



**HOMESERVE TECHNOLOGIES INC.**

**Management Information Circular**

**Relating to the Annual Meeting of Shareholders**

June 15, 2004

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting (the "**Meeting**") of shareholders of HOMESERVE TECHNOLOGIES INC. (the "**Corporation**") will be held at the offices of Goodman and Carr LLP, 200 King Street West, Suite 2300, Toronto, Ontario on Friday, the 16<sup>th</sup> day of July, 2004 at 9:00 a.m. (Toronto time) for the following purposes:

1. to receive the annual report of the Corporation and the consolidated financial statements of the Corporation for the fiscal year ended February 29, 2004 together with the auditors' report thereon;
2. to appoint auditors of the Corporation and to authorize the directors to fix the remuneration of the auditors;
3. to elect directors of the Corporation; and
4. to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

Copies of the management information circular (the "**Circular**") and form of proxy accompany this notice. The specific details of the matters proposed to be put before shareholders at the Meeting are set forth in the Circular accompanying and forming part of this notice. Shareholders are directed to read the Circular carefully in evaluating the matters for consideration at the Meeting.

Only Shareholders of record as at June 11, 2004 are entitled to vote their common shares at the Meeting, or at any adjournment thereof, either in person or by proxy.

Shareholders who are unable to attend the Meeting in person are requested to complete, sign and date the accompanying form of proxy in accordance with the instructions provided therein and in the Circular and return it in the envelope provided for that purpose in accordance with the instructions and timelines set forth in the Circular.

DATED this 15<sup>th</sup> day of June, 2004.

By Order of the Board

(signed) Joseph S. Freedman  
Chairman of the Board

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## GLOSSARY OF TERMS

"**ADP**" has the meaning ascribed in "General Proxy Information – Advice to Beneficial Holders of Shares" hereof;

"**Asset Recovery**" means a division operated by TBI under the name Asset Recovery;

"**Asset Recovery License**" means a license agreement to be dated as of the April 13, 2004 between the Corporation and TBI, with respect to certain modules of the ICON Software used by Asset Recovery;

"**Beneficial Shareholders**" has the meaning ascribed in "General Proxy Information – Advice to Beneficial Holders of Shares" hereof;

"**Board of Directors**" or "**Board**" means the board of directors of the Corporation;

"**Brascan Financial**" means Brascan Financial Corporation, a corporation incorporated under the laws of Ontario;

"**Brascan Financing**" means the subscription by TBI, an affiliate of Brascan Financial, for 20,000,000 Series B Preferred Shares in exchange for \$20 million completed on September 13, 2002;

"**Brascan Transaction**" means collectively, the Home-Link Purchase, Brascan Financing, the reconstitution of the Board of Directors and retainer of a new President and Chief Executive Officer;

"**CCAA**" means the *Companies Creditors Arrangement Act* (Canada), as amended from time to time;

"**Circular**" means this management information circular, prepared and sent to the Shareholders in connection with the Meeting;

"**Common Shares**" means common shares in the capital of the Corporation;

"**Compensation Committee**" has the meaning ascribed in "Information Concerning the Corporation – Report on Executive Compensation" hereof;

"**Corporation**" means Homeserve Technologies Inc., a corporation amalgamated under the laws of Ontario;

"**Debenture**" means a convertible debenture in the principal amount of \$2,000,000, bearing interest at the prime rate, payable quarterly in arrears, maturing April 13, 2009, and convertible into Series B Preferred Shares;

"**Earn-Out**" has the meaning given to it under the heading "Information Concerning the Corporation - Interest of Insiders in Material Transactions";

"**Executive Officers**" has the meaning ascribed in "Information Concerning the Corporation – Statement of Executive Compensation" hereof;

"**Government Contract**" means the home relocation services agreement dated December 18, 2002 between Relocations and the Government of Canada in respect of the Treasury Board Secretariat, the Royal Canadian Mounted Police and the Department of National Defence, which is currently the subject of a re-tender process;

"**Home-Link**" means Home-Link Services Canada Ltd., a corporation incorporated under the laws of Ontario;

"**Home-Link Purchase**" means the acquisition by the Corporation from TBI, an affiliate of Brascan Financial, of all of the issued and outstanding shares of Home-Link on September 13, 2002 and October 21, 2002;

"**ICON Software**" means the proprietary software system and licensed applications acquired and further enhanced by Royal LePage Real Estate Services Ltd. (a predecessor to TBI) to manage all aspects of a relocation transaction, including clients, transferees and suppliers;

**"Icon Transaction"** means the purchase of the ICON Software, the TBI License and the Asset Recovery License, the Wynford Lease, the employment agreements with the Transferred Employees and the Non-Competition Agreement pursuant to the Purchase Agreement;

**"Initial Proposed Transaction"** means the proposed purchase of the Purchased Assets which was withdrawn from consideration at the Shareholders meeting held on September 5, 2003 Meeting on the recommendation of the Special Committee on September 2, 2003 due to the re-tendering of the Government Contract;

**"Meeting"** means the annual meeting of shareholders of the Corporation (or any adjournment thereof) to be held to consider and, if deemed advisable, to approve the matters as set forth in the Circular;

**"Non-Competition Agreement"** means the non-competition agreement dated as of the April 13, 2004 between TBI and the Corporation pursuant to which the Corporation agrees not to license, sell or otherwise distribute the ICON Software to any person whose primary business is connected to home relations in North America;

**"Non-Voting Common Shares"** means non-voting common shares in the capital of the Corporation to be issued upon conversion of the Series D Preferred Shares;

**"Notice of Meeting"** means the notice of meeting of Shareholders of the Corporation;

**"OBCA"** means the *Business Corporations Act* (Ontario) and regulations thereto, as amended from time to time;

**"Purchase Agreement"** means the agreement of purchase and sale dated February 13, 2004 between the Corporation, TBI and Relocations with respect to the Purchased Assets;

**"Purchased Assets"** means the ICON Software, the TBI License and the Asset Recovery License, the Wynford Lease, the employment agreements with the Transferred Employees and the Non-Competition Agreement;

**"Record Date"** means June 11, 2004;

**"Relocations"** means Royal LePage Relocation Services Limited., a corporation incorporated under the laws of Ontario;

**"Relocations Business"** means the employee home relocation business operated by TBI through Relocations;

**"Securities Act"** means the *Securities Act* (Ontario) and regulations thereto, as amended from time to time;

**"Series A Preferred Shares"** means the series A preferred shares in the capital of the Corporation, having a cumulative fixed annual dividend of 9% and a cumulative aggregate participation dividend equal to 0.64% of the consolidated pre-tax income of the Corporation less the amount of any quarterly dividends accruing on the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares, as more particularly described in the Circular;

**"Series B Preferred Shares"** means the series B preferred shares in the capital of the Corporation, having a cumulative fixed annual dividend of 9% and a cumulative aggregate participation dividend equal to up to 11.0% of the consolidated pre-tax income of the Corporation less the amount of any quarterly dividends accruing on the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares, as more particularly described in the Circular;

**"Series C Preferred Shares"** means the series C preferred shares in the capital of the Corporation, having a cumulative fixed annual dividend of 10% and a cumulative aggregate participation dividend equal to up to 9.25% of the consolidated pre-tax income of the Corporation less the amount of any quarterly dividends accruing on the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares, as more particularly described in the Circular;

"**Series D Preferred Shares**" means the series D preferred shares in the capital of the Corporation, having a non-cumulative fixed dividend of 3.50%, convertible into Non-Voting Common Shares, as more particularly described in the Circular;

"**Shareholders**" means the holders of Common Shares and a "**Shareholder**" means any one of them;

"**Special Committee**" means the special committee of independent directors of the Corporation formed to consider the Transaction, consisting of Craig Wallace and Donald W. Paterson;

"**Stock Option Plan**" means the stock option plan for directors, key employees and service providers of the Corporation;

"**Tax Act**" means the *Income Tax Act* (Canada) and regulations thereto, as amended from time to time;

"**TBI**" means Trilon Bancorp Inc., a corporation amalgamated under the laws of the Ontario, and a subsidiary of Brascan Financial;

"**TBI License**" means a license agreement dated April 13, 2004 between the Corporation and TBI with respect to the ICON Software;

"**Transfer Agent**" means Computershare Trust Company of Canada;

"**Transferred Employees**" has the meaning ascribed in "Information Regarding the Proposed Transaction – Employment Arrangements" hereof;

"**TSX**" means the Toronto Stock Exchange; and

"**Wynford Lease**" means the lease agreement between TBI and the Corporation dated as of the Effective Date with respect to 2,000 square feet of office space at 39 Wynford Drive, Toronto, Ontario.

## GENERAL PROXY INFORMATION

### Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by management of the Corporation for use at the Meeting to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting. References in this Circular to the Meeting include any adjournment or adjournments thereof. It is expected that the solicitation will be primarily by mail, however proxies may also be solicited personally by telephone or by facsimile by the directors and/or officers of the Corporation at nominal cost. The cost of solicitation by management will be borne by the Corporation. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of the Common Shares. The cost of any such solicitation will be borne by the Corporation.

### Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are directors of the Corporation and will represent management at the Meeting. **A Shareholder desiring to appoint some other person, who need not be a shareholder, to represent him at the Meeting, may do so by inserting such person's name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the registered office of the Corporation or the office of the Transfer Agent indicated on the enclosed envelope at least 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment thereof at which the proxy is to be used. A proxy should be executed by a Shareholder or his or her attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized.**

A Shareholder forwarding the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the Shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business then the space opposite the item is to be left blank. The Common Shares represented by the proxy submitted by a Shareholder will be voted in accordance with the directions, if any, given in the proxy.

A proxy given pursuant to this solicitation may be revoked by instrument in writing, including another proxy bearing a later date, executed by the Shareholder or by his attorney duly authorized in writing, and deposited either at the registered office of the Corporation or the office of its Transfer Agent at any time up to and including the last business day preceding the date of the Meeting or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof in any other manner permitted by law.

A Shareholder attending the Meeting has the right to vote in person and, if he or she does so, his or her proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

### Exercise of Discretion by Proxies

The persons named in the enclosed form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such Common Shares will be voted in favour of passing each of the resolutions described below. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.** At the time of printing of this Circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

## Advice to Beneficial Holders of Shares

**The information set forth in this section is of significant importance to many Shareholders of the Corporation, as a substantial number of Shareholders do not hold Common Shares of the Corporation in their own name.** Shareholders who do not hold their Common Shares in their own name ("**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the nominee of The Canadian Depository for Securities, which acts as depository for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications (formerly Independent Investor Communications Corporation) ("**ADP**"). ADP normally prepares a "Voting Instruction Form" (the "VIF") based upon the Corporation's form of proxy, which ADP then distributes to Beneficial Shareholders. The VIF must then be returned to ADP by the Beneficial Shareholder to be valid. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Shareholder receiving an ADP VIF cannot use that proxy to vote Common Shares directly at the Meeting. The VIF must be returned to ADP well in advance of the Meeting in order to have the Common Shares voted at the Meeting.** Some brokers who do not use ADP's services send out the Corporation's form of proxy to Beneficial Shareholders, executed by the broker but otherwise incomplete; the Beneficial Shareholder must mark the proxy how her or she wishes to vote and return the proxy either directly to the Transfer Agent or to the broker, who will then forward the proxy to the Transfer Agent.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or an agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxy holder for the registered shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxy holder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.** If a non-registered holder has voted by mail and would like to change its vote, the non-registered holder should contact its nominee to discuss whether this is possible and what procedures such non-registered holder should follow.

## Voting Securities and Principal Holders Thereof

The authorized capital of the Corporation consists of an unlimited number of Common Shares, an unlimited number of Non-Voting Common Shares and an unlimited number of preference shares issuable in series. As at the date hereof, 3,443,687 Common Shares, 1,280,000 Series A Preferred Shares, 20,000,000 Series B Preferred Shares and 3,500,000 Series D Preferred Shares are issued and outstanding. Each Common Share entitles the holder thereof to one vote in respect of each matter to be voted upon at the Meeting. The Non-Voting Common Shares, the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares do not entitle the holder thereof to vote.

The Corporation has fixed June 11, 2004 as the Record Date for the purpose of determining Shareholders entitled to receive notice of the Meeting. In accordance with the provisions of the OBCA, the Corporation will prepare a list of holders of Common Shares at the close of business on the Record Date. Each holder of Common Shares named in the list will be entitled to vote at the Meeting the Common Shares shown opposite his name on the list except to the extent that such shareholder has transferred any of his Common Shares after the date on which the list was prepared, and the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes ownership of the Common Shares and demands not later than 10 days before the Meeting to be included in the list of shareholders entitled to vote at the Meeting, in which case the transferee is entitled to vote such Common Shares at the Meeting.

A quorum for the transaction of business at the Meeting is the presence of two shareholders of the Corporation holding Common Shares, present in person.

As at the date hereof the following table sets forth the only person who, to the knowledge of the directors and senior officers of the Corporation, beneficially owns or exercises control or direction over securities of the Corporation carrying more than 10% of the voting rights attached to any class of outstanding voting securities of the Corporation entitled to be voted at the Meeting.

<b>Name</b>	<b>Number of Common Shares</b>	<b>Percentage of Common Shares</b>
Trilon Bancorp Inc.	1,652,905	48.0%

As a result of the completion of the Brascan Transaction, TBI, acquired 41,322,628 Common Shares (which was reduced to 1,652,905 Common Shares following the Corporation's one-for-25 Common Share consolidation approved by the Shareholders and completed on September 5, 2003 by the filing of articles of amendment by the Corporation on such date), 1,280,000 Series A Preferred Shares and 20,000,000 Series B Preferred Shares. See "Information Concerning the Corporation – Description of Share Capital". Upon consummation of the ICON Transaction, TBI (including its affiliate Brascan Financial), acquired an additional 3,500,000 Series D Preferred Shares (convertible into up to 3,500,000 Non-Voting Common Shares on the basis of one Non-Voting Common Share for each Series D Preferred Share), and is eligible to acquire up to 18,500,000 Series C Preferred Shares, based on the aggregate revenue earned pursuant to the Asset Recovery License and the TBI License, and up to an additional 2,000,000 Series B Preferred Shares upon conversion of the Debenture on the basis of one Series B Preferred Share for each \$1.00 principal of Debenture.

No person is authorized to give any information or to make any representation with respect to matters set forth in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized. This Circular does not constitute the solicitation of a proxy, by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such proxy solicitation.

## **SUMMARY**

*The following is a summary of certain information contained in this Circular. This summary is not intended to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Circular. Shareholders are urged to read this Circular and the schedules hereto carefully and in their entirety. Capitalized terms used in this summary are defined in the Glossary of Terms.*

### **Business of the Meeting**

At the Meeting, Shareholders will be asked to consider, and, if thought fit, pass resolutions regarding certain matters of business, including:

- (a) to receive the annual report of the Corporation and the consolidated financial statements of the Corporation for the fiscal year ending February 29, 2004 together with the auditors' report thereon;
- (b) to appoint auditors of the Corporation and to authorize the trustees to fix the remuneration of the auditors;
- (c) to elect directors of the Corporation; and
- (d) to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

## INFORMATION CONCERNING THE CORPORATION

### General

#### *Corporate History*

Homeserve Technologies Inc. was incorporated under the *Business Corporations Act* (Ontario) by Articles of Incorporation dated February 27, 1987. The Corporation owns all of the issued and outstanding shares of Home-Link, Microforum Communications Inc. ("Microforum Communications") and Microforum Financial Services Inc. ("Microforum Financial Services"), each of which is incorporated pursuant to the OBCA. The Corporation intends to dissolve Microforum Communications and Microforum Financial Services as they are inactive.

The Corporation's registered and principal office of business is 39 Wynford Drive, Don Mills, Ontario, M3C 3K5. The Corporation's Internet site is [www.homeserve.ca](http://www.homeserve.ca). The contents of the Corporation's web site are not incorporated by reference into this Circular.

The section entitled "General Development of the Business", contained in the Corporation's Annual Information Form dated June 15, 2004 is hereby incorporated by reference. The Corporation's Annual Information Form dated June 15, 2004 has been filed on SEDAR at [www.sedar.com](http://www.sedar.com) and upon request, the Corporation will provide a Shareholder with a copy of such document free of charge.

#### **Description of Share Capital**

The section entitled "Description of Capital Structure", contained in the Corporation's Annual Information Form dated June 15, 2004 is hereby incorporated by reference. The Corporation's Annual Information Form dated June 15, 2004 has been filed on SEDAR at [www.sedar.com](http://www.sedar.com) and upon request, the Corporation will provide a Shareholder with a copy of such document free of charge.

#### **Directors and Officers of the Corporation**

The following table and notes thereto state the names and municipalities of residence of all the directors and officers of the Corporation, their respective principal occupations, business or employment within the five preceding years, their beneficial ownership of Common Shares and, with respect to the directors, the year in which they became directors of the Corporation.

<u>Name and municipality of residence</u>	<u>Position and/or office with Homeserve</u>	<u>Present principal occupation if different from office held</u>	<u>Period during which served as a director</u>	<u>Homeserve Shares beneficially owned or controlled as at June 15, 2004<sup>(4)</sup></u>
Simon P. Dean <sup>(5)</sup> .....	Chief Executive Officer, President and Director	Chief Executive Officer, Royal LePage Real Estate  Managing Partner, Contract Residential Property Services	Since September 13, 2002	Nil
Joseph S. Freedman <sup>(6)</sup> .....	Chairman of the Board and Director	Vice President, Brascan Financial Corporation	Since September 13, 2002	Nil
Jason D. Meretsky <sup>(7)</sup> .....	Director	Vice-President and General Counsel, Enghouse Systems Limited	Since September 13, 2002	5,200

<u>Name and municipality of residence</u>	<u>Position and/or office with Homeserve</u>	<u>Present principal occupation if different from office held</u>	<u>Period during which served as a director</u>	<u>Homeserve Shares beneficially owned or controlled as at June 15, 2004<sup>(4)</sup></u>
Donald W. Paterson <sup>(1)(2)(3)(8)</sup> .....	Director	President, Cavandale Corporation	Since 1996	4,470
Craig Wallace <sup>(1)(2)(3)(9)</sup> .....	Director	President and Chief Executive Officer, AOL Canada Inc.	Since September 13, 2002	Nil
Kevin Cash <sup>(10)</sup> .....	Chief Financial Officer	Chief Financial Officer, Royal LePage Real Estate Services  Chief Financial Officer, Centract Residential Property Services	-	Nil
Max M. Cohen <sup>(11)</sup> .....	General Counsel and Secretary	Solicitor, Cohen, Barrister & Solicitor	-	Nil
Jim Dunbar <sup>(12)</sup> Toronto, Canada	Vice-President, Sales and Marketing		-	Nil
Mark McGrath <sup>(13)</sup> Toronto, Ontario	Vice-President, Information Technology		-	Nil
Lawrence E. Davis <sup>(14)</sup> Toronto, Canada	Director Nominee	Chief Financial Officer, Dynamic Nutritional Ltd.	Nominee	Nil

Notes:

- (1) Member of the Audit Committee
- (2) Member of the Compensation Committee
- (3) Member of the Special Committee established on April 21, 2003 to consider the Transaction.
- (4) As of June 15, 2004, the current directors and senior officers of the Corporation and its subsidiaries as a group owned beneficially, directly and indirectly, 9,670 Common Shares representing 0.28% of the issued and outstanding Common Shares and no Series A Preferred Shares or Series B Preferred Shares. Brascan Financial holds 1,652,905 Common Shares, 1,280,000 Series A Preferred Shares, 20,000,000 Series B Preferred Shares and 3,500,000 Series D Preferred Shares, representing 48.0% of the issued and outstanding Common Shares and 100% of each of the Series A Preferred Shares, Series B Preferred Shares and Series D Preferred Shares. In addition Brascan Financial may be entitled to receive up to 18,500,000 Series C Preferred Shares upon full realization of the Earn-Out, representing 100% of the Series C Preferred Shares.
- (5) **Simon P. Dean – Director and President and Chief Executive Officer.** Mr. Dean was appointed to the Board of Directors and as President and Chief Executive Officer of the Corporation on September 13, 2002. Mr. Dean is currently Chief Executive Officer of Royal LePage Real Estate Services and Managing Partner of Centract Residential Property Services (formerly Brascan Business Services). Mr. Dean joined Royal LePage as President, Royal LePage Real Estate Services Ltd. in January 1995. Prior to joining Royal LePage, Mr. Dean was President and Chief Executive Officer of three retail organizations owned by Rogers Communications Inc. and Executive Vice President of Cantel, Canada's national cellular service provider. Prior to joining Rogers in 1988, Mr. Dean had been President of Mattel Canada Inc. Mr. Dean holds a B.A. in Economics (York University, Toronto) and an M.B.A. (University of Western Ontario, London).
- (6) **Joseph S. Freedman – Chairman of the Board of Directors.** Mr. Freedman was appointed to the Board of Directors on September 13, 2002. Mr. Freedman is currently General Counsel and Vice President, Brascan Financial Corporation having held this position since May 2002. Previously Mr. Freedman was the Vice President, Corporate Development and General Counsel of Clearpulse Inc., a developer of non-invasive health monitoring technology and e-health solutions (2000 – 2001). Prior to joining Clearpulse, Mr.

Freedman practiced corporate and securities law with Goodman and Carr LLP (1997-2000) specializing in venture capital and other private equity transactions as well as public company mergers and acquisitions. Mr. Freedman completed the Joint M.B.A./LL.B. Program from the Schulich School of Business at York University and from Osgoode Hall Law School as well as an honours economics degree from the University of Alberta. Mr. Freedman was called to the bar in 1996 and is a member of the Law Society of Upper Canada.

- (7) **Jason D. Meretsky – Director and Secretary.** Mr. Meretsky was appointed to the Board of Directors on September 13, 2002. Since May, 2004 Mr. Meretsky is Vice-President and General Counsel, Enghouse Systems Limited. From January, 2003 to April, 2004, Mr. Meretsky practiced corporate and securities law with Goodman and Carr LLP. Mr. Meretsky joined the Corporation in February 1999 as Senior Manager, Business and Legal Affairs and became Vice-President, General Counsel and Secretary on January 31, 2000. Mr. Meretsky resigned as General Counsel on January 6, 2003 and as Secretary on April 30, 2004. Mr. Meretsky completed the Joint M.B.A./LL.B. Program from the Schulich School of Business at York University and from Osgoode Hall Law School. Mr. Meretsky was called to the bar in 1996 and is a member of the Law Society of Upper Canada.
- (8) **Donald W. Paterson – Director.** Mr. Paterson was first elected to the Board of Directors in 1996. Since 1989, Mr. Paterson has been the President and founder of Cavandale Corporation, a strategic corporate consulting firm that specializes in providing corporate consulting services to emerging growth companies largely in the technology sector. Prior thereto, Mr. Paterson was a director and Vice-President at Wood Gundy Inc., a major Canadian investment dealer where he was principally involved in the identification and financing of emerging growth companies.
- (9) **Craig Wallace – Director.** Mr. Wallace was appointed to the Board of Directors on September 13, 2002. Mr. Wallace is President and Chief Executive Officer of AOL Canada Inc. (2003 – present) as well as a Co-founder and General Partner of IceAngels LLP, an early stage venture capital firm (1999 – present). In his capacity at IceAngels, he also served as Chief Executive Officer of Clearpulse Inc., a developer of non-invasive health monitoring technology and e-health solutions (2000 - 2001). Prior to founding IceAngels, Mr. Wallace was President of PCDOCS/Fulcrum Inc., a worldwide leader in Internet-based knowledge management, document management and information retrieval (1998 - 1999). Previously, Mr. Wallace was employed at iSTAR Internet Inc. as President and Chief Executive Officer (1997 - 1998) and Executive Vice-President, Corporate Development (1996). Mr. Wallace held several senior management positions at Microsoft Canada including National Sales Manager, Director of Marketing and Director of the Enterprise Customer Unit (1989 – 1996). Mr. Wallace is a Chartered Accountant and holds a Bachelor of Commerce degree from the University of Toronto. Mr. Wallace is a member of the Canadian Institute of Chartered Accountants and Institution of Chartered Accountants of Ontario.
- (10) **Kevin Cash – Chief Financial Officer.** Mr. Cash was appointed as Chief Financial Officer of the Corporation on January 6, 2003. Mr. Cash also holds the position of Senior Vice President and Chief Financial Officer of Royal LePage Real Estate Services and Chief Financial Officer of Contract Residential Property Services (formerly Brascan Business Services) involving a number of business lines encompassing business-to-business activities centered around mortgage lending and moving services, and the business-to-consumer residential real estate franchise and brokerage activities of Royal LePage (1999 - present). Prior to joining Brascan Business Services, Mr. Cash was Director of Finance at Canbras Communications Corp., a publicly held subsidiary of Bell Canada International providing cable and telephone systems in Brazil (1997 - 1999), Regional Controller Eastern Canada – Shaw Communications (1995 - 1996), and Director of Finance at CUC Communications, a company providing cable and network services in Ontario and cable and telephony systems in England (1987 - 1995).
- (11) **Max M. Cohen – General Counsel and Assistant Secretary.** Mr. Cohen was appointed as General Counsel of the Corporation on September 5, 2003 and Secretary on June 9, 2004. Mr. Cohen is currently a solicitor practicing corporate/commercial and securities law with Cohen, Barrister & Solicitor. From January 2003 to April 2004, Mr. Cohen was Vice President, General Counsel, Contract Residential Property Services (formerly Brascan Business Services). Previously Mr. Cohen was the Associate General Counsel of U.S. Loyalty Inc. and its sister company, Loyalty Management Group (Airmiles), a provider of consumer loyalty programs (2001 – 2002). Prior to joining U.S. Loyalty, Mr. Cohen was Vice-President, Legal Affairs and held other senior operating positions at Chapters Inc., Canada's largest book retailer (1997-2001). Prior to joining Chapters, Mr. Cohen practiced corporate and securities law with Fogler Rubinoff LLP (1993-1996) specializing in private equity transactions as well as mergers and acquisitions. Mr. Cohen completed the Joint M.B.A./LL.B. Program from the Schulich School of Business at York University and from Osgoode Hall Law School as well as an administrative studies degree from the University of Western Ontario. Mr. Cohen was called to the bar in 1994 and is a member of the Law Society of Upper Canada.
- (12) **Jim Dunbar – Vice-President, Sales and Marketing.** Mr. Dunbar became Vice-President, Sales and Marketing on September 5, 2003. From 2001 to 2003, Mr. Dunbar was Vice President, Financial Services and Vice President, Marketing and Business Development for Brascan Business Services, an affiliated group of companies. Prior to joining Brascan Business Services, Mr. Dunbar held several positions with Avco Financial and Scotia bank with a focus on real estate, retail banking, portfolio management and project management. Prior to joining Brascan, Jim held leadership positions with Avco Financial Services and Scotiabank. Among his field experience Jim also holds an M.B.A., B.Comm in Marketing and B.A. in Economics.
- (13) **Mark McGrath – Vice-President, Technology.** Mr. McGrath became Vice-President, Technology on September 5, 2003. From 2000, until September, 2003 he was the Chief Information Officer of Home-Link. From 1999 – 2000, Mr. McGrath was Manager IT Services, Operations, Royal LePage Real Estate Services Ltd. From 1995 – 1999 he was Manager, Technical and Customer Services for Molson Breweries of Canada Ltd. where he established new western IT services for Molson Breweries in western Canada.
- (14) **Lawrence Davis – Director Nominee.** Since, 2204, Mr. Davis has been the Chief Financial Officer of Dynamic Nutritional Ltd., a merchant banking company in the private label nutritional foods market. From 1999 to 2003 Mr. Davis was Chairman, Chief

Executive Officer and chief Financial Officer of GDI Global Data Inc., a leading wireless data firm. From 1997 to the present, Mr. Davis has also acted as President and founder of Saturn Capital Corporation, a consulting and investment venture that focuses on distressed and underperforming assets. Mr. Davis is also a chartered accountant.

### ***Compensation of Directors***

Each of the non-management directors, Craig Wallace and Donald W. Paterson, received a pro rated annual retainer of \$10,000 for services rendered to the Board. Each non-management director also received a fee of \$500 for each meeting of the Board or subcommittee attended, in person or by telephone conference. Mr. Wallace and Mr. Paterson each received a payment of \$10,000 in connection with their work on the Special Committee for the Initial Proposed Transaction and for the ICON Transaction.

Management directors did not receive any compensation for services rendered to the Board in addition to that payable to them as Executive Officers. See "Statement of Executive Compensation – Summary Compensation Table" and "Information Concerning the Corporation – Interest of Insiders in Material Transactions".

### ***Indebtedness of Directors and Officers***

As of the date hereof, no individual who is, or at any time during the most recently completed financial year of the Corporation ended February 29, 2004, was, a director or senior officer of the Corporation, no individual proposed as a nominee for election as a director of the Corporation and no associates or any such director, officer or proposed nominee, has been indebted to the Corporation or any of its subsidiaries, nor has any such individual's indebtedness to another entity at any time since the beginning of the most recently completed financial year been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation (or any of its subsidiaries) in connection with the purchase of securities of the Corporation.

### ***Directors' and Officers' Liability Insurance and Indemnification***

The Corporation has acquired a directors' and officers' liability insurance policy in the amount of \$2 million per occurrence and \$2,000,000 in the aggregate (the "Policy"), each of which contains industry standard exclusions and deductibles. The Policy is designed to protect the Corporation and its directors against any legal action which may arise due to alleged wrongful acts on the part of directors and officers of the Corporation. The Corporation pays an aggregate annual premium of \$44,226 for the Policy, no part of which is payable by the directors or officers of the Corporation. No claims under the Policy have been made to date. On April 15, 2002 the Corporation obtained a Directors' and Officers' Run-Off Endorsement for a two year term from August 31, 2002 to August 31, 2004 in the amount of \$5 million per occurrence, subject to industry standard exclusions and deductibles for the period, at a cost of \$53,730. The Corporation does not have any "key person" insurance.

In contemplation of closing the Brascan Transaction, each of the existing directors and officers of the Corporation entered into an indemnity agreement with the Corporation dated September 10, 2002 in connection with any prior actions as a director and/or officer of the Corporation or any of its subsidiaries, consistent with the provisions of the OBCA.

### ***Stock Option Plan***

Pursuant to a resolution of the Board of Directors of the Corporation dated April 1, 1996, the Corporation established the Stock Option Plan, as amended by resolution of the Board of Directors dated June 25, 1997 and ratified by the shareholders on August 25, 1997, and further amended by resolution of the shareholders on each of March 24, 1998, August 16, 1999, June 28, 2000 and August 2, 2001 to provide incentive compensation to the Corporation's directors, officers, employees, and consultants. After giving effect to the exercise of outstanding options to purchase up to 47,028 Common Shares (1,175,708 prior to giving effect to the consolidation of the Corporation's Common Shares on a one-for-25 basis on September 5, 2003), the balance of Common Shares reserved for issuance pursuant to the Stock Option Plan as of February 29, 2004 is 264,144 Common Shares of which 264,144 Common Shares are available for issuance as of June 15, 2004. Under the Stock Option Plan, the

exercise price of any option cannot be less than the closing price of the Common Shares on the TSX on the trading day immediately preceding the date upon which the option is granted. Options granted under the Stock Option Plan may be exercised during a period not exceeding ten years subject to earlier termination upon the cessation of the optionee's employment, for any reason including termination, with or without cause, retirement, disability or death. Additionally, the Stock Option Plan provides that if the Corporation accepts an offer to amalgamate, merge or consolidate with any other company (other than a wholly-owned subsidiary of the Corporation) or in the event that holders of greater than 50% of the Common Shares accept an offer made to all or substantially all of the holders of Common Shares to purchase in excess of 50.1% of the then current number of issued and outstanding Common Shares, the vesting of all options shall automatically accelerate, without further action on the part of the Corporation or the holder, and become vested in full. The options are non-transferable and typically vest in equal amounts over a three year period. The Board of Directors may, from time to time, amend or revise the terms of the Stock Option Plan or may terminate the Stock Option Plan at any time. The Stock Option Plan provides that, at the discretion of the Board of Directors at the time of grant, upon termination without cause, resignation or retirement of the optionee, the optionee shall have a period of one year within which to exercise any options that have vested in the optionee as of the date of such termination without cause, resignation or retirement and to enter into a written agreement to such effect.

As a result of the Corporation's restructuring efforts and proceedings under the CCAA in fiscal 2003, all stock options issued pursuant to the Stock Option Plan have terminated or otherwise expired. The Corporation did not issue any stock options pursuant to the Stock Option Plan in fiscal 2004.

### **Material Contracts**

The section entitled "Item 12 – Material Contracts" contained in the Corporation's 2004 Annual Information Form, is hereby incorporated by reference. A copy of this document is available on the Corporation's web site and may also be obtained from the Corporation upon written request to the Secretary of the Corporation and has been filed and is available on SEDAR ([www.sedar.com](http://www.sedar.com)).

### **Interest of Insiders in Material Transactions**

The section entitled "Item 10 – Interest of Management and Others in Material Transactions" contained in the Corporation's 2004 Annual Information Form, is hereby incorporated by reference. A copy of this document is available on Company's web site and may also be obtained from the Corporation upon written request to the Secretary of the Corporation and has been filed and is available on SEDAR ([www.sedar.com](http://www.sedar.com)).

### **Statement of Executive Compensation**

#### ***Summary Compensation Table***

The following table sets out details of the compensation paid or payable by the Corporation by way of salary and bonus for services rendered during the Corporation's fiscal years ended February 29, 2004, February 28, 2003 and February 28, 2002 to the Corporation's Chief Executive Officer and each of the Corporation's other executive officers (as defined under applicable law) who served as executive officers as at February 29, 2004 and/or during the fiscal year ended February 29, 2004 and whose aggregate salary and bonus exceeded \$150,000 (collectively, the "**Executive Officers**"). Specific aspects of the compensation of the Executive Officers are dealt with in further detail in subsequent tables. All compensation figures are reported in Canadian dollars unless otherwise indicated:

Summary Compensation Table						
Name and Principal Position	Year ended Feb 28 or Feb 29	Salary (\$)	Bonus (\$)	Other Annual Compensation (\$) <sup>(2)</sup>	Long-Term Compensation Securities Under Options Granted (#)	All Other Compensation (3)
Simon P. Dean <sup>(1)(4)</sup> President and Chief Executive Officer	2004	Nil	Nil	Nil	Nil	Nil
	2003	Nil	Nil	Nil	Nil	Nil
Kevin Cash <sup>(1)(5)</sup> Chief Financial Officer	2004	Nil	Nil	Nil	Nil	Nil
	2003	Nil	Nil	Nil	Nil	Nil
Jason D. Meretsky <sup>(1)(6)</sup> General Counsel and Secretary	2004	Nil	Nil	Nil	Nil	Nil
	2003	\$249,856	\$47,660	\$6,905	Nil	\$390,723
	2002	\$166,538	\$75,000	\$9,230	40,000	Nil
Allyson Kinsley <sup>(1)(7)</sup> President, Home-Link	2004	\$116,666	\$19,500	\$7,500	Nil	\$189,996
	2003	\$80,208	\$39,375	\$4,125	Nil	Nil
Mark McGrath <sup>(1)(8)</sup> Vice-President, Technology	2004	\$120,417	\$19,500	Nil	Nil	Nil
	2003	\$55,000	\$18,687	Nil	Nil	Nil

Notes:

- (1) See "Statement of Executive Compensation - Employment and Severance Arrangements with Executive Officers".
- (2) These figures represent a car allowance and, in certain cases, ancillary expenses, payable by the Corporation.
- (3) These figures represent severance payments and other compensation expenses paid by the Corporation.
- (4) Mr. Dean commenced employment with the Corporation on September 13, 2002.
- (5) Mr. Cash commenced employment with the Corporation on January 6, 2003.
- (6) Mr. Meretsky resigned as General Counsel of the Corporation on January 6, 2003 and as Secretary of the Corporation on April 30, 2004, but remains a director of the Corporation. Accordingly, his compensation for the Corporation's fiscal year ended February 28, 2003 is for the period commencing March 1, 2002 until January 6, 2003. See "Statement of Executive Compensation – Employment and Severance Arrangements with Executive Officers". During the fiscal year ended February 28, 2004, the Corporation paid \$109,000 for professional services to Goodman & Carr LLP, Mr. Meretsky's employer.
- (7) Ms. Kinsley resigned as President of Home-Link at December 31, 2003. Accordingly, her compensation for the Corporation's fiscal year ended February 29, 2004 is for the period commencing March 1, 2003 until December 31, 2003. Homeserve acquired Home-Link in September, 2002, accordingly, Ms. Kinsley's compensation for the Corporation's fiscal year ended February 28, 2003 is for the period commencing September 15, 2002 until February 28, 2003. See "Statement of Executive Compensation – Employment and Severance Arrangements with Executive Officers". Prior to September, 2003, Home-Link was not a subsidiary of the Corporation.
- (8) Mr. McGrath commenced employment with the Corporation on September 5, 2003. Prior thereto, he was Director of Technology with Home-Link. Homeserve acquired Home-Link in September, 2003, accordingly, Mr. McGrath's compensation for the Corporation's fiscal year ended February 28, 2003 is for the period commencing September 15, 2002 until February 28, 2003.

## **Employment and Severance Arrangements with Executive Officers**

Simon P. Dean was appointed President and Chief Executive Officer of the Corporation on September 13, 2002 and a director of the Corporation. Mr. Dean does not have a written employment contract with the Corporation and has not received any compensation for his services to the Corporation to the date hereof.

Kevin Cash was appointed Chief Financial Officer of the Corporation on January 6, 2003. Mr. Cash does not have a written employment contract with the Corporation and has not received any compensation for his services to the Corporation to the date hereof.

Jason D. Meretsky resigned as General Counsel of the Corporation on January 6, 2003, and as Secretary of the Corporation on April 30, 2004 but continues to be a director of the Corporation. Pursuant to the terms of his employment agreement dated October 23, 2001 (which replaced his prior employment agreements dated December 18, 1998 and January 31, 2000), as amended by agreement dated September 13, 2002, Mr. Meretsky received a cash payment from the Corporation of \$390,723 on January 6, 2003, the sum in aggregate representing 18 months of base salary, car allowance, and benefits equivalent in an amount equal to 10% of base salary, plus an amount equal to one and one-half times the average past two year's bonus payment. All stock options held by Mr. Meretsky have been terminated.

Ms. Kinsley was President, Home-Link until December 31, 2003. Ms. Kinsley will receive cash payments totalling \$184,996 plus additional services having a value of \$5,000.

Mr. McGrath was appointed Vice-President, Technology on September 5, 2003. Mr. McGrath's offer of employment provides a two year non-competition covenant and a one year non-solicitation covenant in respect of employees of the Corporation in the event of the termination of his employment for any reason..

Mr. Dunbar was appointed Vice-President, Sales and Marketing on September 5, 2003. Mr. Dunbar's offer of employment provides a two year non-competition covenant and a one year non-solicitation covenant in respect of employees of the Corporation in the event of the termination of his employment for any reason.

## **Stock Options – Executive Officers**

No stock options were granted to the Executive Officers during the Corporation's fiscal year ended February 29, 2004 under the Stock Option Plan. Additionally, no Common Shares were acquired during the Corporation's fiscal year ended February 29, 2004 pursuant to the exercise of options held by Executive Officers under the Stock Option Plan.

## **Auditors, and Transfer Agent and Registrar**

The auditors of the Corporation are Ernst & Young LLP, Chartered Accountants, Ernst & Young Tower, Toronto-Dominion Centre, P.O. Box 251, Toronto, Ontario, Canada, M5K 1J7.

The transfer agent and registrar for the Common Shares of the Corporation is Computershare Trust Company of Canada, 100 University Avenue, 11<sup>th</sup> Floor, Toronto, Ontario, Canada M5J 2Y1.

## **ANNUAL BUSINESS**

### **Receipt of Financial Statements**

The audited financial statements of the Corporation for the fiscal year ended February 29, 2004 and the report of the auditors thereon will be presented at the Meeting.

## Election of Directors

It is proposed that the persons referred to in the table below be elected Directors at the Meeting.

Name of Candidate	Director Since
Lawrence E. Davis	Proposed Nominee
Simon P. Dean	September 2002
Joseph S. Freedman	September 2002
Jason D. Meretsky	September 2002
Donald W. Paterson	September 1996

The articles of the Corporation provide for a minimum of one and a maximum of 10 directors and afford the Board of Directors the power to set the number of directors from time to time. The provisions of the OBCA require that a corporation which offers its securities to the public have a minimum of three directors. **The Board of Directors has been set at five persons and five directors will be elected at the Meeting. Unless authority to do so is withheld, the persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below.** Management does not contemplate that any of the nominees will be unable to serve as a director but if that should occur for any reason prior to the Meeting or any adjournment thereof, it is intended that discretionary authority shall be exercised by the persons named in the enclosed form of proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve. Each director elected will hold office until the close of business of the first annual meeting of shareholders of the Corporation following his election unless his office is earlier vacated in accordance with the Corporation's by-laws and the OBCA.

The statement as to the Common Shares of the Corporation beneficially owned or over which control or direction is exercised by the nominees for election as directors hereinafter named is in each instance based upon information furnished by the nominee.

For a description of the principal occupations of each of Messrs. Davis, Dean, Freedman, Meretsky, and Paterson over the past five years, see "Information Concerning The Corporation - Directors and Officers of the Corporation".

## Re-Appointment of Auditors

It is proposed that Ernst & Young LLP, Chartered Accountants, be re-appointed as auditors of the Corporation at the Meeting.

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Ernst & Young LLP, Chartered Accountants, as the auditors of the Corporation to hold office until the next annual meeting of shareholders, at a remuneration to be fixed by the directors.

## OTHER BUSINESS

### Other Matters

The information contained herein is given as of June 15, 2004. Management of the Corporation is not aware of any other matters that are to be presented at the Meeting other than matters referred to in the Notice of Meeting. If any matters other than those referred to in this Circular should be presented at the Meeting, however,

the persons named in the enclosed proxies are authorized to vote the shares represented by the proxies in accordance with their best judgment.

### **LEGAL MATTERS**

Cohen, Barrister & Solicitor, counsel to the Corporation, has advised the Corporation with respect to certain legal matters disclosed in this Circular.

As at the date of this Circular, Max M. Cohen does not own any shares in the capital of the Corporation.

### **ADDITIONAL INFORMATION**

Additional information, is contained in the Corporation's Annual Information Form and in the comparative financial statements for the fiscal year ended February 29, 2004, which are contained in the Corporation's 2004 Annual Report, which information is incorporated herein by reference. Additional information about the Corporation has been filed on SEDAR at [www.sedar.com](http://www.sedar.com).

### **DIRECTORS' APPROVAL**

Each of the contents of this Circular and the delivery thereof to the shareholders of the Corporation has been approved by the Board of Directors. Information contained in this Circular is given as of June 15, 2004, unless otherwise stated.

**BY ORDER OF THE BOARD OF DIRECTORS  
OF HOMESERVE TECHNOLOGIES INC.**

(signed) Joseph S. Freedman  
Chairman of the Board

Toronto, Ontario  
June 15, 2004