

*This prospectus supplement together with the short form base shelf prospectus to which it relates dated December 15, 2009, as amended or supplemented, and each document deemed to be incorporated by reference in the short form base shelf prospectus, as amended or supplemented, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities offered under this prospectus supplement have not and will not be registered under the United States Securities Act of 1933 and may not be offered or sold within the United States or to U.S. persons.*

*Information has been incorporated by reference in this prospectus supplement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the office of the Corporate Secretary of the Corporation at P.O. Box 770, Suite 330, Brookfield Place, 181 Bay Street, Toronto, Ontario, Canada, M5J 2T3 Telephone: (416) 369-2300, and are also available electronically at [www.sedar.com](http://www.sedar.com).*

**PROSPECTUS SUPPLEMENT  
(to a Short Form Base Shelf Prospectus Dated December 15, 2009)**

New Issue

January 12, 2010

**Brookfield**  
**BROOKFIELD PROPERTIES CORPORATION**  
**\$275,000,000**  
**11,000,000 Class AAA Preference Shares, Series N**

Brookfield Properties Corporation (the “**Corporation**”) is offering (the “**Offering**”) 11,000,000 Class AAA Preference Shares, Series N (“**Series N Shares**”) at a price of \$25.00 per Series N Share (the “**Offering Price**”). For the initial six and a half year period commencing on the Closing Date (as defined herein) and ending on and including June 30, 2016 (the “**Initial Fixed Rate Period**”), the holders of Series N Shares will be entitled to receive fixed cumulative preferential cash dividends, as and when declared by the board of directors (the “**Board of Directors**”) of the Corporation, payable quarterly on the last day of March, June, September and December in each year at an annual rate equal to \$1.5375 per share. The initial dividend will be payable March 31, 2010 and will be \$0.2949 per share, based on the anticipated closing date of January 20, 2010 (the “**Closing Date**”). See “Details of the Offering”.

For each five-year period after the Initial Fixed Rate Period (each a “**Subsequent Fixed Rate Period**”), the holders of the Series N Shares will be entitled to receive fixed cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December during the Subsequent Fixed Rate Period, in an annual amount per share determined by multiplying the Annual Fixed Dividend Rate (as defined herein) applicable to such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for each Subsequent Fixed Rate Period will be equal to the sum of the Government of Canada Yield (as defined herein) on the 30<sup>th</sup> day prior to the first day of such Subsequent Fixed Rate Period plus 3.07%. See “Details of the Offering”.

**Option to Convert Into Series O Shares**

The holders of Series N Shares will have the right, at their option, to convert their shares into Class AAA Preference Shares, Series O (the “**Series O Shares**”) of the Corporation, subject to certain conditions, on June 30, 2016 and on June 30 every five years thereafter. The holders of Series O Shares will be entitled to receive floating rate cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last day of each Quarterly Floating Rate Period (as defined herein), in the amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate (as defined herein) by \$25.00. The Floating Quarterly Dividend Rate will be equal to the sum of the T-Bill Rate (as defined herein) plus 3.07% (calculated on the basis of the actual number of days elapsed in the applicable Quarterly Floating Rate Period divided by 365) determined on the 30th day prior to the first day of the applicable Quarterly Floating Rate Period. See “Details of the Offering”.

The Series N Shares will not be redeemable by the Corporation prior to June 30, 2016. On June 30, 2016 and on June 30 every five years thereafter, subject to certain other restrictions set out in “Details of the Offering — Description of the Series N Shares — Restrictions on Dividends and Retirement and Issue of Shares”, the Corporation may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem for cash all or from time to time any part of the outstanding Series N Shares for \$25.00 per Series N Share, in each case together with all accrued and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation). See “Details of the Offering”.

The Series N Shares and the Series O Shares do not have a fixed maturity date and are not redeemable at the option of the holders thereof. See “Risk Factors”.

The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Series N Shares distributed under this prospectus supplement and the Series O Shares into which the Series N Shares are convertible. Listing of the Series N Shares and the Series O Shares is subject to the Corporation fulfilling all of the requirements of the TSX.

**There is currently no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus supplement. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”.**

---

**Price: \$25.00 per Series N Share to yield initially 6.15% per annum**

---

TD Securities Inc. (“TD”), CIBC World Markets Inc. (“CIBC WM”), RBC Dominion Securities Inc. (“RBC”), and Scotia Capital Inc. (“Scotia Capital”), as co-lead underwriters, and National Bank Financial Inc., HSBC Securities (Canada) Inc., Brookfield Financial Corp. (“Brookfield Financial”), Macquarie Capital Markets Canada Ltd., Canaccord Financial Ltd., Genuity Capital Markets and Thomas Weisel Partners Canada Inc. are acting as underwriters (collectively, the “Underwriters”) of this Offering. The Underwriters, as principals, conditionally offer the Series N 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 Torys LLP and on behalf of the Underwriters by Goodmans LLP. See “Plan of Distribution”.

	<u>Price to the Public</u>	<u>Fees<sup>(1)</sup></u>	<u>Net Proceeds to the Corporation<sup>(2)</sup></u>
Per Series N Share .....	\$25.00	\$0.75	\$24.25
Total.....	\$275,000,000	\$8,250,000	\$266,750,000

(1) The Underwriters’ fee for the Series N Shares is \$0.25 for each such share sold to certain institutions and \$0.75 per share for all other Series N Shares sold by the Underwriters. The Underwriters’ fee indicated in the table assumes that no Series N Shares are sold to such institutions.

(2) After deducting the Underwriters’ fee, but before deducting the aggregate expenses of the Offering, estimated to be \$500,000, which, together with the Underwriters’ fee, will be paid by the Corporation.

**Brookfield Asset Management Inc. (“BAM”) is an influential security holder of each of the Corporation and Brookfield Financial. In addition, the Corporation has outstanding indebtedness owing to BAM. Accordingly, the Corporation is a “related issuer”, and may be considered to be a “connected issuer”, of Brookfield Financial within the meaning of applicable Canadian securities legislation. See “Plan of Distribution”.**

**Investing in the Series N Shares involves risks, certain of which are described under the heading “Risk Factors” and certain of which are described under the heading “Business of Brookfield Properties — Company and Real Estate Industry Risks” on pages 32 through 39 of the renewal annual information form of the Corporation and under the heading “Risks and Uncertainties” on pages 49 through 53 of the management’s discussion and analysis for the three and nine months ended September 30, 2009. See “Risk Factors”.**

The price of the Series N Shares offered hereby was established by negotiation between the Corporation and the Underwriters, other than Brookfield Financial. In connection with this distribution, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series N 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 Underwriters may offer the Series N Shares at a lower price than stated above.** See “Plan of Distribution”.

Subscriptions for the Series N Shares will be received by the Underwriters 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 the Offering will take place on January 20, 2010 or on such other date as the Corporation and the Underwriters may agree, but not later than January 27, 2010. A book entry only certificate representing the Series N Shares distributed hereunder will be issued in registered form only to CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee and will be deposited with CDS on the Closing Date. The Corporation understands that a purchaser of Series N Shares will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Series N Shares are purchased. See “Book Entry Only System”.

The Corporation’s registered office is at P.O. Box 770, Suite 330, Brookfield Place, 181 Bay Street, Toronto, Ontario, Canada, M5J 2T3. The Corporation operates head offices at Three World Financial Center in New York, New York and Brookfield Place in Toronto, Ontario.

## TABLE OF CONTENTS

<u>Page</u>	<u>Page</u>
IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING SHORT FORM BASE SHELF PROSPECTUS .....	RATINGS ..... S-9
FORWARD-LOOKING STATEMENTS .....	DETAILS OF THE OFFERING ..... S-10
DOCUMENTS INCORPORATED BY REFERENCE	BOOK ENTRY ONLY SYSTEM ..... S-17
EXCHANGE RATES .....	RISK FACTORS ..... S-17
THE CORPORATION .....	CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS ..... S-18
RECENT DEVELOPMENTS .....	ELIGIBILITY FOR INVESTMENT ..... S-20
CONSOLIDATED CAPITALIZATION .....	LEGAL MATTERS ..... S-20
EARNINGS COVERAGE RATIOS .....	AUDITORS, TRANSFER AGENT AND REGISTRAR ..... S-20
TRADING PRICE AND VOLUME OF THE SECURITIES OF THE CORPORATION .....	PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION ..... S-20
PLAN OF DISTRIBUTION .....	CONSENT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS ..... A-1
USE OF PROCEEDS .....	CERTIFICATE OF THE UNDERWRITERS ..... C-1

## BASE SHELF PROSPECTUS

<u>Page</u>	<u>Page</u>
FORWARD-LOOKING STATEMENTS .....	RISK FACTORS ..... 15
DOCUMENTS INCORPORATED BY REFERENCE...	LEGAL MATTERS ..... 16
AVAILABLE INFORMATION .....	DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT ..... 17
THE CORPORATION .....	ENFORCEABILITY OF CIVIL LIABILITIES ..... 17
RECENT DEVELOPMENTS .....	PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION ..... 17
USE OF PROCEEDS .....	CONSENT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS ..... A-1
DESCRIPTION OF THE COMMON SHARES AND PREFERENCE SHARES .....	CERTIFICATE OF THE ISSUER ..... C-1
DESCRIPTION OF THE DEBT SECURITIES .....	
PLAN OF DISTRIBUTION .....	

---

**You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying short form base shelf prospectus of the Corporation dated December 15, 2009 (the “Prospectus”). We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. You should not assume that the information contained in this prospectus supplement or the accompanying Prospectus is accurate as of any date other than the date on the front of this prospectus supplement.**

---

### **IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING SHORT FORM BASE SHELF PROSPECTUS**

This document is in two parts. The first is the prospectus supplement, which describes the specific terms of the Series N Shares. The second part, the accompanying Prospectus, gives more general information, some of which may not apply to the Series N Shares.

In this prospectus supplement, unless the context otherwise indicates, references to “**we**”, “**us**”, “**our**” and “**the Corporation**” refer to Brookfield Properties Corporation. All references in this prospectus supplement to “**dollars**” or “**\$**” are to Canadian dollars unless otherwise noted. All references to “**U.S. dollars**” or “**US\$**” are to United States dollars.

### **FORWARD-LOOKING STATEMENTS**

This prospectus supplement, including the documents incorporated by reference, contains forward-looking statements and information within the meaning of applicable securities legislation. These forward-looking statements reflect management’s current beliefs and are based on assumptions and information currently available to management. In some cases, forward-looking statements can be identified by terminology such as “**may**”, “**will**”, “**expect**”, “**plan**”, “**anticipate**”, “**believe**”, “**intend**”, “**estimate**”, “**predict**”, “**forecast**”, “**outlook**”, “**potential**”, “**continue**”, “**should**”, “**likely**”, or the negative of these terms or other comparable terminology. Although management believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements and information. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited to: general economic conditions; local real estate conditions, including the development of properties in close proximity to the Corporation’s properties; timely leasing of newly-developed properties and re-leasing of occupied square footage upon expiration; dependence on tenants’ financial condition; the uncertainties of real estate development and acquisition activity; the ability to effectively integrate acquisitions; interest rates; availability of equity and debt financing; the impact of newly-adopted accounting principles on the Corporation’s accounting policies and on period-to-period comparisons of financial results, including changes in accounting policies to be adopted under International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS**”); and other risks and factors described from time to time in the documents filed by the Corporation with the securities regulators in Canada and the United States, including in the Corporation’s Annual Information Form under the heading “**Business of Brookfield Properties – Company and Real Estate Industry Risks**” and in its management’s discussion and analysis of financial condition and the results of operations. The Corporation undertakes no obligation to publicly update or revise any forward-looking statements or information contained in this prospectus supplement or the documents incorporated by reference, whether as a result of new information, future events or otherwise, except as required by law.

## DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference into the accompanying Prospectus solely for the purpose of this Offering. Other documents are also incorporated, or are deemed to be incorporated, by reference in the Prospectus and reference should be made to the Prospectus for full particulars thereof.

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

1. the audited comparative consolidated financial statements of the Corporation and the notes thereto for the years ended December 31, 2008 and 2007, together with the report of the auditors thereon;
2. management's discussion and analysis of financial condition and the results of operations ("MD&A") for the audited comparative consolidated financial statements referred to in paragraph 1 above;
3. the renewal annual information form of the Corporation dated March 17, 2009 (the "AIF");
4. the management proxy circular of the Corporation dated March 17, 2009 in connection with the annual meeting of shareholders of the Corporation;
5. the unaudited comparative interim consolidated financial statements of the Corporation and the notes thereto for the three and nine months ended September 30, 2009 and 2008; and
6. MD&A for the unaudited comparative interim consolidated financial statements referred to in paragraph 5 above.

Any documents of the Corporation of the type described in Section 11.1 of Form 44-101F1 — *Short Form Prospectus* which are required to be filed with securities commissions or similar authorities in Canada on or after the date of this prospectus supplement and prior to the termination of the Offering shall be deemed to be incorporated by reference into this prospectus supplement.

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

Copies of the documents incorporated herein by reference may be obtained on request without charge from the office of the Corporate Secretary of the Corporation at P.O Box 770, Suite 330, Brookfield Place, 181 Bay Street, Toronto, Ontario, Canada, M5J 2T3 Telephone: (416) 369-2300, and are also available electronically at [www.sedar.com](http://www.sedar.com).

## EXCHANGE RATES

As the majority of our operations are in the United States or conducted in U.S. dollars, we report our consolidated financial statements in U.S. dollars in order to provide more meaningful information to users of our financial statements. The following table sets forth: (i) the noon rates of exchange for the Canadian dollar, expressed in Canadian dollars per U.S. 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.

Canadian Dollars per U.S. Dollar	Nine Months Ended September 30,		Year Ended December 31,		
	2009	2008	2009	2008	2007
	(\$)	(\$)	(\$)	(\$)	(\$)
Period End .....	1.0722	1.0599	1.0466	1.2246	0.9881
Average.....	1.1701	1.0184	1.1420	1.0660	1.0748
High .....	1.3000	1.0796	1.3000	1.2969	1.1853
Low .....	1.0613	0.9719	1.0292	0.9719	0.9170

During the period from October 1, 2009 to January 12, 2010 the average noon, high and low rates of exchange for the Canadian dollar, expressed in Canadian dollars per U.S. dollar in effect at the end of the period indicated, based on the rates as quoted by the Bank of Canada, were \$1.0541, \$1.0845 and \$1.0292, respectively.

On January 12, 2010 the noon rate of exchange based on the rate as quoted by the Bank of Canada was \$1.0375 for each US\$1.00 (\$1.00 = US\$0.9639).

## THE CORPORATION

The Corporation owns, develops and manages premier office properties. The Corporation's current portfolio is comprised of interests in 110 properties totaling 75 million square feet in the downtown cores of New York, Boston, Washington, D.C., Los Angeles, Houston, Toronto, Calgary and Ottawa, making the Corporation one of the largest owners of commercial real estate in North America. Landmark assets include the World Financial Center in Manhattan, Brookfield Place in Toronto, Bank of America Plaza in Los Angeles and Bankers Hall in Calgary.

## RECENT DEVELOPMENTS

The following is a summary of significant recent developments affecting the Corporation:

On December 30, 2009, the Corporation announced that it had entered into a joint venture partnership with Edge Fund Advisors on the 1625 Eye St., NW office property in Washington, DC. In joining the venture, Edge Fund, a Washington, DC-based real estate investment advisor and asset management firm acting on behalf of HSBC Alternative Investments Limited and an exclusive syndicate of HSBC Private Banking Clients, assumed a 90% common membership interest in the building by contributing US\$203.4 million, or US\$587 per leasable square foot. Brookfield maintains a 10% common membership interest as well as a preferred interest in the venture, and retains property management and leasing responsibilities at the building.

On December 30, 2009, the Corporation also announced that it had sold One Bethesda Center, a 170,000 square foot building in Bethesda, MD to JBG Associates, LLC.

## CONSOLIDATED CAPITALIZATION

The following table sets forth the Corporation's consolidated capitalization as at September 30, 2009 on an actual basis and as adjusted to give effect to the sale of the Series N Shares under this prospectus supplement and all other material changes since such date. The following should be read with the comparative consolidated financial statements of the Corporation and the notes thereto incorporated by reference in this prospectus supplement and the MD&A incorporated by reference in this prospectus supplement.

(US\$ Millions)	As at September 30, 2009	As at September 30, 2009 as adjusted to give effect to the Offering
<b>Debt, capital securities and non-controlling interests</b>		
Commercial property debt .....	11,565	11,565
Corporate revolver and term facility .....	100	100
Land development debt .....	369	369
Capital securities — corporate .....	994	994
Capital securities — fund subsidiaries .....	426	426
Non-controlling interests — fund subsidiaries.....	505	505
Non-controlling interests — other subsidiaries.....	63	63
Preferred equity — subsidiaries .....	357	357
<b>Shareholders' equity</b>		
Preferred equity — corporate .....	302	569
Common equity .....	4,394	4,394
<b>Total capitalization .....</b>	<b>19,075</b>	<b>19,342</b>

### EARNINGS COVERAGE RATIOS

The Corporation's dividend requirements on all of its preference shares for the 12 months ended December 31, 2008 and September 30, 2009, after giving effect to the sale of the Series N Shares under this prospectus supplement and adjusted to a before tax equivalent using an effective tax rate of 28%, amounted to US\$131 million and US\$122 million, respectively. The Corporation's interest requirements for the 12 months ended December 31, 2008 and September 30, 2009 amounted to US\$629 million and US\$554 million, respectively. The Corporation's earnings before interest and income tax for the 12 months ended December 31, 2008 and September 30, 2009 were US\$895 million and US\$744 million, respectively, which are 1.2 times and 1.1 times the Corporation's aggregate dividend and interest requirements for the respective periods.

### TRADING PRICE AND VOLUME OF THE SECURITIES OF THE CORPORATION

The common shares of the Corporation are listed on the New York Stock Exchange ("NYSE") and the TSX under the symbol "BPO". The Class A Preference Shares, Series A and B, Class AA Preference Shares, Series E and Class AAA Preference Shares, Series E and M of the Corporation are not listed on an exchange. The Class AAA Preference Shares, Series F, G, H, I, J, K and L of the Corporation are listed on the TSX under the symbols "BPO.PR.F", "BPO.PR.U", "BPO.PR.H", "BPO.PR.I", "BPO.PR.J", "BPO.PR.K" and "BPO.PR.L", respectively.

The following table sets forth the reported high and low trading prices and trading volumes of the common shares of the Corporation as reported by the NYSE and the TSX for the periods indicated.

Period	TSX			NYSE		
	Price Per Share (\$)		Volume	Price Per Share (US\$)		Volume
	High	Low		High	Low	
<b>2010</b>						
January (to January 12).....	13.14	12.59	4,897,265	12.64	12.14	16,601,800
<b>2009</b>						
December .....	13.61	11.82	14,730,240	13.02	11.30	53,471,200
November.....	12.57	10.78	12,897,474	11.93	9.95	60,634,300
October.....	12.49	10.81	18,632,250	12.16	10.01	88,190,600
September .....	12.59	10.73	21,626,426	11.75	9.72	99,784,400
August .....	12.63	10.02	39,813,069	11.67	10.97	120,391,600
July .....	10.24	7.88	15,807,718	9.50	6.78	72,803,296
June .....	9.69	8.04	23,373,063	8.70	6.96	78,117,904
May .....	9.90	8.10	22,017,218	8.72	7.07	115,246,096
April .....	9.79	6.86	18,849,538	8.11	5.41	131,982,304
March .....	8.00	5.31	18,160,272	6.51	4.11	136,304,192
February .....	8.40	6.15	13,204,886	6.87	4.92	114,019,104
January .....	9.79	6.29	9,439,231	8.23	5.01	88,974,400

The following table sets forth the reported high and low trading prices and trading volumes of the Class AAA preference shares, Series F as reported by the TSX for the periods indicated.

<u>Period</u>	<u>Price Per Share (\$)</u>		<u>Volume</u>
	<u>High</u>	<u>Low</u>	
<b>2010</b>			
January (to January 12) .....	25.34	25.10	50,207
<b>2009</b>			
December .....	25.30	25.00	171,302
November .....	25.37	24.40	226,748
October .....	24.65	24.40	269,605
September .....	25.49	24.19	324,931
August .....	24.50	22.10	295,778
July .....	22.50	21.23	89,958
June .....	22.47	21.42	139,823
May .....	21.99	19.10	142,527
April .....	19.94	15.40	90,100
March .....	17.44	14.90	62,700
February .....	16.94	14.00	56,866
January .....	18.25	15.10	202,556

The following table sets forth the reported high and low trading prices and trading volumes of the Class AAA preference shares, Series G as reported by the TSX for the periods indicated.

<u>Period</u>	<u>Price Per Share (\$)</u>		<u>Volume</u>
	<u>High</u>	<u>Low</u>	
<b>2010</b>			
January (to January 12) .....	22.50	21.34	18,652
<b>2009</b>			
December .....	21.75	20.87	54,900
November .....	21.73	20.40	147,767
October .....	22.05	20.01	45,405
September .....	22.00	20.91	52,505
August .....	22.42	18.00	76,947
July .....	18.11	16.45	71,370
June .....	17.64	16.00	67,761
May .....	16.40	13.11	51,590
April .....	14.51	9.51	213,230
March .....	9.90	8.01	63,415
February .....	10.80	9.65	52,690
January .....	12.25	8.26	187,588

The following table sets forth the reported high and low trading prices and trading volumes of the Class AAA preference shares, Series H as reported by the TSX for the periods indicated.

<u>Period</u>	<u>Price Per Share (\$)</u>		<u>Volume</u>
	<u>High</u>	<u>Low</u>	
<b>2010</b>			
January (to January 12) .....	23.45	23.08	296,173
<b>2009</b>			
December .....	23.72	23.06	229,425
November .....	23.29	22.00	300,729
October .....	22.73	22.00	216,560
September .....	23.25	22.36	185,362
August .....	23.08	19.34	181,747
July .....	19.29	17.76	211,884
June .....	18.87	17.25	231,317
May .....	18.10	15.08	133,952
April .....	16.00	12.02	468,776
March .....	12.65	11.76	100,532
February .....	13.75	12.25	78,032
January .....	14.44	11.40	182,281

The following table sets forth the reported high and low trading prices and trading volumes of the Class AAA preference shares, Series I as reported by the TSX for the periods indicated.

<u>Period</u>	<u>Price Per Share (\$)</u>		<u>Volume</u>
	<u>High</u>	<u>Low</u>	
<b>2010</b>			
January (to January 12) .....	25.76	25.21	105,208
<b>2009</b>			
December .....	25.60	25.20	128,695
November .....	25.73	24.91	234,970
October .....	25.00	24.70	439,444
September .....	25.05	24.65	747,494
August .....	24.95	24.20	389,226
July .....	24.99	23.25	273,812
June .....	24.59	22.75	169,991
May .....	23.70	22.70	196,533
April .....	23.48	20.26	242,878
March .....	21.20	20.00	188,959
February .....	21.47	18.77	102,740
January .....	21.00	17.19	280,696

The following table sets forth the reported high and low trading prices and trading volumes of the Class AAA preference shares, Series J as reported by the TSX for the periods indicated.

<u>Period</u>	<u>Price Per Share (\$)</u>		<u>Volume</u>
	<u>High</u>	<u>Low</u>	
<b>2010</b>			
January (to January 12) .....	23.36	22.81	185,502
<b>2009</b>			
December .....	23.49	22.44	95,940
November .....	23.75	21.75	120,806
October .....	22.50	21.50	252,230
September .....	23.60	22.29	191,192
August .....	22.84	19.60	146,586
July .....	19.60	17.75	106,126
June .....	19.70	17.60	212,187
May .....	18.53	15.60	147,506
April .....	16.26	12.12	113,281
March .....	12.94	10.10	122,515
February .....	13.45	12.12	69,005
January .....	14.05	11.30	68,400

The following table sets forth the reported high and low trading prices and trading volumes of the Class AAA preference shares, Series K as reported by the TSX for the periods indicated.

<u>Period</u>	<u>Price Per Share (\$)</u>		<u>Volume</u>
	<u>High</u>	<u>Low</u>	
<b>2010</b>			
January (to January 12) .....	22.40	21.96	18,085
<b>2009</b>			
December .....	22.82	21.75	42,971
November .....	22.70	20.47	155,308
October .....	21.94	20.40	81,981
September .....	22.39	21.42	130,389
August .....	22.16	17.68	100,707
July .....	18.20	16.52	96,574
June .....	18.00	16.10	222,323
May .....	16.50	14.60	101,683
April .....	14.98	11.25	110,062
March .....	12.39	10.50	74,524
February .....	12.85	11.40	80,370
January .....	13.25	10.94	85,492

The following table sets forth the reported high and low trading prices and trading volumes of the Class AAA preference shares, Series L as reported by the TSX for the periods indicated.

Period	Price Per Share (\$)		Volume
	High	Low	
<b>2010</b>			
January (to January 12).....	25.95	25.50	238,040
<b>2009</b>			
December.....	25.95	25.40	354,046
November.....	26.00	25.02	691,411
October.....	25.10	24.80	971,639
September (September 24 to September 30).....	25.30	24.90	1,263,803

## PLAN OF DISTRIBUTION

Under an agreement (the “**Underwriting Agreement**”) dated January 12, 2010 among the Corporation and the Underwriters, the Corporation has agreed to issue and sell, and the Underwriters have agreed to purchase, on January 20, 2010 or on such other date as may be agreed, but in any event not later than January 27, 2010 subject to compliance with all necessary legal requirements and to the terms and conditions contained in the Underwriting Agreement, 11,000,000 Series N Shares at a price of \$25.00 per share for an aggregate price of \$275,000,000, payable in cash to the Corporation against delivery. The Offering Price and other terms of the Offering for the Series N Shares were determined by negotiation between the Corporation and the Underwriters, other than Brookfield Financial. The Underwriting Agreement provides that the Corporation will pay to the Underwriters a fee of \$0.25 per share for Series N Shares sold to certain institutions and \$0.75 per share for all other Series N Shares purchased by the Underwriters, in consideration for their services in connection with the Offering.

The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated on the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Series N Shares offered hereby if any of the Series N Shares are purchased under the Underwriting Agreement. If an Underwriter fails to purchase the Series N 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 N Shares which an Underwriter or Underwriters fail to purchase amounts to 10% or less of the total number of Series N Shares to be purchased by the Underwriters), purchase such Series N Shares. The Corporation is not obligated to sell less than all of the Series N Shares.

The Underwriters propose to offer the Series N Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Series N Shares at the Offering Price, the offering price of the Series N Shares may be decreased, and further changed from time to time, to an amount not greater than the Offering Price and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Series N Shares is less than the gross proceeds paid by the Underwriters to the Corporation.

The TSX has conditionally approved the listing of the Series N Shares distributed under this prospectus supplement and the Series O Shares into which the Series N Shares are convertible. Listing of the Series N Shares and the Series O Shares is subject to the Corporation fulfilling all of the requirements of the TSX.

Pursuant to the terms of the Underwriting Agreement, subject to certain exceptions, the Corporation, has agreed not to sell, or announce its intention to sell, nor authorize or issue, any preference shares of the Corporation, other than the Series N Shares, during the period commencing on the date of this prospectus supplement and ending 90 days after the Closing Date, without the prior written consent of TD, CIBC WM, RBC and Scotia Capital, on behalf of the Underwriters, such consent not to be unreasonably withheld.

Pursuant to applicable policy statements of the Autorité des marchés financiers and the Ontario Securities Commission, the Underwriters may not, throughout the period of distribution, bid for or purchase the Series N Shares. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series N Shares. These exceptions include bids or purchases permitted under the Universal Market Integrity Rules for Canadian marketplaces of the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities and bids or purchases made for and on behalf of a customer where the order was not solicited during the period of distribution. The Underwriters may over-allocate a number of Series N Shares that do not exceed the number of Series N Shares issuable upon

the exercise of the Underwriter's Option in order to hold a short position in such Series N Shares following the closing of the Offering. This over-allocation position allows the Underwriters to engage in limited market stabilization to compensate for the increased liquidity in the market following the Offering. If, following the closing of the Offering, the market price of the Series N Shares is below the Offering Price, the short-position created by the over-allocation position in such Series N Shares may be filled through purchases in the market, and, as a result, the price of the Series N Shares may be higher than the price that otherwise might exist in the open market.

The Corporation has agreed to indemnify the Underwriters against certain liabilities, including liabilities under applicable Canadian securities legislation.

Neither the Series N Shares nor the Series O Shares have been nor will 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. person.

Certain of the Underwriters and/or their affiliates have performed investment banking and advisory services for the Corporation and its affiliates from time to time for which they have received customary fees and expenses. The Underwriters and/or their affiliates may, from time to time, engage in transactions with, or perform services for, the Corporation and its affiliates in the ordinary course of business and receive fees in connection therewith.

BAM is an influential security holder of each of the Corporation and Brookfield Financial. In addition, the Corporation has outstanding indebtedness owing to BAM. Accordingly, the Corporation is a "related issuer", and may be considered to be a "connected issuer", of Brookfield Financial within the meaning of applicable Canadian securities legislation.

BAM indirectly owns 100% of the outstanding shares of Brookfield Financial. BAM directly and indirectly owns 50.5% of the outstanding common shares and 97.1% of the outstanding Class A Preference Shares of the Corporation.

As of January 12, 2010, the Corporation had approximately US\$15 million of unsecured indebtedness outstanding to BAM and its affiliates, other than Brookfield Financial and its subsidiaries. The Corporation also has a US\$300 million line of credit from BAM. As at January 12, 2010, the balance drawn on this facility was nil. Interest expenses related to this line of credit totaled nil and US\$1 million for the three and nine months ended September 30, 2009, respectively. 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.

Brookfield Financial 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. Brookfield Financial did not propose the Offering to the Corporation. The Underwriters, other than Brookfield Financial, negotiated the structure and price of the Offering and coordinated the due diligence activities for the Offering.

## USE OF PROCEEDS

The net proceeds from the Offering, after deducting fees payable to the Underwriters, will be approximately \$266,750,000 assuming that that no Series N Shares are sold to certain institutions. The Corporation intends to use these proceeds for general corporate purposes, including the possible redemption or repayment of corporate or other obligations.

## RATINGS

The Series N Shares have been assigned a provisional rating of "Pfd-3 (high)" by DBRS Limited ("**DBRS**") and a preliminary rating of "P-3 (high)" by Standard & Poor's Ratings Services, a division of McGraw-Hill, Inc. ("**S&P**"). The DBRS rating of "Pfd-3 (high)" is the highest sub-category within the third highest rating of the five standard categories of ratings utilized by DBRS for preferred shares. "High" and "low" grades may be used to indicate the relative standing of a credit within a particular rating category. A "P-3(high)" rating by S&P is the highest of the three sub-categories within the third highest rating of the eight standard categories of ratings utilized by S&P for preferred shares.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. The credit ratings assigned to the Series N Shares may not reflect the potential impact of all risks on the value of the Series N Shares. A rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by

the rating agency. Prospective investors should consult the relevant rating organization with respect to the interpretation and implications of the ratings.

## DETAILS OF THE OFFERING

### Description of the Series N Shares

The following is a summary of certain provisions attaching to the Series N Shares as a series.

#### *Definition of Terms*

The following definitions are relevant to the Series N Shares.

**“Annual Fixed Dividend Rate”** means, for any Subsequent Fixed Rate Period, the annual rate (expressed as a percentage rate rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 3.07%.

**“Bloomberg Screen GCAN5YR Page”** means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada bond yields.

**“Fixed Rate Calculation Date”** means, for any Subsequent Fixed Rate Period, the 30<sup>th</sup> day prior to the first day of such Subsequent Fixed Rate Period.

**“Government of Canada Yield”** on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers selected by the Corporation, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

**“Initial Fixed Rate Period”** means the period commencing on the Closing Date and ending on and including June 30, 2016.

**“Subsequent Fixed Rate Period”** means for the initial Subsequent Fixed Rate Period, the period commencing on July 1, 2016 and ending on and including June 30, 2021 and for each succeeding Subsequent Fixed Rate Period, the period commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period and ending on and including June 30 in the fifth year thereafter.

#### *Issue Price*

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

#### *Dividends*

During the Initial Fixed Rate Period, the holders of the Series N Shares will be entitled to receive fixed cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year during the Initial Fixed Rate Period (or if such date is not a business day, the immediately following business day), at an annual rate equal to \$1.5375 per share. The initial dividend will be payable March 31, 2010 and will be \$0.2949 per share, based on the anticipated Closing Date of January 20, 2010.

During each Subsequent Fixed Rate Period, the holders of Series N Shares will be entitled to receive fixed cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year during the Subsequent Fixed Rate Period (or if such date is not a

business day, the immediately following business day), in an annual amount per share determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by the Corporation on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series N Shares. The Corporation will, on the Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series N Shares.

Payments of dividends and other amounts in respect of the Series N Shares will be made by the Corporation to CDS, or its nominee, as the case may be, as registered holder of the Series N Shares. As long as CDS, or its nominee, is the registered holder of the Series N Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series N Shares for the purposes of receiving payment on the Series N Shares.

### ***Redemption***

The Series N Shares will not be redeemable by the Corporation prior to June 30, 2016. On June 30, 2016 and on June 30 every five years thereafter (or, if such date is not a business day, the immediately following business day), and subject to certain other restrictions set out in “Description of the Series N Shares — Restrictions on Dividends and Retirement and Issue of Shares”, the Corporation may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem all or from time to time any part of the outstanding Series N Shares by payment in cash of a per share sum equal to \$25.00, in each case together with all accrued and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation).

If less than all of the outstanding Series N Shares are to be redeemed, the shares to be redeemed shall be selected on a pro rata basis disregarding fractions or, if such shares are at such time listed on such exchange, with the consent of the TSX, in such manner as the Board of Directors in its sole discretion may, by resolution, determine.

The Series N Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series N Shares. See “Risk Factors”.

### ***Conversion of Series N Shares into Series O Shares***

Holders of Series N Shares will have the right, at their option, on June 30, 2016 and on June 30 every five years thereafter (a “**Series N Conversion Date**”), to convert, subject to the restrictions on conversion described below and the payment or delivery to the Corporation of evidence of payment of the tax (if any) payable, all or any of their Series N Shares registered in their name into Series O Shares on the basis of one Series O Share for each Series N Share. If a Series N Conversion Date falls on a day that is not a business day, such Series N Conversion Date shall be the immediately following business day. The conversion of Series N Shares may be effected upon written notice given by the registered holders of the Series N Shares not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series N Conversion Date. Once received by the Corporation, an election notice is irrevocable.

The Corporation will, at least 30 days and not more than 60 days prior to the applicable Series N Conversion Date, give notice in writing to the then registered holders of the Series N Shares of the above-mentioned conversion right. On the 30th day prior to each Series N Conversion Date, the Corporation will give notice in writing to the then registered holders of the Series N Shares of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate (as defined herein) applicable to the Series O Shares for the next succeeding Quarterly Floating Rate Period.

If the Corporation gives notice to the registered holders of the Series N Shares of the redemption on a Series N Conversion Date of all the Series N Shares, the Corporation will not be required to give notice as provided hereunder to the registered holders of the Series N Shares of the Annual Fixed Dividend Rate, the Floating Quarterly Dividend Rate or the conversion right of holders of Series N Shares and the right of any holder of Series N Shares to convert such Series N Shares will cease and terminate in that event.

Holders of Series N Shares will not be entitled to convert their shares into Series O Shares if the Corporation determines that there would remain outstanding on a Series N Conversion Date less than 1,000,000 Series O Shares, after having taken into account all Series N Shares tendered for conversion into Series O Shares and all Series O Shares tendered for conversion into Series N Shares. The Corporation will give notice in writing to all affected holders of Series N Shares of

their inability to convert their Series N Shares at least seven days prior to the applicable Series N Conversion Date. Furthermore, if the Corporation determines that there would remain outstanding on a Series N Conversion Date less than 1,000,000 Series N Shares, after having taken into account all Series N Shares tendered for conversion into Series O Shares and all Series O Shares tendered for conversion into Series N Shares, then, all, but not part, of the remaining outstanding Series N Shares will automatically be converted into Series O Shares on the basis of one Series O Share for each Series N Share, on the applicable Series N Conversion Date and the Corporation will give notice in writing to this effect to the then registered holders of such remaining Series N Shares at least seven days prior to the Series N Conversion Date.

Upon exercise by a registered holder of its right to convert Series N Shares into Series O Shares (and upon an automatic conversion), the Corporation reserves the right not to deliver Series O 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 the Corporation to take any action to comply with the securities or analogous laws of such jurisdiction.

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

Subject to applicable law and to the provisions described under “Description of the Series N Shares — Restrictions on Dividends and Retirement and Issue of Shares” below, the Corporation may at any time purchase for cancellation the whole or any part of the Series N Shares at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

#### ***Rights on Liquidation***

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 N Shares will be entitled to receive \$25.00 per share, together with all accrued and unpaid dividends up to but excluding the date of 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 N Shares. Upon payment of such amounts, the holders of the Series N Shares will not be entitled to share in any further distribution of the assets of the Corporation.

#### ***Priority***

The Series N Shares rank junior to the Class A Preference Shares and Class AA Preference Shares of the Corporation and senior to the common shares of the Corporation as with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, 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 Series N Shares rank on a parity with every other series of Class AAA Preference Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs.

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

So long as any of the Series N Shares are outstanding, the Corporation will not, without the approval of the holders of the Series N 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 N Shares) on shares of the Corporation ranking as to dividends junior to the Series N 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 N 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 N Shares;
- (c) redeem or call for redemption, purchase, or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series N Shares then outstanding; or

- (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 N 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 N Shares and on all other shares of the Corporation ranking prior to or on a parity with the Series N Shares with respect to the payment of dividends have been declared and paid or set apart for payment.

### ***Shareholder Approvals***

In addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series N Shares as a series and any other approval to be given by the holders of the Series N Shares may be given by a resolution carried by an affirmative vote of at least 66 2/3% of the votes cast at a meeting at which the holders of a majority of the outstanding Series N 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 N Shares then present would form the necessary quorum. At any meeting of holders of Series N Shares as a series, each such holder shall be entitled to one vote in respect of each Series N Share held.

### ***Voting Rights***

The holders of the Series N Shares will not (except as otherwise provided by law and except for meetings of the holders of Class AAA Preference Shares as a class and meetings of all holders of Series N Shares as a series) be entitled 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 N Shares, whether or not consecutive. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the holders of the Series N Shares will be entitled to receive notice of and to attend each meeting of the Corporation's shareholders, other than meetings at which only holders of another specified class or series are entitled to vote, and to one vote for each Series N 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 the 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 Election***

The Corporation will elect, in the manner and within the time provided under Part VI.1 of the *Income Tax Act* (Canada) (the "**Tax Act**"), to pay or cause payment of the tax, under Part VI.1 at a rate such that the corporate holders of Series N Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received on such shares.

### **Description of the Series O Shares**

The following is a summary of certain provisions attaching to the Series O Shares as a series.

### ***Definition of Terms***

The following definitions are relevant to the Series O Shares.

**"Floating Quarterly Dividend Rate"** means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 3.07% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

**"Floating Rate Calculation Date"** means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

“**Quarterly Commencement Date**” means the 1st day of each of April, July, October and January in each year.

“**Quarterly Floating Rate Period**” means, for the initial Quarterly Floating Rate Period, the period commencing on July 1, 2016 and ending on and including September 30, 2016, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to but excluding the next succeeding Quarterly Commencement Date.

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

### ***Issue Price***

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

### ***Dividends***

The holders of the Series O Shares will be entitled to receive floating rate cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last day of each Quarterly Floating Rate Period (or if such date is not a business day, the immediately following business day), in the amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate by \$25.00.

The Floating Quarterly Dividend Rate for each Quarterly Floating Rate Period will be determined by the Corporation on the Floating Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series O Shares. The Corporation will, on the Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series O Shares.

Payments of dividends and other amounts in respect of the Series O Shares will be made by the Corporation to CDS, or its nominee, as the case may be, as registered holder of the Series O Shares. As long as CDS, or its nominee, is the registered holder of the Series O Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series O Shares for the purposes of receiving payment on the Series O Shares.

### ***Redemption***

Subject to certain other restrictions set out in “Description of the Series O Shares — Restrictions on Dividends and Retirement and Issue of Shares”, the Corporation may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem all or from time to time any part of the outstanding Series O Shares by payment in cash of a per share sum equal to (i) \$25.00 in the case of redemptions on June 30, 2021 and on June 30 every five years thereafter (each a “**Series O Conversion Date**”), or (ii) \$25.50 in the case of redemptions on any date which is not a Series O Conversion Date on or after June 30, 2016, in each case together with all accrued and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation). If a Series O Conversion Date falls on a day that is not a business day, such Series O Conversion Date shall be the immediately following business day.

If less than all of the outstanding Series O Shares are to be redeemed, the shares to be redeemed shall be selected on a pro rata basis disregarding fractions or, if such shares are at such time listed on such exchange, with the consent of the TSX, in such manner as the Board of Directors in its sole discretion may, by resolution, determine.

The Series O Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series O Shares. See “Risk Factors”.

### ***Conversion of Series O Shares into Series N Preferred Shares***

Holders of Series O Shares will have the right, at their option, on each Series O Conversion Date, to convert, subject to the restrictions on conversion described below and the payment or delivery to the Corporation of evidence of payment of the tax (if any) payable, all or any of their Series O Shares registered in their name into Series N Shares on the basis of one Series N Share for each Series O Share. The conversion of Series O Shares may be effected upon written notice given by the

registered holders of the Series O Shares not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series O Conversion Date. Once received by the Corporation, an election notice is irrevocable.

The Corporation will, at least 30 days and not more than 60 days prior to the applicable Series O Conversion Date, give notice in writing to the then registered holders of the Series O Shares of the above-mentioned conversion right. On the 30th day prior to each Series O Conversion Date, the Corporation will give notice in writing to the then registered holders of Series O Shares of the Floating Quarterly Dividend Rate for the next succeeding Quarterly Floating Rate Period and of the Annual Fixed Dividend Rate applicable to the Series N Shares for the next succeeding Subsequent Fixed Rate Period.

If the Corporation gives notice to the registered holders of the Series O Shares of the redemption on a Series O Conversion Date of all the Series O Shares, the Corporation will not be required to give notice as provided hereunder to the registered holders of the Series O Shares of the Annual Fixed Dividend Rate, the Floating Quarterly Dividend Rate or of the conversion right of holders of Series O Shares and the right of any holder of Series O Shares to convert such Series O Shares will cease and terminate in that event.

Holders of Series O Shares will not be entitled to convert their shares into Series N Shares if the Corporation determines that there would remain outstanding on a Series O Conversion Date less than 1,000,000 Series N Shares, after having taken into account all Series O Shares tendered for conversion into Series N Shares and all Series N Shares tendered for conversion into Series O Shares. The Corporation will give notice in writing to all affected holders of Series O Shares of their inability to convert their Series O Shares at least seven days prior to the applicable Series O Conversion Date. Furthermore, if the Corporation determines that there would remain outstanding on a Series O Conversion Date less than 1,000,000 Series O Shares, after having taken into account all Series O Shares tendered for conversion into Series N Shares and all Series N Shares tendered for conversion into Series O Shares, then, all, but not part, of the remaining outstanding Series O Shares will automatically be converted into Series N Shares on the basis of one Series N Share for each Series O Share, on the applicable Series O Conversion Date and the Corporation will give notice in writing to this effect to the then registered holders of such remaining Series O Shares at least seven days prior to the Series O Conversion Date.

Upon exercise by a registered holder of its right to convert Series O Shares into Series N Shares (and upon an automatic conversion), the Corporation reserves the right not to deliver Series N 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 the Corporation to take any action to comply with the securities or analogous laws of such jurisdiction.

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

Subject to applicable law and to the provisions described under “Description of the Series O Shares — Restrictions on Dividends and Retirement and Issue of Shares” below, the Corporation may at any time purchase for cancellation the whole or any part of the Series O Shares at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

#### ***Rights on Liquidation***

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 O Shares will be entitled to receive \$25.00 per share, together with all accrued and unpaid dividends up to but excluding the date of 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 O Shares. Upon payment of such amounts, the holders of the Series O Shares will not be entitled to share in any further distribution of the assets of the Corporation.

#### ***Priority***

The Series O Shares rank junior to the Class A Preference Shares and Class AA Preference Shares of the Corporation and senior to the common shares of the Corporation as with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, 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 Series O Shares rank on a parity with every other series of Class AAA Preference Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or

winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs.

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

So long as any of the Series O Shares are outstanding, the Corporation will not, without the approval of the holders of the Series O 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 O Shares) on shares of the Corporation ranking as to dividends junior to the Series O 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 O 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 O Shares;
- (c) redeem or call for redemption, purchase, or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series O Shares then outstanding; or
- (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 O 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 O Shares and on all other shares of the Corporation ranking prior to or on a parity with the Series O Shares with respect to the payment of dividends have been declared and paid or set apart for payment.

### ***Shareholder Approvals***

In addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series O Shares as a series and any other approval to be given by the holders of the Series O Shares may be given by a resolution carried by an affirmative vote of at least 66 2/3% of the votes cast at a meeting at which the holders of a majority of the outstanding Series O 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 O Shares then present would form the necessary quorum. At any meeting of holders of Series O Shares as a series, each such holder shall be entitled to one vote in respect of each Series O Share held.

### ***Voting Rights***

The holders of the Series O Shares will not (except as otherwise provided by law and except for meetings of the holders of Class AAA Preference Shares as a class and meetings of all holders of Series O Shares as a series) be entitled 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 O Shares. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the holders of the Series O Shares will be entitled to receive notice of and to attend each meeting of the Corporation's shareholders, other than meetings at which only holders of another specified class or series are entitled to vote, and to one vote for each Series O 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 the 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 Election***

The Corporation will elect, in the manner and within the time provided under Part VI.1 of the Tax Act, to pay or cause payment of the tax, under Part VI.1 at a rate such that the corporate holders of Series O Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received on such shares.

## **BOOK ENTRY ONLY SYSTEM**

Registration of interests in and transfers of the Series N Shares and of the Series O Shares, as applicable, will be made only through a book entry only system administered by CDS. On or about January 20, 2010, the expected Closing Date, but no later than January 27, 2010, the Corporation will deliver to CDS certificates evidencing the aggregate number of Series N Shares subscribed for under the Offering. Series N Shares and Series O Shares must be purchased, transferred and surrendered for conversion or redemption through a participant in CDS (a “**CDS Participant**”). All rights of an owner of Series N Shares and of an owner of Series O 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 Series N Shares or Series O Shares, as applicable. Upon purchase of any Series N Shares or Series O Shares, as applicable, the owner will receive only the customary confirmation. References in this prospectus supplement to a holder of Series N Shares or a holder of Series O Shares means, unless the context otherwise requires, the owner of the beneficial interest in such shares.

The ability of a beneficial owner of Series N Shares or Series O Shares to pledge the Series N Shares or Series O Shares, as applicable, 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.

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

## **RISK FACTORS**

An investment in the Series N Shares or the Series O Shares is subject to a number of risks. Before deciding whether to invest in the Series N Shares or Series O Shares, investors should consider carefully the risks relating to the Corporation described under the heading “Business of Brookfield Properties — Company and Real Estate Industry Risks” on pages 32 through 39 of the AIF and under the heading “Risks and Uncertainties” on pages 49 through 53 of the MD&A for the three and nine months ended September 30, 2009.

### **Risk Factors Specific to the Series N Shares and the Series O Shares**

Prevailing yields on similar securities will affect the market value of the Series N Shares and the Series O Shares. Assuming all other factors remain unchanged, the market value of the Series N Shares and the Series O Shares would be expected to decline as prevailing yields for similar securities rise and would be expected to increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Series N Shares and the Series O Shares in an analogous manner.

Neither Series N Shares nor the Series O Shares have a fixed maturity date and are not redeemable at the option of the holders of Series N Shares or Series O Shares, as applicable. The ability of a holder to liquidate its holdings of Series N Shares or Series O Shares, as applicable, may be limited.

There can be no assurance that an active trading market will develop for the Series N Shares after the Offering or for the Series O Shares following the issuance of any of those shares, or if developed, that such a market will be sustained at the offering price of the Series N Shares or the issue price of the Series O Shares.

The Corporation may choose to redeem the Series N Shares and the Series O Shares from time to time, in accordance with its rights described under “Details of the Offering — Description of the Series N Shares — Redemption” and “Details of the Offering — Description of the Series O Shares — Redemption”, including when prevailing interest rates are lower than the yields borne by the Series N Shares and the Series O Shares. If prevailing rates are lower at the time of redemption, a purchaser would not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yields on the Series N Shares or the Series O Shares being redeemed. The Corporation’s redemption right also

may adversely impact a purchaser's ability to sell Series N Shares and Series O Shares as the optional redemption date or period approaches.

The dividend rate in respect of the Series N Shares will reset on June 30, 2016 and on June 30 every five years thereafter. The dividend rate in respect of the Series O Shares will reset quarterly. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

Investments in the Series O Shares, given their floating interest component, entail risks not associated with investments in the Series N Shares. The resetting of the applicable rate on a Series O Share may result in a lower yield compared to the fixed rate Series N Shares. The applicable rate on a Series O Share will fluctuate in accordance with fluctuations in the T-Bill Rate on which the applicable rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which the Corporation has no control.

An investment in the Series N Shares, or in the Series O Shares, as the case may be, may become an investment in Series O Shares, or in Series N Shares, respectively, without the consent of the holder in the event of an automatic conversion in the circumstances described under "Details of the Offering — Description of the Series N Shares — Conversion of Series N Shares into Series O Shares" and "Details of the Offering — Description of the Series O Shares — Conversion of Series O Shares into Series N Shares". Upon the automatic conversion of the Series N Shares into Series O Shares, the dividend rate on the Series O Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time while, upon the automatic conversion of the Series O Shares into Series N Shares, the dividend rate on the Series N Shares will be, for each five-year period, a fixed rate that is determined by reference to the Government of Canada Yield on the 30th day prior to the first day of each such five-year period. In addition, holders may be prevented from converting their Series N Shares into Series O Shares, and vice versa, in certain circumstances. See "Details of the Offering — Description of the Series N Shares — Conversion of Series N Shares into Series O Shares", "Details of the Offering — Description of the Series O Shares — Conversion of Series O Shares into Series N Shares".

#### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Torys LLP and of Goodmans LLP, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser of Series N Shares pursuant to this prospectus supplement (a "**Holder**") who, for purposes of the Tax Act and at all relevant times, is or is deemed to be a resident of Canada, deals at arm's length with and is not affiliated with the Corporation, holds the Series N Shares, and will hold any Series O Shares, as the case may be, as capital property and is not exempt from tax under Part I of the Tax Act.

Generally, the Series N Shares and the Series O Shares will be capital property to a purchaser provided the purchaser does not hold such shares in the course of carrying on a business of trading or dealing in securities and does not acquire them as part of an adventure or concern in the nature of a trade. Certain purchasers who might not otherwise be considered to hold Series N Shares or Series O Shares as capital property may, in certain circumstances, be entitled to have them and every other "Canadian security", as defined in the Tax Act, owned by such holder in the taxation year of the election or any subsequent taxation year, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to a purchaser that is a "financial institution" for the purposes of the "mark to market property" rules, to a purchaser an interest in which would be a "tax shelter investment" or to a purchaser to whom the "functional currency" reporting rules apply, each as defined in the Tax Act. Such purchasers should consult their own tax advisors. Furthermore, this summary is not applicable to a purchaser that is a "specified financial institution", as defined in the Tax Act, that receives or is deemed to receive, alone or together with persons with whom it does not deal at arm's length, in the aggregate dividends in respect of more than 10% of the Series N Shares or the Series O Shares, as the case may be, outstanding at the time the dividend is received. This summary also assumes that all issued and outstanding Series N Shares and Series O Shares are listed on a designated stock exchange (which includes the TSX) in Canada (as defined in the Tax Act) at such times as dividends (including deemed dividends) are paid or received on such shares.

**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 (the "**Proposals**") and counsel's understanding of the current published administrative and assessing policies and

practices of the Canada Revenue Agency (the “CRA”). 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. No assurances can be given that the Proposals will be enacted as proposed or at all.

## **Dividends**

Dividends (including deemed dividends) received on the Series N Shares or the Series O Shares by an individual (other than certain trusts) will be included in the individual’s income and generally will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received by individuals from taxable Canadian corporations, including the enhanced dividend tax credit rules applicable to any dividends designated by the Corporation as “eligible dividends” in accordance with the Tax Act.

Dividends (including deemed dividends) received on the Series N Shares or the Series O Shares by a corporation will be included in computing the corporation’s income and will generally be deductible in computing the taxable income of the corporation.

The Series N Shares and the Series O Shares will be “taxable preferred shares” as defined in the Tax Act. The terms of the Series N Shares and the Series O 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 N Shares and the Series O Shares.

Dividends received by an individual (including certain trusts) may give rise to a liability for alternative minimum tax.

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 1/3% on dividends received (or deemed to be received) on the Series N Shares and the Series O 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 Series N Shares or Series O Shares (either on redemption or otherwise, but not including a conversion) 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 N Shares or Series O 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 such shares. If the Holder is a corporation, any such capital loss arising may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares to the extent and under the circumstances prescribed by the Tax Act. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

Generally, 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 (including certain trusts) may give rise to a liability for alternative minimum tax under the Tax Act. Taxable capital gains of a Canadian-controlled private corporation, as defined in the Tax Act, may be subject to an additional refundable tax of 6 2/3%.

## **Redemption**

If the Corporation redeems or otherwise acquires Series N Shares or Series O 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, 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 conversion of a Series N Share into a Series O Share and a Series O Share into a Series N Share will be deemed not to be a disposition of property and accordingly will not give rise to any capital gain or capital loss. The cost to a holder of a Series O Share or Series N Share, as the case may be, received on the conversion will be deemed to be equal to the holder's adjusted cost base of the converted Series N Share or Series O Share, as the case may be, immediately before the conversion. The adjusted cost base of all of the Series N Shares and Series O Shares held by the holder will be determined in accordance with the cost averaging rules in the Tax Act.

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of Torys LLP and Goodmans LLP, the Series N Shares offered hereby, if issued on the date of this prospectus supplement, would be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a deferred profit sharing plan, a registered disability savings plan and a tax-free savings account.

The Series N Shares will not be a "prohibited investment" for a trust governed by a tax-free savings account on such date provided the holder of the tax-free savings account deals at arm's length with the Corporation for purposes of the Tax Act and does not have a significant interest (within the meaning of the Tax Act) in the Corporation or in any person or partnership with which the Corporation does not deal at arm's length for purposes of the Tax Act.

## **LEGAL MATTERS**

Certain legal matters relating to the Series N Shares offered by this prospectus supplement will be passed upon at the Closing Date by Torys LLP with respect to matters on behalf of the Corporation and by Goodmans LLP with respect to matters on behalf of the Underwriters.

As of January 12, 2010 (a) the partners and associates of Torys LLP beneficially owned, directly or indirectly, less than 1% of the outstanding securities of the Corporation or any of its associates or affiliates; and (b) the partners and associates of Goodmans LLP beneficially owned, directly or indirectly, less than 1% of the outstanding securities of the Corporation or any of its associates or affiliates.

The Honourable William G. Davis, counsel to Torys LLP, is a director of BPO Properties Ltd., an affiliate of the Corporation.

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

The auditors of the Corporation are Deloitte & Touche LLP, Chartered Accountants, Licensed Public Accountants, Suite 1400, Brookfield Place, 181 Bay Street, Toronto, Ontario M5J 2V1. The transfer agent and registrar for the Series N Shares and the Series O Shares will be CIBC Mellon Trust Company at its principal office in Toronto, Ontario.

## **PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

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

## **CONSENT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS**

We have read the prospectus supplement dated January 12, 2010 to a short form base shelf prospectus of Brookfield Properties Corporation (the "Company") dated December 15, 2009 relating to the issue and sale of 11,000,000 Class AAA Preference Shares, Series N of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the board of directors and shareholders of the Company relating to the consolidated balance sheets of the Company as at December 31, 2008 and 2007, and the related consolidated statements of income, changes in common equity, comprehensive income and cashflow for each of the years in the two year period ended December 31, 2008. Our report is dated March 6, 2009.

(Signed) DELOITTE & TOUCHE LLP  
Independent Registered Chartered Accountants  
Licensed Public Accountants  
Toronto, Canada  
January 12, 2010

## CERTIFICATE OF THE UNDERWRITERS

Date: January 12, 2010

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.

**TD SECURITIES INC.**

(Signed) PETER GIACOMELLI

**CIBC WORLD MARKETS  
INC.**

(Signed) MARK G. JOHNSON

**RBC DOMINION  
SECURITIES INC.**

(Signed) WILLIAM WONG

**SCOTIA CAPITAL INC.**

(Signed) THOMAS I. KURFURST

**NATIONAL BANK FINANCIAL INC.**

(Signed) CRAIG J. SHANNON

**HSBC SECURITIES (CANADA) INC.**

(Signed) NICOLE CATY

**BROOKFIELD FINANCIAL CORP.**

(Signed) MARK MURSKI

**MACQUARIE CAPITAL MARKETS  
CANADA LTD.**

(Signed) RON RIMER

**CANACCORD FINANCIAL LTD.**

(Signed) MARK EDWARDS

**GENUITY CAPITAL MARKETS**

(Signed) MICHAEL LEVIN

**THOMAS WEISEL PARTNERS CANADA  
INC.**

(Signed) ROBERT MAGWOOD

## **Base Shelf Prospectus**

*This short form base shelf prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

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

**A registration statement relating to these securities has been filed with the United States Securities and Exchange Commission, and no securities may be sold until such registration statement becomes effective.**

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

## **SHORT FORM BASE SHELF PROSPECTUS**

New Issue

December 15, 2009

# **Brookfield**

## **BROOKFIELD PROPERTIES CORPORATION**

**US\$1,000,000,000**

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

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

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

will be deemed to be incorporated by reference into this Prospectus as of the date of each such Prospectus Supplement and only for the purposes of the distribution of the Securities to which such Prospectus Supplement pertains.

The Corporation's registered office is at Suite 330, Brookfield Place, 181 Bay Street, Toronto, Ontario, Canada, M5J 2T3. The Corporation operates head offices at Three World Financial Center in New York, New York and Brookfield Place in Toronto, Ontario.

**Investing in the Securities is subject to certain risks. See "Risk Factors" beginning on page 15 of this Prospectus.**

---

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

---

**This offering is made by a Canadian issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States and Canada, to prepare this Prospectus in accordance with Canadian disclosure requirements. Prospective investors should be aware that such requirements are different from those of the United States. The financial statements of the Corporation included or incorporated by reference herein have been prepared in accordance with Canadian generally accepted accounting principles, and are subject to Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies.**

**Prospective investors should be aware that the acquisition of the Securities may have tax consequences both in the United States and in Canada. Such consequences may not be described fully herein or in any applicable Prospectus Supplement. Prospective investors should consult their own tax advisors with respect to their particular circumstances and read the tax disclosure in any applicable Prospectus Supplement.**

**The enforcement by investors of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Corporation is incorporated under the laws of Canada, that some of its officers and directors may be residents of Canada, that some of the experts named in this Prospectus may be residents of Canada and that some of the assets of the Corporation and said persons may be located outside the United States.**

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

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

The Corporation's outstanding Common Shares are listed on the New York Stock Exchange (the "NYSE") and the Toronto Stock Exchange (the "TSX") under the symbol "BPO." The Corporation's outstanding Preference Shares, Series F, Series G, Series H, Series I, Series J, Series K and Series L are listed on the TSX under the symbols "BPO.PR.F", "BPO.PR.U", "BPO.PR.H", "BPO.PR.I", "BPO.PR.J", "BPO.PR.K" and "BPO.PR.L", respectively.

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

## TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS .....	1
DOCUMENTS INCORPORATED BY REFERENCE.....	2
AVAILABLE INFORMATION .....	3
THE CORPORATION .....	3
RECENT DEVELOPMENTS.....	4
USE OF PROCEEDS .....	5
DESCRIPTION OF THE COMMON SHARES AND PREFERENCE SHARES .....	5
DESCRIPTION OF THE DEBT SECURITIES .....	6
PLAN OF DISTRIBUTION .....	14
RISK FACTORS.....	15
LEGAL MATTERS .....	16
DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT.....	17
ENFORCEABILITY OF CIVIL LIABILITIES .....	17
PURCHASER’S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION.....	17
CONSENT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS.....	A-1
CERTIFICATE OF THE ISSUER.....	C-1

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

## FORWARD-LOOKING STATEMENTS

This Prospectus, including the documents incorporated by reference, contains forward-looking statements and information within the meaning of applicable securities legislation. These forward-looking statements reflect management’s current beliefs and are based on assumptions and information currently available to management. In some cases, forward-looking statements can be identified by terminology such as “may”, “will”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “forecast”, “outlook”, “potential”, “continue”, “should”, “likely”, or the negative of these terms or other comparable terminology. Although management believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements and information. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited to: general economic conditions; local real estate conditions, including the development of properties in close proximity to the Corporation’s properties; timely leasing of newly-developed properties and re-leasing of occupied square footage upon expiration; dependence on tenants’ financial condition; the uncertainties of real estate development and acquisition activity; the ability to effectively integrate acquisitions; interest rates; availability of equity and debt financing; the impact of newly-adopted accounting principles on the Corporation’s accounting policies and on period-to-period comparisons of financial results, including changes in accounting policies to be adopted under International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”); and other risks and factors described from time to time in the documents filed by the Corporation with the securities regulators in Canada and the United States, including in the Corporation’s Annual Information Form under the heading “Business of Brookfield Properties – Company and Real Estate Industry Risks” and in its management’s discussion and analysis of financial condition and the results of operations. The Corporation undertakes no obligation to publicly

update or revise any forward-looking statements or information contained in this Prospectus or the documents incorporated by reference, whether as a result of new information, future events or otherwise, except as required by law.

## DOCUMENTS INCORPORATED BY REFERENCE

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

1. the audited comparative consolidated financial statements of the Corporation and the notes thereto for the years ended December 31, 2007 and 2008, together with the report of the auditors thereon;
2. management's discussion and analysis of financial condition and the results of operations ("MD&A") for the audited comparative consolidated financial statements referred to in paragraph 1 above;
3. the renewal annual information form of the Corporation dated March 17, 2009 (the "AIF");
4. the management proxy circular of the Corporation dated March 17, 2009 in connection with the annual meeting of shareholders of the Corporation;
5. the unaudited comparative interim consolidated financial statements of the Corporation and the notes thereto for the three and nine months ended September 30, 2009 and 2008; and
6. MD&A for the unaudited comparative interim consolidated financial statements referred to in paragraph 5 above.

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

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

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

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

Where the Corporation updates its disclosure of earnings coverage ratios by a Prospectus Supplement, the Prospectus Supplement filed with applicable securities regulatory authorities that contains the most recent updated disclosure of earnings coverage ratios and any Prospectus Supplement supplying any additional or updated information the Corporation may elect to include (provided that such information does not describe a material change that has not already been the subject of a material change report or a prospectus amendment) will be delivered to purchasers of Securities together with this Prospectus and will be deemed to be incorporated into this Prospectus as of the date of the Prospectus Supplement.

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

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

## AVAILABLE INFORMATION

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

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

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

## THE CORPORATION

The Corporation owns, develops and manages premier office properties. The Corporation's current portfolio is comprised of interests in 109 properties totaling 75 million square feet in the downtown cores of New York, Boston, Washington, D.C., Los Angeles, Houston, Toronto, Calgary and Ottawa, making the Corporation one of the largest owners of commercial real estate in North America. Landmark assets include the World Financial Center in Manhattan, Brookfield Place in Toronto, Bank of America Plaza in Los Angeles and Bankers Hall in Calgary.

## RECENT DEVELOPMENTS

The following is a summary of significant recent developments affecting the Corporation:

In the second quarter of 2009, the Corporation refinanced or extended over \$450 million of debt relating to certain properties, including Suncor Energy Centre, Calgary; Silver Spring Metro Plaza, 2401 Pennsylvania Ave., 1250 Connecticut Ave. and 2000 L St., Washington, DC; RBC Plaza, Minneapolis; and Enbridge Tower, Edmonton.

On August 4, 2009, the Corporation renamed its Petro-Canada Centre in Calgary the Suncor Energy Centre. The operations of Suncor Energy Inc. (which recently merged with Petro-Canada) will be consolidated in the renamed building, with all employees at the combined entity expected to occupy the premises by the end of 2010. The building is 100% leased.

On August 11, 2009, the Corporation announced its participation in a \$4 billion Investor Consortium dedicated to investing or acquiring underperforming real estate. The Corporation will have the option to fund opportunities in the office sector on a global basis; all other opportunities will be funded by Brookfield Asset Management Inc. (“**BAM**”). In addition to BAM and the Corporation, the participants in the Investor Consortium consist of a number of institutional real estate investors which have each allocated between \$300 million and \$1 billion to the Investor Consortium.

On August 21, 2009, the Corporation completed an offering of 54,625,000 Common Shares to a syndicate of underwriters at a purchase price of \$9.50 per share. BAM concurrently purchased 54,625,000 Common Shares at a purchase price of \$9.50 per share. The gross proceeds raised by the Corporation from the combined share issuances was approximately \$1.04 billion.

In the third quarter of 2009, the Corporation refinanced or extended \$205 million of debt, including \$105 million on the West 31st Street development site in New York and the \$100 million corporate term loan.

On September 16, 2009, the Corporation officially opened Bay Adelaide Centre, the first development built to achieve a Leadership in Energy and Environmental Design (“**LEED**”) Gold Standard and the first major development in Toronto’s financial district in 17 years. Standing 51 stories tall, the 1.2-million-square-foot office tower adheres to strict building efficiency guidelines, including optimization of energy, light and water, and the use of local and recycled building materials. The tower is 73% leased.

On September 16, 2009, the Corporation announced that it had renewed its normal course issuer bid and that it may, during the twelve month period commencing September 22, 2009 and ending September 21, 2010, purchase on the TSX and NYSE up to 25,032,918 Common Shares, representing approximately 5% of its issued and outstanding Common Shares.

On September 23, 2009, the Corporation announced that it, along with its ownership partners, will thoroughly renovate First Canadian Place, including a total recladding of the building’s exterior with laminated glass spandrel panels replacing the existing white marble. The project is seeking LEED Gold certification and is expected to be complete by the end of 2011.

On September 24, 2009, the Corporation completed an offering of 11,500,000 Preference Shares, Series L to a syndicate of underwriters at a purchase price of C\$25.00 per share. The gross proceeds raised by the Corporation from the share issuance was C\$287.5 million.

On October 7, 2009, the Corporation announced that it had earned LEED Platinum certification at 1225 Connecticut Avenue, Washington, D.C., the industry’s highest rating for environmental sustainability. It is the first redeveloped office building in the Eastern United States to achieve LEED Platinum certification. The building is 100% leased.

On October 9, 2009, the Corporation announced that it had been granted exemptive relief to prepare its financial statements in accordance with IFRS for financial periods beginning on or after January 1, 2010, ahead of the mandatory conversion date for Canadian public companies. The Corporation intends to adopt IFRS commencing with its interim financial statements for the three months ending March 31, 2010.

On December 1, 2009, the Corporation announced the completion of the refinancing of First Canadian Place in Toronto with C\$310 million, five-year first mortgage bonds.

On December 8, 2009, the Corporation announced that it had commenced a normal course issuer bid and that it may, during the twelve month period commencing December 11, 2009 and ending December 10, 2010, purchase on the TSX up to 400,000 Preference Shares, Series F, 220,000 Preference Shares, Series G, 400,000 Preference Shares, Series H, 400,000 Preference Shares, Series I, 400,000 Preference Shares, Series J and 300,000 Preference Shares, Series K, each representing approximately 5% of the issued and outstanding Preference Shares of the applicable series.

## USE OF PROCEEDS

Unless otherwise indicated in a Prospectus Supplement, the net proceeds received by the Corporation from the sale of Securities will be used by the Corporation for general corporate purposes, including, without limitation, to repay existing indebtedness. The Corporation may invest funds that it does not immediately use in short-term marketable securities. The Corporation may from time to time offer Securities and incur additional indebtedness other than through an offering under this Prospectus and any applicable Prospectus Supplements.

## DESCRIPTION OF THE COMMON SHARES AND PREFERENCE SHARES

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

### Preference Shares

#### *Issuance in Series*

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

#### *Priority*

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

#### *Voting*

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

#### *Approval*

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

### Common Shares

#### *Dividends*

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

### ***Voting***

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

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

In the event of 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 Preference Shares and any other shares ranking prior to the Common Shares, the remaining property of the Corporation.

### ***Other Rights***

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

## **DESCRIPTION OF THE DEBT SECURITIES**

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

Unless otherwise specified in a Prospectus Supplement, the Debt Securities will be issued under a trust indenture (the "**Trust Indenture**") dated December 8, 2009, as amended and supplemented from time to time, between the Corporation and The Bank of New York Mellon (the "**Trustee**"). The Trust Indenture is subject to the provisions of the Trust Indenture Legislation. A copy of the Trust Indenture has been filed with the Commission as an exhibit to the registration statement of which this Prospectus is a part and is also available on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com). The following statements with respect to the Trust Indenture and the Debt Securities are brief summaries of certain provisions of the Trust Indenture and do not purport to be complete; such statements are subject to the detailed referenced provisions of the Trust Indenture and the Debt Securities, including the definition of capitalized terms used in this section. It is the Trust Indenture, and not these statements, that governs the rights of holders of Debt Securities. Capitalized terms that are used in this section and not defined have the meanings ascribed to them in the Trust Indenture. Selected terms are defined at the end of this section. Section references below are to sections of the Trust Indenture. Wherever particular sections or defined terms of the Trust Indenture are referred to, the statement is qualified in its entirety by such reference.

### **General**

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

- the specific designation of the Debt Securities;
- any limit on the aggregate principal amount of the Debt Securities;
- the date or dates, if any, on which the Debt Securities will mature and the portion (if other than all of the principal amount) of the Debt Securities to be payable upon declaration of acceleration of Maturity;
- the rate or rates per annum (which may be fixed or variable) at which the Debt Securities will bear interest, if any, the date or dates from which any such interest will accrue, the Interest Payment Dates on which any such interest will be payable, the Regular Record Dates for any interest

payable on the Debt Securities which are in registered form and the conventions for calculating interest, if any;

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

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

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

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

### **Ranking and Other Indebtedness**

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

### **Form, Denomination, Exchange and Transfer**

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

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

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

The Corporation shall not be required to:

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

### **Events of Default**

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

- (i) default in the payment of any interest upon any Debt Security of that series, when the same becomes due and payable, continued for 30 consecutive days;
- (ii) default in the payment of the principal of or any premium on any Debt Security of that series at its Maturity;

- (iii) default in the deposit of any sinking fund or analogous payment when due by the terms of any Debt Security of that series;
- (iv) default in the performance, or breach, of any covenant or warranty of the Corporation in the Trust Indenture (other than a covenant or warranty, a default in whose performance or whose breach is specifically dealt with elsewhere in the Trust Indenture, including a breach of the reporting obligations contained in Section 702 of the Trust Indenture, for which liquidated damages to be set forth in the applicable Prospectus Supplement shall be the only remedy), continued for 90 consecutive days after written notice to the Corporation;
- (v) certain events of bankruptcy, insolvency or reorganization; and
- (vi) any other Event of Default provided with respect to the Debt Securities of that series. (Section 501)

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

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

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

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

#### **Modification and Waiver**

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

- change the Stated Maturity of the principal of (or premium, if any) or any installment of interest on any such Debt Security;
- reduce the principal amount or the rate of interest on or any premium payable on any such Debt Security;

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

The Holders of a majority in principal amount of Outstanding Debt Securities affected thereby have the right to waive compliance by the Corporation with certain covenants. (Section 1007)

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

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

- to supplement any of the provisions of the Trust Indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of Debt Securities provided such action does not adversely affect the interests of the Holders of Debt Securities of any series in any material respect;
- to make any other changes in the provisions of this Trust Indenture which the Corporation and the Trustee may deem necessary or desirable, provided such amendment does not adversely affect the interests of the Holders of Debt Securities of any series in any material respect;
- to add any Security Interests or guarantors in respect of any series of Debt Securities; or
- to comply with Trust Indenture Legislation, provided such action does not adversely affect the interests of the Holders of Debt Securities of any series in any material respect. (Section 901)

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

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

### **Merger, Consolidation or Amalgamation**

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

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

### **Discharge, Defeasance and Covenant Defeasance**

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

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

- the rights of Holders of such Outstanding Debt Securities to receive solely from the trust fund described below payments in respect of the principal of (and premium, if any) and interest on such Debt Securities when such payments are due;

- the Corporation's obligations with respect to such Debt Securities relating to the issuance of temporary securities, the registration, transfer and exchange of the Debt Securities, the replacement of mutilated, destroyed, lost or stolen Debt Securities, the maintenance of an office or agency in the applicable Place of Payment, the holding of money for security payments in trust and with respect to the payment of Additional Amounts, if any, pursuant to Section 301 of the Trust Indenture;
- the rights, powers, trusts, duties and immunities of the Trustee; and
- the defeasance provisions of the Trust Indenture.

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

In order to exercise either defeasance or covenant defeasance:

- the Corporation must irrevocably deposit with the Trustee (or other qualifying trustee), in trust, for the benefit of the Holders of such Debt Securities, cash, Government Obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of (and premium, if any) and interest on such Outstanding Debt Securities, and any mandatory sinking fund or analogous payments thereon, on the scheduled due dates therefor in the Currency in which such Debt Securities are then specified as payable at Stated Maturity;
- in the case of defeasance, the Corporation shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in the United States stating that (x) the Corporation has received from, or there has been published by, the Internal Revenue Service a ruling or (y) since the date of the Trust Indenture, there has been a change in the applicable United States federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of such Debt Securities will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred;
- in the case of covenant defeasance, the Corporation shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in the United States to the effect that the Holders of such Debt Securities will not recognize income, gain or loss for United States federal income tax purposes as a result of such covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;
- in the case of defeasance or covenant defeasance, the Corporation shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in Canada or a ruling from the Canada Revenue Agency to the effect that Holders of such Outstanding Securities will not recognize income, gain or loss for Canadian federal or provincial income tax or other tax purposes as a result of such defeasance or covenant defeasance, as applicable, and will be subject to Canadian federal or provincial income tax and other tax including withholding tax, if any, on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred; and
- the Corporation has delivered to the Trustee an Opinion of Counsel to the effect that the deposit referenced in the first bullet above will not cause the Trustee or the trust so created to be subject to the U.S. Investment Corporation Act of 1940, as amended and that the Corporation is not an “insolvent person” within the meaning of the *Bankruptcy and Insolvency Act* (Canada) on the date of the deposit referred to in the first bullet above or at any time during the period ending on the 91<sup>st</sup> day after the date of such deposit. (Section 1404)

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

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

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

### **Payment of Principal and Interest and Paying Agents**

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

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

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

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

### **Resignation of Trustee**

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

### **Book-Entry Debt Securities**

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

## **Governing Law**

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

## **Consent to Jurisdiction and Service**

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

## **Definitions**

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

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

“*GAAP*” means generally accepted accounting principles which are in effect from time to time in Canada (or, if the Corporation hereafter determines to prepare its principal consolidated financial statements in accordance with generally accepted accounting principles which are in effect from time to time in the United States, such principles); provided, however, if the Corporation is required by the Commission or any securities regulatory authority in Canada to adopt (or is permitted to adopt and so adopts) a different accounting framework, including but not limited to IFRS, “*GAAP*” shall mean such new accounting framework as in effect from time to time, including, without limitation, in each case, those accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession.

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

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

## **PLAN OF DISTRIBUTION**

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

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

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

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

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

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

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

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

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

## **RISK FACTORS**

An investment in Securities is subject to a number of risks. Before deciding whether to invest in Securities, investors should consider carefully the risks relating to the Corporation as described below and in the information incorporated by reference in this Prospectus (including subsequently filed documents incorporated by reference) and, if applicable, those described in a Prospectus Supplement for a specific offering of Securities. Specific reference is made to the section “Business of Brookfield Properties – Company and Real Estate Industry Risks” of the AIF and to the section “Risks and Uncertainties” of the MD&A of the Corporation for the three and nine months ended September 30, 2009, both of which are incorporated by reference in this Prospectus, and to the risks described in the annual information forms and MD&A subsequently filed by the Corporation. If any of the events or developments discussed in these risks factors actually occur, the Corporation’s business, financial condition or results of operations or the value of the Securities could be adversely affected.

### **No Existing Trading Market**

There is currently no market through which some of the Securities may be sold and purchasers of such Securities may not be able to resell such Securities purchased under this Prospectus. There can be no assurance that an active trading market will develop for such Securities after an offering or, if developed, that such market will be sustained. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities and the extent of issuer regulation.

The public offering prices of the Securities may be determined by negotiation between the Corporation and underwriters based on several factors and may bear no relationship to the prices at which the Securities will trade in the public market subsequent to such offering. See “Plan of Distribution”.

### **Foreign Currency Risks**

Securities denominated or payable in foreign currencies may entail significant risks, and the extent and nature of such risks change continuously. These risks include, without limitation, the possibility of significant fluctuations in the foreign currency market, the imposition or modification of foreign exchange controls and potential illiquidity in the secondary market. These risks will vary depending on the currency or currencies involved. Prospective purchasers should consult their own financial and legal advisors as to the risks entailed in an investment in Securities denominated in currencies other than the local currency. Such Securities are not an appropriate investment for investors who are unsophisticated with respect to foreign currency transactions.

### **Credit Ratings**

There is no assurance that any credit rating assigned to Securities issued hereunder will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such rating may have an adverse effect on the market value of the Securities.

### **Interest Rate Risks**

Prevailing interest rates will affect the market price or value of the Preference Shares and Debt Securities. The market price or value of the Preference Shares and Debt Securities will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

### **Ranking of the Debt Securities**

The Debt Securities will not be secured by any assets of the Corporation. Therefore, holders of secured indebtedness of the Corporation would have a claim on the assets securing such indebtedness that effectively ranks prior to the claim of holders of the Debt Securities and would have a claim that ranks equal with the claim of holders of the Debt Securities to the extent that such security did not satisfy the secured indebtedness. Furthermore, although covenants given by the Corporation in various agreements may restrict incurring secured indebtedness, such indebtedness may, subject to certain conditions, be incurred.

### **Market Risk**

From time to time, the stock market experiences significant price and volume volatility that may affect the market price of the Securities that are listed on a securities or stock exchange or on any automated dealer quotation system for reasons unrelated to the Corporation’s performance. The value of those Securities is also subject to market fluctuations based upon factors which influence the Corporation’s operations, such as legislative or regulatory developments, competition, technological change and global capital market activity.

## **LEGAL MATTERS**

Unless otherwise specified in a Prospectus Supplement, certain matters of Canadian and United States law relating to the validity of the Securities will be passed upon for the Corporation by Torys LLP in Toronto, Ontario, and New York, New York. As of December 15, 2009, the partners and associates of Torys LLP, as a group, beneficially own, directly or indirectly, less than one percent of the outstanding securities of the Corporation or any of its associates or affiliates.

The Honourable William G. Davis, counsel to Torys LLP, is a director of BPO Properties Ltd., an affiliate of the Corporation.

## **DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT**

The following documents have been filed with the Commission as part of the registration statement of which this Prospectus forms a part: (i) the documents listed in the first paragraph under “Documents Incorporated by Reference”; (ii) the unaudited comparative interim consolidated financial statements of the Corporation and the notes thereto for the three and six months ended June 30, 2009 and 2008; (iii) MD&A for the unaudited comparative interim consolidated financial statements of the Corporation for the three and six months ended June 30, 2009 and 2008; (iv) the consent of Deloitte & Touche LLP, Independent Registered Chartered Accountants; (v) the consent of Torys LLP, counsel to the Corporation; (vi) powers of attorney from directors and officers of the Corporation; (vii) the reconciliation to United States generally accepted accounting principles of the audited comparative consolidated financial statements of the Corporation and the notes thereto for the years ended December 31, 2007 and 2008, incorporated by reference to Exhibit 99.1 of the Corporation’s Report on Form 6-K, as filed with the Commission on December 8, 2009; (viii) the reconciliation to United States generally accepted accounting principles of the unaudited comparative interim consolidated financial statements of the Corporation and the notes thereto for the six months ended June 30, 2009 and 2008, incorporated by reference to Exhibit 99.1 of the Corporation’s Report on Form 6-K, as filed with the Commission on December 8, 2009; (ix) the Trust Indenture; and (x) the statement of eligibility and qualification of the Trustee on Form T-1.

## **ENFORCEABILITY OF CIVIL LIABILITIES**

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

## **PURCHASER’S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

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

## CONSENT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

We have read the short form base shelf prospectus (the “**prospectus**”) of Brookfield Properties Corporation (the “**Company**”) dated December 15, 2009 qualifying the distribution of up to US\$1,000,000,000 of Class AAA preference shares, common shares, and unsecured debt securities of the Company. We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the board of directors and shareholders of the Company relating to the consolidated balance sheets of the Company as at December 31, 2008 and 2007, and the related consolidated statements of income, changes in common equity, comprehensive income and cashflow for each of the years in the two year period ended December 31, 2008. Our report is dated March 6, 2009.

(Signed) Deloitte & Touche LLP  
Independent Registered Chartered Accountants  
Licensed Public Accountants  
Toronto, Canada  
December 15, 2009

## **CERTIFICATE OF THE ISSUER**

Date: December 15, 2009

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

(Signed) RICHARD B. CLARK  
Chief Executive Officer

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

On behalf of the Board of Directors

(Signed) J. BRUCE FLATT  
Director

(Signed) ALLAN S. OLSON  
Director