

SHORT FORM PROSPECTUS

New Issue

October 9, 2003



**BROOKFIELD PROPERTIES CORPORATION**

**\$200,000,000**

**8,000,000 Class AAA Preference Shares, Series H**

This short form prospectus qualifies the distribution (the "Offering") of 8,000,000 Class AAA Preference Shares, Series H (the "Series H Preference Shares") of Brookfield Properties Corporation (the "Corporation").

The holders of the Series H Preference Shares will be entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the board of directors of the Corporation in an amount equal to \$1.4375 per share per annum, to accrue from the date of original issue, payable quarterly on the last day of March, June, September and December of each year. Assuming an issue date of October 15, 2003, the first dividend will be payable as of December 31, 2003 in the amount of \$0.30325 per Series H Preference Share. The Series H Preference Shares rank junior to the Class A preference shares and the Class AA preference shares of the Corporation, senior to the common shares of the Corporation ("Common Shares") and pari passu with each other series of Class AAA preference shares of the Corporation with respect to priority in the payment of dividends and the distribution of assets on the dissolution, liquidation or winding up of the Corporation.

On and after December 31, 2011, the Corporation may, at its option: (i) upon not less than 30 days and not more than 60 days prior written notice, redeem for cash the Series H Preference Shares, in whole at any time or in part from time to time, at \$26.00 per share if redeemed before December 31, 2012, at \$25.67 per share if redeemed on or after December 31, 2012, but before December 31, 2013, at \$25.33 per share if redeemed on or after December 31, 2013, but before December 31, 2014, and at \$25.00 per share if redeemed thereafter, plus, in each case, all accrued and unpaid dividends up to but excluding the date fixed for redemption; or (ii) upon not less than 30 days and not more than 60 days prior notice, subject, if required, to stock exchange approvals, convert the outstanding Series H Preference Shares into freely tradeable Common Shares. The number of Common Shares into which each Series H Preference Share may be so converted will be determined by dividing the then applicable redemption price per Series H Preference Share, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion, by the greater of \$2.00 and 95% of the then Current Market Price (as defined herein) of the Common Shares at such time. See "Details of the Offering".

On and after December 31, 2015, upon at least 30 days notice, each Series H Preference Share will be convertible at the option of the holder on the last day of each of March, June, September and December in each year into that number of freely tradeable Common Shares determined by dividing \$25.00, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion, by the greater of \$2.00 and 95% of the then Current Market Price (as defined herein) of the Common Shares. If a holder of Series H Preference Shares elects to convert any of such shares into Common Shares, the Corporation may, on not less than 20 days notice prior to the conversion date, elect to redeem such Series H Preference Shares for cash or arrange for the sale of those shares to substitute purchasers. See "Details of the Offering".

The Toronto Stock Exchange (the "TSX") has conditionally approved the listing of the Series H Preference Shares. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSX on or before December 29, 2003, including the distribution of at least 80,000 Series H Preference Shares.

Investing in the Series H Preference Shares involves risks, certain of which are described under the heading "Challenges and Risks" on pages 15 through 18 of the annual information form of the Corporation and under the heading "Real Estate Industry and Risks" on pages 32 through 35 of management's discussion and analysis for the year ended December 31, 2002 contained in the Corporation's annual report.

**Price \$25.00 per Series H Preference Share**

	Price to the Public <sup>(1)</sup>	Underwriters' Fee <sup>(2)</sup>	Net Proceeds to the Corporation <sup>(1)(3)</sup>
Per Series H Preference Share	\$25.00	\$0.75	\$24.25
Total	\$200,000,000	\$6,000,000	\$194,000,000

(1) The Underwriters have exercised an option (the "Underwriters' Option") to purchase 2,000,000 Series H Preference Shares on the same terms per Series H Preference Share as set forth above. These 2,000,000 Series H Preference Shares are included in the 8,000,000 Series H Preference Shares and the aggregate issue amount of \$200,000,000 referred to in this prospectus. See "Plan of Distribution".

(2) The Underwriters' fee for the Series H Preference Shares is \$0.25 for each such share sold to institutions and \$0.75 per share for all other Series H Preference Shares purchased by the Underwriters. The Underwriters' fee indicated in the table assumes that no Series H Preference Shares are sold to institutions.

(3) Before deducting the aggregate expenses of the Offering, estimated to be \$300,000, which, together with the Underwriters' fee, will be paid for by the Corporation.

In connection with this distribution, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series H Preference Shares at levels other than those which otherwise might prevail on the open market. See "Plan of Distribution".

Scotia Capital Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., HSBC Securities (Canada) Inc., Desjardins Securities Inc., Research Capital Corporation, Trilon Securities Corporation ("Trilon Securities") and Westwind Partners Inc. are acting as underwriters (the "Underwriters") of this Offering.

Brascan Corporation ("Brascan") is an influential securityholder of each of the Corporation and Trilon Securities. In addition, the Corporation also has outstanding indebtedness owing to Brascan. Accordingly, the Corporation is a "related issuer", and may be considered to be a "connected issuer", of Trilon Securities within the meaning of applicable Canadian securities legislation. See "Plan of Distribution".

The Underwriters, as principals, conditionally offer the Series H Preference Shares, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Corporation by Torsy LLP and on behalf of the Underwriters by Goodman and Carr LLP.

Subscriptions for the Series H Preference Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of this Offering will take place on October 15, 2003 or on such other date as the Corporation and the Underwriters may agree, but not later than November 20, 2003. A book entry only certificate representing the Series H Preference Shares distributed hereunder will be issued in registered form only to The Canadian Depository for Securities Limited ("CDS") or its nominee and will be deposited with CDS on the closing of this distribution. The Corporation understands that a purchaser of Series H Preference Shares will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Series H Preference Shares are purchased.

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### ELIGIBILITY FOR INVESTMENT

At the date of closing, the purchase of the Series H Preference Shares offered by this short form prospectus will not be prohibited, subject to general investment provisions and, in certain cases, subject to prudent investment requirements and additional requirements relating to investment or lending policies or goals, under or by the following statutes:

*Insurance Companies Act* (Canada)  
*Trust and Loan Companies Act* (Canada)  
*Pension Benefits Standards Act, 1985* (Canada)  
*Financial Institutions Act* (British Columbia)  
*Pension Benefits Standards Act* (British Columbia)  
*Alberta Heritage Savings Trust Fund Act* (Alberta)  
*Employment Pension Plans Act* (Alberta)  
*Insurance Act* (Alberta)  
*Loan and Trust Corporations Act* (Alberta)  
*Insurance Act* (Manitoba)  
*The Pension Benefits Act* (Manitoba)

*The Pension Benefits Act, 1992* (Saskatchewan)  
*Loan and Trust Corporations Act* (Ontario)  
*Pension Benefits Act* (Ontario)  
*an Act respecting insurance* (Québec) (in respect of insurers other than a guarantee fund)  
*an Act respecting trust companies and savings companies* (Québec) (for a trust company investing its own funds and deposits it receives and a savings company investing its own funds)  
*Supplemental Pension Plans Act* (Québec)

In addition, the Series H Preference Shares will be qualified investments under the *Income Tax Act* (Canada) for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan or a deferred profit sharing plan. The Series H Preference Shares do not constitute foreign property for plans and other persons subject to tax under Part XI of the *Income Tax Act* (Canada).

## EXCHANGE RATES

All dollar amounts set forth in this prospectus are expressed in Canadian dollars and “\$” shall mean Canadian dollars, except where otherwise indicated. The following table sets forth: (i) the rates of exchange for the Canadian dollar, expressed in Canadian dollars per United States dollar in effect at the end of the periods indicated, (ii) the average noon exchange rates for such periods, and (iii) the high and low exchange rates during such periods, based on the rates quoted by the Bank of Canada.

<u>Canadian Dollar per US Dollar</u>	<u>Year Ended December 31,</u>		
	<u>2002</u>	<u>2001</u>	<u>2000</u>
Period End . . . . .	1.5776	1.5928	1.4995
Average . . . . .	1.5704	1.5484	1.4852
High . . . . .	1.6184	1.6052	1.5632
Low . . . . .	1.5028	1.4901	1.4318

During the period from January 1, 2003, to October 8, 2003, the average noon, high and low exchange rates for the period based on the rates as quoted by the Bank of Canada were Cdn\$1.4267, Cdn\$1.5777 and Cdn\$1.3272, respectively.

On October 8, 2003 the closing rate of exchange based on the rate as quoted by the Bank of Canada was Cdn\$1.3336 for each US\$1.00 (Cdn\$1.00 = US\$0.7499).

## FORWARD-LOOKING STATEMENTS

This short form prospectus including the documents incorporated by reference contain forward-looking statements related to expected future events and financial results and operating results of Brookfield that involve risks and uncertainties. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including market and general economic conditions and the risks and uncertainties relating to the real estate industry discussed on pages 15 through 18 of the annual information form of the Corporation and on pages 32 through 35 of management’s discussion and analysis for the year ended December 31, 2002 contained in the Corporation’s annual report.

## SUMMARY OF THE OFFERING

*This summary is qualified by the more detailed information appearing elsewhere in this short form prospectus. Unless otherwise noted or the context otherwise indicates, the term "Corporation" refers to Brookfield Properties Corporation and the term "Brookfield" refers to Brookfield Properties Corporation and its direct and indirect subsidiaries.*

<b>Issue:</b>	8,000,000 Class AAA Preference Shares, Series H.
<b>Amount:</b>	\$200,000,000.
<b>Price:</b>	\$25.00 per Series H Preference Share.
<b>Dividends:</b>	The holders of the Series H Preference Shares will be entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the board of directors of the Corporation, in an amount equal to \$1.4375 per share per annum, payable quarterly on the last day of March, June, September and December of each year. Assuming an issue date of October 15, 2003, the first such dividend will be payable on December 31, 2003 in the amount of \$0.30325 per share.
<b>Redemption:</b>	The Series H Preference Shares are not redeemable before December 31, 2011. On and after that date, the Series H Preference Shares are redeemable by the Corporation on at least 30 and not more than 60 days prior notice, at \$26.00 per share if redeemed before December 31, 2012, at \$25.67 per share if redeemed on or after December 31, 2012 but before December 31, 2013, at \$25.33 per share if redeemed on or after December 31, 2013 but before December 31, 2014, and at \$25.00 per share thereafter, plus, in each case, all accrued and unpaid dividends up to but excluding the date fixed for redemption.
<b>Purchase for Cancellation:</b>	The Corporation will be entitled to purchase Series H Preference Shares for cancellation at the lowest price or prices at which, in the opinion of the board of directors of the Corporation, such shares are obtainable.
<b>Conversion by the Corporation:</b>	On and after December 31, 2011, the Series H Preference Shares are convertible at the option of the Corporation on at least 30 days and not more than 60 days prior notice into that number of freely tradeable Common Shares determined by dividing the then applicable redemption price per share, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion, by the greater of \$2.00 and 95% of the weighted average trading price of the Common Shares on the TSX for a period of 20 consecutive trading days ending on the fourth day prior to the date specified for conversion, or, if that fourth day is not a trading day, on the immediately preceding trading day (the "Current Market Price").
<b>Conversion by the Holder:</b>	On and after December 31, 2015, the Series H Preference Shares are convertible at the option of the holder on at least 30 days notice on the last day of March, June, September and December of each year into that number of freely tradeable Common Shares determined by dividing \$25.00, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion, by the greater of \$2.00 and 95% of the then Current Market Price. If a holder of Series H Preference Shares elects to convert any of such shares into Common Shares, the Corporation may, on not less than 20 days' notice prior to the conversion date, elect to redeem such Series H Preference Shares for cash or arrange for the sale of those shares to substitute purchasers.

<b>Priority:</b>	The Series H Preference Shares will rank junior to the Class A preference shares and the Class AA preference shares of the Corporation, senior to the Common Shares and pari passu with each other series of Class AAA preference shares of the Corporation with respect to priority in the payment of dividends and the distribution of assets on the dissolution, liquidation or winding up of the Corporation.
<b>Voting Rights:</b>	The Series H Preference Shares are non-voting unless the Corporation fails to pay eight quarterly dividends on the Series H Preference Shares, whether or not consecutive, in which case, for only so long as any such dividends remain in arrears, the holders of the Series H Preference Shares will be entitled to receive notice of and to attend all shareholders' meetings, other than meetings at which only holders of another specified class or series are entitled to vote, and to one vote for each Series H Preference Shares held.
<b>Ratings:</b>	Dominion Bond Rating Service Limited: Pfd-3 (high) Standard & Poor's Ratings Service: P-3 (high)
<b>Tax on Preference: Share Dividends:</b>	The Corporation will elect, in the manner and within the time provided under subsection 191.2(1) of the <i>Income Tax Act</i> (Canada) (the "Tax Act"), to pay or cause payment of the tax under Part VI.1 of the Tax Act at a rate such that the corporate holders of Series H Preference Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received on such shares. See "Details of the Offering" and "Canadian Federal Income Tax Considerations".
<b>Earnings Coverage:</b>	Earnings coverage information is provided in this prospectus under the heading "Earnings Coverage Ratio".

#### **Book Entry Only System**

Registration of interests in and transfers of the Series H Preference Shares will be made only through the book entry only system of CDS. Series H Preference Shares must be purchased, transferred and surrendered for conversion or redemption through a participant in the CDS book entry only system. Beneficial owners of Series H Preference Shares will not have the right to receive physical certificates evidencing their ownership of such shares.

## THE CORPORATION

Brookfield owns, develops and manages premier North American office properties. The Brookfield portfolio comprises 50 commercial properties and development sites totaling 46 million square feet, including landmark properties such as the World Financial Center in New York and BCE Place in Toronto. Brookfield also manages in total over 130 million square feet of space including its own properties. Brookfield is committed to building shareholder value by investing in quality assets and intensively managing each of its operations to increase cash flows and maximize return on capital.

Brookfield owns its assets directly and indirectly through partnerships and equity investments, including: (i) a 100% common share interest in Brookfield Properties Ltd. (formerly Brookfield Commercial Properties Ltd.), an Ontario commercial property investment company, which primarily owns large Class A office properties located in central business districts in Toronto, Denver and Minneapolis; (ii) a 99.1% interest in Brookfield Financial Properties, L.P. (“Brookfield Financial Properties”), a New York-based Delaware limited partnership which owns large Class A office properties, primarily in Lower and Midtown Manhattan and Boston; and (iii) an 89% equity (representing 54.9% of the voting securities and 100% of the non-voting securities) interest in BPO Properties Ltd. (formerly Gentra Inc.), a Canadian public commercial real estate company that owns predominantly office properties in Canada.

The Corporation was formed under the *Canada Business Corporations Act* on September 5, 1978 to continue the business of Canadian Arena Corporation which was incorporated in 1923 under the *Quebec Companies Act, 1920*. The articles of the Corporation have been amended from time to time to change its capital structure and, in March 1989, to change its name from Carena Bancorp Inc. to Carena Developments Limited. On May 7, 1996, the articles of the Corporation were amended to change its name to Brookfield Properties Corporation. The articles of the Corporation were restated on September 5, 2002. The Corporation’s registered and head office is Suite 330, BCE Place, 181 Bay Street, Toronto, Ontario M5J 2T3.

Unless otherwise noted or the context otherwise indicates, references to the “Corporation” are to Brookfield Properties Corporation and references to “Brookfield” are to Brookfield Properties Corporation and its direct and indirect subsidiaries.

## RECENT DEVELOPMENTS

The Corporation recently completed the sale of a 49% interest in 245 Park Avenue, New York, New York to the New York State Teachers’ Retirement Program for approximately US\$438 million, including US\$195 million in cash and the assumption by the purchaser of US\$243 million in property-level debt. The Corporation retained a 51% interest in the property and will continue to manage and lease the property.

On September 12, 2003, the Corporation announced that the TSX accepted a notice filed by the Corporation of its intention to renew its previously-announced normal course issuer bid for a further one-year period, commencing September 15, 2003 and ending September 14, 2004.

## EARNINGS COVERAGE RATIO

Brookfield’s dividend requirements on all of its preference shares (other than the Class AAA Preference Shares, Series E<sup>(1)</sup>), after giving effect to the issue of the Series H Preference Shares, and adjusted to a before-tax equivalent using an effective income tax rate of 24% and 23%, amounted to US\$36 million and US\$35 million for the 12 months ended June 30, 2003 and December 31, 2002, respectively. Brookfield’s interest requirements for the 12 months ended June 30, 2003 and December 31, 2002, respectively, amounted to US\$318 million and US\$312 million. Brookfield’s earnings before interest and income tax, for the 12 months ended June 30, 2003 and December 31, 2002, respectively, were US\$606 million and US\$655 million, which are 1.7 times and 1.9 times Brookfield’s aggregate dividend and interest requirements for the periods, respectively.

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(1) The Class AAA Preference Shares, Series E are accounted for by the Corporation as debt, in accordance with Canadian generally accepted accounting principles.

## RATINGS

The Series H Preference Shares are rated P-3 (high) by Standard & Poor's Rating Service ("S&P") and Pfd-3 (high) by Dominion Bond Rating Service Limited ("DBRS"). A P-3 (high) rating by S&P is the first of the three sub-categories within the third highest rating of the eight standard categories of ratings utilized by S&P for preferred shares. The DBRS rating of Pfd-3 (high) is the first of three sub-categories within the third highest rating of the five standard categories of ratings utilized by DBRS for preferred shares.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. The credit ratings accorded to the Series H Preference Shares by these rating agencies are not recommendations to purchase, hold or sell the Series H Preference Shares inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

## DESCRIPTION OF SHARE CAPITAL

*The following is a summary of the material rights, privileges, restrictions and conditions attached to the Class A preference shares, the Class AA preference shares and the Class AAA preference shares, in each case as a class, and attached to the various issued and outstanding series thereof, as well as the material rights, privileges, restrictions and conditions attached to the Common Shares. The summary is qualified in its entirety by the full text of such attributes contained in the articles of the Corporation. The Corporation will furnish, on request, a copy of the full text of the articles during the period of the Offering.*

There are currently three authorized classes of preference shares of the Corporation, as follows:

*Class A Preference Shares — 6,312,000 authorized*

- 2,050,000 Class A preference shares, Series A authorized, of which 2,050,000 are issued and outstanding; and
- 4,262,000 Class A preference shares, Series B authorized, of which 4,262,000 are issued and outstanding.

*Class AA Preference Shares — 3,600,000 authorized (formerly 6,000,000 authorized, of which 2,400,000 shares have been issued and redeemed)*

- 2,000,000 Class AA preference shares, Series E authorized, of which 2,000,000 are issued and outstanding.

*Class AAA Preference Shares — unlimited authorized*

- 12,000,000 Class AAA preference shares, Series E authorized, of which 8,000,000 are issued and outstanding;
- 8,000,000 Class AAA preference shares, Series F authorized, of which 8,000,000 are issued and outstanding; and
- 6,000,000 Class AAA preference shares, Series G authorized, of which 4,400,000 are issued and outstanding.

There are currently no authorized Class AA preference shares, Series A, B, C and D, or Class AAA preference shares, Series A, B, C and D, as all authorized preference shares of each of these series were issued and subsequently redeemed and are no longer issuable. There are an unlimited number of Common Shares authorized, of which 156,211,802 Common Shares were issued and outstanding as of October 8, 2003.

## **Class A Preference Shares**

### ***Provisions of Class A Preference Shares***

#### *Issuance in Series*

The Class A preference shares consist of two series only, Series A and Series B, and no other series may be designated. Each of the series of the Class A preference shares are subject to the Class provisions of the Class A preference shares. Pursuant to the *Canada Business Corporations Act*, each series of Class A preference shares participates rateably with every other series of Class A preference shares in respect of accumulated dividends and return of capital.

#### *Dividends*

The holders of Class A preference shares are entitled to receive, as and when declared by the directors of the Corporation, cumulative preferential dividends payable in half-yearly installments on March 15 and September 15 in each year to shareholders of record on March 1 and September 1, respectively. Accrued and unpaid dividends shall be paid in priority to dividends on any other shares of the Corporation and no dividends shall be declared or paid or set apart for any such other shares unless all accrued cumulative dividends on all Class A preference shares then issued and outstanding shall have been declared and paid or provided for at the date of such declaration or payment or setting apart.

#### *Redemption*

The Corporation may redeem all, or from time to time any part, of the outstanding Class A preference shares on payment to the holders thereof, for each share to be redeemed of an amount equal to \$2.50 per share together with all accrued and unpaid cumulative dividends thereon. Notice of redemption must be given by the Corporation at least 30 days before the date specified for redemption.

#### *Repurchase*

The Corporation may at any time and from time to time purchase the whole or any part of the Class A preference shares outstanding in the open market or by invitation for tenders to all holders of record of the Class A preference shares outstanding, in accordance with the procedures set out in the share conditions for the Class A preference shares as a class. The Corporation has undertaken to purchase or cause to be purchased (if obtainable) in the open market 40,000 Class A preference shares in each fiscal year at a price of \$2.50 per share, together with costs of purchase and all accrued and unpaid cumulative dividends.

#### *Liquidation, Dissolution and Winding Up*

In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of its assets among shareholders by way of return of capital, the holders of the Class A preference shares will be entitled to receive an amount equal to \$2.50 per share, together with all accrued and unpaid cumulative dividends in priority to any distribution to the holders of Common Shares or any shares of any other class ranking junior to the Class A preference shares, including the Class AA and Class AAA preference shares and such holders will not be entitled to share any further in the distribution of the property or assets of the Corporation.

#### *Voting*

The holders of Class A preference shares are entitled to receive notice of and to attend all shareholders' meetings and for all purposes shall be entitled to one vote for each Class A preference share held, except in respect of the election of directors, where cumulative voting will apply in the same manner as for the Common Shares.

### ***Specific Provisions of Class A Preference Shares, Series A***

#### *Dividends*

The holders of Class A preference shares, Series A are each entitled to receive fixed preferential cumulative cash dividends at the rate of 7½% per annum on the amount paid thereon.

## ***Specific Provisions of Class A Preference Shares, Series B***

### *Dividends*

The holders of Class A preference shares, Series B are each entitled to receive fixed preferential cumulative cash dividends at the rate of 7½% per annum on the amount paid thereon.

## **Class AA Preference Shares**

### ***Provisions of Class AA Preference Shares***

#### *Issuance in Series*

The Class AA preference shares may be issued at any time or from time to time in one or more series. The board of directors of the Corporation will fix the provisions attached to each series from time to time before issuance. Each of the series of the Class AA preference shares are subject to the provisions of the Class AA preference shares.

#### *Priority*

The preferences, priorities and rights attaching to the Class AA preference shares are subject and subordinate to those attaching to the Class A preference shares. The Class AA preference shares of each series rank on a parity with the Class AA preference shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs. Furthermore, pursuant to the *Canada Business Corporations Act*, each series of Class AA preference shares participates rateably with every other series of Class AA preference shares in respect of accumulated dividends and return of capital.

#### *Redemption*

Subject to the terms of the Class A preference shares and to the provisions relating to any particular series of Class AA preference shares, the Corporation may redeem outstanding Class AA preference shares, at a redemption price for each of the Class AA preference shares so redeemed as may have been fixed for that purpose in respect of each series prior to the sale and allotment of any Class AA preference shares of that series, plus an amount equal to all accrued but unpaid preferential dividends. Notice of redemption must be given by the Corporation at least 30 days before the date specified for redemption.

#### *Repurchase*

Subject to the terms of the Class A preference shares and to the provisions relating to any particular series of Class AA preference shares, the Corporation may at any time and from time to time purchase the whole or any part of the Class AA preference shares outstanding in the open market or by invitation for tenders to all holders of record of the Class AA preference shares outstanding, in accordance with the procedures set out in the share conditions for the Class AA preference shares as a class.

#### *Liquidation, Dissolution and Winding Up*

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among shareholders for the purpose of winding up its affairs, the holders of the Class AA preference shares shall, subject to the terms of the Class A preference shares, be entitled to receive the amount paid on such shares, together with all accrued and unpaid dividends in priority to any distribution to the holders of Common Shares or any shares of any other Class ranking junior to the Class AA preference shares, including the Class AAA preference shares, and such holder will not be entitled to share any further in the distribution of the property and assets of the Corporation.

### *Dividends*

The holders of Class AA preference shares are each entitled to receive, as and when declared by the directors of the Corporation, fixed cumulative preferential cash dividends.

### *Voting*

Subject to applicable corporate law, the holders of the Class AA preference shares are not entitled to receive notice of, to attend or to vote at any meeting of shareholders of the Corporation, unless and until the Corporation from time to time has failed to pay in the aggregate, eight quarterly dividends on any one series of Class AA preference shares and then only as long as such dividends remain in arrears, in which case the holders of Class AA preference shares will be entitled to receive notice of and to attend all meetings of shareholders of the Corporation and are entitled to one vote for every Class AA preference share held.

## ***Specific Provisions of the Class AA Preference Shares, Series E***

### *Dividends*

Subject to the prior rights of holders of the Class A preference shares and any other shares ranking senior to the Class AA preference shares, the holders of the Class AA preference shares, Series E (the “Class AA, Series E Shares”) are each entitled to receive, as and when declared by the directors of the Corporation, cumulative preferential cash dividends in an amount per share per annum equal to 70% of the “Average Prime Rate” (as defined in the share conditions for the Class AA, Series E Shares), payable quarterly on the last day of each of the months of March, June, September and December, as and when declared by the board of directors of the Corporation.

### *Redemption*

The Corporation may redeem at any time all, or from time to time any part, of the then outstanding Class AA, Series E Shares, on payment for each share to be redeemed of an amount equal to \$25.00 per share, together with all accrued and unpaid dividends thereon up to the date fixed for redemption. Notice of redemption must be given by the Corporation not less than 30 days and not more than 60 days before the date specified for redemption.

### *Purchase for Cancellation*

The Corporation may at any time or from time to time purchase for cancellation all or any part of the outstanding Class AA, Series E Shares in the open market or by invitation for tenders to all holders of record of the Class AA, Series E Shares in accordance with the procedures set out in the share conditions for the Class AA, Series E Shares.

### *Liquidation, Dissolution and Winding Up*

In the event of the liquidation, dissolution or winding up of the Corporation or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Class AA, Series E Shares will be entitled to receive an amount equal to \$25.00 per share, plus an amount equal to all accrued and unpaid dividends thereon up to the date of payment, before any amount can be paid or assets of the Corporation distributed to the holders of any other shares of the Corporation ranking as to capital junior to the Class AA, Series E Shares. After such payment, the holders of the Class AA, Series E Shares will not be entitled to share in any further distribution of the assets of the Corporation.

### *Voting*

Subject to applicable corporate law and the provisions attaching to the Class AA preference shares as a class, the holders of Class AA, Series E Shares are not entitled to receive notice of, to attend or to vote at, any meetings of shareholders of the Corporation.

## **Class AAA Preference Shares**

### ***Provisions of Class AAA Preference Shares***

#### *Issuance in Series*

The directors may from time to time issue Class AAA 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 Class AAA preference shares. Each of the series of the Class AAA preference shares are subject to the provisions of the Class AAA preference shares.

#### *Priority*

The Class AAA 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 liquidation, dissolution or winding up of the Corporation. The Class AAA preference shares rank senior to the Common Shares and all other shares ranking junior to the Class AAA preference shares. The Class AAA 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 Class AAA preference shares participates rateably with every other series of Class AAA preference shares in respect of accumulated dividends and return of capital.

#### *Voting*

Subject to applicable corporate law, the holders of the Class AAA 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 meeting of the shareholders of the Corporation. Notwithstanding the foregoing, votes may be granted to a series of Class AAA preference share 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 Class AAA preference shares of any matters to be approved by a separate vote of the holders of the Class AAA preference shares may be given by special resolution in accordance with the share conditions for the Class AAA preference shares.

### ***Specific Provisions of Class AAA Preference Shares, Series E***

The Class AAA Preference Shares, Series E (the “Class AAA, Series E Shares”) are accounted for by the Corporation as debt, in accordance with Canadian generally accepted accounting principles.

#### *Dividends*

The holders of the Class AAA, Series E Shares are entitled to receive, as and when declared by the directors of the Corporation, cumulative preferential cash dividends in an amount per share per annum equal to the product of \$25.00 and 70% of the “Average Prime Rate” (as defined in the share conditions for the Class AAA, Series E Shares), payable quarterly on the last day of March, June, September and December in each year.

#### *Redemption*

Subject to the terms of any shares of the Corporation ranking prior to the Class AAA, Series E Shares, the Corporation may redeem at any time all, or from time to time any part, of the then outstanding Class AAA, Series E Shares on payment for each share to be redeemed of an amount equal to \$25.00, together with an amount equal to all dividends accrued and unpaid thereon up to the redemption date. Notice of redemption must be given by the Corporation at least 30 days before the date specified for redemption.

### *Retraction*

Subject to the restrictions imposed by applicable law, the Class AAA, Series E Shares may be tendered at any time for retraction at a price equal to \$25.00 per share, together with an amount equal to all dividends accrued and unpaid thereon up to the date of retraction. Written notice of retraction must be given by the holder to the Corporation at least 10 days prior to the date specified for retraction.

### *Liquidation, Dissolution and Winding Up*

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class AAA, Series E Shares will be entitled to payment of an amount equal to \$25.00 per share, plus an amount equal to all dividends accrued and unpaid thereon up to the date of payment. After such payment, the holders of Class AAA, Series E Shares will not be entitled to share in any further distribution of the assets of the Corporation.

### *Amendment*

The provisions of the Class AAA, Series E Shares may be amended, but only with the prior approval of the holders of the Class AAA, Series E Shares by special resolution, given in accordance with the share provisions for the Class AAA, Series E Shares, in addition to any vote or authorization required by law.

### ***Specific Provisions of the Class AAA Preference Shares, Series F***

#### *Dividends*

The holders of the Class AAA Preference Shares, Series F (the “Class AAA, Series F Shares”) are each entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the board of directors of the Corporation, in an amount equal to \$1.50 per share per annum, accruing daily from the date of issue (less any tax required to be deducted and withheld by the Corporation), payable quarterly on the last day of March, June, September and December in each year.

#### *Redemption*

The Class AAA, Series F Shares are not redeemable before September 30, 2009. On or after this date, subject to the terms of any shares of the Corporation ranking prior to the Class AAA, Series F Shares, to applicable law and to the provisions described under “Specific Provisions of the Class AAA Preference Shares, Series F — Restriction on Dividends and Retirement and Issue of Shares”, the Corporation may, at its option, at any time redeem all, or from time to time any part, of the outstanding Class AAA, Series F Shares, by the payment of an amount in cash for each such share so redeemed of \$25.75 if redeemed before September 30, 2010, of \$25.50 if redeemed on or after September 30, 2010 but before September 30, 2011, of \$25.25 if redeemed on or after September 30, 2011 but before September 30, 2012, and of \$25.00 thereafter plus, in each case, all accrued and unpaid dividends (for greater certainty excluding declared dividends with a record date prior to the date fixed for redemption) up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation).

#### *Conversion at the Option of the Corporation*

The Class AAA, Series F Shares are not convertible at the option of the Corporation prior to September 30, 2009. On and after this date, the Corporation may at its option, subject to applicable law and, if required, to stock exchange approval, convert all, or from time to time any part, of the outstanding Class AAA, Series F Shares into that number of freely tradeable Common Shares determined (per Class AAA, Series F Share) by dividing the then applicable redemption price, together with all accrued and unpaid dividends (for greater certainty excluding declared dividends with a record date prior to the date fixed for conversion) up to but excluding the date fixed for conversion, by the greater of \$2.00 and 95% of the weighted average trading price of the Common Shares on the TSX (or, if the Common Shares do not trade on the TSX on the date specified for conversion, on the exchange or trading system with the highest volume of Common Shares traded during the

20 trading day period referred to below) for the 20 consecutive trading days ending on: (i) the fourth day prior to the date specified for conversion, or (ii) if such fourth day is not a trading day, the immediately preceding trading day (for the purpose of the description of the Class AAA, Series F Shares, the “Current Market Price”). Fractional Common Shares will not be issued on any conversion of Class AAA, Series F Shares, but in lieu thereof the Corporation will make cash payments.

#### *Conversion at the Option of the Holder*

Subject to applicable law and the rights of the Corporation described below, on and after March 31, 2013, each Class AAA, Series F Share will be convertible at the option of the holder on the last day of each of March, June, September and December in each year on at least 30 days notice (which notice shall be irrevocable) into that number of freely tradeable Common Shares determined by dividing \$25.00, together with all accrued and unpaid dividends (for greater certainty excluding declared dividends with a record date prior to the date fixed for conversion) up to but excluding the date fixed for conversion, by the greater of \$2.00 and 95% of the Current Market Price. Fractional Common Shares will not be issued on any conversion of Class AAA, Series F Shares, but in lieu thereof the Corporation will make cash payments.

Subject to the provisions described under “Specific Provisions of the Class AAA Preference Shares, Series F — Restrictions on Dividends and Retirement and Issue of Shares” as applicable, the Corporation may, by notice given not later than 20 days before the date fixed for conversion to all holders who have given a conversion notice, either (i) redeem on the date fixed for conversion all or any part of the Class AAA, Series F Shares forming the subject matter of the applicable conversion notice, or (ii) cause the holder of such Class AAA, Series F Shares to sell on the date fixed for conversion all or any part of such Class AAA, Series F Shares to another purchaser or purchasers in the event that a purchaser or purchasers willing to purchase all or any part of such Series F Shares is or are found. Any such redemption or purchase shall be made by the payment of an amount in cash of \$25.00 per share, together with all accrued and unpaid dividends (for greater certainty excluding declared dividends with a record date prior to the date fixed for conversion) up to but excluding the date fixed for conversion. The Class AAA, Series F Shares to be so redeemed or purchased shall not be converted on the date set forth in the conversion notice.

#### *Purchase for Cancellation*

Subject to applicable law and the provisions described under “Specific Provisions of the Class AAA Preference Shares, Series F — Restrictions on Dividends and Retirement and Issue of Shares”, the Corporation may at any time purchase for cancellation the whole or any part of the Class AAA, Series F Shares at the lowest price or prices at which in the opinion of the board of directors of the Corporation such shares are obtainable.

#### *Liquidation, Dissolution and Winding Up*

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class AAA, Series F Shares will be entitled to payment of an amount equal to \$25.00 per share, plus an amount equal to all accrued and unpaid dividends up to but excluding the date fixed for payment or distribution (less any tax required to be deducted and withheld by the Corporation), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Class AAA, Series F Shares. The holders of the Class AAA, Series F Shares will not be entitled to share in any further distribution of the assets of the Corporation.

#### *Restriction on Dividends and Retirement and Issue of Shares*

So long as any of the Class AAA, Series F Shares are outstanding, the Corporation will not, without the approval of the holders of the Class AAA, Series F Shares:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Class AAA, Series F Shares) on shares of the Corporation ranking as to dividends junior to the Class AAA, Series F Shares;

- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to return of capital and dividends junior to the Class AAA, Series F Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Corporation ranking as to capital junior to the Class AAA, Series F Shares;
- (c) redeem or call for redemption, purchase or otherwise retire for value or make any return of capital in respect of less than all of the Class AAA, Series F Shares then outstanding;
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any Class AAA Preference Shares, ranking as to the payment of dividends or return of capital on a parity with the Class AAA, Series F Shares; or
- (e) issue any additional Class AAA, Series F Shares or any shares ranking as to dividends or return of capital prior to or on a parity with the Class AAA, Series F Shares,

unless, in each such case, all accrued and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Class AAA, Series F Shares and on all other shares of the Corporation ranking prior to or on a parity with the Class AAA, Series F Shares with respect to the payment of dividends have been declared, paid or set apart for payment.

#### *Amendment*

The provisions of the Class AAA, Series F Shares may be amended, but only with the prior approval of the holders of the Class AAA, Series F Shares by special resolution, given in accordance with the share provisions for the Class AAA, Series F Shares, in addition to any vote or authorization required by law.

#### *Voting*

The holders of the Class AAA, Series F Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of Class AAA preference shares as a class and meetings of the holders of Class AAA, Series F Shares as a series) to receive notice of, attend, or vote at, any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Class AAA, Series F Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Corporation properly applicable to the payment of dividends on Class AAA, Series F Shares. In that event, and for only so long as any such dividends remain in arrears, the holders of the Class AAA, Series F Shares will be entitled to receive notice of and to attend each meeting of the Corporation's shareholders other than any meetings at which only holders of another specified class or series are entitled to vote, and to one vote for each Class AAA, Series F Share held.

#### ***Specific Provisions of the Class AAA Preference Shares, Series G***

##### *Dividends*

The holders of the Class AAA Preference Shares, Series G (the "Class AAA, Series G Shares") are each entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the board of directors of the Corporation, in an amount equal to US\$1.3125 per share per annum, accruing daily from the date of issue (less any tax required to be deducted and withheld by the Corporation), payable quarterly on the last day of March, June, September and December in each year.

### *Redemption*

The Class AAA, Series G Shares are not redeemable before June 30, 2011. On or after that date, subject to the terms of any shares of the Corporation ranking prior to the Class AAA, Series G Shares, to applicable law and to the provisions described under “Specific Provisions of the Class AAA Preference Shares, Series G — Restrictions on Dividends and Retirement and Issue of Shares”, the Corporation may, at its option, at any time redeem all, or from time to time any part, of the outstanding Class AAA, Series G Shares, by the payment of an amount in cash for each such share so redeemed of US\$26.00 if redeemed before June 30, 2012, of US\$25.67 if redeemed on or after June 30, 2012 but before June 30, 2013, of US\$25.33 if redeemed on or after June 30, 2013 but before June 30, 2014, and of US\$25.00 thereafter, plus, in each case, all accrued and unpaid dividends (for greater certainty excluding declared dividends with a record date prior to the date fixed for redemption) up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation).

### *Conversion at the Option of the Corporation*

The Class AAA, Series G Shares are not convertible at the option of the Corporation prior to June 30, 2011. On or after this date, the Corporation may at its option, subject to applicable law and, if required, to stock exchange approval, convert all, or from time to time any part, of the outstanding Class AAA, Series G Shares into that number of freely tradeable Common Shares determined (per Class AAA, Series G Share) by dividing the then applicable redemption price, together with all accrued and unpaid dividends (for greater certainty excluding declared dividends with a record date prior to the date fixed for conversion) up to but excluding the date fixed for conversion, by the greater of US\$2.00 or 95% of the weighted average trading price of the Common Shares on the New York Stock Exchange (the “NYSE”) (or, if the Common Shares do not trade on the NYSE on the date specified for conversion, on the exchange or trading system with the highest volume of Common Shares traded during the 20 trading day period referred to below) for the 20 consecutive trading days ending on: (i) the fourth day prior to the date specified for conversion, or (ii) if such fourth day is not a trading day, the immediately preceding trading day (for the purpose of the description of the Class AAA, Series G Shares, the “Current Market Price”). Fractional Common Shares will not be issued on any conversion of Class AAA, Series G Shares, but in lieu thereof the Corporation will make cash payments.

### *Conversion at the Option of the Holder*

Subject to applicable law and the rights of the Corporation described below, on and after September 30, 2015, each Class AAA, Series G Share will be convertible at the option of the holder on the last day of each of March, June, September and December in each year on at least 30 days notice (which notice shall be irrevocable) into that number of freely tradeable Common Shares determined by dividing US\$25.00, together with all accrued and unpaid dividends (for greater certainty excluding declared dividends with a record date prior to the date fixed for conversion) up to but excluding the date fixed for conversion, by the greater of US\$2.00 or 95% of the then Current Market Price. Fractional Common Shares will not be issued on any conversion of Class AAA, Series G Shares, but in lieu thereof the Corporation will make cash payments.

Subject to the provisions described under “Specific Provisions of the Class AAA Preference Shares, Series G — Restrictions on Dividends and Retirement and Issue of Shares” as applicable, the Corporation may, by notice given not later than 20 days before the date fixed for conversion to all holders who have given a conversion notice, either (i) redeem on the date fixed for conversion all or any part of the Class AAA, Series G Shares forming the subject matter of the applicable conversion notice, or (ii) cause the holder of such Class AAA, Series G Shares to sell on the date fixed for conversion all or any part of such Class AAA, Series G Shares to another purchaser or purchasers in the event that a purchaser or purchasers willing to purchase all or any part of such Class AAA, Series G Shares is or are found. Any such redemption or purchase shall be made by the payment of an amount in cash of US\$25.00 per share, together with all accrued and unpaid dividends (for greater certainty excluding declared dividends with a record date prior to the date fixed for conversion) up to but excluding the date fixed for conversion. The Class AAA, Series G Shares to be so redeemed or purchased shall not be converted on the date set forth in the conversion notice.

### *Purchase for Cancellation*

Subject to applicable law and the provisions described under “Specific Provisions of the Class AAA Preference Shares, Series G — Restrictions on Dividends and Retirement and Issue of Shares”, the Corporation may at any time purchase for cancellation the whole or any part of the Class AAA, Series G Shares at the lowest price or prices at which in the opinion of the board of directors of the Corporation such shares are obtainable.

### *Liquidation, Dissolution and Winding Up*

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class AAA, Series G Shares will be entitled to payment of an amount equal to US\$25.00 per share, plus an amount equal to all accrued and unpaid dividends up to but excluding the date fixed for payment or distribution (less any tax required to be deducted and withheld by the Corporation), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Class AAA, Series G Shares. The holders of the Class AAA, Series G Shares will not be entitled to share in any further distribution of the assets of the Corporation.

### *Restriction on Dividends and Retirement and Issue of Shares*

So long as any of the Class AAA, Series G Shares are outstanding, the Corporation will not, without the approval of the holders of the Class AAA, Series G Shares:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Class AAA, Series G Shares) on shares of the Corporation ranking as to dividends junior to the Class AAA, Series G Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to return of capital and dividends junior to the Class AAA, Series G Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Corporation ranking as to capital junior to the Class AAA, Series G Shares;
- (c) redeem or call for redemption, purchase or otherwise retire for value or make any return of capital in respect of less than all of the Class AAA, Series G Shares then outstanding;
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any Class AAA preference shares, ranking as to the payment of dividends or return of capital on a parity with the Class AAA, Series G Shares; or
- (e) issue any additional Class AAA, Series G Shares or any shares ranking as to dividends or return of capital prior to or on a parity with the Class AAA, Series G Shares,

unless, in each such case, all accrued and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Class AAA, Series G Shares and on all other shares of the Corporation ranking prior to or on a parity with the Class AAA, Series G Shares with respect to the payment of dividends have been declared, paid or set apart for payment.

### *Amendment*

The provisions of the Class AAA, Series G Shares may be amended, but only with the prior approval of the holders of the Class AAA, Series G Shares by special resolution, given in accordance with the share provisions of the Class AAA, Series G Shares, in addition to any vote or authorization required by law.

### *Voting*

The holders of the Class AAA, Series G Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of Class AAA preference shares as a class and meetings of the holders of Class AAA, Series G Shares as a series) to receive notice of, attend, or vote at, any meeting of shareholders of

the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Class AAA, Series G Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Corporation properly applicable to the payment of dividends on Class AAA, Series G Shares. In that event, and for only so long as any such dividends remain in arrears, the holders of the Class AAA, Series G Shares will be entitled to receive notice of and to attend each meeting of the Corporation's shareholders other than any meetings at which only holders of another specified class or series are entitled to vote, and to one vote for each Class AAA, Series G Share held.

## **Common Shares**

### ***Provisions of Common Shares***

#### *Dividends*

The holders of the Common Shares are entitled to receive any dividends declared thereon by the board of directors of the Corporation.

#### *Voting*

The holders of the Common Shares are entitled to receive notice of and to attend all shareholders' meetings and for all purposes will be entitled to one vote for each Common Share held.

#### *Liquidation, Dissolution and Winding Up*

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders by way of return of capital, the holders of Common Shares will be entitled to receive, after distribution to the holders of the Class A preference shares, the Class AA preference shares, the Class AAA preference shares and any other shares ranking prior to the Common Shares, the remaining property of the Corporation.

## **DETAILS OF THE OFFERING**

### **Specific Provisions of the Class AAA Preference Shares, Series H**

The following is a summary of certain provisions attaching to or affecting the Series H Preference Shares as a series. This summary is supplemented by the terms and conditions of the Class AAA preference shares referred to above, including the provisions with respect to the priority of the Class AAA preference shares in respect of the payment of dividends and return of capital in the event of a liquidation, dissolution or winding up of the Corporation.

#### ***Issue Price***

The Series H Preference Shares will have an issue price of \$25.00 per share.

#### ***Dividends***

The holders of the Series H Preference Shares will be entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the board of directors of the Corporation, in an amount equal to \$1.4375 per share per annum, accruing daily from the date of issue (less any tax required to be deducted and withheld by the Corporation), payable quarterly on the last day of March, June, September and December in each year. Assuming an issue date of October 15, 2003, the first such dividend will be payable on December 31, 2003 and will be \$0.30325 per share.

#### ***Redemption***

The Series H Preference Shares are not redeemable before December 31, 2011. On or after that date, subject to the terms of any shares of the Corporation ranking prior to the Series H Preference Shares, to applicable law and to the provisions described under "Specific Provisions of the Class AAA Preference Shares, Series H — Restrictions on Dividends and Retirement and Issue of Shares", the Corporation may, at its option,

at any time redeem all, or from time to time any part, of the outstanding Series H Preference Shares, by the payment of an amount in cash for each such share so redeemed of \$26.00 if redeemed before December 31, 2012, of \$25.67 if redeemed on or after December 31, 2012 but before December 31, 2013, of \$25.33 if redeemed on or after December 31, 2013 but before December 31, 2014, and of \$25.00 thereafter plus, in each case, all accrued and unpaid dividends (for greater certainty excluding declared dividends with a record date prior to the date fixed for redemption) up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation).

Notice of any redemption will be given by the Corporation not less than 30 days and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding Series H Preference Shares are at any time to be redeemed, the shares will be redeemed on a pro-rata basis.

#### ***Conversion at the Option of the Corporation***

The Series H Preference Shares will not be convertible at the option of the Corporation prior to December 31, 2011. On or after this date, the Corporation may, subject to applicable law and, if required, to stock exchange approval, convert all, or from time to time any part, of the outstanding Series H Preference Shares into that number of freely tradeable Common Shares determined (per Series H Preference Share) by dividing the then applicable redemption price, together with all accrued and unpaid dividends (for greater certainty excluding declared dividends with a record date prior to the date fixed for conversion) up to but excluding the date fixed for conversion, by the greater of \$2.00 or 95% of the weighted average trading price of the Common Shares on the TSX (or, if the Common Shares do not trade on the TSX on the date specified for conversion, on the exchange or trading system with the highest volume of Common Shares traded during the 20 trading day period referred to below) for the 20 consecutive trading days ending on: (i) the fourth day prior to the date specified for conversion, or (ii) if such fourth day is not a trading day, the immediately preceding trading day (for the purpose of the description of the Series H Preference Shares, the “Current Market Price”). Fractional Common Shares will not be issued on any conversion of Series H Preference Shares, but in lieu thereof the Corporation will make cash payments.

Notice of any conversion will be given by the Corporation not less than 30 days and not more than 60 days prior to the date fixed for conversion. If less than all the outstanding Series H Preference Shares are at any time to be converted, the shares to be converted will be selected on a pro-rata basis.

Upon exercise by the Corporation of its right to convert Series H Preference Shares into Common Shares, the Corporation is not required to issue Common Shares to any person whose address is in, or whom the Corporation or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require compliance by the Corporation with the securities or other laws of such jurisdiction.

#### ***Conversion at the Option of the Holder***

Subject to applicable law and the rights of the Corporation described below, on and after December 31, 2015, each Series H Preference Share will be convertible at the option of the holder on the last day of each of March, June, September and December in each year on at least 30 days notice (which notice shall be irrevocable) into that number of freely tradeable Common Shares determined by dividing \$25.00, together with all accrued and unpaid dividends (for greater certainty excluding declared dividends with a record date prior to the date fixed for conversion) up to but excluding the date fixed for conversion, by the greater of \$2.00 or 95% of the then Current Market Price. Fractional Common Shares will not be issued on any conversion of Series H Preference Shares, but in lieu thereof the Corporation will make cash payments.

Upon exercise of the conversion privilege by the holder of Series H Preference Shares, the Corporation is not required to issue Common Shares to any person whose address is in, or whom the Corporation or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require compliance by the Corporation with the securities or other laws of such jurisdiction.

Subject to the provisions described under “Specific Provisions of the Class AAA Preference Shares, Series H — Restrictions on Dividends and Retirement and Issue of Shares” as applicable, the Corporation may,

by notice given not later than 20 days before the date fixed for conversion to all holders who have given a conversion notice, either (i) redeem on the date fixed for conversion all or any part of the Series H Preference Shares forming the subject matter of the applicable conversion notice, or (ii) cause the holder of such Series H Preference Shares to sell on the date fixed for conversion all or any part of such Series H Preference Shares to another purchaser or purchasers in the event that a purchaser or purchasers willing to purchase all or any part of such Series H Preference Shares is or are found. Any such redemption or purchase shall be made by the payment of an amount in cash of \$25.00 per share, together with all accrued and unpaid dividends (for greater certainty excluding declared dividends with a record date prior to the date fixed for conversion) up to but excluding the date fixed for conversion. The Series H Preference Shares to be so redeemed or purchased shall not be converted on the date set forth in the conversion notice.

If the Corporation elects to redeem or arrange for the purchase of any Series H Preference Shares that are the subject of a conversion notice (“Subject Shares”), the Corporation shall, at least 20 days prior to the conversion date, give notice to all holders who have given a conversion notice to the Corporation, stating:

- (a) the number of Subject Shares to be redeemed by the Corporation;
- (b) the number of Subject Shares to be sold to another purchaser; and
- (c) the number of Subject Shares to be converted into Common Shares,

such that all of the Subject Shares will be redeemed, purchased or converted on that conversion date and that the proportion of the Subject Shares which are either redeemed, purchased or converted on that conversion date shall, to the extent practicable, be the same for each holder delivering a conversion notice.

If the Series H Preference Shares are held through the book-entry only system of CDS, then the beneficial owner thereof shall provide instructions only by such beneficial owner providing instructions to the CDS Participant through whom such beneficial owner holds such Series H Preference Shares. Beneficial owners of Series H Preference Shares will not have the right to receive share certificates representing their ownership of the shares. See the discussion under “Book Entry Only System” below.

#### ***Purchase for Cancellation***

Subject to applicable law and the provisions described under “Specific Provisions of the Class AAA Preference Shares, Series H — Restrictions on Dividends and Retirement and Issue of Shares”, the Corporation may at any time purchase for cancellation the whole or any part of the Series H Preference Shares at the lowest price or prices at which in the opinion of the board of directors of the Corporation such shares are obtainable.

#### ***Liquidation, Dissolution and Winding Up***

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series H Preference Shares will be entitled to payment of an amount equal to \$25.00 per share, plus an amount equal to all accrued and unpaid dividends up to but excluding the date fixed for payment or distribution (less any tax required to be deducted and withheld by the Corporation), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Series H Preference Shares. The holders of the Series H Preference Shares will not be entitled to share in any further distribution of the assets of the Corporation.

#### ***Restriction on Dividends and Retirement and Issue of Shares***

So long as any of the Series H Preference Shares are outstanding, the Corporation will not, without the approval of the holders of the Series H Preference Shares:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Series H Preference Shares) on shares of the Corporation ranking as to dividends junior to the Series H Preference Shares;

- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to return of capital and dividends junior to the Series H Preference Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Corporation ranking as to capital junior to the Series H Preference Shares;
- (c) redeem or call for redemption, purchase or otherwise retire for value or make any return of capital in respect of less than all of the Series H Preference Shares then outstanding;
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any Class AAA preference shares, ranking as to the payment of dividends or return of capital on a parity with the Series H Preference Shares; or
- (e) issue any additional Series H Preference Shares or any shares ranking as to dividends or return of capital prior to or on a parity with the Series H Preference Shares,

unless, in each such case, all accrued and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Series H Preference Shares and on all other shares of the Corporation ranking prior to or on a parity with the Series H Preference Shares with respect to the payment of dividends have been declared, paid or set apart for payment.

### ***Shareholder Approvals***

The approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series H Preference Shares as a series and any other approval to be given by the holders of the Series H Preference Shares may be given by a resolution carried by an affirmative vote of at least 66 $\frac{2}{3}$ % of the votes cast at a meeting at which the holders of a majority of the outstanding Series H Preference Shares are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series H Preference Shares then present would form the necessary quorum. At any meeting of holders of Series H Preference Shares as a series, each such holder shall be entitled to one vote in respect of each Series H Preference Share held.

### ***Voting Rights***

The holders of the Series H Preference Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of Class AAA preference shares as a class and meetings of the holders of Series H Preference Shares as a series) to receive notice of, attend, or vote at, any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Series H Preference Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Corporation properly applicable to the payment of dividends on Series H Preferred Shares. In that event, and for only so long as any such dividends remain in arrears, the holders of the Series H Preference Shares will be entitled to receive notice of and to attend each meeting of the Corporation's shareholders other than any meetings at which only holders of another specified class or series are entitled to vote, and to one vote for each Series H Preference Share held.

The Corporation's articles provide that each holder of shares entitled to vote in an election of directors has the right to cast a number of votes equal to the number of votes attached to the shares held by the holder of shares multiplied by the number of directors to be elected. The holder of shares may cast all such votes in favour of one candidate or distribute them among the candidates in any manner the holder of shares sees fit. Where the holder of shares has voted for more than one candidate without specifying the distribution of votes among such candidates, the holder of shares shall be deemed to have divided his votes equally among the candidates for whom the holder of shares voted.

### ***Tax on Dividends***

The Corporation will elect, in the manner and within the time provided under subsection 191.2(1) of the Tax Act, to pay or cause payment of tax under Part VI.1 at a rate such that the corporate holders of Series H

Preference Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received on such shares.

## CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP and Goodman and Carr LLP, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser of Series H Preference Shares, pursuant to this prospectus (a “Holder”) who, for purposes of the Tax Act, is a resident of Canada, deals at arm’s length with the Corporation, holds his or her Series H Preference Shares as capital property and is not affiliated with the Corporation. This summary does not take into account the “mark to market” rules applicable to a “financial institution” within the meaning of section 142.2 of the Tax Act and such financial institutions are advised to consult with their own tax advisors.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular purchaser. Accordingly, prospective purchasers should consult their own tax advisors with respect to their particular circumstances.**

This summary is based upon the current provisions of the Tax Act, the regulations thereunder (the “Regulations”), all specific proposals to amend the Tax Act and the Regulations publicly announced by the Minister of Finance prior to the date hereof and counsel’s understanding of the current published administrative and assessing practices of the Canada Customs and Revenue Agency (the “CCRA”). This summary does not otherwise take into account or anticipate any change in law, whether by legislative, governmental or judicial action, nor does it take into account or consider any provincial, territorial or foreign income tax legislation or considerations.

### Dividends

Dividends (including deemed dividends) received on the Series H Preference Shares by an individual will be included in the individual’s income and generally will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations.

Dividends (including deemed dividends) received on the Series H Preference Shares by a corporation other than a “specified financial institution” as defined in the Tax Act will be included in computing the corporation’s income and will generally be deductible in computing the taxable income of the corporation.

Dividends (including deemed dividends) received on the Series H Preference Shares by a corporation which is a specified financial institution will be included in computing the corporation’s income and will generally be deductible in computing the taxable income of the corporation provided that the Series H Preference Shares are not “term preferred shares”, as defined in the Tax Act, at the time the dividends are received or, if term preferred shares, such shares were not acquired by the specified financial institution in the ordinary course of the business carried on by it. Based on recent case law, Series H Preference Shares should not be “term preferred shares” to a specified financial institution. Prospective purchasers that are specified financial institutions should consult with their own tax advisors as to whether the Series H Preference Shares will be considered to be term preferred shares.

The Series H Preference Shares are “taxable preferred shares” as defined in the Tax Act. The terms of the Series H Preference Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that corporate Holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series H Preference Shares.

A “private corporation”, as defined in the Tax Act, or any other corporation controlled by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay refundable tax under Part IV of the Tax Act of 33 $\frac{1}{3}$ % on dividends received (or deemed to be received) on the Series H Preference Shares to the extent such dividends are deductible in computing its taxable income.

## **Dispositions**

A Holder who disposes of or is deemed to dispose of the Series H Preference Shares (either on redemption or otherwise) will generally realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to such Holder. The amount of any deemed dividend arising on the redemption or acquisition by the Corporation of Series H Preference Shares will not generally be included in computing the proceeds of disposition to a Holder for purposes of computing the capital gain or capital loss arising on the disposition of the Series H Preference Shares. If the Holder is a corporation, any capital loss arising on the disposition of a Series H Preference Share may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on the Series H Preference Shares. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

One-half of any capital gain will be included in computing the Holder's income as a taxable capital gain. One-half of any capital loss may be deducted from the Holder's taxable capital gains in accordance with the rules contained in the Tax Act. Capital gains realized by an individual may give rise to minimum tax under the Tax Act.

Taxable capital gains of a Canadian-controlled private corporation may be subject to an additional refundable tax of 6 $\frac{2}{3}$ % on such taxable capital gains.

## **Redemption**

If the Corporation redeems or otherwise acquires the Series H Preference Shares other than by a purchase in the open market in the manner in which shares are normally purchased by a member of the public in the open market or by reason of conversion of the Series H Preference Shares into Common Shares, the Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Corporation in excess of the paid-up capital (as determined for purposes of the Tax Act) of such shares at such time. Generally, the difference between the amount paid by the Corporation and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. In the case of a corporate shareholder, it is possible that in certain circumstances all or part of the deemed dividend may be treated as proceeds of disposition and not a dividend.

## **Conversion**

The exercise by a Holder of the right to convert such Holder's Series H Preference Shares into Common Shares or the conversion of the Series H Preference Shares into Common Shares at the option of the Corporation will be deemed not to constitute a disposition of such Series H Preference Shares and will not give rise to a capital gain or capital loss. The cost to the Holder of the Common Shares issued on such conversion will, subject to averaging rules contained in the Tax Act, be the adjusted cost base to such Holder of such Series H Preference Shares immediately before such conversion.

Pursuant to counsel's understanding of the CCRA's current administrative practice, a Holder of Series H Preference Shares who receives cash not exceeding \$200 in lieu of a fractional share will have the option of recognizing the capital gain or capital loss arising on the disposition of the fractional share in computing the Holder's income for the taxation year in which the conversion occurs or, alternatively, of reducing the adjusted cost base of the Common Shares received at the time of the conversion by the amount of cash received by the Holder.

The fair market value of Common Shares received on conversion determined at the time of receipt in respect of accrued and unpaid dividends will be included in a Holder's income as a dividend and, subject to the averaging rules contained in the Tax Act, will be the cost to the Holder of such Common Shares. See "Canadian Federal Income Tax Considerations — Dividends".

## BOOK ENTRY ONLY SYSTEM

Registration of interests in and transfers of the Series H Preference Shares will be made only through a book entry only system administered by CDS. On or about October 15, 2003 (the “Closing Date”), but no later than November 20, 2003, the Corporation will deliver to CDS certificates evidencing the aggregate number of Series H Preference Shares subscribed for under this distribution. Series H Preference Shares must be purchased, transferred and surrendered for retraction or redemption through a participant in CDS (a “CDS Participant”). All rights of an owner of the Series H Preference Shares must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by CDS or the CDS Participant through which the owner holds the Series H Preference Shares. Upon purchase of any Series H Preference Shares, the owner will receive only the customary confirmation. References in this prospectus to a holder of Series H Preference Shares mean, unless the context otherwise requires, the owner of the beneficial interest in such shares.

The ability of a beneficial owner of the Series H Preference Shares to pledge the Series H Preference Shares or otherwise take action with respect to such owner’s interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

**An owner of the Series H Preference Shares who desires to exercise conversion privileges thereunder must do so by causing a CDS Participant to deliver to CDS (at its office in the City of Toronto), on behalf of the owner, a written notice (the “Conversion Notice”) of the owner’s intention to convert shares sufficiently in advance of the relevant notice date so as to permit the CDS Participant to deliver notice to CDS by the required time.** The Conversion Notice may take the form of the notice attached as Exhibit A hereto or such other form as each CDS Participant may prescribe. Any expenses associated with the preparation and delivery of a Conversion Notice shall be for the account of the owner exercising the conversion privilege.

By causing a CDS Participant to deliver a Conversion Notice to CDS, an owner shall be deemed to have irrevocably surrendered his or her shares for conversion and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of the conversion privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any Conversion Notice which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the conversion privilege to which it relates shall be considered for all purposes not to have been exercised thereby. In the event of a determination that a Conversion Notice is incomplete, not in proper form or not duly executed, CDS shall promptly notify the CDS Participant which delivered the conversion notice. A failure by a CDS Participant to exercise conversion privileges or to give effect to the settlement thereof in accordance with the owner’s instructions will not give rise to any obligations or liability on the part of the Corporation to the CDS Participant or the owner.

**The Corporation has the option to terminate registration of the Series H Preference Shares through the book entry only system, in which case certificates for the Series H Preference Shares in fully registered form will be issued to beneficial owners of such shares or their nominees.**

## PLAN OF DISTRIBUTION

Under an agreement (the “Underwriting Agreement”) dated September 29, 2003 between the Corporation and Scotia Capital Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., HSBC Securities (Canada) Inc., Desjardins Securities Inc., Research Capital Corporation, Trilon Securities and Westwind Partners Inc. (together, the “Underwriters”), the Corporation has agreed to issue and sell, and the Underwriters have agreed to purchase, on October 15, 2003 or on such other date as may be agreed, but in any event not later than November 20, 2003, subject to compliance with all necessary legal requirements and to the terms and conditions contained in the Underwriting Agreement, 8,000,000 Series H Preference Shares at a price of \$25.00 per share, payable in cash to the Corporation against delivery of a certificate or certificates representing such Series H Preference Shares. The Corporation has agreed to pay fees to the Underwriters in the amount of \$0.25 per Series H Preference Share sold to institutions and \$0.75 per Series H Preference Share for all other Series H Preference Shares purchased by the Underwriters in consideration of services rendered by the Underwriters in connection with the

Offering. The offering price and other terms of the Offering for the Series H Preference Shares was determined by negotiation between the Corporation and the Underwriters other than Trilon Securities.

The Underwriters have exercised an option (the “Underwriters’ Option”) to purchase 2,000,000 additional Series H Preference Shares at the offering price and subject to the same Underwriters’ fee of \$0.25 per Series H Preference Share sold to institutions and \$0.75 per Series H Preference Share for all other Series H Preference Shares purchased by the Underwriters. These 2,000,000 Series H Preference Shares are included in the 8,000,000 Series H Preference Shares and the aggregate issue amount of \$200,000,000 referred to in this prospectus.

The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated by them upon the occurrence of certain stated events. If an Underwriter fails to purchase the Series H Preference Shares which it has agreed to purchase, any one or more of the other Underwriters may, but is not obligated to (unless the number of Series H Preference Shares which an Underwriter or Underwriters fail to purchase amounts to 10% or less of the total number of Series H Preference Shares to be purchased), purchase such Series H Preference Shares. The Corporation is not obligated to sell less than all of the Series H Preference Shares.

Pursuant to the terms of the Underwriting Agreement, the Corporation shall not sell, or announce its intention to sell, nor authorize or issue, any preference shares of the Corporation, other than the Series H Preference Shares, during the period commencing on the date of this short form prospectus and ending 90 days after the Closing Date, without the prior written consent of Scotia Capital Inc., on behalf of the Underwriters, such consent not to be unreasonably withheld.

Pursuant to policy statements of the Ontario Securities Commission and the Commission des valeurs mobilières du Québec, the Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase any Series H Preference Shares or any of the Common Shares into which the Series H Preference Shares are convertible. The foregoing restriction is subject to certain exceptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of such securities. These exceptions include a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with this Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series H Preference Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The Series H Preference Shares have not been and will not be registered under the *United States Securities Act of 1933*, as amended or any state securities laws and, subject to certain exceptions, may not be offered or sold within the United States or to U.S. persons.

The TSX has conditionally approved the listing of the Series H Preference Shares. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSX on or before December 29, 2003, including the distribution of at least 80,000 Series H Preference Shares.

Brascan is an influential securityholder of each of the Corporation and Trilon Securities. In addition, the Corporation also has outstanding indebtedness owing to Brascan. Accordingly, the Corporation is a “related issuer”, and may be considered to be a “connected issuer”, of Trilon Securities within the meaning of applicable Canadian securities legislation.

Brascan directly and indirectly owns 100% of the outstanding Class A shares of Brascan Financial Corporation (“Brascan Financial”). Brascan also owns 99.9% of the outstanding Class B non-voting shares of Brascan Financial. Brascan Financial owns 100% of the common shares of Trilon Securities. Brascan directly and indirectly owns 50.0% of the outstanding Common Shares and 97.1% of the outstanding Class A preference shares of the Corporation.

As of October 8, 2003, the Corporation had approximately US\$309 million of unsecured indebtedness outstanding to related parties, comprised of US\$194 million outstanding to Brascan Financial and its

subsidiaries, and US\$115 million outstanding to Brascan and its affiliates, other than Brascan Financial and its subsidiaries. The Corporation is currently in compliance with all terms of the agreements governing the indebtedness. The Corporation's financial position remains consistent with the position that existed at the time the indebtedness was incurred.

Trilon Securities will not receive any direct benefit in connection with the Offering, other than its portion of the fee payable by the Corporation to the Underwriters. Trilon Securities did not propose the Offering to the Corporation.

#### USE OF PROCEEDS

The Series H Preference Shares are being issued by the Corporation at a price of \$25.00 per share. The net proceeds of \$194,000,000 from the sale of the Series H Preference Shares after deduction of the Underwriters' fee (assuming no Series H Preference Shares are sold to institutions) will be paid to the Corporation. These net proceeds will be utilized for general corporate purposes.

#### DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commission or similar authority in each of the provinces of Canada are specifically incorporated by reference in this short form prospectus:

1. the annual information form of the Corporation dated May 20, 2003;
2. the unaudited comparative consolidated financial statements of the Corporation contained in the interim report to shareholders of the Corporation for the six month period ended June 30, 2003;
3. management's discussion and analysis of financial condition and results of operations for the six months ended June 30, 2003 contained in the interim report to shareholders of the Corporation dated August 18, 2003, other than the information referred to under the heading "Additional Information" which does not form part of such management's discussion and analysis;
4. management's discussion and analysis of financial condition and the results of operations for the year ended December 31, 2002, included as pages 17 to 35 in the 2002 annual report to shareholders of the Corporation;
5. the audited comparative consolidated financial statements of the Corporation and the notes thereto for the financial year ended December 31, 2002, together with the report of the auditors thereon, found at pages 36 through 56 of the 2002 annual report to shareholders of the Corporation; and
6. the management proxy circular of the Corporation dated March 3, 2003 in connection with the 2003 annual meeting of shareholders of Brookfield, other than the sections entitled "Report of the Human Resources and Compensation Committee", "Performance Graph" and "Corporate Governance".

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form 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. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

Any documents of the Corporation of the types referred to in the preceding paragraphs 1 through 6 (excluding confidential material change reports) together with any material change reports filed with a securities commission or similar regulatory authority in Canada on or after the date of this short form prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference into this short form prospectus.

**Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated by reference herein may be obtained on request without charge from the Corporate Secretary of the Corporation, Suite 330,

BCE Place, 181 Bay Street, Toronto, Ontario M5J 2T3 (Telephone (416) 359-8600). For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Corporate Secretary of the Corporation at the above-mentioned address and telephone number.

#### **LEGAL MATTERS**

Certain legal matters relating to the Series H Preference Shares offered by this short form prospectus will be passed upon at the date of closing by Torys LLP with respect to matters on behalf of the Corporation and by Goodman and Carr LLP with respect to matters on behalf of the Underwriters.

As of October 8, 2003, (a) the partners and associates of Torys LLP beneficially owned, directly or indirectly, less than 1% of the outstanding Common Shares of the Corporation or any of its associates or affiliates; and (b) the partners and associates of Goodman and Carr LLP beneficially owned, directly or indirectly, less than 1% of the outstanding Common Shares of the Corporation or any of its associates or affiliates.

#### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the Corporation are Deloitte & Touche LLP, Chartered Accountants, Suite 1400, BCE Place, 181 Bay Street, Toronto, Ontario M5J 2V1. The transfer agent and registrar for the Series H Preference Shares and the Common Shares in Canada is CIBC Mellon Trust Company at its principal office in Toronto, Ontario.

#### **PURCHASER'S STATUTORY RIGHTS**

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, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission 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.

## CERTIFICATES

Date: October 9, 2003

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces of Canada. For the purpose of the Province of Québec, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

(Signed) RICHARD B. CLARK  
President and Chief Executive Officer

(Signed) STEVEN J. DOUGLAS  
President, Canadian Commercial Operations and  
Chief Financial Officer

On behalf of the Board of Directors

(Signed) J. BRUCE FLATT  
Director

(Signed) SAM POLLOCK, O.C.  
Director

Date: October 9, 2003

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces of Canada. For the purpose of the Province of Québec, to our knowledge, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

SCOTIA CAPITAL INC.

By: (Signed) PETER L. SLAN

CIBC WORLD MARKETS INC.

RBC DOMINION SECURITIES INC.

TD SECURITIES INC.

By: (Signed) MARK G. JOHNSON

By: (Signed) IAN MACLURE

By: (Signed) ANDREW G. PHILLIPS

BMO NESBITT BURNS INC.

NATIONAL BANK FINANCIAL INC.

By: (Signed) JAMES P. BOWLAND

By: (Signed) CRAIG J. SHANNON

HSBC SECURITIES  
(CANADA) INC.

DESJARDINS  
SECURITIES INC.

RESEARCH CAPITAL  
CORPORATION

TRILON SECURITIES  
CORPORATION

By: (Signed) DEBORAH J.  
SIMKINS

By: (Signed) JEAN-PIERRE  
COLIN

By: (Signed) BETH A.  
SHAW

By: (Signed) TREVOR D.  
KERR

WESTWIND PARTNERS INC.

By: (Signed) DAVID BEATTY

**EXHIBIT A**  
**CONVERSION NOTICE**  
**BROOKFIELD PROPERTIES CORPORATION**

To: CDS Participant

This notice (the "Conversion Notice") is to be completed by a broker representing a holder of Class AAA Preference Shares, Series H of Brookfield Properties Corporation who desires to exercise conversion privileges as set out in the Brookfield Properties Corporation prospectus (the "Prospectus") dated October 9, 2003.

CDS Participants are urged to refer to the Prospectus to obtain details on the conversion dates and the notification periods.

Number of Class AAA Preference Shares,  
Series H to be converted:

\_\_\_\_\_

Broker's Name:

\_\_\_\_\_

Fax No.:

\_\_\_\_\_

Tel. No.:

\_\_\_\_\_

Date of Conversion Notice:

\_\_\_\_\_

Signature of Authorized Person:

\_\_\_\_\_

UPON AUTHENTICATING THIS CONVERSION NOTICE, THE CDS PARTICIPANT IS DIRECTED TO FORWARD THE FOREGOING INSTRUCTIONS FORTHWITH TO CDS.

