O&Y PROPERTIES

CORPORATION

ARRANGEMENT

involving

O&Y PROPERTIES CORPORATION

and

BPO PROPERTIES LTD.,
CANADA PENSION PLAN INVESTMENT BOARD,
ARCA INVESTMENTS INC.

and

2072790 ONTARIO INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF O&Y PROPERTIES CORPORATION TO BE HELD ON JULY 7, 2005

AND

MANAGEMENT INFORMATION CIRCULAR

JUNE 7, 2005

These materials are important and require your immediate attention. They require Shareholders of O&Y Properties Corporation to make important decisions. If you are in doubt as to how to make such decisions, please contact your professional advisors.

O&Y PROPERTIES

CORPORATION

June 7, 2005

Dear Shareholder,

It is my pleasure to extend to you, on behalf of the Board of Directors of O&Y Properties Corporation (the "Corporation"), an invitation to attend the annual and special meeting of the shareholders of the Corporation to be held at the Auditorium, TSX Conference Centre, 130 King Street West, Toronto, Ontario on Thursday, July 7, 2005 at 9:00 a.m. (Eastern Daylight Time).

At the Meeting, in addition to receiving the audited consolidated financial statements of the Corporation for the year ended December 31, 2004, electing directors and re-appointing the auditor for the ensuing year, you will be asked to consider and, if considered advisable, pass a special resolution (the "Arrangement Resolution") approving an arrangement (the "Arrangement") involving the acquisition by 2072790 Ontario Inc. ("Acquisition Company"), a corporation wholly-owned by BPO Properties Ltd. (a subsidiary of Brookfield Properties Corporation), Canada Pension Plan Investment Board and Arca Investments Inc. (collectively, the "Acquisition Group"), of all of the issued and outstanding common shares (the "Common Shares") of the Corporation.

Upon completion of the Arrangement, shareholders will receive $13.00 payable in cash for each Common Share they hold, inclusive of the $0.06 per share dividend declared on May 11, 2005 to shareholders of record on June 30, 2005 and payable on July 15, 2005.

In addition, the Acquisition Group has proposed a concurrent acquisition of all of the assets and the assumption of all of the liabilities of O&Y Real Estate Investment Trust ("O&Y REIT") and a subsequent redemption of all of the issued and outstanding limited voting units of O&Y REIT ("OYR Units") for $15.50 per OYR Unit payable in cash (the "OYR Acquisition"). O&Y REIT is an Ontario trust of which the Corporation holds approximately 42% of the issued and outstanding OYR Units. The OYR Acquisition is subject to approval by special resolution of the holders of OYR Units, including by a majority of the holders of OYR Units other than the Corporation and certain related parties. The completion of the Arrangement is conditional upon, among other things, the requisite approvals by holders of OYR Units of the OYR Acquisition and the satisfaction or waiver, as applicable, of all of the conditions precedent to the completion of the OYR Acquisition, other than the completion of the Arrangement.

The Board of Directors has determined that the Arrangement is fair to the Corporation's shareholders and in the best interests of the Corporation. Accordingly, all members of the Board of Directors eligible to vote regarding the Arrangement recommend that the Corporation's shareholders vote in favour of the Arrangement Resolution. In arriving at this decision, the Board of Directors considered a number of factors including:

1. the joint sale process undertaken by the Corporation and O&Y REIT, each represented by RBC Dominion Securities Inc., a member company of RBC Capital Markets ("RBC"), including the broad solicitation for qualified bidders and the numerous responses from qualified bidders to the request for non-binding acquisition proposals, and the fact that the Arrangement proposed by the Acquisition Group was the most attractive acquisition proposal arising out of this process;

2. the cash consideration offered to shareholders in respect of their Common Shares, which represents a premium of approximately 36% over the volume weighted average trading price of the Common Shares for the 30 trading days ended February 14, 2005 (the trading day immediately prior to the announcement of the initiation of the joint sale process by the Corporation and O&Y REIT);

3. the Acquisition Group has proposed the OYR Acquisition, which is being recommended to holders of OYR Units by the board of Trustees of O&Y REIT (on the recommendation of a special committee of independent Trustees of O&Y REIT);

4. the fairness opinion of RBC, the financial advisor to the Corporation and O&Y REIT, which concluded that the consideration under the Arrangement is fair, from a financial point of view, to the Corporation's shareholders;

5. RHHI Limited Partnership ("RHHI LP"), the beneficial owner of 18,283,959 Common Shares, which represent approximately 35.96% of the issued and outstanding Common Shares, has agreed to vote all of the Common Shares held by RHHI LP in favour of the Arrangement Resolution pursuant to the terms of a voting agreement entered into between RHHI LP and Acquisition Company;

6. directors and senior officers of the Corporation, who collectively beneficially own or exercise control or direction over an additional 4,319,354 Common Shares, which represent approximately 8.5% of the issued and outstanding Common Shares, have indicated that they intend to vote all of their Common Shares in favour of the Arrangement Resolution;

7. the reputation, experience and financial standing of the members of the Acquisition Group;

8. the likelihood that the transactions contemplated in the Arrangement will be completed, given the limited number of conditions and regulatory approvals necessary to complete such transactions, including the fact that there is no financing condition;

9. the Arrangement provides a cash payment to the Corporation's shareholders in return for their Common Shares;

10. historical market prices and trading information with respect to the Common Shares;

11. information regarding the business, operations, property, assets, financial performance and condition, operating results and prospects of the Corporation;

12. current industry, economic and market conditions and trends;

13. the terms of the Arrangement Agreement, which permit the Board of Directors to consider and respond to a superior proposal subject to the payment of a termination fee in certain circumstances;

14. the requirement that the Arrangement Resolution be approved by at least two-thirds of the votes cast by the shareholders present in person at the Meeting or represented by proxy;

15. the procedures by which the Arrangement is to be approved, including the requirement for approval by the Ontario Superior Court of Justice after a hearing at which fairness will be considered; and

16. the availability of rights of dissent to registered shareholders with respect to the Arrangement.

The attached Notice of Annual and Special Meeting and Management Information Circular (collectively, the "Circular") outline the matters to be presented to shareholders at the Meeting. The Circular contains a detailed description of the Arrangement and other information relating to these matters. We urge you to consider carefully all of the information in the Circular. If you require assistance, please consult your financial, legal or other professional advisor.

If you are a registered shareholder and are unable to be present at the Meeting in person, we encourage you to vote by completing the enclosed form of proxy (printed on blue paper) and returning it in accordance with the instructions provided in the Circular and in the proxy. Voting by proxy will not prevent you from voting in person if you attend the Meeting, but will ensure that your vote will be counted if you are unable to attend. If you are a non-registered holder of Common Shares and have received these materials through your broker or through another intermediary, please complete and return the voting instruction form or other authorization provided to you by your broker or by such other intermediary in accordance with the instructions provided therein. Failure to do so may result in your Common Shares not being eligible to be voted at the Meeting. **This is an important matter affecting your investment in the Corporation and your vote is important regardless of the number of Common Shares you own.**

Subject to obtaining court approval and certain other conditions being satisfied, including the requisite approvals by holders of OYR Units of the OYR Acquisition and the satisfaction or waiver, as applicable, of all of the conditions precedent to the completion of the OYR Acquisition, other than the completion of the Arrangement, if shareholders of the Corporation approve the Arrangement, it is anticipated that the Arrangement will be completed in July 2005.

On behalf of the Corporation, we would like to thank all shareholders for their ongoing support as we prepare to take part in this important event in the history of the Corporation.

Yours truly,

Stanley H. Hartt, O.C., Q.C.
Director and Chairman of the Board

O&Y **PROPERTIES**

C O R P O R A T I O N

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

An Annual and Special Meeting (the "Meeting") of Shareholders of O&Y Properties Corporation (the "Corporation") will be held at the Auditorium, TSX Conference Centre, 130 King Street West, Toronto, Ontario on Thursday, July 7, 2005 at 9:00 a.m. (Eastern Daylight Time) for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2004, together with the report of the auditor thereon;

2. to elect directors;

3. to re-appoint the auditor and to authorize the directors to fix the auditor's remuneration;

4. to consider, pursuant to an order of the Ontario Superior Court of Justice (Commercial List) dated June 7, 2005 and, if thought advisable, to pass, with or without variation, a special resolution (the "Arrangement Resolution"), the full text of which is set forth in Appendix A to the accompanying management information circular (the "Circular"), approving an arrangement (the "Arrangement") pursuant to section 182 of the *Business Corporations Act* (Ontario) (the "OBCA"), all as more particularly described in the Circular; and

5. to act upon such other matters, including amendments to the foregoing, as may properly come before the Meeting or any adjournment or postponement thereof.

NOTES:

(1) The Corporation has fixed May 31, 2005 as the record date for determining those holders ("Shareholders") of the Corporation's common shares ("Common Shares") entitled to receive notice of the Meeting. A person who has acquired Common Shares after the record date is entitled to vote those Common Shares at the Meeting upon producing properly endorsed share certificates, or otherwise establishing share ownership, and requesting the inclusion of such person's name in the list of Shareholders not less than ten days before the Meeting.

(2) Pursuant to subsection 190(7) of the OBCA and an order of the Ontario Superior Court of Justice dated June 7, 2005, registered Shareholders are entitled to dissent in respect of the Arrangement. If the Arrangement becomes effective, a dissenting Shareholder is entitled to be paid the fair value of such dissenting Shareholder's Common Shares, provided that such dissenting Shareholder has delivered a written objection to the Arrangement Resolution to the Corporation by 5:00 p.m. (Eastern Daylight Time) on the second Business Day preceding the Meeting and has otherwise strictly complied with the provisions of section 185 of the OBCA. This right is described in detail in the accompanying Circular under the heading "Rights of Dissenting Shareholders". The text of section 185 of the OBCA, which will be relevant in any dissent proceeding, is set forth in Appendix F to the Circular. **Failure to comply strictly with the dissent procedures described in the Circular may result in the loss of any right of dissent. Beneficial owners of Common Shares registered in the name of a broker, investment dealer, bank, trust company, nominee or other intermediary who wish to dissent should be aware that only registered Shareholders are entitled to dissent.**

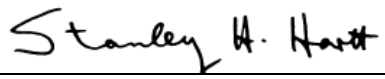
(3) Registered holders of Common Shares who are unable to be personally present at the Meeting are requested to date, complete, sign and return the form of proxy in the envelope provided, by facsimile transmission to the Proxy Department of CIBC Mellon Trust Company at (416) 368-2502 or in person or by registered mail to O&Y Properties Corporation c/o CIBC Mellon Trust Company, 200 Queens Quay East, Unit #6, Toronto, Ontario M5A 4K9, Attention: Proxy Department. To be effective, proxies must be received

before 5:00 p.m. (Eastern Daylight Time) on July 5, 2005 (or the date that is two Business Days preceding the Meeting if it is postponed or adjourned).

(4) Non-registered holders of Common Shares should complete and return the voting instruction form or other authorization provided to them in accordance with the instructions provided therein.

DATED at Toronto, Ontario, this 7th day of June, 2005.

BY ORDER OF THE BOARD OF DIRECTORS



Stanley H. Hartt, O.C., Q.C.
Director and Chairman of the Board

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O&Y **PROPERTIES**

CORPORATION

MANAGEMENT INFORMATION CIRCULAR

This Circular is furnished in connection with the solicitation of proxies by or on behalf of the management of O&Y Properties Corporation (the "Corporation") for use at the Annual and Special Meeting of Shareholders of the Corporation to be held on Thursday, July 7, 2005 at 9:00 a.m. (Eastern Daylight Time) at the Auditorium, TSX Conference Centre, 130 King Street West, Toronto, Ontario and at any postponement(s) or adjournment(s) thereof for the purposes set forth in the accompanying Notice of Meeting.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information has been incorporated by reference in this Circular from documents that are expressly referred to elsewhere in the Circular. Copies of those documents may be obtained via SEDAR or on request without charge from the Assistant Secretary of O&Y REIT, 1 First Canadian Place, Suite 3300, Toronto, Ontario M5X 1B1, (416) 862-6900.

GLOSSARY OF DEFINED TERMS

The following terms used in this Circular, including without limitation the Notice of Meeting, have the meanings set forth below:

"**Acquisition Company**" means 2072790 Ontario Inc., a corporation incorporated under the OBCA and wholly-owned by the Acquisition Group.

"**Acquisition Group**" means, collectively, BPO Properties Ltd. (a subsidiary of Brookfield Properties Corporation), Canada Pension Plan Investment Board and Arca Investments Inc.

"**Acquisition Proposal**" means, other than from Acquisition Company, any merger, amalgamation, statutory arrangement, recapitalization, take-over bid, sale of material assets (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale of material assets), liquidation, winding-up, sale or redemption of a material number of shares or rights or interests therein or thereto or similar transactions involving the Corporation and/or the Specified Subsidiaries, or a written proposal to do so, excluding the Arrangement.

"**Amalco**" means the corporation continuing from the Amalgamation.

"**Amalco Common Share**" means a common share in the capital of Amalco having the rights, privileges, restrictions and conditions set forth in Schedule A to the Plan of Arrangement.

"**Amalco DSU**" means, after giving effect to the amalgamation of the Corporation with certain of its wholly-owned subsidiaries to form Amalco as part of the Plan of Arrangement, all DSUs; provided that, for greater certainty, except insofar as, by virtue of such amalgamation, the counterparty to the DSUs is Amalco and any shares to be received thereunder or relevant to entitlements thereunder will be Amalco Common Shares identical in number to the number of Common Shares issuable or relevant to entitlements under such DSUs immediately prior to such amalgamation, the rights and privileges applicable to the holder of DSUs shall be unaffected by such amalgamation.

"**Amalco Option**" means, after giving effect to the amalgamation of the Corporation with certain of its wholly-owned subsidiaries to form Amalco as part of the Plan of Arrangement, all Options; provided that, for greater

certainty, except insofar as, by virtue of such amalgamation, the counterparty to the Options is Amalco and the shares to be received thereunder will be Amalco Common Shares identical in number to the number of Common Shares issuable under such Options immediately prior to such amalgamation, the rights and privileges applicable to the holder of an Option shall be unaffected by such Amalgamation.

"**Amalgamation**" means the amalgamation of the Corporation, O&Y Properties Inc., O&Y Properties (Alberta) Inc., 1367316 Ontario Inc. and 1478047 Ontario Inc., which amalgamation is to be completed as one of the steps of the Plan of Arrangement.

"**ARC**" means an advance ruling certificate issued by the Commissioner of Competition under section 102(1) of the Competition Act.

"**Arrangement**" means the arrangement involving Acquisition Company and the Corporation under the provisions of section 182 of the OBCA on the terms and conditions set forth in the Arrangement Agreement resulting, *inter alia*, in the direct acquisition by Acquisition Company of all of the outstanding Common Shares of the Corporation or any successor thereof, all on such terms as are consistent with the provisions of the Arrangement Agreement, all as more particularly described in the Plan of Arrangement.

"**Arrangement Agreement**" means the arrangement agreement made as of May 31, 2005 among the Corporation, the Acquisition Group and Acquisition Company, a copy of which is attached as Appendix B to this Circular.

"**Arrangement Resolution**" means the special resolution of Shareholders approving the Arrangement, in the form attached as Appendix A to this Circular.

"**Articles of Arrangement**" means the articles of arrangement of the Corporation to be filed with the Director in connection with the Arrangement.

"**Board**" or "**Board of Directors**" means the board of directors of the Corporation.

"**Budget**" means the current budget of the Corporation and the Specified Subsidiaries, including property specific budgets as supplemented by the monthly property management reports, all as included in the Data Room Information.

"**Business Day**" means any day other than a Saturday, Sunday, a statutory or civic holiday observed in the Province of Ontario or day that is observed as a religious holiday in accordance with the practices of Orthodox Judaism.

"**CIBC Mellon**" means CIBC Mellon Trust Company, registrar and transfer agent for the Common Shares.

"**Circular**" means this management information circular of the Corporation prepared and sent to the Shareholders in connection with the Meeting, including the Appendices attached hereto and the documents incorporated by reference herein.

"**Commissioner of Competition**" means the Commissioner of Competition appointed under the Competition Act and any Person duly authorized to exercise the powers and perform the duties of the Commissioner of Competition.

"**Common Shares**" means the common shares without par value in the capital of the Corporation.

"**Competition Act**" means the *Competition Act* (Canada), as amended.

"**Competition Act Clearance**" means the occurrence of any one of the following: (a) the issuance of an ARC in form and substance satisfactory to Acquisition Company acting reasonably, to the effect that the Commissioner of Competition is satisfied that the Commissioner of Competition would not have sufficient grounds upon which to apply to the Competition Tribunal for an order under section 92 of the Competition Act with respect to the transactions contemplated in the Arrangement and the OYR Transaction and which ARC shall remain in force, unamended, at the Effective Date; or (b) the applicable waiting period under section 123 of the Competition Act shall have expired or been earlier terminated or waived pursuant to section 113(c) of the Competition Act and the

Commissioner of Competition shall have advised Acquisition Company in writing (which advice will not have been rescinded at the Effective Date) that the Commissioner of Competition is of the view that there are not sufficient grounds to initiate proceedings before the Competition Tribunal under the merger provisions of the Competition Act in respect of the transactions contemplated in the Arrangement and the OYR Transaction and such written communication does not contain any conditions, restrictions or requirements (other than the normal caveat that such proceedings may be initiated at any time up to three years after the transactions have been substantially completed) that are not satisfactory to Acquisition Company acting reasonably but subject to Acquisition Company taking steps to secure and/or challenge a refusal to provide such clearance in certain circumstances specified in the Arrangement Agreement.

"**Competition Tribunal**" means the Competition Tribunal established under the *Competition Tribunal Act* (Canada), as amended.

"**Corporation**" means O&Y Properties Corporation, a corporation incorporated under the OBCA.

"**Court**" means the Ontario Superior Court of Justice (Commercial List).

"**CRA**" means the Canada Revenue Agency.

"**Data Room Information**" means the documents made available to Acquisition Company or Acquisition Company's counsel on or before May 11, 2005 as described in the index to an IntraLinks web site, a copy of which is annexed to the Disclosure Letter, together with the documents provided to Acquisition Company or Acquisition Company's counsel on or before the date of the Arrangement Agreement and consisting of a confidential information memorandum, documents provided on compact discs, written responses to requests for information made by Acquisition Company or Acquisition Company's counsel provided by the Corporation or any of its Subsidiaries, their respective employees or counsel or financial advisors to the Corporation and/or any of its Subsidiaries, all Filed CSA Documents and the information set out in the Disclosure Letter relating to the property known as First Canadian Place.

"**Deferred Share Unit Plans**" means the deferred share unit plan for Directors of the Corporation approved by the Board on June 1, 1999 and approved by the Shareholders on July 27, 1999, as amended by the Board on March 7, 2005 and the Deferred Share Unit Plan Designated for Employees of the Corporation approved by the Board on January 19, 2000 and approved by the Shareholders on June 28, 2000.

"**Depositary**" means CIBC Mellon Trust Company at its principal office in Toronto, Ontario in its capacity as depositary for the Common Shares under the Arrangement.

"**Director**" means the Director appointed under section 278 of the OBCA.

"**Disclosure Letter**" means the letter of the Corporation dated the date of the Arrangement Agreement and delivered by the Corporation to Acquisition Company concurrently with the Arrangement Agreement.

"**Dissenting Shareholder**" means a registered Shareholder who has properly exercised its dissent rights in respect of the Arrangement in strict compliance with the procedures referred to under "Rights of Dissenting Shareholders", who has not withdrawn such exercise and who is ultimately determined to be entitled to be paid the fair value of its Common Shares.

"**DSUs**" means any deferred share units outstanding under the Deferred Share Unit Plans.

"**Effective Date**" means the date upon which the Arrangement becomes effective as established by the date of issue shown on the certificate issued by the Director pursuant to the OBCA.

"**Effective Time**" means 8:00 a.m. (Eastern Daylight Time) on the Effective Date.

"**Electing Shareholder**" means each registered Shareholder who makes an Exchange Election.

"**Exchange Election**" means an election made by a registered Shareholder to exchange such Shareholder's Common Shares with the Corporation for newly issued Common Shares on a one-for-one basis as the first step of the Arrangement; provided that such election cannot be made in respect of a Common Share issued on or after January 1, 2005 on the exercise of an Option.

"**Filed CSA Documents**" means any documents filed with the Canadian Securities Administrators that are disclosed prior to the date of the Arrangement Agreement in full under the Corporation's name, under the name of any Specified Subsidiary, under the name of O&Y REIT or under the name of any Subsidiary of O&Y REIT pursuant to the SEDAR web site.

"**Final Order**" means the order of the Court approving the Arrangement as such order may be amended at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed.

"**FCPCo**" means the corporation continuing from the amalgamation of Amalco and Newco, which amalgamation is to be completed as one of the steps of the Plan of Arrangement.

"**Governmental Entity**" means any (i) multinational, federal, provincial, territorial, state, municipal, local or other governmental or public department, central bank, court, commission, commissioner (including the Commissioner of Competition), tribunal (including the Competition Tribunal), board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

"**Income Tax Act**" means the *Income Tax Act* (Canada), as amended.

"**Interim Order**" means the interim order of the Court in respect of the Arrangement dated June 7, 2005, a copy of which is attached as Appendix C to this Circular providing for, among other things, the calling and holding of the Meeting.

"**Intermediary**" includes a broker, investment dealer, bank, trust company, nominee or other intermediary.

"**Joint Sale Process**" means the joint sale process initiated by the Corporation and O&Y REIT to seek proposals leading to the sale of the Corporation and O&Y REIT, all as contemplated by the Process Agreement, and announced by the Corporation and O&Y REIT on February 15, 2005.

"**Letter of Transmittal**" means the letter of transmittal and election form that accompanies this Circular.

"**Material Adverse Effect**" means any change or effect that has, or would reasonably be expected to have, a material adverse effect on business operations, affairs, assets, properties, liabilities (including contingent liabilities), capitalization, results of operations (financial or otherwise) or financial condition of the Corporation and its Subsidiaries (for greater certainty, including O&Y REIT and its Subsidiaries), on a consolidated basis; provided, however, that effects relating to: (i) changes in general economic or political conditions or the securities markets including changes in international financial or currency exchange markets; (ii) changes affecting generally the industries in which the Corporation or any of its Subsidiaries conducts business; (iii) the announcement of the transactions contemplated by the Arrangement Agreement or other communication by Acquisition Company of its plans or intentions with respect to any of the businesses of the Corporation or any of its Subsidiaries; (iv) the consummation of the transactions contemplated by the Arrangement Agreement or any actions by Acquisition Company or the Corporation taken pursuant to the Arrangement Agreement; (v) any change in the market price or trading volume of any of the Common Shares or any of the OYR Units; (vi) any failure by the Corporation or O&Y REIT to meet any earnings estimates of equity analysts, for any period; or (vii) any rights of any lender, creditor, property owner or other Person in relation to the Corporation, O&Y REIT or any of their respective Subsidiaries on any happening of or by reason of a change of control of any of them including by reason of the transactions contemplated by the Arrangement Agreement, shall be deemed not to constitute a "Material Adverse Effect" and shall not be considered in determining whether a "Material Adverse Effect" has occurred.

"**Meeting**" means the annual and special meeting of the Shareholders (including any postponements or adjournments thereof) to be held to place the financial statements before the Shareholders, elect directors of the

Corporation and re-appoint the auditor of the Corporation and to consider and, if deemed advisable, to approve the Arrangement by way of special resolution (as defined in the OBCA).

"**Minority Approval**" means the approval of the OYR Transaction by a majority of the holders of OYR Units excluding the votes attached to OYR Units that, to the knowledge of O&Y REIT or any interested party (within the meaning of OSC Rule 61-501) or their respective directors or Trustees and senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised by (a) O&Y REIT; (b) an interested party; (c) a related party (within the meaning of OSC Rule 61-501) of an interested party, unless the related party meets that description solely in its capacity as a director or senior officer of one or more entities that are neither interested parties nor issuer insiders of O&Y REIT; or (d) a joint actor with a person or company referred to in paragraph (b) or (c) in respect of the OYR Transaction.

"**Newco**" means 2072943 Ontario Inc., a corporation incorporated under the OBCA.

"**Non-Resident Shareholder**" has the meaning provided under the heading "Certain Canadian Federal Income Tax Considerations — Shareholders Not Resident in Canada" in this Circular.

"**Notice of Meeting**" means the Notice of Annual and Special Meeting of Shareholders dated June 7, 2005 accompanying the Circular.

"**O&Y REIT**" means O&Y Real Estate Investment Trust.

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended.

"**Options**" means any existing rights or options to purchase Common Shares outstanding under the Stock Option Plan.

"**OSC Rule 61-501**" means Ontario Securities Commission Rule 61-501 — *Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions*.

"**Outside Date**" means July 28, 2005, subject to the right of either party to the Arrangement Agreement to postpone the Outside Date to August 29, 2005 if the Competition Act Clearance has not been obtained, by giving written notice to the other party to such effect no later than 5:00 p.m. (Toronto time) on the date that is ten days prior to the original Outside Date, or such other date as may be mutually agreed to by the parties to the Arrangement Agreement in writing.

"**OYPI**" means O&Y Properties Inc., a wholly-owned subsidiary of the Corporation.

"**OYR Acquisition Company**" means 2072792 Ontario Inc., a corporation incorporated under the OBCA and wholly-owned by the Acquisition Group.

"**OYR Meeting**" means the annual and special meeting of the unitholders of O&Y REIT (including any postponements or adjournments thereof) to be held to place the financial statements before the unitholders of O&Y REIT, elect Trustees of O&Y REIT and re-appoint the auditor of O&Y REIT and to consider and, if deemed advisable, to approve the OYR Transaction.

"**OYR Reorganization Agreement**" means the reorganization agreement between OYR Acquisition Company, the Acquisition Group and O&Y REIT made as of May 31, 2005 in respect of the OYR Transaction.

"**OYR Special Committee**" means the special committee of independent Trustees of O&Y REIT, consisting of Messrs. Joseph Wright (Chairman), Brent Belzberg and Robert Canning, established by O&Y REIT to advise the board of Trustees of O&Y REIT with respect to matters relating to the Joint Sale Process.

"**OYR Transaction**" means the reorganization of O&Y REIT as set out in the OYR Reorganization Agreement pursuant to which, among other things, OYR Acquisition Company shall purchase all of the assets and assume all of

the liabilities of O&Y REIT and all of the issued and outstanding OYR Units shall immediately thereafter be redeemed for cash.

"**OYR Units**" means the limited voting units in the capital of O&Y REIT and includes any securities into which such limited voting units or any of them may be reclassified, sub-divided, consolidated or converted and any rights and benefits arising therefrom including any extraordinary distributions of securities which may be declared in respect of such limited voting units and any limited voting units issued after the date of the OYR Reorganization Agreement.

"**Participation Right**" has the meaning provided under the heading "The Arrangement — Background to the Arrangement — The Joint Sale Process and the Process Agreement" in this Circular.

"**Person**" includes any individual, firm, partnership, limited partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, heir, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status.

"**Plan of Arrangement**" means, in relation to the Arrangement, the plan of arrangement substantially in the form and having the content of Schedule A to the Arrangement Agreement and any amendments or variations thereto made in accordance with the provisions of the Arrangement Agreement or made at the direction of the Court in the Final Order.

"**Policy Q-27**" means Policy Q-27 — *Protection of Minority Securityholders in the Course of Certain Transactions* of the Autorité des marchés financiers (Québec).

"**Process Agreement**" means the agreement between the Corporation and O&Y REIT dated February 14, 2005, which provides for, among other things, the Joint Sale Process, including the Participation Right.

"**RBC**" means RBC Dominion Securities Inc., a member company of RBC Capital Markets and the financial advisor to the Corporation.

"**RBC Fairness Opinion**" means the fairness opinion dated June 7, 2005 of RBC, a copy of which is attached as Appendix E to this Circular.

"**Resident Shareholder**" has the meaning provided under the heading "Certain Canadian Federal Income Tax Considerations — Shareholders Resident in Canada" in this Circular.

"**RHHI LP**" means RHHI Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

"**RHHI Voting Agreement**" means the voting agreement dated May 31, 2005 between RHHI LP and Acquisition Company.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval.

"**Share Consideration**" means $13.00 less (i) the $0.06 per share dividend declared on May 11, 2005 to Shareholders of record on June 30, 2005 and payable on July 15, 2005, and (ii) any other dividends or distributions declared on the Common Shares after May 11, 2005.

"**Shareholders**" means the holders of Common Shares.

"**Specified Subsidiaries**" means all Subsidiaries of the Corporation other than O&Y REIT and its Subsidiaries.

"**Stock Option Plan**" means the incentive stock option plan of the Corporation approved pursuant to the Plan of Arrangement of Camdev Corporation effective February 11, 1992, as amended by Board resolution dated April 28, 1995, as further amended by Board resolution dated March 30, 1998 and approved by the Shareholders on July 21,

1998, as further amended by Board resolution dated August 13, 2004 and approved by the TSX on September 23, 2004, and as further amended in accordance with the Plan of Arrangement.

"**Subsidiary**" means a "subsidiary entity" as defined in Ontario Securities Commission Rule 45-501 – *Exempt Distributions*.

"**Superior Proposal**" means an unsolicited *bona fide* written Acquisition Proposal to purchase or otherwise acquire, directly or indirectly, 50% or more of the Common Shares or assets of the Corporation or any of its Subsidiaries representing more than 50% of the book value of the Corporation's total assets on a consolidated basis made or received prior to receipt of the approval of Shareholders of the Arrangement Resolution under circumstances that the Board determines in good faith, after consultation with its financial and outside legal advisors, would, if consummated in accordance with its terms, result in a transaction which (i) is more favourable to the Shareholders from a financial point of view than the transactions contemplated by the Arrangement Agreement having regard to all circumstances, (ii) the only financing condition to which it is subject is one that would be automatically waived without further action if Acquisition Company does not offer to amend the terms of the Arrangement so that the Board determines that such Acquisition Proposal ceases to be a Superior Proposal as contemplated by section 5.4 of the Arrangement Agreement, and (iii) is not subject to any due diligence condition and is reasonably capable of completion taking into account all legal, financial, regulatory and other aspects of such proposal and the party making such proposal.

"**Termination Fee**" means a fee equal to $25 million.

"**Termination Fee Event**" has the meaning provided under the heading "The Arrangement Agreement — Termination Fee" in this Circular.

"**Trustee**" means a trustee of O&Y REIT.

"**TSX**" means the Toronto Stock Exchange.

FORWARD-LOOKING STATEMENTS

This Circular contains forward-looking statements relating to the business and financial outlook of the Corporation, which are based on the current expectations, estimates, forecasts and projections of the Corporation. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These forward-looking statements are not guarantees of future performance and involve risks, uncertainties, estimates and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from those expressed in these forward-looking statements. Shareholders should not place undue reliance on any of these forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and, except as required by applicable laws, the Corporation undertakes no obligation to update any such statement to reflect new information, the occurrence of future events or circumstances or otherwise. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements, including, but not limited to, the risks described under "Risk Factors" in this Circular.

NOTICE REGARDING INFORMATION

The information contained or incorporated by reference in this Circular concerning O&Y REIT, Acquisition Company, OYR Acquisition Company and the Acquisition Group is based solely upon information provided to the Corporation by such entities or upon publicly available information. With respect to this information, the Board of Directors has relied exclusively upon such entities, without independent verification by the Corporation.

No person is authorized to give any information or make any representation not contained or incorporated by reference in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized. This Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or proxy solicitation. The delivery of this Circular will not, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Circular.

NOTICE TO SHAREHOLDERS NOT RESIDENT IN CANADA

This Circular has been prepared by the Corporation in accordance with disclosure requirements under applicable Ontario and Canadian law. Non-resident Shareholders should be aware that these requirements may be different from those of the United States or other jurisdictions. Non-resident Shareholders should be aware that the Arrangement described herein may have tax consequences both in Canada and in the jurisdiction of residence of the Shareholder. The tax consequences arising under the laws of a country other than Canada are not discussed in this Circular. For a discussion of certain Canadian federal income tax considerations to investors who are not resident in Canada, see "Certain Canadian Federal Income Tax Considerations — Shareholders Not Resident in Canada". Non-resident Shareholders are urged to consult their own tax advisors.

The enforcement by Shareholders of civil liabilities under the securities laws of jurisdictions outside Canada may be affected adversely by the fact that the Corporation (including its successors under the Arrangement), the members of the Acquisition Group and Acquisition Company, are or will be organized under the laws of Canada, that some or all of their respective officers and directors are or will be residents of Canada, that some or all of the experts named in the Circular are residents of Canada, and that all or a substantial portion of the assets of the Corporation, the members of the Acquisition Group, Acquisition Company and such persons are located in Canada. Shareholders may not be able to sue the Corporation, any member of the Acquisition Group, Acquisition Company or their respective directors and officers in a foreign court for violations of securities laws outside of Canada. It may be difficult to compel the Corporation, any member of the Acquisition Group, Acquisition Company or their respective affiliates to subject themselves to a judgment of a court outside of Canada.

SUMMARY OF CIRCULAR

The following is a summary of certain information contained elsewhere in this Circular, including the Appendices hereto. This summary is qualified in its entirety by the more detailed information appearing or referred to elsewhere in this Circular.

Certain capitalized terms used in this summary are defined in the Glossary of Defined Terms appearing elsewhere in this Circular.

Purpose of the Meeting

The purpose of the Meeting is for Shareholders to consider and, if deemed advisable, pass, with or without variation, the Arrangement Resolution to approve the Arrangement under section 182 of the OBCA, to conduct the normal annual meeting business of the Corporation of receiving financial statements, electing directors and re-appointing the auditor.

Date, Time and Place

The Meeting will be held on Thursday, July 7, 2005 at 9:00 a.m. (Eastern Daylight Time) at the Auditorium, TSX Conference Centre, 130 King Street West, Toronto, Ontario.

Shareholder Approval of Arrangement Resolution

To be effective, the Arrangement Resolution must be approved, with or without variation, by the affirmative vote of at least two-thirds of the votes cast by the Shareholders present in person or represented by proxy at the Meeting. All other matters specified in the Notice of Meeting must be approved by a simple majority of votes cast at the Meeting. Shareholders are entitled to one vote for each Common Share held at any meeting of Shareholders.

RHHI LP, the beneficial owner of 18,283,959 Common Shares, which represent approximately 35.96% of the issued and outstanding Common Shares, has entered into the RHHI Voting Agreement with Acquisition Company pursuant to which it has agreed, on and subject to the terms of that agreement, to vote all of the Common Shares held by RHHI LP in favour of the Arrangement Resolution. See "Common Shares and the Principal Holders Thereof" and "RHHI Voting Agreement".

Directors and senior officers of the Corporation, who collectively beneficially own or exercise control or direction over an additional 4,319,354 Common Shares, which represent approximately 8.5% of the issued and outstanding Common Shares, have indicated that they intend to vote all of their Common Shares in favour of the Arrangement Resolution.

The Arrangement Resolution must be approved in order for the Corporation to seek the Final Order and implement the Arrangement on the Effective Date in accordance with the Final Order. See "The Arrangement — Shareholder Approval of Arrangement Resolution".

In the absence of any instructions to the contrary, the Common Shares represented by proxies received by management will be voted FOR the approval of the Arrangement Resolution.

The Arrangement

If the Arrangement Resolution is approved and all of the other conditions to completion of the Arrangement are satisfied and the Arrangement becomes effective (which is expected to be in July 2005), Acquisition Company will acquire all of the issued and outstanding Common Shares for a price of $13.00 per Common Share payable in cash, inclusive of the $0.06 per share dividend declared on May 11, 2005 to Shareholders of record on June 30, 2005 and payable on July 15, 2005.

Steps in the Arrangement

If implemented, the Arrangement will commence at the Effective Time (which is expected to be at 8:00 a.m. (Eastern Daylight Time) on a date expected to be in July 2005, but in any case, not later than August 29, 2005). Commencing at the Effective Time, the following shall occur and shall be deemed to occur in the following order 15 minutes apart without any further act or formality:

1. Each Electing Shareholder will transfer each Common Share held by it to the Corporation in exchange for one newly issued Common Share of the Corporation. See "The Arrangement — Exchange Election".

2. The Corporation will amalgamate with certain of its wholly-owned subsidiaries to form Amalco and, in connection therewith, each Common Share (other than Common Shares held by Dissenting Shareholders) will be converted into one Amalco Common Share, each Option will be converted into one Amalco Option, each DSU will be converted into one Amalco DSU and all shares of the other amalgamating corporations will be cancelled without payment therefor.

3. Each Amalco Option with an exercise price (i) less than the Share Consideration will cease to be exerciseable and will be cancelled and the holders thereof will receive a cash payment equal to the difference between the amount of the Share Consideration and the exercise price of such Amalco Option, and (ii) equal to or greater than the Share Consideration will cease to be exerciseable and Amalco will cease to have any liability in respect thereof.

4. Each holder of an Amalco DSU will receive from Amalco a cash payment equal to the Share Consideration per Amalco DSU.

5. Each Amalco Common Share will be transferred by the holder thereof to Acquisition Company in exchange for a cash payment equal to the Share Consideration per Amalco Common Share.

6. Acquisition Company will transfer all of the Amalco Common Shares to Newco in exchange for equity and debt of Newco.

7. Amalco will amalgamate with Newco to form FCPCo.

See "The Arrangement — Description of the Arrangement".

Background to the Arrangement

The Arrangement Agreement and the OYR Reorganization Agreement are the result of the Joint Sale Process and arm's length negotiations conducted among representatives of the Corporation, O&Y REIT, Acquisition Company, OYR Acquisition Company and the Acquisition Group, and their respective legal and financial advisors.

The Joint Sale Process and the Process Agreement

In early 2005, the Board of Directors decided to take action to unlock shareholder value in light of the fact that, in its view, the trading price of the Common Shares did not reflect, and had not reflected for some time, the underlying value of the Corporation's assets. After considering how best to achieve a result whereby the trading price of the Common Shares would better reflect the underlying value of the Corporation's assets, the Corporation approached O&Y REIT with a proposal to engage in the Joint Sale Process. Following a number of discussions between management of the Corporation and the OYR Special Committee, the Corporation and O&Y REIT entered into the Process Agreement after the close of markets on February 14, 2005. Prior to market opening on February 15, 2005, the Corporation announced that it had initiated the Joint Sale Process with O&Y REIT to seek proposals leading to the sale of the Corporation and O&Y REIT.

Under the Process Agreement, the Corporation agreed that, subject to limited exceptions set out in the Process Agreement, it would not support an offer for its Common Shares or its direct and indirect interest in O&Y REIT unless that offer included an offer for the OYR Units not owned by the Corporation at a price equivalent to the value

being attributed by a bidder to the OYR Units owned by the Corporation (a "Participation Right"). Under the Process Agreement, the Corporation is permitted to accept any offer that includes the Participation Right, whether or not O&Y REIT enters into a support or similar agreement with the bidder making the acquisition.

Process Leading to the Arrangement and the OYR Transaction

Following a two-stage sale process, the Corporation and O&Y REIT determined to pursue a proposal submitted by the Acquisition Group to acquire all of the issued and outstanding Common Shares (by plan of arrangement under the OBCA) and to effect the OYR Transaction. Following numerous discussions to settle the definitive terms of the transactions, after the close of markets on May 31, 2005, the Acquisition Group, Acquisition Company and the Corporation entered into the Arrangement Agreement and the Acquisition Group, OYR Acquisition Company and O&Y REIT entered into the OYR Reorganization Agreement. The execution of these agreements was then announced by press releases issued prior to market opening on June 1, 2005. Concurrently with the foregoing negotiations, RHHI LP, the beneficial owner of 18,283,959 Common Shares, which represent approximately 35.96% of the issued and outstanding Common Shares, and the Acquisition Group also negotiated the terms of, and on May 31, 2005, RHHI LP and Acquisition Company entered into, the RHHI Voting Agreement.

See "The Arrangement — Background to the Arrangement".

RBC Fairness Opinion

RBC was engaged by the Corporation and by O&Y REIT to advise and assist the Corporation and O&Y REIT in the Joint Sale Process, including providing a fairness opinion to the Board of Directors, if requested. Each of the Corporation and O&Y REIT has engaged RBC in an advisory capacity from time to time. Based upon and subject to the assumptions made and the matters considered in the RBC Fairness Opinion, **RBC is of the opinion that the consideration under the Arrangement is fair, from a financial point of view, to Shareholders. A copy of the RBC Fairness Opinion is attached to this Circular as Appendix E. Shareholders are urged to read such opinion in its entirety.**

See "The Arrangement — RBC Fairness Opinion".

Recommendation of the Board of Directors

The Board of Directors has determined that the Arrangement is fair to Shareholders and in the best interests of the Corporation. Accordingly, the Board of Directors, other than Messrs. Reichmann, Hauer and Linhart (who abstained from voting due to their involvement in the Arrangement in certain other capacities, including as senior officers and/or Trustees of O&Y REIT), has unanimously approved the Arrangement and recommends that Shareholders vote in favour of the Arrangement Resolution.

RECOMMENDATION TO SHAREHOLDERS

The Board of Directors of the Corporation recommends that all Shareholders VOTE IN FAVOUR of the Arrangement Resolution.

Reasons for the Recommendation

The Board considered a number of factors in concluding that the Arrangement is fair to Shareholders and in the best interests of the Corporation, including the following:

1. the Joint Sale Process undertaken by the Corporation and O&Y REIT, each represented by RBC, including the broad solicitation for qualified bidders and the numerous responses from qualified bidders to the request for non-binding acquisition proposals, and the fact that the Arrangement proposed by the Acquisition Group was the most attractive acquisition proposal arising out of this process;

2. the Share Consideration represents a premium of approximately 36% over the volume weighted average trading price of the Common Shares for the 30 trading days ended February 14, 2005 (the trading day immediately prior to the announcement of the initiation of the Joint Sale Process);

3. the Acquisition Group has proposed the OYR Transaction, which is being recommended to holders of OYR Units by the board of Trustees of O&Y REIT (on the recommendation of the OYR Special Committee);

4. the RBC Fairness Opinion (See "The Arrangement — RBC Fairness Opinion");

5. RHHI LP, the beneficial owner of 18,283,959 Common Shares, which represent approximately 35.96% of the issued and outstanding Common Shares, has agreed to vote all of the Common Shares held by RHHI LP in favour of the Arrangement Resolution pursuant to the terms of the RHHI Voting Agreement (See "RHHI Voting Agreement");

6. directors and senior officers of the Corporation, who collectively beneficially own or exercise control or direction over an additional 4,319,354 Common Shares, which represent approximately 8.5% of the issued and outstanding Common Shares, have indicated that they intend to vote all of their Common Shares in favour of the Arrangement Resolution;

7. the reputation, experience and financial standing of the members of the Acquisition Group;

8. the likelihood that the transactions contemplated in the Arrangement will be completed, given the limited number of conditions and regulatory approvals necessary to complete such transactions, including the fact that there is no financing condition;

9. the Arrangement provides a cash payment to the Shareholders in return for their Common Shares;

10. historical market prices and trading information with respect to the Common Shares;

11. information regarding the business, operations, property, assets, financial performance and condition, operating results and prospects of the Corporation;

12. current industry, economic and market conditions and trends;

13. the terms of the Arrangement Agreement, which permit the Board of Directors to consider and respond to a Superior Proposal subject to the payment of the Termination Fee in certain circumstances;

14. the requirement that the Arrangement Resolution be approved by at least two-thirds of the votes cast by the Shareholders present in person at the Meeting or represented by proxy;

15. the procedures by which the Arrangement is to be approved, including the requirement for approval by the Court after a hearing at which fairness will be considered; and

16. the availability of rights of dissent to registered Shareholders with respect to the Arrangement.

See "The Arrangement — Recommendation of the Board of Directors", "The Arrangement — Interests of Certain Persons in the Arrangement" and "Risk Factors".

The Arrangement Agreement

The Arrangement Agreement provides for the Arrangement and matters related thereto. Under the Arrangement Agreement, the Corporation has agreed to call the Meeting to seek approval of Shareholders for the Arrangement and, if approved, to apply to the Court for the Final Order. The following describes certain material provisions of the Arrangement Agreement, but is not comprehensive and is qualified in its entirety by reference to the full text of the Arrangement Agreement, a copy of which is attached as Appendix B to this Circular. See "The Arrangement Agreement."

Covenants of the Corporation Regarding Non-Solicitation

The Corporation has agreed, except as permitted by the Arrangement Agreement: (a) not, directly or indirectly, to solicit, initiate or knowingly encourage or facilitate the initiation of any inquiries, proposals or offers regarding an Acquisition Proposal, participate in any discussions or negotiations regarding any Acquisition Proposal, withdraw or modify in a manner adverse to Acquisition Company the approval of the Board of the transactions contemplated by the Arrangement Agreement, accept or approve or recommend any Acquisition Proposal or cause the Corporation to enter into any agreement related to any Acquisition Proposal; (b) to immediately cease and cause to be terminated any existing solicitations, encouragements, activities, discussions or negotiations with respect to any potential Acquisition Proposal whether or not initiated by the Corporation; (c) not to release any third party from or waive any confidentiality, non-solicitation or standstill agreement to which such third party is a party; and (d) immediately to cease to provide any other party with access to information concerning the Corporation and the Specified Subsidiaries and request the return or destruction of all confidential information provided to any third party that has entered into a confidentiality agreement with the Corporation relating to any potential Acquisition Proposal.

Acquisition Proposals

The Corporation must immediately notify Acquisition Company of all future Acquisition Proposals of which the Corporation's directors, officers, representatives and agents become aware, or any request for non-public information relating to, or for access to the properties, books or records of, the Corporation or any Specified Subsidiary in connection with a potential Acquisition Proposal and provide Acquisition Company with a copy of: (i) any written notice informing it that a Person is considering making, or has made, an Acquisition Proposal; or (ii) any Acquisition Proposal, in each case forthwith after it is received by the Corporation.

If the Corporation receives a written request for non-public information relating to the Corporation and/or the Specified Subsidiaries in connection with an Acquisition Proposal or for access to the properties, books or records of the Corporation and/or the Specified Subsidiaries from a Person who has made or intends to make an Acquisition Proposal and the Board determines in good faith, after consultation with financial advisors and outside legal advisors that the failure to take such action would breach the Board's fiduciary duties and that such proposal, if consummated, in accordance with its terms, is reasonably likely to result in a Superior Proposal, the Corporation may provide access to such information, provided the Corporation: (a) enters into a confidentiality and standstill agreement on substantially the same terms and conditions as the confidentiality and standstill agreements entered into by the Acquisition Group; and (b) provides to Acquisition Company any information disclosed to such Person that was not already provided or made available to Acquisition Company.

If the Corporation receives an Acquisition Proposal, the Corporation may withdraw or modify, in a manner adverse to Acquisition Company, its approval or recommendation of the Arrangement Resolution and/or accept, approve, recommend or enter into any agreement in respect of an Acquisition Proposal if such an Acquisition Proposal constitutes a Superior Proposal and if: (a) the Corporation has notified Acquisition Company that there is a Superior Proposal and provides Acquisition Company with all documentation related to and detailing the Superior Proposal and its intention to withdraw or withhold its approval or recommendation of the Arrangement Resolution; (b) the Meeting has not been cancelled, postponed or adjourned (the Corporation having undertaken not to do any of the foregoing); (c) the Corporation has complied with its non-solicitation covenants and its obligations with respect to Acquisition Proposals; and (d) five Business Days shall have elapsed from the later of: (i) the date Acquisition Company received the notice referred to in (a); and (ii) the date Acquisition Company was provided with a copy of such Acquisition Proposal.

Right to Match

Acquisition Company may, but is not required to, during the five Business Day period following the later of: (i) receiving notice of a Superior Proposal; and (ii) being provided with a copy of the Acquisition Proposal, offer in writing to amend the terms of the Arrangement. If Acquisition Company does so, then the Board must review any such offer in good faith, in consultation with its financial advisors and outside legal advisors and, if the Board: (a) determines that the Acquisition Proposal would thereby cease to be a Superior Proposal, it will cause the Corporation to enter into an amendment to the Arrangement Agreement reflecting the offer by Acquisition Company to amend the terms of the Arrangement; or (b) continues to believe that the Acquisition Proposal would nonetheless

remain a Superior Proposal, the Corporation may: (i) approve, recommend, accept or enter into an agreement, understanding or arrangement with respect to the Superior Proposal provided that such acceptance or agreement does not obligate the Corporation or any other Person to seek to interfere with the completion of the Arrangement or impose any "break", "hello" or other fees or options or rights to acquire assets or securities, or any other obligations on the Corporation or any of its Subsidiaries unless and until the Arrangement Agreement is terminated in accordance with its terms (provided that if the Corporation enters into an agreement relating to a Superior Proposal, it may agree to reimburse the Person making the Superior Proposal for an amount not exceeding $2 million on account of expenses incurred in connection with the Superior Proposal and may commit to any break fees or similar payments that are payable in circumstances other than the completion of the Arrangement); (ii) following the entering into by the Corporation of an agreement with respect to a Superior Proposal, proceed with such approvals, consents and filings of or required by Governmental Entities and other Persons in order to consummate such Superior Proposal, provided that such activity does not interfere with the completion of the Arrangement; (iii) make any public disclosure that the Board determines appropriate in respect of the Superior Proposal and the Arrangement; and (iv) following the entering into by the Corporation of an agreement with respect to a Superior Proposal, solicit proxies in support of the Superior Proposal and against the Arrangement.

If, as a result of the application of the foregoing provisions, there is another Acquisition Proposal to be considered at the Meeting, the Arrangement Resolution will be considered at the Meeting prior to any other Acquisition Proposal and the Corporation is required to consult with Acquisition Company in respect of all other matters relating to the Meeting.

Termination Fee

If the Arrangement Agreement is terminated by Acquisition Company as a result of any of the following events (each a "Termination Fee Event") prior to the Effective Date, and provided in each case, Acquisition Company is not in material default in the performance of its obligations under the Arrangement Agreement, the Corporation has agreed to pay the Termination Fee to Acquisition Company: (a) the Board withdraws or modifies in a manner materially adverse to Acquisition Company its approval or recommendation of the Arrangement Resolution and makes a public announcement to that effect; (b) the Board recommends any Superior Proposal and makes a public announcement to that effect; or (c) the Board fails to reaffirm its recommendation of the Arrangement Resolution by press release within a reasonable time after the public announcement or commencement of any Acquisition Proposal and within a reasonable period of time of having been requested to do so by Acquisition Company.

If the Arrangement Agreement is terminated by the Corporation after a Termination Fee Event, the Termination Fee will also be payable to Acquisition Company.

Acquisition Company has agreed that the Termination Fee, if paid to Acquisition Company, is in lieu of any damages or any other payment or remedy to which it may be entitled.

In addition, the Corporation must pay an amount equal to the Termination Fee to Acquisition Company if: (a) the Arrangement Agreement has been terminated without any payment of the Termination Fee (other than as a result of the inability to obtain Competition Act Clearance on commercially reasonable terms) and in circumstances where Acquisition Company is not in material breach in any material respect of any of its representations, warranties, covenants or other agreements in the Arrangement Agreement; and (b) within nine months thereafter, an Acquisition Proposal is consummated which has a value per Common Share greater than that contemplated by the Arrangement.

Expense Reimbursement

If the Arrangement Agreement has been terminated without any payment of the Termination Fee, unless terminated as a result of the non-satisfaction of the conditions precedent in favour of the Corporation, the Corporation must pay to Acquisition Company, on account of its expenses in connection with the Arrangement, the sum of $4 million less the amount of any expense reimbursement paid by O&Y REIT pursuant to the OYR Reorganization Agreement. Under the OYR Reorganization Agreement, unless that agreement is terminated as a result of the non-satisfaction of any of the conditions in favour of O&Y REIT or because holders of OYR Units have not approved the OYR Transaction, O&Y REIT is required to reimburse OYR Acquisition Company in the amount of $2 million on

account of expenses in the event that the OYR Reorganization Agreement is terminated without payment of a termination fee by O&Y REIT.

Procedure for the Arrangement to Become Effective

The Arrangement is proposed to be carried out pursuant to section 182 of the OBCA. The following procedural steps must be taken in order for the Arrangement to become effective, in addition to obtaining the approval of Shareholders at the Meeting:

(a) all conditions precedent to the Arrangement, including, without limitation, the approval of the OYR Transaction by the holders of OYR Units and the satisfaction or waiver, as applicable, of all of the conditions precedent to the completion of the OYR Transaction, other than the completion of the Arrangement (See "The Arrangement — Approval of OYR Transaction"), must be satisfied or waived by the appropriate party;

(b) the Court must grant the Final Order approving the Arrangement; and

(c) the Articles of Arrangement in the form prescribed by the OBCA must be filed with the Director under the OBCA.

Court Approval and Completion of the Arrangement

The Arrangement requires approval by the Court. Prior to the mailing of this Circular, the Corporation obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters.

Subject to the approval of the Arrangement Resolution by the Shareholders at the Meeting, the hearing in respect of the Final Order is currently scheduled to take place on July 8, 2005 at 10:00 a.m. (Eastern Daylight Time) in the Court at 393 University Ave., Toronto, Ontario or as soon thereafter as is reasonably practicable. Any Shareholder who wishes to appear or be represented and to present evidence or arguments must serve and file a Notice of Appearance as set out in the Notice of Application for the Final Order (annexed as Appendix D hereto) and satisfy any other requirements of the Court. The Court will consider, among other things, the fairness and reasonableness of the Arrangement. The Court may approve the Arrangement in any manner the Court may direct, and subject to compliance with such terms and conditions, if any, as the Court deems fit.

The Arrangement will become effective upon receipt by the Director of the Articles of Arrangement and the endorsement by the Director of the Certificate of Arrangement thereon. If the Final Order is obtained on July 8, 2005 in form and substance satisfactory to the Corporation and Acquisition Company and all other conditions specified in the Arrangement Agreement are satisfied or waived, the Corporation currently expects the Effective Date will be in July 2005.

OYR Transaction

Concurrently with the Corporation entering into the Arrangement Agreement, on May 31, 2005 O&Y REIT entered into the OYR Reorganization Agreement with OYR Acquisition Company and the Acquisition Group pursuant to which OYR Acquisition Company has agreed to purchase, and O&Y REIT has agreed to sell, all of the property and assets of O&Y REIT in consideration of the assumption by OYR Acquisition Company of all O&Y REIT's obligations and liabilities and cash consideration equal to (i) the product obtained by multiplying $15.50 by the number of OYR Units outstanding immediately prior to the closing date of the OYR Transaction, less (ii) the aggregate of all distributions declared payable on OYR Units in excess of the regular monthly distribution to holders of OYR Units of $0.0917 and, in respect of eight million OYR Units held by the Corporation, any distribution declared in excess of $0.0871 per OYR Unit. Immediately following the consummation of this purchase and sale, O&Y REIT will, pursuant to its Declaration of Trust, as amended on the terms set out in the OYR Reorganization Agreement, redeem the issued and outstanding OYR Units held by all holders of OYR Units for consideration per OYR Unit equal to $15.50 less any applicable excess distributions.

The financial advisor retained by the OYR Special Committee in connection with its consideration of the OYR Transaction provided a fairness opinion to the OYR Special Committee concerning the consideration to be received by holders of OYR Units other than the Corporation and certain related parties under the OYR Transaction and RBC, in its capacity as financial advisor to O&Y REIT, provided a fairness opinion to O&Y REIT concerning the consideration under the OYR Transaction. After due consideration of, among other things, the recommendation of the OYR Special Committee and the aforementioned fairness opinions, the board of Trustees of O&Y REIT determined that the consideration being offered to holders of OYR Units under the OYR Transaction is fair, from a financial point of view, to holders of OYR Units and that the OYR Transaction is in the best interests of O&Y REIT and holders of the OYR Units. Accordingly, the board of Trustees of O&Y REIT unanimously recommended (with Messrs. Reichmann, Hauer and Linhart abstaining due to their involvement in the Arrangement, including as directors and/or senior officers of, or Trustees appointed by, the Corporation) that all holders of OYR Units (including holders of OYR Units other than the Corporation and its related parties) vote in favour of the OYR Transaction.

The consummation of the OYR Transaction is conditional upon, among other things, the completion of the Arrangement and the receipt of certain third party consents.

See "OYR Transaction".

Approval of OYR Transaction

The consummation of the Arrangement is subject to, among other things, the conditions that the holders of OYR Units approve the OYR Transaction at the OYR Meeting and the satisfaction or waiver, as applicable, of all of the conditions precedent to the completion of the OYR Transaction, other than the completion of the Arrangement. The Corporation has been advised by O&Y REIT that the OYR Meeting, at which holders of OYR Units will be asked to, among other things, approve the OYR Transaction, is scheduled to be held at 11:00 a.m. (Eastern Daylight Time) on Thursday, July 7, 2005.

At the OYR Meeting, the resolution to approve the OYR Transaction will require the affirmative vote of (i) at least two-thirds of the votes cast by all holders of OYR Units present in person or represented by proxy at the OYR Meeting, and (ii) Minority Approval.

Pursuant to the Arrangement Agreement, the Corporation has agreed to vote its OYR Units, comprising approximately 42% of the issued and outstanding OYR Units, in favour of the OYR Transaction; however, the votes attached to the OYR Units held by the Corporation and by any of the Corporation's related parties (as defined in OSC Rule 61-501) will be excluded for purposes of obtaining Minority Approval.

See "The Arrangement — Approval of OYR Transaction".

The Acquisition Group and Acquisition Company

Acquisition Company is an Ontario corporation formed to be the acquisition vehicle for an investor group consisting of BPO Properties Ltd. (a subsidiary of Brookfield Properties Corporation), Canada Pension Plan Investment Board and Arca Investments Inc. Brookfield Properties Corporation owns, develops and manages premier North American office properties. BPO Properties Ltd., 89% owned by Brookfield Properties Corporation, is a Canadian company that invests in real estate, focusing on the ownership and value enhancement of premier office properties. The Canada Pension Plan Investment Board invests the funds not needed by the Canada Pension Plan to pay current pensions. Arca Investments Inc. is the real estate investment vehicle for a significant Canadian public sector institution that manages over $42 billion in assets.

See "Information Relating to the Acquisition Group and Acquisition Company".

Procedures for Receiving Payment

Pursuant to the Arrangement Agreement, Acquisition Company will pay for Common Shares acquired pursuant to the Plan of Arrangement by providing the Depositary with sufficient funds (by bank transfer or other means satisfactory to the Depositary) for transmittal in accordance with the Plan of Arrangement.

Enclosed with this Circular is a Letter of Transmittal (printed on yellow paper) that is being delivered to registered Shareholders. A Shareholder must return a properly completed and executed Letter of Transmittal to the Depositary, together with certificate(s) for such Shareholder's Common Shares and any other required documents, to obtain a cheque in an amount representing the aggregate Share Consideration payable to such Shareholder, less any applicable tax withholdings, if the Arrangement becomes effective. Under no circumstances will interest be paid to any holder on any payment to be made, regardless of any delay in making such payment. Registered Shareholders who wish to make an Exchange Election should follow the procedures set out in the Letter of Transmittal. **It is recommended that Shareholders complete, sign and return the Letter of Transmittal with the accompanying Common Share certificates to the Depositary as soon as possible, and preferably prior to 5:00 p.m. (Eastern Daylight Time) on July 5, 2005.**

If you are a non-registered holder of Common Shares and hold your Common Shares through an Intermediary, please complete the documentation provided to you by your Intermediary in accordance with the instructions provided by such Intermediary.

Where a certificate for Common Shares has been lost, stolen or destroyed, the registered holder of that certificate should immediately contact CIBC Mellon, toll free at 1-800-387-0825, or in the Toronto area at (416) 643-5500, regarding the issuance of a replacement certificate to receive payment as promptly as possible following the Effective Date.

See "The Arrangement — Procedures for Receiving Payment".

Dissent Rights

Pursuant to subsection 190(7) of the OBCA and the Interim Order, registered Shareholders are entitled to dissent in respect of the Arrangement. If the Arrangement becomes effective, a Dissenting Shareholder is entitled to be paid the fair value of such Dissenting Shareholder's Common Shares, provided that such Dissenting Shareholder has delivered a written objection to the Arrangement Resolution to the Corporation by 5:00 p.m. (Eastern Daylight Time) on the second Business Day preceding the Meeting and has otherwise strictly complied with the provisions of section 185 of the OBCA. This right is described in detail under the heading "Rights of Dissenting Shareholders". The text of section 185 of the OBCA, which will be relevant in any dissent proceeding, is set forth in Appendix F to the Circular. **Failure to comply strictly with the dissent procedures described in the Circular may result in the loss of any right of dissent. Beneficial owners of Common Shares registered in the name of an Intermediary who wish to dissent should be aware that only registered Shareholders are entitled to dissent.**

Certain Canadian Federal Income Tax Considerations

A Resident Shareholder whose Common Shares are converted into Amalco Common Shares on the Amalgamation will not realize any capital gain or capital loss as a result of the conversion. A Resident Shareholder whose Amalco Common Shares are disposed of to Acquisition Company under the Arrangement will generally realize a capital gain (or a capital loss). Further disclosure regarding certain Canadian federal income tax considerations, including considerations relevant to a Non-Resident Shareholder, is provided under the heading "Certain Canadian Federal Income Tax Considerations".

Risk Factors

There are certain risk factors relating to the Corporation and to the Arrangement, all of which should be carefully considered by Shareholders, including the fact that the Arrangement may not be completed if, among other things, the OYR Transaction is not approved by holders of OYR Units at the OYR Meeting or if all of the conditions precedent to the completion of the OYR Transaction (other than the completion of the Arrangement) are not satisfied or waived, as applicable. See "Risk Factors".

THE ARRANGEMENT

Background to the Arrangement

The Arrangement Agreement and the OYR Reorganization Agreement are the result of the Joint Sale Process and arm's length negotiations conducted among representatives of the Corporation, O&Y REIT, Acquisition Company, OYR Acquisition Company and the Acquisition Group, and their respective legal and financial advisors. The following is a summary of the reasons for, and negotiations leading to, the Joint Sale Process and the meetings, negotiations and discussions in which the Corporation, O&Y REIT and the Acquisition Group participated that preceded the execution of the Arrangement Agreement by the Corporation and the execution of the OYR Reorganization Agreement by O&Y REIT.

The Joint Sale Process and the Process Agreement

In early 2005, the Board of Directors decided to take action to unlock shareholder value in light of the fact that, in its view, the trading price of the Common Shares did not reflect, and had not reflected for some time, the underlying value of the Corporation's assets. After considering how best to achieve a result whereby the trading price of the Common Shares would better reflect the underlying value of the Corporation's assets, the Corporation approached O&Y REIT with a proposal to engage in the Joint Sale Process. When it was determined that a process involving the concurrent sale of the Common Shares and the OYR Units would merit further consideration, the Trustees of O&Y REIT established the OYR Special Committee, consisting of Messrs. Joseph Wright (Chairman), Brent Belzberg and Robert Canning, each of whom is independent of the Corporation, to assess the Joint Sale Process. Following a number of discussions between management of the Corporation and the OYR Special Committee, the Corporation and O&Y REIT entered into the Process Agreement after the close of markets on February 14, 2005. Prior to market opening on February 15, 2005, the Corporation announced that it had initiated the Joint Sale Process with O&Y REIT to seek proposals leading to the sale of the Corporation and O&Y REIT.

Under the Process Agreement, the Corporation agreed that, subject to limited exceptions set out in the Process Agreement, it would not support an offer for its Common Shares or its direct and indirect interest in O&Y REIT unless that offer included an offer for the OYR Units not owned by the Corporation at a price equivalent to the value being attributed by a bidder to the OYR Units owned by the Corporation (a "Participation Right"). Under the Process Agreement, the Corporation is permitted to accept any offer that includes the Participation Right, whether or not O&Y REIT enters into a support or similar agreement with the bidder making the acquisition. The Corporation filed the Process Agreement on SEDAR on February 21, 2005.

The Corporation and O&Y REIT jointly engaged RBC to solicit acquisition proposals and, subject to obtaining confidentiality and standstill covenants as provided in an agreed form of confidentiality agreement, O&Y REIT agreed to co-operate with the Corporation in the due diligence process undertaken by prospective bidders, including making confidential information available to prospective bidders. The Process Agreement also set out the process by which information concerning potential transactions would be shared between the Corporation and O&Y REIT. Except in certain circumstances described in the Process Agreement, each of the Corporation and O&Y REIT will bear its own costs and expenses in respect of the Process Agreement and the Joint Sale Process.

The Corporation and O&Y REIT adopted a two-stage sale process. Through stage one, RBC commenced a global marketing campaign for the combined portfolio of the Corporation and O&Y REIT and contacted approximately 130 potential bidders. Following this process, the Corporation and O&Y REIT distributed a joint confidential information memorandum to 54 qualified prospective bidders located in Canada, the United States, Europe and the Middle East. The confidential information memorandum contained certain financial and other information concerning the Corporation, O&Y REIT and their respective subsidiaries. On the instruction of the Corporation and O&Y REIT, RBC invited these qualified bidders to submit non-binding proposals for the acquisition of the Common Shares and the OYR Units no later than April 6, 2005.

As a result of the process in stage one, nine written non-binding proposals were received from qualified bidders or, in certain cases, syndicates of qualified bidders. The Board of Directors and the Trustees of O&Y REIT met with RBC on April 11 and April 13, 2005, respectively, to review these proposals in detail. The Board then selected the four most attractive proposals and invited the bidders, including all members of applicable bidding syndicates, who

had submitted these proposals to proceed to stage two. The board of Trustees of O&Y REIT was also in agreement with respect to the four proposals invited to participate in the second stage.

Commencing on April 12, 2005 until May 11, 2005, stage two participants were provided access to confidential information concerning the Corporation, O&Y REIT and their respective subsidiaries. Participants in this second stage were encouraged to submit binding proposals for the acquisition of the Common Shares and the OYR Units not already owned by the Corporation no later than May 11, 2005. On May 11, 2005, management of the Corporation and O&Y REIT each met with RBC to review the stage two proposals received and these proposals were then presented to the Board of the Corporation and the Trustees of O&Y REIT on May 13, 2005.

Process Leading to the Arrangement and the OYR Transaction

At the meetings of the Board of Directors of the Corporation and the board of Trustees of O&Y REIT on May 13, 2005, management of each of the Corporation and O&Y REIT was authorized to pursue a proposal submitted by the Acquisition Group to acquire all of the issued and outstanding Common Shares (by plan of arrangement under the OBCA) and to effect the OYR Transaction, subject to improving the financial terms and certain other proposed terms, as the Acquisition Group's proposal offered the greatest potential value to both Shareholders and holders of OYR Units.

Between May 13 and May 31, 2005, the Corporation, O&Y REIT, the Acquisition Group and their respective financial and legal advisors had extensive meetings and discussions to settle the terms of the Acquisition Group's proposal. On May 20, 2005, the principal financial terms of the proposal were settled (which resulted in an increased price for each of the Common Shares and the OYR Units) and by May 31, 2005 the balance of the non-financial terms were settled. During this period, RHHI LP and the Acquisition Group also negotiated the terms of the RHHI Voting Agreement.

On May 24 and May 25, 2005, the Board met to receive presentations from the Corporation's legal and financial advisors concerning the Arrangement. Also on May 25, 2005, the board of Trustees of O&Y REIT, met to receive presentations from legal and financial advisors to the OYR Special Committee and O&Y REIT, respectively, and to consider the OYR Transaction and the OYR Reorganization Agreement. At the meeting of the board of Trustees, Messrs. Reichmann, Hauer and Linhart abstained from voting due to their involvement in the Arrangement, including as directors and/or senior officers of, or Trustees appointed by, the Corporation. At that meeting, the board of Trustees of O&Y REIT, on the recommendation of the OYR Special Committee, proceeded to unanimously approve (with the aforementioned Trustees abstaining) the OYR Transaction and resolved to recommend that all holders of OYR Units vote in favour of the OYR Transaction, subject to negotiation and settlement of the OYR Reorganization Agreement in a form acceptable to specified senior officers of O&Y REIT and subject to the approval of the Arrangement and the Arrangement Agreement by the Board of Directors of the Corporation.

On May 31, 2005, the Board met to consider the Arrangement and the Arrangement Agreement. At the meeting, Messrs. Reichmann, Hauer and Linhart abstained from voting due to their involvement in the Arrangement in certain other capacities, including as senior officers and/or Trustees of O&Y REIT. The Board proceeded to unanimously approve (with the aforementioned directors abstaining) the Arrangement and resolved to recommend that Shareholders vote in favour of the Arrangement Resolution, subject to negotiation and settlement of the Arrangement Agreement in a form acceptable to specified senior officers of the Corporation.

After the close of markets on May 31, 2005, the Acquisition Group, Acquisition Company and the Corporation entered into the Arrangement Agreement and the Acquisition Group, OYR Acquisition Company and O&Y REIT entered into the OYR Reorganization Agreement. The execution of these agreements was then announced by press releases issued prior to market opening on June 1, 2005.

Concurrently with the execution of the Arrangement Agreement, RHHI LP, the beneficial owner 18,283,959 Common Shares, which represent approximately 35.96% of the issued and outstanding Common Shares, entered into the RHHI Voting Agreement with Acquisition Company pursuant to which RHHI LP agrees that, on and subject to the terms of the RHHI Voting Agreement, until the earlier of (i) the Effective Date and (ii) the termination of the RHHI Voting Agreement in accordance with its terms, RHHI LP will, among other things, vote in favour of

the Arrangement Resolution. See "RHHI Voting Agreement" and "Common Shares and the Principal Holders Thereof".

Description of the Arrangement

The following description of the Arrangement is qualified in its entirety by reference to the full text of the Plan of Arrangement, a copy of which is attached as Schedule A to the Arrangement Agreement which is attached as Appendix B to this Circular.

If implemented, the Arrangement will commence at the Effective Time (which is expected to be at 8:00 a.m. (Eastern Daylight Time) on a date expected to be in July 2005, but in any case, not later than August 29, 2005). Commencing at the Effective Time, the following shall occur and shall be deemed to occur in the following order 15 minutes apart without any further act or formality:

1. **Exchange of Common Shares by Electing Shareholders.** Each Shareholder has the option to exchange its Common Shares with the Corporation for newly issued Common Shares; however, no such election may be made in respect of Common Shares issued on or after January 1, 2005 on the exercise of Options. As the first step in the Arrangement, all Shareholders who have properly elected prior to the Effective Date by submitting a duly completed and executed Letter of Transmittal (including the election form contained therein) will transfer each Common Share held by it to the Corporation in exchange for one newly issued Common Share of the Corporation. Each Common Share transferred to the Corporation by an Electing Shareholder will be cancelled. There will be added to the stated capital of the Common Shares an amount equal to the stated capital of the cancelled Common Shares. See "The Arrangement — Exchange Election".

2. **Amalgamation.** The Corporation will amalgamate with certain of its wholly-owned subsidiaries to form Amalco and, in connection therewith:

   (a) each Common Share (other than Common Shares held by Dissenting Shareholders) will be converted into one Amalco Common Share;

   (b) each Option will be converted into one Amalco Option;

   (c) each DSU will be converted into one Amalco DSU; and

   (d) all shares of the other amalgamating corporations will be cancelled without payment therefor.

3. **Treatment of Amalco Options.** Each Amalco Option with an exercise price (i) less than the Share Consideration will cease to be exerciseable and will be cancelled and the holders thereof will receive a cash payment equal to the difference between the amount of the Share Consideration and the exercise price of such Amalco Option, and (ii) equal to or greater than the Share Consideration will cease to be exerciseable and Amalco will cease to have any liability in respect thereof.

4. **Treatment of Amalco DSUs.** Each holder of an Amalco DSU will receive from Amalco a cash payment equal to the Share Consideration per Amalco DSU.

5. **Payment for Amalco Common Shares.** Each Amalco Common Share will be transferred by the holder thereof to Acquisition Company in exchange for a cash payment equal to the Share Consideration per Amalco Common Share.

6. **Transfer of Amalco Common Shares to Newco.** Acquisition Company will transfer all of the Amalco Common Shares to Newco in exchange for equity and debt of Newco.

7. **FCPCo Amalgamation.** Amalco will amalgamate with Newco to form FCPCo.

Without limiting the provisions of the Plan of Arrangement relating to amendments, modifications and supplements thereto, the parties to the Arrangement Agreement may amend the Plan of Arrangement by written agreement from

time to time up to, but not later than, the Effective Time. Notwithstanding the foregoing, the terms of the Arrangement Agreement and the Plan of Arrangement may not be amended in a manner materially prejudicial to the Shareholders without the approval of the Shareholders given in the same manner as required by law for the approval of the Arrangement or as may be contemplated in the Arrangement Resolution or as may be ordered by the Court. In addition, the Plan of Arrangement provides that the Corporation and Acquisition Company may amend, modify and/or supplement the Plan of Arrangement at any time from time to time prior to the Effective Time provided that any such amendment, modification or supplement is approved in writing by each of the Corporation and Acquisition Company and filed with the Court and, if made following the Meeting, is approved by the Court and communicated to the Shareholders in the manner required by the Court (if so required). Any amendment, modification or supplement to the Plan of Arrangement which is directed to the Court following the Meeting is effective only if (i) it is consented to in writing by Acquisition Company and the Corporation, and (ii) if required by the Court, it is consented to by the Shareholders in the manner directed by the Court.

If the Shareholders approve the Arrangement Resolution on the basis described herein, Articles of Arrangement will be filed with the Director as soon as practicable following the Meeting once all other conditions precedent to the Arrangement have been satisfied or waived. It is expected that the Arrangement will be effected in July 2005.

RBC Fairness Opinion

RBC was engaged by the Corporation and by O&Y REIT to advise and assist the Corporation and O&Y REIT in the Joint Sale Process, including providing a fairness opinion to the Board of Directors, if requested. Each of the Corporation and O&Y REIT has engaged RBC in an advisory capacity from time to time. RBC delivered its opinion orally to the Board of Directors on May 25, 2005. RBC subsequently confirmed its opinion by delivery of a written opinion to the Board of Directors, a copy of which is attached as Appendix E. Based upon and subject to the assumptions made and the matters considered in the RBC Fairness Opinion, **RBC is of the opinion that the consideration under the Arrangement is fair, from a financial point of view, to Shareholders**. RBC also provided a fairness opinion to O&Y REIT in connection with the OYR Transaction.

Neither RBC, nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of the Corporation, O&Y REIT, any member of the Acquisition Group or any of their respective associates or affiliates. As set out in the RBC Fairness Opinion, in addition to providing certain advisory services to the Corporation and O&Y REIT in other recent transactions, RBC has also provided advisory services to certain members of the Acquisition Group over the past 24 months. In addition, the controlling shareholder of RBC, a Canadian chartered bank, provides banking services to the Corporation, O&Y REIT, certain members of the Acquisition Group and certain of their respective affiliates in the normal course of business.

RBC is one of Canada's largest investment banking firms, with operations in all facets of corporate and government finance, corporate banking, mergers and acquisitions, equity and fixed income sales and trading and investment research. RBC Capital Markets also has significant operations in the United States and internationally.

The RBC Fairness Opinion represents the opinion of RBC and the form and content thereof have been approved for release by a committee of its directors, each of whom is experienced in merger, acquisition, divestiture and fairness opinion matters.

With the Board's approval and as provided for in its engagement with the Corporation, RBC relied, without independent investigation (subject to the exercise of its professional judgment), upon the completeness, accuracy and fair presentation of all of the financial and other information, data, advice, opinions or representations obtained by it from public sources, senior management of the Corporation, and their consultants and advisors.

In rendering the RBC Fairness Opinion, RBC's primary methodology was a net asset value analysis of the Corporation. RBC compared the implied capitalization rates of net operating income and implied multiples of funds from operations under the Arrangement to precedent transactions. RBC also compared the consideration proposed under the Arrangement to the market prices of the Common Shares prior to the announcement of the Joint Sale Process. RBC also considered the Joint Sale Process.

The full text of the RBC Fairness Opinion, which sets forth the assumptions made, general procedures followed, matters considered and qualifications and limitations on the review undertaken by RBC, is reproduced as Appendix E to this Circular. The RBC Fairness Opinion should be read in its entirety by Shareholders. The RBC Fairness Opinion does not constitute a recommendation to Shareholders concerning their vote with respect to the Arrangement Resolution. The summary of the RBC Fairness Opinion described in this Circular is qualified in its entirety by reference to the full text of the RBC Fairness Opinion.

The Corporation has agreed to pay RBC a fee for providing its opinion and for its financial advisory services which is, in part, contingent on the successful completion of the Arrangement. The Corporation has also agreed to indemnify RBC in respect of certain liabilities that may be incurred by RBC in connection with the provision of its services.

Recommendation of the Board of Directors

The Board of Directors has determined that the Arrangement is fair to Shareholders and in the best interests of the Corporation. Accordingly, the Board of Directors, other than Messrs. Reichmann, Hauer and Linhart (who abstained from voting due to their involvement in the Arrangement in certain other capacities, including as senior officers and/or Trustees of O&Y REIT), has unanimously approved the Arrangement and recommends that Shareholders vote in favour of the Arrangement Resolution.

The Board considered a number of factors in concluding that the Arrangement is fair to Shareholders and in the best interests of the Corporation, including the following:

1. the Joint Sale Process undertaken by the Corporation and O&Y REIT, each represented by RBC, including the broad solicitation for qualified bidders and the numerous responses from qualified bidders to the request for non-binding acquisition proposals, and the fact that the Arrangement proposed by the Acquisition Group was the most attractive acquisition proposal arising out of this process;

2. the Share Consideration represents a premium of approximately 36% over the volume weighted average trading price of the Common Shares for the 30 trading days ended February 14, 2005 (the trading day immediately prior to the announcement of the initiation of the Joint Sale Process);

3. the Acquisition Group has proposed the OYR Transaction, which is being recommended to holders of OYR Units by the board of Trustees of O&Y REIT (on the recommendation of the OYR Special Committee);

4. the RBC Fairness Opinion (See "The Arrangement — RBC Fairness Opinion");

5. RHHI LP, the beneficial owner of 18,283,959 Common Shares, which represent approximately 35.96% of the issued and outstanding Common Shares, has agreed to vote all of the Common Shares held by RHHI LP in favour of the Arrangement Resolution pursuant to the terms of the RHHI Voting Agreement (See "RHHI Voting Agreement");

6. directors and senior officers of the Corporation, who collectively beneficially own or exercise control or direction over an additional 4,319,354 Common Shares, which represent approximately 8.5% of the issued and outstanding Common Shares, have indicated that they intend to vote all of their Common Shares in favour of the Arrangement Resolution;

7. the reputation, experience and financial standing of the members of the Acquisition Group;

8. the likelihood that the transactions contemplated in the Arrangement will be completed, given the limited number of conditions and regulatory approvals necessary to complete such transactions, including the fact that there is no financing condition;

9. the Arrangement provides a cash payment to the Shareholders in return for their Common Shares;

10. historical market prices and trading information with respect to the Common Shares;

11. information regarding the business, operations, property, assets, financial performance and condition, operating results and prospects of the Corporation;

12. current industry, economic and market conditions and trends;

13. the terms of the Arrangement Agreement, which permit the Board of Directors to consider and respond to a Superior Proposal subject to the payment of the Termination Fee in certain circumstances;

14. the requirement that the Arrangement Resolution be approved by at least two-thirds of the votes cast by the Shareholders present in person at the Meeting or represented by proxy;

15. the procedures by which the Arrangement is to be approved, including the requirement for approval by the Court after a hearing at which fairness will be considered; and

16. the availability of rights of dissent to registered Shareholders with respect to the Arrangement.

Shareholder Approval of Arrangement Resolution

At the Meeting, Shareholders will be asked to vote to approve the Arrangement Resolution. To be effective, the Arrangement Resolution must be approved, with or without variation, by the affirmative vote of at least two-thirds of the votes cast by the Shareholders present in person or represented by proxy at the Meeting. The Arrangement Resolution must be approved in order for the Corporation to seek the Final Order and implement the Arrangement on the Effective Date in accordance with the Final Order.

RHHI LP, a limited partnership in which certain directors and senior officers have an indirect interest and which is the beneficial owner of 18,283,959 Common Shares, which represent approximately 35.96% of the issued and outstanding Common Shares, has agreed to vote all of the Common Shares held by RHHI LP in favour of the Arrangement Resolution pursuant to the terms of the RHHI Voting Agreement. See "RHHI Voting Agreement" and "Common Shares and the Principal Holders Thereof".

Directors and senior officers of the Corporation, who collectively beneficially own or exercise control or direction over an additional 4,319,354 Common Shares, which represent approximately 8.5% of the issued and outstanding Common Shares, have indicated that they intend to vote all of their Common Shares in favour of the Arrangement Resolution.

In the absence of any instructions to the contrary, the Common Shares represented by proxies received by management will be voted FOR the approval of the Arrangement Resolution.

Procedure for the Arrangement to Become Effective

The Arrangement is proposed to be carried out pursuant to section 182 of the OBCA. The following procedural steps must be taken in order for the Arrangement to become effective, in addition to obtaining the approval of Shareholders at the Meeting:

(a) all conditions precedent to the Arrangement, including, without limitation, the approval of the OYR Transaction by the holders of OYR Units and the satisfaction or waiver, as applicable, of all of the conditions precedent to the completion of the OYR Transaction, other than the completion of the Arrangement (See "The Arrangement — Approval of OYR Transaction"), must be satisfied or waived by the appropriate party;

(b) the Court must grant the Final Order approving the Arrangement; and

(c) the Articles of Arrangement in the form prescribed by the OBCA must be filed with the Director under the OBCA.

Approval of OYR Transaction

The consummation of the Arrangement is subject to, among other things, the conditions that the holders of OYR Units approve the OYR Transaction at the OYR Meeting and the satisfaction or waiver, as applicable, of all of the conditions precedent to the completion of the OYR Transaction, other than the completion of the Arrangement. The Corporation has been advised by O&Y REIT that the OYR Meeting, at which holders of OYR Units will be asked to, among other things, approve the OYR Transaction, is scheduled to be held at 11:00 a.m. (Eastern Daylight Time) on Thursday, July 7, 2005.

At the OYR Meeting, the resolution to approve the OYR Transaction will require the affirmative vote of (i) at least two-thirds of the votes cast by all holders of OYR Units present in person or represented by proxy at the OYR Meeting, and (ii) Minority Approval.

Pursuant to the Arrangement Agreement, the Corporation has agreed to vote its OYR Units, comprising approximately 42% of the issued and outstanding OYR Units, in favour of the OYR Transaction; however, the votes attached to the OYR Units held by the Corporation and by any of the Corporation's related parties (as defined in OSC Rule 61-501) will be excluded for purposes of obtaining Minority Approval.

Court Approval and Completion of the Arrangement

The Arrangement requires approval by the Court. Prior to the mailing of this Circular, the Corporation obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. A copy of the Interim Order is attached hereto as Appendix C. The Notice of Application applying for the Final Order is also attached hereto as Appendix D.

As part of the Interim Order, the Court granted the Corporation certain relief from the provisions of the OBCA, thus allowing the Corporation to place before the Meeting its audited consolidated financial statements for the year ended December 31, 2004. In addition, the TSX has consented to the Corporation holding its annual meeting of Shareholders later than six months from the end of its most recently completed financial year.

Subject to the approval of the Arrangement Resolution by the Shareholders at the Meeting, the hearing in respect of the Final Order is currently scheduled to take place on July 8, 2005 at 10:00 a.m. (Eastern Daylight Time) in the Court at 393 University Ave., Toronto, Ontario or as soon thereafter as is reasonably practicable. Any Shareholder who wishes to appear or be represented and to present evidence or arguments must serve and file a Notice of Appearance as set out in the Notice of Application for the Final Order and satisfy any other requirements of the Court. The Court will consider, among other things, the fairness and reasonableness of the Arrangement. The Court may approve the Arrangement in any manner the Court may direct, and subject to compliance with such terms and conditions, if any, as the Court deems fit.

The Arrangement will become effective upon receipt by the Director of the Articles of Arrangement and the endorsement by the Director of the Certificate of Arrangement thereon. If the Final Order is obtained on July 8, 2005 in form and substance satisfactory to the Corporation and Acquisition Company and all other conditions specified in the Arrangement Agreement are satisfied or waived, the Corporation currently expects the Effective Date will be in July 2005.

Although the Corporation's objective is to have the Effective Date occur as soon as possible after the Meeting, the Effective Date could be delayed for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order, any delay in obtaining any required regulatory approvals or any delay in obtaining the satisfaction or waiver, as applicable, of all of the conditions precedent to the completion of the OYR Transaction, other than the completion of the Arrangement.

Acquisition Company and/or the Corporation may terminate the Arrangement Agreement in certain circumstances whereby the Arrangement will not become effective and, in such event, no prior notice to or action on the part of Shareholders is necessary. See "The Arrangement Agreement — Termination", "The Arrangement — Regulatory Matters — Competition Act" and "OYR Transaction".

Regulatory Matters

The consummation of the Arrangement is conditional upon, among other things, Competition Act Clearance. This approval is summarized below as are certain other regulatory matters relevant to the Arrangement.

Competition Act

The Arrangement constitutes a "merger" for purposes of the Competition Act. Part IX of the Competition Act establishes a regime pursuant to which certain mergers may not be completed until notice and information as prescribed by the Competition Act have been given to the Commissioner of Competition and certain waiting period requirements have been satisfied. The Arrangement is subject to the notification regime (a "Notifiable Transaction") under the Competition Act. The parties to the Arrangement have elected to give notice in accordance with the long-form merger notification procedure under the Competition Act and to apply concurrently for an ARC or a "No-Action Letter" (as defined below). A Notifiable Transaction that is notified pursuant to the long-form merger notification procedure contained in Part IX of the Competition Act may not be completed until 42 days after the long-form merger notification has been filed with the Commissioner of Competition unless prior to the expiration of that time the Commissioner of Competition (i) gives notice that she does not intend to make an application to the Competition Tribunal under section 92 of the Competition Act in respect of the proposed merger; (ii) waives the obligation on the part of the parties to the merger to notify the Commissioner of Competition; or (iii) issues an ARC in respect of the proposed merger.

The Commissioner of Competition's review of a merger may take more or less time than the statutory waiting period. Upon completion of the Commissioner of Competition's review of a merger, the Commissioner of Competition may decide, among other things, to:

(a) challenge and seek to prohibit the merger in whole or in part;

(b) issue a letter (a "No-Action Letter") stating that the Commissioner of Competition is of the view that grounds do not exist to initiate proceedings in respect of the transaction before the Competition Tribunal under the merger provisions of the Competition Act at the then current time but that the Commissioner of Competition retains the authority to do so for three years after substantial completion of the merger; or

(c) issue an ARC in respect of the merger.

The parties to the Arrangement intend to file their respective long-form merger notifications in respect of the Arrangement with the Commissioner of Competition within the first two weeks of June 2005 and the Corporation has been advised that Acquisition Company intends to make an application to the Commissioner of Competition for an ARC or, in the alternative, a No-Action Letter, in respect of the Arrangement within the first two weeks of June 2005.

Based on the information available to it, the Corporation believes that the Arrangement can be effected in compliance with Canadian competition laws. However, there is no assurance that a challenge to the Arrangement under the Competition Act will not be made or, if a challenge is made, what the result would be.

Canadian Securities Law Matters

The Corporation is a reporting issuer (or the equivalent) under applicable Canadian securities legislation in all Canadian provinces and is, among other things, subject to applicable securities laws of Ontario and Québec, including Ontario Securities Commission Rule 61-501 — *Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions* ("OSC Rule 61-501") and Policy Q-27 — *Protection of Minority Securityholders in the Course of Certain Transactions* ("Policy Q-27") of the Autorité des marchés financiers (Québec).

Each of OSC Rule 61-501 and Policy Q-27 is intended to regulate certain transactions to ensure equality of treatment to securityholders generally by requiring enhanced disclosure, approval by a majority of securityholders

excluding interested or related parties, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors.

The protections of OSC Rule 61-501 and Policy Q-27 generally apply to "business combinations" or to "going private transactions", respectively, which terminate the interests of securityholders without their consent. Although the Arrangement may, subject to approval by Shareholders and to requisite court approvals, terminate the interests of a Shareholder without consent, the Arrangement is not a "going private transaction" under Policy Q-27.

The Arrangement may be considered a "business combination" under OSC Rule 61-501 solely because the OYR Transaction is a "connected transaction" to the Arrangement as the Arrangement and the OYR Transaction have at least one party in common, were negotiated at approximately the same time and the two transactions are cross-conditional. Despite the fact that the Arrangement constitutes a "business combination", the Corporation is not required to obtain a formal valuation under OSC Rule 61-501 since no related party of the Corporation is, as a consequence of the Arrangement, directly or indirectly acquiring the Corporation or its business and the OYR Transaction is not considered a "related party transaction" for which the Corporation would be required to obtain a formal valuation. OSC Rule 61-501 also provides that the Arrangement is subject to the requirement of obtaining approval of a majority of the minority Shareholders; however, to the knowledge of the Corporation and its directors and senior officers, after reasonable inquiry, no votes attaching to any Common Shares would be excluded in obtaining the approval of a majority of the minority Shareholders.

In addition, OSC Rule 61-501 requires the Corporation to disclose any "prior valuations" (as defined in OSC Rule 61-501) of the Corporation or its material assets or securities made within the 24 month period preceding the date of this Circular; however, after reasonable inquiry, neither the Corporation nor any director nor any senior officer of the Corporation has knowledge of any such "prior valuation".

As the Transaction is a "business combination" governed by OSC Rule 61-501, the Corporation is exempt from the procedural and other requirements relating to a "going private transaction" under the OBCA other than the requirement that registered holders of Common Shares be entitled to dissent from the Arrangement in compliance with the procedures set out in section 185 of the OBCA, which procedures have been modified by the Interim Order. See "Rights of Dissenting Shareholders".

In addition to the foregoing, the independent directors of the Corporation have reviewed and approved all material aspects of the Arrangement and have determined that no additional consideration or any collateral benefit (as defined in OSC Rule 61-501) has been conferred on any related party of the Corporation in connection with the Arrangement.

Interests of Certain Persons in the Arrangement

In reviewing and approving the Arrangement, the Board of Directors was aware that certain members of the Board of Directors and of the Corporation's management are involved in the Arrangement in certain other capacities and/or have certain interests in connection with the transactions contemplated in the Arrangement, including those referred to below. Messrs. Reichmann, Hauer and Linhart abstained from voting on the Arrangement due to their involvement in the Arrangement in certain other capacities, including as senior officers and/or Trustees of O&Y REIT. In making its decision to approve the Arrangement, the Board considered these interests along with the other matters described above in "The Arrangement — Recommendation of the Board of Directors". In addition to the matters described below, RHHI LP, a limited partnership in which certain directors and senior officers of the Corporation hold an indirect interest and which is the beneficial owner of 18,283,959 Common Shares, which represent approximately 35.96% of the issued and outstanding Common Shares, has entered into the RHHI Voting Agreement. See "Common Shares and the Principal Holders Thereof" and "RHHI Voting Agreement".

Executive Employment Arrangements

Each of Philip Reichmann, a director and Chief Executive Officer of the Corporation, Frank Hauer, a director and President of the Corporation, Raghunath Davloor, Chief Financial Officer of the Corporation, Catherine G. Barbaro, Senior Vice-President, Corporate and Corporate Secretary of the Corporation, John Levitt, Senior Vice-President, Business Development of the Corporation, and Floriana Cipollone, Vice-President, Corporate Planning & Strategy

of the Corporation, (collectively, the "Executives") has an employment agreement that provide rights to such Executive upon a change of control of the Corporation. Each employment agreement provides that, among other things, the Executive is entitled to the benefits set out in (A) and (B) below if the Executive's employment is terminated or (other than in the case of Messrs. Reichmann and Hauer) the Executive resigns as a result of certain changes affecting his or her employment within the 3 months prior to or 12 months following a change of control of the Corporation (or, in the case of Mr. Davloor, as of right): (A) an aggregate of: (i) two times the Executive's annual salary and average annual bonus ("Average Bonus") under the Corporation's Performance Based Incentive Compensation Plan determined over the Executive's three most recently completed fiscal years of employment with the Corporation; plus (ii) the Average Bonus prorated for a part of that fiscal year; plus (iii) any unpaid bonus in respect of any completed fiscal years; plus (iv) any unpaid salary and accrued unused vacation (subject to the Corporation's vacation policy) to the date of termination of such Executive's employment and (B) various other benefits. See "Additional Information Relating to the Corporation — Material Terms and Conditions of Employment Agreements". The transactions contemplated by the Arrangement will constitute a change of control of the Corporation for purposes of the above employment agreements.

Retention Payments to Key Employees

In connection with the Joint Sale Process, the Board of Directors and the board of Trustees of O&Y REIT authorized a one-time retention payment (the "Retention Payment") to certain key employees of O&Y REIT (other than executive officers) whose continued contribution is considered to be crucial to the successful completion of the Arrangement and the OYR Transaction and to the success of the related transition period. The Retention Payment will be made if: (a) the Arrangement and the OYR Transaction are successfully completed; (b) the employee remains employed with O&Y REIT until the Arrangement and the OYR Transaction are completed; and (c) during the Joint Sale Process and through completion of the Arrangement and the OYR Transaction, the employee assists the Corporation and O&Y REIT, as applicable, to successfully conclude the Arrangement and the OYR Transaction. The total Retention Payments payable by the Corporation and O&Y REIT, in the aggregate, will not exceed $1,142,500.

Stock Option Plan and Deferred Share Unit Plans

Participants under the Corporation's Stock Option Plan and Deferred Share Unit Plans currently include, among others, the members of the Board of Directors and senior management of the Corporation. In connection with the Arrangement, the Board has resolved to permit (i) all holders of Options, whether currently exercisable or not, to exercise such Options prior to the Effective Date, and (ii) all DSUs to be redeemed prior to the Effective Date. In addition, the Corporation may enter into arrangements in order to facilitate the conditional surrender of Options to the Corporation for cash consideration equal to the value thereof (with the value of each Common Share being deemed to be equal to the Share Consideration) payable on the Effective Date. Pursuant to the Plan of Arrangement, each unexercised or unsurrendered Option will cease to be exerciseable and will be cancelled in consideration for a cash payment in the amount by which the Share Consideration exceeds the exercise price of such Option on the Effective Date and any unredeemed DSU will be cancelled in consideration for a cash payment in the amount of the Share Consideration for each DSU. See "Additional Information Relating to the Corporation — Executive Compensation Summary" and "The Arrangement — Description of the Arrangement".

Directors' and Officers' Insurance

Without limiting the right of the Corporation to do so prior to the Effective Date and with the prior written consent of Acquisition Company not to be unreasonably withheld, Acquisition Company has agreed in the Arrangement Agreement to use its reasonable commercial efforts to secure directors' and officers' liability insurance coverage for the current and former directors and officers of the Corporation and the Specified Subsidiaries on a six year "trailing" (or "run-off") basis. If a trailing policy is not available at a reasonable cost, Acquisition Company has agreed that, for the entire period from the Effective Date until six years after the Effective Date, Acquisition Company will cause the Corporation or any successor to the Corporation to arrange for and/or maintain "directors and officers" insurance coverage for directors and officers of the Corporation and the Specified Subsidiaries substantially on the same terms and conditions as the current coverage in place for the benefit of the Corporation's directors and officers. See "Additional Information Relating to the Corporation — Liability Insurance".

Expenses of the Arrangement

The estimated fees, costs and expenses of the Corporation (excluding the estimated fees, costs and expenses of O&Y REIT) in connection with the Arrangement including, without limitation, financial advisor's fees, filing fees, legal and accounting fees, and printing and mailing costs are anticipated to be approximately $6 million.

Pursuant to the Arrangement Agreement, the Corporation has agreed, in certain circumstances prescribed in the Arrangement Agreement, to reimburse Acquisition Company, on account of its expenses in connection with the Arrangement, the sum of $4 million less the amount of any expense reimbursement paid by O&Y REIT pursuant to the OYR Reorganization Agreement. Under the OYR Reorganization Agreement, unless that agreement is terminated as a result of the non-satisfaction of any of the conditions in favour of O&Y REIT or because holders of OYR Units have not approved the OYR Transaction, O&Y REIT is required to reimburse OYR Acquisition Company in the amount of $2 million on account of expenses in the event that the OYR Reorganization Agreement is terminated without payment of a termination fee by O&Y REIT. See "The Arrangement Agreement — Expense Reimbursement".

Exchange Election

Registered Shareholders may elect to exchange their Common Shares with the Corporation for newly issued Common Shares on a one-for-one basis as the first step of the Arrangement (an "Exchange Election"). A registered Shareholder who wishes to make an Exchange Election must duly complete and sign the Letter of Transmittal (including the election form contained therein) in the appropriate manner and deliver it, together with the certificate or certificates for such Shareholder's Common Shares in respect of which the election is made and any other required documents, so as to be received by the Depositary prior to 5:00 p.m. (Eastern Daylight Time) on July 5, 2005 (the "Election Deadline") at the office specified for that purpose in the Letter of Transmittal. A Shareholder whose Common Shares are not registered in its name must arrange for such shares to be registered in its name in sufficient time for the Letter of Transmittal, together with the share certificates representing its Common Shares and all other required documentation, to be received by the Depositary by the Election Deadline. Accordingly, immediate action may be required. The Corporation has been advised by Fasken Martineau DuMoulin LLP, counsel to the Corporation, and Stikeman Elliott LLP, counsel to Acquisition Company and the Acquisition Group, that the only Shareholders for whom it may be advantageous to make the Exchange Election are partnerships with members who are non-residents of Canada for the purposes of the Income Tax Act. Shareholders should consult with their own advisors, including tax advisors, with respect to the merits of an Exchange Election.

A registered Shareholder may only make an Exchange Election in respect of all but not less than all of the Common Shares registered in the name of such Shareholder. In addition, an Exchange Election may not be made in respect of a Common Share issued on or after January 1, 2005 on the exercise of an Option. Dissenting Shareholders may not make an Exchange Election.

Procedures for Receiving Payment

Pursuant to the Arrangement Agreement, Acquisition Company will pay for Common Shares acquired pursuant to the Plan of Arrangement by providing the Depositary with sufficient funds (by bank transfer or other means satisfactory to the Depositary) for transmittal in accordance with the Plan of Arrangement.

Registered Shareholders who are not Dissenting Shareholders

Enclosed with this Circular is a Letter of Transmittal (printed on yellow paper) that is being delivered to registered Shareholders. A Shareholder must return a properly completed and executed Letter of Transmittal to the Depositary, together with certificate(s) for such Shareholder's Common Shares and any other required documents, to obtain a cheque in an amount representing the aggregate Share Consideration payable to such Shareholder, less any applicable tax withholdings, if the Arrangement becomes effective. Under no circumstances will interest be paid to any holder on any payment to be made, regardless of any delay in making such payment. Registered Shareholders who wish to make an Exchange Election should follow the procedures set out in the Letter of Transmittal.

A Shareholder will not receive a cheque for the amount to which such Shareholder is otherwise entitled until proper delivery is made to the Depositary of a properly completed and executed Letter of Transmittal, together with certificate(s) for Common Shares and all other required documents.

Any use of the mail to transmit a share certificate, a related Letter of Transmittal, and any other required documents is at the risk of the Shareholder. If these documents are mailed, it is recommended that registered mail, with (if available) return receipt requested, properly insured, be used.

A cheque representing the amount payable to a former holder of Common Shares who has complied with the procedures set out above will, as soon as practicable after the Effective Date and after the receipt of all required documents: (i) be forwarded by first class mail to the Shareholder at the address specified in the Letter of Transmittal; or (ii) if requested by the Shareholder in the Letter of Transmittal, be made available at the office of the Depositary specified for that purpose in the Letter of Transmittal for pick up by the Shareholder; or (iii) if the Letter of Transmittal neither specifies an address nor contains a request as described in (ii) above, be forwarded by first class mail to the Shareholder at the address of the Shareholder as shown on the share register maintained by the Corporation immediately prior to the Effective Time.

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Common Shares shall have been lost, stolen or destroyed, upon providing an affidavit to the effect that the Shareholder claiming such certificate to be lost, stolen or destroyed, the Depositary will issue, in exchange for such lost, stolen or destroyed certificate, a cheque deliverable in accordance with the Plan of Arrangement and such Shareholder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Shareholder to whom a cheque is to be issued shall, as a condition precedent to the issuance thereof, give a surety bond satisfactory to FCPCo (and its transfer agents) and the Depositary in such sum as FCPCo may direct, or otherwise indemnify FCPCo in a manner satisfactory to FCPCo against any claim that may be made against FCPCo with respect to the certificate alleged to have been lost, stolen or destroyed.

It is recommended that Shareholders complete, sign and return the Letter of Transmittal with the accompanying Common Share certificates to the Depositary as soon as possible, and preferably prior to 5:00 p.m. (Eastern Daylight Time) on July 5, 2005.

Non-Registered Beneficial Shareholders

Shareholders whose Common Shares are registered in the name of an Intermediary should contact that Intermediary for instructions and assistance in delivering share certificates representing those Common Shares.

Extinction of Rights

Any certificate which immediately prior to the Effective Time represented outstanding Common Shares that is not deposited with all other documents and instruments required by the Plan of Arrangement and the Letter of Transmittal to the Depositary in accordance with the terms of the Plan of Arrangement on or prior to the fifth anniversary of the Effective Date shall cease to represent a securityholder claim or interest of any kind or nature against the Corporation, Amalco or FCPCo. On such date, the Share Consideration to which the holder of any such certificate was ultimately entitled shall be deemed to have been surrendered for no consideration to FCPCo (as successor to the Corporation following the Amalgamation and the amalgamation to create FCPCo) or any successor thereto.

Depositary

Appointment

The Corporation has been advised that Acquisition Company has retained the services of CIBC Mellon Trust Company (the "Depositary") for the receipt of the Letters of Transmittal and the certificates representing Common Shares and for the delivery and payment of the Share Consideration. The Depositary will receive from Acquisition Company reasonable and customary compensation for its services in connection with the Arrangement, will be

reimbursed by Acquisition Company for certain reasonable out-of-pocket expenses and will be indemnified by Acquisition Company against certain liabilities.

Contact Particulars for Depositary

The offices of the Depositary for purposes of depositing Letters of Transmittal and, if applicable, for a Shareholder to take delivery of the Share Consideration to which such Shareholder is entitled under the Arrangement are as follows:

By Hand, Registered Mail or Courier	By Mail	For Pick-Up
199 Bay Street Commerce Court West Securities Level Toronto, Ontario M5L 1G9	P.O. Box 1036 Adelaide Street Postal Station Toronto, Ontario M5C 2K4	199 Bay Street Commerce Court West Securities Level Toronto, Ontario M5L 1G9

Effect of the Arrangement on Markets and Listings

If the Arrangement is completed, the Common Shares will be de-listed from the TSX and the Corporation will apply to cease to be a reporting issuer (or the equivalent) in all provinces of Canada.

THE ARRANGEMENT AGREEMENT

The following description of certain material provisions of the Arrangement Agreement is a summary only, is not comprehensive and is qualified in its entirety by reference to the full text of the Arrangement Agreement, a copy of which is attached as Appendix B to this Circular. The Arrangement Agreement was filed on SEDAR on June 7, 2005.

On May 31, 2005, the Corporation, the Acquisition Group and Acquisition Company entered into the Arrangement Agreement, under which it was agreed that, subject to the terms and conditions set forth in the Arrangement Agreement, Acquisition Company would acquire all of the issued and outstanding Common Shares for a price equal to the Share Consideration per Common Share payable in cash pursuant to the Arrangement.

Conditions Precedent to the Arrangement

Mutual Conditions Precedent

The Arrangement Agreement provides that the respective obligations of each party to complete the transactions contemplated thereby are subject to the satisfaction, at or before the Effective Time, of the following conditions precedent:

(a) the Arrangement Resolution shall have been approved by Shareholders at the Meeting in accordance with the requirements of the Interim Order;

(b) the Final Order shall have been obtained in form and substance satisfactory to the parties, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to such parties on appeal or otherwise; and

(c) there shall not exist any prohibition at law, including a cease trade order, injunction or other prohibition or order at law or under applicable legislation, against Acquisition Company or the Corporation which shall prevent the consummation of the Arrangement.

Conditions Precedent to the Obligations of Acquisition Company

The Arrangement Agreement provides that the obligations of Acquisition Company to consummate the Arrangement are also subject to the fulfilment of each of the following conditions precedent, each of which is for the sole benefit of Acquisition Company and which may be waived by Acquisition Company in whole or in part at any time:

(a) the Competition Act Clearance shall have been obtained on terms and conditions satisfactory to Acquisition Company, subject to Acquisition Company taking steps to secure and/or challenge a refusal to provide such clearance in certain circumstances; however, Acquisition Company may only waive this condition with the prior written consent of the Corporation, unless the applicable waiting period under the Competition Act has expired or been earlier terminated or waived;

(b) no act, action, suit or proceeding shall have been taken or threatened in writing before or by any domestic or foreign court or tribunal or Governmental Entity (i) seeking to prohibit or restrict, or seeking any material damages directly or indirectly in connection with, the Arrangement, (ii) seeking to impose limitations on the ability of Acquisition Company to acquire or hold, or exercise full rights of ownership of, any Common Shares, (iii) seeking to prohibit Acquisition Company from effectively controlling in any material respect the business or operations of the Corporation or any of the Specified Subsidiaries, or (iv) which, if successful, in the judgment of Acquisition Company is reasonably likely to have a Material Adverse Effect on the Corporation or Acquisition Company;

(c) following the date of the Arrangement Agreement, there shall not have occurred any change having a Material Adverse Effect;

(d) the OYR Meeting shall have been held and the OYR Transaction shall have been approved by the holders of OYR Units at such OYR Meeting (which approval consists of at least two-thirds of the votes cast by the holders of OYR Units present in person or represented by proxy at the OYR Meeting and Minority Approval);

(e) all representations and warranties of the Corporation qualified by references to materiality or to Material Adverse Effect and the representation and warranty of the Corporation as to certain real property shall be true and correct, and all representations and warranties not qualified by materiality or Material Adverse Effect shall be true and correct except where the failure of such representations and warranties in the aggregate to be true and correct in all respects would not have, or would not reasonably be expected to have a Material Adverse Effect, in either case, as if made on and as of the Effective Date;

(f) the Corporation shall have complied with all covenants in the Disclosure Letter relating to the discharge of certain encumbrances and, in all material respects, with all covenants in the Arrangement Agreement, that are in each case to be complied with at or before the Effective Time;

(g) all of the conditions to the OYR Reorganization Agreement have been satisfied or waived, other than the completion of the Arrangement (See "OYR Transaction"); and

(h) the Corporation shall deliver to Acquisition Company prior to the Effective Date a title opinion as to certain real property.

Conditions Precedent to the Obligations of the Corporation

The Arrangement Agreement provides that the obligations of the Corporation to consummate the Arrangement are also subject to the fulfilment of each of the following conditions precedent, each of which is for the sole benefit of the Corporation and which may be waived by the Corporation in whole or in part at any time:

(a) all representations and warranties of Acquisition Company qualified by references to materiality shall be true and correct, and all representations and warranties not qualified by materiality shall be true and correct in all material respects, in either case, as if made on and as of the Effective Date; and

(b) Acquisition Company shall have complied with all covenants in all material respects that are to be complied with at or before the Effective Time.

Representations and Warranties

The Arrangement Agreement contains customary representations and warranties on the part of the Corporation relating to the following matters, among others: corporate organization and power; absence of conflicts; licences, regulatory consents and approvals; third party consents; capital structure; subsidiaries; financial statements; absence of certain changes and events and undisclosed material liabilities; litigation; compliance with applicable law; insurance; real property; labour matters; tax matters; environmental matters; related party transactions; and financial derivatives.

The Arrangement Agreement also contains customary representations and warranties of Acquisition Company relating to matters that include: corporate organization and power; absence of conflicts; regulatory consents and approvals; financial resources; *Investment Canada Act* status; and residency.

In addition, the Acquisition Group severally (and not jointly and severally) represents and warrants as to the financial resources of Acquisition Company.

Covenants of the Corporation

The Arrangement Agreement also contains customary negative and positive covenants on the part of both parties.

In the Arrangement Agreement, the Corporation has agreed, among other things, that, until the Effective Date or the date on which the Arrangement Agreement has been terminated in accordance with its terms and except to the extent otherwise contemplated by the Arrangement Agreement or as may be consented to by Acquisition Company:

(a) the Corporation and the Specified Subsidiaries will conduct their respective businesses in the ordinary course consistent with past practice;

(b) the Corporation and the Specified Subsidiaries shall use commercially reasonable efforts to comply with all material requirements of applicable law;

(c) subject to compliance with applicable competition laws, it will promptly advise Acquisition Company of any change which becomes known to its senior officers which would have a Material Adverse Effect;

(d) subject to compliance with applicable competition laws, it will use its reasonable efforts to consult on an ongoing basis with Acquisition Company in order that Acquisition Company will become more familiar with the Corporation and the Specified Subsidiaries and their respective financial affairs;

(e) it will provide Acquisition Company and its representatives with access to the Corporation's engineers and any information of the Corporation's engineers in respect of the property known as First Canadian Place;

(f) except as contemplated by the Arrangement Agreement, and subject to compliance with applicable competition laws, it shall not:

i. issue or commit to issue, or grant or commit to grant any securities convertible into, any equity securities in the Corporation or any of the Specified Subsidiaries, except as a result of the exercise of Options or pursuant to the Deferred Share Unit Plans;

ii. redeem, purchase or otherwise acquire or commit or offer to acquire any equity security in the Corporation or the Specified Subsidiaries;

iii. effect any subdivision, consolidation or reclassification of any of its Common Shares;

iv. amend its articles or by-laws;

v. reorganize, amalgamate or merge with any other Person;

vi. except as otherwise disclosed or provided in the Budget, commence to undertake a substantial or unusual expansion of its business facilities or an expansion that is out of the ordinary and regular course of business consistent with prior practice in light of the current industry and economic conditions or make a capital expenditure which is individually or in the aggregate in excess of $1 million, or permit any Specified Subsidiary to do so;

vii. amend the Stock Option Plan or the Deferred Share Unit Plans, other than as is permitted or required pursuant to the provisions thereof or as is permitted or required pursuant to the Arrangement Agreement;

viii. incur any indebtedness for borrowed money (excluding normal working capital financing in the ordinary course of business consistent with past practice), issue or sell debt

securities or guarantee the payment of any third party indebtedness or permit any Specified Subsidiary to do so relating to an aggregate amount of $1 million or more;

ix. satisfy or settle any claim not due, relinquish any contractual rights, commence any claim out of the ordinary course of business or amend or otherwise vary any existing claim out of the ordinary course of business or permit any Specified Subsidiary to do any of the foregoing, except where the same would not or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

x. except for entering into derivatives in respect of natural gas and electricity for hedging purposes only and for a period of no more than one year, enter into any interest rate, forward, swap, hedge or other similar financial obligations;

xi. with certain exceptions, enter into any contract or other transaction between the Corporation or the Specified Subsidiaries with specified related parties;

xii. other than as set out in the Disclosure Letter, (A) make any payments in respect of any existing retention plan adopted by the Corporation, (B) adopt any new retention plan for the benefit of employees, officers or directors, or (C) make any payments to officers, directors and employees not consistent with past practice; or

xiii. except (A) as disclosed in the Disclosure Letter, or (B) with respect to entering into a lease in accordance with the terms of an existing offer to lease and contained in the Data Room Information as of May 11, 2005, submit a proposal, negotiate or enter into any lease or agreement to lease or terminate or accept a surrender of a lease, with respect to an area of 5,000 square feet or more;

(g) except in the ordinary course consistent with past practice or as provided in the Budget or as required by applicable law, it shall not enter into or materially modify any contract, agreement, commitment or arrangement that provides for per annum payments by the Corporation or any Specified Subsidiary of more than $500,000 or which would have a term of more than one year;

(h) the Corporation shall, and shall cause each of the Specified Subsidiaries to, take such actions as are necessary to reorganize their respective capital, assets and corporate structure as Acquisition Company may reasonably require; provided, however, that no such reorganization will be undertaken unless:

i. Acquisition Company has agreed to pay the reasonable implementation costs and any costs and liabilities that may be incurred to unwind any such reorganization if Acquisition Company does not consummate the Arrangement; and

ii. the effectiveness thereof shall only occur immediately prior to the Final Order being issued (but following Acquisition Company publicly announcing that it will be proceeding to consummate the Arrangement); and provided further that no such actions shall be considered to constitute a breach of the covenants, representations or warranties under the Arrangement Agreement;

(i) without limiting the provisions of the Arrangement Agreement relating to directors' and officers' liability insurance, it shall use reasonable commercial efforts to maintain and cause each Specified Subsidiary to maintain its existing insurance except where the same is replaced on similar terms with reputable insurers; and

(j) it shall advise Acquisition Company in writing promptly after it acquires knowledge of:

i. any event occurring subsequent to the date of the Arrangement Agreement that would render any representation or warranty of the Corporation contained in the Arrangement Agreement untrue, inaccurate or incomplete in any material respect;

ii. the occurrence of any event that has a Material Adverse Effect;

iii. any breach by the Corporation of any covenant contained in the Arrangement Agreement; and

iv. any death, disability, resignation, termination of employment or other departure of any senior officer of the Corporation or of any Specified Subsidiary.

In addition, the Corporation is required to:

(a) subject to certain conditions, use its reasonable commercial efforts to cause such members of the Board as Acquisition Company may require to resign as of the Effective Date;

(b) recommend that Shareholders vote in favour of the Arrangement Resolution and, except as permitted by the Arrangement Agreement, not withdraw such recommendation;

(c) use all reasonable efforts to cause each holder of Options, DSUs or other entitlements under the Stock Option Plan or the Deferred Share Unit Plans to exercise same prior to the Effective Date (including, as regards to Options or such entitlements, through application of acceleration of vesting) or to surrender same for cash or Common Shares in accordance with the terms thereof;

(d) provide reasonable assistance to Acquisition Company in connection with all filings, notifications and applications required or deemed advisable by Acquisition Company for purposes of obtaining required or advisable regulatory and other approvals and clearances, relating to the Arrangement, including Competition Act Clearance;

(e) make all filings and applications legally required of it in connection with the Arrangement including any required notification under Part IX of the Competition Act;

(f) use all reasonable efforts to defend all lawsuits or other legal, regulatory or other proceedings challenging or affecting the property or assets of the Corporation or any of the Specified Subsidiaries and, in co-operation with Acquisition Company, the Arrangement Agreement or the consummation of the transactions contemplated thereby;

(g) not option, sell, transfer, pledge, encumber, grant a security interest in, hypothecate or otherwise convey any OYR Units, or any right or interest therein or agree to do any of the foregoing;

(h) not grant or agree to grant any proxy or other right to vote OYR Units, or enter into any voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of holders of OYR Units or give consents or approval of any kind as to OYR Units, other than as contemplated in the Arrangement Agreement;

(i) amend the Stock Option Plan prior to the Effective Date to remove the ability of the Corporation to settle payments in cash at its option;

(j) except as otherwise permitted by the Arrangement Agreement, not take any action that would interfere with or be inconsistent with the Arrangement Agreement or the OYR Transaction which would render any representation or warranty made by it in the Arrangement Agreement untrue in any material respect; and

(k)

i. except as otherwise permitted by the Arrangement Agreement, not take any other action of any kind which might reasonably be regarded as likely to reduce the success of, or delay or interfere with the completion of, the OYR Transaction;

ii. subject to certain conditions, upon Acquisition Company's reasonable written request and at Acquisition Company's expense, use all commercially reasonable efforts in its capacity as a holder of OYR Units to assist O&Y REIT to successfully complete the OYR Transaction;

iii. not purchase or enter into any agreement or right to purchase any additional OYR Units or any other securities of O&Y REIT; and

iv. attend the OYR Meeting in person or by proxy and vote its OYR Units at the OYR Meeting in favour of the OYR Transaction and not vote or cause to be voted any OYR Units in a manner which might reasonably be regarded as likely to prevent or delay the successful completion of the OYR Transaction.

Covenants of Acquisition Company and the Acquisition Group

In the Arrangement Agreement, Acquisition Company has agreed to, among other things:

(a) apply for and use all reasonable efforts to obtain all required regulatory and other approvals and clearances, including Competition Act Clearance, and make all necessary filings and notifications in order to permit the transactions contemplated by the Arrangement Agreement to proceed, together with all consents and other approvals of third parties as may be necessary or desirable for the consummation of such transactions and co-ordinate and consult with the Corporation in connection with the foregoing;

(b) if all of the conditions of the Arrangement are either met or, if applicable, waived at or prior to the issuance of the Final Order, consummate the Arrangement and pay for the Common Shares as soon as practicable after, and in any event within two Business Days of, the Effective Date;

(c) without the prior written approval of the Corporation, not waive the condition to the OYR Transaction contained in the OYR Reorganization Agreement that the Arrangement Agreement shall not have been terminated;

(d) use all reasonable efforts to defend all lawsuits or other legal, regulatory or other proceedings challenging or affecting the Arrangement Agreement or the consummation of the transactions contemplated by the Arrangement Agreement; and

(e) provide the Corporation with a copy of any notice received or given pursuant to the OYR Reorganization Agreement.

In addition, each member of the Acquisition Group agrees to take such action as is in its power to cause Acquisition Company to honour and give effect to its covenants and obligations contained in the Arrangement Agreement on a timely basis.

Covenants of the Corporation Regarding Non-Solicitation

The Corporation has agreed, except as permitted by the Arrangement Agreement: (a) not, directly or indirectly, to solicit, initiate or knowingly encourage or facilitate the initiation of any inquiries, proposals or offers regarding an Acquisition Proposal, participate in any discussions or negotiations regarding any Acquisition Proposal, withdraw or modify in a manner adverse to Acquisition Company the approval of the Board of the transactions contemplated by the Arrangement Agreement, accept or approve or recommend any Acquisition Proposal or cause the Corporation to enter into any agreement related to any Acquisition Proposal; (b) to immediately cease and cause to be terminated any existing solicitations, encouragements, activities, discussions or negotiations with respect to any potential

Acquisition Proposal whether or not initiated by the Corporation; (c) not to release any third party from or waive any confidentiality, non-solicitation or standstill agreement to which such third party is a party; and (d) immediately to cease to provide any other party with access to information concerning the Corporation and the Specified Subsidiaries and request the return or destruction of all confidential information provided to any third party that has entered into a confidentiality agreement with the Corporation relating to any potential Acquisition Proposal.

Acquisition Proposals

The Corporation must immediately notify Acquisition Company of all future Acquisition Proposals of which the Corporation's directors, officers, representatives and agents become aware, or any request for non-public information relating to, or for access to the properties, books or records of, the Corporation or any Specified Subsidiary in connection with a potential Acquisition Proposal and provide Acquisition Company with a copy of: (i) any written notice informing it that a Person is considering making, or has made, an Acquisition Proposal; or (ii) any Acquisition Proposal, in each case forthwith after it is received by the Corporation.

If the Corporation receives a written request for non-public information relating to the Corporation and/or the Specified Subsidiaries in connection with an Acquisition Proposal or for access to the properties, books or records of the Corporation and/or the Specified Subsidiaries from a Person who has made or intends to make an Acquisition Proposal and the Board determines in good faith, after consultation with financial advisors and outside legal advisors that the failure to take such action would breach the Board's fiduciary duties and that such proposal, if consummated, in accordance with its terms, is reasonably likely to result in a Superior Proposal, the Corporation may provide access to such information, provided the Corporation: (a) enters into a confidentiality and standstill agreement on substantially the same terms and conditions as the confidentiality and standstill agreements entered into by the Acquisition Group; and (b) provides to Acquisition Company any information disclosed to such Person that was not already provided or made available to Acquisition Company.

If the Corporation receives an Acquisition Proposal, the Corporation may withdraw or modify, in a manner adverse to Acquisition Company, its approval or recommendation of the Arrangement Resolution and/or accept, approve, recommend or enter into any agreement in respect of an Acquisition Proposal if such an Acquisition Proposal constitutes a Superior Proposal and if: (a) the Corporation has notified Acquisition Company that there is a Superior Proposal and provides Acquisition Company with all documentation related to and detailing the Superior Proposal and its intention to withdraw or withhold its approval or recommendation of the Arrangement Resolution; (b) the Meeting has not been cancelled, postponed or adjourned (the Corporation having undertaken not to do any of the foregoing); (c) the Corporation has complied with its non-solicitation covenants and its obligations with respect to Acquisition Proposals; and (d) five Business Days shall have elapsed from the later of: (i) the date Acquisition Company received the notice referred to in (a); and (ii) the date Acquisition Company was provided with a copy of such Acquisition Proposal.

Right to Match

Acquisition Company may, but is not required to, during the five Business Day period following the later of: (i) receiving notice of a Superior Proposal; and (ii) being provided with a copy of the Acquisition Proposal, offer in writing to amend the terms of the Arrangement. If Acquisition Company does so, then the Board must review any such offer in good faith, in consultation with its financial advisors and outside legal advisors and, if the Board: (a) determines that the Acquisition Proposal would thereby cease to be a Superior Proposal, it will cause the Corporation to enter into an amendment to the Arrangement Agreement reflecting the offer by Acquisition Company to amend the terms of the Arrangement; or (b) continues to believe that the Acquisition Proposal would nonetheless remain a Superior Proposal, the Corporation may: (i) approve, recommend, accept or enter into an agreement, understanding or arrangement with respect to the Superior Proposal provided that such acceptance or agreement does not obligate the Corporation or any other Person to seek to interfere with the completion of the Arrangement or impose any "break", "hello" or other fees or options or rights to acquire assets or securities, or any other obligations on the Corporation or any of its Subsidiaries unless and until the Arrangement Agreement is terminated in accordance with its terms (provided that if the Corporation enters into an agreement relating to a Superior Proposal, it may agree to reimburse the Person making the Superior Proposal for an amount not exceeding $2 million on account of expenses incurred in connection with the Superior Proposal and may commit to any break fees or similar payments that are payable in circumstances other than the completion of the Arrangement); (ii) following the

entering into by the Corporation of an agreement with respect to a Superior Proposal, proceed with such approvals, consents and filings of or required by Governmental Entities and other Persons in order to consummate such Superior Proposal, provided that such activity does not interfere with the completion of the Arrangement; (iii) make any public disclosure that the Board determines appropriate in respect of the Superior Proposal and the Arrangement; and (iv) following the entering into by the Corporation of an agreement with respect to a Superior Proposal, solicit proxies in support of the Superior Proposal and against the Arrangement.

If, as a result of the application of the foregoing provisions, there is another Acquisition Proposal to be considered at the Meeting, the Arrangement Resolution will be considered at the Meeting prior to any other Acquisition Proposal and the Corporation is required to consult with Acquisition Company in respect of all other matters relating to the Meeting.

Fiduciary Duties of Directors

In the Arrangement Agreement, the Corporation and Acquisition Company acknowledge that each director of the Corporation owes a fiduciary legal obligation as a director of the Corporation, which is not superseded by the provisions of the Arrangement Agreement.

Termination Fee

If the Arrangement Agreement is terminated by Acquisition Company as a result of any of the following events (each a "Termination Fee Event") prior to the Effective Date, and provided in each case, Acquisition Company is not in material default in the performance of its obligations under the Arrangement Agreement, the Corporation has agreed to pay the Termination Fee to Acquisition Company: (a) the Board withdraws or modifies in a manner materially adverse to Acquisition Company its approval or recommendation of the Arrangement Resolution and makes a public announcement to that effect; (b) the Board recommends any Superior Proposal and makes a public announcement to that effect; or (c) the Board fails to reaffirm its recommendation of the Arrangement Resolution by press release within a reasonable time after the public announcement or commencement of any Acquisition Proposal and within a reasonable period of time of having been requested to do so by Acquisition Company.

If the Arrangement Agreement is terminated by the Corporation after a Termination Fee Event, the Termination Fee will also be payable to Acquisition Company.

Acquisition Company has agreed that the Termination Fee, if paid to Acquisition Company, is in lieu of any damages or any other payment or remedy to which it may be entitled.

In addition, the Corporation must pay an amount equal to the Termination Fee to Acquisition Company if: (a) the Arrangement Agreement has been terminated without any payment of the Termination Fee (other than as a result of the inability to obtain Competition Act Clearance on commercially reasonable terms) and in circumstances where Acquisition Company is not in material breach in any material respect of any of its representations, warranties, covenants or other agreements in the Arrangement Agreement; and (b) within nine months thereafter, an Acquisition Proposal is consummated which has a value per Common Share greater than that contemplated by the Arrangement.

Expense Reimbursement

If the Arrangement Agreement has been terminated without any payment of the Termination Fee, unless terminated as a result of the non-satisfaction of the conditions precedent in favour of the Corporation, the Corporation must pay to Acquisition Company, on account of its expenses in connection with the Arrangement, the sum of $4 million less the amount of any expense reimbursement paid by O&Y REIT pursuant to the OYR Reorganization Agreement. Under the OYR Reorganization Agreement, unless that agreement is terminated as a result of the non-satisfaction of any of the conditions in favour of O&Y REIT or because holders of OYR Units have not approved the OYR Transaction, O&Y REIT is required to reimburse OYR Acquisition Company in the amount of $2 million on account of expenses in the event that the OYR Reorganization Agreement is terminated without payment of a termination fee by O&Y REIT.

Termination

Termination by the Corporation

The Corporation, when not in default in any material respect in the performance of its obligations under the Arrangement Agreement or in breach of its representations and warranties contained therein, may, without prejudice to any other rights, terminate its obligations under the Arrangement Agreement by written notice to Acquisition Company if: (a) the Arrangement has not been consummated on or prior to the Outside Date; (b) any of the representations and warranties of Acquisition Company becomes untrue or inaccurate (in certain cases in any material respect) or Acquisition Company has breached any of its covenants or agreements, in each case subject to a 15 day cure period; (c) there shall have been passed any law which shall prevent the consummation of the Arrangement; or (d) the Shareholders do not approve the Arrangement Resolution at the Meeting in the manner required by the Interim Order. Notwithstanding the foregoing, if a Termination Fee Event has occurred, no termination by the Corporation is effective unless and until the Corporation pays the Termination Fee to Acquisition Company.

Termination by Acquisition Company

Acquisition Company, when not in default in any material respect in the performance of its obligations under the Arrangement Agreement or in breach of its representations and warranties contained therein, may, without prejudice to any other rights (other than its agreement that the Termination Fee, if paid to Acquisition Company, is in lieu of any damages or any other payment or remedy to which it may be entitled), terminate its obligations under the Arrangement Agreement by written notice to the Corporation if: (a) the Arrangement has not been consummated on or prior to the Outside Date; (b) a Termination Fee Event shall have occurred; (c) any of the representations and warranties of the Corporation becomes untrue or inaccurate (in certain cases in any material respect) or the Corporation has breached any of its covenants or agreements, in each case subject to a 15 day cure period; (d) Competition Act Clearance cannot be secured on commercially reasonable terms or except by agreeing to do things which contravene certain provisions of the Arrangement Agreement; (e) the RHHI Voting Agreement shall have been terminated; (f) there shall have been passed any law which shall prevent the consummation of the Arrangement; (g) the OYR Reorganization Agreement shall have been terminated; (h) the Shareholders do not approve the Arrangement Resolution at the Meeting in the manner required by the Interim Order; (i) Shareholders representing more than 5% of the number of Common Shares outstanding on the date of the Arrangement Agreement shall have exercised dissent rights; (j) there shall have occurred any change having a Material Adverse Effect; or (k) subsequent to the date of the Arrangement Agreement, there shall have been declared, set aside or paid any dividend or distribution payable in cash, stock, property or otherwise with respect to the Common Shares other than the dividend of $0.06 per share of the Corporation declared by the Board on May 11, 2005 and payable on July 15, 2005 to holders of record on June 30, 2005.

RHHI VOTING AGREEMENT

On May 31, 2005, RHHI LP, a limited partnership in which certain directors and senior officers of the Corporation hold an indirect interest and which is the beneficial owner of 18,283,959 Common Shares, which represent approximately 35.96% of the issued and outstanding Common Shares, entered into the RHHI Voting Agreement with Acquisition Company. See "Common Shares and the Principal Holders Thereof". The RHHI Voting Agreement was filed on SEDAR on June 7, 2005.

Pursuant to the RHHI Voting Agreement, RHHI LP has agreed, on and subject to the terms thereof, to vote in favour of the Arrangement Resolution. In addition, RHHI LP has agreed that, except as permitted by the RHHI Voting Agreement, RHHI LP will, and will cause its limited partners and general partner to:

(a) not, directly or indirectly, solicit, initiate or knowingly encourage or facilitate the initiation of any inquiries, proposals or offers regarding an Acquisition Proposal, participate in any discussions or negotiations regarding any Acquisition Proposal, accept or approve or recommend any Acquisition Proposal or cause the Corporation to enter into any agreement related to any Acquisition Proposal;

(b) immediately cease and cause to be terminated any existing solicitations, encouragements, activities, discussions or negotiations with any Person (other than Acquisition Company) with respect to any potential Acquisition Proposal;

(c) not release or permit the release of any third party from or waive any confidentiality, non-solicitation or standstill agreement to which such third party is a party;

(d) immediately notify Acquisition Company of all future Acquisition Proposals of which any officer, director, partner, employee, trustee, securityholder, representative or agent of RHHI LP or of any limited partner or general partner of RHHI LP is or becomes aware and provide Acquisition Company with a copy of (i) any written notice from any Person informing it that such Person is considering making, or has made, an Acquisition Proposal or (ii) any Acquisition Proposal, in each case forthwith after it is received by RHHI LP;

(e) except in limited circumstances following the Meeting, not option, sell, transfer, pledge, encumber, grant a security interest in, hypothecate or otherwise convey any Common Shares held by RHHI LP, or any right or interest therein, to any Person or group or agree to do any of the foregoing;

(f) except in furtherance of voting in favour of the Arrangement Resolution, not grant or agree to grant any proxy or other right to vote the Common Shares held by RHHI LP, or enter into any voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approval of any kind as to the Common Shares held by RHHI LP;

(g) not take any other action of any kind, directly or indirectly, which might reasonably be regarded as likely to reduce the success of, or delay or interfere with the completion of, the Arrangement and the other transactions contemplated by the Arrangement Agreement (including the OYR Transaction);

(h) not vote or cause to be voted any Common Shares held by RHHI LP in respect of any proposed action by the Corporation or its shareholders or affiliates or any other Person in a manner which might reasonably be regarded as likely to prevent or delay the successful completion of the Arrangement or the other transactions contemplated by the Arrangement and the RHHI Voting Agreement;

(i) use all commercially reasonable efforts in its capacity as a holder of Common Shares to assist the Corporation and Acquisition Company to successfully complete the Arrangement and the other transactions contemplated by the Arrangement Agreement and the RHHI Voting Agreement;

(j) not purchase or enter into any agreement or right to purchase any additional Common Shares or any other securities of the Corporation; and

(k) exercise the voting rights attaching to the Common Shares held by RHHI LP and otherwise use its reasonable efforts in its capacity as a securityholder to oppose any proposed action by the Corporation, its Shareholders, any of the Specified Subsidiaries or any other Person: (i) in respect of any amalgamation, merger, sale of the Corporation's or the Specified Subsidiaries' assets, take-over bid, plan of arrangement, reorganization, recapitalization, shareholder rights plan, liquidation or winding-up of, reverse take-over or other business combination or similar transaction involving the Corporation or any of the Specified Subsidiaries, (ii) which might reasonably be regarded as being directed towards or likely to prevent or delay the Meeting, or (iii) which would reasonably be expected to result in a Material Adverse Effect.

When not in material default in the performance of its obligations under the RHHI Voting Agreement or the Arrangement Agreement, either party may, without prejudice to any of its rights thereunder and in its sole discretion, terminate the RHHI Voting Agreement by written notice to the other party if: (a) any of the representations and warranties of the other party is not true in all material respects; or (b) the other party shall not have complied with its covenants to the terminating party contained in the RHHI Voting Agreement in all material respects.

Unless extended by mutual agreement of RHHI LP and Acquisition Company, the RHHI Voting Agreement shall automatically terminate on the Effective Date. In addition, the RHHI Voting Agreement shall automatically terminate in the event that the Arrangement Agreement is terminated in accordance with its terms. The RHHI Voting Agreement may also be terminated by written agreement between Acquisition Company and RHHI LP.

OYR TRANSACTION

Concurrently with the Corporation entering into the Arrangement Agreement, on May 31, 2005 O&Y REIT entered into the OYR Reorganization Agreement with OYR Acquisition Company and the Acquisition Group pursuant to which OYR Acquisition Company has agreed to purchase, and O&Y REIT has agreed to sell, all of the property and assets of O&Y REIT in consideration of the assumption by OYR Acquisition Company of all O&Y REIT's obligations and liabilities and cash consideration equal to (i) the product obtained by multiplying $15.50 by the number of OYR Units outstanding immediately prior to the closing date of the OYR Transaction, less (ii) the aggregate of all distributions declared payable on OYR Units in excess of the regular monthly distribution to holders of OYR Units of $0.0917 and, in respect of eight million OYR Units held by the Corporation, any distribution declared in excess of $0.0871 per OYR Unit. Immediately following the consummation of this purchase and sale, O&Y REIT will, pursuant to its Declaration of Trust, as amended on the terms set out in the OYR Reorganization Agreement, redeem the issued and outstanding OYR Units held by all holders of OYR Units for consideration per OYR Unit equal to $15.50 less any applicable excess distributions.

The financial advisor retained by the OYR Special Committee in connection with its consideration of the OYR Transaction provided a fairness opinion to the OYR Special Committee concerning the consideration to be received by holders of OYR Units other than the Corporation and certain related parties under the OYR Transaction and RBC, in its capacity as financial advisor to O&Y REIT, provided a fairness opinion to O&Y REIT concerning the consideration under the OYR Transaction. After due consideration of, among other things, the recommendation of the OYR Special Committee and the aforementioned fairness opinions, the board of Trustees of O&Y REIT determined that the consideration being offered to holders of OYR Units under the OYR Transaction is fair, from a financial point of view, to holders of OYR Units and that the OYR Transaction is in the best interests of O&Y REIT and holders of the OYR Units. Accordingly, the board of Trustees of O&Y REIT unanimously recommended (with Messrs. Reichmann, Hauer and Linhart abstaining due to their involvement in the Arrangement, including as directors and/or senior officers of, or Trustees appointed by, the Corporation) that all holders of OYR Units (including holders of OYR Units other than the Corporation and its related parties) vote in favour of the OYR Transaction.

The consummation of the Arrangement is subject to, among other things, the conditions that the holders of OYR Units approve the OYR Transaction at the OYR Meeting and the satisfaction or waiver, as applicable, of all of the conditions precedent to the completion of the OYR Transaction, other than the completion of the Arrangement.

The Corporation has been advised by O&Y REIT that the OYR Meeting, at which holders of OYR Units will be asked to, among other things, approve the OYR Transaction, is scheduled to be held at 11:00 a.m. (Eastern Daylight Time) on Thursday, July 7, 2005. At the OYR Meeting, the resolution to approve the OYR Transaction will require the affirmative vote of (i) at least two-thirds of the votes cast by all holders of OYR Units present in person or represented by proxy at the OYR Meeting, and (ii) Minority Approval. See "The Arrangement — Approval of OYR Transaction".

The consummation of the OYR Transaction is conditional upon, among other things, the completion of the Arrangement and the receipt of certain third party consents.

The OYR Reorganization Agreement was filed on SEDAR on June 7, 2005. O&Y REIT has advised the Corporation that it is sending a management information circular to the holders of OYR Units in respect of the OYR Transaction, among other things. After it is mailed to holders of OYR Units, the management information circular will be filed by O&Y REIT on SEDAR.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the Corporation, and Stikeman Elliott LLP, counsel to Acquisition Company and the Acquisition Group, the following is a summary of the principal Canadian federal income tax considerations under the Income Tax Act generally applicable to a Shareholder in respect of the Arrangement who, for purposes of the Income Tax Act and at all relevant times, holds Common Shares and will hold Amalco Common Shares as capital property, deals at arm's length with the Corporation and Acquisition Company, is not affiliated with the Corporation or Acquisition Company and is not exempt from tax under Part I of the Income Tax Act.

The Common Shares and Amalco Common Shares will generally constitute capital property to a Shareholder unless the Shareholder holds such shares in the course of carrying on a business or has acquired such shares in a transaction or transactions considered to be an adventure in the nature of trade. A Shareholder that is a resident of Canada for the purposes of the Income Tax Act and whose Common Shares or Amalco Common Shares might not otherwise qualify as capital property may be eligible, in certain circumstances, to make an irrevocable election in accordance with subsection 39(4) of the Income Tax Act to obtain such qualification for such shares and every other "Canadian security" (as defined in the Income Tax Act) owned by the Shareholder in the taxation year that the election is made and in all subsequent taxation years.

This summary is based on the current provisions of the Income Tax Act and the regulations thereunder, and counsel's understanding of the administrative practices of the CRA published prior to the date hereof. This summary also takes into account all specific proposals to amend the Income Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals") and assumes that the Tax Proposals will be enacted substantially as proposed, although there is no certainty that the Tax Proposals will be so enacted, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or changes in CRA administrative practices, nor does it take into account or consider other federal or any provincial, territorial or foreign tax considerations, which may differ from the Canadian federal income tax considerations described herein.

This summary does not apply to certain "financial institutions" (as defined in the Income Tax Act) that are subject to the "mark-to-market" rules contained in the Income Tax Act or to a holder of Common Shares an interest in which would be a "tax shelter investment" (as defined in the Income Tax Act). Such shareholders should consult their own tax advisors.

This summary does not describe the tax consequences to holders of Options in respect of the exercise, surrender or cancellation of such Options prior to or pursuant to the Arrangement. Holders of Options should consult their own tax advisors with respect to their particular circumstances.

This summary does not apply to Shareholders who are Electing Shareholders. Electing Shareholders should consult their own tax advisors. See "The Arrangement — Electing Shareholders".

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Shareholder. Consequently, Shareholders are urged to consult their own tax advisors for advice as to the tax considerations in respect of the Arrangement having regard to their particular circumstances.

Shareholders Resident in Canada

This part of the summary is generally applicable to a Shareholder who, for purposes of the Income Tax Act and any applicable income tax convention, and at all relevant times, is a resident or deemed to be a resident of Canada (a "Resident Shareholder").

Disposition of the Common Shares on Amalgamation

A Resident Shareholder whose Common Shares are converted into Amalco Common Shares on the Amalgamation will not realize any capital gain or capital loss as a result of the conversion. The Resident Shareholder will be considered to have disposed of such Common Shares for proceeds of disposition equal to the aggregate adjusted cost base of the Common Shares to the Resident Shareholder immediately before the Amalgamation and to have acquired Amalco Common Shares at an aggregate cost equal to such proceeds of disposition.

Disposition of the Amalco Common Shares to Acquisition Company

A Resident Shareholder whose Amalco Common Shares are disposed of to Acquisition Company under the Arrangement will generally realize a capital gain (or a capital loss) to the extent the proceeds of disposition of such shares exceed (or are less than) the aggregate adjusted cost base of such shares to the Resident Shareholder and any reasonable costs of disposition. The tax treatment of capital gains and capital losses is discussed below under "Taxation of Capital Gains and Capital Losses".

Dissenting Shareholders

Although the matter is not free from doubt, under the current administrative practice of CRA, a Resident Shareholder who dissents should be considered to realize a capital gain (or capital loss) to the extent that the payment received on the disposition of the Common Shares, less any interest awarded by the Court, exceeds (or is less than) the aggregate adjusted cost base to the Resident Shareholder of such Common Shares immediately before the Effective Time and any reasonable costs of disposition. The tax treatment of capital gains and capital losses is discussed below under "Taxation of Capital Gains and Capital Losses." Any interest awarded will be included in the dissenting Resident Shareholder's income for the purposes of the Income Tax Act.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain realized by a Resident Shareholder (a "taxable capital gain") will be required to be included in income in the taxation year in which it is realized, and one-half of any capital loss realized by such holder (an "allowable capital loss") will be deductible, subject to certain limitations, from taxable capital gains in the year of disposition. Allowable capital losses in excess of taxable capital gains in a particular year may be deducted against taxable capital gains in any of the three preceding years or any subsequent year, to the extent and under the circumstances permitted in the Income Tax Act.

A Resident Shareholder that is a "Canadian-controlled private corporation" (as defined in the Income Tax Act) may be subject to an additional refundable tax of $6^2/_3\%$ on certain investment income, including taxable capital gains.

Capital gains realized by an individual or certain trusts may give rise to alternative minimum tax under the Income Tax Act.

If a Resident Shareholder is a corporation, any capital loss realized by the holder on the disposition of the Amalco Common Shares may in certain circumstances be reduced by the amount of certain dividends, including deemed dividends, which have been received on the Common Shares. Analogous rules may apply where such shares are held by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

Shareholders Not Resident in Canada

This part of the summary is generally applicable to a Shareholder who, for purposes of the Income Tax Act and at all relevant times, is not and is not deemed to be a resident of Canada and to whom the Common Shares and Amalco Common Shares are not "taxable Canadian property" (as defined in the Income Tax Act) at the time of disposition of such shares (a "Non-Resident Shareholder"). Special rules, which are not discussed in this summary, may apply to a non-resident that is an insurer carrying on business in Canada and elsewhere.

Generally, the Common Shares and Amalco Common Shares will not be taxable Canadian property to a Shareholder at a particular time provided that (i) such shares are listed on a prescribed stock exchange (which currently includes the TSX) at that time, (ii) the Shareholder does not use or hold, and is not deemed to use or hold, such shares in carrying on a business in Canada, (iii) the Shareholder, persons with whom the Shareholder did not deal at arm's length, or the Shareholder together with all such persons, did not own 25% or more of the issued shares of any class or series of the capital stock of the Corporation or Amalco at any time during the 60 month period that ends at that time, and (iv) such shares are not deemed to be taxable Canadian property.

Disposition of Common Shares on Amalgamation

A Non-Resident Shareholder whose Common Shares are converted into Amalco Common Shares on the Amalgamation will not realize any capital gain or capital loss as a result of the conversion.

Disposition of the Amalco Common Shares to Acquisition Company

A Non-Resident Shareholder will not be subject to tax under the Income Tax Act on any capital gain, or entitled to deduct any capital loss, realized on the disposition of the Amalco Common Shares to Acquisition Company under the Arrangement.

Dissenting Shareholders

Although the matter is not free from doubt, under the current administrative practice of CRA, the payment received by a Non-Resident Shareholder who dissents, except for any portion of that payment that represents interest awarded by the Court, should be treated as proceeds of disposition in respect of the Non-Resident Shareholder's Common Shares. The Non-Resident Shareholder will not be subject to tax under the Income Tax Act on any capital gain, or entitled to deduct any capital loss, realized on that disposition. Any interest received will be subject to non-resident withholding tax at the rate of 25%, subject to reduction by any applicable income tax convention.

RISK FACTORS

The following risk factors should be considered by Shareholders in evaluating whether to approve the Arrangement Resolution.

Risks Relating to the Arrangement

The Arrangement may not be completed if, among other things, the OYR Transaction is not approved by holders of OYR Units at the OYR Meeting or if all of the conditions precedent to the completion of the OYR Transaction (other than the completion of the Arrangement) are not satisfied or waived, as applicable.

The consummation of the Arrangement is subject to, among other things, the conditions that the holders of OYR Units approve the OYR Transaction at the OYR Meeting and the satisfaction or waiver, as applicable, of all of the conditions precedent to the completion of the OYR Transaction, other than the completion of the Arrangement. In particular, the OYR Transaction will require the affirmative vote of (i) at least two-thirds of the votes cast by all holders of OYR Units present in person or represented by proxy at the OYR Meeting, and (ii) Minority Approval. Though the Corporation has agreed to vote its OYR Units, comprising approximately 42% of the issued and outstanding OYR Units, in favour of the OYR Transaction, the votes attached to the OYR Units held by the Corporation and by any of the Corporation's related parties (as defined in OSC Rule 61-501) will be excluded for purposes of obtaining Minority Approval. Accordingly, approval of the OYR Transaction by holders of OYR Units is not certain. See "The Arrangement — Approval of OYR Transaction". The consummation of the OYR Transaction is conditional upon, among other things, the completion of the Arrangement and the receipt of certain third party consents. See "OYR Transaction".

There can be no certainty that all conditions precedent to the Arrangement will be satisfied. Failure to complete the Arrangement could negatively impact the Corporation's Common Share price.

The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of the Corporation, including the satisfaction or waiver, as applicable, of all conditions precedent to the completion of the OYR Transaction, other than the completion of the Arrangement, receipt of the Final Order and Competition Act Clearance. There can be no certainty that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Arrangement is not completed, the market price of the Common Shares may decline to the extent that the market price reflects a market assumption that the Arrangement will be completed (See "Additional Information Relating to the Corporation — Market Prices and Trading Volumes of Common Shares"). If the Arrangement is not approved and the Board decides to seek another merger or business combination, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the price to be paid pursuant to the Arrangement.

The Arrangement Agreement may be terminated by Acquisition Company on certain conditions in the event of a change having a Material Adverse Effect.

Acquisition Company has the right, when not in default in any material respect in the performance of its obligations under the Arrangement Agreement or in breach of any of its representations and warranties in the Arrangement Agreement, to terminate the Arrangement Agreement in the event of a change having a Material Adverse Effect. Although a Material Adverse Effect excludes certain events that are beyond the control of the Corporation, such as changes in general economic conditions or changes affecting generally the industries in which the Corporation or its Subsidiaries conduct business, there can be no assurance that a change having a Material Adverse Effect will not occur prior to the Effective Date, in which case Acquisition Company could elect to terminate the Arrangement Agreement and the Arrangement would not proceed. See "The Arrangement Agreement — Termination".

Uncertainty surrounding the Arrangement could adversely affect the Corporation's retention of customers, suppliers, strategic partners and personnel and could negatively impact the Corporation's future business and operations.

Because the Arrangement is dependent upon receipt of Competition Act Clearance and satisfaction of certain other conditions, its completion is subject to uncertainty. In response to this uncertainty, the Corporation's customers,

suppliers and strategic partners may delay or defer decisions concerning the Corporation. Any delay or deferral of those decisions by customers, suppliers or strategic partners could have a material adverse effect on the business and operations of the Corporation, regardless of whether the Arrangement is ultimately completed. Similarly, current and prospective employees of the Corporation may experience uncertainty about their future roles with the Corporation until the Acquisition Group's strategies with respect to the Corporation are announced and executed. This may adversely affect the Corporation's ability to attract or retain key management, sales and marketing personnel in the period until the Arrangement is completed.

The Termination Fee provided under the Arrangement Agreement may discourage other parties from attempting to acquire the Corporation.

Under the Arrangement Agreement, the Corporation is required to pay a Termination Fee of $25 million in the event the Arrangement Agreement is terminated in certain circumstances following the occurrence of a Termination Fee Event. This Termination Fee may discourage other parties from attempting to acquire Common Shares, even if those parties would otherwise be willing to offer greater value to Shareholders than that offered by the Acquisition Group under the Arrangement. See "The Arrangement Agreement — Termination Fee".

Even if the Arrangement Agreement is terminated without payment of the Termination Fee, the Corporation may, in future, be required to pay the Termination Fee in certain circumstances.

Under the Arrangement Agreement, the Corporation must pay an amount equal to the Termination Fee to Acquisition Company if: (a) the Arrangement Agreement has been terminated without any payment of the Termination Fee (other than as a result of the inability to obtain Competition Act Clearance on commercially reasonable terms) and in circumstances where Acquisition Company is not in material breach in any material respect of any of its representations, warranties, covenants or other agreements in the Arrangement Agreement; and (b) within nine months thereafter, an Acquisition Proposal is consummated which has a value per Common Share greater than that contemplated by the Arrangement. Accordingly, if the Arrangement is not consummated and the Arrangement Agreement is terminated, the Corporation may not be able to consummate another Acquisition Proposal that would otherwise provide greater value to Shareholders without paying the Termination Fee. See "The Arrangement Agreement — Termination Fee".

In certain circumstances, if the Arrangement Agreement is terminated without any payment of the Termination Fee, the Corporation may be required to reimburse Acquisition Company for expenses.

In certain circumstances, if the Arrangement Agreement is terminated without any payment of the Termination Fee, the Corporation will be required to pay Acquisition Company, on account of its expenses in connection with the Arrangement, the sum of $4 million less the amount of any expense reimbursement paid by O&Y REIT pursuant to the OYR Reorganization Agreement. See "The Arrangement Agreement — Expense Reimbursement".

Only Shareholders of record on June 30, 2005 and on the Effective Date of the Arrangement will receive the full $13.00 per Common Share.

If the Arrangement is consummated, to receive the full $13.00 per Common Share in connection with the Arrangement, a Shareholder must be a Shareholder of record on both June 30, 2005, being the record date for the $0.06 per share dividend declared by the Board on May 11, 2005, and on the Effective Date of the Arrangement. Shareholders who are Shareholders of record on the Effective Date but who were not Shareholders of record on June 30, 2005 will receive only the Share Consideration.

Risks Relating to the Corporation

Whether or not the Arrangement is completed, the Corporation will continue to face many of the risks that it currently faces with respect to its business and affairs, including risks associated with the ownership of income-producing properties. Such investments are affected by general economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors. A complete description of the risk factors applicable to the Corporation is contained under the heading "Risks and Uncertainties" in the Corporation's Management's Discussion and Analysis for the year ending December 31, 2004, filed on SEDAR on March 7, 2005, which section is specifically incorporated by reference into this Circular.

RIGHTS OF DISSENTING SHAREHOLDERS

Subsection 190(7) of the OBCA and the Interim Order provide registered Shareholders with the right to dissent with respect to the Arrangement. As a result, any registered Shareholder is entitled to be paid the fair value (determined as at the close of business on the day before the Arrangement Resolution is adopted) of all, but not less than all, of the Common Shares beneficially held by it in accordance with section 185 of the OBCA, if the registered Shareholder dissents with respect to the Arrangement and the Arrangement becomes effective. **If the holders of more than 5% of the issued and outstanding Common Shares at the date of the Arrangement Agreement dissent, Acquisition Company may elect to terminate the Arrangement Agreement.** In this section, "Corporation" includes any successor to the Corporation, including, as applicable, Amalco and FCPCo.

Beneficial owners of Common Shares registered in the name of an Intermediary who wish to dissent should be aware that only registered Shareholders are entitled to dissent.

The following summary does not purport to provide comprehensive statements of the procedures to be followed by a Dissenting Shareholder under the OBCA. Section 185 of the OBCA is set forth in its entirety in Appendix F.

The OBCA requires adherence to the procedures established therein and failure to adhere to such procedures may result in the loss of all rights of dissent. Accordingly, each Shareholder who might desire to exercise rights of dissent should carefully consider and comply with the provisions of section 185 of the OBCA and consult its legal advisors.

Notwithstanding subsection 185(6) of the OBCA (pursuant to which a dissent notice may be provided at or prior to the Meeting), the Interim Order provides that a Dissenting Shareholder who seeks payment of the fair value of its Common Shares is required to deliver a written objection to the Arrangement Resolution to the Corporation by 5:00 p.m. (Eastern Daylight Time) on the second Business Day preceding the Meeting. The Corporation's address for such purpose is 1 First Canadian Place, Suite 3300, Toronto, Ontario, M5X 1B1.

A registered Shareholder is not entitled to dissent with respect to the Arrangement if such holder votes any of the Common Shares beneficially held by it in favour of the Arrangement Resolution authorizing the Arrangement. The execution or exercise of a proxy or otherwise voting against the Arrangement Resolution does not constitute a written objection for purposes of the rights to dissent under the OBCA.

Within 10 days after the Arrangement Resolution is approved by the Shareholders, the Corporation must so notify the Dissenting Shareholder who is then required, within 20 days after receipt of such notice (or if such Shareholder does not receive such notice, within 20 days after learning of the approval of the Arrangement Resolution), to send to the Corporation a written notice containing its name and address, the number of shares in respect of which the Shareholder dissents and a demand for payment of the fair value of such shares and, not later than the 30th day after sending such written notice, to send to the Corporation or its transfer agent the appropriate share certificate or certificates.

A Dissenting Shareholder who fails to send to the Corporation, within the appropriate time frame, a dissent notice, demand for payment and certificates representing the shares in respect of which the Shareholder dissents forfeits the right to make a claim under section 185 of the OBCA. The Corporation or its transfer agent will endorse on the share certificates received from a Dissenting Shareholder a notice that the holder is a Dissenting Shareholder and will return forthwith the certificates to the Dissenting Shareholder.

On sending a demand for payment to the Corporation, a Dissenting Shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of such holder's shares as determined under section 185 of the OBCA, except where:

(a) the Dissenting Shareholder withdraws the demand for payment before the Corporation makes an offer to the Shareholder pursuant to the OBCA,

(b) the Corporation fails to make an offer as hereinafter described and the Dissenting Shareholder withdraws the demand for payment, or

(c) the proposal contemplated in the Arrangement Resolution does not proceed,

in which case the Dissenting Shareholder's rights as a Shareholder of the Corporation will be reinstated as of the date the Dissenting Shareholder sent the demand for payment, subject however to any applicable provisions of the Plan of Arrangement.

Shareholders who duly exercise such rights of dissent and who:

(a) are ultimately entitled to be paid fair value for their Common Shares by the Corporation (or a successor to the Corporation) shall be deemed to have transferred such Common Shares to Amalco in connection with the Arrangement; or

(b) are ultimately not entitled, for any reason, to be paid fair value for their Common Shares shall be deemed to have participated in the Arrangement on the same basis as any non-dissenting Shareholder as, at and from the Effective Time, and, subject to Article 4 of the Plan of Arrangement, shall receive the Share Consideration on the basis determined in accordance with Article 2 of the Plan of Arrangement;

but, for greater certainty, in no case shall the Corporation, Amalco, FCPCo, the Depositary or any other Person be required to recognize such Shareholders as Shareholders at and after the Effective Time, and the names of such Shareholders shall be deleted from the register of Shareholders as of the Effective Time.

If the Plan of Arrangement becomes effective, the Corporation will be required to send, not later than the seventh day after the later of (i) the Effective Date or (ii) the day the demand for payment is received, to each Dissenting Shareholder whose demand for payment has been received, a written offer to pay for such Dissenting Shareholder's shares such amount as the Board of Directors considers fair value thereof accompanied by a statement showing how the fair value was determined.

The Corporation must pay for the shares of a Dissenting Shareholder within ten days after an offer made as described above has been accepted by a Dissenting Shareholder, but any such offer lapses if the Corporation does not receive an acceptance thereof within 30 days after such offer has been made.

If such offer is not made or accepted, the Corporation may, within 50 days after the Effective Date or within such further period as a court may allow, apply to a court of competent jurisdiction to fix the fair value of such shares. There is no obligation of the Corporation to apply to the court. If the Corporation fails to make such an application, a Dissenting Shareholder has the right to so apply within a further 20 days or within such further period as the court may allow. A Dissenting Shareholder is not required to give security for costs in such an application. If the Corporation fails to comply with the requirement to send a written offer to pay as set out above, the costs of such application by a Dissenting Shareholder are to be borne by the Corporation unless the court otherwise orders.

Upon an application to a court, all Dissenting Shareholders whose Common Shares have not been purchased by the Corporation will be joined as parties and be bound by the decision of the court, and the Corporation will be required to notify each Dissenting Shareholder of the date, place and consequences of the application and of the right to appear and be heard in person or by counsel. Upon any such application to a court, the court may determine whether any person is a Dissenting Shareholder who should be joined as a party, and the court will fix a fair value for the shares of all Dissenting Shareholders who have not accepted an offer to pay. The final order of a court will be

rendered against the Corporation in favour of each Dissenting Shareholder. The court may, in its discretion, allow a reasonable rate of interest on the amount payable to each such Dissenting Shareholder from the Effective Date until the date of payment.

Registered Shareholders who are considering exercising dissent rights should be aware that there can be no assurance that the fair value of their shares as determined under the applicable provisions of the OBCA (as modified by the Plan of Arrangement and the Interim Order) will be more than or equal to the consideration offered under the Arrangement. In addition, any judicial determination of fair value will result in delay of receipt by a Dissenting Shareholder of consideration for such Shareholder's Common Shares.

Under the OBCA, the Court may make any order in respect of the Arrangement it thinks fit, including a Final Order that amends the dissent rights as provided for in the Plan of Arrangement and the Interim Order. In any case, it is not anticipated that additional Shareholder approval would be sought for any such variation.

The foregoing summary does not purport to provide a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of fair value of the Dissenting Shareholder's Common Shares. Section 185 of the OBCA requires strict adherence to the procedures established therein and failure to do so may result in a loss of a Dissenting Shareholder's dissent rights. Accordingly, a registered Shareholder who desires to exercise dissent rights should carefully consider and comply with the provisions of that section, the full text of which is set out in Appendix F to this Circular, as modified by the Interim Order, or should consult with such registered Shareholder's legal advisor.

INFORMATION RELATING TO THE ACQUISITION GROUP AND ACQUISITION COMPANY

Acquisition Company is an Ontario corporation formed to be the acquisition vehicle for an investor group consisting of BPO Properties Ltd. (a subsidiary of Brookfield Properties Corporation), Canada Pension Plan Investment Board and Arca Investments Inc.

Brookfield Properties Corporation owns, develops and manages premier North American office properties. BPO Properties Ltd., 89% owned by Brookfield Properties Corporation, is a Canadian company that invests in real estate, focusing on the ownership and value enhancement of premier office properties.

The Canada Pension Plan Investment Board invests the funds not needed by the Canada Pension Plan to pay current pensions.

Arca Investments Inc. is the real estate investment vehicle for a significant Canadian public sector institution that manages over $42 billion in assets.

LEGAL MATTERS

Legal matters in relation to the Arrangement will be reviewed and passed upon by Fasken Martineau DuMoulin LLP on behalf of the Corporation and by Stikeman Elliott LLP on behalf of Acquisition Company and the Acquisition Group. As at the date of this Circular, partners and associates of Fasken Martineau DuMoulin LLP own beneficially, directly or indirectly, less than 1% of the issued and outstanding securities of the Corporation, the Acquisition Group and their respective associates and affiliates. As at the date of this Circular, partners and associates of Stikeman Elliott LLP own beneficially, directly or indirectly, less than 1% of the issued and outstanding securities of the Corporation, the Acquisition Group and their respective associates and affiliates.

COMMON SHARES AND THE PRINCIPAL HOLDERS THEREOF

As at May 31, 2005, 50,845,601 Common Shares were issued and outstanding. In addition, as at May 31, 2005, there were 2,735,840 Options and 64,145 DSUs outstanding. In connection with the Arrangement, the Board has resolved to permit (i) all persons holding Options, whether currently exercisable or not, to exercise such Options prior to the Effective Date, and (ii) all DSUs to be redeemed prior to the Effective Date. See "The Arrangement — Interests of Certain Persons in the Arrangement".

Each Common Share entitles the holder thereof to one vote at all meetings of Shareholders. To the knowledge of the directors and senior officers of the Corporation, the following table includes the name of each person or company who, as at May 31, 2005, beneficially owned, directly or indirectly, or exercised control or direction over, 10% or more of the Common Shares and the percentage of the issued and outstanding Common Shares represented by the number of Common Shares believed to be so owned, controlled or directed:

Name	Number of Common Shares	Percentage of Common Shares
RHHI LP[(1)]	18,283,959	35.96%
Letko, Brosseau & Associates Inc.[(2)]	5,863,669	11.53%

Notes:

(1) The general partner and a limited partner of RHHI LP is Reichmann Hauer Holdings Inc., a corporation controlled by Philip Reichmann, Frank Hauer and their spouses, which holds a 25% interest in RHHI LP. The limited partners of RHHI LP are PF&R Holdings Inc., a corporation owned by Philip Reichmann and his siblings or trusts for their benefit, which holds a 31.25% interest in RHHI LP; CDV Holdings LLC, a limited liability company controlled by Abraham Fruchthandler, which holds a 23.44% interest in RHHI LP; 1214408 Ontario Ltd., a corporation controlled by an investor at arm's length to the Corporation and the other limited partners, which holds a 12.5% interest in RHHI LP; and CCV Holdings Partnership, a partnership controlled by Albert Schonkopf, which holds a 7.81% interest in RHHI LP. Frank Hauer and Philip Reichmann are directors and senior officers of the Corporation. Abraham Fruchthandler and Albert Schonkopf are directors of the Corporation. In addition to the foregoing indirect limited partner and/or general partner interests, (a) other associates of Mr. Fruchthandler beneficially own an aggregate 181,620 Common Shares; (b) Mr. Reichmann and other of his associates beneficially own an aggregate 176,293 Common Shares; and (c) other associates of Mr. Hauer beneficially own an aggregate 152,693 Common Shares.

(2) As disclosed in a Report Filed by Eligible Institutional Investor under Part 4 of National Instrument 62-103 — *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*, filed on SEDAR on May 6, 2005.

RHHI LP has entered into the RHHI Voting Agreement with Acquisition Company pursuant to which it has agreed, on and subject to the terms of that agreement, to vote all of the Common Shares held by RHHI LP in favour of the Arrangement Resolution. See "RHHI Voting Agreement".

ANNUAL MEETING MATTERS AND OTHER SPECIAL BUSINESS

Consolidated Financial Statements

The audited consolidated financial statements of the Corporation for the year ended December 31, 2004, and the report of the auditor thereon, (which were mailed to all registered Shareholders on April 8, 2005) will be placed before the Meeting. Additional copies of the 2005 annual report, including the audited consolidated financial statements and related management's discussion and analysis may be obtained from the Assistant Secretary, 1 First Canadian Place, Suite 3300, Toronto, Ontario, M5X 1B1, (416) 862-6900. In addition, the unaudited consolidated interim financial statements of the Corporation for the three months ended March 31, 2005 will be sent without charge to anyone requesting them by contacting the Assistant Secretary at the address noted above. The Corporation's annual report and the foregoing financial statements are also available on SEDAR at www.sedar.com and on the Corporation's web site at www.oyp.com.

Election of Directors

The articles of the Corporation currently provide that the Board of Directors is to consist of a minimum of three and a maximum of 18 directors. The Board has the power to determine, from time to time, the specific number of directors within this range. The current number of directors and the number of directors to be elected at the Meeting

is 12. Each director will hold office until the next annual meeting of Shareholders or until a successor is duly elected or appointed, unless the office is vacated prior to that time.

The persons nominated for election to the Board of Directors are shown in the table which follows. These nominees are, in the opinion of management, well qualified to direct the Corporation's activities for the ensuing year. All nominees have established their eligibility and willingness to serve as directors.

In the absence of any instructions to the contrary, the Common Shares represented by proxies received by management will be voted FOR the election of the persons nominated for election as directors in the following table. If, prior to the Meeting, any of the listed nominees should become unavailable to serve, the persons designated in the form of proxy will have the right to use their discretion in voting for a properly qualified substitute.

The following table contains: (i) the name of each person proposed by management for nomination for election as a director, together with such person's province or state and country of residence; (ii) the identity of the members of each committee of the Board; (iii) the major positions and offices within the Corporation currently held by each such person; (iv) the date on which each such person became a director of the Corporation; (v) the present principal occupation, business or employment of each such person and the name and principal business of any body corporate or other organization in which such occupation or employment is carried on; and (vi) the number of Common Shares (being the only class of voting securities of the Corporation) and DSUs beneficially owned, directly or indirectly, or over which control or direction is exercised by each such person and the associates (where applicable) of each such person as at May 31, 2005.

Name, Position/Office and Residence	Date of Original Election/ Appointment	Principal Occupation	Number of Common Shares	Number of DSUs
RONALD APPLEBY, Q.C.[(1)] Director Ontario, Canada	July 26, 2001	Sr. Partner, Robins, Appleby & Taub (barristers & solicitors)	1,882,788[(3)]	4,054
AUSTIN C. BEUTEL Director Ontario, Canada	July 21, 1998	Chairman, Oakwest Corporation Limited (private investment holding company)	25,000	6,632
TIBOR DONATH[(1)(2)] Director Ontario, Canada	December 23, 1996	Partner, Bench & Donath (chartered accountants)	2,000[(5)]	6,632
ABRAHAM FRUCHTHANDLER[(2)] Director New York, USA	December 18, 1996	General Partner, FBE Limited (real estate and investment)	18,465,579[(4)]	6,632
STANLEY H. HARTT, O.C., Q.C. Director and Chairman of the Board Ontario, Canada	November 21, 1990	Chairman, Citigroup Global Markets Canada Inc. (investment bankers)	Nil	7,035
FRANK HAUER Director and President of the Corporation Ontario, Canada	December 18, 1996	President of the Corporation and O&Y REIT	18,436,652[(4)(7)]	Nil
THE HONOURABLE MARC LALONDE, P.C., O.C., Q.C.[(2)] Director Québec, Canada	June 25, 1993	Sr. Counsel, Stikeman Elliott LLP (barristers & solicitors)	6,850	6,632

Name, Position/Office and Residence	Date of Original Election/ Appointment	Principal Occupation	Number of Common Shares	Number of DSUs
SAMUEL W. LINHART, FCA Director Arizona, USA	July 21, 1998	Chairman of the Board, Merit Properties Group, L.L.C. (real estate and investment)	817,884[5]	6,632
PHILIP REICHMANN Director and Chief Executive Officer of the Corporation Ontario, Canada	December 18, 1996	Chief Executive Officer of the Corporation and O&Y REIT	18,460,252[4][7]	Nil
MAUREEN SABIA[1][2] Director Ontario, Canada	June 25, 1993	President, Maureen Sabia International (consulting organization) and Corporate Director	5,369	6,632
ALBERT SCHONKOPF[2] Director New York, USA	December 18, 1996	President, Crown Group of Companies (real estate and investment)	18,283,959[4]	6,632
WALTER ZWIG Director Ontario, Canada	July 21, 1998	Corporate Director	1,067,857[6]	6,632

Notes:

(1) Member of Audit Committee.
(2) Member of Governance and Compensation Committee.
(3) 1,878,788 of these Common Shares are held by a company of which Mr. Appleby is a director and officer and the shares of which are held by a trust of which Mr. Appleby is a trustee. The other 4,000 Common Shares are held by Mr. Appleby directly.
(4) 18,283,959 of these Common Shares are held of record by RHHI LP. See "Common Shares and the Principal Holders Thereof". In addition to the indirect limited partner and/or general partner interests held by these directors in RHHI LP, (a) other associates of Mr. Fruchthandler beneficially own an aggregate 181,620 Common Shares; (b) Mr. Reichmann and other of his associates beneficially own an aggregate 176,293 Common Shares; and (c) other associates of Mr. Hauer beneficially own an aggregate 152,693 Common Shares.
(5) Held by associates and personally.
(6) Held by a company, the shares of which are held by a trust of which Mr. Zwig is a trustee.
(7) In addition, Messrs. Hauer and Reichmann each hold 631,712 Options.

Each of the directors of the Corporation is also a director of O&Y Properties Inc., a wholly-owned subsidiary of the Corporation ("OYPI"). Messrs. Donath, Hauer and Reichmann and Miss Sabia are also directors of O&Y FPT Inc., a wholly-owned subsidiary of the Corporation. In addition, Messrs. Hauer, Reichmann and Linhart are Trustees of O&Y REIT.

The Corporation has relied upon information provided by the above persons as to their respective principal occupations and the number of Common Shares that they and their associates beneficially own or over which they and their associates exercise control or direction.

Re-Appointment and Remuneration of Auditor

Deloitte & Touche LLP, Chartered Accountants, is the current auditor of the Corporation. **In the absence of any instructions to the contrary, the Common Shares represented by proxies received by management will be voted FOR the re-appointment of Deloitte & Touche LLP, Chartered Accountants, as auditor of the Corporation to hold office until the next annual meeting of Shareholders, at a remuneration to be fixed by the Board of Directors.**

Particulars of Other Matters

Management knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters that are not now known to management should properly come before the Meeting, the proxy (unless amended) will be voted upon such matters in accordance with the best judgment of the person voting the proxy.

ADDITIONAL INFORMATION RELATING TO THE CORPORATION

General Information

The Corporation in its present form was created under the OBCA by Articles of Amalgamation dated February 1, 1999 (the "Articles"). The Corporation's head office is located at 1 First Canadian Place, Suite 3300, Toronto, Ontario, M5X 1B1.

Dividends

Between the period commencing March 12, 2002 through the second quarter of 2004, the Board of Directors approved a regular quarterly dividend equal to $0.05 per Common Share or $0.20 per Common Share annually. On August 13, 2004, the Board of Directors approved a regular quarterly dividend equal to $0.06 per share or $0.24 per Common Share annually. Since that time, the Board has declared, and the Corporation has paid, regular quarterly dividends. In addition, Shareholders of record on June 30, 2005 will receive the dividend declared on May 11, 2005 in the amount of $0.06 per share, which is to be paid on July 15, 2005.

Authorized and Issued Capital

The following summary describes the material provisions of the Corporation's share capital, but does not purport to be complete and is subject to, and is qualified in its entirety by, the Articles and the Corporation's by-laws and by the provisions of applicable laws.

In accordance with the Articles, the Corporation is authorized to issue an unlimited number of shares of one class to be designated as "Common Shares" and an unlimited number of shares of another class to be designated as "Preference Shares". As at May 31, 2005, there were 50,845,601 Common Shares issued and outstanding and no Preference Shares outstanding.

Common Shares

Each Common Share entitles the holder thereof to: (i) dividends if, as and when declared by the directors of the Corporation (subject to the rights of the holders of another class or series of shares); (ii) one vote at all meetings of Shareholders of the Corporation (except meetings at which only holders of a specified class of shares are entitled to vote); and (iii) participate on a pro rata basis (subject to the rights of the holders of another class of shares) in any distribution of the assets of the Corporation upon liquidation, dissolution or winding-up, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its Shareholders for the purpose of winding-up its affairs.

Preference Shares

With respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, the Preference Shares rank in priority to the Common Shares and any other shares of the Corporation ranking junior to the Preference Shares. Holders of the Preference Shares are not entitled to receive notice of or to attend or to vote at any meeting of the Shareholders of the Corporation except a meeting called for the purpose of authorizing the dissolution of the Corporation or the sale of all or a substantial part of its undertaking and except as required by applicable law.

On September 25, 1997, the Corporation issued 600,000 Series 1 Convertible Preferred Shares at a stated capital of $25 per share to the vendors of 18 King Street East, 2/24 St. Clair Avenue West and 40 St. Clair Avenue West, as partial consideration for the purchase of those properties. In January 2005, the holders of the Series 1 Convertible Preferred Shares exercised their right to convert the Series 1 Convertible Preferred Shares into Common Shares on the basis of $8.25 per Common Share. In accordance with their terms, the Series 1 Convertible Preferred Shares were cancelled upon issuance of 1,818,181 Common Shares and an aggregate payment of approximately $316,000 to the holders, representing the accrued and unpaid dividends from August 1, 2004 through and including the date of conversion as well as the cash value of fractional Common Shares otherwise issuable on conversion.

5.9% Debentures

On June 30, 1998, the Corporation issued $100 million principal amount of 5.9% Debentures (the "5.9% Debentures") under an indenture (the "Indenture") dated as of June 30, 1998 between the Corporation and CIBC Mellon Trust Company, as trustee. Between the period of July 1, 2001 and August 2002, the Corporation purchased $9,282,000 principal amount of 5.9% Debentures pursuant to and in accordance with normal course issuer bids then in effect. In accordance with the terms of the Indenture, on March 8, 2005, the Corporation announced that it would redeem all 5.9% Debentures outstanding on April 7, 2005. On the redemption date, all outstanding 5.9% Debentures that had not been converted into Common Shares were redeemed for an aggregate amount of approximately $3,454,000 and the 5.9% Debentures were delisted from the TSX at the close of business on April 7, 2005.

Series A 6% Convertible Subordinated Debentures

As at March 8, 2001, the Corporation had issued $7 million principal amount of Series A 6% Convertible Subordinated Debentures (the "6% Debentures") in exchange for $7 million principal amount of Series A 6% Exchangeable Notes of OYPI. In January 2005, the holder of the 6% Debentures exercised its right to convert $7 million principal amount of 6% Debentures into Common Shares. In accordance with their terms, the 6% Debentures were cancelled upon issuance of 848,470 Common Shares and payment of approximately $187,600 to the holder, representing the accrued and unpaid interest from August 1, 2004 through and including the date of conversion.

Business Overview

The Corporation is a Canadian commercial real estate company that is focused on the ownership, management and development of high-quality office buildings. Directly, and indirectly through its significant interest in O&Y REIT, the Corporation owns a portfolio of 25 multi-tenant and government office properties totalling approximately 9.7 million square feet in six Canadian markets, including the 2.7 million square foot Class AAA 72 storey First Canadian Place office complex in downtown Toronto. In addition, through O&Y REIT's subsidiary, O&Y Enterprise, the Corporation is a leading third party real estate services provider, specializing in property management and leasing services. Through its partnership interest in O&Y/SMG Canada, the Corporation provides trade and convention centre management and services.

The Corporation focuses on the ownership, management and development of high quality office buildings. The Corporation owns, among other things:

- First Canadian Place, a 72-storey, Class AAA office tower at the corner of King and Bay Streets in downtown Toronto;

- an approximately 42% controlling interest in O&Y REIT, which owns a national portfolio of 24 Class A and B multi-tenant and government occupied office properties located across Canada and, through O&Y Enterprise, provides real estate services for a broad cross-section of national clients with a third-party management portfolio of approximately 38.5 million square feet;

- Place de Ville III, a development site in Ottawa, and two development sites in Winnipeg; and

- a 50/50 joint venture interest in O&Y/SMG Canada, which manages public assembly facilities such as, trade and convention centres, arenas, stadiums and theatres, in Southern Ontario.

Recent Developments

On April 1, 2005, O&Y REIT completed its acquisition of a complex of two low-rise suburban office buildings, 2200 and 2204 Walkley Road, totalling nearly 158,000 square feet in Ottawa, Ontario. The total purchase price for the properties was $20.25 million. The purchase was financed through O&Y REIT's existing operating/acquisition facility and cash on hand. The expected yield going-in on this acquisition is approximately 8.5% on an unlevered basis.

On April 1, 2005, O&Y REIT repaid the $12.3 million mortgage secured by Canadian Western Bank Place in Edmonton, Alberta. The repayment was financed through O&Y REIT's existing operating/acquisition facility.

On May 18, 2005, O&Y REIT completed the sale of its 50% interest in CanWest Global Place, located in Winnipeg, Manitoba, to co-owner Asper Tower Inc. for $40 million. The sale will result in an accounting gain for O&Y REIT of approximately $5.3 million, before transaction costs. The sale was made pursuant to an entitlement under the Co-owners' Agreement with respect to the property which entitlement arose as a result of the Joint Sale Process.

Previous Distributions

Since May 2000, the Corporation has made distributions of Common Shares, Options and DSUs as set forth in the tables below.

Common Shares

Purpose	Number of Common Shares	Price per Common Share	Aggregate Proceeds to the Corporation
Issued as part of an earn-out arrangement in connection with the 1998 purchase of Enterprise Group of Companies	410,256	$9.75	$4,000,000
Issued in connection with the exercise of Options	409,607	$5.05[(1)]	$2,069,060
Issued on conversion of the 5.9% Debentures	7,592,861	$11.50	$87,318,000
Issued on conversion of the 6% Debentures	848,470	$8.25	$7,000,000
Issued on conversion of the 6% Exchangeable Notes	363,630	$8.25	$3,000,000
Issued on conversion of the Series 1 Convertible Preferred Shares	1,818,181	$8.25	$15,000,000
Total:	11,443,005		$118,387,060

Notes:
(1) Expressed as a weighted average.

Options

Purpose	Number of Options Granted	Exercise Price per Option	Aggregate Proceeds to the Corporation
Options granted to employees pursuant to the Stock Option Plan	50,000[(1)]	$5.00	--
Options granted to employees pursuant to the Stock Option Plan	1,018,800[(2)]	$5.04	--
Options granted to employees pursuant to the Stock Option Plan	758,900[(3)]	$5.01	--
Options granted to employees pursuant to the Stock Option Plan	302,800[(4)]	$5.73	--
Options granted to employees pursuant to the Stock Option Plan	25,000[(5)]	$4.88	--
Options granted to employees pursuant to the Stock Option Plan	491,100[(6)]	$5.97	--
Options granted to employees pursuant to the Stock Option Plan	25,000	$7.01	--
Options granted to employees pursuant to the Stock Option Plan	675,290	$8.45	--
Total:	3,346,890		$--

Notes:
(1) To date, 15,000 Options of these grants have been exercised and are reflected in the Common Share issuances table above.
(2) To date, 282,432 Options of these grants have been exercised and are reflected in the Common Share issuances table above. A further 55,214 Options were exercised for cash and 337,054 Options were cancelled as a result of terminations of employment.
(3) To date, 99,875 Options of these grants have been exercised and are reflected in the Common Share issuances table above. A further 124,475 Options were cancelled as a result of terminations of employment.
(4) To date, 6,050 Options of these grants have been exercised and are reflected in the Common Share issuances table above. A further 18,150 Options were cancelled as a result of terminations of employment.
(5) These Options were cancelled as a result of a termination of employment.
(6) 72,800 Options of these grants were cancelled as a result of terminations of employment.

DSUs

Purpose	Number of DSUs Granted	Exercise Price per DSU	Aggregate Proceeds to the Corporation
DSUs granted to employees pursuant to the Employee DSU Plan	2,710[(1)]	$5.97[(2)]	--
DSUs granted to directors pursuant to the Director DSU Plan	54,288	$6.39[(2)]	--
Total:	56,998		$--

Notes:
(1) These DSUs, together with other DSUs granted prior to May 2000, vested on January 19, 2003 and were redeemed by the Corporation for cash in accordance with the Employee DSU Plan.
(2) Expressed as a weighted average.

Normal Course Issuer Bids

During the last completed financial year, the Corporation obtained regulatory approval for the renewal of a normal course issuer bid for each of its Common Shares and its 5.9% Debentures through the TSX.

The bid for the Common Shares commenced on November 17, 2004 and will terminate on the earlier of: (i) November 16, 2005; and (ii) the date upon which a total of 2,012,883 Common Shares have been purchased by the Corporation pursuant to the bid. On November 22, 2004, the Corporation purchased 113,100 Common Shares at a price of $8.10 per Common Share pursuant to the bid. The Corporation suspended its bid for the Common Shares upon the announcement of the Joint Sale Process.

The bid for the 5.9% Debentures commenced on July 5, 2004 and was to terminate on the earlier of: (i) July 4, 2005; and (ii) the date upon which a total of $9,068,800 convertible debentures were purchased by the Corporation pursuant to the bid. The Corporation suspended its bid for the 5.9% Debentures in connection with the announcement of the Joint Sale Process. All of the issued and outstanding 5.9% Debentures were subsequently redeemed on April 7, 2005.

Market Prices and Trading Volumes of Common Shares

The issued and outstanding Common Shares are listed for trading on the TSX under the symbol "OYP". The following table sets forth, for the calendar periods indicated, the high and low sale prices and trading volumes of the Common Shares as reported on the TSX.

	TSX		
	Price Range		
	High	Low	Volume
2003			
First Quarter	$5.85	$4.65	278,112
Second Quarter	$5.50	$4.80	391,587
Third Quarter	$6.00	$5.30	279,385
Fourth Quarter	$6.30	$5.50	628,765
2004			
First Quarter	$7.05	$6.05	2,631,538
Second Quarter	$7.29	$6.70	915,125
Third Quarter	$8.20	$7.05	1,119,028
Fourth Quarter	$9.25	$7.70	1,502,490
2005			
First Quarter[(1)]	$13.18	$8.75	11,489,463
April	$13.49	$12.65	2,305,830
May	$13.75	$12.88	2,710,407
June (to June 6)[(2)]	$12.95	$12.81	6,000,580

Notes:
(1) The Joint Sale Process was announced on February 15, 2005.
(2) The Arrangement was announced on June 1, 2005.

Agreements with O&Y REIT

Sale of O&Y Enterprise

On May 31, 2004, the Corporation sold O&Y Enterprise, its property management services division, to O&Y REIT (the "OYE Transaction"). As a result of the OYE Transaction, O&Y REIT effectively internalized its property management and leasing management functions and substantially internalized its financial reporting and asset management functions. Moreover, the OYE Transaction transformed O&Y REIT into an operating entity with over 750 employees.

Concurrent with the OYE Transaction, certain asset management and most financial services and administrative personnel were transferred to O&Y Enterprise GP Inc., a newly created subsidiary of O&Y REIT, but these personnel continue to provide their services to the Corporation on a cost-recovery basis pursuant to the FAAS Agreements (described below). This new arrangement in part replaced the previous Services Agreement between O&Y REIT and OYPI (described below), which was terminated. A new Executive Services Agreement (described below) was also entered into with respect to certain senior management personnel of the Corporation, wherein these senior management individuals have agreed to devote sufficient time to the management of the affairs of O&Y REIT. Philip Reichmann, the Corporation's Chief Executive Officer, Frank Hauer, the Corporation's President, and Raghunath Davloor, the Corporation's Chief Financial Officer, have remained employees of the Corporation and continue in their roles as officers of both O&Y REIT and the Corporation.

Services Agreement

On June 27, 2001, O&Y REIT and OYPI entered into a services agreement pursuant to which OYPI provided: (a) the services of certain individuals to serve as management of O&Y REIT, and (b) support services to O&Y REIT (the "Services Agreement"). As a result of the OYE Transaction, the Services Agreement was terminated and replaced in part with an Executive Services Agreement and Financial, Administrative and Asset Management Services Agreements (collectively, the "FAAS Agreements"), which are described below.

Pursuant to the Services Agreement, OYPI ensured that the Management Individuals (as defined below) devoted sufficient time to managing the affairs of O&Y REIT. O&Y REIT reimbursed OYPI for the cost of the Management Individuals, based on the compensation cost to OYPI of employing these individuals and the time spent by such individuals devoted to the management of O&Y REIT's affairs. During the period from January 1, 2004 through June 27, 2004, the following individuals (the "Management Individuals") devoted the corresponding percentage of time to the management of O&Y REIT in the stated capacities pursuant to the Services Agreement.

Management Individual	Management Capacity	Time Percentage
Philip Reichmann	Chief Executive Officer	53%
Frank Hauer	President	45%
Raghunath Davloor	Chief Financial Officer	47%
Jan Sucharda	Senior Vice-President, Asset Management	73%
All other Management Individuals		69%(1)

Notes:
(1) Expressed as an average.

The amounts paid to OYPI by O&Y REIT for the Management Individuals for the period ended June 27, 2004 and the years ended December 31, 2003 and December 31, 2002 were as follows:

Management Individual	Period Ended June 27, 2004	Year Ended December 31, 2003	Year Ended December 31, 2002
Philip Reichmann	$182,200	$370,700	$283,000
Frank Hauer	$154,800	$292,700	$256,000
Raghunath Davloor	$189,700	$196,300	$187,000
Jan Sucharda	$174,400	$258,400	$205,000
All other Management Individuals	$195,900	$501,000	$417,000
TOTAL	**$897,000**	**$1,619,100**	**$1,348,000**

Those executive officers of the Corporation who provided services to O&Y REIT pursuant to the Services Agreement were granted options to purchase OYR Units under its unit option plan at the time of completion of O&Y REIT's initial public offering on June 27, 2001. No options to purchase OYR Units have been granted to executive officers since then.

Pursuant to the Services Agreement, OYPI also provided support services to O&Y REIT, consisting of accounting and human resource services, office space and equipment and the necessary clerical and secretarial personnel for the administration of the day-to-day activities of O&Y REIT. The fee for the provision of such services was $500,000 per year. As part of the OYE Transaction, the personnel associated with the provision of the support services were transferred to O&Y REIT and the Services Agreement was terminated effective June 27, 2004.

Executive Services Agreement

Pursuant to the new Executive Services Agreement, O&Y REIT pays OYPI a fee for the services of certain senior management personnel of OYPI. The fee, adjusted annually by mutual agreement, is $1.3 million on an annualized basis until December 31, 2005. The Executive Services Agreement is for an indefinite term until terminated by either party upon 90 days' written notice, provided however, that in the event of a termination by O&Y REIT, a termination fee of 2.5 times the annual fee for the provision of certain senior management services is payable to OYPI. The senior management individuals have agreed to devote sufficient time to the management of the affairs of O&Y REIT. The Executive Services Agreement was filed on SEDAR on January 19, 2005.

The management personnel of OYPI currently providing services to O&Y REIT pursuant to the Executive Services Agreement are:

- Philip Reichmann – Chief Executive Officer
- Frank Hauer – President
- Raghunath Davloor – Chief Financial Officer
- Catherine G. Barbaro – Senior Vice-President, Corporate and Corporate Secretary
- Floriana Cipollone – Vice-President, Finance

For the period ended December 31, 2004, OYPI received $755,000 from O&Y REIT in connection with the services provided to O&Y REIT pursuant to the Executive Services Agreement.

FAAS Agreements

O&Y REIT provides certain asset management, financial management and reporting, information technology, administrative and support services to OYPI, on a cost-recovery basis, through various FAAS Agreements. These agreements each have a ten-year term. OYPI may terminate a FAAS Agreement on 30 days' written notice and, in such instance, would be required to pay for appropriate severance costs relating to the termination of the FAAS Agreement. For the period ended December 31, 2004, OYPI paid $2.2 million to O&Y REIT in connection with the services provided by O&Y REIT pursuant to the FAAS Agreements, a portion of which relates to compensation of executive officers for services provided thereunder. The FAAS Agreements were filed on SEDAR on January 19, 2005.

Executive Compensation Summary

The following table provides a summary of compensation earned during the last three fiscal periods by the Chief Executive Officer, the Chief Financial Officer and the three most highly compensated executive officers (collectively, the "Named Executive Officers"). The tables appearing in this section should be read in conjunction with the disclosure contained above under the heading "Additional Information Relating to the Corporation — Agreements with O&Y REIT".

Summary Compensation Table

		Annual Compensation			Long-Term Compensation Awards			Total Compensation	
Name and Principal Position	**Year**	**Salary ($)**	**Bonus ($)**	**Other Annual Compensation[1] ($)**	**Securities Under Options Granted[2] (#)**	**DSUs[3] ($)**	**All Other Compensation[4] ($)**	**Paid By OYPC[5] ($)**	**Paid By OYR[5] ($)**
Philip Reichmann	2004	375,000	375,000	155,317	195,312	--	15,500	521,554	399,263
Chief Executive	2003	337,500	255,000	154,179	109,000	--	14,500	390,479	370,700
Officer	2002	300,000	85,000	155,435	72,700	--	13,500	270,935	283,000
Raghunath Davloor	2004	283,250	315,000	24,513	112,000	--	15,500	298,106	340,157
Chief Financial	2003	269,469	140,000	21,918	54,500	--	14,500	249,587	196,300
Officer	2002	256,250	75,000	16,009	36,400	--	13,500	173,759	187,000
Frank Hauer	2004	375,000	375,000	150,014	195,312	--	15,500	544,901	370,613
President	2003	337,500	255,000	149,179	109,100	--	14,500	463,479	292,700
	2002	300,000	85,000	155,435	72,700	--	13,500	297,935	256,000
Jan Sucharda	2004	230,388	231,000	11,922	--	--	15,500	157,012	331,798
Senior Vice-	2003	211,150	100,948	6,729	36,400	--	14,500	74,927	258,400
President,	2002	205,000	60,000	3,629	24,200	--	13,500	77,129	205,000
Asset Management									
John Levitt	2004	217,423	150,000	10,373	78,000	--	15,500	393,296	--
Senior Vice-	2003	212,520	71,351	26,650	36,400	--	14,500	325,021	--
President, Business	2002	195,000	60,000	12,605	24,200	--	13,500	281,105	--
Development									

Notes:

(1) Includes one or more of the following benefits: life insurance premiums ($150,000 in respect of Mr. Reichmann and $145,000 in respect of Mr. Hauer), car or car allowance, parking, gas and club membership.

(2) Represents the total number of Options granted during the financial year.

(3) On January 19, 2003, a total of 72,371 vested DSUs were held by the Named Executive Officers. These DSUs were redeemed by the Corporation for cash at $5.58 (the 10-day weighted average price) per unit for a total of $404,039.

(4) RRSP contributions made by the Corporation on behalf of the Named Executive Officers.

(5) Paid by the Corporation ("OYPC") and O&Y REIT ("OYR") pursuant to the Services Agreement, the Executive Services Agreement and/or the FAAS Agreements, as applicable.

The Corporation has no long-term compensation plans for the Named Executive Officers, other than that shown in the Summary Compensation Table. The Corporation has no retirement or pension plans for the Named Executive Officers, other than a program for contribution by the Corporation on behalf of the Named Executive Officers to a group registered retirement savings plan, the amount of which is included under the heading "All Other Compensation" in the Summary Compensation Table.

Option Grants During the Most Recently Completed Financial Year

The following table provides a summary of Options granted to the Named Executive Officers during the most recently completed financial year.

Name	Securities Under Options Granted[1] (#)	% Total of Options Granted to Employees in Financial Year[2]	Exercise Price ($/Security)	Market Value of Securities Underlying Options on the Date of Grant ($/Security)	Expiration Date[3]
Philip Reichmann	195,312	28.9	8.45	8.45	December 7, 2014
Raghunath Davloor	112,000	16.6	8.45	8.45	December 7, 2014
Frank Hauer	195,312	28.9	8.45	8.45	December 7, 2014
Jan Sucharda	--	--	--	--	--
John Levitt	78,000	11.6	8.45	8.45	December 7, 2014

Notes:
(1) One quarter of the Options granted vest on each of the four anniversary dates following the grant.
(2) A total of 675,290 Options were granted to employees during the year ended December 31, 2004.
(3) Subject to earlier expiry in the event of an application to delist or a change of control of the Corporation, the termination of employment of the Option holder or the death of the Option holder.

Aggregated Option Exercises During the Most Recently Completed Fiscal Period and Financial Year-End Option Values

The following table provides a summary of the unexercised Options and the financial year-end value of unexercised Options, on an aggregate basis, held by the Named Executive Officers at the end of the most recent fiscal period.

Name	Securities Exercised (#)		Aggregate Value Realized ($)		Unexercised Options at Financial Year-End (#) Exercisable/Unexercisable	Value of Unexercised in-the-Money Options at Financial Year-End[1] ($) Exercisable/Unexercisable
	Corporation	O&Y REIT	Corporation	O&Y REIT		
Philip Reichmann	Nil	125,000	Nil	243,750	329,575/377,137	1,293,901/765,075
Raghunath Davloor	50,000	100,000	110,715	310,507	177,300/215,400	631,832/384,440
Frank Hauer	Nil	100,000	Nil	402,675	354,575/377,137	1,396,401/765,705
Jan Sucharda	Nil	60,000	Nil	237,250	149,875/85,625	558,997/228,263
John Levitt[2]	100,000	Nil	369,826	Nil	112,375/173,625	395,872/275,038

Notes:
(1) Based on the December 31, 2004 closing price on the TSX of the Corporation's Common Shares, which was $9.10, and of OYR Units, which was $14.10.
(2) During 2004, Mr. Levitt exercised 100,000 O&Y REIT Unit Appreciation Rights ("UARs") granted by OYPI on June 27, 2001 at an exercise price of $10.00 per UAR.

Material Terms and Conditions of Employment Agreements

All Named Executive Officers, with the exception of Mr. Sucharda, have employment contracts with the Corporation which outline, in general, the terms and conditions of their employment. Mr. Sucharda's employment contract is with O&Y REIT and is on the same general terms and conditions as the contracts with the other Named Executive Officers. For a discussion of the material terms and conditions of the executive employment contracts, see "The Arrangement — Interests of Certain Persons in the Arrangement — Executive Employment Arrangements".

Governance and Compensation Committee

The Governance and Compensation Committee (in this section of the Circular, referred to as the "Committee") is composed entirely of unrelated directors. As at December 31, 2004, the members of the Committee were: Tibor Donath, Abraham Fruchthandler, The Honourable Marc Lalonde, Maureen Sabia (Chairman), and Albert Schonkopf. They have all been members of the Committee since January 14, 1997. The Committee meets at least twice annually, and more frequently as circumstances dictate. During the twelve months ended December 31, 2004, the Committee met four times and numerous informal meetings were held between the Chairman of the Committee and the Corporation's management. Prior to February 5, 2003, the Committee was known as the Management Resources and Compensation Committee.

Report on Executive Compensation

The Committee's Mandate and Guiding Principles with respect to Executive Compensation

The Committee is responsible for, among other things, making recommendations to the Board of Directors on compensation for executive officers and conducts an annual review of all such compensation and the performance of the executive officers. The Committee is also responsible for making recommendations to the Board of Directors on the design and administration of all compensation plans and policies for the executive officers, including those in respect of the development and succession of management.

In order to make its recommendations, the Committee reviews the historical principles upon which compensation has been based, determines their applicability for the future and proposes any necessary adjustments to them. The principles which the Committee has followed in the recent past and continues to follow are to compensate executive officers at a level which will attract, motivate and retain highly qualified individuals, well-suited to manage the Corporation's affairs. Further, compensation levels must reflect past individual performance, promote the achievement of short and long-term goals and objectives designed to optimize Shareholder value and align the interests of the executive officers with those of the Shareholders.

In order to ensure adherence to these principles, the Committee reviews the Corporation's compensation practices annually. The Committee has access to advice from independent compensation consultants, which provide it with market data for competitors in the real estate industry and corporate employers generally and with their opinion of the Corporation's compensation policies. Taking into account this comparative data, the Committee recommends appropriate compensation levels for each executive officer which reflect its philosophy of promoting corporate objectives, rewarding individual performance and being competitive. This generally results in compensation levels around the middle of the range for the comparative group.

Executive Compensation Plan

The compensation plan for executive officers has three main components: base salary, short-term incentive in the form of an annual cash bonus and long-term incentive in the form of Options. The Corporation also has a DSU plan for executive officers, which it has used in the past as a long-term incentive.

The determination of base salary is mainly based on competitive salaries for positions in the comparative group of companies with similar responsibilities. The base salaries of the executive officers are reviewed annually. Any adjustment takes into consideration the general level of salaries in the marketplace for comparable positions, the performance of the executive officer and the performance of the Corporation.

The short-term incentive for executive officers, the annual bonus paid under the Corporation's Performance Based Incentive Compensation Plan (the "Incentive Compensation Plan"), is to reward executive officers for meeting or surpassing annual corporate goals established by the Board of Directors at the beginning of each fiscal year and individual goals and objectives established jointly by the individual executive officers and their superiors at the beginning of each fiscal year. At the beginning of each year, the Board of Directors determines: (i) the factors by which corporate performance for the fiscal year will be judged, (ii) the performance for each of these factors that will be considered fully satisfactory, below satisfactory or outstanding, and (iii) the size of the incentive pool. In addition, each executive officer and his or her superior agrees on specific goals to assess individual performance. At

the end of the year, the Board of Directors determines corporate performance based on the factors established at the beginning of the year. Achieving targeted goals results in the entire incentive pool being available. Failing to achieve targeted goals results in no incentive pool. Surpassing targeted goals could result in a 50%-60% increase of the incentive pool. Individual performance is also reviewed. The Board of Directors then allocates the incentive pool among the participants in the Incentive Compensation Plan on the following basis: (i) an allocation of 0-25% of base salary to each participant based on individual performance, (ii) an allocation of 0-25% of base salary to each participant based on corporate performance, and (iii) an allocation of all or any portion of the balance of the incentive pool, 50% of which is allocated pro rata based on base salary and the remainder based on individual performance. In the year ended December 31, 2004, the incentive pool of $1,000,000 was increased by approximately 50% to $1,510,000 and paid to the executive officers in accordance with the Board of Directors' determination that the executive officers surpassed the targeted goals.

One of the long-term incentives for executive officers consists of the granting of Options under the Corporation's Stock Option Plan. The other long-term incentive for executive officers consists of DSUs granted under the Corporation's Deferred Share Unit Plan For Employees (the "Employee DSU Plan"). Both the Stock Option Plan and the Employee DSU Plan were designed to strengthen the link between the interests of the executive officers and those of the Shareholders through the goal of enhancing Shareholder value and, thus, the market price of the Corporation's Common Shares.

The Stock Option Plan currently permits up to 4,000,000 Common Shares, representing approximately 7.9% of the issued and outstanding Common Shares, to be reserved for issuance to satisfy all outstanding Options. As a result of previous issuances of Common Shares pursuant to the exercise of Options, there are currently approximately 3.6 million Common Shares reserved under the Stock Option Plan. The price at which the Common Shares may be purchased under an Option granted under the Stock Option Plan is to be equal to the weighted average trading price of the Common Shares on the TSX during the 10 trading days preceding the date of grant. Upon exercise of an Option, the Corporation is permitted to pay the Option holder a cash amount that is the equivalent of the value of the opportunity to exercise the Option in lieu of delivery of the optioned shares, although management has confirmed the Corporation's intention not to settle Options in cash. The Stock Option Plan provides that, in the event of a change of control of the Corporation or a request to delist the Common Shares, all outstanding Options which have not vested will vest immediately and the Options will expire 30 days following the change of control or application to delist, unless exercised in the interim. Generally, Options granted to executive officers vest proportionately over time.

As stated above, concurrent with the OYE Transaction, certain asset management and most financial service and administrative personnel were transferred from the Corporation to a subsidiary of O&Y REIT, eight of whom had outstanding Options granted by the Corporation pursuant to the Stock Option Plan. The transfer of employment of these eight individuals to O&Y REIT would have, under the provisions of the Stock Option Plan as it then existed, caused the cancellation of the outstanding Options held by such individuals. In order to avoid this unintended result of the OYE Transaction, the Corporation applied to the TSX for approval of an amendment to the Stock Option Plan by adding reference therein to an "affiliated entity" (as defined in Multilateral Instrument 45-105 —*Trades to Employees, Senior Officers, Directors, and Consultants*) such that the transfer of employment of these individuals would not be considered a "Termination of Employment" (as defined in the Stock Option Plan) and thereby trigger the cancellation of the Options. The Board approved the proposed amendment on August 13, 2004 and the TSX granted its approval of the amended Stock Option Plan on September 23, 2004.

As at May 31, 2005, there were a total of 2,735,840 outstanding Options at exercise prices ranging from $5.00 to $9.74. 25,000 Options were issued on May 3, 2004 at an exercise price of $7.01 and 675,290 Options were issued on December 7, 2004 at an exercise price of $8.45. Since the date of the Corporation's last information circular, 15,000 Options at $5.00 per Common Share were exercised, 49,700 Options at $5.01 per Common Share were exercised, 142,015 Options at $5.04 per Common Share were exercised, and 23,175 Options were cancelled in connection with the departure of an employee. In each case where Options were exercised, the Corporation issued Common Shares from treasury.

The Employee DSU Plan allows the Board to grant to executive officers non-tradable DSUs that must be held for three years before vesting. The DSUs are allocated in the Board's discretion based on the market price of the Common Shares when allocated. At vesting, the DSUs are exchanged, at the Corporation's option, into fully-tradeable Common Shares bought in the market, Common Shares issued from treasury or cash, in each case based

on the weighted average trading price of the Common Shares on the TSX during the 10 days preceding the date of vesting. The maximum cumulative number of Common Shares that may be issued from treasury in connection with the Employee DSU Plan is 500,000. There are no grants of DSUs to executive officers outstanding. Since January 2000, the Corporation has not issued any DSUs to executive officers (other than grants of DSUs to mirror the dividend paid on Common Shares), preferring instead to issue Options as a long-term incentive.

Other compensation payable to executive officers consists of registered retirement savings plan contributions and reimbursement of certain expenses in respect of life insurance premiums, car expenses and club memberships, all of which are reflected in the Summary Compensation Table above. Executive officers also participate in the Corporation's group medical, dental, life insurance and disability insurance programs.

Mr. Reichmann and Mr. Hauer are the Chief Executive Officer and President, respectively, of the Corporation. They each receive a base salary of $375,000, participate in the Incentive Compensation Plan and hold Options to purchase 631,712 Common Shares under the Stock Option Plan. In addition, Mr. Reichmann holds 75,000 options to purchase OYR Units and Mr. Hauer holds 100,000 options to purchase OYR Units. Mr. Reichmann and Mr. Hauer also receive other compensation in the form of parking, club memberships, life insurance premiums and RRSP contributions. See "The Arrangement — Interests of Certain Persons in the Arrangement — Executive Employment Arrangements". The amount of their compensation is felt to be appropriate by the Committee and by the Board of Directors.

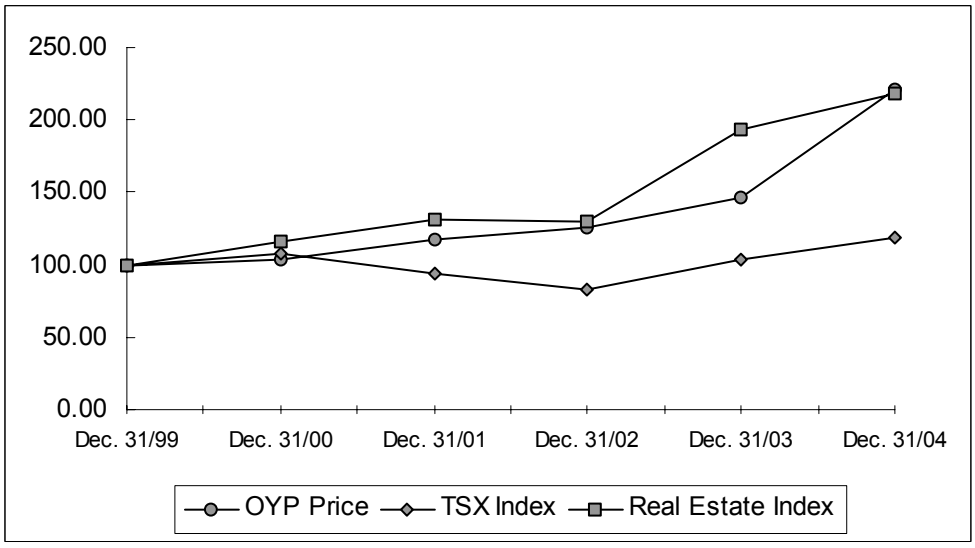
The Committee will continue to keep under review all aspects of executive compensation in order to ensure that the compensation levels remain competitive and that the total compensation packages reflect the objectives and best interests of the Corporation and its Shareholders.

Submitted by the Governance and Compensation Committee:

T. Donath
A. Fruchthandler
M. Lalonde
M. Sabia (Chairman)
A. Schonkopf

Common Share Performance Graph

The following graph shows changes since December 31, 1999 in the value of $100 invested (on a total return index value basis) in the Corporation's Common Shares, the S&P/TSX Composite Index and the S&P/TSX Real Estate Index.



Company/Index	December 31, 1999	December 31, 2000	December 31, 2001	December 31, 2002	December 31, 2003	December 31, 2004
O&Y Properties Corporation	$100.00	103.33	117.56	125.31	146.57	221.57
S&P/TSX Composite Index	$100.00	107.41	93.91	82.83	104.20	119.29
S&P/TSX Real Estate Index	$100.00	116.40	131.19	129.88	193.23	218.60

Compensation of Directors

In the twelve months ended December 31, 2004, the directors of the Corporation, as a group, received total compensation (cash and DSUs) of $527,307.65 (including $33,000 paid for O&Y FPT Inc. board and audit committee meeting fees). The current fee schedule for the Board of Directors is as follows:

Retainer	Amount	Payment Frequency
Members' cash fee	$20,000[(1)]	Annual fee, paid quarterly
Members' fee paid in DSUs	$10,000[(2)]	Annual fee, paid quarterly
Chairman's cash fee	$70,000	Annual fee, paid annually
Chairman's fee paid in DSUs	$15,000[(2)]	Annual fee, paid quarterly

Committee Chairman	Amount	Payment Frequency
Audit Committee Chairman's fee	$20,000[(3)]	Annual fee, paid quarterly
Governance and Compensation Committee Chairman's fee	$10,000	Annual fee, paid quarterly

Meeting Fees	Amount	Payment Frequency
Attendance fee	$1,500[(4)]	Per meeting to all members[(5)] attending a Board or committee meeting (either in person or via telephone conference)

Notes:
(1) Increased from $12,000 effective June 3, 2004.
(2) Increased from $6,000 effective June 3, 2004.
(3) Increased from $10,000 effective June 3, 2004.
(4) Board meeting attendance fee increased from $1,000 effective June 3, 2004.
(5) Other than Mr. Hartt, Chairman of the Board.

All directors are reimbursed for reasonable out-of-pocket expenses incurred in attending Board or Board committee meetings and, where applicable, are paid a fee of $2,000 per day for services performed in connection with special assignments. Messrs. Reichmann and Hauer, being directors who are members of management of the Corporation, do not receive director annual fees, meeting fees or special assignment fees. The Governance and Compensation Committee reviews from time to time the fee schedule for compensating the Board of Directors. During the year, the Board increased the fees payable to directors in light of the increase in the amount of time they are required to devote to their duties as a result of their increased responsibilities.

DSUs issued to directors are issued pursuant to a DSU plan for directors, the terms of which are substantially similar to the terms of the Employee DSU Plan. There are currently 64,145 DSUs outstanding, all of which are held by directors of the Corporation. See "Additional Information Relating to the Corporation — Report on Executive Compensation — Executive Compensation Plan". In connection with the Arrangement, the Board has resolved to amend the DSU Plans as described under the heading "The Arrangement — Interests of Certain Persons in the Arrangement — Stock Option Plan and Deferred Share Unit Plans".

Securities Authorized for Issuance Under Equity Compensation Plans

The table below sets out information concerning the securities authorized for issuance under the Corporation's Stock Option Plan and DSU Plans.

Plan Category	Number of securities to be issued upon exercise of outstanding Options, warrants and rights	Weighted average exercise price of outstanding Options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)
Equity compensation plans approved by security holders			
- Stock Option Plan	2,735,840	$6.51	854,553
- DSU Plans	64,145	$6.14	435,855
Equity compensation plans not approved by security holders	Nil	Nil	Nil

Indebtedness of Directors, Executive Officers and Senior Officers

There was no amount outstanding to the Corporation or its Subsidiaries in respect of indebtedness of the Corporation's present and former directors, officers and employees who were directors, officers or employees during the financial period ended December 31, 2004.

Interest of Informed Persons in Material Transactions

Except as disclosed below or elsewhere in this Circular, no informed person (as that term is defined in National Instrument 51-102 — *Continuous Disclosure Obligations*), proposed director or any associate or affiliate of any of the foregoing has any material interest in any transaction since January 1, 2004 or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its Subsidiaries. See, for example, "RHHI Voting Agreement", "The Arrangement — Interests of Certain Persons in the Arrangement" and "Additional Information Relating to the Corporation — Agreements with O&Y REIT".

Maritime Life Tower Transaction

On January 20, 2005, O&Y REIT completed the acquisition of Maritime Life Tower in downtown Toronto, Ontario from OYPI, for a purchase price of approximately $130 million, which reflected OYPI's development cost in accordance with a Development Agreement between O&Y REIT and OYPI. The appraised value of the property as of December 31, 2004 was $136 million. The acquisition was financed through a one-year bank facility of $85 million, the repayment of a $25 million mezzanine loan from O&Y REIT and the balance through O&Y REIT's operating/acquisition facility. The transaction was reviewed and approved by the independent Trustees of O&Y REIT. For details of the Development Agreement, please see section 3.3.7 of the Corporation's current Annual Information Form ("AIF") available on SEDAR.

Material Agreements

The Corporation is currently a party to the following other agreements with O&Y REIT, pursuant to which consideration has been exchanged since the commencement of the Corporation's last financial year:

- Executive Services Agreement, pursuant to which the Corporation provides senior management services to O&Y REIT;

- FAAS Agreements, pursuant to which O&Y REIT provides certain asset management, financial management and reporting, information technology, administrative and support services to the Corporation, on a cost-recovery basis;

- Property and Leasing Management Agreement, pursuant to which O&Y REIT provides OYPI with property management and leasing management services to properties owned by the Corporation;

- Income Subsidy Agreement, pursuant to which the Corporation will pay an income subsidy to O&Y REIT in respect of the future decrease in rent under a lease at one of the office properties purchased by O&Y REIT from the Corporation; and

- office lease, pursuant to which the Corporation leases office space in one of the office properties purchased by O&Y REIT from the Corporation.

All of these agreements, as well as the other agreements currently in existence between the Corporation and O&Y REIT have been filed on SEDAR.

Liability Insurance

The Corporation currently holds, and held throughout the last completed financial year, directors' and officers' liability insurance with a policy limit of $50,000,000 for each occurrence, up to a maximum aggregate of $50,000,000 per annum, subject to a $500,000 deductible in respect of each loss. In addition, the OYPI policy that was in effect prior to its purchase by the Corporation provides coverage for claims relating to the period prior to May 29, 1997 and has a reporting period which expires on May 29, 2007. It has a policy limit of $5,000,000 per annum, subject to a $25,000 deductible. That portion of the premiums which is estimated to be referable to the directors' and officers' liability insurance in the current fiscal year is $187,700 assuming that the policy is renewed at the current premium rates. The premium was $203,443 for the twelve months ended December 31, 2004. The Arrangement Agreement provides for directors' and officers' insurance for the current directors following completion of the Arrangement. See "The Arrangement — Interests of Certain Persons in the Arrangement — Directors' and Officers' Insurance".

Under the above insurance coverage, the Corporation is reimbursed for payments made under corporate indemnity provisions on behalf of its directors and officers, and individual directors and officers are reimbursed for losses arising from the performance of their duties for which they are not indemnified by the Corporation. Protection is provided to directors and officers for acts, errors or omissions committed during the course of their duties as such. The policy contains provisions relating to several exclusions from coverage, such as loss occasioned through illegal acts, insider trading and acts which result in personal profit. This coverage is in addition to the Corporation's general third party liability risk insurance. All directors and officers of the Corporation are insured under these policies.

Additional Information Regarding the Corporation

Additional information regarding the Corporation may be found in documents it files with the securities regulatory authorities in each of the provinces of Canada, including annual and interim financial statements, together with management's discussion and analysis related thereto, and the Corporation's AIF. Such documents are available on SEDAR at www.sedar.com.

CORPORATE GOVERNANCE

The Board of Directors and management of the Corporation believe that sound and effective corporate governance is essential to the Corporation's performance. Corporate governance practices have been developed by the Corporation over many years and are reviewed regularly as to their appropriateness in order to achieve this goal. To this end, the Board has adopted charters for itself and its committees outlining their respective roles, duties, responsibilities, principles and procedures as they relate to the governance of the Corporation. In early 2003, the name of the Management Resources and Compensation Committee was changed to the Governance and Compensation Committee. Although this committee has been responsible for governance matters in the past, in addition to its role in respect of compensation matters, the name change more accurately reflects the prominence of governance duties in its mandate.

The Corporation's governance practices are described here generally and also with reference to the guidelines for corporate governance of the TSX (the "TSX Guidelines") and the recommended best practices for corporate governance and disclosure thereof set out in National Policy 58-201 – *Corporate Governance Guidelines* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (the "Investor Confidence Rules"). The Corporation's governance practices comply with the TSX Guidelines. Furthermore, the Corporation's governance practices comply in principle with the Investor Confidence Rules, which do not yet apply to the Corporation at the date hereof. The Board, with the assistance of the Governance and Compensation Committee, will review the Corporation's governance practices as well as its charter and those of its committees to ensure continued compliance with the Investor Confidence Rules once they are applicable to the Corporation.

In the description that follows, the terms defined below have the meanings used in the TSX Guidelines. The term "unrelated director" is used to describe a director who is (a) not a member of management and is free from any interest and any business, family or other relationship which could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Corporation, other than interests arising solely from holdings in the Corporation, (b) not currently, or has not been within the last three years, an officer, employee of or material service provider to the Corporation or any of its subsidiaries or affiliates, and (c) not a director (or similarly situated individual), officer, employee or significant shareholder of an entity that has a material business relationship with the Corporation. A "related director" is a director who is not an unrelated director or who is a member of management. A "significant shareholder" is a shareholder with the ability to exercise a majority of the votes for the election of the Board of Directors.

The Board of Directors

The Board is elected by the Shareholders and bears the ultimate responsibility for the stewardship of the Corporation, and in this regard, oversees the conduct of the business and affairs of the Corporation, supervises and directs its management in carrying out the business of the Corporation and acts at all times with a view to the best interests and for the benefit of the Corporation and its Shareholders. The Board does, however, delegate day-to-day management to employees of the Corporation, while reserving to itself the ability to intervene in management decisions and exercise final judgment. The Board discharges its function both directly and through its committees.

The directors are kept informed of the operations of the Corporation at regularly scheduled meetings of the Board and its committees and through reports and discussions with management on an ongoing basis. The Board and its committees also meet independently of management.

In accordance with the TSX Guidelines and the Investor Confidence Rules, the Board adopted a revised charter setting out its roles, duties, responsibilities, principles and procedures as they relate to the governance of the Corporation. A copy of the complete charter is available on the Corporation's web site at www.oyp.com.

In particular, the charter provides that in exercising its stewardship responsibilities, the Board will:

(a) oversee the conduct of the Corporation's business to evaluate whether the business is being properly managed;

(b) require management to obtain the Board's prior approval of:

i. material property acquisitions and dispositions;

ii. material borrowings;

iii. equity issuances, and repurchases outside the normal course of business;

iv. development of new properties;

v. compensation paid to senior corporate executives;

vi. any material transactions or events outside the ordinary course of business; and

vii. any other matter specified by the Board as requiring its approval;

(c) review and, where appropriate, approve the Corporation's material business and financial objectives, plans, actions, and annual strategic plan which takes into account, among other things, the opportunities and risks of the business and, as an ongoing procedure, monitor the fulfillment of the annual strategic plan;

(d) hire and, if necessary, terminate the employment of the chief executive officer ("CEO") and the President of the Corporation, and annually, after having received a report and recommendation from the Governance and Compensation Committee, set the compensation (including incentive compensation such as bonuses and stock options) of each of the CEO and the President and the directors, and with the advice of the CEO and on the recommendation of the Governance and Compensation Committee, annually set the compensation of senior management;

(e) with the advice and assistance of senior management, identify the principal risk factors relating to the Corporation's business and oversee appropriate systems and other measures to manage those risks. Identification of financial risk and oversight of systems to manage it, including the review of the effectiveness and integrity of internal financial control systems, has been delegated to the Audit Committee, which reports to the Board thereon regularly;

(f) plan for succession in the office of the CEO and the President, and monitor management's succession planning and the implementation thereof for other members of senior management;

(g) monitor the adequacy and completeness of the information requested by the Board and provided by management in order to determine whether it serves the Board's purposes and is sufficient to allow it to make effective decisions;

(h) monitor and oversee all aspects of the Corporation's financial reporting and disclosure, including how the Corporation interacts with analysts, investors, other key stakeholders and the public, and how the Corporation complies with its continuous and timely disclosure obligations and avoids selective disclosure, and review all such policies at least annually, and since much of the Board's work in this regard has been delegated to the Audit Committee, receive regular reports with respect thereto from that committee;

(i) require all news releases and reports to Shareholders containing earnings guidance or containing financial information based on the Corporation's financial statements to be reviewed by the Board or the Audit Committee prior to their public release;

(j) adhere to the Corporation's public disclosure policies and its code of business conduct, and review such policies and the code annually and revise them with management when deemed appropriate. Further, the Board is responsible for determining whether to grant, in exceptional circumstances, waivers, if and to the extent appropriate, from the Corporation's code of business conduct for any proposed conduct by a director or officer which, absent such waiver, would contravene such code,

and ensuring that the granting of any such waiver, and the justification therefor, are properly disclosed;

(k) on an annual basis, in consultation with the Governance and Compensation Committee and in connection with the preparation of the Corporation's annual disclosure regarding its system of corporate governance, determine which directors are "related" and "unrelated" within the meaning of the TSX Guidelines and provide an analysis of the application of the principles supporting this conclusion. For the Board's determination and analysis with respect to the current directors, see the section of this Circular entitled "Corporate Governance — Board Composition";

(l) ensure that the Corporation maintains an investor relations function to co-ordinate the receipt of and response to Shareholder inquiries. Further, direct management to provide Shareholders with prompt responses to their inquiries, either from the investor relations department or, where appropriate, from an officer of the Corporation;

(m) periodically review the Board's role and responsibilities pursuant to its charter, and review the effectiveness of the Board and its committees from time to time and if necessary and appropriate, create new or disband existing committees and in the case of new or old committees, establish and review their mandates from time to time;

(n) review its size and composition and undertake, where appropriate, a program to establish a Board comprised of directors who facilitate effective decision-making;

(o) together with the Governance and Compensation Committee, the CEO and the President, develop position descriptions for the Board, the CEO and the President, and based on recommendations from the Governance and Compensation Committee, approve or develop the corporate objectives that each of the CEO and President is responsible for meeting and assess the performance of the CEO and the President against these objectives;

(p) ensure the Audit Committee puts in place procedures to receive and handle complaints or concerns received by the Corporation about accounting or audit matters including those submitted anonymously by an employee of the Corporation;

(q) assess individual director performance from time to time as well as the performance of the Board as a whole and its committees;

(r) review the recommendations of the Governance and Compensation Committee in connection with the development of the Corporation's approach to governance issues and the Corporation's response to the TSX Guidelines or any rules or guidelines published by any and all other regulated markets upon which the Corporation's securities may be listed or quoted for trading, from time to time; and

(s) ensure that new directors receive proper education and orientation about the Corporation, and that on an ongoing basis all directors receive continuing education.

As recommended by the TSX Guidelines and the Investor Confidence Rules, the Board has reviewed and revised the Corporation's existing Code of Business Conduct that governs the behaviour of the directors, officers and employees of the Corporation and constitutes written standards that are reasonably designed to deter wrongdoing. The Code of Business Conduct is comprised of the following policies: Confidential Information Policy, Conflicts of Interest Policy, Trading in Securities Policy and Employees' Code of Ethics. A complete copy of the Code is available on the Corporation's web site at www.oyp.com.

Ten meetings of the Board were held in the year ended December 31, 2004. Frequency of meetings as well as the nature of agenda items may change depending upon the state of the Corporation's affairs and in light of opportunities or risks which the Corporation faces. The Board meets at least six times per year, and more frequently

as circumstances dictate. In accordance with its charter, the Board generally conducts an in camera session without the presence of management at each meeting of the Board.

The Chairman

The Chairman of the Board is an unrelated director who is designated by the Board at the first meeting following the annual election of the Board. The Chairman is responsible for overseeing that the Board fulfills its roles and duties effectively and for the overall functioning of the Board. The Chairman, in consultation with management, sets the agenda for each Board meeting and is responsible for ensuring that directors are kept informed of appropriate corporate matters. He chairs the meetings and acts as a liaison between the Board and senior management. Stanley Hartt is the current Chairman of the Board and has been Chairman since November 21, 1990.

Board Composition

The Board is composed of 12 members at present. Nine of the 12 current directors are unrelated directors and the other three are related directors. If all of the directors nominated for election at the Meeting are elected, 9 of the 12 will continue to be unrelated directors and the other three will be related directors. In deciding whether particular directors are related or unrelated, the Board examines the factual circumstances of each director and considers them in the context of all known relevant factors.

The CEO, Mr. Reichmann, and the President, Mr. Hauer, are related directors by virtue of their membership in the management of the Corporation. Samuel Linhart is also a related director of the Corporation because Mr. Linhart, although not a member of management, is a Trustee of O&Y REIT, an entity that has a material business relationship with the Corporation. All three related directors have been nominated for re-election at the Meeting. The Board believes that their extensive knowledge of the Corporation's business is beneficial to the other directors and that their participation as directors contributes to the effectiveness of the Board.

Ronald Appleby, Austin Beutel, Tibor Donath, Abraham Fruchthandler, Stanley Hartt, The Honourable Marc Lalonde, Maureen Sabia, Albert Schonkopf and Walter Zwig are unrelated directors of the Corporation as each is (a) not a member of management and is free from any interest and any business, family or other relationship which could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Corporation, other than interests arising solely from holdings in the Corporation, (b) not currently, and has not been within the last three years, an officer, employee of or material service provider to the Corporation or any of its subsidiaries or affiliates, and (c) not a director (or similarly situated individual), officer, employee or significant shareholder of an entity that has a material business relationship with the Corporation.

Notwithstanding any relationships that might exist, all directors exercise their judgment with a view to the best interests of the Corporation, are sensitive to conflicts of interest and excuse themselves from deliberations and voting in appropriate circumstances.

The Board believes that its size is appropriate for effective decision making and permits the Board to operate in a prudent and efficient manner.

Significant Shareholding

The Corporation does not at present have a significant shareholder within the meaning of the TSX Guidelines (See the section of this Circular entitled "Common Shares and the Principal Holders Thereof"). RHHI LP is the Corporation's largest Shareholder but ceased to be a significant shareholder within the meaning of the TSX Guidelines on December 3, 1997.

Board Committees

The Board has two committees, each of which is composed only of unrelated directors: the Audit Committee and the Governance and Compensation Committee. From time to time ad hoc committees of the Board are appointed.

To assist the Board and its committees in discharging their responsibilities, they have the ability to engage persons with special expertise, at the expense of the Corporation. In addition, individual directors have the ability to engage persons with special expertise, at the expense of the Corporation, with the prior approval of a majority of the unrelated directors.

Audit Committee

The Audit Committee is comprised of three directors, all of whom are unrelated directors as recommended by the TSX Guidelines. The committee assists the Board in monitoring and overseeing the Corporation's financial reporting and disclosure and in the identification and oversight of the management of financial risk and is responsible for recommendations to the Board on all financial statements intended for circulation to Shareholders or regulatory authorities or in the public securities markets. The committee also approves the hiring, the remuneration and the terms of engagement of the external auditor and, if necessary, their termination, and reviews the performance of the external auditor as required. The Audit Committee has direct communication channels with the Chief Financial Officer, who regularly reports to the committee, and with the Corporation's external auditor, with which it meets independently of management at each meeting of the committee. In addition, the committee generally conducts an in camera session with management without the presence of the auditor and an in camera session independent of management and the auditor at each meeting of the committee. The Audit Committee met eleven times during the year ended December 31, 2004. The committee meets at least six times per year, and more frequently as circumstances dictate.

Mr. Appleby, Mr. Donath (Chairman) and Miss Sabia were the members of the Audit Committee throughout the most recently completed fiscal year and are the current members of the Audit Committee.

All members of the Audit Committee are financially literate and have accounting or related financial experience. In making these determinations, the Board has defined "financial literacy" to mean the ability to read and understand the Corporation's financial statements and notes, and "accounting or related financial experience" to mean the ability to analyze and interpret financial statements and notes in accordance with generally accepted accounting principles in Canada.

In accordance with the TSX Guidelines, the Board adopted a revised charter for the Audit Committee which sets out the committee's composition, responsibilities, duties, principles and procedures. A copy of the complete charter is available on the Corporation's web site at www.oyp.com. The committee will review its charter and make any necessary adjustments thereto to ensure continued compliance with the governing regulations. Please refer to the information provided under the heading "Audit Committee Information" at pages 35 to 38 of the Corporation's AIF for the information prescribed by Multilateral Instrument 52-110 – *Audit Committees*.

In particular, the charter provides that in fulfilling its role, the Audit Committee will:

(a) oversee compliance by the Corporation with all legal, regulatory and contractual requirements relating to financial reporting and disclosure and oversee the accounting and financial reporting processes and audits of the financial statements of the Corporation;

(b) review the financial statements and other financial information of the Corporation with management and the external auditors to gain reasonable assurance that they present fairly (in accordance with generally accepted accounting principles in Canada) in all material respects the financial condition, results of operations and cash flows of the Corporation as of, and for, the periods presented, and report thereon to the Board before same are approved by the Board;

(c) review with management and the external auditors the financial statements of any significant subsidiary of the Corporation;

(d) review with management the representation letter provided to the external auditors, receive from management any additional representations required by the Audit Committee, and receive from the external auditors reports on their audit of the annual and their review of the quarterly financial statements of the Corporation;

(e) review news releases and reports to shareholders to be issued by the Corporation containing earnings guidance or containing financial information based on the Corporation's financial statements;

(f) review the Corporation's annual and quarterly "management's discussion and analysis" with management and report thereon to the Board before it is approved by the Board;

(g) review the financial information in prospectuses, annual reports, material change disclosures of a financial nature, annual information forms and similar disclosure documents to be issued by the Corporation;

(h) review with management and the external auditors the acceptability, appropriateness and quality of the Corporation's accounting principles;

(i) review an annual report by the external auditors describing:

i. all critical accounting practices and policies to be used;

ii. all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the impact of the alternative treatments, and the treatment preferred by the external auditors; and

iii. other material written communications between the external auditors and management, and meet with the external auditors to discuss the said annual report;

(j) review with management the principal financial risks facing the Corporation and gain reasonable assurance that financial risk is being effectively managed or controlled;

(k) review with management significant contingent liabilities;

(l) review with management and the external auditors the Corporation's internal financial control system for its effectiveness and integrity and oversee management's reporting on that system;

(m) review with management the Corporation's management information systems for their effectiveness and their integrity;

(n) approve hiring, the remuneration and the terms of engagement of the external auditors as set forth in their engagement letter and, if necessary, their termination, and review the performance of the external auditors as required. The Audit Committee will also require that the lead or responsible audit partner of the external auditors in charge of the Corporation's audit, is rotated every 5 years and that other rules relating to the audit partner as enacted by securities regulatory authorities of Canada are followed;

(o) review regularly with the external auditors their independence, including pre-approval of all engagements (and fees related thereto) for non-audit services with the Corporation, and ensure disclosure of any such non-audit services annually, but in no event shall any of the following non-audit services be performed by the external auditors:

i. bookkeeping or other services related to the accounting records or financial statements;

ii. financial information systems design and implementation;

iii. appraisal or valuation services, fairness opinions or contribution-in-kind reports;

iv. actuarial services;

v. internal audit outsourcing services;

vi. management functions or human resources;

vii. broker or dealer, investment advisor or investment banking services;

viii. legal services and expert services unrelated to the audit; and

ix. other services prescribed by legislation;

(p) review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, the materiality levels which the external auditors propose to employ and other issues which are appropriate in the view of either the Audit Committee or the external auditors;

(q) put in place procedures to receive and handle complaints or concerns received by the Corporation about accounting, internal accounting controls and audit matters including those submitted anonymously by an employee of the Corporation;

(r) review with management periodically the Corporation's code of ethics for senior financial officers;

(s) ensure that an external auditor cannot act as auditor of the Corporation if the Chief Executive Officer, President, Controller, Chief Financial Officer or person serving in an equivalent position was employed by the external auditor and participated in any capacity in the audit of the Corporation during a 1 year period preceding the date of initiation of the audit; and

(t) perform any other matters referred to the Audit Committee or delegated to it by the Board.

Governance and Compensation Committee

The Governance and Compensation Committee is composed entirely of unrelated directors. The committee is responsible for making recommendations to the Board on compensation for executive officers and on the design and administration of all compensation plans and policies for the executive officers. The committee oversees compensation policies for all other employees and plans and policies in respect of the development and succession of management. The committee also reviews the appropriateness of the fee schedule for compensating the Board, acts as the nominating committee of the Board and assists the Board in assigning Board members to committees.

In accordance with the TSX Guidelines, the Board adopted a revised charter for the Governance and Compensation Committee which sets out the committee's composition, responsibilities, duties, principles and procedures. A copy of the complete charter is available on the Corporation's web site at www.oyp.com. The committee will review its charter and make any necessary adjustments thereto to ensure continued compliance with the governing regulations, specifically, the Investor Confidence Rules once they are applicable to the Corporation.

In particular, the charter provides that in fulfilling its role, the Governance and Compensation Committee will:

(a) conduct an annual review of all compensation and plans and policies in respect thereof, including incentive compensation such as bonuses and stock options, of the CEO, the President and senior management, and make recommendations to the Board in respect thereof;

(b) make recommendations to the Board regarding the corporate targets, the size of the incentive pool and the individual targets of the CEO and the President, the performance of the executive officers and the allocation of the incentive pool under the Corporation's Performance Based Incentive Compensation Plan;

(c) assist the Board in planning for succession in the office of the CEO and the President, and in monitoring management's succession planning and the implementation thereof for other members of senior management;

(d) oversee compensation policies for all non-executive employees;

(e) assist the Board in reviewing the Board's role and responsibilities pursuant to its charter, and reviewing the effectiveness of the Board and its committees from time to time;

(f) assist the Board in assessing individual performance from time to time;

(g) assist the Board, the CEO and the President in developing position descriptions for the Board, the CEO and the President;

(h) assist the Board in the annual review and reassessment of the adequacy of the charters of the Board and its committees;

(i) review and make recommendations to the Board on the Board's size and composition;

(j) assist the Board in nominating directors for election by the Shareholders, assigning Board members to committees and nominating the chairmen thereof;

(k) make recommendations to the Board on the compensation to be paid to the members of the Board and its committees;

(l) make recommendations to the Board in connection with the development of the Corporation's approach to governance issues and the Corporation's response to the TSX Guidelines or any rules or guidelines published by any and all regulatory bodies and other regulated markets upon which the Corporation's securities may be listed or quoted for trading, from time to time;

(m) review and make recommendations to the Board in connection with the contents of the Corporation's executive compensation and corporate governance disclosure to be included in the Corporation's annual information circular, including analyzing and making recommendations to the Board regarding which directors are "related" or "unrelated" within the meaning of the TSX Guidelines;

(n) assist the Board in ensuring that new directors receive proper education and orientation about the Corporation, and that on an ongoing basis, all directors receive continuing education;

(o) review and make recommendations to the Board on the content of the Corporation's Code of Business Conduct and public disclosure policies; and

(p) perform any other matters referred to the committee or delegated to it by the directors.

Mr. Donath, Mr. Fruchthandler, Mr. Lalonde, Miss Sabia (Chairman) and Mr. Schonkopf were the members of the Governance and Compensation Committee throughout the most recently completed fiscal year and are the current members of the Governance and Compensation Committee. During the year ended December 31, 2004, the Governance and Compensation Committee met four times and numerous informal meetings were held between the Chairman of the committee and the Corporation's management. In addition, the committee generally conducts an in camera session without the presence of management at each meeting of the committee.

Board Information

The information which management provides to the Board is critical. Directors must have confidence in the data gathering, analysis and reporting functions of management. The directors of the Corporation believe they are provided with all necessary information and with a sufficient amount of information to facilitate effective decision

making. The Board continually monitors the nature of the information requested by and provided to it in order to enable it to determine whether it can be more effective in identifying problems and opportunities for the Corporation. The Board and each of its committees have developed formal work plans to assist them in fulfilling their respective requirements pursuant to their charter mandates.

Management, as well as the Board in general, are responsible for providing new members of the Board with background information concerning the business and affairs of the Corporation in order to orient and educate them.

INFORMATION CONCERNING THE MEETING AND PROXIES

Solicitation of Proxies

This Circular is being furnished in connection with the solicitation of proxies by or on behalf of the management of the Corporation for use at the Meeting and the cost of such solicitation will be borne by the Corporation. The solicitation will be primarily by mail, but directors, officers, employees and agents of the Corporation may also solicit proxies by telephone or in person. Employees will not receive any extra compensation for such activities.

Appointment of Proxyholder

The persons named in the enclosed form of proxy are officers of the Corporation. A registered holder of Common Shares has the right to appoint as his or her proxyholder a person or company (who need not be a Shareholder) to attend and to act on his or her behalf at the Meeting other than the persons designated in the form of proxy accompanying this Circular. A Shareholder may do so by inserting the name of such other person in the blank space provided in the form of proxy (printed on blue paper) or by completing another proper form of proxy and, in either case, by delivering the completed proxy to the Corporation's registrar and transfer agent, CIBC Mellon. For postal delivery, the completed proxy should be mailed using the envelope provided. To deliver by facsimile, please send the proxy to the Proxy Department of CIBC Mellon at (416) 368-2502. The completed proxy may also be delivered in person or by registered mail to O&Y Properties Corporation c/o CIBC Mellon Trust Company, 200 Queens Quay East, Unit #6, Toronto, Ontario M5A 4K9, Attention: Proxy Department. To be effective, proxies must be received before 5:00 p.m. (Eastern Daylight Time) on July 5, 2005 (or the date that is two Business Days preceding the Meeting if it is postponed or adjourned).

Revocation of Proxy

A registered Shareholder has the right to revoke an executed proxy under subsections 110(4), (4.1) and (4.2) of the OBCA. A Shareholder may revoke a proxy by delivering another properly completed form of proxy bearing a later date in accordance with the procedures specified under the heading "Information Concerning the Meeting and Proxies — Appointment of Proxyholder", by depositing an instrument in writing executed by him or her, or by his or her attorney authorized in writing, at the registered office of the Corporation at any time up to and including the last Business Day preceding the day of the Meeting at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or in any other manner permitted by law.

Exercise of Proxy

The Common Shares represented by a properly executed proxy will be voted or withheld from voting or voted for or against in accordance with the instructions of the Shareholder on any vote that may be called for and, if the Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, Common Shares represented by properly executed proxies will be voted accordingly.

In the absence of any instructions to the contrary, the Common Shares represented by proxies received by management will be voted (i) FOR the approval of the Arrangement Resolution as described in this Circular, (ii) FOR the election of the persons nominated for election as directors, and (iii) FOR the re-appointment of the auditor.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. If any other matters do properly come before the Meeting, it is intended that the person appointed as proxy shall vote on such other business in such manner as that person then considers to be proper.

Explanation of Voting Rights for Beneficial Owners of Common Shares

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a "Non-Registered Holder") are registered either (a) in the name of an Intermediary that the Non-Registered Holder deals with in respect of the shares (intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans), or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation will be distributing copies of the Notice of Meeting, this Circular and the form of proxy (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive the Meeting Materials will either:

(a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deliver it to the Corporation as set out above; or

(b) more typically, be given a form which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "proxy authorization form") which the Intermediary must follow.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own. Should a Non-Registered Holder who receives either form of proxy wish to vote at the Meeting in person, the Non-Registered Holder should strike out the persons named in the form of proxy and insert the Non-Registered Holder's name in the blank space provided. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the form of proxy or proxy authorization form is to be delivered.

Quorum and Voting Rights

The presence, in person or by proxy, of five persons holding an aggregate of not less than 10% of the votes attaching to the Common Shares is necessary for a quorum at the Meeting. The Board has fixed the close of business on May 31, 2005 as the record date for the purpose of determining the Shareholders entitled to receive notice of the Meeting and to attend and vote at the Meeting, but the failure of any Shareholder to receive notice of the Meeting does not deprive the Shareholder of the right to vote at the Meeting. A person who has acquired Common Shares after the record date is entitled to vote those shares at the Meeting upon producing properly endorsed share certificates, or otherwise establishing share ownership, and requesting the inclusion of such person's name in the list of Shareholders not less than ten days before the Meeting.

APPROVAL OF BOARD

The contents and the sending of this Circular have been approved by the Board of Directors of the Corporation.

DATED at Toronto, Ontario, this 7th day of June, 2005.

BY ORDER OF THE BOARD OF DIRECTORS

Stanley H. Hartt, O.C., Q.C.
Director and Chairman of the Board

CONSENTS

Consent of Fasken Martineau Dumoulin LLP

To: The Directors of O&Y Properties Corporation

We hereby consent to the reference to the opinions of this firm under "Certain Canadian Federal Income Tax Considerations", the advice referred to under "The Arrangement – Exchange Election" and to being named in the Circular dated June 7, 2005.

Yours truly,

(signed) Fasken Martineau DuMoulin LLP
June 7, 2005

Consent of Stikeman Elliott LLP

To: The Directors of O&Y Properties Corporation

We hereby consent to the reference to the opinions of this firm under "Certain Canadian Federal Income Tax Considerations", the advice referred to under "The Arrangement – Exchange Election" and to being named in the Circular dated June 7, 2005.

Yours truly,

(signed) Stikeman Elliott LLP
June 7, 2005

Consent of RBC Dominion Securities Inc.

To: The Directors of O&Y Properties Corporation

We hereby consent to the reference to the opinions of this firm under "Glossary of Defined Terms", "Summary of Circular", "The Arrangement – RBC Fairness Opinion" and "The Arrangement – Recommendation of the Board of Directors", the inclusion of this firm's opinion dated June 7, 2005 as Appendix E to the Circular and to being named in the Circular dated June 7, 2005.

Yours truly,

(signed) RBC Dominion Securities Inc.
June 7, 2005

APPENDIX A: ARRANGEMENT RESOLUTION

SPECIAL RESOLUTION OF THE SHAREHOLDERS

RESOLVED THAT:

1. The arrangement (the "Arrangement") under section 182 of the *Business Corporations Act* (Ontario) (the "OBCA") involving O&Y Properties Corporation (the "Corporation"), pursuant to the arrangement agreement (the "Arrangement Agreement") among the Corporation, BPO Properties Ltd., Canada Pension Plan Investment Board, Arca Investments Inc. and 2072790 Ontario Inc. ("Acquisition Company"), dated May 31, 2005, all as more particularly described and set forth in the Management Information Circular (the "Circular") of the Corporation dated June 7, 2005, accompanying the notice of this meeting (as the Arrangement may be, or may have been, modified or amended), is approved.

2. The plan of arrangement (the "Plan of Arrangement") involving the Corporation and implementing the Arrangement, the full text of which is set out in Schedule A to the Arrangement Agreement (as the Plan of Arrangement may be, or may have been, modified or amended), is approved.

3. Notwithstanding that this resolution has been approved (and the Arrangement adopted) by the shareholders of the Corporation, or that the Arrangement has been approved by the Ontario Superior Court of Justice, the directors of the Corporation are authorized without further notice to, or approval of, the shareholders of the Corporation (i) to amend the Arrangement Agreement and/or the Plan of Arrangement to the extent permitted by the Arrangement Agreement and/or the Plan of Arrangement, including, without limitation, in connection with any dissent provisions that are (x) approved by the Court in its discretion, and also (y) approved by Acquisition Company and the Corporation, each acting reasonably, or (ii) not to proceed with the Arrangement.

4. Any officer or director of the Corporation is authorized and directed to execute articles of arrangement and such other documents as are necessary or desirable and deliver same to the Director under the OBCA in accordance with the Arrangement Agreement for filing.

5. Any officer or director of the Corporation is authorized to execute and deliver all other documents and do all acts or things as may be necessary or desirable to give effect to this resolution.

APPENDIX B: ARRANGEMENT AGREEMENT

2072790 ONTARIO INC.

- and -

CANADA PENSION PLAN INVESTMENT BOARD, ARCA INVESTMENTS INC. and BPO PROPERTIES LTD.

- and –

O&Y PROPERTIES CORPORATION

ARRANGEMENT AGREEMENT

made as of May 31, 2005

ARRANGEMENT AGREEMENT

THIS AGREEMENT made as of the 31st day of May, 2005

BETWEEN:

2072790 ONTARIO INC., a corporation incorporated under the laws of Ontario

(hereinafter referred to as the "**Purchaser**")

- and -

CANADA PENSION PLAN INVESTMENT BOARD, ARCA INVESTMENTS INC. and BPO PROPERTIES LTD.

(hereinafter referred to as the "**Investors**")

- and -

O&Y PROPERTIES CORPORATION, a corporation incorporated under the laws of Ontario

(hereinafter referred to as the "**Corporation**")

THIS AGREEMENT WITNESSES THAT, in consideration of the premises and the respective covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto hereby covenant and agree as follows:

ARTICLE 1
DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms shall have the following meanings:

"**Acquisition Proposal**" means, other than from the Purchaser, any merger, amalgamation, statutory arrangement, recapitalization, take-over bid, sale of material assets (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale of material assets), liquidation, winding-up, sale or redemption of a material number of shares or rights or interests therein or thereto or similar transactions involving the Corporation and/or the Specified Subsidiaries, or a written proposal to do so, excluding the Arrangement;

"**Agreement**" means this arrangement agreement including the schedules hereto as the same may be supplemented or amended from time to time;

"**Arrangement**" means the arrangement involving the Purchaser and the Corporation under the provisions of section 182 of the OBCA on the terms and conditions set forth in this Agreement resulting, *inter alia*, in the direct acquisition by the Purchaser of all of the outstanding common shares of the Corporation or any successor thereof, all on such terms as are consistent with the provisions hereof, all as more particularly described in the Plan of Arrangement;

"**Arrangement Resolution**" means the special resolution of the Shareholders, approving the Arrangement, such resolution to be in form and substance acceptable to the Corporation and the Purchaser acting reasonably;

"**Articles of Arrangement**" means the articles of arrangement of the Corporation to be filed with the Director in connection with the Arrangement;

"**Board**" means the board of directors of the Corporation;

"**Budget**" means the current budget of the Corporation and the Specified Subsidiaries, including property specific budgets as supplemented by the monthly property management reports, all as included in the Data Room Information;

"**Business Day**" means any day other than a Saturday, Sunday, a statutory or civic holiday observed in the Province of Ontario or day that is observed as a religious holiday in accordance with the practices of Orthodox Judaism;

"**Charter Documents**" means articles and by-laws and similar constating documents of a corporation;

"**Commissioner of Competition**" means the Commissioner of Competition appointed under the Competition Act and any Person duly authorized to exercise the powers and perform the duties of the Commissioner of Competition;

"**Competition Act**" means the *Competition Act* (Canada), as amended;

"**Competition Act Clearance**" means the occurrence of any one of the following:

(A) the issuance of an advance ruling certificate ("**ARC**") by the Commissioner of Competition under section 102(1) of the Competition Act, in form and substance satisfactory to the Purchaser acting reasonably, to the effect that the Commissioner of Competition is satisfied that the Commissioner of Competition would not have sufficient grounds upon which to apply to the Competition Tribunal for an order under section 92 of the Competition Act with respect to the transactions contemplated in the Arrangement and the OYR Transaction and which ARC shall remain in force, unamended, at the Effective Date; or

(B) the applicable waiting period under section 123 of the Competition Act shall have expired or been earlier terminated or waived pursuant to section 113(c) of the Competition Act and the Commissioner of Competition shall have advised the Purchaser in writing (which advice will not have been rescinded at the Effective Date) that the Commissioner of Competition is of the view that there are not sufficient grounds to initiate proceedings before the Competition Tribunal under the merger provisions of the Competition Act in respect of the transactions contemplated in the Arrangement and the OYR Transaction and such written communication does not contain any conditions, restrictions or requirements (other than the normal caveat that such proceedings may be initiated at any time up to three years after the transactions have been substantially completed) that are not satisfactory to the Purchaser acting reasonably but subject to Section 7.2.

"**Competition Tribunal**" means the Competition Tribunal established under the *Competition Tribunal Act* (Canada), as amended;

"**Confidentiality Agreements**" means, collectively, the confidentiality agreements among each of the Investors, OYR and the Corporation dated February 24, 2005, March 1, 2005 and March 15, 2005, respectively;

"**Court**" means the Ontario Superior Court of Justice (Commercial List);

"**CSAs**" means Canadian Securities Administrators;

"**Data Room Information**" means the documents made available to the Purchaser or the Purchaser's Counsel on or before May 11, 2005 as described in the index to an IntraLinks website, a copy of which is annexed to the Disclosure Letter, together with the documents provided to the Purchaser or the Purchaser's counsel on or before the date hereof and consisting of a confidential information memorandum, documents provided on compact discs, written responses to requests for information made by the Purchaser or the Purchaser's Counsel provided by the Corporation or any of its Subsidiaries, their respective employees or counsel or financial advisors to the Corporation and/or any of its Subsidiaries, all Filed CSA Documents and the information set out in the Disclosure Letter relating to the property known as First Canadian Place;

"**Deferred Share Unit Plans**" means the deferred share unit plan for Directors of the Corporation approved by the Board on June 1, 1999 and approved by the Shareholders on July 27, 1999, as amended by the Board on March 7, 2005 and the Deferred Share Unit Plan Designated for Employees of the Corporation approved by the Board on January 19, 2000 and approved by the Shareholders on June 28, 2000;

"**Director**" means the Director appointed under Section 278 of the OBCA;

"**Disclosure Letter**" means the letter of the Corporation dated the date of this Agreement and delivered by the Corporation to the Purchaser concurrently herewith;

"**Dissent Rights**" means the rights of dissent in favour of Shareholders in respect of the Arrangement as shall be described in the Plan of Arrangement;

"**Dividend Amount**" means the amount of any dividend or distribution declared on or after May 11, 2005 on a common share in the capital of the Corporation or its successors including the dividend of $0.06 per Share of the Corporation declared by the Board on May 11, 2005 and payable on July 15, 2005 to holders of record on June 30, 2005;

"**Effective Date**" means the date upon which the Arrangement becomes effective as established by the date of issue shown on the certificate issued by the Director pursuant to the OBCA;

"**Effective Time**" means 8:00 a.m. (Eastern Time) on the Effective Date;

"**Environmental Laws**" means all applicable federal, provincial, state, local and foreign, statutes, laws, ordinances, rules, certificates, orders, injunctions, arbitral awards, grants, regulations and other authorizations of any Governmental Entity imposing liability or standards of conduct for or relating to the regulation of activities, materials, substances or wastes in connection with or for or to the protection of human health, safety, the environment or natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation) and under common law;

"**Environmental Liabilities**" means, with respect to any Person, all liabilities, obligations, responsibilities, response, remedial and removal costs, investigation costs, capital costs, operation and maintenance costs, losses, damages, punitive damages, property damages, consequential damages, treble damages, costs and expenses, fines, penalties and sanctions incurred as a result of or related to any claim, suit, action, administrative order, investigation, proceeding or demand by

any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law, relating to any environmental matter arising under or related to any Environmental Laws, Environmental Permits, or in connection with any Release or threatened Release or presence of a Hazardous Material whether on, at, in, under, from or about or in the vicinity of any real or personal property;

"**Environmental Permits**" means all permits, licenses, written authorizations, certificates, approvals, program participation requirements, sign-offs or registrations required by or available with or from any Governmental Entity under any Environmental Laws;

"**Filed CSA Documents**" means any documents filed with the CSAs that are disclosed prior to the date hereof in full under the Corporation's name, under the name of any Specified Subsidiary, under the name of OYR or under the name of any Subsidiary of OYR pursuant to the SEDAR website;

"**Final Order**" means the order of the Court approving the Arrangement as such order may be amended at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed;

"**Governmental Entity**" means any (i) multinational, federal, provincial, territorial, state, municipal, local or other governmental or public department, central bank, court, commission, commissioner (including the Commissioner of Competition), tribunal (including the Competition Tribunal) board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above;

"**Hazardous Material**" means any substance, material or waste which is regulated by, or forms the basis of liability under, any Environmental Laws, including any material or substance which is defined as a "solid waste", "hazardous waste", "hazardous material", "hazardous substance", "dangerous good", "extremely hazardous waste", "restricted hazardous waste", "pollutant", "contaminant", "hazardous constituent", "special waste", "toxic substance" or other similar term or phrase under any Environmental Laws, or petroleum or any fraction or by-product thereof, asbestos, substances used for dry-cleaning and the waste and breakdown products thereof, polychlorinated biphenyls (PCBs), or any radioactive substance;

"**including**", "**includes**" or similar expressions are not intended to be limiting and are deemed to be followed by the expression "without limitation";

"**Income Tax Act**" means the *Income Tax Act* (Canada), as amended;

"**Interim Order**" means the interim order of the Court made pursuant to the application therefor contemplated by section 2.2 (or any variation thereof);

"**Investment Canada Act**" means the *Investment Canada Act* (Canada), as amended;

"**Leased Properties**" has the meaning ascribed thereto in the Disclosure Letter;

"**Liens**" means any hypothecs, mortgages, liens, charges, security interests, encumbrances and adverse claims;

"**Material Adverse Effect**" means any change or effect that has, or would reasonably be expected to have, a material adverse effect on business operations, affairs, assets, properties, liabilities (including contingent liabilities), capitalization, results of operations (financial or otherwise) or financial condition of the Corporation and its Subsidiaries (for greater certainty, including OYR and its Subsidiaries), on a consolidated basis; provided, however, that effects relating to:

(i) changes in general economic or political conditions or the securities markets including changes in international financial or currency exchange markets;

(ii) changes affecting generally the industries in which the Corporation or any of its Subsidiaries conducts business;

(iii) the announcement of the transactions contemplated by this Agreement or other communication by the Purchaser of its plans or intentions with respect to any of the businesses of the Corporation or any of its Subsidiaries;

(iv) the consummation of the transactions contemplated by this Agreement or any actions by the Purchaser or the Corporation taken pursuant to this Agreement**;**

(v) any change in the market price or trading volume of any of the Shares or any of the Units;

(vi) any failure by the Corporation or OYR to meet any earnings estimates of equity analysts, for any period; or

(vii) any rights of any lender, creditor, property owner or other Person in relation to the Corporation, OYR or any of their respective Subsidiaries on any happening of or by reason of a change of control of any of them including by reason of the transactions contemplated hereby,

shall be deemed not to constitute a "Material Adverse Effect" and shall not be considered in determining whether a "Material Adverse Effect" has occurred;

"**Misrepresentation**" has the meaning ascribed thereto in the Securities Act;

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended;

"**Options**" means any existing rights or options to purchase Shares outstanding under the Stock Option Plan or the Deferred Share Unit Plans;

"**Outside Date**" means July 28, 2005, subject to the right of either party to postpone the Outside Date to August 29, 2005 if the Competition Act Clearance has not been obtained, by giving written notice to the other party to such effect no later than 5:00 p.m. (Toronto time) on the date that is ten days prior to the original Outside Date, or such other date as may be mutually agreed to by the parties in writing;

"**Owned Properties**" has the meaning ascribed thereto in the Disclosure Letter;

"**OYP Counsel**" means Fasken Martineau DuMoulin LLP;

"**OYP Meeting**" means the annual and special meeting of the Shareholders (including any adjournments or postponements thereof) to be held to place the financial statements before the Shareholders, elect directors of the Corporation, re-appoint the auditors of the Corporation, consider a shareholder proposal received by the Corporation prior to the date hereof and consider and, if deemed advisable, to approve the Arrangement;

"**OYR**" means O&Y Real Estate Investment Trust;

"**OYR Meeting**" means the annual and special meeting of the unitholders of OYR (including any adjournments or postponements thereof) to be held to place the financial statements before the

unitholders of OYR, elect trustees of OYR and re-appoint the auditors of OYR and to consider and, if deemed advisable, to approve the OYR Transaction;

"**OYR Reorganization Agreement**" means the reorganization agreement between 2072792 Ontario Inc. and OYR made as of the date hereof in respect of the OYR Transaction;

"**OYR Transaction**" means the reorganization of OYR as set out in the OYR Reorganization Agreement pursuant to which, among other things, 2072792 Ontario Inc. shall purchase all of the assets and assume all of the liabilities of OYR and all of the issued and outstanding Units shall immediately thereafter be redeemed for cash;

"**Permitted Encumbrances**" has the meaning ascribed thereto in the Disclosure Letter;

"**Person**" includes any individual, firm, partnership, limited partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, heir, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status;

"**Plan of Arrangement**" means, in relation to the Arrangement, the plan of arrangement substantially in the form and having the content of Schedule A and any amendments or variations thereto made in accordance with the provisions hereof or made at the direction of the Court in the Final Order;

"**Proxy Circular**" means the notice of meeting and management proxy circular of the Corporation to be prepared and sent to Shareholders in connection with the OYP Meeting, including the exhibits thereto;

"**Purchaser's Counsel**" means Stikeman Elliott LLP, or such other counsel as may be designated by the Purchaser;

"**Release**" means any release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Material in the indoor or outdoor environment, including the movement of Hazardous Material through or in the air, soil, surface water, ground water or property;

"**Required Consents**" means (i) all material consents, waivers, approvals or authorizations of, or declarations, filings or notices to, Governmental Entities or other third parties necessary for the consummation of the transactions contemplated by this Agreement, and (ii) all consents, waivers, approvals or authorizations of, or declarations, filings or notices to, any Person to which the Corporation or any of its Specified Subsidiaries is indebted which by the terms and conditions of such indebtedness or security therefore are necessary for the consummation of the transactions contemplated by this Agreement or the failure of which to obtain would result in any right of termination or acceleration of such indebtedness;

"**Securities Act**" means the *Securities Act* (Ontario), as now in effect and as it may be amended from time to time prior to the Effective Date;

"**Shareholders**" means the holders of Shares;

"**Shares**" means the common shares without par value in the capital of the Corporation;

"**Specified Subsidiaries**" means all Subsidiaries of the Corporation other than OYR and its Subsidiaries;

"**Stock Option Plan**" means the incentive stock option plan of the Corporation approved pursuant to the Plan of Arrangement of Camdev Corporation effective February 11, 1992, as amended by Board resolution dated April 28, 1995, as further amended by Board resolution dated March 30, 1998 and approved by the Shareholders on July 21, 1998, as further amended by Board resolution dated August 13, 2004 and approved by the Toronto Stock Exchange on September 23, 2004, and as further amended in accordance with the Plan of Arrangement;

"**Subsidiary**" means a "subsidiary entity" as defined in Ontario Securities Commission Rule 45-501 – Exempt Distributions;

"**Superior Proposal**" means an unsolicited bona fide written Acquisition Proposal to purchase or otherwise acquire, directly or indirectly, 50% or more of the Shares or assets of the Corporation or any of its Subsidiaries representing more than 50% of the book value of the Corporation's total assets on a consolidated basis made or received prior to receipt of the approval of Shareholders of the Arrangement Resolution under circumstances that the Board determines in good faith, after consultation with its financial and outside legal advisors, would, if consummated in accordance with its terms, result in a transaction which (i) is more favourable to the Shareholders from a financial point of view than the transactions contemplated by this Agreement having regard to all circumstances, (ii) the only financing condition to which it is subject is one that would be automatically waived without further action if the Purchaser does not offer to amend the terms of the Arrangement so that the Board determines that such Acquisition Proposal ceases to be a Superior Proposal as contemplated by Section 5.4 hereof, and (iii) is not subject to any due diligence condition and is reasonably capable of completion taking into account all legal, financial, regulatory and other aspects of such proposal and the party making such proposal;

"**Termination Fee**" means a fee equal to $25.0 million;

"**Termination Fee Event**" shall have the meaning ascribed thereto in Section 9.1 of this Agreement; and

"**Units**" means the limited voting units in the capital of OYR and includes any securities into which such units or any of them may be reclassified, sub-divided, consolidated or converted and any rights and benefits arising therefrom including any extraordinary distributions of securities which may be declared in respect of such units and any units issued after the date hereof.

1.2 Currency

All sums of money referred to in this Agreement shall mean Canadian funds.

1.3 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of the Corporation or any of the Specified Subsidiaries, it shall be deemed to refer to the actual knowledge, after reasonable enquiry, of Philip Reichmann, Chief Executive Officer of the Corporation, Frank M. Hauer, President of the Corporation, Raghunath Davloor, Chief Financial Officer of the Corporation, Catherine G. Barbaro, Senior Vice President, Corporate, and Corporate Secretary of the Corporation and Jan Sucharda, Senior Vice President, Asset Management.

1.4 Entire Agreement

This Agreement, the agreements and other documents herein referred to and the Confidentiality Agreements, which shall remain in full force and effect, constitute the entire agreement between the parties hereto pertaining to the terms of the Arrangement and ancillary arrangements and supersede all other prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties hereto with respect to the

terms of the Arrangement and such arrangements. For greater certainty, the Purchaser acknowledges that the Confidentiality Agreements shall survive the termination of this Agreement.

ARTICLE 2
ARRANGEMENT AND RELATED MATTERS

2.1 Implementation Steps by the Corporation

The Corporation covenants in favour of the Purchaser that the Corporation shall:

(a) on or before June 8, 2005, bring an application before the Court pursuant to section 182 of the OBCA for the Interim Order and, if necessary, bring an application for an order pursuant to the OBCA to allow the Corporation to table at its annual meeting financial statements for, and as at periods ended on, a date that is more than six months from the end of its most recent fiscal year (the "**Annual Meeting Date Order**"), each in a manner and form acceptable to the Purchaser and the Corporation, acting reasonably, providing for, among other things, the calling and holding of the OYP Meeting on or about July 7, 2005 and in any event by July 20, 2005, and thereafter proceed with and diligently pursue obtaining the Interim Order and the Annual Meeting Date Order;

(b) call and hold the OYP Meeting for the purpose of placing the financial statements before the Shareholders, electing directors of the Corporation and re-appointing the auditors of the Corporation, considering a shareholder proposal received by the Corporation prior to the date hereof, and for the purpose of the Shareholders considering the Arrangement Resolution and for any other proper purpose as may be set out in the Proxy Circular with the prior written consent of the Purchaser;

(c) if the Arrangement Resolution is approved at the OYP Meeting as required by the Interim Order, bring an application, as soon as reasonably practicable after the OYP Meeting, before the Court pursuant to section 182 of the OBCA for the Final Order in a manner and form acceptable to the Purchaser and the Corporation acting reasonably, and thereafter proceed with and diligently pursue obtaining the Final Order in such form;

(d) if the Final Order is obtained, subject to the satisfaction or waiver of the conditions set forth in Article 7, as soon as reasonably practicable thereafter, file Articles of Arrangement, and such other documents as may be required in connection therewith under the OBCA with the Director to give effect to the Arrangement pursuant to section 182 of the OBCA in a manner and form acceptable to the Purchaser acting reasonably;

(e) instruct OYP Counsel to bring the applications referred to in subsections (a) and (c) of this section in co-operation with Purchaser's Counsel and on a timely basis;

(f) permit the Purchaser and the Purchaser's Counsel to review and comment upon drafts of all material to be filed by the Corporation with the Court or any securities regulatory authority in connection with the Arrangement (including the Proxy Circular) prior to the service (if applicable) and/or filing of that material and give reasonable consideration to such comments. The Corporation shall also provide to the Purchaser's Counsel on a timely basis copies of any notice of appearance or other court documents served on the Corporation or the OYP Counsel in respect of the application for the Final Order or any appeal therefrom and of any notice, whether written or oral, received by the Corporation indicating any intention to appeal the Final Order; and

(g) not send to the Director, for endorsement and filing by the Director, the Articles of Arrangement, except with the Purchaser's prior written consent, such consent not to be unreasonably withheld.

2.2 Interim Order and Annual Meeting Date Order

The notice of motion for the application for the Interim Order referred to in Section 2.1(a) shall request that the Interim Order provide:

(a) for the classes of Persons to whom notice is to be provided in respect of the Arrangement and the OYP Meeting and for the manner in which such notice is to be provided;

(b) that the requisite approval for the Arrangement Resolution shall be two-thirds of the votes cast on the Arrangement Resolution by Shareholders present in person or by proxy at the OYP Meeting;

(c) that, in all other respects, the terms, restrictions and conditions of the Charter Documents of the Corporation, including quorum requirements and all other matters, shall apply in respect of the OYP Meeting;

(d) for the grant of the Dissent Rights; and

(e) for such other matters as the Purchaser may reasonably require subject to obtaining the prior consent of the Corporation, such consent not to be unreasonably withheld,

Any notice of motion for the application for the Annual Meeting Date Order shall request that the Annual Meeting Date Order provide that the annual meeting of Shareholders may be held on or before July 20, 2005.

2.3 Articles of Arrangement

The Articles of Arrangement shall, with such other matters as are necessary to effect the Arrangement and subject to the provisions of the Plan of Arrangement, consummate the Plan of Arrangement. The Articles of Arrangement shall be in form satisfactory to the Purchaser and the Corporation, each acting reasonably.

2.4 Proxy Circular

As promptly as reasonably practicable after the execution and delivery of this Agreement, with a view to completion of the Arrangement on or about July 13, 2005 and in any event by July 28, 2005, except to the extent any delay beyond such date is due to the Purchaser's failure to comply on a timely basis with its obligations under section 2.5(b) and for purposes of giving effect to section 2.1(b), the Corporation, in consultation with the Purchaser, will prepare the Proxy Circular together with any other documents required by the OBCA or other applicable laws in connection with the Arrangement and the OYP Meeting with a view to mailing the Proxy Circular by June 10, 2005 and convening the OYP Meeting no later than July 20, 2005. The Proxy Circular, such other documents and amendments thereto shall be in form and substance satisfactory to the Purchaser and the Purchaser's Counsel acting reasonably. The Corporation will file the Proxy Circular and any other documentation required to be filed under applicable law in all jurisdictions where the Proxy Circular is required to be filed by the Corporation and mail or cause to be mailed the Proxy Circular and any other documentation required to be mailed under applicable law to the Shareholders, the directors of the Corporation, the auditors of the Corporation and any other required Persons on or before June 10, 2005, except to the extent any delay beyond such date is due to the Purchaser's failure to comply on a timely basis with its obligations under section 2.5(b), all in accordance with the terms of the Interim Order and applicable law. The Purchaser will provide such assistance as the Corporation may reasonably request in such regard.

2.5 Preparation of Filings, etc.

(a) Each of the Purchaser and the Corporation shall proceed diligently, in a co-ordinated fashion and use its commercially reasonable efforts to co-operate in the preparation of the Proxy Circular as described in section 2.4, any exemption applications or orders and any other documents deemed

reasonably necessary by any of them to discharge their respective obligations under applicable laws in connection with the Arrangement.

(b) Each of the Purchaser and the Corporation shall furnish to the other of them, on a timely basis, all information as may be reasonably required to effectuate the foregoing actions, and each covenants that no information so furnished by it in writing in connection with those actions or otherwise in connection with the consummation of the Arrangement will contain any Misrepresentation. Each of the parties will ensure that the information relating to it and its Subsidiaries, which is provided in the Proxy Circular will not contain any Misrepresentation.

(c) Each of the Purchaser and the Corporation shall promptly notify the other of them if, at any time before the Effective Time, it becomes aware that the Proxy Circular or an application for an order described in Section 2.2, Section 2.4 and Section 2.5(a) contains a Misrepresentation or that otherwise requires an amendment or supplement to the Proxy Circular or such application. In any such event, each of the parties will co-operate in the preparation of a supplement or amendment to the Proxy Circular or such other document, as the case may be, that corrects that Misrepresentation, and the Corporation will cause the same to be distributed to the Shareholders, the directors of the Corporation, the auditors of the Corporation and any other required Persons and filed as required under applicable law.

(d) The Corporation shall ensure that the Proxy Circular complies with all applicable laws and, without limiting the generality of the foregoing, that the Proxy Circular does not contain a Misrepresentation (except that this covenant does not speak with respect to any information relating to or provided by the Purchaser). The Purchaser shall ensure that no information regarding itself, its Subsidiaries or their respective directors, officers and shareholders delivered to the Corporation for inclusion in the Proxy Circular contains a Misrepresentation. Without limiting the generality of the foregoing, the Corporation shall ensure that the Proxy Circular provides the Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the OYP Meeting.

2.6 Dissenting Shareholders

Registered Shareholders may exercise Dissent Rights with respect to their Shares in connection with the Arrangement pursuant to and in the manner set forth in the Plan of Arrangement. The Corporation shall give the Purchaser prompt notice of any written notice of a dissent, withdrawal of such notice, and any other instruments served pursuant to such Dissent Rights and received by the Corporation.

2.7 Amendment

Without limiting the provisions of Section 5.1 of the Plan of Arrangement, the Plan of Arrangement may, at any time and from time to time before and after the holding of the OYP Meeting, but not later than the Effective Time, be amended by mutual written agreement of the parties. Without limiting the generality of the foregoing, any such amendment may:

(a) change the time for the performance of any of the obligations or acts of the parties,

(b) waive any inaccuracies or modify any representation or warranty contained herein or in any document to be delivered pursuant hereto;

(c) waive compliance with or modify any of the covenants contained herein or waive or modify the performance of any of the obligations of the parties; and

(d) waive compliance with and modify any conditions precedent herein contained;

provided that, notwithstanding the foregoing, the terms of this Agreement and the Plan of Arrangement shall not be amended in a manner materially prejudicial to the Shareholders without the approval of the Shareholders given in the same manner as required by law for the approval of the Arrangement or as may be contemplated in the Arrangement Resolution or as may be ordered by the Court.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Corporation

The Corporation hereby represents and warrants that, except as disclosed in the Disclosure Letter:

(a) Organization, Standing and Corporate Power. The Corporation and each of the Specified Subsidiaries has been duly incorporated under applicable law, is validly existing and has the corporate power and authority to own its properties and assets and conduct its businesses as currently owned and conducted.

(b) Authority; No Conflict. The Corporation has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution, delivery and performance of this Agreement by the Corporation and the consummation by the Corporation of the transactions contemplated by this Agreement have been duly authorized by the Board and no other corporate proceedings on the part of the Corporation are necessary to authorize this Agreement or the transactions contemplated hereby, other than, with respect to the Proxy Circular, the approval of the Board, and the approval of Shareholders expressly contemplated in this Agreement. This Agreement has been duly executed and delivered by the Corporation and constitutes a valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms subject to the usual exceptions as to creditors' rights and the availability of equitable remedies and subject to compliance with the Competition Act. The execution and delivery by the Corporation of this Agreement and the completion of the transactions contemplated hereby will not result in a violation or breach by the Corporation of, require any consent to be obtained (other than the approval of Shareholders contemplated in this Agreement) or filing to be made by the Corporation under, or give rise to any termination rights or other adverse consequences under any provision of:

(i) its certificate of incorporation, articles or by-laws;

(ii) assuming the Competition Act Clearance is obtained, any law, regulation, order, judgment or decree applicable to it; or

(iii) except for the Required Consents, any material contract, agreement, license, franchise or permit by which the Corporation or any of the Specified Subsidiaries is bound or is subject or is the beneficiary.

(c) Licences, Consents and Approvals. Each of the Corporation and the Specified Subsidiaries holds all material licenses, registrations and qualifications necessary to carry on its business as presently carried on by it and is in good standing in all material respects in each jurisdiction in which the nature of its current business makes any such qualification necessary, and all such licences, registrations and qualifications are valid and subsisting and in good standing in all material respects. Except for the Required Consents, no material consent, approval or authorization of, or declaration or filing with, or notice to, any Governmental Entity (other than pursuant to Competition Act Clearance) which has not been received or made is required by the Corporation or the Specified Subsidiaries in connection with the execution and delivery of this Agreement by the Corporation or the consummation of the transactions contemplated hereby.

(d) Third Party Consents. The Disclosure Letter contains an accurate description of all Required Consents. Except for the Required Consents, no material consents, waivers or approvals from other parties to contracts, agreements, guarantees, leases, indenture, debt obligations or other commitments or obligations to which it is or any of the Specified Subsidiaries is a party or by which it or they are bound, is required by the Corporation or any of the Specified Subsidiaries in connection with the execution and delivery of this Agreement by the Corporation or the consummation of the transactions contemplated hereby the failure of which to obtain would result in a material breach of or constitute a material default by the Corporation or any of the Specified Subsidiaries of, or result in any right of termination or acceleration under, any such contracts, agreements, guarantees, leases, indenture, debt obligations or other commitments or obligations.

(e) Support of the Arrangement. The Board, after consultation with its financial and outside legal advisors, has unanimously (excluding any directors who have abstained from voting as a result of declaring a material interest in the Arrangement pursuant to section 132 of the OBCA) determined that the consideration per Share offered pursuant to the Arrangement is fair to the Shareholders and that the Arrangement is in the best interests of the Corporation and the Shareholders, has unanimously (excluding any directors who have abstained from voting as a result of declaring a material interest in the Arrangement pursuant to section 132 of the OBCA) approved this Agreement and has resolved to support and to recommend that Shareholders vote in favour of the Arrangement Resolution.

(f) Capital Structure. The authorized share capital of the Corporation is described in its audited financial statements for the year ended December 31, 2004. As at May 20, 2005, there were 50,845,601 Shares issued and outstanding. In addition, as at May 20, 2005, the Corporation had granted Options to acquire 2,735,840 Shares. Except as described in this Agreement, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments obligating the Corporation to issue or sell any Shares or securities or obligations of any kind convertible into or exchangeable for any Shares in the capital of the Corporation. All Shares outstanding have been duly authorized and issued and are validly outstanding as fully paid and non-assessable Shares. There are no bonds, debentures or other evidences of indebtedness of the Corporation outstanding having the right to vote (or that are convertible or exercisable for securities having the right to vote) with Shareholders on any matter.

(g) Specified Subsidiaries. The Corporation owns all of the issued and outstanding shares or other ownership, voting or economic interest in each of the Specified Subsidiaries, free and clear of all encumbrances, other than Permitted Encumbrances. There are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contractual or otherwise) obligating any Specified Subsidiary to issue or sell any of its shares or securities or obligations of any kind convertible into or exchangeable for any shares or other securities of such Specified Subsidiary. All shares or other ownership interests outstanding in each of the Specified Subsidiaries have been duly authorized and issued and are validly issued. There are no bonds, debentures or other evidences of indebtedness of any Specified Subsidiary outstanding having the right to vote (or that are convertible or exercisable for securities having the right to vote) with such Specified Subsidiary's shareholders on any matter.

(h) Canadian Securities Legislation. The Corporation is a "reporting issuer" under applicable Canadian securities legislation and is not in default of any material requirements of any applicable securities laws; no delisting, suspension of trading in or cease trading order with respect to the Shares is pending or, to the knowledge of the Corporation, threatened. The Filed CSA Documents did not contain a Misrepresentation as at the respective dates of such Filed CSA Documents. The Corporation has not filed any confidential material change report or similar disclosure document with any securities regulatory authority or stock exchange which remains confidential as of the date of this Agreement.

(i) Financial Statements. Each of the consolidated financial statements of the Corporation included in the Filed CSA Documents filed after December 31, 2004 has been prepared in accordance with Canadian generally accepted accounting principles applied on a consistent basis during the periods involved (except as may otherwise be indicated in the notes thereto or, in the case of unaudited interim financial statements, as may be permitted by applicable laws) and fairly present in all material respects the consolidated financial position of the Corporation as of the dates thereof and the consolidated results of its operations and cash flows for the periods then ended (subject, in the case of unaudited interim financial statements, to normal year-end audit adjustments and provided that such unaudited interim financial statements may omit notes which are not required in the unaudited financial statements).

(j) Absence of Certain Changes or Events; No Undisclosed Material Liabilities. Since December 31, 2004, except as contemplated hereby or as disclosed in the Filed CSA Documents, (i) each of the Corporation and the Specified Subsidiaries has conducted its business in the ordinary course consistent with past practice, including as to the making of forward commitments, (ii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to the Corporation and the Specified Subsidiaries, on a consolidated basis, has been incurred other than in the ordinary course consistent with past practice, and (iii) there has not occurred any change which has had a Material Adverse Effect.

(k) Assets. Each of the Corporation and the Specified Subsidiaries has good and valid title to the material assets reflected in the latest balance sheet of the Corporation included in the Filed CSA Documents (other than any such asset disposed of or consumed in the ordinary course of business), free and clear of any and all Liens except (i) those reflected or reserved against in the latest balance sheet of the Corporation included in the Filed CSA Documents, (ii) Liens registered in any public registry system, (iii) taxes not in default and payable without penalty and interest, and (iv) Permitted Encumbrances.

(l) Litigation, etc. (i) There is no material suit, claim, action or proceeding pending or, to the knowledge of the Corporation, threatened against the Corporation or any of the Specified Subsidiaries at law or equity or before any Governmental Entity, and (ii) neither the Corporation nor any of the Specified Subsidiaries is subject to any outstanding material order, writ, judgment, injunction, decree or arbitration order or award. There are no suits, claims, actions or proceedings pending or, to the knowledge of the Corporation, threatened against the Corporation or any of the Specified Subsidiaries, seeking to prevent the transactions contemplated by this Agreement.

(m) Compliance with Applicable Law. Each of the Corporation and the Specified Subsidiaries is in material compliance with all material applicable statutes, laws, ordinances, rules, certificates, orders, injunctions, arbitral awards, grants, regulations and other authorizations of any Governmental Entity.

(n) Brokers. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Arrangement based upon arrangements made by or on behalf of the Corporation, other than RBC Dominion Securities Inc., the fees and expenses of which will be paid by the Corporation in accordance with the terms of an engagement letter (a copy of which engagement letter will be given to the Purchaser redacted to blackout the fee structure referred to therein). Assuming no unsolicited Acquisition Proposal is received after the date hereof , the Corporation will be required to pay fees (not including expenses) in the aggregate amount of approximately $2.5 million pursuant to such engagement letter, of which $150,000 has been paid to date.

(o) Written Opinion of Financial Advisor. The Corporation has received the opinion of RBC Dominion Securities Inc., on May 26, 2005 (a true and complete copy of which, when given in writing, will be delivered to the Purchaser by the Corporation), to the effect that, based upon and

subject to the matters set forth therein, as of the date thereof, the consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to such Shareholders, and such opinion has not been withdrawn or modified at the date of the Agreement.

(p) Restrictions on Business Activities. There is no material arbitral award, judgment, injunction, order or decree binding upon the Corporation or any of the Specified Subsidiaries that has or could reasonably be expected to have the effect of prohibiting, restricting, or impairing any business practice of any of them, any acquisition or disposition of property by any of them, or the conduct of the business by any of them as currently conducted.

(q) Registration Rights. No Shareholder has any right to compel the Corporation to register or otherwise qualify the Shares (or any of them) for public sale or distribution.

(r) Rights of Other Persons. No Person has any right of first refusal or option to purchase or any other right of participation in any of the material properties or assets owned by the Corporation or any of the Specified Subsidiaries, or any part thereof.

(s) Full Disclosure. All Data Room Information (excluding forecasts and projections, about which no representation or warranty is being given) was accurate in all material respects as at its respective dates stated therein or, if any Data Room Information is undated, as at the date of its delivery to the IntraLinks website for purposes of the transactions contemplated hereby or to the Purchaser on a compact disc or in documentary form, except to the extent modified, amended or superseded by later dated or delivered Data Room Information.

(t) Absence of Cease Trade Orders. No order ceasing or suspending trading in the Shares or any of them is outstanding and no proceedings for this purpose have been instituted or, to the knowledge of the Corporation, are pending, contemplated or threatened.

(u) Insurance. All insurance maintained by the Corporation or any of the Specified Subsidiaries is in full force and effect and in good standing and neither the Corporation nor any of the Specified Subsidiaries is in default, whether as to payment of premium or otherwise, under the terms of any such insurance nor has the Corporation or any Specified Subsidiary failed to give any material notice or present any material claim under any such insurance in a due and timely fashion or received notice or otherwise has knowledge of any intent of an insurer to either claim any default on the part of the Corporation or any of the Specified Subsidiaries or not to renew any policy of insurance on its expiry or to increase any deductible or cost.

(v) Real Property .

(i) The Disclosure Letter accurately describes the Owned Properties and the Leased Properties which are all of the properties owned or ground leased by the Corporation or any of the Specified Subsidiaries. Accurate copies of all material leases (including all ground leases and all leases, accepted offers to lease, agreements to lease, licenses and other agreements by which third parties are entitled to use or occupy leaseable premises comprising any part of the Owned Properties or the Leased Properties) and of any and all material amendments, extensions and/or additions thereto have been included in the Data Room Information. There are no agreements, options, contracts or commitments to sell, transfer or, except as disclosed in the Data Room Information, otherwise dispose of the Owned Properties or the Leased Properties which would restrict the ability of the Corporation to transfer its legal and/or beneficial interest in and to the whole or any part of the Owned Properties or the Leased Properties.

(ii) The Corporation, either itself or through its Specified Subsidiaries, (A) is the registered and beneficial owner of the Owned Properties with good and marketable title thereto, and

(B) is the tenant of the Leased Properties, subject to the terms of the leases appertaining thereto (copies of which have been included in the Data Room Information). The Corporation has the exclusive right to possess, use, occupy and dispose of the Owned Properties and the Leased Properties, subject only to the rights of the other parties to the leases (including all ground leases and all leases, accepted offers to lease, agreements to lease, licenses and other agreements by which the Corporation or any Specified Subsidiary or any third parties are entitled to use or occupy the Owned Properties or the Leased Properties) and the Permitted Encumbrances.

(iii) The Owned Properties and the Leased Properties and all buildings and structures located thereon and the conduct of the Corporation's business (or that of any of the Specified Subsidiaries) as presently conducted do not materially violate, and the use thereof in the manner in which presently used is not materially adversely affected by, any zoning or building laws, ordinances, regulations, covenants or official plans. Neither the Corporation nor any of the Specified Subsidiaries has received any notification alleging any such violation.

(iv) The information set out in the Disclosure Letter relating to the property referred to in Section 3.1(v)(iv) of the Disclosure Letter is a complete and accurate description of the obligations of the Corporation and any of the Specified Subsidiaries to the Government of Canada in its capacity as tenant relating to, arising from or by reason of the ownership or sale of such property at any time by the Corporation or any of the Specified Subsidiaries or the entering into of any deed, lease, hypothec, transfer, agreement, instrument or other document by the Corporation or any of the Specified Subsidiaries in connection therewith. Such information also contains a complete and accurate description of all registrations against such property relating to charges, mortgages, hypothecs and other encumbrances securing indebtedness for borrowed money as at the date hereof having priority to the hypothec referred to in item 7 of Schedule "3.1(v)(iv)" of the Disclosure Letter and, on the Effective Date, no other such charges, mortgages, hypothecs and other encumbrances will be registered against the property in priority to such hypothec.

(w) No Default. Neither the Corporation nor any of the Specified Subsidiaries is in material default under or in material breach of any of its material leases, where, for the purposes of this Section 3.1(w), a material lease constitutes a lease of premises comprising more than half of the average floor plate for the building in question, (including all ground leases and all leases, accepted offers to lease, agreements to lease, licenses and other agreements by which the Corporation or any Specified Subsidiary or any third parties are entitled to use or occupy leaseable premises comprising the real property and the leased property owned or leased by the Corporation or any of the Specified Subsidiaries, as the case may be), any agreement in respect of any debt obligation or any of the Permitted Encumbrances, and all such leases and all ground leases and all agreements in respect of debt obligations and the Permitted Encumbrances are now in good standing in all material respects and the Corporation and its Specified Subsidiaries are each entitled to all benefits, rights and privileges thereunder, as applicable. Neither the Corporation nor any of the Specified Subsidiaries has waived or omitted to take any action in respect of any of its material rights under any of such leases, agreements in respect of debt obligations or Permitted Encumbrances.

(x) Expropriation. No part of the property or assets of the Corporation or any of the Specified Subsidiaries has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been given or commenced nor does the Corporation or any of the Specified Subsidiaries know of any intent or proposal to give such notice or commence any such proceedings.

(y) Licences. All material licences that the Corporation or any of the Specified Subsidiaries are required to obtain that are related to their respective businesses or the ownership or operation of their respective properties and assets have been obtained, are disclosed in the Data Room Information and are currently valid, in full force and effect and in good standing in all material respects.

(z) Labour Matters.

(i) Neither the Corporation nor any of the Specified Subsidiaries is a party to any collective bargaining agreement not disclosed in the Data Room Information, nor to the knowledge of the Corporation, subject to any application for certification or threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement nor are there any current or, to the knowledge of the Corporation, threatened strikes or lockouts or work stoppages affecting the Corporation or any of the Specified Subsidiaries or any charge of unfair labour practice (other than routine individual grievances). The Data Room Information contains or there has been delivered or otherwise disclosed to the Purchaser, true, correct and complete copies of all collective bargaining agreements, together with all written amendments, modifications or supplements thereto.

(ii) Neither the Corporation nor any of the Specified Subsidiaries is subject to any material claim for wrongful dismissal, constructive dismissal or any other tort claim, actual or, to the knowledge of Corporation, threatened, or any litigation, actual or, to the knowledge of Corporation, threatened, relating to employment or termination of employment of employees or independent contractors.

(iii) Each of the Corporation and the Specified Subsidiaries has operated in all material respects in accordance with all applicable laws with respect to employment and labour, and there are no current, pending or, to the knowledge of the Corporation, threatened proceedings before any board or tribunal with respect to any employment or labour matters.

(iv) The Data Room Information lists all the employee benefit, health, welfare, pension, deferred compensation, stock compensation, stock option or purchase, retirement plans or arrangements applicable to present or former employees or directors of the Corporation or any of the Specified Subsidiaries which are currently maintained or participated in by the Corporation or any of the Specified Subsidiaries (the "**Employee Plans**").

(v) All of the Employee Plans are registered where required by, and have been administered and invested in all material respects in accordance with all applicable laws and other legislative, administrative or judicial promulgations applicable to the Employee Plans. No fact or circumstance exists which could adversely affect the registered status of any Employee Plan. Other than routine claims for benefits, there are no actions, claims, or proceedings, pending or, to the knowledge of the Corporation, threatened, relating to the Employee Plans and, to the knowledge of the Corporation, no fact or circumstance exists which could reasonably be expected to give rise to any such action, claim or proceeding.

(vi) No material amendments to any Employee Plan have been promised and no amendments to any Employee Plan will be made or promised prior to the Effective Date which affect or pertain to the employees of the Corporation or any of the Specified Subsidiaries.

(vii) There are no agreements or undertakings by the Corporation or any of the Specified Subsidiaries to provide post-retirement benefits to any of their respective present or former directors, officers or employees.

(viii) Neither the Corporation nor any of the Specified Subsidiaries has established or maintains any pension plan.

(ix) There are no outstanding material charges, or to the knowledge of the Corporation, there are no proceedings pending or threatened, under applicable occupational health and safety legislation and the Corporation and the Specified Subsidiaries have complied in all material respects with any orders issued under such legislation.

(x) All contributions have been made and all premiums have been paid in respect of each Employee Plan in a timely fashion in accordance with the terms of each Employee Plan and applicable laws.

(aa) Employees. The Corporation has no knowledge that any of the Persons classified by the Corporation or any of the Specified Subsidiaries as independent contractors do not satisfy or have not satisfied the requirements of any applicable law to be so classified. The Data Room Information contains or there has been delivered or otherwise disclosed to the Purchaser:

(i) an accurate list, in all material respects, as of the date of this Agreement, of the annual compensation entitlements of all individuals earning annual compensation of $150,000 or more who are employed by the Corporation or any of the Specified Subsidiaries on a full or part time basis and all individuals who may be considered to be employees pursuant to applicable law or equity, notwithstanding that they may have been laid off or terminated or on a short term, long term or parental leave, together with the location of their employment;

(ii) an accurate list, in all material respects, as of the date of this Agreement, of the date each such individual or entity was hired or retained by the Corporation or a Specified Subsidiary, as applicable; and

(iii) the severance arrangements pursuant to each contract entitling any senior officer or director of the Corporation or any Specified Subsidiary to any bonus, retention payment, severance payment, change in control payment or similar entitlement as a result of the termination of their employment or as a result of the Corporation entering into this Agreement or any of the transactions contemplated hereby.

(bb) Tax Matters.

(i) Each of the Corporation and the Specified Subsidiaries has filed or caused to be filed all tax returns required to be filed by them, except for those tax returns the failure of which to file would not give rise to any material penalty, interest, assessment or other charge, all of which returns were correct in all material respects.

(ii) Each of the Corporation and the Specified Subsidiaries, taken as a whole, have made adequate provision in their books and records for any taxes accruing in respect of any period subsequent to the period covered by the Corporation's most recently published consolidated financial statements.

(iii) Since the publication date of the Corporation's most recently published consolidated financial statements, no material tax liability not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued.

(iv) The Corporation and each of the Specified Subsidiaries have paid, or caused to be paid, all taxes that are shown on their respective tax returns to be due and payable or have

provided adequate accruals in accordance with generally accepted accounting principles, which are reflected in the Corporation's most recently published consolidated financial statements, for any taxes for the period covered by such financial statements that have not been paid, whether or not shown as being due on any tax returns.

(v) All assessments of tax made against the Corporation or any of the Specified Subsidiaries were paid when due, and adequate reserves have been accrued on the most recently published financial statements for those amounts owing but not yet due. Except as reserved in the most recently published consolidated financial statements of the Corporation, there are no proposed (but unassessed) additional taxes known to the Corporation or any of the Specified Subsidiaries.

(vi) Each of the Corporation and the Specified Subsidiaries has deducted or collected and remitted to the relevant Governmental Entity on or before the due dates therefor all income taxes, employment insurance premiums, pension plan contributions, employer health tax remittances, sales taxes, use taxes, goods and services taxes and other taxes or deductions or other amounts which it is required by applicable law or contract to so deduct or collect and remit to all Governmental Entities or other Persons entitled to receive payment of same.

(cc) Environmental Matters. Each of the Corporation and the Specified Subsidiaries and their respective businesses, operations, and properties:

(i) is in material compliance with all material Environmental Laws and all terms and conditions of all material Environmental Permits;

(ii) has not received any order, request or notice from any Person alleging a material violation of any material Environmental Laws or material Environmental Permits;

(iii) (A) is not a party to any litigation or administrative proceeding, nor so far as it knows is any litigation or administrative proceeding threatened against it or its property or assets, which in either case (1) asserts or alleges that it materially violated any Environmental Laws or Environmental Permits, (2) asserts or alleges that it is required to investigate, clean up, remove or take remedial or other response action due to the Release of any Hazardous Substances, or (3) asserts or alleges that it is required to pay all or a portion of the cost of any past, present or future cleanup, removal or remedial or other response action which arises out of or is related to the Release of any Hazardous Substances, (B) has no knowledge of any conditions existing currently which would reasonably be expected to subject it to material Environmental Liabilities; and (C) is not subject to any judgment, decree, order or citation related to or arising out of applicable Environmental Laws or Environmental Permits and has not been named or listed as a potentially responsible party by any Governmental Entity in a matter arising under any Environmental Laws; and

(iv) is not involved in operations or knows of any facts, circumstances or conditions, including any Release of Hazardous Material, that would reasonably be expected to result in any material Environmental Liabilities.

(v) has ensured that a copy of all third party written reports and documents which are the most current such reports and documents relating to environmental matters affecting (a) the Corporation or any of the Specified Subsidiaries or (b) the real property owned by the Corporation or any of the Specified Subsidiaries, have been made available to the Purchaser and included in the Data Room Information.

(dd) Related Party Transactions. Except as disclosed in the Data Room Information, there are no contracts, agreements, arrangements, understandings, commitments or other transactions currently in place between the Corporation or any of the Specified Subsidiaries, on the one hand, and (i) to the knowledge of the Corporation any officer or director of the Corporation or any of the Specified Subsidiaries, (ii) any holder of record, or to the knowledge of the Corporation, or beneficial owner of 5% or more of the Shares, or (iii) to the knowledge of the Corporation, any affiliate or associate (excluding OYR and its Subsidiaries) of any such officer, director, holder of record or beneficial owner, on the other hand.

(ee) Vote by Directors and Senior Officers. After reasonable inquiry, the Board has been advised and believes that each director of the Corporation and each officer of the Corporation referred to in Section 1.3 intends to vote his or her Shares, or cause his or her Shares to be voted, in favour of the Arrangement Resolution (including Shares issuable upon the exercise of Options held by such persons) of which he or she, whether directly or through holding companies or trusts for his or her benefit, is the beneficial owner.

(ff) Financial derivatives. Except for derivatives with respect to electricity and natural gas entered into for hedging purposes only as disclosed in the Data Room Information, none of the Corporation or the Specified Subsidiaries has entered into any interest rate, forward, swap, hedge, option or other similar financial obligation.

3.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants that:

(a) Organization, Standing and Corporate Power. The Purchaser has been duly incorporated under applicable law, is validly existing and has the corporate power and authority to own its properties and conduct its businesses as currently owned and conducted.

(b) Authority; No conflict. The Purchaser has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by the Purchaser and the consummation by the Purchaser of the transactions contemplated hereunder have been duly authorized by the board of directors or similar authority of the Purchaser and no other internal proceedings on the part of the Purchaser are necessary to authorize this Agreement or the transactions contemplated hereunder. This Agreement has been duly executed and delivered by the Purchaser and constitutes a valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms subject to the usual exceptions as to creditors' rights and the availability of equitable remedies and subject to compliance with the Competition Act. The execution and delivery by the Purchaser of this Agreement and the completion of the transactions contemplated hereunder will not result in a violation or breach by the Purchaser of, require any consent to be obtained by the Purchaser under or give rise to any termination rights or other adverse consequences under any provision of:

(i) its certificate of incorporation, articles or by-laws;

(ii) assuming the Competition Act Clearance is obtained, any law, regulation, order, judgment or decree applicable to it; or

(iii) any material contract, agreement, license, franchise or permit by which the Purchaser is bound or is subject or is the beneficiary.

(c) Consents and Approvals. Except for the Competition Act Clearance, no consent, approval or authorization of, or declaration or filing with, or notice to, any Governmental Entity which has not been received or made is required by the Purchaser in connection with the execution and delivery

of this Agreement by the Purchaser, except where the absence or failure thereof would not be material.

(d) Financial Resources. The Purchaser is financially capable of completing the Arrangement and the OYR Transaction.

(e) Investment Canada Act. The Purchaser is a "Canadian" as such term is defined in the Investment Canada Act.

(f) Residency. The Purchaser is not a "non-resident" within the meaning of the Income Tax Act.

3.3 Representation and Warranty of the Investors

Each of the Investors severally and not jointly and severally represents and warrants that Section 3.2(d) is true and correct.

ARTICLE 4
COVENANTS OF THE CORPORATION

4.1 Conduct of Business

The Corporation hereby agrees that until the Effective Date or the date on which this Agreement has been terminated pursuant to Article 8 and except to the extent otherwise contemplated by this Agreement including Articles 5, 8 and 9:

(a) it and its Specified Subsidiaries shall conduct their respective businesses in the ordinary course consistent with past practice, except as may be required in order to comply with the terms of this Agreement;

(b) it shall use commercially reasonable efforts to comply promptly with all material requirements which applicable law may impose on the Corporation and the Specified Subsidiaries;

(c) subject to compliance with applicable competition laws, it will promptly advise the Purchaser orally (or, in the case of confidential information, the Purchaser's external legal counsel) and in writing of any change which becomes known to its senior officers which would have a Material Adverse Effect;

(d) subject to compliance with applicable competition laws, it will use its reasonable efforts to consult on an ongoing basis with the Purchaser in order that the representatives of the Purchaser will become more familiar with the Corporation and the Specified Subsidiaries as well as with their respective financial affairs, including in relation to any commitments, arrangements or transactions proposed to be entered into that would be out of the ordinary course of business or outside the current operating plan that could reasonably be expected to give rise to a material liability or commitment of any kind and will use reasonable efforts so that such consultations be effected on a basis that will allow sufficient time for the Purchaser to give reasonable consideration to the same including without limiting the generality of the foregoing, to maintain the Purchaser's access to the Data Room;

(e) it shall provide the Purchaser and any engineers or other representatives engaged by the Purchaser with access to the Corporation's engineers and any materials, documents, reports, records or information of the Corporation's engineers in respect of the property known as First Canadian Place and it shall consult with the Purchaser or any engineer or representative engaged by the Purchaser on all matters relating thereto;

(f) except as contemplated hereunder including Section 4.1(g), and subject to compliance with applicable competition laws, it shall not:

(i) issue or commit to issue any share, warrant or other ownership interest in the Corporation or any of the Specified Subsidiaries, except as a result of the exercise of Options or pursuant to the Deferred Share Unit Plans;

(ii) grant or commit to grant any options, warrants, convertible securities or rights to subscribe for, purchase or otherwise acquire or exchange into any shares or other ownership interest in the Corporation or the Specified Subsidiaries;

(iii) directly or indirectly redeem, purchase or otherwise acquire or commit or offer to acquire any share, warrant or other ownership interest in the Corporation or the Specified Subsidiaries;

(iv) effect any subdivision, consolidation or reclassification of any of its Shares;

(v) amend its articles or by-laws;

(vi) reorganize, amalgamate or merge with any other Person, whatsoever;

(vii) except as disclosed in the Filed CSA Documents or the Budget, commence to undertake a substantial or unusual expansion of its business facilities or an expansion that is out of the ordinary and regular course of business consistent with prior practice in light of the current industry and economic conditions or make a capital expenditure which is individually or in the aggregate in excess of $1 million, or permit any Specified Subsidiary to do so;

(viii) amend, vary or modify, or take any other action under the Stock Option Plan or the Deferred Share Unit Plans, other than (A) as is permitted or required pursuant to the provisions thereof as the same are currently in effect or (B) to remove the ability of the Corporation to settle payments in cash at its option or (C) as is permitted or required pursuant to this Agreement;

(ix) incur any indebtedness for borrowed money (excluding normal working capital financing in the ordinary course of business consistent with past practice), issue or sell debt securities or guarantee the payment of any third party indebtedness or permit any Specified Subsidiary to do so relating to an aggregate amount of $1 million or more;

(x) satisfy or settle any claim prior to the same being due, relinquish any contractual rights, commence any claim out of the ordinary course of business or amend or otherwise vary any existing claim out of the ordinary course of business or permit any Specified Subsidiary to do any of the foregoing, except as disclosed in the Disclosure Letter or where the same would not or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(xi) except for entering into derivatives in respect of natural gas and electricity for hedging purposes only and for a period of no more than one year, enter into any interest rate, forward, swap, hedge or other similar financial obligations;

(xii) enter into any contract, arrangement, understanding, commitment or other transaction between the Corporation or the Specified Subsidiaries and (i) any officer or director of the Corporation or the Specified Subsidiaries, (ii) any holder of record or, to the

knowledge of the Corporation, beneficial owner of 5% or more of the Shares, or (iii) any Person who, to the knowledge of the Corporation, is an affiliate or associate (excluding OYR and its Subsidiaries) of any such officer, director, holder of record or beneficial owner, or grant or permit any Specified Subsidiary to grant to any of their respective senior officers and directors any increase in compensation (except for routine annual increases all in the ordinary course of business consistent with past practice) or enter into or otherwise modify any employment arrangements or contract with any such Person (whether with an existing employee or a new employee);

(xiii) other than as set out in the Disclosure Letter, (A) make any payments in respect of any existing retention plan adopted by the Corporation, (B) adopt any new retention plan for the benefit of employees, officers or directors, or (C) make any payments to officers, directors and employees not consistent with past practice, without the Purchaser's prior written consent; or

(xiv) except (A) as disclosed in the Disclosure Letter, (B) with the consent of the Purchaser, such consent not to be unreasonably withheld or delayed, or (C) with respect to the entering into of a lease in accordance with the terms of an offer to lease entered into prior to the date hereof and contained in the Data Room Information as of May 11, 2005, submit a proposal, negotiate or enter into any lease or agreement to lease, or terminate or accept a surrender of a lease, with respect to an area of 5,000 square feet or more. In each case where the consent of the Purchaser is required, such consent shall be deemed to have been given if no response is received from the Purchaser within three Business Days following a request therefor delivered by the Corporation to the Purchaser in accordance with Section 11.12, which request shall be accompanied by a complete copy of such lease.

(g) except in the ordinary course consistent with past practice or as provided in the Budget or as required by applicable law or as otherwise permitted hereby, it shall not enter into or modify in any material respect any contract, agreement, commitment or arrangement that provides for per annum payments by the Corporation or any Specified Subsidiary of more than $500,000 in the aggregate or which would have a term of more than one year. In each case where the consent of the Purchaser is required, such consent shall be deemed to have been given if no response is received from the Purchaser within three Business Days following a request therefor delivered by the Corporation to the Purchaser in accordance with Section 11.12, which request shall be accompanied by a complete copy of such any contract, agreement, commitment or arrangement;

(h) prior to the Effective Date, the Corporation shall, and shall cause each of the Specified Subsidiaries to, take such actions as are necessary to reorganize their respective capital, assets and corporate structure as the Purchaser may reasonably require; provided, however, that no such reorganization will be undertaken unless (i) the Purchaser has agreed to pay the reasonable implementation costs and any direct or indirect costs and liabilities including tax costs and liabilities that may be incurred to unwind any such reorganization if the Purchaser does not consummate the Arrangement including actual out-of-pocket costs and expenses for filing fees and external counsel and auditors which may be incurred and (ii) the effectiveness thereof shall only occur immediately prior to the Final Order being issued (but following the Purchaser publicly announcing that it will be proceeding to consummate the Arrangement); and provided further that no such actions shall be considered to constitute a breach of the covenants, representations or warranties hereunder;

(i) without limiting the provisions of Section 6.3, it shall use reasonable commercial efforts to maintain and shall use reasonable commercial efforts to cause each Specified Subsidiary to maintain its existing insurance except where replaced by insurance from insurers with at least as favourable credit ratings where such replacement insurance offers similar coverage, is subject to no more onerous deductibles and is at a similar cost; and

(j) it shall advise the Purchaser in writing promptly after it acquires knowledge of:

(i) any event occurring subsequent to the date of this Agreement that would render any representation or warranty of the Corporation contained in this Agreement, if made on or as of the date of such event, untrue, inaccurate or incomplete in any material respect (and for any representation or warranty which expressly speaks solely of a specific date, if it would have been untrue, inaccurate or incomplete in respect of such date);

(ii) the occurrence of any event that has a Material Adverse Effect;

(iii) any breach by the Corporation of any covenant contained herein; and

(iv) any death, disability, resignation, termination of employment or other departure of any senior officer of the Corporation or of any Specified Subsidiary.

4.2 Covenants Relating to the Arrangement

The Corporation hereby agrees that, unless this Agreement is terminated pursuant to Section 8:

(a) subject to obtaining an irrevocable and complete release and discharge, excluding acts of fraud or wilful misconduct, in favour of each member of the Board and confirmation that insurance coverage is maintained as contemplated in Section 6.3 and provided that the Effective Date has occurred, it shall use its reasonable commercial efforts to cause such members of the Board to resign as the Purchaser may require, at the time and in the manner requested by the Purchaser, as of the Effective Date, with a nominee of the Purchaser to be appointed to the Board immediately after each such resignation;

(b) it shall recommend that Shareholders vote in favour of the Arrangement Resolution and, except as permitted hereby, not withdraw such recommendation;

(c) it shall use all reasonable efforts to cause each holder of Options or other entitlements under the Stock Option Plan or the Deferred Share Unit Plans to exercise same prior to the Effective Date (including, as regards to Options or such entitlements, through application of acceleration of vesting) or to surrender same for cash or Shares in accordance with the terms thereof;

(d) it shall provide reasonable assistance to the Purchaser and coordinate, cooperate and consult with the Purchaser in providing such information and supplying such assistance as may be reasonably requested by the Purchaser in connection with all filings, notifications and applications required or deemed advisable by the Purchaser for purposes of obtaining required or advisable regulatory and other approvals and clearances, relating to the Arrangement, including Competition Act Clearance, pursuant to which, for greater certainty, the Corporation shall:

(A) permit the Purchaser to review in advance and (with the exception of notification materials under Part IX of the Competition Act, which shall be subject to a right to comment) to approve any proposed written communications of any nature with the Commissioner of Competition relating to the Arrangement or the OYR Transaction, and provide the Purchaser with final copies thereof, except to the extent of any confidential information, which confidential information shall be provided only to the external legal counsel of the Purchaser and shall not be shared by such counsel with any Person;

(B) not extend or consent to any extension of any waiting period under the Competition Act or enter into any agreement with the Commissioner of Competition relating to the

Arrangement or the OYR Transaction to not consummate the transactions contemplated thereby, except with the consent of the Purchaser;

(C) promptly notify the Purchaser of written communications of any nature from the Commissioner of Competition relating to the Arrangement or the OYR Transaction and provide the Purchaser with copies thereof, except in either case to the extent of any confidential information, which confidential information shall be provided only to the external legal counsel of the Purchaser and shall not be shared by such counsel with any other Person; and

(D) not participate in any substantive meeting or discussion (whether in person, by telephone or otherwise) with the Commissioner of Competition relating to the Arrangement or the OYR Transaction in respect of any filings, investigation or inquiry concerning the Arrangement or the OYR Transaction unless it consults with the Purchaser in advance and gives the Purchaser or its external legal counsel (where confidential information of the Purchaser and its affiliates or shareholders will be discussed) the opportunity to attend and participate thereat (except where the Commissioner of Competition expressly requests that neither the Purchaser nor its external legal counsel should be present at the meeting or discussion or part or parts of the meeting or discussion);

(e) subject to paragraph (d) above, it shall make all filings and applications legally required of it in connection with the Arrangement including but not limited to promptly filing any required notification under Part IX of the Competition Act. In this regard, it shall promptly co-operate with and provide all necessary information and documentation reasonably required by the Commissioner of Competition upon being requested to do so by such authority;

(f) it shall use all reasonable efforts to defend all lawsuits or other legal, regulatory or other proceedings challenging or affecting the property or assets of the Corporation or any of the Specified Subsidiaries and, in co-operation with the Purchaser, this Agreement or the consummation of the transactions contemplated hereby;

(g) it shall not option, sell, transfer, pledge, encumber, grant a security interest in, hypothecate or otherwise convey any Units, or any right or interest therein (legal or equitable), to any Person or group or agree to do any of the foregoing;

(h) it shall not grant or agree to grant any proxy or other right to vote Units, or enter into any voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of holders of Units or give consents or approval of any kind as to Units, other than as contemplated in Section 4.2(i);

(i) it shall amend the Stock Option Plan prior to the Effective Date to remove the ability of the Corporation to settle payments in cash at its option;

(j) if requested by the Purchaser, it shall continue O&Y Properties (Alberta) Inc. under the laws of the Province of Ontario;

(k) except as otherwise permitted by this Agreement, it shall not take any action that would interfere with or be inconsistent with this Agreement or the OYR Transaction which would render, or that reasonably may be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to the Effective Date if then made; and

(l)

(i) except as otherwise permitted by this Agreement, it shall not take any other action of any kind which might reasonably be regarded as likely to reduce the success of, or delay or interfere with the completion of, the OYR Transaction;

(ii) unless the Corporation has entered into an agreement with respect to a Superior Proposal in compliance with Section 5.3, upon the Purchaser's reasonable written request and at the Purchaser's expense, it shall use all commercially reasonable efforts in its capacity as a holder of Units to assist OYR to successfully complete the OYR Transaction;

(iii) it shall not purchase or enter into any agreement or right to purchase any additional Units or any other securities of OYR from and including the date hereof until the termination of this Agreement; and

(iv) it will attend the OYR Meeting in person or by proxy and shall vote its Units at the OYR Meeting in favour of the OYR Transaction and it shall not vote or cause to be voted any Units in a manner which might reasonably be regarded as likely to prevent or delay the successful completion of the OYR Transaction.

4.3 List of Holders

The Corporation confirms to the Purchaser and agrees that it shall cause a list of Shareholders prepared by the Corporation or the transfer agent(s) of the Corporation in accordance with the OBCA and other applicable law and a list of holders of Options and any other rights currently outstanding (with full particulars as to the purchase, exercise price and expiry date) prepared by the Corporation (as well as a security position listing from each depositary, including The Canadian Depository for Securities Limited) to be delivered to the Purchaser within five Business Days after execution of this Agreement and, if requested by the Purchaser, supplemental lists setting out any changes thereto for each Business Day thereafter to be delivered forthwith to the Purchaser, all such deliveries to be both in printed form and computer-readable format.

4.4 No solicitation, etc.

Subject to Article 5 and the Corporation's disclosure obligations under applicable law, the Corporation agrees, except as permitted by this Agreement:

(a) not, directly or indirectly, through any officer, director, employee, representative or agent of the Corporation or any of the Specified Subsidiaries, to solicit, initiate or knowingly encourage or facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) the initiation of any inquiries, proposals or offers regarding an Acquisition Proposal, participate in any discussions or negotiations regarding any Acquisition Proposal, withdraw or modify in a manner adverse to the Purchaser the approval of the Board of the transactions contemplated hereby, accept or approve or recommend any Acquisition Proposal or cause the Corporation to enter into any agreement related to any Acquisition Proposal;

(b) immediately to cease and cause to be terminated any existing solicitations, encouragements, activities, discussions or negotiations with any Person, any of its subsidiaries or any of their representatives or agents (other than the Purchaser) with respect to any potential Acquisition Proposal whether or not initiated by the Corporation;

(c) not to release or permit the release of any third party from or waive any confidentiality, non-solicitation or standstill agreement to which such third party is a party; and

(d) immediately to cease to provide any other party with access to information concerning the Corporation and the Specified Subsidiaries and, to the extent it is entitled to do so under the applicable confidentiality agreements, request the return or destruction of all confidential

information provided to any third party that has entered into a confidentiality agreement with the Corporation relating to any potential Acquisition Proposal.

ARTICLE 5

ACQUISITION PROPOSALS, CHANGES IN RECOMMENDATION, ETC.

5.1 Acquisition Proposals

The Corporation shall immediately notify the Purchaser, at first orally and then in writing, of all future Acquisition Proposals of which the Corporation's directors, officers and representatives and agents are or become aware, or any amendments to the foregoing, or any request for non-public information relating to the Corporation or any Specified Subsidiary in connection with any potential Acquisition Proposal or for access to the properties, books or records of the Corporation or any Specified Subsidiary in connection with a potential Acquisition Proposal, and shall provide the Purchaser with a copy of (i) any written notice from any Person informing it that such Person is considering making, or has made, an Acquisition Proposal or (ii) any Acquisition Proposal (or any amendment thereto), in each case forthwith after it is received by the Corporation.

5.2 Access to Information

If the Corporation receives a written request for non-public information relating to the Corporation and/or the Specified Subsidiaries or any of them in connection with an Acquisition Proposal or for access to the properties, books or records of the Corporation and/or the Specified Subsidiaries or any of them from a Person who shall have made or intends to make an Acquisition Proposal and the Board determines in good faith, after consultation with financial advisors and outside legal advisors that the failure to take such action would breach the Board's fiduciary duties and that such proposal, if consummated, in accordance with its terms, is reasonably likely to result in a Superior Proposal, then:

(a) the Corporation may, subject to entering into and providing the Purchaser with a copy of a confidentiality agreement on substantially the same terms as the Confidentiality Agreements and containing a standstill provision substantially similar to that contained in the Confidentiality Agreements, provide such Person with access to such information; and

(b) the Purchaser will be provided with a list of or copies of the information and access to similar information as that provided to such Person, except to the extent such information was already provided or made available to the Purchaser.

The Corporation shall ensure that its officers, directors, representatives and agents and its Subsidiaries and their officers and directors, representatives and agents and any financial advisors or other advisors or representatives retained by it are aware of the provisions of this Section 5.2 and it shall be responsible for any breach of this Section 5.2 by all such parties.

5.3 Changes in Recommendation

If the Corporation receives an Acquisition Proposal, the Corporation may withdraw or modify in a manner adverse to the Purchaser its approval or recommendation of the Arrangement Resolution and/or accept, approve, recommend or enter into any agreement (subject to Section 5.2(a) and Section 5.4) in respect of an Acquisition Proposal if such an Acquisition Proposal constitutes a Superior Proposal and if:

(a) the Corporation has given written notice to the Purchaser that there is a Superior Proposal together with all documentation related to and detailing the Superior Proposal and its intention to withdraw or withhold its approval or recommendation of the Arrangement Resolution;

(b) the OYP Meeting, as contemplated under this Agreement, has not been cancelled, postponed or adjourned and the Corporation undertakes to not do any of the foregoing and if the OYP Meeting has not been called, the Corporation calls the OYP Meeting as contemplated in this Agreement and undertakes to hold the OYP Meeting;

(c) the Corporation has complied with Section 4.4 and this Article 5; and

(d) five Business Days shall have elapsed from the later of (i) the date the Purchaser received the notice referred to in Section 5.3(a) and (ii) the date the Purchaser was provided with a copy of such Acquisition Proposal.

5.4 Right to Match

The Purchaser may, but is not required to, during the five Business Day period provided for in Section 5.3(d), offer in writing to amend the terms of the Arrangement and, if it does so, then the Board shall review any such offer in good faith, in consultation with its financial and outside legal advisors and, if the Board:

(a) determines that the Acquisition Proposal would thereby cease to be a Superior Proposal, it will cause the Corporation to enter into an amendment to this Agreement reflecting the offer by the Purchaser to amend the terms of the Arrangement; or

(b) continues to believe that the Acquisition Proposal would nonetheless remain a Superior Proposal, the Corporation may:

(i) approve, recommend, accept or enter into an agreement, understanding or arrangement with respect to the Superior Proposal provided that such acceptance or agreement does not obligate the Corporation or any other Person to seek to interfere with the completion of the Arrangement or impose any "break", "hello" or other fees or options or rights to acquire assets or securities, or any other obligations on the Corporation or any of its Subsidiaries unless and until this Agreement is terminated in accordance with its terms, provided that if the Corporation enters into an agreement relating to a Superior Proposal, the Corporation shall be permitted to agree to reimburse the Person making the Superior Proposal for an amount not exceeding $2.0 million on account of expenses incurred in connection with the Superior Proposal and to agree to commit to any break fees or similar payments that are payable in circumstances other than the completion of the Arrangement;

(ii) following the entering into by the Corporation of an agreement with respect to a Superior Proposal, proceed with such approvals, consents, filings of or required by Governmental Entities and such other Persons as the Corporation shall consider appropriate in order to consummate such Superior Proposal, provided that such activity does not interfere with the completion of the Arrangement;

(iii) make any public disclosure that the Board determines appropriate in respect of the Superior Proposal and the Arrangement; and

(iv) following the entering into by the Corporation of an agreement with respect to a Superior Proposal, solicit proxies in support of the Superior Proposal and against the Arrangement.

If as a result of the application of this Section 5.4(b) there is another Acquisition Proposal to be considered at the OYP Meeting, the Arrangement Resolution will be considered at the OYP Meeting prior to any other Acquisition Proposal and the Corporation shall consult with the Purchaser in respect to all other matters relating to the OYP Meeting.

Nothing contained in this Section 5.4 shall limit in any way the obligation of the Corporation to convene and hold the OYP Meeting in accordance with Section 2.1 of this Agreement.

5.5 Amendments to Acquisition Proposals

For greater certainty, any amendment of an Acquisition Proposal shall constitute a new Acquisition Proposal for the purposes of this Article 5.

ARTICLE 6
PURCHASER AND INVESTOR COVENANTS

6.1 Steps toward Consummation of Arrangement

Subject to the terms and conditions hereof, the Purchaser hereby agrees to:

(a) simultaneously with entering into this Agreement, provide copies to the Corporation of the voting agreement that is entered into with RHHI Limited Partnership; and

(b) subject to Section 7.2, apply for and use all reasonable efforts to obtain all required regulatory and other approvals and clearances, including Competition Act Clearance, and make all necessary filings and notifications in order to permit the transactions contemplated hereby to proceed together with all consents and other approvals of third parties as may be necessary or desirable for the consummation of such transactions and co-ordinate and consult with the Corporation in connection with the foregoing.

The Purchaser shall:

(A) permit the Corporation to review in advance and to comment on any proposed written communications of any nature with the Commissioner of Competition relating to the Arrangement or the OYR Transaction, and provide the Corporation with final copies thereof, except to the extent of any confidential information, which confidential information shall be provided only to the external legal counsel of the Corporation and shall not be shared by such counsel with any other Person;

(B) not extend or consent to any extension of any waiting period under the Competition Act or enter into any agreement with the Commissioner of Competition relating to the Arrangement or the OYR Transaction to not consummate the transactions contemplated thereby, except with the consent of the Corporation;

(C) promptly notify the Corporation of written communications of any nature from the Commissioner of Competition relating to the Arrangement or the OYR Transaction and provide the Corporation with copies thereof, except in either case to the extent of any confidential information, which confidential information shall be provided only to the external legal counsel of the Corporation and shall not be shared by such counsel with any other Person; and

(D) not participate in any substantive meeting or discussion (whether in person, by telephone or otherwise) with the Commissioner of Competition relating to the Arrangement or the OYR Transaction in respect of any filings, investigation or inquiry concerning the Arrangement or the OYR Transaction unless it consults with the Corporation in advance and gives the Corporation or its external legal counsel (where confidential information of the Purchaser and its affiliates or its or their shareholders will be discussed) the opportunity to attend and participate thereat (except where the Commissioner of Competition expressly requests that neither the Corporation nor its external legal counsel

should be present at the meeting or discussion or part or parts of the meeting or discussion);

(c) if all of the conditions of the Arrangement are either met or, if applicable, waived at or prior to the issuance of the Final Order, consummate the Arrangement and pay for the Shares as soon as practicable after, and in any event within two Business Days of, the Effective Date;

(d) subject to Section 7.2, apply for and use all reasonable efforts to obtain all required regulatory and other approvals relating to the Purchaser in order to permit the transactions contemplated hereby to proceed together with all consents and other approvals of third parties as may be necessary or desirable for the consummation of such transactions;

(e) not waive the condition to the OYR Transaction contained in Section 7.4(d) of the OYR Reorganization Agreement without the prior written approval of the Corporation;

(f) use all reasonable efforts to defend all lawsuits or other legal, regulatory or other proceedings challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;

(g) simultaneously with entering into this Agreement, the Purchaser shall deliver the OYR Reorganization Agreement to the Corporation; and

(h) if the Purchaser or any of its affiliates or associates (as those terms are defined in the *Securities Act* (Ontario)) enters into a support agreement or comparable document with OYR in relation to the Purchaser or any such affiliate or associate directly or indirectly acquiring or making an offer or other proposal to acquire outstanding Units, forthwith upon sending or receiving any notification or other notice under that agreement, provide a copy of same to the Corporation.

6.2 Stock Option Plan

Each of the Purchaser and the Corporation acknowledges and agrees that:

(a) the Board shall resolve to permit all Persons holding Options, whether currently exercisable or not, to exercise such Options prior to the Effective Date, including by causing the vesting thereof to be accelerated;

(b) the Corporation may enter into arrangements in order to facilitate the conditional surrender of Options to the Corporation for cash consideration equal to the value thereof (with the value of each common share being deemed to be no greater than $13.00 less the Dividend Amount) payable on the Effective Date; and

(c) pursuant to the Plan of Arrangement, any unexercised or unsurrendered Options shall cease to be exercisable and shall be cancelled in consideration for a cash payment in the amount by which the purchase price for the Shares under the Plan of Arrangement exceeds the exercise price of such Options on the Effective Date.

6.3 Directors' and Officers' Insurance and Indemnities

(a) Without limiting the right of the Corporation to do so prior to the Effective Date with the prior written consent of the Purchaser not to be unreasonably withheld, the Purchaser hereby agrees to use its reasonable commercial efforts to secure directors' and officers' liability insurance coverage for the current and former directors and officers of the Corporation and the Specified Subsidiaries on a six year "trailing" (or "run-off") basis. If a trailing policy is not available at a reasonable

cost, then the Purchaser agrees that for the entire period from the Effective Date until six years after the Effective Date, the Purchaser will cause the Corporation or any successor to the Corporation to arrange for and/or maintain "directors and officers" insurance coverage for directors and officers of the Corporation and the Specified Subsidiaries substantially on the same terms and conditions as the current coverage in place for the benefit of such persons.

(b) From and after the Effective Date, the Purchaser shall not do anything to prevent the Corporation from indemnifying and holding harmless and providing advancement of expenses to, all past and present directors and officers of the Corporation or the Specified Subsidiaries to the extent such Persons are lawfully entitled to indemnity from the Corporation or the Specified Subsidiaries or have the right to advancement of expenses by the Corporation or the Specified Subsidiaries pursuant to the Corporation's or Specified Subsidiaries' by-laws and indemnity agreements, in existence immediately prior to the Effective Date, for liabilities and obligations of the Corporation and for acts or omissions occurring on or prior to the Effective Date (including acts or omissions occurring in connection with the approval of this Agreement and consummation of the transactions contemplated hereby). Until the period that is six years from the Effective Date, the Purchaser will not (unless it assumes such obligations and gives written notice to the beneficiaries thereof to the extent it has their addresses) wind-up or liquidate the Corporation or otherwise take any other action to materially adversely affect the legal obligation of the Corporation to satisfy its indemnity obligations referred to herein.

(c) The provisions of Section 6.1(d) and this Section 6.3 are intended to be for the benefit of, and will be enforceable by, each insured or indemnified party, his or her heirs and his or her legal representatives and, for such purpose, the Corporation hereby confirms that it is acting as agent and trustee on their behalf. Furthermore, the provisions of such Sections shall survive the termination of this Agreement as a result of the occurrence of the Effective Date.

6.4 Confidentiality Agreements

The Purchaser hereby confirms that it will be bound by the terms of the Confidentiality Agreements in accordance with the terms thereof, except to the extent modified hereby and notwithstanding that this Agreement may be terminated for any reason whatsoever.

6.5 Covenants of Investors

Each of the Investors agrees to take such action as is in its power to cause the Purchaser to honour and give effect to its covenants and obligations contained in this Agreement on a timely basis.

ARTICLE 7

FURTHER ASSURANCES AND CONDITIONS

7.1 Satisfaction of Conditions of the Arrangement

Subject to the conditions herein provided, each party hereto agrees to use its commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as is practicable the transactions contemplated by this Agreement, including the execution and delivery of such documents as the other party hereto may reasonably require, and, without limiting the generality of the foregoing, shall use commercially reasonable efforts:

(a) to obtain all necessary government or regulatory approvals, waivers, permits, consents, reviews, orders, rulings, decisions, and exemptions (including, among others, those of any stock exchanges or other securities or regulatory authorities) and waiver or expiration of all waiting or suspensory periods, in each case required to be obtained by it;

(b) to satisfy (or cause the satisfaction of) the conditions set forth in this Article 7, the satisfaction of which are under its control, provided that the Corporation is not responsible for obtaining the Competition Act Clearance;

(c) to oppose, lift or rescind any cease trade order, injunction or other prohibition or other order which adversely affects the Purchaser's ability to consummate the Arrangement;

(d) to maintain the listing of the Shares on the Toronto Stock Exchange until the completion of the Arrangement; and

(e) to effect all necessary registrations, filings and applications under all applicable laws.

Each of the parties hereto, where appropriate, shall reasonably co-operate with the other in taking such actions.

7.2 Competition Act

Notwithstanding any other provisions of this Agreement, including the conditions specified in this Article 7:

(a) if the Commissioner of Competition advises the Purchaser that she believes she has grounds to apply for an order under section 92 of the Competition Act in respect of some or all of the transactions contemplated by the Arrangement, the OYR Transaction or this Agreement, and that Competition Act Clearance will be given if certain steps are taken to resolve those concerns, the Purchaser shall take commercially reasonable steps necessary to secure Competition Act Clearance, as specified by the Commissioner of Competition, so as to enable the transactions contemplated by the Arrangement, the OYR Transaction and this Agreement to be completed prior to the Outside Date, provided that in no circumstances and notwithstanding anything to the contrary will the Investors, the Purchaser or its affiliates or related entities or its or their shareholders, partners or unitholders be required to: (i) pay or bear any payment obligations to third parties or Governmental Entities other than in respect of the filing fees under Part VIII or Part IX of the Competition Act; (ii) agree to any material limitation on or change to the operation or conduct of the business of the Corporation or its or their existing businesses; (iii) agree to divest any of its or their businesses, product lines or assets; (iv) agree to divest any of the Shares or any of the assets of the Corporation; or (v) waive any of the conditions precedent to completion of the Arrangement, the OYR Transaction or this Agreement; and

(b) subject to Section 7.2(a), the Purchaser shall be entitled, either before and/or after the Outside Date or the Effective Date, to challenge before the Commissioner of Competition, the Competition Tribunal and/or a court any position taken by the Commissioner of Competition.

7.3 Mutual Conditions Precedent

The respective obligations of each party to complete the transactions contemplated by this Agreement shall be subject to the satisfaction, at or before the Effective Time, of the following conditions precedent and the parties shall cause such conditions to be fulfilled insofar as they relate to matters within their respective control:

(a) *Interim Order* - The Interim Order shall have been obtained in form and substance satisfactory to each of the parties, acting reasonably;

(b) *Approval of Arrangement Resolution* - The Arrangement Resolution shall have been approved by Shareholders at the OYP Meeting in accordance with the requirements of the Interim Order;

(c) *Final Order* - The Final Order shall have been obtained in form and substance satisfactory to the parties, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to such parties on appeal or otherwise; and

(d) *No Prohibition* - There shall not exist any prohibition at law, including a cease trade order, injunction or other prohibition or order at law or under applicable legislation, against the Purchaser or the Corporation which shall prevent the consummation of the Arrangement.

7.4 Additional Conditions Precedent to the Obligations of the Purchaser

The obligations of the Purchaser to consummate the Arrangement shall also be subject to the fulfilment of each of the following conditions precedent:

(a) Competition Act Clearance shall have been obtained on terms and conditions satisfactory to the Purchaser, acting reasonably but subject to Section 7.2;

(b) no act, action, suit or proceeding shall have been taken or threatened in writing before or by any domestic or foreign court or tribunal or Governmental Entity (i) seeking to prohibit or restrict the acquisition by the Purchaser of any Shares, seeking to restrain or prohibit the consummation of the Arrangement or seeking to obtain from the Purchaser or the Corporation any material damages directly or indirectly in connection with the Arrangement, (ii) seeking to impose limitations on the ability of the Purchaser to acquire or hold, or exercise full rights of ownership of, any Shares, (iii) seeking to prohibit the Purchaser from effectively controlling in any material respect the business or operations of the Corporation or any of the Specified Subsidiaries, or (iv) which, if successful, in the judgment of the Purchaser is reasonably likely to have a Material Adverse Effect on the Corporation or the Purchaser;

(c) following the date hereof, there shall not have occurred any change having a Material Adverse Effect;

(d) the OYR Meeting shall have been held and the OYR Transaction shall have been approved by the holders of Units at such OYR Meeting;

(e) (i) all representations and warranties of the Corporation qualified by references to materiality or to Material Adverse Effect and the representation and warranty of the Corporation contained in Section 3.1(v)(iv) shall be true and correct, and (ii) all representations and warranties not qualified by materiality or to Material Adverse Effect shall be true and correct except where the failure of such representations and warranties in the aggregate to be true and correct in all respects would not have, or would not reasonably be expected to have a Material Adverse Effect, in either case, as if made on and as of the Effective Date (except to the extent such representations and warranties speak as to an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date); and the Purchaser shall have received a certificate of the Chief Executive Officer and the Chief Financial Officer of the Corporation (in each case without personal liability) addressed to the Purchaser and dated as of the Effective Date confirming the same, such certificate to be in form and substance satisfactory to the Purchaser acting reasonably;

(f) the Corporation shall have complied with all covenants in all material respects that are to be complied with and the Corporation shall have complied with its covenants contained in the Disclosure Letter relating to the discharge of certain encumbrances, in each case at or before the Effective Time, and the Purchaser shall have received a certificate of the Chief Executive Officer and the Chief Financial Officer of the Corporation (in each case without personal liability) addressed to the Purchaser and dated as of the Effective Date confirming the same, such certificate to be in form and substance satisfactory to the Purchaser acting reasonably;

(g) all of the conditions to the Reorganization Agreement have been satisfied or waived, other than the closing of the Arrangement, and the Purchaser shall have received a certificate from a senior officer of each of OYR and 2072792 Ontario Inc. (in each case without personal liability) confirming the same, such certificate to be in form and substance satisfactory to the Purchaser acting reasonably; and

(h) the Corporation shall have delivered to the Purchaser prior to the Effective Date a title opinion on the property referred to in Section 3.1(v)(iv) of the Disclosure Letter confirming the registrations and priority of registrations set forth in the Disclosure Letter in form satisfactory to the Purchaser, acting reasonably.

The foregoing conditions will be for the sole benefit of the Purchaser and may be waived by it in whole or in part at any time provided that, unless the applicable waiting period under section 123 of the Competition Act shall not have expired or been earlier terminated or waived, the condition in clause (a) above may only be waived with the prior written consent of the Corporation.

7.5 Additional Conditions Precedent to the Obligations of the Corporation

The obligations of the Corporation to consummate the Arrangement shall also be subject to the fulfilment of each of the following conditions precedent:

(a) (i) all representations and warranties of the Purchaser qualified by references to materiality shall be true and correct, and (ii) all representations and warranties not qualified by materiality shall be true and correct in all material respects, in either case, as if made on and as of the Effective Date; and the Corporation shall have received a certificate of two senior officers of the Purchaser (in each case without personal liability) addressed to the Corporation and dated as of the Effective Date confirming the same, such certificate to be in form and substance satisfactory to the Corporation acting reasonably; and

(b) the Purchaser shall have complied with all covenants in all material respects that are to be complied with at or before the Effective Time, and the Corporation shall have received a certificate of two senior officers of the Purchaser (in each case without personal liability) addressed to the Corporation and dated as of the Effective Date confirming the same, such certificate to be in form and substance satisfactory to the Corporation acting reasonably.

The foregoing conditions will be for the sole benefit of the Corporation and may be waived by it in whole or in part at any time.

7.6 Satisfaction or Waiver of Conditions

The conditions set out in Sections 7.3, 7.4 and 7.5 shall be conclusively deemed to have been satisfied or waived on the filing with the Director of a certified copy of the Final Order and of the Articles of Arrangement required to give effect to the Arrangement under section 182 of the OBCA.

ARTICLE 8

TERM AND TERMINATION

8.1 Term

Except as expressly provided herein, this Agreement shall be effective from the date hereof until the earlier of the Effective Date and the termination of this Agreement in accordance with its terms.

8.2 Termination by the Corporation

The Corporation, when not in default in any material respect in the performance of its obligations under this Agreement or in breach of its representations and warranties contained herein, may, without prejudice to any other rights, terminate its obligations under this Agreement by written notice to the Purchaser if:

(a) the Arrangement has not been consummated on or prior to the Outside Date;

(b) any of the representations and warranties of the Purchaser herein become untrue or inaccurate such that the condition contained in Section 7.5(a) would not be satisfied, and if such untruth or inaccuracy is curable, such untruth or inaccuracy has not been cured within 15 days after written notice of the untruth or inaccuracy is given to the Purchaser by the Corporation, or there has been a breach on the part of the Purchaser of any of its covenants or agreements herein such that the condition in Section 7.5(b) would not be satisfied and if such breach is curable, such breach has not been cured within 15 days after written notice of the breach given to the Purchaser by the Corporation;

(c) there shall have been passed any law which shall prevent the consummation of the Arrangement; or

(d) if the Shareholders do not approve the Arrangement Resolution at the OYP Meeting in the manner required by the Interim Order,

provided that if a Termination Fee Event shall have occurred, no termination under this Section 8.2 shall be effective unless and until the Corporation shall have paid to the Purchaser the Termination Fee in accordance with the terms of Section 9.2.

8.3 Termination by Purchaser

The Purchaser, when not in default in any material respect in the performance of its obligations under this Agreement or in breach of its representations and warranties contained herein, may, without prejudice to any other rights other than as provided in Section 9.3, terminate its obligations under this Agreement by written notice to the Corporation if:

(a) the Arrangement has not been consummated on or prior to the Outside Date;

(b) a Termination Fee Event shall have occurred;

(c) any of the representations and warranties of the Corporation herein become untrue or inaccurate such that the condition contained in Section 7.4(e) would not be satisfied, and if such untruth or inaccuracy is curable, such untruth or inaccuracy has not been cured within 15 days after written notice of the untruth or inaccuracy is given to the Corporation by the Purchaser or there has been a breach on the part of the Corporation of any of its covenants or agreements herein such that the condition in Section 7.4(f) would not be satisfied and if such breach is curable, such breach has

not been cured within 15 days after written notice of the breach given to the Corporation by the Purchaser;

(d) Competition Act Clearance cannot be secured on commercially reasonable terms or except by agreeing to do things which contravene paragraphs 7.2(a)(i) though (v);

(e) the voting agreement between RRHI Limited Partnership and the Purchaser shall have been terminated;

(f) there shall have been passed any law which shall prevent the consummation of the Arrangement;

(g) the Reorganization Agreement shall have been terminated;

(h) if the Shareholders do not approve the Arrangement Resolution at the OYP Meeting in the manner required by the Interim Order;

(i) Shareholders representing more than 5% of the number of Shares outstanding on the date of this Agreement shall have exercised Dissent Rights;

(j) there shall have occurred any change having a Material Adverse Effect; or

(k) subsequent to the date hereof, there shall have been declared, set aside or paid any dividend or distribution payable in cash, stock, property or otherwise with respect to the Shares other than the dividend of $0.06 per Share of the Corporation declared by the Board on May 11, 2005 and payable on July 15, 2005 to holders of record on June 30, 2005.

8.4 Effect of Termination

In the event of the termination of this Agreement pursuant to Section 8.2 or 8.3, this Agreement (except for (i) Sections 9.2, 9.4 and 10.1 and (ii) the Confidentiality Agreement) shall forthwith become void and cease to have any force or effect without any liability on the part of either party hereto or any of its affiliates; provided that nothing in this Section 8.4 shall relieve either party to this Agreement of liability for any breach of this Agreement occurring prior to the termination thereof.

ARTICLE 9

TERMINATION FEE EVENT

9.1 Termination Fee Event

A "**Termination Fee Event**" shall occur if, prior to the Effective Date:

(a) the Board withdraws or modifies in a manner materially adverse to the Purchaser its approval or recommendation of the Arrangement Resolution and makes a public announcement to that effect;

(b) the Board recommends any Superior Proposal and makes a public announcement to that effect; or

(c) the Board fails to reaffirm its recommendation of the Arrangement Resolution by press release within a reasonable time after the public announcement or commencement of any Acquisition Proposal and within a reasonable period of time of having been requested to do so by the Purchaser;

provided in each case, the Purchaser is not in material default in the performance of its obligations under this Agreement.

9.2 Payment of Termination Fee

If this Agreement is terminated by the Purchaser upon the occurrence of a Termination Fee Event, the Corporation shall pay the Termination Fee to the Purchaser by bank draft or wire transfer no later than the first Business Day following the termination of this Agreement. If the Corporation wishes to terminate this Agreement pursuant to Section 8.2 at a time when a Termination Fee Event has previously occurred, it shall pay the Termination Fee to the Purchaser by bank draft or wire transfer prior to the termination of this Agreement

9.3 Liquidated Damages

In the event the Termination Fee is paid to the Purchaser, no other amounts will be due and payable as damages or otherwise by the Corporation and the Purchaser hereby accepts that the Termination Fee is in lieu of any damages or any other payment or remedy to which it may be entitled. The Purchaser agrees that the Termination Fee constitutes payment of liquidated damages which are a genuine anticipated assessment or estimate of the damages which it will suffer or incur as a result of the event giving rise to such damages and resulting in the termination of this Agreement and does not and will not constitute payment of a penalty. The Corporation irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive.

9.4 Additional Fee Obligation

If this Agreement has been terminated without any payment of the Termination Fee other than pursuant to Section 8.3(d) and in circumstances where the Purchaser is not in material breach in any material respect of any or its representations, warranties, covenants or other agreements herein and, within nine months thereafter, an Acquisition Proposal is consummated which has a value per Share greater than the per Share value attributable thereto under the transactions contemplated by this Agreement, the Corporation shall forthwith pay to the Purchaser an amount equal to the Termination Fee.

ARTICLE 10
FEES AND EXPENSES

10.1 Fees and Expenses

If this Agreement has been terminated without any payment of the Termination Fee, unless terminated as a result of the non-satisfaction of the conditions set forth in Section 7.5, the Corporation shall forthwith pay to the Purchaser on account of its expenses in connection with the Arrangement the sum of $4.0 million less the amount of any expense reimbursement paid by OYR pursuant to Section 11.1 of the OYR Reorganization Agreement as such Agreement is in effect on the date hereof. The Corporation agrees that the payment of expenses in this Section 10.1 is in addition to any damages or any other payment or remedy to which the Purchaser may be entitled.

Save and except for the foregoing, each of the Purchaser and the Corporation shall be responsible for and bear all of its own fees, costs and expenses (including the fees and disbursements of counsel, financial advisors, accountants, actuaries, consultants and brokers, expenses of its advisors, agents and other representatives) incurred at any time in connection with pursuing or consummating this Agreement and the transactions contemplated hereby. The filing fee connected with the filings to obtain the Competition Act Clearance shall be paid by the Purchaser. The provisions of this Section 10.1 shall survive the termination of this Agreement.

ARTICLE 11
GENERAL

11.1 Disclosure

Except as required by applicable laws or regulations or by any Governmental Entity or in accordance with the requirements of any stock exchange, no party shall make any public announcement or statement with respect to this Agreement without the approval of the other which shall not be unreasonably withheld or delayed. Moreover, the parties agree to consult with each other prior to issuing each public announcement or statement with respect to this Agreement, subject to the overriding obligations of applicable laws or regulations.

11.2 Fiduciary Duties of Directors

The Corporation and the Purchaser acknowledge that each director of the Corporation owes a fiduciary legal obligation as a director of the Corporation which is not superceded by the provisions of this Agreement. Further, the Corporation and the Purchaser acknowledge that a modification, change or withdrawal by the Board of its recommendation of the Arrangement Resolution after the date hereof in the proper exercise of such fiduciary duty shall not result in the representations in Section 3.1 of this Agreement being considered to be untrue or incorrect. The foregoing shall not be interpreted to diminish, limit, restrict or otherwise affect in any way any covenant or agreement of the Corporation under this Agreement or be construed as a forgiveness or waiver of any breach.

11.3 Assignment

The Purchaser may assign all or any part of its rights and/or obligations under this Agreement to a wholly owned Subsidiary of the Purchaser, but, if such assignment takes place, the Purchaser shall continue to be liable jointly and severally with the assignee for any obligations hereunder. This Agreement shall not be otherwise assignable by any party hereto without the prior written consent of the other party hereto, which consent may be unreasonably withheld

11.4 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and of Canada applicable therein (without regard to conflict of laws principles).

11.5 Survival of Representations and Warranties

The representations and warranties made by the Corporation shall remain in effect during the term of this Agreement. No investigations made by or on behalf of the Purchaser or any of its authorized agents at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation, warranty or covenant made by the Corporation herein or pursuant hereto.

11.6 Amendments

This Agreement may not be amended except by written agreement signed by all of the parties to this Agreement. For greater certainty, the written agreement of those Persons referred to in Section 6.3(c) shall not be required, except that no amendment to Section 6.3 or relating to a Person's rights thereunder may be effected on or after the Effective Date without such Person's written agreement.

11.7 Specific Performance and Other Relief

Subject to Section 9.3, it is recognized and acknowledged that a breach by any party of any material obligations contained in this Agreement will cause the other party to sustain injury for which it would not have an adequate remedy at law for money damages. Accordingly, in the event of any such breach, any aggrieved

party shall be entitled to the remedy of specific performance of such obligations and interlocutory, preliminary and permanent injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

11.8 Counterparts

This Agreement may be executed in one or more counterparts which together shall be deemed to constitute one valid and binding agreement, and delivery of the counterparts may be effected by means of telecopier transmission.

11.9 Schedules

The following are the schedules attached to and incorporated by reference in this Agreement:

Schedule A - Plan of Arrangement

11.10 Entire Agreement

This Agreement, together with the Confidentiality Agreements, constitutes the entire agreement and understanding between the parties pertaining to the subject matter hereof.

11.11 Time

Time shall be of the essence in this Agreement.

11.12 Notices

Any notice, request, consent, agreement or approval which may or is required to be given pursuant to this Agreement shall be in writing and shall be sufficiently given or made if delivered, or sent by telecopier, in the case of:

(d) the Purchaser, addressed as follows:

BCE Place, 181 Bay Street
Suite 330
Toronto, Ontario M5J 2T3

Attention: Tom Farley
Telecopier No.: (416) 359-9813

with a copy (which shall not constitute notice) to:

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9

Attention: William J. Braithwaite
Telecopier No.: (416) 947-0866

(e) the Corporation, addressed as follows:

1 First Canadian Place
Suite 3300, P.O. Box 72

Toronto, Ontario M5X 1B1

Attention: Chief Executive Officer
Telecopier No.: (416) 862-6904

and a copy (which shall not constitute notice) to:

Fasken Martineau DuMoulin LLP
Suite 4200
Toronto Dominion Bank Tower
Toronto Dominion Centre
Toronto, Ontario M5K 1N6

Attention: J.A. Levin
Telecopier No.: (416) 364 7813

or to such other address as the relevant Person may from time to time advise by notice in writing given pursuant to this Section. The date of receipt of any such notice, request, consent, agreement or approval shall be deemed to be the date of delivery or sending thereof if sent or delivered during normal business hours on a Business Day at the place of receipt and, otherwise, on the next following Business Day.

11.13 Language

The parties have required that this Agreement and all deeds, documents and notices relating to this Agreement be drawn up in the English language. Les parties aux présentes ont exigé que le présent contrat et tous autres contrats, documents ou avis afférents aux présentes soient rédigés en langue anglaise.

11.14 Representations and Obligations of Investors Several

All representations, warranties, covenants and agreements of the Investors contained herein are several and in the proportions of 50:25:25 as among Canada Pension Plan Investment Board, ARCA Investments Inc. and BPO Properties Ltd., respectively.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement as of the date first above written.

O&Y PROPERTIES CORPORATION

By: *"Raghunath Davloor"*
Authorized Signatory

By: *"Frank Hauer"*
Authorized Signatory

2072790 ONTARIO INC.

By: *"Tom Farley"*
Authorized Signatory

CANADA PENSION PLAN INVESTMENT BOARD

By: *"David F. Denison"*
Authorized Signatory

By: *"Jane Nyman"*
Authorized Signatory

ARCA INVESTMENTS INC.

By: *"Micheal Dal Bello"*
Authorized Signatory

BPO PROPERTIES LTD.

By: *"Tom Farley"*
Authorized Signatory

SCHEDULE A – PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 182 OF THE BUSINESS CORPORATIONS ACT (ONTARIO)

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

"**1367316**" means 1367316 Ontario Inc.;

"**1478047**" means 1478047 Ontario Inc.;

"**Amalco**" means the corporation continuing from the Amalgamation;

"**Amalco Board of Directors**" means the board of directors of Amalco;

"**Amalco Common Share**" means a common share in the capital of Amalco having the rights privileges, restrictions and conditions set forth in Schedule A hereto;

"**Amalco DSUs**" means, after giving effect to the Amalgamation, all DSUs; provided that, for greater certainty, except insofar as, by virtue of the Amalgamation, the counterparty to the DSUs is Amalco and any shares to be received thereunder or relevant to entitlements thereunder will be Amalco Common Shares identical in number to the number of common shares in the capital of the Corporation issuable or relevant to entitlements under such DSUs immediately prior to the Amalgamation, the rights and privileges applicable to the holder of DSUs shall be unaffected by the Amalgamation;

"**Amalco Options**" means, after giving effect to the Amalgamation, all Options; provided that, for greater certainty, except insofar as, by virtue of the Amalgamation, the counterparty to the Options is Amalco and the shares to be received thereunder will be Amalco Common Shares identical in number to the number of common shares in the capital of the Corporation issuable under such Options immediately prior to the Amalgamation, the rights and privileges applicable to the holder of an Option shall be unaffected by the Amalgamation;

"**Amalgamation**" means the amalgamation of the Corporation, OYPI, OY Alberta, 1367316 and 1478047;

"**Arrangement**" means an arrangement under the provisions of Section 182 of the OBCA on the terms and conditions set forth in this Plan of Arrangement, subject to any amendment or modification thereto made in accordance with the terms of the Arrangement Agreement and this Plan of Arrangement, or made at the direction of the Court in the Final Order;

"**Arrangement Agreement**" means the arrangement agreement made as of the 31st day of May, 2005 between the Purchaser and the Corporation, as same may be amended, supplemented or restated in accordance therewith, prior to the Effective Time, providing for, among other things, the Arrangement;

Articles of Arrangement" means the articles of arrangement of the Corporation in respect of the Arrangement that are required by the OBCA to be sent to the Director after the Final Order is made in order to give effect to the Arrangement;

"**Business Day**" means any day other than a Saturday, Sunday, a statutory or civic holiday observed in the Province of Ontario or day that is observed as a religious holiday in accordance with the practices of Orthodox Judaism;

"**Certificates**" means the certificates giving effect to the Arrangement, issued by the Director pursuant to subsection 183(2) of the OBCA after the Articles of Arrangement have been filed;

"**Corporation**" means O&Y Properties Corporation, a corporation incorporated under the OBCA;

"**Court**" means the Ontario Superior Court of Justice (Commercial List);

"**Deferred Share Unit Plans**" means the Deferred Share Unit Plan for Directors of OYP approved by the board of directors of OYP on June 1, 1999 and approved by the OYP Shareholders on July 27, 1999 and the Deferred Share Unit Plan Designated for Employees of OYP approved by the board of directors of OYP on January 19, 2000 and approved by the OYP Shareholders on June 28, 2000;

"**Depositary**" means CIBC Mellon Trust Company at its principal office in Toronto;

"**Director**" means the Director appointed under section 278 of the OBCA;

"**Dissenting Shareholder**" means any Shareholder who has properly exercised its Dissent Rights in accordance with Section 3.1 who has not withdrawn or been deemed to have withdrawn such exercise and who is ultimately determined to be entitled to be paid the fair value of its common shares;

"**Dividend Amount**" means the amount of any dividend or distribution declared on or after May 11, 2005 on a common share in the capital of the Corporation or on an Amalco Common Share including the dividend of $0.06 per common share of the Corporation declared by the board on May 11, 2005 and payable on July 15, 2005 to holders of record on June 30, 2005;

"**DSU**" means a deferred share unit outstanding as of the Effective Time under the DSU Share Unit Plans;

"**Effective Date**" means the date upon which the Arrangement becomes effective as established by the date of issue shown on the Certificates issued by the Director pursuant to the OBCA;

"**Effective Time**" means 8:00 a.m. (Eastern Time) on the Effective Date;

"**Electing Shareholder**" means each Shareholder who properly elects to transfer each common share in the capital of the Corporation held by it to the Corporation in consideration for the issuance by the Corporation to such electing Shareholder of one common share in the capital of the Corporation, provided that such election cannot be made in respect of a share issued on or after January 1, 2005 on the exercise of an option issued pursuant to the Stock Option Plan;

"**Final Order**" means the final order of the Court approving the Arrangement following the application therefor contemplated by the Arrangement Agreement, as such order may be amended or modified by the highest court to which appeal may be applied for;

"**FCPCo** " means the corporation continuing from the amalgamation of Amalco and Newco";

"**FCPCo Amalgamation**" means the amalgamation of Amalco and Newco;

"**Governmental Entity**" means any (i) multinational, federal, provincial, territorial, state, municipal, local or other governmental or public department, central bank, court, commission, commissioner (including the Commissioner of Competition), tribunal (including the Competition Tribunal) board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above;

"**Interim Order**" means the interim order of the Court made in connection with the approval of the Arrangement following the application therefor contemplated by the Arrangement Agreement;

"**ITA**" means the *Income Tax Act* (Canada), as amended from time to time prior to the Effective Time;

"**Letter of Transmittal**" means the letter of transmittal to be forwarded by the Corporation to Shareholders together with the Proxy Circular or such other equivalent form of letter of transmittal acceptable to the Purchaser, acting reasonably;

"**Meeting**" means the special meeting of the Shareholders (including any adjournment or postponement thereof) to be called and held to, among other things, consider and, if deemed advisable, approve the Arrangement by way of special resolution (as defined in the OBCA);

"**Newco**" means 2072943 Ontario Inc.;

"**Newco Debt**" means ●;

"**Newco Share Consideration**" means ●;

"**OBCA**" means the *Business Corporations Act* (Ontario);

"**OY Alberta**" means O&Y Properties (Alberta) Inc.;

"**OYPI**" means O&Y Properties Inc.;

"**Options**" means any existing or future rights or options to purchase common shares outstanding as of the Effective Time under the Stock Option Plan;

"**Person**" includes any individual, firm, partnership, limited partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, heir, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status;

"**Proxy Circular**" means the notice of meeting and management proxy circular of the Corporation dated ●, 2005 sent to Shareholders in connection with the Meeting, including the schedules and appendices thereto and all amendments from time to time made thereto;

"**Purchaser**" means 2072790 Ontario Inc.;

"**Shareholder**" means a holder of a common share in the capital of the Corporation; and

"**Stock Option Plan**" means the incentive stock option plan of the Corporation approved pursuant to the Plan of Arrangement of Camdev Corporation effective February 11, 1992, as amended by Board resolution dated April 28, 1995, as further amended by Board resolution dated March 30, 1998 and approved by the Shareholders on July 21, 1998, as further amended by Board resolution

dated August 13, 2004 and approved by the Toronto Stock Exchange on September 23, 2004, and as further amended in accordance with this Plan of Arrangement.

1.2 Number and Gender

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular number include the plural and vice versa, and words importing any gender include all genders.

1.3 Interpretation Not Affected by Headings, etc.

The division of this Plan of Arrangement into Articles, Sections, Subsections and other parts and the insertion of headings are for convenience only and shall not affect the construction or interpretation of this Plan of Arrangement.

1.4 Date For Any Action

In the event that any date on or by which any action is required or permitted to be taken hereunder is not a Business Day, such action shall be required to be taken on or by the next succeeding day which is a Business Day.

1.5 Time

All times expressed herein or in any Letters of Transmittal are local time (Toronto, Ontario) unless otherwise stipulated herein or therein.

1.6 Currency

All references to currency in this Plan of Arrangement are to Canadian dollars, being lawful money of the Canada.

1.7 Statutory References

Unless otherwise expressly provided herein, any reference in this Plan of Arrangement to a statute includes all regulations made thereunder, all amendments to such statute or regulations in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulations.

ARTICLE 2
THE ARRANGEMENT

2.1 Binding Effect

This Plan of Arrangement will become effective at, and be binding at and after, the times referred to in Section 2.2 on: (i) the Corporation, (ii) all Shareholders (including Dissenting Shareholders), (iii) all holders of Options, and (iv) all holders of DSUs.

2.2 Arrangement

Commencing at the Effective Time, the following shall occur and shall be deemed to occur in the following order and 15 minutes apart without any further act or formality:

(a) Each Electing Shareholder will transfer each common share in the capital of the Corporation held by it to the Corporation in consideration for the issuance by the Corporation to such Electing Shareholder of one common share in the capital of the Corporation, and each common share so transferred to the Corporation will be cancelled by the Corporation and there shall be added to the

stated capital of the Corporation's common shares in respect of each common share to be issued an amount equal to the stated capital of such cancelled common share;

(b) The Corporation, OYPI, OY Alberta, 1367316 and 1478047 (sometimes referred to hereinafter as "predecessor corporations") will amalgamate to form Amalco with the same effect as if section 177 of the OBCA were applicable to the Amalgamation, and in connection with the Amalgamation:

(i) each common share in the capital of the Corporation held by a Shareholder (other than Dissenting Shareholders) will be converted into an Amalco Common Share on a one-for-one basis;

(ii) all Options will be converted into Amalco Options;

(iii) all DSUs will be converted into Amalco DSUs;

(iv) all common shares of OYPI will be cancelled by OYPI for no consideration;

(v) all common shares and preference shares of OY Alberta will be cancelled by OY Alberta for no consideration;

(vi) all common shares of 1367316 will be cancelled by 1367316 for no consideration;

(vii) all common shares of 1478047 will be cancelled by 1478047 for no consideration;

(viii) Amalco will possess all of the property, rights, privileges and franchises and will be subject to all liabilities, including civil, criminal and quasi-criminal, and all contracts, disabilities and debts of each of the predecessor corporations;

(ix) a conviction against, or ruling, order or judgment in favour or against a predecessor corporation may be enforced against Amalco;

(x) the Articles of Arrangement will be deemed to be the articles of amalgamation of Amalco and, except for purposes of section 117(1) of the OBCA, the Certificate giving effect to the Amalgamation will be deemed to be the certificate of amalgamation of Amalco;

(xi) the name of the corporation continuing from the Amalgamation shall be "●";

(xii) the registered office of Amalco shall be in the City of Toronto in the Province of Ontario;

(xiii) the authorized capital of Amalco shall consist of an unlimited number of Amalco Common Shares;

(xiv) there shall be no restrictions on the business which Amalco is authorized to carry on or on the powers Amalco may exercise;

(xv) the by-laws of the Corporation shall be the by-laws of Amalco until repealed, altered or added to;

(xvi) the number of directors of Amalco shall be such number not less than one (1) and not more than ten (10) as the Amalco Board of Directors may from time to time determine;

(xvii) the directors of Amalco may appoint one or more directors who shall hold office for a term expiring not later than the close of the next annual meeting of Amalco, but the total

number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of Amalco; and

(xviii) the number of first directors shall be [three (3)] and the first directors of Amalco shall be the persons set out below, who shall hold office until the first annual meeting of Amalco or until their successors are elected or appointed:

Name	**Municipality of Residence**
●	●
●	●
●	●

(c) notwithstanding the terms of the Stock Option Plan, each Amalco Option:

(i) with an exercise price greater than or equal to $13.00 less the Dividend Amount shall cease to be exercisable and Amalco shall cease to have any liability in respect thereof; and

(ii) with an exercise price of less than $13.00 less the Dividend Amount shall cease to be exercisable and shall be cancelled and the holder of such Amalco Option shall receive from Amalco a cash payment equal to the difference between $13.00 less the Dividend Amount and the exercise price of such Amalco Option in full satisfaction of Amalco's obligation under such Amalco Option;

(d) notwithstanding the terms of the DSU Plan, each holder of an Amalco DSU shall receive from Amalco $13.00 less the Dividend Amount per Amalco DSU;

(e) each Amalco Common Share will be transferred by the holder thereof to the Purchaser in exchange for $13.00 less the Dividend Amount per Amalco Common Share;

(f) the Purchaser will transfer all of the Amalco Common Shares to Newco in exchange for the Newco Share Consideration and the Newco Debt;

(g) Newco and Amalco (sometimes referred to hereinafter in this section 2.2(h) as "predecessor corporations") will amalgamate to form FCPCo with the same effect as if section 177 of the OBCA were applicable to the FCPCo Amalgamation and in connection with the FCPCo Amalgamation:

(i) the name of the corporation continuing from the FCPCo Amalgamation shall be "●".

(ii) the address of the registered office of FCPCo shall be ●.

(iii) the number of directors of FCPCo shall be such number not less than one (1) and not more than ten (10) as the FCPCo Board of Directors may from time to time determine;

(iv) the directors of FCPCo may appoint one or more directors who shall hold office for a term expiring not later than the close of the next annual meeting of FCPCo , but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of FCPCo ; and

(v) the number of first directors shall be ● and the first directors of FCPCo shall be the persons set out below, who shall hold office until the first annual meeting of FCPCo or until their successors are elected or appointed:

Name	Municipality of Residence
●	●
●	●
●	●

(vi) FCPCo will possess all of the property, rights, privileges and franchises and will be subject to all liabilities, including civil, criminal and quasi-criminal, and all contracts, disabilities and debts of each the predecessor corporations;

(vii) a conviction against, or ruling, order or judgment in favour or against a predecessor corporation may be enforced against FCPCo ;

(viii) all Amalco Common Shares will be cancelled by Amalco for no consideration;

(ix) the by-laws of Newco following the FCPCo Amalgamation shall be the same as the by-laws of Newco prior to the Effective Date;

(x) there shall not be any restrictions on the business FCPCo may carry on or on the powers FCPCo may exercise;

(xi) FCPCo shall be authorized to issue an unlimited number of common shares and the rights, privileges, restrictions and conditions (if any) attaching to the common shares shall be as set out in Schedule B hereto; and

(xii) the Articles of Arrangement will be deemed to be the articles of amalgamation of FCPCo and, except for purposes of section 117(1) of the OBCA, the Certificate giving effect to the FCPCo Amalgamation will be deemed to be the certificate of incorporation of FCPCo .

provided that none of the foregoing shall occur or shall be deemed to occur unless all of the foregoing occur.

ARTICLE 3
RIGHTS OF DISSENT

3.1 Rights of Dissent

Shareholders may exercise rights of dissent with respect to their common shares pursuant to and in the manner set forth in Section 185 of the OBCA in connection with the Arrangement and this Section 3.1, provided that, notwithstanding Subsection 185(6) of the OBCA, the written objection to the special resolution approving the Arrangement referred to in Subsection 185(6) of the OBCA must be received by the Corporation not later than 5:00 p.m. on the second Business Day preceding the Meeting, and as the same may be further modified by the Interim Order and/or the Final Order (the "Dissent Rights"), and Shareholders who duly exercise such rights of dissent and who:

(a) are ultimately entitled to be paid fair value for their common shares by Amalco shall be deemed to have transferred such shares to Amalco at the time the predecessor corporations amalgamate to form Amalco pursuant to Section 2.2(b); or

(b) are ultimately not entitled, for any reason, to be paid fair value for their common shares shall be deemed to have participated in the Arrangement on the same basis as any non-dissenting Shareholder as, at and from the Effective Time, and, subject to Article 4, shall receive cash on the basis determined in accordance with Article 2;

but, for greater certainty, in no case shall the Corporation, Amalco, FCPCo , the Depositary or any other Person be required to recognize such Shareholders as Shareholders at and after the Effective Time, and the names of such Shareholders shall be deleted from the register of Shareholders as of the Effective Time.

ARTICLE 4
PAYMENT OF CONSIDERATION

4.1 Payment to Registered Holders

At or prior to the Effective Time, the Purchaser shall deposit with the Depositary, for the benefit of Shareholders, holders of Options and holders of DSUs, sufficient funds to satisfy the Purchaser's obligations under sections 2.2(c), 2.2(d) and 2.2(e) by bank transfer or other means satisfactory to the Depositary. Upon surrender to the Depositary for transfer to Amalco of a certificate which immediately prior to the Effective Time represented common shares, together with such other documents and instruments as the Corporation, the Purchaser, Amalco, FCPCo or the Depositary may reasonably require (including a duly completed and executed Letter of Transmittal and such other documents and instruments as would have been required to effect the transfer of common shares formerly represented by the certificate(s) representing the common shares under the OBCA and the by-laws of the Corporation), the holder of such surrendered certificate shall be entitled to receive in consideration therefor, and as soon as reasonably practicable after the Effective Date, the Depositary shall either:

(a) forward or cause to be forwarded by first class mail to the Shareholder at the address specified in the Letter of Transmittal;

(b) if requested by the Shareholder in the Letter of Transmittal, to make available at the offices of the Depositary for pick up by the Shareholder; or

(c) if the Letter of Transmittal neither specifies an address nor contains a request as described in (b) above, to forward or cause to be forwarded by first class mail to the Shareholder at the address of the Shareholder as shown on the share register maintained by the Corporation immediately prior to the Effective Time;

a cheque representing the payment required to be made to such holder pursuant to the provisions hereof. Under no circumstances will interest be paid to any holder on any payment to be made hereunder, regardless of any delay in making such payment.

4.2 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding common shares that were converted pursuant to Section 2.2 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Shareholder claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, cash deliverable in accordance with Section 2.2 and such Shareholder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Shareholder to whom cash is to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to FCPCo (and its transfer agents) and the Depositary in such sum as FCPCo may direct or otherwise indemnify FCPCo in a manner satisfactory to FCPCo against any claim that may be made against FCPCo with respect to the certificate alleged to have been lost, stolen or destroyed.

4.3 Extinction of Rights

Any certificate which immediately prior to the Effective Time represented outstanding common shares that were converted pursuant to Section 2.2(b) and that is not deposited with all other instruments required by this Plan of Arrangement and the Letter of Transmittal to the Depositary in accordance with the terms of this Plan of Arrangement on or prior to the fifth anniversary of the Effective Date shall cease to represent a claim or interest of

any kind or nature as a securityholder of the Corporation, Amalco or FCPCo . On such date, the cash to which the former Shareholder of the certificate referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered for no consideration to FCPCo (as successor to the Corporation following the Amalgamation and the FCPCo Amalgamation) or any successor thereto.

4.4 Withholding Rights.

The Corporation, Amalco, FCPCo and the Depositary shall be entitled to deduct and withhold from any dividend or consideration otherwise payable to any Shareholder and holder of Options and DSUs, such amounts as the Corporation, Amalco, FCPCo or the Depositary is required or permitted to deduct and withhold with respect to such payment under the ITA or any other provision of provincial, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the securities in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

ARTICLE 5
AMENDMENT

5.1 Amendment

(a) The Purchaser and the Corporation may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that any such amendment, modification or supplement must be approved by each of the Purchaser and the Corporation in a written document which is filed with the Court and, if made following the Meeting, approved by the Court and communicated to Shareholders in the manner required by the Court (if so required).

(b) Any amendment, modification or supplement to this Plan of Arrangement which is directed by the Court following the Meeting shall be effective only if (i) it is consented to in writing by the Purchaser and the Corporation, and (ii) if required by the Court, it is consented to by the Shareholders in the manner directed by the Court.

ARTICLE 6
FURTHER ASSURANCES

6.1 Other Documents and Instruments

Notwithstanding that the transactions or events set out herein shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further authorization, act or formality, the Corporation and the Purchaser shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order further to document or evidence any of the transactions or events set out herein including any resolutions of directors authorizing the issue, exchange, transfer, purchase for cancellation or donation of shares and any share transfer powers evidencing the transfer of shares and any receipts therefor.

SCHEDULE A

AMALCO COMMON SHARES

The Amalco Common Shares shall have attached hereto the following rights, privileges, restrictions and conditions

1. Voting.

The Amalco Common Shares shall carry and be entitled to one (1) vote per share at all meetings of the shareholders of Amalco, except a class or series meeting of the holders of a particular class or series of shares other than the Amalco Common Shares.

2. Dividends.

Subject to the prior rights of any other shares ranking senior to the Amalco Common Shares, the holders of Amalco Common Shares shall be entitled to receive and Amalco shall pay thereon, as and when declared by the Amalco Board of Directors out of moneys properly applicable to the payment of dividends, such dividends as the board of directors of Amalco may from time to time declare, in their absolute discretion.

3. Dissolution.

In the event of the liquidation, dissolution or winding-up of Amalco, whether voluntary or involuntary, or any other distribution of the assets of Amalco among its shareholders for the purpose of winding-up its affairs, subject to the prior rights of any other shares ranking senior to the Amalco Common Shares, the holders of the Amalco Common Shares shall be entitled to receive the remaining property and assets of Amalco.

SCHEDULE B

FCPCo COMMON SHARES

The FCPCo Common Shares shall have attached hereto the following rights, privileges, restrictions and conditions

1. Voting.

The FCPCo Common Shares shall carry and be entitled to one (1) vote per share at all meetings of the shareholders of FCPCo , except a class or series meeting of the holders of a particular class or series of shares other than the FCPCo Common Shares.

2. Dividends.

Subject to the prior rights of any other shares ranking senior to the FCPCo Common Shares, the holders of FCPCo Common Shares shall be entitled to receive and FCPCo shall pay thereon, as and when declared by the FCPCo Board of Directors out of moneys properly applicable to the payment of dividends, such dividends as the board of directors of FCPCo may from time to time declare, in their absolute discretion.

3. Dissolution.

In the event of the liquidation, dissolution or winding-up of FCPCo , whether voluntary or involuntary, or any other distribution of the assets of FCPCo among its shareholders for the purpose of winding-up its affairs, subject to the prior rights of any other shares ranking senior to the FCPCo Common Shares, the holders of the FCPCo Common Shares shall be entitled to receive the remaining property and assets of FCPCo .

APPENDIX C: INTERIM ORDER Court File No. 05-CL-5924

ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MADAM	)	TUESDAY, THE 7th DAY OF
	)	
JUSTICE GREER	)	JUNE, 2005

IN THE MATTER OF AN APPLICATION UNDER SECTIONS 182 AND 106 OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO), R.S.O. 1990, CHAPTER B. 16, AS AMENDED, AND AN APPLICATION UNDER RULE 14.05(2) AND RULE 14.05(3)(f) AND RULE 38 OF THE *RULES OF CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING O & Y PROPERTIES CORPORATION.

O & Y PROPERTIES CORPORATION AND FRANK HAUER
Applicants

INTERIM ORDER

THIS MOTION made by the Applicants for an Interim Order for advice and directions pursuant to subsection 182(5) of the *Business Corporations Act* (Ontario), R.S.O. 1990, Chapter B.16 (the "OBCA") was heard this day at 393 University Avenue, Toronto, Ontario.

UPON READING the Notice of Application, Notice of Motion, the Affidavit of Frank Hauer sworn June 6 2005 and the exhibits thereto, and on hearing the submissions of counsel for the Applicants and counsel for 2072790 Ontario Inc. (Acquisition Company),

Definitions

1. **THIS COURT ORDERS THAT** as used in this Order unless otherwise defined, terms beginning with capital letters shall have the respective meanings set out in the Circular of O & Y Properties Corporation ("the Corporation"), attached as Exhibit "A" to the affidavit of Frank Hauer.

The Meeting

2. **THIS COURT ORDERS THAT** the Corporation is authorized and directed to call, hold and conduct the Meeting on July 7, 2005 in accordance with the Notice of Meeting, the OBCA and the articles and bylaws of the Corporation, subject to the provisions of this Order, and in that connection to submit the Arrangement Resolution to the Meeting and to seek approval thereof from the Corporation's Shareholders in the manner set forth herein.

Amendments

3. **THIS COURT ORDERS THAT** the Corporation is authorized to make such amendments, revisions or supplements to the Arrangement and Plan of Arrangement as it may determine and as may be agreed by the parties to the Arrangement Agreement, and the Arrangement and Plan of Arrangement, as so amended, revised or supplemented shall be the Arrangement to be submitted to the Meeting.

Adjournments and Postponements

4. **THIS COURT ORDERS THAT** the Corporation, if it deems advisable, is specifically authorized to adjourn or postpone the Meeting on one or more occasions,

without the necessity of first convening the Meeting or first obtaining any vote of the Corporation's Shareholders respecting the adjournment or postponement.

Record Dates for Notice and Voting

5. **THIS COURT ORDERS THAT** the record date for determining the Corporation's Shareholders entitled to received notice of and to vote at the Meeting including in respect of the Arrangement Resolution shall be May 31, 2005 as previously approved by the board of directors of the Corporation and published by the Corporation, subject to the provisions of subsection 100(2) of the OBCA and the by-laws of the Corporation. Shareholders shall be entitled to one vote for each Common Share.

Notice of Meeting

6. **THIS COURT ORDERS THAT** the Corporation shall give notice of the Meeting substantially in the form of the Notice of Meeting, subject to the Corporation's ability to insert other relevant information in the final form of Notice of Meeting. The Notice of Meeting shall be given by one of the methods set out in paragraph 10 of the Order, not later than 21 days prior to the date established for the Meeting in the Notice of Meeting. Accidental failure of or omission by the Corporation to give notice to any one or more Shareholders, holders of Options or DSUs or any failure or omission to give such notice as a result of events beyond the reasonable control of the Corporation (including without limitation any inability to utilize postal services), shall not constitute a breach of this Order or a defect in the calling of the Meeting, but if any such failure or omission is brought to its attention, the Corporation shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

The Circular

7. **THIS COURT ORDERS THAT** the Corporation is hereby authorized and directed to send to Shareholders the Circular annexed as Exhibit "A" to the Affidavit of Frank Hauer sworn June 6, 2005, subject to such amendments, revisions or supplements as the Corporation may determine, which Circular will include the Notice of Application within and this Interim Order. The Circular shall be distributed or made available in accordance with paragraph 10 of this Order and shall be deemed to have been received, *mutatis mutandis*, in accordance with paragraph 11 of this Order.

Financial Statements

8. **THIS COURT ORDERS THAT** the directors of the Corporation are hereby directed and permitted to place before the Meeting consolidated annual financial statements for the year ended December 31, 2004, even though they are for a period more than six months before the date of the annual meeting.

Solicitation of Proxies

9. **THIS COURT ORDERS THAT** the Corporation is authorized to use proxies at the Meeting, subject to the Corporation's ability to insert dates and other relevant information in the final form of proxy. The Corporation is authorized, at its expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as it may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine.

Method of Dissemination

10. **THIS COURT ORDERS THAT** the Notice of Meeting, the Circular, the Notice of Application, this Interim Order and any other communications or documents determined by the Corporation to be necessary or appropriate shall be disseminated, distributed, sent and given to Shareholders in one or more of the following methods:

(i) by prepaid ordinary mail, addressed to each registered Shareholder at such Shareholder's address as shown on the books of the Corporation as of the record date specified in paragraph 5 herein; or

(ii) to non-registered Shareholders by the Corporation complying with its obligations under National Instrument No. 54-101 of the Canadian Securities Administrators.

11. **THIS COURT ORDERS THAT** the Notice of Application, this Order, the Circular, and any other communications or documents determined by the Corporation to be necessary or desirable (collectively, the "Court Materials"), shall be distributed by the Corporation to the holders of the Corporation's Options and DSUs, respectively, by mailing the same by pre-paid ordinary mail. Distribution to such persons shall be to their addresses as they appear on the books and records of the Corporation as of the Record Date.

Deemed Receipt of Notice

12. **THIS COURT ORDERS THAT** no other form of service of the Meeting Materials or the Court Materials or any portion thereof need be made or notice given or other material served in respect of these proceedings or the Meeting.

Voting

13. **THIS COURT ORDERS THAT** the Arrangement Resolution must be passed at the Meeting by the affirmative vote of not less than two-thirds of the votes cast in respect of the Arrangement Resolution by the Shareholders present in person or represented by proxy at the Meeting, and voting together as a single class. For the purposes of this paragraph, each Shareholder is entitled to one vote for each Common Share held and illegible votes, spoiled votes, defective votes and abstentions shall be deemed not to be votes cast. Such votes shall be sufficient to authorize and direct the Corporation to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Circular without the necessity of any further approval by the Shareholders, subject only to final approval of the Arrangement by this Honourable Court.

14. **THIS COURT ORDERS THAT** in respect of matters that may be brought before the Meeting pertaining to items of business affecting the Corporation (other than in respect of the Arrangement Resolution), each Shareholder is entitled to one vote for each Common Share held and illegible votes, spoiled votes, defective votes and abstentions shall be deemed not to be votes cast.

Dissent and Appraisal Rights

15. **THIS COURT ORDERS THAT** each registered Shareholder shall be entitled to exercise rights of dissent with respect to the Arrangement Resolution, in accordance with and in compliance with section 185 of the OBCA, as varied by the Plan

of Arrangement, provided that, notwithstanding subsection 185(6) of the OBCA, a written objection to the Arrangement Resolution must be received by the Corporation not later than 5:00 p.m. (Toronto time) on the second Business Day preceding the Meeting. Shareholders who duly exercise such rights of dissent and who:

(a) are ultimately entitled to be paid fair value for their Shares shall be deemed to have transferred such Shares to Amalco in accordance with Article 3 of the Plan of Arrangement; or

(b) are ultimately not entitled, for any reason, to be paid fair value for their Shares shall be deemed to have participated in the Arrangement on the same basis as any non-dissenting Shareholder as, at and form the Effective Time, and, subject to Article 4 of the Plan of Arrangement, shall receive cash on the basis determined in accordance with Article 2 of the Plan of Arrangement,

but, for greater certainty, in no case shall the Corporation, Amalco, FPCCo. The Depositary or any other Person be required to recognize such Shareholders as Shareholders at and after the Effective Time, and the names of such Shareholders shall be deleted from the register of Shareholders as of the Effective Time.

Hearing of Application for Approval of the Arrangement

16. **THIS COURT ORDERS THAT** upon the passing of the Arrangement Resolution pursuant to the provisions of paragraph 12 hereof, the Corporation shall be

permitted to apply to this Honourable Court for final approval of the Arrangement pursuant to the within Notice of Application.

17. **THIS COURT ORDERS THAT** the only persons entitled to appear and be heard at the hearing of the within Application shall be:

(a) the Corporation;

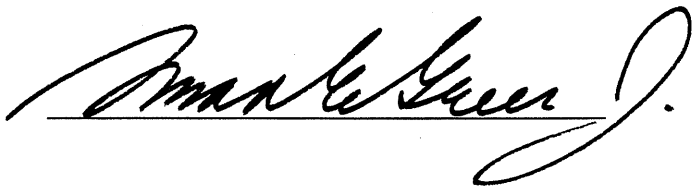
(b) Acquisition Company; and

(c) any person who has filed a Notice of Appearance herein in accordance with the provisions hereof, the Notice of Application and the Rules of Civil Procedure.

18. **THIS COURT ORDERS THAT** any Notice of Appearance served in response to the Notice of Application shall be served on counsel for the Corporation at the following address: Fasken Martineau DuMoulin LLP, 66 Wellington Street, Suite 4200, Toronto, Ontario M5K 1N6, Attention: Samuel Rickett.

19. **THIS COURT ORDERS THAT** in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those parties having previously filed a Notice of Appearance shall be entitled to be given notice of the adjourned date.

20. **THIS COURT ORDERS THAT** the Corporation shall be entitled to seek leave to vary this Order upon such terms and upon the giving of such notice as this Honourable Court may direct.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JUN 07 2005

PER/PAR:

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO), R.S.O. 1990, CHAPTER B. 16, AS AMENDED, AND AN APPLICATION UNDER RULE 14.0(2) AND RULE 14.05(2)(f) AND RULE 38 OF THE *RULES OF CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING O & Y PROPERTIES CORPORATION

Court File No. 05-CL-5924

C-10

ONTARIO
SUPERIOR COURT OF JUSTICE
Proceedings commenced at
Toronto

ORDER

FASKEN MARTINEAU DuMOULIN LLP
Barristers and Solicitors
Toronto Dominion Bank Tower
P.O. Box 20, Toronto-Dominion Centre
Toronto, Ontario M5K 1N6

Samuel R. Rickett [14947B]
Tel: 416 868 3436
Fax: 416 364 7813

Solicitors for the Applicants

Court File No. 05-CL-5924

ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF AN APPLICATION UNDER SECTIONS 182 AND 106 OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO), R.S.O. 1990, CHAPTER B. 16, AS AMENDED, AND AN APPLICATION UNDER RULE 14.05(2) AND RULE 14.05(3)(f) AND RULE 38 OF THE *RULES OF CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING O&Y PROPERTIES CORPORATION

O&Y PROPERTIES CORPORATION AND FRANK HAUER
Applicants

NOTICE OF APPLICATION

TO ALL THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicants. The claim made by the applicants appears on the following page.

THIS APPLICATION will come on for a hearing before a judge of the Ontario, Superior Court of Justice (Commercial List) on July 8, 2005 at 10:00 a.m. at 393 University Avenue, Toronto.

IF YOU WISH TO OPPOSE THIS APPLICATION, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicants' lawyers, or where the applicants do not have a lawyer, serve it on the applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible and you or your lawyer must appear at the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.

If you wish to oppose this Application but are unable to pay legal fees, legal aid may be available to you by contacting a local Legal Aid office.

Date: June 6, 2005

Issued by _____
Local Registrar
393 University Avenue
Toronto, Ontario M5G 1E6

APPLICATION

1. THE APPLICANT O&Y CORPORATION MAKES APPLICATION TO THE JUDGE PRESIDING OVER THE COMMERCIAL LIST AT 393 UNIVERSITY AVENUE, TORONTO, ONTARIO FOR:

(a) an Interim Order for directions pursuant to Section 182(5) of the *Business Corporations Act,* being chapter B.16 of the Revised Statutes of Ontario, *1990*, as amended (the "OBCA");

(b) an Order approving the proposed Plan of Arrangement of O&Y Properties Corporation under Section 182 of the OBCA; and

(c) such other Order as seems just.

2. THE APPLICANT FRANK HAUER MAKES APPLICATION TO THE JUDGE PRESIDING OVER THE COMMERCIAL LIST AT 393 UNIVERSITY AVENUE, TORONTO, ONTARIO FOR:

(a) an Order permitting the directors of O&Y Corporation to place before the annual meeting the consolidated audited annual financial statements for the year ending December 31, 2004, even though they may be for a period ending more than six months before the date of the annual meeting.

3. **THE GROUNDS FOR THE APPLICATION ARE:**

(a) all statutory requirements under the OBCA have been fulfilled;

(b) the Arrangement is in the best interests of O&Y Properties Corporation, is fair and reasonable and is put forth in good faith;

(c) the provisions of Sections 182 and 106 of the OBCA;

(d) The Corporation had prepared audited consolidated financial statements prepared as of December 31, 2004 and was planning to place these financial statements before the annual meeting which was to take place on June 30, 2005. Negotiations for the Arrangement Agreement with Acquisition Company and the availability of the Court dates in the Commercial Court caused the Corporation to postpone the Meeting by one week to July 7, 2005. The Corporation proposes to consolidate the special meeting regarding the Arrangement with its annual general meeting;

(e) convening the annual meeting one week later than originally scheduled will not prejudice the shareholders of the Corporation given that, among other things, the Corporation has previously sent to shareholders its audited annual consolidated financial statements for the year ended December 31, 2004 and, if the Arrangement is approved, the Corporation will proceed to have its Common Shares de-listed form the TSX and will ultimately cease to be a reporting issuer. In addition, the time and cost involved in preparing separate materials for two meetings one week part is not justified in the circumstances;

(f) The Corporation has sought an extension for financial reporting before the annual meeting from the Toronto Stock Exchange which has been granted; and

(g) the provisions of Rules 14.05(2) and 14.05(3)(f) of the *Rules of Civil Procedure.*

4. **THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the Application.

(a) the Affidavit of Frank Hauer, President and a Director of O&Y Properties Corporation and the exhibits annexed thereto;

(b) a Supplementary Affidavit to be sworn following the completion of the Meeting of the Shareholders of O&Y Properties Corporation proposed for July 7, 2005; and

(c) such further or other material as counsel may advise and this Honourable Court permit.

5. **THE APPLICANTS RELY ON** Rule 17.02(n) and 17.02(o) of the *Rules of Civil Procedure* with respect to the service of this Notice of Application outside of Ontario. All Shareholders of O&Y Properties Corporation approving the Special Resolution herein are proper parties to this Application and many of those shareholders reside in Ontario.

June 6, 2005

FASKEN MARTINEAU DUMOULIN LLP
Barristers and Solicitors
P.O. Box 20, Toronto-Dominion Centre
Toronto, Ontario M5K 1N6

Samuel R. Rickett #14947B
Tel: (416) 868-3436
Fax: (416) 364-7813

Counsel for the Applicants

TO: STIKEMAN ELLIOTT LLP
Barristers and Solicitors
Commerce Court West
Suite 5300, Box 85, Stn. Commerce Court
Toronto, Ontario M5L 1B9

Eliot N. Kolers #38304Y
Tel: (416) 869-5637

Fax: (416) 947-0866

Solicitors for 2072790 Ontario Inc.
(Acquisition Company)

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO), R.S.O. 1990, CHAPTER B. 16, AS AMENDED, AND AN APPLICATION UNDER RULE 14.0(2) AND RULE 14.05(2)(f) AND RULE 38 OF THE *RULES OF CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING O & Y PROPERTIES CORPORATION

Court File No. 05-CL-5924

D-7

ONTARIO
SUPERIOR COURT OF JUSTICE
Proceedings commenced at
Toronto

NOTICE OF APPLICATION

FASKEN MARTINEAU DuMOULIN LLP
Barristers and Solicitors
Toronto Dominion Bank Tower
P.O. Box 20, Toronto-Dominion Centre
Toronto, Ontario M5K 1N6

Samuel R. Rickett [14947B]
Tel: 416 868 3436
Fax: 416 364 7813

Solicitors for the Applicants

RBC Dominion Securities Inc.
P.O. Box 50
Royal Bank Plaza
Toronto, Ontario M5J 2W7
Telephone: (416) 842-2000

June 7, 2005

The Board of Directors
O&Y Properties Corporation
1 First Canadian Place
Suite 3300, P.O. Box 72
Toronto, Ontario
M5X 1B1

To the Board of Directors:

RBC Dominion Securities Inc. ("RBC"), a member company of RBC Capital Markets, understands that O&Y Properties Corporation ("OYP" or the "Company") has entered into an agreement (the "Arrangement Agreement") with a wholly-owned subsidiary ("AcquireCo") of a consortium (the "Consortium") consisting of BPO Properties Ltd. ("BPO"), Canada Pension Plan Investment Board ("CPP") and ARCA Investments Inc. ("ARCA"), under which AcquireCo has agreed to acquire all of the issued and outstanding common shares of OYP (the "Shares") by way of plan of arrangement (the "Arrangement") for $13.00 in cash per Share, inclusive of the $0.06 per Share dividend declared on May 11, 2005 to holders of Shares ("Shareholders") of record on June 30, 2005. RBC understands that AcquireCo has also entered into an agreement (the "Reorganization Agreement") with O&Y Real Estate Investment Trust ("OYR" or the "Trust"), under which AcquireCo has agreed to purchase all of the assets and assume all of the liabilities of OYR and all of the issued and outstanding trust units of OYR (the "OYR Units") will immediately thereafter be redeemed for a cash payment of $15.50 per OYR Unit (the "OYR Reorganization"). OYP currently owns 41.2% of the OYR Units on a fully diluted basis and has certain special voting rights with respect to the OYR Units. Completion of the Arrangement is conditional on, among other things, all conditions precedent to the OYR Reorganization having been satisfied or waived, other than the closing of the Arrangement. The terms of the Arrangement will be more fully described in a circular (the "Circular"), which will be mailed to Shareholders in connection with the Arrangement.

The Company has retained RBC to provide advice and assistance in evaluating the Arrangement, including the preparation and delivery to the board of directors of OYP (the "Board") of RBC's opinion as to the fairness of the consideration under the Arrangement from a financial point of view to the Shareholders (the "Fairness Opinion"). The Fairness Opinion has been prepared in accordance with the guidelines of the Investment Dealers Association of Canada. RBC has not prepared a valuation of the Company or any of its securities or assets and the Fairness Opinion should not be construed as such.

Engagement

OYP and OYR initially contacted RBC regarding a potential advisory assignment in late December 2004, and RBC was formally engaged by OYP through an agreement between OYP and RBC (the "Engagement Agreement") dated February 14, 2005. RBC was concurrently engaged by OYR through an agreement between OYR and RBC. The terms of the Engagement Agreement provide that RBC is to be paid a fee for its services under the Engagement Agreement, a portion of which is conditional on completion of the Arrangement. In addition, RBC is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by OYP in certain circumstances. RBC consents to the inclusion of the Fairness Opinion in its entirety and a summary thereof in the Circular

and to the filing thereof, as necessary, by OYP with the securities commissions or similar regulatory authorities in each province of Canada.

Relationship With Interested Parties

Neither RBC, nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of the Company, OYR, any member of the Consortium or any of their respective associates or affiliates. In addition to the services under the Engagement Agreement, RBC provided OYP with a comprehensive review of its strategic alternatives in September, 2003, and provided advisory services to OYP regarding the sale of O&Y Enterprise to OYR in June, 2004. RBC was a joint-lead underwriter on OYR's $125.1 million offering of OYR Units in March, 2004 and a co-manager on OYR's $75.5 million offering of OYR Units in July, 2003. RBC has also provided advisory services to certain members of the Consortium over the past 24 months as described below. RBC was retained by BPO and its co-owner to advise on the sale of the Gulf Canada Square office complex, which was ultimately acquired by OYR in February, 2004. RBC also provided advisory services to CPP in connection with a proposed transaction in September, 2004. RBC has not provided any advisory services to or participated in any financings for ARCA over the past two years. There are no understandings, agreements or commitments between RBC and OYP, OYR, any members of the Consortium or any of their respective associates or affiliates with respect to any future business dealings. RBC may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for OYP, OYR, any members of the Consortium or any of their respective associates or affiliates. Royal Bank of Canada, controlling shareholder of RBC, provides banking services to OYP, OYR, BPO, CPP, certain of their respective affiliates and certain affiliates of ARCA in the normal course of business.

RBC acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of the Company, OYR, BPO or any of their associates or affiliates and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it received or may receive compensation. As an investment dealer, RBC conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to the Company, OYR, BPO and any of their affiliates, or the Arrangement.

Credentials of RBC Capital Markets

RBC is one of Canada's largest investment banking firms, with operations in all facets of corporate and government finance, corporate banking, mergers and acquisitions, equity and fixed income sales and trading and investment research. RBC Capital Markets also has significant operations in the United States and internationally. The Fairness Opinion expressed herein represents the opinion of RBC and the form and content herein have been approved for release by a committee of its directors, each of whom is experienced in merger, acquisition, divestiture and fairness opinion matters.

Scope of Review

In connection with our Fairness Opinion, we have reviewed and relied upon or carried out, among other things, the following:

1. the Arrangement Agreement;

2. the Reorganization Agreement;
3. the most recent draft, dated June 5, 2005, of the Circular (the "Draft Circular");
4. the most recent draft, dated June 6, 2005, of the circular to be mailed to holders of OYR Units in connection with the OYR Reorganization (the "Draft OYR Circular");
5. audited financial statements of OYP for each of the three years ended December 31, 2002, 2003 and 2004;
6. the unaudited interim report of OYP for the quarter ended March 31, 2005;
7. annual reports of OYP for each of the two years ended December 31, 2003 and 2004;
8. the Notice of Annual Meeting of Shareholders and Management Information Circulars of OYP for each of the two years ended December 31, 2002 and 2003;
9. annual information forms of OYP for each of the two years ended December 31, 2003 and 2004;
10. audited financial statements of O&Y FPT Inc. for each of the three years ended December 31, 2002, 2003 and 2004;
11. the unaudited interim report of O&Y FPT Inc. for the quarter ended March 31, 2005;
12. audited financial statements of OYR for each of the three years ended December 31, 2002, 2003 and 2004;
13. the unaudited interim report of OYR for the quarter ended March 31, 2005;
14. annual reports of OYR for each of the two years ended December 31, 2003 and 2004;
15. the Notice of Annual Meeting of Unitholders and Management Information Circulars of OYR for the two years ended December 31, 2002 and 2003;
16. annual information forms of OYR for each of the two years ended December 31, 2003 and 2004;
17. unaudited property cash flows of First Canadian Place ("FCP") for the years ended December 31, 2003 and 2004;
18. the internal management budget for FCP for the year ending December 31, 2005;
19. unaudited projected property cash flows for FCP for the 21 years ending March 31, 2026;
20. unaudited property cash flows for the properties of OYR for the years ended December 31, 2003 and 2004;
21. the internal management budget of OYR for the year ending December 31, 2005;
22. unaudited projected property cash flows for the properties of OYR for the 11 years ending March 31, 2016;
23. various co-ownership agreements;
24. tours of certain of OYP's and OYR's properties;
25. discussions with senior management of OYP and OYR;
26. discussions with OYP's and OYR's legal counsel;
27. public information relating to the business, operations, financial performance and stock trading history of OYP and OYR and other selected public companies and REITs considered by us to be relevant;
28. public information with respect to other transactions of a comparable nature considered by us to be relevant;

29. representations contained in certificates addressed to us, dated as of the date hereof, from senior officers of OYP as to the completeness and accuracy of the information upon which the Fairness Opinion is based; and

30. such other corporate, industry and financial market information, investigations and analyses as RBC considered necessary or appropriate in the circumstances.

RBC has not, to the best of its knowledge, been denied access by the Company to any information requested by RBC. As the auditors of the Company declined to permit RBC to rely on information provided by them as part of any due diligence review, RBC did not meet with the auditors and has assumed the accuracy and fair presentation of and relied upon the audited consolidated financial statements of the Company and the reports of the auditors thereon.

Prior Valuations

The Company has represented to RBC that there have not been any prior valuations (as defined in Ontario Securities Commission Rule 61-501) of the Company or its material assets or its securities in the past twenty-four month period.

Assumptions and Limitations

With the Board's approval and as provided for in the Engagement Agreement, RBC has relied upon the completeness, accuracy and fair presentation of all of the financial and other information, data, advice, opinions or representations obtained by it from public sources, senior management of the Company, and their consultants and advisors (collectively, the "Information"). The Fairness Opinion is conditional upon such completeness, accuracy and fair presentation of such Information. Subject to the exercise of professional judgment and except as expressly described herein, we have not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information.

Senior officers of the Company have represented to RBC in a certificate delivered as of the date hereof, among other things, that (i) the Information, taken as a whole, provided orally by, or in the presence of, an officer or employee of the Company or in writing by the Company or any of its subsidiaries (as such term is defined in the Securities Act (Ontario) and, in any event, including OYR) or their respective agents to RBC for the purpose of preparing the Fairness Opinion was, at the date the Information was provided to RBC, and is at the date hereof complete, true and correct in all material respects, and did not and does not contain any untrue statement of a material fact in respect of the Company and its subsidiaries, taken as a whole, or the Arrangement and did not and does not omit to state a material fact in respect of the Company and its subsidiaries, taken as a whole, or the Arrangement necessary to make the Information or any statement contained therein not misleading in light of the circumstances under which the Information was made or provided or any statement was made; and that (ii) since the dates on which the Information was provided to RBC, except as disclosed in writing to RBC, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company and its subsidiaries, taken as a whole, and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Fairness Opinion.

In preparing the Fairness Opinion, RBC has made several assumptions, including that all of the conditions required to implement the Arrangement will be met and that the disclosure provided or incorporated by reference in the Draft Circular and the Draft OYR Circular with respect to the

Company, OYR, their respective subsidiaries and affiliates, the Arrangement and the OYR Reorganization is accurate in all material respects.

The Fairness Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of the Company and its subsidiaries and affiliates, as they were reflected in the Information and as they have been represented to RBC in discussions with management of the Company. In its analyses and in preparing the Fairness Opinion, RBC made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of RBC or any party involved in the Arrangement.

The Fairness Opinion has been provided for the use of the Board and may not be used by any other person or relied upon by any other person other than the Board without the express prior written consent of RBC. The Fairness Opinion is given as of the date hereof and RBC disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion which may come or be brought to RBC's attention after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Fairness Opinion after the date hereof, RBC reserves the right to change, modify or withdraw the Fairness Opinion.

RBC believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Fairness Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. The Fairness Opinion is not to be construed as a recommendation to any Shareholder as to whether to vote in favour of the Arrangement.

Overview of the Company

OYP is a Canadian commercial real estate company that is focused on the ownership, management and development of high-quality office buildings. Directly, and indirectly through its significant interest in OYR, the Company owns a portfolio of 25 office properties, totaling approximately 9.5 million square feet in seven Canadian markets, including the Class AAA FCP office complex in downtown Toronto.

Fairness Analysis

Approach to Fairness

RBC's primary methodology in considering the fairness of the consideration under the Arrangement from a financial point of view to the Shareholders was a net asset value ("NAV") analysis of OYP. RBC also compared the implied capitalization rates ("cap rates") of net operating income ("NOI") and implied multiples of funds from operations ("FFO") under the Arrangement to precedent transactions. RBC also compared the consideration proposed under the Arrangement to the market prices of the Shares prior to the announcement (the "Announcement") on February 15, 2005, of the intention of OYP and OYR to seek a buyer for 100% of the Shares and the OYR Units (the "Sale Process"). RBC also considered the Sale Process.

RBC also reviewed the trading multiples of public companies involved in the real estate industry generally, and office property companies in particular, from the perspective of whether a public market value analysis might exceed NAV or precedent transaction values. However, RBC

concluded that public company multiples implied values for the Company that were below the NAV and precedent transaction values. Given the foregoing and that public company values generally reflect minority discount values rather than "en bloc" values, RBC did not rely on this methodology.

Net Asset Value Analysis

The NAV approach ascribes a separate value for each category of asset and liability, utilizing the methodology appropriate in each case. The sum of total assets less total liabilities yields the NAV.

There are six key components to OYP's NAV:

i) interest in FCP;
ii) interest in OYR;
iii) development properties;
iv) secured and unsecured debt;
v) capitalized general and administrative expenses; and
vi) other items.

Interest in FCP

FCP is Canada's tallest office building and is considered one of North America's premier business addresses. It consists of approximately 2.7 million square feet of space, currently 95% leased with an average remaining term of 10.5 years. With respect to FCP, OYP indirectly owns a 100% leasehold interest in the FCP building including the surrounding podium, a 50% undivided freehold interest in the FCP lands and a 50% undivided leasehold interest in the FCP lands owned by Manulife Financial Corporation ("Manulife"). OYP leases the lands owned by Manulife pursuant to a land lease (the "FCP Land Lease") which expires on December 31, 2023, subject to an extension under certain circumstances. Manulife has an option to purchase, for nominal consideration, a 50% interest in the FCP building and the surrounding podium upon expiration of the FCP Land Lease. RBC used a discounted cash flow ("DCF") approach to assess FCP. For the DCF analysis, twenty one year unlevered cash flow projections were prepared for FCP based on information provided by management of the Company. The DCF analysis incorporated the capital tax and large corporation tax payable owing to the corporate ownership structure of FCP. The low tax basis in OYP's interest in FCP was also considered in assessing the value of FCP for purposes of RBC's NAV analysis, but no significant adjustment was made based on RBC's assessment of how OYP's tax position would be evaluated in the context of current market conditions. RBC reviewed the assumptions in the information and made adjustments where considered necessary. The changes made by RBC were primarily related to lease-up assumptions and market rents. Appropriate discount rates and reversionary cap rates were selected based on precedent private market transactions and RBC's knowledge of current real estate pricing parameters. The discount rates and reversionary cap rates used by RBC for FCP are summarized below:

Discount Rates	Reversionary Cap Rates
7.00%-8.00%	6.50%-7.50%

The values for FCP resulting from the above analysis were also reviewed on the basis of price per square foot and precedent transaction pricing to ensure that these measures were also consistent with market pricing parameters.

Interest in OYR

OYP currently owns 24.6 million OYR Units (the "Control Block"), representing 41.2% of the OYR Units on a fully diluted basis. For purposes of the NAV analysis of OYP, RBC valued the Control Block at the value of the consideration per OYR Unit of $15.50 under the OYR Reorganization.

Development Properties

OYP's development properties consist of an office site in Ottawa and two surface parking lots in Winnipeg. RBC valued these properties at OYP's book value.

Secured and Unsecured Debt

OYP's fixed rate secured debt was marked to market based on current Government of Canada bond yields of the appropriate term plus corresponding market real estate lending spreads. The FCP Participating Loan was valued based on its principal value plus the estimated participation amount based on the values generated for FCP under the DCF analysis mentioned above.

Capitalized General and Administrative Expenses

For the purposes of its NAV analysis, RBC estimated a net G&A expense for OYP assuming elimination of public company costs, expenses recoverable from tenants and expenses relating to OYP's development activities. An amount was then deducted based on a 7.0x multiple of net G&A expense.

Other Items

For the purposes of the NAV analysis, all options have been assumed exercised for cash proceeds for an amount equal to the difference between estimated NAV and the exercise prices. OYP's other assets and liabilities were valued at their book value for purposes of RBC's NAV analysis, except for deferred expenses, intangible assets and goodwill, which were given no value. Estimated free cash flow for OYP since March 31, 2005 was added to NAV.

Sensitivity Analysis

In completing our NAV analysis, RBC performed a variety of sensitivity analyses. Variables sensitized included going-in cap rates, occupancy rates and rental rates. The results of these sensitivity analyses are reflected in our judgment as to the fairness of the consideration under the Arrangement from a financial point of view to the Shareholders.

Summary of the NAV Analysis

The NAV approach, including taking into account the sensitivity analyses as described above, generates results that are consistent with the consideration per Share proposed under the Arrangement.

Precedent Transaction Analysis

In comparing the multiples implied by the consideration under the Arrangement to multiples in precedent transactions, RBC considered a proportionately consolidated FFO multiple for OYP and separate implied cap rates for FCP and OYR, as shown below.

Equity Value	Enterprise Value	2005E FFO Multiple	Implied Cap Rate - FCP	Implied Cap Rate - OYR
$697,351	$2,020,672 [1]	17.6x [2]	6.2% [3]	6.9% [4]

Notes:
(1) Fully consolidated for OYR
(2) Based on RBC Research estimate of OYP's FFO per Share, proportionately consolidated for OYR
(3) Based on Q1, 2005 adjusted annualized NOI for FCP
(4) Based on Q1, 2005 annualized NOI

Recent Canadian public entity real estate transactions, illustrated in the table below, have generally been completed in the range of 7.0x to 9.5x FFO and a 9.0% to 11.0% cap rate. All of these transactions however, other than OMERS' acquisition of Oxford Properties, Brookfield's bid for Gentra and the SITQ bid for Bentall, involved entities that owned primarily retail or multi-family residential rather than office assets and hence are of limited applicability in assessing the fairness of the consideration under the Arrangement from a financial point of view to the Shareholders. OMERS bid for Oxford Properties, Brookfield's bid for Gentra and SITQ's bid for Bentall were all at lower FFO multiples and higher cap rates than are implied by the consideration under the Arrangement.

(C$ millions)

Announcement Date	Acquiror	Target	Enterprise Value	FFO Multiple [1]	Implied Cap Rate [2]
March 29, 2004	CAP REIT	Residential Equities REIT	$962	14.6x	6.4%
April 28, 2003	Brookfield Properties Corp	BPO Properties [3]	$1,204	7.8x	10.9%
January 25, 2002	Pyxis Real Estate Equities	Tonko Developments	$131	na [4]	11.4%
November 12, 2001	Acktion	Goldlist Properties	$447	7.1x	11.1%
August 20, 2001	OMERS	Oxford Properties	$3,458	8.8x	8.4%
January 12, 2001	SITQ Immobilier	Bentall Corporation	$1,618	7.8x	9.1%
November 6, 2000	Acktion	Revenue Properties [5]	$1,512	6.6x	10.2%
July 24, 2000	Brookfield Properties	Gentra [3]	$1,669	5.6x	11.0%
July 21, 2000	Cadim	Acanthus Real Estate	$436	9.4x	9.6%
June 26, 2000	Gazit Group	Centrefund Realty [5]	$1,118	7.6x	9.0%
May 25, 2000	Ivanhoe	Cambridge Shopping Centres	$3,714	10.2x	9.4%
December 1, 1999	Ontario Teachers	Cadillac Fairview	$5,676	9.2x	9.4%
September 7, 1999	Summit REIT	Avista REIT	$371	9.1x	9.3%
March 15, 1999	RioCan REIT	RealFund Trust	$727	9.5x	8.0%

Notes:
(1) FFO multiple is based on consensus analyst current year forecasts at the time of the transaction.
(2) Equal to the NOI as calculated by either (i) last quarter annualized NOI for entities owning primarily office and residential assets or (ii) latest twelve months ("LTM") for entities owning primarily retail assets, divided by transaction enterprise value less non - NOI producing net assets.
(3) Not successfully completed.
(4) No analyst estimates for Tonko Developments.
(5) Partial bid.

Recent Trading Levels of Shares

The consideration per Share under the Arrangement of $13.00 represents a premium of 31.3% to the $9.90 market price of the Shares on February 14, 2005, immediately prior to the Announcement and a 36.4% premium over the Shares' 30-day volume weighted average trading price prior to the Announcement. These premiums are in-line with the average premiums for similar transactions in the real estate industry over the past five years.

Review of Sale Process

Immediately following the Announcement, RBC conducted a global marketing effort to seek a buyer for 100% of the Shares and the OYR Units. Over 100 potential bidders were contacted. Interested bidders who signed a confidentiality agreement were provided with confidential information regarding OYP and OYR. RBC believes that all parties that expressed an interest in acquiring OYP were provided with the opportunity to ascertain the value of the Company and to make a proposal. The consideration offered under the Arrangement represents the highest value available from the Sale Process.

Fairness Conclusion

Based upon and subject to the foregoing, RBC is of the opinion that, as of the date hereof, the consideration under the Arrangement is fair from a financial point of view to the Shareholders.

Yours very truly,

RBC Dominion Securities Inc.

RBC DOMINION SECURITIES INC.

APPENDIX F: SECTION 185 OF THE OBCA

Rights of dissenting shareholders

185. (1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

(a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;

(b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;

(c) amalgamate with another corporation under sections 175 and 176;

(d) be continued under the laws of another jurisdiction under section 181; or

(e) sell, lease or exchange all or substantially all its property under subsection 184 (3),

a holder of shares of any class or series entitled to vote on the resolution may dissent. R.S.O. 1990, c. B.16, s. 185 (1).

Idem

(2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

(a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or

(b) subsection 170 (5) or (6). R.S.O. 1990, c. B.16, s. 185 (2).

Exception

(3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

(a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or

(b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986. R.S.O. 1990, c. B.16, s. 185 (3).

Shareholder's right to be paid fair value

(4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted. R.S.O. 1990, c. B.16, s. 185 (4).

No partial dissent

(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (5).

Objection

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent. R.S.O. 1990, c. B.16, s. 185 (6).

Idem

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6). R.S.O. 1990, c. B.16, s. 185 (7).

Notice of adoption of resolution

(8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection. R.S.O. 1990, c. B.16, s. 185 (8).

Idem

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights. R.S.O. 1990, c. B.16, s. 185 (9).

Demand for payment of fair value

(10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder dissents; and

(c) a demand for payment of the fair value of such shares. R.S.O. 1990, c. B.16, s. 185 (10).

Certificates to be sent in

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent. R.S.O. 1990, c. B.16, s. 185 (11).

Idem

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section. R.S.O. 1990, c. B.16, s. 185 (12).

Endorsement on certificate

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (13).

Rights of dissenting shareholder

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

(a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);

(b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or

(c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10), and the dissenting shareholder is entitled, upon presentation and surrender to the corporation or its transfer agent of any certificate representing the shares that has been endorsed in accordance with subsection (13), to be issued a new certificate representing the same number of shares as the certificate so presented, without payment of any fee. R.S.O. 1990, c. B.16, s. 185 (14).

Offer to pay

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

(a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (15).

Idem

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms. R.S.O. 1990, c. B.16, s. 185 (16).

Idem

(17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made. R.S.O. 1990, c. B.16, s. 185 (17).

Application to court to fix fair value

(18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (18).

Idem

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow. R.S.O. 1990, c. B.16, s. 185 (19).

Idem

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19). R.S.O. 1990, c. B.16, s. 185 (20).

Costs

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders. R.S.O. 1990, c. B.16, s. 185 (21).

Notice to shareholders

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

(a) has sent to the corporation the notice referred to in subsection (10); and

(b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions. R.S.O. 1990, c. B.16, s. 185 (22).

Parties joined

(23) All dissenting shareholders who satisfy the conditions set out in clauses (22) (a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application. R.S.O. 1990, c. B.16, s. 185 (23).

Idem

(24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (24).

Appraisers

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (25).

Final order

(26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b). R.S.O. 1990, c. B.16, s. 185 (26).

Interest

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment. R.S.O. 1990, c. B.16, s. 185 (27).

Where corporation unable to pay

(28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (28).

Idem

(29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

(a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders. R.S.O. 1990, c. B.16, s. 185 (29).

Idem

(30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

(a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities. R.S.O. 1990, c. B.16, s. 185 (30).

Court order

(31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission. 1994, c. 27, s. 71 (24).

Commission may appear

(32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation. 1994, c. 27, s. 71 (24).

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