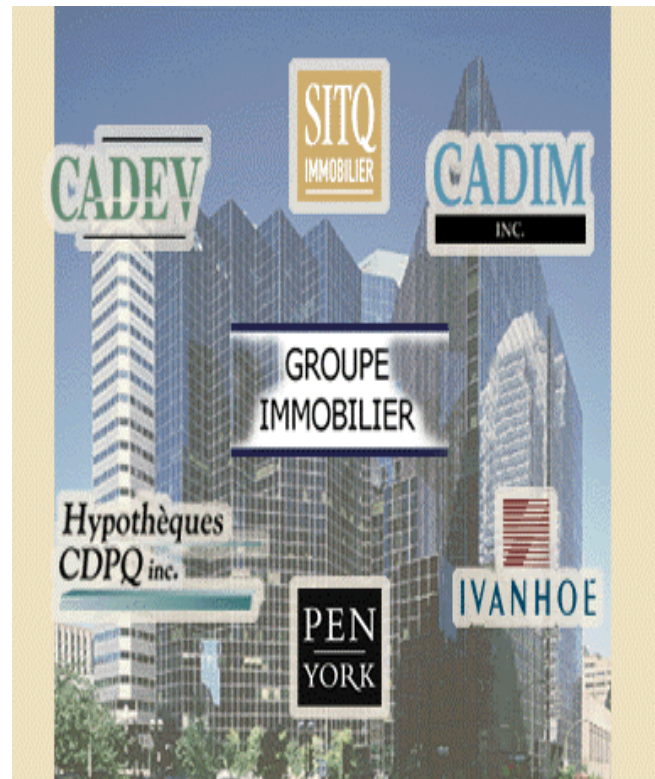


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The Quebec Investment and Deposit Bank
<http://www.lacaisse.com/>

REAL ESTATE GROUP



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REAL ESTATE GROUP

Cadim <http://www.lacaisse.com/gic/cadim-e.html>

Portfolio management focusing mainly on residential properties and unconventional real estate investments held in partnership with investors, such as shares of real estate companies and funds, opportunity products, and investments in new markets.

Investments under management : \$1.3 billion

André Collin, President and Chief Operating Officer,
800, square Victoria, bureau 4400, C.P. 118, Montréal (Québec) H4Z 1B7

Telephone: (514) 875-3360

Fax: (514) 875-3327

E-mail: cadim@cadim.com

Internet: <http://cadim.lacaisse.com>

Ivanhoe <http://www.lacaisse.com/gic/ivanhoe-e.html>

Management, development and real estate investments in retail properties. The shopping centers are mostly concentrated in urban areas and are wholly owned by the Company or held in partnership with other investors.

Investments under management : \$5.9 billion

René Tremblay, President and Chief Operating Officer, 413, rue Saint-Jacques, bureau 700,
Montréal (Québec) H2Y 3Z4 - Tel.: (514) 841-7600, Fax: (514) 841-7762

E-mail: ivanhoe@ivanhoe.ca

Internet: <http://ivanhoe.lacaisse.com>

www.ivanhoe.ca

SITQ Immobilier <http://www.lacaisse.com/gic/sitq-e.html>

Management, development and real estate investments in office buildings, business parks and small local shopping centres. Properties are wholly owned or held in partnership with other investors.

Investments under management: \$4.7 billion

Claude Legault, President and Chief Operating Officer, SITQ IMMOBILIER
380, rue Saint-Antoine Ouest, bureau 6000, Montréal (Québec) H2Y 3X7

Tel.: (514) 287-1852, Fax: (514) 287-0871

E-Mail: marie.bouliane@sitq.com

Internet: <http://sitqimm.lacaisse.com>

www.sitq.com

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Cadev <http://www.lacaisse.com/gic/cadev-e.html>

Management of land portfolio and real estate development, including servicing and project development in partnership with investors - managers, developers, builders or groups.

Clément Demers, Executive Vice-President,

World Trade Centre Montréal, 393, rue Saint-Jacques, bureau 350, Montréal (Québec), H2Y 1N9

Tel.: (514) 841-7766, Fax: (514) 841-7755

E-mail: cdemers@cadev.ca

Internet: <http://cadev.lacaisse.com>

CDPQ <http://www.lacaisse.com/gic/hypoth-e.html>

Management of assets held in the form of mortgage loans and securities.

Investments under management: \$1.5 billion

Jean C. Pinard, President and Chief Operating Officer

1981, avenue McGill College, Montréal (Québec) H3A 3C7

Tel.: (514) 842-3261, Fax: (514) 847-2397

E-mail: hyp_cdpq@lacaisse.com

Internet: <http://hypcdpq.lacaisse.com>

MortgagePenYork <http://www.lacaisse.com/gic/penyork-e.html>

Management, development and acquisition of industrial and office buildings in the Greater Toronto area.

David Hicks, Vice-President, Operations

4 Eva Road, Suite 427, Etobicoke, Ontario M9C 2A8

Tel.: (416) 695-0600, Fax: (416) 695-0608

E-mail: CorporateServices@penyork.com

Internet: <http://penyork.lacaisse.com>

www.penyork.com

The Caisse de dépôt et placement du Québec is a major real estate investor on the international scene. Its Real Estate Group, which actively manages real estate and mortgage portfolios, co-ordinates the activities of subsidiaries, which specialize in distinctive niches, perform operational management and invest on a number of markets. The companies which make up the Group invest in the residential, commercial, office buildings, business parks and hotels in Québec and abroad.

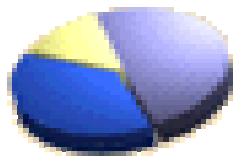
Fair value of the Group's total investments as at June 30, 1999: \$13.4 billion

Outside Canada, the real estate operations of the Caisse and its subsidiaries are usually carried out in partnership with private or institutional investors whose thorough knowledge of the target market adds local expertise to the Caisse's global approach.

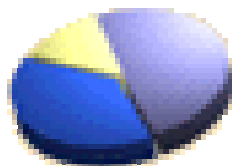
To ensure maximum return on its investments and effectively manage associated risks, while optimizing added value, the Caisse has adopted an investment philosophy based on geographic, sector and product diversification as well as astute selection of investments.

With a solid international track record and a network of outstanding partners, the Caisse invests on traditional markets and promising new markets. The institution's strategy to assist Québec companies that want to invest abroad or to export their expertise, as well as to use and to promote the use of Québec goods and services lends itself especially well to new markets.

Breakdown of investments



Geographical breakdown



Geographic Diversification

Through its subsidiaries the Caisse invests in various markets following their growth potential and tries to take advantage of opportunities offered by the various economic and real estate cycles: Quebec, Rest of Canada, United States, Latin America, Europe, Asia, Other promising markets

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Sector diversification

The Caisse and its subsidiaries have expertise in all the major real estate sectors: Office buildings, Retail, Industrial, Residential, Hotels

Product diversification

The Caisse uses the full range of new and conventional debt and equity products issued on public and private markets: Direct investment in properties, Securities of real estate companies, Real estate investment trusts (REITs) and real estate funds Mortgages, Commercial mortgage-backed securities (CMBSs), Mezzanine loans, Opportunity products, Investments in construction companies and projects

Partner profile

Thorough knowledge of the market
Recognized expertise
Involvement in investment
Management ability
Active management to create added value
Compatibility with the Caisse's institutional philosophy

Investment criteria

Maximum profitability: high current return and quality long-term performance proportional to risk
Astute selection first based on the market, the sector, the partner and finally the investment (prime properties, important on their respective markets) Risk management, rigorous analysis and independent annual appraisal Investment liquidity and exit planned at the time of acquisition
Ownership and management structure geared to rapid decision making

The amount of the investment depends on the country, the project, the market and the experience acquired on the market.

Cdim-Portfolio Summary
Summary of operations 1998
Partnerships and agreements

1. **Launch of the Cadim-QWF (French FSTQ) New Markets Fund (Videotron is also an Associated but Not identified here)**
 - Partners: Capital International CDPQ and the QSWF Solidarity Fund (French – FTQ, Le Fonds de solidarité des travailleurs du Québec) owned by the MSSTC Union representing the QWF Union)**
 - Fund manager: Cadim**
 - Three-stage programme:
 - Financing of real estate development and construction projects
 - Financing of projects to export Québec real estate and construction-related goods and services
 - Financing to encourage the expansion of Québec construction companies abroad \$50 million fund
2. **Target markets: Central Europe, Latin America and other promising markets**
 - Cadim's interest: \$20 million Videotron (?) and QWF Fund (?)**

Partnerships in seniors housing in Canada

Hearthstone Communities

- Partner: Intracorp**
- Investment programme in the development of seniors retirement condo communities in Canada, outside Québec**

Thibault, Messier, Savard et associés (TMSA)

- Partner: TMSA**
- Creation of a portfolio of seniors housing in Québec**

Résidences Champlain

- Partner: Générale de Services Santé N.A. (G.S.S.)**
- General agreement for mezzanine loan for the acquisition of seniors housing**

Page 1

Summary of operations 1998 Summary of operations 1998

Acquisitions and investments Partnerships and agreements (cont'd)

Participation in real estate funds

Cherokee Investment Partners II L.P.

- Partners: State of Washington, Koch Industries Inc., Capital d'Amérique CDPQ and others**
- Acquisition of real estate assets US\$250-\$300 million fund**
- Target markets: Canada and the United States**
- Cadim's interest: US\$25 million (10%)**

L.F. Strategic Realty Investors II L.P.

- Partner: Lazard Frères Real Estate Investors L.L.C.**
- Investments in real estate companies**
- US\$1.5 billion fund**
- Target market: United States**
- Cadim's interest: US\$50 million (3.33%)**

9/20/2000

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Lone Star Opportunity Fund I (LSOF I) and II (LSOF II)

- Partner: Lone Star Partners
- Opportunity investments worldwide
- LSOF I: US\$395 million, □ LSOF II: US\$1.2 billion**
- Target markets: mainly Asia, Europe and North America
- Cadim's interest in LSOF I: US\$15 million (3.79%)
- Cadim's interest in LSOF II: US\$225 million (20%)

Pioneer Polish Real Estate Fund

- Partners: European Reconstruction and Development Bank, Pioneer and Polish investors
- Investment in real estate and construction projects in the commercial, industrial and office buildings sectors
- US\$45 million fund
- Target market: Poland
- Cadim's interest: US\$15 million

Schroder Asian Properties L.P.

- Partners: Schroder, Ontario Teachers, Abu Dhabi Investment Authority, Kuwait Investment Authority
- Office, residential and industrial buildings, as well as hotels
- US\$309 million fund
- Target markets: Singapore, Hong Kong, Malaysia and Thailand
- Cadim's interest: US\$25 million

Asian Property Partners Ltd

- Partners: **Prudential Insurance Company of America**, Abu Dhabi Investment Authority and **British Columbia Pension Fund**
- Investment in real estate development projects and in real estate companies, mainly in the residential and industrial sectors
- US\$500 million fund
- Target markets: Singapore, Hong Kong, China and Thailand
- Cadim's interest: US\$50 million

Acquisitions and investments

Financing of Le Germain hotel in Montréal

- Partner: **Développement Germain des Prés (DGP)**
- \$7.6 million project for the conversion of an office building into a 101-room hotel/boutique concept
- Cadim's interest: \$2.8 million Joint investment in seniors housing

- Partner: **Thibault, Messier, Savard et associés (TMSA)**
- Three residences with a total of 482 units in Québec**
- Sherbrooke, Sainte-Catherine and Longueuil**
- Cadim's interest: \$14.4 million (50%)

Investment in Pointe-Claire, on the island of Montréal

- Partner: **Thibault, Messier, Savard et associés (TMSA)**
- Acquisition of a 67,635 m, tract of land for development
- \$3.6 million project
- Cadim's interest: \$850,000 (25%)

Acquisition of residential properties in the United States

- Partner: Boston Financial
- Acquisition of five residential properties with a total of 1,423 units

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- Cadim's** interest: \$67.5 million (49.39%)

Acquisition of a portfolio of prestigious properties in Paris

- Partner: Immobilière Batibail
- Acquisition of mainly residential buildings
- 21 buildings or 573 units
- Cadim's interest: \$190 million

New investments in hotels in France

- Partners: **Lone Star Opportunity Fund, March Capital and Astotel**
- Acquisition of the Beau Rivage (Nice) and Alexander (Paris) hotels, increasing to 530 the number of hotel rooms owned with these partners
- Cadim's interest: \$11.8 million

First investment by the Cadim- QWSF (French – FSTQ) New Markets Fund (owned by the QWF Union and Videotron)

- Partners: LSR Construction, J.O. Lévesque Itée, C. Handfield and C. Lewandowski
- \$20 million project for the construction of 300 condominium apartments (Julianowska) in Piaseczno, Poland
- Cadim-FSTQ fund's interest: US\$4.3 million Investment in Willa Nowa II in Poland
- Partners: C. Handfield and C. Lewandowski
- Construction project for 16 row houses
- Cadim's investment: US\$900,000 (100%)

Acquisition of two portfolios of loans in Japan

- Partners: Lone Star Partners L.P., Merrill Lynch and the Saïto Group
- Cadim's investment: \$35.45 million

Page 2

Capital expenditures

- Place Montréal Trust to welcome Planet Hollywood, Athletes World Superstore and Nike Shop, as well as the bookstore Indigo Books, Music & Café
- Tour de la Place-Victoria to welcome prestigious tenant IATA**
- The portfolio of Parisian hotels to improve the quality of services offered

Development projects

- On Nuns' Island (Verdun, Québec) in partnership with LSR Construction**
- In Poland in partnership with LSR Construction, J.O. Lévesque Itée, C. Handfield and C. Lewandowski

Disposals

Transfers to Caisse Real Estate Group companies

- World Trade Centre (Montréal, Québec), to SITQ IMMOBILIER**
- Rockland Centre (Montréal, Québec) to Ivanhoe**
- "Golf Gardens" land (Saint-Laurent, Québec) to SITQ IMMOBILIER**

Sales

- Residential buildings in New York City (U.S.A.) and Toronto (Canada)

Note to reader: All amounts are in Canadian currency, unless otherwise mentioned.

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Other operations

\$60 million real estate stock portfolio

- Target products:**
 - Common and preferred shares
 - Real estate investment trusts
 - Convertible bonds and debentures
 - Warrants, subscription rights and installment receipts
 - Fixed-capital investment funds
- Target markets: Canada, United States, Europe and soon Asia**

Directors and **Management**

Directors

Fernand Perreault, Senior Vice-President, Caisse Real Estate Group, Caisse de dépôt et placement du Québec and Chairman of subsidiaries Cadev, CDPQ Mortgage, Cadim, Ivanhoe, and SITQ
IMMOBILIER

André Collin, President and Chief Operating Officer,

André Charest, Vice-President, Administration and Finance, Caisse Real Estate Group, Caisse de dépôt et placement du Québec

Pierre Duhaime

Vice-President, Investments Management, Caisse Real Estate Group, Caisse de dépôt et placement du Québec

Guy Hénault

Manager, Place Ville-Marie Business Banking Centre, Royal Bank of Canada,

Ghislaine Laberge, Real Estate and Financing Consultant

Alain Lapointe, Director, Centre d'études en administration internationale École des Hautes Études Commerciales

Alain Tessier, Consultant, Finance and Information Systems Caisse de dépôt et placement du Québec

Management

Fernand Perreault, Chairman of the Board - **André Collin**, President and Chief Operating Officer -
Pierre Desnoyers, Vice-President, Administration and Finance - **Sylvie Drouin**, Vice-President, Legal Affairs -
Pierre Gibeault, Vice-President, Real Estate Operations - **Pierre Gamache**, Managing Director, New Markets -
Pierre Buron, Director, Asset Management - **Guy Charette**, Director, Acquisitions –
Gilles Horrobin, Director, Stock Markets, **Marc Lapointe**, Director, New Markets –
Line Lefebvre, Director, Finance and Treasury - **Jacques Plante**, Director, Investments -
Nicolas Rancourt, Manager, Special Projects -
Catherine Sévigny, Project Manager, Export of goods and services, New Markets -
Geneviève H. Beaulieu, Corporate Secretary - **Céline Lévesque**, Assistant Corporate Secretary

Financial data

Breakdown by category

1998

1997

Geographical breakdown

1998

1997

Breakdown of portfolio (in thousands of dollars)

	1998		1997	
	\$	%	\$	%
I Properties	822,743	72.6	647,738	92.7
Non-conventional investments	124,044	10.9	9,200	1.3
I Financings	117,478	10.4	34,665	5.0
I Securitized investments	60,454	5.3	19	0.0
I Other	9,323	0.8	6,988	1.0
Total	1,134,042	100	698,610	100
	1998		1997	
	\$	%	\$	%
I Québec	394,442	34.8	458,084	65.6
United States	410,982	36.2	202,325	29.0
I Europe	242,958	21.4	32,801	4.7
I Canada, outside Québec	44,564	4.0	5,400	0.7
I Asia	41,096	3.6		0.0

continued

Combined financial highlights for the years ended December 31, 1998, 1997, 1996, 1995 and 1994 (in thousands of dollars)

	1998	1997	1996	1995	1994
Operations					
Real estate and hotel operations	91,556	96,923	90,236	74,999	73,742
Investment income	17,955	8,569	5,329	6,558	4,036
Net cash from operations (before interests and taxes)	61,454	49,340	42,827	45,105	35,593
Net cash from operations (after interests and taxes)	39,047	36,209	34,249	32,704	21,934
Net income (1)	32,803	31,887	32,648	19,449	19,910

Fair value

Total assets	1,235,645	760,091	750,262	646,319	519,615
Properties	822,743	647,738	610,930	488,912	458,030
Non-conventional investments	124,044	9,200	885	0	0
Financings	117,478	34,665	90,172	53,653	82,303
Securitized investments	60,454	0	0	0	0
Other	9,323	7,007	8,112	9,296	866
Long-term debt	406,777	167,909	90,038	101,260	85,390
Shareholder's equity	730,347	568,433	557,742	505,230	457,948

Coverage and ratios

Interest coverage	3.22	4.15	5.53	4.03	2.70
Debt service coverage	2.92	3.69	4.94	3.59	2.34
Debt ratio (total liabilities/total assets)	41 %	25%	26%	22%	23%

Acquisitions and fixed assets

Acquisitions for the year	586,064	66,570	168,940	80,992	55,688
Capital expenditures	19,953	11,335	12,756	6,487	11,118

Returns

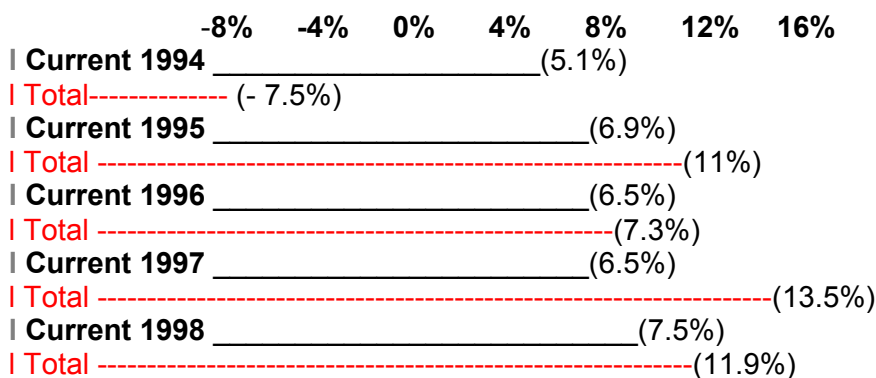
Current yield (2)	7.5 %	6.5%	6.5%	6.9%	5.1%
Value-added yield	4.4 %	7.0%	0.8%	-5.8%	-12.6%
Total yield (3)	11.9 %	13.5%	7.3%	1.1%	-7.5%

1 Excluding any provision for a decrease in value of the properties portfolio, a decrease in value of investments and losses on loans.

2 Net cash from operations over shareholder's equity.

3 Current yields plus added value.

Returns



Note: All amounts are in Canadian dollars, unless otherwise specified.