

BPO Properties

MANAGEMENT PROXY CIRCULAR

**PROPOSED TRANSACTION
INVOLVING THE REORGANIZATION OF
DIRECTLY OWNED OFFICE ASSETS OF BPO PROPERTIES LTD.
UNDER A REAL ESTATE INVESTMENT TRUST NAMED
“BROOKFIELD OFFICE PROPERTIES CANADA”**

March 22, 2010

These materials are important and require your immediate attention. They require shareholders of BPO Properties Ltd. to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal or other professional advisors.

If you have any questions or require more information with regard to voting your shares, please contact:

Laurel Hill Advisory Group
North American Toll-Free: 1-866-836-9722
Banks and Brokers or Collect Calls: 1-416-304-0211

BPO Properties

March 22, 2010

Dear shareholders:

The board of directors of BPO Properties Ltd. (“**BPP**”) cordially invites you to attend a special meeting of shareholders of BPP to be held on Tuesday, April 27, 2010 at 11:00 a.m. (EDT), at the Hockey Hall of Fame, Brookfield Place, 30 Yonge Street, Toronto, Ontario. At the meeting, you will be asked to approve a transaction that involves the reorganization of BPP’s directly owned office assets under a new Canadian real estate investment trust named “Brookfield Office Properties Canada” (“**BCR**”).

The board of directors of BPP believes that reorganizing the real property assets of BPP into a real estate investment trust will enhance shareholder value by broadening the investor base to retail and institutional investors and making the entity more suitable for income investors. In addition, the board of directors believes that this reorganization will create an opportunity for BPP’s assets to be more fairly valued in the public markets.

As part of the transaction, BCR will acquire from Brookfield Properties Corporation (“**BPO**”) its interest in Brookfield Place, widely regarded as the top commercial complex in Canada, for a purchase price of approximately \$866 million. BCR’s acquisition of BPO’s interest in Brookfield Place will add 1.8 million square feet of commercial, retail and parking space to BCR’s premier office portfolio.

Upon closing of the transaction, BCR will own a portfolio of 19 premier office properties totaling approximately 14.4 million square feet in Toronto, Calgary and Vancouver with a fair value of approximately \$3.7 billion, property specific debt of approximately \$1.7 billion and an equity capitalization of approximately \$2 billion. BCR is expected to earn approximately \$118 million in funds from operations available to unitholders on an annualized basis in 2010, or \$1.27 per unit.

Following the transaction, BCR intends to pay monthly distributions of \$0.07 per unit, which on an annual basis is more than double BPP’s current dividend.

On closing of the transaction, BPO and its affiliates, which currently hold approximately 89.7% of BPP’s common equity, will hold units of BCR and securities exchangeable for units of BCR representing an aggregate equity interest in BCR of approximately 90.6%, including the consideration BPO will receive for the sale of its interest in Brookfield Place. Holders of BPP common shares other than BPO and its affiliates will receive one unit for each common share held. In the future, and subject to valuation and market conditions, BPO will consider reducing its interest in BCR to enhance BCR’s market liquidity.

Pursuant to the transaction, BPO will acquire all of the common shares of BPP that it does not already own. Select assets of BPP, including the Canadian Office Fund and certain development properties, as well as certain other assets that are not permitted to be owned by BCR under rules governing real estate investment trusts, will be retained by BPP. BPP will continue to have preferred shares outstanding after the transaction and no changes will be made to their terms. BPO’s aggregate equity interest in BCR on closing of the transaction has been adjusted to reflect the value attributed to the assets and liabilities that BPP will retain as well as the equity portion of the consideration that BPO will receive for its interest in Brookfield Place.

BPO will provide asset and property management services to BCR under new arrangements which have been set at market terms. BPO owns, develops and manages premier office properties. Its current portfolio is comprised of interests in 110 properties totaling 75 million square feet in the downtown cores of New York, Boston, Washington, D.C., Los Angeles, Houston, Toronto, Calgary and Ottawa, making it one of the largest owners of commercial real estate in North America. Landmark assets, in addition to Brookfield Place in Toronto, include the World Financial Center in Manhattan, Bank of America Plaza in Los Angeles and Bankers Hall in Calgary. In providing management services to BCR, BPO will draw on members of its senior management team and its global relationships. The board of directors of BPP believes that this will provide BCR with a unique competitive

advantage and that BPO's compensation structure, which includes an incentive component, will ensure that its interests remain fully aligned with those of other unitholders.

The board of directors of BPP appointed a committee of independent directors to consider the transaction. The special committee retained Macquarie Capital Markets Canada Ltd. ("**Macquarie**") as its financial advisor with respect to the transaction. Macquarie prepared formal valuations of the BPP common shares, the units of BCR and the interest in Brookfield Place being acquired by BCR. At the request of the special committee, Macquarie also considered the fairness of the consideration under the transaction. Macquarie provided an opinion to the special committee that the consideration under the transaction is fair, from a financial point of view, to shareholders of BPP other than BPO and its affiliates. The board of directors, on the recommendation of the special committee, has determined that the transaction is in the best interests of BPP and is unanimously recommending that shareholders vote in favour of the transaction at the meeting.

The transaction is being implemented by way of a plan of arrangement under the *Canada Business Corporations Act*. It requires the approval of at least two-thirds of the votes cast by all shareholders at the meeting as well as the approval of a simple majority of the votes cast by common shareholders other than BPO and its affiliates. The transaction must also be approved by the Ontario Superior Court of Justice. BPO has advised BPP that BPO and its affiliates intend to vote all of their shares of BPP in favour of the transaction.

If shareholders approve the transaction at the meeting, and the requisite court approval is obtained, we anticipate that the transaction will be completed on or about April 30, 2010.

The accompanying notice and management proxy circular provide information about the transaction and the meeting. **Please read this information carefully, and if you require assistance, consult your own legal, tax, financial or other professional advisor.** Whether or not you plan to attend the meeting in person, please complete, sign, date and return the enclosed form of proxy so that your shares can be voted at the meeting in accordance with your instructions.

If you have any questions or require assistance with voting your shares please contact the proxy solicitor, Laurel Hill Advisory Group, at 1-866-836-9722.

On behalf of the board of directors, I would like to thank you for your continued support. We believe the formation of BCR on the basis we have proposed will create the pre-eminent office real estate investment trust in Canada.

Yours very truly,

(signed) "*Richard B. Clark*"

Richard B. Clark
Chairman of the Board

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BPO Properties

NOTICE OF SPECIAL MEETING

NOTICE IS HEREBY GIVEN that a special meeting of holders of common shares, non-voting equity shares and preferred shares of BPO Properties Ltd. (“BPP”) will be held on Tuesday, April 27, 2010 at 11:00 a.m. (EDT), at the Hockey Hall of Fame, Brookfield Place, 30 Yonge Street, Toronto, Ontario, for the following purposes:

- (a) to consider, pursuant to an interim order of the Ontario Superior Court of Justice dated March 18, 2010 (the “**Interim Order**”) and, if deemed advisable, pass, with or without variation, a special resolution (the “**Special Resolution**”) to approve a transaction, as more particularly described in the accompanying management proxy circular, that includes (i) the reorganization of BPP’s directly owned office assets under a new Canadian real estate investment trust named “Brookfield Office Properties Canada” (“**BCR**”), (ii) the acquisition by BCR of Brookfield Properties Corporation’s interest in Brookfield Place, and (iii) an arrangement pursuant to section 192 of the *Canada Business Corporations Act* substantially as set forth in the plan of arrangement attached as Appendix D to the accompanying management proxy circular.
- (b) if the Special Resolution is passed, to consider and, if deemed advisable, pass an ordinary resolution authorizing and approving the adoption by BCR of a deferred trust unit plan.
- (c) to transact any other business properly brought before the meeting and any adjourned or postponed meeting.

The full text of the resolutions and the Interim Order are attached as Appendix A and Appendix B, respectively, to the accompanying circular.

You are entitled to attend and vote at the meeting, and any adjourned or postponed meeting, if you were a holder of common shares, non-voting equity shares or preferred shares of BPP as of 5:00 p.m. (EST) on March 9, 2010.

Whether or not you plan to attend the meeting in person, please complete, sign, date and return promptly the enclosed form of proxy so that your BPP shares can be voted at the meeting in accordance with your instructions. If you hold your shares through a broker or other nominee, you should follow the procedures provided by your broker or nominee. Proxies must be received by BPP’s transfer agent, CIBC Mellon Trust Company, before 5:00 p.m. (EDT) on Friday, April 23, 2010 or, if the meeting is adjourned or postponed, at least 48 hours (excluding Saturdays, Sundays and holidays) before the date of the adjourned or postponed meeting. Non-registered beneficial shareholders must seek instructions on how to complete their form of proxy and vote their shares from their broker or other nominee.

Pursuant to the Interim Order, registered holders of BPP common shares are entitled to dissent in respect of the Special Resolution in the manner provided in section 190 of the CBCA and to be paid the fair value of their BPP common shares. This dissent right, and the procedures for its exercise, are summarized in the section of the circular entitled “Description of the Transaction – Dissenting Shareholders’ Rights” and in Appendix F to the circular. Only registered owners of BPP common shares are entitled to dissent. **Failure to strictly comply with the dissent procedures set out in the circular may result in the loss or unavailability of any right to dissent.**

If you have any questions or need assistance voting your BPP shares, please call Laurel Hill Advisory Group, toll-free, at 1-866-836-9722.

By Order of the Board of Directors,

(signed) “Deborah R. Rogers”
Deborah R. Rogers
Secretary
March 22, 2010

INFORMATION CONTAINED IN THIS CIRCULAR

No person has been authorized to give information or to make any representation in connection with the proposed transaction other than those contained or incorporated by reference in this circular and, if given or made, any such information or representation should not be relied upon in making a decision as to how to vote at the meeting or be considered to have been authorized by BPP or BCR.

All amounts in this circular are expressed in Canadian dollars unless otherwise noted. The information contained in this circular is given as of March 22, 2010, except where otherwise noted.

In this circular, unless the context requires otherwise:

- “**BPO**” means Brookfield Properties Corporation and its direct and indirect subsidiaries other than BPP;
- “**BPP**” means BPO Properties Ltd. and its direct and indirect subsidiaries;
- “**Brookfield**” means Brookfield Asset Management Inc. (“**BAM**”) and its direct and indirect subsidiaries, other than BPO and BPP; and
- “**BCR**” means Brookfield Office Properties Canada and its direct and indirect subsidiaries following the proposed transaction.

All references in this circular to quantities of BPP common shares and per-share amounts have been adjusted to reflect BPP’s three-for-one stock split that occurred on December 31, 2009.

Capitalized terms used in this circular but not otherwise defined have the meanings set forth under “Glossary of Terms”.

ACCOUNTING PRINCIPLES

All historical financial information included in this circular has been prepared in accordance with Canadian generally accepted accounting principles (“**GAAP**”). Having been granted exemptive relief to do so, each of BPP and BCR intends to prepare its financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS**”) for financial periods beginning on or after January 1, 2010. For information on the material differences between Canadian GAAP and IFRS as they relate to financial statements for certain of the periods presented, see “Additional Financial Information of Brookfield Office Properties Canada – International Financial Reporting Standards” included in Appendix I to this circular and management’s discussion and analysis of BPP for the fiscal years ended December 31, 2009 and 2008 incorporated by reference herein. Unless otherwise indicated, all unaudited pro forma financial information of BCR contained in this circular has been derived from underlying financial statements prepared in accordance with Canadian GAAP.

FORWARD-LOOKING INFORMATION

Certain statements contained and incorporated by reference in this circular constitute forward-looking information within the meaning of applicable securities legislation, including statements about BPP’s beliefs and expectations relating to the proposed transaction, benefits that are expected to be realized as a result of the proposed transaction and BCR’s property portfolio, management arrangements, anticipated distributions and expected funds from operations in 2010. There can be no assurance that the proposed transaction will be consummated or that the anticipated benefits will be realized. The proposed transaction is subject to various approvals and consents and there can be no assurance that any such approvals or consents will be obtained. Forward-looking statements reflect management’s current beliefs and are based on assumptions and information currently available to management. In some cases, forward-looking statements can be identified by terminology such as “may”, “will”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “forecast”, “outlook”, “potential”, “continue”, “should”, “likely”, or the negative of these terms or other comparable terminology. Although management believes that the

anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements and information. Accordingly, BPP cannot give any assurance that its expectations will in fact occur and cautions that actual results may differ from those in the forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include but are not limited to, general economic conditions; local real estate conditions; timely leasing of newly developed properties and re-leasing of occupied square footage upon expiration; dependence on tenants' financial condition; the uncertainties of real estate development and acquisition activity; the ability to effectively integrate acquisitions; interest rates; availability of equity and debt financing; the impact of newly-adopted accounting principles on accounting policies and on period-to-period comparisons of financial results, including changes in accounting policies to be adopted under IFRS; and other risks and factors described in this circular under "Risk Factors" and in the documents filed by BPP and BCR from time to time with the securities regulators in Canada. Neither BPP nor BCR undertakes to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

SUPPLEMENTAL DISCLOSURE WITH RESPECT TO NON-GAAP MEASURES

In addition to results reported in accordance with Canadian GAAP, BPP uses certain non-GAAP financial measures, such as "funds from operations", "adjusted funds from operations" and "net operating income". These terms do not have standard meanings prescribed by Canadian GAAP or IFRS and therefore may not be comparable to similar measures presented by other companies or real estate investment trusts.

BPP defines "funds from operations" as net income prior to extraordinary items, one-time transactions, future income taxes, non-cash items and depreciation and amortization. BPP defines "adjusted funds from operations" as funds from operations less straight-line rental income, intangible amortization, leasing commissions and tenant improvements, and maintenance capital expenditures. BPP uses funds from operations and adjusted funds from operations to assess its operating results. Funds from operations and adjusted funds from operations are relevant measures to analyze real estate, as commercial properties generally do not depreciate in value systematically, but fluctuate in value according to market conditions. For a reconciliation of funds from operations and adjusted funds from operations to net income, see "Summary of Pro Forma Consolidated Financial Information of Brookfield Office Properties Canada", "Additional Financial Information of Brookfield Office Properties Canada – Reconciliation of Non-GAAP Measures", included in Appendix I to this circular, and management's discussion and analysis of BPP for the fiscal years ended December 31, 2009 and 2008 incorporated by reference herein.

BPP defines "net operating income" as income from property operations after operating expenses have been deducted, but prior to deducting financing, corporate, administrative and income tax expenses. BPP uses net operating income to assess its operating results. Net operating income is important in assessing operating performance. For information on the components of net operating income, see management's discussion and analysis of BPP for the fiscal years ended December 31, 2009 and 2008 incorporated by reference herein.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, filed with the Canadian securities regulatory authorities, are specifically incorporated by reference in, and form an integral part of, this circular:

- (a) the audited annual consolidated financial statements of BPP for the fiscal years ended December 31, 2009 and 2008, together with the report of the auditors thereon;
- (b) management's discussion and analysis of BPP for the fiscal years ended December 31, 2009 and 2008;
- (c) the renewal annual information form of BPP dated March 17, 2009;

- (d) the management proxy circular of BPP dated March 17, 2009;
- (e) the news release of BPP dated February 26, 2010 announcing the proposed transaction;
- (f) the material change report of BPP dated March 4, 2010 relating to the proposed transaction; and
- (g) the news release of BPP dated March 10, 2010 announcing modifications to the proposed transaction.

Any documents (or amendments to such documents) of the type referred to above (excluding news releases and confidential material change reports) and any business acquisition reports filed by BPP with a securities regulatory authority in Canada after the date of this circular and prior to the meeting will be deemed to be incorporated by reference in this circular.

Any statement contained in this circular or in a document incorporated or deemed to be incorporated by reference in this circular will be deemed to be modified or superseded, for purposes of this circular, to the extent that a statement contained in this circular or in any other document subsequently filed by BPP, which also is or is deemed to be incorporated by reference, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to form part of this circular.

**If you have any questions, please call Laurel Hill Advisory Group toll-free at 1-866-836-9722.
YOUR VOTE IS IMPORTANT.**

SUMMARY OF THE TRANSACTION

The following is a summary of information contained elsewhere in this circular and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this circular and incorporated by reference herein. Shareholders are urged to review this circular and the documents incorporated by reference in their entirety. Capitalized terms used in this summary and elsewhere in this circular are defined under “Glossary of Terms”.

Description of the Transaction

The Transaction involves the reorganization of BPP’s directly owned office assets under a new Canadian real estate investment trust named “Brookfield Office Properties Canada”.

As part of the Transaction, BCR will acquire from BPO the Brookfield Place Interest, widely regarded as the top commercial complex in Canada, for a purchase price of approximately \$866 million. The purchase price will be satisfied by the payment of approximately \$100 million in cash, the assumption of debt valued at approximately \$342 million and the issuance of Class B LP Units valued at approximately \$20.90 per unit.

Upon closing of the Transaction, BCR will own a portfolio of 19 premier office properties totaling approximately 14.4 million square feet in Toronto, Calgary and Vancouver with a fair value of approximately \$3.7 billion, property specific debt of approximately \$1.7 billion and an equity capitalization of approximately \$2 billion. BCR is expected to earn approximately \$118 million in funds from operations available to holders of Trust Units on an annualized basis in 2010, or \$1.27 per Trust Unit.

Following the Transaction, BCR intends to pay monthly distributions of \$0.07 per BCR Unit, which on an annual basis is more than double BPP’s current dividend.

Following the Transaction, BPO and its affiliates, which currently hold approximately 89.7% of BPP’s common equity, will hold Trust Units and securities exchangeable for Trust Units representing an aggregate equity interest in BCR of approximately 90.6%, including the consideration BPO will receive for the sale of the Brookfield Place Interest. The Public Common Shareholders will receive one Trust Unit for each BPP common share held. In the future, and subject to valuation and market conditions, BPO will consider reducing its interest in BCR to enhance BCR’s market liquidity.

Pursuant to the Transaction, BPO will acquire all of the common equity of BPP that it does not already own. Select assets of BPP, including the Canadian Office Fund and certain development properties, as well as certain other assets that are not permitted to be owned by BCR under rules governing real estate investment trusts, will be retained by BPP. BPP will continue to have preferred shares outstanding after the Transaction and no changes will be made to their terms. BPO’s aggregate equity interest in BCR has been adjusted to reflect the value attributed to the Excluded Assets and Liabilities that BPP will retain as well as the equity portion of the consideration that BPO will receive for the Brookfield Place Interest.

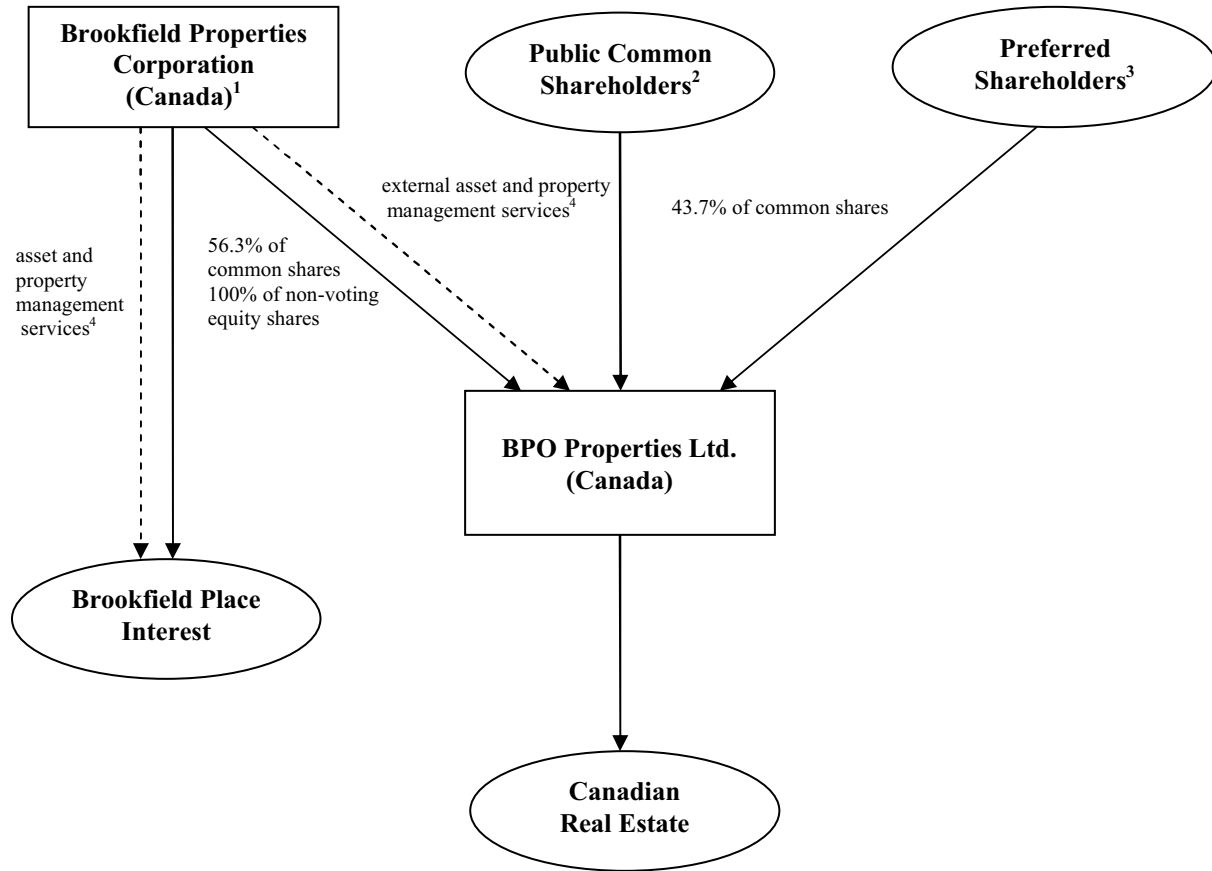
Given that approximately 20.3 million BCR Units (having an aggregate net equity value of \$424 million) will be issued to BPO as part of the consideration for the Brookfield Place Interest and that the Excluded Assets and Liabilities will be retained by BPP in exchange for a reduction of approximately 12.1 million BCR Units (having an aggregate net equity value of \$252 million), approximately 8.2 million BCR Units will be issued to BPO, on a net basis, which accounts for the increase in BPO’s aggregate equity interest from 89.7% in BPP to approximately 90.6% in BCR.

BPO will provide asset and property management services to BCR under new management arrangements which have been set at market terms.

See “Description of the Transaction – Overview”.

The following charts show the current structure of BPP and the anticipated structure of BCR following completion of the Transaction:

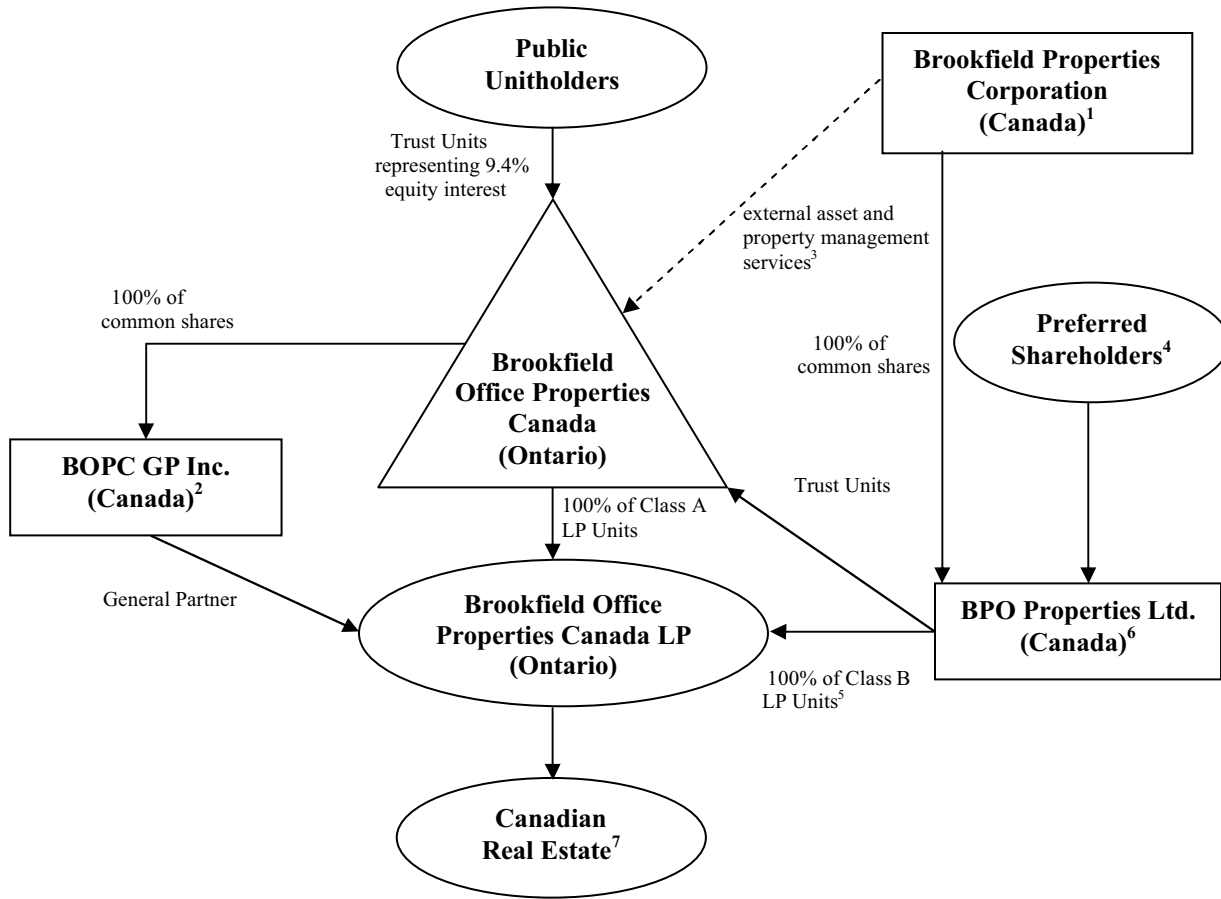
Current Structure of BPP



Notes:

1. As of March 22, 2010, BPO beneficially owned 11,200,965 BPP common shares and 65,035,596 BPP non-voting equity shares, representing in the aggregate approximately 89.7% of BPP's common equity.
2. As of March 22, 2010, Public Common Shareholders beneficially owned 8,709,073 BPP common shares, representing approximately 10.3% of BPP's common equity.
3. Includes 514,700 Preferred Shares, Series G, 1,932,100 Preferred Shares, Series J, 300 Preferred Shares, Series K, 1,604,800 Preferred Shares, Series M and 200,000 Preferred Shares, Series N, representing in the aggregate approximately 45.9% of the outstanding BPP preferred shares, beneficially owned by Brookfield as of March 22, 2010.
4. Brookfield Properties Ltd., a wholly-owned subsidiary of BPO, is the manager of the Brookfield Place Interest and also provides personnel and infrastructure to Brookfield Properties Management Corporation, a wholly-owned subsidiary of BPP which acts as the manager of BPP.

Anticipated Structure of BCR



Notes:

1. BPO will indirectly own Trust Units and Class B LP Units, representing an aggregate equity interest in BCR of approximately 90.6%.
2. BOPC GP Inc. will be a wholly-owned subsidiary of BCR.
3. Brookfield Properties Management Corporation will become an indirect wholly-owned subsidiary of BPO following the Transaction, and will provide asset and property management services to BCR. See “Trustees and Management of Brookfield Office Properties Canada – Management of Brookfield Office Properties Canada and Brookfield Office Properties Canada LP”.
4. Includes 514,700 Preferred Shares, Series G, 1,932,100 Preferred Shares, Series J, 300 Preferred Shares, Series K, 1,604,800 Preferred Shares, Series M and 200,000 Preferred Shares, Series N, representing in the aggregate approximately 45.9% of the outstanding BPP preferred shares, that will continue to be beneficially owned by Brookfield following completion of the Transaction.
5. Pursuant to the Transaction, holders of Class B LP Units will receive one Special Voting Unit for each Class B LP Unit held. The Special Voting Units will provide voting rights with respect to BCR to holders of Class B LP Units.
6. In connection with the Transaction, BPP will amalgamate with a wholly-owned subsidiary of BPO. The amalgamated entity, to be named “BPO Properties Ltd.,” will be an indirect wholly-owned subsidiary of BPO with preferred shares outstanding, will remain a reporting issuer under Canadian securities laws as a result of the outstanding preferred shares and will continue to hold select assets of BPP, including the Canadian Office Fund and certain development properties, as well as certain other assets that are not permitted to be owned by BCR under rules governing real estate investment trusts.
7. Includes the Brookfield Place Interest acquired from BPO and excludes select assets of BPP, such as the Canadian Office Fund and certain development properties, as well as certain other assets that are not permitted to be owned by BCR under rules governing real estate investment trusts.

Recommendation of the Special Committee

The Special Committee unanimously determined that the Transaction is in the best interests of BPP and recommended that the board of directors approve the Transaction. See “Description of the Transaction – the Recommendation of the Special Committee”.

Reasons for the Recommendation of the Special Committee

The Special Committee considered the following factors which, taken as a whole, support its conclusions and recommendations:

- BPP’s diversified portfolio of commercial properties provides a relatively stable cash flow, which, among other factors, makes it suitable for a real estate investment trust structure;
- the acquisition of the Brookfield Place Interest will add 1.8 million square feet of commercial, retail and parking space to BCR’s premier office portfolio and strengthen the balance sheet and cash flow of BCR;
- if the Transaction is not completed, it is anticipated that BPP will pay cash taxes which will negatively impact cash flow and may also have an impact on the trading value of the BPP common shares;
- the reorganization of BPP’s directly owned office assets under a real estate investment trust structure will provide a more efficient tax structure and will enhance the marketability of BPP’s business by broadening its capital base and liquidity, which is expected to make it more appealing to a broader array of retail and institutional investors;
- BPO has indicated that, subject to valuation and market conditions, it will consider reducing its interest in BCR to enhance BCR’s market liquidity;
- the structure of the Transaction allows for the reorganization of BPP’s directly owned office assets under BCR on a tax efficient basis;
- management of BPP believes that BCR should qualify for an exemption from the SIFT Rules;
- the Transaction does not require any changes to the rights, privileges, restrictions and conditions attaching to the BPP preferred shares;
- following BPP’s announcement of the Transaction, DBRS Limited reaffirmed the existing ratings of the BPP preferred shares and Standard & Poor’s Rating Service’s rating of the BPP preferred shares was not affected by the announcement;
- following the Transaction, BCR intends to pay monthly distributions of \$0.07 per BCR Unit, which on an annual basis is more than double BPP’s current dividend;
- although under applicable Canadian securities laws, it would be possible for BPO, as the holder of an aggregate equity interest in BCR exceeding 90% following completion of the Transaction, to effect a privatization of BCR or enter into certain related party transactions with BCR without obtaining minority Unitholder approval, BPO has undertaken not to do so without obtaining minority Unitholder approval. This undertaking will terminate in the future if BPO and its affiliates hold in aggregate an equity interest in BCR of 75% or less for a period of 12 months;

- Macquarie has provided an opinion that, as at March 9, 2010, the Transaction is fair, from a financial point of view, to holders of BPP common shares and BPP preferred shares other than BPO and its affiliates;
- BCR's ability to draw upon BPO's senior management team and its global relationships as a result of the new arrangements under which BPO will provide asset and property management services to BCR;
- BPO has advised BPP that BPO and its affiliates intend to vote all of their BPP Shares in favour of the Transaction; and
- the following procedural protections are in place in connection with the approval of the Transaction:
 - the Special Committee considered the terms of the Transaction with its financial and legal advisors and recommended that the board of directors approve the Transaction;
 - the Special Resolution requires the approval of a simple majority of the votes cast by holders of BPP common shares present in person or represented by proxy at the meeting other than BPO and its affiliates;
 - the Transaction is subject to the approval of the Court, which will consider, among other things, the fairness and reasonableness of the Transaction; and
 - registered holders of BPP common shares are entitled to dissent in respect of the Special Resolution and to be paid the fair value of their BPP common shares pursuant to the terms of the Interim Order.

In addition to the risk factors set out elsewhere in this circular, the Special Committee also considered a number of risks and potential negative factors relating to the Transaction including the following:

- the Transaction will be a taxable transaction for the Public Common Shareholders for Canadian federal income tax purposes (and may be a taxable transaction under other applicable tax laws);
- although the new asset and property management arrangements have been set at market terms and align the interests of BPO with those of other Unitholders, they will, from a financial perspective, be less advantageous to BCR than BPP's current arrangements with BPO which are on a cost-recovery basis;
- select assets of BPP, including the Canadian Office Fund and certain development properties, as well as certain other assets that are not permitted to be owned by BCR under rules governing real estate investment trusts, will be retained by BPP (which will become a wholly-owned subsidiary of BPO pursuant to the Transaction) in exchange for consideration that the board of directors of BPP has determined represents fair value. BPO has undertaken that prior to completing a disposition, restructuring or development of any of these excluded assets in circumstances where BCR is permitted and has the financial capacity to participate, it will (except where otherwise restricted or where the transaction involves a broader enterprise) notify and discuss with the independent Trustees in good faith BCR's participation in such transaction prior to or concurrent with discussing the same with other parties;
- upon completion of the Transaction, BPO will indirectly hold Trust Units and Class B LP Units representing an aggregate equity interest in BCR of approximately 90.6% and will accordingly be able to approve all matters submitted to a vote of the Unitholders. Although under applicable Canadian securities laws, it would be possible for BPO, as the holder of an equity interest in BCR exceeding 90% following completion of the Transaction, to effect a privatization of BCR or to

enter into certain related party transactions with BCR without obtaining minority Unitholder approval, BPO has undertaken not to do so without obtaining minority Unitholder approval. This undertaking will terminate in the future if BPO and its affiliates hold in aggregate an equity interest in BCR of 75% or less for a period of 12 months; and

- BPO may own or acquire properties for its own account which may be suitable for BCR or compete with BCR for tenants and may provide management services to third parties in connection with properties which may compete with BCR for tenants. The Asset Management Agreement and the Property Management Agreement will provide that any conflicts of interest between the asset or property manager thereunder or any of its affiliates and BCR will be dealt with by the asset or property manager in good faith and in a fair, equitable and even-handed manner. Further, the Property Management Agreement will provide that the property manager thereunder will put measures in place to mitigate and manage any real or reasonably perceived conflict of interest related to a negotiation of a significant lease with a tenant in connection with a property which is competitive to BCR.

See “Description of the Transaction – Reasons for the Recommendation of the Special Committee”.

Approval and Recommendation of the Board of Directors

Having determined that the Transaction is in the best interests of BPP, the board of directors has unanimously approved the Transaction and is unanimously recommending that Shareholders vote in favour of the Transaction (with Richard B. Clark and Thomas F. Farley having declared their interest in the Transaction as executive officers of BPO). See “Description of the Transaction – Approval and Recommendation of the Special Committee”.

Effect of the Transaction

After giving effect to the Transaction:

- Brookfield Office Properties Canada LP will directly and indirectly own the Contributed Assets and the Brookfield Place Interest;
- all of the common shares of the amalgamated BPP will be owned by BPO;
- BPO will indirectly own Trust Units and Class B LP Units representing an aggregate equity interest in BCR of approximately 90.6%;
- the Public Common Shareholders will own Trust Units representing an equity interest in BCR of approximately 9.4%; and
- holders of BPP preferred shares will hold preferred shares of the amalgamated BPP that will have the same rights, privileges, restrictions and conditions as the existing BPP preferred shares.

Brookfield Place Interest

As part of the Transaction, Brookfield Office Properties Canada LP will acquire from BPO the Brookfield Place Interest for approximately \$866 million to be satisfied by the payment of approximately \$100 million in cash, the assumption of debt valued at approximately \$342 million and the issuance of approximately 20.3 million Class B LP Units valued at approximately \$20.90 per unit. Brookfield Place is widely regarded as the top commercial complex in Canada and consists of approximately 3.3 million square feet of rentable commercial and parking space comprising two high-rise office towers located in Toronto’s financial core in the block bounded by Bay, Wellington, Yonge and Front Streets. The Brookfield Place Interest consists of (a) a 100% fee interest in the Bay Wellington Tower, a 47-storey tower located on the northern portion of Brookfield Place, (b) a 50% interest in the retail space

of Brookfield Place and (c) 56% of the revenues from the parking garage serving Brookfield Place, and all appurtenant rights thereto.

Bay Wellington Tower has an attractive office tenant profile as the top ten tenants collectively represent 58.4% of the total office base rental revenue and have an average remaining lease term of 6.5 years. The remaining tenants include well-recognized and high-profile companies from the banking, insurance, brokerage and mutual fund industries, providing economic diversification, excellent covenant and corporate appeal. The occupancy rate for the property is 99.0%.

Management Arrangements

BPO will provide asset and property management services to BCR under new management agreements which have been set at market terms and which align the interests of BPO with those of other Unitholders. See “Description of the Transaction – The Transaction – Management Arrangements”.

BPP Preferred Shares

As part of the Transaction, BPP will amalgamate with a wholly-owned subsidiary of BPO. Holders of BPP preferred shares will receive preferred shares of the amalgamated BPP with the same terms as the existing BPP preferred shares. No action is required to be taken by any holder of BPP preferred shares to receive preferred shares of the amalgamated BPP. Following BPP’s announcement of the Transaction, DBRS Limited reaffirmed the existing ratings of the BPP preferred shares and Standard & Poor’s Rating Service’s rating on the BPP preferred shares was not affected by the announcement. Following the Transaction, the amalgamated BPP will be prohibited from incurring any unsecured indebtedness for borrowed money or guaranteeing any such indebtedness of any other person, other than (a) unsecured indebtedness (or guarantees of indebtedness) in respect of which Brookfield Office Properties Canada LP is also liable (whether by guarantee or otherwise), (b) the indebtedness owing under the Newco Note, (c) certain other indebtedness owing to BPP Sub Amalco, and (d) unsecured indebtedness (or guarantees of indebtedness) that would not result in a downgrade of the then current ratings assigned by DBRS Limited to the preferred shares of the amalgamated BPP. It is not expected that BPP will incur or guarantee any such indebtedness other than the indebtedness owing under the Newco Note and certain other indebtedness owing to BPP Sub Amalco. Such indebtedness is expected to be cancelled shortly after completion of the Transaction upon the amalgamation of BPP and BPP Sub Amalco.

See “Description of the Transaction – The Transaction – BPP Preferred Shares”.

Shareholder Approvals

The Special Resolution is required to be approved by the affirmative vote of not less than two-thirds of the votes cast by all Shareholders present in person or represented by proxy at the meeting. The Special Resolution also requires the approval of a simple majority of the votes cast by holders of BPP common shares other than BPO and its affiliates present in person or represented by proxy at the meeting.

The Special Resolution authorizes the board of directors of BPP, in its sole discretion without further notice to or approval of the Shareholders, to amend the Plan of Arrangement, or to revoke the Special Resolution at any time prior to the Transaction becoming effective. BPP may decide not to proceed with the Transaction in the event that holders of 10% or more of the outstanding BPP common shares other than those held by BPO and its affiliates dissent with respect to the Special Resolution.

If the Special Resolution is passed, holders of BPP common shares will also be asked to consider, and if deemed advisable, pass an ordinary resolution authorizing and approving the adoption by BCR of the Deferred Trust Unit Plan. This ordinary resolution is required to be approved by a simple majority of the votes cast by holders of BPP common shares present in person or represented by proxy at the meeting.

See Appendix A to this circular for the full text of the resolutions.

Court Approvals

Pursuant to the CBCA, the Arrangement requires approval of the Court. Prior to the mailing of this circular, BPP obtained the Interim Order. If Shareholders approve the Special Resolution at the meeting, BPP expects to make an application for the Final Order approving the Arrangement at 10:00 a.m. (EDT) on April 29, 2010, or as soon thereafter as is reasonably practicable, before the Court. At the hearing for the Final Order, approval by the Court will be granted if the Court determines that the Arrangement meets the requirements of the Interim Order and the CBCA, that nothing has been done or purported to be done that is not authorized by the CBCA, and that the Arrangement is fair and reasonable. See “Description of the Transaction – Court Approvals”.

Stock Exchange Listings

The TSX has conditionally approved the listing of the Trust Units to be issued pursuant to the Transaction (including those issuable upon the exchange of Class B LP Units) under the symbol “BCR”. This listing is subject to BCR fulfilling all of the requirements of the TSX.

Pursuant to the Transaction, BPO will acquire all of the common shares of BPP that it does not already own and BPP’s common shares will be delisted from the TSX.

Following completion of the Transaction, the BPP Preferred Shares, Series G, Series J and Series M will continue to be listed on the TSX under the symbols “BPP.PR.G”, “BPP.PR.J” and “BPP.PR.M”. The BPP Preferred Shares, Series K and Series N are not listed on any exchange.

Failure to Complete the Transaction

If the Transaction is not completed, the trading value of the BPP common shares may return to levels comparable to their trading value prior to BPP’s announcement on February 10, 2010 that it was considering the Transaction. It is also anticipated that BPP will pay cash taxes, which will negatively impact cash flow and may also have an impact on the trading value of the BPP common shares. As management of BPP believes that the Transaction is in the best interests of BPP, BPP may consider other alternatives to achieve certain goals of the Transaction, including pursuing the acquisition of the Brookfield Place Interest or entering into new management arrangements with BPO. See “Description of the Transaction – Failure to Complete the Transaction”.

Dissenting Shareholders’ Rights

Pursuant to the terms of the Interim Order, a registered holder of BPP common shares is entitled to dissent in respect of the Special Resolution in the manner provided in section 190 of the CBCA and to be paid the fair value of the holder’s BPP common shares.

The dissent procedures under section 190 of the CBCA are summarized in Appendix F to this circular and the text of section 190 of the CBCA is set out in Appendix G to this circular. Holders of BPP common shares who may wish to dissent should seek legal advice, as failure to strictly comply with the dissent procedures set out in section 190 of the CBCA may result in the loss or unavailability of any right to dissent. A holder of BPP common shares may only exercise the right to dissent in respect of BPP common shares which are registered in that holder’s name.

Business of Brookfield Office Properties Canada

BCR will own, proactively manage, and develop premier properties in high-growth, and in many instances, supply-constrained Canadian markets, with high barriers to entry, and maintain one of Canada’s distinguished portfolios of office properties. BCR’s commercial property portfolio will consist of interests in 19 properties totaling 14.4 million square feet including 2.7 million square feet of parking. BCR’s primary markets will be the financial and energy centre cities of Toronto, Calgary and Vancouver. BCR’s strategy will be to concentrate operations within a select number of Canadian gateway cities with attractive tenant bases in order to maintain a meaningful presence and build on the strength of its tenant relationships within these markets.

BCR will focus on the following strategic priorities:

- surfacing value from its properties through proactive leasing initiatives;
- prudent capital management, including the refinancing of mature properties and investing in joint venture opportunities with institutional partners who seek to benefit from the depth of its expertise; and
- acquiring high quality commercial properties in its primary markets for value when opportunities arise.

See “Business of Brookfield Office Properties Canada”.

Distribution Policy

The declaration and payment of distributions on Trust Units will be at the discretion of the Trustees, who support a stable and consistent distribution policy.

Following completion of the Transaction, BCR intends to pay monthly distributions of \$0.07 per BCR Unit, which on an annual basis is more than double BPP’s current dividend. It is the intention of BCR to review the pay-out of distributions on Trust Units quarterly on March 31, June 30, September 30 and December 31 of each year and to assess the appropriateness of a change in the amount of distributions in accordance with changes in reported cashflow. In any event, BCR intends, subject to the Trustee’s discretion, to distribute to holders of Trust Units a sufficient amount of distributions so that BCR will not have any liability for tax under Part I of the Tax Act in any taxation year. See “Distribution Policy”.

Brookfield Office Properties Canada

BCR is a limited purpose unincorporated, closed-end, real estate investment trust established under and governed by the laws of the Province of Ontario and created pursuant to the Declaration of Trust. Although it is intended that BCR qualify as a “mutual fund trust” pursuant to the Tax Act, BCR will not be a mutual fund under applicable securities laws. See “Description of Brookfield Office Properties Canada”.

Brookfield Office Properties Canada LP

Brookfield Office Properties Canada LP is a limited partnership formed under the laws of the Province of Ontario on January 6, 2010 pursuant to the Limited Partnership Agreement. Following completion of the Transaction, Brookfield Office Properties Canada LP will directly and indirectly own the Contributed Assets and the Brookfield Place Interest.

BOPC GP Inc. is the general partner of Brookfield Office Properties Canada LP. BOPC GP Inc. is a corporation incorporated under the laws of Canada. Following completion of the Transaction, BOPC GP Inc. will be a direct wholly-owned subsidiary of BCR. The board of directors of BOPC GP Inc. will at all times be comprised of all of the individuals who are from time to time serving as Trustees.

See “Brookfield Office Properties Canada LP”.

Trustees and Management of Brookfield Office Properties Canada

BCR’s board of trustees will oversee the management of BCR’s business and affairs. The initial Trustees are Richard B. Clark, the Honourable William G. Davis, Thomas F. Farley, Robert J. McGavin and Michael F.B. Nesbitt. Messrs. Davis, McGavin and Nesbitt are “independent” Trustees within the meaning of NI 58-101. Following completion of the Transaction, the board of trustees intends to undertake a review of the composition of the board and its committees which may result in an increase to the size of the board or other changes to the board

and its committees. BCR intends to maintain corporate governance policies and practices that are substantially similar to BPP's current policies and practices.

The operating business of BCR will be carried on by Brookfield Office Properties Canada LP, which will hold direct and indirect interests in the Contributed Assets and the Brookfield Place Interest and carry out all of BCR's property investment and operating activities. BOPC GP Inc. is the general partner of Brookfield Office Properties Canada LP and, as such, will direct the activities of Brookfield Office Properties Canada LP.

BPO will provide asset and property management services to BCR under new management arrangements which have been set at market terms.

See "Trustees and Management of Brookfield Office Properties Canada".

Certain Canadian Federal Income Tax Considerations

The following is a summary of the detailed description set forth under "Certain Canadian Federal Income Tax Considerations" for a Shareholder who deals at arm's length with and is not affiliated with BPP, Newco, BPP Amalco or BCR and holds its BPP common shares and BPP preferred shares, and will hold its Trust Units and BPP Amalco preferred shares, as capital property.

A holder of BPP common shares (other than a dissenting Shareholder) will generally realize a capital gain (or capital loss) on the exchange of the Shareholder's common shares for Trust Units pursuant to the Transaction equal to the amount by which the aggregate of the fair market value of the Trust Units received by the Shareholder exceeds (or is exceeded by) the aggregate of the adjusted cost base of the Shareholder's common shares, and any reasonable costs of disposition. One-half of any such capital gain generally must be included in the Shareholder's income and one-half of the amount of any such capital loss may be utilized to offset taxable capital gains in accordance with the provisions of the Tax Act.

A holder of BPP preferred shares will not realize a capital gain or a capital loss on the amalgamation of BPP and Newco. The cost to a holder of BPP Amalco preferred shares held by the Shareholder immediately following the amalgamation will be equal to the adjusted cost base of the BPP preferred shares to that Shareholder immediately prior to the amalgamation.

A Unitholder will generally be required to include in computing income for a particular taxation year the proportionate share of the net income of BCR, including net realized taxable capital gains, that is paid or payable, or deemed to be paid or payable, by BCR to the Unitholder in that year, whether such amount is received in cash, additional Trust Units or otherwise.

Any amount distributed to a Unitholder in excess of such Unitholder's proportionate share of the net income of BCR will not generally be included in computing the Unitholder's income for the year. However, such amount will generally constitute a reduction in the adjusted cost base of the Unitholder's Trust Units for the purposes of computing any capital gain or capital loss thereon.

Provided that appropriate designations are made by BCR, such portion of the net taxable capital gains and taxable dividends paid by taxable Canadian corporations, if any, that are or are deemed to be paid or payable to a Unitholder will effectively retain their character and be treated as such in the hands of the Unitholder for purposes of the Tax Act.

See "Certain Canadian Federal Income Tax Considerations".

Risk Factors

Shareholders should consider the risks related to the Transaction as well as the risks relating to the business and operations of BCR in evaluating whether to approve the Transaction. See "Risk Factors".

THE MEETING

Pursuant to an interim order of the Ontario Superior Court of Justice (the “**Court**”) dated March 18, 2010 (the “**Interim Order**”), BPP has called a special meeting of holders of common shares, non-voting equity shares and preferred shares of BPP to consider and if deemed advisable, pass, with or without variation, a special resolution (the “**Special Resolution**”) to approve a transaction, as more particularly described in this circular, that includes (a) the reorganization of BPP’s directly owned office assets under a new Canadian real estate investment trust named “Brookfield Office Properties Canada”, (b) the acquisition by BCR of BPO’s interest in Brookfield Place (the “**Brookfield Place Interest**”), and (c) an arrangement (the “**Arrangement**”) pursuant to section 192 of the *Canada Business Corporations Act* (the “**CBCA**”) substantially as set forth in the plan of arrangement attached as Appendix D to this circular.

If the Special Resolution is approved at the meeting, holders of BPP common shares will also be asked to approve the adoption by BCR of the Deferred Trust Unit Plan for Non-Executive Trustees (the “**Deferred Trust Unit Plan**”).

The meeting will be held on Tuesday, April 27, 2010 at 11:00 a.m. (EDT), at the Hockey Hall of Fame, Brookfield Place, 30 Yonge Street, Toronto, Ontario.

Solicitation of Proxies

The information contained in this circular is furnished in connection with the solicitation of proxies to be used at the meeting and at any adjourned or postponed meeting. **The solicitation of proxies by this circular is being made by or on behalf of the management of BPP.** It is expected that the solicitation will be made primarily by mail, but proxies may also be solicited personally, in writing or by telephone. BPP has retained the services of The Laurel Hill Advisory Group Company (“**Laurel Hill Advisory Group**”) to assist with the solicitation of proxies. Laurel Hill Advisory Group will receive a fee of \$30,000 for its services. All costs of solicitation will be borne by BPP.

Registered Shareholders

Appointment of Proxies

The persons specified as proxyholders in the accompanying form of proxy are representatives of management of BPP. **Each registered holder of BPP common shares, non-voting equity shares or preferred shares (collectively, “BPP Shares”) has the right to appoint a person other than the persons named in the enclosed form of proxy, who need not be a holder of BPP Shares (a “Shareholder”), to represent the Shareholder at the meeting or any adjourned or postponed meeting.** Such right may be exercised by inserting such person’s name in the blank space provided in the accompanying form of proxy. Registered Shareholders who wish to vote in person do not need to do anything except attend the meeting. However, registered Shareholders who plan to attend the meeting are still encouraged to complete, date, sign and return the proxy form, notwithstanding that their votes will be taken at the meeting.

To be valid, proxies must be executed by a registered Shareholder and returned to CIBC Mellon Trust Company (the “**Transfer Agent**”), not later than 5:00 p.m. (EDT) on Friday, April 23, 2010 or, if the meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays) before the date of the adjourned or postponed meeting, as follows:

If via mail: c/o CIBC Mellon Trust Company P.O. Box 721 Agincourt, Ontario M1S 0A1	If via facsimile: c/o CIBC Mellon Trust Company 1-416-368-2502	If via courier or hand: c/o CIBC Mellon Trust Company 320 Bay Street Banking Hall Level Toronto, Ontario M5H 4A6
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Non-Registered Shareholders

Only registered Shareholders, or the persons they appoint as their proxies, are permitted to attend and vote at the meeting. However, in many cases, BPP Shares beneficially owned by a holder (a “**Non-Registered Holder**”) are registered either:

- in the name of an intermediary that the Non-Registered Holder deals with in respect of the BPP Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans; or
- in the name of a depository (such as CDS Clearing and Depository Services Inc. (“**CDS**”)) of which the intermediary is a participant.

A Non-Registered Holder is entitled to direct how the BPP Shares beneficially owned by such holder are to be voted. A Non-Registered Holder may obtain a form of proxy from their intermediary that will entitle the Non-Registered Holder to attend and vote at the meeting.

In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, BPP has distributed copies of the accompanying notice of special meeting, this circular and the enclosed form of proxy or voting instruction form (collectively, the “**Meeting Materials**”) to the depositories and intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, intermediaries will use a service company (such as Broadridge Investor Communication Solutions) to forward the Meeting Materials to Non-Registered Holders.

Non-Registered Holders who have not waived the right to receive Meeting Materials will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the BPP Shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

- (a) **Voting Instruction Form.** In most cases, a Non-Registered Holder will receive, as part of the Meeting Materials, a voting instruction form. If the Non-Registered Holder does not wish to attend and vote at the meeting in person (or have another person attend and vote on their behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. Voting instruction forms in some cases permit the completion of the voting instruction form by telephone or through the Internet. If a Non-Registered Holder wishes to attend and vote at the meeting in person (or have another person attend and vote on his or her behalf), the Non-Registered Holder must complete, sign and return the voting instruction form in accordance with the directions on the form and a form of proxy giving the right to attend and vote will be forwarded to the Non-Registered Holder.
- (b) **Form of Proxy.** Less frequently, a Non-Registered Holder will receive, as part of the Meeting Materials, a form of proxy that has already been signed by the intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of BPP Shares beneficially owned by the Non-Registered Holder but which is otherwise not complete. If the Non-Registered Holder does not wish to attend and vote at the meeting in person (or have another person attend and vote on their behalf), the Non-Registered Holder must complete, sign and return the form of proxy to the Transfer Agent not later than 5:00 p.m. (EDT) on Friday, April 23, 2010 or, if the meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays) before the date of the adjourned or postponed meeting, as follows:

If via mail: c/o CIBC Mellon Trust Company P.O. Box 721 Agincourt, Ontario M1S 0A1	If via facsimile: c/o CIBC Mellon Trust Company 1-416-368-2502	If via courier or hand: c/o CIBC Mellon Trust Company 320 Bay Street Banking Hall Level Toronto, Ontario M5H 4A6
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If a Non-Registered Holder wishes to attend and vote at the meeting in person (or have another person attend and vote on their behalf), the Non-Registered Holder must 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.

Non-Registered Holders should follow the instructions on the forms they receive and contact their intermediary promptly if they need assistance.

Revocation

A registered Shareholder who has given a proxy may revoke the proxy (a) by completing and signing a proxy bearing a later date and depositing it as described above; (b) by depositing a written statement revoking the previous instructions given executed by the Shareholder or by the Shareholder's attorney authorized in writing (i) at the registered office of BPP at any time up to and including the last business day preceding the day of the meeting, or any adjourned or postponed meeting, or (ii) with the Chairman of the meeting prior to the commencement of the meeting on the day of the meeting or any adjourned or postponed meeting; or (c) in any other manner permitted by law.

A Non-Registered Holder may revoke a voting instruction form (or a waiver of the right to receive the Meeting Materials 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 that is not received by the intermediary at least seven days prior to the meeting.

Voting of Shares Represented by Proxies

A designated proxyholder must vote the BPP Shares in respect of which it is appointed on any ballot that may be called for in accordance with the direction of the Shareholder as specified on the proxy. If a Shareholder has not specified how to vote on a particular matter, then the designated proxyholder can vote those BPP Shares as he or she sees fit. **If you appoint the management representatives named on the enclosed form of proxy as your proxyholder, and you do not specify how your BPP Shares are to be voted, the BPP Shares will be voted FOR the Special Resolution and FOR the ordinary resolution authorizing the adoption by BCR of the Deferred Trust Unit Plan.**

Your proxyholder will have discretionary authority to vote your BPP Shares with respect to amendments to or variations of matters identified in the notice of special meeting and with respect to other matters which may properly come before the meeting. At the date hereof, management knows of no such amendments, variations or other matters.

If you have any questions about completing your form of proxy or voting instruction form, please contact Laurel Hill Advisory Group at 1-866-836-9722.

Record Date and Shareholders Entitled to Vote

As of March 22, 2010, there were 19,910,038 BPP common shares, 65,035,596 BPP non-voting equity shares and 9,270,027 BPP preferred shares (consisting of 1,805,489 Preferred Shares, Series G, 3,816,527 Preferred Shares, Series J, 300 Preferred Shares, Series K, 2,847,711 Preferred Shares, Series M and 800,000 Preferred Shares, Series N) outstanding. Holders of common shares, non-voting equity shares and preferred shares as of 5:00 p.m. (EST) on March 9, 2010 will be entitled to one vote for each share held.

Series N) outstanding. Holders of common shares, non-voting equity shares and preferred shares as of 5:00 p.m. (EST) on March 9, 2010 will be entitled to one vote for each share held.

Required Approvals

The Special Resolution must be approved by the affirmative vote of not less than two-thirds of the votes cast by all Shareholders present in person or represented by proxy at the meeting. The Special Resolution also requires the approval of a simple majority of the votes cast by holders of BPP common shares other than BPO and its affiliates present in person or represented by proxy at the meeting. The Arrangement must also be approved by the Court.

If the Special Resolution is passed, holders of BPP common shares will also be asked to consider, and if deemed advisable, pass an ordinary resolution authorizing and approving the adoption by BCR of the Deferred Trust Unit Plan. This ordinary resolution is required to be approved by a simple majority of the votes cast by holders of BPP common shares present in person or represented by proxy at the meeting.

Principal Holders of BPP Shares

To the knowledge of the directors and officers of BPP, BPO is the only person or company that beneficially owns, directly or indirectly, or exercises control or direction over, 10% or more of the outstanding BPP common shares. BPO has advised BPP that as of March 22, 2010 it beneficially owned 11,200,965 BPP common shares and 65,035,596 BPP non-voting equity shares through a wholly-owned subsidiary representing approximately 56.3% of the BPP common shares outstanding and 100% of the BPP non-voting equity shares outstanding, representing in the aggregate approximately 89.7% of BPP's common equity. BAM, the parent company of BPO, has also advised BPP that as of March 22, 2010 it beneficially owned, directly and indirectly, 514,700 Preferred Shares, Series G, 1,932,100 Preferred Shares, Series J, 300 Preferred Shares, Series K, 1,604,800 Preferred Shares, Series M and 200,000 Preferred Shares, Series N, representing in the aggregate approximately 45.9% of the outstanding BPP preferred shares. BPO has advised BPP that BPO and its affiliates intend to vote all of their BPP Shares in favour of the Transaction.

Dissent Rights

Pursuant to the terms of the Interim Order, registered holders of BPP common shares are entitled to dissent in respect of the Special Resolution in the manner provided in section 190 of the CBCA and to be paid the fair value of their BPP common shares. This dissent right, and the procedures for its exercise, are summarized in the section of this circular entitled "Description of the Transaction – Dissenting Shareholders' Rights" and in Appendix F to this circular. **Failure to strictly comply with the dissent procedures set out in this circular may result in the loss or unavailability of any right to dissent.**

Annual Meeting of BCR

In voting on the Transaction, shareholders of BPP will be voting on the election of the initial Trustees and the appointment of the auditors of BCR, and the authorization of the Trustees to fix their remuneration. Accordingly, the first annual meeting of Unitholders will be held on or prior to June 30, 2011. BPP will mail its annual financial statements for the year ended December 31, 2009 and its related management's discussion and analysis to the shareholders who have elected to receive them in the normal course. Disclosure regarding BPP's executive compensation and corporate governance practices will be included in BPP's annual information form for the year ended December 31, 2009.

DESCRIPTION OF THE TRANSACTION

Overview

The Transaction involves the reorganization of BPP's directly owned office assets under a new Canadian real estate investment trust named "Brookfield Office Properties Canada".

As part of the Transaction, BCR will acquire from BPO its interest in Brookfield Place (the "**Brookfield Place Interest**"), widely regarded as the top commercial complex in Canada, for a purchase price of approximately \$866 million. The purchase price will be satisfied by the payment of approximately \$100 million in cash, the assumption of debt valued at approximately \$342 million and the issuance of Class B limited partnership units of Brookfield Office Properties Canada LP ("**Class B LP Units**"), which are exchangeable for units of BCR ("**Trust Units**") valued at approximately \$20.90 per unit.

Upon closing of the Transaction, BCR will own a portfolio of 19 premier office properties totaling approximately 14.4 million square feet in Toronto, Calgary and Vancouver with a fair value of approximately \$3.7 billion, property specific debt of approximately \$1.7 billion and an equity capitalization of approximately \$2 billion. BCR is expected to earn approximately \$118 million in funds from operations available to holders of Trust Units on an annualized basis in 2010, or \$1.27 per Trust Unit.

Following the Transaction, BCR intends to pay monthly distributions of \$0.07 per Trust Unit and Class B LP Unit (each, a "**BCR Unit**"), which on an annual basis is more than double BPP's current dividend.

Following the Transaction, BPO and its affiliates, which currently hold approximately 89.7% of BPP's common equity, will hold Trust Units and securities exchangeable for Trust Units representing an aggregate equity interest in BCR of approximately 90.6%, including the consideration BPO will receive for the sale of the Brookfield Place Interest. Holders of BPP common shares other than BPO and its affiliates (the "**Public Common Shareholders**") will receive one Trust Unit for each BPP common share held. In the future, and subject to valuation and market conditions, BPO will consider reducing its interest in BCR to enhance BCR's market liquidity.

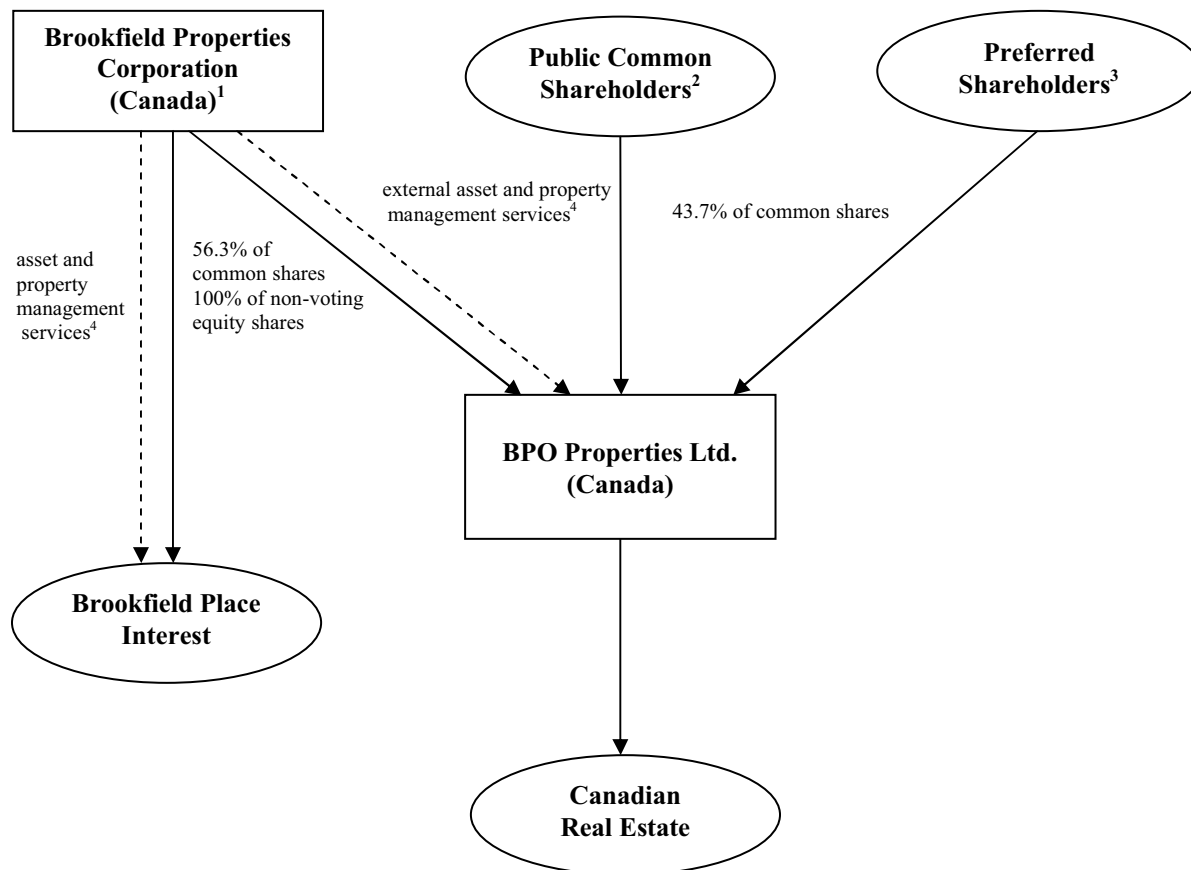
Pursuant to the Transaction, BPO will acquire all of the common equity of BPP that it does not already own. Select assets of BPP, including the Canadian Office Fund and certain development properties, as well as certain other assets that are not permitted to be owned by BCR under rules governing real estate investment trusts, will be retained by BPP. BPP will continue to have preferred shares outstanding after the Transaction and no changes will be made to their terms. BPO's aggregate equity interest in BCR has been adjusted to reflect the value attributed to the Excluded Assets and Liabilities that BPP will retain as well as the equity portion of the consideration that BPO will receive for the Brookfield Place Interest.

Given that approximately 20.3 million BCR Units (having an aggregate net equity value of \$424 million) will be issued to BPO as part of the consideration for the Brookfield Place Interest and that the Excluded Assets and Liabilities will be retained by BPP in exchange for a reduction of approximately 12.1 million BCR Units (having an aggregate net equity value of \$252 million), approximately 8.2 million BCR Units will be issued to BPO, on a net basis, which accounts for the increase in BPO's aggregate equity interest from 89.7% in BPP to approximately 90.6% in BCR.

BPO will provide asset and property management services to BCR under new management arrangements which have been set at market terms.

The following charts show the current structure of BPP and the anticipated structure of BCR following completion of the Transaction:

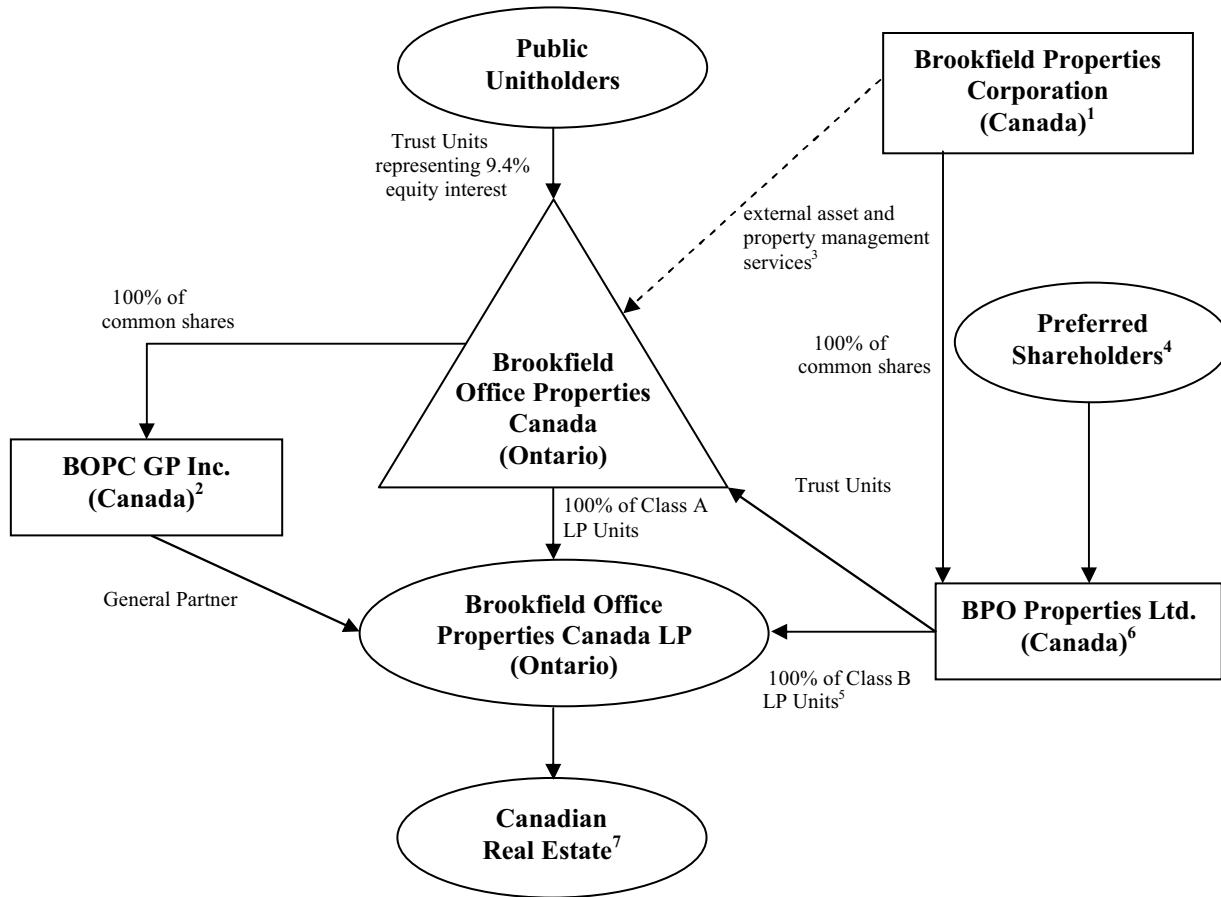
Current Structure of BPP



Notes:

1. As of March 22, 2010, BPO beneficially owned 11,200,965 BPP common shares and 65,035,596 BPP non-voting equity shares, representing in the aggregate approximately 89.7% of BPP's common equity.
2. As of March 22, 2010, Public Common Shareholders beneficially owned 8,709,073 BPP common shares, representing approximately 10.3% of BPP's common equity.
3. Includes 514,700 Preferred Shares, Series G, 1,932,100 Preferred Shares, Series J, 300 Preferred Shares, Series K, 1,604,800 Preferred Shares, Series M and 200,000 Preferred Shares, Series N, representing in the aggregate approximately 45.9% of the outstanding BPP preferred shares, beneficially owned by Brookfield as of March 22, 2010.
4. Brookfield Properties Ltd., a wholly-owned subsidiary of BPO, is the manager of the Brookfield Place Interest and also provides personnel and infrastructure to Brookfield Properties Management Corporation, a wholly-owned subsidiary of BPP which acts as the manager of BPP.

Anticipated Structure of BCR



Notes:

1. BPO will indirectly own Trust Units and Class B LP Units, representing an aggregate equity interest in BCR of approximately 90.6%.
2. BOPC GP Inc. will be a wholly-owned subsidiary of BCR.
3. Brookfield Properties Management Corporation will become an indirect wholly-owned subsidiary of BPO following the Transaction, and will provide asset and property management services to BCR. See “Trustees and Management of Brookfield Office Properties Canada – Management of Brookfield Office Properties Canada and Brookfield Office Properties Canada LP”.
4. Includes 514,700 Preferred Shares, Series G, 1,932,100 Preferred Shares, Series J, 300 Preferred Shares, Series K, 1,604,800 Preferred Shares, Series M and 200,000 Preferred Shares, Series N, representing in the aggregate approximately 45.9% of the outstanding BPP preferred shares, that will continue to be beneficially owned by Brookfield following completion of the Transaction.
5. Pursuant to the Transaction, holders of Class B LP Units will receive one Special Voting Unit for each Class B LP Unit held. The Special Voting Units will provide voting rights with respect to BCR to holders of Class B LP Units.
6. In connection with the Transaction, BPP will amalgamate with a wholly-owned subsidiary of BPO. The amalgamated entity, to be named “BPO Properties Ltd.,” will be an indirect wholly-owned subsidiary of BPO with preferred shares outstanding, will remain a reporting issuer under Canadian securities laws as a result of the outstanding preferred shares and will continue to hold select assets of BPP, including the Canadian Office Fund and certain development properties, as well as certain other assets that are not permitted to be owned by BCR under rules governing real estate investment trusts.
7. Includes the Brookfield Place Interest acquired from BPO and excludes select assets of BPP, such as the Canadian Office Fund and certain development properties, as well as certain other assets that are not permitted to be owned by BCR under rules governing real estate investment trusts.

Background to the Transaction

The following is a summary of the principal events leading up to and following the public announcement of the Transaction.

Since early 2008, management of BPP has periodically considered alternative structures that would offer a more tax efficient structure to BPP's shareholders. Commencing in the fall of 2008, management of BPP, with the assistance of professional advisors, explored potential structures to reorganize BPP's office assets under a real estate investment trust. Over the next several months, management of BPP, together with advisors, developed a structure that would effectively involve the reorganization of the office assets of BPP under a real estate investment trust. Management of BPP also discussed with management of BPO the possibility of acquiring the Brookfield Place Interest in conjunction with the reorganization.

At a meeting of the board of directors of BPP on October 1, 2009, management of BPP presented an outline of a transaction that would involve the reorganization of the office assets of BPP under a real estate investment trust, the acquisition by the trust of the Brookfield Place Interest, new asset and property management arrangements between the trust and BPO set on market terms and a \$100 million special distribution. Management of BPP indicated that BPO had advised that it would support a proposed transaction including those components. After discussion, the board determined that it would be desirable to establish a committee of directors who were independent of BPO and its affiliates (the "**Special Committee**") to assist the board in considering the transaction and to supervise the preparation of the formal valuations that would be required under applicable securities laws. The members of the Special Committee were William G. Davis, Robert J. McGavin and Michael F.B. Nesbitt.

The Special Committee retained Goodmans LLP as its legal counsel and Macquarie Capital Markets Canada Ltd. ("**Macquarie**") as its independent financial advisor. The Special Committee, based in part on representations made to it by Macquarie, determined that Macquarie was independent of BPO and its affiliates and qualified to prepare the valuations.

Between October 1, 2009 and February 25, 2010, the Special Committee met 16 times. The members of the Special Committee reviewed and discussed the terms of and reasons for the Transaction and met with management of BPP, BPO and their advisors. The Special Committee and its advisors considered, and engaged in active dialogue and negotiations with management of BPO and its advisors about all aspects of the Transaction, including the transfer of the Brookfield Place Interest, the terms of the new external management arrangements, the assets and liabilities that would be transferred to BCR or retained by BPP (including the assets held in the Canadian Office Fund), as well as issues relating to minority shareholder protection.

At a meeting of the Special Committee held on February 9, 2010, Macquarie provided an overview of its preliminary valuation analysis in connection with the Transaction. Macquarie described the scope of its review and the analysis carried out to date and explained the valuation methodologies and assumptions used in preparing the preliminary valuation analysis.

On February 10, 2010, in conjunction with the announcement of its results for the fourth quarter of 2009, BPP indicated that it was continuing to consider converting to a real estate investment trust structure and evaluating how that structure would impact its current business model and existing stakeholders. BPP indicated that a special committee of directors was reviewing the structure with assistance from financial and legal advisors and that BPP anticipated making an announcement in the near future when that process was complete.

Between February 10, 2010 and February 25, 2010, BPP, BPO and their advisors worked to finalize the conversion structure and to resolve outstanding issues relating to implementation.

At a meeting of the Special Committee held on February 25, 2010, management reported that it had resolved all outstanding issues relating to the implementation of the proposed Transaction and that it was in a position to proceed upon the approval of the Special Committee and the board of directors. Following management's report, Macquarie delivered the valuations to the Special Committee and rendered its opinion that, as at February 25, 2010, the proposed Transaction was fair, from a financial point of view, to holders of BPP common shares and BPP preferred shares other than BPO and its affiliates. At that meeting, the Special Committee unanimously resolved to recommend that the board of directors approve the Transaction. After further discussion, the board approved the Transaction and a news release announcing it was issued on February 26, 2010.

Over the next two weeks, management of BPP consulted with a number of interested parties, including the Special Committee, BPO and their respective advisors regarding potential modifications to the terms of the Transaction.

At a meeting on March 9, 2010, the Special Committee met to consider management's proposed modifications to the Transaction. The principal economic modification related to the inclusion of a cash payment of approximately \$100 million to BPO (and a resulting reduction of equity to be issued to BPO) as part of the consideration for the purchase of the Brookfield Place Interest. As a result, the proposed special distribution of \$100 million was eliminated. The impact of the cash payment for the Brookfield Place Interest was a reduction in the number of Trust Units that would be outstanding following the Transaction by approximately five million to 93 million and an increase in expected funds from operations available to unitholders on an annualized basis in 2010 to \$1.27 per unit from \$1.20 per unit. In addition, BCR's monthly distributions commencing on closing of the Transaction would increase to \$0.07 per BCR Unit, or \$0.84 per BCR Unit on an annualized basis. Further, BPO agreed to enhance the minority shareholder protection by undertaking not to effect a privatization of BCR or enter into certain related party transactions with BCR without obtaining minority Unitholder approval, as described under the heading "Summaries of Transaction Documents – BPO Undertakings" below. At the meeting, Macquarie delivered updated valuations to the Special Committee and rendered its opinion that, as at March 9, 2010, the Transaction as modified is fair, from a financial point of view, to holders of BPP common shares and BPP preferred shares other than BPO and its affiliates (the "**Fairness Opinion**"). After discussion, the Special Committee unanimously resolved to recommend that the board of directors approve the Transaction as modified.

On March 10, 2010, the board of directors met to receive the recommendation of the Special Committee. At the meeting, the board approved the Transaction as modified and a news release announcing the modifications to the Transaction was issued thereafter.

Recommendation of the Special Committee

The Special Committee unanimously determined that the Transaction is in the best interests of BPP and recommended that the board of directors approve the Transaction.

Reasons for the Recommendation of the Special Committee

The Special Committee considered the following factors which, taken as a whole, support its conclusions and recommendations:

- BPP's diversified portfolio of commercial properties provides a relatively stable cash flow, which, among other factors, makes it suitable for a real estate investment trust structure;
- the acquisition of the Brookfield Place Interest will add 1.8 million square feet of commercial, retail and parking space to BCR's premier office portfolio and strengthen the balance sheet and cash flow of BCR;
- if the Transaction is not completed, it is anticipated that BPP will pay cash taxes which will negatively impact cash flow and may also have an impact on the trading value of the BPP common shares;
- the reorganization of BPP's directly owned office assets under a real estate investment trust structure will provide a more efficient tax structure and will enhance the marketability of BPP's business by broadening its capital base and liquidity, which is expected to make it more appealing to a broader array of retail and institutional investors;
- BPO has indicated that subject to valuation and market conditions, it will consider reducing its interest in BCR to enhance BCR's market liquidity;
- the structure of the Transaction allows for the reorganization of BPP's directly owned office assets under BCR on a tax efficient basis;
- management of BPP believes that BCR should qualify for an exemption from the SIFT Rules;

- the Transaction does not require any changes to the rights, privileges, restrictions and conditions attaching to BPP preferred shares;
- following BPP's announcement of the Transaction, DBRS Limited reaffirmed the existing ratings of the BPP preferred shares and Standard & Poor's Rating Service's rating of the BPP preferred shares was not affected by the announcement;
- following the Transaction, BCR intends to pay monthly distributions of \$0.07 per BCR Unit, which on an annual basis is more than double BPP's current dividend;
- although under applicable Canadian securities laws, it would be possible for BPO, as the holder of an aggregate equity interest in BCR exceeding 90% following completion of the Transaction, to effect a privatization of BCR or enter into certain related party transactions with BCR without obtaining minority Unitholder approval, BPO has undertaken not to do so without obtaining minority Unitholder approval. This undertaking will terminate in the future if BPO and its affiliates hold in aggregate an equity interest in BCR of 75% or less for a period of 12 months;
- Macquarie has approved an opinion that, as at March 9, 2010, the Transaction is fair, from a financial point of view, to holders of BPP common shares and BPP preferred shares other than BPO and its affiliates;
- BCR's ability to draw upon BPO's senior management team and its global relationships as a result of the new arrangements under which BPO will provide asset and property management services to BCR;
- BPO has advised BPP that BPO and its affiliates intend to vote all of their BPP Shares in favour of the Transaction; and
- the following procedural protections are in place in connection with the approval of the Transaction:
 - the Special Committee considered the terms of the Transaction with its financial and legal advisors and recommended that the board of directors approve the terms of the Transaction;
 - the Special Resolution requires the approval of a simple majority of the votes cast by holders of BPP common shares present in person or represented by proxy at the meeting other than BPO and its affiliates;
 - the Transaction is subject to the approval of the Court, which will consider, among other things, the fairness and reasonableness of the Transaction; and
 - registered holders of BPP common shares are entitled to dissent in respect of the Special Resolution and to be paid the fair value of their BPP common shares pursuant to the terms of the Interim Order.

In addition to the risk factors set out elsewhere in this circular, the Special Committee also considered a number of risks and potential negative factors relating to the Transaction including the following:

- the Transaction will be a taxable transaction for the Public Common Shareholders for Canadian federal income tax purposes (and may be a taxable transaction under other applicable tax laws);
- although the new asset and property management arrangements have been set at market terms and align the interests of BPO with those of other Unitholders, they will, from a financial perspective,

be less advantageous to BCR than BPP's current arrangements with BPO which are on a cost-recovery basis;

- select assets of BPP, including the Canadian Office Fund and certain development properties, as well as certain other assets that are not permitted to be owned by BCR under rules governing real estate investment trusts, will be retained by BPP (which will become a wholly-owned subsidiary of BPO pursuant to the Transaction) in exchange for consideration that the board of directors of BPP has determined represents fair value. BPO has undertaken that prior to completing a disposition, restructuring or development of any of these excluded assets in circumstances where BCR is permitted and has the financial capacity to participate, it will (except where otherwise restricted or where the transaction involves a broader enterprise) notify and discuss with the independent Trustees in good faith BCR's participation in such transaction prior to or concurrent with discussing the same with other parties;
- upon completion of the Transaction, BPO will indirectly hold Trust Units and Class B LP Units representing an aggregate equity interest in BCR of approximately 90.6% and will accordingly be able to approve all matters submitted to a vote of the Unitholders. Although under applicable Canadian securities laws, it would be possible for BPO, as the holder of an equity interest in BCR exceeding 90% following completion of the Transaction, to effect a privatization of BCR or to enter into certain related party transactions with BCR without obtaining minority Unitholder approval, BPO has undertaken not to do so without obtaining minority Unitholder approval. This undertaking will terminate in the future if BPO and its affiliates hold in aggregate an equity interest in BCR of 75% or less for a period of 12 months; and
- BPO may own or acquire properties for its own account which may be suitable for BCR or compete with BCR for tenants and may provide management services to third parties in connection with properties which may compete with BCR for tenants. The Asset Management Agreement and the Property Management Agreement will provide that any conflicts of interest between the asset or property manager thereunder or any of its affiliates and BCR will be dealt with by the asset or property manager in good faith and in a fair, equitable and even-handed manner. Further, the Property Management Agreement will provide that the property manager thereunder will put measures in place to mitigate and manage any real or reasonably perceived conflict of interest related to a negotiation of a significant lease with a tenant in connection with a property which is competitive to BCR.

Approval and Recommendation of the Board of Directors

Having determined that the Transaction is in the best interests of BPP, the board of directors has unanimously approved the Transaction and is unanimously recommending that Shareholders vote in favour of the Transaction (with Richard B. Clark and Thomas F. Farley having declared their interest in the Transaction as executive officers of BPO).

The Transaction

Prior to the Arrangement, substantially all of BPP's existing subsidiary entities will be amalgamated with the indirect wholly-owned subsidiary of BPO that owns the Brookfield Place Interest to form a new entity ("**BPP Sub Amalco**"). BPP, BPP Sub Amalco and various other wholly-owned subsidiary entities of BPP (collectively, the "**BPP Entities**") will then transfer real property assets that were owned by BPP (the "**Contributed Assets**") and the Brookfield Place Interest to Brookfield Office Properties Canada LP generally on a tax-deferred rollover basis in exchange for the payment of cash, the assumption of debt and the issuance of Class B LP Units and interest bearing notes. The Contributed Assets will include revenue-producing properties and interests in various partnerships and other entities which hold revenue-producing properties currently held by BPP and all assets, rights and property relating thereto.

Upon the Arrangement becoming effective (the “**Effective Time**”), the following steps will occur and will be deemed to occur in the sequence and at the times set out in the Plan of Arrangement:

- (a) the BPP Entities will transfer the interest bearing notes of Brookfield Office Properties Canada LP received in exchange for the Contributed Assets to BCR in exchange for Trust Units;
- (b) BPP Sub Amalco will transfer a portion of the Trust Units referred to in step 1 above to 7326017 Canada Limited (“**Newco**”), an indirect wholly-owned subsidiary of BPO, in exchange for an interest bearing note having a principal amount equal to the fair market value of the Trust Units transferred (the “**Newco Note**”);
- (c) Newco will acquire each issued and outstanding BPP common share held by Public Common Shareholders in exchange for one Trust Unit;
- (d) BCR will transfer the interest bearing notes referred to in step (a) above to Brookfield Office Properties Canada LP in exchange for Class A limited partnership units of Brookfield Office Properties Canada LP (“**Class A LP Units**”); and
- (e) BPP will amalgamate with Newco.

Shareholders are urged to read the full text of the Plan of Arrangement. A copy of the Plan of Arrangement is attached as Appendix D to this circular.

Effect of the Transaction

After giving effect to the Transaction:

- Brookfield Office Properties Canada LP will directly and indirectly own the Contributed Assets and the Brookfield Place Interest;
- all of the common shares of BPP will be indirectly owned by BPO;
- BPO will indirectly own Trust Units and Class B LP Units representing an aggregate equity interest in BCR of approximately 90.6%;
- the Public Common Shareholders will own Trust Units representing an equity interest in BCR of approximately 9.4%; and
- holders of BPP preferred shares will hold preferred shares of the amalgamated BPP that will have the same rights, privileges, restrictions and conditions as the existing BPP preferred shares.

Following the Transaction, it is expected that the amalgamated BPP will acquire all of the shares of BPP Sub Amalco not already owned by it and will amalgamate with BPP Sub Amalco.

Excluded Assets and Liabilities

BPP will retain certain assets and liabilities currently held by BPP (the “**Excluded Assets and Liabilities**”). BPO’s aggregate equity interest in BCR following the Transaction has been adjusted to reflect the value attributed to the Excluded Assets and Liabilities. Macquarie considered the value attributed to the Excluded Assets and Liabilities for purposes of the Transaction in the Fairness Opinion. See “– Valuations and Fairness Opinion”.

As a result of joint venture restrictions, BPP will retain its 25% undivided interest in the Canadian Office Fund properties, which consist of 7.6 million square feet of rentable commercial and parking space and 0.6 million square feet of development property. The Canadian Office Fund commercial properties include: First Canadian Place in Toronto, Ontario; 2 Queen St. E. in Toronto, Ontario; 151 Yonge St. in Toronto, Ontario; Altius Centre in

Calgary, Alberta; Place de Ville I and Place de Ville II in Ottawa, Ontario; Jean Edmonds Tower in Ottawa, Ontario; Canadian Western Bank Place in Edmonton, Alberta; and Enbridge Tower in Edmonton, Alberta. For purposes of the Transaction, BPP's 25% undivided interest in the Canadian Office Fund has been valued at approximately \$252 million.

In addition, BPP will retain 3.2 million square feet of development properties including: surface and air rights in respect of the Bay Adelaide Centre north and east parcels in Toronto, Ontario; the Yonge Adelaide parcel in Toronto, Ontario; the residential development density rights referred to as "Brookfield III" in Toronto, Ontario; the Herald site in Calgary, Alberta; and the unused density rights associated with the Bankers Hall complex in Calgary, Alberta. As is the case with many real estate investment trusts, management of BPP is of the view that the value of non-income producing development properties would not be appropriately reflected in the market price of Trust Units. For purposes of the Transaction, these development properties have been valued at approximately \$126 million.

BPP will also retain certain assets that are not permitted to be held by BCR under rules governing real estate investment trusts. Those assets include:

- the shares of Brookfield Properties Management Corporation, an entity which is entitled to benefit from certain asset management and property management contracts and a performance-based incentive fee in the amount of approximately \$23.1 million payable in November 2010 which relates to the increase in value of certain properties acquired from O&Y Real Estate Investment Trust from 2005 to 2010. For purposes of the Transaction, these management contracts (including the performance incentive fee) have been valued at approximately \$88 million;
- BPP's 23.75% undivided interest in 510.58 acres (which is approximately 120.26 acres or the equivalent of 1,000 residential lots) in North Pickering (Seaton) and a 25% undivided interest in 16 draft approved residential lots, which has been valued at approximately \$32 million for purposes of the Transaction; and
- BPP's interests in certain inactive subsidiaries, intercompany receivables and entitlements to cash or other assets such as vacancy credits, deposits and contingent claims which, when taken together, are of nominal value.

BPO has undertaken that prior to completing a disposition, restructuring or development of any of these excluded assets in circumstances where BCR is permitted and has the financial capacity to participate, it will (except where otherwise restricted or where the transaction involves a broader enterprise) notify and discuss with the independent Trustees of BCR in good faith BCR's participation in such transaction prior to or concurrent with discussing the same with other parties.

The liabilities to be retained by BPP include:

- BPP's obligations under its outstanding \$381 million of preferred shares which have been valued at approximately \$184 million for purposes of the Transaction ; and
- BPP's corporate tax liabilities, which have been valued at approximately \$61 million for purposes of the Transaction.

These Excluded Assets and Liabilities, which have been valued at approximately \$252 million for purposes of the Transaction, will be retained by BPP in exchange for a reduction in the number of BCR Units to be issued to BPO of approximately 12.1 million BCR Units valued at approximately \$20.90 per unit. The value of \$252 million attributed to the Excluded Assets and Liabilities is within the range of values of \$161 million to \$271 million determined by Macquarie for the purposes of its Fairness Opinion.

Brookfield Place Interest

As part of the Transaction, Brookfield Office Properties Canada LP will acquire from BPO the Brookfield Place Interest. The subsidiary of BPO that owns the Brookfield Place Interest will amalgamate with substantially all of BPP's existing subsidiary entities to form BPP Sub Amalco and BPO will receive shares of BPP Sub Amalco. BPP Sub Amalco will then sell the Brookfield Place Interest to Brookfield Office Properties Canada LP for a purchase price equal to approximately \$866 million to be satisfied by the payment of approximately \$100 million in cash, the assumption of debt valued at approximately \$342 million and the issuance of approximately 20.3 million Class B LP Units valued at approximately \$20.90 per unit. The value of \$866 million attributed to the Brookfield Place Interest is within the range of values determined by Macquarie of \$834 million to \$871 million.

Brookfield Place is widely regarded as the top commercial complex in Canada and consists of approximately 3.3 million square feet of rentable commercial and parking space comprising two high-rise office towers located in Toronto's financial core in the block bounded by Bay, Wellington, Yonge and Front Streets. A 90-foot high glass enclosed galleria integrates the two office towers, the related retail space, the Hockey Hall of Fame and 13 other historical buildings. With direct access to Union Station, the Metro Toronto subway system and Commerce Court, Brookfield Place is a key point of entry in the underground pedestrian walkway system in Toronto. The Brookfield Place Interest that BPO will transfer to Brookfield Office Properties Canada LP consists of (a) a 100% fee interest in the Bay Wellington Tower, a 47-storey tower located on the northern portion of Brookfield Place, (b) a 50% interest in the retail space of Brookfield Place and (c) 56% of the revenues from the parking garage serving Brookfield Place, and all appurtenant rights thereto.

Bay Wellington Tower has an attractive office tenant profile as the top ten tenants collectively represent 58.4% of the total office base rental revenue and have an average remaining lease term of 6.5 years. The remaining tenants include well-recognized and high-profile companies from the banking, insurance, brokerage and mutual fund industries, providing economic diversification, excellent covenant and corporate appeal. The occupancy rate for the property is 99.0%.

Management Arrangements

BPO will provide asset and property management services, as well as certain regulatory compliance and administrative services, to BCR under a new asset management agreement (the "**Asset Management Agreement**") and a new property management agreement (the "**Property Management Agreement**") and together with the Asset Management Agreement, the "**Management Agreements**"), both of which have been set at market terms and align the interests of BPO with those of other Unitholders. See "Description of the Transaction – The Transaction – Management Arrangements".

BPO owns, develops and manages premier office properties. BPO's current portfolio is comprised of interests in 110 properties totaling 75 million square feet in the downtown cores of New York, Boston, Washington, D.C., Los Angeles, Houston, Toronto, Calgary and Ottawa, making it one of the largest owners of commercial real estate in North America. Landmark assets, in addition to Brookfield Place in Toronto, include the World Financial Center in Manhattan, Bank of America Plaza in Los Angeles and Bankers Hall in Calgary. In providing management services to BCR, BPO will draw on members of its senior management team and its global relationships. The board of directors of BPP believes that this will provide BCR with a unique competitive advantage and that BPO's compensation structure, which includes an incentive component, will ensure that its interests remain fully-aligned with those of other holders of Trust Units. For a more detailed description of the management arrangements, see "Trustees and Management of Brookfield Office Properties Canada – Management of Brookfield Office Properties Canada and Brookfield Office Properties Canada LP".

BPP Preferred Shares

As part of the Transaction, BPP will amalgamate with a wholly-owned subsidiary of BPO. Holders of BPP preferred shares will receive preferred shares of the amalgamated BPP with the same terms as the existing BPP preferred shares. No action is required to be taken by any holder of BPP preferred shares to receive preferred shares of the amalgamated BPP.

Pursuant to BPP's articles of amalgamation, following the Transaction, the amalgamated BPP will be prohibited from incurring any unsecured indebtedness for borrowed money or guaranteeing any such indebtedness of any other person, other than (a) unsecured indebtedness (or guarantees of indebtedness) in respect of which Brookfield Office Properties Canada LP is also liable (whether by guarantee or otherwise), (b) the indebtedness owing under the Newco Note, (c) certain other indebtedness owing to BPP Sub Amalco, and (d) unsecured indebtedness (or guarantees of indebtedness) that would not result in a downgrade of the then current ratings assigned by DBRS Limited to the preferred shares of the amalgamated BPP. It is not expected that BPP will incur or guarantee any such indebtedness other than the indebtedness owing under the Newco Note and certain other indebtedness owing to BPP Amalco. Such indebtedness is expected to be cancelled shortly after completion of the Transaction upon the amalgamation of BPP and BPP Sub Amalco.

Following BPP's announcement of the Transaction, DBRS Limited reaffirmed the existing ratings of the BPP preferred shares and Standard & Poor's Rating Service's rating of the BPP preferred shares was not affected by the announcement.

Valuations and Fairness Opinion

Copies of the Valuations and Fairness Opinion which are dated March 9, 2010 are attached as Appendix E to this circular. Shareholders should review and consider the Valuations and Fairness Opinion in their entirety. The Valuations and Fairness Opinion are subject to the assumptions and limitations contained therein.

The following section summarizes the Valuations and Fairness Opinion, describing the methodologies used to determine the valuations contained therein, the scope of review undertaken and the relevant factors and the key assumptions on which the Valuations and Fairness Opinion are based. The following summary is qualified in its entirety by, and should be read in conjunction with, the Valuations and Fairness Opinion.

Engagement of Macquarie

Macquarie was first contacted by the Special Committee regarding a potential advisory assignment in October of 2009 and was formally engaged by the Special Committee by letter agreement dated as of October 20, 2009 (the "**Engagement Agreement**").

The Engagement Agreement provides for a payment to Macquarie of a \$200,000 retainer fee and a further \$525,000 fee due and payable upon delivery of the Valuations and Fairness Opinion. The fees payable to Macquarie pursuant to the Engagement Agreement are not financially material to the Macquarie Group and are payable irrespective of whether the Transaction is completed or of the conclusions reached in the Valuations and Fairness Opinion. In addition, BPP has agreed to reimburse Macquarie for certain reasonable out-of-pocket expenses and to indemnify the Macquarie Group in certain circumstances.

The Valuations and Fairness Opinion have been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada.

Credentials of Macquarie and Relationship of Macquarie with Interested Parties

Macquarie is a member of the Macquarie Group which is a diversified international provider of specialist investment, advisory, trading and financial services in select markets around the world with approximately \$364 billion of total assets under management as of December 31, 2009. Macquarie is a member of the Investment Industry Regulatory Organization of Canada and a member of the Toronto Stock Exchange (the "TSX") and the TSX Venture Exchange. The parent company of Macquarie, Macquarie Group Limited, is listed on the Australian Stock Exchange. The Macquarie Group operates in more than sixty offices in 28 countries. Macquarie's advisory services include the areas of mergers, acquisitions, divestments, capital raisings, restructurings, project finance, structured finance, privatization and tailored strategic and financial advice, fairness opinions and valuations.

Neither Macquarie, nor any of its associates or affiliates, is an insider, associate or affiliate (as those terms are defined the *Securities Act* (Ontario)) of BPP, BPO or any of their respective associates or affiliates. Other than the

services provided under the Engagement Agreement, no member of the Macquarie Group has been engaged to provide any financial advisory services nor has any such member participated in any financing involving BPO, BPP or any of their respective associates or affiliates within the past two years other than (a) providing advice to the independent directors of Multiplex Prime Property Fund, a member of the Brookfield Multiplex Group, an Australian-based affiliate of BAM, in connection with a recapitalization transaction which was completed in 2009, (b) participating as a syndicate member only (and not as a lead, co-lead or manager) in five public offerings for BPO and certain of its affiliates, and (c) a member of the Macquarie Group acquired from a third-party lender a participation in a syndicated credit facility to Brookfield Multiplex Group and also acquired from a third party lender a mortgage loan on a Brookfield Multiplex Group building in Australia in which certain of the operations of the Macquarie Group are headquartered. There are no understandings, agreements or commitments between Macquarie on the one hand and BPP, BPO or BCR on the other hand, or any of their respective associates or affiliates, with respect to any future business dealings. Macquarie may, in the future, in the ordinary course of business, perform financial advisory or investment banking services for any one or more of them from time to time.

Macquarie and its affiliates carry on a range of businesses on their own account and for their clients, including providing stockbrokerage, investment advisory, investment management, proprietary transactions and custodial services. It is possible that the various divisions, business groups and affiliates of Macquarie which provide these services may hold long or short positions in securities of companies which are or may be involved in the aforementioned transactions and effect transactions in those securities for their own account or for the account of their clients. In addition, Macquarie and its affiliates are tenants in certain commercial properties owned and/or managed by BPP and its affiliates. Macquarie, as an investment dealer, also conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on issues and investment matters, including research with respect to BPP, BPO, BCR or their respective affiliates.

Scope of Review

In preparing the Valuations and Fairness Opinion, Macquarie held discussions with the Special Committee and its legal counsel, members of senior management of BPP and BPO and their respective tax advisors and legal counsel; reviewed certain public and non-public information relating to BPP and BPO; reviewed drafts of the principal documents relating to the Transaction; reviewed independent appraisals for selected properties, including Bay Wellington Tower; reviewed public information relating to BPP, BPO and other selected public entities, transactions of a comparable nature to the Transaction, the real estate industry generally and commercial property entities in particular; and reviewed and relied upon such other corporate, industry and financial market information, investigations and analyses as Macquarie considered necessary or appropriate in the circumstances.

Assumptions and Limitations

With the Special Committee's approval, Macquarie has relied upon and has assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions and representations obtained by Macquarie from public sources, or provided to Macquarie by BPP, BPO or their respective subsidiaries, affiliates or advisors, or otherwise obtained by Macquarie pursuant to its engagement (collectively, the "**Information**"). The Valuations and the Fairness Opinion are conditional upon the completeness, accuracy and fair presentation of the Information. Except as expressly described herein, Macquarie has not been requested to, and has not attempted to, independently verify the completeness, accuracy or fairness of presentation of any Information.

With respect to operating and financial budgets and projections concerning both BPP and the Brookfield Place Interest, as applicable, provided to and relied upon by Macquarie, Macquarie assumed that they have been prepared on bases reflecting reasonable assumptions, estimates and judgments of management, having regard to business plans, financial condition and prospects of BPP and the Brookfield Place Interest, as applicable.

BPP and BPO have each represented to Macquarie, in a certificate of two senior officers that, among other things, the Information provided to Macquarie by or on behalf of BPP and BPO, including the written information and discussions concerning BPP and BPO referred to under the heading "Scope of Review", are complete and correct at the date the Information was provided to Macquarie and that, since the date of the Information, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of BPP or BPO or any of their respective subsidiaries and affiliates, and no

material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Valuations or the Fairness Opinion.

Except as expressly noted under the heading “Scope of Review”, Macquarie has not conducted any investigation concerning the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of BPP, BPO or any of their respective subsidiaries or affiliates, or of the Brookfield Place Interest, as applicable. Macquarie has not attempted to verify independently any of the Information concerning BPP, BPO, any of their respective subsidiaries or affiliates, or of the Brookfield Place Interest. Macquarie was not authorized to solicit, and accordingly did not solicit, interest from any other potential party with respect to the Transaction, and the transactions contemplated in this circular.

Macquarie is not a legal, tax or accounting expert, and expresses no opinion regarding any legal, tax or accounting matters concerning the Transaction. In particular, Macquarie has not considered, and expresses no opinion in respect of, the tax impact of the Transaction to any person or entity.

The Valuations and the Fairness Opinion are rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at March 9, 2010, and the conditions and prospects, financial and otherwise, of BPP, BPO and their respective subsidiaries and affiliates as they are reflected in the Information and as they were represented to Macquarie in discussions with BPP, BPO and their respective advisors.

The Valuations and the Fairness Opinion are given as of March 9, 2010 and, although Macquarie reserves the right to change or withdraw the Valuations and/or the Fairness Opinion if Macquarie learns that any of the information relied upon in preparing the Valuations and/or the Fairness Opinion was inaccurate, incomplete or misleading in any material respect, Macquarie disclaims any obligation to change or withdraw the Valuations and/or the Fairness Opinion, to advise any person of any change that may come to Macquarie’s attention or to update the Valuations and/or the Fairness Opinion after that date.

With respect to the budgets, forecasts, projections or estimates provided to Macquarie and used in its analyses, Macquarie notes that projecting future results is inherently subject to uncertainty. Macquarie expresses no independent view as to the reasonableness of such budgets, forecasts, projections and estimates or the assumptions on which they are based.

In its analysis and in preparing the Valuations and the Fairness Opinion, Macquarie has made numerous assumptions, including that all conditions precedent to the completion of the Transaction can be satisfied in due course, that all consents, permissions, exemptions or orders of relevant regulatory authorities or third parties will be obtained without adverse condition or qualification, and that the procedures being followed to implement the Transaction are valid and effective, as well as numerous other assumptions with respect to industry performance, general business, capital markets and economic conditions and other matters. Many of these assumptions are beyond the control of any party involved in the Transaction.

In addition, Macquarie has assumed:

- (a) that the Transaction, and the transactions contemplated in this circular, will be completed in accordance with the terms of the draft Agreements reviewed by Macquarie, and as described in this circular, and all applicable laws, and that this circular will disclose all material facts relating to the Transaction and will satisfy all applicable legal requirements;
- (b) that all undertakings typically required by Canadian securities regulators in cases involving income trusts and/or securities that are exchangeable for units of income trusts will be entered into and complied with at all times following closing by all applicable persons;
- (c) that the existing ratings of BPP’s preferred shares will be reaffirmed by all applicable rating agencies;

- (d) that BCR will at all times qualify as a unit trust, a mutual fund trust and a real estate investment trust, that it will be in compliance at all times with non-resident ownership limits without any need for forced sales or other transfer or issuance limits to be imposed, that all real estate held will be capital property and not inventory and that any intra-group debt will be on reasonable terms; and
- (e) that the SIFT Rules (as defined herein) will not apply to BCR or Brookfield Office Properties Canada LP or their respective subsidiaries, in each case within the meaning of applicable Canadian income tax laws.

Macquarie believes that its financial analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all factors and analysis together, could create a misleading view of the process underlying the Valuations and the Fairness Opinion. The preparation of a valuation and fairness opinion is complex and is not necessarily susceptible to partial analysis or summary description and any attempt to do so could lead to undue emphasis on any particular factor or analysis.

The Valuations and the Fairness Opinion have been provided to the Special Committee for its exclusive use in considering the Transaction and may not be relied upon by any other person or used for any other purpose or published without the prior written consent of Macquarie, provided that the Valuations and the Fairness Opinion, and a summary thereof, may be contained in this circular. The Valuations and the Fairness Opinion are not to be construed as a recommendation to any shareholder of BPP as to how it should vote or act on any matter relating to the Transaction.

Definition of Fair Market Value

For purposes of the Valuations, fair market value means the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act. Macquarie has not made any downward adjustment to the value of the non-voting equity shares and the common shares of BPP to reflect their liquidity, the effect of the Transaction on those shares, or the fact that the common shares of BPP held by Public Common Shareholders do not form part of a controlling interest.

Valuation of the Common Shares and Non-Voting Equity Shares of BPP

Valuation Methods

Macquarie relied primarily on an after-tax net asset value (“NAV”) methodology in preparing the valuation of BPP’s common shares and non-voting equity shares (the “BPP Valuation”). In connection with that methodology, Macquarie also reviewed precedent transactions involving public real estate entities with significant income producing properties, including an analysis of the implied capitalization rates of net operating income and multiples of funds from operations.

The NAV methodology ascribes a separate value for each category of asset and liability, utilizing the methodology appropriate in each case. The sum of total assets less total liabilities yields the NAV. The eight key components to BPP's NAV are summarized below.

Considering BPO currently holds a majority of BPP’s common shares and 100% of BPP’s non-voting equity shares, representing in the aggregate approximately 89.7% of BPP’s common equity, Macquarie has not ascribed a difference to the BPP common shares and non-voting equity shares with respect to the consideration to be received in connection with the Transaction.

Income Producing Property Portfolio

Macquarie primarily relied upon a discounted cash flow (“DCF”) approach to value BPP’s income producing property portfolio. The DCF approach requires that certain assumptions be made regarding, among other things, future unlevered free cash flows, discount rates and terminal values. Appropriate discount rates and reversionary

capitalization rates for each property were selected based on precedent private market transactions and Macquarie's knowledge of current real estate pricing parameters. The individual income producing property values resulting from the above analyses were reviewed on the basis of their implied respective overall capitalization rates, price per square foot and average yield to ensure these measures were also consistent with market pricing parameters.

Properties Held for Future Development

In valuing the properties held for future development, Macquarie selected appropriate price per buildable square foot and price per acre benchmarks based upon precedent private market transactions and Macquarie's knowledge of current real estate pricing parameters. These benchmarks were used to develop a range of values for BPP's properties held for future development.

Real Estate Services Business

Macquarie used primarily a multiple of recurring earnings before interest, taxes, depreciation and amortization approach in valuing the real estate services business, the primary methodology upon which companies in the real estate services business are valued. Appropriate multiples were selected based on the nature of BPP's management contracts, precedent private market transactions, Macquarie's knowledge of current real estate services pricing parameters and taking into consideration the longer term of BPP's various third-party contracts.

Secured Debt

Macquarie marked BPP's secured debt to market based on current Government of Canada Bond Yields and real estate lending spreads concluding that the fixed rate debt was modestly above market rates.

Preferred Shares

Macquarie used a range of implied yields in valuing BPP's preferred shares, as derived from the public trading levels for BPP's publicly listed preferred shares and other comparable publicly listed preferred shares.

Income Taxes and Tax Deductions

Macquarie reduced BPP's NAV to reflect the higher value of the BPP's assets relative to their tax basis. This analysis calculated the net present value of the foregone tax shield (due to the lower tax basis) for BPP's property portfolio excluding those held in the Canadian Office Fund and the net present value of the estimated tax liability associated with the realization of the BPP's properties held within the Canadian Office Fund.

Other Assets and Liabilities

BPP has a number of historic contingent tax liabilities, certain of which have been risk adjusted based on discussions with BPP's management and general counsel. BPP's other non-real estate assets and liabilities, including working capital, were valued at their book value for purposes of Macquarie's NAV analysis, except for deferred expenses related to tenant inducements and financing costs which were given no value. Given that Macquarie's NAV analysis is based on the BPP's balance sheet at December 31, 2009, Macquarie also included in BPP's NAV the estimated free cash flow generated between then and March 9, 2010.

Capitalized General and Administrative Expenses

The NAV methodology requires that a downward adjustment be made to reflect the value impact of corporate, non-recoverable general and administrative expenses. Macquarie deducted from the NAV an amount in respect of the capitalized cost of BPP's non-recoverable general and administrative expenses.

Benefits to Interested Parties

In preparing the Valuations, Macquarie also considered whether any distinctive material benefit would accrue to an interested party as a result of the Transaction.

Macquarie considered the financial terms of the proposed Management Agreements and compared those terms to other external management arrangements. Macquarie has concluded that the financial terms, taken as a whole, of the proposed Management Agreements are comparable with other external management agreements. Macquarie also understands that a change to the current management agreements could be made irrespective of the completion of the Transaction. Accordingly, Macquarie concluded that the financial terms of the proposed Management Agreements do not represent a distinctive material benefit to BPO.

Valuation of the Brookfield Place Interest

Macquarie used primarily a DCF methodology for the valuation of the Brookfield Place Interest (the “**Brookfield Place Interest Valuation**”) which is consistent with the methodology of the valuation of the income producing properties owned by BPP. In valuing the Brookfield Place Interest, Macquarie obtained and relied upon an independent third party appraisal from Altus Group Limited dated November 27, 2009

Valuation of Trust Units

Macquarie determined that the appropriate methodology in preparing the valuation of the Trust Units (the “**BCR Valuation**”) was to use the expected market trading value of the Trust Units, after an appropriate period to allow for recycling of the Trust Units following completion of the Transaction. Public Common Shareholders will be receiving Trust Units under the Transaction and will not be able to effect an en bloc sale of BCR, thereby making it inappropriate to consider methodologies that are based on the assumption of a change of control transaction. Macquarie also considered a pre-tax NAV analysis of BCR primarily as a check on expected market trading values.

Valuations

In the opinion of Macquarie, as at March 9, 2010:

- (a) BPP Valuation: the fair market value of BPP’s common shares and non-voting equity shares is in the range of \$17.50 to \$20.50 per share;
- (b) Brookfield Place Interest Valuation: the fair market value of the Brookfield Place Interest is in the range of \$834.1 to \$870.7 million; and
- (c) BCR Valuation: the fair market value of the Trust Units is in the range of \$18.50 to \$21.00 per Trust Unit.

Factors Considered

In considering the fairness of the Transaction, from a financial point of view, to the holders of BPP common shares and BPP preferred shares other than BPO and its affiliates, Macquarie principally considered and relied upon the following:

- (a) a comparison of the range of fair market values of the Trust Units under the BCR Valuation to the trading value of BPP’s common shares prior to the announcement on February 11, 2010, that BPP was considering the Transaction as well as a comparison to the price at which BPO is taking Trust Units as consideration for the Brookfield Place Interest (the “**Transfer Price**”) and to the range of fair market values of the common shares and non-voting equity shares of BPP under the BPP Valuation;

- (b) a comparison of the consideration for the Brookfield Place Interest under the Transaction to the range of fair market values of the Brookfield Place Interest under the Brookfield Place Interest Valuation;
- (c) a comparison of the consideration for the Excluded Assets and Liabilities under the Transaction to the range of values of the Excluded Assets and Liabilities; and
- (d) a comparison of the pro forma credit rating profile of BPP's preferred shares to the current credit rating profile of the preferred shares as well as the confirmation of the credit rating of the preferred shares by all applicable rating agencies.

In Macquarie's opinion, these tests must be met in order for the consideration under the Transaction to be fair from a financial point of view to the holders of BPP common shares and BPP preferred shares other than BPO and its affiliates.

Comparison of the BCR Valuation to the Value of the Common Shares and Non-Voting Equity Shares and the Transfer Price

The range of fair market values of the Trust Units under the BCR Valuation of \$18.50 to \$21.00 per Trust Unit is consistent with the \$20.26 closing price of BPP's common shares on the TSX immediately prior to the announcement on February 11, 2010 that BPP was considering the Transaction, the Transfer Price of approximately \$20.90 and consistent with the range of fair market values of \$17.50 to \$20.50 for the common shares and non-voting equity shares of BPP.

Comparison of Consideration for the Brookfield Place Interest to the Brookfield Place Interest Valuation

The total consideration paid to BPO for the acquisition of the Brookfield Place Interest, comprised of \$100.0 million in cash, the assumption of debt with an estimated value of \$346.2 million to \$351.4 million, and 20.3 million Class B LP Units, totals \$821.7 million to \$877.7 million (when using the range of fair market values for the Trust Units of \$18.50 to \$21.00 derived under the BCR Valuation). This is consistent with the range of fair market values of the Brookfield Place Interest under the Brookfield Place Interest Valuation of \$834.1 to \$870.7 million.

Comparison of Consideration for the Excluded Assets and Liabilities to the Value of the Excluded Assets and Liabilities

The consideration to Public Common Shareholders, in the form of a reduced number of Class B LP Units and Trust Units totaling 12.1 million units as consideration for the Excluded Assets and Liabilities under the Transaction is within the range of values of the Excluded Assets and Liabilities of \$160.4 million to \$271.0 million. Based upon the BCR Valuation, the fair market value of the Trust Units is \$18.50 to \$21.00 per unit which implies a value of \$223.9 million to \$254.1 million for the consideration.

Comparison of Pro Forma Credit Rating Profile of BPP's Preferred Shares to the Current Credit Rating Profile of BPP's Preferred Shares and Confirmation of Credit Rating

Following the announcement of the Transaction on February 26, 2010, DBRS Limited reaffirmed the existing ratings of BPP's preferred shares and Standard & Poor's Rating Service's rating of the preferred shares was not affected by the announcement. Macquarie also reviewed the impact of the Transaction structure and a comparison, provided by management of BPP, of pro forma credit rating metrics to credit rating metrics under the current structure. The results of this review were incorporated in the Fairness Opinion.

Fairness Conclusion

Based upon and subject to the foregoing, Macquarie is of the opinion that, as of March 9, 2010, the consideration to be received under the Transaction is fair, from a financial point of view, to the holders of BPP common shares and BPP preferred shares other than BPO and its affiliates.

Shareholder Approvals

The Special Resolution is required to be approved by the affirmative vote of not less than two-thirds of the votes cast by all Shareholders present in person or represented by proxy at the meeting. The Special Resolution also requires the approval of a simple majority of the votes cast by holders of BPP common shares other than BPO and its affiliates present in person or represented by proxy at the meeting.

The Special Resolution authorizes the board of directors of BPP, in its sole discretion without further notice to or approval of the Shareholders, to amend the Plan of Arrangement, or to revoke the Special Resolution at any time prior to the Transaction becoming effective. BPP may decide not to proceed with the Transaction in the event that holders of 10% or more of the outstanding BPP common shares other than those held by BPO and its affiliates dissent with respect to the Special Resolution.

If the Special Resolution is passed, holders of BPP common shares will also be asked to consider, and if deemed advisable, pass an ordinary resolution authorizing and approving the adoption by BCR of the Deferred Trust Unit Plan. This ordinary resolution is required to be approved by a simple majority of the votes cast by holders of BPP common shares present in person or represented by proxy at the meeting.

See Appendix A to this circular for the full text of the resolutions.

Court Approvals

Interim Order

Prior to the mailing of this circular, BPP obtained the Interim Order. The Interim Order provides, among other things, that BPP is authorized to call, hold and conduct the meeting in the manner set forth in the Interim Order, and at the time and place set forth in the notice of meeting, for the Shareholders to consider and, if deemed advisable, pass, the Special Resolution. The Interim Order is attached as Appendix B to this circular.

Final Order

Pursuant to the CBCA, the Arrangement requires approval of the Court. If Shareholders approve the Special Resolution at the meeting, BPP expects to make an application for the final order from the Court (the “**Final Order**”) approving the Arrangement at 10:00 a.m. (EDT) on April 29, 2010, or as soon thereafter as is reasonably practicable, before the Court at 330 University Avenue, Toronto, Ontario. At the hearing for the Final Order, approval by the Court may be granted if the Court determines that the Arrangement meets the requirements of the Interim Order and the CBCA, that nothing has been done or purported to be done that is not authorized by the CBCA, and that the Arrangement is fair and reasonable. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with those terms and conditions, if any, as the Court deems fit. The Notice of Application for the Final Order is attached as Appendix C to this circular.

Third Party Notices and Approvals

Certain elements of the Transaction require the consent of lenders, co-owners and other third parties. In some cases, only notice is required to be sent to these parties. BPP is sending notices to and requesting the consent of various third parties with respect to the Transaction. However, there can be no assurance that the necessary consents from these third parties will be obtained on a timely basis or on terms and conditions satisfactory to BPP. If these consents are not obtained, BPP may not complete the Transaction.

Timing

If the requisite Shareholder and Court approvals are obtained, BPP expects to file the Articles of Arrangement with the CBCA Director to give effect to the Arrangement (the “**Effective Date**”) on or about April 30, 2010.

Interests of Informed Persons in the Transaction

Except as disclosed elsewhere in this circular, no informed person (within the meaning of applicable Canadian securities laws) of BPP, or any of its associates or affiliates, has any material interest, direct or indirect, in the Transaction.

Stock Exchange Listings

The TSX has conditionally approved the listing of the Trust Units to be issued pursuant to the Transaction (including those issuable upon the exchange of Class B LP Units) under the symbol “BCR”. This listing is subject to BCR fulfilling all of the requirements of the TSX.

Pursuant to the Transaction, BPO will acquire all of the common shares of BPP that it does not already own and BPP’s common shares will be delisted from the TSX.

Following completion of the Transaction, the BPP Preferred Shares, Series G, Series J and Series M will continue to be listed on the TSX under the symbols “BPP.PR.G”, “BPP.PR.J” and “BPP.PR.M”. The BPP Preferred Shares, Series K and Series N are not listed on any exchange.

Failure to Complete the Transaction

If the Transaction is not completed, the trading value of the BPP common shares may return to levels comparable to their trading value prior to BPP’s announcement on February 10, 2010 that it was considering the Transaction. It is also anticipated that BPP will pay cash taxes, which will negatively impact future cash flow and may also have an impact on the trading value of the BPP common shares. As management of BPP believes that the Transaction is in the best interests of BPP, BPP may consider other alternatives to achieve certain goals of the Transaction, including pursuing the acquisition of the Brookfield Place Interest or entering into new management arrangements with BPO on market terms.

If the Transaction is not completed, any letter of transmittal completed by a registered Public Common Shareholder will be of no effect and BPP will cause the Transfer Agent to return all deposited certificates representing BPP common shares to the holders thereof as soon as practicable.

Securities Law Matters

The Trust Units to be issued pursuant to the Transaction will be issued in reliance upon exemptions from prospectus and registration requirements of applicable Canadian securities laws. Upon their issue, the Trust Units will generally be “freely tradeable” (other than as a result of any “control block” restrictions which may arise by virtue of the ownership thereof) under applicable securities laws of each of the provinces and territories of Canada.

The Class B LP Units to be issued pursuant to the Transaction will not be transferable other than to affiliates of the holders thereof or in connection with the exchange of Class B LP Units for Trust Units. In addition, the Class B LP Units will not be listed on the TSX or any other stock exchange or quotation system. See “Description of Brookfield Office Properties Canada LP – Authorized Capital”.

Expenses of the Transaction

The estimated costs to be incurred by BPP relating to the Transaction, including financial advisory, accounting and legal fees and the preparation and printing of this circular, are expected to be approximately \$5 million.

Procedure for Surrender of BPP Common Shares

On the Effective Date, registered Public Common Shareholders (other than those who have properly exercised their right to dissent and who are ultimately entitled to be paid the fair value of their BPP common shares) shall be deemed to be the holders of the Trust Units to which they are entitled pursuant to the Transaction and, accordingly,

certificates representing BPP common shares will represent a like number of Trust Units until replaced against transfer in accordance with the instructions below.

Notwithstanding the foregoing, if you hold BPP common shares and you wish to exchange your certificates representing those shares for certificates representing Trust Units, you should complete the enclosed letter of transmittal. The letter of transmittal, when properly completed and duly executed and returned together with a certificate or certificates representing BPP common shares and all other required documents, will enable each registered Public Common Shareholder to obtain certificates representing Trust Units to which they are entitled.

Transmission by mail of a certificate representing BPP common shares and a related letter of transmittal is at the risk of the registered holder. If these documents are mailed, it is recommended that registered mail, with return receipt requested, properly insured, be used.

Certificates representing the appropriate number of Trust Units issuable to a former registered Public Common Shareholder who has complied with the procedures set out above and in the letter of transmittal will, as soon as practicable after the Effective Date:

- (a) be forwarded to the former registered Public Common Shareholder at the address specified in the letter of transmittal by insured first class mail; or
- (b) be made available for pick up by the former registered Public Common Shareholder as requested by the shareholder in the letter of transmittal at the offices of the Transfer Agent at the address set out on the last page of the letter of transmittal.

Additional copies of the letter of transmittal will be sent to any registered Public Common Shareholder (other than holders of BPP common shares who have properly exercised their right to dissent and who are ultimately entitled to be paid the fair value of their BPP common shares) of record on the Effective Date who did not receive a letter of transmittal. In addition, further copies of the letter of transmittal will be available at the offices of the Transfer Agent in Toronto.

If share certificates representing BPP common shares have been lost or destroyed, registered Public Common Shareholders should complete the letter of transmittal as fully as possible and forward it, together with a letter describing the loss, to the Transfer Agent. The Transfer Agent will respond with the replacement requirements, which must be properly completed and returned prior to effecting the exchange.

Dissenting Shareholders' Rights

Pursuant to the terms of the Interim Order, a registered holder of BPP common shares is entitled to dissent in respect of the Special Resolution in the manner provided in section 190 of the CBCA and to be paid the fair value of the holder's BPP common shares.

The dissent procedures under section 190 of the CBCA are summarized in Appendix F to this circular and the text of section 190 of the CBCA is set out in Appendix G to this circular. Holders of BPP common shares who may wish to dissent should seek legal advice, as failure to strictly comply with the dissent procedures set out in section 190 of the CBCA may result in the loss or unavailability of any right to dissent. A holder of BPP common shares may only exercise the right to dissent in respect of BPP common shares which are registered in that holder's name.

BUSINESS OF BROOKFIELD OFFICE PROPERTIES CANADA

BCR will own, proactively manage, and develop premier properties in high-growth, and in many instances, supply-constrained Canadian markets, with high barriers to entry, and maintain one of Canada's most distinguished portfolios of office properties. BCR's commercial property portfolio will consist of interests in 19 premier office properties totaling 14.4 million square feet including 2.7 million square feet of parking. BCR's primary markets will be the financial and energy centre cities of Toronto, Calgary and Vancouver. BCR's strategy will be to concentrate operations within a select number of Canadian gateway cities with attractive tenant bases in order to maintain a meaningful presence and build on the strength its tenant relationships within these markets.

BCR will focus on the following strategic priorities:

- surfacing value from its properties through proactive leasing initiatives;
- prudent capital management, including the refinancing of mature properties and investing in joint venture opportunities with institutional partners who seek to benefit from the depth of its expertise; and
- acquiring high quality commercial properties in its primary markets for value when opportunities arise.

Additional information about the commercial property operations, commercial property and primary markets of BCR is found on pages 5 to 12 of BPP's renewal annual information form dated March 17, 2009. For additional information on the Brookfield Place Interest, see "Description of the Transaction – The Transaction – Brookfield Place Interest".

DISTRIBUTION POLICY

The declaration and payment of distributions on Trust Units will be at the discretion of the Trustees, who support a stable and consistent distribution policy.

Following completion of the Transaction, BCR intends to pay monthly distributions of \$0.07 per Trust Unit, which on an annual basis is more than double BPP's current dividend. Brookfield Office Properties Canada LP will pay corresponding distributions on the Class B LP Units. See "Description of Brookfield Office Properties Canada LP – Distributions". It is the intention of BCR to review the pay-out of distributions on Trust Units quarterly on March 31, June 30, September 30 and December 31 of each year and to assess the appropriateness of a change in the amount of distributions in accordance with changes in reported cashflow. In any event, BCR intends, subject to the Trustee's discretion, to distribute to holders of Trust Units a sufficient amount of distributions so that BCR will not have any liability for tax under Part I of the Tax Act in any taxation year.

If the Transaction is completed, it is expected that the first distribution on the Trust Units for the period from the Effective Date to May 31, 2010 will be approximately \$0.07 per Trust Unit and will be paid on June 15, 2010.

Historical Dividend Payments on BPP Common Shares

Commencing with the dividend paid on September 30, 2009, BPP increased its quarterly common share dividend from \$0.05 to \$0.10 per share.

A complete record of dividends paid on BPP common shares from January 1, 2007 to December 31, 2009 is as follows:

	2009	2008	2007
Per Common Share (excluding special dividend)	\$0.30	\$0.20	\$0.20
Special Dividend per Common Share	\$1.65	\$2.42	-
Total (excluding special dividend)	\$25,493,747	\$17,049,087	\$17,110,314
Total Special Dividend	\$140,246,424	\$206,501,868	-
Total	\$165,740,171	\$223,550,955	\$17,110,314

Distribution Reinvestment Plan

Following completion of the Transaction, BCR intends to implement, subject to regulatory approval, a distribution reinvestment plan pursuant to which holders of Trust Units (other than Non-Residents) may elect to have all or a portion of their cash distributions of BCR automatically reinvested in Trust Units at a price per Trust Unit calculated by reference to the weighted average price at which board lots of Trust Units have traded on the TSX for the five trading days immediately preceding the relevant distribution payment date. Non-Residents will not be entitled to participate in the distribution reinvestment plan. Upon ceasing to be a resident of Canada, a holder of Trust Units will be required to terminate its participation in the distribution reinvestment plan.

The automatic reinvestment of distributions under the distribution reinvestment plan will not relieve holders of Trust Units of any income tax applicable to such distributions. See "Certain Canadian Federal Income Tax Considerations". No brokerage commissions or service charges will be payable in connection with the purchase of Trust Units under the distribution reinvestment plan and all administrative costs will be borne by BCR.

An information package relating to the distribution reinvestment plan and an enrollment form will be sent to holders of Trust Units following completion of the Transaction.

**SUMMARY OF PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF
BROOKFIELD OFFICE PROPERTIES CANADA**

The following summary unaudited pro forma consolidated financial information of BCR has been compiled from underlying financial statements of BPP and the Brookfield Place Interest to illustrate the effect of the Transaction.

The summary unaudited pro forma consolidated financial information is derived from the unaudited pro forma consolidated financial statements of BCR included in Appendix H to this circular and has been prepared as if the Transaction had been completed on the first day of the respective periods. These pro forma financial statements have been prepared using book values which do not necessarily equate to the fair values used for the purposes of valuing the Transaction. See “Supplemental Disclosure With Respect to Non-GAAP Measures”.

The pro forma information has been prepared for illustrative purposes only, does not represent BCR’s actual financial position or results and does not purport to represent what the consolidated results of operations of BCR actually would have been if the Transaction had occurred on January 1, 2009, or what those results will be for any future periods. The actual results of operations of BCR for any period following the Effective Date will vary from the amounts set forth in the following analysis, and these variations may be material. See “Risk Factors”.

Pro Forma Consolidated Balance Sheet

<i>(\$ Millions)</i>	BPO Properties Ltd.	Brookfield Place Interest	Pro forma adjustments ⁽¹⁾		Consolidated BCR
			Canadian Fund Exclusion	Other	
Assets					
Commercial properties	\$ 1,384.4	\$ 794.5	\$ (394.7)	\$ -	\$ 1,784.2
Commercial developments	744.0	-	(3.0)	(165.4)	575.6
Loan receivable	85.0	-	-	(85.0)	-
Intangible assets	23.9	-	(19.3)	-	4.6
Tenant receivables and other assets	113.2	16.2	(28.5)	(22.0)	78.9
Cash and cash equivalents	55.7	14.8	(6.4)	(29.8)	34.3
	\$ 2,406.2	\$ 825.5	\$ (451.9)	\$ (302.2)	\$ 2,477.6
Liabilities					
Commercial and development property debt	\$ 1,447.7	\$ 332.8	\$ (181.2)	\$ -	\$ 1,599.3
Intangible liabilities	62.8	-	(60.5)	-	2.3
Accounts payable and other liabilities	115.1	26.5	(8.5)	(62.6)	70.5
Future income tax liabilities	30.7	-	(17.3)	(13.4)	-
Equity	749.9	466.2	(184.4)	(226.2)	805.5
	\$ 2,406.2	\$ 825.5	\$ (451.9)	\$ (302.2)	\$ 2,477.6

⁽¹⁾ Description of the pro forma adjustments are included in Appendix H.

Pro Forma Consolidated Statement of Income and Comprehensive Income

(\$ Millions, except per share/unit amounts)	BPO Properties Ltd.	Brookfield Place Interest	Pro forma adjustments ⁽¹⁾		Consolidated BCR
			Canadian Fund Exclusion	Other	
Commercial Properties					
Revenue	\$ 350.9	\$ 95.5	\$ (73.4)	\$ (13.5)	\$ 359.5
Expenses	148.3	47.6	(35.4)	7.4	167.9
	202.6	47.9	(38.0)	(20.9)	191.6
Loan and investment income	3.8	-	(1.0)	(2.1)	0.7
	206.4	47.9	(39.0)	(23.0)	192.3
Expenses					
Interest expense	40.5	22.0	(8.4)	10.4	64.5
General and administrative expenses	24.5	3.5	-	(22.0)	6.0
Asset management fee	-	-	-	9.0	9.0
Current income taxes	23.7	-	-	(23.7)	-
	117.7	22.4	(30.6)	3.3	112.8
Depreciation and amortization	52.4	17.0	(16.9)	0.4	52.9
Future income taxes	3.8	-	-	(3.8)	-
Net income and comprehensive income	61.5	5.4	(13.7)	6.7	59.9
Preferred dividends	(5.7)	-	-	5.7	-
Net income to common shareholders/unitholders	\$ 55.8	\$ 5.4	\$ (13.7)	\$ 12.4	\$ 59.9
Number of shares/units outstanding	85.0				93.2
Net income per basic and diluted share/unit	\$ 0.66				\$ 0.64

⁽¹⁾ Description of the pro forma adjustments are included in Appendix H.

Reconciliation of Pro Forma Funds from Operations and Adjusted Funds from Operations of BCR

(\$ Millions)	Year Ended December 31, 2009
Net income	\$59.9
Add back depreciation and amortization	52.9
Funds from operations	112.8
Straight-line rental income	(0.9)
Intangible amortization	(2.8)
Leasing commissions and tenant improvements	(14.0)
Maintenance capital expenditures	(1.7)
Adjusted funds from operations	\$93.4

Reconciliation of Pro Forma Net Income to Cash Provided by Operations to Adjusted Funds from Operations

<i>(\$ Millions)</i>	Year Ended December 31, 2009
Pro forma net income	59.9
Add (deduct):	
Depreciation and amortization	52.9
Amortization of above/below market in-place operating leases	(2.8)
Amortization of deferred debt financing costs	4.5
Foreign exchange	2.4
Deferred leasing costs	(3.7)
Cash provided by operations	113.2
Straight-line rental income	(0.9)
Tenant improvements	(10.3)
Maintenance capital expenditures	(1.7)
Amortization of deferred debt financing costs	(4.5)
Foreign exchange	(2.4)
Adjusted funds from operations	93.4

DESCRIPTION OF BROOKFIELD OFFICE PROPERTIES CANADA

BCR is a limited purpose unincorporated, closed-ended, real estate investment trust established under and governed by the laws of the Province of Ontario and created pursuant to a declaration of trust dated as of March 19, 2010 (the “**Declaration of Trust**”). Although it is intended that BCR qualify as a “mutual fund trust” pursuant to the *Income Tax Act* (Canada) (the “**Tax Act**”), BCR is not a mutual fund under applicable securities laws.

The head office of BCR is located at Brookfield Place, 181 Bay Street, Suite 330, Toronto, Ontario, M5J 2T3.

The following is a summary of the material terms attached to the Trust Units and certain provisions included in the Declaration of Trust.

Authorized Capital

The units of BCR are divided into two classes described and designated as “Trust Units” and “Special Voting Units”. An unlimited number of Trust Units and Special Voting Units may be issued pursuant to the Declaration of Trust.

The Trust Units and Special Voting Units are not “deposits” within the meaning of the Canada Deposit Insurance Corporation Act and will not be insured under the provisions of such act or any other legislation. Furthermore, BCR is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on nor does it intend to carry on the business of a trust company.

Trust Units

Each Trust Unit is transferable and represents an equal, undivided beneficial interest in BCR and any distributions by BCR, whether of net income, net realized capital gains or other amounts, and, in the event of termination or winding-up of BCR, in the net assets of BCR remaining after satisfaction of all liabilities. All Trust Units rank among themselves equally and rateably without discrimination, preference or priority. Each Trust Unit entitles the holder thereof to one vote at all meetings of Unitholders or in respect of any written resolution of Unitholders.

Holders of Trust Units are entitled to receive distributions from BCR (whether of net income, net realized capital gains or other amounts) if, as and when declared by the Trustees. Upon termination or winding up of BCR, holders of Trust Units will participate equally with respect to the distribution of the remaining assets of BCR after payment of all of BCR’s liabilities. Such distribution may be made in cash, as a distribution in kind, or both, all as the Trustees in their sole discretion may determine. The Trust Units have no conversion, retraction or redemption rights. No person is entitled, as a matter of right, to any pre-emptive right to subscribe for or acquire any Trust Unit, except as set out in the Exchange and Support Agreement, or as otherwise agreed to by BCR pursuant to a binding agreement in writing.

Special Voting Units

The Special Voting Units provide voting rights with respect to BCR to holders of Class B LP Units. Pursuant to the Transaction, holders of Class B LP Units will receive one Special Voting Unit for each Class B LP Unit held.

Each Special Voting Unit entitles the holder thereof to a number of votes at all meetings of Unitholders or in respect of any resolution in writing of Unitholders equal to the number of Trust Units into which the related Class B LP Unit is exchangeable. Except for the right to attend and vote at meetings of Unitholders or in respect of written resolutions of Unitholders, Special Voting Units do not confer upon the holders thereof any other rights. No Special Voting Unit will have any economic interest in BCR, or be entitled to any interest or share in BCR, any distributions from BCR (whether of net income, net realized capital gains or other amounts) or in any net assets of BCR in the event of termination or winding-up of BCR.

Special Voting Units are only issued in connection with or in relation to Class B LP Units and are not transferable separately from the Class B LP Units to which they relate and upon any transfer of Class B LP Units, such Special

Voting Units will automatically be transferred to the transferee of the Class B LP Units. As Class B LP Units are exchanged for Trust Units or purchased for cancellation by Brookfield Office Properties Canada LP, the corresponding Special Voting Units will be cancelled for no consideration and without any further action of the Trustees, and the former holder of such Special Voting Units will cease to have any rights with respect thereto.

Issuance of Trust Units

Trust Units or rights to acquire Trust Units or other securities of BCR may be created, issued and sold at such times, to such persons, for such consideration and on such terms and conditions as the Trustees determine, including pursuant to any rights plan, distribution reinvestment plan, purchase plan or any incentive option or other compensation plan established by BCR. Trust Units will be issued only when fully paid in money, property or past services, and they will not be subject to future calls or assessments, provided that Trust Units may be issued and sold on an installment basis and BCR may take security over any such Trust Units so issued. Where the Trustees determine that BCR does not have available cash in an amount sufficient to make payment of the full amount of any distribution, the payment may, at the option of the Trustees, include or consist entirely of the issuance of additional Trust Units having a fair market value determined by the Trustees equal to the difference between the amount of the distribution and the amount of cash that has been determined by the Trustees to be available for the payment of such distribution. These additional Trust Units will be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing. The Declaration of Trust also provides that unless the Trustees determine otherwise, and subject to all necessary regulatory approvals, immediately after any pro rata distribution of additional Trust Units to all holders of Trust Units as described above, the number of outstanding Trust Units will automatically be consolidated such that each Unitholder will hold after the consolidation the same number of Trust Units as the Unitholder held before the distribution of such additional Trust Units. In such circumstances, each certificate representing a number of Trust Units prior to the distribution of additional Trust Units will be deemed to represent the same number of Trust Units after the distribution of such additional Trust Units and the consolidation. If tax is required to be withheld from a Unitholder's share of the distribution, the consolidation will not result in such Unitholder holding the same number of Trust Units. Each such Unitholder will be required to surrender the certificates, if any, representing that Unitholder's original Trust Units in exchange for a certificate representing that Unitholder's post-consolidation Trust Units.

The Trustees may refuse to allow the issuance of or to register the transfer of any Trust Units where such issuance or transfer would, in their opinion, adversely affect the treatment of BCR under applicable Canadian tax laws or their qualification to carry on any relevant business. See “– Limitations on Non-Resident Ownership of Trust Units”.

Repurchase of Trust Units

BCR may, from time to time, purchase all or a portion of the Trust Units for cancellation at a price per Trust Unit and on a basis determined by the Trustees in accordance with applicable securities laws and stock exchange rules.

Limitations on Non-Resident Ownership of Trust Units

In order for BCR to maintain its status as a mutual fund trust under the Tax Act, BCR must not be established or maintained primarily for the benefit of Non-Residents. Accordingly, the Declaration of Trust provides that at no time may Non-Residents be the beneficial owners of more than 49% of the Trust Units on a basic or fully-diluted basis and BCR will inform its transfer agent and/or registrar of this restriction. The Trustees may require a registered holder of Trust Units to provide the Trustees with a declaration as to the jurisdictions in which beneficial owners of the Trust Units registered in such holder's name are resident and as to whether such beneficial owners are Non-Residents (or in the case of a partnership, whether the partnership is Non-Resident). If the Trustees become aware, as a result of such declarations as to beneficial ownership or as a result of any other investigations, that the beneficial owners of more than 49% of the Trust Units on a basic or fully-diluted basis are, or may be, Non-Residents or that such a situation is imminent, the Trustees may make a public announcement thereof and will not accept a subscription for Trust Units from or issue or register a transfer of Trust Units to a person unless the person provides a declaration in form and content satisfactory to the Trustees that the person is not a Non-Resident and does not hold such Trust Units for the benefit of Non-Residents. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Trust Units on a basic or fully-diluted basis are held by Non-Residents, the Trustees may

send or cause to be sent a notice to such Non-Resident holders of the Trust Units chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell their Trust Units or a portion thereof within a specified period of not more than 30 days. If the Unitholders receiving such notice have not sold the specified number of Trust Units or provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Trustees may on behalf of such persons sell or cause to be sold such Trust Units and, in the interim, will suspend the voting and distribution rights attached to such Trust Units. Upon such sale, the affected holders will cease to be holders of the relevant Trust Units and their rights will be limited to receiving the net proceeds of sale upon surrender of the certificates, if any, representing such Trust Units.

Investment Restrictions and Guidelines and Operating Plan

BCR's investment and operating activities are limited because its operating business will be carried out by Brookfield Office Properties Canada LP. The investment restrictions and guidelines governing BCR's investments in real estate and other assets and the operating plan governing its business will exist at the Brookfield Office Properties Canada LP level and are set out under the heading "Description of Brookfield Office Properties Canada LP – Investment Restrictions and Guidelines and Operating Policies".

Investment Restrictions and Guidelines of BCR

The Declaration of Trust provides that BCR's assets may be invested, directly or indirectly, only in accordance with the following investment restrictions and guidelines:

- (a) subject to (c), BCR may invest, directly or indirectly, in:
 - (i) interests (including fee ownership and leasehold interest) in income producing real property; and
 - (ii) corporations, trusts, partnerships or other persons which principally have interests (including the ownership of leasehold interests) in income producing real property (or activities relating or ancillary thereto);
- (b) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of Canada or of a province of Canada, short-term government debt securities, or receivables under installment receipt agreements or money market instruments of, or guaranteed by, a Canadian bank listed on Schedule I to the *Bank Act* (Canada) maturing prior to one year from the date of issue or except as permitted pursuant to (a), BCR may not hold securities other than securities of Brookfield Office Properties Canada LP, BOPC GP Inc., an entity wholly owned by Brookfield Office Properties Canada LP and/or a subsidiary formed and operated solely for the purpose of holding a particular real property or real properties or managing real property or real properties or some or all of the receivables under installment receipt agreements;
- (c) BCR will not make or permit a subsidiary to make any investment, take any action or omit to take any action that would result in:
 - (i) BCR failing or ceasing to qualify as a "unit trust", "mutual fund trust" or "real estate investment trust" within the meaning of the Tax Act; or
 - (ii) the Units being disqualified for investment by Plans; and
- (d) BCR may, directly or indirectly, invest in such other assets and conduct such other activities as are consistent with the other investment restrictions and guidelines of BCR.

Operating Plan of Brookfield Office Properties Canada

The Declaration of Trust provides that the Trustees will establish an operating plan relating to the operations and affairs of BCR (which plan will comply with the guidelines and policies contained in the Declaration of Trust, including the investment restrictions and guidelines) and will review such operating plan from time to time and modify the same to the extent that the Trustees determine that to do so would be prudent and in the best interests of BCR and the Unitholders. Without limiting the generality of the foregoing, the operating plan adopted by the Trustees from time to time may include guidelines for valuations, property appraisals, level and type of insurance coverage, means to ensure compliance with environmental legislation and regulations pertaining to the assets of BCR and means to ensure compliance with all laws, regulations and policies applicable to the assets of BCR or to BCR.

Trustees

The Declaration of Trust provides that BCR will have a minimum of 5 and a maximum of 12 Trustees, the majority of whom must be Resident Canadians. The number of Trustees may be increased or decreased within such limits from time to time by the Unitholders by ordinary resolution or by the Trustees, provided that the Trustees may not, between meetings of Unitholders, appoint an additional Trustee if, after such appointment, the total number of Trustees would be greater than one and one-third times the number of Trustees in office immediately following the previous annual meeting of Unitholders. If at any time a majority of Trustees are Non-Residents because of the death, resignation, adjudicated incompetence, removal or change in circumstances of any Trustee who was a Resident Canadian, the remaining Trustees, whether or not they constitute a quorum, will appoint a sufficient number of Resident Canadian Trustees to comply with the requirement that a majority of the Trustees will be at all times Resident Canadians. See “Trustees and Management of Brookfield Office Properties Canada”.

The Declaration of Trust provides that, subject to its terms and conditions, the Trustees have, without further authorization and free from any control or direction on the part of the Unitholders, full, absolute and exclusive power, control and authority over the assets and affairs of BCR to the same extent as if the Trustees were the sole and absolute beneficial owners of the assets of BCR, to do all acts and things as in their sole and absolute judgment and discretion are necessary or incidental to, or desirable for, carrying out any of the purposes of BCR or conducting the affairs of BCR.

The initial Trustees are Richard B. Clark, the Honourable William G. Davis, Thomas F. Farley, Robert J. McGavin and Michael F.B. Nesbitt. Messrs. Davis, McGavin and Nesbitt are “independent” Trustees within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Properties* (“NI 58-101”). Thereafter, Trustees will be appointed at each annual meeting of Unitholders to hold office for a term expiring at the close of the next annual meeting. The Declaration of Trust provides that a Trustee may resign at any time upon written notice to the chair or, if there is no chair, the President. A Trustee may be removed at any time with or without cause by an ordinary resolution of Unitholders at a meeting of Unitholders or by the written consent of Unitholders holding in the aggregate not less than a majority of the outstanding Units or with cause by a resolution passed by two-thirds of the other Trustees.

The Declaration of Trust provides that the Trustees will act honestly and in good faith with a view to the best interests of BCR and the Unitholders and, in connection with that duty, will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. A Trustee will not be liable in carrying out his or her duties under the Declaration of Trust except in cases where a Trustee fails to act honestly and in good faith with a view to the best interests of BCR and the Unitholders or to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Committees

The Declaration of Trust requires that the Trustees appoint a Governance and Nominating Committee and an Audit Committee. In addition, the Trustees may create such additional committees as they, in their discretion, determine to be necessary or desirable for the purposes of properly governing BCR’s affairs. The Trustees may not delegate to any committee any powers or authority in respect of which a board of directors of a corporation governed by the CBCA would not be entitled to so delegate.

Conflicts of Interest

The independent Trustees (within the meaning of the Declaration of Trust) will establish a conflicts policy that addresses the approval and other requirements for transactions in which there is a conflict of interest or potential for a conflict of interest to arise (the “**Conflicts Policy**”). These transactions include:

- the termination of, any material amendment to, any determination required or any claim made under the Management Agreements;
- any material service agreement or other arrangement pursuant to which BPO or its affiliates would be paid a fee or other consideration, other than any agreement or arrangement contemplated by the Management Agreements;
- co-investments by BCR or any of its affiliates with BPO or any of its affiliates;
- acquisitions or dispositions involving BCR or any of its affiliates and BPO or any of its affiliates; and
- any other material transaction involving BCR or any of its affiliates and BPO or any of its affiliates.

The Conflicts Policy will require the transactions described above to be approved by a majority of the independent Trustees. Pursuant to the Conflicts Policy, the independent Trustees may grant approvals for any of the transactions described above in the form of general guidelines, policies or procedures in which case no further special approval will be required in connection with a particular transaction permitted thereby.

Meetings of Unitholders

The Declaration of Trust provides that meetings of Unitholders will be called and held annually for the election of Trustees and the appointment of auditors of BCR for the ensuing year, the presentation of the consolidated financial statements of BCR for the immediately preceding fiscal year, and the transaction of such other business as the Trustees may determine or as may be properly brought before the meeting. The first such meeting of Unitholders will be held no later than June 30, 2011.

A meeting of Unitholders may be convened by the Trustees at any time and for any purpose and must be convened, except in certain circumstances, if requisitioned by the holders of not less than 10% of the Units then outstanding by a written requisition. A requisition must state in reasonable detail the business proposed to be transacted at the meeting.

Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy and a proxyholder need not be a Unitholder. Two persons present in person or represented by proxy and representing in total at least 10% of the votes attached to all outstanding Units will constitute a quorum for the transaction of business at all meetings.

The Declaration of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Unitholders similar to those required under the CBCA.

Amendments to the Declaration of Trust and Other Documents

The Declaration of Trust, except where specifically provided otherwise, may only be amended by the approval of a majority of the votes cast by Unitholders at a meeting called for that purpose or the written approval of Unitholders holding a majority of the outstanding Units. Notwithstanding the foregoing, the following amendments will require the approval of at least two-thirds of the votes cast by Unitholders at a meeting of Unitholders called for that purpose or the written approval of Unitholders holding more than two-thirds of the outstanding Units:

- (a) an exchange, reclassification or cancellation of all or part of the Trust Units or Special Voting Units;
- (b) the change or removal of the rights, privileges, restrictions or conditions attached to the Trust Units or Special Voting Units, including, without limitation,
 - (i) the removal or change of rights to distributions; or
 - (ii) the removal of or change to conversion privileges, redemption privileges, voting, transfer or pre-emptive rights;
- (c) the creation of new rights or privileges attaching to certain of the Trust Units or Special Voting Units; and
- (d) any change to the existing constraints on the issue, transfer or ownership of the Trust Units or Special Voting Units.

A majority of the Trustees may, however, without the approval of the Unitholders, make certain amendments to the Declaration of Trust, including amendments for the purpose of:

- (a) ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees, BCR or the distribution of Trust Units or Special Voting Units;
- (b) providing additional protection or added benefits which are, in the opinion of the Trustees, necessary to maintain the rights of the Unitholders set out in the Declaration of Trust;
- (c) removing any conflicts or inconsistencies in the Declaration of Trust or making corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;
- (d) making amendments which are, in the opinion of the Trustees, necessary or desirable to remove conflicts or inconsistencies between the disclosure in this circular and the Declaration of Trust;
- (e) making amendments of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest errors, which amendments are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;
- (f) making amendments which are, in the opinion of the Trustees, necessary or desirable as a result of changes in taxation or other laws or accounting standards from time to time which may affect BCR or the Unitholders; or
- (g) implementing a distribution reinvestment plan or any amendment to such plan.

In no event will the Trustees amend the Declaration of Trust if such amendment would amend Unitholders' voting rights or cause BCR to fail to qualify as a "mutual fund trust", "real estate investment trust" or "unit trust" under the Tax Act.

In addition, BCR will not agree to or approve any change to the Limited Partnership Agreement or the Exchange and Support Agreement without the approval of at least two-thirds of the votes cast by Unitholders at a meeting of Unitholders called for that purpose or the written approval of Unitholders holding more than two-thirds of the outstanding Units. Notwithstanding the foregoing, BCR may agree to or approve any change to the Limited Partnership Agreement or the Exchange and Support Agreement without the approval of the Unitholders for the purpose of:

- (a) providing a distribution reinvestment entitlement to the holders of Class B LP Units that is substantially equivalent to the distribution reinvestment entitlement provided by any distribution reinvestment plan to holders of Trust Units;
- (b) ensuring continuing compliance with applicable laws (including the Tax Act and maintaining the status of BCR as a “unit trust”, “mutual fund trust” and a “real estate investment trust”) regulations, requirements or policies of any governmental authority having jurisdiction over Brookfield Office Properties Canada LP, or over the distribution of Class A LP Units or Class B LP Units;
- (c) providing additional protection or added benefits which are, in the opinion of the Trustees, necessary to maintain the rights of the holders of Class A LP Units or Class B LP Units set out in the Limited Partnership Agreement or the rights of the parties to the Exchange and Support Agreement, as applicable;
- (d) removing any conflicts or inconsistencies in the Limited Partnership Agreement or the Exchange and Support Agreement or making corrections, including the rectification of any ambiguities, defective provisions, errors, mistakes or omissions, which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the holders of Class A LP Units or Class B LP Units or the parties to the Exchange and Support Agreement, as applicable;
- (e) making amendments which are in the opinion of the Trustees necessary or desirable to remove conflicts or inconsistencies between the disclosure in this circular and the Limited Partnership Agreement or the Exchange and Support Agreement;
- (f) making amendments of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest omissions or errors, which amendments are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the holders of Class A LP Units or Class B LP Units or the parties to the Exchange and Support Agreement, as applicable; or
- (g) making amendments which are, in the opinion of the Trustees, necessary or desirable as a result of changes in taxation or other laws or accounting standards that may affect Brookfield Office Properties Canada LP or the holders of Class A LP Units or Class B LP Units.

Take-Over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid is made for the Trust Units and not less than 90% of the Trust Units (including Trust Units issuable on the exchange of any exchangeable securities, including Class B LP Units, but excluding Trust Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror or those acting jointly or in concert with them) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Trust Units held by holders who did not accept the take-over bid on the terms on which the offeror acquired Trust Units from holders who accepted the take-over bid.

Information and Reports

Prior to each meeting of Unitholders, the Trustees will provide to the Unitholders (along with notice of the meeting) information similar to that required to be provided to shareholders of a corporation governed by the CBCA.

Book-Based System

The Trust Units may be represented in the form of one or more fully registered unit certificates held by, or on behalf of, CDS, as custodian of such certificates for the participants of CDS, registered in the name of CDS or its nominee, and registration of ownership and transfers of the Trust Units may be effected through the book-based system administered by CDS.

Rights of Unitholders

The rights of Unitholders and the attributes of the Trust Units are established and governed by the Declaration of Trust. Although the Declaration of Trust confers upon a Unitholder many of the same protections, rights and remedies as an investor would have as a shareholder of a corporation governed by the CBCA, significant differences will exist, some of which are described below.

Many of the provisions of the CBCA respecting the governance and management of a corporation are incorporated in the Declaration of Trust. For example, Unitholders are entitled to exercise voting rights in respect of their holdings of Units in a manner comparable to shareholders of a CBCA corporation and to elect the Trustees and auditors of BCR. The Declaration of Trust also includes provisions modeled after comparable provisions of the CBCA dealing with the calling and holding of meetings of Unitholders and Trustees, the quorum for and procedures at such meetings and the right of Unitholders to participate in the decision-making process where certain fundamental actions are proposed to be undertaken. The matters in respect of which approval by Unitholders are required under the Declaration of Trust are generally less extensive than the rights conferred on the shareholders of a CBCA corporation, but effectively extend to certain fundamental actions that may be undertaken by BCR's subsidiaries. These approval rights are supplemented by provisions of applicable securities laws that are generally applicable to issuers (whether corporations, trusts or other entities) that are "reporting issuers" or the equivalent or are listed on the TSX.

Unitholders do not have recourse to a dissent right under which shareholders of a CBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting: (a) the business or businesses that the corporation can carry on; or (b) the issue, transfer or ownership of shares). Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of a CBCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or which disregard the interests of securityholders and certain other parties. Shareholders of a CBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The Declaration of Trust does not include a comparable right. The CBCA also permits shareholders to bring or intervene in derivative actions in the name of a corporation or any of its subsidiaries, with the leave of a court. The Declaration of Trust does not include a comparable right.

DESCRIPTION OF BROOKFIELD OFFICE PROPERTIES CANADA LP

Brookfield Office Properties Canada LP is a limited partnership formed under the laws of the Province of Ontario on January 6, 2010 pursuant to the limited partnership agreement (the “**Limited Partnership Agreement**”). Following completion of the Transaction, Brookfield Office Properties Canada LP will directly and indirectly own the Contributed Assets and the Brookfield Place Interest. The head office of Brookfield Office Properties Canada LP is located at Brookfield Place, 181 Bay Street, Suite 330, Toronto, Ontario M5J 2T3.

On or prior to the Effective Date, the Limited Partnership Agreement will be amended and restated. The following is a summary of the material terms that will be attached to the Class A LP Units and Class B LP Units and certain other terms to be included in the Limited Partnership Agreement.

General Partner

BOPC GP Inc. is the general partner of Brookfield Office Properties Canada LP. BOPC GP Inc. is a corporation incorporated under the laws of Canada. Following completion of the Transaction, BOPC GP Inc. will be a direct wholly-owned subsidiary of BCR. The board of directors of BOPC GP Inc. will at all times be comprised of all of the individuals who are from time to time serving as Trustees.

As general partner of Brookfield Office Properties Canada LP, BOPC GP Inc. will have full power and exclusive authority to administer, manage, control and operate the operations, affairs and business of Brookfield Office Properties Canada LP and to bind Brookfield Office Properties Canada LP. The Limited Partnership Agreement will provide that all material transactions and agreements involving Brookfield Office Properties Canada LP must be approved by BOPC GP Inc.’s board of directors. BOPC GP Inc. will be required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of Brookfield Office Properties Canada LP and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. BOPC GP Inc. will have unlimited liability for the obligations of Brookfield Office Properties Canada LP.

Authorized Capital

Brookfield Office Properties Canada LP will be authorized to issue the general partner interest, an unlimited number of Class A LP Units and Class B LP Units and, subject to certain restrictions, such other classes of partnership interests as BOPC GP Inc. may decide from time to time. Upon completion of the Transaction, all of the Class A LP Units will be held by BCR and all of the Class B LP Units will be held indirectly by BPO.

Class A LP Units

The holders of the Class A LP Units will be entitled to receive notice of, to attend and to vote at all meetings of the partners of Brookfield Office Properties Canada LP on the basis of one vote for each unit held. Holders of Class A LP Units will be entitled to receive distributions when declared by Brookfield Office Properties Canada LP equal to, on a per unit basis, the amount of distributions declared on the Class B LP Units. In the event of the liquidation, dissolution or winding-up of Brookfield Office Properties Canada LP or any other distribution of the assets of Brookfield Office Properties Canada LP among the holders of the units for the purpose of winding-up its affairs, holders of Class A LP Units will participate equally with the holders of Class B LP Units in any distribution of the assets of Brookfield Office Properties Canada LP.

As long as any Class A LP Units are outstanding, Brookfield Office Properties Canada LP will not, without the approval of the holders of the Class A LP Units, create a new class of interests in Brookfield Office Properties Canada LP which would rank, in any manner, equal to or superior to such Class A LP Units with respect to one or more individual characteristics or rights attaching to the Class A LP Units.

Class B LP Units

Each Class B LP Unit will be accompanied by a Special Voting Unit which will entitle the holder thereof to receive notice of, to attend and to vote at all meetings of Unitholders. Each Class B LP Unit, together with the accompanying Special Voting Unit, will have economic and voting rights equivalent in all material respects to one Trust Unit.

Except as required by law and in certain specified circumstances where the rights of a holder of Class B LP Units are affected, holders of Class B LP Units will not be entitled to vote at meetings of the partners of Brookfield Office Properties Canada LP.

The holders of the Class B LP Units will be entitled to receive distributions when declared by Brookfield Office Properties Canada LP. Subject to certain limitations contained in the Limited Partnership Agreement, holders of Class B LP Units will be entitled to receive distributions equal to, on a per unit basis, the amount of distributions declared on a Trust Unit. In the event of the liquidation, dissolution or winding-up of Brookfield Office Properties Canada LP or any other distribution of the assets of Brookfield Office Properties Canada LP among the holders of the units for the purpose of winding-up its affairs, holders of Class B LP Units and Class A LP Units will participate equally in any distribution of the assets of Brookfield Office Properties Canada LP. A holder of Class B LP Units may not transfer any of its Class B LP Units other than to an affiliate.

The Class B LP Units will be exchangeable, on a one-for-one basis (subject to customary anti-dilution provisions) for Trust Units at the option of the holder at any time unless such exchange would, in the opinion of the Trustees, jeopardize BCR's status as a "unit trust", "mutual fund trust" or "real estate investment trust" under the Tax Act. Upon the exchange of Class B LP Units for Trust Units, the corresponding Special Voting Units will immediately be redeemed and cancelled without any further action of the Trustees.

As long as any Class B LP Units are outstanding, Brookfield Office Properties Canada LP will not, without the approval of the holders of the Class B LP Units, create a new class of interests in Brookfield Office Properties Canada LP which would rank, in any manner, equal to or superior to such Class B LP Units with respect to one or more individual characteristics or rights attaching to the Class B LP Units.

Offers, Issuer Bids and Take-over Bids

The Declaration of Trust provides and the Exchange and Support Agreement will provide that if an offer, issuer bid (other than an exempt issuer bid), take-over bid (other than an exempt take-over bid) or similar transaction with respect to the Trust Units is proposed by BCR or is proposed to BCR or holders of Trust Units, and is recommended by the Trustees, or is otherwise effected or to be effected with or without the consent or approval of the Trustees, and the Class B LP Units are not exchanged for Trust Units in accordance with their terms and the Exchange and Support Agreement, BCR will, to the extent possible in the circumstances, expeditiously and in good faith, take all such commercially reasonable actions and do all such commercially reasonable things as are necessary or desirable to enable and permit holders of those Class B LP Units to participate in such offer to the same extent and on an economically equivalent basis as the holders of Trust Units, without discrimination. Without limiting the generality of the foregoing, BCR will, to the extent possible in the circumstances, expeditiously and in good faith, use commercially reasonable efforts to ensure that holders of Class B LP Units may participate in all such offers without being required to exercise their right to exchange such units (or, if so required, to ensure that any such exchange will be effective only upon, and will be conditional upon, the successful closing of the offer and only to the extent necessary to tender to or deposit under the offer).

Distributions

Brookfield Office Properties Canada LP will distribute to BOPC GP Inc. and to the limited partners holding Class A LP Units and Class B LP Units distributable cash as set out below. Distributions will be made forthwith after BOPC GP Inc. determines the distributable cash of Brookfield Office Properties Canada LP and determines the amount of all costs and expenses incurred by it in the performance of its duties under the Limited Partnership Agreement (the "**Reimbursement Distribution Amount**"). Distributable cash will represent, in general, all of

Brookfield Office Properties Canada LP's cash on hand that is derived from any source (other than amounts received in connection with the subscription for additional interests in Brookfield Office Properties Canada LP) and that is determined by BOPC GP Inc. not to be required in connection with the business of Brookfield Office Properties Canada LP. Such amount will be determined by BOPC GP Inc. in a manner analogous to the manner in which BCR calculates its distributions. Following such determination, the distributable cash of Brookfield Office Properties Canada LP will be distributed as follows: (a) the Reimbursement Distribution Amount to BOPC GP Inc.; (b) an amount to the holders of Class A LP Units sufficient to allow BCR to pay its expenses (including, without limitation, any fees or commissions payable to agents or underwriters in connection with the sale of securities of BCR) on a timely basis; (c) an amount to BOPC GP Inc. equal to 0.01% of the balance of the distributable cash of Brookfield Office Properties Canada LP; and (d) an amount on each Class A LP Unit and Class B LP Unit to the holders of such units equal to the amount of the distribution declared on each Trust Unit. The record date and the payment date for any distribution declared on the Class B LP Units will be the same as those for the Trust Units.

In lieu of receiving all or a portion (the "**Selected Amount**") of the distribution declared by Brookfield Office Properties Canada LP, the holders of Class B LP Units may choose to be loaned an amount from Brookfield Office Properties Canada LP equal to the Selected Amount, and to have the distribution of the Selected Amount made to it on the first business day following the end of the fiscal year in which such distribution would otherwise have been made. Each such loan made in a fiscal year will not bear interest and will be due and payable in full on the first business day following the end of the fiscal year during which the loan was made.

Investment Restrictions and Guidelines and Operating Policies

Investment Restrictions and Guidelines of Brookfield Office Properties Canada LP

The Limited Partnership Agreement will provide for certain restrictions on investments which may be made by or on behalf of Brookfield Office Properties Canada LP. These investment restrictions and guidelines are set out below:

- (a) Brookfield Office Properties Canada LP may invest, directly or indirectly in (i) interests in income-producing real property, and (ii) corporations, trusts, partnerships or other persons which principally have interests in income-producing real property (or activities relating or ancillary thereto);
- (b) Brookfield Office Properties Canada LP may, directly or indirectly, invest in a joint venture arrangement for the purposes of owning interests or investments otherwise permitted to be held by Brookfield Office Properties Canada LP; provided that such joint venture arrangement contains terms and conditions which, in the opinion of BOPC GP Inc., are commercially reasonable, including without limitation such terms and conditions relating to restrictions on transfer and the acquisition and sale of Brookfield Office Properties Canada LP's and any joint venturer's interest in the joint venture arrangement, provisions to provide liquidity to Brookfield Office Properties Canada LP and provisions that limit the liability of Brookfield Office Properties Canada LP to third parties;
- (c) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company under the laws of Canada or a province of Canada, short-term government debt securities, or receivables under instalment receipt agreements or money market instruments of, or guaranteed by, a Canadian bank listed on Schedule 1 of the *Bank Act* (Canada) maturing prior to one year from the date of issue, or except as otherwise permitted herein, Brookfield Office Properties Canada LP shall not hold securities of another issuer unless either (i) such securities derive their value, directly or indirectly, principally from real property, or (ii) the principal business of the issuer of the securities is the ownership or operation, directly or indirectly, of real property (in each case as determined by BOPC GP Inc.);
- (d) Brookfield Office Properties Canada LP may directly or indirectly invest in such other assets or conduct such other activities as are consistent with the other investment restrictions and guidelines of Brookfield Office Properties Canada LP; and

- (e) notwithstanding any other provision set out above, Brookfield Office Properties Canada LP shall not make, nor permit any of its subsidiaries to make, any investment that would result in:
 - (i) BCR ceasing to qualify as a “unit trust”, “mutual fund trust” or “real estate investment trust” within the meaning of the Tax Act; or
 - (ii) the Trust Units being disqualified for investment by Plans for the purposes of the Tax Act.

For the purpose of the foregoing restrictions and guidelines, the assets, liabilities and transactions of a subsidiary wholly or partially owned by Brookfield Office Properties Canada LP will be deemed to be those of Brookfield Office Properties Canada LP on a proportionate consolidated basis. In addition, any references in the foregoing to an investment in real property will be deemed to include an investment in a joint venture arrangement that holds real property.

Operating Policies of Brookfield Office Properties Canada LP

The Limited Partnership Agreement will provide that the operations and affairs of Brookfield Office Properties Canada LP must be conducted in accordance with the following operating policies and that Brookfield Office Properties Canada LP will not permit any subsidiary to conduct its operations and affairs other than in accordance with the following operating policies:

- (a) title to each real property (or, if applicable, the leasehold or other interest therein) will be held by and registered in the name of Brookfield Office Properties Canada LP, BOPC GP Inc. or a corporation or other entity wholly-owned, directly or indirectly, by Brookfield Office Properties Canada LP or jointly-owned, directly or indirectly, by Brookfield Office Properties Canada LP with joint venturers; provided that where land tenure will not provide fee simple title, Brookfield Office Properties Canada LP, BOPC GP Inc. or a corporation or other entity wholly-owned, directly or indirectly, by Brookfield Office Properties Canada LP or jointly-owned, directly or indirectly, by Brookfield Office Properties Canada LP with joint venturers will hold a land lease as appropriate under the land tenure system in the relevant jurisdiction; and
- (b) Brookfield Office Properties Canada LP will not directly or indirectly guarantee any indebtedness or liabilities of any kind of an arm’s length third party, except guarantees of indebtedness existing on the Effective Date and guarantees of indebtedness assumed or incurred by a partnership, limited partnership, co-ownership or other joint venture in which Brookfield Office Properties Canada LP or a subsidiary of Brookfield Office Properties Canada LP is a party and the other party or parties thereto is or are required to give up its or their respective interest in the property of such partnership, limited partnership, co-ownership or other joint venture as a result of such party’s failure to honour its proportionate share of the indebtedness assumed or incurred by the partnership, limited partnership, co-ownership or other joint venture. In addition, Brookfield Office Properties Canada LP will not directly or indirectly guarantee any indebtedness or liabilities of any person if doing so would contravene paragraph (e) of the investment restrictions and guidelines of Brookfield Office Properties Canada LP as set forth above under “– Investment Restrictions and Guidelines and Operating Policies – Investment Restrictions and Guidelines of Brookfield Office Properties Canada LP”.

For the purpose of the foregoing policies, the assets, liabilities and transactions of a corporation, trust, partnership or other entity in which Brookfield Office Properties Canada LP has an interest will be deemed to be those of Brookfield Office Properties Canada LP on a proportionate consolidated basis. In addition, any references in the foregoing to investment in real property will be deemed to include an investment in a joint venture arrangement.

Allocation of Net Income and Losses

Brookfield Office Properties Canada LP's income or loss for tax purposes for a fiscal year will, to the extent possible, be allocated to the limited partners in proportion to distributions paid or payable to such limited partners (excluding amounts paid or payable to holders of Class A LP Units sufficient to allow BCR to pay its expenses) as described above. BOPC GP Inc. will be allocated taxable income equal to the aggregate of (a) all Reimbursement Distribution Amounts that are paid to it, and (b) an amount equal to 0.01% of the balance of the distributable cash of Brookfield Office Properties Canada LP to the extent it is not taken into account in the determination of the allocation of taxable income. However, if, with respect to a given fiscal year, no cash distribution is made by Brookfield Office Properties Canada LP to its limited partners, the income or loss, as the case may be, for tax purposes of Brookfield Office Properties Canada LP for that fiscal year will be allocated to each person who was a limited partner at any time in such fiscal year in the proportion determined by BOPC GP Inc.

Limited Liability

Brookfield Office Properties Canada LP will operate in a manner so as to ensure, to the greatest extent possible, the limited liability of the limited partners. Limited partners may lose their limited liability in certain circumstances. Brookfield Office Properties Canada LP will indemnify the limited partners against all claims arising from assertions that their respective liabilities are not limited as intended by the Limited Partnership Agreement other than a loss of liability arising as a result of any fraudulent, negligent or wilful act or omission of such limited partner.

Amendments to the Limited Partnership Agreement

BOPC GP Inc. will be entitled to amend the Limited Partnership Agreement without notice to or consent of any other partners, to reflect the admission, resignation or withdrawal of any partner, or the assignment by any partner of the whole or any part of such partner's interest in Brookfield Office Properties Canada LP in accordance with the Limited Partnership Agreement. BOPC GP Inc. will also be entitled to make any reasonable decisions, designations or determinations not inconsistent with applicable laws or with the Limited Partnership Agreement which it determines are necessary or desirable in interpreting, applying or administering the Limited Partnership Agreement or in administering, managing or operating Brookfield Office Properties Canada LP.

BOPC GP Inc. will also be entitled to amend the Limited Partnership Agreement (including the investment restrictions and guidelines and operating policies of Brookfield Office Properties Canada LP) with the approval of the limited partners holding more than two-thirds of each class of partnership units entitled to vote provided that (a) except as otherwise provided in the Limited Partnership Agreement, any material change which affects the rights or interests of BOPC GP Inc. must be approved by BOPC GP Inc. and (b) any material change which affects any limited partner in a manner that is different from the effects on other limited partners will be valid only with the consent of such limited partner.

The Limited Partnership Agreement may not be amended if such amendment would cause BCR to fail or cease to qualify as a "mutual fund trust", "unit trust" or "real estate investment trust" under the Tax Act. In addition, notwithstanding any other provision in the Limited Partnership Agreement, no amendments may be made to the Limited Partnership Agreement that would (a) allow any limited partner to take part in the management or the administration of the business of Brookfield Office Properties Canada LP, (b) reduce any limited partner's interest in Brookfield Office Properties Canada LP, (c) allow any limited partner to exercise control over the business of Brookfield Office Properties Canada LP, (d) change the right of a limited partner to vote at any meeting, or (e) change Brookfield Office Properties Canada LP from a limited partnership to a general partnership.

**TRUSTEES AND MANAGEMENT OF BROOKFIELD OFFICE
PROPERTIES CANADA**

Trustees of BCR

Following the Transaction, the board of trustees of BCR and the board of directors of BOPC GP Inc. will comprise the same individuals. BCR intends to maintain corporate governance policies and practices that are substantially similar to BPP's current policies and practices.

Upon completion of the Transaction, BCR will have five Trustees, three of whom are "independent" Trustees (within the meaning of the Declaration of Trust and NI 58-101) and the majority of whom are Resident Canadians. Under the Declaration of Trust, an independent Trustee is any Trustee who is not at the relevant time or who has not been in the three years immediately preceding such time, an officer or employee of BCR, or for so long as the Asset Management Agreement is in force, any Trustee who is not at the relevant time or who has not been in the three years immediately preceding such time, an officer or employee of BPO ManagementCo (as defined below) or any of its affiliates. Following completion of the Transaction, the board of trustees intends to undertake a review of the composition of the board and its committees which may result in an increase to the size of the board or other changes to the board and its committees.

The following table sets out (a) the names of the Trustees, (b) the position they will hold with BCR, (c) their principal occupation or employment, (d) the year in which they were first elected a director of BPP, and (e) the approximate number of shares of each class (and other securities) of BPP and its subsidiaries that each individual beneficially owns, directly or indirectly, or over which the individual exercises control or direction as at March 22, 2010. Following completion of the Transaction, none of the Trustees will hold Trust Units (or securities exchangeable for Trust Units) representing 1% or more of the outstanding Trust Units at that time.

<u>Name of Trustee</u>	<u>Positions in BCR</u>	<u>Principal Occupation or Employment</u>	<u>Year in which First Elected Director of BPP</u>	<u>BPP Securities Held</u>
Richard B. Clark	Chairman	Chief Executive Officer, BPO	2002	None
The Honourable William G. Davis	None	Counsel, Davis Webb LLP	1998	14,838 Deferred Share Units
Thomas F. Farley	President and Chief Executive Officer	President and Chief Executive Officer, BPP	2004	None
Robert J. McGavin	None	Corporate Director	1999	14,838 Deferred Share Units
Michael F.B. Nesbitt	None	President, Montrose Mortgage Investment Co. Ltd.	2000	27,620 Deferred Share Units 15,000 Common Shares

Governance of BCR

The Trustees will oversee the management of BCR's business and affairs which will be conducted by officers drawn upon from BPO and its affiliates pursuant to the Asset Management Agreement. See "– Management of Brookfield Office Properties Canada and Brookfield Office Properties Canada LP". The board of trustees will consist of a combination of independent Trustees and Trustees related to Brookfield in order to facilitate constructive exchange

in trustee deliberations which is expected to result in objective, well-balanced and informed discussion and decision-making. In fulfilling BCR's responsibilities, the board of trustees will adopt Corporate Governance Guidelines which are substantially similar to BPP's current Corporate Governance Guidelines. The Corporate Governance Guidelines, which will include a detailed mandate for the board of trustees, will be reviewed on an annual basis and otherwise as appropriate.

The operating business of BCR will be carried on by Brookfield Office Properties Canada LP, which will hold direct and indirect interests in the Contributed Assets and carry out all of BCR's property investment and operating activities. BOPC GP Inc. is the general partner of Brookfield Office Properties Canada LP and, as such, directs the activities of Brookfield Office Properties Canada LP.

Committees of the Board of Trustees

The board of trustees of BCR will have two standing committees: the Audit Committee and the Governance and Nominating Committee. Special committees may be formed from time to time as required to review particular matters or transactions. While the board of trustees will retain overall responsibility for corporate governance matters, the Audit Committee and the Governance and Nominating Committee will have specific responsibilities for certain aspects of corporate governance as described below.

Audit Committee

The Audit Committee will be comprised of three Trustees, all of whom will be independent as required under applicable securities laws.

The Audit Committee will be responsible for monitoring BCR's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of BCR's external auditors. The committee will also be responsible for reviewing BCR's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial condition and results of operations prior to their approval by the full board of trustees.

Governance and Nominating Committee

The Governance and Nominating Committee will be comprised of three Trustees, all of whom will be independent Trustees (within the meaning of the Declaration of Trust).

The Governance and Nominating Committee will be responsible for reviewing the performance of the board of trustees as a whole on an annual basis, including specifically reviewing areas in which the board of trustees' effectiveness may be enhanced. It will also be responsible for reviewing the credentials of proposed nominees for election or appointment to the board and for recommending candidates for board membership. Candidates will be assessed in relation to the criteria established by the board to ensure it has the appropriate mix of talents, quality and skills necessary to promote sound governance and an effective board. The Governance and Nominating Committee will be responsible for reviewing and reporting to the board of trustees on: trustee compensation; the charters of each existing committee; the position description for the Chairman; the Declaration of Trust and any governing policies; and any recommended amendments to such documents. The committee will also review all significant proposed related party transactions and situations involving a potential conflict of interest.

Management of Brookfield Office Properties Canada and Brookfield Office Properties Canada LP

In connection with the Transaction, BCR and Brookfield Office Properties Canada LP will enter into the Management Agreements with BPO, pursuant to which BPO will provide asset and property management services to BCR and Brookfield Office Properties Canada LP. Members of BPO's senior management and other individuals from BPO's affiliates will be drawn upon to fulfill its obligations under the Management Agreements.

About BPO

BPO owns, develops and manages premier office properties. Its current portfolio is comprised of interests in 110 properties totaling 75 million square feet in the downtown cores of New York, Boston, Washington, D.C., Los Angeles, Houston, Toronto, Calgary and Ottawa, making it one of the largest owners of commercial real estate in North America. Landmark assets, in addition to Brookfield Place in Toronto, include the World Financial Center in Manhattan, Bank of America Plaza in Los Angeles and Bankers Hall in Calgary. In providing management services to BCR, BPO will draw on members of its senior management team and its global relationships. The board of directors of BPP believes that this will provide BCR with a unique competitive advantage and that BPO's compensation structure, which includes an incentive component, will ensure that its interests remain fully-aligned with those of other holders of Trust Units.

Management Agreements

The following is a summary of certain provisions of the Management Agreements and is qualified in its entirety by reference to all of the provisions of the Management Agreements.

Asset Management Agreement

BCR will appoint Brookfield Properties Management Corporation ("**BPO ManagementCo**"), as the service provider, to provide or arrange for the provision by an appropriate service provider of certain asset management, regulatory compliance and administrative services (the "**Asset Management Services**") to BCR, including:

- providing advisory, consultation and investment management services;
- causing or supervising the carrying out of all day-to-day management;
- identifying, evaluating, recommending and structuring acquisitions or dispositions from time to time and assisting in negotiating the terms of such acquisitions or dispositions;
- arranging for such administrative, executive and management personnel to be provided to BCR as is reasonably necessary or appropriate to carry out the Asset Management Services;
- providing development, supervision and coordination services for any new construction projects constituting an addition to or expansion or substantial redevelopment of a property; and
- providing such administrative and support services as BCR requires.

BPO ManagementCo's activities will be subject to the supervision and direction of the Trustees and the board of directors of BOPC GP Inc. BPO will cause BPO ManagementCo and BPO's other subsidiaries to provide the Asset Management Services in accordance with the Asset Management Agreement and to make available such administrative, executive and management personnel of BPO to allow BPO ManagementCo to comply with its obligations under the Asset Management Agreement.

Compensation and Reimbursement

BPO ManagementCo will receive:

- a monthly base management fee, calculated in arrears, in an amount equal to one-twelfth of 0.25% of the enterprise value of BCR in the applicable fiscal month; and
- an annual incentive fee, calculated in arrears, in an aggregate amount equal to 15% of BCR's funds from operations per Trust Unit in excess of \$1.33, subject to adjustments for certain transactions affecting the Trust Units (including the subdivision, split, combination or consolidation of the Trust Units).

The aggregate amount of the base management fee and the incentive fee payable in respect of any fiscal year will not exceed 0.5% of the greater of (a) the enterprise value of BCR for the last fiscal month of such fiscal year, and (b) the simple average of the enterprise value of BCR for each fiscal month of such fiscal year.

If and whenever BPO ManagementCo performs development, supervision and coordination services for any new construction projects constituting an addition to or expansion or substantial redevelopment of a property it will also receive a development fee equal to 10% of the first \$2 million of project costs plus 4% of the project costs in excess of \$2 million incurred on each project, provided that for projects with estimated costs of over \$20 million, the development fee will be separately negotiated.

BPO ManagementCo will also be entitled to be reimbursed for the salaries, licensing and training costs and other remuneration of or any costs relating to the termination or severance of the administrative, executive and management personnel who provide certain administrative and regulatory compliance services.

BPO ManagementCo will be reimbursed for all reasonable actual out-of-pocket costs and expenses it incurs in connection with the performance of the Asset Management Services. Except as described above, BPO ManagementCo will not be reimbursed for the salaries and other remuneration of or any costs relating to the termination or severance of the administrative, executive and management personnel who provide Asset Management Services or overhead for such persons.

Other Terms

The Asset Management Agreement will have an initial term of ten years and will be automatically renewable for further terms of five years each. At least 12 months prior to the end of the initial term and any renewal term, the independent Trustees will review the performance of BPO ManagementCo and, if they are not satisfied with the performance by BPO ManagementCo of its obligations under the Asset Management Agreement and determine that it is not in the best interests of BCR that the Asset Management Agreement be renewed, they may submit the termination of the Asset Management Agreement to a vote of Unitholders. If such termination is approved by at least a majority of the votes cast by Unitholders, BCR may terminate the Asset Management Agreement at the end of the then current term, provided that BCR provides BPO ManagementCo with at least 3 months' prior written notice and pays BPO ManagementCo a termination fee equal to the aggregate amount paid to BPO ManagementCo in respect of fees paid in the fiscal year preceding the effective date of the termination. If the agreement is not so terminated, it will automatically be renewed.

BCR may also terminate the Asset Management Agreement upon written notice to BPO ManagementCo if BPO ManagementCo defaults in the performance of any material term of the Asset Management Agreement and such default continues for a period of 30 days, if BPO ManagementCo engages in any act of fraud, misappropriation of funds or embezzlement against BCR, if there is an event of gross negligence by BPO ManagementCo in the performance of its duties that results in material harm to BCR, or in the event of the bankruptcy or insolvency of BPO ManagementCo. BPO ManagementCo may terminate the Asset Management Agreement upon written notice to BCR if BCR or Brookfield Office Properties Canada LP defaults in the performance of any material term of the Asset Management Agreement and such default continues for a period of 30 days or in the event of the bankruptcy or insolvency of BCR or Brookfield Office Properties Canada LP.

BCR and Brookfield Office Properties Canada LP will indemnify BPO ManagementCo and its affiliates, directors, officers, agents, members, partners, shareholders, delegates, subcontractors, advisors, employees and other representatives of each of the foregoing from and against any claims, liabilities, losses, damages, costs or expenses (including legal fees) incurred by an indemnified person or threatened in connection with the Asset Management Agreement or the Asset Management Services, other than those that are determined by a final and non-appealable judgment or final and binding arbitration decision to have resulted from an indemnified party's bad faith, fraud, wilful misconduct, gross negligence or breach of any material term of the Asset Management Agreement.

The maximum liability of BPO ManagementCo pursuant to the Asset Management Agreement will be equal to all amounts paid by BCR in respect of the Asset Management Services in the five most recent fiscal years.

The Asset Management Agreement does not prohibit BPO ManagementCo or its affiliates (including BPO) from pursuing other business activities or providing services to third parties that compete directly or indirectly with BCR. The Asset Management Agreement will provide that any conflicts of interest between BCR and BPO ManagementCo or its affiliates will be dealt with by BPO ManagementCo in good faith and in a fair, equitable and even-handed manner.

Property Management Agreement

Under the Property Management Agreement, BCR will appoint BPO ManagementCo as the exclusive property manager for all managed properties, to manage all aspects of the operation, maintenance, leasing, insuring, repair, cleaning, security and management of such properties (the “**Property Management Services**”). The Property Management Services include:

- sourcing appropriate tenants and negotiating, settling and administering the terms of all tenancies, amendments and renewals;
- collecting all rent and other amounts due from tenants and licensees and enforcing the collection of arrears and lease obligations;
- negotiating, settling and administering all contracts as may be reasonably necessary for the operation and maintenance of the properties (including all agreements with municipalities and the owners or occupants of neighbouring lands), and contracting for the purchase of all services, materials and supplies as may be necessary in the performance of its duties and responsibilities;
- obtaining and maintaining any necessary permits and performing such services as are required to comply with all applicable laws in all material respects, including environmental laws; and
- maintaining all equipment and facilities (including the heating, ventilation and air conditioning equipment) and the common areas and exteriors of the properties.

BPO ManagementCo’s activities will be subject to the supervision and direction of the Trustees and the rights of any co-owners of the properties.

Compensation and Reimbursement

As compensation for the performance of the Property Management Services, BPO ManagementCo will receive the following fees:

- an annual property management fee equal to:
 - (a) the lesser of (i) 3% of the gross revenues accruing to BCR from the properties (excluding HST/GST, certain insurance proceeds and certain revenues) for a fiscal year, and (ii) 3% of the aggregate of all revenues accruing to BCR from all parking facilities located at the properties plus all amounts paid to them by tenants who are not governmental authorities with respect to administration/management or equivalent fees pursuant to leases of the properties for that fiscal year plus the greater of (x) the administration/management or equivalent fees accruing to BCR from tenants who are governmental authorities and (y) 1.75% of the gross revenues accruing to BCR from such tenants’ leases; less
 - (b) all equivalent property management fees paid by BCR with respect to that fiscal year pursuant to individual property and/or third party management agreements.
- a leasing fee (based on BCR’s percentage ownership interest in a particular property) for any lease signed for space in the properties equal to:

- (a) where the original term of the lease is five years or less, \$0.65 per square foot of rentable area per year (pro rated for partial years); and
 - (b) where the original term of the lease is more than five years, the fee in paragraph (a) above, plus \$0.85 per square foot of rentable area per year for the number of years or partial years covered by the lease between years six and ten (pro rated for partial years). No leasing fee will be paid in respect of the years of the original term of the lease in excess of ten years;
- leasing fees will also be paid on the same basis for lease extensions, renewals, renegotiations and restructurings provided that (a) if the term of the lease is renewed or extended prior to the expiry of the original term, such leasing fees will only be paid in respect of the incremental term, and (b) if a commission to an outside broker is payable by BCR in respect of the lease, the leasing fee will be reduced by 50%;
 - capital expenditure fees equal to 5% of the project costs associated with the performance of certain construction work involved for all work in respect of which BPO ManagementCo acts substantially as construction manager; and
 - major capital purchase fees in respect of large equipment purchases greater than \$200,000, equal to 5% of the cost of such equipment.

BPO ManagementCo will be reimbursed for all reasonable actual out-of-pocket costs and expenses paid by BPO ManagementCo in connection with the performance of the Property Management Services. To the extent such costs are contemplated by an approved budget or otherwise approved, BCR will reimburse BPO ManagementCo for all costs and expenses for persons hired or employed by, or under contract to, BPO ManagementCo to provide services allocable to specific properties, including but not limited to information technology and systems support personnel, building science and engineering personnel, security personnel, building managers and staff, mechanical and electrical staff, lease administration personnel, tenant liaison staff, merchandise receiving and delivery staff, maintenance, cleaning and housekeeping staff, clerical and secretarial staff, human resources, legal, accounting staff and other staff associated with the management, operation, repair, maintenance, supervision and administration of the properties.

In addition, if BPO ManagementCo's or its affiliates' in-house counsel and legal staff provide legal services in respect of the properties, including in connection with the preparation and negotiation of lease documentation, BCR will pay reasonable fees for such services in amounts that would not exceed those that would be charged by outside counsel in any material respect.

Other Terms

The Property Management Agreement will have an initial ten year term and will be automatically renewable for further terms of five years each. At least 12 months prior to the end of the initial term and any renewal term, the independent Trustees will review the performance of BPO ManagementCo and, if they are not satisfied with the performance by BPO ManagementCo of its obligations under the Property Management Agreement and determine that it is not in the best interests of BCR that the Property Management Agreement be renewed, they may submit the termination of the Property Management Agreement to a vote of Unitholders. If such termination is approved by at least a majority of the votes cast by Unitholders, BCR may terminate the Property Management Agreement at the end of the then current term, provided that BCR provides BPO ManagementCo with at least three months' prior written notice and pays BPO ManagementCo a termination fee equal to the aggregate amount paid to BPO ManagementCo in respect of the property management fee, leasing fee, capital expenditure fee and major capital purchase fee in the fiscal year preceding the effective date of the termination.

BCR may also terminate the Property Management Agreement upon written notice to BPO ManagementCo if BPO ManagementCo defaults in the performance of any term of the Property Management Agreement that results in material harm to BCR and such default continues for a period of 30 days, if BPO ManagementCo engages in any act

of fraud, misappropriation of funds or embezzlement against BCR, if there is an event of gross negligence by BPO ManagementCo in the performance of its duties that results in material harm to BCR, or in the event of the bankruptcy or insolvency of BPO ManagementCo. BPO ManagementCo may terminate the Property Management Agreement upon written notice to BCR if BCR or Brookfield Office Properties Canada LP defaults in the performance of any term of the Property Management Agreement that results in material harm to BPO ManagementCo and such default continues for a period of 30 days or in the event of the bankruptcy or insolvency of BCR or Brookfield Office Properties Canada LP.

BCR and Brookfield Office Properties Canada LP will indemnify BPO ManagementCo and its affiliates, directors, officers, agents, members, partners, shareholders, delegates, subcontractors, advisors, employees and other representatives of each of the foregoing from and against any claims, liabilities, losses, damages, costs or expenses (including legal fees) incurred by an indemnified person or threatened in connection with the Property Management Agreement or the Property Management Services, other than those that are determined by a final and non-appealable judgment or final and binding arbitration decision to have resulted from an indemnified party's bad faith, fraud, willful misconduct, gross negligence or material breach of the agreement.

The maximum liability of BPO ManagementCo will be equal to all fees paid to BPO ManagementCo in the five most recent fiscal years.

The Property Management Agreement does not prohibit BPO ManagementCo or its affiliates from pursuing other business activities or providing services to third parties that compete directly or indirectly with BCR or Brookfield Office Properties Canada LP. The Property Management Agreement will provide that any conflicts of interest between BCR and BPO ManagementCo or its affiliates will be dealt with by BPO ManagementCo in good faith and in a fair, equitable and even-handed manner.

BPO ManagementCo will be required to inform BCR, Brookfield Office Properties Canada LP and BOPC GP Inc. if a prospective tenant that is negotiating a significant lease is an existing or prospective tenant of another property which BPO ManagementCo, BPO or their affiliates owns (or co-owns). BPO ManagementCo will identify the measures it proposes to put in place in the circumstances to mitigate and manage any real or reasonably perceived conflict of interests. These measures, if any, will comply with applicable law and may include, without limitation, the assignment of different leasing personnel to represent the interests of each of the parties and reasonable "cone of silence" or "ethical wall" arrangements to avoid the disclosure of information relating to the properties between such leasing personnel.

Executive Officers of BCR

The individuals currently serving as executive officers of BPP will serve as executive officers of BCR following completion of the Transaction. The following table sets out (a) the names of the executive officers, (b) the principal positions that they will hold with BCR and (c) the approximate number of shares of each class (and other securities) of BPP and its subsidiaries that each individual has advised they beneficially own, directly or indirectly, or over which they exercise control or direction as at March 22, 2010. None of the executive officers will hold any Trust Units following completion of the Transaction.

Name of Executive Officer	Principal Position to be Held with BCR	BPP Securities Beneficially Owned, Controlled or Directed
Richard B. Clark	Chairman	None
Bryan K. Davis	Senior Vice President and Chief Financial Officer	None
Thomas F. Farley	President and Chief Executive Officer	None

The executive officers of BCR will be employed by BPO. As a result, BCR will not directly or indirectly pay any cash compensation to any individuals serving as officers of BCR. Any variability in compensation paid by BPO to

BCR's executive officers will have no impact on BCR's financial obligations. See "Management Agreements – Asset Management Agreement".

Total compensation received by BCR's executives will take into account, among other things, BPO's business, results of operations and financial condition taken as a whole, including the operations of BCR. For a detailed discussion of the objectives of BPO's compensation program, the elements of its compensation program and how compensation is determined, please refer to "Part Three – Statement of Executive Compensation – Compensation Discussion and Analysis" on pages 7 to 13 of the management proxy circular of BPO dated March 17, 2009 which is available on BPO's website at www.brookfieldproperties.com and SEDAR at www.sedar.com.

Remuneration of Trustees

Annual Fee

Trustees will be compensated on the same basis as BPP currently compensates directors. Independent Trustees will be entitled to receive an annual fee of \$55,000. Trustees who are employees of BPO or any of its affiliates will not receive compensation for serving as Trustees. Trustees will also be reimbursed for travel and other out-of-pocket expenses incurred in attending board or committee meetings.

Deferred Trust Units

BCR is proposing to establish the Deferred Trust Unit Plan to enhance its ability to attract and retain high quality individuals to serve as members of its board of trustees and to promote a greater alignment of interests between non-executive Trustees and Unitholders.

A deferred trust unit (a "**Deferred Trust Unit**") is a unit, equivalent in value to a Trust Unit, credited by means of a bookkeeping entry in the books of BCR, to an account in the name of the Trustee. Under the Deferred Trust Unit Plan, non-executive Trustees will have a right to receive a percentage of their annual fees in the form of Deferred Trust Units. The number of Deferred Trust Units to be credited to a Trustee's account in each year will be calculated by dividing (a) the amount of the annual fees that the Trustee has elected to be received in the form of Deferred Trust Units, by (b) the market value of a Trust Unit on the date the annual fees are awarded.

Additional Deferred Trust Units will be credited to the Trustee's account to reflect any distributions paid on the Trust Units. Under the Deferred Trust Unit Plan, "market value" will mean the volume weighted average trading price of the Trust Units on the TSX for the five trading days immediately preceding the relevant date (or, if the Trust Units are not listed and posted for trading on the TSX, on such stock exchange on which the Trust Units are then listed and posted for trading as selected by the board of trustees in its sole discretion). In the event that the Trust Units are not listed and posted for trading on any stock exchange, the market value will be the fair market value of the Trust Units as determined by the board of trustees in its sole discretion.

Deferred Trust Units credited to a Trustee's account will vest immediately and be redeemable by the Trustee (or, where the Trustee has died, his or her estate) following an event, including removal, failure to be reappointed as a Trustee, retirement or death, causing the Trustee to no longer be eligible to participate in the Deferred Trust Unit Plan (the "**Termination Date**"). The Trustee will receive, within 30 business days after the Termination Date a whole number of Trust Units from BCR equal to the whole number of Deferred Trust Units being redeemed or, at the option of the Trustee, a cash amount equal to the market value of such number of Trust Units that would otherwise be issued in settlement of the Deferred Trust Units on the Termination Date, net of any applicable withholding taxes. BCR will also make a cash payment, net of any applicable withholding taxes, to the Trustee with respect to the value of any fractional Deferred Trust Units being redeemed by the Trustee, calculated by multiplying (a) the number of such fractional Deferred Trust Units by (b) the market value of such fractional Deferred Trust Units on the Termination Date. Upon payment in full of the value of the Deferred Trust Units, the Deferred Trust Units will be cancelled. Notwithstanding the foregoing, the board of trustees will have the discretion to vary the manner in which Deferred Trust Units vest for any Trustee.

BCR is proposing to reserve 200,000 Trust Units for issuance under the Deferred Trust Unit Plan. At no time will the number of Trust Units reserved for issuance to insiders of BCR pursuant to outstanding Deferred Trust Units, together with the number of Trust Units reserved for issuance to such persons pursuant to any other compensation arrangements, exceed 10% of the then outstanding number of Trust Units, as calculated immediately prior to the issuance in question. In addition, the number of Trust Units issued to insiders of BCR pursuant to outstanding Deferred Trust Units together with the number of Trust Units issued to such persons pursuant to any other compensation arrangements, within any one year period, will not exceed 10% of the then outstanding number of Trust Units.

In no event may the rights or interests of a Trustee under the Deferred Trust Unit Plan be assigned, encumbered, pledged, transferred or alienated in any way, except to the extent that certain rights may pass to a beneficiary or legal representative upon the death of the Trustee, by will or by the laws of succession and distribution. The administration of the Deferred Trust Unit Plan will be subject to and performed in conformity with all applicable laws, regulations, orders of governmental or regulatory authorities and the requirements of any stock exchange on which the Trust Units are listed.

The board of trustees will have the power to amend, modify, suspend or terminate the Deferred Trust Unit Plan, subject to the terms thereof and any necessary regulatory and Unitholder approvals. Subject to applicable law, Unitholder approval will not be required for amendments except for any amendment or modification that:

- (a) increases the number of Trust Units reserved for issuance under the Deferred Trust Unit Plan;
- (b) extends eligibility to participate in the Deferred Trust Unit Plan to persons not currently eligible to participate;
- (c) permits entitlements under the Deferred Trust Unit Plan to be transferred other than for normal estate settlement purposes; or
- (d) permits awards, other than those entitlements specifically contemplated in the Deferred Trust Unit Plan, to be made under the Deferred Trust Unit Plan.

Liability of Trustees

The Declaration of Trust contains customary provisions limiting the liability of the Trustees. The Trustees will not be liable to any Unitholder or any other person, in contract, tort or otherwise, unless such liabilities arise out of a breach of the Trustees' standard of care, diligence and skill or breach of the restrictions on the Trustees' powers as set out in the Declaration of Trust. In the exercise of the powers, authorities or discretion conferred on the Trustees under the Declaration of Trust, the Trustees are and will be conclusively deemed to be acting as Trustees of BCR's assets and will not be subject to any personal liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to BCR or BCR's assets.

Liability Insurance

BCR will maintain insurance for the Trustees and the officers of BCR under policies arranged by BAM with a combined annual limit of \$50 million subject to a corporate deductible of \$250,000 per loss. The limit is not exclusive to each entity insured under the policies. Under this insurance coverage, BCR will be reimbursed for indemnity payments made to Trustees or officers as required or permitted by law or under provisions of the Declaration of Trust as indemnity for losses, including legal costs, arising from acts, errors or omissions committed by Trustees and officers during the course of their duties as such. This insurance also provides coverage to individual Trustees and officers without any deductible if they are not indemnified by BCR. The insurance coverage for Trustees and officers will have certain exclusions including, but not limited to, those acts determined to be deliberately fraudulent or dishonest or to have resulted in personal profit or advantage. The cost of such insurance will be borne by BCR.

SUMMARIES OF TRANSACTION DOCUMENTS

This section of the circular describes certain provisions of agreements to be entered into in connection with the Transaction.

Brookfield Place Purchase Agreement

On the Effective Date, Brookfield Office Properties Canada LP will enter into an agreement (the “**Brookfield Place Purchase Agreement**”) with BPP Sub Amalco pursuant to which, the Brookfield Place Interest will be transferred to Brookfield Office Properties Canada LP on a tax-deferred roll-over basis for a purchase price of approximately \$866 million. The purchase price will be satisfied by the payment of approximately \$100 million in cash, the assumption of debt valued at approximately \$342 million and the issuance of Class B LP Units valued at approximately \$20.90 per unit.

The Brookfield Place Purchase Agreement will include certain representations, warranties and covenants which will survive for a period of 12 months following completion of the Transaction, subject to certain exceptions. No claim can be made until the aggregate of all claims exceed \$10 million and each claim must involve at least \$100,000 of loss. In addition, Brookfield Office Properties Canada LP will assume all obligations and liabilities associated with the Brookfield Place Interest arising from and after the Effective Date.

Exchange and Support Agreement

On or prior to the Effective Date, BCR, Brookfield Office Properties Canada LP, BPP and certain subsidiaries of BPP will enter into the Exchange and Support Agreement to create certain support obligations with respect to the Class B LP Units. Under the Exchange and Support Agreement, BCR and/or Brookfield Office Properties Canada LP, as applicable, will agree to take such actions as are reasonably necessary to ensure that the distributions on the Class B LP Units will be of the same nature and amount, on a per unit basis, as the corresponding distribution on the Trust Units.

The Exchange and Support Agreement will also provide that BCR will not, subject to certain exceptions, issue or distribute Trust Units (or securities exchangeable for or convertible into or carrying rights to acquire Trust Units) to the holders of all or substantially all of the then outstanding Trust Units; issue or distribute rights, options or warrants to the holders of all or substantially all of the then outstanding Trust Units entitling them to subscribe for or to purchase Trust Units (or securities exchangeable for or convertible into or carrying rights to acquire Trust Units); or issue or distribute to the holders of all or substantially all of the then outstanding Trust Units evidences of indebtedness of BCR or assets of BCR except in accordance with the provisions of the Trust Units, unless the economic equivalent on a per unit basis of such rights, options, securities, units, evidences of indebtedness or other assets is issued or distributed simultaneously to the holders of Class B LP Units. In addition, BCR will not, subject to certain exceptions, subdivide, re-divide or change the then outstanding Trust Units into a greater number of Trust Units; reduce, combine, consolidate or change the then outstanding Trust Units into a lesser number of Trust Units; or reclassify, amend the terms of, or otherwise change the Trust Units or effect an amalgamation, merger, reorganization or other transaction affecting the Trust Units; unless the same or an economically equivalent change is made simultaneously to, or in the rights of the holders of Class B LP Units.

Pursuant to the Exchange and Support Agreement, upon notice from Brookfield Office Properties Canada LP that a holder of Class B LP Units has surrendered Class B LP Units for exchange into Trust Units in accordance with the terms of thereof, BCR will issue and deliver or cause to be issued and delivered to such holder the requisite number of Trust Units.

In accordance with the Exchange and Support Agreement, prior to the liquidation, dissolution or winding-up of BCR, all Class B LP Units will be automatically exchanged for Trust Units in order that the holders of Class B LP Units will be able to participate on a pro rata basis with the holders of Trust Units in the distribution of assets of BCR in connection with a liquidation event.

BPO Undertakings

Upon completion of the Transaction, BPO will indirectly hold Trust Units and Class B LP Units representing an aggregate equity interest in BCR of approximately 90.6% and will accordingly be able to approve all matters submitted to a vote of the Unitholders. Under applicable Canadian securities laws it would be possible for BPO, as holder of an equity interest in BCR exceeding 90% following completion of the Transaction, to effect a privatization of BCR or enter into certain related party with BCR without obtaining minority Unitholder approval. BPO has undertaken to BCR not to rely on the exemptions from the minority approval requirement contained in sections 4.6(1)(a) and 5.7(g) of MI 61-101, or any discretionary exemption having a similar effect granted by the Canadian securities regulators, in connection with any “business combination” or “related party transaction” (as such terms are defined in MI 61-101) in respect of which BPO or any of its affiliates is an “interested party” (as such term is defined in MI 61-101). This undertaking will terminate in the future if BPO and its affiliates hold in aggregate an equity interest in BCR of 75% or less for a period of 12 months.

In addition, BPO has undertaken that prior to completing a disposition, restructuring or development of any of the Excluded Assets in circumstances where BCR is permitted and has the financial capacity to participate, it will (except where otherwise restricted or where the transaction involves a broader enterprise) notify and discuss with the independent Trustees in good faith BCR’s participation in such transaction prior to or concurrent with discussing the same with other parties.

The terms of the undertakings may only be amended, waived or terminated with the prior approval of a majority of the independent Trustees (within the meaning of the Declaration of Trust).

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act of the transactions described in the Transaction generally applicable to a Shareholder owning BPP common shares or BPP preferred shares who, for purposes of the Tax Act and at all relevant times, (a) is resident or deemed to be resident in Canada, (b) deals at arm's length and is not affiliated with BPP, Newco, BPP Amalco or BCR, (c) holds their BPP common shares and BPP preferred shares and will hold their Trust Units and BPP Amalco preferred shares, respectively, as capital property, and (d) is not exempt from tax under Part I of the Tax Act (a "**Holder**"). Generally, the BPP common shares, BPP preferred shares, BPP Amalco preferred shares and Trust Units will be considered to be capital property to a Holder provided that Holder does not hold their BPP common shares, BPP preferred shares, BPP Amalco preferred shares and Trust Units, as the case may be, in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Holders who might not otherwise be considered to hold their BPP common shares, BPP preferred shares, BPP Amalco preferred shares or Trust Units as capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such BPP common shares, BPP preferred shares, BPP Amalco preferred shares or Trust Units, and any other "Canadian security" as defined in the Tax Act owned in the taxation year in which the election is made and in subsequent taxation years deemed to be capital property. Such Holders should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to a Holder that is a "financial institution" (for purposes of the mark-to-market rules), a Holder that is a "specified financial institution", a Holder that has elected to report its Canadian tax results in a "functional currency" which excludes Canadian dollars, or a Holder an interest in which is a "tax shelter investment" (all as defined in the Tax Act). Such Holders should consult their own tax advisors having regard to their particular circumstances.

The summary is of a general nature only and is based upon the facts set out herein and in a certificate as to certain factual matters from an officer of BCR, the current provisions of the Tax Act and the regulations issued thereunder in force as of the date hereof and all specific proposals to amend the Tax Act and regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) (the "**Minister**") prior to the date hereof (the "**Tax Proposals**"), and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") published in writing by the CRA prior to the date hereof. This summary is not exhaustive of all Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law or CRA administrative policies or assessing practices, whether by way of legislative, governmental or judicial decision or action, nor does it take into account or consider any other federal tax considerations or any provincial, territorial or foreign tax considerations, which may differ materially from those discussed herein. While this summary assumes that the Tax Proposals will be enacted in the form proposed, no assurance can be given that this will be the case.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal or tax advice to any particular Holder and no representation with respect to the income tax consequences to any particular Holder is made. Holders should consult their own tax advisors with respect to the tax consequences in their particular circumstances.

Exchange of BPP Common Shares for Trust Units

A Holder of BPP common shares who exchanges their BPP common shares for Trust Units pursuant to the Arrangement will be considered to have disposed of such BPP common shares for proceeds of disposition equal to the aggregate of the fair market value of the Trust Units acquired by such Holder on the exchange. A Holder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the aggregate of the adjusted cost base to the Holder of the BPP common shares and any reasonable costs of disposition. See "Taxation of Capital Gain or Loss".

The cost to a Holder of Trust Units acquired in exchange for the BPP common shares will be the fair market value of such BPP common shares at the time of such exchange.

Exchange of BPP Preferred Shares for BPP Amalco Preferred Shares

A Holder of BPP preferred shares will not realize a capital gain or a capital loss on the amalgamation of BPP and Newco. The cost to a Holder of BPP Amalco preferred shares held by the Holder immediately following the amalgamation will be equal to the adjusted cost base of the BPP preferred shares to that Holder immediately prior to the amalgamation.

Dissenting Shareholders

If, on the Arrangement, a registered holder of BPP common shares exercises dissent rights and receives the fair market value of the registered holder's BPP common shares, the holder will be considered to have disposed of the BPP common shares for proceeds of disposition equal to the amount received by the holder less the amount of any deemed dividend referred to below and any interest awarded by the Court. The registered holder of BPP common shares will be deemed to receive a taxable dividend equal to the amount by which the amount received (other than in respect of interest awarded by the Court) exceeds the paid up capital of such BPP common shares. In the case of a registered holder of BPP common shares that is a corporation, in some circumstances the amount of any such deemed dividend may be treated as proceeds of disposition and not as a dividend. Any interest awarded to a registered holder of BPP common shares who validly exercises his, her or its dissent rights in accordance with the dissent procedures set out section 190 of the CBCA will be included in the holder's income for the purposes of the Tax Act. Dissenting holders of BPP common shares should consult their own tax advisors concerning the tax consequences of an exercise of dissent rights.

Status of BCR

This summary assumes that on the Effective Date, BCR will qualify and will continue to qualify at all relevant times as a "mutual fund trust" and as a "real estate investment trust" as defined in the Tax Act and that each direct or indirect subsidiary of BCR qualifies and will continue to qualify at all relevant times, as an "excluded subsidiary entity" as defined in the Tax Act. BCR will file an election under the Tax Act to be deemed to be a mutual fund trust from the date it is established. If BCR does not qualify as a mutual fund trust on the Effective Date, but so qualifies on or before its first tax return filing date, it will be permitted to make the election that it be deemed to be a mutual fund trust from the date that it was established. If BCR does not so qualify or ceases to qualify as a mutual fund trust, certain of the income tax considerations described below would, in some respects, be materially different.

In order for BCR to qualify as a mutual fund trust, it must satisfy various requirements, including a requirement that BCR must not have been established or maintained primarily for the benefit of non-residents. If draft amendments to the Tax Act released by the Department of Finance (Canada) on September 16, 2004 are enacted as proposed, BCR may cease to qualify as a mutual fund trust for purposes of the Tax Act if at any time after the formation of BCR the fair market value of all Trust Units held by non-residents of Canada or partnerships which are not "Canadian partnerships" for purposes the Tax Act is more than 50% of the fair market value of all issued and outstanding Trust Units. A partnership will only qualify as a "Canadian partnership" at a particular time if all of its members at that time are resident in Canada. The draft amendments do not currently provide any means of rectifying a loss of mutual fund trust status such that if, at any time, BCR were to lose its mutual fund trust status as a result of the application of the draft amendments, BCR would permanently cease to be a mutual fund trust. On December 6, 2004, the Department of Finance (Canada) tabled a Notice of Ways and Means Motion which did not include these draft amendments. The Department of Finance (Canada) has suspended implementation of these draft amendments pending further consultation with interested parties.

SIFT Rules

The SIFT Rules alter the taxation regime applicable to income trusts that are SIFTs and their investors. A SIFT includes a trust resident in Canada with publicly traded units that holds one or more "non-portfolio properties". "Non-portfolio properties" include certain investments in real properties situated in Canada and certain investments in corporations and trusts resident in Canada and in partnerships with specified connections in Canada. BCR will be a SIFT for purposes of the SIFT Rules unless it qualifies for the REIT Exception described below.

A SIFT paying a distribution attributable to the SIFT's "non-portfolio earnings" will be subject to tax on the amount of the distribution, levied at a rate that is generally equivalent to the combined federal and provincial tax rate applicable to corporations. "Non-portfolio earnings" of a SIFT are generally income of the SIFT attributable to a business carried on by the SIFT in Canada or to income (other than taxable dividends) from, or taxable capital gains from dispositions of, "non-portfolio properties".

Distributions that are paid as returns of capital will not attract this tax under the SIFT Rules. The amount of a distribution in respect of which this tax is payable will also be taxed in the hands of holders of Trust Units as though it were a taxable dividend from a "taxable Canadian corporation", which dividend will be eligible for the enhanced dividend tax credit if paid to an individual resident in Canada.

REIT Exception

The SIFT Rules are not applicable to trusts that, throughout a taxation year, meet certain specified criteria relating to the nature of their income and investments (the "**REIT Exception**"). To qualify for the REIT Exception in respect of a particular taxation year (a) the trust must, at no time in the taxation year, hold "non-portfolio property" other than "qualified REIT properties" (as defined in the Tax Act), (b) not less than 95% of the trust's revenue for the taxation year must be derived from one or more of the following: (A) "rent from real or immovable properties", (B) interest, (C) capital gains from the disposition of "real or immovable properties", (D) dividends, and (E) royalties; (iii) not less than 75% of the trust's revenue for the taxation year must be derived from one or more of the following: (A) rent from real or immovable properties, (B) interest from mortgages, or hypothecs, on real or immovable properties, and (C) capital gains from dispositions of real or immovable properties; and (iv) at no time in the taxation year can the total fair market value of properties comprised of real or immovable properties, cash, deposits in a bank or credit union, indebtedness of Canadian corporations represented by banker's acceptances, and debt issued or guaranteed by governments in Canada be less than 75% of the "equity value" of the trust at that time. Generally, the SIFT Rules contain a look-through rule under which a trust could qualify for the REIT Exception where it holds its real properties indirectly through intermediate entities provided that each such entity, assuming it were a trust, would satisfy the REIT Exception.

Under the SIFT Rules, (a) "qualified REIT property" means, generally, a property owned by a trust that is a real or immovable property; a security of an entity which derives substantially all of its revenues directly from maintaining, improving, leasing or managing real or immovable properties that are capital properties of the trust or of an entity of which the trust holds a share or interest; a security of an entity that holds no property other than legal title to real or immovable properties of the trust or an entity that is wholly-owned by the trust and property ancillary to the earning by the trust of rents and capital gains from real or immovable property; (b) "real or immovable property" includes a security of an entity that, assuming it were a trust, would satisfy the four criteria required to qualify for the REIT Exception and an interest in real property but excludes any depreciable property other than a depreciable property included (otherwise than by an election) in CCA Class 1, 3 or 31, a property ancillary to the ownership or utilization of such depreciable property, or a lease or leasehold interest in respect of land or such depreciable property; and (c) "rent from real or immovable properties" includes rent or similar payments for the use or right to use real or immovable properties and payment for services ancillary to the rental of real or immovable properties and customarily supplied or rendered in connection therewith, including income allocated from a trust which was derived from rent from real or immovable properties, but does not include any other payments for services supplied or rendered, fees for managing or operating such properties, payment for the occupation, use or right to use a hotel room or similar lodging, or rent based on profits.

As currently structured, management believes that BCR should qualify for the REIT Exception. The Declaration of Trust requires BCR to make reasonable efforts to ensure that it will qualify for the REIT Exception. Accordingly, although no assurances can be given at this time that BCR will so qualify, the balance of this summary assumes that BCR will do so and therefore will not be subject to the SIFT Rules. If BCR does not qualify or ceases to qualify for the REIT Exception, certain of the income tax considerations described below would, in some respects, be materially different.

Taxation of BCR

BCR is generally subject to tax each year on the amount of its taxable income (including taxable capital gains) for that year less the portion thereof that it deducts in respect of amounts paid or payable, or deemed to be paid or payable, to holders of Trust Units in the year. In addition to the monthly distributions payable by BCR as described under the heading “Distribution Policy – Distribution Payments”, the Declaration of Trust provides that, as of the last distribution date in a taxation year, an additional amount (which may include net recapture income and net realized capital gains) will be payable by BCR to holders of Trust Units such that BCR will not be liable to pay tax under Part I of the Tax Act for such year. BCR has advised counsel that it will deduct, for tax purposes, such portion of the amount paid or payable, or deemed to be paid or payable, to holders of Trust Units in the year so that BCR will generally not be liable for income tax in any year.

In computing its income for purposes of the Tax Act, BCR may deduct reasonable administrative costs, interest and other expenses, if any, incurred by it for the purpose of earning income. BCR may also deduct from its income for the year a portion of any reasonable expenses incurred by BCR to issue Trust Units. The portion of such issue expenses deductible by BCR in a taxation year is 20% of such issue expenses, pro-rated where BCR’s taxation year is less than 365 days. In computing its taxable income, except as the Trustees otherwise determine, BCR shall claim the maximum amount of capital cost allowance and other discretionary deductions available to BCR under the Tax Act.

Losses incurred by BCR, if any, cannot be allocated to holders of Trust Units but may be deducted by BCR in future years in computing its taxable income, in accordance with the Tax Act.

Taxation of Unitholders

Distributions

A Unitholder generally will be required to include in computing income for a particular taxation year the portion of the net income of BCR for at taxation year, including net realized taxable capital gains, that is paid or payable, or deemed to be paid or payable, to the Unitholder in the particular taxation year, whether that amount is received in cash, additional Trust Units or otherwise.

The non-taxable portion of any net realized capital gains of BCR that is paid or payable, or deemed to be paid or payable, to a Unitholder in a taxation year will not be included in computing the Unitholder’s income for the year. Any other amount in excess of the net income of BCR that is paid or payable, or deemed to be paid or payable, by BCR to a Unitholder in a taxation year generally will not be included in the Unitholder’s income for the year. However, where such an amount is paid or payable to a Unitholder, other than as proceeds of disposition or deemed disposition of Trust Units or any part thereof, the Unitholder generally will be required to reduce the adjusted cost base of the Unitholder’s Trust Units by that amount (except to the extent that it represents the Unitholder’s share of the non-taxable portion of net realized capital gains of BCR for the year, the taxable portion of which was designated by BCR in respect of the Unitholder). Where reductions to a Unitholder’s adjusted cost base of Trust Units for the year will result in the adjusted cost base becoming a negative amount, such amount will be treated as a capital gain realized by the Unitholder in the year and the Unitholder’s adjusted cost base of the Trust Units at the beginning of the next year will then be nil.

Provided that appropriate designations are made by BCR, such portions of its net taxable capital gains and taxable dividends received, or deemed to be received, on shares of taxable Canadian corporations as are paid to payable, or deemed to be paid or payable, to a Unitholder, effectively will retain their character and be treated and taxed as such in the hands of the Unitholder for the purposes of the Tax Act. To the extent that amounts are designated as having been paid to Unitholders out of the net taxable capital gains of BCR, such designated amounts will be deemed for tax purposes to be received by Unitholders in the year as a taxable capital gain and will be subject to the general rules relating to the taxation of capital gains described below. To the extent that amounts are designated as having been paid to Unitholders out of taxable dividends received, or deemed to be received, on shares of taxable Canadian corporations, the normal gross-up and dividend tax credit rules will apply to Unitholders that are individuals, the deduction in computing taxable income will be available to Unitholders that are corporations, and the refundable tax under Part IV of the Tax Act will be payable by Unitholders that are private corporations and certain other

corporations controlled directly or indirectly by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts). Unitholders should consult their own tax advisors for advice with respect to the potential application of these provisions.

Certain taxable dividends received by individuals from a corporation resident in Canada will be eligible for the enhanced dividend tax credit to the extent certain conditions are met and designations are made, such as the dividend being sourced out of income that is subject to tax at the general corporate tax rate. This could apply to distributions made by BCR to Unitholders that have as their sources eligible taxable dividends received from a corporation resident in Canada, to the extent BCR makes the appropriate designation to have such eligible taxable dividend deemed received by the Unitholder and provided that the corporate dividend payer makes the required designation to treat such taxable dividend as an eligible dividend.

Distribution Reinvestment Plan

For the purposes of determining the adjusted cost base to a Unitholder when a Trust Unit is acquired, whether as a Trust Unit acquired pursuant to the distribution reinvestment plan or otherwise, the cost of the newly acquired Trust Unit will be averaged with the adjusted cost base of all the Trust Units owned by the Unitholder. The cost of the Trust Units acquired by reinvestment of distributions pursuant to the distribution reinvestment plan will be the amount of such reinvestment.

Disposition of Trust Units

In general, a disposition or deemed disposition of a Trust Unit will give rise to a capital gain (or a capital loss) equal to the amount by which the Unitholder's proceeds of disposition of the Trust Unit, net of any costs of disposition, exceed (or are exceeded by) the adjusted cost base of the Trust Unit to the Unitholder. For the purpose of determining the adjusted cost base of a holder's Trust Units at a particular time, the cost of such Trust Units is determined by averaging the Unitholder's cost thereof otherwise determined with the adjusted cost base of all other Trust Units held by the Unitholder as capital property immediately before that time.

Taxation of Capital Gain or Loss

One-half of the amount of any capital gain (a "**taxable capital gain**") realized by a Holder in a taxation year and the amount of any net taxable capital gains designated by BCR in respect of a Unitholder generally must be included in the Holder's income for that year, and one-half of the amount of any capital loss (an "**allowable capital loss**") realized by a Holder in a taxation year must generally be deducted from taxable capital gains realized by the Holder in that year. Allowable capital losses in excess of taxable capital gains for a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and under the circumstances provided in the Tax Act.

Additional Refundable Tax

A Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may also be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on certain investment income, including amounts of interest and taxable capital gains.

Alternative Minimum Tax

Individuals (other than certain trusts) realizing net taxable capital gains or receiving dividends may be subject to an alternative minimum tax under the Tax Act.

Eligibility for Investment

On the Effective Date, BPP Amalco preferred shares and Trust Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts, each as defined in the Tax Act.

Notwithstanding that the BPP Amalco preferred shares and Trust Units may be qualified investments for a trust governed by a tax-free savings account (“TFSA”), the holder of a TFSA will be subject to a penalty tax on the BPP Amalco preferred shares or Trust Units if such BPP Amalco preferred shares or Trust Units are a “prohibited investment” for a TFSA. The BPP Amalco preferred shares and Trust Units will not be a “prohibited investment” for a trust governed by a TFSA on such date provided the holder of the TFSA deals at arm’s length with BPP Amalco and BCR for purposes of the Tax Act and does not have a significant interest (within the meaning of the Tax Act) in BPP Amalco or BCR or in any person or partnership with which BPP Amalco and BCR does not deal at arm’s length for purposes of the Tax Act.

RISK FACTORS

Shareholders should consider the following risks related to the Transaction as well as the risks relating to the business and operations of BCR in evaluating whether to approve the Transaction. The risks and uncertainties below represent the risks that management believes are material. For information on the risks relating to the business and operations of BCR, see the section entitled “Company and Real Estate Industry Risks” on pages 13 to 18 of BPP’s renewal annual information form dated March 17, 2009. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this circular. Other factors not presently known to management or that management presently believes are not material could also affect the Transaction or BCR’s future business, operations and distributable income.

Risks Relating to the Trust Units

Dependence on Brookfield Office Properties Canada LP

BCR will be dependent on the business of Brookfield Office Properties Canada LP through its ownership of Class A LP Units. The cash distributions to holders of Trust Units will be dependent on the ability of Brookfield Office Properties Canada LP to pay distributions on the Class A LP Units and Class B LP Units. The ability of Brookfield Office Properties Canada LP to pay distributions or make other payments or advances to BCR may be subject to contractual restrictions contained in any instruments governing the indebtedness of Brookfield Office Properties Canada LP or its subsidiaries and will also be dependent on the ability of Brookfield Office Properties Canada LP’s subsidiaries to pay distributions or make other payments or advances to Brookfield Office Properties Canada LP.

Unpredictability and Volatility of Trust Unit Price

The prices at which the Trust Units will trade cannot be predicted. The market price of the Trust Units could be subject to significant fluctuations in response to variations in quarterly operating results, distributions and other factors beyond the control of BCR. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Trust Units.

Nature of the Trust Units

The Trust Units will not be “deposits” within the meaning of the Canada Deposit Insurance Corporation Act and will not be insured under the provisions of that act or any other legislation. Furthermore, BCR is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company. In addition, although it is intended that BCR qualify as a “mutual fund trust” pursuant to the Tax Act, BCR will not be a “mutual fund” as defined by applicable securities laws.

Holders of Trust Units will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions or the right to dissent and to be paid the fair value of their Trust Units on the occurrence of certain transactions.

Cash Distributions Are Not Guaranteed

The declaration and payment of distributions on Trust Units will be at the discretion of the Trustees, who support a stable and consistent distribution policy. The amount of distributions paid in respect of the Trust Units will depend upon numerous factors, all of which are susceptible to a number of risks and other factors beyond the control of BCR. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for holders of Trust Units. See “– Tax Related Risks”.

Structural Subordination of the Trust Units

In the event of a bankruptcy, liquidation or reorganization of BCR or any of its subsidiaries, holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of BCR and those subsidiaries before any assets are made available for distribution to the holders of Trust Units. Upon completion of the Transaction, the Trust Units will be effectively subordinated to most of the indebtedness and other liabilities of BCR and its subsidiaries. Neither BCR nor any of its subsidiaries will be limited in its ability to incur additional secured or unsecured indebtedness.

Capital Investment

The timing and amount of capital expenditures by Brookfield Office Properties Canada LP will directly affect the amount of cash available for distribution to holders of Trust Units. Distributions to holders may be reduced, or even eliminated, at times when the Trustees deem it necessary to make significant capital or other expenditures.

BCR's distributions may be dependent upon the ability of Brookfield Office Properties Canada LP to fund a portion of its capital expenditures and working capital with cash generated from operations. BCR may be required to reduce distributions or sell additional Trust Units in order to accommodate these items. There can be no assurance that sufficient capital will be available on acceptable terms to BCR for necessary or desirable capital expenditures or that the amount required will be the same as currently estimated.

Limitation on Non-Resident Ownership and Liquidity

The Declaration of Trust imposes various restrictions on Unitholders. Non-Residents are prohibited from beneficially owning more than 49% of the outstanding Trust Units on a basic or fully diluted basis. These restrictions may limit (or inhibit the exercise of) the rights of certain persons, including Non-Residents and partnerships, to acquire Trust Units, to exercise their rights as Unitholders and to initiate and complete take-over bids in respect of the Trust Units. As a result, these restrictions may limit the demand for Trust Units from certain Unitholders and other investors and thereby adversely affect the liquidity and market value of the Trust Units held by the public.

Dilution

The Declaration of Trust authorizes BCR to issue an unlimited number of Trust Units for the consideration and on such terms and conditions as are established by the Trustees without any approval of Unitholders. Unitholders will have no pre-emptive rights in connection with such further issues. Any further issuance of Trust Units will dilute the interests of existing Unitholders.

In addition, subject to certain restrictions, Brookfield Office Properties Canada LP will be permitted to issue additional partnership units for any consideration and on any terms and conditions. Any further issuance of partnership units will dilute the indirect interest of existing holders of Trust Units in Brookfield Office Properties Canada LP and any further issuance of Class B LP Units will dilute the interests of existing holders of Trust Units in BCR.

Future Sales of Trust Units

The sale of a substantial number of Trust Units in the public market or otherwise by BPO or its affiliates or other significant holders of Trust Units could adversely affect the prevailing market price of the Trust Units and could impair BCR's ability to raise additional capital through an offering of its equity securities. If BPO or its affiliates or other significant holders of Trust Units sell a large number of Trust Units over a short period of time, or if investors anticipate large sales of Trust Units over a short period of time, this could materially affect the trading price of the Trust Units.

Distribution of Assets on Termination of BCR

Upon termination of BCR, the Trustees may distribute securities directly to the holders of Trust Units, subject to obtaining any required regulatory approvals. No established market may exist for the securities so distributed at the time of the distribution and no market may ever develop. In addition, the securities so distributed may not be qualified investments for Plans.

Absence of Prior Public Market

BCR is a newly-formed unincorporated trust. There is no public market for the Trust Units and there will be no public market for the Trust Units until after the Transaction is complete. There can be no assurance that an active trading market in the Trust Units will develop or be sustained. Units of a publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its assets.

Liability of Unitholders

The Declaration of Trust provides that no Unitholder shall be subject to any liability whatsoever to any person in connection with the holding of Trust Units. The *Trust Beneficiaries' Liability Act* (Ontario) provides that Unitholders are not liable, as beneficiaries of a trust, for any act, default, obligation or liability of BCR or the Trustees. That act has not yet been judicially considered and it is possible that reliance on that act by a Unitholder could be successfully challenged on jurisdictional or other grounds.

Leverage and Restrictive Covenants in Current and Future Indebtedness

The ability of BCR and its subsidiaries to make distributions or make other payments or advances will be subject to applicable laws and contractual restrictions contained in the instruments governing any indebtedness of BCR and its subsidiaries. The degree to which BCR is leveraged could have important consequences to the holders of Trust Units, including (a) that BCR's ability to obtain additional financing in the future for working capital, capital expenditures or acquisitions may be limited; (b) that a significant portion of BCR's cash flow from operations may be dedicated to the payment of the principal of, and interest on, its indebtedness, thereby reducing funds available for future distributions and causing taxable income for holders of Trust Units to exceed cash distributions; (c) that certain of BCR's borrowings will be at variable rates of interest, which exposes BCR to the risk of increased interest rates; and (d) that BCR may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures.

Instruments governing any indebtedness of BCR and its subsidiaries may also contain restrictive covenants limiting the discretion of management with respect to certain business matters. These covenants could place significant restrictions on, among other things, the ability of BCR to create liens or other encumbrances, to pay distributions on the Trust Units or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. These covenants could also require BCR to meet certain financial ratios and financial condition tests. A failure to comply with any such covenants could result in a default which, if not cured or waived, could result in a termination of distributions by BCR and its subsidiaries and permit acceleration of the relevant indebtedness.

Changes in BCR's Creditworthiness May Affect the Value of the Trust Units

The perceived creditworthiness of BCR may affect the market price or value and the liquidity of the Trust Units.

Risks Relating to BCR's Relationship with BPO

BCR Will Be Highly Dependent on BPO

BCR will not have any employees and will depend on the management and administration services provided by BPO. The personnel and support staff that provide services to BCR will not be required to have as their primary responsibility the management and administration of BCR or to act exclusively for BCR. Any failure to effectively

manage BCR's operations or to implement its strategy could have a material adverse effect on BCR's operating results. BPO may own or acquire properties for its own account which may be suitable for BCR or compete with BCR for tenants and may provide management services to third parties in connection with properties which may compete with BCR for tenants.

The Departure of Some or All of BPO's Professionals Could Prevent BCR from Achieving its Objectives

BCR will depend on the diligence, skill and business contacts of BPO's professionals and the information and opportunities they generate during the normal course of their activities. BCR's future success will depend on the continued service of these individuals, who are not obligated to remain employed by BPO. BPO has experienced departures of key professionals in the past and may do so in the future, and BCR cannot predict the impact that any such departures will have on its ability to achieve its objectives. The departure of a significant number of BPO's professionals for any reason, or the failure to appoint qualified or effective successors in the event of such departures, could have a material adverse effect on BCR's ability to achieve its objectives.

BCR's arrangements with BPO have been negotiated in the context of an affiliated relationship and may contain terms that are less favourable than those which otherwise might have been obtained from unrelated parties.

The Management Agreements were negotiated by BPO and BPP in the context of the Transaction. Although the Special Committee is of the view that the Management Agreements have been set at market terms and align the interests of BPO with those of other Unitholders, certain of the terms, including those relating to termination rights and BPO's ability to engage in outside activities, including activities that may compete with BCR, BCR's activities and limitations on liability and indemnification, may be less favourable than otherwise might have resulted if the negotiations had involved unrelated parties.

BPO Will Hold a Significant Number of Trust Units

Upon completion of the Transaction, BPO will indirectly hold Trust Units and Class B LP Units representing an aggregate equity interest in BCR of approximately 90.6% and will accordingly be able to approve all matters submitted to a vote of the Unitholders. Although under applicable Canadian securities laws, it would be possible for BPO, as the holder of an equity interest in BCR exceeding 90% following completion of the Transaction, to effect a privatization of BCR or to enter into certain related party transactions with BCR without obtaining minority Unitholder approval, BPO has undertaken not to do so without obtaining minority Unitholder approval. This undertaking will terminate in the future if BPO and its affiliates hold in aggregate an equity interest in BCR of 75% or less for a period of 12 months.

For so long as BPO maintains a controlling interest in BCR, it will generally be able to approve matters submitted to a majority vote of the Unitholders without the consent of other Unitholders, including, among other things, the election of the Trustees. BPO will also be able to exercise a controlling influence over any change of control of BCR. BPO will be able to exercise a controlling influence over the business and affairs, the selection of senior management and the acquisition or disposition of assets of BCR and BCR's access to capital markets. The effect of BPO's control may be to limit the price that investors are willing to pay for Trust Units.

In addition, a sale of Trust Units by BPO or the perception of the market that a sale may occur may adversely affect the market price of the Trust Units. In the future, and subject to valuation and market conditions, BPO will consider reducing its interest in BCR to enhance BCR's market liquidity. Although Class B LP Units may only be transferred to an affiliate of the holder, there are no restrictions on BPO's right to sell Trust Units in accordance with applicable securities laws.

Conflicts of Interest

BCR's relationship with BPO may give rise to conflicts of interest between BCR and the Unitholders, on the one hand, and BPO, on the other hand. In certain instances, the interests of BPO may differ from the interests of BCR and the Unitholders, including with respect to the types of acquisitions made, the timing and amount of distributions, the use of leverage when making acquisitions and the appointment of outside advisors and service providers.

Tax Related Risks

Canadian Federal Income Tax on Income Trusts

The SIFT rules (which are discussed in more detail under the heading “Canadian Federal Income Tax Considerations – Status of BCR”) change the manner in which SIFTs, and the distributions from such SIFTs, are taxed. However, trusts that meet the REIT Exception are excluded from the SIFT trust definition and, therefore, not subject to the SIFT Rules.

The determination as to whether BCR qualifies for the REIT Exception in a particular taxation year can only be made at the end of that taxation year. BCR has advised counsel that BCR expects that it will qualify for the REIT Exception for purposes of the SIFT Rules for 2010 and beyond. However, there can be no assurance in this regard.

In the event the SIFT Rules apply to BCR, the impact to holders of Trust Units will depend in part on the amount of income distributed which would not be deductible by BCR in computing its income in a particular taxation year and what portion of BCR’s distributions constitute “non-portfolio earnings”, other income and return of capital. Generally, distributions that are characterized as returns of capital are not taxable to holders of Trust Units but serve to reduce the adjusted cost base of a holder’s Trust Units, and the SIFT Rules do not alter this result.

Other Canadian Income Tax Matters

There can be no assurance that Trust Units will continue to be qualified investments under the Tax Act for Plans. The Tax Act imposes penalties or other tax consequences for the acquisition or holding of non-qualified investments for Plans.

There can be no assurance that Canadian federal income tax laws and administrative policies respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects holders of Trust Units. If BCR ceases to qualify as a “mutual fund trust” under the Tax Act, the income tax considerations could be materially and adversely different in certain respects.

PRICE RANGE AND TRADING VOLUME OF LISTED BPP SHARES

The BPP common shares and the BPP Preferred Shares, Series G, Series J and Series M are listed on the TSX and quoted under the symbols “BPP”, “BPP.PR.G”, “BPP.PR.J” and “BPP.PR.M”, respectively. The following tables set forth, for the periods indicated, the market price ranges and trading volumes of such shares on the TSX. The BPP Preferred Shares, Series K and Series N are not listed on any exchange.

	Common Shares								
	High (\$)	Low (\$)	Volume						
2009									
March	11.33	9.50	117,189						
April	10.08	9.17	116,307						
May	13.66	9.84	322,728						
June	12.43	11.33	70,509						
July	12.00	11.18	42,660						
August	15.08	11.91	279,252						
September	17.66	14.00	323,622						
October	16.68	12.84	515,763						
November	18.00	14.62	82,518						
December	20.66	16.77	48,426						
2010									
January	20.56	18.00	123,348						
February	20.83	18.40	113,057						
March (to March 22)	21.50	19.25	114,133						
	Preferred Shares, Series G			Preferred Shares, Series J			Preferred Shares, Series M		
	High (\$)	Low (\$)	Volume	High (\$)	Low (\$)	Volume	High (\$)	Low (\$)	Volume
2009									
March	8.10	7.25	6,225	8.10	8.00	1,300	-	-	-
April	8.55	7.75	17,650	9.00	7.70	5,150	-	-	-
May	10.00	8.26	6,047	10.01	8.45	14,700	8.50	8.50	100
June	11.40	10.50	3,100	11.00	10.75	800	-	-	-
July	10.40	8.58	11,160	12.00	10.45	24,800	11.00	10.70	1,200
August	12.00	9.88	14,390	10.81	10.25	36,200	10.77	10.40	50,900
September	11.85	10.85	26,675	12.51	10.49	109,650	11.00	10.00	3,700
October	12.50	12.30	2,100	12.86	12.41	1,300	-	-	-
November	13.25	12.75	10,200	14.00	13.10	8,400	-	-	-
December	13.10	11.51	16,660	13.13	12.90	8,300	12.95	12.95	600
2010									
January	16.00	12.75	35,945	14.00	13.25	9,400	-	-	-
February	16.00	14.25	67,900	15.54	14.99	144,400	15.50	15.00	28,800
March (to March 22)	15.50	15.50	7,700	16.00	15.05	16,800	16.00	15.00	77,900

MATERIAL CONTRACTS

A copy of the Declaration of Trust has been filed on SEDAR at www.sedar.com. Copies of the Limited Partnership Agreement, the Brookfield Place Purchase Agreement, the Asset Management Agreement, the Property Management Agreement, the Exchange and Support Agreement and the BPO undertakings will be available on SEDAR following completion of the Transaction.

These material contracts may also be requested from BCR at Brookfield Place, 181 Bay Street, Suite 330, Toronto, Ontario, M5J 2T3, following completion of the Transaction.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of BPP and BCR are Deloitte & Touche LLP, Chartered Accountants, Licensed Public Accountants, 181 Bay Street, Toronto, Ontario M5J 2V1. Deloitte & Touche LLP have served as the auditors of BPP since 1996 and as the auditors of BCR since its formation on March 19, 2010.

The registrar and transfer agent of the Units will be CIBC Mellon Trust Company at its principal offices in Toronto, Ontario.

LEGAL MATTERS

Certain legal matters relating to the Transaction are to be passed upon by Torys LLP, on behalf of BPP. As at March 22, 2010, the partners and associates of Torys LLP beneficially owned, directly or indirectly, less than one percent of the issued and outstanding BPP common shares, less than one percent of the issued and outstanding BPP non-voting equity shares and less than one percent of the issued and outstanding BPP preferred shares.

APPROVAL

The contents and the mailing of the notice of special meeting and this circular have been approved by the board of directors of BPP.

DATED at Toronto, Ontario, this 22nd day of March, 2010.

By Order of the Board of Directors

(signed) "*Deborah R. Rogers*"

Deborah R. Rogers
Secretary

AUDITORS' CONSENT

We have read the management proxy circular of BPO Properties Ltd. (the "**Company**") dated March 22, 2010 relating to a proposed transaction involving the reorganization of the Company's directly owned office assets under a real estate investment trust named "Brookfield Office Properties Canada". We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned management proxy circular of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at December 31, 2009 and 2008 and the consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for the years then ended. Our report is dated February 22, 2010, except as to Note 20 which is as of February 26, 2010.

We also consent to the use in the above-mentioned management proxy circular of our report to the owner of Phase 2, Brookfield Place (Bay-Wellington Tower) (the "Property") on the balance sheet of the Property as at December 31, 2008 and the statements of income and comprehensive income, changes in owner's equity and cash flows for the year then ended. Our report is dated January 19, 2010.

We also consent to the use in the above-mentioned management proxy circular of our report to the Trustees of Brookfield Office Properties Canada on the balance sheet of Brookfield Office Properties Canada as at March 19, 2010. Our report is dated March 19, 2010.

(signed) "*Deloitte & Touche LLP*"

Chartered Accountants
Licensed Public Accountants

Toronto, Canada
March 22, 2010

MACQUARIE CONSENT

To: The Board of Directors of BPO Properties Ltd. (the “**Corporation**”)

We refer to the valuations (the “**Valuations**”) dated as at March 9, 2010, and the fairness opinion (the “**Fairness Opinion**”) dated March 9, 2010 included in the management proxy circular of the Corporation dated March 22, 2010 (the “**Circular**”) which we prepared for the special committee of the board of directors of the Corporation in connection with the Transaction (as defined in the Circular). We consent to the reference to our name and to the references and inclusion of a summary of the Valuations and the Fairness Opinion and the full text of the Valuations and the Fairness Opinion in the Circular and to the filing of the Valuations and the Fairness Opinion with the Circular.

(signed) “*Macquarie Capital Markets Canada Ltd.*”

Toronto, Ontario
March 22, 2010

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this circular:

“**Arrangement**” means the proposed arrangement under section 192 of the CBCA on the terms and conditions set forth in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Plan of Arrangement, together with those that may be made at the discretion of the Court in the Final Order;

“**Articles of Arrangement**” means the articles of arrangement in respect of the Arrangement required under subsection 192(6) of the CBCA to be filed with the CBCA Director after the Final Order has been made, in order to give effect to the Arrangement;

“**Asset Management Agreement**” has the meaning given to that term under the heading “Description of the Transaction – The Transaction – Management Arrangements”;

“**Asset Management Services**” has the meaning given to that term under the heading “Trustees and Management of Brookfield Office Properties Canada – Management Agreements – Asset Management Agreement”;

“**BCR Units**” means, collectively, the Trust Units and the Class B LP Units and “**BCR Unit**” means any one of them;

“**BCR Valuation**” has the meaning given to that term under the heading “Description of the Transaction – Valuations and Fairness Opinion – Valuation of the Trust Units”;

“**BPO ManagementCo**” means Brookfield Properties Management Corporation, a corporation existing under the laws of Canada;

“**BPP Amalco**” means the corporation resulting from the amalgamation of BPP and Newco, as contemplated by the Plan of Arrangement, and to be named “BPO Properties Ltd.”;

“**BPP Entities**” has the meaning given to that term under the heading “Description of the Transaction – The Transaction”;

“**BPP Shares**” means, collectively, the common shares, the non-voting equity shares and the preferred shares of all series in the capital of BPP;

“**BPP Sub Amalco**” has the meaning given to that term under the heading “Description of the Transaction – The Transaction”;

“**BPP Valuation**” has the meaning given to that term under the heading “Description of the Transaction – Valuations and Fairness Opinion – Valuation of the Common Shares and Non-Voting Equity Shares of BPP – Valuation Methods”;

“**Brookfield Place Interest**” has the meaning given to that term under the heading “Description of the Transaction – Overview”;

“**Brookfield Place Interest Valuation**” has the meaning given to that term under the heading “Description of the Transaction – Valuations and Fairness Opinion – Valuation of the Brookfield Place Interest”;

“**Brookfield Place Purchase Agreement**” has the meaning given to that term under the heading “Summaries of Transaction Documents – Brookfield Place Purchase Agreement”;

“**Canadian Office Fund**” means the fund consisting of a consortium of investors in which BPP maintains a 25% interest and acts as the manager, which investors hold interests in the following commercial properties: First Canadian Place in Toronto, Ontario; 2 Queen St. E in Toronto, Ontario; 151 Yonge St. in Toronto, Ontario; Altius

Centre in Calgary, Alberta; Place de Ville I and Place de Ville II in Ottawa, Ontario; Jean Edmonds Tower in Ottawa, Ontario; Canadian Western Bank Place in Edmonton, Alberta; and Enbridge Tower in Edmonton, Alberta.;

“**CBCA**” means the *Canada Business Corporations Act*, as amended, including the regulations promulgated thereunder;

“**CBCA Director**” means the Director appointed under section 260 of the CBCA;

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**Class A LP Units**” means Class A limited partnership units of Brookfield Office Properties Canada LP;

“**Class B LP Units**” means Class B limited partnership units of Brookfield Office Properties Canada LP;

“**Conflicts Policy**” has the meaning given to that term under the heading “Description of Brookfield Office Properties Canada – Conflicts of Interest”;

“**Contributed Assets**” has the meaning given to that term under the heading “Description of the Transaction – The Transaction”;

“**Court**” means the Ontario Superior Court of Justice;

“**CRA**” has the meaning given to that term under the heading “Certain Canadian Federal Income Tax Considerations”;

“**DCF**” has the meaning given to that term under the heading “Description of the Transaction – Valuations and Fairness Opinion – Valuation of the Common Shares and Non-Voting Equity Shares of BPP”;

“**Declaration of Trust**” means the declaration of trust dated as of March 19, 2010 governing BCR, as amended, supplemented or modified from time to time in accordance with the terms thereof;

“**Deferred Trust Unit**” has the meaning given to that term under the heading “Trustees and Management of Brookfield Office Properties Canada – Remuneration of Trustees – Deferred Trust Units”;

“**Deferred Trust Unit Plan**” has the meaning given to that term under the heading “The Meeting”;

“**Effective Date**” means the date on which the Arrangement is effective under the CBCA;

“**Effective Time**” means 12:01 a.m. (EDT) on the Effective Date or such other time as may be specified in writing by BPP, on the Effective Date;

“**Engagement Agreement**” has the meaning given to that term under the heading “Description of the Transaction – Valuations and Fairness Opinion”;

“**Exchange and Support Agreement**” means the exchange and support agreement to be entered into on or prior to the Effective Date substantially on the terms described in this circular among BCR, Brookfield Office Properties Canada LP, BPP and certain subsidiaries of BPP, as the same may be amended, supplemented or modified from time to time in accordance with the terms thereof;

“**Excluded Assets and Liabilities**” has the meaning given to that term under the heading “Description of the Transaction – The Transaction – Excluded Assets and Liabilities”

“**Fairness Opinion**” has the meaning given to that term under the heading “Description of the Transaction – Background to the Transaction”;

“Final Order” means the order of the Court approving the Arrangement to be applied for following the meeting, and to be granted pursuant to the provisions of section 192 of the CBCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“GAAP” means generally accepted accounting principles;

“Holder” has the meaning given to that term under the heading “Certain Canadian Federal Income Tax Considerations”;

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board;

“Information” has the meaning given to that term under the heading “Description of the Transaction – Valuations and Fairness Opinion – Assumptions and Limitations”;

“Interim Order” means the interim order of the Court dated March 18, 2010 under section 192 of the CBCA containing declarations and directions with respect to the Arrangement and the meeting and issued pursuant to the application of BPP, a copy of which is attached as Appendix B to this circular, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“Laurel Hill Advisory Group” means The Laurel Hill Advisory Group Company;

“Limited Partnership Agreement” means the limited partnership agreement dated January 1, 2010 among BOPC GP Inc., BPP and each person who from time to time becomes or is deemed to become a party thereto by reason of his, her or its registered ownership of limited partnership units of Brookfield Office Properties Canada LP, as amended or modified from time to time in accordance with the terms thereof;

“Macquarie” means Macquarie Capital Markets Canada Ltd.;

“Management Agreements” has the meaning given to that term under the heading “Description of the Transaction – The Transaction – Management Arrangements”;

“Meeting Materials” has the meaning given to that term under the heading “The Meeting – Non-Registered Shareholders”;

“MI 61-101” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, as amended;

“Minister” has the meaning given to that term under the heading “Certain Canadian Federal Income Tax Considerations”;

“NAV” has the meaning given to that term under the heading “Description of the Transaction – Valuations and Fairness Opinion – Valuation of the Common Shares and Non-Voting Equity Shares of BPP”;

“Newco” has the meaning given to that term under the heading “Description of the Transaction – The Transaction”;

“Newco Note” has the meaning given to that term under the heading “Description of the Transaction – The Transaction”;

“NI 58-101” means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*;

“Non-Registered Holder” has the meaning given to that term under the heading “The Meeting – Non-Registered Shareholders”;

“**Non-Resident**” means any person that is neither a Resident Canadian nor a Canadian partnership for the purposes of the Tax Act;

“**Plan of Arrangement**” means the plan of arrangement, substantially in the form attached as Appendix D to this circular, as amended, supplemented or modified from time to time in accordance with the terms thereof;

“**Plans**” means trusts governed by registered retirement savings plans, registered income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and TFSAs, each as defined in the Tax Act;

“**Property Management Agreement**” has the meaning given to that term under the heading “Description of the Transaction – The Transaction – Management Arrangements”;

“**Property Management Services**” has the meaning given to that term under the heading “Trustees and Management of Brookfield Office Properties Canada – Management Agreements – Property Management Agreement”;

“**Public Common Shareholders**” has the meaning given to that term under the heading “Description of the Transaction – Overview”;

“**Reimbursement Distribution Amount**” has the meaning given to that term under the heading “Description of Brookfield Office Properties Canada LP – Distributions”;

“**REIT Exception**” has the meaning given to that term under the heading “Certain Canadian Federal Income Tax Considerations – Status of BCR – REIT Exception”;

“**Resident Canadian**” means an individual who is a resident of Canada for purposes of the Tax Act;

“**Shareholders**” means the holders of BPP Shares from time to time, and “**Shareholder**” means any one of them;

“**SIFT**” means a specified investment flow-through trust or partnership for purposes of the Tax Act;

“**SIFT Rules**” means the amendments to the Tax Act enacted on June 22, 2007 which modify the tax treatment of certain publicly traded trusts and partnerships that are SIFTs and their beneficiaries and partners;

“**Special Committee**” has the meaning given to that term under the heading “Description of the Transaction – Background to the Transaction”;

“**Special Resolution**” means the special resolution in respect of the Transaction in substantially the form attached as Appendix A to this circular;

“**Special Voting Units**” means the special voting units of BCR authorized and issued to the holders of Class B LP Units under the Declaration of Trust;

“**Tax Act**” means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder;

“**Tax Proposals**” has the meaning given to that term in this circular under the heading “Certain Canadian Federal Income Tax Considerations”;

“**Termination Date**” has the meaning given to that term under the heading “Trustees and Management of Brookfield Office Properties Canada – Remuneration – Deferred Trust Units”;

“**TFSA**” has the meaning given to that term under the heading “Certain Canadian Federal Income Tax Considerations – Eligibility for Investment”;

“**Transaction**” has the meaning given to that term under the heading “Description of the Transaction – Overview”;

“**Transfer Agent**” means CIBC Mellon Trust Company, a corporation existing under the laws of Canada;

“**Transfer Price**” has the meaning given to that term under the heading “Description of the Transaction – Valuations and Fairness Opinion – Valuations”;

“**Trust Units**” means trust units of BCR other than the Special Voting Units;

“**Trustees**” means, at any time, the individuals who are, in accordance with the Declaration of Trust, the trustees of BCR at such time;

“**TSX**” means the Toronto Stock Exchange;

“**Units**” means, collectively, the Trust Units and the Special Voting Units and “**Unit**” means any one of them;

“**Unitholders**” means the holders of Units; and

“**Valuations**” has the meaning given to that term under the heading “Description of the Transaction – The Transaction – Excluded Assets and Liabilities”.

APPENDIX A
RESOLUTIONS

Special Resolution

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

- (1) The transaction (the “**Transaction**”), as more particularly described in the accompanying management proxy circular, that includes (a) the reorganization of BPO Properties Ltd.’s (“**BPP**”) directly owned office assets under a new Canadian real estate investment trust named “Brookfield Office Properties Canada” (“**BCR**”), (b) the acquisition by BCR of Brookfield Properties Corporation’s interest in Brookfield Place, and (c) the arrangement (the “**Arrangement**”) pursuant to section 192 of the *Canada Business Corporations Act* (the “**CBCA**”) substantially as set forth in the plan of arrangement (the “**Plan of Arrangement**”) set out in Appendix D to the accompanying management proxy circular is hereby authorized, approved and adopted.
- (2) The Plan of Arrangement involving BPP and implementing the Arrangement, the full text (without schedules) of which is set out in Appendix D to the accompanying management proxy circular (as the Plan of Arrangement may be, or may have been, modified or amended), is hereby approved and adopted.
- (3) Notwithstanding that this resolution has been passed (and the Transaction adopted) by the BPP shareholders or that the Arrangement has been approved by the Ontario Superior Court of Justice, the board of directors of BPP is hereby authorized and empowered in its sole discretion without further notice to, or the approval of, the shareholders of BPP (a) to amend the Plan of Arrangement, or (b) to not proceed with the Transaction.
- (4) Any officer or director of BPP is hereby authorized and directed for and on behalf of BPP to execute and deliver articles of arrangement and such other documents as are necessary or desirable to the Director under the CBCA to implement the Arrangement.
- (5) Any officer or director of BPP is hereby authorized and directed for and on behalf of BPP to execute or cause to be executed and to deliver or cause to be delivered all such other documents, agreements and instruments and to perform or cause to be performed all such other acts and things as in such person’s opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

Deferred Trust Unit Plan Resolution

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

- (1) If the Special Resolution is authorized and approved by the requisite majority of shareholders, the adoption by BCR of the Deferred Trust Unit Plan for Non-Executive Trustees, as such plan is more particularly described in the accompanying management proxy circular, and the reservation by BCR of 200,000 units of BCR to be issuable under the plan, is hereby authorized and approved.
- (2) Any officer or director of BPP is hereby authorized and directed for and on behalf of BPP to execute or cause to be executed and to deliver or cause to be delivered all such other documents, agreements and instruments and to perform or cause to be performed all such other acts and things as in such person’s opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

APPENDIX B

INTERIM ORDER

Court File No. CV-10-8620-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) THURSDAY, THE 18th
MR. JUSTICE MORAWETZ) DAY OF MARCH 2010
)

**IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF
THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. C-44, AS
AMENDED**

**AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT
OF BPO PROPERTIES LTD.**



BPO PROPERTIES LTD.

Applicant

ORDER

THIS MOTION made by the applicant, BPO Properties Ltd. (“BPP”) pursuant to section 192(4) of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the “CBCA”), for an interim order for advice and directions in connection with the within application (the “Application”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the notice of application, notice of motion and the affidavit of Deborah R. Rogers, sworn March 16, 2010 (the “Rogers Affidavit”), and the exhibits thereto, and on hearing the submissions of counsel for BPP, and on being advised of the letter of non-appearance delivered by the Director appointed under the CBCA (the “CBCA Director”),

Definitions

1. **THIS COURT ORDERS** that all capitalized terms not otherwise defined in this order shall have the meanings ascribed thereto in the management proxy circular (the “Circular”) attached as Exhibit “A” to the Rogers Affidavit.

The Meeting

2. **THIS COURT ORDERS** that BPP shall be permitted to call, hold and conduct the special meeting on April 27, 2010 (the "Meeting") of the holders of common shares, non-voting equity shares and preference shares of BPP (the "Shareholders"), at which shareholders will be asked, among other things, to consider and, if deemed advisable, pass, with or without variation, the Arrangement Resolution, a copy of which is attached as Appendix A to the Circular, which, among other things, authorizes, adopts and approves the Arrangement and Plan of Arrangement.
3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the notice of the Meeting forming part of the Circular (the "Notice"), the CBCA, the articles and by-laws of BPP (including the quorum requirements thereof) and the terms of this order and any further order of this Honourable Court.
4. **THIS COURT ORDERS** that the only persons entitled to attend at the Meeting shall be:
 - (a) the Shareholders or their respective proxy holders;
 - (b) the officers, directors, auditors and advisors of BPP;
 - (c) the CBCA Director; and
 - (d) other persons who may receive the permission of the chair of the Meeting.

Amendments to the Arrangement and Plan of Arrangement

5. **THIS COURT ORDERS** that BPP is authorized, without additional notice to the Shareholders, to make such amendments, revisions and/or supplements to the Arrangement and to the Plan of Arrangement as it may determine, and the Arrangement and the Plan of Arrangement, as so amended, revised and/or supplemented, shall be the Arrangement and the Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolution.

Adjournments and Postponements

6. **THIS COURT ORDERS** that BPP, if it deems advisable, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first

convening the Meeting or first obtaining any vote of Shareholders respecting the adjournment or postponement. Notice of any such adjournment or postponement shall be given by such method as BPP may determine is appropriate in the circumstances.

Record Date for Notice

7. **THIS COURT ORDERS** that the record date (the "Record Date") for determining Shareholders entitled to receive the Notice, the Circular (including the forms of proxy for use by such Shareholders) shall be the close of business on March 9, 2010.

Notice of the Meeting

8. **THIS COURT ORDERS** that BPP shall give notice of the Meeting, substantially in the form of the Notice, subject to BPP's ability to change dates and other relevant information in the final form of Notice. The Notice shall be mailed or delivered in accordance with paragraph 9 of this order. Failure or omission to give notice in accordance with paragraph 9 of this order as a result of inadvertence or of events beyond the control of BPP shall not constitute a breach of this order or a defect in the calling of the Meeting and shall not invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission to give notice is brought to the attention of BPP, then BPP shall use its commercially reasonable efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

Method of Distribution of Meeting Materials

9. **THIS COURT ORDERS** that BPP is hereby authorized to distribute the Circular (which shall contain the notice of application, this order, and the Notice), the form of proxy, letter of transmittal, and any other communications or documents determined by BPP to be necessary or desirable (collectively, the "Meeting Materials"), as follows:

- (a) to registered Shareholders, to the directors of BPP and to the auditor of BPP, respectively, by mailing same by pre-paid ordinary mail (or, alternatively, by delivery, in person or by courier), not later than twenty-one (21) days prior to the date established for the Meeting in the Notice. Distribution to such persons shall be to their addresses as they appear on the books and records of BPP as of the

Record Date, or such later date as BPP may determine in accordance with the CBCA; and

- (b) to non-registered Shareholders, by providing multiple copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument No. 54-101 of the Canadian Securities Administrators.

10. **THIS COURT ORDERS** that BPP is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials as BPP may determine.

Receipt of Notice

11. **THIS COURT ORDERS** that the Meeting Materials shall be deemed for the purposes of this order to have been received,

- (a) in the case of mailing, three days after delivery thereof to the post office; and
- (b) in the case of delivery in person, upon receipt thereof at the intended recipient's address, or, in the case of delivery by courier, by inter-office mail or expedited parcel post, one Business Day after receipt by the courier, inter-office system or post office.

12. **THIS COURT ORDERS** that distribution of the Meeting Materials pursuant to paragraph 9 of this order shall constitute good and sufficient service and notice thereof upon all such persons of the Meeting and the within Application. Further, no other form of service of the Meeting Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to the persons described in paragraph 9 of this order or to any other persons.

13. **THIS COURT ORDERS** that a failure or omission to distribute the Meeting Materials in accordance with paragraph 9 of this order as a result of inadvertence or of events beyond the control of BPP shall not constitute a breach of this order and shall not invalidate any resolution passed or proceedings taken at the Meeting, but if any such failure or omission is brought to the

attention of BPP, then BPP shall use its commercially reasonable efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

Solicitation of Proxies

14. **THIS COURT ORDERS** that BPP is authorized to use proxies at the Meeting, substantially in the form accompanying the Circular and in the manner set out in the Circular, subject to BPP's ability to insert dates and other relevant information in the final form of proxy. BPP is authorized, at its expense, to solicit proxies, directly and through its directors and management, and through such agents or representatives as it may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. BPP may waive, in its discretion, the time limits for the deposit of proxies by Shareholders if BPP deems it advisable to do so.

Voting

15. **THIS COURT ORDERS** that the Arrangement Resolution shall be considered passed if it is approved by not less than: (i) 66 $\frac{2}{3}$ % of the votes cast by all Shareholders present in person or represented by proxy at the Meeting; and (ii) a simple majority of votes cast by holders of BPP common shares present in person or represented by proxy at the Meeting other than Brookfield Properties Corporation and its affiliates.

16. **THIS COURT ORDERS** that:

- (a) each Shareholder is entitled to one vote for each share held;
- (b) illegible votes, spoiled votes, defective votes and abstentions shall be deemed not to be votes cast; and,
- (c) proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

Dissent Rights

17. **THIS COURT ORDERS** that each registered holder of BPP common shares shall be entitled to exercise dissent rights in connection with the Arrangement Resolution in the manner

set out in s. 190 of the CBCA. For purposes of any dissent proceedings in respect of the Arrangement, the “court” referred to in section 190 of the CBCA means this Honourable Court.

Hearing of Application for Approval of the Arrangement

18. **THIS COURT ORDERS** that BPP shall be permitted to apply to this Honourable Court for final approval of the Arrangement pursuant to the within notice of application.

19. **THIS COURT ORDERS** that the only persons entitled to appear and be heard at the hearing of the within application shall be:

- (a) BPP;
- (b) the CBCA Director; and
- (c) any person who has filed a notice of appearance herein in accordance with the provisions hereof, the notice of application and the *Rules of Civil Procedure*.

20. **THIS COURT ORDERS** that any notice of appearance served in response to the notice of application, and any materials to be served in connection with the hearing of the application, shall be served on five days’ notice on counsel for BPP at the following address: Torys LLP, Suite 3000, Box 270, TD Centre, 79 Wellington Street West, Toronto, Ontario, M5K 1N2, Attention: Andrew Gray.

21. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the notice of application, and is adjourned, only those persons set out in paragraph 19 shall be entitled to be given notice of the adjourned date.

22. **THIS COURT ORDERS** that any materials to be filed by BPP in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Honourable Court.

Precedence

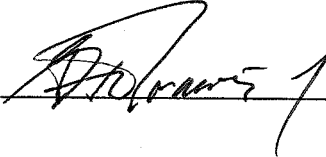
23. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy with respect to the matters provided for in this order, between this order and the terms of any instrument creating, governing or collateral to the common shares, non-voting equity shares and preference shares of BPP, this order shall govern.

Extra-Territorial Assistance

24. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any Province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or any other country to act in aid of and to assist this Court in carrying out the terms of this order.

Variance

25. **THIS COURT ORDERS** that BPP shall be entitled to seek leave to vary this order upon such terms and upon the giving of such notice as this Honourable Court may direct.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

MAR 18 2010

PER / PAR: TV

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE CANADA
BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. c-44, AS AMENDED

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT OF BPO
PROPERTIES LTD.

Court File No. CV-10-8620-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

INTERIM ORDER

Torys LLP
79 Wellington St. W., Suite 3000
Box 270, TD Centre
Toronto, ON M5K 1N2

Andrew Gray (LSUC #: 46626V)
Tel: 416.865.7630
Fax: 416.865.7380

Lawyers for the Applicant

APPENDIX C

NOTICE OF APPLICATION FOR FINAL ORDER

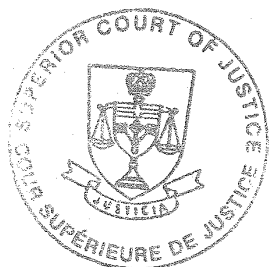
CV-10-8620-00CL

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF
THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44, AS
AMENDED

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT
OF BPO PROPERTIES LTD.



BPO PROPERTIES LTD.

Applicant

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing before a Judge presiding over the Commercial List on April 29, 2010, at 10:00 a.m., or as soon after that time as the application may be heard, at 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.


IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2.00 p.m. on the day before the hearing, unless at an earlier date as ordered by the Court.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH

**TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES,
LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL
AID OFFICE.**

Date March 15, 2010

Issued by


Christine Irwin
Registrar, Superior Court of Justice

330 University Avenue
Toronto, Ontario

TO: THE SHAREHOLDERS OF BPO PROPERTIES LTD.

AND TO: THE DIRECTORS OF BPO PROPERTIES LTD.

AND TO: THE AUDITORS OF BPO PROPERTIES LTD.

AND TO: THE DIRECTOR
Compliance & Policy Directorate
Corporations Canada, Industry Canada
9th Floor, Jean Edmonds Tower South
365 Laurier Avenue West
Ottawa, Ontario
K1A 0C8 Canada

APPLICATION

1. THE APPLICANT, BPO PROPERTIES LTD., MAKES APPLICATION FOR:

- (a) an interim order for advice and directions pursuant to section 192(4) of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the “CBCA”) with respect to a proposed arrangement (the “Arrangement”) of BPO Properties Ltd. (“BPP”);
- (b) an order approving the Arrangement pursuant to sections 192(3) and 192(4) of the CBCA; and
- (c) such further and other relief as counsel may advise.

2. THE GROUNDS FOR THE APPLICATION ARE:

- (a) BPP is a corporation governed by the CBCA;
- (b) all statutory requirements under the CBCA have been fulfilled or will be fulfilled by the date of the return of this Application;
- (a) the proposed Arrangement is an “arrangement” as defined in section 192(1) of the CBCA;
- (c) the matters sought to be effected by the proposed Arrangement cannot practicably be effected under any other provision of the CBCA;
- (d) BPP is not insolvent within the meaning of s. 192(2) of the CBCA;
- (e) the Arrangement is in the best interests of BPP, and is put forward in good faith;
- (f) the Arrangement is fair and reasonable to the parties affected;
- (g) any interim order this Court may grant has been followed, or will be followed, by the date of the return of this Application;
- (h) section 192 of the CBCA;

- (i) rules 14.05(2), 14.05(3), 17.02(n), 17.02(o) and 38 of the *Rules of Civil Procedure*; and
- (j) such further and other grounds as counsel may advise.

3. THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:

- (a) an affidavit of Deborah Rogers, to be sworn;
- (b) a further affidavit(s), to be sworn on behalf of BPP, including an affidavit outlining the basis for the final order approving the Arrangement, and reporting as to compliance with any interim order and the results of any meeting conducted pursuant to such interim order; and
- (c) such further and other material as counsel may advise.

March 15, 2010

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Toronto, Ontario
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Lawyers for the Applicant

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE CANADA
BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. c-44, AS AMENDED

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT OF BPO
PROPERTIES LTD.

CV-10-8620-000L
Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

NOTICE OF APPLICATION

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APPENDIX D

PLAN OF ARRANGEMENT UNDER SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless the context otherwise requires:

“**Affiliate**” has the meaning ascribed thereto in the CBCA;

“**Arrangement**” means an arrangement under section 192 of the CBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Article 5 hereof or made at the direction of the Court;

“**Articles of Arrangement**” means the articles of arrangement of BPP in respect of the Arrangement that are required by the CBCA to be sent to the Director after the Final Order is made;

“**BCR**” means Brookfield Office Properties Canada, a closed-end real estate investment trust established under and governed by the laws of the Province of Ontario and created pursuant to the Declaration of Trust;

“**BPO**” means Brookfield Properties Corporation, a corporation existing under the laws of Canada;

“**BPP**” means BPP Properties Ltd., a corporation existing under the laws of Canada;

“**BPP Amalco**” means the corporation that will result from the amalgamation of BPP and Newco, to be known as “BPO Properties Ltd.”;

“**BPP Amalco Preferred Shares**” means the preferred shares in the capital of BPP Amalco;

“**BPP Entities**” means BPP, BPP Sub Amalco and various other subsidiaries and subsidiary partnerships of BPP;

“**BPP Preferred Shares**” means, collectively, the Preferred Shares, Series G, Series J, Series K, Series M and Series N in the capital of BPP;

“**BPP Sub Amalco**” means the corporation that will result from the amalgamation of certain of BPP’s wholly-owned subsidiaries with an indirect wholly-owned subsidiary of BPO;

“**CBCA**” means the *Canada Business Corporations Act*, as amended, including the regulations promulgated thereunder;

“**Certificate**” means the certificate of arrangement giving effect to the Arrangement, issued pursuant to subsection 192(7) of the CBCA after the Articles of Arrangement have been received by the Director;

“**Class A LP Units**” means Class A limited partnership units of Brookfield Office Properties Canada LP;

“**Class B LP Units**” means Class B limited partnership units of Brookfield Office Properties Canada LP;

“**Contributed Assets**” means the real property assets formerly owned by the BPP Entities which were directly or indirectly transferred by the BPP Entities to Brookfield Office Properties Canada LP in exchange for the assumption

of debt and the issuance of LP Notes, Class B LP Units and Special Voting Units prior to the Effective Time, which assets are more particularly described in the Proxy Circular;

“**Common Shares**” means common shares in the capital of BPP;

“**Court**” means the Ontario Superior Court of Justice;

“**Declaration of Trust**” means the declaration of trust dated March 19, 2010 governing BCR, as amended, supplemented or modified from time to time in accordance with the terms thereof;

“**Director**” means the Director appointed under section 260 of the CBCA;

“**Dissent Rights**” has the meaning ascribed thereto in section 3.1;

“**Dissenting Shareholders**” means a holder of Common Shares who has duly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of Common Shares in respect of which Dissent Rights are validly exercised by such holders;

“**Effective Date**” means the date upon which the Arrangement becomes effective as shown on the Certificate;

“**Effective Time**” means 12:01 a.m., or such other time as may be specified in writing by BPP, on the Effective Date;

“**Final Order**” means the order of the Court approving the Arrangement applied for following the Meeting and granted pursuant to the provisions of section 192 of the CBCA, as such order may be affirmed, amended or modified by the Court;

“**Interim Order**” means the interim order of the Court dated March 18, 2010 under section 192 of the CBCA containing declarations and directions with respect to the Arrangement and the Meeting and issued pursuant to the application of BPP, a copy of which is attached as Appendix B to the Proxy Circular, as such order may be affirmed, amended or modified by the Court;

“**Letter of Transmittal**” means the letter of transmittal for use by Public Common Shareholders, in the form accompanying the Proxy Circular;

“**Liens**” means any hypothecations, mortgages, liens, charges, security interests, pledges, claims, encumbrances and adverse rights or other claims;

“**LP Notes**” means the interest bearing demand promissory notes of Brookfield Office Properties Canada LP;

“**Meeting**” means the special meeting of shareholders of BPP held on Tuesday, April 27, 2010;

“**Newco**” means 7326017 Canada Limited, a corporation incorporated under the laws of Canada and an indirect wholly-owned subsidiary of BPO;

“**Newco Note**” means an interest bearing demand promissory note to be issued by Newco having a principal amount equal to the fair market value of the Trust Units to be acquired by Newco from BPP Sub Amalco and to be used by Newco to acquire the Common Shares of the Public Common Shareholders on the Effective Date pursuant to this Plan of Arrangement;

“**Non-Voting Equity Shares**” means non-voting equity shares in the capital of BPP;

“**Person**” includes an individual, sole proprietorship, partnership, limited partnership, corporation, company, unlimited liability company, trust, unincorporated organization, association, unincorporated syndicate, government,

or any department or agency thereof and the successors and assigns thereof or the heirs, executors, administrators or other legal representatives of an individual;

“**Proxy Circular**” means the notice of meeting and management proxy circular, including all appendices, sent to shareholders of BPP in connection with the Meeting;

“**Public Common Shareholders**” means holders of Common Shares other than BPO and its Affiliates;

“**Special Resolution**” means the special resolution approving the Arrangement presented to shareholders of BPP at the Meeting;

“**Special Voting Units**” means special voting units of BCR;

“**Tax Act**” means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder;

“**Transfer Agent**” means CIBC Mellon Trust Company at its offices referred to in the Letter of Transmittal; and

“**Trust Units**” means trust units of BCR other than the Special Voting Units.

1.2 Sections and Headings

The division of this Plan of Arrangement into Articles, sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. Unless otherwise indicated, all references to an “Article” or “section” followed by a number and/or a letter refer to the specified Article or section of this Plan of Arrangement.

1.3 Rules of Construction

In this Plan of Arrangement, unless the context otherwise requires, (a) words importing the singular number include the plural and *vice versa*, (b) words importing any gender include all genders, and (c) “include”, “includes” and “including” shall be deemed to be followed by the words “without limitation”.

1.4 Currency

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada and “\$” refers to Canadian dollars.

1.5 Date of Any Action

If the date on which any action is required or permitted to be taken under this Plan of Arrangement is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

1.6 Time

Time shall be of the essence in this Plan of Arrangement. Unless otherwise indicated, all times expressed herein are local time, Toronto, Canada.

1.7 Schedules

The following schedules to this Plan of Arrangement are incorporated by reference herein and form part of this Plan of Arrangement.

- Schedule ■ - Rights, Privileges, Restrictions and Conditions Attaching to the Common Shares of BPP Amalco
- Schedule ■ - Rights, Privileges, Restrictions and Conditions Attaching to the BPP Amalco Preferred Shares, the BPP Amalco Series G Preferred Shares, the BPP Amalco Series J Preferred Shares, the BPP Amalco Series K Preferred Shares, the BPP Amalco Series M Preferred Shares and the BPP Amalco Series N Preferred Shares

ARTICLE 2 ARRANGEMENT

2.1 Binding Effect

This Plan of Arrangement and the Arrangement will become effective at, and be binding at and after, the Effective Time on the BPP Entities, Newco, BPO, BCR, Brookfield Office Properties Canada LP, BOPC GP Inc., and all holders and all beneficial owners of Common Shares (including those described in section 3.1), Non-Voting Equity Shares and BPP Preferred Shares, without any further act or formality required on the part of any Person, except as expressly provided herein.

2.2 Arrangement

- (1) Commencing at the Effective Time, the following events or transactions shall occur and shall be deemed to occur in the following sequence without any further act or formality:
 - (a) the BPP Entities will transfer the LP Notes received in exchange for the Contributed Assets to BCR in exchange for ■ Trust Units;
 - (b) BPP Sub Amalco will transfer to Newco, in exchange for the issuance by Newco of the Newco Note to BPP Sub Amalco, that number of Trust Units to be transferred by Newco to the Public Common Shareholders in consideration for the acquisition of their Common Shares under step (c);
 - (c) each issued and outstanding Common Share held by Public Common Shareholders will be acquired by Newco for one Trust Unit;
 - (d) BCR will transfer the LP Notes referred to in step (a) to Brookfield Office Properties Canada LP in exchange for ■ Class A LP Units;
 - (e) Brookfield Office Properties Canada LP will purchase for cancellation the initial 100 Class A LP Units held by BPP Sub Amalco in exchange for \$100.00 in cash;
 - (f) BPP will transfer to BCR all of the issued and outstanding shares of BOPC GP Inc. in exchange for \$■ in cash;
 - (g) Newco and BPP will amalgamate pursuant to the laws of Canada to form BPP Amalco upon the following terms and conditions:
 - (i) the name of BPP Amalco shall be BPO Properties Ltd.;

- (ii) the registered office of BPP Amalco shall be situated in the City of Toronto in the Province of Ontario and shall be located therein at Brookfield Place, 181 Bay Street, Suite 330, Toronto, Ontario, M5J 2T3;
- (iii) BPP Amalco shall be authorized to issue an unlimited number of common shares and an unlimited number of BPP Amalco Preferred Shares, which may be issued in series;
- (iv) BPP Amalco shall be authorized to issue 4,000,000 BPP Amalco Preferred Shares designated as “Cumulative Redeemable Preferred Shares Series G” (the “**BPP Amalco Series G Preferred Shares**”), which shall be the seventh series of BPP Amalco Preferred Shares;
- (v) BPP Amalco shall be authorized to issue 8,000,000 BPP Amalco Preferred Shares designated as “Cumulative Redeemable Preferred Shares Series J” (the “**BPP Amalco Series J Preferred Shares**”), which shall be the ninth series of BPP Amalco Preferred Shares;
- (vi) BPP Amalco shall be authorized to issue 300 BPP Amalco Preferred Shares designated as “Cumulative Redeemable Preferred Shares Series K” (the “**BPP Amalco Series K Preferred Shares**”), which shall be the tenth series of BPP Amalco Preferred Shares;
- (vii) BPP Amalco shall be authorized to issue 4,000,000 BPP Amalco Preferred Shares designated as “Cumulative Redeemable Preferred Shares Series M” (the “**BPP Amalco Series M Preferred Shares**”), which shall be the twelfth series of BPP Amalco Preferred Shares;
- (viii) BPP Amalco shall be authorized to issue 2,000,000 BPP Amalco Preferred Shares designated as “Cumulative Redeemable Preferred Shares Series N” (the “**BPP Amalco Series N Preferred Shares**”), which shall be the thirteenth series of BPP Amalco Preferred Shares;
- (ix) the BPP Amalco common shares shall have attached thereto the rights, privileges, restrictions and conditions set out in Schedule ■ hereto;
- (x) the BPP Amalco Preferred Shares shall have attached thereto the same rights, privileges, restrictions and conditions as those attached to the BPP Preferred Shares, as set out in Schedule ■ hereto;
- (xi) the BPP Amalco Series G Preferred Shares, BPP Amalco Series J Preferred Shares, BPP Amalco Series K Preferred Shares, BPP Amalco Series M Preferred Shares and BPP Amalco Series N Preferred Shares shall have attached thereto the same rights, privileges, restrictions and conditions as those attached to the BPP Preferred Shares, Series G, Series J, Series K, Series M and Series N, respectively, as set out in Schedule ■ hereto;
- (xii) there shall be no restrictions on share transfers;
- (xiii) BPP Amalco shall be prohibited from incurring any unsecured indebtedness for borrowed money, or guaranteeing any such indebtedness of any other Person, other than (a) unsecured indebtedness (or guarantees of indebtedness) in respect of which Brookfield Office Properties Canada LP is also liable (whether by guarantee or otherwise), (b) the indebtedness owing under the Newco Note, (c) certain other indebtedness owing to BPP Sub Amalco, and (d) unsecured indebtedness (or guarantees of indebtedness) that would not result in a downgrade of the then current ratings assigned by DBRS Limited to the BPP Amalco Preferred Shares.

- (xiv) the number of directors of BPP Amalco as of the Effective Date shall be five (5) and, as of the Effective Date, the directors of BPP Amalco shall be Richard B. Clark, the Honourable William G. Davis, Thomas F. Farley, Robert J. McGavin and Michael F.B. Nesbitt, who shall hold office until the next annual meeting of shareholders of BPP Amalco or until their respective successors are elected or appointed;
- (xv) the officers of BPP Amalco, until changed by the directors of BPP Amalco, shall be Richard B. Clark, Chairman, Thomas F. Farley, President and Chief Executive Officer, and Bryan K. Davis, Senior Vice President and Chief Financial Officer;
- (xvi) the fiscal year end of BPP Amalco shall be December 31 in each year until such time as it is changed by the directors of BPP Amalco;
- (xvii) the by-laws of BPP Amalco shall be the same as the by-laws of BPP;
- (xviii) all of the property of the predecessor corporations held immediately before the amalgamation (except any amounts receivable from any predecessor corporation or shares of any predecessor corporation) shall become the property of BPP Amalco;
- (xix) all of the liabilities of the predecessor corporations immediately before the amalgamation (except any amounts payable to any predecessor corporation) shall become liabilities of BPP Amalco and, in particular, the Newco Note shall become a note of BPP Amalco having the same principal amount and other terms as those of the Newco Note;
- (xx) each Common Share and Non-Voting Equity Share held by Persons other than Newco shall be converted into one common share of BPP Amalco;
- (xxi) each Common Share held by Newco shall be cancelled without any repayment of capital in respect thereof;
- (xxii) each BPP Preferred Share, Series G shall be converted into one BPP Amalco Series G Preferred Share;
- (xxiii) each BPP Preferred Share, Series J shall be converted into one BPP Amalco Series J Preferred Share;
- (xxiv) each BPP Preferred Share, Series K shall be converted into one BPP Amalco Series K Preferred Share;
- (xxv) each BPP Preferred Share, Series M shall be converted into one BPP Amalco Series M Preferred Share;
- (xxvi) each BPP Preferred Share, Series N shall be converted into one BPP Amalco Series N Preferred Share;
- (xxvii) each issued and outstanding common share of Newco shall be converted into one common share of BPP Amalco;
- (xxviii) any existing cause of action, claim or liability to prosecution of either of the predecessor corporations shall be unaffected;
- (xxix) any civil, criminal or administrative action or proceeding pending by or against either of the predecessor corporations may be continued to be prosecuted by or against BPP Amalco; and

- (xxx) a conviction against, or ruling, order or judgment in favour of or against, either of the predecessor corporations may be enforced by or against BPP Amalco.

2.3 Trustees of BCR

The number of trustees of BCR as of the Effective Date shall be five (5) and, as of the Effective Date, the trustees of BCR shall be Richard B. Clark, the Honourable William G. Davis, Thomas F. Farley, Robert J. McGavin and Michael F.B. Nesbitt, who shall hold office until the first annual meeting of unitholders of BCR or until their respective successors are elected or appointed.

ARTICLE 3 RIGHTS OF DISSENT

3.1 Rights of Dissent

Registered holders of Common Shares may exercise rights of dissent in connection with the Arrangement pursuant to and in the manner set forth in section 190 of the CBCA and this section 3.1 (“**Dissent Rights**”). Dissenting Shareholders who duly exercise their Dissent Rights and who:

- (a) are ultimately determined to be entitled to be paid fair value for their Common Shares, shall be deemed to have transferred such Common Shares to BPP for cancellation as of the Effective Time, without any further act or formality and free and clear of any Liens; or
- (b) are ultimately determined not to be entitled, for any reason, to be paid fair value for their Common Shares in accordance with the provisions of section 190 of the CBCA, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Common Shares on the basis determined in accordance with section 2.2.

3.2 Recognition of Dissenting Shareholders

- (a) In no circumstances shall BPP or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the holder of those Common Shares in respect of which such rights are sought to be exercised.
- (b) For greater certainty, in no case shall BPP or any other Person be required to recognize Dissenting Shareholders as holders of Common Shares in respect of which Dissent Rights have been validly exercised after the Effective Time, and the names of such Dissenting Shareholders shall be removed from the registers of holders of Common Shares in respect of which Dissent Rights have been validly exercised at the Effective Time. In addition to any other restrictions under section 190 of the CBCA, holders of Common Shares who vote or have instructed a proxyholder to vote such Common Shares in favour of the Special Resolution shall not be entitled to exercise Dissent Rights (but only in respect of such Common Shares).

ARTICLE 4 CERTIFICATES AND FRACTIONAL SHARES

4.1 Issuance of Trust Units

The registered Public Common Shareholders (other than those who have properly exercised their Dissent Rights and who are ultimately entitled to be paid the fair value of their Common Shares) shall be deemed to be the holders of the Trust Units to which they are entitled pursuant to the Arrangement (without regard to the date or dates on which certificates representing BPP common shares are physically surrendered to the Transfer Agent).

At or promptly after the Effective Time, BCR shall deposit with the Transfer Agent, for the benefit of Public Common Shareholders, certificates evidencing the aggregate number of Trust Units to be received by them in return

for their Common Shares in accordance with section 2.2. Upon surrender to the Transfer Agent of a certificate which immediately prior to the Effective Time represented Common Shares, together with a duly completed Letter of Transmittal and such additional documents, instruments and payments as the Transfer Agent may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Transfer Agent shall deliver to such holder, a certificate evidencing the number of Trust Units that such holder is entitled to receive under section 2.2, and the certificate so surrendered shall forthwith be delivered to Newco in accordance with section 2.2.

4.2 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more Common Shares shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Transfer Agent will issue in exchange therefor, one or more certificates evidencing the Trust Units that such Person is entitled to receive under section 2.2. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom the certificates evidencing Trust Units are to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to the Transfer Agent, BPP and its transfer agent in such sum as the Transfer Agent or BPP may direct or otherwise indemnify the Transfer Agent and BPP in a manner satisfactory to the Transfer Agent and BPP against any claim that may be made against the Transfer Agent or BPP with respect to the certificate alleged to have been lost, stolen or destroyed.

4.3 Withholding Rights

BPP, BCR, Newco and the Transfer Agent shall be entitled to deduct and withhold from any payment, dividend, distribution or consideration otherwise payable to any holder of Common Shares or Trust Units such amounts as BPP, BCR, Newco or the Transfer Agent is required to deduct and withhold with respect to such payment under the Tax Act, the United States *Internal Revenue Code of 1986*, or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the securities in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. To the extent that the amount so required to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to the holder, BPP, BCR, Newco and the Transfer Agent are hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to BPP, BCR, Newco or the Transfer Agent, as the case may be, to enable it to comply with such deduction or withholding requirement and, BPP, BCR, Newco or the Transfer Agent shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale.

4.4 Illegality of Delivery of Units

Notwithstanding the foregoing, if it appears to BCR that it would be contrary to applicable law to issue Trust Units pursuant to the Arrangement to a Person that is not a resident of Canada, the Trust Units that otherwise would be issued to that Person will be issued to the Transfer Agent for sale by the Transfer Agent on behalf of that Person. The Trust Units so issued to the Transfer Agent will be pooled and sold as soon as practicable after the Effective Date, on such dates and at such prices as the Transfer Agent determines in its sole discretion. The Transfer Agent shall not be obligated to seek or obtain a minimum price for any of the Trust Units sold by it. Each such Person will receive a pro rata share of the cash proceeds from the sale of the Trust Units sold by the Transfer Agent (less commissions, other reasonable expenses incurred in connection with the sale of the Trust Units and any amount withheld in respect of taxes) in lieu of the Trust Units themselves. The net proceeds will be remitted in the same manner as other payments pursuant to this Article 4. None of BPP, BCR or the Transfer Agent will be liable for any loss arising out of any such sales.

4.5 Certificates Evidencing BPP Amalco Preferred Shares

As of the Effective Time, any certificates evidencing BPP Preferred Shares that have been converted into BPP Amalco Preferred Shares in accordance with section 2.2 shall be deemed to represent BPP Amalco Preferred Shares without any further act or formality.

**ARTICLE 5
AMENDMENTS**

5.1 Amendments to Plan of Arrangement

- (a) BPP reserves the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be (i) set out in writing, (ii) filed with the Court and, if made following the Meeting, approved by the Court, and (iii) communicated to the holders of Common Shares, Non-Voting Equity Shares and BPP Preferred Shares if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by BPP at any time prior to the Meeting with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Meeting shall be effective only if (i) it is consented to by BPP, and (ii) if required by the Court, it is consented to by the holders of Common Shares, Non-Voting Equity Shares and BPP Preferred Shares voting in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by BPP Amalco, provided that it concerns a matter which, in the reasonable opinion of BPP Amalco, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement or includes a change to the sequence of the events of transactions contemplated by section 2.2 and, in each case, is not adverse to the financial or economic interests of any holder of Trust Units.

**ARTICLE 6
FURTHER ASSURANCES**

6.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, the BPP Entities, Newco, BPO, BCR, Brookfield Office Properties Canada LP and BOPC GP Inc. shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein.

APPENDIX E

VALUATIONS AND FAIRNESS OPINION

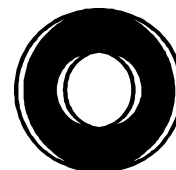
Macquarie Capital Markets Canada Ltd.

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MACQUARIE

March 9, 2010

The Special Committee of the Board of Directors
BPO Properties Ltd.
79 Wellington Street West, Suite 3000
Box 270, TD Centre
Toronto, Ontario
M5K 1N2 Canada

To the Special Committee of the Board of Directors of BPO Properties Ltd.:

Macquarie Capital Markets Canada Ltd. (“Macquarie” or “We”), a member company of the Macquarie Group, understands that BPO Properties Ltd. (“BPP” or the “Company”) is contemplating a transaction (the “Transaction”) involving the reorganization of substantially all of the real property assets (the “Contributed Assets”) of BPP under a newly formed closed-end real estate investment trust (“Brookfield Office Properties Canada REIT” or “BCR”), in which holders of common and non-voting equity shares of BPP (collectively, the “BPP Shares”) will receive units (“Trust Units”), or securities exchangeable for Trust Units, in exchange for their existing shares of BPP (“Class B LP Units”). The Transaction will be effected pursuant to a plan of arrangement whereby the Contributed Assets will be transferred to a limited partnership (“Brookfield Office Properties Canada LP” or “BOPC LP”). BPO currently beneficially owns approximately 89.7% of the BPP Shares as well as preferred shares of all series (collectively, the “Preferred Shares”) of the Company. Macquarie further understands that holders of BPP Shares, other than BPO and its affiliates (“Public BPP Shareholders”) will receive one Trust Unit for each BPP Share held, and that BPO will receive either one Trust Unit or one Class B LP Unit per BPP Share held. The Class B LP Units will be exchangeable for Trust Units on a one to one basis.

Macquarie further understands that, as part of the Transaction, BCR will acquire from a BPO affiliate its interest in Brookfield Place (the “Brookfield Place Interest”) in exchange for cash consideration of \$100 million, the assumption of debt and the issuance of Trust Units and Class B LP Units, and that BPP will retain certain assets of BPP including certain commercial properties (the “Canadian Office Fund”) and certain development properties, as well as certain other assets that are not permitted to be owned by BCR under rules governing real estate investment trusts (collectively, the “Excluded Assets and Liabilities”). After giving effect to the Transaction, BPO and its affiliates will hold Trust Units and Class B LP Units representing in the aggregate an approximate 90.6% interest in BOPC LP (including the consideration an affiliate of BPO will receive for the sale of the Brookfield Place Interest), and Public BPP Shareholders will own an aggregate number of Trust Units representing an approximate 9.4% indirect interest in BOPC LP.

Macquarie further understands that:

- (i) in connection with the Transaction, BCR and BOPC LP will enter into an asset management agreement and a property management agreement with a subsidiary of BPO, pursuant to which asset and property

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management services will be provided to BCR and BOPC LP (together, the “Management Agreements”); and

- (ii) as part of the Transaction, holders of the Preferred Shares will receive preferred shares of the amalgamated BPP with the same terms as the existing Preferred Shares.

The terms of the Transaction will be more fully described in a management proxy circular (the “Circular”), which will be mailed to holders of BPP Shares in connection with the Transaction.

Macquarie also understands that a committee (the “Special Committee”) of members of the board of directors (the “Board”) of the Company, who are independent of BPO, has been constituted to consider the Transaction and make recommendations thereon to the Board. Macquarie was instructed by the Special Committee that the Canadian Securities Administrators’ Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”) is applicable to the Transaction. Macquarie has been engaged to act as financial advisor to the Special Committee in relation to the Transaction and, in connection therewith, the Special Committee has instructed Macquarie to prepare formal valuations of the BPP Shares (the “BPP Valuation”), the Trust Units and Class B LP Units (the “Trust Valuation”) and the Brookfield Place Interest (the “Brookfield Place Interest Valuation”, and together with the BPP Valuation and the Trust Valuation, the “Valuations”) in accordance with the requirements of MI 61-101, and to provide Macquarie’s opinion (the “Fairness Opinion”) as to the fairness of the consideration under the Transaction, from a financial point of view, to the holders of the BPP Shares and Preferred Shares, other than BPO and its affiliates (the “Minority Shareholders”). The Valuations and Fairness Opinion have been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada (“IIROC”).

All dollar amounts herein are expressed in Canadian dollars.

ENGAGEMENT OF MACQUARIE

Macquarie was first contacted by the Special Committee regarding a potential advisory assignment in October of 2009 and was formally engaged by the Special Committee by letter agreement dated as of October 20, 2009 (the “Engagement Agreement”).

The Engagement Agreement provides for a payment to Macquarie of a \$200,000 retainer fee and a further \$525,000 fee due and payable upon delivery of the Valuations and Fairness Opinion. The fees payable to Macquarie pursuant to the Engagement Agreement are not financially material to the Macquarie Group and are payable irrespective of whether the Transaction is completed or of the conclusions reached in the Valuations and Fairness Opinion. In addition, the Company has agreed to reimburse Macquarie for certain reasonable out-of-pocket expenses and to indemnify the Macquarie Group in certain circumstances.

CREDENTIALS OF MACQUARIE

Macquarie is a member of the Macquarie Group which is a diversified international provider of specialist investment, advisory, trading and financial services in select markets around the world with approximately \$364 billion of total assets under management as of December 31, 2009. Macquarie is a member of IIROC and a member of the Toronto Stock Exchange and the TSX Venture Exchange. The parent company of Macquarie, Macquarie Group Limited, is listed on the Australian Stock Exchange. Founded in 1969, the Macquarie Group operates in more than sixty offices in 28 countries. Macquarie’s advisory services include the areas of mergers, acquisitions, divestments, capital raisings, restructurings, project finance, structured finance, privatization and tailored strategic and financial advice, fairness opinions and valuations. The Valuations and Fairness Opinion expressed herein are Macquarie’s and has been approved by senior corporate and financial advisory professionals of Macquarie who have been involved in a number of transactions involving merger, acquisition, divestiture, valuation of publicly traded Canadian issuers and in providing formal valuations and fairness opinions in respect of a variety of transactions.

INDEPENDENCE OF MACQUARIE

Neither Macquarie, nor any of its associates or affiliates, is an insider, associate or affiliate (as those terms are defined the Securities Act (Ontario)) of the Company, BPO or any of their respective associates or affiliates. Other than the services provided under the Engagement Agreement, no member of the Macquarie Group has been engaged to provide any financial advisory services nor has any such member participated in any financing involving BPO, BPP or any of their respective associates or affiliates within the past two years other than: (i) providing advice to the independent directors of Multiplex Prime Property Fund, a member of the Brookfield Multiplex Group, an Australian-based affiliate of Brookfield Asset Management, in connection with a recapitalization transaction which was completed in 2009; (ii) participating as a syndicate member only (and not as a lead, co-lead or manager) in five public offerings for BPO and certain of its affiliates; and (iii) a member of the Macquarie Group acquired from a third-party lender a participation in a syndicated credit facility to Brookfield Multiplex Group and also acquired from a third party lender a mortgage loan on a Brookfield Multiplex Group building in Australia in which certain of the operations of the Macquarie Group are headquartered. There are no understandings, agreements or commitments between Macquarie on the one hand and the Company, BPO or BCR on the other hand, or any of their respective associates or affiliates, with respect to any future business dealings. Macquarie may, in the future, in the ordinary course of business, perform financial advisory or investment banking services for any one or more of them from time to time.

Macquarie and its affiliates carry on a range of businesses on their own account and for their clients, including providing stockbrokerage, investment advisory, investment management, proprietary transactions and custodial services. It is possible that the various divisions, business groups and affiliates of Macquarie which provide these services may hold long or short positions in securities of companies which are or may be involved in the aforementioned transactions and effect transactions in those securities for their own account or for the account of their clients. In addition, Macquarie and its affiliates are tenants in certain commercial properties owned and/or managed by BPP and its affiliates. Macquarie, as an investment dealer, also conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on issues and investment matters, including research with respect to the Company, BPO, BPP, BCR or their respective affiliates.

SCOPE OF REVIEW

In connection with Macquarie's preparation of the Valuations and Fairness Opinion, Macquarie has reviewed or relied upon, among other things, the following:

- (i) the annual report, including the comparative audited financial statements and management's discussion and analysis, of BPP for the fiscal year ended December 31, 2008;
- (ii) the interim reports, including the comparative unaudited financial statement and management's discussion and analysis, of BPP for the three months ended March 31, 2009, June 30, 2009, September 30, 2009 and December 31, 2009;
- (iii) the annual information form of BPP dated March 17, 2009;
- (iv) the management information circular of BPP dated March 17, 2009;
- (v) certain internal financial, operational, business, tax and other information concerning BPP and BPO that was prepared or provided by the management of BPP and BPO, as applicable, including internal operating and financial budgets and projections for the fiscal years ending December 31, 2010, December 31, 2011, December 31, 2012, December 31, 2013 and December 31, 2014 and BPP's business plan, in case, as approved by their respective boards of directors;
- (vi) unaudited property level cash flow forecasts and corporate business plans prepared by management of BPP and BPO, as applicable;

- (vii) various other property specific information of BPP and BPO including property operating statements, property budgets, and rent rolls;
- (viii) independent appraisals for selected properties, including the Brookfield Place Interest;
- (ix) various co-ownership agreements relating to certain of the properties owned by the Company;
- (x) the rights, privileges, restrictions and conditions attaching to each of the Company's five series of cumulative redeemable preferred shares;
- (xi) selected public market trading information and relevant financial information of BPP, and comparable public entities;
- (xii) selected financial information and relevant financial information with respect to relevant precedent transactions;
- (xiii) selected reports published by equity research analysts and industry sources regarding BPP and comparable public entities;
- (xiv) drafts of the Circular dated March 2, 2010;
- (xv) drafts of the Declaration of Trust, the Amended and Restated Limited Partnership Agreement, the Exchange and Support Agreement, the Asset Management Agreement, the Brookfield Place Purchase Agreement, and the Property Management Agreement, in each case with respect to the Transaction (collectively, the "Agreements");
- (xvi) discussions with senior management of BPP, the Special Committee and BPO, with respect to the information referred to above and other issues deemed relevant;
- (xvii) discussions with and materials prepared by BPP's tax advisors KPMG LLP;
- (xviii) discussions with BPP's auditors Deloitte & Touche LLP and legal counsel Torys LLP;
- (xix) certificates addressed to us, dated as of the date hereof, from two senior officers of each of BPP and BPO as to the completeness and accuracy of the information provided to us by BPP and BPO; and
- (xx) such other information, analyses, investigations and discussions as Macquarie considered necessary or appropriate in the circumstances.

To the best of its knowledge, Macquarie has not been denied access by BPP or BPO to any information it has requested

PRIOR VALUATIONS

BPP and BPO have represented to Macquarie that no prior valuation (as defined in MI 61-101) has been prepared in the past 24 months.

ASSUMPTIONS AND LIMITATIONS

The Valuations and the Fairness Opinion are subject to the assumptions and limitations below, as well as those discussed under "Scope of Review".

With the Special Committee's approval, Macquarie has relied upon and has assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions and representations obtained by Macquarie from public sources, or provided to Macquarie by BPP, BPO or their respective subsidiaries, affiliates or

advisors, or otherwise obtained by Macquarie pursuant to its engagement (collectively, the “Information”). The Valuations and the Fairness Opinion are conditional upon the completeness, accuracy and fair presentation of the Information. Except as expressly described herein, Macquarie has not been requested to, and has not attempted to, independently verify the completeness, accuracy or fairness of presentation of any Information.

With respect to operating and financial budgets and projections concerning both BPP and the Brookfield Place Interest, as applicable, provided to and relied upon by Macquarie, Macquarie assumed that they have been prepared on bases reflecting reasonable assumptions, estimates and judgments of management, having regard to business plans, financial condition and prospects of BPP and the Brookfield Place Interest, as applicable.

BPP and BPO have each represented to Macquarie, in a certificate of two senior officers that, among other things, the Information provided to Macquarie by or on behalf of BPP and BPO, including the written information and discussions concerning BPP and BPO referred to above under the heading “Scope of Review”, are complete and correct at the date the Information was provided to Macquarie and that, since the date of the Information, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of BPP or BPO or any of their respective subsidiaries and affiliates, and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Valuations or the Fairness Opinion.

Except as expressly noted under the heading “Scope of Review”, Macquarie has not conducted any investigation concerning the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of BPP, BPO or any of their respective subsidiaries or affiliates, or of the Brookfield Place Interest, as applicable. Macquarie has not attempted to verify independently any of the Information concerning BPP, BPO, any of their respective subsidiaries or affiliates, or of the Brookfield Place Interest. Macquarie was not authorized to solicit, and accordingly did not solicit, interest from any other potential party with respect to the Transaction, and the transactions contemplated in the Circular.

Macquarie is not a legal, tax or accounting expert, and expresses no opinion regarding any legal, tax or accounting matters concerning the Transaction. In particular, Macquarie has not considered, and expresses no opinion in respect of, the tax impact of the Transaction to any person or entity.

The Valuations and the Fairness Opinion are rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof, and the conditions and prospects, financial and otherwise, of BPP, BPO and their respective subsidiaries and affiliates as they are reflected in the Information and as they were represented to Macquarie in discussions with BPP, BPO and their respective advisors.

The Valuations and the Fairness Opinion are given as of the date hereof and, although Macquarie reserves the right to change or withdraw the Valuations and/or the Fairness Opinion if Macquarie learns that any of the information relied upon in preparing the Valuations and/or the Fairness Opinion was inaccurate, incomplete or misleading in any material respect, Macquarie disclaims any obligation to change or withdraw the Valuations and/or the Fairness Opinion, to advise any person of any change that may come to Macquarie’s attention or to update the Valuations and/or the Fairness Opinion after the date hereof.

With respect to the budgets, forecasts, projections or estimates provided to Macquarie and used in its analyses, Macquarie notes that projecting future results is inherently subject to uncertainty. Macquarie expresses no independent view as to the reasonableness of such budgets, forecasts, projections and estimates or the assumptions on which they are based.

In its analysis and in preparing the Valuations and the Fairness Opinion, Macquarie has made numerous assumptions, including that all conditions precedent to the completion of the Transaction can be satisfied in due course, that all consents, permissions, exemptions or orders of relevant regulatory authorities or third parties will be obtained without adverse condition or qualification, and that the procedures being followed to implement the Transaction are valid and effective, as well as numerous other assumptions with respect to industry performance, general business, capital markets and economic conditions and other matters. Many of these assumptions are beyond the control of any party involved in the Transaction.

In addition, Macquarie has assumed:

- (i) that the Transaction, and the transactions contemplated in the Circular, will be completed in accordance with the terms of the draft Agreements reviewed by Macquarie, and as described for in the Circular, and all applicable laws, and that the Circular will disclose all material facts relating to the Transaction and will satisfy all applicable legal requirements;
- (ii) that all undertakings typically required by Canadian securities regulators in cases involving income trusts and/or securities that are exchangeable for units of income trusts will be entered into and complied with at all times following closing by all applicable persons;
- (iii) that the existing ratings of the Preferred Shares will be reaffirmed by all applicable rating agencies;
- (iv) that BCR will at all times qualify as a unit trust, a mutual fund trust and a real estate investment trust, that it will be in compliance at all times with non-resident ownership limits without any need for forced sales or other transfer or issuance limits to be imposed, that all real estate held will be capital property and not inventory and that any intra-group debt will be on reasonable terms; and
- (v) that the SIFT Rules (as defined in the Circular) will not apply to BCR or BOPC LP or their respective subsidiaries, in each case within the meaning of applicable Canadian income tax laws.

Macquarie believes that its financial analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all factors and analysis together, could create a misleading view of the process underlying the Valuations and the Fairness Opinion. The preparation of a valuation and fairness opinion is complex and is not necessarily susceptible to partial analysis or summary description and any attempt to do so could lead to undue emphasis on any particular factor or analysis.

The Valuations and the Fairness Opinion have been provided to the Special Committee for its exclusive use in considering the Transaction and may not be relied upon by any other person or used for any other purpose or published without the prior written consent of Macquarie, provided that the Valuations and the Fairness Opinion, and a summary thereof, may be contained in the Circular. The Valuations and the Fairness Opinion are not to be construed as a recommendation to any holder of BPP Shares as to how it should vote or act on any matter relating to the Transaction.

OVERVIEW OF BPO PROPERTIES LTD.

BPP is a real estate investment company focused on the ownership of commercial office properties in selected markets in Canada. The Company's office properties are generally in core downtown locations. The Company's 27 office properties total approximately 7.3 million square feet based on BPP's owned share of gross leasable area and, by size, are located approximately 44% in Toronto, 40% in Calgary, 8% in Vancouver, 6% in Ottawa and 2% in Edmonton. BPP also owns one community shopping center in suburban Ottawa, and five development projects totalling 5.7 million square feet.

DEFINITION OF FAIR MARKET VALUE

For purposes of the Valuations, fair market value means the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act. Macquarie has not made any downward adjustment to the value of the BPP Shares to reflect their liquidity, the effect of the Transaction on the BPP Shares, or the fact that the BPP Shares held by Minority Shareholders do not form part of a controlling interest.

VALUATION OF THE BPP SHARES

Valuation Methods

Macquarie relied primarily on an after-tax net asset value (“NAV”) methodology in preparing the BPP Valuation. In connection with that methodology, Macquarie also reviewed precedent transactions involving public real estate entities with significant income producing properties, including an analysis of the implied capitalization rates (“cap rates”) of net operating income (“NOI”) and multiples of funds from operations (“FFO”).

Macquarie also reviewed the trading multiples of comparable public companies involved in the real estate industry and concluded that the relevant public company FFO and adjusted funds from operations (“AFFO”) multiples implied values for BPP that were at or below BPP’s NAV and generally reflect minority discount values rather than “en bloc” values. As such, Macquarie did not rely on this methodology in forming its conclusion with respect to the BPP Valuation.

The Company currently has 19,910,038 common shares (of which 11,200,965 or 56.3% are indirectly held by BPO) and 65,035,596 non-voting equity shares (of which 100% are held by BPO and its affiliates) totalling 84,945,634 BPP Shares outstanding (of which 89.7% are held by BPO and its affiliates). Considering BPO currently holds both a majority of the common shares (voting interest) and 89.7% of all BPP shares, Macquarie has not ascribed a difference to the common shares and non-voting equity shares with respect to the consideration to be received in connection with the Transaction from the perspective of the Minority Shareholders.

Net Asset Value Analysis

The NAV methodology ascribes a separate value for each category of asset and liability, utilizing the methodology appropriate in each case. The sum of total assets less total liabilities yields the NAV.

There are eight key components to BPP’s NAV:

- (i) income producing property portfolio;
- (ii) properties held for future development;
- (iii) real estate services business;
- (iv) secured debt;
- (v) preferred shares;
- (vi) income taxes and tax deductions;
- (vii) other assets and liabilities; and
- (viii) capitalized general and administrative (“G&A”) expenses.

Income Producing Property Portfolio

As of the date hereof, BPP’s income producing property portfolio comprises 28 office properties, including Bay Adelaide Centre West, and one retail property. Macquarie primarily relied upon a discounted cash flow (“DCF”) approach to value BPP’s income producing property portfolio. The DCF approach requires that certain assumptions be made regarding, among other things, future unlevered free cash flows, discount rates and terminal values.

Ten-year unlevered free cash flow projections for each income producing property which included vacancy and credit allowances for each property were developed by management of the Company. Appropriate discount rates and reversionary cap rates for each property were selected based on precedent private market transactions and

Macquarie's knowledge of current real estate pricing parameters. The discount rates and reversionary cap rates used by Macquarie for the Company's office properties ranged from 7.0% to 8.9% and 6.4% to 8.1%, respectively. The individual income producing property values resulting from the above analyses were reviewed on the basis of their implied respective overall capitalization rates, price per square foot and average yield to ensure these measures were also consistent with market pricing parameters.

The table below summarizes the aggregate projections from the Company's interest in its existing income producing properties used by Macquarie. Macquarie has not assumed any acquisitions or disposals of properties over the forecast period.

BPO Office Property Portfolio
Consolidated Unlevered Free Cash Flows

<i>C\$ millions</i>	Years Ending December 31,									
	2010F	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F	2019F
NOI	\$179.2	\$210.5	\$220.3	\$226.0	\$232.3	\$233.3	\$241.6	\$242.0	\$246.9	\$254.4
Less: Capex & Leasing Costs	\$43.2	\$37.7	\$17.9	\$25.1	\$10.5	\$27.6	\$16.5	\$16.9	\$19.8	\$22.7
Unlevered Free Cash Flow	<u>\$136.0</u>	<u>\$172.8</u>	<u>\$202.4</u>	<u>\$200.9</u>	<u>\$221.9</u>	<u>\$205.6</u>	<u>\$225.1</u>	<u>\$225.2</u>	<u>\$227.1</u>	<u>\$231.7</u>

The foregoing analyses resulted in a total value for the Company's income producing property portfolio of between \$3,131.1 million and \$3,253.4 million.

Properties Held for Future Development

Properties held for future development consist of vacant land and excess building density. In valuing the properties held for future development Macquarie selected appropriate price per buildable square foot and price per acre benchmarks based upon precedent private market transactions and Macquarie's knowledge of current real estate pricing parameters. These benchmarks were used to develop a range of values for BPP's properties held for future development.

The foregoing analyses resulted in a total value for the Company's properties held for future development of between \$128.9 million and \$163.6 million.

Real Estate Services Business

BPP provides various real estate services to properties that are owned or co-owned by BPP, with all third party fees being earned from the Company's co-owners. Macquarie used primarily a multiple of recurring earnings before interest, taxes, depreciation and amortization ("EBITDA") approach in valuing the real estate services business, the primary methodology upon which companies in the real estate services business are valued. Appropriate multiples were selected based on the nature of BPP's management contracts, precedent private market transactions, Macquarie's knowledge of current real estate services pricing parameters and taking in to consideration the longer term of BPP's various third-party contracts. Macquarie applied a multiple range of 7.0x to 9.0x projected 2010 EBITDA with an average multiple of 8.0x to the projected 2010 EBITDA. This resulted in a value range of between \$56.5 million and \$72.7 million for the recurring real estate services business.

In addition to the recurring fee income earned from its real estate services business, BPP is entitled to receive a performance-based incentive fee in October of 2010 under an amended supplementary agreement between BPP and several of its joint venture partners with regards to several subject properties. Under the agreement, BPP will receive a performance-based incentive fee upon the end of the term of the agreement. The amount of the fee is dependent upon the amount by which the value of the subject properties exceeds an allocated cost benchmark under the agreement. Macquarie analysed the projected after tax fee income from this agreement based upon both the actual proceeds realized from the sale of subject properties as well as deemed proceeds based upon the value of those subject properties that have yet to be sold.

This analysis resulted in a value for BPP's real estate services business of \$79.9 million to \$97.1 million.

Secured Debt

The Company's secured debt balance at December 31, 2009 totalled \$1,451.1 million. The weighted average coupon rate on the fixed rate debt totalling \$1,020.8 million was 6.3% at December 31, 2009. Macquarie marked the debt to market based on current Government of Canada Bond Yields and real estate lending spreads concluding that the fixed rate debt was modestly above market rates. This resulted in a decrease to the Company's NAV by \$41.4 to \$59.3 million.

Preferred Shares

The issued and outstanding Preferred Shares comprise approximately \$381.7 million of perpetual preferred shares in three public series and two private series that all rank pari passu. The public series total \$211.7 million in face value and pay dividends based on a yield of 70% of the prime lending rate ("Prime"). The private series total \$170.0 million in face value and pay dividends based on a yield of 40 basis points over the 30-day bankers' acceptance rate. Macquarie has assumed that the Preferred Shares are grandfathered under the taxable preferred share rules.

For the purposes of its NAV analysis, Macquarie used a range of implied yields in valuing the preferred shares, as derived from the public trading levels for the publicly listed Preferred Shares and other comparable publicly listed preferred shares.

The three public series of preferred shares closed on the TSX at prices ranging from \$15.00 to \$16.00 per \$25.00 par value on March 5, 2010, representing cash yields of 2.63% to 2.46% based on current dividends. This yield is similar to other publicly traded, floating-rate, perpetual preferred shares that are of comparable credit ratings.

Macquarie used a range of market trading yields of 2.57% to 2.07%, which results in a value range of \$183.7 million to \$228.4 million representing a discount to book value for the preferred shares of approximately \$198.0 million to \$153.3 million. This range of yields is lower than the current market yield of the Preferred Shares, reflecting, in part, an adjustment for the relatively low trading liquidity of the Company's Preferred Shares and the potential cost to repurchase the preferred shares in the open market.

Income Taxes and Tax Deductions

The value that Macquarie has determined for the Company's income producing portfolio reflects the price a third party would be willing to pay for each income producing property and, in general, the NAV methodology would require that the resulting value be adjusted downward based upon either (i) the taxes payable by BPP on a sale of the portfolio or (ii) the present value of the foregone tax shield arising from the difference between each individual property value and BPP's historical tax basis with respect to such property.

Macquarie reduced BPP's NAV to reflect the higher value of the Company's assets relative to their tax basis. This analysis calculated the net present value ("NPV") of the foregone tax shield (due to the lower tax basis) for BPP's property portfolio excluding those held in the Canadian Office Fund and the NPV of the estimated tax liability associated with the realization of the Company's properties held within the Canadian Office Fund. Based on the above analysis Macquarie has deducted between \$132.9 million and \$145.9 million from BPP's NAV to reflect the historical tax basis of the Company's assets.

Other Assets and Liabilities

The Company has a number of historic contingent tax liabilities, certain of which have been risk adjusted based on discussions with the Company's management and general counsel. Based on the above analysis, on a risk adjusted basis, Macquarie has deducted \$53.0 million from the Company's NAV.

BPP's other non-real estate assets and liabilities, including working capital, were valued at their book value for purposes of Macquarie's NAV analysis, except for deferred expenses related to tenant inducements and financing

costs which were given no value. Given that Macquarie's NAV analysis is based on the Company's balance sheet at December 31, 2009, Macquarie also included in BPP's NAV the estimated free cash flow generated between then and the date hereof.

Capitalized General and Administrative Expenses

The NAV methodology requires that a downward adjustment be made to reflect the value impact of corporate, non-recoverable G&A expenses. Under its current structure, BPO performs all of the Company's corporate functions and provides the services of senior management on a cost-recovery basis. Management's projected cost under this arrangement for the fiscal year ended December 31, 2010 is \$6.0 million. Macquarie estimates that the corporate non-recoverable G&A expenses of the Company assuming an internal management cost structure would be approximately \$9.4 million. Accordingly, Macquarie deducted an amount of \$42.0 million to \$65.5 million for the capitalized cost of the G&A expenses based on a 7.0x multiple in arriving at BPP's NAV.

Summary

The following table summarizes Macquarie's NAV analysis:

(C\$ millions except per share amounts)	<u>Low</u>	<u>High</u>
Income Producing Properties.....	\$3,131.1	\$3,253.4
Properties Held for Future Development.....	128.9	163.6
Real Estate Services Business.....	79.9	97.1
Cash and Equivalents.....	159.4	159.4
Other Assets.....	65.2	65.2
Total Assets.....	<u>3,564.5</u>	<u>3,738.7</u>
Secured Debt.....	(1,451.1)	(1,451.1)
Mark to Market Adjustment.....	(59.3)	(41.4)
Contingencies.....	(53.0)	(53.0)
Other Liabilities.....	(78.6)	(78.6)
Capitalized G&A Expense.....	(65.5)	(42.0)
Preferred Shares.....	<u>(228.4)</u>	<u>(183.7)</u>
Pre-Tax Equity.....	1,628.6	1,888.9
Income Tax Adjustment.....	(145.9)	(132.9)
After-Tax Equity.....	<u>\$1,482.7</u>	<u>\$1,756.0</u>
BPP Shares Outstanding.....	85.0	85.0
After-Tax NAV per share.....	<u>\$17.44</u>	<u>\$20.66</u>

Sensitivity Analysis

In completing its NAV analysis, Macquarie performed a sensitivity analysis on the discount rates and reversionary cap rates utilized. The results of the sensitivity analysis are reflected in Macquarie's judgment as to the appropriate values resulting from the NAV methodology.

Precedent Transactions Analysis

The following table illustrates the multiples of FFO and cap rates of NOI at which precedent transactions have been completed involving Canadian public real estate entities with significant income producing properties.

<u>Announcement Date</u>	<u>Target</u>	<u>Acquiror</u>	<u>FFO Multiple¹</u>	<u>Implied Cap Rate²</u>
15-Oct-2008	InStorage REIT	Canadian Storage Partners ULC	14.5x	7.6%
14-Feb-2007	Alexis Nihon REIT	Homburg Invest Inc.	14.0x	6.9%
30-Aug-2006	Summit REIT	ING Real Estate Canada Trust	15.8x	6.2%
01-Jun-2005	O&Y Properties Corporation ³	AIMco; BPO Properties Ltd.; CPPIB	17.1x	6.8%
01-Jun-2005	O&Y REIT ³	AIMco; BPO Properties Ltd.; CPPIB	13.8x	6.9%
30-Mar-2004	Residential Equities REIT	CAP REIT	14.6x	6.4%
28-Apr-2003	BPO Properties ⁴	Brookfield Properties Corp.	7.8x	10.9%
20-Aug-2001	Oxford Properties Group Inc.	OMERS	8.8x	8.6%
12-Jan-2001	Bentall Corporation	SITQ Immobilier	7.8x	9.0%
06-Nov-2000	Revenue Properties ⁵	Acktion Corp.	6.6x	10.3%
26-Jun-2000	Centrefund Realty ⁵	Gazit Group	7.6x	8.9%
25-May-2000	Cambridge Shopping Centres	Ivanhoe	10.2x	9.4%
01-Dec-1999	Cadillac Fairview	Ontario Teachers	9.2x	9.3%

Notes:

1. FFO multiples based on analysts' consensus current year forecasts at the time of the transaction
2. Equal to NOI calculated by either: (i) last quarter annualized NOI for entities owning primarily office, industrial and residential assets or; (ii) latest twelve months for entities owning primarily retail assets, divided by transaction enterprise value, less non-NOI producing assets.
3. Original transaction to acquire O&Y REIT did not receive required unitholder approval. As such, a revised transaction for both O&Y Properties Corporation and O&Y REIT was announced on August 26, 2005 and subsequently approved.
4. Not successfully completed.
5. Partial bid.

In selecting appropriate FFO multiples and cap rates to apply to the Company, Macquarie considered the characteristics of the entities involved in the above transactions including, among other things, the size, quality and mix of their assets. Several of these precedent transactions involved going private transactions or insider bids where an opinion was rendered that the consideration was inadequate from a financial point of view to the minority shareholders. Based on the foregoing, Macquarie considers appropriate ranges of FFO multiples and NOI cap rates for the Company to be 14.0x to 16.0x and 7.5% to 8.0%, respectively. This analysis implies values per BPP Share for the Company as follows:

2010E FFO¹	\$1.28 per Share	
Multiple	14.0x	16.0x
Implied Value per Share	\$17.92	\$20.48
 NOI²	 \$211.6 million	
Cap Rate	8.0%	7.5%
Implied Value per Share	\$18.97	\$21.04

Notes:

1. Based on management's forecast
2. Based on annualized reported commercial property NOI of \$52.9 million in the fourth quarter of 2009

Benefits to Interested Parties

In preparing the Valuations, Macquarie also considered whether any distinctive material benefit would accrue to an interested party as a result of the Transaction.

Macquarie considered the financial terms of the proposed Management Agreements and compared those terms to other external management arrangements. Macquarie has concluded that the financial terms, taken as a whole, of the proposed Management Agreements are comparable with other external management agreements. Macquarie also understands that a change to the current management agreements could be made irrespective of the completion of the Transaction. Accordingly, Macquarie concluded that the financial terms of the proposed Management Agreements do not represent a distinctive material benefit to BPO.

Valuation Conclusion

Based upon and subject to the foregoing, Macquarie is of the opinion that, as of the date hereof, the fair market value of the BPP Shares is in the range of \$17.50 to \$20.50 per Share.

VALUATION OF THE BROOKFIELD PLACE INTEREST

Valuation Methods

Macquarie used primarily a DCF methodology for the valuation of the Brookfield Place Interest which is consistent with the methodology of the valuation of the income producing properties owned by BPP. In valuing the Brookfield Place Interest, Macquarie obtained and relied upon an independent third party appraisal from Altus Group Limited (“Altus”) dated November 27, 2009. In its appraisal of the Brookfield Place Interest, Altus considered three approaches:

- (i) The Income Approach;
- (ii) The Direct Comparison Approach; and
- (iii) The Cost Approach.

The Income Approach was considered to be the primary method of valuation and included two methods:

- (i) Discounted Cash Flow (DCF); and
- (ii) Direct Capitalization: This method measures the relationship of value to the fully leased Net Operating Income, normally at the first year. This method is also referred to as the Overall Capitalization Rate Method.

Altus concluded that “due to the complexity of the subject, the Discounted Cash Flow (DCF) is considered the best valuation method. A modified Direct Capitalization approach is also conducted, but in support of the DCF approach”. Altus also included a Direct Comparison Approach, however placed less reliance on this approach.

DCF Analysis

A summary of the Altus DCF is shown below.

Discounted Cash Flow Conclusions

100% 181 Bay Street Office, 56% Parking, 50% Concourse Retail, 100% Street Retail

SUMMARY OF DISCOUNTED CASH FLOW ANALYSIS

ANALYSIS DATE		Jan-10				
Discount Rate (IRR)		6.750%		Year Capitalized	13	
Terminal Cap Rate (TCR)		6.250%		Rounding Places	5	
Net Rentable Floor Area (excluding storage)		1,363,433	sq. ft.	Selling Costs	0.00%	

	Hold Year	Net Operating Income	Net Cashflow	Net Present Value	NOI / Value	CF / Value	
	1	12/10	\$47,237,665	\$43,644,724	\$40,884,987	5.54%	5.12%
	2	12/11	\$49,712,820	\$44,303,073	\$38,877,478	5.83%	5.20%
	3	12/12	\$51,674,227	\$44,986,385	\$36,980,897	6.06%	5.28%
	4	12/13	\$51,752,704	\$45,891,028	\$35,339,162	6.07%	5.39%
	5	12/14	\$52,606,244	\$50,012,695	\$36,077,866	6.17%	5.87%
	6	12/15	\$53,529,302	\$48,197,625	\$32,570,043	6.28%	5.66%
	7	12/16	\$55,494,547	\$50,705,466	\$32,098,120	6.51%	5.95%
	8	12/17	\$57,142,426	\$54,402,240	\$32,260,694	6.71%	6.38%
	9	12/18	\$57,855,835	\$56,529,205	\$31,402,334	6.79%	6.63%
	10	12/19	\$58,598,254	\$52,866,779	\$27,510,850	6.88%	6.20%
	11	12/20	\$60,129,982	\$57,023,704	\$27,797,690	7.06%	6.69%
	12	12/21	\$60,930,289	\$58,586,522	\$26,753,654	7.15%	6.88%
Reversion				\$993,118,560	\$453,509,610		
				PV of Cash Flow and Reversion	\$852,063,386		

REVERSION CALCULATION		FINANCIAL INDICATORS	
13th Year NOI	\$62,190,788		<u>NOI</u>
Terminal Capitalization Rate	6.250%		<u>Cash Flow</u>
Unadjusted Reversion Value	\$995,052,608	Initial Yield	5.54%
Less: Reversion Inducement & Commission	(\$3,533,856)	1-5 Year Average	5.94%
Add: PV of Unamortized Capital Revenue	<u>\$1,599,808</u>	6-10 Year Average	6.63%
Sub-total	\$993,118,560	% Value of Reversion	53.22%
Selling Costs @ 0.00%	\$0	Implied Value (psf)	\$625
Net Reversion Value	\$993,118,560		

ESTIMATED MARKET VALUE (ROUNDED)	\$ 852,100,000
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Source: Altus Appraisal Report dated November 27, 2009

Consistent with Macquarie's approach in providing a range to the value of BPP's income producing properties, Macquarie applied a range of terminal cap rates and discount rates to Altus' DCF analysis in order to arrive at a range of values for the Brookfield Place Interest. Discount rates and reversionary cap rates used by Macquarie for the Brookfield Place Interest ranged from 6.6% to 6.9% and 6.1% to 6.4%, respectively. The range of values resulting from the above analyses were reviewed on the basis of price per square foot and average yield to ensure these measures were also consistent with market pricing parameters.

The foregoing analyses resulted in a total value for the Brookfield Place Interest of between \$834.1 million and \$870.7 million.

Under the terms of the Transaction BPP will transfer the Brookfield Place Interest to BOPC LP on a tax deferred basis. While Macquarie has made no adjustment for, and expresses no opinion on, the tax impact of the Transaction to any person or entity, Macquarie estimates the NPV of the foregone tax shield of the Brookfield Place Interest (due to lower tax basis) and the NPV of the estimated tax liability associated with its realization attributable to Public BPP shareholders is approximately \$5.2 million.

Valuation Conclusion

Based upon and subject to the foregoing, Macquarie is of the opinion that, as of the date hereof, the fair market value of the Brookfield Place Interest is in the range of \$834.1 to \$870.7 million.

VALUATION OF TRUST UNITS

Valuation Methods

Macquarie determined that the appropriate methodology in preparing the Trust Valuation was to use the expected market trading value of the Trust Units, after an appropriate period to allow for recycling of the Trust Units following completion of the Transaction. Public BPP Shareholders will be receiving units of BCR under the Transaction and will not be able to effect an en bloc sale of BCR, thereby making it inappropriate to consider methodologies that are based on the assumption of a change of control transaction. Macquarie also considered a pre-tax NAV analysis of BCR primarily as a check on expected market trading values.

Public Market Trading Analysis

Macquarie's analysis of the expected market trading value of the Trust Units focused on reviewing the larger Canadian commercial property REITs and/or those owning income producing office properties as illustrated in the following table.

	Price ¹	Market Capitalization ²	Prem/Disc to NAV ³	Current Yield ⁴	Price/2010E FFO ⁵	Price/2010E AFFO ⁶	AFFO Payout ⁶
Allied Properties REIT	\$19.38	764.9	12.9%	6.8%	11.1x	12.7x	86.4%
Boardwalk REIT	\$40.94	2,161.2	7.8%	4.4%	16.2x	18.8x	82.4%
Calloway REIT	\$20.87	2,087.2	7.2%	7.4%	12.9x	13.9x	103.0%
Canadian REIT	\$28.23	1,872.3	8.9%	4.9%	12.2x	13.9x	68.2%
Cominar REIT	\$19.38	1,068.4	6.5%	7.4%	11.2x	13.0x	96.6%
H&R REIT	\$16.90	2,525.9	5.7%	4.3%	11.4x	12.7x	54.2%
RioCan REIT	\$18.91	4,582.3	13.4%	7.3%	13.9x	15.9x	116.0%
Average			8.8%	6.2%	12.6x	14.3x	86.6%

Notes:

1. Closing price on the TSX on March 8, 2010
2. C\$ millions
3. Current price relative to analysts' consensus NAV
4. Current cash distribution as a percentage of the unit price
5. Based on analysts' consensus forecasts
6. Current distribution as a percentage of adjusted funds from operations ("AFFO"). AFFO is equal to FFO less tenant inducements and non-recoverable maintenance capital expenditures

Macquarie considered the characteristics of the publicly traded commercial property REITs above including, among other things, the size, quality and mix of their assets, market capitalization and following in the capital markets, trading price relative to consensus NAV, forward trading multiples of FFO and AFFO, current yields, payout ratios based on AFFO, leverage, property and asset management arrangements, ownership and governance. For the purposes of the Trust Valuation, Macquarie placed an emphasis was placed on public trading prices relative to pre-tax NAV and, to a lesser extent, on forward multiples of AFFO.

In addition, Macquarie considered BPP's current trading value parameters in assessing its expected market trading value as a REIT with a focus on its current trading value relative to the consensus NAV estimate of BPP as illustrated in the following table.

	Price ¹	Market Capitalization ²	Prem/Disc to NAV ³	Current Yield ⁴	Price/2010E FFO ⁵	Price/2010E AFFO ⁶	AFFO Payout ⁶
BPO Properties	\$19.70	1,674.5	-4.8%	2.0%	15.2x	21.1x	42.8%

Notes:

1. Closing price on the TSX on March 8, 2010
2. C\$ millions
3. Current price relative to analysts' consensus NAV
4. Current cash distribution as a percentage of the unit price
5. Based on analysts' consensus forecasts
6. Current distribution as a percentage of adjusted funds from operations ("AFFO"). AFFO is equal to FFO less tenant inducements and non-recoverable maintenance capital expenditures

Based on the foregoing, Macquarie considers appropriate ranges of pre-tax NAV and AFFO multiples for BCR to be -5.0% to 5.0% and 18.0x to 21.0x, respectively. These ranges imply market trading values per Trust Unit as follows:

Pre-Tax NAV¹	\$21.46 per Unit	
(Discount)/Premium	<u>-5.0%</u>	<u>5.0%</u>
Implied Value per Unit	\$20.39	\$22.53
2010E AFFO²	\$0.98 per Unit	
Multiple	<u>18.0x</u>	<u>21.0x</u>
Implied Value per Unit	\$17.64	\$20.58

Notes:

1. Midpoint of range shown in the table below
2. Based on management's forecast

Net Asset Value Analysis

Macquarie considered a pre-tax NAV analysis of BOPC LP, and by extension the Trust Units, primarily as a check on expected market trading values and concluded that, consistent with the publicly-traded Shares of BPP and with reference to selected publicly traded commercial property REITs in the Canadian equity market, the expected market trading value of the Trust Units would approximate the pre-tax NAV of the Trust Units of \$20.56 to \$22.36, with a midpoint of \$21.46, per Trust Unit prior to any deduction for non-recoverable G&A expenses.

<i>(C\$ millions except per share amounts)</i>	Excluded Assets							
	BPP Current		& Liabilities		BWT		BOPC LP	
	Low	High	Low	High	Low	High	Low	High
Income Producing Properties	\$3,131.1	\$3,253.4	\$ (405.9)	\$ (415.0)	\$ 834.1	\$ 870.7	\$3,559.3	\$3,709.1
Properties held for Future Development	128.9	163.6	(127.1)	(161.8)	-	-	1.8	1.8
Real Estate Services Business	79.9	97.1	(79.9)	(97.1)	-	-	-	-
Cash and Equivalents	159.4	159.4	(20.9)	(20.9)	(100.0)	(100.0)	38.5	38.5
Other Assets	65.2	65.2	(2.6)	(2.6)	-	-	62.6	62.6
Total Assets	3,564.5	3,738.7	(636.4)	(697.5)	734.1	770.7	3,662.2	3,812.0
Mortgages	(1,451.1)	(1,451.1)	180.3	180.3	(330.4)	(330.4)	(1,601.2)	(1,601.2)
Mark-to-Market Adjustment	(59.3)	(41.4)	5.8	1.0	(21.1)	(15.8)	(74.6)	(56.2)
Contingencies	(53.0)	(53.0)	53.0	53.0	-	-	-	-
Other Liabilities	(78.6)	(78.6)	8.5	8.5	-	-	(70.1)	(70.1)
Preferred Shares	(228.4)	(183.7)	228.4	183.7	-	-	-	-
Pre-Tax NAV	1,694.1	1,930.9	(160.4)	(271.0)	382.7	424.5	1,916.3	2,084.5
Shares/Units Outstanding							93.2	93.2
Pre-Tax NAV per unit							\$20.56	\$22.36

Valuation Conclusion

Based upon and subject to the foregoing, Macquarie is of the opinion that, as of the date hereof, the fair market value of the Trust Units is in the range of \$18.50 to \$21.00 per Trust Unit.

FAIRNESS OPINION

Factors Considered

In considering the fairness of the Transaction, from a financial point of view, to the Minority Shareholders, Macquarie principally considered and relied upon the following:

- (i) a comparison of the range of fair market values of the Trust Units under the Trust Valuation to the trading value of the BPP Shares prior to the announcement (the “Announcement”) on February 11, 2010, that the Company was considering the Transaction as well as a comparison to the price at which BPO is taking Trust Units and Class B LP Units as consideration for the Brookfield Place Interest (the “Transfer Price”) and to the range of fair market values of the BPP Shares under the BPP Valuation;
- (ii) a comparison of the consideration for the Brookfield Place Interest under the Transaction to the range of fair market values of the Brookfield Place Interest under the Brookfield Place Interest Valuation;
- (iii) a comparison of the consideration for the Excluded Assets and Liabilities under the Transaction to the range of values of the Excluded Assets and Liabilities; and
- (iv) a comparison of the pro forma credit rating profile of the Preferred Shares to the current credit rating profile of the Preferred Shares as well as the confirmation of the credit rating of the Preferred Shares by all applicable rating agencies.

In Macquarie's opinion, these tests must be met in order for the consideration under the Transaction to be fair from a financial point of view to the Minority Shareholders.

Comparison of the Trust Valuation to the Value of the BPP Shares and the Transfer Price

The range of fair market values of the Trust Units under the Trust Valuation of \$18.50 to \$21.00 per Trust Unit is consistent with the \$20.26 closing price of the BPP Shares on the TSX immediately prior to the Announcement, the Transfer Price of approximately \$20.90 and consistent with the range of fair market values of \$17.50 to \$20.50 for the BPP Shares.

Comparison of Consideration for the Brookfield Place Interest to the Brookfield Place Interest Valuation

The total consideration paid to BPO for the acquisition of the Brookfield Place Interest, comprised of \$100.0 million in cash, the assumption of debt with an estimated value of \$346.2 million to \$351.4 million, and 20.3 million Class B LP Units and Trust Units, totals \$821.7 million to \$877.7 million (when using the range of fair market values for the Trust Units of \$18.50 to \$21.00 derived under the Trust Valuation). This is consistent with the range of fair market values of the Brookfield Place Interest under the Brookfield Place Interest Valuation of \$834.1 to \$870.7 million.

Comparison of Consideration for the Excluded Assets and Liabilities to the Value of the Excluded Assets and Liabilities

The consideration to Minority Shareholders, in the form of a reduced number of units of Class B LP Units and Trust Units totalling 12.1 million units as consideration for the Excluded Assets and Liabilities under the Transaction is within the range of values of the Excluded Assets and Liabilities of \$160.4 million to \$271.0 million. Based upon the Trust Valuation, the fair market value of the Trust Units is \$18.50 to \$21.00 per unit which implies a value of \$223.9 million to \$254.1 million for the consideration.

Comparison of Pro Forma Credit Rating Profile of the Preferred Shares to the Current Credit Rating Profile of the Preferred Shares and Confirmation of Credit Rating

Following the announcement of the Transaction on February 26, 2010 DBRS Limited reaffirmed the existing ratings of the BPP preferred shares and Standard & Poor's Rating Service's rating of the BPP preferred shares was not affected by the announcement. Macquarie also reviewed the impact of the transaction structure and a comparison, provided by the Company, of pro forma credit rating metrics to credit rating metrics under the current structure. The results of this review were incorporated in Macquarie's Fairness Opinion.

Fairness Conclusion

Based upon and subject to the foregoing, Macquarie is of the opinion that, as of the date hereof, the consideration to be received under the Transaction is fair, from a financial point of view, to the Minority Shareholders.

Yours very truly,

Macquarie Capital Markets Canada Ltd.

Macquarie Capital Markets Canada Ltd.

APPENDIX F

SUMMARY OF PROCEDURE TO EXERCISE DISSENT RIGHT

The following is a summary of section 190 of the *Canada Business Corporations Act* (the “CBCA”) and the requirements of the interim order (the “Interim Order”) of the Ontario Superior Court of Justice (the “Court”) dated March 18, 2010 under section 192 of the CBCA attached to the circular as Appendix B. This is not a comprehensive statement of the procedures to be followed by a holder of common shares of BPO Properties Ltd. (“BPP”) who seeks payment of the fair value of such shareholder’s BPP common shares and is qualified in its entirety by reference to the text of section 190 of the CBCA, which is attached to this circular as Appendix G. These provisions are technical and complex. Any shareholder who wishes to exercise his, her or its dissent rights should consult a legal advisor. Failure to provide BPP with a written objection (a “Dissent Notice”) to the special resolution (the “Special Resolution”) in respect of the proposed transaction (the “Transaction”) on the terms and conditions set forth in the circular in accordance with the dissent procedures under section 190 of the CBCA, at or prior to the meeting, or any adjournment thereof, and to strictly comply with the requirements of section 190 of the CBCA, may prejudice a BPP common shareholder’s ability to exercise his, her or its dissent rights. The Court hearing the application for the order (the “Final Order”) of the Court approving the proposed arrangement under section 192 of the CBCA on the terms and conditions set forth in the plan of arrangement attached as Appendix D to the circular has the discretion to alter the dissent rights as described herein, based on the evidence presented at such hearing.

Pursuant to the Interim Order, a registered holder of BPP common shares is entitled to dissent and be paid by BPP the fair value of the holder’s BPP common shares, provided that the Special Resolution is passed, the Transaction becomes effective and such shareholder provides BPP with a Dissent Notice at or prior to the meeting, or any adjournment thereof. In addition, the holder of BPP common shares must strictly comply with the requirements of section 190 of the CBCA. Pursuant to the Interim Order, dissenting holders of BPP common shares will be entitled to be paid the fair value, as at a point in time immediately prior to the approval of the Special Resolution, of their BPP common shares by BPP. In order for a registered holder of BPP common shares to dissent, a Dissent Notice must be delivered to BPP at Brookfield Place, 181 Bay Street, Suite 330, Toronto, Ontario, M5J 2T3, Attention: Secretary of BPO Properties Ltd., at or prior to the meeting. **A vote against the Special Resolution, an abstention, or the execution of a proxy to vote against the Special Resolution does not constitute a Dissent Notice. It should be noted that while delivery of a Dissent Notice does not preclude a shareholder from voting at the meeting, any holder who votes for the Special Resolution at the meeting will thereafter be precluded from exercising any dissent rights.**

A registered holder of BPP common shares may dissent only with respect to all of the BPP common shares held by such holder, or on behalf of any one beneficial owner, and registered in such holder’s name. The Dissent Notice must be executed by or for the holder of record, fully and correctly, as such holder’s name appears on the holder’s BPP common share certificates. If the BPP common shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, the Dissent Notice should be given in that capacity. If the BPP common shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the Dissent Notice should be made by or for all owners of record. An authorized agent, including one or more joint owners, may execute the Dissent Notice for a holder of record; however, such agent must expressly identify the record owner or owners, and expressly disclose in such Dissent Notice that the agent is acting as agent for the record owner or owners.

Anyone who is a beneficial owner of BPP common shares registered in the name of a broker, custodian, nominee or other intermediary and who wishes to dissent should be aware that only registered shareholders are entitled to exercise dissent rights. A registered shareholder who holds BPP common shares as nominee for more than one beneficial owner, some of whom wish to exercise dissent rights, must exercise such dissent rights on behalf of such holders. In such case, the Dissent Notice should specify the number of BPP common shares covered by it.

Within 10 days after the adoption of the Special Resolution by the BPP shareholders, BPP is required to send notice to each dissenting holder of BPP common shares who properly delivered a Dissent Notice, has otherwise complied with the requirements of section 190 of the CBCA, as modified by the Interim Order, and has not withdrawn the Dissent Notice after the Special Resolution has been adopted. A dissenting holder of BPP common shares must, within 20 days after receiving such notification or, if such notification is not received, within 20 days after learning that the Special Resolution has been adopted, send to BPP a written notice (the “**Demand for Payment**”) containing the dissenting shareholder’s name and address, the number and class of BPP Shares in respect of which that dissenting shareholder dissents and a demand for payment of the fair value of such BPP common shares. Within 30 days after sending the Demand for Payment, a dissenting holder of BPP common shares must send certificates representing the BPP common shares in respect of which such dissenting shareholder dissents to BPP or its transfer agent. BPP or its transfer agent will endorse on such certificates a notice that the holder thereof is a dissenting shareholder under section 190 of the CBCA and will forthwith return such certificates to the dissenting shareholder. A dissenting holder of BPP common shares who fails to send such certificates within the aforementioned time limits has no right to make any further claim under section 190 of the CBCA.

After sending a Demand for Payment, a dissenting holder of BPP common shares ceases to have any rights as a holder of such BPP common shares other than the right to be paid the fair value of such BPP common shares as determined in accordance with section 190 of the CBCA, unless: (i) the dissenting shareholder withdraws the Demand for Payment before BPP makes a written offer to pay (the “**Offer to Pay**”); (ii) BPP fails to make a timely Offer to Pay and the dissenting shareholder withdraws the Demand for Payment; (iii) the board of directors revokes the Special Resolution; or (iv) the application for the Final Order is refused by the Court and all appeal rights have been exhausted, in all of which cases the dissenting shareholder’s rights as a holder of BPP common shares are reinstated.

Not later than seven days after the later of the Effective Date and the date on which BPP receives a Demand for Payment, BPP will send to each dissenting holder of BPP common shares who has sent a Demand for Payment, an Offer to Pay relating to the BPP common shares covered by the Demand for Payment. The amount offered in such Offer to Pay will be an amount determined by the board of directors to be the fair value of such BPP common shares. In addition, the Offer to Pay will be accompanied by a statement showing how such fair value was determined. Every Offer to Pay will be on the same terms. The amount shown in any Offer to Pay which is accepted by a dissenting holder of BPP common shares will be paid by BPP within 10 days of such acceptance, but an Offer to Pay will lapse if BPP has not received an acceptance from the dissenting holder of BPP common shares within 30 days after the Offer to Pay has been made.

If an Offer to Pay is not made by BPP or if a dissenting holder of BPP common shares fails to accept an Offer to Pay, BPP may, within 50 days after the Effective Date or within such further period as the Court may allow, apply to the Court to fix the fair value of the BPP common shares held by the dissenting shareholder. If BPP fails to apply to the Court, the dissenting holder of BPP common shares may apply to the Court within a period of 20 further days or within such further period as the Court may allow. No dissenting shareholder will be required to post security for costs in any such court application.

On making an application to the Court, BPP must give each dissenting holder of BPP common shares who has sent a Demand for Payment and has not accepted an Offer to Pay notice of the date, place and consequences of the application and of his, her or its right to appear and be heard either in person or through counsel. All dissenting holders of BPP common shares whose BPP common shares have not been purchased by BPP will be joined as parties to any such application and will be bound by the decision rendered by the Court. The Court may determine whether any other person is a dissenting holder of BPP common shares who should be joined as a party to such application.

The Court shall fix the fair value of the BPP common shares held by all dissenting holders of BPP common shares and may, in its discretion, allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the Effective Date until the date of payment. Dissenting holders of BPP common shares will not be paid any special dividend until the fair value of their BPP common shares has been determined. Pursuant to the Plan of Arrangement, all BPP common shares held by registered holders of BPP common shares who exercise their dissent rights will, if the shareholders are ultimately entitled to be paid the fair value therefor, be deemed to have been transferred to BPP for cancellation in exchange for such fair value as of the Effective Date. Any special dividend payable pursuant to the plan of arrangement will then be paid to such holders of BPP common shares. Accordingly, the fair value determined by the Court pursuant to section 190 of the CBCA shall exclude the value of the special dividend.

APPENDIX G

SECTION 190 OF THE CANADA BUSINESS CORPORATIONS ACT

Right to dissent – s.190(1)

- (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to:
 - (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
 - (b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
 - (c) amalgamate otherwise than under section 184;
 - (d) be continued under section 188;
 - (e) sell, lease or exchange all or substantially all its property under subsection 189(3); or
 - (f) carry out a going-private transaction or a squeeze-out transaction.

Further right – s.190(2)

- (2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares – s.190(2.1)

- (2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares – s.190(3)

- (3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent – s.190(4)

- (4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection – s.190(5)

- (5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution – s.190(6)

- (6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment – s.190(7)

- (7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing:
- (a) the shareholder's name and address;
 - (b) the number and class of shares in respect of which the shareholder dissents; and
 - (c) a demand for payment of the fair value of such shares.

Share certificate – s.190(8)

- (8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture – s.190(9)

- (9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

Endorsing certificate – s.190(10)

- (10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificate to the dissenting shareholder.

Suspending of rights – s.190(11)

- (11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where:
- (a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12);
 - (b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice; or
 - (c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay – s.190(12)

- (12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice:
- (a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or
 - (b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms – s.190(13)

- (13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

Payment – s.190(14)

- (14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court – s.190(15)

- (15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court – s.190(16)

- (16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue – s.190(17)

- (17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs – s.190(18)

- (18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

Parties – s.190(19)

- (19) On an application to a court under subsection (15) or (16),
- (a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and
 - (b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court – s.190(20)

- (20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers – s.190(21)

- (21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair market value for the shares of the dissenting shareholders.

Final order – s.190(22)

- (22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest – s.190(23)

- (23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection (26) applies – s.190(24)

- (24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection (26) applies – s.190(25)

- (25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may:
- (a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or
 - (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation – s.190(26)

- (26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that:
- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or
 - (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

APPENDIX H

BROOKFIELD OFFICE PROPERTIES CANADA FINANCIAL STATEMENTS

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Audited Balance Sheet of Brookfield Office Properties Canada

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AUDITORS' REPORT

To the Trustees of Brookfield Office Properties Canada

We have audited the balance sheet of Brookfield Office Properties Canada (the "**Trust**") as at March 19, 2010. The balance sheet is the responsibility of the Trust's management. Our responsibility is to express an opinion on the balance sheet based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, the balance sheet presents fairly, in all material respects, the financial position of the Trust as at March 19, 2010 in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Licensed Public Accountants

March 19, 2010

BROOKFIELD OFFICE PROPERTIES CANADA
BALANCE SHEET
As at March 19, 2010

Asset	
Cash	\$ 100

Unitholder's equity

Trust units (note 3) \$ 100

See accompanying notes to the balance sheet

Approved by the Board of Trustees

(signed) "Richard B. Clark"

Trustee 1

(signed) "William G. Davis"

Trustee 2

(signed) "Thomas F. Farley"

Trustee 3

(signed) "Robert J. McGavin"

Trustee 4

(signed) "Michael F. Nesbitt"

Trustee 5

BROOKFIELD OFFICE PROPERTIES CANADA
NOTES TO BALANCE SHEET
As at March 19, 2010
(all amounts in Canadian dollars, except number of units)

1. Organization of Brookfield Office Properties Canada

Brookfield Office Properties Canada (“**BCR**” or the “**Trust**”) is an unincorporated, closed-end real estate investment trust established under the laws of the Province of Ontario and created pursuant to the Declaration of Trust dated as of March 19, 2010 (the “**Declaration of Trust**”).

2. Basis of Presentation

The balance sheet has been prepared in accordance with Canadian generally accepted accounting principles.

3. Unitholder’s Equity

(a) Authorized:

Unlimited Trust Units
 Unlimited Special Voting Units

(b) Issued and outstanding:

	Number of Trust Units	Amount
Issued on initial organization on March 19, 2010	1	\$100

(i) Trust Units

An unlimited number of Trust Units may be issued pursuant to the Declaration of Trust. Each Trust Unit will be transferable and represent an equal, undivided beneficial interest in BCR and any distributions by BCR, whether of net income, net realized capital gains or other amounts, and, in the event of termination or winding-up of BCR, in the net assets of BCR remaining after satisfaction of all liabilities. All Trust Units will rank among themselves equally and rateably without discrimination, preference or priority over any other. Each Trust Unit will entitle the holder thereof to one vote at all meetings of Unitholders or in respect of any written resolution of Unitholders.

The Trust Units will have no conversion, retraction, redemption or pre-emptive rights.

(ii) Special Voting Units

The Special Voting Units will provide voting rights with respect to BCR to holders of Class B limited partnership units of Brookfield Office Properties Canada LP (the “**Class B LP Units**”). Holders of Class B LP Units will receive one Special Voting Unit for each Class B LP Unit held.

Each Special Voting Unit will entitle the holder thereof to a number of votes at all meetings of Unitholders or in respect of any resolution in writing of Unitholders equal to the number of Trust Units into which the related Class B LP Unit is exchangeable. Except for the right to attend and vote at meetings of Unitholders or in respect of written resolutions of Unitholders, Special Voting Units will not confer upon the holders thereof any other rights. The holders of Special Voting Units will not be entitled to any economic interest in BCR, or be entitled to any interest or share in BCR, any distributions from BCR (whether of net income, net realized capital gains or other amounts), or in any net assets of BCR on termination or winding-up of BCR.

Special Voting Units will only be issued in connection with or in relation to Class B LP Units and will not be transferable separately from the Class B LP Units to which they relate and upon any transfer of Class B LP Units, such Special Voting Units will automatically be transferred to the transferee of Class B LP Units. As Class B LP Units are exchanged for Trust Units or purchased for cancellation by Brookfield Office Properties Canada LP, the corresponding Special Voting Units will be cancelled for no consideration and without any further action of the trustees of BCR, and the former holder of such Special Voting Units will cease to have any rights with respect thereto.

4. Reorganization

On February 26, 2010, BPO Properties Ltd. (“**BPP**”), a company under common control with the Trust, announced a proposed transaction (the “**Transaction**”) that involves: (i) the reorganization of BPP’s directly owned office assets under BCR, and (ii) the acquisition by BCR of the interest in Brookfield Place, an office complex in Toronto, Ontario which consists of Bay Wellington Tower and a partial interest in the associated retail concourse and parking held by Brookfield Properties Corporation, the parent company of BPP. The purchase price for the net assets being acquired will be satisfied by the payment of cash, the assumption of debt, and the issuance of Trust Units and Class B LP Units.

BROOKFIELD OFFICE PROPERTIES CANADA
PRO FORMA CONSOLIDATED BALANCE SHEET
As at December 31, 2009
(Unaudited)

(\$ Millions)	BCR	BPO Properties Ltd.	Brookfield Place Interest*	Pro forma adjustments			Consolidated BCR
				Canadian Fund Exclusion**	Other	Note reference	
Assets							
Commercial properties	\$ -	\$ 1,384.4	\$ 794.5	\$ (394.7)	\$ -		\$ 1,784.2
Commercial developments	-	744.0	-	(3.0)	(165.4)	2(d)	575.6
Loan receivable	-	85.0	-	-	(85.0)	2(a)	-
Intangible assets	-	23.9	-	(19.3)	-		4.6
Tenant receivables and other assets	-	113.2	16.2	(28.5)	(5.8)	2(c)	
					(16.2)	2(g)	78.9
Cash and cash equivalents	-	55.7	14.8	(6.4)	(15.0)	2(a)	
					(14.8)	2(g)	34.3
	\$ -	\$ 2,406.2	\$ 825.5	\$ (451.9)	\$ (302.2)		\$ 2,477.6
Liabilities							
Commercial and development property debt	\$ -	\$ 1,447.7	\$ 332.8	\$ (181.2)	\$ -		\$ 1,599.3
Intangible liabilities	-	62.8	-	(60.5)	-		2.3
Accounts payable and other liabilities	-	115.1	26.5	(8.5)	(26.5)	2(g)	
					(41.1)	2(h)	
					5.0	2(j)	70.5
Future income tax liabilities	-	30.7	-	(17.3)	(19.9)	2(h)	-
					6.5	2(i)	
Due to related parties	-	-	-	-	264.0	2(a)	-
					(264.0)	2(b)	-
Unitholders' equity							
Preferred shares	-	381.7	-	-	(381.7)	2(f)	-
Common shares	-	78.3	-	-	(78.3)	2(e)	-
Trust Units	-	-	-	-	264.0	2(b)	-
					(108.1)	2(k)	155.9
Class B LP Units	-	-	-	-	1,627.0	2(a)	
					(1,077.9)	2(k)	549.1
Retained Earnings/Net equity	-	289.9	466.2	(184.4)	(471.2)	2(l)	100.5
	\$ -	\$ 2,406.2	\$ 825.5	\$ (451.9)	\$ (302.2)		\$ 2,477.6

See accompanying notes to the consolidated financial statements

* Refer to note 1 - Organization and arrangement of BCR and note 5

** Refer to note 1 - Organization and arrangement of BCR

BROOKFIELD OFFICE PROPERTIES CANADA
PRO FORMA CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME
For the Year Ended December 31, 2009
(Unaudited)

<i>(\$ Millions, except per share/unit amount)</i>	Pro forma adjustments					Note reference	Consolidated BCR
	BPO Properties Ltd.	Brookfield Place Interest*	Canadian Fund Exclusion**	Other	Other		
Commercial Properties							
Revenue	\$ 350.9	\$ 95.5	\$ (73.4)	\$ (13.5)		3(c)(i)	\$ 359.5
Expenses	148.3	47.6	(35.4)	7.4		3(c)(ii)	167.9
	202.6	47.9	(38.0)	(20.9)			191.6
Loan and investment income	3.8	-	(1.0)	(2.1)		3(a)	0.7
	206.4	47.9	(39.0)	(23.0)			192.3
Expenses							
Interest expense	40.5	22.0	(8.4)	10.4		3(e)	64.5
General and administrative expenses	24.5	3.5	-	(22.0)		3(c)(iii)	6.0
Asset management fee	-	-	-	9.0		3(c)(iv)	9.0
Current income taxes	23.7	-	-	(23.7)		3(b)	-
	117.7	22.4	(30.6)	3.3			112.8
Depreciation and amortization	52.4	17.0	(16.9)	0.4		3(c)(v)	52.9
Future income taxes	3.8	-	-	(3.8)		3(b)	-
Net income and comprehensive income	61.5	5.4	(13.7)	6.7			59.9
Preferred dividends	(5.7)	-	-	5.7		3(d)	-
Net income to common shareholders/unitholders	\$ 55.8	\$ 5.4	\$ (13.7)	\$ 12.4			\$ 59.9
Number of shares/units outstanding	85.0					4	93.2
Net income per basic and diluted share/unit	\$ 0.66						\$ 0.6
						4	

See accompanying notes to the consolidated financial statements

* Refer to note 1 - Organization and arrangement of BCR and note 5

** Refer to note 1 - Organization and arrangement of BCR

BROOKFIELD OFFICE PROPERTIES CANADA
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
As at and for the Year Ended December 31, 2009
(Unaudited)

1. Basis of Presentation

Except for terms defined in these unaudited pro forma consolidated financial statements, all other capitalized terms are as defined in the Management Proxy Circular (the “Circular”) of BPO Properties Ltd. (“BPP”) dated March 22, 2010.

These unaudited pro forma consolidated financial statements have been prepared assuming that the Transaction actually occurs on the terms described below and in the Circular. These financial statements have been prepared for illustrative purposes only and therefore do not represent the actual financial position or results of Brookfield Office Properties Canada (“BCR”). If the Transaction actually occurs on terms different than described, or if certain elements of the Transaction do not occur at all, readers of these financial statements should recognize that adjustments to these unaudited pro forma consolidated financial statements would be necessary to account for such differences.

Organization and arrangement of BCR

BCR is an unincorporated, closed-end real estate investment trust established under the laws of the Province of Ontario and created pursuant to the Declaration of Trust dated as of March 19, 2010.

The Transaction involves the reorganization of BPP’s directly-owned office assets under BCR. In addition, BCR will acquire from Brookfield Properties Corporation (“BPO”) its interest in Brookfield Place (the “Brookfield Place Interest”), BPO’s flagship office complex in Toronto which consists of Bay Wellington Tower and a partial interest in the associated retail concourse and parking. The Transaction will involve a plan of arrangement under section 192 of the *Canada Business Corporations Act* (the “Arrangement”). Prior to the Arrangement becoming effective, BPP and various other wholly-owned subsidiary entities of BPP will transfer directly owned office assets (the “Contributed Assets”) to Brookfield Office Properties Canada LP.

The Contributed Assets will be transferred in exchange for the assumption of debt and the issuance of units of BCR (the “Trust Units”) and Class B Limited Partnership Units of Brookfield Office Properties Canada LP (“Class B LP Units”). The purchase price for the Brookfield Place Interest will be satisfied by the payment of approximately \$100.0 million in cash, the assumption of debt and the issuance of Class B LP Units.

Following the Transaction, BPO and its affiliates, which currently hold BPP common shares and non-voting equity shares, will hold Trust Units and Class B LP Units. Holders of BPP’s common shares, other than BPO and its affiliates, will receive one Trust Unit for each common share held. Pursuant to the Transaction, BPO will acquire all of the common equity of BPP that it does not already own. Select assets of BPP, including the Canadian Office Fund and certain development properties, as well as certain other assets that are not permitted to be owned by BCR under rules governing real estate investment trusts, will be retained by BPP. BPP will continue to have preferred shares outstanding after the Transaction.

The Class B LP Units will be exchangeable on a one-for-one basis (subject to customary anti-dilution provisions) for Trust Units at the option of the holder. Each Class B LP Unit will be accompanied by a Special Voting unit which entitles the holder thereof to receive notice of, to attend and to vote at all meetings of unitholders of BCR. The holders of Class B LP Units will be entitled to receive distributions when declared by Brookfield Office Properties Canada LP. However, the Class B LP Units will have limited voting rights in Brookfield Office Properties Canada LP.

Basis of Accounting

The accompanying pro forma consolidated balance sheet as at December 31, 2009 and the pro forma consolidated statements of income and comprehensive income for the year ended December 31, 2009 (collectively, the “Pro Forma Statements”), have been prepared by management of BPP in accordance with Canadian generally accepted accounting principles (“GAAP”). The Pro Forma Statements have been prepared with information derived from the consolidated financial statements of BPP, the Brookfield Place Interest and BCR and the adjustments and assumptions outlined below. The accounting policies used in the preparation of the Pro Forma Statements are consistent with those disclosed in the audited consolidated financial statements of BPP.

BCR accounts for its interest in Brookfield Office Properties Canada LP under the consolidation method as it will hold all of the Class A LP Units of Brookfield Office Properties Canada LP. The holder of the Class A LP Units will be entitled to vote at all meetings of the partners of Brookfield Office Properties Canada LP. In addition, BCR will be the sole shareholder of BOPC GP Inc., the general partner of Brookfield Office Properties Canada LP, which will have full power and exclusive authority to administer, manage, control and operate the business and affairs of Brookfield Office Properties Canada LP.

The acquisition of assets and the following adjustments relating to recording BCR’s assets and liabilities are at carrying value as it is expected that no substantive change in ownership will take place as a result of the Transaction, and are based on available financial information and certain estimates and assumptions. The actual adjustments to the consolidated financial statements of BCR will depend on a number of factors including, but not limited to, net carrying amounts and asset valuation. Therefore, the actual adjustments may differ from the pro forma adjustments.

The Pro Forma Statements should be read in conjunction with the audited consolidated financial statements of BPP for the year ended December 31, 2009 and the audited financial statements of the Brookfield Place Interest for the year ended December 31, 2008, and the unaudited interim consolidated financial statements as at and for the nine months ended September 30, 2009 of the Brookfield Place Interest. The Pro Forma Statements do not purport to represent what the financial position or consolidated results of operations of BCR actually would have been if the Transaction had been completed on the dates indicated or what the financial position or consolidated results of operations of BCR will be for any future period.

2. Pro forma Consolidated Balance Sheet

The pro forma consolidated balance sheet of BCR as at December 31, 2009 has been prepared as if the Transaction had been completed on December 31, 2009. Adjustments to the pro forma consolidated balance sheet reflect the following:

- 2(a) BPP and various other wholly-owned subsidiary entities of BPP will transfer the Contributed Assets and the Brookfield Place Interest to Brookfield Office Properties Canada LP in exchange for cash of \$15.0 million, interest bearing notes of \$264.0 million, Class B LP Units of \$1,627.0 million and a reduction in the loan receivable of \$85.0 million. Net assets from the Canadian Office Fund are excluded from the transfer.
- 2(b) BPP and the wholly-owned subsidiary entities will indirectly transfer the interest bearing notes referred in 2(a) to BCR in exchange for an equivalent value of Trust Units.
- 2(c) Certain other assets, with an aggregate value of \$5.8 million, held by BPP and its subsidiaries that are not permitted to be owned by BCR under the rules governing real estate investment trusts will form part of the Excluded Assets and will be retained by BPP for consideration and will not be transferred to Brookfield Office Properties Canada LP as part of the Transaction.
- 2(d) Commercial developments, with an aggregate value of \$165.4 million, held by BPP and its subsidiaries will form part of the Excluded Assets and will be retained by BPP for consideration and will not be transferred to Brookfield Office Properties Canada LP as part of the Transaction.

- 2(e) BPP's outstanding common shares of \$78.3 million will be cancelled or exchanged for Trust Units.
- 2(f) BPP's preferred shares of \$381.7 million will form part of the Excluded Liabilities and will be retained by BPP for consideration and will not be transferred to BCR.
- 2(g) Working capital of the Brookfield Place Interest will be retained by the indirect wholly-owned subsidiary of BPO for consideration and will not be transferred to BCR.
- 2(h) BPP's current and future income tax liabilities, with an aggregate value of \$61.0 million will form part of the Excluded Liabilities and will be retained by BPP for consideration and will not be transferred to Brookfield Office Properties Canada LP as part of the Transaction.
- 2(i) Under the proposed real estate investment trust structure, it is expected that BCR will not be required to pay income tax or benefit from tax assets.
- 2(j) Amounts of \$5.0 million relate to the estimated cost of the Transaction.
- 2(k) Adjustment to reflect the cost base of Trust Units and Class B LP Units issued per 2(a) and 2(b).
- 2(l) The following transactions would be recorded in retained earnings as a result of the Transaction:

Retained earnings as at December 31, 2009	\$	289.9
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Pro forma adjustments:

Exclusion of Canadian Office Fund net assets		(184.4)
Adjustment on the estimated costs of the Transaction as described in 2(j)		(5.0)
Pro forma retained earnings as at December 31, 2009	\$	100.5

3. Pro forma Consolidated Statement of Income and Comprehensive Income

The pro forma consolidated statement of income and comprehensive income of BCR for the year ended December 31, 2009, has been prepared as if the Transaction had been completed on January 1, 2009. Adjustments to the pro forma statement of income and comprehensive income reflect the following:

- 3(a) Removal of the loan and investment income of \$2.1 million relating to the Excluded Assets as indicated in 2(c).
- 3(b) Under the proposed real estate investment trust structure, it is expected that BCR will not be required to pay income taxes.
- 3(c) The existing management fee platform will be retained by BPP for consideration and will not be transferred to Brookfield Office Properties Canada LP as part of the Transaction. The fee streams, net of related general and administrative expenses, are as follows:
 - (i) Removal of external fee revenue of \$13.5 million.
 - (ii) Increase in operating expenses of \$7.4 million representing the portion of property management fee which was previously eliminated against BPP property management revenue upon consolidation.
 - (iii) General and administrative costs of \$22.0 million relating to the overhead expenses under the current management fee agreement will be replaced by a new management fee arrangement as noted in 3(c)(iv).

- (iv) Estimated asset management fee of \$9.0 million pursuant to the new management fee arrangement.
 - (v) Increase of depreciation expense of \$0.4 million representing BPP's share of the capitalized construction fee amortization that is currently eliminated upon consolidation.
- 3(d) Removal of BPP preferred share dividends of \$5.7 million as the preferred shares will form part of the Excluded Liabilities as per 2(f).
- 3(e) Removal of capitalized interest of \$10.4 million relating to the excluded development assets as indicated in 2(d).

4. Pro forma Trust Units Outstanding

The pro forma issued number of Trust Units is as follows:

	<u>Number of Shares/Units</u>
Shares of BPP at December 31, 2009 (post stock split*)	85.0
Pro forma adjustments:	
Consideration for Excluded Assets and Liabilities retained by BPP (net results in \$nil consideration)	-
Acquisition of Brookfield Place Interest	20.3
Exclusion of Canadian Office Fund assets	(12.1)
Pro forma basic and diluted units	<u>93.2</u>

* On December 31, 2009, BPP issued a three-for-one stock split in the form of a stock dividend.

5. Brookfield Place Interest unaudited Balance Sheet and Statement of Income

The balance sheet of the Brookfield Place Interest is as of September 30, 2009 and the statement of income is for the 12-month period ended September 30, 2009. The unaudited income statement for the 12-month period is as follows:

<i>(\$ Millions)</i>	Year ended Dec. 31, 2008 (audited)	Nine months ended Sep. 30, 2008 (unaudited)	Nine months ended Sep. 30, 2009 (unaudited)	12 months ended Sep. 30, 2009 (unaudited)
Commercial Properties				
Revenue	\$ 95.1	\$ (70.0)	\$ 70.4	\$ 95.5
Expenses	46.8	(33.9)	34.7	47.6
	48.3	(36.1)	35.7	47.9
Loan and investment income	-	-	-	-
	48.3	(36.1)	35.7	47.9
Expenses				
Interest expense	22.4	(16.8)	16.4	22.0
General and administrative expenses	2.9	(2.0)	2.6	3.5
	23.0	(17.3)	16.7	22.4
Depreciation and amortization	16.7	(12.6)	12.9	17.0
Net income	\$ 6.3	\$ (4.7)	\$ 3.8	\$ 5.4

APPENDIX I

ADDITIONAL FINANCIAL INFORMATION OF BROOKFIELD OFFICE PROPERTIES CANADA

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International Financial Reporting Standards

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INTERNATIONAL FINANCIAL REPORTING STANDARDS

BCR intends to prepare its financial statements in accordance with International Financial Reporting Standards (“IFRS”) for financial periods beginning on or after January 1, 2010, one year ahead of the mandatory conversion date for Canadian public companies. BCR intends to prepare its interim financial statements for the three months ending June 30, 2010 in accordance with IFRS. These financial statements will also include comparative results for the three months ended June 30, 2009.

The summary below assumes that Brookfield Office Properties Canada (“BCR”) will account for its interest in the assets and liabilities of Brookfield Office Properties Canada LP on a “continuity-of-interest” basis, as it is expecting no substantive change in ownership of the assets and liabilities as a result of the Transaction. Therefore, BCR is assumed to have existed before January 1, 2009 for the purpose of financial reporting.

The following summary describes the expected impact of the adoption of IFRS by BCR and the effect the adoption of IFRS would have had on BCR’s opening balance sheet as at January 1, 2009 if it had existed on a stand-alone basis, as well as the pro forma results of operations for the year ended December 31, 2009 prepared in accordance with Canadian generally accepted accounting principles (“GAAP”).

Impact of Adoption of IFRS

IFRS are premised on a conceptual framework similar to Canadian GAAP, although significant differences exist in certain matters of recognition, measurement and disclosure. While the adoption of IFRS will not have had an impact on BCR’s reported net cash flows, it is expected to have a material impact on BCR’s consolidated balance sheet and statements of income; BPP is continuing to evaluate the impact of IFRS to the presentation and classification in BCR’s statements of cash flow. In particular, BCR’s consolidated balance sheet will reflect the revaluation of substantially all properties to fair value. In addition, any intangible assets and liabilities will not be separately recognized. Finally, all changes to the balance sheet would have required that a corresponding tax asset or liability be established based on the resultant differences between the carried value of assets and liabilities and their associated tax bases, however, management is still evaluating the application of International Accounting Standards (“IAS”) 12, *Income Taxes*, to BCR, the impact of which could be material. Upon the retroactive adoption of IFRS as of January 1, 2009, BPP believes that the impact of all of these differences would have resulted in an increase in the opening unitholders’ equity by approximately \$1,562.0 million or \$16.76 per unit, subject to the final determination of the impact of IAS 12.

IFRS 1: First-Time Adoption of IFRS

BCR’s adoption of IFRS will require the application of IFRS 1, *First-time Adoption of International Financial Reporting Standards* (“IFRS 1”), which provides guidance for an entity’s initial adoption of IFRS. IFRS 1 generally requires that an entity apply all IFRS effective at the end of its first IFRS reporting period retrospectively. However, IFRS 1 does require certain mandatory exceptions and permits limited optional exemptions. The following is the optional exemption available under IFRS 1 which is significant to BCR and which BPP expects to be applied in preparation of BCR’s first financial statements under IFRS:

Business combinations

IFRS 1 states that a first-time adopter may elect not to apply IFRS 3, *Business Combinations* (“IFRS 3”) retrospectively to business combinations that occurred before the date of transition to IFRS. It is expected that BCR will make this election in order to only apply IFRS 3 to business combinations prospectively (i.e. to those that occur on or after January 1, 2009).

IFRS 1 allows for certain other optional exemptions; however, such exemptions are not expected to be significant to BCR’s adoption of IFRS.

Impact of IFRS on Financial Position

The following paragraphs quantify and describe the expected impact of significant differences between BCR's December 31, 2008 balance sheet if it had existed on a stand-alone basis under Canadian GAAP and under IFRS. This discussion has been prepared using the standards and interpretations currently issued and expected to be effective at the end of BCR's first annual IFRS reporting period, which is expected to be December 31, 2010. Certain accounting policies expected to be adopted under IFRS may not be adopted and the application of such policies to certain transactions or circumstances may be modified and, as a result, the impact of BCR's conversion to IFRS may be different than as currently expected. The amounts have not been audited or subject to review by BCR's external auditor. The underlying values presented below are prepared using the procedures and assumptions expected to be followed in preparing BCR's balance sheet under IFRS.

Commercial Properties

The commercial properties that will be transferred to BCR, are considered to be investment properties under IAS 40, *Investment Property* ("IAS 40"). Investment property includes land and buildings held primarily to earn rental income or for capital appreciation or both, rather than for use in the production or supply of goods or for sale in the ordinary course of business. Similar to Canadian GAAP, investment property is initially recorded at cost under IAS 40. However, subsequent to initial recognition, IFRS requires that an entity choose either the cost or fair value model to account for its investment property. It is expected that BCR will use the fair value model when preparing its financial statements under IFRS. The fair value of BCR's commercial property portfolio will be approximately \$1,562.0 million greater than the carrying value under Canadian GAAP, inclusive of corresponding intangible assets and liabilities, free rent, deferred rent and straight-line rent recorded under Canadian GAAP. The fair value of each investment property was determined based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at December 31, 2008 less future cash outflows in respect of such leases. Fair values were primarily determined by discounting the expected future cash flows, generally over a term of 10 years, and using weighted average discount and terminal capitalization rates of 7.2% and 6.5%, respectively.

Tenant Receivables and Other Assets

Straight-line, free rent and tenant inducement receivables that will be transferred to BCR and which are reflected in tenant receivables and other assets under Canadian GAAP will be included in the carrying amount of commercial properties in BCR's consolidated balance sheets under IFRS at December 31, 2008. Tenant receivables and other assets balance will be decreased by approximately \$23.5 million under IFRS as a result of the reclassification of straight-line, free rent and tenant inducement receivable balances to commercial properties.

Intangible Assets and Liabilities

With the adoption of IFRS, BCR will recognize any intangible assets and liabilities that relate to assets or obligations otherwise considered in the determination of fair value of commercial properties at December 31, 2008. This will result in a decrease to intangible assets and liabilities of approximately \$5.7 million and \$5.3 million, respectively.

Accounts Payable and Other Liabilities

Deferred rents that arise from tenant build out delays on leases where the landlord has provided a tenant improvement allowance under Canadian GAAP will be included in the carrying amount of commercial properties that will be transferred to BCR in BCR's consolidated balance sheet under IFRS. At December 31, 2008, accounts payable and other liabilities balance will decrease by approximately \$0.5 million under IFRS as a result of the reclassification of deferred rent balances to commercial properties.

Unit Equity

BPP is currently in the process of evaluating the presentation of unit equity in the statement of financial position, including both trust units of BCR as well as the Class B limited partnership units of Brookfield Office Properties Canada LP that are exchangeable for trust units of BCR. The final determination of classification of unit equity as either equity or as a liability will also impart the characterization of unit distribution as either distributions through equity or as interest expense.

Impact of IFRS on Results of Operations

The following paragraphs highlight the significant differences between Canadian GAAP and IFRS that will affect BCR's pro forma net income for the year ended December 31, 2009. Such discussion has been prepared on a basis consistent with all known IFRS to Canadian GAAP differences using the accounting policies expected to be applied by BCR on its adoption of IFRS using the standards anticipated to be in effect at the time of transition. Consequently, to the extent the accounting policies expected to be applied by BCR on adoption of IFRS change, new standards are issued that are required to be adopted by BCR or to the extent BCR identifies additional differences as it completes its assessment of IFRS, the amounts and discussion below may be impacted. The amounts have not been audited or subject to review by BCR's external auditor.

Revenue recognition

Certain development properties are transferred into commercial properties under IFRS. BCR will recognize rental and parking revenues of approximately \$16.6 million, and the related operating expenses on these revenue streams of approximately \$5.2 million for the year ended December 31, 2009.

As BCR will not separately account for intangible assets and liabilities relating to acquired above and below market tenant leases under IFRS, the related amortization of these balances to commercial property revenue will be eliminated under IFRS. This difference will result in a reduction of BCR's pro forma revenue and net income under IFRS of approximately \$3.0 million for the year ended December 31, 2009.

In addition, IFRS requires rental revenue to be determined on a straight-line basis considering all rentals from the inception of the lease, whereas Canadian GAAP only required rental income to be recognized on a straight-line basis prospectively commencing January 1, 2004. This difference, applied retrospectively, will result in a reduction to BCR's pro forma net income of approximately \$1.7 million for the year ended December 31, 2009.

Interest Expense

As certain development properties are transferred into commercial properties under IFRS, BCR will recognize loan interest expense of approximately \$1.3 million and remove capitalized imputed interest expense of approximately \$4.4 million for the year ended December 31, 2009.

Depreciation and Amortization Expense

Under the fair value model, depreciation of investment properties will not be recorded. Additionally, the transition to IFRS in conjunction with the use of the fair value model will result in historic intangible balances established under Canadian GAAP in respect of business combinations to not be separately recognized and accordingly not amortized under IFRS. The impact of not amortizing historic intangible balances along with not recording depreciation expense on commercial properties will result in an increase to BCR's pro forma net income of approximately \$52.9 million for the year ended December 31, 2009.

Fair Value Changes

IFRS permits the measurement of investment property using the fair value model under IAS 40 which requires a gain or loss arising from a change in the fair value of investment property in the period to be recognized in income.

Net income during any given period may be greater or less than as determined under Canadian GAAP depending on whether an increase or decrease in fair value occurs during the period of measurement.

RECONCILIATION OF NON-GAAP MEASURES

Reconciliation of Funds from Operation to Net Income for the year ended December 31, 2010

The table below presents a reconciliation of expected funds from operation to net income for the period ended December 31, 2010.

<i>(\$ Millions, except per unit amount)</i>	December 31, 2010
Commercial Property Operations	
Commercial Property	\$ 201
Other Income	2
Total	203
Interest Expense	70
General and administrative expenses	15
Funds from Operations	118
Depreciation and amortization	56
Net Income to Unitholders	\$ 62
FFO to Unitholders	\$ 118
Trust Units	93
FFO per Trust Unit	\$ 1.27

APPENDIX J

HISTORICAL FINANCIAL STATEMENTS FOR THE BROOKFIELD PLACE INTEREST

Interim Financial Statements for the Brookfield Place Interest for the three and nine months ended
September 30, 2009.....J-2

Financial Statements for the Brookfield Place Interest for the year ended December 31, 2008.....J-12

Interim Financial Statements of

**Phase 2, Brookfield Place (Bay-Wellington Tower),
Toronto, Ontario**

For the three and nine months ended September 30, 2009

Phase 2, Brookfield Place (Bay-Wellington Tower)
Balance Sheet

<i>(Thousands)</i>	<u>Notes</u>	<u>Sept. 30, 2009</u> <u>(Unaudited)</u>	<u>Dec. 31, 2008</u> <u>Audited</u> <u>(Restated - note 3)</u>
Assets			
Commercial property	4	\$ 794,492	\$ 807,072
Cash	5	14,798	6,228
Tenant and other receivables	6	15,988	16,391
Prepaid and other assets		231	627
		<u>\$ 825,509</u>	<u>\$ 830,318</u>
Liabilities			
Secured indebtedness	8	\$ 332,835	\$ 335,862
Accounts payable and other liabilities	7,9	26,481	18,909
		<u>359,316</u>	<u>354,771</u>
Owner's equity		<u>466,193</u>	<u>475,547</u>
		<u>\$ 825,509</u>	<u>\$ 830,318</u>

See accompanying Notes to the financial statements

Phase 2, Brookfield Place (Bay-Wellington Tower)
Statement of Income and Comprehensive Income
For the periods ended September 30

<i>(Unaudited)</i> <i>(Thousands)</i>	<u>Notes</u>	Three months ended		Nine months ended	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Rental revenue		\$ 23,498	\$ 23,992	\$ 70,441	\$ 70,041
Expenses					
Rental operating expenses	9	11,890	11,036	34,737	33,923
Interest expense	8	5,511	5,615	16,445	16,779
General and administrative	1	949	731	2,573	1,972
Depreciation and amortization		4,278	4,114	12,842	12,604
Net income and comprehensive income		\$ 870	\$ 2,496	\$ 3,844	\$ 4,763

See accompanying Notes to the financial statements

Phase 2, Brookfield Place (Bay-Wellington Tower)
Statement of Changes in Owner's Equity
For the periods ended September 30

<i>(Unaudited)</i> <i>(Thousands)</i>	Three months ended		Nine months ended	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Owner's equity				
Balance at beginning of period	\$ 467,680	\$ 472,533	\$ 475,547	\$ 477,477
Net income	870	2,496	3,844	4,763
Distributions	(2,357)	(8,736)	(13,198)	(15,947)
Balance at end of period	<u>466,193</u>	<u>466,293</u>	<u>466,193</u>	<u>466,293</u>
Accumulated other comprehensive income ("AOCI")	-	-	-	-
Owner's equity and AOCI	<u>466,193</u>	<u>466,293</u>	<u>466,193</u>	<u>466,293</u>
Owner's equity at end of period	<u>\$ 466,193</u>	<u>\$ 466,293</u>	<u>\$ 466,193</u>	<u>\$ 466,293</u>

See accompanying Notes to the financial statements

Phase 2, Brookfield Place (Bay-Wellington Tower)
Statement of Cash Flows
For the periods ended September 30

<i>(Unaudited)</i> <i>(Thousands)</i>	Three months ended		Nine months ended	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Operating activities				
Net income	\$ 870	\$ 2,496	\$ 3,844	\$ 4,763
Add (deduct):				
Depreciation and amortization	4,278	4,114	12,842	12,604
Deferred leasing costs	(2)	(306)	(240)	(630)
Non-cash interest expense	66	63	195	187
Changes in other non-cash working capital components	7,922	4,967	8,371	5,778
Cash flows provided by operating activities	<u>13,134</u>	<u>11,334</u>	<u>25,012</u>	<u>22,702</u>
Investing activity				
Capital improvements	-	(164)	(22)	(898)
Cash flows used in investing activity	<u>-</u>	<u>(164)</u>	<u>(22)</u>	<u>(898)</u>
Financing activities				
Repayment of secured indebtedness	-	-	(3,222)	(2,975)
Distributions	(2,357)	(8,736)	(13,198)	(15,947)
Cash flows used in financing activities	<u>(2,357)</u>	<u>(8,736)</u>	<u>(16,420)</u>	<u>(18,922)</u>
Increase in cash	10,777	2,434	8,570	2,882
Cash, beginning of period	4,021	448	6,228	-
Cash, end of period	<u>\$ 14,798</u>	<u>\$ 2,882</u>	<u>\$ 14,798</u>	<u>\$ 2,882</u>
Supplementary cash flow information				
Interest paid	\$ -	\$ -	\$ 11,138	\$ 11,337

See accompanying Notes to the financial statements

Phase 2, Brookfield Place (Bay-Wellington Tower)
Notes to the Interim Financial Statements
As at September 30, 2009
(unaudited)

NOTE 1: BACKGROUND AND BASIS OF PRESENTATION

The Phase 2, Brookfield Place (Bay-Wellington Tower) financial statements have been prepared on a carve out basis from the consolidated financial statements of Brookfield Properties Ltd. ("BPL"). These carve out financial statements represent (a) a 100% free interest in the Bay Wellington Tower, an office tower located on the northern portion of Brookfield Place, Toronto, Ontario; (b) a 50% interest (on a per square foot basis) in the retail space of Brookfield Place; and (c) a 56% interest in the parking space serving the Brookfield Place complex (collectively, the "Brookfield Place Interest" or the "Property"). The co-owner of the remaining interests in the retail and parking space of Brookfield Place is OMERS Realty Corporation ("OMERS" or the "co-owner"). Bay Wellington Tower, and the retail and parking operations of the Brookfield Place complex are managed by BPL (the "manager").

These financial statements represent the financial position and results of operations had the Brookfield Place Interest been accounted for on a stand-alone, carve out basis. As the Brookfield Place Interest itself, prepared on this basis, is an unincorporated entity and does not have share capital and is not liable for income taxes on its income, these financial statements have been prepared without shareholder's equity or a provision for income taxes. Accordingly, these financial statements do not include all the assets, liabilities, revenues and expenses of BPL and no charges for salaries, interest or similar items relating to BPL have been recorded in these financial statements.

General and administrative costs have been allocated to the Brookfield Place Interest based on management's best estimate of how services and facilities were historically provided and used by existing personnel of BPL on a cost-recovery basis.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Property are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") as prescribed by the Canadian Institute of Chartered Accountants ("CICA") and include the following significant policies:

(a) Commercial property

Commercial property is carried at cost less accumulated depreciation. Depreciation on the building is recorded on a straight-line basis over the estimated useful life of the Property of 60 years. Tenant improvements are capitalized and depreciated over their estimated useful life and leasing costs are deferred and amortized on a straight-line basis over the terms of the leases to which they relate.

Commercial property is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable and an impairment loss is recognized when the Property's carrying value exceeds its undiscounted future net cash flow. The impairment is measured as the amount by which the carrying value exceeds the estimated fair value. Projections of future cash flow take into account the specific business plan for the Property and management's best estimate of the most probable set of economic conditions anticipated to prevail in the market.

(b) Revenue recognition

Rental revenue includes rent earned from tenants under lease agreements, including base rent, property tax and operating cost recoveries, parking rent and incidental income. Operating expense recoveries are recognized in the period that recoverable costs are chargeable to tenants.

The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease. A straight-line receivable is recorded for the difference between the rental revenue recorded and the contractual amount received.

Phase 2, Brookfield Place (Bay-Wellington Tower)
Notes to the Interim Financial Statements
As at September 30, 2009
(unaudited)

(c) Use of estimates

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, requires estimates and assumptions that affect the carried amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates. Significant estimates are required in the determination of future cash flows and probabilities in assessing net recoverable amounts and fair values, the allocation of general and administrative costs, the useful lives for depreciation and amortization, and the fair value of financial instruments for disclosure purposes.

(d) Income taxes

As the Brookfield Place Interest is an unincorporated entity that is not liable for income taxes, these financial statements have been prepared without a provision for income taxes as described in Note 1.

NOTE 3: CHANGES IN ACCOUNTING POLICY

Goodwill and Intangible Assets

Effective January 1, 2009, the Property adopted the new CICA Handbook Section 3064, "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. In addition, various changes have been made to other sections of the CICA Handbook for consistency purposes. As a result of the related amendments to Section 1000, "Financial Statement Concepts," any expenses deferred pursuant to previously existing "matching" concepts and which do not otherwise meet the definition of an asset are no longer eligible for capitalization as an asset. The Property adopted the new standards relating to Section 3064 on January 1, 2009, retrospectively with restatement.

The comparative figures have been restated as follows:

<i>(Thousands)</i>	2008
Retained earnings	
Opening balance at January 1, 2008 as previously reported	\$ 477,509
Cumulative impact of changes in accounting policy ⁽¹⁾	(32)
Opening balance at January 1, 2008, as restated	\$ 477,477

Ending balance at December 31, 2008 as previously reported	\$ 476,148
Cumulative impact of changes in accounting policy ⁽²⁾	(601)
Ending balance at December 31, 2008, as restated	\$ 475,547

(1) A decrease of \$32,000 to opening retained earnings, representing changes to recoverable capital expenditures prior to January 1, 2008 that do not qualify as an asset under Handbook Section 3064.

(2) For the quarter ended September 30, 2008, a decrease in depreciation and amortization of \$4,200 was recorded as result of adopting Handbook Section 3064. During the nine months ended September 30, 2008, a net decrease to retained earnings, representing an increase in operating expenses of \$425,000 offset by a decrease in depreciation and amortization of \$16,000, was recorded as a result of adopting Handbook Section 3064. Subsequent to September 30, 2008, a decrease of \$176,000 to retained earnings, representing an increase in operating expenses was recorded during the period ended December 31, 2008.

<i>(Thousands)</i>	2008
Commercial property	
Balance at December 31, 2008 as previously reported	\$ 807,673
Cumulative impact of changes in accounting policy	(601)
Balance at December 31, 2008, as restated	\$ 807,072

Phase 2, Brookfield Place (Bay-Wellington Tower)
Notes to the Interim Financial Statements
As at September 30, 2009
(unaudited)

NOTE 4: COMMERCIAL PROPERTY

The breakdown of commercial property is as follows:

<i>(Thousands)</i>	Sept. 30, 2009 (Unaudited)	Dec. 31, 2008 Audited (Restated - note 3)
Commercial property		
Land	\$ 111,387	\$ 111,387
Building and improvements	810,895	810,633
Total commercial property	922,282	922,020
Less: accumulated depreciation	(127,790)	(114,948)
	\$ 794,492	\$ 807,072

NOTE 5: CASH

Cash is classified as held-for trading under CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement." Due to its short-term nature, carrying value approximates fair value.

NOTE 6: TENANT AND OTHER RECEIVABLES

Financial assets in tenant and other receivables, advances to co-owner and due from manager are classified as loans and receivables under CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement" and are measured at amortized cost.

These receivables are generally short-term receivables of a trade nature. The carrying value of these receivables approximates fair value due to their short-term nature.

During the three and nine months ended September 30, 2009, the Property recorded \$Nil and \$Nil as a reserve against tenant and other receivables compared to \$Nil and \$9,500 in the same periods in 2008, while \$Nil and \$Nil in uncollectible tenant and other receivables was written off during the period, compared to \$Nil and \$Nil in the same periods in 2008.

As of September 30, 2009, approximately \$77,400 of the Property's balance of accounts receivables is over 90 days (compared to approximately \$55,800 on December 31, 2008).

Credit risk related to tenant and other receivables, including straight-line rent receivable, arises from the possibility that tenants may be unable to fulfill their lease commitments. The Property mitigates this risk by carrying out appropriate credit checks and related due diligence on the significant tenants.

As at September 30, 2009, no one tenant occupied more than 10% of the total leasable area, or represented more than 25% of tenant and other receivables.

NOTE 7: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Financial liabilities in accounts payable and accrued liabilities and advances from co-owner are classified as other financial liabilities under CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement" and are measured at amortized cost.

These payables are generally short-term loans of a trade nature. The carrying value of these liabilities approximates fair value due to their short-term nature.

Phase 2, Brookfield Place (Bay-Wellington Tower)
Notes to the Interim Financial Statements
As at September 30, 2009
(unaudited)

NOTE 8: SECURED INDEBTEDNESS

Secured indebtedness is classified as other financial liabilities under CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement" and is measured at amortized cost following the effective-interest method.

The Property has the following indebtedness:

<i>(Thousands)</i>	Sept. 30, 2009 (Unaudited)	Dec. 31, 2008 Audited
6.40% Series A Bonds (a)	\$ 268,303	\$ 270,747
6.84% Series B Bonds (b)	64,532	65,115
	\$ 332,835	\$ 335,862

(a) 6.40% Series A Bonds

The 6.40% Series A Bonds with an initial aggregate principal amount of \$300,000,000 incur interest calculated semi-annually at 6.40% per annum.

Included in the 6.40% Series A Bonds is \$797,000 million of net deferred financing costs (December 31, 2008 - \$953,000).

The 6.40% Series A Bonds mature in April 2013, and are due as follows:

<i>September 30, 2009 (Thousands)</i>	
Remainder of 2009	\$ 2,800
2010	5,800
2011	6,200
2012	6,600
2013	247,700
	269,100
Deferred financing costs	(797)
	\$ 268,303

(b) 6.84% Series B Bonds

The 6.84% Series B Bonds with an initial aggregate principal amount of \$71,000,000 incur interest calculated semi-annually at 6.84% per annum.

Included in the 6.84% Series B Bonds are \$200,000 of net deferred financing costs (December 31, 2008 - \$239,000).

Phase 2, Brookfield Place (Bay-Wellington Tower)
Notes to the Interim Financial Statements
As at September 30, 2009
(unaudited)

The 6.84% Series B Bonds mature in April 2013, and are due as follows:

<u>September 30, 2009 (Thousands)</u>	
Remainder of 2009	\$ 670
2010	1,388
2011	1,483
2012	1,580
2013	<u>59,611</u>
	<u>64,732</u>
Deferred financing costs	<u>(200)</u>
	<u>\$ 64,532</u>

The Property is exposed to interest rate risk on its borrowings. It minimizes this risk by attaining long-term fixed rates. In addition, management considers the term to maturity of long-term debt relative to the remaining average lease terms.

For the three and nine months ended September 30, 2009, interest expense of \$5,511,000 and \$16,445,000, respectively (compared to \$5,615,000 and \$16,779,000, respectively, during the same periods in 2008) was recorded on the Series A and Series B Bonds.

NOTE 9: RELATED PARTY TRANSACTIONS

In the normal course of operations, the Property enters into various transactions on market terms with related parties. These transactions have been measured at the exchange value.

Included in rental operating expenses during the three and nine months ended September 30, 2009, are property and asset management fees in the amount of \$2,236,000 and \$3,548,000, respectively (compared to \$2,339,000 and \$3,589,000, respectively, during the same periods in 2008), payable to Brookfield Properties Ltd., the Property's owner.

Included in rental revenues during the three and nine months ended September 30, 2009, are amounts received from Brookfield Asset Management Inc. ("BAM"), the ultimate parent of BPL, and its affiliates of \$523,000 and \$1,528,000, respectively (compared to \$513,000 and \$1,518,000, respectively, during the same periods in 2008) for premises occupied within the Property.

Financial Statements of

**Phase 2, Brookfield Place (Bay-Wellington Tower),
Toronto, Ontario**

December 31, 2008

Auditors' Report

To the Owner of
Phase 2, Brookfield Place (Bay-Wellington Tower), Toronto, Ontario

We have audited the balance sheet of Phase 2, Brookfield Place (Bay-Wellington Tower) (the "Property") as at December 31, 2008 and the statements of income and comprehensive income, changes in owner's equity and cash flows for the year then ended. These financial statements are the responsibility of the Property's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Property as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Licensed Public Accountants
January 19, 2010

Phase 2, Brookfield Place (Bay-Wellington Tower)
Balance Sheet
As at December 31

<i>(Thousands)</i>	<u>Notes</u>	<u>2008</u>	<u>2007</u> <u>(Unaudited)</u>
Assets			
Commercial property	4	\$ 807,673	\$ 821,894
Cash	5	6,228	-
Tenant and other receivables	6	16,391	14,148
Prepaid and other assets		627	430
		\$ 830,919	\$ 836,472
Liabilities			
Secured indebtedness	8	\$ 335,862	\$ 341,807
Accounts payable and other liabilities	7,9	18,909	17,156
		354,771	358,963
Owner's equity		476,148	477,509
		\$ 830,919	\$ 836,472

See accompanying Notes to the financial statements

**Phase 2, Brookfield Place (Bay-Wellington Tower)
Statement of Income and Comprehensive Income
For the year ended December 31**

<i>(Thousands)</i>	<u>Notes</u>	<u>2008</u>	<u>2007</u> <i>(Unaudited)</i>
Rental revenue		\$ 95,105	\$ 96,288
Expenses			
Rental operating expenses	9	46,793	46,955
Interest expense	8	22,376	22,687
General and administrative	1	2,925	3,269
Depreciation and amortization		16,745	17,450
Net income and comprehensive income		\$ 6,266	\$ 5,927

See accompanying Notes to the financial statements

Phase 2, Brookfield Place (Bay-Wellington Tower)
Statement of Changes in Owner's Equity
As at December 31

	2008	2007 (Unaudited)
<i>(Thousands)</i>		
Owner's equity		
Balance at beginning of year	\$ 477,509	\$ 486,929
Net income	6,266	5,927
Distributions	(7,627)	(15,347)
Balance at end of year	476,148	477,509
Accumulated other comprehensive income ("AOCI")	-	-
Owner's equity and AOCI	476,148	477,509
Owner's equity at end of year	\$ 476,148	\$ 477,509

See accompanying Notes to the financial statements

Phase 2, Brookfield Place (Bay-Wellington Tower)
Statement of Cash Flows
For the year ended December 31

<i>(Thousands)</i>	2008	2007 (Unaudited)
Operating activities		
Net income	\$ 6,266	\$ 5,927
Add (deduct):		
Depreciation and amortization	16,745	17,450
Deferred leasing costs	(1,190)	(1,210)
Non-cash interest expense	252	241
Changes in other non-cash working capital components	(687)	1,011
Cash flows provided by operating activities	21,386	23,419
Investing activity		
Capital improvements	(1,334)	(2,370)
Cash flows used in investing activity	(1,334)	(2,370)
Financing activities		
Repayment of secured indebtedness	(6,197)	(5,702)
Distributions	(7,627)	(15,347)
Cash flows used in financing activities	(13,824)	(21,049)
Increase in cash	6,228	-
Cash, beginning of year	-	-
Cash, end of year	\$ 6,228	\$ -
Supplementary cash flow information		
Interest paid	\$ 22,190	\$ 22,560

See accompanying Notes to the financial statements

Phase 2, Brookfield Place (Bay-Wellington Tower)
Notes to the Financial Statements
As at December 31, 2008

NOTE 1: BACKGROUND AND BASIS OF PRESENTATION

The Phase 2, Brookfield Place (Bay-Wellington Tower) financial statements have been prepared on a carve out basis from the consolidated financial statements of Brookfield Properties Ltd. ("BPL"). These carve out financial statements represent (a) a 100% free interest in the Bay Wellington Tower, an office tower located on the northern portion of Brookfield Place, Toronto, Ontario; (b) a 50% interest (on a per square foot basis) in the retail space of Brookfield Place; and (c) a 56% interest in the parking space serving the Brookfield Place complex (collectively, the "Brookfield Place Interest" or the "Property"). The co-owner of the remaining interests in the retail and parking space of Brookfield Place is OMERS Realty Corporation ("OMERS" or the "co-owner"). Bay Wellington Tower, and the retail and parking operations of the Brookfield Place complex are managed by BPL (the "manager").

These financial statements represent the financial position and results of operations had the Brookfield Place Interest been accounted for on a stand-alone, carve out basis. As the Brookfield Place Interest itself, prepared on this basis, is an unincorporated entity and does not have share capital and is not liable for income taxes on its income, these financial statements have been prepared without shareholder's equity or a provision for income taxes. Accordingly, these financial statements do not include all the assets, liabilities, revenues and expenses of BPL and no charges for salaries, interest or similar items relating to BPL have been recorded in these financial statements.

General and administrative costs have been allocated to the Brookfield Place Interest based on management's best estimate of how services and facilities were historically provided and used by existing personnel of BPL on a cost-recovery basis.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Property are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") as prescribed by the Canadian Institute of Chartered Accountants ("CICA") and include the following significant policies:

(a) Commercial property

Commercial property is carried at cost less accumulated depreciation. Depreciation on the building is recorded on a straight-line basis over the estimated useful life of the Property of 60 years. Tenant improvements are capitalized and depreciated over their estimated useful life and leasing costs are deferred and amortized on a straight-line basis over the terms of the leases to which they relate.

Commercial property is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable and an impairment loss is recognized when the Property's carrying value exceeds its undiscounted future net cash flow. The impairment is measured as the amount by which the carrying value exceeds the estimated fair value. Projections of future cash flow take into account the specific business plan for the Property and management's best estimate of the most probable set of economic conditions anticipated to prevail in the market.

(b) Revenue recognition

Rental revenue includes rent earned from tenants under lease agreements, including base rent, property tax and operating cost recoveries, parking rent and incidental income. Operating expense recoveries are recognized in the period that recoverable costs are chargeable to tenants.

The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease. A straight-line receivable is recorded for the difference between the rental revenue recorded and the contractual amount received.

Phase 2, Brookfield Place (Bay-Wellington Tower)
Notes to the Financial Statements
As at December 31, 2008

(c) Use of estimates

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, requires estimates and assumptions that affect the carried amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates. Significant estimates are required in the determination of future cash flows and probabilities in assessing net recoverable amounts and fair values, the allocation of general and administrative costs, the useful lives for depreciation and amortization, and the fair value of financial instruments for disclosure purposes.

(d) Income taxes

As the Brookfield Place Interest is an unincorporated entity that is not liable for income taxes, these financial statements have been prepared without a provision for income taxes as described in Note 1.

NOTE 3: CHANGES IN ACCOUNTING POLICY

Financial Instruments – Disclosures and Presentation

Effective January 1, 2008, the Property adopted two new CICA Handbook Sections 3862, “Financial Instruments – Disclosures,” and Section 3863, “Financial Instruments – Presentation.” These sections replace Section 3861, “Financial Instruments – Disclosure and Presentation” and enhance the disclosure of the nature and extent of risks arising from financial instruments and how the entity manages those risks. Additional disclosures required by Section 3862 and Section 3863 have been included in the financial statements.

FUTURE ACCOUNTING POLICY CHANGES

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, “Goodwill and Intangible Assets”, replacing Section 3062, “Goodwill and Other Intangible Assets” and Section 3450, “Research and Development Costs”. Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Property will adopt the new standards for its fiscal year beginning January 1, 2009. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062.

The impact of this adoption will result in a decrease in opening retained earnings as at January 1, 2007 of \$48,000, a decrease in depreciation and amortization for the year ended December 31, 2008 of \$16,000 (December 31, 2007 - \$16,000), a decrease in commercial properties as at December 31, 2008 of \$601,000 (December 31, 2007 - \$32,000), and an increase in rental operating expenses for the year ended December 31, 2008 of \$585,000 (December 31, 2007 - \$nil), representing changes to recoverable capital expenditures that do not qualify as an asset under Handbook Section 3064.

Phase 2, Brookfield Place (Bay-Wellington Tower)
Notes to the Financial Statements
December 31, 2008

NOTE 4: COMMERCIAL PROPERTY

The breakdown of commercial property is as follows:

December 31 (<i>Thousands</i>)	2008	2007 (Unaudited)
Commerical property		
Land	\$ 111,387	\$ 111,387
Building and improvements	811,297	808,773
Total commercial property	922,684	920,160
Less: accumulated depreciation	(115,011)	(98,266)
	\$ 807,673	\$ 821,894

NOTE 5: CASH

Cash is classified as held-for trading under CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement." Due to its short-term nature, carrying value approximates fair value.

NOTE 6: TENANT AND OTHER RECEIVABLES

Financial assets in tenant and other receivables, advances to co-owner and due from manager are classified as loans and receivables under CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement" and are measured at amortized cost.

These receivables are generally short-term receivables of a trade nature. The carrying value of these receivables approximates fair value due to their short-term nature.

During the year ended December 31, 2008, the Property recorded \$Nil (December 31, 2007 - \$9,500) as a reserve against tenant and other receivables, while \$9,500 (December 31, 2007 - \$22,300) in uncollectible tenant and other receivables was written off during the year.

As of December 31, 2008, approximately \$55,800 of the Property's balance of accounts receivables is over 90 days (compared to approximately \$68,700 on December 31, 2007).

Credit risk related to tenant and other receivables, including straight-line rent receivable, arises from the possibility that tenants may be unable to fulfill their lease commitments. The Property mitigates this risk by carrying out appropriate credit checks and related due diligence on the significant tenants.

As at December 31, 2008, no one tenant occupied more than 10% of the total leasable area, or represented more than 23% of tenant and other receivables.

NOTE 7: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Financial liabilities in accounts payable and accrued liabilities and advances from co-owner are classified as other financial liabilities under CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement" and are measured at amortized cost.

These payables are generally short-term loans of a trade nature. The carrying value of these liabilities approximates fair value due to their short-term nature.

Phase 2, Brookfield Place (Bay-Wellington Tower)
Notes to the Financial Statements
December 31, 2008

NOTE 8: SECURED INDEBTEDNESS

Secured indebtedness is classified as other financial liabilities under CICA Handbook section 3855, "Financial Instruments – Recognition and Measurement" and is measured at amortized cost following the effective-interest method.

The Property has the following indebtedness:

December 31 (<i>Thousands</i>)	2008	2007 (Unaudited)
6.40% Series A Bonds (a)	\$ 270,747	\$ 275,545
6.84% Series B Bonds (b)	65,115	66,262
	\$ 335,862	\$ 341,807

(a) 6.40% Series A Bonds

The 6.40% Series A Bonds with an initial aggregate principal amount of \$300,000,000 incur interest calculated semi-annually at 6.40% per annum.

Included in the 6.40% Series A Bonds is \$953,000 of net deferred financing costs (December 31, 2007 - \$1,155,000).

The 6.40% Series A Bonds mature in April 2013, and are due as follows:

December 31 (<i>Thousands</i>)	
2009	\$ 5,400
2010	5,800
2011	6,200
2012	6,600
2013	247,700
Deferred financing costs	271,700 (953)
	\$ 270,747

(b) 6.84% Series B Bonds

The 6.84% Series B Bonds with an initial aggregate principal amount of \$71,000,000 incur interest calculated semi-annually at 6.84% per annum.

Included in the 6.84% Series B Bonds are \$239,000 of net deferred financing costs (December 31, 2007 - \$289,000).

The 6.84% Series B Bonds mature in April 2013, and are due as follows:

December 31 (<i>Thousands</i>)	
2009	\$ 1,292
2010	1,388
2011	1,483
2012	1,580
2013	59,611
Deferred financing costs	65,354 (239)
	\$ 65,115

Phase 2, Brookfield Place (Bay-Wellington Tower)
Notes to the Financial Statements
December 31, 2008

The Property is exposed to interest rate risk on its borrowings. It minimizes this risk by attaining long-term fixed rates. In addition, management considers the term to maturity of long-term debt relative to the remaining average lease terms.

The fair value of secured indebtedness is determined by discounting contractual principal and interest payments at estimated current market interest rates for the instruments. Current market interest rates are determined with reference to current benchmark rates for a similar term and current credit spreads for debt with similar terms and risks. As at December 31, 2008, the fair market value was estimated at \$284,200,000 for the Series A Bonds (December 31, 2007 - \$286,300,000), and \$69,500,000 for the Series B Bonds (December 31, 2007 - \$70,200,000).

As at December 31, 2008, the Property was in compliance with all of its covenants.

For the year ended December 31, 2008, interest expense of \$22,376,000 (2007 - \$22,687,000) was recorded on the Series A and Series B Bonds.

NOTE 9: RELATED PARTY TRANSACTIONS

In the normal course of operations, the Property enters into various transactions on market terms with related parties. These transactions have been measured at the exchange value.

Included in rental operating expenses during the year ended December 31, 2008, are property and asset management fees in the amount of \$4,924,000 (December 31, 2007 - \$4,572,000), payable to Brookfield Properties Ltd., the Property's owner. Of this balance, \$412,000 is included in accounts payable and accrued liabilities as at December 31, 2008 (December 31, 2007 - \$133,000).

Included in rental revenues during the year ended December 31, 2008, are amounts received from Brookfield Asset Management Inc. ("BAM"), the ultimate parent of BPL, and its affiliates of \$2,073,000 (December 31, 2007 - \$1,751,200) for premises occupied within the Property. Of this balance, \$71,000 is included in tenant and other receivables as at December 31, 2008 (December 31, 2007 - \$128,000).

BPO Properties

If you have any questions or require more information with regard to voting your shares, please contact:
Laurel Hill Advisory Group
North American Toll-Free: 1-866-836-9722
Banks and Brokers or Collect Calls: 1-416-304-0211

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REGISTERED SHAREHOLDERS (YOU HOLD A PHYSICAL SHARE CERTIFICATE) THERE ARE 2 WAYS TO VOTE USING YOUR PROXY

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Mark, sign and date your proxy form and return it by facsimile to 1-416-368-2502. | 2. VOTING BY MAIL
Mark, sign and date your proxy form and return it in the enclosed postage-paid envelope. |
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