



News Release

Announcement

For Immediate Release

Toronto, Ontario, January 17, 2003 - O&Y Properties Corporation (TSX:OYP, OYP.DB) and Bentall Capital Limited Partnership announced today that they have entered into discussions to pursue a potential combination of their Canadian property management, facilities management and leasing businesses through a partnership to be known as Bentall/O&Y Limited Partnership. This partnership will provide the opportunity to share resources and information technology platforms over a larger base, the results of which should be beneficial to both parties and further improve the quality of service provided to clients across Canada. At present, O&Y Properties provides its real estate services through O&Y Enterprise, O&Y CB Richard Ellis Facilities Management and O&Y SMG Canada. Bentall currently provides its services through Bentall Real Estate Services LP and Bentall Retail Services LP.

Each of the parties intends to carry out due diligence sufficient to enable them to determine if they wish to proceed with this transaction, and if so, to negotiate mutually satisfactory terms. It is anticipated that any merger of activities could be completed, subject to obtaining any necessary regulatory approvals, by the end of the first quarter of 2003.

O&Y Properties Corporation is a Canadian commercial real estate company that is focused on ownership, management and development of high-quality office buildings. Directly and indirectly through just over 50% ownership of O&Y REIT, O&Y Properties owns a portfolio of 20 office properties representing 8.0 million square feet in seven Canadian markets, including the 2.7 million square foot Class AAA First Canadian Place office complex in downtown Toronto. O&Y Properties is also completing construction of the Maritime Life Tower in downtown Toronto. O&Y Enterprise, its real estate services division is a leading third party commercial real estate manager, specializing in property management services to owners of real estate; and through O&Y CB Richard Ellis, facilities and corporate real estate services to users of real estate. O&Y Enterprise has offices in 7 major centres across Canada and employs approximately 1000 people, servicing its managed portfolio of more than 74 million square feet.

Bentall Capital is a fully integrated real estate services organization with industry-leading expertise in investment management, property services, development and merchant banking. With over 1000 employees and offices in Vancouver, Calgary, Toronto, Ottawa, Seattle and Los Angeles, Bentall delivers results across all four of its business lines anywhere in North America. Bentall Capital's fiduciary responsibility to more than 80 pension fund and institutional investor clients extends across a \$6 billion portfolio of real estate. This includes property management and leasing provided through Bentall Real Estate Services and Bentall Retail Services to over 350 buildings totaling more than 40 million square feet of office, industrial, and retail properties.

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Cautionary statement regarding forward-looking statements

This news release contains forward-looking statements relating to our operations and the environment in which we operate, which are based on our expectations, estimates, forecasts and projections. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Therefore, actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. We undertake no obligation to publicly update any such statement, to reflect new information or the occurrence of future events or circumstances.