

BROOKFIELD PROPERTIES CORPORATION

(incorporated under the laws of Canada)

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of **Brookfield Properties Corporation** (the "Corporation") will be held on Wednesday, April 28, 1999 in the TSE Conference Centre, The Exchange Tower, 2 First Canadian Place, 130 King Street West, Toronto, Ontario at 10:00 a.m. (Toronto time) for the following purposes:

1. to receive the annual report to shareholders, including the consolidated financial statements of the Corporation for the fiscal year ended December 31, 1998, together with the report of the auditors thereon;
2. to elect directors for the ensuing year;
3. to appoint auditors and to authorize the directors to fix the remuneration to be paid to the auditors; and
4. to transact such other business as may properly come before the meeting or any adjournment thereof.

The attached Management Proxy Circular provides additional information relating to the matters to be dealt with at the meeting and is incorporated into and forms part of this Notice.

If you are unable to be present at the meeting, please exercise your right to vote by signing and returning the enclosed form of proxy in the envelope provided for that purpose to CIBC Mellon Trust Company, P.O. Box 12005, Station BRM B, Toronto, Ontario M7Y 2K5 (courier address: 200 Queens Quay East, Unit 6, Toronto, Ontario M5A 4K9), so as to arrive not later than the close of business on Monday, April 26, 1999 or, if the meeting is adjourned, 48 hours (excluding Saturdays and holidays) before any adjournment of the meeting.

By Order of the Board of Directors

Toronto, Canada
March 30, 1999

Steven J. Douglas
Senior Vice President & Chief Financial Officer

MANAGEMENT PROXY CIRCULAR

SOLICITATION OF PROXIES

The information contained in this Management Proxy Circular (the "Circular") is furnished in connection with the solicitation of proxies to be used at the Annual Meeting of Shareholders of Brookfield Properties Corporation (the "Corporation" or "Brookfield") to be held on Wednesday, April 28, 1999 at 10:00 a.m. (Toronto time) in the TSE Conference Centre, The Exchange Tower, 2 First Canadian Place, 130 King Street West, Toronto, Ontario, and at any adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting. It is expected that the solicitation will be made primarily by mail, but proxies may also be solicited personally by officers or regular employees of the Corporation. **The solicitation of proxies by this Circular is being made by or on behalf of the management of the Corporation** and the total cost of solicitation will be borne by the Corporation. The information contained herein is given as at February 26, 1999, except where otherwise noted.

APPOINTMENT OF PROXIES

The persons named in the accompanying form of proxy are representatives of management and directors and officers of the Corporation. **Each shareholder has the right to appoint a person other than the persons named in the enclosed form of proxy, who need not be a shareholder of the Corporation, to represent the shareholder at the meeting or any adjournment thereof.** Such right may be exercised by inserting such person's name in the blank space provided in the form of proxy.

To be valid, proxies must be deposited with CIBC Mellon Trust Company, P.O. Box 12005, Station BRM B, Toronto, Ontario M7Y 2K5 (courier address: 200 Queens Quay East, Unit 6, Toronto, Ontario M5A 4K9), not later than the close of business on Monday, April 26, 1999 or, if the meeting is adjourned, 48 hours (excluding Saturdays and holidays) before any adjournment of the meeting.

NON-REGISTERED HOLDERS

Only registered holders of common shares and Class A Redeemable Voting preferred shares of the Corporation, or the persons they appoint as their proxies, are permitted to attend and vote at the meeting. However, in many cases, common shares and Class A Redeemable Voting preferred shares of the Corporation beneficially owned by a holder (a "Non-Registered Holder") are registered either:

- (i) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with the requirements of National Policy Statement No. 41 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice of Meeting, this Circular, the form of proxy, the 1998 annual report (which includes the financial statements and management's discussion and analysis) (collectively, the "meeting materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive meeting materials will either:

- (i) be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with the Corporate Secretary of the Corporation, c/o CIBC Mellon Trust Company P.O. Box 12005, Station BRM B, Toronto, Ontario M7Y 2K5 (courier address: 200 Queens Quay East, Unit 6, Toronto, Ontario M5A 4K9) as described above; or
- (ii) more typically, be given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction form (which may in some cases permit the completion of the voting instruction form by telephone).

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. Should a Non-Registered Holder who receives either a proxy or a voting instruction form wish to attend and vote at the meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. ***In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.***

REVOCAION

A shareholder who has given a proxy may revoke the proxy (a) by completing and signing a proxy bearing a later date and depositing it as aforesaid, (b) by depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or (ii) with the chairman of the meeting prior to the commencement of the meeting on the day of the meeting or any adjournment thereof, or (c) in any other manner permitted by law.

A Non-Registered Holder may revoke a voting instruction form or a waiver of the right to receive meeting materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive materials and to vote that is not received by the Intermediary at least seven days prior to the meeting.

VOTING OF SHARES REPRESENTED BY MANAGEMENT PROXIES

The management representatives designated in the enclosed form of proxy will vote or withhold from voting the shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the direction of the shareholder as indicated on the proxy and, if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. **In the absence of such direction, such shares will be voted by the management representatives for the election of directors and for the appointment of auditors, as indicated under those headings in this Circular.**

The enclosed form of proxy confers discretionary authority upon the management representatives designated therein with respect to amendments to or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the meeting. At the date hereof, the management of the Corporation knows of no such amendments, variations or other matters.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at February 26, 1999, the Corporation had outstanding 133,071,717 common shares and 6,312,000 Class A Redeemable Voting preferred shares. Each holder of common shares and Class A Redeemable Voting

preferred shares of record at the close of business on March 24, 1999, the record date established for notice of the meeting, will be entitled to one vote in respect of each such share held by the shareholder on all matters to come before the meeting. In the event that a holder has transferred any such shares after the record date and the transferee of such shares establishes ownership thereof and makes a written demand, not later than 10 days before the meeting, to be included in the list of shareholders entitled to vote at the meeting, the transferee will be entitled to vote such shares. For a description of the procedures to be followed by Non-Registered Holders to direct the voting of shares beneficially owned, see “Non-Registered Holders” above.

To the knowledge of the directors and officers of the Corporation, the only person or corporation beneficially owning, directly or indirectly, or exercises control or direction over voting securities of the Corporation carrying more than 10% of the votes attached to any class of outstanding voting securities of the Corporation is EdperBrascan Corporation (“EdperBrascan”), which, directly and indirectly, owns 69,803,013 common shares and 6,126,957 Class A Redeemable Voting preferred shares, being 52.6% and 97.1%, respectively, of the outstanding shares of each such class. EdperBrascan is a Canadian-based public company which owns direct and indirect interests in the natural resources, property, energy and financial services sectors, and is listed on the Toronto, Montreal, American and Brussels stock exchanges. Messrs. J.L. Cockwell and R.J. Harding, directors of the Corporation, are also directors of EdperBrascan.

The Corporation is advised that EdperBrascan’s major shareholder is EdperPartners Limited (“EdperPartners”) and its shareholders, who collectively own, directly and indirectly, exercise control over, or have options to acquire, 85,120 Class B Limited Voting Shares representing all of the Class B Limited Voting Shares of EdperBrascan, and approximately 18.1 million Class A Limited Voting Shares representing 10.2% of the Class A Limited Voting Shares of EdperBrascan on a fully diluted basis. Messrs. G.E. Arnell, I.G. Cockwell, J.L. Cockwell, J.B. Flatt and R.J. Harding, who are directors of the Corporation, are also shareholders of EdperPartners. EdperPartners is an investment holding company owned by 29 investors with no one shareholder holding more than a 16% effective interest. Most of these investors are active in the business affairs of EdperBrascan and its affiliates as directors and/or officers of these companies.

ELECTION OF DIRECTORS

The articles of the Corporation provide that each shareholder entitled to vote in the 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 shareholder multiplied by the number of directors to be elected. The shareholder may cast all such votes in favour of one candidate or distribute such votes among the candidates in any manner the shareholder sees fit. Where the shareholder has voted for more than one candidate without specifying the distribution of the shareholder’s votes among such candidates, the shareholder will be deemed to have distributed the shareholder’s votes equally among the candidates for whom the shareholder voted.

On any ballot that may be called for in the election of directors, the management representatives designated in the enclosed form of proxy intend to cast the votes to which the shares represented by such proxy are entitled equally among the proposed nominees whose names are set forth below, unless the shareholder who has given such proxy has directed that the shares be otherwise voted or withheld from voting in the election of directors. If a shareholder wishes to distribute the shareholder’s votes other than equally among the proposed nominees for whom the shareholder has directed the management representatives designated in the enclosed form of proxy to vote, the shareholder must do so personally at the meeting or by another proper form of proxy. Management does not contemplate that any of the proposed nominees will be unable to serve as a director, but if that should occur for any reason prior to the meeting, the management representatives designated in the enclosed form of proxy, unless directed to withhold from voting in the election of directors, reserve the right to vote for other nominees at their discretion.

The following table sets out the names of the persons proposed by management to be nominated for election as directors to hold office until the next annual meeting or until their successors are elected or appointed, all major positions and offices in the Corporation or any of its significant affiliates held by each nominee, the principal occupation or employment of each nominee, the year in which each nominee was first elected a director of the Corporation and the approximate number of shares of each class of shares of the Corporation that each nominee has advised the Corporation, are beneficially owned, directly or indirectly, or subject to control or direction by that person at the date of this Circular.

Name, Municipality of Residence, Office, Principal Occupation and Positions Held	Year First Elected a Director	Common Shares Held
GORDON E. ARNELL, Calgary, Alberta..... Chairman and Chief Executive Officer of the Corporation	1989	42,400 290,000 ⁽⁵⁾ 112,981 ⁽⁶⁾
JEAN A. BELIVEAU, O.C., ⁽²⁾ Montreal, Quebec..... President, Jean Beliveau Inc. (management company)	1978	30,600
IAN G. COCKWELL, Oakville, Ontario..... Chairman, Brookfield Homes Ltd. and Deputy Chairman of the Corporation	1997	55,361 1,216,263 ⁽⁶⁾
JACK L. COCKWELL, ⁽⁴⁾ Toronto, Ontario..... President and Chief Executive Officer, EdperBrascan Corporation (diversified natural resources, energy and property development company)	1998	147,960 2,140,241 ⁽⁶⁾
ROBERT A. FERCHAT, ⁽²⁾ Mississauga, Ontario..... Chairman and Chief Executive Officer BCE Mobile Communications Inc. (wireless communications services)	1997	—
J. BRUCE FLATT, Toronto, Ontario..... President and Chief Operating Officer of the Corporation	1995	180,160 105,000 ⁽⁵⁾ 536,544 ⁽⁶⁾
ROGER D. GARON, ⁽²⁾ Montreal, Quebec..... Chairman, Multi-Vet Ltd. (veterinary products company)	1998	—
PATRICIA GOLDSTEIN, ⁽⁴⁾ New York, New York..... Division Executive, Global Real Estate, Citicorp Real Estate, Inc. (an operating subsidiary of Citibank N.A., a real estate transactions company)	1998	—
ROBERT J. HARDING, ⁽²⁾⁽³⁾ Toronto, Ontario..... Chairman, EdperBrascan Corporation	1994	181,500 326,992 ⁽⁶⁾
DAVID A. LEWIS, ⁽¹⁾⁽²⁾ Toronto, Ontario..... Corporate Director	1997	8,000
JOHN R. MCCAIG, ⁽³⁾ Calgary, Alberta..... Chairman, Trimac Corporation (diversified company)	1995	2,000
PAUL D. MCFARLANE, ⁽¹⁾ Toronto, Ontario..... Senior Vice President, Risk Management Division, Canadian Imperial Bank of Commerce (Canadian chartered bank)	1998	—
ALLAN S. OLSON, ⁽¹⁾⁽³⁾ Edmonton, Alberta..... President, First Industries Corporation (investment and management company)	1995	—

Name, Municipality of Residence, Office, Principal Occupation and Positions Held	Year First Elected a Director	Common Shares Held
SAM POLLOCK, O.C., ⁽¹⁾⁽³⁾ Toronto, Ontario..... Vice Chairman of the Corporation	1978	251,537 150,000 ⁽⁵⁾
JOHN E. ZUCCOTTI, ⁽⁴⁾ New York, New York..... Chairman, Brookfield Financial Properties Inc. (commercial property company) and Deputy Chairman of the Corporation	1998	100,000 20,000 ⁽⁵⁾

Notes:

- (1) Audit Committee member.
- (2) Human Resources and Compensation Committee member.
- (3) Governance and Nominating Committee member.
- (4) Ms. P. Goldstein and Messrs. J.L. Cockwell and J.E. Zuccotti were appointed to the board of directors in 1998 to fill vacancies.
- (5) Options to purchase common shares of the Corporation.
- (6) Represents proportionate interest in the Corporation's common shares held indirectly through EdperBrascan Corporation (see "Voting Shares and Principal Holders Thereof").

All of the persons named in the above table, other than Mr. J.L. Cockwell, Ms. P. Goldstein and Mr. J.E. Zuccotti, were elected members of the board of directors at the last annual meeting. Mr. J.L. Cockwell has held his present principal occupation since 1991. Ms. Goldstein has held her present principal occupation since 1996, prior to which she was Managing Director, Vice President, Citicorp Real Estate, Inc. Mr. Zuccotti has held his present principal occupation since 1997, prior to which he was President & Chief Executive Officer of Olympia & York Companies (USA).

COMPENSATION OF DIRECTORS

Directors of the Corporation independent of the Corporation are entitled to receive an annual director's fee of \$16,000 and an attendance fee of \$1,000 in respect of each meeting of the board of directors or a committee thereof at which they are in attendance for 1999 (\$350 if by telephone) (other than any meeting held immediately following an annual meeting of shareholders). In addition, such directors who are chairmen of board committees receive an annual fee of \$3,000. Directors who are members of board committees receive an attendance fee of \$700 for each committee meeting attended (\$350 if the meeting occurs on the same day as a board meeting). In 1998, eight directors of the Corporation received a total of \$139,821. Directors are also reimbursed for travel and other out-of-pocket expenses incurred in attending board or committee meetings.

EXECUTIVE COMPENSATION

The following information is provided pursuant to the executive compensation disclosure requirements contained in the Regulations to the *Securities Act* (Ontario).

Summary Compensation of Named Executive Officers

The following table sets out the compensation paid to the Corporation's Chief Executive Officer and the Named Executive Officers. Each such executive, other than Messrs. G.E. Arnell and J.B. Flatt, is employed by a subsidiary of the Corporation.

Name and Principal Position	Year	Annual Compensation			Long-term Compensation Awards
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Stock Options Granted (#)
Gordon E. Arnell Chairman and CEO of the Corporation	1998	315,000	150,000	—	80,000
	1997	300,000	150,000	—	30,000
	1996	300,000	100,000	73,374 ⁽¹⁾	180,000
J. Bruce Flatt President and COO of the Corporation	1998	275,000	105,000	—	75,000
	1997	250,000	100,000	—	30,000
	1996	225,000	75,000	—	—
David D. Arthur President and CEO Genra Inc.	1998	250,000	125,000	25,000	475,000 ⁽²⁾
	1997	235,000	75,000	25,000	150,000 ⁽²⁾
	1996	225,000	75,000	20,000	215,000
Alan Norris President and CEO Carma Corporation	1998	245,000	125,000	—	120,000 ⁽³⁾
	1997	225,000	110,000	—	60,000 ⁽³⁾
	1996	200,000	175,000	—	150,000 ⁽³⁾
William J. Pringle President, Western Region Brookfield Homes Ltd.	1998	250,000	125,000	25,000	65,000
	1997	235,000	75,000	25,000	25,000
	1996	225,000	75,000	20,000	215,000

Notes:

- (1) Represents the difference between interest imputed under the *Income Tax Act* (Canada) during the year and interest paid on loans provided to purchase shares of the Corporation (see “Indebtedness of Directors, Executive Officers and Senior Officers Under Securities Purchase Programs”). These loans were all repaid in 1996.
- (2) Options granted to purchase common shares of Genra Inc. (“Genra”) in each of 1998 and 1997, subject to the terms of the Genra Management Share Option Plan.
- (3) Options granted to purchase common shares of Carma Corporation (“Carma”) in each of 1998, 1997 and 1996, subject to the terms of the Carma Management Share Option Plan. In 1998, Mr. Norris also received options to purchase 30,000 common shares of Brookfield Properties Corporation.

Aggregate Options Exercised During the Year Ended December 31, 1998 and Year-end Option Values

There were 27,000 options exercised to acquire common shares of the Corporation during 1998 by the Named Executive Officers, and 50,000 options exercised by Named Executive Officers to acquire shares of subsidiary companies as listed in the table below. During the year ended December 31, 1998, 189,500 share options were granted to employees of the Corporation. 70,000 options to acquire common shares of the Corporation were granted to Named Executive Officers (also see “Report of the Human Resources and Compensation Committee” below). Option values for Named Executive Officers as at December 31, 1998 were as follows:

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at December 31, 1998 (#)		Value of Unexercised In-the-Money Options ⁽¹⁾ at December 31, 1998 (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Gordon E. Arnell	—	—	85,000	125,000	1,242,000	1,242,000
J. Bruce Flatt	—	—	—	30,000	—	—
David D. Arthur	27,000	359,600	59,000	154,000	768,700	1,643,700
Alan Norris ⁽²⁾	50,000	214,500	156,000	216,000	186,180	89,400
William J. Pringle	—	—	86,000	154,000	1,095,800	1,643,700

Notes:

- (1) "In-the-Money" means the market value of the common shares under option exceed the exercise price of the options prior to related income taxes. The closing price of the Corporation's common shares and Carma Corporation's common shares on The Toronto Stock Exchange on December 31, 1998 were \$18.50 and \$3.90 per share, respectively.
 - (2) Options to purchase common shares of Carma Corporation.
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Retirement Allowances

As the Corporation does not have a pension plan, a supplementary retirement allowance has been provided to the Corporation's Chairman and Chief Executive Officer, Mr. G.E. Arnell, in recognition of his long service to the Corporation. The agreement provides for a supplementary payment of approximately \$63,000 annually commencing on January 1, 2000.

REPORT OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Human Resources and Compensation Committee of the board of directors of the Corporation (the "Committee") is comprised of five directors, Messrs. R.J. Harding (Chair), J.A. Beliveau, R.A. Ferchat, R.D. Garon and D.A. Lewis, none of whom is an officer of the Corporation. The Committee meets as required, and at least annually, to monitor and review management compensation policies and benefits, management succession planning and to review the overall composition and quality of the Corporation's management resources. The Committee has a specific mandate to review and approve executive compensation. This includes an annual evaluation of the performance of the Corporation's Chief Executive Officer and four highest paid executive officers (the "Named Executive Officers") and a review of performance reports for other executive officers of the Corporation. The Committee makes recommendations to the board of directors with respect to the compensation of the executive officers, and the board gives final approval on compensation matters.

Executive compensation is based on the relative role and responsibility of the executive as compared to other executives within the Corporation and the market place, as well as on the executive's individual performance. This applies equally to all executive officers, including the Chief Executive Officer of the Corporation. The compensation arrangements of the Corporation are focused on rewarding performance, taking into account length of service, level of responsibility and experience of the individual. A specific objective of the Corporation is to attract and retain highly qualified and motivated individuals. Accordingly, compensation levels are monitored to ensure that they are competitive within the relevant market place.

The key components of executive officers' compensation are base salary, short-term incentives and long-term incentives. The short and long-term incentive plans are designed to provide a significant amount of variable compensation which is linked to individual performance and increases in shareholder value.

Base salaries of executives are reviewed annually and are based on individual performance, responsibility and experience to ensure that they reflect the contribution of each executive. The Corporation believes that base salaries should be competitive and should be based on the median level for major companies within the relevant industry.

Short-term incentives are represented by cash bonus awards. Awards are determined based on both the performance of the Corporation and the individual executive. The performance of the Corporation is measured by the achievement of financial and other objectives of the Corporation, also taking into consideration the performance of industry competitors and macro-economic factors, as well as the efforts and achievements of the executive team. The performance of the individual executive is based on the degree to which that executive has met specific agreed upon objectives.

Long-term incentives are intended to reward management based on increases in the value of the Corporation's common shares. The purpose of these arrangements is to achieve a commonality of interest between shareholders and management and to motivate executives to improve the Corporation's financial success, measured in terms of enhanced shareholder wealth over the longer term.

The Corporation's share ownership plans consist of two elements:

- (a) a Management Share Purchase Plan ("MSPP") under which key executives of the Corporation and its subsidiaries may apply for a loan from the Corporation in order to purchase common shares of the Corporation. Loans bear interest in the amount equal to the cash dividends paid on the shares and are repayable within a period of five years and can be extended for a further five years. Common shares purchased under the MSPP vest as to 20% per year on a cumulative basis over the five-year term of the loan; and
- (b) a Management Share Option Plan ("MSOP") under which the Corporation grants options to purchase common shares of the Corporation at a fixed price, being the closing price of the common shares on The Toronto Stock Exchange on the last trading day preceding the date of grant. Vesting of options is at the discretion of the board.

The allocation of share options to executives is based on criteria similar to those for short-term incentives. During the fiscal year ended December 31, 1998, no shares were purchased by any Named Executive Officer under the Corporation's MSPP.

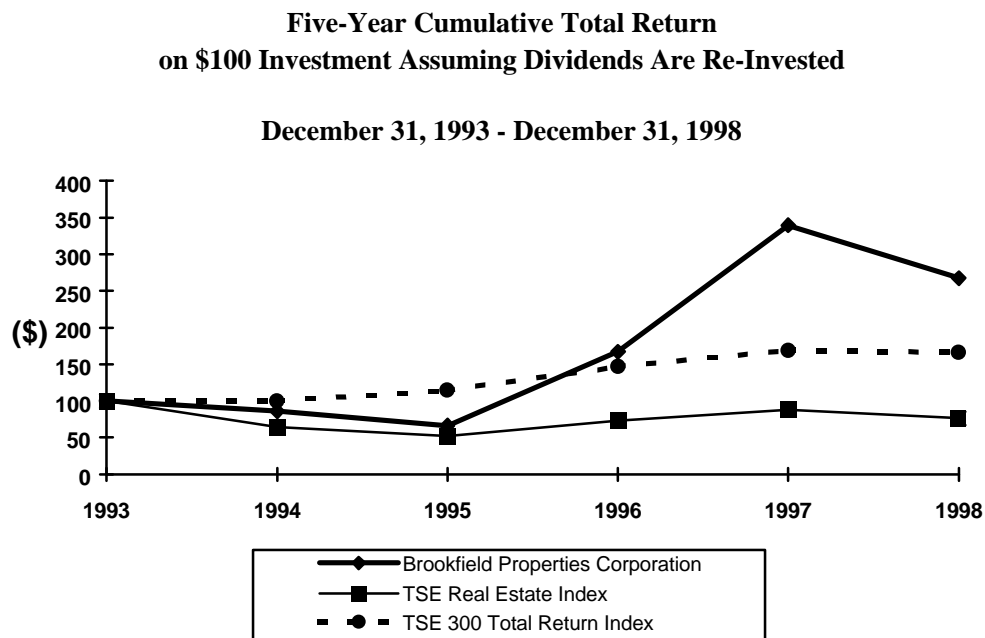
Based on Mr. Arnell's responsibilities, efforts, effectiveness and achievement of corporate goals in 1998, the Committee approved a cash bonus to Mr. Arnell of \$150,000. In addition, the Committee approved the award of 80,000 options to Mr. Arnell under the Corporation's MSOP.

Signed by the members of the Human Resources and Compensation Committee,

Robert J. Harding, *Chair* Jean A. Beliveau Robert A. Ferchat Roger D. Garon David A. Lewis

PERFORMANCE GRAPH

The following shows the cumulative total shareholder return (assuming re-investment of dividends) over the last five fiscal years, in comparison with the TSE 300 Total Return Index and the TSE Real Estate Index. The Total Return Index reflects the cumulative return of the TSE 300, including dividend re-investment.



INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS UNDER SECURITIES PURCHASE PROGRAMS

As at February 26, 1999, the aggregate indebtedness (other than “routine indebtedness” under applicable Canadian securities laws) to the Corporation or its subsidiaries of all officers, directors and employees and former officers, directors and employees of the Corporation and its subsidiaries made in connection with the purchase of securities of the Corporation or designated shares was \$6,206,552.

The following table sets forth the names of the officers of the Corporation and its subsidiaries to whom loans have been made in respect of the MSPP and executive share ownership plan together with the largest amount outstanding during the fiscal year ended December 31, 1998 and the amount outstanding as at February 26, 1999. During the year ended December 31, 1998, there were no common shares purchased under the MSPP.

Name and Principal Position	Involvement of Corporation or Subsidiary	Largest Amount Outstanding During 12 Months Ended Dec. 31, 1998 (\$)	Amount Outstanding as at Feb. 26, 1999 (\$)	Shares Held as Security for Indebtedness ⁽¹⁾
Gordon E. Arnell Chairman and CEO of the Corporation	Loan from Corporation	1,225,517	1,157,160	Designated Shares
J. Bruce Flatt President and COO of the Corporation	Loan from Corporation	3,000,000	3,000,000	Designated Shares
L. Ross Cullingworth Former officer of the Corporation	Loan from a subsidiary of the Corporation	2,011,382	—	Designated Shares
David Arthur President and CEO Gentra Inc.	Loan from Corporation	345,604	345,604	Designated Shares
Bill Pringle President, Western Region Brookfield Homes Ltd.	Loan from Corporation	220,180	220,180	Designated Shares

(1) Designated shares include common shares of the Corporation, publicly traded securities of subsidiary and associated companies, or securities of EdperPartners (See “Voting Shares and Principal Holders Thereof”).

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS OTHER THAN UNDER SECURITIES PURCHASE PROGRAMS

As at February 26, 1999, there were no loans to officers, directors and employees and former officers, directors and employees of the Corporation or its subsidiaries, for purposes other than in connection with purchases of securities of the Corporation or subsidiaries of the Corporation (other than “routine indebtedness” under applicable Canadian securities laws).

DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE

The Corporation carries insurance with an annual policy limit of \$10,000,000, subject to a corporate deductible of \$5,000,000 per loss. Under this policy, the Corporation and certain of its associated companies (collectively, the “Organization”) are reimbursed for payments made to directors or officers of the Organization required or permitted by law or under provisions of the by-laws of the companies within the Organization as indemnity for loss, including legal costs, arising from acts, errors or omissions done or committed by officers and

directors in the course of their duties as such. The insurance coverage for directors and officers has certain exclusions including, but not limited to, exclusions for those acts which result in personal profit or advantage to which the insureds were not legally entitled and for libel and slander, some of which exclusions are covered under other insurance policies. The cost of such insurance is borne by the Corporation and is approximately \$38,000 annually.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During the fiscal year of the Corporation ended December 31, 1998, no director, senior officer or associate of a director or senior officer nor, to the knowledge of the directors or senior officers of the Corporation after having made reasonable enquiry, any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation outstanding at the date hereof, or any associate or affiliate thereof, had any material interest, direct or indirect, in any material transaction of the Corporation or its affiliates nor do any such persons have a material interest, direct or indirect, in any proposed transaction of the Corporation or its affiliates.

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the board of directors who are elected by and accountable to the shareholders, and takes into account the role of management, who are appointed by the board of directors and who are charged with the ongoing management of the affairs of the Corporation.

Brookfield's corporate governance practices are designed to promote the well being and ongoing development of the Corporation, having always as its ultimate objective the best long-term interests of the Corporation and the enhancement of value for all shareholders. The board also believes that sound corporate governance practices will promote and protect the interests of the Corporation's employees and the communities in which the Corporation operates.

This portion of the Circular has been approved by the Governance Committee of the board of directors, and has been prepared in response to Guidelines for Improved Corporate Governance adopted by The Toronto Stock Exchange (the "Guidelines").

Board of Directors

Mandate of the Board

Brookfield's board of directors oversees the management of the Corporation's business and affairs, both directly and through committees. In doing so, the board acts at all times with a view to the best interests of the Corporation. In fulfilling its mandate, the board, among other matters, is responsible for:

- reviewing the Corporation's overall business strategies and its annual business plan;
- reviewing all major strategic initiatives to ensure that the Corporation's proposed actions accord with shareholder objectives;
- appointing senior management and reviewing succession planning;
- assessing management's performance against business plans previously approved by the directors and against industry standards;
- reviewing and approving the reports issued to shareholders, including annual and interim financial statements, as well as materials prepared for shareholder meetings;
- ensuring the effective operation of the board of directors; and

- safeguarding shareholders' equity interests through the optimum utilization of the Corporation's capital resources, which includes setting an appropriate dividend policy.

The board of directors meets at least once in each quarter, with additional meetings held when appropriate. The board of directors met seven times in 1998. There were four regular meetings and three additional meetings to consider and approve specific items of business. Four regular meetings and one planning meeting are scheduled for 1999. Meeting frequency and agendas may change from time to time depending on opportunities or risks faced by the Corporation.

Well-informed directors are essential for the effective performance of a board. Directors have the opportunity to meet with senior management and to participate in work sessions to obtain further insight into the operations of the Corporation. Individual directors are free to consult with members of senior management whenever they so require and to engage outside advisors where appropriate and authorized by the Chairman of the board.

Composition of the Board and Representation of Shareholders' Interests

The board of directors is comprised of individuals representing the Corporation's major shareholder, independent directors and directors drawn from senior management. The board believes that this combination leads to a healthy exchange in board deliberations resulting in objective, well-balanced and informed discussion and decision making.

The board of directors of Brookfield currently consists of 15 directors. The Corporation considers that nine of the unrelated directors are also independent directors who are free from any interests in or relationships with the Corporation or its major shareholder. The Corporation considers this to be an appropriate size and composition, given the diversity of the Corporation's operations and the need for a variety of experience and backgrounds to ensure an effective and efficient board.

Approximately 50% of Brookfield's fully diluted outstanding common shares are held by EdperBrascan. The board believes that the involvement of a major shareholder on the Corporation's board of directors is compatible with ensuring that senior management is accountable to all the shareholders as owners, in that the major shareholder, having a significant investment in the Corporation, can play an important role on behalf of all shareholders in setting the terms of the business plan and assessing management's performance on an ongoing basis.

Brookfield considers that 11 of the 15 nominees for the board of directors, comprising a majority of the board, are unrelated directors within the meaning of Guidelines; that is, free from any interest, business or other relationships (other than interests and relationships arising from shareholdings), which could, or could be reasonably perceived to, materially interfere with a director's ability to act in the best interests of the Corporation and all its shareholders. In making this distinction, the circumstances of each director have been examined in relation to a number of factors, including whether or not they are members of management of the Corporation or an officer of an affiliate.

Committees of the Board

Brookfield believes that the board committees assist in the effective functioning of a Corporation's board of directors and that the appropriate composition of board committees should enable the views of unrelated and independent directors to be effectively expressed.

The board of directors of Brookfield has three committees: the Audit Committee, the Human Resources and Compensation Committee and the Governance and Nominating Committee. Special committees may be formed from time to time as required to review particular matters or transactions. While the board of directors retains overall responsibility for corporate governance matters, the Audit, Human Resources and Compensation

and Governance and Nominating Committees have specific responsibilities for certain aspects of corporate governance as described below.

The following is a brief description of the mandate of each committee, its composition and the meetings held during the past year.

Audit Committee

The Audit Committee is comprised of four directors, all of whom are independent and unrelated directors: Messrs. David Lewis (Chairman), Paul McFarlane, Allan Olson and Sam Pollock. The Audit Committee is responsible for monitoring the Corporation's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance of the Corporation's external auditors. The committee is also responsible for reviewing the Corporation's annual audited financial statements and management's financial analysis and review of operations prior to their approval by the full board of directors. The Audit Committee met twice in 1998, including meeting with the Corporation's external auditors independent of management on both occasions.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee is comprised of five directors, all of whom are unrelated directors: Messrs. Robert Harding (Chairman), Jean Beliveau, Robert Ferchat, Roger Garon and David Lewis. Four members of the committee are also independent. The committee is responsible for reviewing and reporting to the board on human resource planning, including succession planning and proposed senior management appointments, the levels and form of executive compensation in general, and the specific compensation of senior executives. The committee also reviews the performance of senior management against written objectives and reports to the board. The Human Resources and Compensation Committee met twice in 1998.

Governance and Nominating Committee

The Governance and Nominating Committee is comprised of four directors, all of whom are unrelated directors: Messrs. Sam Pollock (Chairman), Robert Harding, John McCaig and Allan Olson. Three members of the committee are also independent. It is the responsibility of the Governance and Nominating Committee, in consultation with the Chairman, to assess periodically the size and composition of the board and its committees, to review the effectiveness of the board's operations and its relations with management, and to review and recommend directors' compensation. The Governance and Nominating Committee met twice in 1998.

Management

Management's Role

The primary responsibility of management is to safeguard the Corporation's assets and to create wealth for shareholders. When performance is found to be inadequate, the directors have the responsibility to bring about appropriate change.

Brookfield's governance practices are designed to encourage autonomy and effective decision making on the part of management, while ensuring scrutiny by the Corporation's shareholders through its board of directors and its committees.

Management's Relationship to the Board

Senior management of the Corporation reports to and is accountable to the board of directors. Mr. Gordon E. Arnell, Chairman and Chief Executive Officer, J. Bruce Flatt, President and Chief Operating Officer and Ian G. Cockwell and John E. Zuccotti, both Deputy Chairmen of the Corporation are members of the board of

directors. At its meetings, the board regularly engages in a private session with the Corporation's Chairman and President without other members of senior management present. The board is also free to meet independently of any members of management on any matter.

Management Accountability

Business plans are developed to ensure the compatibility of shareholder, board and management views on the Corporation's strategic direction, performance targets and utilization of shareholders' equity. A special meeting of Brookfield's board is held each year to review the strategic initiatives and the business plan submitted by senior management. The board's approval of the annual business plan then provides a mandate for senior management to conduct the affairs of the Corporation knowing it has the necessary board support. Material deviations from the plan are reported to and considered by the board.

Board Information

Information provided by management to directors is critical to their effectiveness. In addition to the reports presented to the board at its regular and special meetings, the board is also kept informed on a timely basis by management of corporate developments and key decisions taken by management in pursuing the Corporation's business plan. New directors are provided with comprehensive information about the Corporation and its operations. The directors periodically assess the quality, completeness and timeliness of information provided by management to the board.

Management Rewards

Brookfield's compensation plans are based on maintaining a direct link between management rewards and the wealth created for shareholders so that a portion of senior executives' rewards are through share ownership. Annually, executives receive allocations of share purchase options to augment their compensation. Brookfield is also committed to maintaining periodic reviews of its compensation practices to ensure that management is fairly rewarded over time based on performance.

Investor Communications

Brookfield endeavours to keep shareholders informed of the Corporation's ongoing affairs. Accordingly, the Corporation publishes reports to shareholders on a quarterly basis, including a comprehensive annual report. These reports, together with press releases, shareholder meeting materials and certain other statutory filings, are reviewed and approved by the board of directors.

In addition to annual shareholders' meetings, management is available to meet with shareholders and to respond to questions. Brookfield maintains an investor relations function to ensure shareholders' inquiries are dealt with in an appropriate manner.

Brookfield's management is in contact with the investment community and meets regularly with investment analysts to ensure that accurate and appropriate information is available for investors. Brookfield also endeavours to ensure that the media is kept informed of developments as they occur, and have the opportunity to meet and discuss these developments with the senior management of the Corporation.

APPOINTMENT OF AUDITORS

The management representatives designated in the enclosed form of proxy intend to vote the shares represented thereby in favour of a resolution re-appointing Deloitte & Touche LLP, Chartered Accountants, Toronto, Canada, as auditors of the Corporation, to hold office until the next annual meeting of shareholders, and authorizing the directors to fix the remuneration to be paid to the auditors, unless the shareholder who has given such proxy has directed that the shares be withheld from voting in the appointment of auditors. Deloitte & Touche LLP have been the auditors of the Corporation since 1978.

AVAILABILITY OF DISCLOSURE DOCUMENTS

The Corporation will provide any person or Corporation, upon request to its Corporate Secretary, with a copy of:

- (i) the most recent annual information form of the Corporation, together with a copy of any document or the pertinent pages of any document incorporated therein by reference;
- (ii) the comparative financial statements of the Corporation for the fiscal year ended December 31, 1998, together with the report of the auditors thereon;
- (iii) the most recent annual report of the Corporation, which includes management's discussion and analysis of financial conditions and results of operations;
- (iv) the interim financial statements of the Corporation for the periods subsequent to the end of its fiscal year; and
- (v) this Circular.

OTHER BUSINESS

The Corporation knows of no matter to come before the meeting other than the matters referred to in the accompanying Notice of Meeting.

DIRECTORS' APPROVAL

The contents and sending of this Circular have been approved by the directors of the Corporation.

Toronto, Canada
February 26, 1999

Steven J. Douglas
Senior Vice President & Chief Financial Officer