

In connection with the May 8, 2002 reorganization of TrizecHahn Corporation, certain Canadian and United States income tax considerations were disclosed on pages 103-117 of the March 13, 2002 Management Information Circular (attached as Appendix 1). In addition to these considerations, we are providing the fair market values for the relevant securities involved in the reorganization and summaries for the most common election scenarios outlining the security(ies) you should have received as a result of your election and the tax implications of each election.

The summaries provided are of a general nature only and are not intended to be, nor should they be construed to be, legal or tax advice or representations to any particular shareholder. Accordingly, shareholders 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.

Fair Market Value on effective date of Reorganization (May 8, 2002) ¹ :	
Trizec Properties, Inc. (NYSE - TRZ / XTR*)	US \$16.82
Trizec Canada Inc. (TSX - TZC)	Cdn \$25.82
(1) Based on volume weighted average trading price of TRZ and TZC on May 7, 2002	
* see overview (page 2)	

Typical Election Scenarios and Tax Implications: (See page 2 for descriptions)

U.S. Holders

The table below summarizes U.S. federal income tax consequences to U.S. Holders (as defined below) that hold shares of TRZ or TZC, as applicable, (and held shares of TrizecHahn) as capital assets and does not address the tax consequences that may be relevant to individual stockholders in light of their particular circumstances or any special treatment to which they may be subject under certain federal income tax laws, such as dealers in securities, traders in securities that elect to mark to market, banks, insurance companies, persons liable for the alternative minimum tax, persons that hold securities that are a hedge, that are hedged against currency risks or that are part of a straddle or conversion transaction, persons whose functional currency is not the U.S. dollar, tax-exempt organizations or non-United States persons. For this purpose, a "U.S. Holder" means a holder of our capital stock (or of the exchange certificates representing our common stock) who or that is (1) a citizen or resident of the United States, (2) a corporation, partnership, or other entity created or organized in or under the laws of the United States or a political subdivision thereof, (3) an estate or trust the income of which is subject to United States federal income taxation regardless of its source, (4) a trust if (A) a United States court is able to exercise primary supervision over the administration of the trust and (B) one or more U.S. persons, within the meaning of Section 7701(a)(30) of the Code, have authority to control all substantial decisions of the trust.

(Security received / tax implication)

(1a)	(1b)	(1c)
Elect 100% TRZ	Elect 100% TZC	No Election (Default) <i>(Received Pro-Ration)</i>
TRZ / Taxable	TZC / Non-Taxable TRZ / Taxable	TZC / Non-Taxable XTR* / Taxable

* see overview (page 2)

Canadian Holders:

The table below summarizes the Canadian federal income tax consequences to a Canadian Holder (as defined below) of the disposition of TrizecHahn shares on the Reorganization. It does not address the tax consequences that may be relevant to shareholders in light of their particular circumstances and does not address any special treatment to which a shareholder may be subject under Canadian federal income tax laws (including the mark to market rules applicable to financial institutions). For this purpose, a "Canadian Holder" means a person who, for Canadian federal income tax purposes (i) held TrizecHahn subordinate voting shares and the shares of TRZ (or exchange certificates) or TZC, as applicable, acquired in exchange as capital property, (ii) is resident in Canada and (iii) both deals at arm's length with and is not affiliated with each of TrizecHahn, TRZ, TZC and Trizec Subco and for whom TRZ is not a foreign affiliate for Canadian tax purposes.

(Security received / tax implication)

(2a)	(2b)	(2c)	(2d)
Elect 100% TRZ	Elect 100% TZC <i>(No Cdn Tax Deferral)</i>	Elect 100% TZC <i>(with Cdn Tax Deferral)</i>	No Election (Default) <i>(Received Pro-Ration)</i>
XTR / Taxable	TZC / Taxable XTR* / Taxable	TZC / Non-Taxable XTR* / Taxable*	TZC / Taxable XTR* / Taxable

* see overview (page 2)

Description of Typical Election Scenarios

U.S. Holders:

- 1a) Shareholders who elected to exchange their TrizecHahn shares for common stock of Trizec Properties -- those who provided the required certification that they are "Qualifying U.S. Persons" (See Appendix 2 attached) and who delivered their TrizecHahn share certificates to the depository -- acquired that number of shares of Trizec Properties (TRZ) common stock equal to the number of TrizecHahn shares for which their election was made.
- 1b) Shareholders who elected to exchange their TrizecHahn shares for subordinate voting shares of Trizec Canada and who delivered their TrizecHahn share certificates to the depository, exchanged their TrizecHahn shares for (i) that number of Trizec Canada (TZC) subordinate voting shares equal to approximately 89.7% of the number of TrizecHahn shares for which their election was made, plus (ii) that number of Exchange Certificates (or, in the case of shareholders who certified that they are "Qualifying U.S. Persons", shares of Trizec Properties common stock) equal to approximately 10.3% of that number of TrizecHahn shares.
- 1c) All other shareholders of TrizecHahn, including those shareholders who failed to make an election or who made an election that was invalid, exchanged their TrizecHahn shares for (i) that number of Trizec Canada subordinate voting shares equal to approximately 89.7% of their TrizecHahn shares, plus (ii) that number of Exchange Certificates equal to approximately 10.3% of their TrizecHahn shares.

Canadian Holders:

- 2a) Shareholders who elected to exchange their TrizecHahn shares for common stock of Trizec Properties and who delivered their TrizecHahn share certificates to the depository, but who are not "Qualifying U.S. Persons" or who failed to provide the required certification that they are "Qualifying U.S. Persons", acquired that number of Exchange Certificates equal to the number of TrizecHahn shares for which their election was made.
- 2b) See 1b)
- 2c) See 1b). In addition, eligible Canadian holders of TrizecHahn shares were provided the option to acquire Trizec Canada shares on a tax deferred basis for Canadian tax purposes. See section "Transfer of TrizecHahn Subordinate Voting Shares to Trizec Canada - Tax-Deferred Rollover" in Appendix 1 attached.
- 2d) See 1c)

Overview: Exchange Certificates (XTR)

In connection with the reorganization, Exchange Certificates representing the underlying shares of Trizec Properties Common Stock (TRZ) were issued to holders of TrizecHahn Subordinate Voting Shares (TZH) on either a one-for-one basis or on a pro-rated basis depending upon the elections made by the holder.

The Exchange Certificates were issued on May 8, 2002 and expired at the close of business on August 5, 2002. During this period, holders of the Exchange Certificates had the option to either i) sell the Exchange Certificates on the open market (NYSE or TSX), ii) surrender their Exchange Certificates to the transfer agent (Mellon Investor Services LLC) in exchange for the underlying shares of Trizec Properties, Inc. (this option available to Qualified U.S. Persons only) or iii) hold the Exchange Certificate through the expiry date (August 5, 2002) and be "cashed-out". This meant a third-party market agent sold the remaining shares of Trizec Properties common stock underlying the expired Exchange Certificates on behalf of the Exchange Certificate holders. Holders of the expired Exchange Certificates were entitled to receive their portion of the proceeds, totaling US \$10.84 per share.

Appendix 1

Income Tax Considerations

This Appendix is extracted from TrizecHahn Corporation's Management Information Circular dated March 13, 2002. (Pages 103-117)

INCOME TAX CONSIDERATIONS

Certain Canadian Federal Income Tax Considerations

In the opinion of Davies Ward Phillips & Vineberg LLP, the following are fair summaries of the principal Canadian federal income tax consequences of the Arrangement generally applicable to the holders of TrizecHahn Subordinate Voting Shares described below (a “TrizecHahn Subordinate Voting Shareholder”). The summaries are based on the current provisions of the Tax Act, the regulations thereunder and counsel’s understanding of the current administrative practices of CCRA. The summaries take into account all specific proposals to amend the Tax Act and the regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, although there is no certainty that such proposals will be enacted in the form proposed, if at all. The summaries do not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action, or any changes in the administrative practices of CCRA, nor do they 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. The summaries also are based on certificates as to certain factual matters and on the assumptions that, at all relevant times, the Trizec Canada Subordinate Voting Shares will be listed on a prescribed stock exchange, such as the TSE, and Trizec Canada and Trizec Properties will be related persons for purposes of the Tax Act and that, in accordance with Trizec Canada’s intention, Trizec Canada will become a registered investment under the Tax Act effective on the Effective Date.

The Tax Act contains certain provisions relating to securities held by certain financial institutions (the “mark-to-market rules”). The summaries do not take into account the mark-to-market rules and any TrizecHahn Subordinate Voting Shareholder that is a “financial institution” for the purpose of those rules should consult its own tax advisors. The summaries do not take into account the consequences of the Arrangement to a holder an interest in which is a “tax shelter investment” for purposes of the Tax Act.

The summaries do not address the tax consequences relevant to TrizecHahn Shareholders who elect to participate in the Arrangement under the Holding Company Alternative. Such TrizecHahn Shareholders should consult their own tax advisors.

The summaries are of a general nature only and are not intended to be, nor should they be construed to be, legal or tax advice or representations to any particular holder of TrizecHahn Subordinate Voting Shares. Accordingly, TrizecHahn Subordinate Voting Shareholders 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.

For purposes of the summaries, a reference to a share of Trizec Properties Common Stock includes a reference to an Exchange Certificate.

For the purposes of the Tax Act, all amounts (including those relating to the acquisition, holding or disposition of Trizec Properties Common Stock), including dividends, adjusted cost base and proceeds of disposition, must be converted into Canadian dollars based on the prevailing U.S. dollar exchange rate at the time such amounts arise.

Mutual Fund Corporation Status

The summaries assume that Trizec Canada will qualify as a “mutual fund corporation” as defined in the Tax Act on the Effective Date and will thereafter continuously qualify as a mutual fund corporation. In order to qualify a mutual fund corporation, several conditions must be satisfied. First, Trizec Canada must be a public

corporation for purposes of the Tax Act. A corporation that has shares listed on a prescribed stock exchange in Canada (including the TSE) will be a public corporation. Because certain tax consequences depend on a corporation being a mutual fund corporation throughout the taxation year, the summaries also assume that Trizec Canada will elect to be a public corporation from the date it is incorporated (which, counsel has been advised, it intends to do). Secondly, Trizec Canada must not have been established, and must not be maintained, primarily for the benefit of non-residents. To assist in satisfying this test, the Articles of Trizec Canada restrict the ownership of Trizec Canada Constrained Shares by persons who are not Canadian Residents (see “Trizec Canada After the Arrangement — Share Capital and Constraints on Transfer — Constraints on Transfer” in this Circular). Thirdly, at least 95% (by value) of the outstanding shares of Trizec Canada must be redeemable at the request of the holders thereof. Holders of Trizec Canada Shares (being the only shares in the capital of Trizec Canada) have the right to require Trizec Canada to redeem the Trizec Canada Shares (see “Trizec Canada After the Arrangement — Share Capital and Constraints on Transfer — Subordinate Voting Shares and Multiple Voting Shares — Right of Redemption” in this Circular). Fourthly, the only undertaking of a mutual fund corporation must be the investing of its funds in property. Trizec Canada believes that it will qualify as a mutual fund corporation on the Effective Date and, in counsel’s view, this is a reasonable conclusion.

A mutual fund corporation is liable to tax on its taxable income in much the same way as any other taxable Canadian corporation. Thus, to the extent permitted or required by the Tax Act, all of Trizec Canada’s revenues, deductions, capital gains and capital losses will be taken into account in computing its income, taxable income or loss for a particular taxation year and the taxes (including refundable capital gains taxes) payable by it for such year. The taxable portion of a capital gain (net of the allowable portion of any capital loss) realized by Trizec Canada will be subject to tax at the corporate rate applicable to Trizec Canada’s income. However, taxes paid on such net taxable capital gains are refundable on a formula basis when Trizec Canada Shares are redeemed or when Trizec Canada pays capital gains dividends to its shareholders. This refund can substantially or completely offset the corporate tax on capital gains realized by Trizec Canada. The consequences of redemption to a holder of a Trizec Canada Subordinate Voting Share are separate from this calculation and are described below under “— Residents of Canada — Retraction or Other Disposition of Trizec Canada Subordinate Voting Shares” and “— Non-Residents of Canada — Disposition of Trizec Canada Subordinate Voting Shares”.

If Trizec Canada were not to qualify as a mutual fund corporation at a particular time, the income tax considerations would be materially different in certain respects from those described herein.

Residents of Canada

The following summary is generally applicable to a TrizecHahn Subordinate Voting Shareholder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty, is or is deemed to be resident in Canada, holds the TrizecHahn Subordinate Voting Shares (and will hold any Trizec Canada Subordinate Voting Shares and shares of Trizec Properties Common Stock) as capital property, and both deals at arm’s length with and is not affiliated with each of TrizecHahn, Trizec Subco and Trizec Canada. TrizecHahn Subordinate Voting Shares, Trizec Canada Subordinate Voting Shares and shares of Trizec Properties Common Stock will generally be considered to be capital property to the holder unless the holder holds such shares in the course of carrying on a business, or has acquired them in a transaction or transactions considered to be an adventure in the nature of trade. This summary assumes that Trizec Properties will not at any time be a “foreign affiliate”, as defined in the Tax Act, of the TrizecHahn Subordinate Voting Shareholder.

Transfer of TrizecHahn Subordinate Voting Shares to Trizec Canada — Tax-Deferred Rollover

An Eligible Shareholder who makes the Tax Deferral Election and who, as a result of electing (or, due to pro ration, being deemed to have elected) the Trizec Canada SVS Election in respect of all or some of its TrizecHahn Subordinate Voting Shares, acquires Trizec Canada Subordinate Voting Shares will transfer TrizecHahn Subordinate Voting Shares exchanged for such Trizec Canada Subordinate Voting Shares to Trizec Canada. Only Eligible Shareholders will be permitted to make the Tax Deferral Election and thereby transfer their TrizecHahn Subordinate Voting Shares exchanged for Trizec Canada Subordinate Voting Shares to Trizec Canada. Due to pro ration under the Arrangement, Eligible Shareholders who elect the Trizec Properties Election may be deemed not to have so elected to some extent. Thus, all Eligible Shareholders should consider whether they wish to avail

themselves of the Tax Deferral Election. For these purposes, an Eligible Shareholder includes a TrizecHahn Subordinate Voting Shareholder who is resident in Canada for purposes of the Tax Act and not exempt from tax under the Tax Act or is a partnership if one or more of its members would be an Eligible Shareholder if such member held such TrizecHahn Subordinate Voting Shares directly.

An Eligible Shareholder who has made the Tax Deferral Election and who transfers TrizecHahn Subordinate Voting Shares to Trizec Canada in exchange for Trizec Canada Subordinate Voting Shares will be deemed to have disposed of such TrizecHahn Subordinate Voting Shares for proceeds of disposition equal to the aggregate adjusted cost base thereof immediately before the exchange and to have acquired the Trizec Canada Subordinate Voting Shares received in exchange therefor for an aggregate cost equal to such aggregate adjusted cost base, unless the Eligible Shareholder chooses to report any portion of the capital gain or capital loss arising on such disposition in computing income for the year of disposition.

Transfer of TrizecHahn Subordinate Voting Shares to Trizec Subco

A holder of TrizecHahn Subordinate Voting Shares who has not made the Tax Deferral Election or who has made the Tax Deferral Election but, due to pro ration, has been deemed to have elected to exchange all or some of its TrizecHahn Subordinate Voting Shares for shares of Trizec Properties Common Stock, will transfer TrizecHahn Subordinate Voting Shares to Trizec Subco under the Arrangement. A TrizecHahn Subordinate Voting Shareholder who transfers TrizecHahn Subordinate Voting Shares to Trizec Subco will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the holder of such shares. For these purposes the proceeds of disposition will equal the aggregate fair market value of any shares of Trizec Properties Common Stock and Trizec Canada Subordinate Voting Shares acquired from Trizec Subco in exchange for the TrizecHahn Subordinate Voting Shares. The cost of any shares of Trizec Properties Common Stock or Trizec Canada Subordinate Voting Shares acquired by the TrizecHahn Subordinate Voting Shareholder on the exchange will be equal to the fair market value thereof at the time of the exchange.

Dividends on Trizec Canada Subordinate Voting Shares

Dividends (other than capital gains dividends) received on the Trizec Canada Subordinate Voting Shares by an individual will be included in computing the individual's income and will be subject to the gross-up and dividend tax credit rules generally applicable to taxable dividends received from taxable Canadian corporations. Dividends (other than capital gains dividends) received on the Trizec Canada Subordinate Voting Shares by a corporation will be included in computing the corporation's income and, except where the corporation is a "specified financial institution" as defined in the Tax Act, will generally be deductible in computing its taxable income. In the case of a holder that is a specified financial institution, the dividend will not be deductible in computing its taxable income unless either (i) the specified financial institution did not acquire the Trizec Canada Subordinate Voting Shares in the ordinary course of the business carried on by such institution; or (ii) at the time the dividend is received by the specified financial institution, the specified financial institution (either alone or together with persons with whom it does not deal at arm's length) does not receive (and is not deemed to receive) dividends in respect of more than 10% of the issued and outstanding Trizec Canada Subordinate Voting Shares. A "private corporation" (as defined in the Tax Act) or any other corporation resident in Canada and controlled by or for the benefit of an individual or a related group of individuals may be liable under Part IV of the Tax Act to pay a refundable tax of 33 $\frac{1}{3}$ % on dividends (other than capital gains dividends) received on the Trizec Canada Subordinate Voting Shares to the extent that such dividends are deductible in computing the shareholder's taxable income.

Trizec Canada may also make distributions of net realized capital gains by way of capital gains dividends. Such dividends will be treated as a capital gain realized by the recipient thereof and will be subject to the general rules relating to the taxation of capital gains described below under "— Residents of Canada — Taxation of Capital Gains and Capital Losses".

Retraction or Other Disposition of Trizec Canada Subordinate Voting Shares

On a disposition or deemed disposition of a Trizec Canada Subordinate Voting Share (including to Trizec Canada on retraction thereof), the holder will realize a capital gain (or capital loss) to the extent the proceeds of disposition of the Trizec Canada Subordinate Voting Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the holder of the Trizec Canada Subordinate Voting Share. If Trizec Canada satisfies the redemption price in whole or in part by the delivery of property other than cash, the proceeds of disposition of the Trizec Canada Subordinate Voting Share will be the aggregate of the fair market value of the property at the time of the exchange and the amount of any cash paid by Trizec Canada.

The cost of any property received on the retraction of a Trizec Canada Subordinate Voting Share (including shares of Trizec Properties Common Stock) will be equal to the fair market value of such property at the time of such exchange. The cost of any shares of Trizec Properties Common Stock acquired on a retraction of a Trizec Canada Subordinate Voting Share will be averaged with the adjusted cost base of all other shares of Trizec Properties Common Stock held by the holder as capital property immediately prior to the acquisition for the purpose of determining thereafter the adjusted cost base of each such share held by such holder.

Dividends on Trizec Properties Common Stock

The gross amount of dividends on Trizec Properties Common Stock, without reduction for any U.S. withholding tax, will be included in the recipient's income for the purposes of the Tax Act. Such dividends received by an individual will not be subject to the gross-up and dividend tax credit rules in the Tax Act. A corporation will include such dividends in computing its income and will not be entitled to deduct the amount of such dividends in computing its taxable income. United States non-resident withholding tax on such dividends may be eligible for foreign tax credit or deduction treatment in accordance with the detailed provisions of the Tax Act.

Disposition of Trizec Properties Common Stock

A disposition or deemed disposition of a share of Trizec Properties Common Stock by a holder will generally result in a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the holder of the share immediately before the disposition.

Foreign Investment Entities

In August 2001, the Department of Finance released draft rules relating to "foreign investment entities". These rules were to become effective on January 1, 2002 but, in December 2001, the Department of Finance announced a one-year delay in the implementation of the rules in view of detailed submissions received on the draft rules. While such submissions have been extensive and detailed, the nature and extent of any amendments to the proposed draft rules cannot be predicted at this time. The draft legislation released in August 2001 generally will require a taxpayer to mark-to-market and include in income annually any increase in value in an interest (other than an exempt interest that is not a tracked interest) in a foreign investment entity, unless the taxpayer satisfies the requisite conditions and makes an election to include in income the taxpayer's proportionate share of the foreign investment entity's income. Generally, a foreign investment entity includes an entity not resident in Canada if more than one-half of the carrying value of its assets is "investment property".

Under the current draft legislation, shares of Trizec Properties Common Stock will generally be exempt interests for a taxation year provided they are listed on a prescribed stock exchange in the United States (and the NYSE qualifies for this purpose) and such shares are "widely held and actively traded" (as that phrase is defined in the rules) throughout the period in the taxation year during which they are held by the TrizecHahn Subordinate Voting Shareholder. TrizecHahn anticipates that the shares of Trizec Properties Common Stock will be widely held and actively traded so long as they are listed. The Trizec Properties Common Stock should not be a tracked interest for these purposes.

Foreign Property Information Reporting

The Tax Act and the regulations thereunder require an investor that is a “specified Canadian entity” to file an information return disclosing prescribed information where, at any time in a taxation year, the total cost amount of “specified foreign property” of the entity exceeds Cdn\$100,000 (a “reporting entity”). For these purposes, a “specified Canadian entity” includes, among other things, a taxpayer resident in Canada, other than a corporation or trust exempt from tax under Part I of the Tax Act. The shares of Trizec Properties Common Stock are, and the Trizec Canada Subordinate Voting Shares may be, “specified foreign property”. Prescribed information includes the investor’s cost amount and dividends received or deemed received in the year, and any gains or losses realized in the year in respect of such property. The reporting rules in the Tax Act are complex and this summary does not purport to explain all circumstances in which reporting may be required by any investor.

Eligibility for Investment

The Trizec Canada Subordinate Voting Shares and, provided they are listed on the NYSE (or another prescribed stock exchange), the Trizec Properties Common Stock will be a qualified investment under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans.

The Trizec Canada Subordinate Voting Shares will not be foreign property under the Tax Act. Trizec Properties Common Stock will be foreign property under the Tax Act.

Dissenting Shareholders

A Dissenting Shareholder may be considered to have received interest (to the extent any is awarded by a Court) and will be considered to have disposed of its TrizecHahn Subordinate Voting Shares for proceeds of disposition equal to the amount paid by Trizec Subco (otherwise than on account of interest) in respect of such shares. Such disposition may give rise to a capital gain (or a capital loss). Shareholders should consult their own advisors with respect to the consequences of dissenting from the Arrangement.

Taxation of Capital Gains and Capital Losses

One-half of the amount of any capital gain (a “taxable capital gain”) must be included in income in the year it is realized, and one-half of the amount of any capital loss (an “allowable capital loss”) is deducted against taxable capital gains realized in the year of disposition. Allowable capital losses not deducted in the taxation year in which they are realized ordinarily 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.

A capital loss otherwise arising upon the disposition of a TrizecHahn Subordinate Voting Share or a Trizec Canada Subordinate Voting Share by a corporation may be reduced in certain circumstances by dividends received or deemed to have been received thereon. Any such reduction will not occur where the corporate TrizecHahn Subordinate Voting Shareholder owned the TrizecHahn Subordinate Voting Share or Trizec Canada Subordinate Voting Share, as the case may be, for 365 days or longer immediately before the disposition and such TrizecHahn Subordinate Voting Shareholder (together with any persons with whom it did not deal at arm’s length) did not own more than 5% of the shares of any class or series of TrizecHahn or Trizec Canada, as the case may be, at the time the relevant dividends were received or deemed to have been received. Similar rules apply where a corporation is a member of a partnership or a beneficiary of a trust and where a trust is a member of a partnership or a partnership or trust is a beneficiary of a trust. For these purposes, where the Tax Deferral Election is made and a TrizecHahn Subordinate Voting Share is exchanged with Trizec Canada for a Trizec Canada Subordinate Voting Share, the Trizec Canada Subordinate Voting Share will be deemed to be the same share as the TrizecHahn Subordinate Voting Share for which it was exchanged. Consequently, in this case, dividends received on the TrizecHahn Subordinate Voting Share may reduce a loss on the Trizec Canada Subordinate Voting Share and the holding period for the Trizec Canada Subordinate Voting Share will include the holding period of the TrizecHahn Subordinate Voting Share. TrizecHahn Subordinate Voting Shareholders to whom these rules may be relevant should consult their own tax advisors.

Capital gains realized by an individual may be subject to alternative minimum tax. A “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional 6²/₃% refundable tax on certain investment income, including taxable capital gains.

Non-Residents of Canada

The following summary is generally applicable to a TrizecHahn Subordinate Voting Shareholder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty is neither resident nor deemed to be resident in Canada, holds TrizecHahn Subordinate Voting Shares and will hold any Trizec Canada Shares and Trizec Properties Common Stock as capital property, deals at arm’s length with and is not affiliated with each of TrizecHahn, Trizec Subco and Trizec Canada, and does not use or hold, and is not deemed to use or hold, TrizecHahn Subordinate Voting Shares, shares of Trizec Properties Common Stock or Trizec Canada Subordinate Voting Shares in connection with carrying on a business in Canada. Special rules which are not discussed in this summary may apply to a non-resident TrizecHahn Subordinate Voting Shareholder that is an insurer that carries on business in Canada and elsewhere.

Non-residents to whom the applicability of an income tax treaty may be relevant should consult their own tax advisors about their particular circumstances.

Disposition of TrizecHahn Subordinate Voting Shares Under the Arrangement

A non-resident TrizecHahn Subordinate Voting Shareholder will not be subject to tax under the Tax Act on the disposition of TrizecHahn Subordinate Voting Shares under the Arrangement unless those TrizecHahn Subordinate Voting Shares constitute “taxable Canadian property” to the TrizecHahn Subordinate Voting Shareholder. A TrizecHahn Subordinate Voting Share listed on a prescribed stock exchange (which includes the TSE) generally will not be taxable Canadian property to a non-resident unless, at any time during the five-year period immediately preceding the disposition, the non-resident, persons with whom the non-resident did not deal at arm’s length, or the non-resident together with all such persons, owned 25% or more of the shares of any class or series of TrizecHahn. CCRA is of the view that, for this purpose, a person will be considered to own any share in respect of which such person has an interest or option or other right to acquire. A TrizecHahn Subordinate Voting Share also may be taxable Canadian property where it was acquired in a tax deferral transaction or where the holder elected to have such TrizecHahn Subordinate Voting Share treated as taxable Canadian property upon ceasing to be a resident of Canada.

If the TrizecHahn Subordinate Voting Share is taxable Canadian property to a non-resident TrizecHahn Subordinate Voting Shareholder, the capital gain (or capital loss) realized upon a disposition thereof will generally be computed in the manner described above under “— Residents of Canada — Transfer of TrizecHahn Subordinate Voting Shares to Trizec Subco” unless the holder is an Eligible Shareholder and the Tax Deferral Election described below is made. Any such gain may be exempt from tax under the Tax Act pursuant to the provisions of an applicable income tax treaty to which Canada is a party.

If the TrizecHahn Subordinate Voting Share is “treaty-protected property” as defined in the Tax Act, a taxable capital gain or an allowable capital loss resulting from the disposition thereof will not be included in computing the non-resident TrizecHahn Subordinate Voting Shareholder’s income for the purposes of the Tax Act. TrizecHahn Subordinate Voting Shares owned by a non-resident TrizecHahn Subordinate Voting Shareholder will generally be treaty-protected property if the gain from the disposition of such property would, because of an applicable income tax treaty to which Canada is a party, be exempt from tax under the Tax Act.

An Eligible Shareholder includes a TrizecHahn Subordinate Voting Shareholder who is a non-resident to whom the TrizecHahn Subordinate Voting Shares are taxable Canadian property but are not treaty-protected property or a partnership if one or more of its members would be an Eligible Shareholder if such member held its TrizecHahn Subordinate Voting Shares directly. Thus, if the TrizecHahn Subordinate Voting Shares constitute taxable Canadian property (but not treaty-protected property) to a non-resident TrizecHahn Subordinate Voting Shareholder, the non-resident will be an Eligible Shareholder who may make the Tax Deferral Election in the Share Election Form. In that event, such non-resident who, as a result of electing (or, due to pro ration, being deemed to have elected) the Trizec Canada SVS Election, exchanges all or part of its TrizecHahn Subordinate

Voting Shares for Trizec Canada Subordinate Voting Shares under the Arrangement will make such exchange with Trizec Canada. The tax consequences of such exchange will generally be as described above under “— Residents of Canada — Transfer of TrizecHahn Subordinate Voting Shares to Trizec Canada — Tax-Deferred Rollover”. Where such an Eligible Shareholder does not make the Tax Deferral Election, it will transfer its TrizecHahn Subordinate Voting Shares to Trizec Subco and the tax consequences of such disposition will generally be as described above under “— Residents of Canada — Transfer of TrizecHahn Subordinate Voting Shares to Trizec Subco”. **Non-resident TrizecHahn Subordinate Voting Shareholders whose TrizecHahn Subordinate Voting Shares may be taxable Canadian property should consult their own tax advisors for advice having regard to their particular circumstances and regarding their obligation to file a Canadian tax return.**

Disposition of Trizec Canada Subordinate Voting Shares

A non-resident who disposes of Trizec Canada Subordinate Voting Shares (including to Trizec Canada on a retraction thereof) will realize a capital gain (or a capital loss) but will not be subject to tax under the Tax Act on any such capital gain unless those Trizec Canada Subordinate Voting Shares constitute “taxable Canadian property” to the non-resident. If the TrizecHahn Subordinate Voting Shareholder is an Eligible Shareholder who made the Tax Deferral Election and disposed of its TrizecHahn Subordinate Voting Shares to Trizec Canada in exchange for Trizec Canada Subordinate Voting Shares, the Trizec Canada Subordinate Voting Shares received in exchange will be deemed to be taxable Canadian property to such shareholder. Otherwise, a Trizec Canada Subordinate Voting Share generally will not be taxable Canadian property to a non-resident unless, at any time during the five-year period immediately preceding the disposition of such Trizec Canada Subordinate Voting Share, the non-resident, persons with whom the non-resident did not deal at arm’s length, or the non-resident together will all such persons, owned 25% or more of the shares of any class or series of Trizec Canada. CCRA is of the view that, for this purpose, a person will be considered to own any share in respect of which such person has an interest or option or other right to acquire.

A non-resident’s capital gain (or capital loss) in respect of Trizec Canada Subordinate Voting Shares that constitute taxable Canadian property will generally be computed in the manner described above under “Residents of Canada — Retraction or Other Disposition of Trizec Canada Subordinate Voting Shares”.

Even if the Trizec Canada Subordinate Voting Shares are taxable Canadian property to a non-resident, any capital gain realized upon a disposition may be exempt from tax under the Tax Act pursuant to the provisions of an applicable income tax treaty to which Canada is a party.

If Trizec Canada Subordinate Voting Shares are “treaty-protected property” as defined in the Tax Act, a taxable capital gain or an allowable capital loss resulting from the disposition of the Trizec Canada Subordinate Voting Shares will not be included in computing the non-resident’s income for the purposes of the Tax Act. Trizec Canada Subordinate Voting Shares owned by a non-resident will generally be treaty-protected property if the gain from the disposition of such property would, because of an applicable income tax treaty to which Canada is a party, be exempt from tax under the Tax Act. Non-residents to whom the applicability of an income tax treaty may be relevant should consult their own tax advisors about their particular circumstances. **Non-residents whose Trizec Canada Subordinate Voting Shares constitute taxable Canadian property should consult their own tax advisors for advice having regard to their particular circumstances and regarding their obligation to file a Canadian tax return.**

Dividends on Trizec Canada Subordinate Voting Shares

Under the Tax Act, dividends (other than capital gains dividends) paid or credited to a non-resident are subject to withholding tax at the rate of 25% of the gross amount of the dividends. This withholding tax may be reduced or eliminated pursuant to the terms of an applicable tax treaty between Canada and the country of residence of the non-resident. For example, for persons who are resident in the United States for purposes of the *Canada-United States Income Tax Convention* (the “U.S. Treaty”), the rate of withholding tax on dividends is reduced to 15% generally and, in some circumstances, to 5% for corporations resident in the United States. Moreover, under the U.S. Treaty, dividends paid to (1) certain religious, scientific, literary, educational or

charitable organizations that are resident, and exempt from tax, in the United States and (2) certain trusts, companies or organizations operated exclusively to administer or provide pension, retirement or employee benefits, or to earn income for such trusts, companies or organizations, that are resident, and generally exempt from tax, in the United States, are exempt from Canadian non-resident dividend withholding tax. Provided that certain administrative procedures are observed, Trizec Canada will not be required to withhold tax from dividends paid or credited to a shareholder that is such an organization. Non-resident TrizecHahn Shareholders to whom the applicability of an income tax treaty may be relevant should consult their own tax advisors about their particular circumstances. For example, CCRA has stated that it does not consider a limited liability company that is not taxed as a corporation to be a resident of the United States for purposes of the U.S. Treaty.

Capital gains dividends paid by Trizec Canada to a non-resident holder of Trizec Canada Subordinate Voting Shares will be treated as a capital gain realized by the non-resident and will not be subject to Canadian income tax.

Dissenting Shareholders

A Dissenting Shareholder may be considered to have received interest (to the extent any is awarded by a court) and will be considered to have disposed of its TrizecHahn Subordinate Voting Shares for proceeds of disposition equal to the amount paid by Trizec Subco (otherwise than on account of interest) in respect of such shares. Any capital gain realized on such disposition will not be subject to Canadian income tax unless the TrizecHahn Subordinate Voting Shares are taxable Canadian property that is not treaty-protected property. Any interest will be subject to withholding tax at the rate of 25%. Such rate may be reduced or eliminated pursuant to the terms of an applicable tax treaty. Shareholders should consult their own advisors with respect to the consequences of dissenting from the Arrangement.

Certain United States Federal Income Tax Considerations

In the opinion of Shearman & Sterling, the following summary of material United States federal income tax considerations is based on the Internal Revenue Code of 1986, as amended (the “Code”), Treasury Regulations (including Proposed Regulations and Temporary Regulations) promulgated thereunder, IRS rulings, official pronouncements and judicial decisions, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or different interpretations.

Consequences to TrizecHahn, Trizec Canada and Trizec Subco

Plan of Arrangement

The transfer of Trizec Properties stock from Trizec Hungary to Trizec Subco and by Trizec Subco to TrizecHahn shareholders will be a taxable disposition for purposes of the FIRPTA rules in the Code. In general, a foreign corporation transferring a U.S. real property interest must withhold FIRPTA Tax. The foreign corporation, however, instead may request a withholding certificate stating its maximum FIRPTA Tax liability and satisfy that liability. Maximum tax liability is the sum of (i) the maximum amount which could be imposed as a tax upon the transferor’s disposition of the real property interest and (ii) the transferor’s unsatisfied withholding liability with respect to the subject real property interest. THOPL, Trizec Subco and certain affiliates, will request from the IRS a withholding certificate stating their respective maximum FIRPTA Tax liabilities, and intend to satisfy such liabilities, if any. TrizecHahn believes that there will not be a material amount of gain recognized on transfer of Trizec Properties Stock to Trizec Subco by Trizec Hungary or to former TrizecHahn shareholders by Trizec Subco, that there is no unsatisfied withholding liability with respect to Trizec Properties Common Stock, and that therefore any maximum FIRPTA Tax liability will be immaterial. The IRS, however, may disagree, in which case there may result additional FIRPTA Tax liability.

REIT Domestication Date

On the REIT Domestication Date, Trizec Canada will request Trizec Properties to issue a statement to the IRS and to Trizec Canada certifying that Trizec Canada’s interest in Trizec Properties is not a United States real property interest. Trizec Canada should be permitted to rely on Trizec Properties’ statement if such statement is

dated not more than 30 days prior to the date of disposition of Trizec Properties Common Stock and provided that Trizec Canada does not have actual knowledge that the statement is false or receive a notice that the statement is false. In general, Trizec Properties would be able to issue such statement if it has been a “domestically-controlled REIT” at all times during the preceding five years.

Trizec Properties believes that the Charter Restrictions and related procedures it has implemented will permit it to qualify as a domestically-controlled REIT beginning 63 months after the Effective Date, and, therefore, at and after such point, Trizec Subco/Trizec Canada’s interest in it will not be a U.S. real property interest. There can be no assurance that that will be the case, however. If Trizec Properties were not to be a “domestically-controlled REIT” at any time during such period, gains realized upon a disposition of Trizec Properties Common Stock by Trizec Canada generally would be subject to FIRPTA Tax, and the Trizec Properties Convertible Stock would be converted into additional shares of Trizec Properties Common Stock. See “Effects of the Arrangement — Economic Equivalence of Trizec Canada Shares and Trizec Properties Common Stock — Trizec Properties Convertible Stock” in this Circular.

Consequences to U.S. Holders

This summary is applicable only to holders who are United States persons for federal income tax purposes and who hold TrizecHahn Shares as a capital asset and who will hold Trizec Properties Common Stock or Trizec Canada Shares acquired under the Arrangement as a capital asset (each, a “U.S. Holder”).

For federal income tax purposes, U.S. Holders of the Exchange Certificates are treated as holders of the underlying shares of Trizec Properties Common Stock.

This summary does not discuss all the tax consequences that may be relevant to a particular holder in light of the holder’s particular circumstances and it is not intended to be applicable in all respects to all categories of investors, some of whom — such as insurance companies, financial institutions and broker-dealers, persons that hold TrizecHahn Shares or Trizec Properties Common Stock or Trizec Canada Shares acquired under the Arrangement as a position in a “straddle,” as part of a “synthetic security,” “hedge,” “conversion transaction” or other integrated investment or persons whose functional currency is other than United States dollars — may be subject to different rules not discussed below. In addition, this summary does not address any state, local or foreign tax considerations that may be relevant.

Because this summary does not describe all of the possible United States federal income tax consequences to a U.S. Holder under those rules of the acquisition, ownership and disposition of Trizec Properties Common Stock, TrizecHahn Shares and Trizec Canada Shares and because the rules are complex, U.S. Holders are urged to discuss that treatment with their own tax advisers.

Exchange of TrizecHahn Shares for Trizec Properties Common Stock

The exchange of TrizecHahn Shares for Trizec Properties Common Stock pursuant to the Plan of Arrangement in form will be a taxable disposition giving rise to a taxable capital gain or capital loss (assuming that TrizecHahn is not treated as a passive foreign investment company, as discussed below). The amount of capital gain or loss will equal the difference between the fair market value of Trizec Properties Common Stock acquired under the Arrangement and such U.S. Holder’s adjusted tax basis in the TrizecHahn Shares. Such capital gain or loss will be long-term capital gain or loss if the TrizecHahn Shares disposed of under the Arrangement were held by such U.S. Holder for more than one year. The exchanging U.S. Holder’s tax basis in Trizec Properties Common Stock acquired under the Arrangement will equal the fair market value of such Trizec Properties Common Stock at the time of the exchange and the holding period for such Trizec Properties Common Stock will begin on the day after the day on which shares of Trizec Properties Common Stock are acquired by such U.S. Holder.

However, it is possible that notwithstanding the form of the transaction, the exchange of TrizecHahn Shares for Trizec Properties Common Stock pursuant to the Plan of Arrangement may instead be required to be characterized as a distribution by TrizecHahn in redemption of its shares. In such case, unless, with respect to a particular U.S. Holder, such exchange satisfies one of the tests of section 302 of the Code described below

(assuming that TrizecHahn is not treated as a passive foreign investment company, as discussed below), such exchange will be treated as a dividend and not as a transaction in which capital gain or loss is recognized as described above. The tests under section 302 of the Code are applied on a stockholder-by-stockholder basis; therefore, whether an exchange will be treated as a transaction in which capital gain or loss is recognized or as a dividend with respect to a particular U.S. Holder will depend on that holder's particular facts and circumstances.

Pursuant to section 302 of the Code, an exchange will be treated as a transaction in which gain or loss is recognized if, after giving effect to the constructive ownership rules of section 318 of the Code, the exchange (i) represents a "complete termination" of the exchanging holder's stock interest in TrizecHahn, (ii) is "substantially disproportionate" with respect to the exchanging U.S. Holder or (iii) is "not essentially equivalent to a dividend" with respect to the exchanging U.S. Holder, all within the meaning of section 302(b) of the Code. An exchange will be "not essentially equivalent to a dividend" as to a particular holder if it results in a "meaningful reduction" in such U.S. Holder's interest in TrizecHahn (after application of the constructive ownership rules of section 318 of the Code). In general, there are no fixed rules for determining whether a "meaningful reduction" has occurred. However, gain or loss is recognized if the U.S. Holder's stock ownership is minimal, the U.S. Holder exercises no control over the affairs of TrizecHahn, and the U.S. holder's percentage equity interest in TrizecHahn is reduced in the redemption to any extent. Thus, at least in the case of a U.S. Holder who participates in the exchange of TrizecHahn Shares solely for Trizec Properties Common Stock, the exchange will result in recognition of gain or loss.

If, on the other hand, a U.S. Holder who transfers TrizecHahn Shares for Trizec Properties Common Stock also transfers TrizecHahn Shares for Trizec Canada Shares and, after giving effect to constructive ownership rules of section 318 of the Code, such U.S. Holder's equity interest in TrizecHahn is not reduced and the transaction is treated as a dividend with respect to the U.S. Holder under section 302 of the Code, such U.S. Holder (i) will not recognize any loss on the exchange and (ii) will recognize dividend income (rather than capital gain) in an amount equal to the fair market value of Trizec Properties Common Stock received (without regard to such U.S. Holder's basis in the TrizecHahn Shares surrendered in the exchange), to the extent of its proportionate share of TrizecHahn's current or accumulated earnings and profits. If the fair market value of Trizec Properties Common Stock received exceeds the U.S. Holder's proportionate share of TrizecHahn's current and accumulated earnings and profits, the excess will be treated as a nontaxable recovery of the U.S. Holder's basis in the U.S. Holder's TrizecHahn Shares, and any remaining excess will be treated as gain from sale or exchange of such stock. Any remaining adjusted tax basis in its TrizecHahn Shares disposed of under the Arrangement should be transferred to any Trizec Canada Shares acquired.

Exchange of TrizecHahn Shares for Trizec Canada Shares

A U.S. Holder exchanging TrizecHahn Shares for Trizec Canada Shares should not recognize gain or loss on his disposition of TrizecHahn Shares pursuant to section 351(a) of the Code, provided that immediately after the transfer such U.S. Holder owns less than 5% (applying the attribution rules of section 318, as modified by section 958(b) of the Code) of both the total voting power and total value of Trizec Canada Shares or such U.S. Holder enters into a five-year gain recognition agreement, as provided in the Treasury Regulations, with respect to the TrizecHahn Shares. Assuming that the exchange of TrizecHahn Shares for Trizec Canada Shares is a tax-free event, the exchanging U.S. Holder's tax basis in Trizec Canada Shares acquired under the Arrangement will be the same as the basis of the TrizecHahn Shares disposed of in the exchange and the holding period for the Trizec Canada Shares received in the exchange will include the period for which such U.S. Holder held the TrizecHahn Shares disposed of in the exchange.

Consequences of Holding Trizec Properties Common Stock

As long as Trizec Properties qualifies as a REIT, distributions made to U.S. Holders out of Trizec Properties' current or accumulated earnings and profits (and not designated as capital gain dividends) will be taken into account by them as ordinary income. U.S. Holders that are corporations will not be entitled to a dividends received deduction. To the extent that Trizec Properties makes distributions in excess of its current and accumulated earnings and profits, these distributions are treated first as a tax-free return of capital to the U.S. Holder, reducing the tax basis of a U.S. Holder's capital stock by the amount of such distribution (but not

below zero), with distributions in excess of the U.S. Holder's tax basis taxable as capital gains (if the stock is held as a capital asset).

Any dividend declared by Trizec Properties in October, November or December of any year and payable to a U.S. Holder of record on a specific date in any such month shall be treated as both paid by Trizec Properties and received by the U.S. Holder on December 31 of such year, provided that the dividend is actually paid by Trizec Properties during January of the following calendar year. U.S. Holders may not include in their own income tax returns any of Trizec Properties' net operating losses or capital losses.

In general, distributions which are designated by Trizec Properties as capital gain dividends will be taxed to U.S. Holders as capital gains from the sale of assets held for greater than one year (*i.e.*, "long-term capital gain") to the extent they do not exceed Trizec Properties' actual net capital gain for the year, without regard to the period for which a U.S. Holder has held his stock upon which the capital gain dividend is paid. However, corporate U.S. Holders may be required to treat up to 20% of certain capital gain dividends as ordinary income. A portion of such capital gain dividends received by noncorporate taxpayers might be subject to tax at a 25% rate to the extent attributable to certain gains realized on the sale of real property.

Trizec Properties may elect to retain, rather than distribute as a capital gain dividend, its net long-term capital gains. In such event, Trizec Properties would pay tax on such retained net long-term capital gains. In addition, to the extent that Trizec Properties designates, a U.S. Holder generally would (1) include his proportionate share of such retained capital gains in computing his long-term capital gains in his return for his taxable year in which the last day of Trizec Properties' taxable year falls (subject to certain limitations as to the amount so includable), (2) be deemed to have paid the capital gains tax imposed on Trizec Properties on the designated amounts included in such U.S. Holder's long-term capital gains, (3) receive a credit or refund for such amount of tax deemed paid, (4) increase the adjusted basis of his shares by the difference between the amount of such includable gains and amount of the tax deemed paid by him, and (5) in the case of a U.S. Holder that is a corporation, appropriately adjust its earnings and profits for the retained capital gains in accordance with Treasury Regulations (which have not yet been issued).

Distributions made by Trizec Properties and gain arising from a U.S. Holder's sale or exchange of Trizec Properties Common Stock will not be treated as passive activity income. As a result, U.S. Holders generally will not be able to apply any passive losses against that income or gain.

When a U.S. Holder sells or otherwise disposes of shares of Trizec Properties Common Stock, the U.S. Holder will recognize gain or loss for United States federal income tax purposes in an amount equal to the difference between (a) the amount of cash and the fair market value of any property received on the sale or other disposition, and (b) the U.S. Holder's adjusted basis in the shares for tax purposes. This gain or loss will be capital gain or loss if the U.S. Holder has held the shares as a capital asset. The gain or loss will be long-term gain or loss if the U.S. Holder has held the shares for more than one year.

In general, any loss upon a sale or exchange of Trizec Properties Common Stock by a U.S. Holder who has held such stock for six months or less (after applying certain holding period rules) will be treated as a long-term capital loss, to the extent of distributions (actually made or deemed made in accordance with the procedure described above) from Trizec Properties that are required to be treated by such U.S. Holder as long-term capital gain.

Consequences of Holding Trizec Canada Shares

Any cash distributions paid by Trizec Canada to a U.S. Holder out of earnings and profits, as determined under United States federal income tax principles, will be subject to tax as ordinary dividend income and will be includible in the gross income of a U.S. Holder. Cash distributions paid by Trizec Canada in excess of earnings and profits will be treated as a tax-free return of capital to the extent of the U.S. Holder's adjusted basis in Trizec Canada Shares, and thereafter as gain from the sale or exchange of a capital asset. Such dividends will not be eligible for the dividends received deduction allowed to corporate shareholders under the Code. Such dividend income generally will be treated as foreign source income.

The amount of any distribution paid in Canadian dollars will equal the United States dollar value of the Canadian dollars received calculated by reference to the exchange rate in effect on the date the dividend is received by the U.S. Holder regardless of whether the Canadian dollars are converted into United States dollars. If the Canadian dollars received as a dividend are not converted into United States dollars on the date of receipt, a U.S. Holder will have a basis in the Canadian dollars equal to its United States dollar value on the date of receipt. Any gain or loss realized on a subsequent conversion or other disposition of the Canadian dollars will be treated as United States source ordinary income or loss.

The maximum rate of Canadian withholding tax on dividends paid to a U.S. Holder entitled to the benefits of the Canada–United States Income Tax Convention is 15%. A U.S. Holder may be entitled to deduct or credit such tax, subject to applicable limitations in the Code. The rules governing the foreign tax credit are complex. Investors are urged to consult their tax advisors regarding the availability of the foreign tax credit under particular circumstances.

To the extent that the amount of any distribution exceeds Trizec Canada’s current and accumulated earnings and profits for a taxable year, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the Trizec Canada Shares (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by the U.S. Holder on a subsequent disposition of Trizec Canada Shares), and the balance in excess of adjusted basis will be taxed as capital gain, which gain would be long-term capital gain if the Trizec Canada Shares have been held by the U.S. Holder for more than one year. Any such gain would be domestic source income and a U.S. Holder would not be able to use the foreign tax credit arising from any Canadian withholding tax imposed on such distribution unless such credit can be applied (subject to applicable limitations) against United States tax due on other income that the U.S. Holder might have from foreign sources in the appropriate category for foreign tax credit purposes.

A U.S. Holder will generally recognize taxable gain or loss on the disposition of Trizec Canada Shares in an amount equal to the difference between the amount realized in such disposition and such U.S. Holder’s basis in Trizec Canada Shares. Such gain or loss will be capital gain or loss. Such gain or loss will be long-term capital gain or loss if the Trizec Canada Shares have been held by the U.S. Holder for more than one year. Certain non-corporate taxpayers, including individuals, are eligible for reduced rates of taxation on net long-term capital gains. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by a U.S. Holder generally will be treated as domestic source gain or loss.

Passive Foreign Investment Company (PFIC) Status of Trizec Canada

U.S. persons that own shares of a passive foreign investment company (a “PFIC”) are subject to special rules under the Code. Accordingly, if Trizec Canada were a PFIC for any taxable year, the U.S. federal income tax consequences of the purchase, ownership and disposition of the Trizec Canada Shares to a U.S. Holder that owned Trizec Canada Shares during any such taxable year would likely differ from those described above.

Under the applicable rules of the Code, Trizec Canada will be treated as a PFIC for any taxable year during which either (i) 75% or more of its gross income is passive income or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For this purpose, passive income generally includes dividends, interest, royalties, rent (other than rents and royalties derived in the active conduct of a trade or business) and gains from the sale or exchange of assets that produce passive income. In determining whether or not it is a PFIC, Trizec Canada will be treated as owning its proportionate share of the assets, and as receiving directly its proportionate share of the income, of any corporation (U.S. or foreign) in which it owns, directly or indirectly, at least 25% of the capital stock by value.

Trizec Canada believes that it will not satisfy either of the PFIC tests in the current or subsequent taxable years (and TrizecHahn believes that it has not satisfied either of the PFIC tests in prior years and will not do so in the current year). However, PFIC determination is made annually on the basis of all of Trizec Canada’s income and assets, including those of Trizec Properties, and the nature of such income and assets is subject to change. In particular, in the event that Trizec Canada’s interest in Trizec Properties fell below 25% (by value) at any time in a taxable year, Trizec Canada would likely be a PFIC for such year. Trizec Canada can provide no assurance that

its interest in Trizec Properties will not fall below that 25% threshold or that it will not otherwise become a PFIC in respect of any future taxable year.

If Trizec Canada is a PFIC at any time during a U.S. Holder's holding period for the Trizec Canada Shares, such U.S. Holder generally would be subject to certain adverse United States federal income tax consequences in respect of such shares. In particular, such U.S. Holder would be required to allocate any "excess distribution" or gain realized on the sale or other disposition of Trizec Canada Shares pro rata over such U.S. Holder's entire holding period for such shares. An "excess distribution" generally is defined as the excess of the distribution with respect to the Trizec Canada Shares in any taxable year over 125% of the average annual distributions a U.S. Holder has received from Trizec Canada during the shorter of the three preceding years, or such U.S. Holder's holding period for the Trizec Canada Shares. For purposes of the foregoing rules, a U.S. Holder that uses Trizec Canada Shares as security for a loan will be treated as having disposed of such Trizec Canada Shares.

Any gain, or "excess distribution," allocated to a prior taxable year (other than a year prior to the first post-1986 year of Trizec Canada for which it was a PFIC) will effectively be taxed at the highest United States federal income tax rate in effect for such prior year with respect to ordinary income. Such U.S. Holder also will be required to pay interest on the resulting tax liability determined as if such liability had been due with respect to such prior year. A U.S. Holder that is not a corporation must treat this interest charge as "personal interest," which is wholly non-deductible for United States federal income tax purposes. The balance of any gain, or "excess distribution," recognized by a U.S. Holder will be treated as ordinary income for the current year.

A U.S. Holder may avoid certain of the unfavourable consequences of the PFIC rules by electing to treat a PFIC as a qualified electing fund (a "QEF"). In general terms, a U.S. Holder that makes a QEF election with respect to Trizec Canada will not be subject to the adverse tax and interest charge regime described above, provided that the QEF election has been in effect for each of the taxable years (i) for which Trizec Canada is a PFIC, and (ii) that includes any portion of such U.S. Holder's holding period for the Trizec Canada Shares. Upon such election, the electing U.S. Holder would effectively be required to include in gross income for a taxable year (i) as ordinary income, such U.S. Holder's pro rata share of Trizec Canada's ordinary earnings for the taxable year, and (ii) as long term capital gain, such U.S. Holder's pro rata share of Trizec Canada's net capital gain for the taxable year. In general, an electing U.S. Holder would be required to include these amounts in income regardless of whether it receives any cash distributions from Trizec Canada. Although an electing U.S. Holder may further elect to defer this income recognition until it actually receives a distribution on the Trizec Canada Shares, an interest charge will be imposed on the tax due when distributions are actually made (or the TrizecHahn Shares are transferred).

An electing U.S. Holder's basis in its Trizec Canada Shares will be increased to reflect any undistributed income of Trizec Canada that such U.S. Holder would recognize as a result of a QEF election. Distributions that have previously been subject to tax by reason of a QEF election will reduce a U.S. Holder's basis in such Trizec Canada Shares, but are not required to be included in income for U.S. federal income tax purposes.

As an alternative to a QEF election, a U.S. Holder may make a "mark-to-market" election with respect to the Trizec Canada Shares. In this case, PFIC rules described above would be avoided and, instead, an electing U.S. Holder will include in each year as ordinary income the excess, if any, of the fair market value of its Trizec Canada Shares at the end of the taxable year over its adjusted basis for such Trizec Canada Shares. Furthermore, U.S. Holders will be permitted an ordinary loss in respect of the excess, if any, of the adjusted basis of such Trizec Canada Shares over their fair market value at the end of the taxable year (but only to the extent of the net amount previously included in income as a result of the "mark-to-market" election). An electing U.S. Holder's basis in its Trizec Canada Shares will be adjusted to reflect any such income or loss amounts.

If Trizec Canada is a PFIC in any taxable year, a U.S. Holder who beneficially owns Trizec Canada Shares during such year must file an annual return on IRS Form 8621 that describes its interest in Trizec Canada, the distributions received from Trizec Canada and any gain realized on the disposition of Trizec Canada Shares.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to dividends in respect of, and the proceeds received on the disposition of, TrizecHahn Shares, Trizec Canada Shares and Trizec Properties Common Stock paid within the United States (and in certain cases, outside of the United States) to U.S. Holders other than certain exempt recipients (such as corporations), and a 30% (this rate will be reduced to 29% for years 2004 and 2005, and 28% for 2006 thereafter) backup withholding tax may apply to such amounts if the U.S. Holder fails to provide an accurate taxpayer identification number or to report interest and dividends required to be shown on its federal income tax returns or otherwise fails to comply with or establish an exemption from such backup withholding tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's United States federal income tax liability.

Consequences to Non-U.S. Holders Holding Exchange Certificates Representing Shares of Trizec Properties Common Stock

For purposes of the following discussion, a Non-U.S. Holder is a holder that is not a Qualifying U.S. Person, as defined in this Circular.

The portion of dividends received by Non-U.S. Holders payable out of Trizec Properties earnings and profits which are not attributable to capital gains, if any, and which are not "effectively connected" with a United States trade or business of the Non-U.S. Holder will be subject to United States withholding tax at the rate of 30% (unless reduced by treaty). In general, Non-U.S. Holders will not be considered engaged in a United States trade or business solely as a result of their ownership of Trizec Properties Common Stock. In cases where the dividend income from a Non-U.S. Holder's investment in Trizec Properties Common Stock is (or is treated as) effectively connected with the Non-U.S. Holder's conduct of a United States trade or business, the Non-U.S. Holder will generally be subject to United States Federal income tax at graduated rates, in the same manner as United States stockholders are subject to tax with respect to such dividends (and may also be subject to the 30% branch profits tax in the case of a Non-U.S. Holder that is a foreign corporation).

Generally, for persons who are resident in Canada for purposes of the Canada-United States Income Tax Convention, the rate of withholding tax on dividends is reduced to 15% and, in some circumstances, to 5% for corporations resident in Canada. Under the applicable United States Treasury Regulations, to obtain a reduced rate of withholding under a treaty, a Non-U.S. Holder will be required to either (1) provide an Internal Revenue Service Form W-8BEN certifying such Non-U.S. Holder's entitlement to benefits under a treaty together with, in certain circumstances, additional information, or (2) satisfy certain other applicable treaty certification requirements. The Treasury Regulations also provide special rules to determine whether, for purposes of determining the applicability of a tax treaty and for purposes of the 30% withholding tax described above, dividends paid to a Non-U.S. Holder that is an entity should be treated as paid to the entity or to those persons or entities holding an interest in such entity. Non-U.S. Holders who hold Trizec Properties Common Stock through United States pass-through entities should consult their tax advisors.

Distributions in excess of Trizec Properties' current and accumulated earnings and profits to Non-U.S. Holders will not be subject to tax to the extent that they do not exceed the adjusted basis of the holder's stock, but rather will reduce the adjusted basis of such stock. To the extent that such distributions exceed the adjusted basis of a Non-U.S. Holder's shares of Trizec Properties Common Stock, they will give rise to gain from the sale or exchange of such shares, the tax treatment of which is described below. Because it generally cannot be determined at the time a distribution is made to what extent, if any, the distribution will be in excess of current and accumulated earnings and profits, withholding may apply to the entire distribution at the rate applicable to dividends. However, a Non-U.S. Holder may seek a refund of such amounts from the IRS if it subsequently determines that such distribution was, in fact, in excess of Trizec Properties' current or accumulated earnings and profits and the amount withheld exceeded the Non-U.S. Holder's United States Federal income tax liability, if any, with respect to the distribution.

Under the FIRPTA, distributions to a Non-U.S. Holder that are attributable to gain from sales or exchanges by Trizec Properties of United States real property interests will cause the Non-U.S. Holder to recognize such gain as income "effectively connected" with a United States trade or business. Non-U.S. Holders would thus

generally be subject to tax at the same rates applicable to domestic stockholders (subject to a special alternative minimum tax in the case of nonresident alien individuals). Such gain may also be subject to a 30% branch profits tax in the hands of a Non-U.S. Holder that is a corporation. Trizec Properties is generally required to withhold 35% of any such distribution. That amount is creditable against the Non-U.S. Holder's United States Federal income tax liability. It should be noted that the 35% withholding tax rate on capital gain dividends is higher than the maximum rate on long-term capital gains of U.S. persons that are individuals.

Pursuant to FIRPTA, gains from a sale or exchange by a Non-U.S. Holder of a United States real property interest are characterized as income "effectively connected" with "a U.S. trade or business" of such Non-U.S. Holder and are generally subject to tax at the same rates applicable to U.S. Holders.

During the time that the Exchange Certificates will be outstanding, Trizec Properties will be a United States real property holding corporation and its Exchange Certificates will represent a United States real property interest. However, gain arising from the disposition of the Exchange Certificates will not be subject to tax, provided that Trizec Properties Common Stock is publicly traded on an established securities market (as determined under applicable Treasury Regulations) and the stockholder holds 5% or less of Trizec Properties outstanding shares of the class of stock represented by the Exchange Certificates during the five-year period ending on the date of disposition. For this purpose, the Exchange Certificates should be treated as part of the same class as the Trizec Properties Common Stock.

Information Reporting and Backup Withholding

Trizec Properties must report annually to the IRS and to each Non-U.S. Holder the amount of dividends paid to, and the tax withheld with respect to, such stockholder, regardless of whether any tax was actually withheld. That information may also be made available to the tax authorities of the country in which a Non-U.S. Holder resides. Backup withholding tax, which is generally imposed on certain payments to persons that fail to furnish certain information under the United States information reporting requirements, will generally not apply to dividends, including any capital gain dividends, that Trizec Properties pays on its stock to a Non-U.S. Holder to an address outside the United States.

The payment of the proceeds from the disposition of Trizec Properties Common Stock to or through a United States office of a broker will be subject to information reporting and backup withholding unless the owner, under penalties of perjury, certifies, among other things, its status as a Non-U.S. Holder, or otherwise establishes an exemption. The payment of the proceeds from the disposition of Trizec Properties Common Stock to or through a non-U.S. office of a non-U.S. broker will generally not be subject to backup withholding and information reporting. The backup withholding tax is not an additional tax and may be credited against a Non-U.S. Holder's United States Federal income tax liability or refunded to the extent excess amounts are withheld, provided that the required information is supplied to the Internal Revenue Service.

State and Local Taxes

Trizec Properties and its stockholders may be subject to state or local taxation in various jurisdictions, including those in which Trizec Properties or the stockholders transact business or reside. The state and local tax treatment of Trizec Properties and its stockholders may not conform to the federal income tax consequences discussed above. Consequently, prospective stockholders should consult their own tax advisers regarding the effect of state and local tax laws on an investment in Trizec Properties Common Stock.

Residents of Jurisdictions Outside Canada and the United States

Shareholders who are resident outside Canada and the United States should consult their own tax advisors.

Appendix 2

Qualifying U.S. Persons

This Appendix is extracted from TrizecHahn Corporation's Management Information Circular dated March 13, 2002. (Pages M-1, M2)

ANNEX M — QUALIFYING U.S. PERSONS

A qualifying U.S. Person is a person who falls within at least one of the following categories:

1. a U.S. citizen;
2. a U.S. resident individual;
3. an S corporation;
4. a partnership or limited liability company (or other entity classified as a partnership for United States federal income tax purposes) (a) that is created or organized in or under the laws of the United States or any State or the District of Columbia and (b) at least 95% (by value) of the interests in which are owned by qualifying U.S. persons;
5. a corporation or business trust (or other entity classified as a corporation for United States federal income tax purposes) (a) that is created or organized in or under the laws of the United States or any State or the District of Columbia and (b) at least 95% (by value) of the shares, units or other ownership interests in which are owned by qualifying U.S. persons;
6. an estate if (a) its income is subject to U.S. tax regardless of source and (b) at least 95% of amounts distributable by it are distributable to qualifying U.S. persons;
7. a registered investment company (as defined in Section 851 of the Internal Revenue Code of 1986, as amended) that is offered for sale only in the United States;
8. a trust if (a) a court within the United States is able to exercise primary jurisdiction over its administration, (b) one or more United States persons (as defined in Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended) have the authority to control all substantial decisions of the trust, and (c) at least 95% of amounts distributable by it are distributable to qualifying U.S. persons;
9. a corporation, fund, foundation or other organization organized under the laws of the United States or any State or the District of Columbia and that is generally exempt from tax therein and is described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;
10. a legal person organized under the laws of the United States or any State or the District of Columbia and that is generally exempt from tax therein and is established and maintained to provide pensions or other similar benefits in connection with employment pursuant to a plan (including, without limitation, (a) a trust described in Section 401(a) of the Internal Revenue Code of 1986, as amended, and (b) an “eligible deferred compensation plan” as defined in Section 457 of the Internal Revenue Code of 1986, as amended, in respect of which the employer is a qualifying U.S. person);
11. a simplified employee pension plan described in Section 408(k) of the Internal Revenue Code of 1986, as amended, an individual retirement account, an account described in Section 408(p) of the Internal Revenue Code of 1986, as amended, an annuity plan described in Section 403 of the Internal Revenue Code of 1986, as amended, and any similar plan permitted under the Internal Revenue Code of 1986, as amended, in respect of individual retirement benefits or similar benefits, provided that in each case at least 95% of all amounts payable under such plan are payable to qualifying U.S. persons;
12. a group trust in which assets of persons described in paragraph (10) or (11) above are pooled;
13. a Keough plan, provided that at least 95% of all amounts payable under such plan are payable to qualifying U.S. persons;
14. a governmental entity consisting of any of: (a) any governing body of the United States, or of a political subdivision or local authority of the United States; (b) a person that is wholly-owned, directly or indirectly, by the United States or a political subdivision or local authority of the United States provided (i) it is created or organized in or under the laws of the United States, or any State or the District of Columbia, (ii) its earnings are credited to its own account with no portion of its

income inuring to the benefit of any private person, and (iii) its assets vest in the United States or a political subdivision or local authority of the United States upon dissolution; and (c) a pension trust or fund of a person described in subparagraph (a) or (b) that is created or organized in or under the laws of the United States or any State or the District of Columbia and that is constituted and operated exclusively to administer or provide pension benefits to individuals in respect of services rendered to such person in the discharge of functions of a governmental nature;

15. a “common trust fund” as defined in Section 584 of the Internal Revenue Code of 1986, as amended, or separate account, respectively, (a) established by a bank or insurance company, respectively, organized in the United States or under the laws of the United States or any State or the District of Columbia and (b) at least 95% (by value) of the interests in which are owned by qualifying U.S. persons; and
16. an investment club or similar entity (a) that is created or organized in or under the laws of the United States or any State or the District of Columbia and (b) at least 95% (by value) of the interests in which are owned by qualifying U.S. persons.

As used herein, the terms “United States” and “U.S.” means the United States of America, and includes the States thereof and the District of Columbia; such term, however, does not include Puerto Rico, the Virgin Islands, Guam or any other United States possession or territory.