

THE SECURITIES ACT ) ORDER NO. 4161  
)  
SECTION 20 ) JUNE 4, 2003

**BPO PROPERTIES LTD. AND  
BROOKFIELD PROPERTIES CORPORATION**

WHEREAS:

(A) BPO Properties Ltd. ("BPO") and Brookfield Properties Corporation ("Brookfield") have applied to The Manitoba Securities Commission (the "Commission") for an order pursuant to section 20(1) of *The Securities Act*, R.S.M. 1988, c.S50 (the "Act") that certain trades in connection with a proposed going private transaction between BPO and a subsidiary of Brookfield be exempt from Sections 6 and 37 of the Act;

(B) BPO and Brookfield have been represented to the Commission that:

1. BPO is a publicly traded company whose primary business is commercial real estate investment in Canada and which was incorporated under the laws of Canada in 1978 by Articles of Amalgamation. The articles of BPO were restated on February 23, 1996 and were subsequently amended to change its authorized capital, its objectives, its name and the number of its directors. BPO's head office is located in Toronto, Ontario.
2. BPO is a reporting issuer (or the equivalent thereof) in each of the provinces of Canada (the securities legislation of which embodies the concept of "reporting issuer", or the equivalent thereof) and its common shares are listed for trading on the Toronto Stock Exchange (the "TSX") under the symbol "BPP".
3. As the date hereof, BPO has outstanding common shares (the "Shares"), non voting equity shares (the "NVE Shares") and series G, series J, series K, series M and series N fully paid and non-assessable preferred shares (together with the series G, J, K and M, the "Preferred Shares").
4. Brookfield owns, develops and manages North American office properties. Brookfield was formed under the *Canada Business Corporations Act* (the "CBCA") on September 5, 1978 to continue the company which was incorporated in 1923. The articles of Brookfield have been amended from time to time to change its capital structure and name, and on May 7, 1996, the articles of Brookfield were amended to change the name of Brookfield to Brookfield Properties Corporation. Brookfield operates head offices in both New York and Toronto.
5. Brookfield is a reporting issuer (or the equivalent thereof) in each of the provinces of Canada (the securities legislation of which embodies the concept of "reporting issuer", or the equivalent thereof) and its common shares (the "Brookfield Common Shares") are listed for trading on the TSX and on the New York Stock Exchange (the "NSE") under the symbol "BPO".

6. Brookfield currently owns, beneficially, through a wholly-owned subsidiary, approximately 54.9% of the Shares outstanding and 100% of the NVE Shares outstanding, representing approximately 89% of BPO's common equity.

7. 4162862 Canada Limited ("Parentco"), a wholly-owned subsidiary of Brookfield, and 4162897 Canada Limited ("Subco"), a wholly-owned subsidiary of Parentco, were incorporated solely for the purpose of implementing the Proposed Transaction, as described below.

8. On April 25, 2003, a wholly-owned subsidiary of Brookfield acquired 574,900 Shares in a private transaction at a cost of \$27 per Share. On April 28, 2003, Brookfield announced its intention to take BPO private, offering BPO's holders of Shares (the "Shareholders") the opportunity to elect either the Cash Option, the Share Option, the Combined Option or the \$13/0.5 Brookfield Share Option, as defined below (the "Proposed Transaction").

9. The Proposed Transaction will consist of a going private transaction of BPO by way of an amalgamation between Subco and BPO (the "Amalgamation") to form an amalgamated corporation ("Amalco").

10. The annual and special meeting of Shareholders (the "Shareholder Meeting") for the purpose of approving the Proposed Transaction is expected to be held on June 18, 2003.

11. Prior to the effective date of the Amalgamation (the "Effective Date"), Brookfield will transfer all the Shares and NVE Shares that it directly and indirectly owns to Subco, in exchange for common shares of Subco ("Subco Common Shares") and/or Class A preferred shares of Subco ("Subco Class A Preferred Shares"), so that following the transfer, Subco will hold approximately 54.9% of the Shares and 100% of the NVE Shares, being all of Brookfield's interest in BPO.

12. As a result of the Amalgamation, the property of both BPO and Subco will become the property of Amalco and Amalco will continue to be liable for the obligations of both BPO and Subco. Amalco will continue to carry on the operations of BPO and will have the same assets and liabilities.

13. The Amalgamation, which is being carried out pursuant to sections 182 and 183 of the CBCA, will be effected in accordance with an amalgamation agreement (the "Amalgamation Agreement") which has been entered into among BPO, Parentco and Subco substantially in the form attached as Appendix 2 to the draft proxy circular (the "Circular") (a copy of which is on file in the office of the undersigned) prepared for the Shareholder Meeting.

14. Pursuant to the Amalgamation Agreement, on the Effective Date:

(a) each issued and outstanding Share and NVE Share will be exchanged, at the option of the holder, for:

(i) the Cash Option: 27.83 Class A redeemable preferred shares of Parentco ("Parentco Class A Redeemable Preferred Shares") (each

of which will be redeemed following the Amalgamation for \$1 in cash); or

(ii) the Share Option: 0.9386 Class B exchangeable preferred shares of Parentco ("Parentco Class B Exchangeable Preferred Shares") to Canadian holders (each of which will be exchanged for one Brookfield Common Share to be issued directly by Brookfield), and 0.9386 Class D redeemable preferred shares of Parentco ("Parentco Class D Redeemable Preferred Shares") to non-Canadian holders, (each of which will be redeemed for one Brookfield Common Share); or

(iii) the Combined Option: a combination of cash (to be paid on the redemption of Parentco Class A Redeemable Preferred Shares) and a fraction of a Brookfield Common Share (to be issued by Brookfield on the exchange of Parentco Class B Exchangeable Preferred Shares to Canadian Residents or to be transferred on the redemption of Parentco Class D Redeemable Preferred Shares issued to non-Canadian residents), such that the total of:

(A) the product of the fraction of a Brookfield Common Share received (to be issued on the exchange of Parentco Class B Exchangeable Preferred Shares or to be transferred on the redemption of Parentco Class D Redeemable Preferred Shares) and \$29.65; and

(B) the amount of cash received (to be paid on the redemption of Parentco Class A Redeemable Preferred Shares),

does not exceed \$27.83; or

(ii) the \$13/0.5 Brookfield Share Option: 0.5 Parentco Class B Exchangeable Preferred Shares to Canadian holders (each of which will be exchanged for one Brookfield Common Share to be issued directly by Brookfield) or 0.5 Parentco Class D Redeemable Preferred Shares to non-Canadian holders (each of which will be redeemed for one Brookfield Common Share) and 13 Parentco Class A Redeemable Preferred Shares (each of which will be redeemed following the Amalgamation for \$1 in cash);

(b) each issued and outstanding Share, NVE Share and Preferred Share held by Subco will be cancelled;

(c) each issued and outstanding Preferred Share will be exchanged for one Preferred Share of Parentco;

(d) each issued and outstanding Subco Common Share will be exchanged for one Amalco Common Share; and

(e) each issued and outstanding Subco Class A Preferred Share will be exchanged for one Amalco Class A Preferred Share.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to issue the order requested.

IT IS ORDERED

**1. THAT** pursuant to subsection 20(1) of the Act, trades in connection with the Proposed Transaction are exempt from sections 6 and 37 of the Act.

**2. THAT** the fee for this Order shall be \$1,000.00.

BY ORDER OF THE COMMISSION

Deputy Director - Legal