	122 - 149
Discount Store	1190 - 1640	111 - 152	1208 - 1665	113 - 154	1360 - 1850	126 - 172	1414 - 1924	131 - 179	1360 - 1900	126 - 177	1435 - 2005	133 - 187	1150 - 1360	105 - 125	1185 - 1401	108 - 129	1014 - 1408	94 - 131	1029 - 1429	95 - 133
Office																				
Under 5 Storeys	1440 - 1700	133 - 158	1462 - 1726	135 - 160	2794 - 3235	260 - 301	2906 - 3364	270 - 313	1528 - 1900	142 - 177	1612 - 2005	150 - 187	1580 - 1890	145 - 175	1627 - 1947	149 - 180	1215 - 1435	113 - 133	1233 - 1457	115 - 135
5 - 10 Storeys	1770 - 2230	164 - 207	1797 - 2263	166 - 210	1930 - 2500	179 - 232	2007 - 2600	186 - 241	2740 - 3389	255-315	2891 - 3575	269 - 332	1690 - 2110	155 - 195	1741 - 2173	160 - 201	1435 - 1877	133 - 174	1457 - 1905	135 - 177
10 - 20 Storeys	1910 - 2410	177 - 224	1939 - 2446	180 - 227	2090 - 2700	194 - 251	2174 - 2808	202 - 261	2100 - 2670	195 - 248	2216 - 2817	206 - 262	1910 - 2330	175 - 215	1967 - 2400	180 - 221	1656 - 2208	154 - 205	1681 - 2241	156 - 208
20 - 30 Storeys	2190 - 2780	203 - 258	2223 - 2822	206 - 262	2400 - 3100	223 - 288	2496 - 3224	232 - 300	2410 - 3070	224 - 285	2543 - 3239	236 - 301	2150 - 2680	200 - 250	2215 - 2760	206 - 258	1877 - 2429	174 - 226	1905 - 2465	177 - 229
Light Industrial																				
Warehouses	560 - 1044	52 - 97	566 - 1054	53 - 98	580 - 1070	54 - 99	597 - 1102	56 - 102	915 - 1025	85 - 95	961 - 1076	89 - 100	970 - 1185	90 - 110	989 - 1209	92 - 112	495 - 700	46 - 65	500 - 707	47 - 66

PROJECT CATEGORY	British Columbia 2012	British Columbia 2013	Alberta 2012	Alberta 2013	Saskatchewan 2012	Saskatchewan 2013	Ontario 2012	Ontario 2013	Quebec 2012	Quebec 2013
Roads - Paving	$/km Lane	$/km Lane	$/km Lane	$/km Lane	$/km Lane	$/km Lane	$/km Lane	$/km Lane	$/km Lane	$/km Lane
Metro Highway Lane (Paving 200-280mm)	1,725,000 - 1,877,000	1,759,500 - 1,914,540	1,685,000 - 1,787,000	1,769,250 - 1,876,350	900,000 - 1,100,000	954,000 - 1,166,000	1,681,000 - 1,816,000	1,748,240 - 1,888,640	1,594,000 - 1,711,000	1,625,880 - 1,745,220
Non-Metro Highway Lane (Paving 200-280mm)	1,909,000 - 2,062,000	1,947,180 - 2,103,240	1,849,000 - 1,961,000	1,941,450 - 2,059,050	1,113,000 - 1,212,000	1,179,780 - 1,284,720	1,846,000 - 1,994,000	1,919,840 - 2,073,760	1,751,000 - 1,879,000	1,786,020 - 1,916,580
Road Overpass Bridge Structure	$/m	$/m	$/m	$/m	$/m	$/m	$/m	$/m	$/m	$/m
Metro 4 lane road steel girder Overpass	37,000 - 46,000	37,740 - 46,920	29,000 - 37,000	30,450 - 38,850	35,000 - 42,000	37,100 - 44,520	34,000 - 41,000	35,360 - 42,460	34,000 - 41,000	34,680 - 41,820
Non-Metro 4 lane road steel girder Overpass	41,000 - 50,000	41,820 - 51,000	32,000 - 40,000	33,600 - 42,000	38,000 - 46,000	40,280 - 48,760	37,000 - 45,000	38,480 - 46,800	37,000 - 45,000	37,740 - 45,900

BTY Group strongly recommends that readers seek the advice of a Professional Quantity Surveyor (PQS) prior to establishing a budget for their specific projects.

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