



## **NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

Notice is hereby given that the Annual and Special Meeting of Shareholders of Gentra Inc. (the "Corporation") will be held in the Queen's Quay Theatre - Premier Dance Theatre, at the foot of York Street on Toronto's Waterfront, 207 Queen's Quay West, 3rd Floor, Toronto, Ontario, on Wednesday April 7, 1999, at 10:00 a.m. (Toronto time) for the following purposes:

1. to receive the consolidated financial statements for the year ended December 31, 1998 and the report of the auditor contained in the annual report accompanying this notice;
2. to elect directors;
3. to appoint Deloitte & Touche as auditor and authorize the directors to fix the remuneration of the auditor;
4. to consider and, if thought fit, to pass a special resolution authorizing an amendment to the articles of the Corporation to consolidate all issued and outstanding Common Shares of the Corporation on a one-for-five basis; and
5. to transact any other business which may properly come before the meeting.

A copy of this notice, the attached Management Proxy Circular and the annual report are being sent to each director, each shareholder entitled to receive notice of the meeting and the auditor.

BY ORDER OF THE BOARD,

Kieran F. Mulroy  
Senior Vice-President, General Counsel  
and Corporate Secretary

Dated this 9th day of February, 1999.

Attached: Management Proxy Circular  
Enclosed: Form of Proxy and return envelope (for common shareholders only)  
1998 Annual Report



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### CORPORATE INFORMATION

**Executive and Registered Office:**

BCE Place, Bay Wellington Tower  
181 Bay Street, Suite 4500  
P.O. Box 770  
Toronto, Ontario  
M5J 2T3

Tel: (416) 359-8555  
Fax: (416) 359-8596

**Transfer Agent and Registrar:**

CIBC Mellon Trust Company  
Montreal, Toronto,  
Calgary and Vancouver

**Shareholder Inquiries:**

Answer Line: 1-800-387-0825 (toll free in  
continental North America)

(416) 813-4600  
collect, elsewhere

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## MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular ("Circular") is furnished in connection with the solicitation of proxies by management of Gentra Inc. ("Gentra" or the "Corporation") to be used at the Annual and Special Meeting of Shareholders (the "Meeting") of Gentra called for April 7, 1999 at the time and place and for the purposes set forth in the Notice of Annual and Special Meeting of Shareholders accompanying this Circular and at all adjournments of the Meeting.

The information given in this Circular, unless otherwise stated, is as at February 15, 1999.

### AVAILABILITY OF DISCLOSURE DOCUMENTS

The Corporation will provide to any person or company, upon request to the Corporate Secretary at its executive office, a copy of

- (i) its latest Annual Information Form together with one copy of any document, or pertinent pages of any document, incorporated therein by reference, filed with the Ontario Securities Commission;
- (ii) its Comparative Financial Statements filed under the Securities Act (Ontario) for 1998, together with the report of its Auditor thereon and Management's Discussion and Analysis of Financial Condition and Results of Operations, all contained in its 1998 Annual Report and the interim financial statements of the Corporation for periods subsequent to the end of the Corporation's last fiscal year; or
- (iii) this Circular.

### SOLICITATION OF PROXIES

The solicitation of proxies by the Corporation will be primarily by mail but proxies may be solicited by other means of delivery or in person or by telephone by regular employees of the Corporation or its subsidiaries, or by CIBC Mellon Trust Company, its transfer agent. The solicitation of proxies from non-registered shareholders will be carried out by intermediaries, or by the Corporation or its transfer agent if the names and addresses of non-registered shareholders are provided by such intermediaries (see "Non-Registered Holders"). **The solicitation of proxies by this Circular is being made by or on behalf of Management of the Corporation.** The total cost of the solicitation will be borne by the Corporation.

### APPOINTMENT OF PROXY

The persons named in the enclosed form of proxy are Directors and Officers of the Corporation. **A shareholder desiring to appoint some other person (who need not be a shareholder, director or an officer) to represent the shareholder at the Meeting may do so by inserting such person's name in the blank space provided in the form of proxy.** The shareholder may direct that the shareholder's shares be voted for, or against, or be withheld from voting on matters specified in the proxy, by marking the form of proxy as appropriate.

**To be valid, a proxy must be executed legibly by a registered shareholder, as registered.** A proxy executed by a registered shareholder which is a corporation must be properly executed. Evidence of authority to sign, satisfactory to the Corporation, may be filed with such proxy or may be requested by the Corporation or by CIBC Mellon Trust Company, prior to accepting such proxy for use at the Meeting. Properly executed forms of proxy must be deposited no later than 48 hours preceding the Meeting or any adjournments thereof, with CIBC Mellon Trust Company, P.O. Box 12005, Stn Brm B, Toronto, Ontario M7Y 2K5, or, if delivered by hand, to 200 Queen's Quay East, Unit 6, Toronto, Ontario, M5A 4K9, Attention: Proxy Department.

## **NON-REGISTERED HOLDERS**

Only registered holders of common shares of the Corporation, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, common shares of the Corporation beneficially owned by a holder (a "Non-Registered Holder") are registered either:

- (A) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (B) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Policy Statement No. 41 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice of Meeting, this Management Proxy Circular, the Form of Proxy, the 1998 Annual Report (which includes management's discussion and analysis) (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

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

- (A) be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the Form of Proxy and deposit it with CIBC Mellon Trust Company as described above; or
- (B) more typically, be given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction form (which may in some cases permit the completion of the voting instruction form by telephone).

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. Should a Non-Registered Holder who receives either a form of proxy, a proxy or a voting instruction form wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding directions on the form. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries, including those regarding when and where the proxy or the proxy authorization form is to be delivered, and their service companies.**

## **RIGHT OF REVOCATION**

A registered shareholder who has given a proxy may revoke the proxy by (a) completing and signing a proxy bearing a later date and depositing it with CIBC Mellon Trust Company as described above; or (b) under section 148(4) of the *Canada Business Corporations Act* (the "CBCA") by instrument in writing properly executed by such shareholder or by his attorney authorized in writing, or if the shareholder is a corporation, under its corporate seal, and deposited at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting at which the proxy is to be used or any adjournments thereof, or depositing such an instrument with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournments thereof, or in any other manner permitted by law.

A non-registered shareholder may revoke a voting instruction form or a waiver of the right to receive documents and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive documents and to vote that is not received by the Intermediary at least seven days prior to the Meeting.

## **VOTING OF PROXIES**

The management representatives designated in the enclosed form of proxy will vote or withhold from voting the shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions of the shareholder as indicated on the proxy and, if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. **In the absence of such direction, such shares will be voted by the management representatives for the election of directors and for the appointment of auditors as indicated under those headings in this Circular.**

Proxies in favour of Management confer discretionary authority upon the management representatives in the Form of Proxy with respect to amendments to matters identified in the Notice of Annual and Special Meeting of Shareholders or other matters that may properly come before the Meeting and will be voted in accordance with the best judgment of the person voting the proxy. Management knows of no such amendments or other matters to come before the Meeting.

## **BENEFICIAL OWNER OF COMMON SHARES**

Brookfield Properties Corporation ("Brookfield") has advised the Corporation that it owns beneficially 86,003,694 common shares of the Corporation representing approximately 44% of the common shares outstanding. To the knowledge of the Directors and Officers of the Corporation, no other person beneficially owns, directly or indirectly, or exercises control or direction over common shares carrying more than 10% of the votes attached to such common shares. The registered and executive office address of Brookfield is Suite 4440, 181 Bay Street, Toronto, Ontario.

## **RECORD DATE AND SHARES ENTITLED TO BE VOTED**

The Corporation has outstanding 197,039,937 common shares and 5,888,500 options which may be exercised to purchase a like number of common shares. Subject to the right to cumulate votes attached to common shares in the election of Directors, and to the CBCA, holders of the outstanding common shares included on the list of registered shareholders as at the close of business on March 1, 1999, the record date for the Meeting, will be entitled to one vote for each common share held by them.

To the extent holders of common shares transfer ownership of any of their shares after March 1, 1999 and the transferees produce properly endorsed share certificates or otherwise establish that they own the shares and demand, before the commencement of the Meeting, that they be included on the list of shareholders entitled to vote, the transferees will be entitled to vote such transferred shares at the Meeting.

## APPROVAL OF MATTERS AT MEETING

The Chairman of the Meeting may conduct the vote on any matter by a show of hands of shareholders and proxyholders present at the Meeting and entitled to vote thereat unless a ballot is demanded by a shareholder present at the Meeting or by a proxyholder entitled to vote at the Meeting or unless the Chairman declares that proxies representing not less than 5% of the shares entitled to be voted at the Meeting would be voted against what would otherwise be the decision of the Meeting on such matter.

Proxies in favour of Management will be voted on any ballot that may be called for and where instructions are given with respect to a particular matter to be acted upon such proxies will be voted in accordance with such instructions. **If no instructions are given with respect to the particular matters to be acted upon, such proxies will be voted in favour of the matters listed on the proxy.** The election of directors by holders of common shares is by cumulative voting as described below. A simple majority of the votes cast either in person or by proxy on any other matter voted upon at the Meeting is sufficient to carry such matter.

Under cumulative voting, each holder of common shares entitled to vote at an election of Directors has a right to cast a number of votes equal to the number of votes attached to the shares held by such shareholder, multiplied by the number of Directors to be elected by the holders of common shares (11 Directors), and such shareholder may cast all such votes in favour of one candidate or distribute them among the candidates in any manner. The enclosed Form of Proxy provides for the shares represented thereby to be voted either for the election of the directors or withheld from voting for the directors. A shareholder that indicates that his shares are to be voted for the election of directors (or who does not provide instructions with respect to the election of directors) will have his votes distributed equally among all of the nominees described in this Circular unless additional nominees for election are nominated from the floor at the Meeting so that the total number of nominees exceed the number of Directors to be elected at the Meeting. **In this case, the cumulative voting rights attached to proxies in favour of Management will be voted (in the absence of specific instructions from the shareholder) in accordance with the best judgement of the person voting the proxy in such a manner as to maximize the number of unrelated directors elected at the Meeting.** Management is not aware of any intention of any person to nominate additional persons as directors. If a shareholder desires to distribute votes otherwise than as described herein, such shareholder must do so personally at the Meeting, or by another form of proxy.

## MATTERS FOR CONSIDERATION AT MEETING

### *SHARE CONSOLIDATION*

As set out above under "Record Date and Shares Entitled to be Voted", as at March 1, 1999, the Corporation had outstanding 197,039,937 common shares. The Board of Directors of the Corporation believes that, having regard to the price at which the Corporation's common shares have recently traded, it would be in the best interests of the Corporation and its shareholders to consolidate the common shares on a one-for-five basis. The Board believes that consolidation will allow Gentra to trade at a price similar to its peer real estate companies, broadening the base of potential shareholders of the Corporation and, thereby, enhancing the liquidity of the common shares. The consolidation of the common shares on a one-for-five basis should assist in reducing the volatility of the common shares and enable investors to take advantage of the lower minimum margin and credit balance requirements imposed by The Toronto Stock Exchange (the "Exchange") in respect of securities which trade at higher prices. The Board believes that this should increase the attractiveness of the common shares as an investment and should result in a higher per share trading price on the Exchange.

If passed, the special resolution, the form of which is attached as Schedule "A" to this circular (the "Special Resolution"), will authorize an amendment to the articles of the Corporation to consolidate all issued and outstanding common shares of the Corporation on a one-for-five basis. In order to become effective, the Special Resolution must be approved by at least two-thirds of the votes cast at the meeting.

If, as a result of the consolidation, a holder of common shares becomes entitled to a fraction of a common share, the holder will receive, in lieu of such fractional interest, the cash equivalent based on an amount per share equal to the average closing price of the common shares on The Toronto Stock Exchange during the period of 20 trading days ended April 7, 1999 or such other date upon which the Special Resolution becomes effective, (subject to adjustment to give effect to the consolidation). If the proposed consolidation is approved, approximately 39,407,987 common shares will be outstanding (subject to the adjustment for fractional shares described in the preceding sentence).

The implementation of the Special Resolution is conditional upon the Corporation obtaining the consent of the Exchange to the consolidation of the common shares. Accordingly, the Special Resolution will empower the Directors of the Corporation to revoke the Special Resolution without further approval of the shareholders of the Corporation, at any time prior to the issue of a certificate of amendment giving effect thereto, if the required consent of the Exchange is not obtained.

Following the issue of a certificate of amendment to implement the Special Resolution, letters of transmittal will be sent by mail to all holders of record on the close of business on the effective date of the certificate of amendment, advising them that a certificate of amendment implementing the Special Resolution has been issued and instructing them to surrender the certificates evidencing their common shares for replacement certificates in new form representing the number of common shares to which they will be entitled as a result of the consolidation and, if applicable, the amount payable to them in respect of any fractional shares resulting from the consolidation.

The consolidation of the common shares will not give rise to a capital gain or a capital loss under the *Income Tax Act* (Canada) for a shareholder who holds such shares as capital property. The aggregate adjusted cost base to the shareholder of his or her new shares immediately after the consolidation will be equal to the aggregate adjusted cost base of his or her shares immediately before the consolidation.

#### ***APPOINTMENT OF AUDITOR***

Management proposes that Deloitte & Touche, Chartered Accountants of Toronto, Ontario, be re-appointed as auditor of the Corporation and that the Directors be authorized to fix the remuneration of the auditor. Deloitte & Touche have served as auditors of Gentra since 1996. Ernst & Young served as auditors of the Corporation in 1994 and 1995. The resolution to appoint Deloitte & Touche as auditor must be passed by a simple majority of the votes cast either in person or by proxy.

#### ***ELECTION OF DIRECTORS***

The Corporation's articles provide that the Board of Directors be comprised of 11 directors, all of whom will be elected at the Meeting. The persons listed in the table below are the nominees proposed by the Board of Directors for election by holders of common shares as Directors of the Corporation to hold office until the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed. The election of directors is conducted by cumulative voting as described above under "Approval of Matters of Meeting".

Management does not contemplate that any of the proposed nominees will be unable to serve as a director but, if that should occur for any reason before the Meeting, the management representatives designated in the enclosed form of proxy reserve the right to vote for another nominee at their discretion.

The table below lists the nominees for Director, together with their principal occupations, their dates of first election as Directors and the numbers of shares beneficially owned, directly or indirectly, or over which control or direction is exercised by such nominees. Three current directors, Messrs. Crossgrove, Fell and Michals are not standing for re-election; their past contribution to the Corporation has been significant and is greatly appreciated. The Corporation has an Audit Committee. The members of such committee are indicated in the table below.

Name and Municipality of Residence	Position with Gentra and Principal Occupation	Year First Elected A Director	Shares <sup>(1)</sup>
1. Gordon E. Arnell Calgary, Alberta	Chairman of the Board, Gentra Inc. and Chairman and Chief Executive Officer, Brookfield Properties Corporation (office property company)	1993	1,000
2. David D. Arthur <sup>(2)</sup> Toronto, Ontario	President and Chief Executive Officer, Gentra Inc.	1998	27,500
3. The Hon. William G. Davis Brampton, Ontario	Counsel, Tory Tory DesLauriers & Binington	1998	None
4. The Hon. J. Trevor Eyton Caledon, Ontario	Chairman, Advisory Board, EdperBrascan Corporation (natural resources, financial services and power generating company) and Member of the Senate of Canada	1983	25,000
5. J. Bruce Flatt <sup>(3)</sup> Toronto, Ontario	President and Chief Operating Officer, Brookfield Properties Corporation	1996	25,000
6. John K. Kelly <sup>(4)</sup> Brick, New Jersey	Senior Vice President, Ocean Financial Corp. (savings bank public holding company)	Director-elect	None
7. Joseph P. Killi <sup>(5)</sup> Calgary, Alberta	President, Rosebridge Capital Corp. Inc. (real estate investment and advisory services company)	Director-elect	None
8. Robert J. McGavin <sup>(6)</sup> Cheltenham, Ontario	Chairman, Howe & Company Inc. (corporate communications company)	Director-elect	None
9. George E. Myhal <sup>(3)</sup> Toronto, Ontario	President and Chief Executive Officer, Trilon Financial Corporation (financial services company)	1993	None
10. Heather M. Reisman Toronto, Ontario	President and Chief Executive Officer, Indigo Books & Music, Inc. (book and music retailer)	1998	None
11. Neil R. Wood Newmarket, Ontario	Corporate Director	1995	None

*Notes:*

(1) Common shares.

(2) In addition to owning the common shares reflected in the above table, Mr. Arthur has 625,000 options of which 125,000 are available for exercise.

(3) Member of the Audit Committee.

(4) John Kelly has held the positions of General Counsel/Senior Vice-President, Compliance Officer and Risk Assessment Manager with Ocean Federal Savings Bank since 1988. He has also held the position of Corporate Secretary/Senior Vice-President of Ocean Financial Corp. since 1995.

(5) Joseph Killi has held the position of President of Rosebridge Capital Limited since late 1993. Prior to that, Mr. Killi held positions as Executive Vice-President, Chief Financial Officer and Chief Operating Officer of Trizec Corporation Ltd.

(6) Robert McGavin has held the position of Chairman of Howe & Company Inc. since 1999. Prior to that, Mr. McGavin held positions as Senior Vice-President Institutional and Community Relations at Toronto-Dominion Bank during 1997 to 1998, and Senior Vice-President Corporate and Public Affairs at Toronto-Dominion Branch from 1992 through 1997.

## **DIRECTORS' COMPENSATION**

The Board of Directors currently consists of 11 members who each receive a retainer of \$15,000 per annum and a fee of \$1,000 per board or committee meeting attended. A Committee Chairman receives an additional \$5,000 per annum to reflect the substantial commitment of time and experience.

In 1998, the directors of the Corporation received an aggregate of \$287,000 in retainer and attendance fees.

## **EXECUTIVE OFFICERS' COMPENSATION**

### ***COMPOSITION AND MANDATE OF THE NOMINATING AND HUMAN RESOURCES COMMITTEE***

The Nominating and Human Resources Committee (the "Committee") is mandated to consider and make recommendations to the Board on all human resources issues, including compensation, succession planning, performance appraisals and development of Executive Officers and compensation of the Chief Executive Officer.

None of the current Committee members is or was an officer of Gentra or any of its subsidiaries, other than the Hon. J. Trevor Eytton who was formerly Chairman and Deputy Chairman, and Fraser M. Fell who was formerly Chairman and Chief Executive Officer and is currently Honorary Chairman of the Corporation. During 1998, the Committee members were the Hon. J. Trevor Eytton as Chairman, and Peter A. Crossgrove, Fraser M. Fell, George F. Michals, George E. Myhal, and Heather M. Reisman.

### ***REPORT ON EXECUTIVE COMPENSATION***

During 1998, the Committee set compensation in accordance with a comprehensive compensation plan applicable to all Gentra's employees including its Executive Officers. The most material principles of that plan are reflected in the following disclosure. The Committee reviewed that plan again in December 1998 at the time of conducting a review of 1998 performance and compensation for employees other than Executive Officers who were reviewed in February, 1999.

The Corporation's approach to compensation reflects the current circumstances and market environment in which the Corporation carries on business. The compensation policies of the Corporation have evolved to reflect the Corporation's business as a real estate investment company. The Corporation's compensation plan focuses on promoting the long term interests of Gentra's equity holders and is designed to attract, motivate and retain the highest caliber of employees.

The Corporation's approach to compensation can be best described by reference to the different categories of employees and the general compensation principles as they relate to these categories.

As a general statement, Gentra's employees fall into three categories:

The first category consists of administrative support personnel who are compensated based on prevailing market rates. These employees perform an important administrative function and are eligible for market-driven increases in salary on an annual basis. In addition, certain of these employees were rewarded with a performance based bonus for 1998.

The second category of employees is comprised of financial analysts, accounting and operations personnel who provide services and support to the Corporation's general business undertakings. The compensation for these employees is based on industry norms. In addition, they are eligible for annual performance based bonuses.

The third category is the senior executives who are compensated with a compensation package consisting of a base salary, bonuses and share options. Bonuses are paid if pre-determined goals and standards have been achieved. Share options are also used as a component of compensation and are granted based on a multiple of salary and on the achievement of performance objectives.

The Committee and Board of Directors establish base salaries for Gentra's Executive Officers based on market conditions and an assessment of Gentra's particular circumstances and results. Annual bonuses are determined at the end of each fiscal year in the discretion of the Board of Directors after receiving a recommendation from the Committee. Bonus payments are measured against a broad range of performance targets based on the Corporation's business objectives. In setting compensation, the Board of Directors and Committee are guided by the success of the Executive Officers in meeting these pre-determined targets and in enhancing the value of the Corporation.

Share options are considered to be an important element of executive compensation. The Corporation believes that employee share option plans align the interests of employees with those of shareholders. The Committee and Board have granted options to Gentra's Executive Officers on the basis of an assessment of the compensation package that would best motivate the Executive Officers to enhance the value of Gentra's equity. The Corporation has adopted a policy of considering on an annual basis the awarding of common share options, where merited.

The Committee and Board of Directors apply the principles described above in establishing the compensation for the Chief Executive Officer. In addition to those principles, the Committee and the Board assessed other considerations such as his ability to maintain an effectively functioning senior management team.

The Corporation has entered into employment agreements with Gentra's Executive Officers to provide them with compensation in the event of termination of employment without cause, by reason of constructive dismissal or in the event of a change of control transaction. Mr. Collyer is entitled to be paid 12 months salary for termination without cause. Mr. Mulroy is entitled to be paid 24 months salary for termination without cause, constructive dismissal or in the event of a change of control transaction. Mr. Powell is entitled to be paid 12 months salary for termination without cause plus 100% of salary as retention bonus paid pro rata over 9 months to the date of termination. Mr. Sabat is entitled to be paid 12 months salary for termination without cause.

Submitted by the Board of Directors:

Gordon E. Arnell  
David D. Arthur  
Peter A. Crossgrove  
Hon. William G. Davis  
Hon. J. Trevor Eyton  
Fraser M. Fell  
J. Bruce Flatt  
George F. Michals  
George E. Myhal  
Heather M. Reisman  
Neil R. Wood

The following Summary Compensation Table details compensation information for the Executive Officers for the three fiscal years ended December 31, 1998:

### SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation <sup>(2)</sup>		Long-Term Compensation Awards--Securities Under Options Granted	All Other Compensation
		Salary	Bonus		
		(\$)	(\$)	(#)	(\$) <sup>(1)</sup>
D. D. Arthur <sup>(3)</sup> President and CEO	1998	250,000	125,000	150,000	30,658
	1997	nil	nil	nil	nil
	1996	nil	nil	nil	nil
R. W. Powell President, Real Estate Finance	1998	200,000	100,000	100,000	23,643
	1997	175,000	87,500	85,000	51,396
	1996	142,500	71,250	100,000	38,146
B. C. Collyer Senior Vice-President, Business Development	1998	190,000	95,000	61,000	22,727
	1997	175,000	95,000	300,000	12,821
	1996	160,000	48,700	nil	6,509
K. F. Mulroy Senior Vice-President and General Counsel	1998	185,000	92,500	60,000	22,578
	1997	185,000	92,500	100,000	22,556
	1996	165,000	82,500	100,000	12,069
N. G. Sabat Senior Vice President, Real Estate	1998	200,000	100,000	60,000	25,089
	1997	185,000	92,500	105,000	23,571
	1996	175,000	87,500	75,000	13,986

(1) These amounts reflect contributions to a group RRSP and insurance benefit premiums, car allowance and retention bonus payments.

(2) This table and other executive compensation tables do not include information for J. B. Walker, former President and CEO from May 1997 to February 1998. Refer to the Corporation's Management Proxy Circular dated April 16, 1998 in respect of the May 25, 1998 Annual and Special Meeting of Shareholders for compensation details regarding Mr. Walker.

(3) Mr. Arthur joined the Corporation in October, 1997 and was appointed President and CEO on February 19, 1998.

### OPTIONS

On March 11, 1998 the Board of Directors awarded options to certain of Gentra's Executive Officers to purchase common shares as indicated in the chart below. For a discussion of principles guiding the Committee and Board in deciding on option awards, please refer to the section entitled "Executive Officers' Compensation" above.

#### OPTION GRANTS DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR

Name	Securities Under Options Granted	% of Total Options Granted to Employees in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
D. D. Arthur	150,000	18%	4.75	4.75	March 11, 2003
B. C. Collyer	61,000	7%	4.75	4.75	March 11, 2003
K. F. Mulroy	60,000	7%	4.75	4.75	March 11, 2003
R. W. Powell	100,000	12%	4.75	4.75	March 11, 2003
N. G. Sabat	60,000	7%	4.75	4.75	March 11, 2003

**AGGREGATED OPTION EXERCISES DURING THE MOST RECENTLY  
COMPLETED FINANCIAL YEAR AND FINANCIAL YEAR-END OPTION VALUES**

Name	Securities Acquired on Exercise	Aggregate Value Realized	Unexercised Options at Dec. 31, 1998		Value of Unexercised in-the-money Options at Dec. 31, 1998	
			Exercisable	Unexercisable	Exercisable	Unexercisable
	(#)	(\$)	(#)	(#)	(\$) <sup>(1)</sup>	(\$) <sup>(1)</sup>
D. D. Arthur	—	—	30,000	120,000	—	—
B. C. Collyer	—	—	155,200	204,800	—	—
K. F. Mulroy	41,000	160,720	191,000	128,000	126,980	28,800
R. W. Powell	—	—	131,000	154,000	43,200	28,800
N. G. Sabat	132,700	478,032	110,000	120,000	25,200	21,600

(1) The common share price upon which these amounts are calculated was the closing price on December 31, 1998 of \$2.70.

**INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS OF THE CORPORATION**

The aggregate indebtedness due to a subsidiary of the Corporation from all current directors, executive officers, senior officers and employees of the Corporation under securities purchase programs is \$104,513. Indebtedness due to a subsidiary of the Corporation from former directors, executive officers, senior officers and employees of the Corporation under a Management Share Purchase Plan ("MSPP") put in place prior to the Corporation's reorganization under the September 1, 1993 Plan of Arrangement is \$73,196,114. Approximately \$55 million of that indebtedness has been insured with whole life insurance policies on the lives of the debtors and accordingly will be repaid on their death. The cost of acquiring that life insurance was fully incurred in 1993.

No current or former directors, executive officers, senior officers or employees of the Corporation are indebted to the Corporation or any of its subsidiaries for indebtedness other than under securities purchase programs.

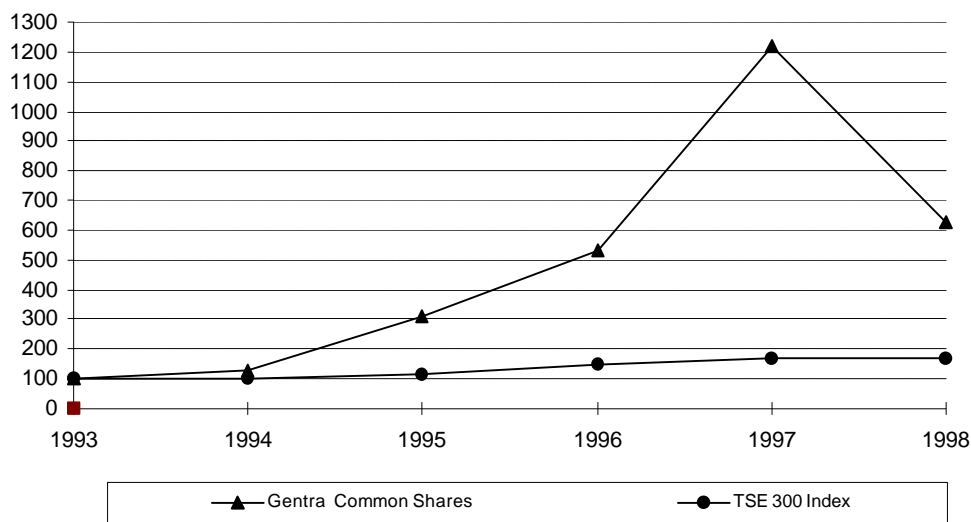
Name and Principal Position	Involvement of Corporation or Subsidiary	Largest Amount Outstanding During Year Ended Dec. 31, 1998	Amount Outstanding as at February 15, 1999	Financially Assisted Securities Purchased During Last Completed Financial Year	Security For Indebtedness <sup>(1)</sup>
Kieran F. Mulroy Senior Vice-President, General Counsel & Corporate Secretary	Lender	104,513	104,513	Nil	Shares purchased under the MSPP secured by a life insurance policy

(1) The Corporation's MSPP involved the extension of a loan by a subsidiary of the Corporation to facilitate the purchase of common shares of the Corporation. The loan bears interest at the rate of common share dividends declared by the Corporation. The loan will fall due on the earlier of the date of death of the participant and any 10 year anniversary from September 1, 1993 to September 1, 2063 on which the market value of the MSPP shares equals or exceeds the original purchase price. The Corporation has purchased a whole life insurance policy to fund repayment of the loan on death.

## SHAREHOLDERS' RETURN PERFORMANCE GRAPH

The chart below compares the yearly change in the Corporation's cumulative total shareholders' return on the Corporation's common shares against the cumulative total shareholders' return of the TSE 300 Total Return Index for the five years commencing January 1, 1994 and ending December 31, 1998 (the "Index Return"). The chart is based on the assumption that \$100 was invested in the Corporation's common shares and in the TSE 300 Total Return Index on December 31, 1993 and that dividends were reinvested.

**COMPARISON OF 5-YEAR CUMULATIVE  
TOTAL SHAREHOLDER RETURN ON COMMON SHARES OF THE CORPORATION  
AND THE TSE TOTAL RETURN INDEX**



<b>Genra Inc.</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>
Genra Common Shares	100	128	309	530	1221	628
TSE 300 Index	100	99	114	147	169	167

## DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During 1998, a directors' and officers' liability insurance policy in favour of directors and officers of the Corporation and subsidiaries was in place.

The policy provides for a limit of liability of \$25 million per loss and per policy year. The policy was purchased for an annual premium of \$109,000.

## **ACTION BY RAYMOND BUDD**

The Regulations to the CBCA require disclosure in the Corporation's proxy circular of any action brought against the Corporation pursuant to section 241 of the CBCA. In that regard, Raymond Budd brought an action against Gentra, certain of its current and former officers and directors and others seeking relief under the provisions of that section of the CBCA. Mr. Budd indicated that the action was to be certified as a class action but has not proceeded to so certify the action. The action relates to the period of time before the Corporation's 1993 Plan of Arrangement was implemented and is based on claims made by Mr. Budd regarding the management of the former Royal Trustco business and the disclosure of its financial condition. Since the action commenced, the only material developments are that the Ontario Court (General Division) has struck out the claims against the officers and directors and declined Mr. Budd's motion for interim funding and the appointment of an inspector. Recently, the Ontario Court of Appeal has upheld the decision to strike out the claims against the officers and directors. The decision declining Mr. Budd's request for interim funding and the appointment of an inspector has been appealed. Gentra has delivered its statement of defence, denying any wrongdoing, and is vigorously defending the action. In 1998, Gentra paid \$50,699.59 in legal fees on behalf of the directors and officers named in the action. In 1999, the Corporation agreed in principle to a settlement arrangement which, subject to Court approval, will result in the discontinuance of this action.

## **APPROVAL BY BOARD OF DIRECTORS**

The Board of Directors of the Corporation has approved the contents and the sending of this Management Proxy Circular to the shareholders.

By order of the Board of Directors,

Kieran F. Mulroy  
Senior Vice-President, General Counsel  
and Corporate Secretary  
Toronto, Ontario  
February 9, 1999

**SCHEDULE A**  
**TO THE**  
**MANAGEMENT PROXY CIRCULAR OF GENTRA INC.**

**Share Consolidation**

**SPECIAL RESOLUTION**

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the certificate and articles of the Corporation are amended to change each issued and unissued common share into one-fifth of a common share;
2. the directors are authorized to revoke this special resolution without further approval of the shareholders at any time prior to the endorsement by the Director of a certificate of amendment of articles in respect of the foregoing amendment;
3. any officer or director of the Corporation is authorized and directed on behalf of the Corporation to deliver articles of amendment, in duplicate, to the Director under the *Business Corporations Act* and to execute all documents and to do all things necessary or advisable in connection with the foregoing.



**Annual and Special Meeting of the Shareholders of Gentra Inc.  
to be held on April 7, 1999**

**THIS PROXY IS SOLICITED ON BEHALF OF THE MANAGEMENT OF GENTRA INC.**

The undersigned shareholder of Gentra Inc. hereby appoints Gordon E. Arnell or failing him, David D. Arthur, or instead of the foregoing:

as proxy of the undersigned to attend, vote and act for and on behalf of the undersigned at the Annual and Special Meeting of shareholders of Gentra Inc., to be held April 7, 1999, and at all **adjournments thereof, with authority to vote as specified herein, or if no instructions are given the Proxy will be voted in favour of the matters referred to herein, and if amendments or variations to matters identified in the notice of meeting are proposed at the meeting or if any further matters properly come before the meeting, this proxy confers discretionary authority to vote on such amendments or variations or such other matters according to the best judgement of the person voting this proxy at the meeting.**

This instrument supercedes and revokes any prior appointment of proxy made by the undersigned with respect to the voting of the shares specified below at the meeting.

1. Appointment of Auditors

- Vote for the Appointment of an Auditor and authorize the Directors to fix the Auditor's remuneration; or
- Withhold from voting for the Appointment of an Auditor.

2. Election of Directors

*(mark only one of the following)*

- Vote for election as Directors the nominees specified in the accompanying Management Proxy Circular; or
- Withhold from voting for the election of directors; or
- Vote for the election as Directors the nominees specified in the accompanying Management Proxy Circular other than:

*(Please specify)*

3. Share Consolidation

*(mark only one of the following)*

- Vote for the approval of the special resolution regarding share consolidation; or
- Vote against the approval of the special resolution regarding share consolidation.

Dated: \_\_\_\_\_ 1999  
*(if undated this Proxy shall be deemed to bear the date on which it is mailed by Management of the Corporation)*

\_\_\_\_\_  
SIGNATURE OF REGISTERED SHAREHOLDER

CHANGE OF ADDRESS NOTIFICATION

Date \_\_\_\_\_ 19\_\_\_\_

NEW ADDRESS

Address \_\_\_\_\_

\_\_\_\_\_

City \_\_\_\_\_

Province or State \_\_\_\_\_

Postal Code \_\_\_\_\_

Signature \_\_\_\_\_

Account No.

Shares

NOTE:

- (1) **You have the right to appoint a person other than the person designated herein to attend and act on your behalf at the meeting.** Such appointment may be made by inserting such person's name in the space provided. Such other person need not be a shareholder.
- (2) To be valid, this proxy must be signed and deposited with CIBC Mellon Trust Company at 200 Queen's Quay East not later than 48 hours (excluding Saturdays and holidays) before the meeting or any adjournment thereof.
- (3) If an individual, please sign exactly as your shares are registered.
- (4) If the shareholder is a corporation, this proxy must be executed by a duly authorized officer or attorney of the shareholder and, if the corporation has a corporate seal, its corporate seal should be affixed.
- (5) If shares are registered in the name of an executor, administrator or trustee, please sign exactly as the shares are registered. If the shares are registered in the name of the deceased or other shareholder, the shareholder's name must be printed in the space provided, the proxy must be signed by the legal representative with his name printed below his signature and evidence of authority to sign on behalf of the shareholder must be attached to this proxy.
- (6) In many cases, shares beneficially owned by a holder (a "Non-Registered Holder") are registered in the name of a securities dealer or broker or other intermediary, or a clearing agency. Non-Registered Holders should, in particular, review the sections entitled "Solicitation of Proxies - Non-Registered Holders" and "Solicitation of Proxies - Right of Revocation" in the accompanying Management Proxy Circular and carefully follow the instructions of their intermediaries.

All holders of shares refer to the accompanying Management Proxy Circular for further information regarding completion and use of this proxy and other information pertaining to the meeting.