This document is important and requires your immediate attention. If you are in any doubt as to how to deal with it, you should consult your investment dealer, stockbroker, bank manager, accountant, lawyer or other professional advisor.

September 9, 2005

2072790 ONTARIO INC.

a corporation owned, directly or indirectly, by BPO Properties Ltd., the Canada Pension Plan Investment Board and ARCA Investments Inc.

OFFER TO PURCHASE

all of the outstanding limited voting units of

O&Y REAL ESTATE INVESTMENT TRUST

at a price of

$16.25 in cash per limited voting unit

This offer (the "Offer") by 2072790 Ontario Inc. (the "Offeror") to purchase all of the outstanding limited voting units (the "Units") of O&Y Real Estate Investment Trust ("O&Y REIT"), will be open for acceptance until 8:00 p.m. (Toronto time) on October 17, 2005, unless withdrawn or extended.

The Offer is subject to certain conditions which are described under "Conditions of the Offer" in Section 4 of the Offer including, without limitation, there being validly deposited under the Offer and not withdrawn prior to the expiration of the Offer, that number of Units which represents as of the time the Offer expires more than 50% of the Units outstanding (calculated on a fully-diluted basis), excluding Units held at the time the Offer expires by O&Y Properties Corporation. The Offeror is a corporation owned, directly or indirectly, by BPO Properties Ltd. (a subsidiary of Brookfield Properties Corporation), the Canada Pension Plan Investment Board and ARCA Investments Inc.

The Board of Trustees of O&Y REIT, upon receiving the recommendation of the independent committee of trustees and following consultation with its financial and legal advisors and upon receipt of a fairness opinion from RBC Dominion Securities Inc., has unanimously (with Messrs. Reichmann, Hauer and Linhart abstaining due to their interests in the matter) determined that the Offer is fair from a financial point of view to the holders of Units (the "Unitholders") and is in the best interests of the Unitholders and, accordingly, the Board of Trustees unanimously (with Messrs. Reichmann, Hauer and Linhart abstaining due to their interests in the matter) recommended that Unitholders accept the Offer and tender their Units to the Offer.

Pursuant to a support agreement (the "Support Agreement") dated as of August 26, 2005, among the Offeror, BPO Properties Ltd., the Canada Pension Plan Investment Board, ARCA Investments Inc. and O&Y REIT, among other things, the Offeror has agreed to make the Offer and O&Y REIT has agreed to support the Offer, subject to the terms and conditions set forth in the Support Agreement. See "Arrangements, Agreements or Understandings – Support Agreement" in Section 11 of the accompanying circular forming part of the Offer (the "Circular").

The Offeror has also entered into lock-up agreements with each of Bloom Investment Counsel Inc., Dynamic Focus & Diversified Income Fund, Dynamic Focus & Real Estate Fund, ING Clarion Real Estate Securities LP, MFC Global Investment Mgt, TD Asset Management Inc., and Sentry Select Capital Corp. (the "Locked-up Unitholders") pursuant to which the Locked-up Unitholders have irrevocably agreed to deposit to the Offer, and not to withdraw, Units representing in the aggregate approximately 21% of the outstanding Units (or approximately 36% of the outstanding Units exclusive of the Units held by O&Y Properties Corporation). See "Arrangements, Agreements or Understandings – Lock-up Agreements" in Section 11 of the Circular and "Acquisition of Units Not Deposited Under the Offer" in Section 15 of the Circular.

The Units are listed for trading on the Toronto Stock Exchange (the "TSX") under the stock symbol "OYR.UN". On August 26, 2005, which was the last trading day prior to the announcement of the Offer, the closing price of the Units was $15.68 on the TSX and the average closing price of the Units for the 30 trading days prior to the announcement of the Offer was $14.96 on the TSX.

Unitholders who wish to accept the Offer must properly complete and execute the accompanying letter of transmittal (the "Letter of Transmittal") (printed on yellow paper) or a manually executed facsimile and deposit it, together with certificates representing their Units, in accordance with the instructions in the Letter of Transmittal. Alternatively, Unitholders may follow the procedure for guaranteed delivery described under "Manner of Acceptance — Procedure for Guaranteed Delivery" in Section 3 of the Offer. Unitholders whose Units are registered in the name of an investment dealer, stockbroker, bank, trust company or other nominee should contact that nominee for assistance if they wish to accept the Offer.

The Offer is made only for Units and is not made for any options or rights to acquire Units. Any holder of such options or rights to acquire Units who wishes to accept the Offer should exercise the options or rights in order to obtain certificates representing Units and deposit the Units in accordance with the Offer. O&Y REIT will also permit holders of Options to transfer their Options to O&Y REIT in exchange for a cash payment equal to the "in-the-money" value of such Options, conditional upon the Offeror taking up and paying for Units under the Offer.

Questions and requests for assistance may be directed to CIBC Mellon Trust Company (the "Depositary"). Additional copies of the Offer and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained without charge on request from the Depositary at its office shown on the last page of this Offer and Circular.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from, or on behalf of, Unitholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror or its agents may, in the Offeror's sole discretion, take such action, as the Offeror may deem necessary to extend the Offer to Unitholders in such jurisdiction.

NOTICE TO UNITHOLDERS IN THE UNITED STATES

The Offer is made for the securities of a Canadian issuer and, while the Offer is subject to applicable disclosure requirements of Canada, Unitholders should be aware that such disclosure requirements are different from those of the United States.

Unitholders should also be aware that the disposition of Units for cash may have tax consequences both in Canada and the United States. Such consequences under Canadian or United States tax law for investors who are resident in, or citizens of, the United States may not be fully described herein. See Section 16 of the Circular "Canadian Federal Income Tax Considerations".

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that all of the Offeror's officers and directors are residents of Canada and that all or a substantial portion of the assets of the Offeror and of said persons may be located outside the United States.

This transaction has not been approved or disapproved by any securities regulatory authority nor has any securities regulatory authority passed upon the fairness or merits of this transaction or upon the accuracy or adequacy of the information contained in this document. Any representation to the contrary is unlawful.

FORWARD LOOKING STATEMENTS

Certain statements contained in the accompanying Circular are "forward-looking statements" and are prospective. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements.

NOTICE REGARDING INFORMATION

The information contained in this Circular concerning O&Y REIT is based solely on information provided to the Offeror by O&Y REIT or upon publicly available information. With respect to this information, the Offeror has relied exclusively upon O&Y REIT, without independent verification by the Offeror.

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DEFINITIONS

In the accompanying Summary, Offer and Circular, unless the context otherwise requires or unless defined elsewhere herein, the following terms have the meanings indicated:

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

"Acquisition Proposal" means, other than from the Offeror, 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 securities or rights or interests therein or thereto or similar transactions involving O&Y REIT and/or its subsidiaries, or a written proposal to do so, excluding the Offer;

"affiliate" has the meaning ascribed thereto in the OSA;

"**AMF**" means the Autorité des marchés financiers;

"Arrangement Agreement" means the arrangement agreement dated as of May 31, 2005 as amended and restated on August 26, 2005 among the Offeror, the Acquisition Group and OYPC;

"associate" has the meaning ascribed thereto in the OSA;

"Board of Trustees" means the board of trustees of O&Y REIT;

"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;

"Circular" means the take-over bid circular accompanying the Offer and forming a part thereof;

"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 any 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;

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

"Compulsory Acquisition" has the meaning ascribed thereto under "Acquisition of Units Not Deposited under the Offer" in Section 15 of the Circular;

"Declaration of Trust" means the amended and restated declaration of trust of O&Y REIT dated March 8, 2001, as amended and restated as of June 7, 2001, as amended on June 7, 2005, and as may be further amended or supplemented from time to time;

"Depositary" means CIBC Mellon Trust Company at its offices specified in the Letter of Transmittal;

"Disclosure Letter" means the letter of O&Y REIT dated the date of the Support Agreement and delivered by O&Y REIT to the Offeror concurrently therewith;

"Effective Time" has the meaning ascribed thereto under "Manner of Acceptance — Power of Attorney" in Section 3 of the Offer;

"Eligible Institution" means a Canadian schedule I chartered bank, a major trust company in Canada, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the

New York Stock Exchange Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Dealers Association of Canada, members of the National Association of Securities Dealers or banks and trust companies in the United States;

"Excess Distribution Amount" means (i) in respect of the period up to October 15, 2005, the amount per Unit of any distribution declared or paid on a Unit in excess of the regular monthly distribution to Unitholders of $0.0917 and, in respect of the 8.0 million Units subject to the enhanced voting right, any distribution declared in excess of $0.0871 per Unit, in each case subject to customary rounding, and (ii) at any time after October 15, 2005, means the amount of any cash or non-cash distribution declared or paid on a Unit;

"Expiry Date" means October 17, 2005, or such later date or dates as may be fixed by the Offeror from time to time pursuant to Section 5 of the Offer, "Extension, Variation or Change in the Offer";

"Expiry Time" means 8:00 p.m. (Toronto time) on the Expiry Date, or such later time and date as may be fixed by the Offeror from time to time as provided under "Extension, Variation or Change in the Offer" in Section 5 of the Offer, unless the Offer is withdrawn by the Offeror;

"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;

"Letter of Transmittal" means the Letter of Transmittal (printed on yellow paper) in the form accompanying the Offer and Circular, or a facsimile thereof;

"**Lock-up Agreements**" means, collectively, the lock-up agreement between the Offeror and Bloom Investment Counsel Inc., the lock-up agreement between the Offeror and Dynamic Focus & Diversified Income Fund, the lock-up agreement between the Offeror and Dynamic Focus & Real Estate Fund, the lock-up agreement between the Offeror and ING Clarion Real Estate Securities LP, the lock-up agreement between the Offeror and MFC Global Investment Mgt, the lock-up agreement between the Offeror and TD Asset Management Inc. and the lock-up agreement between the Offeror and Sentry Select Capital Corp., as described in "Arrangements, Agreement or Understandings – Lock-up Agreements" in Section 11 of the Circular;

"**Locked-up Unitholders**" means, collectively, Bloom Investment Counsel Inc., Dynamic Focus & Diversified Income Fund, Dynamic Focus & Real Estate Fund, ING Clarion Real Estate Securities LP, MFC Global Investment Mgt, TD Asset Management Inc. and Sentry Select Capital Corp.;

"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 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 O&Y REIT or any of its subsidiaries conducts business; (iii) the announcement of the transactions contemplated by the Support Agreement or the Arrangement Agreement or other communication by the Offeror of its plans or intentions with respect to any of the businesses of O&Y REIT or any of its subsidiaries; (iv) the consummation of the transactions contemplated by the Support Agreement or the Arrangement Agreement or any actions by the parties thereto taken pursuant to the Support Agreement or the Arrangement Agreement; (v) any change in the market price or trading volume of the common shares of OYPC or any of the Units; (vi) any failure by OYPC or O&Y REIT to meet any earnings estimates of equity analysts, for any period; (vii) any rights of any lender, creditor, property owner or other person in relation to O&Y REIT, OYPC 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 Support Agreement; or (viii) the absence of any registration by O&Y REIT or any of its subsidiaries as a real estate and business broker or as a mortgage broker, shall be deemed not to constitute a "Material Adverse Effect" and shall not be considered in determining whether a "Material Adverse Effect" has occurred;

"Minimum Deposit Condition" has the meaning ascribed thereto in Section 4 of the Offer;

"Notice of Guaranteed Delivery" means the Notice of Guaranteed Delivery for Deposit of Units (printed on green paper) in the form

accompanying the Offer and Circular, or a facsimile thereof;

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

"Offer" means the offer to purchase all of the outstanding Units made hereby to Unitholders subject to the terms set forth in the Offer Documents;

"Offer Documents" means, collectively, the Offer, Circular, Letter of Transmittal and Notice of Guaranteed Delivery;

"Offeror" means 2072790 Ontario Inc., a corporation incorporated under the laws of Ontario and owned, directly or indirectly, by BPO Properties Ltd. (a subsidiary of Brookfield Properties Corporation), the Canada Pension Plan Investment Board and ARCA Investments Inc.;

"Offer Period" means the period commencing on the date of the Offer and ending at the Expiry Time;

"Option Plan" means the incentive option plan of O&Y REIT approved by the Board of Trustees on June 7, 2001 as amended by the Board of Trustees on August 4, 2004 and approved by the TSX on February 15, 2005;

"Options" means the outstanding options of O&Y REIT to acquire Units under the Option Plan and entitlements under O&Y REIT's restricted unit plan approved by the Board of Trustees on August 4, 2004, as amended;

"OSA" means the *Securities Act* (Ontario), as amended;

"OSC" means the Ontario Securities Commission;

"OSC Rule 61-501" means Rule 61-501 — Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions of the OSC;

"Other Property" has the meaning ascribed thereto under "Manner of Acceptance – Power of Attorney" in Section 3 of the Offer;

"O&Y REIT" means O&Y Real Estate Investment Trust, a trust existing under the laws of Ontario;

"OYPC" means O&Y Properties Corporation, a corporation governed by the OBCA, and its affiliates unless the context otherwise provides;

"Policy Q-27" means Policy Statement No. Q-27 of the AMF;

"Purchased Units" has the meaning ascribed thereto under "Manner of Acceptance – Power of Attorney" in Section 3 of the Offer;

"Special Committee" means the committee of the Board of Trustees formed for the purpose of, among other things, considering the Offer;

"Subsequent Acquisition Transaction" means an amendment to the Declaration of Trust to make the Units redeemable at the option of O&Y REIT at a redemption price equal to the Offer price and, immediately preceding such redemption, the sale of all or substantially all of the assets of O&Y REIT to the Acquisition Group and/or their respective associates or affiliates in order for O&Y REIT to finance the redemption or a reorganization, recapitalization, redemption or other transaction for the purpose of enabling the Offeror or an affiliate or associate of the Offeror to acquire all the Units not deposited under the Offer;

"Superior Proposal" means (i) an unsolicited bona fide written Acquisition Proposal to offer to acquire 100% of the Units outstanding, at a cash price per Unit greater than $17.87 made by way of a take-over bid made or received prior to the expiry date of the Offer, or (ii) an unsolicited bona fide written Acquisition Proposal which 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 is more favourable to the Unitholders from a financial point of view than the transactions contemplated by the Support Agreement having regard to all circumstances, provided that in the case of both (i) and (ii), (A) the only financing condition to which the Acquisition Proposal is subject is one that would be automatically waived without further action if the Offeror does not offer to amend the terms of the Offer so that the Board determines that such Acquisition Proposal ceases to be a Superior Proposal as contemplated by the Support

Agreement, and (B) the Acquisition Proposal 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;

"Support Agreement" means the support agreement dated as of August 26, 2005 among the Offeror, the Acquisition Group and O&Y REIT, as described in "Arrangements, Agreement or Understandings – Support Agreement" in Section 11 of the Circular;

"Tax Act" means the *Income Tax Act* (Canada), including all regulations made thereunder, and all amendments to such statute and regulations from time to time;

"Trustees' Circular" means the circular of the Board of Trustees in respect of the Offer;

"TSX" means the Toronto Stock Exchange;

"United States" or **"U.S."** means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

"Unitholders" means the holders of Units, and "Unitholder" means any one of them;

"**Units**" means the outstanding limited voting units of O&Y REIT; and

"Voting Agreement" means the voting agreement dated as of May 31, 2005 as amended and restated on August 26, 2005 between the Offeror and RHHI Limited Partnership.

SUMMARY

The following is a summary only and is qualified by the detailed provisions contained elsewhere in the Offer and Circular. Unitholders are urged to read the Offer and Circular in their entirety. Capitalized terms used in this summary, where not otherwise defined herein, are defined in the Offer and Circular. The information concerning O&Y REIT contained herein and in the Offer and Circular has been provided to the Offeror by O&Y REIT or has been taken from or is based upon publicly available documents or records of O&Y REIT on file with Canadian securities regulatory authorities and other public sources at the time of the Offer, unless otherwise indicated, and has not been independently verified by the Offeror. All currency amounts expressed herein, unless otherwise indicated, are expressed in Canadian dollars.

The Offer

The Offeror is offering, upon the terms and subject to the conditions of the Offer, to purchase all of the outstanding Units, including Units which become outstanding on the exercise of Options or other rights to purchase the Units, at a price in cash of $16.25 per Unit less any Excess Distribution Amount. See "The Offer" in Section 1 of the Offer and see "Distributions" in Section 9 of the Offer.

The Board of Trustees, upon receiving the recommendation of the Special Committee and following consultation with its financial and legal advisors and upon receipt of a fairness opinion from RBC Dominion Securities Inc., has unanimously (with Messrs. Reichmann, Hauer and Linhart abstaining due to their interests in the matter) determined that the Offer is fair from a financial point of view to the Unitholders and is in the best interests of the Unitholders and, accordingly, the Board of Trustees unanimously (with Messrs. Reichmann, Hauer and Linhart abstaining due to their interests in the matter) recommended that Unitholders accept the Offer and tender their Units to the Offer.

The obligation of the Offeror to take up and pay for Units pursuant to the Offer is subject to certain conditions. See "Conditions of the Offer" in Section 4 of the Offer.

The Offeror and Acquisition Group

The Offeror was incorporated on May 20, 2005 under the OBCA and is owned, directly or indirectly, by BPO Properties Ltd. (a subsidiary of Brookfield Properties Corporation), the Canada Pension Plan Investment Board and ARCA Investments Inc. The Offeror has not carried on any business prior to the date hereof, other than in respect of the Offer, the Support Agreement, the Arrangement Agreement, the Voting Agreement and the Lock-up Agreements. The Offeror's head office and principal place of business is located at 181 Bay Street, BCE Place, Suite 330, Toronto Ontario, M5J 2T3.

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 "The Offeror" and "Acquisition Group" in the Circular.

As of the date hereof, the Offeror and the Acquisition Group do not beneficially own, directly or indirectly, any of the outstanding Units or any securities convertible or exchangeable for Units. However, the Offeror has entered into the Lock-up Agreements with the Locked-up Unitholders pursuant to which the Locked-up Unitholders have agreed to tender an aggregate of 12,618,948 Units, or approximately 21% of the outstanding Units (or approximately 36% of the outstanding Units exclusive of the Units held by OYPC), to the Offer. See "Arrangements, Agreements or Understandings – Lock-up Agreements" in Section 11 of the Circular.

O&Y Real Estate Investment Trust

O&Y REIT is an unincorporated closed-end real estate investment trust created by the Declaration of Trust, under, and governed by, the laws of the Province of Ontario. O&Y REIT was created to invest in office buildings in Canada. It owns a portfolio of 23 multi-tenant and government office buildings across Canada. The head office and registered office of O&Y REIT is located at 1 First Canadian Place, Suite 3300, Toronto, Ontario, M5X 1B1.

The Units are listed and posted for trading on the TSX under the symbol "OYR.UN". Based on representations made in the Support Agreement, the Offeror believes that as of the date hereof, there are 59,572,157 Units outstanding on a fully-diluted basis.

See "O&Y Real Estate Investment Trust" in the Circular.

Source of Funds

Members of the Acquisition Group will make available to the Offeror sufficient funds to purchase all Units that are validly tendered and not withdrawn in the Offer and to provide funding for the Subsequent Acquisition Transaction or the Compulsory Acquisition that is expected to follow the successful completion of the Offer. The Acquisition Group's source of funds will be its members' respective cash on hand. See "Source of Funds" in Section 8 of the Circular for additional information. The Offeror's obligation to purchase the Units tendered in the Offer is not subject to any financing condition.

Purpose of the Offer

The purpose of the Offer is to enable the Offeror to acquire all of the outstanding Units other than the Units beneficially owned, directly or indirectly, by OYPC. If the Offeror takes up and pays for the Units validly deposited under the Offer, the Offeror currently intends to carry out a Subsequent Acquisition Transaction to effect the acquisition of all of the Units not deposited under the Offer. See "Purpose of the Offer" in Section 5 of the Circular and "Acquisition of Units Not Deposited Under the Offer" in Section 11 of the Offer and Section 15 of the Circular.

Support Agreement

The Board of Trustees, upon receiving the recommendation of the Special Committee and following consultation with its financial and legal advisors and upon receipt of a fairness opinion from RBC Dominion Securities Inc., has unanimously (with Messrs. Reichmann, Hauer and Linhart abstaining due to their interests in the matter) determined that the Offer is fair from a financial point of view to the Unitholders and is in the best interests of the Unitholders and, accordingly, the Board of Trustees unanimously (with Messrs. Reichmann, Hauer and Linhart abstaining due to their interests in the matter) recommended that Unitholders accept the Offer and tender their Units to the Offer. See "Arrangements, Agreements or Understandings – Support Agreement" in Section 11 of the Circular.

Lock-up Agreements

The Offeror and the Locked-up Unitholders entered into the Lock-up Agreements pursuant to which the Locked-up Unitholders irrevocably agreed to deposit pursuant to the Offer and not to withdraw 12,618,948 Units or approximately 21% of the outstanding Units (or approximately 36% of the outstanding Units exclusive of the Units held by OYPC). See "Arrangements, Agreements or Understandings – Lock-up Agreements" in Section 11 of the Circular.

Time For Acceptance

The Offer is open for acceptance until the Expiry Time unless the Offer is withdrawn or extended by the Offeror. See "Time for Acceptance" in Section 2 of the Offer.

Manner of Acceptance

Unitholders wishing to accept the Offer must deposit before the Expiry Time, certificate(s) representing their Units, together with a Letter of Transmittal (or a facsimile), properly completed and signed, at any of the offices of the Depositary specified in the Letter of Transmittal. Instructions are contained in the Letter of Transmittal. If a Unitholder wishes to deposit Units pursuant to the Offer and the certificate(s) representing such Units are not immediately available or if the certificate(s) and all other required documents cannot be provided to the Depositary at or prior to the Expiry Time, those Units may nevertheless be deposited in compliance with the procedure for guaranteed delivery. See "Manner of Acceptance — Procedure for Guaranteed Delivery" in Section 3 of the Offer.

Unitholders whose Units are registered in the name of an investment dealer, stockbroker, bank, trust company or other nominee should contact that nominee for assistance if they wish to accept the Offer.

Unitholders will not be required to pay any fee or commission if they accept the Offer by transmitting their Units directly to the Depositary.

Withdrawal of the Deposited Units

Any Units deposited in acceptance of the Offer may be withdrawn by or on behalf of the depositing Unitholder at any time until

they have been taken up by the Offeror. Additional withdrawal rights may be available under other circumstances as required by applicable law. See "Right to Withdraw Deposited Units" in Section 7 of the Offer. Except as so indicated or as otherwise required by applicable law, deposits of Units are irrevocable.

Payment

Upon the terms and subject to the conditions of the Offer (as the same may be amended or waived), the Offeror will pay for Units taken up under the Offer as soon as reasonably possible thereafter and in any event not later than the earlier of three (3) business days after the taking up of the Units and ten (10) days following the time at which it becomes entitled to take up Units pursuant to applicable law, or as may be required or permitted by law to make such payment. See "Take Up of and Payment for Deposited Units" in Section 6 of the Offer.

Stock Exchange Listing and Market Prices of Units

The Units are listed for trading on the TSX under the stock symbol "OYR.UN". On August 26, 2005, which was the last trading day prior to the announcement of the Offer, the closing price of the Units was $15.68 on the TSX.

Conditions of the Offer

The Offeror will have the right to withdraw the Offer, and will not be required to take up or pay for any Units deposited under the Offer, if any of the conditions described under "Conditions of the Offer" in Section 4 of the Offer have not been satisfied or waived at or prior to the Expiry Time. The Offer is conditional upon, among other things, there being validly deposited under the Offer and not withdrawn such number of Units as represents more than 50% of the Units outstanding (on a fully-diluted basis), excluding Units held at the time the Offer expires by OYPC. See Section 4 of the Offer, "Conditions of the Offer".

Subsequent Transactions

The Offeror currently intends to cause a meeting of Unitholders to be called, within 120 days after the completion of the Offer, to consider an amendment to the Declaration of Trust to make the Units redeemable at the option of O&Y REIT at a redemption price equal to the Offer price and, immediately preceding such redemption, the sale of all or substantially all of the assets of O&Y REIT to the Acquisition Group and/or their respective associates or affiliates in order for O&Y REIT to finance the redemption. If the Subsequent Acquisition Transaction is approved at a meeting of Unitholders, the Offeror currently intends to effect such a Subsequent Acquisition Transaction as soon as possible following such meeting. If the Offeror does not proceed with the foregoing, the Offeror may cause a meeting of Unitholders to be called to consider an alternative Subsequent Acquisition Transaction, including a reorganization, recapitalization, redemption or other transaction for the purpose of enabling the Offeror or an affiliate or associate of the Offeror to acquire all the Units not deposited under the Offer. The Offeror does not currently intend, but reserves its right, if the Offer is accepted by the holders of not less than 90% of the Units, other than those held on the date of the Offer by or on behalf of the Offeror or an affiliate or associate of the Offeror, to acquire, to the extent that it is in a position to do so, the remaining Units pursuant to the compulsory acquisition provisions of the Declaration of Trust. The Offeror does not currently believe that it will be in a position to effect a Compulsory Acquisition as the Units held by OYPC will not be tendered to the Offer. See "Arrangements, Agreements or Understandings – Arrangement Agreement" in Section 11 of the Circular and "Acquisition of Units Not Deposited under the Offer" in Section 15 of the Circular.

The income tax consequences to a Unitholder who disposes of Units pursuant to the Subsequent Acquisition Transaction may be different in a materially adverse way from the income tax consequences to a Unitholder who disposes of Units under the Offer. These consequences are described in Section 16 of the Circular "Canadian Federal Income Tax Considerations".

Canadian Federal Income Tax Considerations

A Unitholder who is resident in Canada, who holds Units as capital property and who sells such Units to the Offeror under the Offer, will realize a capital gain (or capital loss) equal to the amount by which the cash received, net of any reasonable costs of disposition, exceeds (or is less than) the aggregate adjusted cost base to the Unitholder of such Units.

Unitholders who are non-residents of Canada for the purposes of the Tax Act will generally not be subject to Canadian income tax on any capital gain realized on the disposition of the Units to the Offeror under the Offer unless those Units constitute "taxable Canadian property" within the meaning of the Tax Act.

A Unitholder who is resident in Canada and whose Units are redeemed as part of the Subsequent Acquisition Transaction described in Section 15 of the Circular will be allocated a pro rata share of the recapture income realized by O&Y REIT on the sale of its properties pursuant to the Subsequent Acquisition Transaction, which amount will be taxable as ordinary income to the Unitholder. The Unitholder will also be allocated a pro rata share of the taxable capital gain realized by O&Y REIT on the sale of its properties.

The Unitholder will generally also realize a capital gain (or capital loss) in respect of the redemption of the Units to the extent that the redemption proceeds, net of the Unitholder's allocated share of recapture income and taxable and non-taxable portion of O&Y REIT's capital gain, exceeds (or is exceeded by) the Unitholder's adjusted cost base of the Units and reasonable costs of disposition.

A Unitholder who is a non-resident of Canada and whose Units are redeemed as part of the Subsequent Acquisition Transaction described in Section 15 of the Circular will be subject to Canadian non-resident withholding tax on its pro rata share of the recapture income of O&Y REIT, and on its pro rata share of capital gains realized by O&Y REIT on the disposition of its assets that are "taxable Canadian property", which includes real estate situated in Canada. A non-resident Unitholder will generally not be subject to Canadian income tax on any capital gain realized on redemption of Units unless the Units constitute "taxable Canadian property" within the meaning of the Tax Act.

The foregoing is a brief summary of Canadian federal income tax consequences only. Unitholders are urged to consult their own tax advisors to determine the particular tax consequences to them of a sale of Units pursuant to the Offer or a Compulsory Acquisition or a redemption or disposition of Units pursuant to any Subsequent Acquisition Transaction.

See "Canadian Federal Income Tax Considerations" in Section 16 of the Circular.

Depositary

CIBC Mellon Trust Company is acting as Depositary under the Offer. The Depositary will receive deposits of certificates representing the Units and accompanying Letters of Transmittal at any of the offices specified in the Letter of Transmittal. The Depositary will also receive Notices of Guaranteed Delivery at the office specified in the Notice of Guaranteed Delivery. The Depositary will also be responsible for giving certain notices, if required, and for making payment for all Units purchased by the Offeror under the Offer.

OFFER

The accompanying Circular, which is incorporated into and forms part of the Offer, contains important information that should be read carefully before making a decision with respect to the Offer.

September 9, 2005

TO THE UNITHOLDERS OF O&Y REIT:

1. THE OFFER

The Offeror hereby offers to purchase, on and subject to the following terms and conditions, all of the outstanding Units, including Units which become outstanding on the exercise of outstanding Options or other rights to purchase Units at a price of $16.25 in cash per Unit less any Excess Distribution Amount. See "Distributions" in Section 9 of the Offer.

The Offer is made only for Units and is not made for any options (including Options) or other rights to acquire Units. Any holder of such options or other rights to purchase Units who wishes to accept the Offer must exercise the options (including Options) or other rights to obtain certificates representing Units and deposit those Units under the Offer. Any such exercise must be sufficiently in advance of the Expiry Time to assure the holders of options and other rights to purchase Units that they will have Unit certificates available for deposit before the Expiry Time, or in sufficient time to comply with the procedures referred to under "Manner of Acceptance — Procedure for Guaranteed Delivery" in Section 3 of the Offer. O&Y REIT will also permit holders of Options to transfer their Options to O&Y REIT in exchange for a cash payment equal to the "in-the-money" value of such Options, conditional upon the Offeror taking up and paying for Units under the Offer.

The Board of Trustees, upon receiving the recommendation of the Special Committee and following consultation with its financial and legal advisors and upon receipt of a fairness opinion from RBC Dominion Securities Inc., has unanimously (with Messrs. Reichmann, Hauer and Linhart abstaining due to their interests in the matter) determined that the Offer is fair from a financial point of view to the Unitholders and is in the best interests of the Unitholders and, accordingly, the Board of Trustees unanimously (with Messrs. Reichmann, Hauer and Linhart abstaining due to their interests in the matter) recommended that Unitholders accept the Offer and tender their Units to the Offer.

O&Y REIT has entered into the Support Agreement with the Offeror and the Acquisition Group with respect to the Offer. See "Arrangements, Agreements or Understandings – Support Agreement" in Section 11 of the Circular.

Based upon representations made in the Support Agreement, the Offeror believes that as of the date hereof, there are 59,572,157 Units outstanding on a fully-diluted basis.

RBC Dominion Securities Inc. delivered a fairness opinion to the effect that, subject to the analyses, assumptions, qualifications and limitations discussed therein and as of the date thereof, the consideration under the Offer is fair from a financial point of view to the Unitholders. The full text of RBC Dominion Securities Inc.'s written opinion is included in Exhibit "A" to the Trustees' Circular which is being mailed to Unitholders concurrently with this Offer. Unitholders are urged to read the text of such opinion carefully in its entirety.

2. TIME FOR ACCEPTANCE

The Offer is open for acceptance until 8:00 p.m. (Toronto time) on the Expiry Date, or until such later time and date or times and dates to which it may be extended, unless the Offer is withdrawn by the Offeror.

3. MANNER OF ACCEPTANCE

Letter of Transmittal

The Offer may be accepted by delivering to the Depositary at any of the offices of the Depositary listed in the accompanying

Letter of Transmittal (printed on yellow paper), so as to be received before the Expiry Time:

(a) the certificate or certificates representing the Units in respect of which the Offer is being accepted;

(b) a Letter of Transmittal in the accompanying form (or a manually executed facsimile copy properly completed and signed) as required by the instructions set out in the Letter of Transmittal; and

(c) any other documents specified in the instructions set out in the Letter of Transmittal.

The Offer will be deemed to be accepted only if the Depositary has actually received these documents before the Expiry Time. Except as otherwise provided in the instructions to the Letter of Transmittal, the signature on the Letter of Transmittal must be guaranteed by an Eligible Institution. If a Letter of Transmittal is executed by a person other than the registered holder of the certificate(s) to which the Letter of Transmittal relates, the certificate(s) must be endorsed or be accompanied by an appropriate Unit transfer power of attorney duly and properly completed by the registered holder, with the signature on the endorsement panel or Unit transfer power guaranteed by an Eligible Institution.

Procedure for Guaranteed Delivery

If a Unitholder wishes to deposit Units under the Offer and either the certificate(s) representing the Units are not immediately available or the Unitholder is not able to deliver the certificate(s) and all other required documents to the Depositary before the Expiry Time, those Units may nevertheless be deposited under the Offer, provided that all of the following conditions are met:

(a) such deposit is made by or through an Eligible Institution;

(b) a properly completed and duly executed Notice of Guaranteed Delivery (printed on green paper) in the form accompanying this Offer (or an executed facsimile thereof), together with a guarantee to deliver by an Eligible Institution in the form set out in the Notice of Guaranteed Delivery, is received by the Depositary before the Expiry Time at its office in Toronto as set forth in the accompanying Notice of Guaranteed Delivery; and

(c) the certificate(s) representing deposited Units, in proper form for transfer, together with a Letter of Transmittal (or a facsimile, properly completed and signed) and all other documents required by the Letter of Transmittal, are received by the Depositary at its office in Toronto set forth in the Letter of Transmittal before 4:30 p.m. (Toronto time) on the third trading day on the TSX after the Expiry Date.

The Notice of Guaranteed Delivery must be delivered by hand or courier or transmitted by facsimile transmission or mailed to the Depositary at its office in Toronto as set forth in the Notice of Guaranteed Delivery and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery.

General

The Offer will be deemed to be accepted only if the Depositary actually has received the requisite documents at or before the time specified. In all cases, payment for the Units deposited and taken up by the Offeror pursuant to the Offer will be made only after timely receipt by the Depositary of certificates representing the Units, a Letter of Transmittal (or a facsimile) properly completed and signed covering the Units with the signatures guaranteed in accordance with the instructions and rules set out therein, and any other required documents.

The method of delivery of the certificate(s) representing Units, the Letter of Transmittal, the Notice of Guaranteed Delivery and all other required documents is at the option and risk of the person depositing those documents. The Offeror recommends that those documents be delivered by hand to the Depositary and that a receipt be obtained or, if mailed, that registered mail, properly insured, be used with an acknowledgement of receipt requested.

Unitholders whose Units are registered in the name of a stockbroker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in depositing their Units.

All questions as to the validity, form, eligibility (including timely receipt) and acceptance of Units deposited pursuant to the Offer will be determined by the Offeror in its sole discretion. Depositing Unitholders agree that such determination shall be final and

binding. The Offeror reserves the absolute right to reject any and all deposits which it determines not to be in proper form or which may be unlawful to accept under the laws of any jurisdiction. The Offeror reserves the absolute right to waive any defects or irregularities in the deposit of any Units. There shall be no duty or obligation of the Offeror, the Depositary, or any other person to give notice of any defects or irregularities in any deposit and no liability shall be incurred by any of them for failure to give any such notice. The Offeror's interpretation of the terms and conditions of the Offer, the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery will be final and binding.

Unitholders will not be required to pay any fee or commission if they accept the Offer by transmitting their Units directly to the Depositary.

Power of Attorney

The execution of a Letter of Transmittal irrevocably appoints the Offeror, and any other person designated by the Offeror in writing, as the true and lawful agents, attorneys and attorneys-in-fact of the Unitholder delivering the Letter of Transmittal with respect to (i) the Units registered in the name of the holder on the securities registers maintained by O&Y REIT or its transfer agent and deposited pursuant to the Offer and purchased by the Offeror (the "Purchased Units"), and (ii) any and all distributions, payments, securities, rights or other interests accrued, declared, issued, transferred, made or distributed on or in respect of the Purchased Units on or after the date of the Offer (the "Other Property"), effective from and after the time that the Offeror takes up and pays for the Purchased Units (the "Effective Time"), with full power of substitution (such powers of attorney, being coupled with an interest, being irrevocable), to:

(a) register or record the transfer or cancellation of Purchased Units on the appropriate registers;

(b) vote, execute and deliver any instruments of proxy, authorizations or consents in form and on terms satisfactory to the Offeror in respect of any Purchased Units, revoke any such instrument, authorization or consent given prior to or after the Effective Time, and/or designate in any such instruments of proxy any person(s) as the proxy or the proxy nominee(s) of the Unitholder in respect of such Purchased Units for all purposes;

(c) execute, endorse and negotiate any cheques or other instruments representing any distribution payable to the Unitholder in respect of the Purchased Units; and

(d) exercise any other rights of a holder of Purchased Units.

A Unitholder who executes a Letter of Transmittal also agrees, from and after the Effective Time:

(a) not to vote any of the Purchased Units at any meeting of holders of those securities;

(b) not to exercise any other rights or privileges attached to any of those securities; and

(c) to deliver to the Offeror any and all instruments of proxy, authorizations or consents received in respect of those securities.

At the date on which the Offeror purchases the Purchased Units, all prior proxies given by the holder of those Purchased Units with respect to those Units shall be revoked and no subsequent proxies may be given by such holder with respect thereto.

Depositing Unitholders' Representations and Warranties

The deposit of Units pursuant to the procedures herein will constitute a binding agreement between the depositing Unitholder and the Offeror upon the terms and subject to the conditions of the Offer, including the depositing Unitholder's representation and warranty that: (i) such Unitholder has full power and authority to deposit, sell, assign and transfer the Units being deposited; (ii) such Unitholder owns the Units which are being deposited free and clear of all liens, restrictions, charges, encumbrances, claims, equities and rights of others; (iii) the deposit of such Units complies with applicable securities laws; and (iv) when such Units are taken up and paid for by the Offeror, the Offeror will acquire good title thereto free and clear of all liens, restrictions, charges, encumbrances, claims, equities, and rights of others. The acceptance of the Offer pursuant to the procedures set forth above shall constitute an agreement between the depositing Unitholder and the Offeror in accordance with the terms and conditions of the Offer.

The Offeror reserves the right to permit the Offer to be accepted in a manner other than that set forth in this Section 3.

4. CONDITIONS OF THE OFFER

Subject to applicable law, the Offeror's obligation to take up the Units under the Offer shall be subject to the satisfaction or waiver of the following conditions at or prior to the Expiry Time:

(a) there have been validly deposited and not withdrawn, at the expiry of the Offer such number of Units as represents more than 50% of the Units outstanding on a fully-diluted basis (exclusive of the Units held by OYPC) (the "Minimum Deposit Condition");

(b) the Competition Act Clearance has been obtained and any advice in the no-action letter of the Commissioner of Competition dated July 26, 2005 continues to apply in all material respects with respect to the transactions contemplated by both the Arrangement Agreement and the Support Agreement (or alternatively such advice has been confirmed by the Commissioner of Competition in substantially the same form in all material respects), and the Commissioner of Competition has not threatened to or filed an application with the Competition Tribunal under the Competition Act in respect of either or both of the transactions contemplated by the Arrangement Agreement and the Support Agreement;

(c) 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 Offeror of any Units, seeking to restrain or prohibit the take up of Units by the Offeror or seeking to obtain from the Offeror or O&Y REIT any material damages directly or indirectly in connection with the Offer, (ii) seeking to impose limitations on the ability of the Offeror to acquire or hold, or exercise full rights of ownership of, any Units, (iii) seeking to prohibit the Offeror from effectively controlling in any material respect the business or operations of O&Y REIT or any of its subsidiaries, or (iv) which, if successful, in the judgment of the Offeror is reasonably likely to have a Material Adverse Effect on O&Y REIT or the Offeror;

(d) 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 Offeror making or maintaining the Offer or taking up and paying for Units deposited under the Offer or completing a Compulsory Acquisition or any Subsequent Acquisition Transaction;

(e) there shall not have occurred any change having a Material Adverse Effect;

(f) those required consents identified in the Disclosure Letter as being required to be obtained or received prior to the date of the expiry of the Offer, shall have been obtained or received and on terms that are satisfactory to the Offeror, acting reasonably, and reasonably satisfactory evidence thereof shall have been delivered to the Offeror;

(g) (i) all representations and warranties of O&Y REIT in the Support Agreement qualified by references to materiality or to Material Adverse Effect shall be true and correct, and (ii) all representations and warranties of O&Y REIT in the Support Agreement 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 date of the expiry of the Offeror (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 Offeror shall have received a certificate of the Chief Executive Officer and the Chief Financial Officer of O&Y REIT (in each case without personal liability) addressed to the Offeror and dated as of the date of the expiry of the Offer confirming the same, such certificate to be in form and substance satisfactory to the Offeror, acting reasonably;

(h) O&Y REIT shall have complied with all its covenants contained in the Support Agreement in all material respects and O&Y REIT 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 expiry of the Offer, and the Offeror shall have received a certificate of the Chief Executive Officer and the Chief Financial Officer of O&Y REIT (in each case without personal liability) addressed to the Offeror and dated as of the date of the expiry of the Offer confirming the same, such certificate to be in form and substance satisfactory to the Offeror, acting reasonably; and

(i) all of the conditions to the completion of the transactions contemplated by the Arrangement Agreement have been satisfied or waived, other than the filing of the articles of arrangement and the condition requiring all of the conditions to the Offer having been satisfied or waived at the Expiry Time, and the Offeror shall have received a certificate from a senior officer of

OYPC (without personal liability) confirming the same, such certificate to be in form and substance satisfactory to the Offeror acting reasonably.

The foregoing conditions are for the exclusive benefit of the Offeror and may be waived by it in whole or in part at any time; provided that unless the Competition Act Clearance has been obtained, the condition in clause (a) above may only be waived with the prior written consent of O&Y REIT and further provided that the condition in clause (i) above may only be waived with the prior written approval of OYPC.

Any waiver of a condition or the withdrawal of the Offer shall be effective upon written notice (or other communication confirmed in writing) being given by the Offeror to that effect to the Depositary at its principal office in Toronto, Ontario. The Offeror, forthwith after giving any such notice, will make a public announcement of such waiver or withdrawal and, to the extent required by applicable law, cause the Depositary as soon as is practicable thereafter to notify the Unitholders in the manner set forth under "Notice and Delivery" in Section 10 of the Offer. If the Offer is withdrawn, the Offeror shall not be obligated to take up, accept for payment or pay for any Units deposited under the Offer, and the Depositary will promptly return all certificates for deposited Units and Letters of Transmittal, Notices of Guaranteed Delivery and related documents in its possession to the parties by whom they were deposited.

5. EXTENSION, VARIATION OR CHANGE IN THE OFFER

The Offer is open for acceptance until the Expiry Time, unless the Offer is withdrawn or the Offer Period is extended.

Subject as hereinafter described, the Offeror may, in its sole discretion, at any time and from time to time, extend the Expiry Time or vary the Offer by giving written notice (or other communication confirmed in writing) of such extension or variation to the Depositary at its principal office in Toronto, Ontario. Upon the giving of such notice or other communication extending the Expiry Time, the Expiry Time shall be, and be deemed to be, so extended. The Offeror, as soon as practicable thereafter, will cause the Depositary to provide a copy of the notice, in the manner set forth under "Notice and Delivery" in Section 10 of the Offer, to all registered holders of Units whose Units have not been taken up at the date of the extension or variation. The Offeror shall, as soon as practicable after giving notice of an extension or variation to the Depositary, make a public announcement of the extension or variation to the extent and in the manner required by applicable law. Any notice of extension or variation will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Depositary at its principal office in Toronto, Ontario.

Notwithstanding the foregoing but subject to applicable law, the Offer may not be extended by the Offeror if all of the terms and conditions of the Offer (other than those waived by the Offeror) have been fulfilled or complied with, unless the Offeror first takes up (and, in the Province of Québec, pays for) all Units then deposited under the Offer and not withdrawn.

In addition, the Offeror has agreed that it will not be entitled to (i) modify or amend any of the conditions in a manner adverse to Unitholders, nor (ii) add any other conditions to the Offer, in each case without having obtained the prior written consent of O&Y REIT.

Where the terms of the Offer are varied (except a variation consisting solely of the waiver of a condition), the Offer Period will not expire before ten (10) days after the notice of change or variation has been given to Unitholders, unless otherwise permitted by applicable law and subject to abridgement or elimination of that period pursuant to such orders as may be granted by Canadian courts and/or securities regulatory authorities.

If, before the Expiry Time, or after the Expiry Time but before the expiry of all rights of withdrawal with respect to the Offer, a change occurs in the information contained in the Offer or the Circular, as amended from time to time, that would reasonably be expected to affect the decision of a Unitholder to accept or reject the Offer (other than a change that is not within the control of the Offeror or its affiliates), the Offeror will give written notice of such change to the Depositary at its principal office in Toronto, Ontario and will cause the Depositary to provide as soon as practicable thereafter a copy of such notice in the manner set forth under "Notice and Delivery" in Section 10 of the Offer, to all Unitholders whose Units have not been taken up under the Offer at the date of the occurrence of the change, if required by applicable law. As soon as possible after giving notice of a change in information to the Depositary, the Offeror will make a public announcement of the change in information. Any notice of change in information will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Depositary at its principal office in Toronto, Ontario.

During any such extension, or in the event of any variation or change in information, all Units previously deposited and not taken

up or withdrawn will remain subject to the Offer and may be accepted for purchase by the Offeror in accordance with the terms hereof, subject to the provisions set out under "Right to Withdraw Deposited Units" in Section 7 of the Offer. An extension of the Expiry Time, a variation of the Offer or a change in information contained in the Offer or the Circular does not unless otherwise expressly stated constitute a waiver by the Offeror of any of its rights set out under "Conditions of the Offer" in Section 4 of the Offer.

If the consideration being offered for the Units under the Offer is increased, the increased consideration will be paid to all depositing Unitholders whose Units are taken up under the Offer, whether or not such Units were taken up before the increase.

6. TAKE UP OF AND PAYMENT FOR DEPOSITED UNITS

Upon the terms and subject to the conditions of the Offer, the Offeror will take up Units duly and validly deposited pursuant to the Offer in accordance with the terms hereof as soon as reasonably possible and in any event not later than ten (10) days following the time at which it becomes entitled to take up Units under applicable law. Any Units taken up will be paid for as soon as possible, and in any event not later than the earlier of three (3) business days after the taking up of the Units and ten (10) days following the time at which it becomes entitled to take up Units under the Offer pursuant to applicable law. Any Units deposited pursuant to the Offer after the first date on which Units have been taken up and paid for by the Offeror will be taken up and paid for within ten (10) days of such deposit.

For the purposes of the Offer, the Offeror will be deemed to have taken up and accepted for payment Units validly deposited under the Offer and not withdrawn if, as and when the Offeror gives written notice to the Depositary, at its principal office in Toronto, to that effect and as required by applicable law.

The Offeror reserves the right, in its sole discretion, to delay taking up or paying for any Units or to terminate the Offer and not take up or pay for any Units if any condition specified under "Conditions of the Offer" in Section 4 of the Offer is not satisfied or waived by the Offeror. The Offeror will not, however, take up and pay for any Units deposited under the Offer unless it simultaneously takes up and pays for all Units then validly deposited under the Offer.

The Offeror will pay for Units validly deposited under the Offer and not withdrawn by providing the Depositary with sufficient funds (by bank transfer or other means satisfactory to the Depositary). The Depositary will act as the agent of persons who have deposited Units in acceptance of the Offer for the purposes of receiving payment from the Offeror and transmitting such payment to such persons. Receipt of payment by the Depositary will be deemed to constitute receipt of payment by persons depositing Units. Under no circumstances will interest accrue or be paid by the Offeror or the Depositary on the purchase price of the Units purchased by the Offeror, regardless of any delay in making such payment.

Settlement with each Unitholder who has validly deposited and not withdrawn Units under the Offer will be effected by the Depositary by forwarding a cheque, payable in Canadian funds, representing the cash payment for such securities to which such Unitholder is entitled. Unless otherwise directed in the Letter of Transmittal, any such cheque will be issued in the name of the registered holder of Units so deposited. Unless the person who deposits Units instructs the Depositary to hold such cheque for pick-up by checking the appropriate box in the Letter of Transmittal, such cheque will be forwarded by first class mail to such person at the address specified in the Letter of Transmittal. If no address is specified therein, such cheque will be forwarded to the address of the holder as shown on the Unit register maintained by O&Y REIT or O&Y REIT's transfer agent. Cheques mailed in accordance with this paragraph will be deemed to have been delivered upon the date of mailing.

Depositing Unitholders will not be obliged to pay brokerage fees or commissions if they accept the Offer by depositing their Units directly with the Depositary.

If any deposited Units are not accepted for payment pursuant to the terms and conditions of the Offer for any reason, or if certificates are submitted for more Units than are deposited, certificates for unpurchased Units will be returned to the depositing Unitholder as soon as is practicable following the termination of the Offer by either sending new certificates representing Units not purchased or by returning the deposited certificates (and other relevant documents). Certificates (and other relevant documents) will be forwarded by first-class mail in the name of and to the address specified by the Unitholder in the Letter of Transmittal or, if such name or address is not so specified, in such name and to such address as shown on the Unit register maintained by O&Y REIT or its transfer agent, as soon as practicable after the termination of the Offer.

7. RIGHT TO WITHDRAW DEPOSITED UNITS

Except as otherwise provided in this Section 7, all deposits of Units pursuant to the Offer are irrevocable. Unless otherwise required or permitted by applicable law, any Units deposited in acceptance of the Offer may be withdrawn at the place of deposit by or on behalf of the depositing Unitholder:

(a) at any time when the Units have not been taken up by the Offeror;

(b) if the Units have not been paid for by the Offeror within three (3) business days after having been taken up; or

(c) at any time before the expiration of ten (10) days from the date upon which either:

(i) a notice of change relating to a change which has occurred in the information contained in the Offer or the Circular, as amended from time to time, that would reasonably be expected to affect the decision of a Unitholder to accept or reject the Offer (other than a change that is not within the control of the Offeror or an affiliate of the Offeror), in the event that such change occurs before the Expiry Time or after the Expiry Time but before the expiry of all rights of withdrawal in respect of the Offer; or

(ii) a notice of variation concerning a variation in the terms of the Offer (other than a variation consisting solely of an increase in the consideration offered for the Units where the Expiry Time is not extended for more than ten (10) days),

is mailed, delivered or otherwise properly communicated (subject to abridgement of that period pursuant to such order or orders as may be granted by applicable courts or securities regulatory authorities) and only if such deposited Units have not been taken up by the Offeror at the date of the notice.

Withdrawals of Units deposited pursuant to the Offer must be effected by notice of withdrawal made by or on behalf of the depositing Unitholder and must be actually received by the Depositary at the place of deposit before such Units are taken up. Notices of withdrawal: (i) must be made by a method, including facsimile transmission, that provides the Depositary with a written or printed copy; (ii) must be signed by or on behalf of the person who signed the Letter of Transmittal (or Notice of Guaranteed Delivery) accompanying the Units which are to be withdrawn; (iii) must specify such person's name, the number of Units to be withdrawn, the name of the registered holder and the certificate number shown on each certificate representing the applicable Units to be withdrawn; and (iv) must be actually received by the Depositary at the place of deposit of the applicable Units (or Notice of Guaranteed Delivery in respect thereof). Any signature in a notice of withdrawal must be guaranteed by an Eligible Institution in the same manner as in a Letter of Transmittal (as described in the instructions and rules set out therein), except in the case of Units deposited for the account of an Eligible Institution. The withdrawal will take effect upon actual physical receipt by the Depositary of the properly completed and signed written notice of withdrawal.

All questions as to the validity (including timely receipt) and form of notices of withdrawal will be determined by the Offeror in its sole discretion, and such determination will be final and binding. There will be no obligation on the Offeror, the Depositary or any other person to give any notice of any defects or irregularities in any withdrawal and no liability will be incurred by any of them for failure to give any such notice.

If the Offeror is delayed in taking up or paying for Units or is unable to take up and pay for Units, then, without prejudice to the Offeror's other rights, Units deposited under the Offer may be retained by the Depositary on behalf of the Offeror and such Units may not be withdrawn except to the extent that depositing Unitholders are entitled to withdrawal rights as set forth in this Section 7 or pursuant to applicable law.

Any Units withdrawn will be deemed to be not validly deposited for the purposes of the Offer, but may be redeposited subsequently at or prior to the Expiry Time by following the procedures described under “Manner of Acceptance” in Section 3 of the Offer.

In addition to the foregoing rights of withdrawal, Unitholders in certain provinces of Canada are entitled to statutory rights of rescission in certain circumstances. See “Offerees' Statutory Rights” in Section 18 of the Circular.

8. MAIL SERVICE INTERRUPTION

Notwithstanding the provisions of the Offer, the Circular, the Letter of Transmittal or the Notice of Guaranteed Delivery, cheques and any other relevant documents will not be mailed if the Offeror determines that delivery thereof by mail may be delayed. Persons entitled to cheques and any other relevant documents that are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary to which the Units were deposited until such time as the Offeror has determined that delivery by mail will no longer be delayed. Notwithstanding the provisions set out under "Take Up of and Payment for Deposited Units" in Section 6 of the Offer, cheques and any other relevant documents not mailed for the foregoing reason will be conclusively deemed to have been delivered upon being made available for delivery to the depositing Unitholder at the appropriate office of the Depositary. Notice of any determination regarding mail service delay or interruption made by the Offeror will be given in accordance with the provisions set out under "Notice and Delivery" in Section 10 of the Offer.

9. DISTRIBUTIONS

If, on or after the date of the Offer, O&Y REIT should divide, combine or otherwise change any of the Units or its capitalization, or disclose that it has taken or intends to take any such action, the Offeror, in its sole discretion, may make such adjustments as it considers appropriate to the purchase price and the other terms of the Offer (including, without limitation, the type of securities offered to be purchased and the amounts payable therefor) to reflect that division, combination or other change.

Units acquired pursuant to the Offer shall be transferred by the Unitholder and acquired by the Offeror free and clear of all liens, charges, encumbrances, claims, equities and rights of others and together with all rights and benefits arising therefrom, including the right to all Other Property.

Unitholders will be entitled to only ordinary monthly distributions of $0.0917 per Unit and, in respect of the 8.0 million Units subject to the enhanced voting right, $0.0871 per Unit in the months of August 2005 and September 2005, which distributions shall be paid on September 15, 2005 (for Unitholders of record on August 31, 2005) and October 14, 2005 (for Unitholders of record on September 30, 2005), respectively, whether or not such Unitholder deposits Units to the Offer prior to those payment dates. If O&Y REIT should declare, set aside, or pay any distribution or declare, make or pay any other distribution or payment on, or declare, allot, reserve or issue, any securities, rights or other interests with respect to any Unit that is an Excess Distribution Amount, then (i) in the case of any such cash distribution or payment that does not exceed the purchase price per Unit payable in cash by the Offeror pursuant to the Offer, the purchase price per Unit payable by the Offeror pursuant to the Offer in cash will be reduced by the amount of any such distribution or payment, and (ii) in the case of any such cash distribution or payment that exceeds the purchase price per Unit payable in cash by the Offeror pursuant to the Offer, or in the case of any non-cash distribution, payment, right or interest, the whole of any such distribution, payment, right or other interest, will be received and held by the depositing Unitholder for the account of the Offeror and shall be required to be promptly remitted and transferred by the depositing Unitholder to the Depositary for the account of the Offeror, accompanied by appropriate documentation of transfer. Pending such remittance, the Offeror will be entitled to all rights and privileges as the owner of any such distribution, payment, right or other interest and may withhold the entire purchase price payable by the Offeror pursuant to the Offer or deduct from the consideration payable by the Offeror pursuant to the Offer the amount or value thereof, as determined by the Offeror in its sole discretion.

10. NOTICE AND DELIVERY

Without limiting any other lawful means of giving notice, any notice that the Offeror or the Depositary may give or cause to be given under the Offer will be deemed to have been properly given if it is mailed by first class mail, postage prepaid to the registered holders of Units at their respective addresses appearing in the securities registers maintained by O&Y REIT or its transfer agent and, unless otherwise specified by applicable law, will be deemed to have been received on the first Business Day following mailing. These provisions apply notwithstanding any accidental omission to give notice to any one or more Unitholders and notwithstanding any interruption of mail services in Canada following mailing.

If mail service is interrupted following mailing, the Offeror intends to make reasonable efforts to disseminate the notice by other means, such as publication. Subject to applicable law, if post offices in Canada are not open for the deposit of mail, any notice which the Offeror or the Depositary may give or cause to be given under the Offer will be deemed to have been properly given and to have been received by Unitholders if it is published once in the National Edition of The Globe and Mail or The National Post.

The Offer will be mailed to registered holders of Units by first class mail, postage prepaid or made in such other manner as is

permitted by applicable regulatory authorities and will be furnished by the Offeror to brokers, investment advisors, banks and similar persons whose names, or the names of whose nominees, appear in the register maintained by the transfer agent on behalf of O&Y REIT in respect of the Units or, if security position listings are available, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to the beneficial owners of Units where such listings are received.

Wherever the Offer calls for documents to be delivered to the Depositary, those documents will not be considered delivered unless and until they have been physically received at the address listed for the Depositary in the Letter of Transmittal or Notice of Guaranteed Delivery, as applicable. Wherever the Offer calls for documents to be delivered to a particular office of the Depositary, those documents will not be considered delivered unless and until they have been physically received at the particular office at the address listed in the Letter of Transmittal or Notice of Guaranteed Delivery, as applicable.

11. ACQUISITION OF UNITS NOT DEPOSITED UNDER THE OFFER

The Offeror currently intends to cause a meeting of Unitholders to be called, within 120 days after the completion of the Offer, to consider an amendment to the Declaration of Trust to make the Units redeemable at a redemption price equal to the Offer price at the option of O&Y REIT and, immediately preceding the redemption, the sale of all or substantially all of the assets of O&Y REIT to the Acquisition Group and/or their respective associates or affiliates in order for O&Y REIT to finance the redemption. If the Subsequent Acquisition Transaction is approved at a meeting of Unitholders, the Offeror currently intends to effect such a Subsequent Acquisition Transaction as soon as possible following such meeting. If the Offeror does not proceed with the foregoing, the Offeror may cause a meeting of Unitholders to be called to consider an alternative Subsequent Acquisition Transaction including, a reorganization, recapitalization, redemption or other transaction for the purpose of enabling the Offeror or an affiliate or associate of the Offeror to acquire all the Units not deposited under the Offer. If the Minimum Deposit Condition is satisfied, the Offeror will own sufficient Units to effect unilaterally a Subsequent Acquisition Transaction.

The income tax consequences to a Unitholder who disposes of Units pursuant to the Subsequent Acquisition Transaction may be different in a materially adverse way from the income tax consequences to a Unitholder who disposes of Units under the Offer. These consequences are described in Section 16 of the Circular "Canadian Federal Income Tax Considerations".

The Offeror does not currently intend, but reserves its rights to do so, if within 120 days after the date of the Offer, the Offer has been accepted by the holders of not less than 90% of the Units (other than Units held on the date hereof by or on behalf of the Offeror or any affiliate or associate of the Offeror) and the Offeror does not proceed with a Subsequent Acquisition Transaction, to avail itself, to the extent that it is in a position to do so, of the compulsory acquisition provisions of section 6.26 of the Declaration of Trust so as to acquire the remaining Units from those Unitholders who have not accepted the Offer. The Offeror does not currently believe that it will be in a position to effect a Compulsory Acquisition as the Units held by OYPC will not be tendered to the Offer. See "Arrangements, Agreements or Understandings – Arrangement Agreement" in Section 11 of the Circular and "Acquisition of Units Not Deposited under the Offer" in Section 15 of the Circular.

12. MARKET PURCHASES

The Offeror reserves the right to, and may, purchase Units as permitted by law, including by making purchases through the facilities of the TSX, subject to applicable law, at any time and from time to time before the Expiry Time. In no event will the Offeror make any such purchases of Units through the facilities of the TSX until the third clear trading day following the date of the Offer. The aggregate number of Units acquired by the Offeror through the facilities of the TSX during the Offer Period will not exceed 5% of the number of Units outstanding on the date of the Offer and the Offeror will issue and file a press release containing the information prescribed by law forthwith after the close of business of the TSX on each day on which such Units have been purchased. Any Units so purchased shall be counted in determining whether the Minimum Deposit Condition has been fulfilled.

Although the Offeror has no present intention to sell Units taken up under the Offer (other than the transfer of Units to members of the Acquisition Group), it reserves the right to make or to enter into an arrangement, commitment or understanding at or prior to the Expiry Time to sell any of such Units after the Expiry Time.

13. OTHER TERMS OF THE OFFER

No stockbroker, investment dealer or other person (including the Depositary), has been authorized to give any information or make any representation on behalf of the Offeror or its affiliates other than as contained herein or in the accompanying

Circular, and if any such information is given or made it must not be relied upon as having been authorized.

The Offer and the accompanying Circular constitute the take-over bid circular required under Canadian provincial securities legislation with respect to the Offer.

The Offer and all contracts resulting from the acceptance hereof shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein. Each party to a contract resulting from an acceptance of the Offer unconditionally and irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

In any jurisdiction in which the Offer is required to be made by a licensed broker or dealer, this Offer shall be made on behalf of the Offeror by brokers or dealers licensed under the laws of such jurisdiction.

The provisions of the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery accompanying the Offer, including the instructions contained therein, as applicable, form part of the terms and conditions of the Offer. The Offeror, in its sole discretion, will be entitled to make a final and binding determination of all questions relating to the interpretation of the Offer (including the satisfaction of the conditions of the Offer), the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery, the validity of any acceptance of the Offer, the validity of any elections and the validity of any withdrawals of Units.

The Offeror reserves the right to transfer to one or more affiliated companies the right to purchase all or any portion of the Units deposited pursuant to the Offer but any such transfer will not relieve the Offeror of its obligations under the Offer and in no way will prejudice the rights of persons depositing Units to receive payment for Units validly deposited and accepted for payment pursuant to the Offer.

Dated: September 9, 2005

2072790 ONTARIO INC.

(signed) Tom Farley
Director

CIRCULAR

This Circular is furnished in connection with the accompanying Offer dated September 9, 2005 by the Offeror to purchase all the issued and outstanding Units, including Units that become outstanding on the exercise of Options or other rights to acquire Units. Unitholders should refer to the Offer for details of its terms and conditions, including details as to payment and withdrawal rights.

The information concerning O&Y REIT contained in the Offer and this Circular has been provided to the Offeror by O&Y REIT or has been taken from or is based upon publicly available documents and records of O&Y REIT on file with Canadian securities regulatory authorities and other public sources at the time of the Offer, unless otherwise indicated, and has not been independently verified by the Offeror. Although the Offeror has no knowledge that would indicate that any of the statements contained herein and taken from or based on such information are untrue or incomplete, it does not assume any responsibility for the accuracy or completeness of such information, or for any failure by O&Y REIT to disclose publicly events or acts that may have occurred or that may affect the significance or accuracy of any such information and that are unknown to the Offeror. Unless otherwise indicated, information concerning O&Y REIT is given as at September 9, 2005.

1. THE OFFEROR

The Offeror was incorporated on May 20, 2005 under the OBCA and is owned, directly or indirectly, by BPO Properties Ltd. (a subsidiary of Brookfield Properties Corporation), the Canada Pension Plan Investment Board and ARCA Investments Inc. The Offeror has not carried on any business prior to the date hereof, other than in respect of the Offer, the Support Agreement, the Arrangement Agreement, the Voting Agreement and the Lock-up Agreements. The Offeror's head office and principal place of business is located at 181 Bay Street, BCE Place, Suite 330, Toronto Ontario, M5J 2T3.

2. ACQUISITION GROUP

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.

As of the date hereof, neither the Offeror nor any member of the Acquisition Group owns, directly or indirectly, any of the outstanding Units. However, the Offeror has entered into the Lock-up Agreements with the Locked-up Unitholders pursuant to which the Locked-up Unitholders have agreed to tender an aggregate of 12,618,948 Units, or approximately 21% of the outstanding Units (or approximately 36% of the outstanding Units exclusive of the Units held by OYPC), to the Offer. See “Arrangements, Agreements or Understandings – Lock-up Agreements” in Section 11 of the Circular.

3. O&Y REAL ESTATE INVESTMENT TRUST

O&Y REIT is an unincorporated real estate investment trust created by the Declaration of Trust, under, and governed by, the laws of the Province of Ontario. O&Y REIT is a closed-end real estate investment trust created to invest in office buildings in Canada. It owns a portfolio of 23 multi-tenant and government office buildings across Canada. The Units are listed and posted for trading on the TSX under the symbol “OYR.UN”.

O&Y REIT is authorized to issue an unlimited number of Units. The Offeror understands that as at August 24, 2005, 59,182,157 Units were issued and outstanding and that there were no options or other rights, agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by O&Y REIT of any Units, or any securities convertible into, or exchangeable, or exercisable for, or otherwise evidence a right to acquire, any Units, except the rights of holders of Options to exercise such options to purchase, in the aggregate, 390,000 Units.

Unitholders are entitled to receive notice of and to attend all annual and special meetings of Unitholders, the right to participate in any distribution of the assets of O&Y REIT on liquidation, dissolution or winding up and the right to receive distributions if, as and when declared by the Board of Trustees.

The head office and registered office of O&Y REIT is located at 1 First Canadian Place, Suite 3300, Toronto, Ontario, M5X 1B1.

4. BACKGROUND TO THE OFFER

On February 15, 2005, OYPC and O&Y REIT each announced that it was participating in a joint process designed to solicit interest from third parties in the purchase of all of the common shares of OYPC and all of the Units. Following such announcement, BPO Properties Ltd., the Canada Pension Plan Investment Board and ARCA Investments Inc. agreed to jointly participate in the process, and for this purpose formed the Acquisition Group.

On April 6, 2005, the Acquisition Group submitted a non-binding proposal to RBC Dominion Securities Inc., the joint financial advisor to OYPC and O&Y REIT, which was soliciting proposals on behalf of the two entities pursuant to the joint process.

On April 13, 2005, the Acquisition Group was selected to participate in the next stage of the joint process. The Acquisition Group was provided with access to a data room containing more extensive information regarding OYPC and O&Y REIT. Upon completion of a review of the information in the data room, the Acquisition Group submitted a binding proposal on May 11, 2005 for the acquisition of the common shares of OYPC and the Units not already owned by OYPC.

On May 13, 2005, the Acquisition Group was notified by OYPC and O&Y REIT that their proposal offered the greatest potential value both to Unitholders and to holders of common shares of OYPC and that they were interested in pursuing the proposal submitted by the Acquisition Group.

Between May 13, 2005 and May 31, 2005, management of O&Y REIT, OYPC and 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 and by May 31, 2005 the balance of the non-financial terms were settled and a reorganization agreement and an arrangement agreement were executed. The execution of these agreements was announced by press release issued prior to the opening of trading on the TSX on June 1, 2005.

On July 7, 2005, an annual and special meeting of the shareholders of OYPC was convened to approve the arrangement which was approved by more than 66 2/3% of the shareholders voting in person or by proxy at the annual and special meeting of shareholders of OYPC. On July 7, 2005 an annual and special meeting of the Unitholders was also convened to approve the special resolution with respect to the reorganization agreement. Although the resolution was approved by more than 66 2/3% of the Unitholders voting in person or by proxy at the annual and special meeting of the Unitholders, it did not receive the requisite approval of the majority of the minority Unitholders voting at the meeting and was therefore not approved. On July 8, 2005, O&Y REIT terminated the reorganization agreement and on July 15, 2005, the Offeror delivered a notice to OYPC extending the outside date under the Arrangement Agreement to August 29, 2005.

In mid-August, 2005, the Acquisition Group entered into discussions with management of O&Y REIT and OYPC, the Special Committee and their respective financial and legal advisors to restructure the acquisitions with a view to increasing value to Unitholders. At this time, the Acquisition Group also entered into discussions with the Locked-up Unitholders with a view to gaining their support in respect of a restructured transaction. In conjunction with finalizing the terms of the transactions, the Acquisition Group entered into the Lock-up Agreements with each of the Locked-up Unitholders. After the close of trading on August 26, 2005, the revised terms were settled between the Acquisition Group, O&Y REIT and OYPC, the Support Agreement and the Arrangement Agreement were executed and the transactions were announced by press release.

5. PURPOSE OF THE OFFER

The purpose of the Offer is to enable the Offeror to acquire all of the outstanding Units other than the Units beneficially owned, directly or indirectly, by OYPC. If the Offeror takes up and pays for the Units validly deposited under the Offer, the Offeror currently intends to carry out a Subsequent Acquisition Transaction to effect the acquisition of all of the Units not deposited under the Offer. See also "Acquisition of Units Not Deposited under the Offer" in Section 15 of the Circular.

Although the Offeror currently intends to propose a Subsequent Acquisition Transaction generally on the same terms as the Offer, it is possible that, as a result of delays in the Offeror's ability to effect such a transaction, information hereafter obtained by the Offeror, changes in general economic, industry, regulatory or market conditions or in the business of O&Y REIT, or other currently unforeseen circumstances, such a transaction may not be so proposed, may be delayed or abandoned or may be proposed on different terms.

6. PLANS FOR O&Y REIT

If the Offer is successful, the Offeror intends to designate all of the trustees of the Board of Trustees and any committees thereof.

If the Offer is successful, the Offeror currently intends to cause O&Y REIT to effect a Subsequent Acquisition Transaction. Until the closing of any Subsequent Acquisition Transaction, the Offeror intends to continue to cause OYPC to provide executive management services to O&Y REIT on a cost-recovery basis and will cause BPO Properties Ltd. to make the services of its senior executives available to OYPC on a cost-recovery basis as necessary to effect the foregoing.

7. CERTAIN EFFECTS OF THE OFFER

The purchase of Units in the Offer will reduce the number of holders of Units and the number of Units that might otherwise trade publicly and is likely to adversely affect the liquidity and market value of the remaining Units held by the public.

Depending upon the number of Units purchased pursuant to the Offer, the Units may no longer meet the standards for continued listing on the TSX. According to its published guidelines, the TSX would give consideration to delisting Units if, among other things, the Units did not substantially meet its standards for continued listing.

The TSX may suspend the trading of, or delist the Units, if (i) the market value of O&Y REIT's issued securities falls below $3 million over any period of 30 consecutive trading days, (ii) the market value of O&Y REIT's freely tradable, publicly held securities falls below $2 million over any period of 30 consecutive days, (iii) the number of freely tradable, publicly held O&Y REIT securities falls below 500,000 or (iv) the number of public security holders, each holding board lot or more, falls below 150.

If the TSX were to delist the Units, it is possible that the Units would continue to trade on other securities exchanges or in the over-the-counter market and that price quotations would be reported by such exchanges or other sources. However, the extent of the public market for the Units and the availability of such quotations would depend upon such factors as the number of Unitholders and/or the aggregate market value of the Units remaining at such time, the interest in maintaining a market in the Units on the part of securities firms, and the possible application by O&Y REIT to cease to be a reporting issuer in Canada.

If the Offeror purchases Units in the Offer and Units not deposited under the Offer are acquired pursuant to the Subsequent Acquisition Transaction or in some other manner, the portion of the monthly distributions made to Unitholders by O&Y REIT during its current taxation year that will be income taxable to Unitholders may increase as a result of a reduction in the deductions available to O&Y REIT.

8. SOURCE OF FUNDS

The Offeror estimates that if it acquires all of the Units (on a fully-diluted basis) pursuant to the Offer, the total amount of cash required for the purchase of such Units (collectively, the "Offer Costs") will be approximately $968 million. All such funds are available and will be advanced to the Offeror by members of the Acquisition Group from their cash currently on hand. The Offeror's obligation to purchase the Units tendered in the Offer is not subject to any financing condition.

9. OWNERSHIP OF AND TRADING IN SECURITIES OF O&Y REIT

Other than pursuant to the Offer and except as disclosed below, none of the Offeror, the members of Acquisition Group or any director or senior officer of the Offeror or, to the knowledge of the directors and senior officers of the Offeror, after reasonable enquiry, any associate of the directors or senior officers of the Offeror, or any person holding more than 10% of any class of equity security of the Offeror, beneficially owns, directly or indirectly, or controls or exercises direction over, or has the right to acquire, any securities of O&Y REIT**.** See "Arrangements, Agreements or Understandings" in Section 11 of the Circular.

None of the Offeror nor, to the knowledge of the directors and senior officers of the Offeror after reasonable enquiry, any of the persons referred to above, has traded in any securities of O&Y REIT during the six months preceding the date hereof. There is no person acting jointly or in concert with the Offeror and the members of the Acquisition Group in connection with the transactions described in the Offer and this Circular.

10. COMMITMENTS TO ACQUIRE SECURITIES OF O&Y REIT

Other than pursuant to the Offer and the Lock-up Agreements and except as disclosed herein, there are no commitments to acquire equity securities of O&Y REIT by the Offeror or, to the knowledge of the Offeror, or any directors or senior officers of the Offeror, after reasonable enquiry, (i) by any of the directors and senior officers of the Offeror, or (ii) by any of their respective associates, or (iii) by any person or company who beneficially owns (directly or indirectly) more than 10% of any class of the equity securities of the Offeror, or (iv) by any person or company acting jointly or in concert with the Offeror. See "Arrangements, Agreements or Understandings" in Section 11 of the Circular.

11. ARRANGEMENTS, AGREEMENTS OR UNDERSTANDINGS

Support Agreement

O&Y REIT, the Acquisition Group and the Offeror have entered into the Support Agreement pursuant to which, and subject to the conditions set forth therein, the Offeror agreed to make, and O&Y REIT agreed to support, the Offer. The Acquisition Group has guaranteed the obligations of the Offeror under the Support Agreement. The material terms and provisions of the Support Agreement are summarized below. This summary is qualified in its entirety by the terms of the Support Agreement, a copy of which was filed on SEDAR on August 31, 2005 and is incorporated by reference herein.

Support of the Offer. O&Y REIT represented to the Offeror that the Board of Trustees, upon receiving the recommendation of the Special Committee and following consultation with its financial and outside legal advisors, unanimously (excluding any trustees who have abstained from voting as a result of declaring a material interest in the Offer) determined that the consideration per Unit offered pursuant to the Offer is fair to the Unitholders and the Offer is in the best interests of O&Y REIT and the Unitholders, and unanimously (excluding any trustees who have abstained from voting as a result of declaring a material interest in the Offer) approved the Support Agreement and resolved to support and recommend that Unitholders accept the Offer. O&Y REIT also represented to the Offeror that, after reasonable inquiry, the Board of Trustees has been advised and believes that each of the trustees and senior officers of O&Y REIT intends to tender or cause to be tendered to the Offer all Units of which he or she is the beneficial owner.

Trustees Circular. O&Y REIT also agreed to use its best efforts to prepare and approve in final form for distribution with this Circular, the Trustees' Circular, containing the unanimous (excluding any trustees who have abstained from voting as a result of declaring a material interest in the Offer) recommendation of the Board of Trustees that the Unitholders accept the Offer.

Designation of Trustees. Provided that the Offeror has taken up and paid for over 50% of the outstanding Units (excluding Units held by OYPC), O&Y REIT shall use its reasonable commercial efforts to cause such members of the Board of Trustees to resign as the Offeror may require, at the time and in the manner requested by the Offeror, as of the date the Units are first taken up and paid for, with a nominee of the Offeror to be appointed to the Board of Trustees immediately after each such resignation.

No Solicitation. O&Y REIT has agreed not, directly or indirectly, through any officer, trustee, director, employee, representative or agent of O&Y REIT or any of its 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 Offeror the approval of the Board of Trustees of the transactions contemplated by the Support Agreement, accept or approve or recommend any Acquisition Proposal or cause O&Y REIT to enter into any agreement related to any Acquisition Proposal.

O&Y REIT has agreed to immediately 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 Offeror) with respect to any potential Acquisition Proposal whether or not initiated by O&Y REIT; 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

immediately to cease to provide any other party with access to information concerning O&Y REIT and its 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 O&Y REIT relating to any potential Acquisition Proposal.

Superior Proposals and Right to Match. Notwithstanding the foregoing, but subject to notifying the Offeror of any request for non-public information or access to the properties, books or records of O&Y REIT or its subsidiaries in respect of a potential Acquisition Proposal, O&Y REIT may, if the Board of Trustees determines that failure to take such action would breach its fiduciary obligations, and such proposal is reasonably likely to result in a Superior Proposal, provide such information and access to any person making such a request who has made or who intends to make an Acquisition Proposal.

If O&Y REIT receives an Acquisition Proposal that is a Superior Proposal and provided it (i) has given five Business Days' written notice to the Offeror 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 Offer, and (ii) is in compliance with its covenants relating to non-solicitation and Acquisition Proposals, O&Y REIT may withdraw or modify in a manner adverse to the Offeror its approval or recommendation of the Offer unless the Offeror, within the same five Business Day notice period, offers in writing to amend the terms of the Offer, and the Board of Trustees determines that the Acquisition Proposal would thereby cease to be a Superior Proposal. If O&Y REIT continues to believe that the Acquisition Proposal remains a Superior Proposal, it can, subject to certain conditions, enter into an agreement with respect to the Superior Proposal, provided however, that O&Y REIT must pay a termination fee prior to the termination of the Support Agreement and the entering into of a definitive agreement, understanding or arrangement with respect to the Superior Proposal.

Termination of the Support Agreement. The Support Agreement shall terminate upon the Offeror taking up and paying for Units validly deposited to the Offer and not withdrawn and may be earlier terminated at any time prior by notice in writing in the following circumstances, if not in material default of the performance of its obligations under, or in breach of its representations and warranties in, the Support Agreement: (a) by either the Offeror or O&Y REIT if the other party shall have breached any of its representations, warranties, covenants or other agreements contained in the Support Agreement (for representations, warranties, covenants or other agreements qualified as to materiality, in any respect, and for all other representations, warranties, covenants or other agreements, in any material respect) and such breach is not curable or, if curable, is not cured within 15 days after written notice of the breach has been given to the other party; (b) by either the Offeror or O&Y REIT if the Offer shall have expired or shall have been withdrawn in accordance with its terms without the Offeror having purchased any Units pursuant to the Offer as a result of the failure of any of the conditions in Section 4 of the Offer; (c) by either the Offeror or O&Y REIT if there shall have been passed any law which shall prevent the completion of the Offer; (d) by O&Y REIT if the Offer has not been made by September 15, 2005; (e) by O&Y REIT if the Offer (or any amendment thereto) does not conform in all material respects with the description of the Offer in the Support Agreement; (f) by O&Y REIT if the Offeror has not taken up any Units on or prior to November 15, 2005; (g) by O&Y REIT if Units deposited under the Offer have not been taken up and paid for on or before the date that is three Business Days after the expiry date of the Offer (as it may have been extended) for any reason whatsoever other than that all the terms and conditions of the Offer have not been complied with or, to the extent the Offeror is permitted to waive such conditions pursuant to the provisions of the Support Agreement, waived by the Offeror; it being understood that if all of the terms of the extended Offer have been complied with or waived by the Offeror, such Units shall have been taken up and paid for before any further extension of the Offer in accordance with applicable Canadian securities legislation; (h) by O&Y REIT if it determines that an Acquisition Proposal continues to be a Superior Proposal following the expiry of the five Business Day period referred to above under "Superior Proposals and Right to Match"; (i) by the Offeror if the Offeror has not taken up and paid for the Units under the Offer on or prior to November 15, 2005; (j) by the Offeror if (A) the Board of Trustees withdraws or modifies in a manner materially adverse to the Offeror its approval or recommendation of the Offer and makes a public announcement to that effect; (B) the Board of Trustees recommends any Superior Proposal and makes a public announcement to that effect; or (C) the Board of Trustees fails to reaffirm its recommendation of the Offer by press release within a reasonable time after the public announcement or commencement of any Acquisition Proposal (or in the event that the Offer is scheduled to expire, prior to the scheduled expiry of the Offer) and within a reasonable period of time of having been requested to do so by the Offeror (collectively, a "Termination Fee Event"); (k) by the Offeror if the Competition Act Clearance has been withdrawn or materially altered or has not been confirmed in substantially the same form, or the Commissioner of Competition has threatened to or filed an application with the Competition Tribunal under the Competition Act in respect of either or both of the transactions contemplated by the Arrangement Agreement and the transactions contemplated by the Support Agreement; (l) by the Offeror if the Arrangement Agreement shall have been terminated; (m) by the Offeror if there shall have occurred any change having a Material Adverse Effect; or (n) by the Offeror if there shall have been declared, set aside or paid any Excess Distribution Amount.

Termination Fee. O&Y REIT is obligated to pay the Offeror a termination fee of $32 million provided that if a termination fee is paid to the Offeror pursuant to the termination of the Arrangement Agreement, then the termination fee shall be $21.5 million (the "Termination Fee") if (i) the Support Agreement is terminated by the Offeror upon the occurrence of a Termination Fee Event, (ii) O&Y REIT wishes to terminate the Support Agreement when a Termination Fee Event has previously occurred, or (iii) the Support Agreement has been terminated in certain circumstances without the payment of a Termination Fee and an Acquisition Proposal having a greater value per Unit than the Support Agreement is consummated within nine months of the Support Agreement being terminated. The termination fee will be paid prior to the termination of the Support Agreement if the termination is by O&Y REIT, or no later than the first business day following the termination of the Support Agreement if the termination is by the Offeror.

Fees and Expenses. If the Support Agreement is terminated without the payment of a Termination Fee (unless terminated as a result of the breach of any representations, warranties, covenants or other agreements of the Offeror), O&Y REIT must pay $2.5 million to the Offeror on account of its expenses in connection with the Offer. Each of the Offeror and O&Y REIT is otherwise responsible for their own fees, costs and expenses in connection with the Offer.

Trustees and Officers Insurance. The Offeror agreed to use its reasonable commercial efforts to secure trustees' and officers' liability insurance coverage for the current and former trustees, directors and officers of O&Y REIT and its subsidiaries on a six year "trailing" (or "run-off") basis. If a trailing policy is not available at a reasonable cost, then the Offeror agrees that for the entire period from the Effective Date (as defined therein) until six years after the Effective Date, the Offeror shall arrange for and/or maintain "trustees, directors and officers" insurance coverage for the trustees, directors and officers of O&Y REIT and its subsidiaries substantially on the same terms and conditions as the current coverage in place for the benefit of such persons.

Subsequent Acquisition Transaction. O&Y REIT has agreed that if the Offeror takes up and pays for Units pursuant to the Offer, it will use reasonable commercial efforts to assist the Offeror in completing any Compulsory Acquisition or Subsequent Acquisition Transaction, provided that the consideration offered in connection with the Subsequent Acquisition Transaction is at least equal to the consideration offered under the Offer and the Subsequent Acquisition Transaction is to be completed no later than 120 days after the expiry of the Offer.

Representations and Warranties of O&Y REIT. O&Y REIT made certain representations and warranties to the Offeror with respect to, among other matters: (i) its organization, standing and corporate power; (ii) authority and no conflict; (iii) licenses, consents and approvals; (iv) third party consents; (v) capital structure; (vi) subsidiaries; (vii) Canadian securities legislation; (viii) financial statements; (ix) absence of certain changes or events and no undisclosed material liabilities; (x) assets; (xi) litigation; (xii) compliance with applicable law; (xiii) brokers; (xiv) written opinion of financial advisor; (xv) restrictions on business activities; (xvi) registration rights; (xvii) rights of other persons; (xviii) full disclosure; (xix) absence of cease trade orders; (xx) insurance; (xxi) real property; (xxii) no default; (xxiii) expropriation; (xxiv) licences; (xxv) labour matters; (xxvi) employees; (xxvii) tax matters; (xxviii) environmental matters; (xxix) absence of related party transactions; and (xxx) financial derivatives.

Representations and Warranties of the Offeror. The Offeror made certain representations and warranties to O&Y REIT with respect to, among other matters: (i) its organization, standing and corporate power; (ii) authority and no conflict; (iii) consents and approvals; (iv) financial resources; and (v) residency.

Lock-up Agreements

The Offeror entered into the Lock-up Agreements with each of the Locked-up Unitholders. Pursuant to the Lock-up Agreements, each Locked-up Unitholder separately represented as to its beneficial ownership of or control over Units. Based on these representations, the Offeror believes that the Locked-up Unitholders beneficially own or control, in the aggregate, 12,618,948 Units (representing approximately 21% of the outstanding Units or approximately 36% of the outstanding Units exclusive of the Units held by OYPC), and subject to the terms and conditions of the Lock-up Agreements, the Locked-up Unitholders irrevocably agreed to accept the Offer and deposit such Units (the "Locked-up Units") to the Offer.

The following is a summary of the principal terms of the Lock-up Agreements.

Acceptance of the Offer. Pursuant to the Lock-up Agreements, the Locked-up Unitholders irrevocably agreed to accept the Offer, and to validly deposit or cause to be deposited, the Units beneficially owned or controlled by the Locked-up Unitholder to the Offer within 5 days of the mailing of this Circular and, thereafter, to not withdraw or permit such Units deposited under the Offer to be withdrawn from the Offer.

Termination of the Lock-up Agreements. Each of the Lock-up Agreements may be terminated in certain circumstances, including: (a) by mutual consent of the Locked-up Unitholder and the Offeror; (b) by the Locked-up Unitholder, if a take-over bid is made for 100% of the outstanding Units at a cash price per Unit greater than $17.87 and the Offeror has not matched such offer within the prescribed time period; (c) by the Locked-up Unitholder, if the Offer is not mailed by September 15, 2005 or if the Offeror has not taken up and paid for the Units pursuant to the Offer by November 15, 2005; (d) by either the Offeror or the Locked-up Unitholder, if any condition to the Offer is not satisfied or waived by the Expiry Time and the Offeror does not elect to waive such condition; and (e) by the Offeror, if the Support Agreement is terminated.

Covenants of the Locked-up Unitholders. The Locked-up Unitholder agreed that until the earlier of the expiry or termination of the Offer, the Locked-up Unitholder: (a) shall not, directly or indirectly, through any officer, trustee, director, employee, representative or agent of the Locked-up Unitholder, solicit, initiate or knowingly encourage or facilitate any inquiries, proposals or offers regarding any acquisition proposal (as defined therein) or participate in any discussions or negotiations regarding any acquisition proposal (as defined therein) or enter into any agreement related to any acquisition proposal (as defined therein); and (b) shall not sell, transfer or otherwise dispose of any Units and shall take all such steps as are required to ensure that at the time at which the Locked-up Unitholder tenders the Units under the Offer and deposits the Units with the depositary and at the time at which the Offeror so takes up and pays for such Units, the Units held by the Locked-up Unitholder will be owned or controlled by the Locked-up Unitholder with good and marketable title thereto, free and clear of any and all mortgages, liens, charges, restrictions, security interests, adverse claims, pledges and encumbrances of any nature or kind whatsoever, and will not be subject to any unitholders' agreements, voting trust or similar agreements.

Arrangement Agreement

OYPC, the Acquisition Group and the Offeror have entered into the Arrangement Agreement pursuant to which, and subject to the conditions set forth therein, the Offeror will acquire all of the issued and outstanding common shares of OYPC and will therefore also indirectly acquire all of the Units held by OYPC which represents approximately 42% of the outstanding Units. OYPC has agreed that it will not tender any Units into the Offer held by it and its subsidiaries.

The consummation of the arrangement is conditional upon, among other things, all of the conditions to the Offer having been satisfied or waived at the time of the expiry of the Offer. It is a condition of the Arrangement Agreement that all conditions to the Offer have been satisfied or waived by the Expiry Time.

12. MATERIAL CHANGES AND OTHER INFORMATION CONCERNING O&Y REIT

The Offeror has no information that indicates any material change in the affairs of O&Y REIT since the date of the last published financial statements of O&Y REIT other than as has been publicly disclosed by O&Y REIT. The Offeror has no knowledge of any material fact concerning securities of O&Y REIT that has not been generally disclosed by O&Y REIT or any other matter that has not previously been generally disclosed but which would reasonably be expected to affect the decision of Unitholders to accept or reject the Offer.

13. PRICE RANGE AND TRADING VOLUMES OF THE UNITS

The Units are listed and posted for trading on the TSX. Based upon representations made in the Support Agreement, the Offeror believes that as of the date hereof there are 59,572,157 Units outstanding on a fully-diluted basis. The following table sets forth the high and low closing price and volume of sales of the Units traded on the TSX for the periods indicated:

	High	Low	Volume
2005			
September (up to September 8)....	16.20	16.10	1,105,628
August.....	16.10	14.65	2,724,114
July.....	15.13	14.75	2,638,733
June.....	15.40	15.00	5,558,967
May.....	16.43	15.34	1,711,082
April.....	15.90	15.26	965,358
March.....	15.95	15.50	2,672,725

	High	Low	Volume
February	15.99	14.76	3,010,537
January	14.80	13.70	2,335,225

The closing price of the Units on the last trading day prior to the announcement of the Offer, being August 26, 2005, was $15.68 on the TSX and the average closing price of the Units for the 30 trading days prior to the announcement of the Offer was $14.96 on the TSX.

The purchase of Units by the Offeror pursuant to the Offer will reduce the number of Units which might otherwise trade publicly, as well as the number of Unitholders, and, depending on the number of Unitholders depositing and the number of Units purchased under the Offer, is likely to adversely affect the liquidity and market value of the remaining Units held by the public. After the purchase of Units under the Offer, it is the Offeror's intention to take steps toward the elimination of any public reporting requirements of O&Y REIT under applicable securities legislation in any jurisdiction if it has an insignificant number of security holders in such jurisdiction.

The rules and regulations of the TSX establish certain criteria which, if not met, could lead to the delisting of the Units from the TSX. Among such criteria are the number of Unitholders, the number of Units publicly held and the aggregate market value of the Units publicly held. Depending on the number of Units purchased pursuant to the Offer, it is possible that the Units would fail to meet the criteria for continued listing on the TSX. If this were to happen, the Units could be delisted and this delisting could, in turn, adversely affect the market or result in a lack of an established market for the Units. It is the intention of the Offeror to apply to delist the Units from the TSX as soon as is practicable after completion of the Offer, if all of the issued and outstanding Units are deposited, or after a Compulsory Acquisition or a Subsequent Acquisition Transaction, if any. See "Certain Effects of the Offer" in Section 7 of this Circular.

14. REGULATORY MATTERS

Other than in connection with or in compliance with the provisions of the Competition Act, no authorization, consent or approval of, or filing with, any public body, court or authority is necessary on the part of the Offeror for the consummation of the transactions contemplated by the Support Agreement, except for such authorizations, consents, approvals and filings as to which the failure to obtain or make would not, individually or in the aggregate, prevent or materially delay consummation of the transactions contemplated by that agreement. In the event that the Offeror or O&Y REIT becomes aware of other requirements, both parties will take reasonable commercial efforts to obtain such approval prior to the Expiry Time, as such time may be extended.

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 has been given to the Commissioner of Competition and certain waiting period requirements have been satisfied. Pre-merger notification of the previous proposals announced by the Acquisition Group on June 1, 2005 to concurrently acquire all of the outstanding common shares of OYPC and all of the assets and liabilities of O&Y REIT was provided to the Commissioner of Competition under Part IX of the Competition Act on June 13, 2005, and the statutory waiting period expired on July 25, 2005. In addition, on July 26, 2005, the Commissioner of Competition issued a "no-action" letter (the "No-Action Letter") stating that grounds did not exist at that time to initiate proceedings before the Competition Tribunal under the merger provisions of the Competition Act in respect of the proposed acquisition of OYPC and O&Y REIT.

It is a condition of closing that Competition Act Clearance has been obtained, that the advice in the No-Action Letter continues to apply in all material respects with respect to both of the transactions contemplated by the Arrangement Agreement and the Offer and the Commissioner of Competition has not threatened to or filed an application with the Competition Tribunal under the Competition Act in respect of either or both of the transactions contemplated by the Arrangement Agreement and the Offer.

The Competition Bureau has confirmed that the advice provided in the No-Action Letter continues to apply and that the amendments to the previously proposed transactions contemplated in the Arrangement Agreement and the Offer raise no further obligations under Part IX of the Competition Act.

Based on the expiry of the waiting period, the No-Action Letter and the Competition Bureau's confirmation, the parties to the Arrangement Agreement believe that the purchases contemplated by the Arrangement Agreement and the Offer may be made without

further compliance with the Competition Act. However, there is no assurance that prior to closing a challenge to such purchases will not be made by the Commissioner of Competition or, if a challenge is made, what the result would be.

15. ACQUISITION OF UNITS NOT DEPOSITED UNDER THE OFFER

Subsequent Acquisition Transaction

If the Offeror takes up and pays for Units pursuant to the Offer, the Offeror currently intends to use all reasonable commercial efforts to proceed with the acquisition of the balance of the Units as soon as practicable by way of a Subsequent Acquisition Transaction. In order to effect the transaction, the Offeror will seek to cause a special meeting of the Unitholders to be called to consider an amendment to the Declaration of Trust to make the Units redeemable at a redemption price equal to the Offer price at the option of O&Y REIT and, immediately preceding such redemption, the sale of all or substantially all of the assets of O&Y REIT to the Acquisition Group and/or their respective associates or affiliates in order for O&Y REIT to finance the redemption. If the Subsequent Acquisition Transaction is approved at a meeting of Unitholders, the Offeror currently intends to effect such a Subsequent Acquisition Transaction as soon as possible after such meeting. If the Offeror does not proceed with the foregoing, the Offeror may cause a meeting of the Unitholders to be called to consider an alternative transaction, including a reorganization, recapitalization, redemption or other transaction involving the Offeror and/or an affiliate of the Offeror and or its subsidiaries and O&Y REIT, carried out for a cash consideration per Unit not less than the price paid pursuant to the Offer. The approval of at least two-thirds of the votes cast by holders of the outstanding Units and the approval of a majority of the votes cast by "minority" holders of Units (including Units tendered into the Offer by "minority" holders of Units) will be required at a meeting duly called and held for the purpose of approving the Subsequent Acquisition Transaction. The Offeror will cause Units acquired under the Offer to be voted in favour of such a transaction.

The income tax consequences to a Unitholder who disposes of Units pursuant to the Subsequent Acquisition Transaction may be different in a materially adverse way from the income tax consequences to a Unitholder who disposes of Units under the Offer. These consequences are described in Section 16 of the Circular "Canadian Federal Income Tax Considerations".

The methods of acquiring the remaining outstanding Units described above, may constitute a "business combination" within the meaning of OSC Rule 61-501 and a "going private transaction" within the meaning of Policy Q-27 if such method would result in the interest of a holder of Units (the "affected securities") being terminated without the consent of the Unitholder.

OSC Rule 61-501 and Policy Q-27 provide that, unless exempted, an issuer proposing to carry out such a transaction is required to engage an independent valuator to prepare a valuation of the affected securities (and any non-cash consideration being offered therefor) and provide to the holders of the affected securities a summary of such valuation. The Offeror intends to rely on any exemptions available or seek waivers pursuant to OSC Rule 61-501 and Policy Q-27 exempting the Offeror or O&Y REIT, as appropriate, from the requirement to prepare a valuation in connection with any Subsequent Acquisition Transaction proposed by the Offeror. An exemption is available for certain transactions completed within 120 days after the expiry of a formal take-over bid for consideration at least equal to and of the same type as that paid in the take-over bid, provided certain tax disclosure is given in the take-over bid disclosure documents. The Offeror expects that this exemption would be available as under the Support Agreement, it agreed to use all commercially reasonable efforts to complete the Subsequent Acquisition Transaction within 120 days after the completion of the Offer for cash consideration equal to the Offer price.

OSC Rule 61-501 and Policy Q-27 also require that, unless exempted, in addition to any other required Unitholder approval, in order to complete a business combination, going private transaction or a related party transaction, as applicable, the approval of a majority of the votes cast by "minority" holders of the affected securities be obtained. In relation to the Offer and any subsequent business combination or going private transaction, the "minority" holders will be, unless an exemption is available or discretionary relief is granted by the OSC and the AMF, as required, all holders of Units, other than, among others, the following: (i) the Offeror (other than in respect of Units acquired pursuant to the Offer, as described below); (ii) any "related parties" of the Offeror (as defined, for the purposes of OSC Rule 61-501 and Policy Q-27) who would not be equally treated; and (iii) any person or company acting jointly or in concert with the foregoing. OSC Rule 61-501 and Policy Q-27 also provide that the Offeror may treat Units acquired pursuant to the Offer as "minority" Units and vote them, or consider them voted, in favour of such business combination or going private transaction if the consideration per security in such transaction is at least equal in value to and of the same type as the consideration paid under the Offer. The Offeror currently intends that the consideration offered under any Subsequent Acquisition Transaction proposed by it would be identical to the Offer price. If the Minimum Deposit Condition is satisfied, the Offeror will own sufficient Units to effect unilaterally a Subsequent Acquisition Transaction.

See "Canadian Federal Income Tax Considerations" in Section 16 of the Circular for a discussion of the income tax consequences to Unitholders of a Subsequent Acquisition Transaction.

Compulsory Acquisition

The Offeror does not currently intend to proceed with a Compulsory Acquisition but reserves its right to do so. Section 6.26 of the Declaration of Trust permits an offeror to acquire the Units not tendered to an offer if, within 120 days after the date of the offer, the offer is accepted by the holders of not less than 90% of the Units, other than Units held at the date of the offer by or on behalf of the offeror or an affiliate of the offeror. The Offeror does not currently believe that it will be in a position to effect a Compulsory Acquisition as the Units held by OYPC will not be tendered to the Offer.

If, within 120 days after the date hereof, the Offer has been accepted by holders of not less than 90% of the issued and outstanding Units, other than Units held on the date of the Offer by or on behalf of the Offeror or its affiliates, and the Offeror acquires such deposited Units, the Offeror may acquire the remainder of the Units on the same terms as such Units were acquired under the Offer, pursuant to the provisions of the Declaration of Trust (a "Compulsory Acquisition").

To exercise such right, the Offeror must give notice (the "Offeror's Notice") to each holder of Units who did not accept the Offer (and to each person who subsequently acquires any such Units) (in each case a "Dissenting Offeree") of such proposed acquisition on or before the earlier of 60 days from the termination of the Offer and 180 days from the date of the Offer. Within 20 days of giving the Offeror's Notice, the Offeror must pay or transfer to O&Y REIT the consideration the Offeror would have had to pay to the Dissenting Offerees if they had elected to accept the Offer, to be held in trust for the Dissenting Offerees. In accordance with the Declaration of Trust, within 20 days after receipt of the Offeror's Notice, each Dissenting Offeree must send the certificates(s) representing the Units held by such Dissenting Offeree to O&Y REIT, and may elect either to transfer such Units to the Offeror on the terms of the Offer or to demand payment of the fair value of such Units held by such holder by so notifying the Offeror. If a Dissenting Offeree has elected to demand payment of the fair value of such Units, the Offeror may apply to a court having jurisdiction to hear an application to fix the fair value of such Units of the Dissenting Offeree. If the Offeror fails to apply to such court within 20 days after it made the payment or transferred the consideration to O&Y REIT referred to above, the Dissenting Offeree may then apply to the court within a further period of 20 days to have the court fix the fair value. If there is no such application by the Dissenting Offeree within such period, the Dissenting Offeree will be deemed to have elected to transfer such Units to the Offeror on the terms of the Offer. Any judicial determination of the fair value of the Units could be more or less than the amount paid pursuant to the Offer.

The foregoing is a summary only. Unitholders should refer to Section 6.26 of the Declaration of Trust for the full text of the relevant provisions, and those who wish to be better informed about those provisions of the Declaration of Trust should consult with their legal advisors. Section 6.26 of the Declaration of Trust is complex and may require strict adherence to notice and timing provisions, failing which such rights may be lost or altered.

Judicial Developments

Prior to the pronouncement of OSC Rule 61-501 and Policy Q-27, Canadian courts had, in a few instances, granted preliminary injunctions to prohibit transactions which constituted going private transactions or business combinations within the meaning of OSC Rule 61-501 and Policy Q-27. The Offeror has been advised that more recent notices and judicial decisions indicate a willingness to permit these transactions to proceed subject to compliance with requirements intended to ensure procedural and substantive fairness to the minority Unitholders.

Unitholders should consult their legal advisors for a determination of their legal rights with respect to any transaction which may constitute a business combination or going private transaction.

16. CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Stikeman Elliott LLP, counsel to the Offeror, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act, as of the date hereof, generally applicable to a Unitholder in respect of the sale of Units pursuant to the Offer, or otherwise pursuant to the Subsequent Acquisition Transaction described under Section 15 of the Circular, "Acquisition of Units Not Deposited Under the Offer".

This summary is based on the provisions of the Tax Act in force on the date hereof and counsel's understanding of the

current published administrative practices of the Canada Revenue Agency (the *"*CRA*"*). This summary takes into account all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the *"*Proposed Amendments*"*) and assumes that all such Proposed Amendments will be enacted in their present form. No assurances can be given that the Proposed Amendments will be enacted in the form proposed, if at all; however, the Canadian federal income tax considerations generally applicable to a Unitholder described below will not be different in a materially adverse way if the Proposed Amendments are not enacted. The summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action or changes in administrative practices of the CRA, nor does it take into account provincial, territorial or foreign income tax legislation or considerations. The provisions of provincial income tax legislation vary from province to province in Canada and in some cases differ from federal income tax legislation.

This summary is not applicable to a Unitholder who acquired Units on the exercise of an option issued under the Option Plan. This summary does not apply to certain "financial institutions" (as defined in the Tax Act) that are subject to the "mark-to-market" rules in the Tax Act or to a Unitholder an interest in which is a "tax shelter investment" (as defined in the Tax Act). Such Unitholders should consult their own tax advisors.

This summary assumes that O&Y REIT qualifies as a "mutual fund trust" as defined in the Tax Act, on the date hereof, and will continue to so qualify throughout the period during which Unitholders hold any Units.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal, business or tax advice or representations to any particular Unitholder. Accordingly, Unitholders should consult their own tax advisors with respect to their particular circumstances, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

Residents of Canada

The following portion of the summary is generally applicable to a Unitholder who, at all relevant times, for the purposes of the Tax Act: (i) is, or is deemed to be, resident in Canada; (ii) deals at arm's length with O&Y REIT and the Offeror; (iii) is not affiliated with O&Y REIT or the Offeror; and (iv) holds Units as capital property. Units generally will be considered capital property to a Unitholder unless the Unitholder holds such Units in the course of carrying on a business, or the Unitholder has acquired them in a transaction or transactions considered to be an adventure in the nature of trade. Certain Unitholders whose Units might not otherwise qualify as capital property may be eligible to make an irrevocable election in accordance with Subsection 39(4) of the Tax Act to have the Units and every other "Canadian security" (as defined in the Tax Act) owned by such holder deemed to be capital property in the taxation year of the election and all subsequent taxation years.

Sale Pursuant to the Offer

A Unitholder who disposes of Units to the Offeror under the Offer will generally realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate adjusted cost base of the Units to the Unitholder and any reasonable costs of disposition. For this purpose, the proceeds of disposition will equal the cash received under the Offer.

A Unitholder who disposes of Units pursuant to the Offer will be required to include one-half of the amount of any capital gain (a "taxable capital gain") in income, and, subject to the detailed rules in the Tax Act, to deduct one-half of the amount of any capital loss (an "allowable capital loss") against taxable capital gains realized in the year of disposition. Allowable capital losses not deducted in the taxation year in which they are realized may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following year against taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

Capital gains realized by an individual or trust, other than certain specified trusts, may give rise to a liability for alternative minimum tax under the Tax Act.

Where a Unitholder that is a corporation or a trust (other than a mutual fund trust) disposes of a Unit, the capital loss otherwise arising upon the disposition of the Unit may be reduced by the amount of any dividends previously designated by O&Y REIT to the Unitholder to the extent and under the circumstances prescribed in the Tax Act. Similar rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units.

A Unitholder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on its "aggregate investment income" for the year, which is defined to include an amount in respect of taxable capital gains.

S*ubsequent Acquisition Transaction*

If the Subsequent Acquisition Transaction described in Section 15 of this Circular, "Acquisition of Units Not Deposited Under the Offer", is implemented, the assets of O&Y REIT will be sold to the Acquisition Group, and the outstanding Units will be redeemed for cash from the proceeds of that sale.

The transfer of O&Y REIT's assets to the Acquisition Group as part of the Subsequent Acquisition Transaction will cause O&Y REIT to realize income for tax purposes to the extent that the purchase price for the O&Y REIT assets exceeds the cost amount of the assets to O&Y REIT. Such income will generally consist of recapture of capital cost allowance in respect of buildings and other depreciable property, and net capital gains in respect of capital property.

A Unitholder whose Units are redeemed by O&Y REIT pursuant to the Subsequent Acquisition Transaction will generally be required to include in income for the taxation year in which the taxation year of O&Y REIT ends the portion of the net income of O&Y REIT arising as a result of the sale of its assets to the Acquisition Group pursuant to the Subsequent Acquisition Transaction, including recapture income and net realized taxable capital gains, that is paid to the Unitholder by way of cash distributions in connection with the redemption of the Unitholder's Units. The Unitholder's share of the recapture income will be taxable as ordinary income to the Unitholder. Counsel has been advised that the amount of recapture income will be between $2.55 and $2.70 per Unit. Provided that appropriate designations are made by O&Y REIT, the portion of its net realized taxable capital gains that is paid to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. Any such capital gain will be subject to the general rules relating to the taxation of capital gains described above under "Canadian Federal Income Tax Considerations – Residents of Canada – Sale Pursuant to the Offer". The non-taxable portion of any net realized capital gains of O&Y REIT that is paid to a Unitholder will not be included in computing the Unitholder's income for the year.

On the disposition of a Unit as a result of a redemption pursuant to the Subsequent Acquisition Transaction, a Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit to the Unitholder and any reasonable costs of disposition. For this purpose, proceeds of disposition on a redemption will not include an amount paid by O&Y REIT that is otherwise required to be included in the Unitholder's income, including any portion of the recapture income and taxable capital gain realized by O&Y REIT as a result of the sale of assets pursuant to the Subsequent Acquisition Transaction, nor will it include an amount paid by O&Y REIT that represents the non-taxable portion of such capital gain. Any capital gain or loss realized on the redemption of a Unit will be subject to the general rules relating to the taxation of capital gains described above under "Canadian Federal Income Tax Considerations – Residents of Canada – Sale Pursuant to the Offer".

Non-Residents of Canada

The following portion of the summary is generally applicable to a Unitholder who at all relevant times, for the purposes of the Tax Act, is not resident, nor deemed to be resident, in Canada, and does not use or hold, and is not deemed to use or hold, Units in connection with carrying on a business in Canada. Special rules which are not discussed in this summary may apply to a non-resident Unitholder that is an insurer carrying on business in Canada and elsewhere.

Sale Pursuant to the Offer

A non-resident Unitholder to whom Units are not taxable Canadian property will not be subject to tax under the Tax Act on the disposition of such Units to the Offeror under the Offer.

A Unit will be taxable Canadian property to a non-resident Unitholder if, at any time during the 60-month period immediately preceding the disposition, the non-resident Unitholder, either alone or together with persons with whom the non-resident did not deal at arm's length, owned 25% or more of the issued units of O&Y REIT. A Unit may also be deemed to be taxable Canadian property in certain other circumstances. If the Units are taxable Canadian property to a non-resident Unitholder, any capital gain realized upon the disposition or deemed disposition thereof may not be subject to tax under the Tax Act if such gain is exempt from tax pursuant to the provisions of an applicable income tax treaty or convention to which Canada is a party.

In the event that the Units constitute taxable Canadian property and the capital gain realized upon a disposition of such Units to the Offeror is not exempt from Canadian tax by virtue of an applicable income tax treaty or convention, then in such circumstances, the general rules relating to the taxation of capital gains and losses described above under "Canadian Federal Income Tax Considerations – Residents of Canada – Sale Pursuant to the Offer" will generally apply. Non-resident Unitholders whose Units are taxable Canadian property should consult their own tax advisors in this regard.

Subsequent Acquisition Transaction

If the Subsequent Acquisition Transaction described in Section 15 of this Circular is implemented, O&Y REIT will realize income for income tax purposes as a result of the sale of its assets to the Acquisition Group. Such income will generally consist of recaptured capital cost allowance and net capital gains. The outstanding Units will be redeemed for cash from the proceeds of the sale.

A non-resident Unitholder whose Units are redeemed pursuant to the Subsequent Acquisition Transaction will be subject to Canadian non-resident withholding tax at the rate of 25% on the non-resident Unitholder's portion of the recapture income of O&Y REIT that is paid to the non-resident Unitholder in connection with the redemption of its Units. Similarly, a non-resident Unitholder will generally be subject to Canadian non-resident withholding tax at the rate of 25% on the non-resident Unitholder's share of the capital gains realized by O&Y REIT as a result of the sale of its assets that are taxable Canadian property that is paid to the non-resident Unitholder in connection with the redemption of its Units. Taxable Canadian property includes real property situated in Canada. The 25% rate of withholding tax is subject to reduction pursuant to the provisions of an applicable income tax convention.
A non-resident Unitholder generally will not be subject to tax under the Tax Act in respect of a capital gain, or entitled to deduct any capital loss, realized upon the redemption of its Units pursuant to the Subsequent Acquisition Transaction unless the Units represent taxable Canadian property to the non-resident Unitholder. The circumstances in which Units would constitute taxable Canadian property and the implications to a non-resident Unitholder are discussed above under "Canadian Federal Income Tax Considerations – Non-Residents of Canada – Sale Pursuant to the Offer".

17. OTHER MATTERS RELATING TO THE OFFER

Depositary

The Offeror has engaged the Depositary for the receipt of certificates in respect of Units and related Letters of Transmittal. In addition, the Depositary will receive Notices of Guaranteed Delivery deposited under the Offer at its office in Toronto. The duties of the Depositary also include assisting in making payment to Unitholders for Units purchased by the Offeror pursuant to the Offer. The Depositary will receive reasonable and customary compensation from the Offeror for its services in connection with the Offer, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection therewith, including without limitation applicable securities law compliance matters.

No person has been retained by the Offeror or Acquisition Group to make solicitations in respect of the Offer.

18. OFFEREES' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides Unitholders with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, if there is a misrepresentation in a circular or a notice that is required to be delivered to Unitholders. However, such rights must be exercised within prescribed time limits. Unitholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult with a lawyer.

CONSENT OF COUNSEL

To: The Directors of 2072790 Ontario Inc.:

We hereby consent to the reference to our opinion contained under "Canadian Federal Income Tax Considerations" in the Circular accompanying the Offer dated September 9, 2005 made by the Offeror to the Unitholders.

Toronto, Canada
September 9, 2005

(Signed) STIKEMAN ELLIOTT LLP

APPROVAL AND CERTIFICATE OF THE OFFEROR

The contents of the Offer and Circular have been approved and the sending, communication or delivery thereof to the Unitholders has been authorized, by the board of directors of the Offeror. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it is made. In addition, the foregoing does not contain any misrepresentation likely to affect the value or market price of the Units subject to the Offer.

DATED: September 9, 2005

2072790 ONTARIO INC.

(Signed) Tom Farley
Chief Executive Officer

(Signed) T. Nga Trinh
Chief Financial Officer

On behalf of the Board of Directors

(Signed) John Butler
Director

(Signed) George Craig Coleman
Director

The Depositary for the Offer is:

CIBC MELLON TRUST COMPANY

By Mail
P.O. Box 1036
Adelaide Street Postal Station
Toronto, ON M5C 2K4

By Hand or by Courier
199 Bay Street
Commerce Court West
Securities Level
Toronto, Ontario M5L 1G9

Telephone: (416) 643-5500
Toll Free: 1-800-387-0825
E-mail: inquiries@cibcmellon.com

Any questions and requests for assistance may be directed by holders of Units to the Depositary at its telephone number and location set out above.