

Base Shelf Prospectus

This short form base shelf prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities. A registration statement relating to these securities has been filed with the United States Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective.

This short form base shelf prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities regulatory authorities in Canada and filed with, or furnished to, the United States Securities and Exchange Commission. Copies of the documents incorporated herein by reference may be obtained on request without charge from the office of the Corporate Secretary of Brookfield Office Properties Inc. at Suite 330, Brookfield Place, 181 Bay Street, Toronto, Ontario, Canada, M5J 2T3 Telephone: (416) 369-2300, and are also available electronically at www.sedar.com.

SHORT FORM BASE SHELF PROSPECTUS

New Issue

January 3, 2012

Brookfield

BROOKFIELD OFFICE PROPERTIES INC.

US\$1,000,000,000

**Class AAA Preference Shares
Common Shares
Debt Securities**

Brookfield Office Properties Inc. (“we”, “us” and “our”) may from time to time offer and issue the following securities: (i) Class AAA Preference Shares (“**Preference Shares**”); (ii) common shares (“**Common Shares**”); and (iii) unsecured debt securities (“**Debt Securities**”) under this short form base shelf prospectus. The Preference Shares, Common Shares and Debt Securities (collectively, the “**Securities**”) offered hereby may be offered separately or together, in one or more series in an aggregate initial offering amount of up to US\$1,000,000,000 (or the equivalent in other currencies or currency units) or, if any Debt Securities are issued at an original issue discount, such greater amount as shall result in an aggregate issue price of US\$1,000,000,000 (or the equivalent in other currencies or currency units), at any time and from time to time during the 25 month period that this prospectus, including any amendments thereto, remains valid. Securities of any series may be offered in such amount and with such terms as may be determined in light of market conditions.

The specific terms of the Securities in respect of which this prospectus is being delivered will be set forth in an accompanying prospectus supplement and may include, where applicable: (i) in the case of Preference Shares, the series, the number of shares offered, the issue price, the dividend rate, the dividend payment dates, any terms for redemption at our option or at the option of the holder, any exchange or conversion terms and any other specific terms; (ii) in the case of Common Shares, the number of shares and the offering price; and (iii) in the case of Debt Securities, the designation, the aggregate principal amount, the maturity, the interest provisions, any mandatory or optional redemption or sinking fund provisions, the form of the Debt Securities, the authorized denominations and the currencies or currency units in which any of the Debt Securities will be issuable, the offering price and any other terms of the Debt Securities. Debt Securities may consist of debentures, notes or other types of debt and may be issuable in series. You should read this prospectus and any applicable prospectus supplement carefully before you invest. This prospectus may not be used to offer Securities unless accompanied by a prospectus supplement. Our intended use for any net proceeds expected to be received from the issue of Securities will be set forth in a prospectus supplement. All information permitted under applicable securities laws to be omitted from this prospectus will be contained in one or more prospectus supplements that will be delivered to purchasers together with this prospectus. Each such prospectus supplement will be deemed to be incorporated by reference into this prospectus as of the date of each such prospectus supplement and only for the purposes of the distribution of the Securities to which such prospectus supplement pertains.

Our registered office is at Suite 330, Brookfield Place, 181 Bay Street, Toronto, Ontario, Canada, M5J 2T3. We operate head offices at Three World Financial Center in New York, New York and Brookfield Place in Toronto, Ontario.

Investing in the Securities is subject to certain risks. See “Risk Factors” beginning on page 15 of this prospectus.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE “COMMISSION”) OR ANY STATE SECURITIES REGULATOR, NOR HAS THE COMMISSION OR ANY STATE SECURITIES REGULATOR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This offering is made by a Canadian issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States and Canada, to prepare this prospectus in accordance with Canadian disclosure requirements. Prospective investors should be aware that such requirements are different from those of the United States. Our financial statements included or incorporated by reference herein have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”), and are subject to Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies.

Prospective investors should be aware that the acquisition of the Securities may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in, or citizens of, the United States may not be described fully herein or in any applicable prospectus supplement. Prospective investors should consult their own tax advisors with respect to their particular circumstances and read the tax disclosure in any applicable prospectus supplement.

The enforcement by investors of civil liabilities under United States federal securities laws may be affected adversely by the fact that we are incorporated under the laws of Canada, that some of our officers and directors may be residents of Canada, that some of the experts named in this prospectus may be residents of Canada and that some of our assets and the assets of those officers, directors and experts may be located outside the United States.

We may sell the Securities through underwriters or dealers, directly pursuant to applicable statutory exemptions, or through agents designated by us from time to time. Each prospectus supplement will identify each person who may be deemed to be an underwriter with respect to the Securities being offered and will set forth the terms of the offering of such Securities, including, to the extent applicable, the purchase price or prices of the offered Securities, the initial offering price, the proceeds to us from the sale of the offered Securities, any underwriting discounts and other items constituting underwriters’ compensation and any discounts or concessions allowed or reallocated or paid to dealers. The managing underwriter or underwriters with respect to the Securities sold to or through underwriters will be named in the applicable prospectus supplement.

In connection with any underwritten offering of Securities, the underwriters, dealers or agents may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at levels other than those which might otherwise prevail in the open market. Such transactions may be commenced, interrupted or discontinued at any time. See “Plan of Distribution”.

Our Common Shares are listed on the New York Stock Exchange (the “NYSE”) and the Toronto Stock Exchange (the “TSX”) under the symbol “BPO.” Our Class AAA Preference Shares, Series F, Series G, Series H, Series I, Series J, Series K, Series L, Series N, Series P and Series R are listed on the TSX under the symbols “BPO.PR.F”, “BPO.PR.U”, “BPO.PR.H”, “BPO.PR.I”, “BPO.PR.J”, “BPO.PR.K”, “BPO.PR.L”, “BPO.PR.N”, “BPO.PR.P” and “BPO.PR.R”, respectively.

Unless otherwise specified in a prospectus supplement relating to a series of Debt Securities or Preference Shares, the Debt Securities and Preference Shares will not be listed on any securities or stock exchange or on any automated dealer quotation system. There is no market through which these Debt Securities and Preference Shares may be sold and purchasers may not be able to resell such Debt Securities and Preference Shares purchased under this prospectus. This may affect the pricing of the Debt Securities and Preference Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Debt Securities and Preference Shares, and the extent of issuer regulation. See “Risk Factors”.

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INFORMATION CONTAINED IN THIS PROSPECTUS

Basis of Presentation

All dollar amounts set forth in this prospectus and any prospectus supplement are in U.S. dollars, except where otherwise indicated.

The information in this prospectus is given as of January 3, 2012, unless otherwise specified.

Forward-Looking Statements

This prospectus, including the documents incorporated by reference, contains forward-looking statements and information within the meaning of applicable securities legislation. These forward-looking statements reflect our current beliefs and are based on assumptions and information currently available to us. 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 we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, you should not place undue reliance on forward-looking statements and information because they involve assumptions, known and unknown risks, uncertainties and other factors which may cause our 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, we cannot give any assurance that our expectations will in fact occur and caution that actual results may differ materially 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, including the development of properties in close proximity to our properties; 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; our ability to effectively integrate acquisitions; interest rates; availability of equity and debt financing; the impact of newly adopted accounting principles on our accounting policies and on period-to-period comparisons of financial results; and other risks and factors described from time to time in the documents filed by us with the securities regulators in Canada and the United States, including in our Annual Information Form under the heading “Business of Brookfield Office Properties – Company and Real Estate Industry Risks” and in our most recent interim report under the heading “Management’s Discussion and Analysis”. We do not undertake to publicly update or revise any forward-looking statements or information contained in this prospectus or the documents incorporated by reference, whether as a result of new information, future events or otherwise, except as required by law.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with securities commissions or similar authorities in each of the provinces of Canada and with the Commission in the United States, are specifically incorporated by reference in, and form an integral part of, this prospectus:

1. our audited comparative consolidated financial statements and the notes thereto for the years ended December 31, 2010 and 2009, together with the report of the auditors thereon;
2. our management's discussion and analysis of our financial condition and results of operations for the audited comparative consolidated financial statements referred to in paragraph 1 above;
3. our renewal annual information form dated March 30, 2011;
4. our management proxy circular dated March 30, 2011 in connection with our annual and special meeting of shareholders;
5. our unaudited comparative condensed consolidated financial statements and the notes thereto for the three and nine months ended September 30, 2011 and 2010; and
6. our management's discussion and analysis of our financial condition and results of operations for the unaudited comparative condensed consolidated financial statements referred to in paragraph 5 above.

Any of our documents of the types referred to in the preceding paragraphs 1 through 6 together with any material change reports (excluding confidential material change reports), business acquisition reports and all financial information publicly disseminated through news releases or otherwise, filed with securities commissions or similar authorities in Canada on or after the date of this prospectus and prior to the termination of the distribution of Securities shall be deemed to be incorporated by reference into this prospectus. To the extent that any document or information incorporated by reference in this prospectus is included in a report that is filed with or furnished to the Commission on Form 40-F, 20-F, 10-K, 10-Q, 8-K or 6-K (or any respective successor form), such document or information shall also be deemed to be incorporated by reference as an exhibit to the registration statement on Form F-10 of which this prospectus forms a part. In addition, any document filed with or furnished to the Commission by us which specifically states that it is intended to be incorporated by reference into the registration statement of which this prospectus forms a part shall be deemed to be incorporated by reference into the registration statement.

Any statement contained in this prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, 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 which it modifies or supersedes. The making of a modifying or superseding statement shall 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 is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

Upon a new annual information form and new audited comparative consolidated financial statements being filed with and, where required, accepted by the applicable securities regulatory authorities during the time that this prospectus is valid, the previous annual information form, the previous audited comparative consolidated financial statements and all unaudited comparative condensed consolidated financial statements and material change reports filed prior to the commencement of the financial year in which the new annual information form is filed will be deemed no longer to be incorporated by reference into this prospectus for purposes of future offers and sales of Securities hereunder.

A prospectus supplement containing the specific terms of an offering of Securities will be delivered to purchasers of such Securities together with this prospectus and will be deemed to be incorporated into this prospectus as of the date of such prospectus supplement but only for purposes of the offering of Securities to which that prospectus supplement pertains.

Where we update our disclosure of earnings coverage ratios by a prospectus supplement, the prospectus supplement filed with applicable securities regulatory authorities that contains the most recent updated disclosure of earnings coverage ratios and any prospectus supplement supplying any additional or updated information we may elect to include (provided that such information

does not describe a material change that has not already been the subject of a material change report or a prospectus amendment) will be delivered to purchasers of Securities together with this prospectus and will be deemed to be incorporated into this prospectus as of the date of the prospectus supplement.

Prospective investors should rely only on the information incorporated by reference or contained in this prospectus or any applicable prospectus supplement and on the other information included in the registration statement on Form F-10 relating to the Securities and of which this prospectus is a part. We have not authorized anyone to provide different or additional information. We are not making an offer of Securities in any jurisdiction where the offer is not permitted by law. Prospective investors should not assume that the information contained in or incorporated by reference in this prospectus or any applicable prospectus supplement is accurate as of any date other than the date on the front of the applicable prospectus supplement.

Copies of the documents incorporated herein by reference may be obtained on request without charge from the office of the Corporate Secretary of our company at Suite 330, Brookfield Place, 181 Bay Street, Toronto, Ontario, Canada, M5J 2T3 Telephone: (416) 369-2300, and are also available electronically at www.sedar.com.

AVAILABLE INFORMATION

This prospectus is part of the registration statement on Form F-10 relating to the Securities that we filed with the Commission. This prospectus does not contain all of the information set forth in such registration statement, certain items of which are contained in the exhibits to the registration statement as permitted or required by the rules and regulations of the Commission. Items of information omitted from this prospectus but contained in the registration statement are available on the Commission's website at www.sec.gov.

Under this "shelf" registration process, we may, from time to time, sell any combination of Securities in one or more offerings up to an aggregate amount of \$1,000,000,000. This prospectus provides a prospective investor with a general description of the Securities that we may offer. Each time we sell Securities under the registration statement, we will provide a prospectus supplement that will contain specific information about the terms of that offering of Securities. This prospectus supplement may also add, update or change information contained in this prospectus. Before investing, a prospective investor should read both this prospectus and any applicable prospectus supplement together with any documents incorporated or deemed to be incorporated by reference herein. This prospectus does not contain all of the information contained in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. A prospective investor should refer to the registration statement and the exhibits thereto for further information about us and the Securities.

In addition to our continuous disclosure obligations under Canadian securities laws, we are subject to the informational requirements of the United States Securities Exchange Act of 1934, as amended, and, in accordance therewith, file reports and other information with the Commission. Under a multijurisdictional disclosure system adopted by the United States and Canada, such reports and other information may be prepared in accordance with the disclosure requirements of Canada, which requirements are different from those of the United States. Such reports and other information concerning us can be inspected and copied, at a fee, at the public reference facilities maintained by the Commission at: 100 F Street, N.E., Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the public reference room. The Commission also maintains a website at www.sec.gov that contains these materials.

THE CORPORATION

We own, develop and manage premier office properties in the United States, Canada and Australia. Our portfolio is comprised of interests in 110 properties totaling 79 million square feet in the downtown cores of New York, Washington, D.C., Houston, Los Angeles, Denver, Toronto, Calgary, Ottawa, Sydney, Melbourne and Perth, making us the global leader in the ownership and management of office assets. Landmark properties include the World Financial Center in Manhattan, Brookfield Place in Toronto, Bank of America Plaza in Los Angeles, Bankers Hall in Calgary, Darling Park in Sydney and City Square in Perth.

RECENT DEVELOPMENTS

The following is a summary of significant recent developments affecting us:

On December 9, 2011, we announced that we acquired, together with an investment consortium, 1801 California Street in Denver, Colorado from PSEG Energy Holdings for \$215 million. Located in Denver's central business district, 1801 California Street is a 54-story, Class A office building containing 1.4 million rentable square feet and more than 1,500 parking spaces.

On December 21, 2011, we announced that we sold 53 State Street in Boston, Massachusetts for \$610 million.

USE OF PROCEEDS

Unless otherwise indicated in a prospectus supplement, the net proceeds we receive from a sale of Securities will be added to our general funds and we may use them for general corporate purposes, including, but not limited to, the repayment or refinancing of debt, acquisitions, capital expenditures and working capital needs. We may invest funds that we do not immediately use in short-term marketable securities. We may from time to time offer Securities and incur additional indebtedness other than through an offering under this prospectus and any applicable prospectus supplement.

DESCRIPTION OF THE COMMON SHARES AND PREFERENCE SHARES

The following sets forth certain general terms and provisions of the Preference Shares and the Common Shares. The particular terms and provisions of a series of Preference Shares offered pursuant to a prospectus supplement, including the number of shares offered, the issue price, the dividend rate, the dividend payment dates, any terms for redemption at our option or at the option of the holder, any exchange or conversion terms and any other specific terms and the extent to which the general terms and provisions described below apply thereto, will be described in such prospectus supplement. This summary is supplemented by the full attributes of the Preference Shares and Common Shares which are available on the our SEDAR profile at www.sedar.com.

Preference Shares

Issuance in Series

Our board of directors may from time to time issue Preference Shares in one or more series, each series to consist of such number of shares as will before issuance thereof be fixed by the directors who will at the same time determine the designation, rights, privileges, restrictions and conditions attaching to that series of Preference Shares.

Priority

The Preference Shares rank junior to the Class A Preference Shares and the Class AA Preference Shares as to the payment of dividends and return of capital in the event of our liquidation, dissolution or winding-up. The Preference Shares rank senior to the Common Shares and all other shares ranking junior to the Preference Shares. The Preference Shares are subject to the provisions of the Class A Preference Shares and to the Class AA Preference Shares. Pursuant to the *Canada Business Corporations Act*, each series of Preference Shares participates rateably with every other series of Preference Shares in respect of accumulated dividends and return of capital.

Voting

Subject to applicable corporate law, the holders of the Preference Shares or of a series thereof are not entitled as holders of that class or series to receive notice of, to attend or to vote at any meetings of our shareholders. Notwithstanding the foregoing, votes may be granted to a series of Preference Shares when dividends are in arrears on any one or more series, in accordance with the applicable series provisions.

Approval

The approval of the holders of the Preference Shares of any matters to be approved by a separate vote of the holders of the Preference Shares may be given by special resolution in accordance with the share conditions for the Preference Shares.

Common Shares

Dividends

The holders of the Common Shares are entitled to receive any dividends declared thereon by our board of directors, subject to the preference of holders of any shares ranking senior to the Common Shares with respect to the priority in payment of dividends.

Voting

The holders of the Common Shares are entitled to receive notice of and to attend all shareholders' meetings (except for meetings of holders of a particular class or series of shares other than the Common Shares required by law to be held as a separate class or series meeting) and for all purposes will be entitled to one vote for each Common Share held.

Liquidation, Dissolution and Winding Up

In the event of our liquidation, dissolution or winding up or any other distribution of our assets among our shareholders by way of return of capital, the holders of Common Shares will be entitled to receive, after distribution to the holders of any shares ranking senior to the Common Shares, our remaining property.

Other Rights

The holders of the Common Shares do not have any pre-emptive, subscription or redemption rights.

DESCRIPTION OF THE DEBT SECURITIES

The following sets forth certain general terms and provisions of the Debt Securities. The particular terms and provisions of Debt Securities offered pursuant to an accompanying prospectus supplement, and the extent to which the general terms and provisions described below may apply to such Debt Securities, will be described in such prospectus supplement. Thus, for a description of the terms of a particular series of Debt Securities, you must refer to both the applicable prospectus supplement relating to that series and the description of the Debt Securities contained in this prospectus.

Unless otherwise specified in a prospectus supplement, the Debt Securities will be issued under a trust indenture (the "**Trust Indenture**") dated December 8, 2009, as amended and supplemented from time to time, between our company and The Bank of New York Mellon (the "**Trustee**"). The Trust Indenture is subject to the provisions of the Trust Indenture Legislation. A copy of the Trust Indenture has been filed with the Commission and is available at www.sec.gov. The Trust Indenture is also available on our SEDAR profile at www.sedar.com. The following statements with respect to the Trust Indenture and the Debt Securities are brief summaries of certain provisions of the Trust Indenture and do not purport to be complete; such statements are qualified in their entirety by reference to the provisions of the Trust Indenture and the Debt Securities, including the definition of capitalized terms used in this section. It is the Trust Indenture, and not these statements, that governs the rights of holders of Debt Securities. Capitalized terms that are used in this section and not defined have the meanings ascribed to them in the Trust Indenture. Selected terms are defined at the end of this section. Section references below are to sections of the Trust Indenture.

General

The Trust Indenture does not limit the amount of Debt Securities that may be issued under the Trust Indenture. The Trust Indenture provides that Debt Securities may be issued from time to time in one or more series and may be denominated and payable in U.S. dollars or any other Currency. Any prospectus supplement for Debt Securities supplementing this prospectus will contain the terms and other information with respect to the Debt Securities being offered thereby. These terms may include, but are not limited to, any of the following:

- the specific designation of the Debt Securities;
- any limit on the aggregate principal amount of the Debt Securities;

- the date or dates, if any, on which the Debt Securities will mature and the portion (if other than all of the principal amount) of the Debt Securities to be payable upon declaration of acceleration of Maturity;
- the rate or rates per annum (which may be fixed or variable) at which the Debt Securities will bear interest, if any, the date or dates from which any such interest will accrue, the Interest Payment Dates on which any such interest will be payable, the Regular Record Dates for any interest payable on the Debt Securities which are in registered form and the conventions for calculating interest, if any;
- any mandatory or optional redemption or sinking fund provisions, including the period or periods within which, the price or prices at which and the terms and conditions upon which the Debt Securities may be redeemed or purchased at our option or otherwise;
- whether the Debt Securities will be issuable in registered form or bearer form or both, and, if issuable in bearer form, the restrictions as to the offer, sale and delivery of the Debt Securities in bearer form and as to exchanges between registered and bearer form;
- whether the Debt Securities will be issuable in the form of one or more registered global securities and if so the identity of the depository for such registered global securities;
- the denominations in which any of the Debt Securities will be issuable if other than denominations of \$1,000 and any multiple thereof;
- each office or agency where the principal of and any premium and interest on the Debt Securities will be payable and each office or agency where the Debt Securities may be presented for registration of transfer or exchange;
- if the Debt Securities may be converted into or exercised or exchanged for our Common Shares or preferred stock or other securities, or debt or equity securities of one or more third parties, the terms on which conversion, exercise or exchange may occur, including whether conversion, exercise or exchange is mandatory, at the option of the Holder or at our option, the period during which conversion, exercise or exchange may occur, the initial conversion, exercise or exchange price or rate and the circumstances or manner in which the amount of Common Shares or preferred stock or other securities issuable upon conversion, exercise or exchange may be adjusted;
- any subordination provisions applicable to the Debt Securities;
- the issue price at which the Debt Securities will originally be issued, expressed as a percentage of the principal amount, and the original issue date;
- if the Debt Security is also an Original Issue Discount Security, the Yield to Maturity;
- if other than U.S. dollars, the foreign currency or the units based on or relating to foreign currencies in which the Debt Securities are denominated and/or in which the payment of the principal of and any premium and interest on the Debt Securities will or may be payable;
- any index pursuant to which the amount of payments of principal of and any premium and interest on the Debt Securities will or may be determined;
- the form of the face and reverse of the Debt Securities of such series;
- the CUSIP numbers for the Debt Securities of such series, if any;
- any other terms of the Debt Securities, including additional covenants and Events of Default and any covenants, Events of Default or other terms of the Trust Indenture that will not apply to the Debt Securities; and
- the identity of the Trustee for a particular series of Debt Securities. (Section 301)

Some or all of the Debt Securities may be issued under the Trust Indenture as Original Issue Discount Securities (bearing no interest or interest at a rate that at the time of issuance is below market rates) to be issued at prices below their stated principal amounts.

The general provisions of the Trust Indenture do not contain any provisions that would limit our ability to incur indebtedness or that would afford Holders protection in the event of a highly leveraged or similar transaction in which we are involved.

Under the Trust Indenture, we will have the ability, in addition to the ability to issue Debt Securities with terms different from those of other Debt Securities previously issued, without the consent of the Holders, to reopen a previous issue of a series of Debt Securities and issue additional Debt Securities of such series. (Section 301)

Ranking and Other Indebtedness

The Debt Securities will be unsecured obligations and will rank equally with all of our other unsecured and unsubordinated obligations.

Form, Denomination, Exchange and Transfer

Debt Securities of a series may be issuable solely as registered Debt Securities issuable in denominations of \$1,000 and integral multiples of \$1,000 or in such other denominations as may be provided for by the terms of the Debt Securities of any particular series. The Trust Indenture also provides that Debt Securities of a series may be issuable in global form (“**Global Securities**”). Debt Securities of any series will be exchangeable for other Debt Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. (Section 305)

The Debt Securities may be presented for exchange as described above, and Debt Securities may be presented for registration of transfer (duly endorsed or accompanied by a written instrument of transfer), at the corporate trust office of the Trustee or at the office of any transfer agent designated by us for such purpose with respect to any series of Debt Securities. No service charge will be made for any transfer or exchange of Debt Securities, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. We may at any time designate one or more successor or additional transfer agents with respect to any series of Debt Securities and may from time to time rescind any such designation. (Section 305) We will be required to maintain a transfer agent in each Place of Payment for such series. (Section 1002)

So long as required by the *Canada Business Corporations Act*, we shall cause to be kept, by our company or a trust corporation registered in Canada, a central securities register that complies with the requirements of the *Canada Business Corporations Act*. Additionally, we will cause to be recorded promptly in the central securities register maintained pursuant to the *Canada Business Corporations Act*, the particulars of each issue, exchange or transfer of Debt Securities. Unless otherwise provided for in the case of any series of Debt Securities, the Trustee shall maintain at its corporate trust office a branch register containing the same information with respect to each entry contained therein as contained in the central register. In the event of a conflict between the information contained in the central register and the information contained in a branch register, the information contained in the central register shall prevail. (Section 305)

We shall not be required to:

- issue, register the transfer of, or exchange Debt Securities of any series during a period beginning at the opening of business 15 days before any selection of Debt Securities of that series to be redeemed and ending at the close of business on the day of mailing of the relevant notice of redemption;
- register the transfer of, or exchange any Debt Security, or portion thereof, called for redemption, except the unredeemed portion of any Debt Security being redeemed in part; or
- issue, register the transfer of or exchange any Debt Security which has been surrendered for repayment at the option of the Holder except the portion, if any, of such Debt Security not to be so repaid. (Section 305)

Events of Default

The Trust Indenture provides, with respect to any series of Outstanding Debt Securities thereunder, that the following shall constitute Events of Default:

- (i) default in the payment of any interest upon any Debt Security of that series, when the same becomes due and payable, continued for 30 consecutive days;
- (ii) default in the payment of the principal of or any premium on any Debt Security of that series at its Maturity;
- (iii) default in the deposit of any sinking fund or analogous payment when due by the terms of any Debt Security of that series;
- (iv) default in the performance, or breach, of any of our covenants or warranties in the Trust Indenture (other than a covenant or warranty, a default in whose performance or whose breach is specifically dealt with elsewhere in the Trust Indenture, including a breach of the reporting obligations contained in Section 702 of the Trust Indenture, for which liquidated damages to be set forth in the applicable prospectus supplement shall be the only remedy), continued for 90 consecutive days after written notice to us;
- (v) certain events of bankruptcy, insolvency or reorganization; and
- (vi) any other Event of Default provided with respect to the Debt Securities of that series. (Section 501)

No Event of Default provided with respect to a particular series of Debt Securities necessarily constitutes an Event of Default with respect to any other series of Debt Securities. (Section 501) We are required to file with the Trustee, annually, an Officer's Certificate as to our compliance with all conditions and covenants under the Trust Indenture. (Section 1004) The Trust Indenture provides that the Trustee may withhold notice to the Holders of Debt Securities of any default (except payment defaults on the Debt Securities) if it considers it in the best interest of the Holders of Debt Securities to do so. (Section 502)

If an Event of Default listed in clause (i), (ii), (iii), (iv) or (vi) of the second preceding paragraph with respect to Debt Securities of a particular series occurs and is continuing, the Trustee or the Holders of not less than 25% in principal amount of Outstanding Debt Securities of that series may declare the Outstanding Debt Securities of that series due and payable immediately. If an Event of Default listed in clause (v) of the second preceding paragraph occurs and is continuing, then the Trustee or the Holders of not less than 25% in principal amount of all Debt Securities then Outstanding may declare the principal amount of all of the Outstanding Debt Securities to be due and payable immediately. However, in either case the Holders of a majority in principal amount of the Outstanding Debt Securities of that series, or of all Outstanding Debt Securities, as the case may be, by written notice to us and the Trustee, may, under certain circumstances, rescind and annul such declaration. (Section 503)

Subject to the provisions relating to the duties of the Trustee, in case an Event of Default with respect to Debt Securities of any or all series occurs and is continuing, the Trustee shall be under no obligation to exercise any of its rights or powers under the Trust Indenture at the request, order or direction of any of the Holders of such Debt Securities, unless such Holders shall have offered to the Trustee indemnity satisfactory to it against the expenses and liabilities which might be incurred by it in compliance with such request. (Section 508) Subject to such provisions for the indemnification of the Trustee, the Holders of not less than a majority in principal amount of the Outstanding Debt Securities of any series (with respect to any remedy, trust or power relating to or arising under an Event of Default described in clause (i), (ii), (iii), (iv) or (vi) above) or the Holders of a majority in principal amount of all Outstanding Debt Securities (with respect to any other remedy, trust or power), as the case may be, shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee under the Trust Indenture, or exercising any trust or power conferred on the Trustee. (Section 513)

The Holders of not less than a majority in principal amount of the Outstanding Debt Securities of any series may on behalf of the Holders of all the Debt Securities of such series waive any past default described in clause (i), (ii), (iii), (iv) or (vi) above (or, in the case of a default described in clause (v) above, the Holders of not less than a majority in principal amount of all Outstanding Debt Securities may waive any such past default) and its consequences, except a default (a) in the payment of the principal of (or premium, if any) or any interest on any Debt Security, or (b) in respect of a covenant or provision that cannot be modified or amended without the consent of the Holder of each Outstanding Debt Security of such series affected thereby. (Section 514)

Modification and Waiver

We and the Trustee may modify and amend the Trust Indenture with the consent of the Holders of not less than a majority in principal amount of all Outstanding Debt Securities that are affected by such modification or amendment; provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Debt Security affected thereby, among other things:

- change the Stated Maturity of, the principal of (or premium, if any), or any installment of interest on any such Debt Security;
- reduce the principal amount or the rate of interest on or any premium payable on any such Debt Security;
- change our obligations to pay Additional Amounts provided for pursuant to Section 1005 of the Trust Indenture, with certain exceptions;
- reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof or the amount thereof provable in bankruptcy;
- adversely affect any right of repayment at the option of the Holder of any such Debt Security;
- change the Place of Payment where, or the Currency in which, any such Debt Security or any premium or interest thereon is payable, or impair the right to institute a suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption or repayment at the option of the Holder, on or after the Redemption Date or Repayment Date);
- adversely affect any right to convert or exchange any such Debt Security provided pursuant to Section 301 of the Trust Indenture;
- reduce the above-stated percentage of Holders of such Outstanding Debt Securities necessary to modify or amend the Trust Indenture or to consent to any waiver thereunder (including a waiver of certain defaults); or
- modify the foregoing requirements with certain exceptions. (Section 902)

The Holders of a majority in principal amount of Outstanding Debt Securities affected thereby have the right to waive our compliance with certain covenants. (Section 1006)

We and the Trustee may modify and amend the Trust Indenture without the consent of any Holder, for any of the following purposes:

- to evidence the succession of another Person to our company as obligor under the Trust Indenture;
- to add to our covenants for the benefit of the Holders of all or any series of Debt Securities;
- to add any additional Events of Default for the benefit of the Holders of all or any series of Debt Securities;
- to add to or change any of the provisions of the Trust Indenture to provide that Bearer Securities may be registrable as to principal, to change or eliminate any restrictions on the payment of principal of or any premium or interest on Bearer Securities, to permit Bearer Securities to be issued in exchange for Registered Securities of other authorized denominations or to permit or facilitate the issuance of Debt Securities in uncertificated form, provided that any such action does not adversely affect the interests of the Holders of Debt Securities of any series in any material respect;
- to add, change or eliminate any provisions of the Trust Indenture, provided that any such addition, change or elimination shall become effective only when there are no Debt Securities Outstanding of any series created prior thereto which are entitled to the benefit of such provision or any such addition, change or elimination shall not apply to any Outstanding Debt Security;
- to establish the form or terms of Debt Securities of any series;
- to provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trusts under the Trust Indenture by more than one Trustee;
- to cure any ambiguity, defect or inconsistency in the Trust Indenture;

- to add to the conditions, limitations and restrictions on the authorized amount, form, terms or purposes of issue, authentication and delivery of Debt Securities, as set forth in the Trust Indenture, provided such action does not adversely affect the interests of Holders of Debt Securities of any series in any material respect;
- to supplement any of the provisions of the Trust Indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of Debt Securities provided such action does not adversely affect the interests of the Holders of Debt Securities of any series in any material respect;
- to make any other changes in the provisions of this Trust Indenture which we and the Trustee may deem necessary or desirable, provided such amendment does not adversely affect the interests of the Holders of Debt Securities of any series in any material respect;
- to add any Security Interests or guarantors in respect of any series of Debt Securities; or
- to comply with Trust Indenture Legislation, provided such action does not adversely affect the interests of the Holders of Debt Securities of any series in any material respect. (Section 901)

The Trust Indenture provides that in determining whether the Holders of the requisite principal amount of Debt Securities of a series then Outstanding have given any request, demand, authorization, direction, notice, consent or waiver thereunder:

- the principal amount of an Original Issue Discount Security that shall be deemed to be Outstanding shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the maturity thereof;
- the principal amount of a Debt Security denominated in a Currency or Currencies other than U.S. dollars shall be the U.S. dollar equivalent, determined as of the date such Debt Securities were originally issued by us, of the principal amount (or, in the case of an Original Issue Discount Security, the U.S. dollar equivalent on the issue date of such Original Issue Discount Security of the amount determined as provided in the first bullet above); and
- Debt Securities owned by us or any other obligor or affiliate of ours or such other obligor shall be disregarded and not deemed to be Outstanding. (Section 101)

Merger, Consolidation or Amalgamation

The Trust Indenture provides that we may not amalgamate or consolidate with or merge into any other Person or convey, transfer, sell or lease our properties and assets substantially as an entirety to any Person, unless:

- the Person formed by such consolidation or amalgamation or into which we are merged or the Person which acquires or leases our properties and assets substantially as an entirety is organized or existing under the laws of any jurisdiction of Canada, the United States, United Kingdom or other country that is in the European Community jurisdiction and expressly assumes our obligations under the Debt Securities and the Trust Indenture; and
- certain other conditions are met. (Section 801)

Discharge, Defeasance and Covenant Defeasance

We may discharge certain obligations to Holders of any series of Debt Securities issued under the Trust Indenture which have not already been delivered to the Trustee for cancellation and which have either become due and payable or are by their terms due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the Trustee trust funds in an amount sufficient to pay the entire indebtedness on such Debt Securities for principal (and premium, if any) and interest to the date of such deposit (if such Debt Securities have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be. (Section 401)

We may, at our option and at any time, elect to have our obligations discharged with respect to the Outstanding Debt Securities of or within any series (“**defeasance**”). Defeasance means that we shall be deemed to have paid and discharged the entire indebtedness represented by such Outstanding Debt Securities and to have satisfied our other obligations under the Trust Indenture with respect to such Debt Securities, except for:

- the rights of Holders of such Outstanding Debt Securities to receive solely from the trust fund described below payments in respect of the principal of (and premium, if any) and interest on such Debt Securities when such payments are due;
- our obligations with respect to such Debt Securities relating to the issuance of temporary securities, the registration, transfer and exchange of the Debt Securities, the replacement of mutilated, destroyed, lost or stolen Debt Securities, the maintenance of an office or agency in the applicable Place of Payment, the holding of money for security payments in trust and with respect to the payment of Additional Amounts, if any, pursuant to Section 301 of the Trust Indenture;
- the rights, powers, trusts, duties and immunities of the Trustee; and
- the defeasance provisions of the Trust Indenture.

We may, at our option and at any time, elect to be released from our obligations with respect to certain covenants that are described in the Trust Indenture (including those described under “- Merger, Consolidation or Amalgamation” above) (“**covenant defeasance**”) and any omission to comply with such obligations thereafter shall not constitute a default or an Event of Default with respect to such Debt Securities. (Sections 1401, 1402 and 1403)

In order to exercise either defeasance or covenant defeasance:

- we must irrevocably deposit with the Trustee (or other qualifying trustee), in trust, for the benefit of the Holders of such Debt Securities, cash, Government Obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of (and premium, if any) and interest on such Outstanding Debt Securities, and any mandatory sinking fund or analogous payments thereon, on the scheduled due dates therefor in the Currency in which such Debt Securities are then specified as payable at Stated Maturity;
- in the case of defeasance, we shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in the United States stating that (x) we have received from, or there has been published by, the Internal Revenue Service a ruling or (y) since the date of the Trust Indenture, there has been a change in the applicable United States federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of such Debt Securities will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred;
- in the case of covenant defeasance, we shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in the United States to the effect that the Holders of such Debt Securities will not recognize income, gain or loss for United States federal income tax purposes as a result of such covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;
- in the case of defeasance or covenant defeasance, we shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in Canada or a ruling from the Canada Revenue Agency to the effect that Holders of such Outstanding Securities will not recognize income, gain or loss for Canadian federal or provincial income tax or other tax purposes as a result of such defeasance or covenant defeasance, as applicable, and will be subject to Canadian federal or provincial income tax and other tax including withholding tax, if any, on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred; and
- we have delivered to the Trustee an Opinion of Counsel to the effect that the deposit referenced in the first bullet above will not cause the Trustee or the trust so created to be subject to the U.S. Investment Company Act of 1940, as amended and that we are not an “insolvent person” within the meaning of the *Bankruptcy and Insolvency Act* (Canada) on the date of the deposit referred to

in the first bullet above or at any time during the period ending on the 91st day after the date of such deposit. (Section 1404)

If, after we have deposited funds and/or Government Obligations to effect defeasance or covenant defeasance with respect to any Debt Securities:

- the Holder of any such Debt Security is entitled to, and does, elect pursuant to the terms of such Debt Security to receive payment in a Currency other than that in which such deposit has been made in respect of such Debt Security, or
- the Currency in which such deposit has been made in respect of any such Debt Security ceases to be used by its government of issuance, the indebtedness represented by such Debt Security shall be deemed to have been, and will be, fully discharged and satisfied through the payment of the principal of (and premium, if any) and interest, if any, on such Debt Security as they become due out of the proceeds yielded by converting the amount so deposited in respect of such Debt Security into the Currency in which such Debt Security becomes payable as a result of such election or such cessation of usage based on the applicable Market Exchange Rate. (Section 1405)

All payments of principal of (and premium, if any), and interest, if any, on any Debt Security that is payable in a Currency other than U.S. dollars that ceases to be used by its government of issuance shall be made in U.S. dollars. (Section 312)

Payment of Principal and Interest and Paying Agents

Unless otherwise specified in Section 301 of the Trust Indenture, principal (premium, if any) and interest, if any, on Debt Securities will be payable at an office or agency maintained by us in New York, New York, except that at our option, interest, if any, may be paid by:

- check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register; or
- wire transfer to an account located in the United States or Canada maintained by the person entitled thereto as specified in the Security Register. (Sections 307, 1001 and 1002)

Payment of any installment of interest on Debt Securities will be made to the Person in whose name such Debt Security is registered at the close of business on the Regular Record Date for such interest. (Section 307)

Any Paying Agent outside the United States and any other Paying Agent in the United States initially designated by us for the Debt Securities may be established for each series of Debt Securities. We may at any time designate additional Paying Agents or rescind the designation of any Paying Agent or approve a change in the office through which any Paying Agent acts, except that we will be required to maintain a Paying Agent in each Place of Payment for such series. (Section 1002)

Resignation of Trustee

The Trustee may resign or be removed with respect to one or more series of Debt Securities and a successor Trustee may be appointed to act with respect to such series. (Section 608) In the event that two or more persons are acting as Trustee with respect to different series of Debt Securities, each such Trustee shall be a Trustee of a trust under the Trust Indenture separate and apart from the trust administered by any other such Trustee (Section 609), and any action described herein to be taken by the "Trustee" may then be taken by each such Trustee with respect to, and only with respect to, the one or more series of Debt Securities for which it is Trustee.

Book-Entry Debt Securities

The Debt Securities of a series may be issued in whole or in part in the form of one or more Global Securities that will be deposited with, or on behalf of, a depository for a series of Debt Securities. Global Securities may be issued in either temporary or permanent form. Unless otherwise provided for a series of Debt Securities, Debt Securities that are represented by a Global Security will be issued in denominations of \$1,000 and any integral multiple thereof or in such other denominations as may be provided for by the terms of the Debt Securities of any particular series, and will be issued in registered form only, without coupons. Payments of principal of (premium, if any) and interest on Debt Securities represented by a Global Security will be made by the Trustee to the depository or its nominee.

Governing Law

The Trust Indenture and the Debt Securities will be governed by, and construed in accordance with, the laws of the State of New York. The Trust Indenture is subject to the provisions of the Trust Indenture Legislation and shall, to the extent applicable, be governed by such provisions. (Section 111)

Consent to Jurisdiction and Service

The Trust Indenture, as currently amended and supplemented, provides that we have designated Corporation Service Company, as its authorized agent for service of process in any suit, action or proceeding arising out of or relating to the Trust Indenture and the Debt Securities that may be instituted in any federal or state court located in the Borough of Manhattan, in The City of New York, or brought under United States federal or state securities laws or brought by the Trustee, and have irrevocably submitted to the non-exclusive jurisdiction of such courts. (Section 113)

Definitions

Set forth below is a summary of certain of the defined terms used in the Trust Indenture. Reference is made to the Trust Indenture for the full definition of all such terms, as well as any other terms used herein for which no definition is provided. (Section 101)

“*Business Day*”, when used with respect to any Place of Payment or any other location referred to in the Trust Indenture, expressly or impliedly, which shall include Toronto, Ontario and New York, New York, hereunder, or in the Debt Securities, means, unless otherwise specified with respect to any Debt Securities pursuant to Section 301, each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that Place of Payment or other such location are authorized or obligated by law or executive order to close.

“*GAAP*” means generally accepted accounting principles which are in effect from time to time in Canada which, as of the date hereof, includes IFRS.

“*Trust Indenture Act*” or “*TIA*” means the Trust Indenture Act of 1939, as amended as in force at the date as of which the Trust Indenture was executed, except as provided in Section 905 of the Trust Indenture.

“*Trust Indenture Legislation*” means, at any time, statutory provisions relating to trust indentures and the rights, duties, and obligations of trustees under the trust indentures and of corporations issuing debt obligations under trust indentures to the extent that such provisions are at such time in force and applicable to the Trust Indenture, and at the date of a Trust Indenture means (i) in respect of Debt Securities offered solely in Canada and not concurrently in the United States, the applicable provisions of the *Canada Business Corporations Act* and the regulations thereunder as amended or re-enacted from time to time, and (ii) in respect of Debt Securities offered solely in the United States and not concurrently in Canada or offered concurrently in the United States and Canada, the Trust Indenture Act and regulations thereunder.

PLAN OF DISTRIBUTION

We may sell Securities to or through underwriters or dealers and also may sell Securities directly to one or more purchasers or through agents.

The distribution of Securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at prices to be negotiated with purchasers, which prices may vary as between purchasers and during the period of distribution of the Securities.

In connection with the sale of Securities, underwriters may receive compensation from us or from purchasers of Securities for whom they may act as agents in the form of concessions or commissions. Underwriters, dealers and agents that participate in the distribution of Securities may be deemed to be underwriters and any commissions received by them from us and any profit on the resale of Securities by them may be deemed to be underwriting commissions under the United States Securities Act of 1933, as amended (the “**Securities Act**”). Any such person that may be deemed to be an underwriter with respect to Securities of any series will be identified in the prospectus supplement relating to such Securities.

Each prospectus supplement will also set forth the terms of the offering of the Securities being offered thereby, including, to the extent applicable, the names of any underwriters or agents, the purchase price or prices of the offered Securities, the initial offering price, our proceeds from the sale of the offered Securities, any underwriting discounts and other items constituting underwriters' compensation and any discounts or concessions allowed or reallocated or paid to dealers.

If underwriters are used in the sale, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase such Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all of the Securities offered by the prospectus supplement if any of such Securities are purchased. Any public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

If so indicated in the applicable prospectus supplement, we may authorize dealers or other persons acting as our agents to solicit offers by certain institutions to purchase the offered Securities directly from us pursuant to contracts providing for payment and delivery on a future date. These contracts will be subject only to the conditions set forth in the applicable prospectus supplement which will also set forth the commission payable for solicitation of these contracts.

Under agreements which may be entered into by us, underwriters, dealers and agents who participate in the distribution of Securities may be entitled to indemnification by us against certain liabilities, including liabilities under the Securities Act and Canadian provincial securities legislation, or to contribution with respect to payments which those underwriters, dealers or agents may be required to make in respect thereof. Those underwriters, dealers and agents may be customers of, engage in transactions with or perform services for us or our subsidiaries in the ordinary course of business.

Each series of the Debt Securities and Preference Shares will be a new issue of securities with no established trading market. Unless otherwise specified in a prospectus supplement relating to a series of Debt Securities or Preference Shares, the Debt Securities and Preference Shares will not be listed on any securities or stock exchange or on any automated dealer quotation system. Certain broker-dealers may make a market in Debt Securities and Preference Shares but will not be obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given that any broker-dealer will make a market in the Debt Securities or Preference Shares of any series or as to the liquidity of the trading market, if any, for the Debt Securities and Preference Shares of any series.

In connection with any underwritten offering of Securities, the underwriters, dealers or agents may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at levels other than those which might otherwise prevail in the open market. Such transactions may be commenced, interrupted or discontinued at any time.

RISK FACTORS

An investment in Securities is subject to a number of risks. Before deciding whether to invest in Securities, investors should consider carefully the risks relating to us as described below and in the information incorporated by reference in this prospectus (including subsequently filed documents incorporated by reference) and, if applicable, those described in a prospectus supplement for a specific offering of Securities. Specific reference is made to the section "Business of Brookfield Properties – Company and Real Estate Industry Risks" of our annual information form and to the section "Risks and Uncertainties" of our management's discussion and analysis of our financial condition and results of operations for the three and nine months ended September 30, 2011, both of which are incorporated by reference in this prospectus, and to the risks described in the annual information forms and management's discussion and analysis of our financial condition and results of operations subsequently filed by us. If any of the events or developments discussed in these risks factors actually occur, our business, financial condition or results of operations or the value of the Securities could be adversely affected.

CERTAIN INCOME TAX CONSIDERATIONS

The applicable prospectus supplement may describe certain Canadian and U.S. federal income tax consequences generally applicable to investors described therein of purchasing, holding and disposing of Securities.

LEGAL MATTERS

Unless otherwise specified in a prospectus supplement, certain matters of Canadian and United States law relating to the validity of the Securities will be passed upon for us by Torys LLP in Toronto, Ontario, and New York, New York. As of January 3, 2012, the partners and associates of Torys LLP, as a group, beneficially own, directly or indirectly, less than one percent of our outstanding securities or outstanding securities of any of our associates or affiliates.

DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT

The following documents have been filed with the Commission as part of the registration statement of which this prospectus forms a part: (i) the documents listed in the first paragraph under “Documents Incorporated by Reference”; (ii) the consent of Deloitte & Touche LLP, Independent Registered Chartered Accountants; (iii) the consent of our counsel, Torys LLP; (iv) powers of attorney from our directors and officers; and (v) the statement of eligibility and qualification of the Trustee on Form T-1.

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated under and governed by the *Canada Business Corporations Act*. Some of our officers and directors, as well as certain of the experts named in this prospectus and the documents incorporated by reference, are residents of Canada and some of our assets and the assets of those officers, directors and experts are located outside of the United States. As a result, it may be difficult for holders of Securities to effect service within the United States upon our directors and officers and the experts named in this prospectus and any documents incorporated by reference who are not residents of the United States or to enforce against them in the United States judgments of courts of the United States predicated upon civil liability under United States federal securities laws. We believe that a monetary judgment of a United States court predicated solely upon civil liability under United States federal securities laws would likely be enforceable in Canada if the United States court in which the judgment was obtained has a basis for jurisdiction in the matter that was recognized by a Canadian court for such purpose. It cannot be assured that this will be the case. It is less certain that an action could be brought in Canada in the first instance on the basis of liability predicated solely upon such laws.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor. Rights and remedies may be available to purchasers under U.S. law; purchasers may wish to consult with a U.S. lawyer for particulars of these rights.

CONSENT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

We have read the short form base shelf prospectus (the “**Prospectus**”) of Brookfield Office Properties Inc., formerly Brookfield Properties Corporation, (the “**Corporation**”) dated January 3, 2012 qualifying the offer and issue of up to US\$1,000,000,000 of Class AAA preference shares, common shares, and unsecured debt securities of the Corporation. 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 Prospectus of our report to the board of directors and shareholders of the Corporation relating to the consolidated balance sheets of the Corporation as at December 31, 2010, December 31, 2009 and January 1, 2009, and the related consolidated statements of income, comprehensive income, changes in equity and cashflow for the years ended December 31, 2010 and December 31, 2009. Our report is dated March 7, 2011.

(Signed) Deloitte & Touche LLP
Independent Registered Chartered Accountants
Licensed Public Accountants
Toronto, Ontario
January 3, 2012

CERTIFICATE OF THE ISSUER

Date: January 3, 2012

This short form base shelf prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of all of the provinces of Canada.

(Signed) RICHARD B. CLARK
Chief Executive Officer

(Signed) BRYAN K. DAVIS
Senior Vice President and
Chief Financial Officer

On behalf of the Board of Directors

(Signed) J. BRUCE FLATT
Director

(Signed) ALLAN S. OLSON
Director