**MATERIAL CHANGE REPORT**

**PURSUANT TO**

**SECTION 85(1) OF THE SECURITIES ACT (BRITISH COLUMBIA)**
**SECTION 118(2) OF THE SECURITIES ACT (ALBERTA)**
**SECTION 84(1) OF THE SECURITIES ACT (SASKATCHEWAN)**
**SECTION 75(2) OF THE SECURITIES ACT (ONTARIO)**
**SECTION 73 OF THE SECURITIES ACT (QUEBEC)**
**SECTION 81(2) OF THE SECURITIES ACT (NOVA SCOTIA)**
**SECTION 76(2) OF THE SECURITIES ACT (NEWFOUNDLAND)**

**1. Reporting Issuer:**

O&Y Properties Corporation (the "Company")
1 First Canadian Place
Suite 3300
P.O. Box 72
Toronto, Ontario
M5X 1B1

**2. Date of Material Change:**

June 27, 2001

**3. Press Release:**

A press release was issued in Toronto, Ontario on June 27, 2001 and is attached hereto as Schedule A.

**4. Summary of Material Change:**

O&Y Properties Corporation and O&Y Real Estate Investment Trust announced on June 27, 2001 that O&Y Real Estate Investment Trust ("O&Y REIT") has completed its initial public offering of 15,000,000 limited voting units at a price of $10.00 per unit for aggregate gross proceeds of $150 million and that the limited voting units have commenced trading on the Toronto Stock Exchange. The proceeds of the initial public offering were used by O&Y REIT as part of the $506 million purchase price for a 4.2 million square foot national portfolio of 16 high-quality Class A and Class B office buildings acquired from OYPI, which purchase was completed on June 27, 2001.

**5. Full Description of Material Change:**

O&Y Properties Corporation ("OYPC") and O&Y Real Estate Investment Trust ("O&Y REIT") announced on June 27, 2001 that O&Y REIT has completed its initial public offering of 15,000,000 limited voting units at a price of $10.00 per unit for aggregate gross proceeds of $150 million and that the limited voting units have commenced trading on the Toronto Stock Exchange. The underwriters for the offering have an option to acquire, until 30 days after closing, up to an additional 500,000 limited voting units of O&Y REIT at the same price to cover over-allotments. O&Y Properties Inc. ("OYPI"), a subsidiary of OYPC, intends to purchase an equal number of limited voting units as is purchased by the underwriters upon their exercise of the over-allotment option.

The proceeds of the initial public offering were used by O&Y REIT as part of the $506 million purchase price for a 4.2 million square foot national portfolio of 16 high-quality Class A and Class B office buildings acquired from OYPI. The purchase price for the office portfolio consisted of $38.5 million in cash, the issuance of 15 million limited voting units of O&Y REIT, $80 million convertible debentures of O&Y REIT and the balance by assumption of mortgage debt and other payables.

In addition, O&Y REIT acquired an economic interest in the 2.7 million square foot Class AAA First Canadian Place office complex in downtown Toronto through a $55 million participating loan. Also as part of the transactions, O&Y REIT advanced a mezzanine development loan of $40 million to O&Y Properties in connection with the Maritime Life Tower development project and has an option to purchase the building upon completion at OYPI's development cost. O&Y REIT also has the option to provide mezzanine financing and the option to purchase any future OYPI's office building developments.

OYPI now owns 50.05% of O&Y REIT. In addition, it received gross cash of $134.5 million in respect of the sale price of the assets and loans made to it by O&Y REIT. After retirement of debt not assumed by O&Y REIT and payment of costs including income taxes on the transaction, net cash to OYPI will be approximately $63 million.

The offering was underwritten by a syndicate led by CIBC World Markets Inc., and includes TD Securities Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., HSBC Securities (Canada) Inc., Merrill Lynch Canada Inc., National Bank Financial Inc., and Scotia Capital Inc.

**6. Reliance on Confidential Provisions of Securities Legislation:**

Not applicable.

**7. Omitted Information:**

Not applicable.

**8. Senior Officer:**

For further information, please contact Randy Northey, Senior Vice-President, General Counsel and Secretary of the Company at (416) 862-6900.

**9. Statement of Senior Officer:**

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, Ontario this 29th day of June, 2001.

O&Y Properties Corporation

Per: ***"Randy Northey"***

Randy Northey
Senior Vice-President,
General Counsel and Secretary

IT IS AN OFFENCE FOR A PERSON TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THIS REGULATION THAT AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.

**SCHEDULE "A"**

# O&Y Properties Corporation Announces Closing of $150 Million Initial Public Offering for O&Y Real Estate Investment Trust & Commencement of Trading on TSE

TORONTO, June 27 /CNW/ - O&Y Properties Corporation (TSE: OYP, OYP.DB) and O&Y Real Estate Investment Trust (TSE: OYR.UN) today announced that O&Y REIT has completed its initial public offering of 15,000,000 limited voting units at a price of $10.00 per unit for aggregate gross proceeds of $150 million and that the limited voting units have commenced trading on the Toronto Stock Exchange. The underwriters for the offering have an option to acquire, until 30 days after closing, up to an additional 500,000 limited voting units of O&Y REIT at the same price to cover over-allotments. O&Y Properties intends to purchase an equal number of limited voting units as is purchased by the underwriters upon their exercise of the over-allotment option.

The proceeds of the IPO were used by O&Y REIT as part of the $506 million purchase price for a 4.2 million square foot national portfolio of 16 high-quality Class A and Class B office buildings acquired from O&Y Properties. The purchase price for the office portfolio consisted of $38.5 million in cash, the issuance of 15 million limited voting units of O&Y REIT, $80 million convertible debentures of O&Y REIT and the balance by assumption of mortgage debt and other payables.

In addition, O&Y REIT acquired an economic interest in the 2.7 million square foot Class AAA First Canadian Place office complex in downtown Toronto through a $55 million participating loan. Also as part of the transactions, O&Y REIT advanced a mezzanine development loan of $40 million to O&Y Properties in connection with the Maritime Life Tower development project and has an option to purchase the building upon completion at O&Y Properties' development cost. O&Y REIT also has the option to provide mezzanine financing and the option to purchase any future O&Y Properties' office building developments.

O&Y Properties now owns 50.05% of O&Y REIT. In addition, it received gross cash of $134.5 million in respect of the sale price of the assets and loans made to it by O&Y REIT. After retirement of debt not assumed by O&Y REIT and payment of costs including income taxes on the transaction, net cash to O&Y Properties will be approximately $63 million.

"The launch of O&Y REIT is a very significant step in maximizing shareholder value, as shareholders of O&Y Properties can expect to benefit from the successes of O&Y REIT, while O&Y REIT unitholders will also share in the successes of O&Y Properties' future developments," said Philip Reichmann, Chief Executive Officer, O&Y Properties Corporation.

The offering was underwritten by a syndicate led by CIBC World Markets Inc., and includes TD Securities Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., HSBC Securities (Canada) Inc., Merrill Lynch Canada Inc., National Bank Financial Inc., and Scotia Capital Inc.

A detailed description of O&Y REIT and the offering can be found in the final prospectus, a copy of which is available through the electronic SEDAR system at www.sedar.com or through broker dealers.

O&Y Real Estate Investment Trust is a closed-end real estate investment trust created to invest in quality office buildings in major markets across Canada. It holds a national portfolio of 16 high-quality Class A and Class B office buildings containing a total of 4.2 million square feet, as well as an economic interest in First Canadian Place, a 2.7 million square foot Class AAA, 72-storey office complex in downtown Toronto. O&Y REIT will also have the option to purchase the Maritime Life Tower development project presently under construction in downtown Toronto from O&Y Properties. O&Y REIT has one class of trust units outstanding designated as "Limited Voting Units" listed on the Toronto Stock Exchange under the symbol "OYR.UN".

O&Y Properties Corporation is a Canadian commercial real estate company that is focused on ownership, management and development of high-quality office buildings. Directly, and indirectly through its 50.05% ownership interest of O&Y REIT, its portfolio includes 18 office properties representing 7.4 million square feet in six Canadian markets, as well as the 2.7 million square foot Class AAA First Canadian Place office complex in downtown Toronto. O&Y Properties also owns the Maritime Life Tower development project currently under construction in downtown Toronto. In addition, O&Y Enterprise, its real estate services division is the country's largest third party commercial real estate management services company, with over 100 million square feet under management.

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For further information: Floriana Cipollone, Vice President, Corporate Planning & Strategy, (416) 862-6900;